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A BILL FOR AN ACT

RELATING TO THE HAWAII PUBLIC HOUSING AUTHORITY.

**BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:**

1 SECTION 1. Section 356D-1, Hawaii Revised Statutes, is  
2 amended by adding a new definition to be appropriately inserted  
3 and to read as follows:

4 "Housing" or "housing project" means any home, house,  
5 residence, building, apartment, living quarters, abode,  
6 domicile, or dwelling unit that is designed principally for the  
7 purposes of sheltering people."

8 SECTION 2. Section 356D-8, Hawaii Revised Statutes, is  
9 amended as follows:

10 (1) By amending subsection (a) to read as follows:

11 "(a) The authority may acquire any real or personal  
12 property or interest therein by purchase, exchange, gift, grant,  
13 lease, or other means from any person or government to provide  
14 [~~public~~] housing. Exchange of real property shall be in  
15 accordance with section 171-50."

16 (2) By amending subsection (c) to read as follows:

17 "(c) The authority may lease or rent all or a portion of

H.B. NO. 1093

1 any [~~publie~~] housing project and establish and revise the rents  
2 or charges therefor. The authority may sell, exchange,  
3 transfer, assign, or pledge any property, real or personal, or  
4 any interest therein to any person or government."

5 SECTION 3. Section 356D-10, Hawaii Revised Statutes, is  
6 amended to read as follows:

7 "[~~+~~]**§356D-10**[~~+~~] **Agents, including corporations.** The  
8 authority may exercise any or all of the powers conferred upon  
9 it, either generally or with respect to any specific [~~publie~~]  
10 housing project through an agent that it may designate,  
11 including any corporation that is formed under the laws of this  
12 State, and for those purposes the authority may cause one or  
13 more corporations to be formed under the laws of this State or  
14 may acquire the capital stock of any corporation. Any for  
15 profit corporate agent, all of the stock of which shall be owned  
16 by the authority or its nominee, may to the extent permitted by  
17 law, exercise any of the powers conferred upon the authority in  
18 this chapter."

19 SECTION 4. Section 356D-11, Hawaii Revised Statutes, is  
20 amended to read as follows:

21 "**§356D-11 Development of property.** (a) The authority, in  
22 its own behalf or on behalf of any government, may:

H.B. NO. 1093

1 (1) Clear, improve, and rehabilitate property; and

2 (2) Plan, develop, construct, and finance housing  
3 projects.

4 (b) The authority may develop public land in an  
5 agricultural district subject to the prior approval of the land  
6 use commission when developing lands greater than five acres in  
7 size. The authority shall not develop state monuments,  
8 historical sites, or parks. When the authority proposes to  
9 develop public land, it shall file with the department of land  
10 and natural resources a petition setting forth that purpose.  
11 The petition shall be conclusive proof that the intended use is  
12 a public use superior to that to which the land had been  
13 appropriated.

14 (c) The authority may develop or assist in the development  
15 of federal lands with the approval of appropriate federal  
16 authorities.

17 (d) The authority shall not develop any public land where  
18 the development may endanger the receipt of any federal grant,  
19 impair the eligibility of any government agency for a federal  
20 grant, prevent the participation of the federal government in  
21 any government program, or impair any covenant between the  
22 government and the holder of any bond issued by the government.

H.B. NO. 1093

1 (e) The authority may contract or sponsor with any county,  
2 housing authority, or person, subject to the availability of  
3 funds, housing projects designed to meet the needs of elders,  
4 disabled, displaced or homeless persons, low- and moderate-  
5 income persons, government employees, teachers, or university  
6 and college students and faculty.

7 (f) The authority may enter into contracts with eligible  
8 developers to develop housing projects in exchange for mixed use  
9 development rights. Eligibility of a developer for an exchange  
10 pursuant to this subsection shall be determined pursuant to  
11 rules adopted by the authority in accordance with chapter 91.

12 As used in this subsection, "mixed use development rights"  
13 means the right to develop a portion of a housing project for  
14 commercial use.

15 (g) The authority may develop, with an eligible developer,  
16 or may assist under a government assistance program in the  
17 development of, housing projects. The land planning activities  
18 of the authority shall be coordinated with the county planning  
19 departments and the county land use plans, policies, and  
20 ordinances.

21 Any person, if qualified, may act simultaneously as 4  
22 developer and contractor.

H.B. NO. 1093

1           In selecting eligible developers or in contracting any  
2 services or materials for the purposes of this subsection, the  
3 authority shall be subject to all federal procurement laws and  
4 regulations.

5           For purposes of this subsection, "government assistance  
6 program" means a housing program qualified by the authority and  
7 administered or operated by the authority or the United States  
8 or any of their political subdivisions, agencies, or  
9 instrumentalities, corporate or otherwise.

10           (h) In connection with the development of any housing  
11 dwelling units under this chapter, the authority may also  
12 develop commercial properties and industrial properties and sell  
13 or lease other properties if it determines that the uses will be  
14 an integral part of the housing development or a benefit to the  
15 community in which the properties are situated. The authority  
16 may designate any portions of the housing development for  
17 commercial, industrial, or other use and shall have all the  
18 powers granted under this chapter with respect thereto. The  
19 authority may use any funding authorized under this chapter to  
20 implement this subsection.

H.B. NO. 1093

1           The net proceeds of all sales or leases, less costs to the  
2 authority, shall be deposited in the public housing special fund  
3 established by section 356D-28.

4           ~~[(i) For purposes of this section, "housing" or "housing~~  
5 ~~project" means any home, house, residence, building, apartment,~~  
6 ~~living quarters, abode, domicile, or dwelling unit that is~~  
7 ~~designed principally for the purposes of sheltering people.]"~~

8           SECTION 5. Section 356D-11.2, Hawaii Revised Statutes, is  
9 amended to read as follows:

10           "**[+]§356D-11.2[+] Ceded lands; vacancy; development.**

11           ~~[(a)]~~ No housing projects developed or constructed pursuant to  
12 this part shall be developed or constructed on ceded land that  
13 is vacant on or after January 1, 2022.

14           ~~[(b) For the purposes of this section, "housing project"~~  
15 ~~shall have the same meaning as that term is defined in section~~  
16 ~~356D-11.]"~~

17           SECTION 6. Section 356D-12, Hawaii Revised Statutes, is  
18 amended to read as follows:

19           "**§356D-12 Development of property; additional powers.**

20           ~~[(a)]~~ Notwithstanding any other law to the contrary, whenever  
21 the bids submitted for the development or rehabilitation of any  
22 housing project authorized pursuant to this chapter exceed the

H.B. NO. 1093

1 amount of funds available for that project, the authority, with  
2 the approval of the governor, may disregard the bids and enter  
3 into an agreement to carry out the project, undertake the  
4 project, or participate in the project under the agreement;  
5 provided that:

6 (1) The total cost of the agreement and the authority's  
7 participation, if any, shall not exceed the amount of  
8 funds available for the project; and

9 (2) If the agreement is with a nonbidder, the scope of the  
10 project under agreement shall remain the same as that  
11 for which bids were originally requested.

12 ~~[(b) For purposes of this section, "housing project" shall~~  
13 ~~have the same meaning as that term is defined in section 356D-~~  
14 ~~11.] "~~

15 SECTION 7. Section 356D-12.5, Hawaii Revised Statutes, is  
16 amended to read as follows:

17 "**§356D-12.5 Development of property; partnership or**  
18 **development agreement.** (a) Any housing project may be  
19 developed under sections 356D-11 and 356D-12 by the authority in  
20 partnership or under a development agreement with a private  
21 party; provided that a written partnership or development

H.B. NO. 1093

1 agreement is executed by the authority. At a minimum, the  
2 partnership or development agreement shall provide for:

3 (1) A determination by the authority that the partnership  
4 or development agreement is for a public purpose; and

5 (2) Final approval by the authority of the plans and  
6 specifications for the housing project.

7 (b) For the development of housing projects pursuant to  
8 subsection (a), except as provided by federal law or regulation,  
9 the authority shall not be subject to chapters 103 and 103D or  
10 any and all other requirements of law for competitive bidding  
11 for partnership or development agreements, construction  
12 contracts, or other contracts; provided that the authority shall  
13 develop internal policies and procedures for the procurement of  
14 goods, services, and construction, consistent with the goals of  
15 public accountability and public procurement practices.

16 (c) The authority shall submit an annual report to the  
17 legislature, no later than twenty days prior to the convening of  
18 each regular session, on the status of all housing projects  
19 being developed using partnership or development agreements  
20 pursuant to subsection (a).

21 (d) The authority may adopt rules pursuant to chapter 91  
22 necessary for the purposes of this section.

H.B. NO. 1093

1       ~~[(e) For the purposes of this section, "housing project"~~  
2 ~~shall have the same meaning as that term defined in section~~  
3 ~~356D-11.] "~~

4       SECTION 8. Section 356D-21, Hawaii Revised Statutes, is  
5 amended as follows:

6       (1) By amending subsection (d) to read as follows:

7       "(d) The authority may issue bonds as it may determine,  
8 including without limitation bonds payable from and secured, in  
9 whole or in part, by:

10       (1) Income and revenues derived from the [public] housing  
11 project or projects financed from the proceeds of  
12 bonds;

13       (2) Receipts derived from any grant from the federal  
14 government made in aid of a [public] housing project  
15 or projects financed from the proceeds of bonds;

16       (3) Income and revenues derived from a particular  
17 designated [public] housing project or projects  
18 whether or not financed, in whole or in part, from the  
19 proceeds of bonds;

20       (4) Income and revenues of the authority generally; or

21       (5) Any combination of paragraphs (1) through (4)."

22       (2) By amending subsection (f) to read as follows:

H.B. NO. 1093

1           "(f) Any [~~public~~] housing project or projects authorized  
2 by, and undertaken pursuant to, this chapter shall constitute an  
3 [~~"undertaking"~~] undertaking within the meaning of that term as  
4 defined and used in part III, chapter 39. The authority shall  
5 constitute a [~~"department"~~] department and the board shall  
6 constitute a [~~"governing body"~~] governing body within the  
7 meaning of those terms as defined and used in part III, chapter  
8 39.

9           SECTION 9. Section 356D-22, Hawaii Revised Statutes, is  
10 amended by amending subsection (b) to read as follows:

11           "(b) The authority may include the costs of undertaking  
12 and maintaining any [~~public~~] housing project or projects for  
13 which the bonds are issued in determining the principal amount  
14 of bonds to be issued. In determining the cost of undertaking  
15 and maintaining the [~~public~~] housing project, the authority may  
16 include the cost of studies and surveys; insurance premiums;  
17 underwriting fees; financial consultant, legal, accounting, and  
18 other services incurred; reserve account, trustee, custodian,  
19 and rating agency fees; and interest on the bonds for a period  
20 determined by the authority."

21           SECTION 10. Section 356D-23, Hawaii Revised Statutes, is  
22 amended by amending subsection (c) to read as follows:

H.B. NO. 1093

1           "(c) The trustee shall also be authorized by the authority  
2 to receive and receipt for, hold, and administer the revenues  
3 derived by the authority from any [~~public~~] housing project or  
4 projects for which the bonds are issued or the projects pledged  
5 to the payment of the bonds, and to apply the revenues to the  
6 payment of the cost of administering, operating, and maintaining  
7 the [~~public~~] housing project or projects, to pay the principal  
8 of and the interest on the bonds, to the establishment of  
9 reserves, and to other purposes as may be authorized in the  
10 proceedings providing for the issuance of the bonds."

11           SECTION 11. Section 356D-24, Hawaii Revised Statutes, is  
12 amended as follows:

13           (1) By amending subsection (b) to read as follows:

14           "(b) A trust indenture may allow the authority to pledge  
15 and assign to the trustee agreements related to the [~~public~~]  
16 housing project or projects and the rights of the authority  
17 thereunder, including the right to receive revenues thereunder  
18 and to enforce the provision thereof."

19           (2) By amending subsections (d) and (e) to read as  
20 follows:

21           "(d) A trust indenture shall also contain provisions as  
22 to:

H.B. NO. 1093

1           (1) The investment of the proceeds of the bonds, the  
2           investment of any reserve for the bonds, the  
3           investment of the revenues of the [~~publie~~] housing  
4           project or system of [~~publie~~] housing projects, and  
5           the use and application of the earnings from  
6           investments; and

7           (2) The terms and conditions upon which the holders of the  
8           bonds or any portion of them or any trustee thereof  
9           may institute proceedings for the enforcement of any  
10          agreement or any note or other undertaking,  
11          obligation, or property securing the payment of the  
12          bonds and the use and application of the moneys  
13          derived therefrom.

14          (e) A trust indenture may also contain provisions deemed  
15          necessary or desirable by the authority to obtain or permit, by  
16          grant, interest subsidy, or otherwise, the participation of the  
17          federal government in the [~~publie~~] housing projects or in the  
18          financing of the costs of administering, operating, or  
19          maintaining the [~~publie~~] housing projects."

20          SECTION 12. Statutory material to be repealed is bracketed  
21          and stricken. New statutory material is underscored.

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H.B. NO. 1093

1 SECTION 13. This Act shall take effect upon its approval.

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INTRODUCED BY: *Nashia K. Parker*

4

BY REQUEST

JAN 21 2025

# H.B. NO. 1093

**Report Title:**

Hawaii Public Housing Authority; Housing Development; Bonds; Trustees; Housing Projects; Definition

**Description:**

Clarifies the Hawaii Public Housing Authority's powers relating to housing projects.

*The summary description of legislation appearing on this page is for informational purposes only and is not legislation or evidence of legislative intent.*

JUSTIFICATION SHEET

DEPARTMENT: Human Services

TITLE: A BILL FOR AN ACT RELATING TO THE HAWAII PUBLIC HOUSING AUTHORITY.

PURPOSE: To amend certain Hawaii Public Housing Authority (HPHA) statutes to incorporate the definition of "housing project" in section 356D-11, Hawaii Revised Statutes (HRS), to further its redevelopment efforts.

MEANS: Amend sections 356D-1, 356D-8(a) and (c), 356D-10, 356D-11, 356D-11.2, 356D-12, 356D-12.5, 356D-21(d) and (f), 356D-22(b), 356D-23(c), and 356D-24(b), (d), and (e), HRS.

JUSTIFICATION: This bill would allow the HPHA to achieve its long-term goals of deconcentrating poverty and redeveloping existing public housing projects into mixed-income communities. The amendments being proposed would make changes to be consistent with Act 251, Session Laws of Hawaii 2022, amendments to further redevelopment efforts by the HPHA.

The concentration of public housing has been shown to reduce opportunities for the low-income families these projects are meant to assist. Neighborhoods with high concentrations of low-income families often struggle with higher crime rates, fewer jobs, and poorer performing schools. In recent years, the U.S. Department of Housing and Urban Development (HUD) has encouraged public housing authorities to shift their focus towards creating financially viable and socially stable, mixed-income communities.

The construction of housing projects that include HUD subsidized public housing units will not result in a reduction in the number of public housing units for low-income families. Rather, the goal is to increase

the density of any redeveloped public housing projects by including units for families at higher AMI levels. Any redevelopment of an existing public housing project will produce a one-for-one replacement of all public housing units.

Impact on the public: Increased affordable housing opportunities for families earning more than 30 percent of the AMI. Deconcentrates poverty in neighborhoods where public housing projects are located.

Impact on the department and other agencies:  
None.

GENERAL FUND:	None.
OTHER FUNDS:	None.
PPBS PROGRAM DESIGNATION:	None.
OTHER AFFECTED AGENCIES:	Department of Budget and Finance.
EFFECTIVE DATE:	Upon approval.