
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 address rental
2 housing by providing the Hawaii public housing authority with
3 more opportunities for funding and favorable land lease terms
4 and facilitating the authority's participation in collaborative
5 projects to provide affordable rental housing near public
6 transit stations.

7 The legislature finds that projects of the Hawaii public
8 housing authority, which are operated for low-income family and
9 elderly renters, provide affordable rental housing for those
10 residents who most need state assistance.

11 The legislature further finds that the Hawaii public
12 housing authority should be eligible to participate in loan and
13 grant programs funded by the rental housing revolving fund,
14 which has received a substantial revenue increase from
15 conveyance tax funds beginning in fiscal year 2015. In addition
16 to making the authority eligible for this funding source, this
17 Act also amends preference criteria for the funding of projects



1 through the rental housing revolving fund. The legislature
2 finds that the amended preferences are more reflective of the
3 contemporary needs of the people of Hawaii.

4 This Act also requires the Hawaii public housing authority
5 to coordinate with the office of planning and the Hawaii housing
6 finance and development corporation when utilizing funds from
7 the rental housing revolving fund to develop housing projects
8 and provide affordable rental housing located near a public
9 transit station.

10 This Act also makes the Hawaii public housing authority
11 eligible for the lease of land through the Hawaii housing
12 finance and development corporation at a token annual lease
13 rent. The legislature finds that the authority should have the
14 opportunity to benefit from such favorable leases issued by the
15 corporation on the same terms as other public and private sector
16 affordable housing developers.

17 SECTION 2. Chapter 356D, Hawaii Revised Statutes, is
18 amended by adding a new section to be appropriately designated
19 and to read as follows:

20 "§356D- Development of property near public transit
21 stations. Notwithstanding any other provisions in this chapter



1 to the contrary, when developing any public housing project that
2 is located on property within one-half mile of a public transit
3 station and utilizes funds from the rental housing revolving
4 fund as a portion of its project financing, the authority shall
5 coordinate:

6 (1) The planning of the public housing project with the
7 office of planning; and

8 (2) The development of the public housing project with the
9 Hawaii housing finance and development corporation."

10 SECTION 3. Section 201H-57, Hawaii Revised Statutes, is
11 amended to read as follows:

12 " [+]201H-57 [+] Land leases to nonprofit organizations
13 providing affordable housing[-] and the Hawaii public housing
14 authority. (a) Notwithstanding any provision to the contrary,
15 the [+]corporation[+], pursuant to section 201H-4(b), may lease
16 land to the Hawaii public housing authority or any qualified
17 nonprofit organization providing affordable housing, under the
18 following terms and conditions:

19 (1) Leases shall be for ninety-nine years at \$1 per year
20 per parcel; and



1 (2) The instrument of lease shall include provisions,
2 enforceable by the []corporation[], that the land
3 shall:

4 (A) Be used only for providing affordable housing
5 through long-term, renewable, and transferable
6 leases or other means that are in accordance with
7 rules adopted by the []corporation[] under
8 chapter 91; and

9 (B) Revert back to the []corporation[] if:
10 (i) The land is used for any purpose other than
11 as provided under subparagraph (A); or
12 (ii) The qualified nonprofit organization or
13 Hawaii public housing authority ceases
14 operations.

15 (b) For the purposes of this section:

16 "Affordable housing" means housing that is affordable to
17 households with incomes at or below one hundred forty per cent
18 of the median family income as determined by the United States
19 Department of Housing and Urban Development.

20 "Hawaii public housing authority" includes any successor
21 agency to the authority.



1 "Qualified nonprofit organization" means any private entity
2 that is organized and operated:

3 (1) In accordance with section 501(c)(3) of the Internal
4 Revenue Code of 1986, as amended; and

5 (2) For the purpose of providing affordable housing
6 through long-term, renewable, and transferable
7 leases."

8 SECTION 4. Section 201H-202, Hawaii Revised Statutes, is
9 amended to read as follows:

10 "§201H-202 Rental housing revolving fund. (a) There is
11 established the rental housing revolving fund to be administered
12 by the corporation.

13 (b) An amount from the fund, to be set by the corporation
14 and authorized by the legislature, may be used for
15 administrative expenses incurred by the corporation in
16 administering the fund; provided that fund moneys may not be
17 used to finance day-to-day administrative expenses of projects
18 allotted fund moneys.

19 (c) The following may be deposited into the fund:
20 appropriations made by the legislature, conveyance tax revenues



1 under section 247-7, private contributions, repayment of loans,
2 interest, other returns, and moneys from other sources.

3 (d) The fund shall be used to provide loans or grants for
4 the development, pre-development, construction, acquisition,
5 preservation, and substantial rehabilitation of rental housing
6 units. Permitted uses of the fund may include but are not
7 limited to planning, design, land acquisition, costs of options,
8 agreements of sale, downpayments, equity financing, capacity
9 building of nonprofit housing developers, or other housing
10 development services or activities as provided in rules adopted
11 by the corporation pursuant to chapter 91. The rules may
12 provide for a means of recapturing loans or grants made from the
13 fund if a rental housing project financed under the fund is
14 refinanced or sold at a later date. The rules may also provide
15 that moneys from the fund shall be leveraged with other
16 financial resources to the extent possible.

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

20 (1) Projects or units in projects that are allocated
21 low-income housing credits pursuant to the state



1 housing credit ceiling under section 42(h) of the
2 Internal Revenue Code of 1986, as amended, projects or
3 units in projects of the Hawaii public housing
4 authority, or projects or units in projects that are
5 funded by programs of the United States Department of
6 Housing and Urban Development and United States
7 Department of Agriculture Rural Development wherein:
8 (A) At least fifty per cent of the available units
9 are for persons and families with incomes at or
10 below eighty per cent of the median family income
11 of which at least five per cent of the available
12 units are for persons and families with incomes
13 at or below thirty per cent of the median family
14 income; and
15 (B) The remaining units are for persons and families
16 with incomes at or below one hundred per cent of
17 the median family income;
18 provided that the corporation may establish rules to
19 ensure full occupancy of fund projects; and
20 (2) Mixed-income rental projects or units in a
21 mixed-income rental project wherein all of the



1 available units are for persons and families with
2 incomes at or below one hundred forty per cent of the
3 median family income.

4 (f) The corporation shall submit an annual report to the
5 legislature, no later than twenty days prior to the convening of
6 each regular session, describing the projects funded and, with
7 respect to rental housing projects targeted for persons and
8 families with incomes at or below thirty per cent of the median
9 family income, its efforts to develop those rental housing
10 projects, a description of proposals submitted for this target
11 group and action taken on the proposals, and any barriers to
12 developing housing units for this target group.

13 (g) For the purposes of this subpart, the applicable
14 median family income shall be the median family income for the
15 county or standard metropolitan statistical area in which the
16 project is located, as determined by the United States
17 Department of Housing and Urban Development, as adjusted from
18 time to time.

19 (h) The corporation may provide loans and grants under
20 this section; provided that the corporation shall establish
21 loan-to-value ratios to protect the fund from inordinate risk



1 and that under no circumstances shall the rules permit the
2 loan-to-value ratio to exceed one hundred per cent; and provided
3 further that the underwriting guidelines include a debt-coverage
4 ratio of not less than 1.0 to 1.

5 ~~[(i) For the period commencing July 1, 2005, through June~~
6 ~~30, 2009, the fund may be used to provide grants for rental~~
7 ~~units set aside for persons and families with incomes at or~~
8 ~~below thirty per cent of the median family income in any project~~
9 ~~financed in whole or in part by the fund in proportion of those~~
10 ~~units to the total number of units in the project. At the~~
11 ~~conclusion of the period described in this subsection, the~~
12 ~~corporation shall report to the legislature on the number and~~
13 ~~use of grants provided and whether the grants were an effective~~
14 ~~use of the funds for purposes of developing rental housing for~~
15 ~~families at or below thirty per cent of the median family~~
16 ~~income.] "~~

17 SECTION 5. Section 201H-203, Hawaii Revised Statutes, is
18 amended to read as follows:

19 " ~~[+]§201H-203[+]~~ Eligible applicants for funds. Eligible
20 applicants for funds shall include ~~[nonprofit]~~;



- 1 (1) Nonprofit and for-profit organizations, limited
- 2 liability companies, partnerships, and government
- 3 agencies, who are qualified in accordance with rules
- 4 adopted by the corporation pursuant to chapter 91[-];
- 5 and
- 6 (2) The Hawaii public housing authority, to the extent
- 7 authorized by law."

8 SECTION 6. Section 201H-204, Hawaii Revised Statutes, is
9 amended to read as follows:

10 " [+] §201H-204 [+] Eligible projects[-], preferences,
11 priorities. (a) Activities eligible for assistance from the
12 fund shall include but not be limited to:

- 13 (1) New construction, rehabilitation, or preservation of
- 14 low-income rental housing units that meet the criteria
- 15 for eligibility described in subsection (c);
- 16 (2) The leveraging of moneys with the use of fund assets;
- 17 (3) Pre-development activity grants or loans to nonprofit
- 18 organizations; and
- 19 (4) Acquisition of housing units for the purpose of
- 20 preservation as low-income or very low-income housing.



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

3 (1) [~~Multifamily units,~~] Units in a multifamily dwelling;

4 (2) [~~Attached single family units,~~] Semi-attached and
5 side-by-side single-family housing units;

6 (3) Apartments;

7 [~~(4) Townhouses,~~

8 ~~(5) Housing]~~ (4) Apartment units above commercial or
9 industrial space;

10 [~~(6)]~~ (5) Single room occupancy units;

11 [~~(7)]~~ (6) Accessory apartment units;

12 [~~(8)]~~ (7) Employee housing;

13 [~~(9)]~~ (8) United States Department of Housing and Urban
14 Development mixed finance development of public
15 housing units; and

16 [~~(10)]~~ (9) Other types of units meeting the criteria for
17 eligibility set forth in subsection (c).

18 (c) The corporation shall establish an application process
19 for fund allocation that gives preference to projects meeting
20 the following criteria that are listed in descending order of
21 priority:



- 1 (1) Are committed to serving families and individuals
- 2 transitioning from homeless shelters;
- 3 [~~(1)~~] (2) Serve the original target group;
- 4 [~~(2)~~] (3) Provide at least five per cent of the total
- 5 number of units for persons and families with incomes
- 6 at or below thirty per cent of the median family
- 7 income;
- 8 [~~(3)~~] (4) Provide the maximum number of units for persons
- 9 or families with incomes at or below eighty per cent
- 10 of the median family income;
- 11 [~~(4)~~] (5) Are committed to serving the target group over a
- 12 longer period of time;
- 13 [~~(5)~~] (6) Increase the integration of income levels of the
- 14 immediate community area;
- 15 [~~(6)~~] (7) Meet the geographic needs of the target group of
- 16 the proposed rental housing project, such as proximity
- 17 to employment centers and services; and
- 18 [~~(7)~~] (8) Have favorable past performance in developing,
- 19 owning, managing, or maintaining affordable rental
- 20 housing.



1 The corporation may include other criteria as it deems
2 necessary to carry out the purposes of this subpart.

3 (d) If the corporation, after applying the process
4 described in [~~this~~] subsection[~~7~~] (c), finds that a Hawaii
5 public housing authority project is equally ranked with a
6 nonprofit project [~~equally ranked with a~~], for-profit project,
7 or other government project, the corporation shall give
8 preference [~~to the nonprofit project~~] in allotting fund
9 moneys[~~7~~] in the following order:

10 (1) The Hawaii public housing project or its nonprofit;

11 (2) The nonprofit project; and

12 (3) All other projects."

13 SECTION 7. Statutory material to be repealed is bracketed
14 and stricken. New statutory material is underscored.

15 SECTION 8. This Act shall take effect on July 1, 2050.



Report Title:

Rental Housing Revolving Fund; Hawaii Public Housing Authority

Description:

Amends operations of the Hawaii Public Housing Authority and funding eligibility criteria of the Rental Housing Revolving Fund to make HPHA projects eligible for loans and grants from the Revolving Fund and granting the Authority preferences and priority in loan and grant applications. Requires the Authority to coordinate with other state agencies in developing transit-proximate affordable housing. Makes HPHA eligible for preferential land leases through the Hawaii Housing Finance and Development Corporation. (SB2563 HD1)

The summary description of legislation appearing on this page is for informational purposes only and is not legislation or evidence of legislative intent.

