

**ACT 228**

H.B. NO. 3600

A Bill for an Act Relating to Housing.

*Be It Enacted by the Legislature of the State of Hawaii:*

SECTION 1. The legislature finds that the closure of Hamakua Sugar Company and C. Brewer and Company sugar operations on the Hilo-Hamakua Coast of the Big Island will have significant detrimental impacts on the area's community. One of the important concerns facing Hilo-Hamakua residents relates to their housing needs. Currently, sugar employees, their families, and company retirees reside in approximately four hundred twenty-five plantation homes owned and operated by the Hamakua Sugar Company. With the closing of the company, many of these families will face the prospect of being homeless unless they can continue to reside in the plantation camp housing. Although discussions were initiated regarding the possibility of a state or county entity assuming responsibility over the plantation camp houses, no final determination has been made.

The four hundred twenty-five housing units are situated within eight major plantation camps spread out over twenty-five miles along the Hamakua coast. These plantation camps are over fifty years old and are served by standard roads and water and sewage disposal systems. Due to the age of the camps and the deteriorating condition of much of their infrastructure, it will be a substantial challenge to continue to provide the necessary services and maintain basic public health and safety.

Employees who purchased their own homes are also concerned about their housing situation. With the imminent loss of their jobs, many employees will undergo a transition period as they seek new employment, participate in job training programs, or seek other opportunities. While incomes may be greatly diminished, these employees must continue to make their home mortgage payments and meet other living expenses. Many of these employees or former employees in transition would not be able to qualify for a loan under conventional loan-writing standards.

The purpose of this Act is to address the housing needs of the Hilo-Hamakua coast residents on the island of Hawaii who will be in danger of losing their homes and shelter due to the closure of the Hamakua Sugar and C. Brewer and Company sugar operations. Specifically, this Act provides:

- (1) An emergency loan program that will provide temporary assistance to families who, as a result of plantation closure, require help to make mortgage payments on their homes; and
- (2) A grant program to address administrative, maintenance, and emergency infrastructure improvement costs to ensure the continued operation of Hamakua Sugar Plantation Camp housing units.

SECTION 2. There is appropriated out of the general revenues of the State of Hawaii the sum of \$600,000, or so much thereof as may be necessary for fiscal year 1994-1995, to provide low-interest loans of up to \$10,000 each to employees and former employees of the Hilo Coast Processing Company and the Hamakua Sugar Company to provide for the payment of their monthly mortgage loan payment, which may include but not be limited to, principal and interest payments, real property taxes, and insurance. The loans shall be limited to one loan per household and the rate of interest on loans made pursuant to this Act shall not exceed three per cent per annum. Interest earnings on funds appropriated and loans made pursuant to this Act may be used for administrative and other expenses necessary for administering the loan program. Loans made pursuant to this Act may not require repayment to begin for a period of two years after the loan agreement is executed. Loan proceeds distributed may be made directly to the borrower's note and mortgage holder to ensure timely payment of the borrower's mortgage payment. Guidelines for administering this loan program shall be established by the housing finance and development corporation.

SECTION 3. There is appropriated out of the general revenues of the State of Hawaii the sum of \$600,000, or so much thereof as may be necessary for fiscal year 1994-1995, to enable the housing finance and development corporation to develop and implement a grant program to address administrative, maintenance, and critical infrastructure improvement costs to ensure the continued operation of Hamakua Sugar Plantation Camp Housing Units.

The housing finance and development corporation shall develop as part of this grant program a special rental subsidy program for employees, former employees who are in transition to other employment, and retirees of the Hamakua Sugar Company who are currently residing in the plantation camp areas.

SECTION 4. The housing finance and development corporation shall submit a status report on actions taken under the requirements of this Act to the legislature not later than twenty days prior to the convening of the regular session of 1995.

SECTION 5. The housing finance and development corporation shall submit a report to the legislature of the use of funds appropriated in Section 58, Act 289, Session Laws of Hawaii 1993, not later than twenty days prior to the convening of the regular session of 1995.

SECTION 6. The sums appropriated shall be expended by the housing finance and development corporation for the purposes of this Act.

SECTION 7. This Act shall take effect on July 1, 1994.

(Approved June 22, 1994.)