

ACT 22

A Bill for an Act Relating to the Hawaii Housing Authority; Authorizing it to Develop and Administer a Housing Program and a Voluntary Down Payment Reserve Plan; and Amending Chapter 77 of the Revised Laws of Hawaii 1955, as Amended.

Be it Enacted by the Legislature of the State of Hawaii:

SECTION 1. This Act is hereby declared to be an urgency measure deemed necessary in the public interest within the meaning of section 11 of Article III of the Constitution of the State of Hawaii.

The following is a statement of facts constituting such urgency:

By Senate Concurrent Resolution No. 58, 1963, the Hawaii Housing Authority was requested to study the feasibility of "an intermediate housing program whereby housing would be provided and a portion of the rent therefrom credited to the tenant in a forced and protected savings," which is to be used on a down payment on a private home.

This study has been completed and the plan found to be feasible and there is a sufficiently large pool of interested families from which the Authority can select participants.

Since the accumulation of "forced savings" in an amount sufficient for down payment on a house will usually take at least three (3) years, it is urgent that the plan be put into effect as soon as possible.

SECTION 2. Chapter 77 of the Revised Laws of Hawaii 1955, as amended, is hereby further amended by adding a new part thereto, to read as follows:

"PART V. DOWN PAYMENT RESERVE PLAN

Section 77-100. Authority to develop and administer a housing program with a down payment reserve plan. The Authority shall develop and administer a housing program providing that a portion of the rent therefrom shall be placed in a down payment reserve plan fund. This shall be in connection with the Authority's permanent non-subsidized program only.

Section 77-101. Eligibility for voluntary participation. Every eligible present and future tenant, in each of the Authority's permanent non-subsidized housing projects, shall have an opportunity to voluntarily participate in the plan. Eligibility standards are to be set by the Authority based on proof of sufficient effective income.

"Participation is limited to families whose income at the time of admission does not exceed the then established limits for continued occupancy in the projects; these limits are subject to revision to reflect changes in the economy.

Section 77-102. Rent rates. Rent shall be charged by the Authority using as a basis for computation that formula used by it in determining the rent to be charged tenants in federally subsidized housing for families of low income.

Section 77-103. Down payment reserve plan. A participant's down payment reserve shall be credited with the difference between the Authority's per unit operating cost and the amount paid by him as rent. All such funds shall be inalienable by any assignment, attachment, garnishment, execution or otherwise. Down payment reserve funds shall be kept in a special account by the Authority.

Section 77-104. Payment of down payment reserve. When a participant has found a home, suitable to his needs and means, as approved by the Authority, the Authority will then pay the amount in the participant's down payment reserve fund to the seller.

Section 77-105. Involuntary withdrawal. A participating tenant shall be required to purchase a suitable low cost home, or withdraw from participation in the plan, when his reserve is sufficient for a down payment as determined by the Authority.

Section 77-106. Optional withdrawal. A participant may withdraw from the plan at any time, by notice in writing to the Authority.

Section 77-107. Effect of withdrawal. A participant who withdraws from the program without purchasing a home shall retroactively be charged a rental for his period of occupancy at a rate no less than that which would have been charged a non-participating tenant in similar

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housing; this additional rental shall be a charge against his reserve and a credit to project revenue, the sum then remaining to his account in the fund shall be returned to him.”

SECTION 3. This Act shall take effect upon its approval.

(Approved April 21, 1964.) **H.B. 202.**
