

JAN 17 2025

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# A BILL FOR AN ACT

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RELATING TO HOUSING.

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

1       SECTION 1. The legislature finds that the preservation of  
2       subsidized affordable housing is vital to preventing the  
3       displacement of local working families in Hawaii.

4       The legislature further finds that thousands of subsidized  
5       units are scheduled to have their formal commitments expire in  
6       the next twenty years. The Hawaii housing finance and  
7       development corporation has two thousand units within its low-  
8       income housing tax credit program that are scheduled to expire  
9       in coming years, and there are thousands more city, state, and  
10      federally assisted affordable rental housing units that are  
11      susceptible to falling out of affordability without  
12      intervention.

13      The legislature also finds that affordable rental housing  
14      developments become homes and communities for working people,  
15      and when these developments revert to market rate, individuals  
16      are displaced and communities are fractured.



1           Therefore, the purpose of this Act is to preserve and  
2 retain existing affordable housing stock and increase community  
3 ownership of permanently affordable housing by:

4           (1) Requiring certain landlords to provide a specified  
5 notice to a tenant regarding the tenant's potential  
6 right to purchase the property, under certain  
7 conditions; and

8           (2) Allowing tenants, families, local governments,  
9 affordable housing nonprofits, and community land  
10 trusts forty-five days to match or beat the best bona  
11 fide offer to buy an eligible affordable housing  
12 property.

13           SECTION 2. Chapter 521, Hawaii Revised Statutes, is  
14 amended by adding a new section to part IV to be appropriately  
15 designated and to read as follows:

16           "§521-       Notice of sale; tenant's right to purchase. (a)

17 A landlord that is renting an eligible affordable housing  
18 property to a tenant shall notify the tenant in writing  
19 regarding the tenant's potential right to purchase the property  
20 in which the tenant is residing pursuant to section 201H-     .



1        (b) For the purposes of this section, "eligible affordable  
2 housing property" has the same meaning as defined in section  
3 201H- ."

4        SECTION 3. Chapter 201H, Hawaii Revised Statutes, is  
5 amended by adding a new section to part II to be appropriately  
6 designated and to read as follows:

7        "§201H-        Eligible affordable housing property; eligible  
8 parties; matching agreement of sale. (a) Notwithstanding any  
9 law to the contrary, an owner of an eligible affordable housing  
10 property that is no longer subject to the requirements of  
11 section 42 (with respect to low-income housing credit) of the  
12 Internal Revenue Code who intends to sell, convey, or otherwise  
13 transfer the eligible affordable housing property shall not  
14 enter into a binding agreement of sale for the property until  
15 the requirements of this section have been met.

16        (b) An owner of an eligible affordable housing property  
17 shall notify in writing the following at least twelve months  
18 prior to the property no longer being subject to the  
19 requirements of section 42 of the Internal Revenue Code; if the  
20 owner intends to sell, convey, or otherwise transfer the  
21 property; or both:



1        (1) The executive director;

2        (2) The county councilmember for the district in which the  
3        eligible affordable housing property is located;

4        (3) Affordable housing nonprofits and community land  
5        trusts; and

6        (4) All tenants of the eligible affordable housing  
7        property.

8        (c) The notice pursuant to subsection (b) shall include:

9        (1) The address of the eligible affordable housing  
10       property;

11       (2) The name, address, and phone number of the owner;

12       (3) The name, address, phone number, and electronic mail  
13       address of the owner's designated contact person; and

14       (4) The date that the property is no longer subject to the  
15       requirements of section 42 of the Internal Revenue  
16       Code and a statement of intent to sell the property,  
17       if applicable.

18       (d) During the forty-five-day period following the notice  
19       sent pursuant to subsection (b), the owner shall be prohibited  
20       from accepting, considering, or soliciting a purchase offer from  
21       anyone except an eligible party.



1       (e) If at any time after the forty-five-day period an  
2 owner of an eligible affordable housing property receives a bona  
3 fide offer that the owner intends to accept from an entity other  
4 than an eligible party, the owner shall provide notice to all  
5 eligible parties of all material terms of any such offer.

6       (f) Within sixty days of the mailing date of a notice of a  
7 bona fide offer pursuant to subsection (e), any eligible party  
8 may submit a matched agreement of sale to the owner. The owner  
9 shall accept any matched agreement of sale that is similar in  
10 all material respects to the bona fide offer received; provided  
11 that a matched agreement of sale submitted by a tenant shall  
12 receive priority over any non-governmental eligible party.

13       (g) Within sixty days of the mailing date, whether  
14 electronic or by hard copy, of a matched agreement of sale to  
15 the owner, the owner shall accept the matched agreement of sale  
16 or enter into good faith negotiations with the person who  
17 submitted the matched agreement of sale.

18       (h) If, after ninety days from the mailing date, whether  
19 electronic or by hard copy, of the matched agreement of sale the  
20 parties have negotiated in good faith, but no eligible party has  
21 submitted a matched agreement of sale that is similar in all



material respects to a bona fide offer that the owner intends to accept, the owner shall have no further obligations under this section.

(i) Any person in violation of this section shall be subject to penalties as determined by the corporation.

(j) For the purposes of this section:

"Eligible affordable housing property" means a property in which the owner has qualified and received low-income housing tax credits pursuant to section 235-110.8.

"Eligible party" means a state or county housing agency, affordable housing nonprofit, community land trust, or tenant of the eligible affordable housing property."

SECTION 4. New statutory material is underscored.

SECTION 5. This Act shall take effect upon its approval.

INTRODUCED BY: 



# S.B. NO. 1134

**Report Title:**

Affordable Housing; Notice; Eligible Parties; Matched Agreement of Sale

**Description:**

Requires certain landlords to provide a specified notice to a tenant regarding the tenant's potential right to purchase the property, under certain conditions. Allows tenants, families, local governments, affordable housing nonprofits, and community land trusts forty-five days to match or beat the best bona fide offer to buy an eligible affordable housing property.

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

