
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 housing
2 and the lack of affordable rentals and properties for sale are
3 two of the most pressing issues facing the State, and that the
4 lack of housing inventory has driven up the cost of rental
5 properties and homes for sale. In November 2016, the median
6 price of a home in Hawaii was \$584,400. On Oahu, where the
7 shortage of affordable housing is most acute, the median sale
8 price for single-family houses, as reported by the Honolulu
9 Board of REALTORS, was \$730,000.

10 The legislature further finds that a shortage of affordable
11 housing is one of the primary causes of homelessness in Hawaii.
12 Rates of homelessness have been increasing in the State in
13 recent years, and events such as the development of the homeless
14 encampment in Kakaako in 2015 and 2016 highlight the need to
15 provide more housing for middle class and low income residents.

16 The legislature additionally finds that a consensus exists
17 among many individuals, working groups, and task forces focused



1 on addressing the issue of homelessness that more units must be
2 constructed to meet the growing demand for affordable housing.
3 The legislature also finds that government land is available for
4 housing, but infrastructure is insufficient in many areas,
5 including for transit-oriented development. It is projected
6 that meeting long-term housing goals will require 64,000 new
7 housing units by 2025, and of that total, 22,200 households of
8 all income levels will require rental units. Act 127, Session
9 Laws of Hawaii 2016, was enacted to address the need for 64,700
10 new housing units with a goal to build 22,247 residential rental
11 units by 2026. The legislature further finds that funding is a
12 key component of meeting these construction goals.

13 The purpose of this Act is to:

- 14 (1) Authorize the director of finance to issue general
15 obligation bonds to construct affordable rental units
16 and homes; and
17 (2) Allow moneys from the conveyance tax and the county
18 surcharge on state tax to be used to repay the bonds.

19 SECTION 2. Section 247-7, Hawaii Revised Statutes, is
20 amended to read as follows:



1 "§247-7 Disposition of taxes. All taxes collected under
2 this chapter shall be paid into the state treasury to the credit
3 of the general fund of the State, to be used and expended for
4 the purposes for which the general fund was created and exists
5 by law; provided that of the taxes collected each fiscal year:

6 (1) Ten per cent or \$6,800,000, whichever is less, shall
7 be paid into the land conservation fund established
8 pursuant to section 173A-5; [~~and~~]

9 (2) Fifty per cent or \$38,000,000, whichever is less,
10 shall be paid into the rental housing revolving fund
11 established by section 201H-202 [~~-~~]; and

12 (3) Funds may be used to repay bonds issued pursuant to
13 Act , Session Laws of Hawaii 2017."

14 SECTION 3. Section 248-2.6, Hawaii Revised Statutes, is
15 amended by amending the title and subsection (a) to read as
16 follows:

17 "~~[+]~~ §248-2.6 ~~[+]~~ County surcharge on state tax; disposition
18 of proceeds. (a) If adopted by county ordinance, all county
19 surcharges on state tax collected by the director of taxation
20 shall be paid into the state treasury quarterly, within ten
21 working days after collection, and shall be placed by the



1 director of finance in special accounts. Out of the revenues
 2 generated by county surcharges on state tax paid into each
 3 respective state treasury special account, the director of
 4 finance shall deduct ten per cent of the gross proceeds of a
 5 respective county's surcharge on state tax to [reimburse]:

6 (1) Reimburse the State for the costs of assessment,
 7 collection, and disposition of the county surcharge on
 8 state tax incurred by the State[+]; and

9 (2) Repay bonds issued pursuant to Act _____, Session Laws
 10 of Hawaii 2017.

11 Amounts retained shall be general fund realizations of the
 12 State."

13 SECTION 4. The director of finance is authorized to issue
 14 general obligation bonds in the sum of \$500,000,000 or so much
 15 thereof as may be necessary and the same sum or so much thereof
 16 as may be necessary is appropriated for fiscal year 2017-2018
 17 for the purpose of developing affordable housing and to be
 18 distributed as follows:

- 19 (1) Dwelling unit revolving fund \$;
- 20 (2) Rental housing revolving fund \$;
- 21 and



1 as may be necessary is appropriated for fiscal year 2017-2018
2 for the purpose of constructing temporary transitional housing
3 or homeless shelters on Kauai, Maui, Oahu, and the island of
4 Hawaii; provided that the temporary transitional housing or
5 homeless shelters shall be converted to low-income rental units
6 when the need for temporary transitional housing or homeless
7 shelters ends; provided further that the temporary transitional
8 housing or homeless shelters shall be used by residents earning
9 between zero per cent and sixty per cent of the area median
10 income.

11 The sum appropriated shall be expended by the Hawaii public
12 housing authority for the purposes of this Act.

13 SECTION 7. The director of finance is authorized to issue
14 general obligation bonds in the sum of \$450,000,000 or so much
15 thereof as may be necessary and the same sum or so much thereof
16 as may be necessary is appropriated for fiscal year 2017-2018
17 for the purpose of constructing affordable rental units;
18 provided that the Hawaii housing finance and development
19 corporation may enter into partnerships with private entities
20 for the purpose of constructing the units; provided further that



1 the units shall be used by residents earning between thirty per
2 cent and one hundred forty per cent of the area median income.

3 The sum appropriated shall be expended by the Hawaii
4 housing finance and development corporation for the purposes of
5 this Act.

6 SECTION 8. The director of finance is authorized to issue
7 general obligation bonds in the sum of \$400,000,000 or so much
8 thereof as may be necessary and the same sum or so much thereof
9 as may be necessary is appropriated for fiscal year 2017-2018
10 for the purpose of constructing infrastructure on or near state
11 lands for transit-oriented development; provided that priority
12 shall be given to development near the Aloha stadium site,
13 Leeward community college, University of Hawaii West Oahu, and
14 Iwilei.

15 The sum appropriated shall be expended by the Hawaii
16 housing finance and development corporation for the purposes of
17 this Act.

18 SECTION 9. The director of finance is authorized to issue
19 general obligation bonds in the sum of \$50,000,000 or so much
20 thereof as may be necessary and the same sum or so much thereof
21 as may be necessary is appropriated for fiscal year 2017-2018



1 for the purpose of constructing a multiple-unit high rise
2 condominium on land administered by the department of Hawaiian
3 home lands; provided that the units shall be used by eligible
4 homesteaders; provided further that the moneys may be expended
5 for infrastructure or actual building costs.

6 The sum appropriated shall be expended by the department of
7 Hawaiian home lands for the purposes of this Act.

8 SECTION 10. The appropriation made for the capital
9 improvement projects authorized by this Act shall not lapse at
10 the end of the fiscal biennium for which the appropriation is
11 made; provided that all moneys from the appropriation
12 unencumbered as of June 30, 2020, shall lapse as of that date.

13 SECTION 11. Statutory material to be repealed is bracketed
14 and stricken. New statutory material is underscored.

15 SECTION 12. This Act shall take effect on July 1, 2017.

16

INTRODUCED BY:



JAN 23 2017



H.B. NO. 869

Report Title:

Affordable Housing; Hawaii Housing Finance Development Corporation; Hawaii Public Housing Authority; Department of Hawaiian Home Lands; Conveyance Tax; Appropriation

Description:

Authorizes the issuance of general obligation bonds for construction and infrastructure development projects to provide affordable housing units for middle class and low income residents. Allows moneys from the conveyance tax and the county surcharge on state tax to be used to repay the bonds.

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