



GOV. MSG. NO. 629

EXECUTIVE CHAMBERS

HONOLULU

LINDA LINGLE
GOVERNOR

April 24, 2009

The Honorable Colleen Hanabusa, President
and Members of the Senate
Twenty-Fifth State Legislature
State Capitol, Room 409
Honolulu, Hawaii 96813

Dear Madam President and Members of the Senate:

Re: House Bill No. 1186 HD1

On April 23, 2009, House Bill No. 1186, entitled "A Bill for an Act Relating to Housing Development" became law without my signature, pursuant to Section 16 of Article III of the State Constitution.

The purpose of this bill is to eliminate the Hawaii Community Development Authority's ability to accept cash in lieu of a developer's reserved housing construction requirement, except in cases of a fractional unit resulting from the percentage requirement calculation.

The Lingle-Aiona Administration shares the Legislature's goal to increase affordable housing in Hawaii. However, this legislation will likely be counterproductive to that goal by eliminating the ability to leverage cash from private sources with public dollars to develop affordable housing for working families, singles, and seniors.

The cash in lieu option has been a successful tool in the Hawaii Community Development Authority's (HCDA) reserved housing program. It has allowed HCDA to work with other State agencies to develop hundreds of rental units throughout the Kakaako region for those who cannot afford market-rate housing.

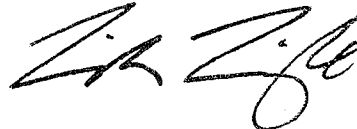
The cash in lieu option has given HCDA the flexibility and control to develop the type and supply of affordable housing units responsive to the needs of the community. For example, the monies collected through this option have been used to time construction to periods when bids are more competitive and prices are lower. Cash in lieu payments are also leveraged with other public and private resources, such as rental housing trust funds or Hula-Mae bonds, to build a larger number or different types of affordable housing units than the developer might be required or able to provide with only private funds.

The Honorable Colleen Hanabusa, President
and Members of the Senate
Page 2

In summary, policy makers should not view HCDA's cash in lieu option in a vacuum. Rather, this program should be viewed collectively with a variety of other statutory tools, administrative rules, and home financing programs that encourage the development of affordable housing. I would encourage the Legislature to reinstate this option in future years.

For the foregoing reasons, I allowed House Bill No. 1186 to become law as Act 18, effective April 23, 2009, without my signature.

Sincerely,

A handwritten signature in black ink, appearing to read "Linda Lingle". The signature is fluid and cursive, with the first name "Linda" and last name "Lingle" clearly distinguishable.

LINDA LINGLE

A BILL FOR AN ACT

RELATING TO HOUSING DEVELOPMENT.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:

1 SECTION 1. Section 206E-4, Hawaii Revised Statutes, is
2 amended to read as follows:

3 "**§206E-4 Powers; generally.** Except as otherwise limited
4 by this chapter, the authority may:

5 (1) Sue and be sued;

6 (2) Have a seal and alter the same at pleasure;

7 (3) Make and execute contracts and all other instruments
8 necessary or convenient for the exercise of its powers
9 and functions under this chapter;

10 (4) Make and alter bylaws for its organization and
11 internal management;

12 (5) Make rules with respect to its projects, operations,
13 properties, and facilities, which rules shall be in
14 conformance with chapter 91;

15 (6) Through its executive director appoint officers,
16 agents, and employees, prescribe their duties and
17 qualifications, and fix their salaries, without regard
18 to chapter 76;



- 1 (7) Prepare or cause to be prepared a community
2 development plan for all designated community
3 development districts;
- 4 (8) Acquire, reacquire, or contract to acquire or
5 reacquire by grant or purchase real, personal, or
6 mixed property or any interest therein; to own, hold,
7 clear, improve, and rehabilitate, and to sell, assign,
8 exchange, transfer, convey, lease, or otherwise
9 dispose of or encumber the same;
- 10 (9) Acquire or reacquire by condemnation real, personal,
11 or mixed property or any interest therein for public
12 facilities, including but not limited to streets,
13 sidewalks, parks, schools, and other public
14 improvements;
- 15 (10) By itself, or in partnership with qualified persons,
16 acquire, reacquire, construct, reconstruct,
17 rehabilitate, improve, alter, or repair or provide for
18 the construction, reconstruction, improvement,
19 alteration, or repair of any project; own, hold, sell,
20 assign, transfer, convey, exchange, lease, or
21 otherwise dispose of or encumber any project, and in
22 the case of the sale of any project, accept a purchase



- 1 money mortgage in connection therewith; and repurchase
2 or otherwise acquire any project which the authority
3 has theretofore sold or otherwise conveyed,
4 transferred, or disposed of;
- 5 (11) Arrange or contract for the planning, replanning,
6 opening, grading, or closing of streets, roads,
7 roadways, alleys, or other places, or for the
8 furnishing of facilities or for the acquisition of
9 property or property rights or for the furnishing of
10 property or services in connection with a project;
- 11 (12) Grant options to purchase any project or to renew any
12 lease entered into by it in connection with any of its
13 projects, on such terms and conditions as it deems
14 advisable;
- 15 (13) Prepare or cause to be prepared plans, specifications,
16 designs, and estimates of costs for the construction,
17 reconstruction, rehabilitation, improvement,
18 alteration, or repair of any project, and from time to
19 time to modify such plans, specifications, designs, or
20 estimates;
- 21 (14) Provide advisory, consultative, training, and
22 educational services, technical assistance, and advice



1 to any person, partnership, or corporation, either
2 public or private, [~~in order~~] to carry out the
3 purposes of this chapter, and engage the services of
4 consultants on a contractual basis for rendering
5 professional and technical assistance and advice;

6 (15) Procure insurance against any loss in connection with
7 its property and other assets and operations in such
8 amounts and from such insurers as it deems desirable;

9 (16) Contract for and accept gifts or grants in any form
10 from any public agency or from any other source;

11 (17) Do any and all things necessary to carry out its
12 purposes and exercise the powers given and granted in
13 this chapter; and

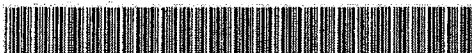
14 (18) Allow satisfaction of any affordable housing
15 requirements imposed by the authority upon any
16 proposed development project through the construction
17 of reserved housing, as defined in section 206E-101,
18 by a person on land located outside the geographic
19 boundaries of the authority's jurisdiction [~~—such~~];
20 provided that the authority shall not permit any
21 person to make cash payments in lieu of providing
22 reserved housing, except to account for any fractional



1 unit that results after calculating the percentage
2 requirement against residential floor space or total
3 number of units developed. The substituted housing
4 shall be located on the same island as the development
5 project and shall be substantially equal in value to
6 the required reserved housing units that were to be
7 developed on site. The authority shall establish the
8 following priority in the development of reserved
9 housing:

- 10 (A) Within the community development district;
11 (B) Within areas immediately surrounding the
12 community development district;
13 (C) Areas within the central urban core;
14 (D) In outlying areas within the same island as the
15 development project.

16 The Hawaii community development authority shall
17 adopt rules relating to the approval of reserved
18 housing that are developed outside of a community
19 development district. The rules shall include, but
20 are not limited to, the establishment of guidelines to
21 ensure compliance with the above priorities."



- 1 SECTION 2. Statutory material to be repealed is bracketed
2 and stricken. New statutory material is underscored.
3 SECTION 3. This Act shall take effect upon its approval.

APPROVED this day of , 2009

GOVERNOR OF THE STATE OF HAWAII

