



GOV. MSG. NO. 896

EXECUTIVE CHAMBERS
HONOLULU

LINDA LINGLE
GOVERNOR

July 8, 2008

The Honorable Colleen Hanabusa, President
and Members of the Senate
Twenty-Fourth State Legislature
State Capitol, Room 409
Honolulu, Hawaii 96813

Dear Madam President and Members of the Senate:

I am transmitting herewith HB2238 HD1 SD1, without my approval, and with the statement of objections relating to the measure.

HB2238 HD1 SD1

A BILL FOR AN ACT RELATING TO PUBLIC
HOUSING.

Sincerely,

A handwritten signature in black ink, appearing to read "Linda Lingle".

LINDA LINGLE

EXECUTIVE CHAMBERS

HONOLULU

July 8, 2008

STATEMENT OF OBJECTIONS TO HOUSE BILL NO. 2238

Honorable Members
Twenty-Fourth Legislature
State of Hawaii

Pursuant to Section 16 of Article III of the Constitution of the State of Hawaii, I am returning herewith, without my approval, House Bill No. 2238, entitled "A Bill for an Act Relating to Public Housing."

The purported purpose of this bill is to require public housing projects to remain affordable in perpetuity. This bill is objectionable for two reasons.

First, this bill restricts the flexibility of the State and counties to pursue new or unique methods for the construction and management of public and affordable housing. This bill would prevent the development or redevelopment of public housing projects that preserve the existing number of public housing units while providing additional units and uses for the project. Imposing such a strict requirement and mandating that public housing projects remain affordable is detrimental to the goal because it precludes using mixed-up or commercial space to help subsidize, renovate, and repair these units.

Other states and cities have found that allowing for mixed use development is an attractive incentive for developers and an important tool for preserving and increasing the inventory of affordable and public housing. Preserving existing inventory can be accomplished via

STATEMENT OF OBJECTIONS
HOUSE BILL NO. 2238
Page 2

individual contract terms, covenants, and restrictions placed on these projects by the Hawaii Public Housing Authority Board of Directors.

Second, this bill will allow households earning at or below one hundred forty percent of the area median income to qualify for public housing. The current income limit to qualify for State and federal public housing units is eighty percent of the area median income, and there is a significant waiting list for households at this level. This significant change in the target group for public housing will adversely affect those who are most vulnerable to homelessness and in the most need for public housing assistance.

For the foregoing reasons, I am returning House Bill No. 2238 without my approval.

Respectfully,

A handwritten signature in black ink, appearing to read "Linda Lingle", written in a cursive style.

LINDA LINGLE
Governor of Hawaii

VETO

HOUSE OF REPRESENTATIVES
TWENTY-FOURTH LEGISLATURE, 2008
STATE OF HAWAII

H.B. NO.

2238
H.D. 1
S.D. 1

A BILL FOR AN ACT

RELATING TO PUBLIC HOUSING.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:

1 SECTION 1. Chapter 356D, Hawaii Revised Statutes, is
2 amended by adding a new section to be appropriately designated
3 and to read as follows:

4 **"§356D- Public housing; affordable in perpetuity.**
5 Notwithstanding any law to the contrary, any public housing
6 project that is constructed or managed with state or county
7 funds for sale to qualified buyers or provided to qualified
8 tenants as rentals shall remain affordable in perpetuity,
9 subject to any restrictions and conditions provided by law that
10 are not contrary to the purposes of this section. For the
11 purposes of this section, "affordable" means available for
12 households with incomes at or below one hundred forty per cent
13 of the median family income as determined by the United States
14 Department of Housing and Urban Development."

15 SECTION 2. Section 356D-31, Hawaii Revised Statutes, is
16 amended to read as follows:

17 **"[~~§~~356D-31~~]]~~ Rentals and tenant selection. (a) In the**
18 operation or management of federal public housing projects, the



1 authority (acting directly or by an agent or agents) at all
2 times shall observe the following duties with respect to rentals
3 and tenant selection:

4 (1) It may establish maximum limits of annual net income
5 for tenant selection in any public housing project,
6 less such exemptions as may be authorized by federal
7 regulations pertaining to public housing. The
8 authority may agree to conditions as to tenant
9 eligibility or preference required by the federal
10 government pursuant to federal law in any contract for
11 financial assistance with the authority;

12 (2) It may rent or lease the dwelling units therein only
13 at rentals within the financial reach of persons who
14 lack the amount of income that it determines to be
15 necessary to obtain safe, sanitary, and uncongested
16 dwelling accommodations within the area of operation
17 of the authority and to provide an adequate standard
18 of living; and

19 (3) It may rent or lease to a tenant a dwelling consisting
20 of the number of rooms (but no greater number) that it
21 deems necessary to provide safe and sanitary



1 accommodations to the proposed occupants thereof,
2 without overcrowding.

3 (b) Nothing in this part shall be construed as limiting
4 the power of the authority to:

5 (1) Vest in an obligee the right, in the event of a
6 default by the authority, to take possession of a
7 public housing project or cause the appointment of a
8 receiver thereof, free from all the restrictions
9 imposed by this part with respect to rentals, tenant
10 selection, manner of operation, or otherwise; or

11 (2) Vest in obligees the right, in the event of a default
12 by the authority, to acquire title to a public housing
13 project or the property mortgaged by the authority,
14 free from all the restrictions imposed by this part.

15 (c) Notwithstanding any other law to the contrary, the
16 authority shall ensure that the dwelling units provided under
17 this part remain affordable in perpetuity; provided that such
18 enforcement is consistent with federal law. For the purposes of
19 this section, "affordable" means available for households with
20 incomes at or below one hundred forty per cent of the median
21 family income as determined by the United States Department of
22 Housing and Urban Development."



1 SECTION 3. Section 356D-43, Hawaii Revised Statutes, is
2 amended to read as follows:

3 "~~[H]~~§356D-43~~[H]~~ Rentals. (a) Notwithstanding any other
4 law to the contrary, the authority shall fix the rates of the
5 rentals for dwelling units and other facilities in state low-
6 income housing projects provided for by this subpart, at rates
7 that will produce revenues that will be sufficient to pay all
8 expenses of management, operation, and maintenance, including
9 the cost of insurance, a proportionate share of the
10 administrative expenses of the authority to be fixed by it, and
11 the costs of repairs, equipment, and improvements, to the end
12 that the state low-income housing projects shall be and always
13 remain self-supporting. The authority, in its discretion, may
14 fix the rates in amounts as will produce additional revenues (in
15 addition to the foregoing) sufficient to amortize the cost of
16 the state low-income housing project or projects, including
17 equipment, over a period or periods of time that the authority
18 may deem advisable.

19 (b) Notwithstanding any other law to the contrary, if:

20 (1) Any state low-income housing project or projects have
21 been specified in any resolution of issuance adopted
22 pursuant to part I;



1 (2) The income or revenues from any project or projects
2 have been pledged by the authority to the payment of
3 any bonds issued under part I; or
4 (3) Any of the property of any state low-income housing
5 project or projects is security for the bonds,
6 the authority shall fix the rates of the rentals for dwelling
7 units and other facilities in the state low-income housing
8 project or projects so specified or encumbered at increased
9 rates that will produce the revenues required by subsection (a)
10 and, in addition, those amounts that may be required by part I,
11 by any resolution of issuance adopted under part I, and by any
12 bonds or mortgage or other security issued or given under
13 part I.

14 (c) Notwithstanding any other law to the contrary, the
15 authority shall ensure that the dwelling units provided under
16 this part remain affordable in perpetuity. For the purposes of
17 this section, "affordable" means available for households with
18 incomes at or below one hundred forty per cent of the median
19 family income as determined by the United States Department of
20 Housing and Urban Development."



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

3 SECTION 5. This Act shall take effect on July 1, 2008.

