

A Bill for an Act Relating to Housing.

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

SECTION 1. The legislature finds that the federal government helps support the production of low-income rental housing by providing subsidies to private owners of multifamily housing. The legislature also finds that the affordability of housing units that receive subsidies is not permanently assured. Restrictions on rent levels, tenant eligibility, and overall operations expire after a certain period of time. When a contract with the United States Department of Housing and Urban Development or the United States Department of Agriculture expires, the owner of the building can then convert to renting units at market rate prices. Hawaii has had to provide funds to preserve some of these affordable rental housing projects.

The legislature also finds that the cost of living in Hawaii has been and continues to be high. A significant contributing factor to the high cost of living in Hawaii is the high cost of housing. United States Department of Housing and Urban Development and United States Department of Agriculture housing projects are among very few low-cost rental housing resources available to households with incomes at or below eighty per cent of the median family income, as determined by the United States Department of Housing and Urban Development.

The purpose of this Act is to preserve United States Department of Housing and Urban Development and United States Department of Agriculture housing projects in Hawaii as affordable rental housing projects.

SECTION 2. Chapter 201H, Hawaii Revised Statutes, is amended by adding a new section to be appropriately designated and to read as follows:

“§201H- Affordable rental housing development program. (a) There is established the affordable rental housing development program under the Hawaii housing finance and development corporation.

(b) The purpose of this program shall be to preserve affordable rental housing units.

(c) For the purposes of this section, activities eligible for assistance from the affordable rental housing development program shall include rehabilitation, acquisition, or preservation of multifamily rental housing units for persons and families with incomes at or below eighty per cent of the median family income, as determined by the United States Department of Housing and Urban Development.

(d) The corporation shall identify properties whose contracts with either the United States Department of Housing and Urban Development or the United States Department of Agriculture are set to expire on or before January 1, 2012, and the corporation shall contact the project owners to initiate negotiations to renew or preserve the existing subsidy contracts; provided that:

- (1) Nonprofit organizations shall be given priority to take over expiring subsidy contracts; and
- (2) Nonprofit organizations shall be given priority over for-profit organizations, if federal government funds are needed for the acquisition or rehabilitation of a project.”

SECTION 3. (a) The Hawaii housing finance and development corporation shall submit a report to the legislature no later than twenty days prior to the convening of the 2012 regular session.

(b) The report shall include the:

- (1) Names and addresses of any rental housing projects in Hawaii that have a rental subsidy contract with the United States Department of Housing and Urban Development or United States Department of Agriculture;
- (2) Dates on which the rental housing projects' federal rental subsidy contracts are set to expire; and
- (3) Names and addresses of any rental housing projects obtained by nonprofit organizations that have since been renewed or preserved as affordable rental housing.

SECTION 4. Notwithstanding any law to the contrary, if any public housing project that is managed with public funds is redeveloped or reconstructed to provide for new units, different target income groups, or mixed use development, the number of affordable units shall increase or remain the same. Affordable units under this section shall be held to the same maintenance requirements as those of different target income groups or mixed use development, and shall not be subject to deferred maintenance.

For the purposes of this section, "affordable" in the case of rental units for qualified tenants means available for households with incomes at or below eighty per cent of the median family income, as determined by the United States Department of Housing and Urban Development.

SECTION 5. If any part of this Act is found to be in conflict with federal requirements that are a prescribed condition for the allocation of federal funds to the State, the conflicting part of this Act is inoperative solely to the extent of the conflict and with respect to the agencies directly affected, and this finding does not affect the operation of the remainder of this Act in its application to the agencies concerned. The rules in effect as a result of this Act shall meet federal requirements that are a necessary condition to the receipt of federal funds by the State.

SECTION 6. New statutory material is underscored.¹

SECTION 7. This Act shall take effect on July 1, 2011.

(Approved July 6, 2011.)

Note

1. Edited pursuant to HRS §23G-16.5.