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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. The legislature  
18 further declares that it is necessary to provide for the public  
19 financing of the acquisition of the Front Street Apartments by  
20 condemnation through the expenditures of general funds, revenue  
21 bonds, rental housing trust funds, federal and state low-income



1 housing tax credits, or any other public and private funds at  
2 the disposal of the State.

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

11 (1) Make available, without competitive award, public  
12 financing resources to extend affordable rents at the  
13 Front Street Apartments through at least 2027;  
14 provided that all rental units shall remain affordable  
15 to households whose incomes do not exceed sixty per  
16 cent of the median family income for the area as  
17 determined by the United States Department of Housing  
18 and Urban Development; or

19 (2) Acquire the property known as the Front Street  
20 Apartments, tax map key (2) 4-5-003-013, and may  
21 partner with private for-profit or nonprofit



1 developers for acquisition of the property and any  
2 improvements made; provided that all units shall  
3 remain affordable rentals to households whose incomes  
4 do not exceed sixty per cent of the median family  
5 income for the area as determined by the United States  
6 Department of Housing and Urban Development.

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

14 SECTION 5. If an agreement to either extend the affordable  
15 rents to at least 2027 or acquire the property is not reached  
16 within a reasonable time as determined by the Hawaii housing  
17 finance and development corporation or any other appropriate  
18 entity of the State, the state agency shall exercise its power  
19 of eminent domain to acquire the property and any improvements  
20 made. For the purposes of this Act, and notwithstanding any  
21 provision of section 201H-13, Hawaii Revised Statutes, to the



1 contrary, condemnation of the Front Street Apartments property  
2 and any improvements made shall not be subject to legislative  
3 approval.

4 SECTION 6. There is appropriated out of the general  
5 revenues of the State of Hawaii the sum of \$ or so much  
6 thereof as may be necessary for fiscal year 2017-2018 for the  
7 purpose of negotiating with the owners of the Front Street  
8 Apartments regarding the real property and any improvements  
9 made, to either extend the period of affordable rents to at  
10 least 2027, acquire the real property and any improvements made,  
11 or to commence the condemnation process; provided that no funds  
12 authorized pursuant to this Act shall be made available unless  
13 the county of Maui appropriates \$ in matching county  
14 funds for the purposes of this Act.

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 7. This Act does not affect rights and duties that  
19 matured, penalties that were incurred, and proceedings that were  
20 begun before its effective date.



1 SECTION 8. This Act shall take effect upon a date to be  
2 determined.



**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 rental units of the Front Street Apartments on the island of Maui affordable or to acquire the property to provide affordable rents to households. Appropriates funds. (HB1553 HD1)

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

