

1 years of age or older. Part III of this Act also provides that
 2 the tenancy of all tenants of a dwelling unit in a state low-
 3 income housing project shall terminate upon either the
 4 termination of the tenancy of the last head or co-head of the
 5 household who was an original household head or co-head at the
 6 time the initial lease or rental agreement was executed, subject
 7 to certain exceptions or, for applicable units, on the last day
 8 of the five-year rental period, or sooner, provided that the
 9 authority may grant the tenant an additional twenty-four-month
 10 rental period.

11 Part IV of this Act appropriates funds to establish the
 12 trust accounts pursuant to part II of this Act and a position to
 13 manage the family-self sufficiency program.

14 PART II

15 SECTION 2. Chapter 356D, Hawaii Revised Statutes, is
 16 amended by adding two new sections to part III to be
 17 appropriately designated and to read as follows:

18 "§356D-A Family self-sufficiency program; trust accounts;
 19 rental units. (a) The authority shall establish a family self-
 20 sufficiency program to be modeled after and similar to the
 21 family self-sufficiency program as provided in title 42 United



1 States Code section 1437u for tenants who rent a dwelling unit
2 subject to section 356D-43(c).

3 (b) Trust accounts shall be established within the family
4 self-sufficiency program revolving fund, established pursuant to
5 section 356D-B, to enable the authority to provide matching
6 funds to tenants who rent a dwelling unit subject to section
7 356D-43(c) to be used solely toward the purchase of a housing
8 unit.

9 (c) If at any time there are more applicants for dwelling
10 units subject to section 356D-43(c) than available dwelling
11 units, the authority shall maintain a waiting list of eligible
12 applicants for those dwelling units. When a dwelling unit
13 becomes available, the authority shall determine who shall fill
14 the vacancy from the waiting list; provided that the eligible
15 applicant agrees to the conditions set forth in this section;
16 provided further that the authority shall give priority to
17 working families earning between thirty per cent and sixty per
18 cent of the state median income.

19 (d) The authority shall require an eligible applicant who
20 rents a dwelling unit subject to section 356D-43(c) to:



1 (1) Establish and maintain a trust account, to be managed
2 by the authority;

3 (2) Be a participant in the family self-sufficiency
4 program established pursuant to subsection (a); and

5 (3) Participate in a financial literacy program that is
6 approved by the authority.

7 (e) The tenant shall pay thirty per cent of the tenant's
8 income to the authority as payment for rent; provided that such
9 rent is greater than the minimum rent. The authority shall take
10 the difference between the:

11 (1) Tenant's payment; and

12 (2) Minimum rent set by the authority for state-aided
13 public housing project units with the same number of
14 bedrooms on the date the tenant first occupies the
15 unit; provided that the minimum rent shall not be
16 lower than \$250 per month,

17 and deposit the moneys into the tenant's trust account.

18 For the purposes of this subsection, the minimum rent for
19 the tenant shall remain the same during the entire period that
20 the tenant occupies the unit; provided that the authority may



1 raise the minimum rent for a subsequent twenty-four month rental
2 period granted pursuant to section 356D-43(d).

3 (f) The trust fund moneys shall be the authority's funds
4 until the tenant vacates the unit and a purchase and sale
5 agreement of a housing unit is signed and provided to the
6 authority. Upon the expiration of the tenancy period
7 established in section 356D-43(c) and (d), or upon the date the
8 tenant voluntarily vacates the unit, the authority shall match,
9 on a dollar-for-dollar basis, the amount deposited by the
10 authority on behalf of the tenant pursuant to subsection (e) and
11 deposit the matching amount into the trust account in the name
12 of the tenant. All interest accrued on the balance in the trust
13 account shall be included in the trust account.

14 Once the tenant provides a signed purchase and sale
15 agreement for the purchase of a housing unit to the authority,
16 the authority shall transfer the funds from the trust account of
17 the tenant into the designated escrow account of the tenant
18 within fourteen days to assist in the purchase of the housing
19 unit.

20 The escrow account shall be established in a bank, savings
21 and loan association, or a trust company authorized to do



1 business in the State under an escrow arrangement or corporation
2 licensed as an escrow depository under chapter 449.

3 (g) Upon the expiration of the tenancy period established
4 in section 356D-43(c) and (d), or upon the date the tenant
5 voluntarily vacates the unit, the authority shall issue a
6 housing choice voucher to the tenant to be used towards the
7 purchase or to assist in paying the mortgage of a housing unit.
8 The voucher shall be used for up to ten years, and may be
9 extended for an additional five years at the request of the
10 tenant.

11 (h) After the end of the tenth year from the date of
12 initial purchase or execution of an agreement of sale, the
13 former tenant may sell the housing unit and sell or assign the
14 real property free from any price restrictions; provided that
15 the former tenant shall be required to pay the authority the sum
16 of the authority's share of the net appreciation of the value of
17 the real property as determined by the authority, which shall be
18 deposited into the family self-sufficiency program revolving
19 fund, established pursuant to section 356D-B.



1 (i) No tenant subject to this section who is evicted from
2 the tenant's unit for cause by the authority shall be eligible
3 to receive any matching funds pursuant to subsection (f).

4 (j) If a former tenant who has received moneys pursuant to
5 subsection (f) wishes to reapply for a dwelling unit subject to
6 section 356D-43(c), the former tenant shall first repay the
7 entire amount of the trust fund moneys paid pursuant to
8 subsection (f) and meet any other requirements imposed by the
9 authority.

10 (k) The authority may adopt rules pursuant to chapter 91
11 to effectuate this section.

12 **§356D-B Family self-sufficiency program revolving fund.**

13 There is created a family self-sufficiency program revolving
14 fund to be administered by the authority, which shall hold the
15 trust accounts of tenants established pursuant to section 356D-
16 A, and shall consist of:

17 (1) Rental payments collected from tenants participating
18 in the family-self sufficiency program, to be held
19 within that tenant's trust account;

20 (2) Moneys collected from payments made to the authority
21 by a former tenant who participated in the family-self



1 sufficiency program, pursuant to section 356D-A(f);
 2 and
 3 (3) Appropriations from the legislature."

PART III

5 SECTION 3. Section 356D-42, Hawaii Revised Statutes, is
 6 amended to read as follows:

7 "§356D-42 Housing; tenant selection[-]; tenancy
 8 termination. (a) The authority shall select tenants upon the
 9 basis of those in greatest need for the particular housing,
 10 subject to the following limitations and preferences:

- 11 (1) The authority may limit the tenants of any state low-
 12 income housing project to classes of persons when
 13 required by federal or state law or regulation as a
 14 term or condition of obtaining assistance from the
 15 federal government; [~~provided that not less than fifty~~
 16 ~~per cent of available units shall be for applicants~~
 17 ~~without preference and up to fifty per cent of~~
 18 ~~available units shall be for applicants with~~
 19 ~~preference;~~]
 20 (2) Within the priorities established by the authority
 21 recognizing need [~~, veterans~~]:



1 (A) Working families earning between thirty per cent
2 and sixty per cent of the state median income;
3 and

4 (B) Veterans with a permanent disability of ten per
5 cent or more, as certified by the United States
6 Department of Veterans Affairs, and their
7 dependent parents, if any. The deceased
8 veteran's widow or widower shall be given first
9 preference. Parents of veterans shall not use
10 the veteran status of their adult child as a
11 basis for preference; and

12 (3) Subject to any limitations set by federal law or
13 regulation, the authority shall not select as a
14 tenant, and may terminate the tenancy of, any person
15 if the person or any household member owns or acquires
16 a home within the State.

17 (b) The authority shall not allow remaining members of
18 tenant households to continue to occupy a dwelling unit in a
19 state low-income housing project upon the death or removal from
20 the unit of the last original head or co-head of the household;
21 provided that where the original head or co-head of the



1 household is survived by a minor, the authority may allow a
2 legal guardian to assume responsibility for the unit to care for
3 any minor who was subsequently added to the household by birth,
4 adoption, or court order and who was properly reported to the
5 authority, until the youngest minor added to the household
6 reaches the age of twenty-one, or reaches the age of twenty-
7 three if the youngest minor is a full-time student at a business
8 school, technical school, college, community college, or
9 university. No legal guardian shall be added to the household
10 to care for the minor or minors unless the legal guardian is
11 also eligible for participation in the state low-income public
12 housing program; provided further that any legal guardian added
13 to the household shall not remain in the unit after the youngest
14 minor has reached the age of twenty-one, or has reached the age
15 of twenty-three if the youngest minor is a full-time student at
16 a business school, technical school, college, community college,
17 or university.

18 ~~(b)~~ (c) The authority shall adopt rules pursuant to
19 chapter 91 to carry out the purposes of this section."

20 SECTION 4. Section 356D-43, Hawaii Revised Statutes, is
21 amended to read as follows:



1 " [H] §356D-43 [H] Rentals. (a) Notwithstanding any other
2 law to the contrary, the authority shall fix the rates of the
3 rentals for dwelling units and other facilities in state low-
4 income housing projects provided for by this subpart [7] at rates
5 of a minimum of \$250 per month that will produce revenues that
6 will be sufficient to pay all expenses of management, operation,
7 and maintenance, including the cost of insurance, a
8 proportionate share of the administrative expenses of the
9 authority to be fixed by it, and the costs of repairs,
10 equipment, and improvements, to the end that the state low-
11 income housing projects shall be and always remain self-
12 supporting. The authority, in its discretion, may fix the rates
13 in amounts as will produce additional revenues (in addition to
14 the foregoing) sufficient to amortize the cost of the state low-
15 income housing project or projects, including equipment, over a
16 period or periods of time that the authority may deem advisable.

17 (b) Notwithstanding any other law to the contrary, if:
18 (1) Any state low-income housing project or projects have
19 been specified in any resolution of issuance adopted
20 pursuant to part I;



1 (2) The income or revenues from any project or projects
2 have been pledged by the authority to the payment of
3 any bonds issued under part I; or

4 (3) Any of the property of any state low-income housing
5 project or projects is security for the bonds,
6 the authority shall fix the rates of the rentals for dwelling
7 units and other facilities in the state low-income housing
8 project or projects so specified or encumbered at increased
9 rates that will produce the revenues required by subsection (a)
10 and, in addition, those amounts that may be required by part I,
11 by any resolution of issuance adopted under part I, and by any
12 bonds or mortgage or other security issued or given under part
13 I.

14 (c) The authority shall set aside two hundred fifty
15 dwelling units in state low-income housing projects owned or
16 operated by the authority for the purpose of occupancy by
17 tenants participating in the family self-sufficiency program
18 established pursuant to section 356D-A. The authority shall
19 apply an initial maximum rental period of five years upon these
20 two hundred fifty dwelling units; provided that the authority
21 shall not apply the maximum rental period to individuals who are



1 disabled or are sixty-two years of age or older.
2 Notwithstanding subsection (a), for tenants who agree to the
3 conditions set forth in section 356D-A, the authority shall fix
4 the minimum rental rate for the entire rental period at the
5 minimum amount of rent set by the authority for state-aided
6 family public housing project units with the same number of
7 bedrooms as of the date the tenant first occupies the unit.
8 (d) A tenant of a unit subject to subsection (c) may
9 request and the authority may grant an additional twenty-four
10 month rental period provided that when granted, the tenant shall
11 continue to:
12 (1) Maintain the already established trust account managed
13 by the authority;
14 (2) Remain a participant in the family self-sufficiency
15 program established pursuant to section 356D-A; and
16 (3) Maintain participation in a financial literacy program
17 that is approved by the authority.
18 (e) A tenant of a unit subject to subsection (c) shall pay
19 thirty per cent of the tenant's income to the authority as
20 payment for rent provided that such rent is greater than the



1 minimum rent. The authority shall take the difference between
2 the:

- 3 (1) Tenant's payment; and
- 4 (2) Minimum rent set by the authority for state-aided
- 5 public housing project units on the date the tenant
- 6 first occupied the unit, provided that the minimum
- 7 rent shall not be lower than \$250 per month;

8 and deposit the moneys in the tenant's trust account established
9 pursuant to section 356D-A(b)."

10 SECTION 5. This part shall apply to all tenants who
11 entered into lease or rental agreements for dwelling units in
12 state low-income housing projects before July 1, 2017, or after
13 June 30, 2017.

14 PART IV

15 SECTION 6. There is appropriated out of the general
16 revenues of the State of Hawaii the sum of \$1,500,000 or so much
17 thereof as may be necessary for fiscal year 2017-2018 and the
18 same sum or so much thereof as may be necessary for fiscal year
19 2018-2019 for the Hawaii public housing authority, provided
20 that:



1 (1) \$1,380,000 shall be for the Hawaii public housing
 2 authority's share of matching funds to be placed in
 3 the trust accounts established under this Act; and

4 (2) \$120,000 shall be to establish one full-time
 5 equivalent (1.0 FTE) position to manage the family
 6 self-sufficiency program.

7 The sums appropriated shall be expended by the Hawaii
 8 public housing authority for the purposes of this Act.

PART V

10 SECTION 7. This Act does not affect rights and duties that
 11 matured, penalties that were incurred, and proceedings that were
 12 begun before its effective date.

13 SECTION 8. Statutory material to be repealed is bracketed
 14 and stricken. New statutory material is underscored.

15 SECTION 9. This Act shall take effect on July 1, 2017.

16

INTRODUCED BY:

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H.B. NO. 1557

Chen Todd

JAN 25 2017



H.B. NO. 1557

Report Title:

Public Housing; Rentals; Appropriations

Description:

Establishes a Family Self-Sufficiency Program to provide matching funds to enable tenants of certain public housing dwelling units to purchase housing units. Authorizes the Hawaii Public Housing Authority to impose maximum rental periods and conditions of tenancy for tenants participating in the Family-Self Sufficiency Program. Amends general tenancy termination requirements, selection priorities and minimum rents for HPHA housing projects. Appropriates funds.

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