
A BILL FOR AN ACT

RELATING TO HOUSING.

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

1 SECTION 1. Chapter 201H, Hawaii Revised Statutes, is
2 amended by adding five new sections to be appropriately
3 designated and to read as follows:
4 "§201H- Purpose of the elderly housing renovation
5 revolving loan fund; findings and determinations. The
6 legislature finds that many elderly persons on fixed incomes own
7 older dwellings that require renovations to be brought into
8 compliance with existing building, electrical, and plumbing
9 codes. These renovations are costly and, if required to be paid
10 immediately, largely unaffordable for many elderly persons on
11 fixed incomes. However, the legislature finds that the cost of
12 these essential residential renovations is far less than the
13 alternative of institutional care for the elderly. The
14 legislature further finds that assisting elderly residents in
15 making essential residential repairs provides a mechanism to
16 keep the State's housing inventory in compliance with current
17 building, electrical, and plumbing codes.



1 It is the purpose of the elderly housing renovation
2 revolving loan fund program to assist elderly persons on fixed
3 incomes by making affordable loans available for necessary
4 renovations to their residences to enable them to live in safe
5 dwelling and maintain an independent lifestyle.

6 §201H- Elderly housing renovation revolving loan fund.

7 (a) There is created an elderly housing renovation revolving
8 loan fund, to be administered by the administration as a
9 separate fund from the other funds under this chapter. The
10 revolving loan fund shall provide low interest loans to eligible
11 elderly persons on fixed incomes to make renovations for the
12 purposes of elderly housing renovation revolving loan fund
13 program; provided that the maximum loan shall be \$ per
14 residence occupied by one or more eligible elderly persons on a
15 fixed income.

16 (b) Loans provided under the elderly housing renovation
17 revolving loan fund program shall be used by loan recipients to
18 renovate the dwelling in which the recipient is domiciled to
19 remediate unsafe living conditions, bring the dwelling into
20 compliance with current building, electrical, or plumbing codes,
21 or any combination thereof.



1 (c) Any funds appropriated for the purpose of the elderly
 2 housing renovation revolving loan fund and all moneys received
 3 or collected by the administration for the purpose of the
 4 revolving loan fund shall be used for loans under the elderly
 5 housing renovation revolving loan fund program; provided that
 6 interest earned on funds appropriated for the elderly housing
 7 renovation revolving loan fund may be used by the administration
 8 for administrative purposes.

9 **§201H- Program administration.** (a) The administration,
 10 in administering the elderly housing renovation revolving loan
 11 fund program, shall establish the terms and conditions,
 12 maturities, interest rates, collateral, monetary penalties, and
 13 other requirements for loans; provided that in addition to any
 14 other qualifications the administration may impose under this
 15 program:

16 (1) An applicant, or at least one of the applicants in the
 17 case of a married couple or parties to a reciprocal
 18 beneficiary relationship, shall be not less than
 19 fifty-five years of age at the time of the loan
 20 application;

21 (2) The annual gross income of the applicant shall not
 22 exceed \$ _____, for a single applicant, or

1 \$ _____, in the case of a married couple or parties
2 to a reciprocal beneficiary relationship;

3 (3) The applicant, or at least one of the applicants in
4 the case of a married couple or parties to a
5 reciprocal beneficiary relationship, shall have
6 resided continuously within the dwelling for which the
7 loan is being applied for at least _____ years
8 immediately preceding the date of the loan
9 application; and

10 (4) The applicant or applicants agree as part of the terms
11 of the loan agreement to continue to reside in the
12 renovated dwelling for at least _____ years after
13 completion of the renovation, beginning from the date
14 the administration determines the renovations have
15 been completed.

16 (b) Any person who fails to meet the requirement of
17 subsection (a) (4) shall be subject to a penalty equal to the
18 compounded difference between the interest rate charged by the
19 corporation under the elderly housing renovation revolving fund
20 loan program and the average of the interest rate for a similar
21 loan charged by the three largest banks chartered to do business
22 in the State at the time the loan provided under this program

1 was approved. The administration shall impose the penalty on a
2 person who receives loan funds under this program if the person,
3 prior to expiration of the period established under subsection
4 (a) (4), vacates or sells the person's interest in a dwelling
5 renovated with moneys obtained under this program. The
6 administration may waive the penalty authorized under this
7 subsection for good cause shown.

8 (c) The administration may take all necessary actions to
9 collect any delinquent amounts in the event of a default on the
10 payment of any installment of principal or interest on any loans
11 made from the elderly housing renovation revolving loan fund and
12 to otherwise secure the loans in a manner that affords
13 reasonable protection of the State's resources. The
14 administration may enter into agreements with or purchase
15 services required for the purposes of this revolving fund loan
16 program from any state or national bank authorized to accept or
17 hold deposits in the State.

18 §201H- Rules. The administration, in consultation with
19 the appropriate county agencies with jurisdiction over building,
20 electrical, and plumbing codes, shall adopt rules in accordance
21 with chapter 91 with respect to the administration of this
22 program and the elderly housing renovation revolving loan fund.



1 §201H- Additional powers. The powers conferred upon the
 2 administration by the elderly housing renovation revolving fund
 3 loan program shall be in addition and supplemental to the powers
 4 conferred upon it by any other law, and nothing herein shall be
 5 construed as limiting any powers, rights, privileges, or
 6 immunities so conferred upon it."

7 SECTION 2. There is appropriated out of the general
 8 revenues of the State of Hawaii the sum of \$, or so
 9 much thereof as may be necessary for fiscal year 2006-2007, for
 10 deposit into the elderly housing renovation revolving loan fund
 11 established under section 1 of this Act.

12 SECTION 3. The sum appropriated shall be expended by the
 13 Hawaii housing finance and development administration for the
 14 purposes of this Act.

15 SECTION 4. This Act shall take effect on July 1, 2006.

16 INTRODUCED BY: Kameo Juma

Auni A. Arakaki
Chieff
John M. ...

Mele Carroll
Rick T. ...
...
...

HB 2598

Report Title:

Low Interest Loan Program; Elderly Housing Renovations

Description:

Establishes a low interest loan program for persons who are at least 55 years of age and who meet income and occupancy qualifications to fix unsafe living conditions and to bring dwellings into compliance with building, electrical, and plumbing codes.

