

ACT 310

H.B. NO. 2504

A Bill for an Act Relating to Mutual Housing.

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

SECTION 1. The Hawaii Revised Statutes, is amended by adding a new chapter to be appropriately designated and to read as follows:

**“CHAPTER  
MUTUAL HOUSING**

§ - **Mutual housing associations; establishment authorized.** (a) For the purposes of this part,<sup>1</sup> “mutual housing association” means a federally, tax-exempt nonprofit corporation, incorporated under chapter 415B and certified by the federally created Neighborhood Reinvestment Corporation the function of which is to purchase, develop, build, or rehabilitate land and residential dwellings to provide low- and moderate-income level housing in which residents:

- (1) Whose membership in the association combined with an occupancy agreement constitutes a personal property ownership interest;
- (2) Participate in the ongoing operation and management of the housing; and
- (3) Retain the right to continue residing in the housing project, provided that the resident complies with the terms of the resident’s occupancy agreement.

(b) The mutual housing association shall have a duly elected board of directors with appropriate governing powers set forth in its bylaws and articles of incorporation.

§ - **Articles of incorporation and bylaws; adoption required.** The articles of incorporation of any mutual housing association established under this part<sup>1</sup> shall include but not be limited to the following bylaws:

- (1) The members of the association include residents or potential residents of housing owned by the mutual housing association and include non-residents who represent public and private sector interests which support the purposes of the mutual housing association;
- (2) The association encourages neighborhood stability through community and resident involvement in the development, ownership, and operation of high quality, long-term housing for low- and moderate-income families, in which residents have the right to continue residing in such housing as long as they comply with the terms of their individual occupancy agreement, but possess no equity interest;
- (3) The association may accept assistance from public as well as private sources, including donations, gifts, grants, endowments, and loans;
- (4) The board of directors shall be elected by members of the association;
- (5) The board shall adopt rules to carry out its duties, including rules governing resident roles and responsibilities, the setting of monthly

- fees, and procedures for property management;
- (6) The mutual housing association may hire staff;
  - (7) Resident members are required to pay a membership fee as a condition of eligibility for occupancy of a housing unit, provided that the membership fee is refundable to the resident member when the member vacates the unit;
  - (8) The mutual housing association may establish a monthly housing charge to residents to cover operating costs, and may earn a reasonable return on the equity capital contributed to the development or acquisition of the housing project through membership fees or grants, including state grants;
  - (9) Resident members whose incomes rise above the low- and moderate-income limits may continue their occupancy in the housing, provided that such occupancy does not conflict with financing requirements;
  - (10) The association may plan, purchase, renovate, construct, and arrange financing for new low- or moderate-income housing developments; and
  - (11) Disputes concerning or involving one or more members and the mutual housing association, its board of directors, managing agent, or one or more other members relating to the interpretation, application, or enforcement of this chapter or the association's charter of incorporation, bylaws, or administrative rules adopted in accordance with its bylaws shall be submitted to mediation or arbitration."

SECTION 2. This Act shall take effect upon its approval, and shall expire on December 31, 1997.

(Approved June 30, 1992.)

**Note**

- 1. So in original.