

MAR - 6 2020

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## SENATE RESOLUTION

REQUESTING THE AUDITOR TO CONDUCT AN AUDIT OF CASH PAYMENTS MADE  
IN LIEU OF PROVIDING RESERVED HOUSING AT PROPOSED  
DEVELOPMENT PROJECTS.

1           WHEREAS, pursuant to various administrative rules,  
2 developers are required to set aside a certain percentage of  
3 units, known as reserved housing, for residents making less than  
4 a specified income; and  
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6           WHEREAS, "reserved housing" is specifically defined in  
7 sections 206E-2 and 206E-101, Hawaii Revised Statutes, as  
8 "housing designated for residents in the low-income or moderate-  
9 income ranges who meet such eligibility requirements as the  
10 authority may adopt by rule"; and  
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12           WHEREAS, section 206E-4(18), Hawaii Revised Statutes, and  
13 section 15-218-46, Hawaii Administrative Rules, authorize the  
14 Hawaii Community Development Authority to allow developers to  
15 make a cash payment in lieu of providing reserved housing at a  
16 proposed development project, commonly known as a cash-in-lieu  
17 payment; and  
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19           WHEREAS, section 15-218-46, Hawaii Administrative Rules,  
20 sets forth the formula for determining the amount of a  
21 developer's cash-in-lieu payment; and  
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23           WHEREAS, while no law or administrative rule, including  
24 section 15-218-46, Hawaii Administrative Rules, specifically  
25 prescribes how revenue from cash-in-lieu payments shall be  
26 expended, section 15-218-1, Hawaii Administrative Rules, states,  
27 in part, that "the purpose of this chapter is to establish an  
28 increased supply of housing for low- or moderate-income  
29 households within the Kakaako community development district";  
30 and  
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32           WHEREAS, the law is unclear as to which fund the cash-in-  
33 lieu payments shall be deposited and no reports regarding those  
34 monies are transmitted to the Legislature; and  
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1 WHEREAS, testimony elicited during the Regular Session of  
2 2020 did not provide any accounting or record of past cash-in-  
3 lieu payments or guarantee that all of that revenue was directly  
4 used to increase the supply of housing for low- or moderate-  
5 income households; now, therefore,  
6

7 BE IT RESOLVED by the Senate of the Thirtieth Legislature  
8 of the State of Hawaii, Regular Session of 2020, that the  
9 Auditor is requested to conduct an audit of the cash payments  
10 made in lieu of providing reserved housing authorized by the  
11 Hawaii Community Development Authority pursuant to section 206E-  
12 4(18), Hawaii Revised Statutes; and  
13

14 BE IT FURTHER RESOLVED that the audit cover the period of  
15 2010 to the present and include:  
16

- 17 (1) The amount of monies that have been collected for  
18 cash-in-lieu payments;  
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- 20 (2) The fund into which the cash-in-lieu payment revenues  
21 have been deposited and the amount of monies in that  
22 fund;  
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- 24 (3) A record detailing the expenditures of the cash-in-  
25 lieu payment revenues and other monies in the fund  
26 into which the cash-in-lieu payment revenues have been  
27 deposited;  
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- 29 (4) The amount, if any, of the cash-in-lieu payment  
30 revenues that have funded the construction of reserved  
31 housing; and  
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- 33 (5) The number of reserved housing units that the Hawaii  
34 Community Development Authority has delivered using  
35 cash-in-lieu payment revenues and the location of  
36 those units; and  
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38 BE IT FURTHER RESOLVED that the Auditor is requested to  
39 submit the Auditor's findings and recommendations to the  
40 Legislature no later than twenty days prior to the convening of  
41 the Regular Session of 2021; and  
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# S.R. NO. 179

1 BE IT FURTHER RESOLVED that certified copies of this  
2 Resolution be transmitted to the Auditor and Chairperson of the  
3 Hawaii Community Development Authority.  
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OFFERED BY:

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*Kurt Ferella*  
*Kurt Ferella*  
*Kal Nhooh*

