

JAN 19 2018

A BILL FOR AN ACT

RELATING TO PUBLIC HOUSING.

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

1 PART I

2 SECTION 1. The purpose of this Act is to assist tenants in
3 state public housing transition into permanent housing. This
4 Act brings together several existing state and federal programs
5 to provide tenants with the means of saving funds toward the
6 purchase of a permanent dwelling.

7 PART II

8 SECTION 2. The purpose of this part is to require the
9 Hawaii public housing authority to establish a family self-
10 sufficiency program and trust accounts to provide matching funds
11 to tenants who rent certain dwelling units to assist tenants in
12 the purchase of housing units. This part also establishes a
13 family self-sufficiency program revolving fund to hold the trust
14 accounts of the tenants.

15 SECTION 3. Chapter 356D, Hawaii Revised Statutes, is
16 amended by adding two new sections to part III to be
17 appropriately designated and to read as follows:



1 "§356D-A Family self-sufficiency program; trust accounts;
2 rental units. (a) The authority shall establish a family self-
3 sufficiency program to be modeled after and similar to the
4 family self-sufficiency program as provided in title 42 United
5 States Code section 1437u for tenants who rent a dwelling unit
6 subject to section 356D-43.

7 (b) Trust accounts shall be established within the family
8 self-sufficiency program revolving fund, established pursuant to
9 section 356D-B, to enable the authority to provide matching
10 funds to tenants who rent a dwelling unit subject to section
11 356D-43 to be used solely toward the purchase of a housing unit.

12 (c) If at any time there are more applicants for dwelling
13 units subject to section 356D-43 than available dwelling units,
14 the authority shall maintain a waiting list of eligible
15 applicants for those dwelling units. When a dwelling unit
16 becomes available, the authority shall determine who shall fill
17 the vacancy from the waiting list; provided that the eligible
18 applicant agrees to the conditions set forth in this section;
19 provided further that the authority shall give priority to
20 working families earning between thirty per cent and sixty per
21 cent of the state median income.



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1 (d) The authority shall require an eligible applicant who
2 rents a dwelling unit subject to section 356D-43 to:

3 (1) Establish and maintain a trust account, to be managed
4 by the authority;

5 (2) Be a participant in the family self-sufficiency
6 program established pursuant to subsection (a); and

7 (3) Participate in a financial literacy program that is
8 approved by the authority.

9 (e) The tenant shall pay thirty per cent of the tenant's
10 income to the authority as payment for rent; provided that such
11 rent is greater than the minimum rent. The authority shall take
12 the difference between the:

13 (1) Tenant's payment; and

14 (2) Minimum rent set by the authority for state-aided
15 public housing project units with the same number of
16 bedrooms on the date the tenant first occupies the
17 unit; provided that the minimum rent shall not be
18 lower than \$250 per month,

19 and deposit the moneys into the tenant's trust account.

20 For the purposes of this subsection, the minimum rent for
21 the tenant shall remain the same during the entire period that



1 the tenant occupies the unit; provided that the authority may
2 raise the minimum rent for a subsequent twenty-four month rental
3 period granted pursuant to section 356D-43.

4 (f) The trust fund moneys shall be the authority's funds
5 until the tenant vacates the unit and a purchase and sale
6 agreement of a housing unit is signed and provided to the
7 authority. Upon the expiration of the tenancy period
8 established in section 356D-43, or upon the date the tenant
9 voluntarily vacates the unit, the authority shall match, on a
10 dollar-for-dollar basis, the amount deposited by the authority
11 on behalf of the tenant pursuant to subsection (e) and deposit
12 the matching amount into the trust account in the name of the
13 tenant. All interest accrued on the balance in the trust
14 account shall be included in the trust account.

15 Once the tenant provides a signed purchase and sale
16 agreement for the purchase of a housing unit to the authority,
17 the authority shall transfer the funds from the trust account of
18 the tenant into the designated escrow account of the tenant
19 within fourteen days to assist in the purchase of the housing
20 unit.



1 The escrow account shall be established in a bank, savings
2 and loan association, or a trust company authorized to do
3 business in the State under an escrow arrangement or corporation
4 licensed as an escrow depository under chapter 449.

5 (g) Upon the expiration of the tenancy period established
6 in section 356D-43, or upon the date the tenant voluntarily
7 vacates the unit, the authority shall issue a housing choice
8 voucher to the tenant to be used towards the purchase or to
9 assist in paying the mortgage of a housing unit. The voucher
10 shall be used for up to ten years, and may be extended for an
11 additional five years at the request of the tenant.

12 (h) After the end of the tenth year from the date of
13 initial purchase or execution of an agreement of sale, the
14 former tenant may sell the housing unit and sell or assign the
15 real property free from any price restrictions; provided that
16 the former tenant shall be required to pay the authority the sum
17 of the authority's share of the net appreciation of the value of
18 the real property as determined by the authority, which shall be
19 deposited into the family self-sufficiency program revolving
20 fund, established pursuant to section 356D-B.



1 (i) No tenant subject to this section who is evicted from
2 the tenant's unit for cause by the authority shall be eligible
3 to receive any matching funds pursuant to subsection (f).

4 (j) If a former tenant who has received moneys pursuant to
5 subsection (f) wishes to reapply for a dwelling unit subject to
6 section 356D-43, the former tenant shall first repay the entire
7 amount of the trust fund moneys paid pursuant to subsection (f)
8 and meet any other requirements imposed by the authority.

9 (k) The authority may adopt rules pursuant to chapter 91
10 to effectuate this section.

11 **§356D-B Family self-sufficiency program revolving fund.**

12 There is created a family self-sufficiency program revolving
13 fund to be administered by the authority, which shall hold the
14 trust accounts of tenants established pursuant to section 356D-
15 A, and shall consist of:

16 (1) Amounts deposited by the authority pursuant to section
17 356D-A(e), to be held within each tenant's respective
18 trust account;

19 (2) Amounts deposited by the authority in satisfaction of
20 the matching requirement under section 356D-A(f), to
21 be held within each tenant's respective trust account;



- 1 (3) Moneys collected from payments made to the authority
- 2 by a former tenant who participated in the family
- 3 self-sufficiency program, pursuant to section 356D-
- 4 A(f); and
- 5 (4) Appropriations from the legislature."

PART III

7 SECTION 4. The purpose of this part is to impose a maximum

8 rental period for certain state low-income housing projects that

9 are owned or operated by the authority; provided that the

10 maximum rental periods do not apply to tenants who are disabled

11 or sixty-two years of age or older. This part also requires the

12 tenancy of all tenants of a dwelling unit in a state low-income

13 housing project to terminate upon either the termination of the

14 tenancy of the last head or co-head of the household who was an

15 original household head or co-head at the time the initial lease

16 or rental agreement was executed, subject to certain exceptions

17 or, for applicable units, on the last day of the five-year

18 rental period, or sooner; provided that the authority may grant

19 the tenant an additional twenty-four-month rental period.

20 SECTION 5. Section 356D-42, Hawaii Revised Statutes, is

21 amended to read as follows:



- 1 "§356D-42 Housing; tenant selection~~[,]~~; tenancy
2 termination. (a) The authority shall select tenants upon the
3 basis of those in greatest need for the particular housing,
4 subject to the following limitations and preferences:
- 5 (1) The authority may limit the tenants of any state low-
6 income housing project to classes of persons when
7 required by federal law or state or regulation as a
8 term or condition of obtaining assistance from the
9 federal government; [~~provided that not less than fifty~~
10 ~~per cent of available units shall be for applicants~~
11 ~~without preference and up to fifty per cent of~~
12 ~~available units shall be for applicants with~~
13 ~~preference,~~]
- 14 (2) Within the priorities established by the authority
15 recognizing need~~[, veterans]~~ :
- 16 (A) Working families earning between thirty per cent
17 and sixty per cent of the state median income;
18 and
- 19 (B) Veterans with a permanent disability of ten per
20 cent or more, as certified by the United States
21 Department of Veterans Affairs, and their



1 dependent parents, if any. The deceased
2 veteran's widow or widower shall be given first
3 preference. Parents of veterans shall not use
4 the veteran status of their adult child as a
5 basis for preference; and

6 (3) Subject to any limitations set by federal law or
7 regulation, the authority shall not select as a
8 tenant, and may terminate the tenancy of, any person
9 if the person or any household member owns or acquires
10 a home within the State.

11 (b) The authority shall not allow remaining members of
12 tenant households to continue to occupy a dwelling unit in a
13 state low-income housing project upon the death or removal from
14 the unit of the last original head or co-head of the household;
15 provided that where the original head or co-head of the
16 household is survived by a minor, the authority may allow a
17 legal guardian to assume responsibility for the unit to care for
18 any minor who was subsequently added to the household by birth,
19 adoption, or court order and who was properly reported to the
20 authority, until the youngest minor added to the household
21 reaches the age of twenty-one, or reaches the age of twenty-



1 three if the youngest minor is a full-time student at a business
2 school, technical school, college, community college, or
3 university. No legal guardian shall be added to the household
4 to care for the minor or minors unless the legal guardian is
5 also eligible for participation in the state low-income public
6 housing program; provided further that any legal guardian added
7 to the household shall not remain in the unit after the youngest
8 minor has reached the age of twenty-one, or has reached the age
9 of twenty-three if the youngest minor is a full-time student at
10 a business school, technical school, college, community college,
11 or university.

12 ~~[(b)]~~ (c) The authority shall adopt rules pursuant to
13 chapter 91 to carry out the purposes of this section."

14 SECTION 6. Section 356D-43, Hawaii Revised Statutes, is
15 amended to read as follows:

16 "~~[(1)]~~ §356D-43 ~~[(1)]~~ **Rentals.** (a) Notwithstanding any other
17 law to the contrary, the authority shall fix the rates of the
18 rentals for dwelling units and other facilities in state low-
19 income housing projects provided for by this subpart~~[(7)]~~ at rates
20 of a minimum of \$250 per month that will produce revenues that
21 will be sufficient to pay all expenses of management, operation,



1 and maintenance, including the cost of insurance, a
2 proportionate share of the administrative expenses of the
3 authority to be fixed by it, and the costs of repairs,
4 equipment, and improvements, to the end that the state low-
5 income housing projects shall be and always remain self-
6 supporting. The authority, in its discretion, may fix the rates
7 in amounts as will produce additional revenues (in addition to
8 the foregoing) sufficient to amortize the cost of the state low-
9 income housing project or projects, including equipment, over a
10 period or periods of time that the authority may deem advisable.

- 11 (b) Notwithstanding any other law to the contrary, if:
- 12 (1) Any state low-income housing project or projects have
13 been specified in any resolution of issuance adopted
14 pursuant to part I;
 - 15 (2) The income or revenues from any project or projects
16 have been pledged by the authority to the payment of
17 any bonds issued under part I; or
 - 18 (3) Any of the property of any state low-income housing
19 project or projects is security for the bonds,
20 the authority shall fix the rates of the rentals for dwelling
21 units and other facilities in the state low-income housing



1 project or projects so specified or encumbered at increased
2 rates that will produce the revenues required by subsection (a)
3 and, in addition, those amounts that may be required by part I,
4 by any resolution of issuance adopted under part I, and by any
5 bonds or mortgage or other security issued or given under part
6 I.

7 (c) The authority shall set aside two hundred fifty
8 dwelling units in state low-income housing projects owned or
9 operated by the authority for the purpose of occupancy by
10 tenants participating in the family self-sufficiency program
11 established pursuant to section 356D-A. The authority shall
12 apply an initial maximum rental period of five years upon these
13 two hundred fifty dwelling units; provided that the authority
14 shall not apply the maximum rental period to individuals who are
15 disabled or are sixty-two years of age or older.
16 Notwithstanding subsection (a), for tenants who agree to the
17 conditions set forth in section 356D-A, the authority shall fix
18 the minimum rental rate for the entire rental period at the
19 minimum amount of rent set by the authority for state-aided
20 family public housing project units with the same number of
21 bedrooms as of the date the tenant first occupies the unit.



1 (d) A tenant of a unit subject to subsection (c) may
2 request and the authority may grant an additional twenty-four
3 month rental period; provided that when granted, the tenant
4 shall continue to:

5 (1) Maintain the already established trust account managed
6 by the authority;

7 (2) Remain a participant in the family self-sufficiency
8 program established pursuant to section 356D-A; and

9 (3) Maintain participation in a financial literacy program
10 that is approved by the authority.

11 (e) A tenant of a unit subject to subsection (c) shall pay
12 thirty per cent of the tenant's income to the authority as
13 payment for rent provided that such rent is greater than the
14 minimum rent. The authority shall take the difference between
15 the:

16 (1) Tenant's payment; and

17 (2) Minimum rent set by the authority for state-aided
18 public housing project units on the date the tenant
19 first occupied the unit, provided that the minimum
20 rent shall not be lower than \$250 per month;



1 and deposit the moneys in the tenant's trust account established
2 pursuant to section 356D-A(b)."

3 PART IV

4 SECTION 7. The purpose of this part is to appropriate
5 funds to establish the trust accounts pursuant to section 356D-
6 A, Hawaii Revised Statutes, and a position to manage the family
7 self-sufficiency program.

8 SECTION 8. There is appropriated out of the general
9 revenues of the State of Hawaii the sum of \$1,500,000 or so much
10 thereof as may be necessary for fiscal year 2018-2019 for the
11 Hawaii public housing authority; provided that:

- 12 (1) \$1,380,000 shall be for the Hawaii public housing
13 authority's share of matching funds to be placed in
14 the trust accounts established under this Act; and
- 15 (2) \$120,000 shall be to establish one full-time
16 equivalent (1.0 FTE) position to manage the family
17 self-sufficiency program.

18 The sum appropriated shall be expended by the Hawaii public
19 housing authority for the purposes of this part.

20 PART V



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1 SECTION 9. This Act does not affect rights and duties that
 2 matured, penalties that were incurred, and proceedings that were
 3 begun before its effective date.

4 SECTION 10. In codifying the new sections added by
 5 section 3 of this Act, the revisor of statutes shall substitute
 6 appropriate section numbers for the letters used in designating
 7 the new sections in this Act.

8 SECTION 11. Statutory material to be repealed is bracketed
 9 and stricken. New statutory material is underscored.

10 SECTION 12. This Act shall take effect on July 1, 2018;
 11 provided that sections 356D-A and 356D-B, Hawaii Revised
 12 Statutes, shall apply to all tenants who entered into lease or
 13 rental agreements for dwelling units in state low-income housing
 14 projects before July 1, 2018, or after June 30, 2018.

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INTRODUCED BY: Will Lyne

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Report Title:

Public Housing; Rentals; Purchase; Appropriation

Description:

Establishes a family self-sufficiency program to provide matching funds to enable tenants of certain public housing dwelling units to purchase housing units. Authorizes the Hawaii public housing authority to impose maximum rental periods and conditions of tenancy for tenants participating in the family self-sufficiency program. Amends general tenancy termination requirements, selection priorities, and minimum rents for HPHA housing projects. Appropriates funds.

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