

JAN 17 2024

A BILL FOR AN ACT

RELATING TO HOUSING.

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

1 SECTION 1. Chapter 201H, Hawaii Revised Statutes, is
2 amended by adding a new section to part II to be appropriately
3 designated and to read as follows:

4 "§201H- Accessory dwelling unit construction grant
5 program. (a) There is established an accessory dwelling unit
6 construction grant program to be developed and administered by
7 the corporation.

8 (b) The accessory dwelling unit construction grant program
9 shall provide funding to private property owners for the
10 construction of accessory dwelling units on the owners' property
11 to increase inventory of below-market rental units in the State,
12 including any necessary associated infrastructure, as determined
13 by the corporation.

14 (c) Each award shall be approved by the board before
15 disbursement and shall be subject to conditions imposed by the
16 board.



1 (d) The corporation may award grants based on criteria
2 that shall be developed by the corporation; provided that the
3 corporation shall consider project readiness, intended use, and
4 the amount of funds required as part of its decision-making
5 criteria.

6 (e) Each applicant shall meet the following requirements:

7 (1) The applicant shall be a resident of the State and the
8 owner-occupant of the property on which the new
9 accessory dwelling unit will be constructed;

10 (2) The applicant shall indicate on the application that
11 the proposed plans, design, and construction shall be
12 intended for the construction of a new accessory
13 dwelling unit or units, including any necessary
14 associated infrastructure;

15 (3) The applicant shall agree that any proposed plans,
16 design, and construction shall provide public value,
17 including but not limited to the development of a
18 rental unit that shall be offered at a below-market
19 rate or for the upgrade of communal infrastructure;



- 1 (4) The applicant shall agree to a deed restriction that
2 prohibits any newly constructed accessory dwelling
3 unit from being:
 - 4 (A) Used as a time share unit or transient vacation
5 rental pursuant to chapter 514E;
 - 6 (B) Converted into a condominium property regime
7 pursuant to chapter 514B; or
 - 8 (C) Sold or conveyed for a period of forty-eight
9 months;
- 10 (5) The applicant shall agree to commence construction on
11 any approved project within twenty-four months of the
12 receipt of an award under the program;
- 13 (6) The applicant shall agree to comply with all
14 applicable federal and state laws prohibiting
15 discrimination against any person on the basis of
16 race, color, national origin, religion, creed, sex,
17 age, sexual orientation, disability, or any other
18 characteristic protected under applicable federal or
19 state law;



- 1 (7) The applicant shall agree that any grant moneys
2 awarded shall not be used for purposes of
3 entertainment or perquisites;
- 4 (8) The applicant shall agree that all activities and
5 improvements undertaken with funds received shall
6 comply with applicable federal, state, and county
7 laws, including statutes, ordinances, applicable
8 building codes, and rules;
- 9 (9) The applicant shall agree to make available to the
10 corporation all records that the applicant may have
11 relating to the grant and allow state agencies to
12 monitor the applicant's compliance with the purpose of
13 this chapter;
- 14 (10) The applicant shall establish, to the satisfaction of
15 the board, that sufficient funds are available for the
16 completion of plans, design, and construction, or
17 equipment needed for the purpose for which the grant
18 is awarded; provided that the grant amount shall be
19 included among the calculation of sufficient funds;
20 and



1 (11) The applicant shall comply with other requirements or
2 conditions as the corporation or board may prescribe.

3 (f) The corporation shall not issue more than
4 \$ _____ in total grants under this section each fiscal year.

5 Applicants shall be awarded annually on a rolling basis;
6 provided that, for each of the first five fiscal years of the
7 accessory dwelling unit construction grant program, for the
8 first six months of each fiscal year, the application period
9 shall be open only to residents of a county with a population
10 between one hundred thousand and one hundred fifty thousand
11 before other residents of the State may apply.

12 (g) The counties shall provide a matching subsidy through
13 a property tax credit to be based on the property tax valuation
14 of the property on which the accessory dwelling unit is
15 constructed; provided that the applicant completes construction
16 of the accessory dwelling unit within thirty-six months."

17 SECTION 2. Section 201H-191, Hawaii Revised Statutes, is
18 amended to read as follows:

19 "**§201H-191 Dwelling unit revolving fund.** (a) There is
20 created a dwelling unit revolving fund. The funds appropriated
21 for the purpose of the dwelling unit revolving fund and all



1 moneys received or collected by the corporation for the purpose
2 of the revolving fund shall be deposited in the revolving fund.
3 The proceeds in the revolving fund shall be used to reimburse
4 the general fund to pay the interest on general obligation bonds
5 issued for the purposes of the revolving fund, for the necessary
6 expenses in administering housing development programs and
7 regional state infrastructure programs, and for carrying out the
8 purposes of housing development programs and regional state
9 infrastructure programs, including but not limited to the
10 expansion of community facilities and regional state
11 infrastructure constructed in conjunction with housing and
12 mixed-use transit-oriented development projects, permanent
13 primary or secondary financing, and supplementing building
14 costs, federal guarantees required for operational losses, and
15 all things required by any federal agency in the construction
16 and receipt of federal funds or low-income housing tax credits
17 for housing projects.

18 (b) Subject to the requirements of subsection (a),
19 proceeds in the revolving fund may be used to establish and
20 operate regional state infrastructure subaccounts pursuant to
21 section 201H-191.5.



S.B. NO. 2032

1 (c) Subject to the requirements of subsection (a),
 2 proceeds in the revolving fund shall be used to establish and
 3 operate an accessory dwelling unit construction grant program
 4 pursuant to section 201H- ."

5 SECTION 3. There is appropriated out of the dwelling unit
 6 revolving fund the sum of \$ or so much thereof as may
 7 be necessary for fiscal year 2024-2025 for the accessory
 8 dwelling unit construction grant program.

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

12 SECTION 4. New statutory material is underscored.

13 SECTION 5. This Act shall take effect on July 1, 2024.

14

INTRODUCED BY: 



S.B. NO. 2032

Report Title:

HHFDC; Counties; Accessory Dwelling Unit Construction Grant Program; Dwelling Unit Revolving Fund; Appropriation

Description:

Establishes the Accessory Dwelling Unit Construction Grant Program within the Hawaii Housing Finance and Development Corporation to provide funding to private property owners for the construction of accessory dwelling units, including any necessary associated infrastructure, to be used as below-market rental units. Makes an appropriation.

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

