

H.B. NO. 2357

A BILL FOR AN ACT

RELATING TO THE STATE RENT SUPPLEMENT PROGRAM.

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

1 SECTION 1. Section 201G-231, Hawaii Revised Statutes, is
2 amended to read as follows:

3 "~~[+]§201G-231[+]~~ **Rent supplements.** The corporation is
4 authorized to make, and contract to make, annual payments to a
5 "housing owner" on behalf of a "qualified tenant", as those
6 terms are defined in this subpart, in such amounts and under
7 such circumstances as are prescribed ~~[in or pursuant to this~~
8 ~~subpart. No payment on behalf of a qualified tenant shall~~
9 ~~exceed a segregated amount of \$160 a month.]~~ by the corporation
10 pursuant to rules adopted by the corporation."

11 SECTION 2. Section 201G-232, Hawaii Revised Statutes, is
12 amended to read as follows:

13 "**§201G-232 Housing owner defined.** As used in this
14 subpart, the term "housing owner" means:

15 (1) A private nonprofit corporation or other private
16 nonprofit legal entity, a limited dividend corporation
17 or other limited dividend legal entity, or a
18 cooperative housing corporation, that is a mortgagor

1 under section 202, 207, 213, 221(d)(3), 221(d)(5), or
2 231 of the National Housing Act, as amended, or that
3 conforms to the standards of those sections but that
4 is not a mortgagor under those sections or any other
5 private mortgagor under the National Housing Act, as
6 amended, for very low income, low-income, or moderate-
7 income family housing, regulated or supervised under
8 federal or state laws or by political subdivisions of
9 the State, or agencies thereof, as to rents, charges,
10 capital structure, rate of return, and methods of
11 operation, from the time of issuance of the building
12 permit for the project; ~~and~~

13 (2) Any other owner of a standard housing unit or units
14 deemed qualified by the corporation; and

15 (3) The authority."

16 SECTION 3. Section 201G-233, Hawaii Revised Statutes, is
17 amended to read as follows:

18 "**§201G-233 Qualified tenant defined.** As used in this
19 subpart, the term "qualified tenant" means any single person or
20 family, pursuant to criteria and procedures established by the
21 corporation, that has been determined to have an income not
22 exceeding the [~~very low~~] income limit as determined by the
23 corporation pursuant to rules adopted by the corporation;

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1 provided that the qualified tenant's primary place of residence
 2 shall be in the State of Hawaii or that the qualified tenant
 3 intends to make the State of Hawaii the qualified tenant's
 4 primary place of residence. The terms "qualified tenant" and
 5 "tenant" include a member of a cooperative who satisfies the
 6 foregoing requirements and who, upon resale of the member's
 7 membership to the cooperative, will not be reimbursed for more
 8 than fifty per cent of any equity increment accumulated through
 9 payments under this subpart. With respect to members of a
 10 cooperative, the terms "rental" and "rental charges" mean the
 11 charges under the occupancy agreements between the members and
 12 the cooperative. The term "qualified tenant" shall not include
 13 any person receiving money payments for public assistance from
 14 the department of human services; provided that the term "public
 15 assistance" shall exclude aid provided through the federal
 16 Supplemental Security Income Program."

17 SECTION 4. Statutory material to be repealed is bracketed
 18 and stricken. New statutory material is underscored.

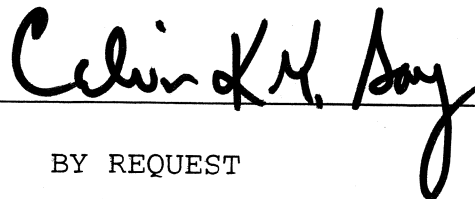
19 SECTION 5. This Act shall take effect upon its approval.

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INTRODUCED BY:



BY REQUEST

JAN 23 2006

JUSTIFICATION SHEET

DEPARTMENT: Office of the Governor

TITLE: A BILL FOR AN ACT RELATING TO THE STATE RENT SUPPLEMENT PROGRAM.

PURPOSE: To broaden participation in the State Rent Supplement Program by removing the statutory limitation on the subsidy amount (currently \$160 per month) and the income limits for participation; to allow the housing and community development corporation to set in administrative rule the amount of the rent subsidy and qualifying income limits; and amend the definition of "housing owner" to allow the authority to make State rent supplement payments in State low income housing projects.

MEANS: Amend sections 201G-231, 201G-232, and 201G-233, Hawaii Revised Statutes.

JUSTIFICATION: The State Rent Supplement Program (RSP) provides a shallow rent subsidy of up to \$160 per month to assist eligible low-income households to rent a unit in the private market. The program has not been fully utilized. For years, Rent Supplement funds have lapsed to the State General Fund. Last year \$285,176 in RSP funds were lapsed to the general fund. This amendment will allow the PHA to address operating deficits in the State Low Income Housing Program and fully utilize RSP funds that are appropriated.

Impact on the public: Will increase the number of households eligible for rent supplement payments by approximately 200 additional households; allow HCDCH to adjust the subsidy amount to reflect market conditions.

Impact on the department and other agencies:
None.

GENERAL FUND: None.
OTHER FUNDS: None.
PPBS PROGRAM
DESIGNATION: HMS 222.
OTHER AFFECTED
AGENCIES: None.
EFFECTIVE DATE: Upon approval.