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# A BILL FOR AN ACT

RELATING TO AFFORDABLE HOUSING.

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

1           SECTION 1. The legislature finds that the Front Street  
2 Apartments on the island of Maui provide affordable housing to  
3 more than two hundred fifty low-income residents. The Front  
4 Street Apartments were developed in 2001 as an affordable rental  
5 housing project with one hundred forty-two units, using state  
6 financing and state tax credits, and were expected to remain  
7 affordable to low-income tenants for fifty years. However, the  
8 owners of the Front Street Apartments recently exercised an  
9 option to remove the property from affordability requirements  
10 that were tied to the development of the property, and this  
11 change will allow them to begin renting available apartments at  
12 market rates and to raise rents for existing tenants within a  
13 few years.

14           The legislature further finds that many tenants of the  
15 Front Street Apartments were not previously aware of this threat  
16 to their housing and are worried that the removal of  
17 affordability requirements could leave them homeless. There is



1 a severe shortage of affordable housing on the island of Maui,  
2 which will be exacerbated by the conversion of the Front Street  
3 Apartments to market-rate housing.

4 The legislature also finds that the tenants, surrounding  
5 community, and the island of Maui would benefit from the active  
6 intervention of the State in this situation to ensure that there  
7 is no negative impact on current and future tenants of the Front  
8 Street Apartments. Act 288, Session Laws of Hawaii 2006,  
9 regarding state intervention to preserve affordable rents at the  
10 Kukui Gardens affordable rental housing project on the island of  
11 Oahu, provides an important precedent for this Act.

12 Accordingly, the purpose of this Act is to preserve the  
13 Front Street Apartments as an affordable rental housing project.

14 SECTION 2. The legislature declares that it is in the  
15 public interest and is required for public use to acquire the  
16 Front Street Apartments as an affordable rental housing project  
17 by exercise of the power of eminent domain if an agreement to  
18 either extend the affordable rents or acquire the property is  
19 not reached within a reasonable time. The legislature further  
20 declares that it is necessary to provide for the public  
21 financing of the acquisition of the Front Street Apartments by



1 condemnation through the expenditures of general funds, revenue  
2 bonds, rental housing trust funds, federal and state low-income  
3 housing tax credits, or any other public and private funds at  
4 the disposal of the State.

5 SECTION 3. The Hawaii housing finance and development  
6 corporation or any appropriate entity of the State as determined  
7 by the governor shall immediately initiate negotiations with  
8 3900 Corporation, leasehold fee owners of the applicable real  
9 property, and Front Street Affordable Housing Partners Limited  
10 Partnership, owners of the improvements constructed upon the  
11 applicable real property, or their successors in interest to  
12 either:

13 (1) Make available, without competitive award, public  
14 financing resources to extend affordable rents at the  
15 Front Street Apartments through at least 2032;  
16 provided that:

17 (A) Seventy rental units shall be retained at  
18 affordable rents to households whose incomes do  
19 not exceed fifty per cent of the median family  
20 income for the area; and



1 (B) Seventy-one rental units shall be retained at  
2 affordable rents to households whose incomes do  
3 not exceed sixty per cent of the median family  
4 income for the area,  
5 as determined by the United States Department of  
6 Housing and Urban Development; or  
7 (2) Acquire the property known as the Front Street  
8 Apartments, tax map key (2) 4-5-003-013, and may  
9 partner with private for-profit or nonprofit  
10 developers for acquisition of the property and  
11 improvements thereupon; provided that:  
12 (A) Seventy rental units shall be retained at  
13 affordable rents to households whose incomes do  
14 not exceed fifty per cent of the median family  
15 income for the area; and  
16 (B) Seventy-one rental units shall be retained at  
17 affordable rents to households whose incomes do  
18 not exceed sixty per cent of the median family  
19 income for the area,  
20 as determined by the United States Department of  
21 Housing and Urban Development.



1 SECTION 4. The Hawaii housing finance and development  
 2 corporation or the appropriate entity of the State as determined  
 3 by the governor shall submit a report to the legislature not  
 4 later than twenty days prior to the convening of the regular  
 5 session of 2018 regarding its efforts to acquire the Front  
 6 Street Apartments and its recommendations for financing the  
 7 purchase of the property.

8 SECTION 5. If an agreement to either extend the affordable  
 9 rents to at least 2032 or acquire the property is not reached  
 10 within a reasonable time as determined by the Hawaii housing  
 11 finance and development corporation or any other appropriate  
 12 entity of the State as determined by the governor, that state  
 13 agency shall exercise its power of eminent domain to acquire the  
 14 property and improvements thereupon. For the purposes of this  
 15 Act, and notwithstanding any provision of section 201H-13,  
 16 Hawaii Revised Statutes, to the contrary, condemnation of the  
 17 Front Street Apartments property and improvements thereupon  
 18 shall not be subject to legislative disapproval.

19 SECTION 6. There is appropriated out of the general  
 20 revenues of the State of Hawaii the sum of \$ or so much  
 21 thereof as may be necessary for fiscal year 2017-2018 for the



1 purpose of negotiating with the owners of the real property and  
2 improvements thereupon known as the Front Street Apartments to  
3 either extend the period of affordable rents to at least 2032,  
4 acquire the real property and improvements known as the Front  
5 Street Apartments, or to commence the condemnation process;  
6 provided that no funds authorized pursuant to this appropriation  
7 shall be made available unless the county of Maui appropriates  
8 \$ in matching county funds for the purposes of this Act.

9 The sum appropriated shall be expended by the Hawaii  
10 housing finance and development corporation for the purposes of  
11 this Act.

12 SECTION 7. This Act does not affect rights and duties that  
13 matured, penalties that were incurred, and proceedings that were  
14 begun before its effective date.

15 SECTION 8. This Act shall take effect on July 1, 2050.



**Report Title:**

HHFDC; Affordable Housing; Maui; Front Street Apartments;  
Appropriation

**Description:**

Directs the Hawaii Housing Finance and Development Corporation or any appropriate entity of the State to initiate negotiations to keep the units of the Front Street Apartments on the island of Maui affordable or to acquire the Front Street Apartments property. Appropriates funds. (SB1266 HD1)

*The summary description of legislation appearing on this page is for informational purposes only and is not legislation or evidence of legislative intent.*

