

JAN 21 2022

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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 46-15.1, Hawaii Revised Statutes, is  
2 amended by amending subsection (a) to read as follows:  
3       "(a) Notwithstanding any law to the contrary, any county  
4 shall have and may exercise the same powers, subject to  
5 applicable limitations, as those granted the Hawaii housing  
6 finance and development corporation pursuant to chapter 201H  
7 insofar as those powers may be reasonably construed to be  
8 exercisable by a county for the purpose of developing,  
9 constructing, and providing low- and moderate-income housing;  
10 provided that no county shall be empowered to cause the State to  
11 issue general obligation bonds to finance a project pursuant to  
12 this section; provided further that county projects shall be  
13 granted an exemption from general excise or receipts taxes in  
14 the same manner as projects of the Hawaii housing finance and  
15 development corporation pursuant to section 201H-36; and  
16 provided further that section 201H-16 shall not apply to this  
17 section unless federal guidelines specifically provide local



1 governments with that authorization and the authorization does  
2 not conflict with any state laws. The powers shall include the  
3 power, subject to applicable limitations, to:

4 (1) Develop and construct dwelling units, alone or in  
5 partnership with developers;

6 (2) Acquire necessary land by lease, purchase, exchange,  
7 or eminent domain;

8 (3) Provide assistance and aid to a public agency or other  
9 person in developing and constructing new housing and  
10 rehabilitating existing housing for elders of low- and  
11 moderate-income, other persons of low- and moderate-  
12 income, and persons displaced by any governmental  
13 action, by making long-term mortgage or interim  
14 construction loans available;

15 (4) Contract with any eligible bidders to provide for  
16 construction of urgently needed housing for persons of  
17 low- and moderate-income;

18 (5) Guarantee the top twenty-five per cent of the  
19 principal balance of real property mortgage loans,  
20 plus interest thereon, made to qualified borrowers by  
21 qualified lenders;



- 1           (6) Enter into mortgage guarantee agreements with
- 2           appropriate officials of any agency or instrumentality
- 3           of the United States to induce those officials to
- 4           commit to insure or to insure mortgages under the
- 5           National Housing Act, as amended;
- 6           (7) Make a direct loan to any qualified buyer for the
- 7           downpayment required by a private lender to be made by
- 8           the borrower as a condition of obtaining a loan from
- 9           the private lender in the purchase of residential
- 10          property;
- 11          (8) Provide funds for a share, not to exceed fifty per
- 12          cent, of the principal amount of a loan made to a
- 13          qualified borrower by a private lender who is unable
- 14          otherwise to lend the borrower sufficient funds at
- 15          reasonable rates in the purchase of residential
- 16          property; ~~and~~
- 17          (9) Sell or lease completed dwelling units~~(-)~~; and
- 18          (10) Permit developers to make cash payments of fifteen per
- 19          cent of the gross revenue of the development project
- 20          in lieu of providing the required reserved housing
- 21          under the county's affordable housing program.



1       For purposes of this section, a limitation is applicable to  
2       the extent that it may reasonably be construed to apply to a  
3       county."

4       SECTION 2. Section 206E-4, Hawaii Revised Statutes, is  
5       amended to read as follows:

6       "**§206E-4 Powers; generally.** Except as otherwise limited  
7       by this chapter, the authority may:

- 8       (1) Sue and be sued;
- 9       (2) Have a seal and alter the same at pleasure;
- 10      (3) Make and execute contracts and all other instruments  
11              necessary or convenient for the exercise of its powers  
12              and functions under this chapter;
- 13      (4) Make and alter bylaws for its organization and  
14              internal management;
- 15      (5) Make rules with respect to its projects, operations,  
16              properties, and facilities, which rules shall be in  
17              conformance with chapter 91;
- 18      (6) Through its executive director appoint officers,  
19              agents, and employees, prescribe their duties and  
20              qualifications, and fix their salaries, without regard  
21              to chapter 76;



- 1           (7) Prepare or cause to be prepared a community  
2           development plan for all designated community  
3           development districts;
- 4           (8) Acquire, reacquire, or contract to acquire or  
5           reacquire by grant or purchase real, personal, or  
6           mixed property or any interest therein; to own, hold,  
7           clear, improve, and rehabilitate, and to sell, assign,  
8           exchange, transfer, convey, lease, or otherwise  
9           dispose of or encumber the same;
- 10          (9) Acquire or reacquire by condemnation real, personal,  
11          or mixed property or any interest therein for public  
12          facilities, including but not limited to streets,  
13          sidewalks, parks, schools, and other public  
14          improvements;
- 15          (10) By itself, or in partnership with qualified persons,  
16          acquire, reacquire, construct, reconstruct,  
17          rehabilitate, improve, alter, or repair or provide for  
18          the construction, reconstruction, improvement,  
19          alteration, or repair of any project; own, hold, sell,  
20          assign, transfer, convey, exchange, lease, or  
21          otherwise dispose of or encumber any project, and in



1 the case of the sale of any project, accept a purchase  
2 money mortgage in connection therewith; and repurchase  
3 or otherwise acquire any project that the authority  
4 has theretofore sold or otherwise conveyed,  
5 transferred, or disposed of;

6 (11) Arrange or contract for the planning, replanning,  
7 opening, grading, or closing of streets, roads,  
8 roadways, alleys, or other places, or for the  
9 furnishing of facilities or for the acquisition of  
10 property or property rights or for the furnishing of  
11 property or services in connection with a project;

12 (12) Grant options to purchase any project or to renew any  
13 lease entered into by it in connection with any of its  
14 projects, on terms and conditions as it deems  
15 advisable;

16 (13) Prepare or cause to be prepared plans, specifications,  
17 designs, and estimates of costs for the construction,  
18 reconstruction, rehabilitation, improvement,  
19 alteration, or repair of any project, and from time to  
20 time to modify the plans, specifications, designs, or  
21 estimates;



- 1       (14) Provide advisory, consultative, training, and
- 2               educational services, technical assistance, and advice
- 3               to any person, partnership, or corporation, either
- 4               public or private, to carry out the purposes of this
- 5               chapter, and engage the services of consultants on a
- 6               contractual basis for rendering professional and
- 7               technical assistance and advice;
- 8       (15) Procure insurance against any loss in connection with
- 9               its property and other assets and operations in
- 10              amounts and from insurers as it deems desirable;
- 11       (16) Contract for and accept gifts or grants in any form
- 12              from any public agency or from any other source;
- 13       (17) Do any and all things necessary to carry out its
- 14              purposes and exercise the powers given and granted in
- 15              this chapter; and
- 16       (18) Allow satisfaction of any affordable housing
- 17              requirements imposed by the authority upon any
- 18              proposed development project through the construction
- 19              of reserved housing, as defined in section 206E-101,
- 20              by a person on land located outside the geographic
- 21              boundaries of the authority's jurisdiction; provided



1           that the authority may permit cash payments of fifteen  
2           per cent of the gross revenue of the development  
3           project in lieu of providing reserved housing. The  
4           substituted housing shall be located on the same  
5           island as the development project and shall be  
6           substantially equal in value to the required reserved  
7           housing units that were to be developed on site. The  
8           authority shall establish the following priority in  
9           the development of reserved housing:

- 10           (A) Within the community development district;  
11           (B) Within areas immediately surrounding the  
12           community development district;  
13           (C) Areas within the central urban core; and  
14           (D) In outlying areas within the same island as the  
15           development project.

16           The Hawaii community development authority shall  
17           adopt rules relating to the approval of reserved  
18           housing that are developed outside of a community  
19           development district. The rules shall include, but  
20           are not limited to, the establishment of guidelines to  
21           ensure compliance with the above priorities."



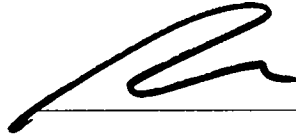


1       SECTION 3. Statutory material to be repealed is bracketed  
2 and stricken. New statutory material is underscored.

3       SECTION 4. This Act shall take effect on July 1, 2022.

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INTRODUCED BY:



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# S.B. NO. 2864

**Report Title:**

Affordable Housing; Cash In-Lieu Payments; Reserved Housing;  
Counties; HCDA

**Description:**

Permits counties to adopt ordinances permitting developers to make a cash payment of fifteen per cent of the gross revenue of the development in lieu of providing the required reserved housing under the county's affordable housing program. Specifies the HCDA may permit cash payments of fifteen per cent of the gross revenue of the development project in lieu of providing reserved housing.

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