
A BILL FOR AN ACT

RELATING TO THE RENTAL HOUSING REVOLVING FUND.

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

1 SECTION 1. The legislature finds that there is a need for
2 twenty-six thousand affordable rental housing units for Hawaii's
3 workforce. The legislature further finds that the rental
4 housing revolving fund provides "equity gap" low-interest loans
5 to affordable housing owners and developers on a competitive
6 basis. In the past, the Hawaii housing finance and development
7 corporation prioritized the award of rental housing revolving
8 funds to projects that received federal and state low-income
9 housing tax credit allocations. As a result, most of the rental
10 housing revolving fund has been targeted at tier 1 households,
11 which are households with incomes below sixty per cent of the
12 area median incomes.

13 In 2022, the legislature broadened the scope of the rental
14 housing revolving fund to assist tier 2 households, or
15 households with incomes between sixty and one hundred per cent
16 of the area median income. This was done to encourage the
17 development of affordable rental housing for working families.



1 In response to the Hawaii housing finance and development
2 corporation, eleven applications totaling one thousand four
3 hundred five residential units sought financing. Based on
4 funding appropriated by the legislature, four projects totaling
5 seven hundred fifty-nine units were awarded.

6 The legislature further finds that due to high interest
7 rates, high costs of construction, and a strong demand for
8 affordable rental housing for working families, additional
9 moneys from the rental housing revolving fund targeted at tier 2
10 households is needed. To ensure the financial feasibility of
11 tier 2 projects and to reduce the state subsidy to affordable
12 rental units serving lower area median incomes, the maximum area
13 median income should be increased from one hundred to one
14 hundred twenty per cent of the area median income.

15 Accordingly, the purpose of this Act is to appropriate
16 funds for the rental housing revolving fund, with a set aside
17 for mixed-income rental projects or units in mixed-income rental
18 projects targeted at households with incomes between sixty and
19 one hundred twenty per cent of the median family income in
20 Hawaii.



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1 SECTION 2. There is appropriated out of the general
2 revenues of the State of Hawaii the sum of \$ or so
3 much thereof as may be necessary for fiscal year 2024-2025 to be
4 deposited into the rental housing revolving fund established by
5 section 201H-202, Hawaii Revised Statutes.

6 SECTION 3. There is appropriated out of the rental housing
7 revolving fund the sum of \$ or so much thereof as may
8 be necessary for fiscal year 2024-2025 to carry out the purposes
9 of the rental housing revolving fund; provided that up to
10 \$ shall be allocated for mixed-income rental projects
11 or units in mixed-income rental projects targeted for
12 individuals and families with incomes above sixty and at or
13 below one hundred twenty per cent of the median family income
14 for the State; provided further that any unexpended or
15 unencumbered balance of the appropriation made by this Act as of
16 June 30, 2026, may be used for other rental housing projects and
17 allowable contingencies for existing awardees and shall be
18 exempt from section 201H-202(e), Hawaii Revised Statutes.

19 The sum appropriated shall be expended by the Hawaii
20 housing finance and development corporation for the purposes of
21 this Act; provided that the appropriation shall not lapse at the



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1 end of the fiscal biennium for which the appropriation is made;
2 provided further that all moneys from the appropriation
3 unencumbered as of June 30, 2026, shall lapse as of that date.

4 SECTION 4. There is appropriated out of the general
5 revenues of the State of Hawaii the sum of \$ or so
6 much thereof as may be necessary for fiscal year 2024-2025 for
7 the establishment and hiring of full-time equivalent
8 (FTE) finance specialist position to carry out the purposes
9 of this Act.

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

13 SECTION 5. In accordance with section 9 of article VII of
14 the Hawaii State Constitution and sections 37-91 and 37-93,
15 Hawaii Revised Statutes, the legislature has determined that the
16 appropriations contained in H.B. No. , will cause the state
17 general fund expenditure ceiling for fiscal year 2024-2025 to be
18 exceeded by \$ or per cent. In addition, the
19 appropriation contained in this Act will cause the general fund
20 expenditure ceiling for fiscal year 2024-2025 to be further
21 exceeded by \$ or per cent. The combined total



1 amount of general fund appropriations contained in only these
2 two Acts will cause the state general fund expenditure ceiling
3 for fiscal year 2024-2025 to be exceeded by
4 \$ or per cent. The reasons for exceeding the
5 general fund expenditure ceiling are that:

- 6 (1) The appropriation made in this Act is necessary to
7 serve the public interest; and
8 (2) The appropriation made in this Act meets the needs
9 addressed by this Act.

10 SECTION 6. This Act shall take effect on July 1, 2024.

11

INTRODUCED BY: _____



JAN 18 2024



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Report Title:

Rental Housing Revolving Fund; Affordable Housing; Positions;
Appropriation; Expenditure Ceiling

Description:

Appropriates funds into and out of the rental housing revolving fund to provide loans or grants for mixed-income rental projects or units in mixed-income rental projects for qualifying individuals and families. Appropriates funds for an unspecified number of finance specialist positions to assist with these loans and grants.

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

