
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, requires amendments to the enabling statutes.

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



1 "§201H-202 Rental housing trust fund. (a) There is
2 established the rental housing trust fund to be administered by
3 the corporation.

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

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

14 (d) The fund shall be used to provide loans or grants for
15 the development, pre-development, construction, acquisition,
16 preservation, and substantial rehabilitation of rental housing
17 units. Permitted uses of the fund may include but are not
18 limited to planning, design, land acquisition, costs of options,
19 agreements of sale, downpayments, equity financing, capacity
20 building of nonprofit housing developers, or other housing
21 development services or activities as provided in rules adopted
22 by the corporation pursuant to chapter 91. The rules may



1 provide for a means of recapturing loans or grants made from the
2 fund if a rental housing project financed under the fund is
3 refinanced or sold at a later date. The rules may also provide
4 that moneys from the fund shall be leveraged with other
5 financial resources to the extent possible.

6 For the fiscal years 2011-2012 and 2012-2013, the fund also
7 may be used to provide grants to repair and maintain rental
8 housing projects through private contracts. Projects, grants
9 for which are awarded, shall be guided by the order of priority
10 pursuant to subsection (e).

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

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



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

8 (B) The remaining units are for persons and families
9 with incomes at or below one hundred per cent of
10 the median family income;
11 provided that the corporation may establish rules to
12 ensure full occupancy of fund projects; and

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

18 (f) The corporation shall submit an annual report to the
19 legislature no later than twenty days prior to the convening of
20 each regular session describing the projects funded and, with
21 respect to rental housing projects targeted for persons and
22 families with incomes at or below thirty per cent of the median



1 family income, its efforts to develop those rental housing
2 projects, a description of proposals submitted for this target
3 group and action taken on the proposals, and any barriers to
4 developing housing units for this target group.

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

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

17 ~~[(i) For the period commencing July 1, 2005, through June~~
18 ~~30, 2009, the fund may be used to provide grants for rental~~
19 ~~units set aside for persons and families with incomes at or~~
20 ~~below thirty per cent of the median family income in any project~~
21 ~~financed in whole or in part by the fund in proportion of those~~
22 ~~units to the total number of units in the project. At the~~



1 ~~conclusion of the period described in this subsection, the~~
2 ~~corporation shall report to the legislature on the number and~~
3 ~~use of grants provided and whether the grants were an effective~~
4 ~~use of the funds for purposes of developing rental housing for~~
5 ~~families at or below thirty per cent of the median family~~
6 ~~income.] "~~

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

9 "[+]§201H-203[+] Eligible applicants for funds. Eligible
10 applicants for funds shall include nonprofit and for-profit
11 organizations, limited liability companies, partnerships, and
12 government agencies, who are qualified in accordance with rules
13 adopted by the corporation pursuant to chapter 91. For the
14 fiscal years 2011-2012 and 2013-2013, eligible applicants for
15 funds shall also include sole proprietorships and corporations
16 who are qualified in accordance with rules adopted by the
17 corporation pursuant to chapter 91."

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

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



- 1 (1) New construction, rehabilitation, or preservation of
- 2 low-income rental housing units that meet the criteria
- 3 for eligibility described in subsection (c);
- 4 (2) The leveraging of moneys with the use of fund assets;
- 5 (3) Pre-development activity grants or loans to nonprofit
- 6 organizations; [and]
- 7 (4) Acquisition of housing units for the purpose of
- 8 preservation as low-income or very low-income
- 9 housing[-]; and
- 10 (5) For the fiscal years 2011-2012 and 2012-2013, the
- 11 repair and maintenance of rental housing projects
- 12 through private contracts.
- 13 (b) Preference shall be given to projects producing units
- 14 in at least one of the following categories:
- 15 (1) Multifamily units;
- 16 (2) Attached single-family units;
- 17 (3) Apartments;
- 18 (4) Townhouses;
- 19 (5) Housing units above commercial or industrial space;
- 20 (6) Single room occupancy units;
- 21 (7) Accessory apartment units;
- 22 (8) Employee housing;



1 (9) United States Department of Housing and Urban
2 Development mixed finance development of public
3 housing units; and

4 (10) Other types of units meeting the criteria for
5 eligibility set forth in subsection (c).

6 For the fiscal years 2011-2012 and 2012-2013, however,
7 preference shall be given to the repair and maintenance of
8 rental housing projects through private contracts."

9 SECTION 5. There is appropriated out of the rental housing
10 trust fund the sum of \$ or so much thereof as may be
11 necessary for fiscal year 2011-2012 and the same sum or so much
12 thereof as may be necessary for fiscal year 2012-2013 for the
13 repair and maintenance of rental housing projects through
14 private contracts.

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

18 SECTION 6. Statutory material to be repealed is bracketed
19 and stricken. New statutory material is underscored.

20 SECTION 7. This Act shall take effect on July 1, 2011.

21

INTRODUCED BY:

Calvin K. L. Ray



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 years 2011-2012 and 2012-2013. Appropriation.

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