
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.

3 The legislature finds that projects of the Hawaii public
4 housing authority are operated for low-income family and elderly
5 renters and, consequently, provide affordable rental housing for
6 the class of people who most need state assistance.

7 Thus, the legislature believes that the Hawaii public
8 housing authority should have the opportunity to compete for
9 funds from the rental housing revolving fund, which will receive
10 substantial revenues from the conveyance tax going forward.

11 This Act also makes the Hawaii public housing authority
12 eligible for the lease of land of the Hawaii housing finance and
13 development corporation at a token lease rent. The legislature
14 finds that the authority should have the opportunity to benefit
15 from such favorable leases if issued by the corporation.

16 This Act also re-orders the preferences for the funding of
17 projects from the rental housing revolving fund. The



1 legislature finds that the re-ordered preferences are more
2 reflective of the contemporary needs of the people of Hawaii.

3 SECTION 2. Section 201H-57, Hawaii Revised Statutes, is
4 amended to read as follows:

5 "[+]201H-57[+] Land leases to nonprofit organizations
6 providing affordable housing[-] and the Hawaii public housing
7 authority. (a) Notwithstanding any provision to the contrary,
8 the [+]corporation[+], pursuant to section 201H-4(b), may lease
9 land to the Hawaii public housing authority or any qualified
10 nonprofit organization providing affordable housing, under the
11 following terms and conditions:

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

14 (2) The instrument of lease shall include provisions,
15 enforceable by the [+]corporation[+], that the land
16 shall:

17 (A) Be used only for providing affordable housing
18 through long-term, renewable, and transferable
19 leases or other means that are in accordance with
20 rules adopted by the [+]corporation[+] under
21 chapter 91; and



- 1 (B) Revert back to the [†]corporation[†] if:
- 2 (i) The land is used for any purpose other than
- 3 as provided under subparagraph (A); or
- 4 (ii) The qualified nonprofit organization or
- 5 Hawaii public housing authority ceases
- 6 operations.

7 (b) For the purposes of this section:

8 "Affordable housing" means housing that is affordable to

9 households with incomes at or below one hundred forty per cent

10 of the median family income as determined by the United States

11 Department of Housing and Urban Development.

12 "Hawaii public housing authority" includes any successor

13 agency to the authority.

14 "Qualified nonprofit organization" means any private entity

15 that is organized and operated:

- 16 (1) In accordance with section 501(c)(3) of the Internal
- 17 Revenue Code of 1986, as amended; and
- 18 (2) For the purpose of providing affordable housing
- 19 through long-term, renewable, and transferable
- 20 leases."



1 SECTION 3. Section 201H-202, Hawaii Revised Statutes, is
2 amended to read as follows:

3 "§201H-202 Rental housing revolving fund. (a) There is
4 established the rental housing revolving fund to be administered
5 by 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, conveyance tax revenues
14 under section 247-7, private contributions, repayment of loans,
15 interest, other returns, and moneys from 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



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

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

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



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

6 (g) For the purposes of this subpart, the applicable
7 median family income shall be the median family income for the
8 county or standard metropolitan statistical area in which the
9 project is located, as determined by the United States
10 Department of Housing and Urban Development, as adjusted from
11 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 June~~
20 ~~30, 2009, the fund may be used to provide grants for rental~~
21 ~~units set aside for persons and families with incomes at or~~



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

10 SECTION 4. Section 201H-203, Hawaii Revised Statutes, is
11 amended to read as follows:

12 "[+]§201H-203[+] Eligible applicants for funds. Eligible
13 applicants for funds shall include [nonprofit]:

14 (1) Nonprofit and for-profit organizations, limited
15 liability companies, partnerships, and government
16 agencies, who are qualified in accordance with rules
17 adopted by the corporation pursuant to chapter 91[-];

18 and

19 (2) The Hawaii public housing authority, to the extent
20 authorized by law."



1 SECTION 5. Section 201H-204, Hawaii Revised Statutes, is
2 amended to read as follows:

3 "[~~§~~201H-204~~§~~] Eligible projects~~[-]~~, preferences,
4 priorities. (a) Activities eligible for assistance from the
5 fund shall include but not be limited to:

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

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

10 (3) Pre-development activity grants or loans to nonprofit
11 organizations; and

12 (4) Acquisition of housing units for the purpose of
13 preservation as low-income or very low-income housing.

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

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

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

19 (3) Apartments;

20 [~~4~~] ~~Townhouses,~~



- 1 ~~(5)~~ ~~Housing]~~ (4) Apartment units above commercial or
2 industrial space;
- 3 ~~[(6)]~~ (5) Single room occupancy units;
- 4 ~~[(7)]~~ (6) Accessory apartment units;
- 5 ~~[(8)]~~ (7) Employee housing;
- 6 ~~[(9)]~~ (8) United States Department of Housing and Urban
7 Development mixed finance development of public
8 housing units; and
- 9 ~~[(10)]~~ (9) Other types of units meeting the criteria for
10 eligibility set forth in subsection (c).
- 11 (c) The corporation shall establish an application process
12 for fund allocation that gives preference to projects meeting
13 the following criteria that are listed in descending order of
14 priority:
- 15 (1) Are committed to serving families and individuals
16 transitioning from homeless shelters;
- 17 ~~[(1)]~~ (2) Serve the original target group;
- 18 ~~[(2)]~~ (3) Provide at least five per cent of the total
19 number of units for persons and families with incomes
20 at or below thirty per cent of the median family
21 income;



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

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

16 (d) If the corporation, after applying the process
17 described in ~~[this]~~ subsection ~~[7]~~ (c) finds [a] that:

18 (1) A Hawaii public housing authority project is equally
19 ranked with another project, the corporation shall
20 give preference to the Hawaii public housing authority
21 project; and



1 (2) A nonprofit project is equally ranked with a for-
2 profit or government project~~[7]~~ the corporation shall
3 give preference to the nonprofit project in allotting
4 fund moneys."

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

7 SECTION 7. This Act shall take effect on July 1, 2016.



Report Title:

Rental Housing Revolving Fund; Hawaii Public Housing Authority
Projects

Description:

Makes the projects of the Hawaii public housing authority eligible for grants from the rental housing revolving fund. Makes the Hawaii public housing authority eligible for the lease of land from the Hawaii housing finance and development corporation at token lease rent. Revises the preferences and priorities for the funding of projects from the rental housing revolving fund. (SD1)

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