

## ACT 251

S.B. NO. 2769

A Bill for an Act Relating to the Housing Finance and Development Corporation.

*Be It Enacted by the Legislature of the State of Hawaii:*

SECTION 1. Chapter 201E, Hawaii Revised Statutes, is amended by adding a new section to part III, subpart C, to be appropriately designated and to read as follows:

**“§201E- Nonprofit organizations; government agencies.** (a) The corporation may retain dwelling units in a project to the extent it determines necessary and appropriate, for sale, lease, or rental to nonprofit organizations and government agencies. The dwelling units shall be used by the nonprofit organizations and government agencies for the purposes of providing housing opportunities and related support services to special needs individuals or families. These purposes include, but are not limited to, the use of dwelling units for group homes and congregate living facilities and for government employees in special situations. The corporation, in consultation with other appropriate government agencies, shall adopt rules pursuant to chapter 91 necessary to implement this subsection, including, but not limited to, rules relating to the eligibility and qualifications of nonprofit organizations and government agencies, rules relating to the eligibility and qualifications of clients of nonprofit organizations and government agencies to whom housing opportunities may be made available, and rules restricting the use, sale, or transfer of, and authorizing repurchase of, dwelling units sold, leased, or rented pursuant to this subsection. The corporation, to the extent appropriate, shall have the same powers with respect to nonprofit organizations and government agencies purchasing, leasing, or

renting dwelling units as the corporation has with respect to qualified residents purchasing, leasing, or renting dwelling units.

(b) In connection with the development of any residential units under this chapter, the corporation may also make provisions for the development of appropriate community facilities. The corporation may:

- (1) Sell, lease, or rent vacant land or land with site improvements to nonprofit organizations or government agencies for purposes of developing the community facilities; or
- (2) Develop, on behalf of the State or with an eligible developer, the community facilities and then sell, lease, rent, or otherwise transfer or make available these facilities to nonprofit organizations or government agencies.

The corporation shall adopt rules pursuant to chapter 91 necessary to implement this subsection.”

SECTION 2. Section 201E-2, Hawaii Revised Statutes, is amended by adding a new definition to be appropriately inserted and to read as follows:

““Nonprofit organization” means a corporation, association, or other duly chartered entity which is registered with the State, and which has received charitable status under the Internal Revenue Code of 1986, as amended.”

SECTION 3. Section 201E-201, Hawaii Revised Statutes, is amended by amending subsection (a) to read as follows:

“(a) The corporation may develop fee simple or leasehold property, construct dwelling units thereon, including condominiums, planned units, and cluster developments, and sell, lease, or rent or cause to be leased or rented, at the lowest possible price to qualified residents, nonprofit organizations, or government agencies [of the State], with an eligible developer or in its own behalf, either:

- (1) Fully completed dwelling units with the appropriate interest in the land on which the dwelling unit is located; or
- (2) Units which are substantially complete and habitable with the appropriate interest in the land on which the dwelling unit is located; or
- (3) The land with site improvements (other than the dwelling unit) either partially or fully developed.”

SECTION 4. Section 201E-201, Hawaii Revised Statutes, is amended by amending subsection (e) to read as follows:

“(e) Upon authorization by the legislature, the corporation shall cause the State to issue general obligation bonds to finance:

- (1) Land acquisition;
- (2) The development and improvement of land;
- (3) The construction of dwelling units;
- (4) The purchase, lease, or rental of land and dwelling units by qualified residents, nonprofit organizations, or government agencies under this chapter;
- (5) Payment of any services contracted for under this chapter, including profit or recompense paid to partners, and including community information and advocacy services deemed necessary by the corporation to provide for citizen participation in the development of housing projects, the implementation of this chapter, and the staffing of any citizen advisory committee the corporation may establish;
- (6) The cost of repurchase of units under section 201E-221;
- (7) Loans for the rehabilitation and renovation of existing housing; and

- (8) Any other moneys required to accomplish the purposes of this chapter.”

SECTION 5. Section 201E-217, Hawaii Revised Statutes, is amended by amending subsection (c) to read as follows:

“(c) In managing the fund, the corporation may cooperate with other public and private nonprofit [agencies or entities] organizations and may enter into loan agreements with them. The necessity for the extent and nature of security required for a loan shall be determined by the corporation. The security may include, but is not limited to, a borrowing resolution of the nonprofit [entity.] organization.

The foregoing powers are subject, however, to the following restrictions and limitations:

- (1) No single loan shall exceed two per cent of the project cost;
- (2) The loan shall be repaid with simple interest in the amount of six per cent per year;
- (3) The moneys loaned shall be used only for the planning, development, and initial costs of commencing projects to provide nonprofit low or moderate cost housing.”

SECTION 6. Section 201E-217, Hawaii Revised Statutes, is amended by amending subsection (e) to read as follows:

“(e) For the purposes of this section, “government assistance programs” means housing programs qualified by the corporation and administered or operated by the corporation or the United States or any of their political subdivisions, agencies, or instrumentalities, corporate or otherwise. [For the purposes of this section, a “nonprofit entity” is a corporation, association, or other duly chartered organization registered with the State, which organization has received charitable status under the Internal Revenue Code or as defined by rules adopted by the corporation.]”

SECTION 7. Section 201E-220, Hawaii Revised Statutes, is amended by amending subsection (a) to read as follows:

“(a) The corporation shall sell completed dwelling units or dwelling units which are substantially completed and habitable, developed and constructed hereunder, to qualified residents in fee simple, or shall cause them to be leased or rented to qualified residents, at a price or rental based on costs as determined by the corporation; provided that the corporation may retain such units as necessary in a project for lease or rental to nonprofit community organizations for community activity or facility purposes]. The gross share to the other partners or contract payments and any amounts subsidized by the State, including but not limited to the land, need not be counted as cost so as to increase the price. Such may be borne by the State, under rules subject to reimbursement upon sale as provided for in section 201E-221.”

SECTION 8. Section 4 of Act 15, Session Laws of Hawaii 1988, is amended by amending subsection (a) to read as follows:

“(a) The corporation, as defined in Section 201E-2, may develop fee simple or leasehold property, construct dwelling units thereon, including condominiums, planned units, and cluster developments, and sell, lease, or rent or cause to be leased or rented, at the lowest possible price to qualified residents, nonprofit organizations, or government agencies [of the State], with an eligible developer or in its own behalf, either:

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- (1) Fully completed dwelling units with the appropriate interest in the land on which the dwelling unit is located; or
- (2) Units which are substantially complete and habitable with the appropriate interest in the land on which the dwelling unit is located; or
- (3) The land with site improvements (other than the dwelling unit) either partially or fully developed.”

SECTION 9. Section 4 of Act 15, Session Laws of Hawaii 1988, is amended by amending subsection (e) to read as follows:

“(e) Upon authorization by the legislature, the corporation shall cause the State to issue general obligation bonds to finance:

- (1) Land acquisition;
- (2) The development and improvement of land;
- (3) The construction of dwelling units;
- (4) The purchase, lease, or rental of land and dwelling units by qualified residents, nonprofit organizations, or government agencies under this Act;
- (5) Payment of any services contracted for under this Act, including profit or recompense paid to partners, and including community information and advocacy services deemed necessary by the corporation to provide for citizen participation in the development of housing projects, the implementation of this Act, and the staffing of any citizen advisory committee the corporation may establish;
- (6) The cost of repurchase of units under section 201E-221;
- (7) Loans for the rehabilitation and renovation of existing housing; and
- (8) Any other moneys required to accomplish the purposes of this Act.”

SECTION 10. Statutory material to be repealed is bracketed. New statutory material is underscored.<sup>1</sup>

SECTION 11. This Act shall take effect upon its approval.

(Approved June 25, 1990)

### Note

1. Edited pursuant to HRS §23G-16.5.