

ACT 34

S.B. NO. 2133

A Bill for an Act Relating to Housing.

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

SECTION 1. Section 201H-71, Hawaii Revised Statutes, is amended as follows:

1. By amending subsections (d) and (e) to read:

“(d) The corporation may issue ~~[such]~~ the types of bonds as it may determine, including without limitation bonds payable from and secured, in whole or in part, by:

- (1) Income and revenues derived from the housing project or projects, or infrastructure for the housing project or projects, financed from the proceeds of bonds;
- (2) Receipts derived from any grant from the federal government made in aid of a housing project or projects, or infrastructure for the housing project or projects, financed from the proceeds of bonds;
- (3) Income and revenues derived from a particular designated housing project or projects, or infrastructure for the housing project or projects, whether or not financed, in whole or in part, from the proceeds of bonds;
- (4) Receipts derived from any payment for “eligible loans”, “eligible improvement loans”, or “eligible project loans”, as the terms are

defined in subpart B, or any other agreement or agreements entered into for a “housing loan program”, as the term is defined in subpart B or D, or any other loan program administered by the corporation and financed from the proceeds of bonds;

- (5) Receipts derived from loans to mortgage lenders or from the payment on account of principal of or interest on loans purchased from mortgage lenders, as provided in subpart B which loans to mortgage lenders or loans purchased are financed from the proceeds of bonds;
- (6) Moneys in any funds or accounts established in connection with the issuance of bonds, and any earnings thereon;
- (7) Proceeds derived from any insurance;
- (8) Income and revenues of the corporation generally; or
- (9) Any combination of paragraphs (1) through (8).

The term “income and revenues” includes income and revenues derived from the sale of land or from both land and improvements thereon serviced from infrastructure financed from the proceeds of bonds as permitted by this subpart. The provisions of this subsection are in addition and supplemental to part III of chapter 39.

(e) Any of the bonds may be additionally secured by a pledge of any revenues or a mortgage of any housing project, infrastructure for any housing project, other property of the corporation, the pledge or assignment of any loans or other agreements, or any note or other undertaking, obligation, or property held by or on behalf of the corporation to secure loans made from the proceeds of bonds for any “housing loan program”, as the term is defined in subpart B or D, or any other loan program administered by the corporation and financed from the proceeds of bonds.”

2. By amending subsection (g) to read:

“(g) Any housing project or projects, or infrastructure for a housing project or projects, authorized by[;] and undertaken pursuant to[;] this chapter shall constitute an “undertaking” within the meaning of that term as defined and used in part III, chapter 39. Any loan program authorized by, and undertaken pursuant to, this chapter, including without limitation “housing loan programs” defined in and authorized by subparts B and D, shall constitute a “loan program” within the meaning of that term as defined and used in part III, chapter 39. The corporation shall constitute a “department” and the board shall constitute a “governing body” within the meaning of those terms as defined and used in part III, chapter 39.”

SECTION 2. Section 201H-72, Hawaii Revised Statutes, is amended to read as follows:

“**§201H-72 Issuance of bonds for the development of infrastructure.**

(a) Without limiting section 201H-71, the corporation, pursuant to and in accordance with this subpart [~~or~~], section 46-80.1(a), [~~is authorized to~~] or section 201H-191.5, may issue bonds for the purpose of financing the development of infrastructure for [~~land~~];

- (1) Land owned by the corporation or [~~for~~] land owned by an eligible developer as defined in section 201H-32, whose housing project approval by a state or county agency requires the construction of affordable housing[;]; and
- (2) Regional state infrastructure projects under section 201H-191.5.

(b) All bonds issued by the corporation for improvements by assessments, and the interest thereon, shall be exempt from all state, county, and municipal taxation, except inheritance, transfer, and estate taxes.”

SECTION 3. Section 201H-191.5, Hawaii Revised Statutes, is amended as follows:

1. By amending subsection (b) to read:

“(b) Each regional state infrastructure subaccount shall consist of the following sources of revenue:

- (1) Moneys received by the corporation from counties for the repayment of the loan principal and the payment of simple interest from various assessments or fees from special improvement districts, improvement districts, tax increment financing districts, community facilities districts, and other areas where property value increases are captured over periods of time for the purposes of infrastructure financing;
- (2) Appropriations from the legislature;
- (3) Federal grants and subsidies to the State or counties;
- (4) Proceeds from bonds issued pursuant to section 201H-72(a)(2);
- ~~[(4)]~~ (5) Private investments; and
- ~~[(5)]~~ (6) Voluntary contributions.”

2. By amending subsection (d) to read:

“(d) Whenever the corporation undertakes, or causes to be undertaken, a regional infrastructure improvement project, the cost of providing regional infrastructure improvements may be assessed against housing and mixed-use transit-oriented development projects specially benefiting from the improvements, and the corporation shall take into consideration previous contributions by project owners to infrastructure improvements; provided that:

- (1) The corporation may fix the assessments against real property specially benefited. All assessments made pursuant to this subsection shall be a statutory lien against each lot or parcel of land assessed from the date of the notice declaring the assessment until paid and the lien shall have priority over all other liens except the lien of property taxes. As between liens of assessments, the earlier lien shall be superior to the later lien;
- (2) Notwithstanding any other law to the contrary, in assessing real property specially benefiting from improvements, the corporation may utilize various methods including but not limited to:
 - (A) Assessment on a frontage basis;
 - (B) According to the area of real property for housing and mixed-use transit-oriented development projects;
 - (C) According to the area of real property within an assessment area;
 - (D) Any other assessment method that assesses the real property according to the special benefit conferred; or
 - (E) Any combination thereof;
- (3) The assessments made under this subsection shall not apply to projects within the stadium development district as established pursuant to section 206E-223;
- (4) The corporation shall adopt rules pursuant to chapter 91, providing for the method of assessment of real properties specially benefited; and
- (5) All sums collected under this subsection shall be deposited in the dwelling unit revolving fund established pursuant to section 201H-191.”

3. By amending subsection (g) to read:

“(g) The corporation may also expend revenues in the subaccounts to repay ~~[private]~~;

- (1) Holders of bonds issued pursuant to section 201H-72(a)(2); and
- (2) Private investors for their investment plus any interest accrued on their investments made into the subaccounts to finance, in whole or in part, infrastructure improvements that would increase the capacity of the infrastructure facilities, including regional sewer systems, water systems, drainage systems, roads, and telecommunications and broadband.”

SECTION 4. Statutory material to be repealed is bracketed and stricken. New statutory material is underscored.

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

(Approved May 28, 2024.)