

JAN 25 2017

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# A BILL FOR AN ACT

RELATING TO PUBLIC HOUSING.

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

1 PART I

2 SECTION 1. The purpose of this Act is to assist tenants in  
3 state public housing transition into permanent housing. This  
4 Act brings together several existing state and federal programs  
5 to provide tenants with the means of saving funds towards the  
6 purchase of a permanent dwelling.

7 Part II of this Act requires the Hawaii public housing  
8 authority to establish a family self-sufficiency program and  
9 trust accounts to provide matching funds to tenants who rent  
10 certain dwelling units to assist tenants in the purchase of  
11 housing units. Part II of this Act also establishes a family  
12 self-sufficiency program revolving fund to hold the trust  
13 accounts of the tenants.

14 Part III of this Act imposes a maximum rental period for  
15 certain state low-income housing projects that are owned or  
16 operated by the authority, provided that the maximum rental  
17 periods do not apply to tenants who are disabled or sixty-two



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.

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 " ~~[+]~~ §356D-43 ~~[+]~~ 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:





# S.B. NO. 1106

**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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