
A BILL FOR AN ACT

RELATING TO HOUSING.

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

1 PART I

2 SECTION 1. The legislature finds that the State has a
3 housing crisis. A 2019 study commissioned by the department of
4 business, economic development, and tourism found that the State
5 will require an additional 50,156 homes by the year 2025, with
6 the city and county of Honolulu requiring 22,168 new units,
7 Hawaii county requiring 13,303 new units, Maui county requiring
8 10,404 new units, and Kauai county requiring 4,281 new housing
9 units.

10 The Federal Home Loan Corporation, more commonly known as
11 Freddie Mac, has reported that the average 30-year fixed
12 residential mortgage interest rate was 3.11 per cent in December
13 2021 and 6.42 per cent in December 2022. This 206 per cent
14 increase reflects the dramatically increasing monthly cost of
15 owning a home for residents and the decreasing maximum sale
16 price of affordable housing units in the State. In addition,
17 the Federal Reserve has reported that the one-month term of the



1 secured overnight financing rate, a metric used by lenders to
2 determine real estate construction loan interest rates, has
3 increased from 0.05 per cent in December 2021 to 4.30 per cent
4 in December 2022. The 86-times increase reflects the
5 dramatically increasing cost of construction financing for
6 residential units. These increases in home loan and
7 construction loan interest rates pose a significant risk to the
8 continued production of affordable rental or for-sale units.

9 The legislature further finds that zero interest home loans
10 administered by the Hawaii housing finance and development
11 corporation through the dwelling housing revolving fund made to
12 eligible homebuyers will counteract the current higher interest
13 rates and lower the effective borrowing interest rate. In turn,
14 a loan will allow a buyer to obtain a portion of their home loan
15 as interest free financing for the purchase of affordable for-
16 sale housing units.

17 The legislature also finds that additional funds allocated
18 to the dwelling unit revolving fund and rental housing revolving
19 fund are necessary to stimulate the development of affordable
20 for-sale and rental housing units. Additional funding would be
21 allocated to aid more new affordable for-sale and rental housing



1 projects and existing for-sale and rental housing projects that
2 are currently in development by addressing impacts of rising
3 interest rates and construction costs.

4 Accordingly, the purpose of this Act is to:

- 5 (1) Require the dwelling unit revolving fund to be used to
6 provide zero interest loans or grants to certain
7 buyers and to aid certain projects in development to
8 address increased construction costs or interest
9 rates;
- 10 (2) Appropriate funds to the rental housing revolving fund
11 and the dwelling unit revolving fund; and
- 12 (3) Allocate funds out of the rental housing revolving
13 fund and the dwelling unit revolving fund for certain
14 purposes.

15 PART II

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

18 "§201H-191 Dwelling unit revolving fund. (a) There is
19 created a dwelling unit revolving fund. The funds appropriated
20 for the purpose of the dwelling unit revolving fund and all
21 moneys received or collected by the corporation for the purpose



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

17 (b) The fund shall be used to provide zero interest loans
18 or grants to buyers with incomes above sixty and at or below one
19 hundred and forty per cent of the median family income for the
20 State. Moneys allocated pursuant to this subsection shall
21 prioritize projects utilizing the lowest average loan amount as



1 a percentage of unit sale price. Moneys received upon repayment
2 of zero interest loans or grants shall be redeposited into the
3 fund for the issuance of new zero interest loans to or grants to
4 buyers with incomes above sixty and at or below one hundred and
5 forty per cent of the median family income for the State.

6 (c) The fund shall be used to provide aid to existing for-
7 sale projects in development that have received entitlement or
8 loans from the fund to address increased construction costs or
9 interest rates since receiving the entitlement or loan.

10 ~~(b)~~ (d) Subject to the requirements of subsection (a),
11 proceeds in the revolving fund may be used to establish and
12 operate regional state infrastructure subaccounts pursuant to
13 section 201H-191.5."

14 SECTION 3. There is appropriated out of the general
15 revenues of the State of Hawaii the sum of \$10,000,000 or so
16 much thereof as may be necessary for fiscal year 2023-2024 and
17 the same sum or so much thereof as may be necessary for fiscal
18 year 2024-2025 to be deposited into the dwelling unit revolving
19 fund established pursuant to section 201H-191, Hawaii Revised
20 Statutes.



1 SECTION 4. There is appropriated out of the dwelling unit
2 revolving fund the sum of \$ or so much thereof as may
3 be necessary for fiscal year 2023-2024 and the same sum or so
4 much thereof as may be necessary for fiscal year 2024-2025 for
5 providing aid to existing for-sale projects in development that
6 have received entitlement or loans from the fund to address
7 increased construction costs or interest rates since receiving
8 the entitlement or loan; provided that \$ shall be
9 allocated to provide zero interest loans or grants to buyers
10 with incomes above sixty and at or below one hundred and forty
11 per cent of the median family income for the State.

12 The sums appropriated shall be expended by the Hawaii
13 housing finance and development corporation for the purposes of
14 this Act; provided that the appropriation shall not lapse at the
15 end of the fiscal year for which the appropriation is made;
16 provided further that all moneys from the appropriation
17 unencumbered as of June 30, 2025, shall lapse as of that date.

18 PART III

19 SECTION 5. There is appropriated out of the general
20 revenues of the State of Hawaii the sum of \$ or so
21 much thereof as may be necessary for fiscal year 2023-2024 and



1 the same sum or so much thereof as may be necessary for fiscal
2 year 2024-2025 into the rental housing revolving fund
3 established pursuant to section 201H-202, Hawaii Revised
4 Statutes.

5 SECTION 6. There is appropriated out of the rental housing
6 revolving fund the sum of \$ or so much thereof as may
7 be necessary for fiscal year 2023-2024 and the same sum or so
8 much thereof as may be necessary for fiscal year 2024-2025 for
9 mixed-income rental projects or units in mixed-income rental
10 projects targeted for individuals and families with incomes
11 above sixty and at or below one hundred per cent of the median
12 family income for the State, which shall be allocated as
13 follows:

- 14 (1) \$ for low-income housing tax credit
15 projects; and
- 16 (2) \$ for additional funding to existing
17 affordable rental projects that were awarded low-
18 income housing tax credits or bonds to address changes
19 in interest rates or construction costs since
20 receiving an award.



1 The sums appropriated shall be expended by the Hawaii
2 housing finance and development corporation for the purposes of
3 this Act; provided that the appropriation shall not lapse at the
4 end of the fiscal year for which the appropriation is made;
5 provided further that all moneys from the appropriation
6 unencumbered as of June 30, 2024, may be used for other rental
7 housing projects pursuant to paragraph 201H-202(e)(1), Hawaii
8 Revised Statutes; provided further that all moneys from the
9 appropriation unencumbered as of June 30, 2025, shall lapse as
10 of that date.

PART IV

12 SECTION 7. If any provision of this Act, or the
13 application thereof to any person or circumstance, is held
14 invalid, the invalidity does not affect other provisions or
15 applications of the Act that can be given effect without the
16 invalid provision or application, and to this end the provisions
17 of this Act are severable.

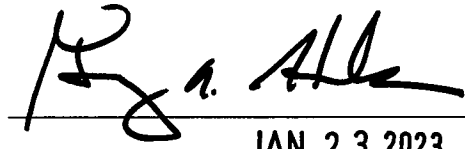
18 SECTION 8. Statutory material to be repealed is bracketed
19 and stricken. New statutory material is underscored.



1 SECTION 9. This Act shall take effect on July 1, 2023.

2

INTRODUCED BY:



JAN 23 2023



H.B. NO. 925

Report Title:

Hawaii Housing Finance and Development Corporation; Rental Housing Revolving Fund; Dwelling Unit Revolving Fund Loans; Appropriation

Description:

Requires that funds from the Dwelling Unit Revolving Fund be used to provide zero interest loans or grants to certain buyers and aid certain existing-for sale projects that have received funds from the Dwelling Unit Revolving Fund. Appropriates funds to the Rental Housing Revolving Fund and the Dwelling Unit Revolving Fund. Allocates funds out of the Rental Housing Revolving Fund and the Dwelling Unit Revolving Fund for certain purposes.

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

