
A BILL FOR AN ACT

RELATING TO THE HAWAII HOUSING FINANCE AND DEVELOPMENT
CORPORATION.

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

1 SECTION 1. The legislature finds that the Hawaii housing
2 finance and development corporation has been designated as the
3 agency responsible for the administration of the rental housing
4 revolving fund. The rental housing revolving fund uses a point
5 system to facilitate project ranking of applications based on
6 the established evaluation criteria. The State has discretion
7 over the point system and rating criteria used to score and
8 evaluate applications used to award funds.

9 The legislature also finds that qualified housing projects
10 are funded in whole or in part through low-interest loans or
11 grants from the rental housing revolving fund for the
12 development, pre-development, construction, acquisition, and
13 preservation of affordable rental housing that meets the
14 criteria for eligibility set forth in chapter 15-311, Hawaii
15 Administrative Rules. The legislature appropriates millions of
16 dollars to the fund annually. Developers often take decades to



1 repay loans, and grants do not have to be repaid. There is no
2 appropriate incentive to require developers to construct
3 additional projects after the completion of a housing project.
4 A dismal medium- to long-term issue exists wherein the rental
5 housing revolving fund cannot replenish itself without
6 legislative appropriation. Therefore, the fund is an
7 unsustainable burden for the State to shoulder. In addition,
8 the State will often purchase completed housing development
9 projects from the developer to guarantee tenant stability. The
10 taxpayer thus pays twice for the same housing project.

11 The legislature further finds that it would be in the best
12 interest of the State to consider Vienna's Limited-Profit
13 Housing Act of 1979 as a model to sustainably finance the
14 construction of housing in the State. Currently, over sixty per
15 cent of the city's population live in income blind, well-
16 maintained, innovatively constructed and designed public housing
17 that has no income restrictions. Limited-profit housing
18 operates on a cost-recovery basis, as opposed to a subsidized
19 basis. Profits generated are used to build more housing, which
20 means that each new public housing project built enables the
21 creation of more housing. As a result of this system, there is



1 an annual production of over seventeen thousand units, which
2 comprises thirty per cent of their national total, with little
3 to no new taxpayer money added.

4 The purpose of this Act is to incentivize developers that
5 are awarded a loan or a grant from the rental housing revolving
6 fund to build housing and use the profits to build additional
7 housing by:

8 (1) Amending the priority for which moneys in the rental
9 housing revolving fund are to be used; and

10 (2) Requiring the Hawaii housing finance and development
11 corporation, when evaluating and ranking applications
12 to determine the priority in allocating program funds,
13 to:

14 (A) Amend its administrative rules to allow up to
15 twenty per cent of the maximum two hundred fifty
16 points to applications for projects owned by the
17 State or an organization obliged to use all
18 financial surplus generated by the project to
19 construct housing; and



1 (B) Prioritize applicants who have demonstrated
2 accelerated full repayment of past State housing
3 loans.

4 SECTION 2. Section 201H-202, Hawaii Revised Statutes, is
5 amended by amending subsection (e) to read as follows:

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

9 (1) Both:

10 (A) Projects that are owned by the State or an
11 organization obliged to use all financial surplus
12 generated by the project to construct housing;
13 and

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



1 Department of Agriculture Rural Development

2 wherein:

3 ~~[(A)]~~ (i) At least fifty per cent of the available
4 units are for persons and families with
5 incomes at or below eighty per cent of the
6 median family income of which at least five
7 per cent of the available units are for
8 persons and families with incomes at or
9 below thirty per cent of the median family
10 income; and

11 ~~[(B)]~~ (ii) The remaining units are for persons and
12 families with incomes at or below one
13 hundred per cent of the median family
14 income;

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

17 (2) Mixed-income rental projects or units in a mixed-
18 income rental project wherein all of the available
19 units are for persons and families with incomes at or
20 below one hundred forty per cent of the median family
21 income."



1 SECTION 3. (a) The Hawaii housing finance and development
2 corporation shall amend section 15-311, Hawaii Administrative
3 Rules, Exhibit "A", to add a new criteria category that allows
4 for up to twenty per cent of the maximum two hundred fifty
5 points on the application criteria point system to be allocated
6 to proposed projects owned by the State or an organization
7 obliged to use all financial surplus generated by the project to
8 construct housing.

9 (b) The Hawaii housing finance and development corporation
10 shall prioritize applicants who have demonstrated accelerated
11 full repayment of past State housing loans.

12 SECTION 4. Statutory material to be repealed is bracketed
13 and stricken. New statutory material is underscored.

14 SECTION 5. This Act shall take effect upon its approval.



Report Title:

Hawaii Housing Finance and Development Corporation; Rental Housing Revolving Fund Program

Description:

Establishes priority for projects that are awarded funds from the Rental Housing Revolving Fund that are owned by the State or an organization obliged to reinvest financial surplus generated by a completed project into a newly constructed housing project. Requires the Hawaii Housing Finance and Development Corporation to amend Hawaii Administrative Rules to award application criteria points to projects that fulfill certain criteria and prioritize applicants who have demonstrated accelerated full repayment of past State housing loans. (SD1)

The summary description of legislation appearing on this page is for informational purposes only and is not legislation or evidence of legislative intent.

