
HOUSE CONCURRENT RESOLUTION

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

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

5
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

11
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

18
19 WHEREAS, section 15-218-46, Hawaii Administrative Rules,
20 sets forth the formula for determining the amount of a
21 developer's cash in lieu payment; and

22
23 WHEREAS, while no law or administrative rule, including
24 section 15-218-46, Hawaii Administrative Rules, specifically
25 prescribes how revenue from cash in lieu payments shall be
26 expended, section 15-218-1, Hawaii Administrative Rules, states,
27 in part, that "the purpose of this chapter is to establish an
28 increased supply of housing for low- or moderate-income
29 households within the Kakaako community development district";
30 and



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1 WHEREAS, the law is unclear as to which fund the cash in
 2 lieu payments shall be deposited and no reports regarding those
 3 moneys are transmitted to the Legislature; and

4
 5 WHEREAS, testimony elicited during the Regular Session of
 6 2020 did not provide any accounting or record of past cash in
 7 lieu payments or guarantee that all of that revenue was directly
 8 used to increase the supply of housing for low- or moderate-
 9 income households; now, therefore,

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 11 BE IT RESOLVED by the House of Representatives of the
 12 Thirtieth Legislature of the State of Hawaii, Regular Session of
 13 2020, the Senate concurring, the Auditor is requested to conduct
 14 an audit of the cash payments made in lieu of providing reserved
 15 housing authorized by the Hawaii Community Development Authority
 16 pursuant to section 206E-4(18), Hawaii Revised Statutes; and

17
 18 BE IT FURTHER RESOLVED that the audit cover the period of
 19 2010 to the present and include:

- 20
 21 (1) The amount of moneys that have been collected for cash
 22 in lieu payments;
- 23
 24 (2) The fund into which the cash in lieu payment revenues
 25 have been deposited and the amount of moneys in that
 26 fund;
- 27
 28 (3) A record detailing the expenditures of the cash in
 29 lieu payment revenues and other moneys in the fund
 30 into which the cash in lieu payment revenues have been
 31 deposited;
- 32
 33 (4) The amount, if any, of the cash in lieu payment
 34 revenues that have funded the construction of reserved
 35 housing; and
- 36
 37 (5) The number of reserved housing units that the Hawaii
 38 Community Development Authority has delivered using
 39 cash in lieu payment revenues and the location of
 40 those units; and
- 41



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

5
 6 BE IT FURTHER RESOLVED that certified copies of this
 7 Concurrent Resolution be transmitted to the Auditor and
 8 Chairperson of the Hawaii Community Development Authority.

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OFFERED BY:

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Mark G. Hill
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