
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, including no more than
19 \$ from the rental assistance revolving fund, to
20 extend affordable rents at the Front street apartments
21 through at least for persons who were tenants



1 of the Front street apartments as of January 1, 2018;
2 provided that:

3 (A) The tenant is compliant with the terms of the
4 rental agreement;

5 (B) The tenant's household income does not exceed
6 eighty per cent of the median family income for
7 the area as determined by the United States
8 Department of Housing and Urban Development; and

9 (C) The Hawaii housing finance and development
10 corporation approves any use of funds prior to
11 January 1, 2019; or

12 (2) Acquire the property known as the Front street
13 apartments, tax map key (2) 4-5-003-013, and may
14 partner with private for-profit or nonprofit
15 developers for acquisition of the property and
16 improvements thereupon; 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 as determined by the United



1 States Department of Housing and Urban
2 Development; and

3 (B) Seventy-one rental units shall be retained at
4 affordable rents to households whose incomes do
5 not exceed sixty per cent of the median family
6 income for the area as determined by the United
7 States Department of Housing and Urban
8 Development.

9 SECTION 4. The Hawaii housing finance and development
10 corporation, or the appropriate entity of the State as
11 determined by the governor, shall submit a report to the
12 legislature no later than twenty days prior to the convening of
13 the regular session of 2019 regarding its efforts to acquire the
14 Front street apartments and its recommendations for financing
15 the purchase of the property.

16 SECTION 5. If an agreement to either extend the affordable
17 rents to at least or acquire the property is not reached
18 within a reasonable time as determined by the Hawaii housing
19 finance and development corporation, or any other appropriate
20 entity of the State as determined by the governor, the Hawaii
21 housing finance and development corporation or appropriate state



1 agency shall exercise its power of eminent domain to acquire the
2 property and improvements thereon. For the purposes of this
3 Act, and notwithstanding any provision of section 201H-13,
4 Hawaii Revised Statutes, to the contrary, condemnation of the
5 Front street apartments property and improvements thereupon
6 shall not be subject to legislative disapproval.

7 SECTION 6. There is appropriated out of the general
8 revenues of the State of Hawaii the sum of \$ or so much
9 thereof as may be necessary for fiscal year 2018-2019 for the
10 purposes of negotiating with the owners of the real property and
11 improvements thereupon known as the Front street apartments to
12 either extend the period of affordable rents through at least
13 or acquire the real property and improvements known as
14 the Front street apartments, or to commence the condemnation
15 process if an agreement is not reached; provided that no funds
16 authorized pursuant to this section shall be made available
17 unless the county of Maui appropriates \$ in matching
18 county funds for the purposes of this Act.

19 The sum appropriated shall be expended by the Hawaii
20 housing finance and development corporation for the purposes of
21 this Act.



1 SECTION 7. This Act does not affect rights and duties that
2 matured, penalties that were incurred, and proceedings that were
3 begun before its effective date.

4 SECTION 8. If any provision of this Act, or the
5 application thereof to any person or circumstance, is held
6 invalid, the invalidity does not affect other provisions or
7 applications of the Act that can be given effect without the
8 invalid provision or application, and to this end the provisions
9 of this Act are severable.

10 SECTION 9. This Act shall take effect on January 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. Authorizes the conditional use of funds from the Rental Assistance Revolving Fund to negotiate with the property owners. (SB2293 HD2)

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