

## ACT 258

H.B. NO. 65

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:

- (1) There is an acute shortage of safe, decent, and affordable rental housing in the State of Hawaii. Consequently, many persons are forced to occupy overcrowded, unsafe, or unsanitary dwelling accommodations; are severely cost-burdened; or, become homeless;
- (2) Many of Hawaii's housing problems stem from an inadequate supply of affordable housing, which has led to low vacancy rates and high rents. Because of the high cost of housing development and the extent of rental expense burden among Hawaii's very low and low income households, actions must be taken to develop and maintain an adequate stock of affordable rental housing;
- (3) An action called for in the state housing functional plan is the preservation of existing public and private housing stock, including federally-assisted, below-market rental housing projects. One such project is the 587-unit Queen Emma Gardens apartment complex which was built in 1961 as an urban renewal project. The rent charged at the project was below prevailing market prices for many years, making it one of Honolulu's most affordable places to live;
- (4) Rents at the Queen Emma Gardens apartment complex have increased by seven to fourteen per cent each year since the 1987 death of the complex's owner, Robert E. Black. Average rent increases, which took effect on January 1, 1992, ranged from \$50 to \$145 per month. Since then, rents have continued to increase and move toward market prices;
- (5) Because of uncertainties surrounding the fate of affordable rental apartments that last beyond their rent restrictions and begin charging closer to what the market will bear, there is concern that the Queen Emma Gardens apartment complex, which is located in an area of Honolulu where housing is in especially short supply, will cease to be affordable;
- (6) Due to the tremendous need for affordable rental housing, the legislature finds that it is in the public interest to provide affordable housing through various means, including preserving affordable rental housing stock;
- (7) The economy of the State and the public interest, health, welfare, security, and happiness of the people of the State are adversely affected by shortages of affordable rental housing;

- (8) The acquisition and preservation of affordable rental housing will promote the economy of the State and public interest, health, welfare, security, and happiness of the people of the State;
- (9) The Constitution of the State of Hawaii empowers the State to provide assistance for persons unable to maintain a standard of living compatible with decency and health. The rising cost of rent expense tied to other cost of living increases is swelling the ranks of persons unable to maintain a decent and healthful standard of life. If the inflationary trend of rent expense continues unchecked, the State could be faced with an inordinately large population of persons deprived of decent and healthful standards of life and consequent disruptions in lawful social behavior. The threat posed by this possibility is sufficiently real and imminent to warrant state action to acquire affordable rental housing stock as a means of curbing continuing inflationary rises in rental housing;
- (10) The State's acquisition of the Queen Emma Gardens apartment complex, by voluntary sale or acquisition through the exercise of the power of eminent domain, for the purposes of this Act, is for the public use and purpose of protecting the public safety, health and welfare of all people in Hawaii; and
- (11) The use of the power of eminent domain to condemn the Queen Emma Gardens apartment complex to preserve the apartment complex in the affordable housing stock is for a public use and purpose.

It is therefore declared to be necessary and it is the purpose of this Act to alleviate the abovementioned conditions by authorizing the purchase by voluntary sale or acquisition through condemnation in eminent domain of the Queen Emma Gardens apartment complex and providing for the public financing of such purchase by voluntary sale or acquisition through condemnation in eminent domain and payment through the issuance of bonds, the expenditure of general revenue funds, and the use of other funds which are at the disposal of the State.

It is the legislature's intent that in the selection of applicants for the Queen Emma Gardens apartment complex, tenants residing in the complex at the time of acquisition shall have first preference to occupy the units; provided that the tenants meet the eligibility criteria established by the housing finance and development corporation.

The legislature also finds that Filipino World War II veterans should receive all the benefits of military veterans with respect to state housing projects.

SECTION 2. Section 359-2, Hawaii Revised Statutes, is amended by amending the definition of "veteran" to read as follows:

"“Veteran” includes any person who served in the military or naval forces of the United States during World War II and who has been discharged or released therefrom under conditions other than dishonorable. The term “veteran” shall also include Filipino World War II veterans who served honorably in an active duty status under the command of the United States Armed Forces in the Far East (USAFEF), or within the Philippine Army, the Philippine Scouts, or recognized guerilla units. The Filipino World War II veterans must have served at any time between September 1, 1939, and December 31, 1946, and must have been born in the Philippines and have resided in the Philippines prior to the military service.”

SECTION 3. (a) The housing finance and development corporation is

authorized to issue revenue bonds in accordance with part II of chapter 201E, Hawaii Revised Statutes, in the sum of \$55,000,000, or so much thereof as the corporation deems necessary for fiscal year 1995-1996, for the purpose of financing the purchase by voluntary sale or through the eminent domain acquisition of the Queen Emma Gardens apartment complex (TMK 1-2-1-5:4), provided that the housing finance and development corporation:

- (1) Conducts an appraisal of the Queen Emma Gardens apartment complex;
- (2) Develops a financial plan to assess the feasibility of acquiring the Queen Emma Gardens apartment complex. The corporation shall work with the Queen Emma Gardens Tenants Association to develop a financially viable plan for acquiring the project utilizing public and private resources. Such financial plan may include the construction on the property of an additional apartment complex as an additional source of revenue. If the financial plan is not economically feasible, acquisition of the project shall not proceed. As the corporation is solely responsible for the debt obligation of the revenue bonds to be issued, the corporation, in its sole discretion, shall determine if the plan to acquire the project is economically feasible; and
- (3) Submits a status report to the president of the senate and the speaker of the house of representatives at least twenty days prior to the convening of the 1995 regular session. This report shall include:
  - (A) Actions taken pursuant to this Act;
  - (B) The financial feasibility study assessing the acquisition of Queen Emma Gardens apartment complex by voluntary sale or eminent domain; and
  - (C) Recommendations by the housing finance and development corporation for further legislative action.

(b) The revenue bonds authorized in this Act shall not be issued unless approved by the legislature, by concurrent resolution, during the 1995 regular session.

SECTION 4. New statutory material is underscored.

SECTION 5. This Act shall take effect upon its approval, except that section 3 shall take effect on July 1, 1994.

(Approved June 30, 1994.)