

JAN 23 2020

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# A BILL FOR AN ACT

RELATING TO AFFORDABLE 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 subpart A of part III to be  
3 appropriately designated and to read as follows:

4 "§201H- Reimbursement of predevelopment costs for  
5 affordable rental housing projects. (a) The corporation shall  
6 reimburse all predevelopment costs incurred by any qualified  
7 person or firm that develops a project to provide affordable  
8 rental housing; provided that reimbursement under this section  
9 shall be limited to projects certified or approved by the  
10 corporation pursuant to section 201H-36.

11 (b) The corporation shall use moneys from the rental  
12 housing revolving fund established pursuant to section 201H-202  
13 or the dwelling unit revolving fund established pursuant to  
14 section 201H-191 to make any reimbursement under this section.

15 (c) For purposes of this section, "predevelopment costs"  
16 means predevelopment expenses that are customarily incurred and  
17 that have been actually incurred by a qualified person or firm



1 in connection with the development of a project to provide  
2 affordable rental housing that has been certified or approved by  
3 the corporation pursuant to section 201H-36; provided that  
4 predevelopment expenses shall include any: architectural,  
5 engineering, or related professional services required to  
6 prepare plans, specifications, or work write-ups; application,  
7 commitment, or origination fees in connection with construction  
8 or permanent financing; security services; land use  
9 entitlements; building permits; development fees; utilities  
10 fees; property insurance; title and other insurance; legal and  
11 accounting fees; tests to determine the condition of the  
12 development site; costs of environmental review; property taxes;  
13 and fees for financial and advisory services."

14 SECTION 2. Section 201H-191, Hawaii Revised Statutes, is  
15 amended by amending subsection (a) to read as follows:

16 "(a) There is created a dwelling unit revolving fund. The  
17 funds appropriated for the purpose of the dwelling unit  
18 revolving fund and all moneys received or collected by the  
19 corporation for the purpose of the revolving fund shall be  
20 deposited in the revolving fund. The proceeds in the revolving  
21 fund shall be used to reimburse the general fund to pay the



1 interest on general obligation bonds issued for the purposes of  
2 the revolving fund, for the necessary expenses in administering  
3 housing development programs and regional state infrastructure  
4 programs, and for carrying out the purposes of housing  
5 development programs and regional state infrastructure programs,  
6 including but not limited to the expansion of community  
7 facilities and regional state infrastructure constructed in  
8 conjunction with housing and mixed-use transit-oriented  
9 development projects, permanent primary or secondary financing,  
10 [and] reimbursement for predevelopment costs for affordable  
11 rental housing projects pursuant to section 201H- ,  
12 supplementing building costs, federal guarantees required for  
13 operational losses, and all things required by any federal  
14 agency in the construction and receipt of federal funds or  
15 low-income housing tax credits for housing projects."

16 SECTION 3. Section 201H-204, Hawaii Revised Statutes, is  
17 amended by amending subsection (a) to read as follows:

18 "(a) Activities eligible for assistance from the fund  
19 shall include but not be limited to:



# S.B. NO. 2797

- 1 (1) New construction, rehabilitation, or preservation of
- 2 low-income rental housing units that meet the criteria
- 3 for eligibility described in subsection (c);
- 4 (2) The leveraging of moneys with the use of fund assets;
- 5 (3) Pre-development activity grants or loans to nonprofit
- 6 organizations[~~+~~and] or any qualifying person or firm
- 7 pursuant to section 201H- ; and
- 8 (4) Acquisition of housing units for the purpose of
- 9 preservation as low-income or very low-income
- 10 housing."

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

13 SECTION 5. This Act shall take effect on July 1, 2020.

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INTRODUCED BY: 4. Kalam Egh



# S.B. NO. 2797

**Report Title:**

HHFDC; Affordable Housing; Predevelopment Costs; Financing; Reimbursement; Dwelling Unit Revolving Fund; Rental Housing Revolving Fund

**Description:**

Authorizes the Hawaii Housing Finance and Development Corporation to reimburse any qualified person or firm for any predevelopment costs of certain affordable rental housing projects. Includes reimbursement for predevelopment costs for certain affordable rental housing projects among the permissible uses of Dwelling Unit Revolving Fund and Rental Housing Revolving Fund moneys.

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