

ACT 231

H.B. NO. 667

A Bill for an Act Relating to Kukui Gardens Rental Housing Complex.

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

SECTION 1. The legislature finds that the Kukui Gardens rental housing complex has served the community for several decades and has provided affordable housing at reasonable rates for many local residents. The master lease that controls the complex, however, is due to expire in a few years, placing the tenants of the complex's eight hundred fifty-seven units in jeopardy. Considering the tight rental market in Honolulu and the growing homeless problem, it is incumbent upon the legislature to ensure that Kukui Gardens remains affordable for many years to come.

The purpose of this Act is to preserve affordable housing by:

- (1) Increasing the Hawaii housing finance and development corporation's revenue bond authority from \$300,000,000 to \$400,000,000 in anticipation of revenue bonds being used as part of a financing package for Kukui Gardens; and
- (2) Authorizing the issuance of general obligation bonds for the purchase of a portion of real property at Kukui Gardens.

SECTION 2. Act 291, Session Laws of Hawaii 1980, as amended by Act 304, Session Laws of Hawaii 1996, as amended by Act 185, Session Laws of Hawaii 2004, is amended by amending section 11 to read as follows:

“SECTION 11. **Issuance of revenue bond; amount authorized.** Revenue bonds may be issued by the ~~[housing and community development corporation of]~~ Hawaii housing finance and development corporation pursuant to part III, chapter 39

and subpart [B] A of part III of chapter [201G,] 201H, Hawaii Revised Statutes, in an aggregate principal amount not to exceed [~~\$300,000,000;~~] \$400,000,000, at such times and in such amounts as the [~~housing and community development corporation~~ of] Hawaii housing finance and development corporation deems advisable for the purpose of undertaking and maintaining any of the housing loan programs under subpart [B] A of part III of chapter [201G,] 201H, Hawaii Revised Statutes, relating to the funding or purchasing of eligible project loans.”

SECTION 3. The director of finance is authorized to issue general obligation bonds in the sum of \$25,000,000 or so much thereof as may be necessary and the same sum or so much thereof as may be necessary is appropriated for fiscal year 2007-2008 for the acquisition and financing of a portion of the land and improvements of the Kukui Gardens property, tax map key (1) 1-7-26:07; provided that the Hawaii housing finance and development corporation may enter into a long-term, below market, ground lease of the land, and deed the improvements to a private nonprofit housing organization for the purposes of operating, managing, and maintaining the existing rental units and to potentially develop additional affordable rentals on the site.

The sum appropriated shall be expended by the Hawaii housing finance and development corporation for the purposes of this Act.

SECTION 4. This Act shall take effect on July 1, 2007.

(Approved June 29, 2007.)