
A BILL FOR AN ACT

RELATING TO RENTAL HOUSING.

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

1 SECTION 1. The purpose of this Act is to expand the
2 authorized use of moneys in the rental housing trust fund in
3 order to provide increased job opportunities.

4 The legislature finds that the revitalization of the
5 economy of the State requires programs to promote immediate
6 employment. The current state budget crisis, however, precludes
7 the establishment of counter-cyclical jobs programs because of
8 the lack of available general funds. Moreover, enactment of tax
9 credits intended to promote employment may not produce immediate
10 results. Consequently, the legislature finds that an
11 imaginative approach must be used instead of reliance on the
12 general fund or tax credits.

13 The legislature finds that the rental housing trust fund
14 has a sizeable balance that may be used as a source of funding
15 to promote immediate employment. To use the trust fund for that
16 purpose, however, amendments to the enabling statutes are
17 required.



1 SECTION 2. Section 201H-202, Hawaii Revised Statutes, is
2 amended to read as follows:

3 "§201H-202 Rental housing trust fund. (a) There is
4 established the rental housing trust fund to be administered by
5 the corporation.

6 (b) An amount from the fund, to be set by the corporation
7 and authorized by the legislature, may be used for
8 administrative expenses incurred by the corporation in
9 administering the fund; provided that fund moneys may not be
10 used to finance day-to-day administrative expenses of projects
11 allotted fund moneys.

12 (c) The following may be deposited into the fund:
13 appropriations made by the legislature, private contributions,
14 repayment of loans, interest, other returns, and moneys from
15 other sources.

16 (d) The fund shall be used to provide loans or grants for
17 the development, pre-development, construction, acquisition,
18 preservation, and substantial rehabilitation of rental housing
19 units. Permitted uses of the fund may include but are not
20 limited to planning, design, land acquisition, costs of options,
21 agreements of sale, downpayments, equity financing, capacity
22 building of nonprofit housing developers, or other housing



1 development services or activities as provided in rules adopted
2 by the corporation pursuant to chapter 91. The rules may
3 provide for a means of recapturing loans or grants made from the
4 fund if a rental housing project financed under the fund is
5 refinanced or sold at a later date. The rules may also provide
6 that moneys from the fund shall be leveraged with other
7 financial resources to the extent possible.

8 For the fiscal year 2010-2011, the fund also may be used to
9 provide grants to repair and maintain rental housing projects
10 through private contracts. Projects, grants for which are
11 awarded, shall be guided by the order of priority of subsection
12 (e).

13 (e) Moneys available in the fund shall be used for the
14 purpose of providing, in whole or in part, loans or grants for
15 rental housing projects in the following order of priority:

16 (1) Projects or units in projects that are allocated
17 low-income housing credits pursuant to the state
18 housing credit ceiling under section 42(h) of the
19 Internal Revenue Code of 1986, as amended, or projects
20 or units in projects that are funded by programs of
21 the United States Department of Housing and Urban



1 Development and United States Department of
2 Agriculture Rural Development wherein:

3 (A) At least fifty per cent of the available units
4 are for persons and families with incomes at or
5 below eighty per cent of the median family income
6 of which at least five per cent of the available
7 units are for persons and families with incomes
8 at or below thirty per cent of the median family
9 income; and

10 (B) The remaining units are for persons and families
11 with incomes at or below one hundred per cent of
12 the median family income;

13 provided that the corporation may establish rules to
14 ensure full occupancy of fund projects; and

15 (2) Mixed-income rental projects or units in a
16 mixed-income rental project wherein all of the
17 available units are for persons and families with
18 incomes at or below one hundred forty per cent of the
19 median family income.

20 (f) The corporation shall submit an annual report to the
21 legislature no later than twenty days prior to the convening of
22 each regular session describing the projects funded and, with



1 respect to rental housing projects targeted for persons and
2 families with incomes at or below thirty per cent of the median
3 family income, its efforts to develop those rental housing
4 projects, a description of proposals submitted for this target
5 group and action taken on the proposals, and any barriers to
6 developing housing units for this target group.

7 (g) For the purposes of this subpart, the applicable
8 median family income shall be the median family income for the
9 county or standard metropolitan statistical area in which the
10 project is located as determined by the United States Department
11 of Housing and Urban Development, as adjusted from time to time.

12 (h) The corporation may provide loans and grants under
13 this section; provided that the corporation shall establish
14 loan-to-value ratios to protect the fund from inordinate risk
15 and that under no circumstances shall the rules permit the
16 loan-to-value ratio to exceed one hundred per cent; and provided
17 further that the underwriting guidelines include a debt-coverage
18 ratio of not less than 1.0 to 1.

19 ~~[(i) For the period commencing July 1, 2005, through~~
20 ~~June 30, 2009, the fund may be used to provide grants for rental~~
21 ~~units set aside for persons and families with incomes at or~~
22 ~~below thirty per cent of the median family income in any project~~



1 ~~financed in whole or in part by the fund in proportion of these~~
2 ~~units to the total number of units in the project. At the~~
3 ~~conclusion of the period described in this subsection, the~~
4 ~~corporation shall report to the legislature on the number and~~
5 ~~use of grants provided and whether the grants were an effective~~
6 ~~use of the funds for purposes of developing rental housing for~~
7 ~~families at or below thirty per cent of the median family~~
8 ~~income.] "~~

9 SECTION 3. Section 201H-203, Hawaii Revised Statutes, is
10 amended to read as follows:

11 " ~~[+]§201H-203[+]~~ Eligible applicants for funds. Eligible
12 applicants for funds shall include nonprofit and for-profit
13 organizations, limited liability companies, partnerships, and
14 government agencies, who are qualified in accordance with rules
15 adopted by the corporation pursuant to chapter 91. For the
16 fiscal year 2010-2011, eligible applicants for funds shall also
17 include sole proprietorships and corporations who are qualified
18 in accordance with rules adopted by the corporation pursuant to
19 chapter 91."

20 SECTION 4. Section 201H-204, Hawaii Revised Statutes, is
21 amended by amending subsections (a) and (b) to read as follows:



1 "(a) Activities eligible for assistance from the fund
2 shall include but not be limited to:

3 (1) New construction, rehabilitation, or preservation of
4 low-income rental housing units that meet the criteria
5 for eligibility described in subsection (c);

6 (2) The leveraging of moneys with the use of fund assets;

7 (3) Pre-development activity grants or loans to nonprofit
8 organizations; [~~and~~]

9 (4) Acquisition of housing units for the purpose of
10 preservation as low-income or very low-income
11 housing[-]; and

12 (5) For the fiscal year 2010-2011, the repair and
13 maintenance of rental housing projects through
14 contracts with private persons.

15 (b) Preference shall be given to projects producing units
16 in at least one of the following categories:

17 (1) Multifamily units;

18 (2) Attached single-family units;

19 (3) Apartments;

20 (4) Townhouses;

21 (5) Housing units above commercial or industrial space;

22 (6) Single room occupancy units;



- 1 (7) Accessory apartment units;
- 2 (8) Employee housing;
- 3 (9) United States Department of Housing and Urban
- 4 Development mixed finance development of public
- 5 housing units; and
- 6 (10) Other types of units meeting the criteria for
- 7 eligibility set forth in subsection (c).

8 For the fiscal year 2010-2011, however, preference shall be
9 given to the repair and maintenance of rental housing projects
10 through private contracts."

11 SECTION 6. Statutory material to be repealed is bracketed
12 and stricken. New statutory material is underscored.

13 SECTION 7. This Act shall take effect on July 1, 2010.

14

INTRODUCED BY:

Calvin K. Boy

JAN 15 2010



Report Title:

Rental Housing Trust Fund; Repair And Maintenance

Description:

Allows the moneys in the rental housing trust fund to be used for the repair and maintenance of rental housing projects through private contracts for fiscal year 2010-2011.

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