
A BILL FOR AN ACT

RELATING TO AFFORDABLE HOUSING.

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

1 SECTION 1. The purpose of this Act is to promote
2 affordable housing by establishing an accessory dwelling unit
3 grant program under the Hawaii housing finance and development
4 corporation.

5 SECTION 2. Chapter 201H, Hawaii Revised Statutes, is
6 amended by adding a new subpart to part III to be appropriately
7 designated and to read as follows:

8 " ACCESSORY DWELLING UNIT GRANT PROGRAM

9 **§201H-A Definitions.** As used in this subpart, unless the
10 context otherwise requires:

11 "Accessory dwelling unit" means an accessory or a second
12 dwelling unit that includes its own kitchen, bedroom, and
13 bathroom facilities, and is attached or detached from the
14 primary dwelling unit on the zoning lot on which the primary
15 residential dwelling of the borrower is located.



1 "Development costs" includes costs associated with site
2 preparation, architectural or engineering design, permits, soil
3 tests, impact fees, and property survey.

4 "Eligible homeowner" means a person or family, without
5 regard to race, creed, national origin, or sex, who:

6 (1) Is a citizen of the United States or a resident alien;

7 (2) Is a bona fide resident of the State;

8 (3) Is at least eighteen years of age;

9 (4) Is financing the construction of an accessory dwelling
10 unit on the zoning lot on which the primary
11 residential dwelling of the borrower is located; and

12 (5) Meets other qualifications as established by rules
13 adopted by the corporation.

14 **§201H-B Accessory dwelling unit grant program;**

15 **established.** (a) There is established within the corporation
16 an accessory dwelling unit grant program. Under the accessory
17 dwelling unit grant program, the corporation may make grants to
18 eligible homeowners to finance development costs and
19 non-reoccurring closing costs associated with the construction
20 of an accessory dwelling unit.



1 (b) A grant provided pursuant to this subpart to any one
2 eligible homeowner shall not exceed \$50,000.

3 (c) An eligible homeowner shall be required to have an
4 approved construction loan to finance construction of the
5 accessory dwelling unit.

6 (d) Proceeds from an accessory dwelling unit grant shall
7 be deposited into a managed escrow account. A third-party loan
8 or escrow officer shall determine that grant proceeds are being
9 used towards eligible development costs before allowing the
10 grant proceeds to be used toward paying the construction loan.

11 (e) An accessory dwelling unit grant shall be repaid to
12 the corporation upon sale of the home.

13 (f) The corporation shall adopt rules pursuant to chapter
14 91 to carry out the purposes of this subpart.

15 **§201H-C Accessory dwelling unit grant revolving fund.** (a)
16 There is established an accessory dwelling unit grant revolving
17 fund to be administered by the corporation.

18 (b) The accessory dwelling unit grant revolving fund may
19 include appropriations made by the legislature, private
20 contributions, repayment of grants, other returns, program fees



1 collected pursuant to section 201H-D, and funds from other
2 sources.

3 (c) The revolving fund shall be used to implement the
4 accessory dwelling unit grant program by providing grants to
5 eligible borrowers to finance the construction of accessory
6 dwelling units.

7 **§201H-D Program fees.** The corporation may establish,
8 revise, charge, and collect fees, premiums, and impose costs as
9 necessary, reasonable, or convenient, for the accessory dwelling
10 unit grant program. The fees, premiums, and costs received
11 shall be deposited into the accessory dwelling unit grant
12 revolving fund established in 201H-C."

13 SECTION 3. There is appropriated out of the general
14 revenues the sum of \$ or so much thereof as may be
15 necessary for fiscal year 2024-2025 to be deposited into the
16 accessory dwelling unit grant revolving fund.

17 SECTION 4. There is appropriated out of the accessory
18 dwelling unit grant revolving fund the sum of \$ or so
19 much thereof as may be necessary for fiscal year 2024-2025 for
20 the purposes of the accessory dwelling unit grant revolving fund
21 established pursuant to section 2 of this Act.



1 The sum appropriated shall be expended by the Hawaii
2 housing finance and development corporation for the purposes of
3 this Act.

4 SECTION 5. In accordance with section 9 of article VII of
5 the Hawaii State Constitution and sections 37-91 and 37-93,
6 Hawaii Revised Statutes, the legislature has determined that the
7 appropriations contained in H.B. No. , will cause the state
8 general fund expenditure ceiling for fiscal year 2024-2025 to be
9 exceeded by \$ or per cent. In addition, the
10 appropriation contained in this Act will cause the general fund
11 expenditure ceiling for fiscal year 2024-2025 to be further
12 exceeded by \$ or per cent. The combined total
13 amount of general fund appropriations contained in only these
14 two Acts will cause the state general fund expenditure ceiling
15 for fiscal year 2024-2025 to be exceeded by
16 \$ or per cent. The reasons for exceeding the
17 general fund expenditure ceiling are that:

- 18 (1) The appropriation made in this Act is necessary to
19 serve the public interest; and
20 (2) The appropriation made in this Act meets the needs
21 addressed by this Act.



1 SECTION 6. In codifying the new sections added by section
2 2 of this Act, the revisor of statutes shall substitute
3 appropriate section numbers for the letters used in designating
4 the new sections in this Act.

5 SECTION 7. This Act shall take effect on July 1, 2024.

6

INTRODUCED BY: 276
JAN 23 2024



H.B. NO. 2550

Report Title:

HHFDC; Accessory Dwelling Units; Grant Program; Revolving Fund; Appropriation; Expenditure Ceiling

Description:

Establishes the accessory dwelling unit grant program under the Hawaii Housing Finance and Development Corporation to provide grants to eligible homeowners for development costs and certain closing costs associated with the construction of an accessory dwelling unit. Establishes and appropriates funds into and out of the accessory dwelling unit grant revolving fund.

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