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# 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 preservation of  
2 subsidized affordable housing is vital to preventing the  
3 displacement of local working families in Hawaii.

4           The legislature further finds that thousands of subsidized  
5 units are scheduled to have their formal commitments expire in  
6 the next twenty years. The Hawaii housing finance and  
7 development corporation has two thousand units within its low-  
8 income housing tax credit program that are scheduled to expire  
9 in coming years, and there are thousands more city, state, and  
10 federally assisted affordable rental housing units that are  
11 susceptible to falling out of affordability without  
12 intervention.

13           The legislature also finds that affordable rental housing  
14 developments become homes and communities for working people,  
15 and when these developments revert to market rate, individuals  
16 are displaced and communities are fractured.



1           Therefore, the purpose of this Act is to preserve and  
2 retain existing affordable housing stock and increase community  
3 ownership of permanently affordable housing by:

4           (1) Requiring certain landlords to provide a specified  
5 notice to a tenant regarding the tenant's potential  
6 right to purchase the property, under certain  
7 conditions;

8           (2) Allowing tenants, families, local governments,  
9 affordable housing nonprofits, and community land  
10 trusts forty-five days to match or beat the best bona  
11 fide offer to buy an eligible affordable housing  
12 property; and

13           (3) Establishing conveyance tax rates for the sale of  
14 eligible affordable housing properties.

15           SECTION 2. Chapter 521, Hawaii Revised Statutes, is  
16 amended by adding a new section to part IV to be appropriately  
17 designated and to read as follows:

18           "§521-           Notice of sale; tenant's right to purchase. (a)

19 A landlord that is renting an eligible affordable housing  
20 property to a tenant shall notify the tenant in writing



1 regarding the tenant's potential right to purchase the property  
2 in which the tenant is residing pursuant to section 201H- .

3 (b) For the purposes of this section, "eligible affordable  
4 housing property" has the same meaning as defined in section  
5 201H- ."

6 SECTION 3. Chapter 201H, Hawaii Revised Statutes, is  
7 amended by adding a new section to part II to be appropriately  
8 designated and to read as follows:

9 "§201H- **Eligible affordable housing property; eligible**  
10 **parties; matching agreement of sale.** (a) Notwithstanding any  
11 law to the contrary, an owner of an eligible affordable housing  
12 property that is no longer subject to the requirements of  
13 section 42 (with respect to low-income housing credit) of the  
14 Internal Revenue Code who intends to sell, convey, or otherwise  
15 transfer the eligible affordable housing property shall not  
16 enter into a binding agreement of sale for the property until  
17 the requirements of this section have been met.

18 (b) An owner of an eligible affordable housing property  
19 shall notify in writing the following at least twelve months  
20 prior to the property no longer being subject to the  
21 requirements of section 42 of the Internal Revenue Code; if the



1 owner intends to sell, convey, or otherwise transfer the  
2 property; or both:

3 (1) The executive director;

4 (2) The county councilmember for the district in which the  
5 eligible affordable housing property is located;

6 (3) Affordable housing nonprofits and community land  
7 trusts; and

8 (4) All tenants of the eligible affordable housing  
9 property.

10 (c) The notice pursuant to subsection (b) shall include:

11 (1) The address of the eligible affordable housing  
12 property;

13 (2) The name, address, and phone number of the owner;

14 (3) The name, address, phone number, and electronic mail  
15 address of the owner's designated contact person; and

16 (4) The date that the property is no longer subject to the  
17 requirements of section 42 of the Internal Revenue  
18 Code and a statement of intent to sell the property,  
19 if applicable.

20 (d) During the forty-five-day period following the notice  
21 sent pursuant to subsection (b), the owner shall be prohibited



1 from accepting, considering, or soliciting a purchase offer from  
2 anyone except an eligible party.

3 (e) If at any time after the forty-five-day period an  
4 owner of an eligible affordable housing property receives a bona  
5 fide offer that the owner intends to accept from an entity other  
6 than an eligible party, the owner shall provide notice to all  
7 eligible parties of all material terms of any such offer.

8 (f) Within sixty days of the mailing date of a notice of a  
9 bona fide offer pursuant to subsection (e), any eligible party  
10 may submit a matched agreement of sale to the owner. The owner  
11 shall accept any matched agreement of sale that is similar in  
12 all material respects to the bona fide offer received; provided  
13 that a matched agreement of sale submitted by a tenant shall  
14 receive priority over any non-governmental eligible party.

15 (g) Within sixty days of the mailing date, whether  
16 electronic or by hard copy, of a matched agreement of sale to  
17 the owner, the owner shall accept the matched agreement of sale  
18 or enter into good faith negotiations with the person who  
19 submitted the matched agreement of sale.

20 (h) If, after ninety days from the mailing date, whether  
21 electronic or by hard copy, of the matched agreement of sale the



1 parties have negotiated in good faith, but no eligible party has  
2 submitted a matched agreement of sale that is similar in all  
3 material respects to a bona fide offer that the owner intends to  
4 accept, the owner shall have no further obligations under this  
5 section.

6 (i) Any person in violation of this section shall be  
7 subject to penalties as determined by the corporation.

8 (j) For the purposes of this section:

9 "Eligible affordable housing property" means a property in  
10 which the owner has qualified and received low-income housing  
11 tax credits pursuant to section 235-110.8.

12 "Eligible party" means a state or county housing agency,  
13 affordable housing nonprofit, community land trust, or tenant of  
14 the eligible affordable housing property."

15 SECTION 4. Chapter 247, Hawaii Revised Statutes, is  
16 amended by adding a new section to be appropriately designated  
17 and to read as follows:

18 **"§247- Eligible affordable housing property; rate of**  
19 **tax.** (a) Notwithstanding any other provision of this chapter,  
20 there is hereby imposed and shall be levied, collected, and



1 paid, a tax applicable to the sale or transfer of an eligible  
2 affordable housing property.

3 (b) The tax imposed by subsection (a) shall be based on  
4 the actual and full consideration, paid or to be paid for all  
5 transfers or conveyance of an eligible affordable housing  
6 property, and shall be as follows:

7 (1) For eligible affordable housing properties sold or  
8 transferred to an eligible party:

9 (A) Thirty cents per \$100 for properties with a value  
10 of less than \$2,000,000;

11 (B) Fifty cents per \$100 for properties with a value  
12 of at least \$2,000,000, but less than \$4,000,000;

13 (C) Seventy cents per \$100 for properties with a  
14 value of at least \$4,000,000, but less than  
15 \$6,000,000;

16 (D) Ninety cents per \$100 for properties with a value  
17 of at least \$6,000,000, but less than  
18 \$10,000,000; and

19 (E) One dollar per \$100 for properties with a value  
20 of \$10,000,000 or greater; and



- 1        (2) For eligible affordable housing properties sold or
- 2        transferred to any other person or entity:
- 3        (A) Forty-five cents per \$100 for properties with a
- 4        value of less than \$2,000,000;
- 5        (B) Sixty-five cents per \$100 for properties with a
- 6        value of at least \$2,000,000, but less than
- 7        \$4,000,000;
- 8        (C) Ninety cents per \$100 for properties with a value
- 9        of at least \$4,000,000, but less than \$6,000,000;
- 10       (D) One dollar fifteen cents per \$100 for properties
- 11       with a value of at least \$6,000,000, but less
- 12       than \$10,000,000; and
- 13       (E) One dollar thirty cents for properties with a
- 14       value of \$10,000,000 or greater.
- 15       (c) The seller of the eligible affordable housing property
- 16       shall provide documentation of the sale or transfer of the
- 17       eligible affordable housing property to the director of
- 18       taxation, including:
- 19       (1) Certification from the Hawaii housing finance and
- 20       development corporation that the property is an
- 21       eligible affordable housing property;



1       (2) A sales agreement or contract indicating the eligible  
2       party's eligibility as an eligible party;

3       (3) A commitment by the eligible party to affordability  
4       compliance, recorded as a deed restriction or  
5       equivalent instrument; and

6       (4) Any other documentation as determined by the  
7       department.

8       (d) The tax rate under this section shall apply only to  
9       transactions recorded on or after July 1, \_\_\_\_\_.

10       (e) The department of taxation, in consultation with the  
11       Hawaii housing finance and development corporation, shall adopt  
12       rules pursuant to chapter 91 to administer and implement this  
13       section, including documentation requirements and penalties for  
14       noncompliance.

15       (f) For the purposes of this section:

16       "Eligible affordable housing property" shall have the same  
17       meaning as defined in section 201H-\_\_\_\_\_.

18       "Eligible party" shall have the same meaning as defined in  
19       section 201H-\_\_\_\_\_."

20       SECTION 5. New statutory material is underscored.

21       SECTION 6. This Act shall take effect upon its approval.



# H.B. NO. 1473

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INTRODUCED BY:

A handwritten signature in black ink, appearing to be 'C. G. A.', written over a horizontal line.

JAN 23 2025



# H.B. NO. 1473

**Report Title:**

Affordable Housing; Notice; Eligible Parties; Matched Agreement of Sale; Conveyance Tax

**Description:**

Requires certain landlords to provide a specified notice to a tenant regarding the tenant's potential right to purchase the property, under certain conditions. Allows tenants, families, local governments, affordable housing nonprofits, and community land trusts forty-five days to match or beat the best bona fide offer to buy an eligible affordable housing property. Establishes conveyance tax rates for the sale of eligible affordable housing properties.

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

