

JAN 21 2011

S.B. NO. 903

A BILL FOR AN ACT

RELATING TO HOUSING.

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

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

13 The legislature also finds that the cost of living in
14 Hawaii has been and continues to be high. A significant
15 contributing factor to the high cost of living in Hawaii is the
16 high cost of housing. United States Department of Housing and
17 Urban Development and United States Department of Agriculture
18 housing projects are among very few low cost rental housing



1 resources available to households with incomes at or below
2 eighty per cent of the median family income, as determined by
3 the United States Department of Housing and Urban Development.

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

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

11 "§201H- Affordable rental housing development program.

12 (a) There is established the affordable rental housing
13 development program under the Hawaii housing finance and
14 development corporation.

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

17 (c) For the purposes of this section, activities eligible
18 for assistance from the affordable rental housing development
19 program shall include rehabilitation, acquisition, or
20 preservation of multifamily rental housing units for persons and
21 families with incomes at or below eighty per cent of the median



1 family income, as determined by the United States Department of
2 Housing and Urban Development.

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

9 (1) Nonprofit organizations shall be given priority to
10 take over expiring subsidy contracts; and

11 (2) Nonprofit organizations shall be given priority over
12 for-profit organizations, if federal government funds
13 are needed for the acquisition or rehabilitation of a
14 project.

15 (e) Notwithstanding any law to the contrary, any public
16 housing project that is managed with state or county funds or
17 acquired by a nonprofit organization under the requirements of
18 subsection (d) and provided to qualified tenants as rentals
19 shall remain affordable in perpetuity, subject to any
20 restrictions and conditions provided by law that are not
21 contrary to the purposes of this section; provided that in the
22 event a public housing project is redeveloped or reconstructed



1 to provide for additional new units, different target income
2 groups, or mixed use development, the number of affordable units
3 shall increase or remain the same.

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

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

13 (b) The report shall include:

14 (1) The names and addresses of any United States
15 Department of Housing and Urban Development or United
16 States Department of Agriculture rental housing
17 projects in Hawaii;

18 (2) The dates on which the rental housing projects are set
19 to expire; and

20 (3) The names and addresses of any rental housing projects
21 obtained by nonprofit organizations that have since



1 been designated affordable rental housing in
2 perpetuity.

3 SECTION 4. New statutory material is underscored.

4 SECTION 5. This Act shall take effect upon its approval.

5

INTRODUCED BY: Theranne Chun Cleveland
Carol Fuhmaga



Report Title:

Affordable Rental Housing Development Program; Housing and Urban Development

Description:

Creates the affordable rental housing development program; allows nonprofit organizations to acquire expiring US Department of Housing and Urban Development or US Department of Agriculture housing contracts and ensures the projects remain affordable rental housing in perpetuity.

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