
A BILL FOR AN ACT

RELATING TO HOUSING.

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

1 SECTION 1. Section 201H-201, Hawaii Revised Statutes, is
2 amended by adding three new definitions to be appropriately
3 inserted and to read as follows:

4 ""Efficiency" means the amount of state financial resources
5 required per unit.

6 "Feasibility" means reasonableness of project budget and
7 schedule assumptions.

8 "Project readiness" means a project that is anticipated to
9 commence construction within one year of award of financing."

10 SECTION 2. Section 201H-202, Hawaii Revised Statutes, is
11 amended as follows:

12 1. By amending subsections (d) and (e) to read:

13 "(d) The fund shall be used to provide loans [~~or grants~~]
14 for the development, pre-development, construction, acquisition,
15 preservation, and substantial rehabilitation of rental housing
16 units. The corporation shall not forgive any loan made from the
17 fund unless the corporation forecloses on the project.



1 Permitted uses of the fund may include but are not limited to
2 planning, design, land acquisition, costs of options, agreements
3 of sale, downpayments, equity financing, capacity building of
4 nonprofit housing developers, credit enhancement, gap financing,
5 or other housing development services or activities as provided
6 in rules adopted by the corporation pursuant to chapter 91. The
7 rules may provide for a means of recapturing loans or grants
8 made from the fund if a rental housing project financed under
9 the fund is refinanced or sold at a later date. The rules may
10 also provide that moneys from the fund shall be leveraged with
11 other financial resources to the extent possible.

12 (e) Moneys available in the fund shall be used for the
13 purpose of providing, in whole or in part, loans [~~or grants~~] for
14 rental housing projects demonstrating project readiness,
15 efficiency, and feasibility acceptable to the corporation in the
16 following order of priority:

17 (1) For projects that were awarded low-income housing
18 credits pursuant to paragraph (2), priority shall be
19 given to projects with a perpetual affordability
20 commitment;



1 [~~(1)~~] (2) Projects or units in projects that are allocated
2 low-income housing credits pursuant to the state
3 housing credit ceiling under section 42(h) of the
4 Internal Revenue Code of 1986, as amended, or projects
5 or units in projects that are funded by programs of
6 the United States Department of Housing and Urban
7 Development and United States Department of
8 Agriculture Rural Development wherein:

9 (A) At least fifty per cent of the available units
10 are for persons and families with incomes at or
11 below eighty per cent of the median family income
12 of which at least five per cent of the available
13 units are for persons and families with incomes
14 at or below thirty per cent of the median family
15 income; and

16 (B) The remaining units are for persons and families
17 with incomes at or below one hundred per cent of
18 the median family income;

19 provided that the corporation may establish rules to
20 ensure full occupancy of fund projects; and



1 [~~(2)~~] (3) Mixed-income rental projects or units in a
2 mixed-income rental project wherein all of the
3 available units are for persons and families with
4 incomes at or below one hundred forty per cent of the
5 median family income."

6 2. By amending subsection (h) to read:

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

14 SECTION 3. The Hawaii housing finance and development
15 corporation shall submit a report to the legislature on plans to
16 revolve funds back into the rental housing revolving fund to
17 ensure its self-sufficiency no later than twenty days prior to
18 the convening of the regular session of 2025.

19 SECTION 4. Statutory material to be repealed is bracketed
20 and stricken. New statutory material is underscored.



1 SECTION 5. This Act shall take effect on July 1, 2024, and
2 shall apply to rental housing revolving fund applications
3 submitted after June 30, 2024.



Report Title:

HHFDC; Rental Housing Revolving Fund; Housing Projects; Loans;
Priority; Report

Description:

Prohibits the Hawaii Housing Finance and Development Corporation from forgiving any loan made from the Rental Housing Revolving Fund unless the Corporation forecloses on the project. Amends the permitted uses of and priority for which moneys in the Rental Housing Revolving Fund are to be used. Repeals the authorization to use Rental Housing Revolving Fund to provide grants. Requires the Corporation to submit a report to the Legislature on plans to revolve funds back into the Rental Housing Revolving Fund. Applies to Rental Housing Revolving Fund applications submitted after 6/30/2024. (CD1)

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