

JAN 19 2018

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 cost of housing
2 and the lack of affordable rentals and properties for sale are
3 two of the most pressing issues facing the State, and that the
4 lack of housing inventory has driven up the cost of rental
5 properties and homes for sale. In November 2016, the median
6 price of a home in Hawaii was \$584,400. On Oahu, where the
7 shortage of affordable housing is most acute, the median sale
8 price for single-family houses, as reported by the Honolulu
9 Board of REALTORS, was \$730,000.

10 The legislature further finds that a shortage of affordable
11 housing is one of the primary causes of homelessness in Hawaii.
12 Rates of homelessness have been increasing in the State in
13 recent years, and events such as the development of the homeless
14 encampment in Kakaako in 2015 and 2016 highlight the need to
15 provide more housing for middle class and low income residents.

16 The legislature additionally finds that a consensus exists
17 among many individuals, working groups, and task forces focused



1 on addressing the issue of homelessness that more units must be
2 constructed to meet the growing demand for affordable housing.
3 The legislature also finds that government land is available for
4 housing, but infrastructure is insufficient in many areas,
5 including for transit-oriented development. It is projected
6 that meeting long-term housing goals will require sixty-four
7 thousand new housing units by 2025, and of that total, twenty-
8 two thousand two hundred households of all income levels will
9 require rental units. Act 127, Session Laws of Hawaii 2016, was
10 enacted to address the need for sixty-four thousand seven
11 hundred new housing units with a goal to build 22,247
12 residential rental units by 2026. The legislature further finds
13 that funding is a key component of meeting these construction
14 goals.

15 The purpose of this Act is to:

- 16 (1) Authorize the director of finance to issue general
17 obligation bonds to construct affordable rental units
18 and homes; and
19 (2) Allow moneys from the conveyance tax and the county
20 surcharge on state tax to be used to repay the bonds.



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SECTION 2. Section 247-7, Hawaii Revised Statutes, is amended to read as follows:

"§247-7 Disposition of taxes. All taxes collected under this chapter shall be paid into the state treasury to the credit of the general fund of the State, to be used and expended for the purposes for which the general fund was created and exists by law; provided that of the taxes collected each fiscal year:

(1) Ten per cent or \$6,800,000, whichever is less, shall be paid into the land conservation fund established pursuant to section 173A-5; ~~and~~

(2) Fifty per cent or \$38,000,000, whichever is less, shall be paid into the rental housing revolving fund established by section 201H-202 ~~[]~~; and

(3) Funds may be used to repay bonds issued pursuant to Act _____, Session Laws of Hawaii 2018."

SECTION 3. Section 248-2.6, Hawaii Revised Statutes, is amended by amending subsection (a) to read as follows:

"(a) If adopted by county ordinance, all county surcharges on state tax collected by the director of taxation shall be paid into the state treasury quarterly, within ten working days after collection, and shall be placed by the director of finance in



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1 special accounts; provided that county surcharge revenues
2 levied, assessed, and collected in a county with a population
3 greater than five hundred thousand shall be deposited into the
4 mass transit special fund established under section 248-2.7.
5 Out of the revenues generated by county surcharges on state tax
6 paid into each respective state treasury special account or the
7 mass transit special fund, the director of finance shall deduct
8 one per cent of the gross proceeds of a respective county's
9 surcharge on state tax to [~~reimburse~~]:

10 (1) Reimburse the State for the costs of assessment,
11 collection, disposition, and oversight of the county
12 surcharge on state tax incurred by the State[-]; and

13 (2) Repay bonds issued pursuant to Act _____, Session Laws
14 of Hawaii 2018.

15 Amounts retained shall be general fund realizations of the
16 State."

17 SECTION 4. The director of finance is authorized to issue
18 general obligation bonds in the sum of \$500,000,000 or so much
19 thereof as may be necessary and the same sum or so much thereof
20 as may be necessary is appropriated for fiscal year 2018-2019



1 for the purpose of developing affordable housing and to be
2 distributed as follows:

- 3 (1) Dwelling unit revolving fund \$;
- 4 (2) Rental housing revolving fund \$; and
- 5 (3) Rental assistance housing fund \$.

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

9 SECTION 5. The director of finance is authorized to issue
10 general obligation bonds in the sum of \$400,000,000 or so much
11 thereof as may be necessary and the same sum or so much thereof
12 as may be necessary is appropriated for fiscal year 2018-2019
13 for the completion of:

- 14 (1) Kuhio park terrace improvements;
- 15 (2) The Mayor Wright housing development project; and
- 16 (3) The Hawaii public housing authority School street
17 project;

18 provided that the housing units shall be used by residents
19 earning between thirty per cent and sixty per cent of the area
20 median income.



1 The sum appropriated shall be expended by the Hawaii public
2 housing authority for the purposes of this Act.

3 SECTION 6. The director of finance is authorized to issue
4 general obligation bonds in the sum of \$200,000,000 or so much
5 thereof as may be necessary and the same sum or so much thereof
6 as may be necessary is appropriated for fiscal year 2018-2019
7 for the purpose of constructing temporary transitional housing
8 or homeless shelters on Kauai, Maui, Oahu, and the island of
9 Hawaii; provided that the temporary transitional housing or
10 homeless shelters shall be converted to low-income rental units
11 when the need for temporary transitional housing or homeless
12 shelters ends; provided further that the temporary transitional
13 housing or homeless shelters shall be used by residents earning
14 between zero per cent and sixty per cent of the area median
15 income.

16 The sum appropriated shall be expended by the Hawaii public
17 housing authority for the purposes of this Act.

18 SECTION 7. The director of finance is authorized to issue
19 general obligation bonds in the sum of \$450,000,000 or so much
20 thereof as may be necessary and the same sum or so much thereof
21 as may be necessary is appropriated for fiscal year 2018-2019



1 for the purpose of constructing affordable rental units;
2 provided that the Hawaii housing finance and development
3 corporation may enter into partnerships with private entities
4 for the purpose of constructing the units; provided further that
5 the units shall be used by residents earning between thirty per
6 cent and one hundred forty per cent of the area median income.

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

10 SECTION 8. The director of finance is authorized to issue
11 general obligation bonds in the sum of \$400,000,000 or so much
12 thereof as may be necessary and the same sum or so much thereof
13 as may be necessary is appropriated for fiscal year 2018-2019
14 for the purpose of constructing infrastructure on or near state
15 lands for transit-oriented development; provided that priority
16 shall be given to development near the Aloha stadium site,
17 Leeward community college, University of Hawaii West Oahu, and
18 Iwilei.

19 The sum appropriated shall be expended by the Hawaii
20 housing finance and development corporation for the purposes of
21 this Act.



1 SECTION 9. The director of finance is authorized to issue
2 general obligation bonds in the sum of \$50,000,000 or so much
3 thereof as may be necessary and the same sum or so much thereof
4 as may be necessary is appropriated for fiscal year 2018-2019
5 for the purpose of constructing a multiple-unit high rise
6 condominium on land administered by the department of Hawaiian
7 home lands; provided that the units shall be used by eligible
8 homesteaders; provided further that the moneys may be expended
9 for infrastructure or actual building costs.

10 The sums appropriated shall be expended by the department
11 of Hawaiian home lands for the purposes of this Act.

12 SECTION 10. The appropriations made for the capital
13 improvement projects authorized by this Act shall not lapse at
14 the end of the fiscal biennium for which the appropriation is
15 made; provided that all moneys from the appropriations
16 unencumbered as of June 30, 2020, shall lapse as of that date.

17 SECTION 11. Statutory material to be repealed is bracketed
18 and stricken. New statutory material is underscored.

19 SECTION 12. This Act shall take effect on July 1, 2018;
20 provided that the amendments made to section 248-2.6(a), Hawaii
21 Revised Statutes, by section 3 of this Act shall not be repealed



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1 when that section is repealed on December 31, 2030, pursuant to
2 Act 247, Session Laws of Hawaii 2005, as amended by Act 240,
3 Session Laws of Hawaii 2015, as amended by Act 1, Special
4 Session Laws of Hawaii 2017.

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INTRODUCED BY:

Will Eyo
Mait
Don Scud-Age
Breene Harte



S.B. NO. 2421

Report Title:

Affordable Housing; Hawaii Housing Finance and Development Corporation; Hawaii Public Housing Authority; Department of Hawaiian Home Lands; Conveyance Tax; Appropriation

Description:

Authorizes the issuance of general obligation bonds for construction and infrastructure development projects to provide affordable housing units for middle class and low income residents. Allows moneys from the conveyance tax and the county surcharge on state tax to be used to repay the bonds.

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