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# A BILL FOR AN ACT

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RELATING TO AFFORDABLE HOUSING.

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

1       SECTION 1. The legislature finds that the Front street  
2       apartments on the island of Maui provide affordable housing to  
3       more than two hundred fifty low-income residents. The Front  
4       street apartments were developed in 2001 as an affordable rental  
5       housing project with one hundred forty-two units, using state  
6       financing and state tax credits, and were expected to remain  
7       affordable to low-income tenants for fifty years. However, the  
8       owners of the Front street apartments recently exercised an  
9       option to remove the property from affordability requirements  
10      that were tied to the development of the property, and this  
11      change will allow them to begin renting available apartments at  
12      market rates and to raise rents for existing tenants within a  
13      few years.

14      The legislature further finds that many tenants of the  
15      Front street apartments were not previously aware of this threat  
16      to their housing and are worried that the removal of  
17      affordability requirements could leave them homeless. There is



1 a severe shortage of affordable housing on the island of Maui,  
2 especially in west Maui, which will be exacerbated by the  
3 conversion of the Front street apartments to market-rate  
4 housing.

5 The legislature also finds that the tenants, surrounding  
6 community, and the island of Maui would benefit from the active  
7 intervention of the State in this situation to ensure that there  
8 is no negative impact on current and future tenants of the Front  
9 street apartments. Act 288, Session Laws of Hawaii 2006,  
10 regarding state intervention to preserve affordable rents at the  
11 Kukui gardens affordable rental housing project on the island of  
12 Oahu, provides an important precedent for this Act.

13 Accordingly, the purpose of this Act is to preserve the  
14 Front street apartments as an affordable rental housing project.

15 SECTION 2. The legislature declares that it is in the  
16 public interest and is required for public use to acquire the  
17 Front street apartments as an affordable rental housing project  
18 by exercise of the power of eminent domain if an agreement to  
19 either extend the affordable rents or acquire the property is  
20 not reached within a reasonable time. The legislature further  
21 declares that it is necessary to provide for the public



1 financing of the acquisition of the Front street apartments by  
2 condemnation through the expenditures of general funds, revenue  
3 bonds, rental housing revolving funds, federal and state low-  
4 income housing tax credits, or any other public and private  
5 funds at the disposal of the State.

6 SECTION 3. The Hawaii housing finance and development  
7 corporation, or any appropriate entity of the State as  
8 determined by the governor, shall immediately initiate  
9 negotiations with 3900 Corporation, leasehold fee owners of the  
10 applicable real property, and Front Street Affordable Housing  
11 Partners Limited Partnership, owners of the improvements  
12 constructed upon the applicable real property, or their  
13 successors in interest to either:

- 14 (1) Make available, without competitive award, public  
15 financing resources to extend affordable rents at the  
16 Front street apartments through at least 2027 for  
17 persons who were tenants of the Front street  
18 apartments as of January 1, 2018; provided that the  
19 tenant's household income does not exceed eighty per  
20 cent of the median family income for the area as



determined by the United States Department of Housing  
and Urban Development; or

(2) Acquire the property known as the Front street  
apartments, tax map key (2) 4-5-003-013, and may  
partner with private for-profit or nonprofit  
developers for acquisition of the property and  
improvements thereupon; provided that:

(A) Seventy rental units shall be retained at  
affordable rents to households whose incomes do  
not exceed fifty per cent of the median family  
income for the area as determined by the United  
States Department of Housing and Urban  
Development; and

(B) Seventy-one rental units shall be retained at  
affordable rents to households whose incomes do  
not exceed sixty per cent of the median family  
income for the area as determined by the United  
States Department of Housing and Urban  
Development.

SECTION 4. The Hawaii housing finance and development  
corporation, or the appropriate entity of the State as



1 determined by the governor, shall submit a report to the  
2 legislature no later than twenty days prior to the convening of  
3 the regular session of 2019 regarding its efforts to acquire the  
4 Front street apartments and its recommendations for financing  
5 the purchase of the property.

6 SECTION 5. If an agreement to either extend the affordable  
7 rents to at least 2027 or acquire the property is not reached  
8 within a reasonable time as determined by the Hawaii housing  
9 finance and development corporation, or any other appropriate  
10 entity of the State as determined by the governor, the  
11 appropriate state agency shall exercise its power of eminent  
12 domain to acquire the property and improvements thereon. For  
13 the purposes of this Act, and notwithstanding any provision of  
14 section 201H-13, Hawaii Revised Statutes, to the contrary,  
15 condemnation of the Front street apartments property and  
16 improvements thereupon shall not be subject to legislative  
17 disapproval.

18 SECTION 6. There is appropriated out of the general  
19 revenues of the State of Hawaii the sum of \$ or so much  
20 thereof as may be necessary for fiscal year 2018-2019 for the  
21 purposes of negotiating with the owners of the real property and



1 improvements thereupon known as the Front street apartments to  
2 either extend the period of affordable rents to at least 2027,  
3 acquire the real property and improvements known as the Front  
4 street apartments, or to commence the condemnation process;  
5 provided that no funds authorized pursuant to this section shall  
6 be made available unless the county of Maui appropriates

7 \$            in matching county funds for the purposes of this Act.

8            The sum appropriated shall be expended by the Hawaii  
9 housing finance and development corporation for the purposes of  
10 this Act.

11            SECTION 7. This Act does not affect rights and duties that  
12 matured, penalties that were incurred, and proceedings that were  
13 begun before its effective date.

14            SECTION 8. This Act shall take effect on January 1, 2050.



**Report Title:**

Hawaii Housing Finance and Development Corporation; Affordable Housing; Maui; Front Street Apartments; Appropriation

**Description:**

Directs the Hawaii Housing Finance and Development Corporation, or the appropriate state entity, to initiate negotiations to keep the units of the Front Street Apartments on the island of Maui affordable or to acquire the Front Street Apartments property unless certain conditions are met. Appropriates funds. (HB2006 HD1)

*The summary description of legislation appearing on this page is for informational purposes only and is not legislation or evidence of legislative intent.*

