
A BILL FOR AN ACT

RELATING TO HOUSING.

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

1 SECTION 1. The legislature finds that the severe shortage
2 of affordable housing imposes a tremendous hardship on the
3 residents of the State. The lack of affordable housing options
4 is the biggest barrier for employers to recruit and retain
5 skilled workers and the reason many Hawaii residents are
6 migrating to more affordable communities in the continental
7 United States. A December 2019 study commissioned by the Hawaii
8 housing finance and development corporation estimates that
9 Hawaii will need to build more than fifty thousand housing units
10 by 2025 to meet the housing demand, with over ninety per cent of
11 the units required for households earning at or below one
12 hundred forty per cent of the area median income.

13 The legislature further finds that residents are in need of
14 financial support to secure rental units. This can be achieved
15 through a rental deposit loan program that provides no-interest
16 loans to certain individuals.

17 The purpose of this Act is to:



- 1 (1) Establish the rental deposit loan program and rental
2 deposit loan program revolving fund; and
- 3 (2) Appropriate funds for the rental deposit loan program
4 and for two positions to implement the program.

5 SECTION 2. Chapter 201H, Hawaii Revised Statutes, is
6 amended by adding two new sections to be appropriately
7 designated and to read as follows:

8 **"§201H-A Rental deposit loan program. (a) There is**
9 established within the corporation a rental deposit loan program
10 to assist individuals and families earning between eighty per
11 cent and one hundred twenty per cent of the area median income
12 with obtaining rental housing by providing no-interest loans for
13 security deposits up to \$2,500. No-interest loans for security
14 deposits under this subsection shall be repaid to the
15 corporation over a period not to exceed forty-eight months.

16 (b) The corporation may enter into memoranda of agreement
17 with the counties or a qualified nonprofit organization to
18 administer the rental deposit loan program. The corporation
19 shall be exempt from chapter 103D in selecting a qualified
20 nonprofit organization to administer the rental deposit loan
21 program under this section.



1 (c) Prospective tenants who are eligible to participate in
2 the rental deposit loan program shall be limited to individuals
3 and families earning between eighty per cent and one hundred
4 twenty per cent of the area median income.

5 (d) A county or qualified nonprofit organization selected
6 to administer the rental deposit loan program shall determine
7 the eligibility of an applicant, including but not limited to
8 the following:

- 9 (1) Verification of income between eighty per cent and one
10 hundred twenty per cent of the area median income;
11 (2) Proof of a rental offering of at least six months;
12 (3) Evaluation of the applicant's financial resources;
13 (4) Determination that the applicant is unable to afford
14 both the rental deposit and first month's rent but is
15 able to afford the rent thereafter; and
16 (5) Proof of Hawaii residency.

17 (e) A county or qualified nonprofit organization selected
18 to administer the rental deposit loan program shall enter into a
19 contract with eligible persons and shall award a loan under the
20 rental deposit loan program in which the repayment schedule is



1 set to a specific number of months not to exceed forty-eight
2 months, at no interest.

3 (f) A county or qualified nonprofit organization selected
4 to administer the rental deposit loan program may use an amount
5 not to exceed fifteen per cent of the balance of the rental
6 deposit loan program revolving fund under section 201H-B for the
7 costs of administering the rental deposit loan program.

8 (g) A county or qualified nonprofit organization selected
9 to administer the rental deposit loan program shall:

10 (1) Keep statistical records on loan recipients, including
11 the numbers of individuals and families served and
12 repayment status; and

13 (2) Provide quarterly reports to the corporation.

14 (h) The corporation shall, without regard to chapter 91,
15 establish rules and qualification standards necessary to carry
16 out the purposes of this section.

17 **§201H-B Rental deposit loan program revolving fund.** (a)

18 There is established in the state treasury the rental deposit
19 loan program revolving fund, to be administered by the
20 corporation, into which shall be deposited:

21 (1) Funds from federal or private funding sources;



- 1 (2) Moneys appropriated by the legislature;
- 2 (3) Investment and interest earnings of the fund;
- 3 (4) Money received as repayment of loans, including
- 4 interest and payments received on account of
- 5 principal; and
- 6 (5) Any other moneys received by the fund from other
- 7 sources.
- 8 (b) Moneys in the rental deposit loan program revolving
- 9 fund shall be used to provide no-interest loans to eligible
- 10 participants of the rental deposit loan program established
- 11 under section 201H-A, through a county or qualified nonprofit
- 12 organization selected by the corporation to administer the
- 13 program."

14 SECTION 3. There is appropriated out of the general
 15 revenues of the State of Hawaii the sum of \$ or so
 16 much thereof as may be necessary for fiscal year 2023-2024 and
 17 the same sum or so much thereof as may be necessary for fiscal
 18 year 2024-2025 for the establishment of the rental deposit loan
 19 program.

1 The sums appropriated shall be expended by the Hawaii
2 housing finance and development corporation for the purposes of
3 this Act.

4 SECTION 4. There is appropriated out of the general
5 revenues of the State of Hawaii the sum of \$ or so
6 much thereof as may be necessary for fiscal year 2023-2024 and
7 the same sum or so much thereof as may be necessary for fiscal
8 year 2024-2025 for two full-time equivalent (2.0 FTE) positions
9 to implement the rental deposit loan program.

10 The sums appropriated shall be expended by the Hawaii
11 housing finance and development corporation for the purposes of
12 this Act.

13 SECTION 5. In codifying the new sections added by section
14 2 of this Act, the revisor of statutes shall substitute
15 appropriate section numbers for the letters used in designating
16 the new sections in this Act.

17 SECTION 6. Statutory material to be repealed is bracketed
18 and stricken. New material is underscored.

19 SECTION 7. This Act shall take effect on July 1, 3000, and
20 shall be repealed on July 1, 2026.



Report Title:

Rental Deposit Loan Program; Counties; Nonprofit Organizations;
Revolving Fund; Appropriation

Description:

Establishes the rental deposit loan program and rental deposit
loan program revolving fund. Appropriates funds for the rental
deposit loan program and positions. Sunsets on 7/1/2026.
Effective 7/1/3000. (HD2)

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not legislation or evidence of legislative intent.*

