

DEPARTMENT OF BUSINESS, ECONOMIC DEVELOPMENT AND
TOURISM

Repeal of Chapter 15-22 and Adoption of Chapter 15-218
Hawaii Administrative Rules

September 14, 2011

SUMMARY

Chapter 218 of Title 15, Hawaii Administrative Rules, entitled "Kakaako Reserved Housing Rules" is adopted.

HAWAII ADMINISTRATIVE RULES

TITLE 15

DEPARTMENT OF BUSINESS, ECONOMIC DEVELOPMENT, AND
TOURISM

SUBTITLE 4

HAWAII COMMUNITY DEVELOPMENT AUTHORITY

CHAPTER 218

KAKAAKO RESERVED HOUSING RULES

Subchapter 1 General Provisions

- §15-218-1 Purpose and intent
- §15-218-2 Administration
- §15-218-3 Severability
- §15-218-4 Interpretation by the executive
director
- §15-218-5 Definitions
- §§15-218-6 to 15-218-16 Reserved

Subchapter 2 Reserved Housing Requirements

- §15-218-17 Requirement for reserved housing
units
- §15-218-18 Adjustments to height, density, and
general development requirements
for reserved housing units
- §§15-218-19 to 15-218-28 Reserved

Subchapter 3 Sale and Rental of Reserved
Housing Units

- §15-218-29 Purpose
- §15-218-30 Qualifications for reserved housing

§15-218-1

§15-218-31 Sale and rental of reserved housing units
§15-218-32 Income
§15-218-33 Occupancy requirements
§15-218-34 Affordability criteria
§15-218-35 Term of reserved housing requirements
§15-218-36 First option to purchase
§15-218-37 Sale or transfer of reserved housing units
§15-218-38 Foreclosure
§15-218-39 Transfers of title pursuant to a mortgage foreclosure
§15-218-40 Incorporation in deed
§15-218-41 Equity sharing requirements
§15-218-42 Deferral of equity sharing
§15-218-43 Effects of subsequent rule amendments
§§15-218-44 to 15-218-54 Reserved

Subchapter 4 Workforce Housing Project(s)

§15-218-55 Workforce housing project(s)
§§15-218-56 to 15-218-66 Reserved

Historical note: Chapter 15-218 is based substantially upon Chapter 15-22. [Eff 9/8/86, 1/28/88, 7/28/88, 12/10/88, 3/9/89, 7/8/89, 10/28/89, 1/29/90, 2/24/90, 7/26/90, 9/15/90, 10/3/94, 12/15/94, 8/14/95, 11/25/96, 1/25/97, 3/27/97, 6/13/97, 8/1/97, 9/19/97, 8/16/99, 1/13/00, 9/15/01, 6/13/05,]

SUBCHAPTER 1

GENERAL PROVISIONS

§15-218-1 Purpose and intent. Consistent with the intent of section 206E-33, Hawaii Revised Statutes, the purpose of these rules is to establish

an increased supply of housing for residents of low- or moderate-income within the Kakaako community development district. Such low- or moderate-income housing, henceforth termed "reserved housing" in the subsequent subchapters shall be required as a condition of new residential development or redevelopment within the Kakaako community development district. [Eff NOV 11 2011] (Auth: HRS §§206E-4, 206E-5, 206E-7) (Imp: HRS §§206E-4, 206E-5, 206E-7)

§15-218-2 Administration. The authority, through its executive director, shall administer the provisions of this chapter. [Eff NOV 11 2011] (Auth: HRS §§206E-4, 206E-5, 206E-7) (Imp: HRS §§206E-4, 206E-5, 206E-7)

§15-218-3 Severability. If a court of competent jurisdiction finds any provision or provisions of this chapter to be invalid or ineffective in whole or in part, the effect of that decision shall be limited to those provisions which are expressly stated in the decision to be invalid or ineffective, and all other provisions of these rules shall continue to be separately and fully effective. [Eff NOV 11 2011] (Auth: HRS §§206E-4, 206E-5, 206E-7) (Imp: HRS §§206E-4, 206E-5, 206E-7)

§15-218-4 Interpretation by the executive director. (a) In administering this chapter, the executive director may, when deemed necessary, render written interpretations to clarify or elaborate upon the meaning of specific provisions of this chapter for intent, clarity and applicability to a particular situation.

(b) A written interpretation shall be signed by the executive director and include the following:

- (1) Identification of the section of this chapter in question;
- (2) A statement of the problem;

- (3) A statement of interpretation; and
 - (4) A justification statement.
- (c) A written interpretation issued by the executive director shall be the basis for administering and enforcing the pertinent section of this chapter. All written interpretations rendered pursuant to these rules shall be public record, and shall be effective on the date signed by the executive director. [Eff NOV 11 2011] (Auth: HRS §§206E-4, 206E-5, 206E-7) (Imp: HRS §§206E-4, 206E-5, 206E-7)

§15-218-5 Definitions. As used in this chapter, the following words and terms shall have the following meanings unless the context shall indicate another or different meaning or intent:

"Area median income" means area median income (AMI) for Honolulu that is provided to Fannie Mae by the Federal Housing Finance Agency;

"Authority" or "HCDA" means the Hawaii community development authority established by section 206E-3, HRS;

"Developer" means a private person or an entity who has legal rights to perform or cause to be performed any man-made change over, upon, under, or across improved or unimproved real property within the mauka area;

"Eligible borrower" means any person or family, irrespective of race, creed, national origin, or sex, who:

- (1) Has never before obtained a loan under this part; and
- (2) Meets other qualifications as established by rules adopted by the authority;

"Executive director" means the executive director of the authority;

"Floor area ratio" or "FAR" means the ratio of floor area to land area expressed as a per cent or decimal which shall be determined by dividing the total floor area on a development lot by the lot area of that development lot;

"Household income" means the total income, before taxes and personal deductions, received by all members of the applicant's household, including, but not limited to, wages, social security payments, retirement benefits, unemployment benefits, welfare benefits, interest and dividend payments;

"HRS" means the Hawaii Revised Statutes;

"Land trust" means a recorded instrument as defined in chapter 558, HRS;

"Licensed life care facilities" means licensed assisted living facilities as defined in section 321-15.1, HRS;

"Multi-family dwelling" means residential building consisting of more than one residential unit;

"Net appreciation" means the resale fair market value of a reserved housing unit less the original contract price of the same and actual sales costs incurred, if any;

"Reserved housing" means housing designated for residents in the low-income or moderate-income ranges who meet such eligibility requirements as the authority may adopt by rule;

"Residential floor area" means the gross total residential floor area including the dwelling unit(s) and limited common areas such as lobby, hallways, storage, covered recreation area, and similar areas set aside for the residents; and

"Workforce housing project" means new residential project(s) where at least seventy-five per cent of the residential units are set aside for purchase by families earning between one hundred to one hundred forty per cent of the AMI, which does not require financial assistance for construction from Federal, State, or County governmental bodies, and which meets the size requirements set forth in subchapter 4 of this chapter. [Eff NOV 11 2011] (Auth: HRS §§206E-4, 206E-5, 206E-7) (Imp: HRS §§206E-4, 206E-5, 206E-7)

§§15-218-6 to 15-218-16 (Reserved).

SUBCHAPTER 2

RESERVED HOUSING REQUIREMENTS

§15-218-17 Requirement for reserved housing units. (a) Every developer applying for a development permit for approval to construct multi-family dwelling units on a lot greater than 20,000 gross square feet shall construct and reserve at least twenty per cent of the total residential floor area as reserved housing units. The percentage of residential floor area developed as reserved housing shall be fifteen per cent if the units are developed as rental units.

(b) Such reserved housing units shall be sold or rented to persons qualifying under the terms and conditions set forth under subchapter 3. The developer shall execute agreements with the HCDA as are appropriate to conform to this requirement, and such agreements shall be binding upon the developer and any successors in interest, and shall run with the land. The agreement shall provide that the developer must provide certification to the authority as to the compliance of the requirements herein to qualify for a certificate of occupancy for the project for which provisions of this chapter are applicable.

(c) Occupants of reserved housing units shall have access to and use privileges for the same amenities as all other occupants of the development. Reserved housing units shall be distributed in the building in such a manner that they do not form an isolated section of the project.

(d) If the authority so determines, it may allow the developer to meet the requirement of subsection (a) above through the following alternatives instead of providing reserved housing units within the development:

- (1) By providing such reserved housing units elsewhere within the mauka area; or
- (2) By providing such reserved housing units elsewhere within urban Honolulu. The

authority may impose additional reserved housing requirements in approving transfer of reserved housing from mauka area to other locations within urban Honolulu. Such additional reserved housing requirements shall be determined on a case-by-case basis by the authority at the time of approval of the development permit.

(e) The delivery of reserved housing units shall be required prior to the issuance of the initial certificate of occupancy for the project for which provision of this chapter are applicable and shall be secured by the developer with a financial guaranty bond from a surety company authorized to do business in Hawaii, an acceptable construction set-aside letter, or other financial instruments acceptable to the authority prior to the approval of the building permit by the authority.

(f) The developer shall execute such agreements as are necessary to implement any alternative requirement, and such agreements shall be binding upon the developer and any successors in interest, and shall run with the land.

(g) Licensed life care facilities shall be exempt from the reserved housing requirement. In a proposed development that includes licensed life care facilities as well as residential dwelling units, the reserved housing requirements shall apply only to the residential dwelling portion of the development.

(h) No construction shall commence for any development within the mauka area on a lot greater than 20,000 square feet unless the development conforms to the provisions of this chapter and the authority has certified that the development complies with the requirements of this chapter.

(i) The authority may require guarantees, may enter into recorded agreements with developers and with purchasers and tenants of the reserved housing units, and may take other appropriate steps necessary to assure that these housing units are provided and that they are occupied by qualified persons for the required duration.

(j) The authority may suspend these requirements for reserved housing for a limited duration, if, in its sole judgment, it determines that these requirements may unduly impede, preclude, or otherwise negatively impact the primary objective of the authority to promote redevelopment within the Kakaako community development district.

(k) When it has been assured to the satisfaction of the authority and it has determined that the proposed development meets the requirements and standards of this section, the authority shall certify the development permit application approved as to the reserved housing requirements of this chapter. [Eff NOV 11 2011] (Auth: HRS §§206E-4, 206E-5, 206E-7) (Imp: HRS §§206E-4, 206E-5, 206E-7)

§15-218-18 Adjustments to height, density, and general development requirements for reserved housing units. (a) Except as otherwise provided, any developer who applies for a development permit proposing a multi-family residential development on a lot greater than 20,000 square feet who meets applicable provisions of this chapter shall be entitled to adjustments in FAR and general development requirements as follows:

- (1) Residential floor area for reserved housing shall be excluded from calculations of floor area ratio;
- (2) Residential floor area for reserved housing shall be exempt from the provisions of Hawaii administrative rules, section 15-217-65; and
- (3) For reserved housing units, the off-street parking space requirement shall be one stall per unit.

(b) The authority may also consider modifying the following requirements of the mauka area rules as an incentive to providing additional reserved housing by an applicant:

- (1) Building height;
- (2) Street setbacks; and

- (3) Loading space. [Eff NOV 11 2011] (Auth: HRS §§206E-4, 206E-5, 206E-7) (Imp: HRS §§206E-4, 206E-5, 206E-7)

§§15-218-19 to 15-218-28 (Reserved).

SUBCHAPTER 3

SALE AND RENTAL OF RESERVED HOUSING UNITS

§15-218-29 Purpose. The rules set forth in this subchapter shall govern the sale, rental or transfer of reserved housing provisions of subchapter 2. [Eff NOV 11 2011] (Auth: HRS §§206E-4, 206E-5, 206E-7) (Imp: HRS §§206E-4, 206E-5, 206E-7)

§15-218-30 Qualifications for reserved housing. The following shall be qualifications for purchasing or leasing of reserved housing units by a buyer or a tenant. The buyer or the tenant:

- (1) Shall be at least the age of majority;
- (2) Shall not have a majority interest in a principal residence or a beneficial interest in a land trust on a principal residence within or without the State for a period of three years immediately prior to the date of application for a reserved housing unit under this section;
- (3) Shall not have a spouse or dependent child who has a majority interest, in a principal residence or a beneficial interest in a land trust on a principal residence for a period of three years immediately prior to the date of application for a reserved housing unit under this section;
- (4) Shall be the owner or lessee and occupant of the reserved housing unit; and

- (5) Shall not have a record or history of conduct or behavior, including past rent payments, which may prove detrimental to other tenants or the authority. This criterion shall be applied within parameters set by federal laws on discrimination, including the Americans with Disabilities Act. [Eff NOV 11 2011] (Auth: HRS §§206E-4, 206E-5, 206E-7) (Imp: HRS §§206E-4, 206E-5, 206E-7)

§15-218-31 Sale and rental of reserved housing units. (a) The authority may advertise the sale or rental of reserved housing units and qualify and select persons for reserved housing units. It may also permit the developer of such units, or the developer's designated representative, to be responsible for advertising, qualifying, and selecting persons subject to the provisions of this chapter.

(b) Applications for the purchase or rental of reserved housing units shall be accepted on a first-come, first-served or on a lottery basis. The applications shall be submitted in person by the applicant. Only completed applications shall be acceptable. Applicants shall not be required to submit a deposit amount exceeding \$500.

(c) Notice of the proposed sale or rental of reserved housing units shall be published in a newspaper of general circulation on two separate days. The notice shall include, but not be limited to, the following:

- (1) General description of the project in which the reserved housing units are located including its location, number of reserved housing units, size of the reserved housing units by number of bedrooms, and sales prices or rental rates;
- (2) Qualification requirements for purchase of reserved housing units including maximum income limits, restrictions on ownership of property, the authority's first option to

- purchase and shared equity requirements for reserved housing units for sale, and permissible household sizes;
- (3) A statement that buyers or renters shall be selected on a first-come, first-served or on a lottery basis, whichever is applicable;
 - (4) Where and when applications may be obtained and the first date, including time and place, when applications will be accepted, and subsequent dates, times, and places for submission of applications;
 - (5) Deadline for submission of applications; and
 - (6) In the case of a reserved housing unit for sale, the deposit amount and mode of acceptable payment.

The time period between publication of the notice and the first acceptance of applications shall not be less than fourteen business days. The period shall be computed from the first day of publication of the notice.

(d) Priority shall be given to applicants who have been displaced from housing as a result of development in the mauka area.

(e) Applicants shall be allowed to select a reserved housing unit based on maximum income limits, qualifying income, preference, permissible household sizes, and availability of the reserved housing unit.

(f) In the event the developer, or the developer's designated representatives have accepted and processed applications and selected applicants for reserved housing units, a certification shall be submitted to the authority that the selection was made on a first-come, first-served or a lottery basis. Applicants shall be listed in the order in which the applications were accepted and the list shall be available for inspection by the authority. The final applications for those persons selected shall be made available to the authority and the authority shall review the applications to ensure that the applicants meet the eligibility requirements established under this chapter.

(g) Reserved housing applicants shall provide financial and family information with the reserved housing application.

(h) The authority may also require applicants to provide documentation to verify information submitted to the authority, including but not limited to:

- (1) Asset verification;
- (2) Verification of deposit;
- (3) Verification of employment; and
- (4) Credit bureau report. An applicant found to have willfully submitted false information, made misstatements, or withheld important information shall be disqualified from purchasing or renting a reserved housing unit under this chapter. The authority retains its right to recover any money wrongfully gained by the applicant or to any other recourse provided by law.

[Eff NOV 11 2011] (Auth: HRS §§206E-4, 206E-5, 206E-7) (Imp: HRS §§206E-4, 206E-5, 206E-7)

§15-218-32 Income. (a) The household income of the applicant shall not exceed one hundred forty per cent of the area median income (AMI) as determined by the United States Department of Housing and Urban Development.

(b) The adjusted household income shall be the income earned during the most current calendar year preceding the date of application to purchase or rent a reserved housing unit and shall be verified by submittal of most current state or federal tax returns.

(c) The assets of the applicant shall not exceed one hundred thirty-five per cent of the applicable income limit set forth in subsection (a) above. As used herein, assets include, all cash, securities and real and personal property at current fair market value, less any outstanding liabilities secured by such assets. [Eff NOV 11 2011] (Auth: HRS §§206E-4, 206E-5, 206E-7) (Imp: HRS §§206E-4, 206E-5, 206E-7)

§15-218-33 Occupancy requirements. (a) The following are occupancy requirements for reserved housing units:

- (1) Applicants for reserved housing shall certify that, if selected, all applicants will be occupants of the reserved unit;
- (2) The purchaser or lessee shall physically occupy the reserved unit; and
- (3) The city and county of Honolulu maximum occupancy limits for a residential dwelling unit shall apply.

(b) Violation of subsection (a) shall be sufficient reason for the authority, at its option, to purchase the unit as provided in section 15-218-36 or evict the renter from the unit, as applicable.

(c) Any deed, lease, agreement of sale, mortgage, or other instrument of conveyance issued by the authority shall expressly contain the restrictions on use prescribed in this section.

(d) The restriction prescribed in subsection (a) above shall not apply if the authority waives its option to purchase the reserved housing unit or subsequent to the expiration of the option to purchase period. [Eff NOV 11 2011] (Auth: HRS §§206E-4, 206E-5, 206E-7) (Imp: HRS §§206E-4, 206E-5, 206E-7)

§15-218-34 Affordability criteria. (a) The following criteria shall be used in determining price and income equivalencies of units for sale:

- (1) Down payment amount shall not exceed ten per cent of the purchase price;
- (2) Monthly payments, which consist of principal and interest, real property taxes, insurance, and fees and costs required by the bylaws of a condominium property regime, shall not exceed thirty-three per cent of gross monthly income or some other percentage approved by the United States Department of Housing and Urban Development; and

(3) Interest rate shall be derived by taking the average of the interest rate on thirty year fixed rate mortgages posted for major Honolulu banks in the first week of each of the preceding six months.

(b) The following criteria shall be used in determining price and income equivalencies of units for rent: monthly rent and all utilities and other building operating costs (excluding telephone, cable television and internet service) shall not exceed thirty-three per cent of the renter's gross monthly income. [Eff NOV 11 2011] (Auth: HRS §§206E-4, 206E-5, 206E-7) (Imp: HRS §§206E-4, 206E-5, 206E-7)

§15-218-35 Term of reserved housing requirements. (a) The regulated term for reserved housing units that are for sale shall be five years from the date of issuance of certificate of occupancy. Reserved housing rental units shall be regulated for fifteen years. The authority may suspend or modify regulated term and qualifying income requirements on a project by project basis, if, in its sole judgment, it determines that these requirements are negatively impacting the sale or rental of reserved housing units as the primary objective of the authority to promote redevelopment within the Kakaako community development district.

(b) During the regulated term, a reserved unit owner shall not purchase additional limited common elements or personal property.

(c) During the regulated term, the executive director shall approve any initial or subsequent mortgage placed on a reserved unit which does not exceed eighty per cent of the original purchase price of the unit.

(d) After the end of the regulated term, the owner may sell the unit or assign the property free from any transfer or price restrictions except for applicable equity sharing requirements set forth in

section 15-218-41. [Eff NOV 11 2011] (Auth: HRS §§206E-4, 206E-5, 206E-7) (Imp: HRS §§206E-4, 206E-5, 206E-7)

§15-218-36 First option to purchase. If the owner of a reserved housing unit wishes to sell the unit during the regulated term, the authority or an entity approved by the authority shall have the first option to purchase the unit. The purchase price shall be based on the lower of:

- (1) The current fair market price of the reserved housing unit as determined by the authority less the authority's share of equity in the unit as determined by section 15-218-42; or
- (2) The reserved housing unit price calculated based on the AMI at the time of sale of the unit. [Eff NOV 11 2011] (Auth: HRS §§206E-4, 206E-5, 206E-7) (Imp: HRS §§206E-4, 206E-5, 206E-7)

§15-218-37 Sale or transfer of reserved housing units. Sale or transfer of reserved housing units during the regulated term shall be as follows:

- (1) The authority or an entity approved by the authority shall have the first option to purchase the unit in the manner indicated in section 15-218-36;
- (2) The owner shall notify the authority in writing of the intent to sell the reserved housing unit;
- (3) The authority shall notify the owner of its decision within sixty days of receipt of the owner's notification required in subsection (a) (2) above. The authority may:
 - (A) Wave its option to purchase the unit,
 - (B) Agree to purchase the unit, or
 - (C) Designate another buyer for the unit;
- (4) If the authority fails to notify the owner of a decision in the manner prescribed in

subsection (a)(3), the authority shall have waived its first option to purchase the unit;

- (5) The authority may purchase the unit either outright, free and clear of all liens and encumbrances; or by transfer subject to an existing mortgage. If by outright purchase, the authority shall ensure that all existing mortgages, liens, and encumbrances are satisfactorily paid by the owner; and
- (6) In any purchase by transfer subject to an existing mortgage, the authority shall agree to assume and to pay the balance on any first mortgage created for the purpose of enabling the owner to obtain funds for the purchase of the unit and any other mortgages which were created with the approval and consent of the authority. In these cases, the amount to be paid to the owner by the authority shall be the difference between the price as determined in section 15-218-36 (1) or (2) and the principal balance of all mortgages outstanding and assumed at the time of transfer of title to the authority.
[Eff NOV 11 2011] (Auth: HRS §§206E-4, 206E-5, 206E-7) (Imp: HRS §§206E-4, 206E-5, 206E-7)

§15-218-38 Foreclosure. In the event of a foreclosure, any law to the contrary notwithstanding, a mortgagee under a mortgage covering a reserved housing unit and land or leasehold interest subject to the restrictions of sections 15-218-35, 15-218-36, and 15-218-37, shall, prior to commencing mortgage foreclosure proceedings, notify the authority of (1) any default of the mortgagor under the mortgage within ninety days after the occurrence of the default; and (2) any intention of the mortgagee to foreclose the mortgage under chapter 667, HRS. The authority shall be a party to any foreclosure action, and shall be entitled to all proceeds remaining in excess of all

customary and actual costs and expenses of transfer pursuant to default, including liens and encumbrances of record. The person in default shall be entitled to any amount remaining provided the amount shall not exceed the lower of the amounts computed in section 15-218-35. [Eff NOV 11 2011] (Auth: HRS §§206E-4, 206E-5, 206E-7) (Imp: HRS §§206E-4, 206E-5, 206E-7)

§15-218-39 Transfers of title pursuant to a mortgage foreclosure. The conditions prescribed in sections 15-218-35, 15-218-36, and 15-218-37(a) (1) through (6) above shall be automatically extinguished and shall not attach to subsequent transfers of title pursuant to a mortgage foreclosure, foreclosure under power of sale, or a conveyance in lieu of foreclosure after a foreclosure action is commenced. [Eff NOV 11 2011] (Auth: HRS §§206E-4, 206E-5, 206E-7) (Imp: HRS §§206E-4, 206E-5, 206E-7)

§15-218-40 Incorporation in deed. The provisions of sections 15-218-35 through 15-218-37, and section 15-218-41 shall be incorporated in any deed, lease, mortgage, agreement of sale, or other instrument of conveyance for reserved housing units. [Eff NOV 11 2011] (Auth: HRS §§206E-4, 206E-5, 206E-7) (Imp: HRS §§206E-4, 206E-5, 206E-7)

§15-218-41 Equity sharing requirements. (a) The authority's share of the equity in the reserved housing unit shall become due upon resale of the reserved housing unit.

(b) The authority's share of the equity in the reserved housing unit shall be the higher of:

- (1) An amount equal to the difference between the original fair market price of the unit as determined by the authority and its original sales contract price; or
- (2) An amount equivalent to the percentage of net appreciation calculated as the

difference between the original fair market price of the unit as determined by the authority and its original contract price divided by the original fair market price of the unit.

(c) At its sole discretion, the authority may allow the project developer to buy out the shared appreciation provisions for all or a portion of the reserved housing units by making a cash payment to the authority of an amount equal to the amount for equity sharing calculated in subsection (b) above.

(d) The owner of the reserved housing unit shall provide financial documents acceptable to the authority before the cost of improvements made by the owner can be deducted from the sale price.

(e) The authority shall determine the fair market value of the reserved housing unit at the time of original sale and also at the time of resale.

(f) The resale price and terms shall be approved by the authority. [Eff NOV 11 2011] (Auth: HRS §§206E-4, 206E-5, 206E-7) (Imp: HRS §§206E-4, 206E-5, 206E-7)

§15-218-42 Deferral of equity sharing. The authority may consider deferring the equity sharing in case an owner of a reserved housing unit wishes to transfer title to the unit by devise or through the laws of descent to a family member who would otherwise qualify for purchase of a reserved housing unit under this chapter. [Eff NOV 11 2011] (Auth: HRS §§206E-4, 206E-5, 206E-7) (Imp: HRS §§206E-4, 206E-5, 206E-7)

§15-218-43 Effects of subsequent rule amendments. (a) In the case of subsequent rule amendments, reserved housing owners shall be permitted at their election to:

- (1) Remain subject to the rules in effect at the time of the purchase of the unit, or

(2) Be governed by the amended rules.

(b) The authority, or any other entity that the authority transfers the reserved housing to shall notify all reserved housing owners of any change made by law, ordinance, rule or regulation within one hundred eighty days of such changes. Such notice shall clearly state the enacted or proposed new provisions, the date upon which they are to be effective and offer to each owner of reserved housing units constructed and sold prior to the effective date, an opportunity to be governed by such new provision.

(c) No reserved housing unit owner shall be entitled to modify the restrictions or conditions on use, transfer, or sale of the reserved housing unit, without the written permission of the holder of a duly-recorded first mortgage on the unit and the owner of the fee simple or leasehold interest in the land underlying the unit.

(d) This section shall apply to all reserved housing units developed, constructed and sold pursuant to this chapter. [Eff NOV 11 2011] (Auth: HRS §§206E-4, 206E-5, 206E-7) (Imp: HRS §§206E-4, 206E-5, 206E-7)

§§15-218-44 to 15-218-54 (Reserved).

SUBCHAPTER 4

WORKFORCE HOUSING PROJECT(S)

§15-218-55 Workforce housing project(s). (a) New residential project(s) where at least seventy-five per cent of the residential units are set aside for purchase by families earning between one hundred to one hundred forty per cent of the AMI, which does not require financial assistance for construction from Federal, State, or County governmental bodies, and which meets the following unit size requirements shall qualify as a workforce housing project.

Unit Type	Maximum Unit Size (Square Feet)
Studio with one bathroom	500
One bedroom with one bathroom	650
Two bedroom with one bathroom	800
Two bedroom with one and a half bathroom	900
Two bedroom with two bathroom	1,000
Three bedroom with one and a half bathroom	1,100
Three bedroom with two bathroom	1,200
Four bedroom with two bathroom	1,300

(b) Workforce housing project(s) shall be exempt from the requirements of sections 15-218-35, 15-218-36, and 15-218-41 of subchapter 3 of this chapter.

(c) Workforce housing projects shall not be used to satisfy the reserved housing requirement(s) for any residential project(s) that are required to provide reserved housing in accordance with subchapter 2.

(d) Workforce housing project(s) shall receive a floor area bonus of one hundred per cent, provided that such bonus floor area shall be used towards the construction of workforce housing project(s) only.

(e) In approving development permit for a qualified workforce housing project the authority may consider modification(s) to the provisions of Hawaii administrative rules, chapter 217, title 15, mauka area rules.

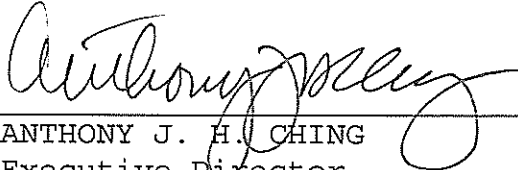
(f) Workforce housing projects shall be exempt from the provisions of Hawaii administrative rules, section 15-217-65. [Eff NOV 11 2011] (Auth: HRS §§206E-4, 206E-5, 206E-7) (Imp: HRS §§206E-4, 206E-5, 206E-7)

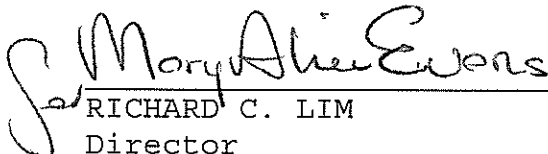
§§15-218-56 to 15-218-66 (Reserved).

DEPARTMENT OF BUSINESS, ECONOMIC DEVELOPMENT AND TOURISM

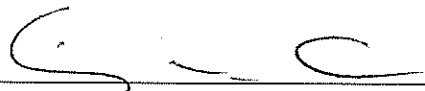
The repeal of chapter 15-22, Hawaii Administrative Rules, and the adoption of chapter 15-218, Hawaii Administrative Rules, on the Summary Page dated September 14, 2011, were adopted on September 14, 2011, following public hearings held on May 18, 2011 and September 14, 2011, after public hearing notices were given in the Honolulu Star Advertiser, Hawaii Tribune-Herald, The Maui News, West Hawaii Today, and The Garden Island, on April 16, 2011 and August 14, 2011, respectively.


The repeal of chapter 15-22, Hawaii Administrative Rules, and the adoption of chapter 15-218, Hawaii Administrative Rules, shall take effect ten days after filing with the Office of the Lieutenant Governor.


ANTHONY J. H. CHING
Executive Director
Hawaii Community Development
Authority


RICHARD C. LIM
Director
Department of Business,
Economic Development, and
Tourism

APPROVED AS TO FORM:


Deputy Attorney General


NEIL ABERCROMBIE
Governor
State of Hawaii

Date:

10.31.11

Filed

