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# HOUSE 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

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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

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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

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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

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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



# H.R. NO. 129

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  
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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 Auditor is requested to conduct an audit of the cash  
14 payments made in lieu of providing reserved housing authorized  
15 by the Hawaii Community Development Authority pursuant to  
16 section 206E-4(18), Hawaii Revised Statutes; and  
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18 BE IT FURTHER RESOLVED that the audit cover the period of  
19 2010 to the present and include:  
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- 21 (1) The amount of moneys that have been collected for cash  
22 in lieu payments;  
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- 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;  
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- 33 (4) The amount, if any, of the cash in lieu payment  
34 revenues that have funded the construction of reserved  
35 housing; and  
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- 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  
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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

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

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OFFERED BY:

*Calvin H. Day*

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*Ryan*  
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