

**Report Title:**

*Affordable Housing; Kakaako Development; Appropriation*

**Description:**

*Establishes the Kakaako affordable housing development program and the Kakaako affordable housing development fund to provide incentives to developers building or rehabilitating affordable housing units in Kakaako over the next 5 years. Appropriates funds. Repealed 6/30/12.*

HOUSE OF REPRESENTATIVES  
TWENTY-FOURTH LEGISLATURE, 2007  
STATE OF HAWAII

**H.B. NO.**<sup>1072</sup>

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# 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 cost of living in Hawaii has been and continues to be high. A significant contributing factor to the high cost of living in Hawaii is the high cost of housing, and it is the high cost of land that contributes significantly to the high cost of housing. Land, in common with other natural resources, is a finite resource, a fact particularly obvious in Hawaii. The shortage in the supply of land leads to higher land prices and housing costs and creates a situation in which land is developed for higher-priced housing rather than affordable housing, which has led to the housing crisis the State currently faces. As a result, there is a current lack of desperately needed affordable housing.

The urgency of the affordable housing shortage in Hawaii requires

immediate state action. A 2003 housing policy study indicated that there will continue to be a need for affordable housing units over the next five years. However, Hawaii's low- and moderate-income families are experiencing difficulties in entering the housing market with housing prices at an all-time high.

The purpose of this Act is to increase the number of affordable housing units in Honolulu's urban core, specifically the Kakaako development area.

SECTION 2. Chapter 206E, Hawaii Revised Statutes, is amended by adding three new sections to part II to be appropriately designated and to read as follows:

**§206E•A Kakaako affordable housing development program established; purpose.** (a) There is established the Kakaako affordable housing development program within the authority to provide affordable housing in the Kakaako community development district established pursuant to section 206E-32.

(b) The purpose of this program shall be to create and preserve affordable housing units within Honolulu's urban core; provided that funds administered through this program shall not be used for residential development in the area described in section 206E-31.5.

**§206E•B Kakaako affordable housing development fund.** (a) There is established the Kakaako affordable housing development fund. Funds appropriated and all moneys received or collected by the authority for the purpose of the fund shall be deposited in the fund.

(b) The proceeds in the fund shall be used:

(1) To provide subsidies and other assistance to eligible

projects under section 206E-C;

(2) To reimburse the general fund to pay the interest on general obligation bonds issued for the purposes of the fund; and

(3) For the necessary expenses in administering the Kakaako affordable housing development program.

**§206E•C Eligible projects.** (a) For the purposes of this section, activities eligible for subsidies and other assistance from the Kakaako affordable housing development fund shall include new construction, rehabilitation, acquisition, or preservation of multifamily ownership housing units for persons and families with incomes at or below one hundred forty per cent of the median family income, as determined by the United States Department of Housing and Urban Development, that meet the criteria for eligibility described in subsection (b).

(b) The authority shall establish procedures for the submission of requests for subsidies and other assistance and criteria for assistance that are consistent with and further the purpose of section 206E-A for projects that:

(1) Are at least four stories or higher;

(2) Dedicate at least fifty per cent of their units to persons and families with incomes at or below one hundred forty per cent of the median family income as determined by the United States Department of Housing and Urban Development;

(3) Dedicate at least half of the units as provided in paragraph (2) to persons and families with incomes at or below eighty per cent of the median family income as determined by

the United States Department of Housing and Urban Development;  
and

(4) Are located outside the area described in section  
206E-31.5.

The authority by rule may include other criteria for assistance as  
it deems necessary to carry out the purposes of this section.

(c) The subsidies and other assistance provided by the authority shall  
be limited to:

(1) \$75 per square foot for up to eight hundred square  
feet per unit; and

(2) No more than one thousand units in the aggregate."

SECTION 3. There is appropriated out of the general revenues of the State of Hawaii the sum of \$ \_\_\_\_\_, for fiscal year 2007-2008, and the same sum, for fiscal year 2008-2009, to be deposited to the Kakaako affordable housing development fund for the purposes of section 2.

SECTION 4. There is appropriated out of the Kakaako affordable housing development fund the sum of \$ \_\_\_\_\_, or so much thereof as may be necessary for fiscal year 2007-2008, and the same sum, or so much thereof as may be necessary for fiscal year 2008-2009, for the purposes of section 2.

The sums appropriated shall be expended by the Hawaii community development authority for the purposes of this Act.

SECTION 5. Any funds remaining in the Kakaako affordable housing development fund on June 30, 2012, shall be returned to the general fund.

SECTION 6. In codifying the new sections added by section 2 of this Act, the revisor of statutes shall substitute appropriate section numbers for the letters used in designating the new sections in this Act.

SECTION 7. New statutory material is underscored.

SECTION 8. This Act shall take effect on July 1, 2007, and shall be repealed on June 30, 2012.

INTRODUCED BY: \_\_\_\_\_