
A BILL FOR AN ACT

RELATING TO THE RENTAL HOUSING REVOLVING FUND.

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

SECTION 1. Section 201H-202, Hawaii Revised Statutes, is amended as follows:

1. By amending subsections (c) and (d) to read:

"(c) The following may be deposited into the fund[+] or
into the mixed-income subaccount established under
subsection (f):

(1) Appropriations made by the legislature;

(2) Conveyance taxes pursuant to section 247-7;

(3) Private contributions;

(4) Repayment of loans;

(5) Interest;

(6) Other returns; and

(7) Moneys from other sources.

(d) ~~[Except]~~ Notwithstanding any law to the contrary, and
except as provided in subsection (f), the fund shall be used to
provide ~~[loans]~~ any and all forms of financing, including but
not limited to loans, equity investments, credit enhancement,



1 and collateral for the development, pre-development,
2 construction, acquisition, preservation, and substantial
3 rehabilitation of rental housing units. The corporation shall
4 not forgive any loan made from the fund unless the corporation
5 forecloses on the project. Permitted uses of the fund may
6 include but are not limited to planning, design, land
7 acquisition, costs of options, agreements of sale, downpayments,
8 equity financing, capacity building of nonprofit housing
9 developers, credit enhancement, gap financing, or other housing
10 development services or activities as provided in rules adopted
11 by the corporation pursuant to chapter 91. The rules may
12 provide for a means of recapturing loans or grants made from the
13 fund if a rental housing project financed under the fund is
14 refinanced or sold at a later date. The rules may also provide
15 that moneys from the fund shall be leveraged with other
16 financial resources to the extent possible."

17 2. By amending subsection (f) to read:

18 "(f) There is established within the fund a mixed-income
19 subaccount. Moneys in the mixed-income subaccount shall be used
20 for any and all forms of financing, including but not limited to
21 loans, equity investments, [~~and~~] credit enhancement, and



1 collateral, for mixed-income rentals or for-sale projects, or
2 units in a mixed-income rental or for-sale project, exclusively
3 for qualified residents as defined in section 201H-32. The
4 corporation may transfer moneys between the mixed-income
5 subaccount and the rental housing revolving fund without
6 requiring legislative approval. The corporation shall establish
7 an application process for the allocation of funds in the
8 mixed-income subaccount, separate from the fund allocation
9 process pursuant to section 201H-204(c), that gives preference
10 to projects meeting the following criteria:

11 ~~[(1) A diverse range of affordability, prioritizing persons~~
12 ~~and families with incomes up to one hundred forty per~~
13 ~~cent of the median family income;~~

14 ~~+(2)]~~ (1) Projects located on state or county owned land or
15 developed in partnership with the State or a county;

16 ~~[(3)]~~ (2) Projects that ~~[efficiently use state funding;]~~
17 require the least state funding per unit and have the
18 shortest loan repayment term;

19 ~~[(4)]~~ (3) Mixed-income rental projects or units in a
20 mixed-income rental project in an area that satisfy



1 transit-supportive density requirements, as defined in
2 section 206E-246; ~~[and]~~

3 (4) Rental and for-sale housing projects that price units
4 at the minimum level to be revenue neutral, as
5 determined by rules adopted by the corporation
6 pursuant to chapter 91;

7 (5) Projects with a perpetual affordability commitment;
8 and

9 ~~[(5)]~~ (6) Any other criteria as the corporation deems
10 necessary to carry out the purposes of this
11 subsection.

12 If the corporation, after applying the process described in
13 this subsection, finds a nonprofit or government project equally
14 ranked with a for-profit project, the corporation shall give
15 preference to the nonprofit or government project in allotting
16 funds from the mixed-income subaccount.

17 Moneys derived from the repayment of loans funded by the
18 mixed-income subaccount, interest thereon, and related fees and
19 returns shall be deposited into the ~~[fund.]~~ subaccount."

20 SECTION 2. Section 201H-204, Hawaii Revised Statutes, is
21 amended by amending subsections (a) and (b) to read as follows:



- 1 "(a) Activities eligible for assistance from the fund
2 shall include but not be limited to:
- 3 (1) New construction, rehabilitation, or preservation of
4 low-income or mixed-income rental housing units that
5 meet the criteria for eligibility described in
6 subsection (c) or section 201H-202(f);
- 7 (2) The leveraging of moneys with the use of fund assets;
- 8 (3) Pre-development activity grants or loans to nonprofit
9 organizations; and
- 10 (4) Acquisition of housing units for the purpose of
11 preservation as low-income or very low-income housing.
- 12 (b) Preference shall be given to projects producing units
13 in at least one of the following categories:
- 14 (1) Multifamily units;
- 15 (2) Attached single-family units;
- 16 (3) Apartments;
- 17 (4) Townhouses;
- 18 (5) Housing units above commercial or industrial space;
- 19 (6) Single room occupancy units;
- 20 (7) Accessory apartment units;
- 21 (8) Employee housing;



(9) United States Department of Housing and Urban
Development mixed finance development of public
housing units; and

(10) Other types of units meeting the criteria for
eligibility set forth in subsection (c) ~~[-]~~ or section
201H-202(f)."

SECTION 3. Section 247-7, Hawaii Revised Statutes, is
amended to read as follows:

"§247-7 Disposition of taxes. All taxes collected under
this chapter shall be paid into the state treasury to the credit
of the general fund of the State, to be used and expended for
the purposes for which the general fund was created and exists
by law; provided that of the taxes collected each fiscal year:

(1) Ten per cent or \$5,100,000, whichever is less, shall
be paid into the land conservation fund established
pursuant to section 173A-5; and

(2) Fifty per cent or \$38,000,000, whichever is less,
shall be paid into the rental housing revolving fund
established by section 201H-202 ~~[-]~~; provided that
funds allocated under this paragraph may be



1 transferred into the mixed-income subaccount
2 established pursuant to section 201H-202(f)."

3 SECTION 4. There is appropriated out of the general
4 revenues of the State of Hawaii the sum of \$ or so
5 much thereof as may be necessary for fiscal year 2026-2027 to be
6 deposited into the mixed-income subaccount for the rental
7 housing revolving fund established pursuant to section
8 201H-202(f), Hawaii Revised Statutes.

9 SECTION 5. There is appropriated out of the mixed-income
10 subaccount of the rental housing revolving fund established
11 pursuant to section 201H-202(f), Hawaii Revised Statutes, the
12 sum of \$ or so much thereof as may be necessary for
13 fiscal year 2026-2027 for the purposes of the subaccount.

14 The sum appropriated shall be expended by the Hawaii
15 housing finance and development corporation for the purposes of
16 this Act.

17 SECTION 6. Statutory material to be repealed is bracketed
18 and stricken. New statutory material is underscored.

19 SECTION 7. This Act shall take effect on July 1, 2050;
20 provided that sections 1, 2, and 3 of this Act shall be repealed
21 on June 30, 2030, and sections 201H-202, 201H-204, and 247-7,



1 Hawaii Revised Statutes, shall be reenacted in the form in which
2 they read on the day before the effective date of Act 159,
3 Session Laws of Hawaii 2025.

4

INTRODUCED BY:

ZMC

JAN 20 2026



H.B. NO. 1723

Report Title:

HHFDC; RHRF; Mixed-Income Subaccount; Project Criteria;
Conveyance Tax; Appropriations

Description:

Revises the Mixed-Income Subaccount within the Rental Housing Revolving Fund by modifying the priority list for project funding and adding new project priority criteria. Authorizes fund transfers between the Mixed-Income Subaccount without legislative approval. Authorizes conveyance tax revenues deposited into the Rental Housing Revolving Fund to be transferred to the Mixed-Income Subaccount. Appropriates funds. Effective 7/1/2050.

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

