

**ACT 311**

H.B. NO. 3111

A Bill for an Act Relating to Cooperative Housing.

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

SECTION 1. The legislature finds that providing low income families homeownership through housing cooperatives combines the security and social benefits of homeownership with the affordability of rental housing. Enabling these families to own their units would instill greater self-esteem and a desire to maintain and beautify their surroundings.

The purpose of this Act is to establish a two-year pilot project to develop new cooperative housing units for low income families or convert at least one rental project for that purpose, with the project to be organized as a limited equity housing cooperative.

SECTION 2. In accordance with Section 9 of Article VII of the Constitution of the State of Hawaii and sections 37-91 and 37-93, Hawaii Revised Statutes, the legislature has determined that the appropriation contained in this Act will cause the state general fund expenditure ceiling for fiscal year 1990-1991 to be exceeded by \$115,000 or 0.0045 per cent. The reasons for exceeding the general fund expenditure ceiling are that the appropriation made in this Act is

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necessary to serve the public interest and to meet the need provided for by this Act.

SECTION 3. (a) There is established a two-year pilot project to undertake feasibility analyses, planning, and development of new cooperative housing units for low income families, or conversion of at least one rental project for that purpose; provided that the project shall be organized as a limited equity housing cooperative; and provided further that, for conversion of an existing rental project, at least two-thirds of the tenants of the rental project agree to the conversion and the rental project is one that is either on the market for sale or about to be placed on the market for sale.

(b) The pilot project shall be administered by the Hawaii housing authority. The Hawaii housing authority shall determine the low income criteria for the purposes of this Act.

(c) The Hawaii housing authority may develop the new cooperative housing units, or convert at least one rental project, or it may contract with a private developer, including a nonprofit housing organization; provided that the Hawaii housing authority, if necessary, shall monitor the private developer to ensure compliance with federal, state, and county laws.

SECTION 4. The Hawaii housing authority shall report on the progress of the pilot project to the legislature not later than twenty days before the convening of the regular sessions of 1991 and 1992.

SECTION 5. There is appropriated out of the general revenues of the State of Hawaii the sum of \$115,000, or so much thereof as may be necessary for fiscal year 1990-1991, for the limited equity cooperative housing pilot project.

SECTION 6. The sum appropriated shall be expended by the Hawaii housing authority for the purposes of this Act.

SECTION 7. This Act shall take effect on July 1, 1990.

(Approved July 3, 1990.)