



GOV. MSG. NO. 1297

EXECUTIVE CHAMBERS
HONOLULU

NEIL ABERCROMBIE
GOVERNOR

July 6, 2011

The Honorable Shan Tsutsui, President
and Members of the Senate
Twenty-Sixth State Legislature
State Capitol, Room 409
Honolulu, Hawaii 96813

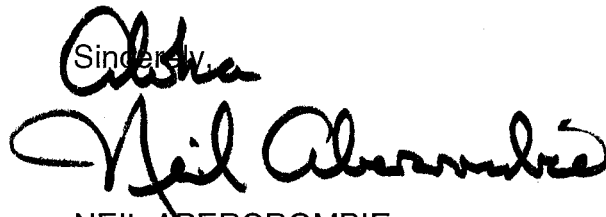
The Honorable Calvin Say, Speaker
and Members of the House
Twenty-Sixth State Legislature
State Capitol, Room 431
Honolulu, Hawaii 96813

Dear President Tsutsui, Speaker Say and Members of the Legislature:

This is to inform you that on July 6, 2011, the following bill was signed into law:

SB903 SD1 HD1 CD1

RELATING TO HOUSING.
Act 193 (11)

Sincerely,


NEIL ABERCROMBIE
Governor, State of Hawaii

Approved by the Governor

on JUL 6 2011

THE SENATE
TWENTY-SIXTH LEGISLATURE, 2011
STATE OF HAWAII

ACT 193
S.B. NO. 903
S.D. 1
H.D. 1
C.D. 1

A BILL FOR AN ACT

RELATING TO HOUSING.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:

1 SECTION 1. The legislature finds that the federal
2 government helps support the production of low-income rental
3 housing by providing subsidies to private owners of multifamily
4 housing. The legislature also finds that the affordability of
5 housing units that receive subsidies is not permanently assured.
6 Restrictions on rent levels, tenant eligibility, and overall
7 operations expire after a certain period of time. When a
8 contract with the United States Department of Housing and Urban
9 Development or the United States Department of Agriculture
10 expires, the owner of the building can then convert to renting
11 units at market rate prices. Hawaii has had to provide funds to
12 preserve some of these affordable rental housing projects.

13 The legislature also finds that the cost of living in
14 Hawaii has been and continues to be high. A significant
15 contributing factor to the high cost of living in Hawaii is the
16 high cost of housing. United States Department of Housing and
17 Urban Development and United States Department of Agriculture
18 housing projects are among very few low-cost rental housing

2011-2281 SB903 CD1 SMA.doc



1 resources available to households with incomes at or below
2 eighty per cent of the median family income, as determined by
3 the United States Department of Housing and Urban Development.

4 The purpose of this Act is to preserve United States
5 Department of Housing and Urban Development and United States
6 Department of Agriculture housing projects in Hawaii as
7 affordable rental housing projects.

8 SECTION 2. Chapter 201H, Hawaii Revised Statutes, is
9 amended by adding a new section to be appropriately designated
10 and to read as follows:

11 "§201H- Affordable rental housing development program.

12 (a) There is established the affordable rental housing
13 development program under the Hawaii housing finance and
14 development corporation.

15 (b) The purpose of this program shall be to preserve
16 affordable rental housing units.

17 (c) For the purposes of this section, activities eligible
18 for assistance from the affordable rental housing development
19 program shall include rehabilitation, acquisition, or
20 preservation of multifamily rental housing units for persons and
21 families with incomes at or below eighty per cent of the median



1 family income, as determined by the United States Department of
2 Housing and Urban Development.

3 (d) The corporation shall identify properties whose
4 contracts with either the United States Department of Housing
5 and Urban Development or the United States Department of
6 Agriculture are set to expire on or before January 1, 2012, and
7 the corporation shall contact the project owners to initiate
8 negotiations to renew or preserve the existing subsidy
9 contracts; provided that:

10 (1) Nonprofit organizations shall be given priority to
11 take over expiring subsidy contracts; and

12 (2) Nonprofit organizations shall be given priority over
13 for-profit organizations, if federal government funds
14 are needed for the acquisition or rehabilitation of a
15 project."

16 SECTION 3. (a) The Hawaii housing finance and development
17 corporation shall submit a report to the legislature no later
18 than twenty days prior to the convening of the 2012 regular
19 session.

20 (b) The report shall include the:

21 (1) Names and addresses of any rental housing projects in
22 Hawaii that have a rental subsidy contract with the



- 1 United States Department of Housing and Urban
2 Development or United States Department of
3 Agriculture;
- 4 (2) Dates on which the rental housing projects' federal
5 rental subsidy contracts are set to expire; and
- 6 (3) Names and addresses of any rental housing projects
7 obtained by nonprofit organizations that have since
8 been renewed or preserved as affordable rental
9 housing.

10 SECTION 4. Notwithstanding any law to the contrary, if any
11 public housing project that is managed with public funds is
12 redeveloped or reconstructed to provide for new units, different
13 target income groups, or mixed use development, the number of
14 affordable units shall increase or remain the same. Affordable
15 units under this section shall be held to the same maintenance
16 requirements as those of different target income groups or mixed
17 use development, and shall not be subject to deferred
18 maintenance.

19 For the purposes of this section, "affordable" in the case
20 of rental units for qualified tenants means available for
21 households with incomes at or below eighty per cent of the



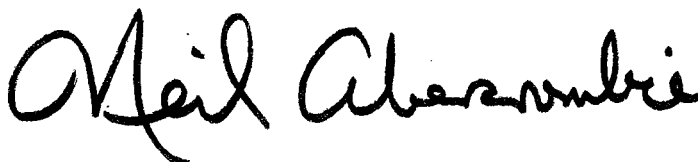
1 median family income, as determined by the United States
2 Department of Housing and Urban Development.

3 SECTION 5. If any part of this Act is found to be in
4 conflict with federal requirements that are a prescribed
5 condition for the allocation of federal funds to the State, the
6 conflicting part of this Act is inoperative solely to the extent
7 of the conflict and with respect to the agencies directly
8 affected, and this finding does not affect the operation of the
9 remainder of this Act in its application to the agencies
10 concerned. The rules in effect as a result of this Act shall
11 meet federal requirements that are a necessary condition to the
12 receipt of federal funds by the State.

13 SECTION 6. New statutory material is underscored.

14 SECTION 7. This Act shall take effect on July 1, 2011.

APPROVED this 6 day of JUL, 2011



GOVERNOR OF THE STATE OF HAWAII