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# 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- Elderly housing renovation revolving loan fund;  
5 purpose; findings and determinations. The legislature finds  
6 that many elderly persons on fixed incomes own older dwellings  
7 that require renovations to be brought into compliance with  
8 existing building, electrical, and plumbing codes. These  
9 renovations are costly and, if required to be paid immediately,  
10 largely unaffordable for many elderly persons on fixed incomes.  
11 However, the legislature finds that the cost of these essential  
12 residential renovations is far less than the alternative of  
13 institutional care for the elderly. The legislature further  
14 finds that assisting elderly residents in making essential  
15 residential repairs provides a mechanism to keep the state's  
16 housing inventory in compliance with current building,  
17 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 the 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 the 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          administration under the elderly housing renovation revolving  
20          loan fund program and the average of the interest rate for a  
21          similar loan charged by the three largest banks chartered to do  
22          business in the state at the time the loan provided under this

1 program was approved. The administration shall impose the  
2 penalty on a person who receives loan funds under this program  
3 if the person, prior to expiration of the period established  
4 under subsection (a) (4), vacates or sells the person's interest  
5 in a dwelling renovated with moneys obtained under this program.  
6 The 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 loan fund  
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 loan  
3 fund 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        The sum appropriated shall be expended by the Hawaii  
13 housing finance and development administration for the purposes  
14 of this Act.

15        SECTION 3. New statutory material is underscored.

16        SECTION 4. This Act shall take effect on July 1, 2020.



**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. (HB2598 HD1)

