

ACT 45

S.B. NO. 2337

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 while the Hawaii housing finance and development corporation may facilitate the development, construction, financing, refinancing, or other provision of mixed-use developments, including low- and moderate-income housing projects, the counties are not allowed to facilitate mixed-use developments. This is despite existing law giving the counties similar powers regarding the development of housing, and the counties sharing a burden in promoting transit oriented development, urban revitalization, and the conversion of office and commercial space to residential space.

The purpose of this Act is to allow the counties to share in the burden of facilitating the development, construction, financing, refinancing, or other provision of mixed-use developments, including low- and moderate-income housing projects, and issue county bonds for this purpose.

SECTION 2. Section 46-15.1, Hawaii Revised Statutes, is amended as follows:

1. By amending subsection (a) to read:

“(a) Notwithstanding any law to the contrary, any county shall have and may exercise the same powers, subject to applicable limitations, as those granted the Hawaii housing finance and development corporation pursuant to chapter 201H insofar as those powers may be reasonably construed to be exercisable by a county for the purpose of developing, constructing, ~~and~~ financing, refinancing,

or otherwise providing low- and moderate-income housing[;] projects and mixed-use developments; provided that no county shall be empowered to cause the State to issue general obligation bonds to finance a project pursuant to this section; provided further that county projects shall be granted an exemption from general excise or receipts taxes in the same manner as projects of the Hawaii housing finance and development corporation pursuant to section 201H-36; ~~[and] provided further that county projects shall prioritize walkability to the extent practicable;~~ provided further that section 201H-16 shall not apply to this section unless federal guidelines specifically provide local governments with that authorization and the authorization does not conflict with any state laws. The powers shall include the power, subject to applicable limitations, to:

- (1) Develop and construct dwelling units, alone or in partnership with developers;
- (2) Acquire necessary land by lease, purchase, exchange, or eminent domain;
- (3) Provide assistance and aid to a public agency or other person in developing and constructing new housing and rehabilitating existing housing for elders of low- and moderate-income, other persons of low- and moderate-income, and persons displaced by any governmental action, by making long-term mortgage or interim construction loans available;
- (4) Contract with any eligible bidders to provide for construction of urgently needed housing for persons of low- and moderate-income;
- (5) Guarantee the top twenty-five per cent of the principal balance of real property mortgage loans, plus interest thereon, made to qualified borrowers by qualified lenders;
- (6) Enter into mortgage guarantee agreements with appropriate officials of any agency or instrumentality of the United States to induce those officials to commit to insure or to insure mortgages under the National Housing Act, as amended;
- (7) Make a direct loan to any qualified buyer for the downpayment required by a private lender to be made by the borrower as a condition of obtaining a loan from the private lender in the purchase of residential property;
- (8) Provide funds for a share, not to exceed fifty per cent, of the principal amount of a loan made to a qualified borrower by a private lender who is unable otherwise to lend the borrower sufficient funds at reasonable rates in the purchase of residential property; and
- (9) Sell or lease completed dwelling units.

For purposes of this section, a limitation is applicable to the extent that it may reasonably be construed to apply to a county.”

2. By amending subsections (f) and (g) to read:

“(f) The provisions of this section shall be construed liberally so as to effectuate the purpose of this section in facilitating the development, construction, ~~[and] financing, refinancing, or other~~ provision of low- and moderate-income housing projects and mixed-use developments by the various counties.

(g) For purposes of this section[; ~~“low and moderate income housing”~~]; “Low- and moderate-income housing project” means any housing project that meets the definition of “low- and moderate-income housing project” in section 39A-281.

“Mixed-use development” has the same meaning as defined in section 201H-12(a).”

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SECTION 3. Statutory material to be repealed is bracketed and stricken. New statutory material is underscored.

SECTION 4. This Act shall take effect upon its approval, and shall apply to bond proceeds expended by a county after December 31, 2023, and shall be repealed on June 30, 2028; provided that section 46-15.1, Hawaii Revised Statutes, shall be reenacted in the form in which it read on the day before the effective date of this Act.

(Approved May 30, 2024.)