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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 especially in west Maui, which will be exacerbated by the  
3 conversion of the Front street apartments to market-rate  
4 housing.

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

13 Accordingly, the purpose of this Act is to preserve the  
14 Front street apartments as an affordable rental housing project.

15 SECTION 2. The legislature declares that it is in the  
16 public interest and is required for public use to acquire the  
17 Front street apartments as an affordable rental housing project  
18 by exercise of the power of eminent domain if an agreement to  
19 either extend the affordable rents or acquire the property is  
20 not reached within a reasonable time as determined by the Hawaii  
21 housing finance and development corporation, or any other



1 appropriate entity of the State as determined by the governor.  
2 If the State exercises eminent domain powers, the legislature  
3 further declares that it is necessary to provide for the public  
4 financing of the acquisition of the Front street apartments by  
5 condemnation through the expenditures of general funds, revenue  
6 bonds, rental housing revolving funds, federal and state low-  
7 income housing tax credits, or any other public and private  
8 funds at the disposal of the State.

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

17 (1) Make available, without competitive award, public  
18 financing resources to extend affordable rents at the  
19 Front street apartments through at least 2027 for  
20 persons who were tenants of the Front street  
21 apartments as of January 1, 2018; provided that the



1           tenant's household income does not exceed eighty per  
2           cent of the median family income for the area as  
3           determined by the United States Department of Housing  
4           and Urban Development; or

5           (2) Acquire the property known as the Front street  
6           apartments, tax map key (2) 4-5-003-013, and may  
7           partner with private for-profit or nonprofit  
8           developers for acquisition of the property and  
9           improvements thereupon; provided that:

10           (A) Seventy rental units shall be retained at  
11           affordable rents to households whose incomes do  
12           not exceed fifty per cent of the median family  
13           income for the area as determined by the United  
14           States Department of Housing and Urban  
15           Development; 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 as determined by the United  
20           States Department of Housing and Urban  
21           Development.



1 SECTION 4. The Hawaii housing finance and development  
 2 corporation, or the appropriate entity of the State as  
 3 determined by the governor, shall submit a report to the  
 4 legislature no later than twenty days prior to the convening of  
 5 the regular session of 2019 regarding its efforts to acquire the  
 6 Front street apartments and its recommendations for financing  
 7 the purchase of the property.

8 SECTION 5. If an agreement to either extend the affordable  
 9 rents to at least 2027 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, the Hawaii  
 13 housing finance and development corporation or appropriate state  
 14 agency shall exercise its power of eminent domain to acquire the  
 15 property and improvements thereon. For the purposes of this  
 16 Act, and notwithstanding any provision of section 201H-13,  
 17 Hawaii Revised Statutes, to the contrary, condemnation of the  
 18 Front street apartments property and improvements thereupon  
 19 shall not be subject to legislative disapproval.

20 SECTION 6. There is appropriated out of the general  
 21 revenues of the State of Hawaii the sum of \$ or so much



1 thereof as may be necessary for fiscal year 2018-2019 for the  
2 purposes of negotiating with the owners of the real property and  
3 improvements thereupon known as the Front street apartments to  
4 either extend the period of affordable rents to at least 2027 or  
5 acquire the real property and improvements known as the Front  
6 street apartments, or to commence the condemnation process if an  
7 agreement is not reached; provided that no funds authorized  
8 pursuant to this section shall be made available unless the  
9 county of Maui appropriates \$250,000 in matching county funds  
10 for the purposes of this Act.

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

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

17 SECTION 8. If any provision of this Act, or the  
18 application thereof to any person or circumstance, is held  
19 invalid, the invalidity does not affect other provisions or  
20 applications of the Act that can be given effect without the



1 invalid provision or application, and to this end the provisions  
2 of this Act are severable.

3 SECTION 9. This Act shall take effect on July 1, 2050.



**Report Title:**

Hawaii Housing Finance and Development Corporation; Affordable Housing; Maui; Front Street Apartments; Appropriation

**Description:**

Directs the Hawaii Housing Finance and Development Corporation, or the appropriate state entity, to initiate negotiations to keep the units of the Front Street Apartments on Maui affordable, purchase the Front Street Apartments property, or acquire the property through condemnation. (SB2293 HD1)

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

