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A BILL FOR AN ACT

RELATING TO THE HAWAII COMMUNITY DEVELOPMENT AUTHORITY.

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

1           SECTION 1. Section 206E-31.5, Hawaii Revised Statutes, is  
2 amended to read as follows:

3           "**§206E-31.5 Prohibitions.** Anything contained in this  
4 chapter to the contrary notwithstanding, the authority is  
5 prohibited from:

6           (1) Selling or otherwise assigning the fee simple interest  
7 in any lands in the Kakaako community development  
8 district to which the authority in its corporate  
9 capacity holds title, except with respect to:

10           (A) Utility easements;

11           (B) Remnants as defined in section 171-52;

12           (C) Grants to any state or county department or  
13 agency; [or]

14           (D) Private entities for purposes of any easement,  
15 roadway, or infrastructure improvements; or

16           (E) Reserved housing as defined in section 206E-101;

17           or

H.B. NO. 1283

1 (2) Approving any plan or proposal for any residential  
 2 development in that portion of the Kakaako community  
 3 development district makai of Ala Moana Boulevard and  
 4 between Kewalo basin and the foreign trade zone."

5 SECTION 2. Statutory material to be repealed is bracketed.  
 6 New statutory material is underscored.

7 SECTION 3. This Act shall take effect upon its approval.

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 9 INTRODUCED BY: Calvin K. H. Day  
 10 BY REQUEST

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JUSTIFICATION SHEET

DEPARTMENT: Business, Economic Development & Tourism

TITLE: A BILL FOR AN ACT RELATING TO THE HAWAII COMMUNITY DEVELOPMENT AUTHORITY.

PURPOSE: Allows the Hawaii Community Development Authority (HCDA) to sell a fee simple interest in reserved housing units.

MEANS: Amend section 206E-31.5, Hawaii Revised Statutes.

JUSTIFICATION: Act 317, Session Laws of Hawaii 2006, prohibits, with certain exceptions, HCDA from transferring a fee simple interest in lands it holds title to in its corporate capacity. This change in HCDA's enabling statute prohibits HCDA from exercising buyback provisions under its reserved housing rules and then reselling the units to qualified buyers. The reserved housing program is targeted at Hawaii residents: (1) who earn 140 per cent or less of median income, (2) have not owned real property for the prior three years, and (3) are owner-occupants, among other requirements. The buyback restrictions are designed to prevent "windfall" profits from purchasers of these units, by first offering the unit to HCDA, who in turn can choose to purchase the unit and then resell the unit to another qualified buyer.

Additionally, although no projects are currently planned, the law effectively prevents HCDA from developing and selling reserved housing units in future projects thus removing one tool in providing affordable housing for Hawaii's people.

Since HCDA adopted its Mauka Area Plan and Rules, a total of 1,388 reserved housing

units have been developed in Kaka'ako. Nearly 200 more units are in the pipeline.

Impact on the public: Positive as this bill will preserve affordability of reserved housing units and potentially create more units to meet affordable housing demands.

Impact on the department and other agencies: Supports strategic objective to increase development of workforce housing.

GENERAL FUND: None.

OTHER FUNDS: None.

PPBS PROGRAM DESIGNATION: None.

OTHER AGENCIES AFFECTED: None.

EFFECTIVE DATE: Upon approval.