
A BILL FOR AN ACT

RELATING TO THE HAWAII PUBLIC HOUSING AUTHORITY.

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

1 SECTION 1. Section 356D-8, Hawaii Revised Statutes, is
2 amended to read as follows:

3 "~~§~~356D-8~~§~~ Acquisition, use, and disposition of
4 property. (a) The authority may acquire any real or personal
5 property or interest therein by purchase, exchange, gift, grant,
6 lease, or other means from any person or government to provide
7 ~~public~~ housing. Exchange of real property shall be in
8 accordance with section 171-50.

9 (b) The authority may own or hold real property. All real
10 property owned or held by the authority shall be exempt from
11 mechanics' or materialmen's liens and also from levy and sale by
12 virtue of an execution, and no execution or other judicial
13 process shall issue against the property of the authority nor
14 shall any judgement against the authority be a charge or lien
15 upon its real property; provided that this subsection shall not
16 apply to nor limit the right of obligees to foreclose or
17 otherwise enforce any mortgage of the authority or the right of
18 obligees to pursue any remedies for the enforcement of any

H.B. NO. 2432

1 pledge or lien given by the authority on its rents, fees, or
2 revenues. The authority and its property shall be exempt from
3 all taxes and assessments.

4 (c) The authority may lease or rent all of a portion of
5 any [~~public~~] housing project and establish and revise the rents
6 or charges therefor. The authority may sell, exchange,
7 transfer, assign, or pledge any property, real or personal, or
8 any interest therein to any person or government.

9 (d) The authority may insure or provide for the insurance
10 of its property or operations against risks as it deems
11 advisable.

12 (e) For the purposes of this section, "housing project"
13 shall have the same meaning as that term is defined in section
14 356D-11."

15 SECTION 2. Section 356D-10, Hawaii Revised Statutes, is
16 amended to read as follows:

17 "[+] §356D-10 [+] **Agents, including corporations.** The
18 authority may exercise any or all of the powers conferred upon
19 it, either generally or with respect to any specific [~~public~~]
20 housing project through an agent that it may designate,
21 including any corporation that is formed under the laws of this
22 State, and for those purposes the authority may cause one or

H.B. NO. 2432

1 more corporations to be formed under the laws of this State or
2 may acquire the capital stock of any corporation. Any corporate
3 agent, all of the stock of which shall be owned by the authority
4 or its nominee, may to the extent permitted by law, exercise any
5 of the powers conferred upon the authority in this chapter. For
6 the purposes of this section, "housing project" shall have the
7 same meaning as that term is defined in section 356D-11."

8 SECTION 3. Section 356D-21, Hawaii Revised Statutes, is
9 amended to read as follows:

10 "[+]§356D-21[+] **Bonds; authorization.** (a) The authority,
11 with the approval of the governor, may issue from time to time
12 bonds (including refunding bonds to pay, retire, or provide for
13 the retirement of bonds previously issued by the authority) in
14 amounts not exceeding the total amount of bonds authorized to be
15 issued by the legislature for any of its corporate purposes.

16 (b) All bonds shall be issued pursuant to part III of
17 chapter 39, except as provided in this part.

18 (c) The bonds shall be issued in the name of the
19 authority, and not in the name of the State. The final maturity
20 date of the revenue bonds may be any date not exceeding sixty
21 years from the date of issuance.

H.B. NO. 2432

1 (d) The authority may issue bonds as it may determine,
2 including without limitation bonds payable from and secured, in
3 whole or in part, by:

4 (1) Income and revenues derived from the [public] housing
5 project or projects financed from the proceeds of
6 bonds;

7 (2) Receipts derived from any grant from the federal
8 government made in aid of a [public] housing project
9 or projects financed from the proceeds of bonds;

10 (3) Income and revenues derived from a particular
11 designated [public] housing project or projects
12 whether or not financed, in whole or in part, from the
13 proceeds of bonds;

14 (4) Income and revenues of the authority generally; or

15 (5) Any combination of paragraphs (1) through (4).

16 (e) Any pledge made by the authority shall create a
17 perfected security interest in the revenues, moneys, or property
18 so pledged and thereafter received by the authority from and
19 after the time that a financing statement with respect to the
20 revenues, moneys, or property so pledged and thereafter received
21 shall be filed with the bureau of conveyances. Upon the filing,
22 the revenues, moneys, or property so pledged and thereafter

H.B. NO. 2432

1 received by the authority shall immediately be subject to the
2 lien of the pledge without any physical delivery thereof or
3 further act, and the lien of the pledge shall be prior to the
4 lien of all parties having claims of any kind in tort, contract,
5 or otherwise against the authority, irrespective of whether the
6 parties have notice thereof. This section shall apply to any
7 financing statement heretofore or hereafter filed with the
8 bureau of conveyances with respect to any pledge made to secure
9 revenue bonds issued under this part.

10 (f) Any [~~public~~] housing project or projects authorized
11 by, and undertaken pursuant to, this chapter shall constitute an
12 "undertaking" within the meaning of that term as defined and
13 used in part III, chapter 39. The authority shall constitute a
14 "department" and the board shall constitute a "governing body"
15 within the meaning of those terms as defined and used in part
16 III, chapter 39.

17 (g) Neither the members of the board nor any person
18 executing the bonds shall be liable personally on the bonds by
19 reason of the issuance thereof.

20 (h) For the purposes of this section, "housing project"
21 shall have the same meaning as that term is defined in section
22 356D-11."

H.B. NO. 2432

1 SECTION 4. Section 356D-22, Hawaii Revised Statutes, is
2 amended to read as follows:

3 "[~~f~~] §356D-22 [~~f~~] Bonds; interest rate, price, and sale.

4 (a) The bonds shall bear interest at rates payable at times
5 that the authority, with the approval of the governor, may
6 determine except for deeply discounted bonds that are subject to
7 redemption or retirement at their accreted value; provided that
8 the discounted value of the bonds shall not exceed ten per cent
9 of any issue; and provided further that no bonds may be issued
10 without the approval of the director of finance and the
11 governor. Notwithstanding any other law to the contrary, the
12 authority may, subject to the approval of the director of
13 finance and the governor, issue bonds pursuant to section 356D-
14 21, in which the discounted value of the bonds exceeds ten per
15 cent of the issue.

16 (b) The authority may include the costs of undertaking and
17 maintaining any [~~public~~] housing project or projects for which
18 the bonds are issued in determining the principal amount of
19 bonds to be issued. In determining the cost of undertaking and
20 maintaining the [~~public~~] housing project, the authority may
21 include the cost of studies and surveys; insurance premiums;
22 underwriting fees; financial consultant, legal, accounting, and

H.B. NO. 2432

1 other services incurred; reserve account, trustee, custodian,
2 and rating agency fees; and interest on the bonds for a period
3 determined by the authority.

4 (c) For the purposes of this section, "housing project"
5 shall have the same meaning as that term is defined in section
6 356D-11."

7 SECTION 5. Section 356D-23, Hawaii Revised Statutes, is
8 amended to read as follows:

9 **"§356D-23 Trustee; designation, duties.** (a) The
10 authority may designate a trustee for each issue of bonds
11 secured under the same trust indenture; provided that the
12 trustee shall be approved by the director of finance.

13 (b) The trustee shall be authorized by the authority to
14 receive and receipt for, hold, and administer the proceeds of
15 the bonds, and to apply the proceeds to the purposes for which
16 the bonds are issued.

17 (c) The trustee shall also be authorized by the authority
18 to receive and receipt for, hold, and administer the revenues
19 derived by the authority from any [~~public~~] housing project or
20 projects for which the bonds are issued or the projects pledged
21 to the payment of the bonds, and to apply the revenues to the
22 payment of the cost of administering, operating, and maintaining

H.B. NO. 2432

1 the [~~public~~] housing project or projects, to pay the principal
2 of and the interest on the bonds, to the establishment of
3 reserves, and to other purposes as may be authorized in the
4 proceedings providing for the issuance of the bonds.

5 (d) Notwithstanding section 39-68, the director of finance
6 may appoint the trustee to serve as fiscal agent for:

7 (1) The payment of the principal of and interest on the
8 bonds; and

9 (2) The purchase, registration, transfer, exchange, and
10 redemption of the bonds.

11 (e) The trustee shall perform additional functions with
12 respect to the payment, purchase, registration, transfer,
13 exchange, and redemption, as the director of finance may deem
14 necessary, advisable, or expeditious, including the holding of
15 the bonds and coupons, if any, that have been paid and the
16 supervision of their destruction in accordance with law.

17 (f) Nothing in this part shall limit or be construed to
18 limit the powers granted to the director of finance in sections
19 36-3, 39-13, and 39-68(a), to appoint the trustee or others as
20 fiscal agents, paying agents, and registrars for the bonds or to
21 authorize and empower those fiscal agents, paying agents, and

H.B. NO. 2432

1 registrars to perform the functions referred to in those
2 sections.

3 (g) For the purposes of this section, "housing project"
4 shall have the same meaning as that term is defined in section
5 356D-11."

6 SECTION 6. Section 356D-24, Hawaii Revised Statutes, is
7 amended to read as follows:

8 "[+] §356D-24 [+] **Trust indenture.** (a) A trust indenture
9 may contain covenants and provisions authorized by part III of
10 chapter 39, and as deemed necessary or convenient by the
11 authority for the purposes of this part.

12 (b) A trust indenture may allow the authority to pledge
13 and assign to the trustee agreements related to the [~~public~~]
14 housing project or projects and the rights of the authority
15 thereunder, including the right to receive revenues thereunder
16 and to enforce the provision thereof.

17 (c) Where a trust indenture provides that any bond issued
18 under that trust indenture is not valid or obligatory for any
19 purpose unless certified or authenticated by the trustee, all
20 signatures of the officers of the State upon the bonds required
21 by section 39-56 may be facsimiles of their signatures.

22 (d) A trust indenture shall also contain provisions as to:

H.B. NO. 2432

1 (1) The investment of the proceeds of the bonds, the
2 investment of any reserve for the bonds, the
3 investment of the revenues of the [public] housing
4 project or system of [public] housing projects, and
5 the use and application of the earnings from
6 investments; and

7 (2) The terms and conditions upon which the holders of the
8 bonds or any portion of them or any trustee thereof
9 may institute proceedings for the enforcement of any
10 agreement or any note or other undertaking,
11 obligation, or property securing the payment of the
12 bonds and the use and application of the moneys
13 derived therefrom.

14 (e) A trust indenture may also contain provisions deemed
15 necessary or desirable by the authority to obtain or permit, by
16 grant, interest subsidy, or otherwise, the participation of the
17 federal government in the [public] housing projects or in the
18 financing of the costs of administering, operating, or
19 maintaining the [public] housing projects.

20 (f) For the purposes of this section, "housing project"
21 shall have the same meaning as that term is defined in section
22 356D-11."

H.B. NO. 2432

1 SECTION 7. Statutory material to be repealed is bracketed
2 and stricken. New statutory material is underscored.

3 SECTION 8. This Act shall take effect upon its approval.

4

5

INTRODUCED BY: _____

RCM

6

BY REQUEST

JAN 22 2024

H.B. NO. 2432

Report Title:

Hawaii Public Housing Authority; Housing Development, Bonds

Description:

Makes housekeeping amendments to sections 356D-8, 356D-10, 356D-21, 356D-22, 356D-23, and 356D-24, HRS, to incorporate the definition of "housing project" in section 356D-11, HRS, to align with previous amendments to chapter 356D, HRS, under Act 251, SLH 2022.

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

JUSTIFICATION SHEET

DEPARTMENT: Human Services, Hawaii Public Housing Authority.

TITLE: A BILL FOR AN ACT RELATING TO THE HAWAII PUBLIC HOUSING AUTHORITY.

PURPOSE: To amend certain Hawaii Public Housing Authority (HPHA) statutes to incorporate the definition of "housing project" in section 356D-11, Hawaii Revised Statutes (HRS), to further its redevelopment efforts.

MEANS: Amend sections 356D-8, 356D-10, 356D-21, 356D-22, 356D-23, and 356D-24, HRS.

JUSTIFICATION: This bill would allow the HPHA to achieve its long-term goals of deconcentrating poverty and redeveloping existing public housing projects into mixed-income communities. The amendments being proposed would make changes to be consistent with Act 251, Session Laws of Hawaii 2022, amendments to further redevelopment efforts by the HPHA.

The concentration of public housing has been shown to reduce opportunities for the low-income families these projects are meant to assist. Neighborhoods with high concentrations of low-income families often struggle with higher crime rates, fewer jobs, and poorer performing schools. In recent years, the U.S. Department of Housing and Urban Development (HUD) has encouraged public housing authorities to shift their focus towards creating financially viable and socially stable, mixed-income communities.

The construction of housing projects that include HUD subsidized public housing units will not result in a reduction in the number of public housing units for low-income families. Rather, the goal is to increase the density of any redeveloped public

housing projects by including units for families at higher AMI levels. Any redevelopment of an existing public housing project will produce a one-for-one replacement of all public housing units.

Impact on the public: Increased affordable housing opportunities for families earning more than 30 percent of the AMI. Deconcentrates poverty in neighborhoods where public housing projects are located.

Impact on the department and other agencies:
None.

GENERAL FUND: None.

OTHER FUNDS: None.

PPBS PROGRAM
DESIGNATION: None.

OTHER AFFECTED
AGENCIES: Department of Budget and Finance.

EFFECTIVE DATE: Upon approval.