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# A BILL FOR AN ACT

RELATING TO AFFORDABLE HOUSING.

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

1           SECTION 1. The legislature finds that Hawaii's shortage of  
2 affordable housing continues to be one of the State's most  
3 challenging social problems. A persistently low inventory of  
4 housing stock has created a market where local residents have  
5 consistently been priced out of rentals and unable to attain  
6 homeownership.

7           The legislature further finds that one way to facilitate  
8 the growth of the State's inventory of affordable housing units  
9 is to promote the adaptive reuse of existing, underutilized  
10 buildings for housing purposes. Adaptive reuse has been  
11 successfully employed in many jurisdictions, including New York;  
12 Washington, D.C.; and Pittsburgh; to quickly and sustainably  
13 repurpose existing structures to serve the evolving needs of  
14 communities.

15           One opportunity to increase the State's stock of affordable  
16 housing units is by renovating an existing building at 1021  
17 Smith Street in Chinatown, Honolulu, to include rental housing.



1 This project would create sixty affordable, single-room rental  
2 units with communal kitchens and restrooms. The project would  
3 target households having an income that does not exceed sixty  
4 per cent of the area median income, as determined by the United  
5 States Department of Housing and Urban Development, and the  
6 units would be required to remain affordable for at least sixty  
7 years.

8 The legislature further finds that the State must examine  
9 all opportunities to invest in the creation and preservation of  
10 affordable housing, especially in urban centers. The  
11 legislature further finds that the renovation of 1021 Smith  
12 Street represents an exceptional opportunity to create a large  
13 number of long-term, affordable rental housing units in the  
14 heart of Honolulu's urban core. Therefore, it is in the best  
15 interests of the State to share in the costs of creating  
16 affordable rental housing at 1021 Smith Street.

17 Accordingly, the purpose of this Act is to appropriate  
18 moneys to the Hawaii public housing authority to partner with  
19 the property owner of 1021 Smith Street in Honolulu, Oahu, or  
20 the property owner's agents, to share in the costs of creating  
21 sixty units of affordable rental housing.



1 SECTION 2. (a) The Hawaii public housing authority may  
2 enter into a contract with property owner of 1021 Smith Street  
3 in Honolulu, Oahu, or the property owner's agents, to share in  
4 the costs to alter, remodel, repair, rehabilitate, and  
5 reconstruct the existing buildings and fixtures at 1021 Smith  
6 Street to create sixty units of affordable rental housing.

7 (b) Each rental housing unit shall be affordable to  
8 households having an income that does not exceed per  
9 cent of the area median income as determined by the United  
10 States Department of Housing and Urban Development; provided  
11 that the project shall target households having an income that  
12 does not exceed sixty per cent of the area median income.

13 (c) Before any unit at 1021 Smith Street is offered for  
14 rent, the property owner shall file a restrictive covenant  
15 running with the land providing that each rental unit shall  
16 remain affordable pursuant to subsection (b) for at least sixty  
17 years from the date a certificate of occupancy applicable to the  
18 unit is issued.

19 (d) Notwithstanding section 103D-302(h), Hawaii Revised  
20 Statutes, or any other law to the contrary, contracts awarded



1 pursuant to this Act shall be exempt from any law requiring a  
2 contract to be awarded to the lowest bidder.

3 SECTION 3. In accordance with section 9 of article VII, of  
4 the Constitution of the State of Hawaii and sections 37-91 and  
5 37-93, Hawaii Revised Statutes, the legislature has determined  
6 that the appropriation contained in this Act will cause the  
7 state general fund expenditure ceiling for fiscal year 2024-2025  
8 to be exceeded by \$ , or per cent. The  
9 reasons for exceeding the general fund expenditure ceiling are  
10 that the appropriation made in this Act is necessary to serve  
11 the public interest and to meet the needs provided for by this  
12 Act.

13 SECTION 4. There is appropriated out of the general  
14 revenues of the State of Hawaii the sum of \$6,000,000 or so much  
15 thereof as may be necessary for fiscal year 2024-2025 for the  
16 Hawaii public housing authority to partner with the property  
17 owner of 1021 Smith Street in Honolulu, Oahu, or the property  
18 owner's agents, to alter, remodel, repair, rehabilitate, and  
19 reconstruct the existing buildings and fixtures at 1021 Smith  
20 Street for affordable rental housing purposes as provided in  
21 section 2 of this Act.




# H.B. NO. 2327

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

3           SECTION 5. This Act shall take effect on July 1, 2024.

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INTRODUCED BY:   
JAN 22 2024



# H.B. NO. 2327

**Report Title:**

Affordable Housing; HPHA; Long-Term Rental Housing; 1021 Smith Street; Appropriation; General Fund Expenditure Ceiling Exceeded

**Description:**

Authorizes the Hawaii Public Housing Authority to partner with the property owner of 1021 Smith Street in Honolulu, Oahu, to create 60 units of affordable rental housing at that site. Requires units to be affordable to households having an income that does not exceed an unspecified percentage of the area median income, as determined by the United States Department of Housing and Urban Development, for at least 60 years. Exempts contracts from low-bid requirements. Appropriates moneys. Declares that the appropriation exceeds the state general fund expenditure ceiling for 2024-2025.

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

