

JAN 24 2019

A BILL FOR AN ACT

RELATING TO AFFORDABLE HOUSING.

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

1 SECTION 1. The legislature finds that the Front Street
2 Apartments project on the island of Maui provides affordable
3 housing to more than two hundred fifty low-income residents.
4 The project was developed using state financing and state tax
5 credits in 2001 as an affordable rental housing project with one
6 hundred forty-two units, and was expected to remain affordable
7 to low-income tenants for fifty years. However, the owners of
8 the project have exercised an option to remove the project from
9 the affordability requirements tied to the development of the
10 project, and this change will allow them to begin renting
11 available apartments at market rates and to raise rents for
12 existing tenants by October 2019.

13 The legislature further finds that many tenants of the
14 Front Street Apartments project were not previously aware of
15 this threat to their housing and are now worried that the
16 removal of affordability requirements could leave them homeless.
17 There is a severe shortage of affordable housing on the island



1 of Maui, especially in west Maui, and this shortage will be
2 exacerbated by the conversion of the Front Street Apartments
3 project to market-rate housing.

4 The legislature took steps to condemn the ground lease for
5 the Front Street Apartments project by enacting Act 150, Session
6 Laws of Hawaii 2018. However, the legislature believes that the
7 tenants, surrounding community, and the island of Maui would
8 further benefit if the State were to acquire the leased fee and
9 fee simple interests in the Front Street Apartments project.

10 The legislature declares that it is in the public interest
11 and is required for public use to preserve the affordable rental
12 housing project at the Front Street Apartments by exercising the
13 power of eminent domain if an agreement to transfer the property
14 to the State is not reached within a reasonable time. If the
15 State exercises eminent domain powers, the legislature further
16 declares that it is necessary to provide public financing for
17 the acquisition of any property interest in the Front Street
18 Apartments by condemnation through the expenditure of general
19 funds, revenue bonds, dwelling unit revolving funds, rental
20 housing revolving funds, or any other funds at the disposal of
21 the State.



1 The legislature finds that, by enacting Act 288, Session
2 Laws of Hawaii 2006, the State intervened to preserve affordable
3 housing at the Kukui gardens affordable rental housing project
4 on the island of Oahu, and this action provides precedent for
5 this Act and for Act 150, Session Laws of Hawaii 2018.

6 Accordingly, the purpose of this Act is to preserve the
7 Front Street Apartments project as an affordable rental housing
8 project.

9 SECTION 2. (a) The Hawaii housing finance and development
10 corporation shall immediately initiate negotiations with:

11 (1) 3900 Corporation, leasehold fee owner of the parcel
12 designated as tax map key (2) 4-5-003-013, or its
13 successor in interest; and

14 (2) Front Street Affordable Housing Partners, fee owner of
15 the parcel designated as tax map key (2) 4-5-003-014,
16 or its successor in interest,

17 to acquire each respective parcel.

18 (b) The Hawaii housing finance and development corporation
19 may partner with private for-profit or nonprofit developers for
20 the acquisition of the Front Street Apartments project; provided
21 that:



1 (1) Seventy rental units shall be retained at affordable
2 rents for households whose incomes do not exceed fifty
3 per cent of the median family income for the area as
4 determined by the United States Department of Housing
5 and Urban Development; and

6 (2) Seventy-one rental units shall be retained at
7 affordable rents for households whose incomes do not
8 exceed sixty per cent of the median family income for
9 the area as determined by the United States Department
10 of Housing and Urban Development.

11 SECTION 3. The Hawaii housing finance and development
12 corporation shall submit a report to the legislature no later
13 than twenty days prior to the convening of the regular session
14 of 2020 regarding its efforts to acquire the leased fee and fee
15 simple interests in the Front Street Apartments project.

16 SECTION 4. The Hawaii housing finance and development
17 corporation shall exercise its power of eminent domain to
18 acquire any leased fee or fee simple interest in the Front
19 Street Apartments project for which an agreement to acquire the
20 leased fee or fee simple interest is not reached within a
21 reasonable time, as determined by the corporation. For the



1 purposes of this Act, and notwithstanding any provision of
2 section 201H-13, Hawaii Revised Statutes, to the contrary,
3 condemnation of any leased fee or fee simple interest in the
4 Front Street Apartments project shall not be subject to
5 legislative disapproval.

6 SECTION 5. There is appropriated out of the general
7 revenues of the State of Hawaii the sum of \$ or so much
8 thereof as may be necessary for fiscal year 2019-2020 for the
9 purposes of this Act.

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

13 SECTION 6. This Act does not affect rights and duties that
14 matured, penalties that were incurred, and proceedings that were
15 begun before its effective date.

16 SECTION 7. If any provision of this Act, or the
17 application thereof to any person or circumstance, is held
18 invalid, the invalidity does not affect other provisions or
19 applications of the Act that can be given effect without the
20 invalid provision or application, and to this end the provisions
21 of this Act are severable.



1 SECTION 8. This Act shall take effect on July 1, 2019.

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S.B. NO. 1331

Report Title:

HHFDC; Affordable Housing; Front Street Apartments; Acquisition; Report; Appropriation

Description:

Directs the Hawaii Housing Finance and Development Corporation to immediately initiate negotiations with the owners of the Front Street Apartments affordable housing project to acquire the property. Requires the Hawaii Housing Finance and Development Corporation to exercise its power of eminent domain if an agreement with the owners cannot be reached within a reasonable time. Requires report to Legislature. Appropriates funds.

The summary description of legislation appearing on this page is for informational purposes only and is not legislation or evidence of legislative intent.

