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# A BILL FOR AN ACT

RELATING TO HOUSING.

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

1           SECTION 1. The legislature finds that the cost of living  
2 in Hawaii has been and continues to be high. A significant  
3 contributing factor to the high cost of living in Hawaii is the  
4 high cost of housing, and it is the high cost of land that  
5 contributes significantly to the high cost of housing. Land, in  
6 common with other natural resources, is a finite resource, a  
7 fact particularly obvious in Hawaii. The shortage in the supply  
8 of land leads to higher land prices and housing costs and  
9 creates a situation in which land is developed for higher-priced  
10 housing rather than affordable housing, which has led to the  
11 housing crisis the State currently faces. As a result, there is  
12 a current lack of desperately needed affordable housing.

13           The urgency of the affordable housing shortage in Hawaii  
14 requires immediate state action. A 2003 housing policy study  
15 indicated that there will continue to be a need for affordable  
16 housing units over the next five years. However, Hawaii's low-  
17 and moderate-income families are experiencing difficulties in



1 entering the housing market with housing prices at an all-time  
2 high.

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

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

9 **"§206E-A Kakaako affordable housing development program**

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

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

19 **§206E-B Kakaako affordable housing development fund.** (a)

20 There is established the Kakaako affordable housing development  
21 fund. Funds appropriated and all moneys received or collected



1 by the authority for the purpose of the fund shall be deposited  
2 in the fund.

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

4 (1) To provide subsidies and other assistance to eligible  
5 projects under section 206E-C;

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

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

11 **§206E-C Eligible projects.** (a) For the purposes of this  
12 section, activities eligible for subsidies and other assistance  
13 from the Kakaako affordable housing development fund shall  
14 include new construction, rehabilitation, acquisition, or  
15 preservation of multifamily ownership housing units for persons  
16 and families with incomes at or below one hundred forty per cent  
17 of the median family income, as determined by the United States  
18 Department of Housing and Urban Development, that meet the  
19 criteria for eligibility described in subsection (b).

20 (b) The authority shall establish procedures for the  
21 submission of requests for subsidies and other assistance and



1 criteria for assistance that are consistent with and further the  
2 purpose of section 206E-A for projects that:

3 (1) Are at least four stories or higher;

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

9 (3) Dedicate at least half of the units as provided in  
10 paragraph (2) to persons and families with incomes at  
11 or below eighty per cent of the median family income  
12 as determined by the United States Department of  
13 Housing and Urban Development; and

14 (4) Are located outside the area described in section  
15 206E-31.5.

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

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

21 (1) \$75 per square foot for up to eight hundred square  
22 feet per unit; and



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

2           SECTION 3. There is appropriated out of the general  
3 revenues of the State of Hawaii the sum of \$                   , for  
4 fiscal year 2007-2008, and the same sum, for fiscal year 2008-  
5 2009, to be deposited to the Kakaako affordable housing  
6 development fund for the purposes of section 2.

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

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

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

17           SECTION 6. In codifying the new sections added by section  
18 2 of this Act, the revisor of statutes shall substitute  
19 appropriate section numbers for the letters used in designating  
20 the new sections in this Act.

21           SECTION 7. New statutory material is underscored.



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

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INTRODUCED BY:

Calvin K. Ay

JAN 22 2007



**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.

