

MAR 06 2020

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# SENATE 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

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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

31



# S.C.R. NO. 212

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 monies 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,  
10

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

19 BE IT FURTHER RESOLVED that the audit cover the period of  
20 2010 to the present and include:  
21

- 22 (1) The amount of monies that have been collected for  
23 cash-in-lieu payments;  
24
- 25 (2) The fund into which the cash-in-lieu payment revenues  
26 have been deposited and the amount of monies in that  
27 fund;  
28
- 29 (3) A record detailing the expenditures of the cash-in-  
30 lieu payment revenues and other monies in the fund  
31 into which the cash-in-lieu payment revenues have been  
32 deposited;  
33
- 34 (4) The amount, if any, of the cash-in-lieu payment  
35 revenues that have funded the construction of reserved  
36 housing; and  
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- 38 (5) The number of reserved housing units that the Hawaii  
39 Community Development Authority has delivered using  
40 cash-in-lieu payment revenues and the location of  
41 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 Concurrent Resolution be transmitted to the Auditor and  
8 Chairperson of the Hawaii Community Development Authority.  
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OFFERED BY:



*Kurt Ferrell*

*Karl Rhoads*

