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# A BILL FOR AN ACT

RELATING TO HOUSING.

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

1 PART I

2 SECTION 1. The legislature finds that many rural areas of  
3 the state such as Waianae lack enough workers of various  
4 professions. Physicians, teachers, and emergency services  
5 personnel are some of the positions that are frequently cited as  
6 shortage professions in rural areas. There is a critical need  
7 to provide incentives to attract such shortage professions into  
8 rural areas to create a balanced community.

9 The purpose of this part is to establish incentives for  
10 public employees, including teachers, to live in rural areas.

11 SECTION 2. Chapter 201H, Hawaii Revised Statutes, is  
12 amended by adding a new part to be appropriately designated and  
13 to read as follows:

14 "PART . PUBLIC EMPLOYEE HOUSING IN RURAL AREAS

15 §201H-A Definitions. As used in this part:

16 "Employee" or "public employee" shall have the same meaning  
17 as in section 76-11, except that for purposes of this part,  
18 "employee" or "public employee" shall include teachers.



1 "Qualified public employee" means a public employee working  
2 at least forty hours per week in a qualified rural area in their  
3 capacity as a public employee who fulfills any other eligibility  
4 requirements established under this part.

5 "Qualified rural area" means an area that is characterized  
6 by a low population density and the absence of city-like  
7 concentration of structures, streets, and urban services;  
8 provided that the corporation may establish more specific  
9 criteria and standards to further define "qualified rural area".

10 **§201H-B Loans to public employees; rural area loan fund.**

11 (a) The corporation shall establish and administer a loan  
12 program to provide interest-free home purchase loans to  
13 qualified public employees.

14 (b) Loans made under this section shall be interest-free  
15 and shall be used by the qualified public employee exclusively  
16 for the purchase of a home, including an apartment, a townhouse,  
17 and a condominium in a qualified rural area. In addition, loans  
18 made under this section shall be:

19 (1) Repaid with a payment plan specified by the  
20 corporation; provided that additional payments in any  
21 sums, or the payment of the entire principal, may be  
22 made at any date within the time period of the loan;



- 1           (2) Secured in a manner to be determined by the  
2                           corporation; and
- 3           (3) Subject to penalties for delinquency or late payments  
4                           as specified by the corporation and including  
5                           subsection (c).

6 The corporation shall negotiate the terms and conditions of each  
7 loan to ensure that each loan complies with the provisions of  
8 this section.

9           (c) During the time period of the loan, if at any time a  
10 person receiving the loan fails to comply with the requirements  
11 established in the definition of "qualified public employee"  
12 under this part, the loan shall be considered forfeit and all  
13 principal amounts outstanding, plus penalties, shall become due  
14 and payable. If the principal amounts outstanding and penalties  
15 are not remitted, the corporation may initiate foreclosure  
16 proceedings on the home purchased through the proceeds from the  
17 loan. This section shall not apply in cases where the qualified  
18 public employee fails to comply with the requirements because of  
19 circumstances beyond the qualified public employee's control, as  
20 determined by the corporation.

21           (d) Loans provided under this part shall not exceed \$  
22 per qualified public employee. Each qualified employee shall



1 receive no more than one loan under this section. A qualified  
2 employee participating in the loan program under this section  
3 shall not be eligible for the allowance program under section  
4 201H-C.

5 (e) There is established in the state treasury a special  
6 fund to be known as the rural area public employees loan special  
7 fund. Moneys in this fund shall be loaned by the corporation  
8 pursuant to this section. The rural area public employees loan  
9 special fund shall be funded by:

- 10 (1) Legislative appropriations;  
11 (2) Federal funds, if available; and  
12 (3) All principal payments, fees, interest, penalties, and  
13 any other proceeds derived by the corporation pursuant  
14 to this section.

15 (f) The corporation may adopt rules pursuant to chapter 91  
16 to establish eligibility requirements for public employees  
17 applying for a loan under this section.

18 **§201H-C Public employee housing allowance program; rural**  
19 **areas.** (a) The corporation shall establish and administer a  
20 rural area public employee housing allowance program to provide  
21 housing allowances to qualified public employees who live in  
22 qualified rural areas of the state.



1 (b) The amount of the housing allowance shall be  
2 determined by the corporation and shall be no more than \$ .

3 (c) The corporation may adopt rules pursuant to chapter 91  
4 to establish eligibility requirements for public employees  
5 applying for a housing allowance under this section."

6 SECTION 3. 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 2008-2009 to be  
9 deposited into the rural area public employees loan special  
10 fund.

11 SECTION 4. There is appropriated out of the rural area  
12 public employees loan special fund the sum of \$ or so  
13 much thereof as may be necessary for fiscal year 2008-2009 to be  
14 used for the purposes of the fund.

15 The sum appropriated shall be expended by the Hawaii  
16 housing finance and development corporation for the purposes of  
17 this part.

18 SECTION 5. There is appropriated out of the general  
19 revenues of the State of Hawaii the sum of \$ or so much  
20 thereof as may be necessary for fiscal year 2008-2009 for the  
21 rural area public employee housing allowance program established  
22 under this part.





1 "Qualified emergency worker" means an emergency worker  
2 working at least forty hours per week in a qualified rural area  
3 in their capacity as a public employee who fulfills any other  
4 eligibility requirements established under this part.

5 "Qualified rural area" means an area that is characterized  
6 by a low population density and the absence of city-like  
7 concentration of structures, streets, and urban services;  
8 provided that the corporation may establish more specific  
9 criteria and standards to further define "qualified rural area".

10 **§201H-B Loans to emergency workers; rural area loan fund.**

11 (a) The corporation shall establish and administer a loan  
12 program to provide interest-free home purchase loans to  
13 qualified emergency workers.

14 (b) Loans made under this section shall be interest-free  
15 and shall be used by the qualified emergency worker exclusively  
16 for the purchase of a home, including an apartment, a townhouse,  
17 and a condominium in a qualified rural area. In addition, loans  
18 made under this section shall be:

19 (1) Repaid with a payment plan specified by the  
20 corporation; provided that additional payments in any  
21 sums, or the payment of the entire principal, may be  
22 made at any date within the time period of the loan;



1           (2) Secured in a manner to be determined by the  
2                   corporation; and

3           (3) Subject to penalties for delinquency or late payments  
4                   as specified by the corporation and including  
5                   subsection (c).

6 The corporation shall negotiate the terms and conditions of each  
7 loan to ensure that each loan complies with the provisions of  
8 this section.

9           (c) During the time period of the loan, if at any time a  
10 person receiving the loan fails to comply with the requirements  
11 established in the definition of "qualified emergency worker"  
12 under this part, the loan shall be considered forfeit and all  
13 principal amounts outstanding, plus penalties, shall become due  
14 and payable. If the principal amounts outstanding and penalties  
15 are not remitted, the corporation may initiate foreclosure  
16 proceedings on the home purchased through the proceeds from the  
17 loan. This section shall not apply in cases where the qualified  
18 emergency worker fails to comply with the requirements because  
19 of circumstances beyond the qualified emergency worker's  
20 control, as determined by the corporation.

21           (d) Loans provided under this part shall not exceed \$  
22 per qualified emergency worker. Each qualified emergency worker





1 shall receive no more than one loan under this section. A  
2 qualified emergency worker participating in the loan program  
3 under this section shall not be eligible for the allowance  
4 program under section 201H-C.

5 (e) There is established in the state treasury a special  
6 fund to be known as the rural area emergency workers loan  
7 special fund. Moneys in this fund shall be loaned by the  
8 corporation pursuant to this section. The rural area emergency  
9 workers loan special fund shall be funded by:

- 10 (1) Legislative appropriations;
- 11 (2) Federal funds, if available; and
- 12 (3) All principal payments, fees, interest, penalties, and  
13 any other proceeds derived by the corporation pursuant  
14 to this section.

15 (f) The corporation may adopt rules pursuant to chapter 91  
16 to establish eligibility requirements for emergency workers  
17 applying for a loan under this section.

18 **§201H-C Emergency worker housing allowance program; rural**  
19 **areas.** (a) The corporation shall establish and administer a  
20 rural area emergency worker housing allowance program to provide  
21 housing allowances to qualified emergency workers who live in  
22 qualified rural areas of the state.



1 (b) The amount of the housing allowance shall be  
2 determined by the corporation and shall be no more than \$ .

3 (c) The corporation may adopt rules pursuant to chapter 91  
4 to establish eligibility requirements for emergency workers  
5 applying for a housing allowance under this section."

6 SECTION 8. 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 2008-2009 to be  
9 deposited into the rural area emergency workers loan special  
10 fund.

11 SECTION 9. There is appropriated out of the rural area  
12 emergency workers loan special fund the sum of \$ or so  
13 much thereof as may be necessary for fiscal year 2008-2009 to be  
14 used for the purposes of the fund.

15 The sum appropriated shall be expended by the Hawaii  
16 housing finance and development corporation for the purposes of  
17 this part.

18 SECTION 10. There is appropriated out of the general  
19 revenues of the State of Hawaii the sum of \$ or so much  
20 thereof as may be necessary for fiscal year 2008-2009 for the  
21 rural area emergency worker housing allowance program  
22 established under this part.





**Report Title:**

Public Employees; Emergency Workers; Rural Area Housing

**Description:**

Establishes a Rural Area Public Employee Loan Special Fund to provide interest-free loans to public employees who purchase homes in rural areas. Establishes a Rural Area Public Employee Housing Allowance Program to provide housing allowances to public employees who live and work in rural areas. Establishes a Rural Area Emergency Worker Loan Special Fund to provide interest-free loans to emergency workers who purchase homes in rural areas. Establishes a Rural Area Emergency Worker Housing Allowance Program to provide housing allowances to emergency workers who live and work in rural areas.

