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# 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 a new definition to be appropriately inserted  
3 and to read as follows:

4           "Project readiness" means projects that are anticipated to  
5 commence construction within one year of award of financing."

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

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

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

14 Permitted uses of the fund may include but are not limited to  
15 planning, design, land acquisition, costs of options, agreements  
16 of sale, downpayments, equity financing, capacity building of  
17 nonprofit housing developers, credit enhancement for



1 construction loans, or other housing development services or  
2 activities as provided in rules adopted by the corporation  
3 pursuant to chapter 91. The rules may provide for a means of  
4 recapturing loans or grants made from the fund if a rental  
5 housing project financed under the fund is refinanced or sold at  
6 a later date. The rules may also provide that moneys from the  
7 fund shall be leveraged with other financial resources to the  
8 extent possible.

9 (e) Moneys available in the fund shall be used for the  
10 purpose of providing, in whole or in part, loans [~~or grants~~] for  
11 rental housing projects [~~in the following order of priority:~~]  
12 demonstrating project readiness acceptable to the corporation;  
13 provided that priority shall be given to the following:

14 (1) For projects that were awarded low-income housing  
15 credits pursuant to paragraph (2), priority shall be  
16 given in the following order:

17 (A) Projects on state- or county-owned land;

18 (B) Projects that are required to be conveyed to the  
19 State or a county at a definite time;

20 (C) Projects owned by an organization obliged to use  
21 all financial surplus generated by the project to



1                   construct, manage, or rehabilitate renter-  
2                   occupied housing;

3           (D) Projects with a perpetual affordability  
4                   commitment; and

5           (E) Projects of developers who:

6                   (i) Demonstrate a record of early loan  
7                           repayment; or

8                   (ii) Request a shorter repayment term;

9       [+1+] (2) Projects or units in projects that are allocated  
10           low-income housing credits pursuant to the state  
11           housing credit ceiling under section 42(h) of the  
12           Internal Revenue Code of 1986, as amended, or projects  
13           or units in projects that are funded by programs of  
14           the United States Department of Housing and Urban  
15           Development and United States Department of  
16           Agriculture Rural Development wherein:

17           (A) At least fifty per cent of the available units  
18                   are for persons and families with incomes at or  
19                   below eighty per cent of the median family income  
20                   of which at least five per cent of the available  
21                   units are for persons and families with incomes



1 at or below thirty per cent of the median family  
2 income; and

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

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

8 [+2+] (3) Mixed-income rental projects or units in a  
9 mixed-income rental project wherein all of the  
10 available units are for persons and families with  
11 incomes at or below one hundred forty per cent of the  
12 median family income."

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

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



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

6 SECTION 4. Statutory material to be repealed is bracketed  
7 and stricken. New statutory material is underscored.

8 SECTION 5. This Act shall take effect on July 1, 2050, and  
9 shall apply to rental housing revolving fund applications  
10 submitted after June 30, 2024.



**Report Title:**

HHFDC; RHRF

**Description:**

Amends the permitted uses of and priority for which moneys in the Rental Housing Revolving Fund are to be used. Requires the Hawaii Housing Finance and Development Corporation to prioritize the allocation of the rental housing revolving fund moneys to certain housing projects. Defines "project readiness". Requires the Hawaii Housing Finance and Development Corporation to submit a report to the Legislature on plans to revolve funds back into the Rental Housing Revolving Fund. Effective 7/1/2050. (SD2)

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

