

JAN 20 2017

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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. Section 201H-45, Hawaii Revised Statutes, is  
2 amended to read as follows:

3           "~~§~~201H-45~~§~~ Sale; mortgage, agreement of sale, and  
4 **other instruments.** (a) The corporation shall sell completed  
5 dwelling units or dwelling units that are substantially  
6 completed and habitable, developed and constructed hereunder, to  
7 qualified residents in fee simple, or shall cause them to be  
8 leased or rented to qualified residents at a price or rental  
9 based on costs as determined by the corporation~~[-]~~; provided  
10 that the corporation shall select qualified purchasers in  
11 accordance with subsection (b). The gross share to the other  
12 partners or contract payments and any amounts subsidized by the  
13 State, including but not limited to the land, need not be  
14 counted as cost so as to increase the price. These costs may be  
15 borne by the State, pursuant to rules adopted by the corporation  
16 subject to reimbursement upon sale as provided in section  
17 201H-47.



1           (b) For units with zero or one bedroom within a for-sale  
2 condominium development, the corporation shall not give  
3 preference to a qualified purchaser on any basis. Applications  
4 for the purchase of a unit with zero or one bedroom by a  
5 qualified purchaser shall be accepted on a lottery basis.

6           ~~[(b)]~~ (c) If a qualified purchaser is unable to obtain  
7 sufficient funds at reasonable rates from private lenders, the  
8 corporation, by way of mortgage, agreement of sale, or other  
9 instrument to secure the indebtedness, may loan to the purchaser  
10 up to one hundred per cent of the purchase price. The purchaser  
11 in that event shall execute with the corporation an agreement of  
12 sale, mortgage, or other instrument under the terms of which the  
13 unpaid principal and the interest thereon shall be paid in  
14 monthly installments over a period of not more than forty years.

15           ~~[(e)]~~ (d) Every mortgage, agreement of sale, other  
16 instrument to secure the indebtedness, or instrument of  
17 indebtedness executed by the corporation may contain other  
18 provisions as are usually found in such instruments and shall  
19 provide that the purchaser may repay the whole or any part of  
20 the unpaid balance of the purchase price plus accrued interest  
21 at any time without prepayment penalty.



1        [~~d~~] (e) If the purchaser defaults on the payment of any  
2 loan, the corporation shall take all necessary action to collect  
3 the delinquent principal and interest on the loan and may take  
4 all actions allowed to holders of obligations, including the  
5 power to repossess, lease, rent, repair, renovate, modernize,  
6 and sell the property foreclosed, subject to the restrictions  
7 described in this section.

8        [~~e~~] (f) The mortgages, agreements of sale, and other  
9 instruments of indebtedness, at the direction of the  
10 corporation, may be assigned to and serviced by commercial banks  
11 and other lending institutions doing business in the State at a  
12 fee of not more than one-half of one per cent of the amount  
13 loaned to the purchaser.

14        [~~f~~] (g) Subsections (a) to [~~e~~] (f) need not apply to  
15 market-priced dwelling units in an economically integrated  
16 housing project, except as otherwise determined by the developer  
17 of the units; provided that preference shall be given to  
18 qualified residents in the initial sale of market-priced units."

19        SECTION 2. Statutory material to be repealed is bracketed  
20 and stricken. New statutory material is underscored.

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1 SECTION 3. This Act shall take effect upon its approval.

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INTRODUCED BY: Will Evers  
Breene Hunt



# S.B. NO. 590

**Report Title:**

Affordable Housing; Condominium Developments; Lottery

**Description:**

Requires the Hawaii housing finance and development corporation to sell condominium development units with zero or one bedrooms on a lottery basis and not give preference to qualified purchasers.

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

