

JAN 21 2026

A BILL FOR AN ACT

RELATING TO 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 part to be appropriately designated and
3 to read as follows:

4 **"PART . AFFORDABLE HOMEOWNERSHIP AND RENTAL SUPPLY PROGRAMS**

5 **§201H-A Definitions.** As used in this part:

6 "Eligible developer" means a developer that meets
7 eligibility requirements pursuant to section 201H-C(a)(3), (4),
8 and (5).

9 "Eligible homebuyer" means a homebuyer who meets
10 eligibility requirements pursuant to section 201H-F.

11 "Middle-income household" means a household whose gross
12 household income does not exceed:

13 (1) per cent of the area median income for a family
14 with children as determined by the United States
15 Department of Housing and Urban Development; and



1 (2) per cent of the area median income for a family
2 without children as determined by the United States
3 Department of Housing and Urban Development.

4 "Rental housing project" means a project approved for
5 interim financing by the corporation pursuant to section 201H-D.

6 §201H-B Identification of underutilized lands; public land

7 **inventory; assistance.** (a) The corporation shall partner with
8 landowners, including the counties and state and federal
9 agencies, to identify low-cost, underutilized public properties
10 that are suitable for the development of affordable rental
11 housing, including mix-used developments.

12 (b) The corporation shall compile, maintain, and publish
13 on its website an inventory of the public properties identified
14 pursuant to subsection (a), including the corresponding tax map
15 keys of the properties identified.

16 (c) Once a property is listed in the public inventory, the
17 corporation shall notify eligible developers. An eligible
18 developer may submit a proposal to:

19 (1) Develop a rental housing project on the site; or

20 (2) Develop and own and operate a rental housing pro-

21 on the site.



1 (d) The corporation shall provide assistance to an
2 eligible developer that requests assistance:

3 (1) In navigating the planning and permitting requirements
4 of the State and the county in which the project site
5 is located to accelerate project development
6 timelines;

11 (e) The corporation shall provide assistance to any county
12 agency that requests assistance:

13 (1) With regard to legal issues that may arise during the
14 construction and development of a property; and
15 (2) Pursuant to section 201H-8(6).

§201H-C Eligibility requirements; rental housing projects;

17 **developers; contributions.** (a) To be eligible for financing by
18 the corporation pursuant to section 201H-D, a rental housing
19 project shall, at minimum, meet the following requirements:

20 (1) The project site shall be viable for residential use
21 and housing;



- 1 (2) Housing developed shall be available to middle-income
2 households;
- 3 (3) The eligible developer shall own and control
4 mortgageable interest in the property;
- 5 (4) The eligible developer shall submit a study to the
6 corporation in accordance with rules adopted by the
7 corporation, detailing:
 - 8 (A) Present and future need and demand for rental
9 housing for middle-income households in the
10 target community;
 - 11 (B) A clear business case for the rental housing
12 project, including demonstrated ability to
13 maintain rent thresholds for middle-income
14 households over time; and
 - 15 (C) A description demonstrating that the rental
16 housing project will be sustainable without
17 operating subsidies or additional capital grants
18 from the corporation for capital repairs or
19 replacements; and



1 (5) The eligible developer shall contribute in equity to
2 the rental housing project one or more of the
3 following:

- 4 (A) Low-cost financing;
- 5 (B) Capital funding;
- 6 (C) Land contributions;
- 7 (D) Fundraising or donor contributions;
- 8 (E) Cash and other equity contributions; and
- 9 (F) County funding, development bonuses, or
- 10 concessions for the project site that improve the
- 11 viability of the rental housing project.

12 (b) The corporation may apply additional requirements or
13 prioritize a rental housing project based on available equity
14 contributions, financing, and other factors, including:

15 (1) Greater need, demand, or community impact;

16 (2) County and community support;

17 (3) Large partner equity contributions; and

18 (4) Geographic location.

19 (c) An eligible developer that qualifies for a loan or
20 grant under section 201H-D shall guarantee that the rental
21 housing project shall:



§201H-D Affordable rental supply revolving fund;

10 construction loans; interim financing; requirements; permitted
11 uses. (a) There is established an affordable rental supply
12 revolving fund to be administered by the corporation.

13 (b) The following shall be deposited into the fund:

14 (1) Appropriations made by the legislature;

15 (2) Private contributions;

16 (3) Repayment of loans, interest, and other returns,

17 including the sale of a federally insured or

18 guaranteed loan to the Federal Financing Bank; and

19 (4) Moneys from other sources.

20 (c) The fund shall provide interim financing for the

21 construction and development of rental housing, including new



1 construction, acquisition, and development. The corporation may
2 approve financing up to one hundred per cent of the costs
3 necessary to develop and complete the rental housing project.
4 An eligible developer that receives interim financing pursuant
5 to this section shall repay the loan within five years from the
6 date that the rental housing project transitions to permanent
7 financing.

8 (d) Permitted uses of the fund may also include:
9 (1) A capital grant of not more than \$ for the
10 department of Hawaiian home lands, an eligible
11 developer controlled by Native Hawaiians, and public
12 housing corporations and co-operatives; provided that
13 an eligible developer awarded a grant pursuant to this
14 paragraph shall:
15 (A) Prioritize housing for middle-income households
16 for a minimum of years; and
17 (B) Offer a minimum of per cent of units rented
18 at per cent market rate for a minimum of
19 years;



provided further that the department of Hawaiian home lands shall be exempt from the requirements of subparagraphs (A) and (B);

- (2) A short-term loan for a general excise tax advance; provided that the corporation shall only offer the loan to an eligible developer approved for interim financing pursuant to subsection (c);
- (3) Project development funding activities, including but not limited to feasibility studies, design drawings and specifications, cost estimates, survey fees, acquisition and servicing, and demolition costs;
- (4) County fees, including rezoning, building permits, development permits, utility permits, development cost charges, and utility charges;
- (5) Appraisal fees;
- (6) Professional fees; and
- (7) Other housing development services or activities that the corporation may authorize in accordance with rules adopted pursuant to chapter 91.

(e) A loan issued under this section shall:

- (1) Comply with applicable federal and state laws;



13 **S201H-F Eligible homebuyers; requirements.** (a) An
14 eligible homebuyer seeking a second mortgage pursuant to section
15 201H-E, at the time of application, shall:

16 (1) Be a citizen or permanent resident of the State;

17 (2) Have resided in the State for at least years;

18 (3) Not own property in the State or any jurisdiction

19 outside of the State;

20 (4) Be living in rental housing or other non-ownership

21 housing; and



1 (5) Have a gross household income that does not exceed:

2 (A) per cent of the area median income for

3 families with children as determined by the

4 United States Department of Housing and Urban

5 Development; and

6 (B) per cent of the area median income for

7 families without children as determined by the

8 United States Department of Housing and Urban

9 Development.

10 (b) An eligible homebuyer shall:

11 (1) Secure primary mortgage financing from a private

12 sector lender approved by the corporation; and

13 (2) Provide a down payment of at least per cent of

14 the property value.

§201H-G Affordable homeownership assistance revolving

16 **fund; requirements.** (a) There is established an affordable
17 homeownership assistance revolving fund to be administered by
18 the corporation.

19 (b) The following shall be deposited into the fund:

20 (1) Appropriations made by the legislature;

21 (2) Private contributions;



3 (4) Moneys from any other sources.

4 (c) The fund shall provide second mortgages for eligible
5 homebuyers. The corporation may approve a second mortgage
6 amount of up to per cent of the value of the home. A
7 homeowner who receives a second mortgage from the corporation
8 shall repay the amount of the second mortgage, plus a
9 proportionate share of any increase in value of the home, upon
10 the sale of the home. A decline in market value shall
11 proportionately reduce the amount repayable.

12 (d) The second mortgage shall be:

13 (1) Interest- and payment-free for years or until
14 the home is sold, whichever occurs first; and

15 (2) Registered on the title to secure the value that is
16 achieved through all partner contributions, including
17 county, state, and federal housing assistance,
18 vouchers, and waivers.

19 (e) An eligible homebuyer who receives a second mortgage
20 through the affordable homeownership program shall:





1 thereof as may be necessary for fiscal year 2026-2027 for the
2 development of eligible, affordable rental housing projects in
3 the State.

4 The sum appropriated shall be expended by the Hawaii
5 housing finance and development corporation for the purposes of
6 this Act.

7 SECTION 4. There is appropriated out of the general
8 revenues of the State of Hawaii the sum of \$ or so
9 much thereof as may be necessary for fiscal year 2026-2027 to be
10 deposited into the affordable homeownership assistance revolving
11 fund.

12 SECTION 5. There is appropriated out of the affordable
13 homeownership assistance revolving fund the sum of \$
14 or so much thereof as may be necessary for fiscal year 2026-2027
15 for the financing of second mortgages for eligible homebuyers.

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

19 SECTION 6. In codifying the new sections added by
20 section 1 of this Act, the revisor of statutes shall substitute



1 appropriate section numbers for the letters used in designating
2 the new sections in this Act.

3 SECTION 7. This Act shall take effect on July 1, 2026.

4

INTRODUCED BY:

Stacy



S.B. NO. 2344

Report Title:

HHFDC; Affordable Rental Supply Revolving Fund; Affordable Homeownership Assistance Revolving Fund; Public Property Inventory; Public Housing Corporations; Developers; Rental Housing; Affordable Homeownership; Second Mortgages; Homebuyers; Appropriations

Description:

Requires the Hawaii Housing Finance and Development Corporation to compile, maintain, and publish on its website a public inventory of underutilized public properties suitable for affordable rental housing development. Requires the HHFDC to provide legal and administrative assistance to requesting county agencies and eligible developers to accelerate the development of affordable rental housing projects. Establishes eligibility requirements for developers and rental housing projects seeking interim financing from the HHFDC. Establishes the Affordable Rental Supply Revolving Fund to be administered by the HHFDC to provide interim financing for eligible developers of approved rental housing projects. Establishes the Affordable Homeownership Program within the HHFDC to provide second mortgages to homebuyers under certain conditions. Establishes eligibility requirements for a homebuyer seeking a second mortgage from the HHFDC. Establishes the Affordable Homeownership Assistance Revolving Fund to be administered by the HHFDC. Appropriates funds.

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