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## H.C.R. NO. 149

## HOUSE CONCURRENT RESOLUTION

REQUESTING THE AUDITOR TO CONDUCT AN AUDIT OF CASH PAYMENTS MADE IN LIEU OF PROVIDING RESERVED HOUSING AT PROPOSED DEVELOPMENT PROJECTS.

WHEREAS, pursuant to various administrative rules,
 developers are required to set aside a certain percentage of
 units, known as reserved housing, for residents making less than
 a specified income; and

6 WHEREAS, "reserved housing" is specifically defined in 7 sections 206E-2 and 206E-101, Hawaii Revised Statutes, as 8 "housing designated for residents in the low-income or moderate-9 income ranges who meet such eligibility requirements as the 10 authority may adopt by rule"; and

12 WHEREAS, section 206E-4(18), Hawaii Revised Statutes, and 13 section 15-218-46, Hawaii Administrative Rules, authorize the 14 Hawaii Community Development Authority to allow developers to 15 make a cash payment in lieu of providing reserved housing at a 16 proposed development project, commonly known as a cash in lieu 17 payment; and

WHEREAS, section 15-218-46, Hawaii Administrative Rules,
sets forth the formula for determining the amount of a
developer's cash in lieu payment; and

WHEREAS, while no law or administrative rule, including 23 section 15-218-46, Hawaii Administrative Rules, specifically 24 prescribes how revenue from cash in lieu payments shall be 25 expended, section 15-218-1, Hawaii Administrative Rules, states, 26 27 in part, that "the purpose of this chapter is to establish an increased supply of housing for low- or moderate-income 28 households within the Kakaako community development district"; 29 30 and



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1 WHEREAS, the law is unclear as to which fund the cash in lieu payments shall be deposited and no reports regarding those 2 3 moneys are transmitted to the Legislature; and 4 5 WHEREAS, testimony elicited during the Regular Session of 2020 did not provide any accounting or record of past cash in 6 lieu payments or guarantee that all of that revenue was directly 7 used to increase the supply of housing for low- or moderate-8 income households; now, therefore, 9 10 11 BE IT RESOLVED by the House of Representatives of the Thirtieth Legislature of the State of Hawaii, Regular Session of 12 13 2020, the Senate concurring, the Auditor is requested to conduct 14 an audit of the cash payments made in lieu of providing reserved housing authorized by the Hawaii Community Development Authority 15 pursuant to section 206E-4(18), Hawaii Revised Statutes; and 16 17 18 BE IT FURTHER RESOLVED that the audit cover the period of 2010 to the present and include: 19 20 21 (1)The amount of moneys that have been collected for cash 22 in lieu payments; 23 (2) The fund into which the cash in lieu payment revenues 24 25 have been deposited and the amount of moneys in that fund; 26 27 28 (3) A record detailing the expenditures of the cash in lieu payment revenues and other moneys in the fund 29 into which the cash in lieu payment revenues have been 30 31 deposited; 32 33 (4) The amount, if any, of the cash in lieu payment revenues that have funded the construction of reserved 34 housing; and 35 36 (5) 37 The number of reserved housing units that the Hawaii 38 Community Development Authority has delivered using cash in lieu payment revenues and the location of 39 40 those units; and 41



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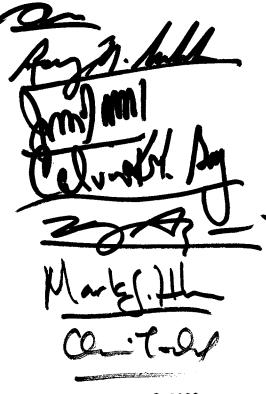
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BE IT FURTHER RESOLVED that the Auditor is requested to submit the Auditor's findings and recommendations to the Legislature no later than twenty days prior to the convening of the Regular Session of 2021; and

BE IT FURTHER RESOLVED that certified copies of this
Concurrent Resolution be transmitted to the Auditor and
Chairperson of the Hawaii Community Development Authority.

OFFERED BY: LANK ALGAN



MAR - 6 2020

