



EXECUTIVE CHAMBERS
KE KE'ENA O KE KIA'ĀINA

July 8, 2026

The Honorable Ronald D. Kouchi
President of the Senate,
and Members of the Senate
Thirty-Third State Legislature
State Capitol, Room 409
Honolulu, Hawai'i 96813

The Honorable Nadine K. Nakamura
Speaker, and Members of the
House of Representatives
Thirty-Third State Legislature
State Capitol, Room 431
Honolulu, Hawai'i 96813

Aloha President Kouchi, Speaker Nakamura, and Members of the Legislature:

This is to inform you that on July 8, 2026, the following bill was signed into law:

S.B. NO. 2060, S.D. 2, H.D. 1,
C.D. 1

RELATING TO THE RENTAL HOUSING
REVOLVING FUND.
ACT 212

Mahalo,

A handwritten signature in black ink that reads "Josh Green M.D.".

Josh Green, M.D.
Governor, State of Hawai'i

Approved by the Governor

on JUL 8 2026

THE SENATE
THIRTY-THIRD LEGISLATURE, 2026
STATE OF HAWAII

ACT 212
S.B. NO. 2060
S.D. 2
H.D. 1
C.D. 1

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. Section 201H-201, Hawaii Revised Statutes, is
2 amended by adding a new definition to be appropriately inserted
3 and to read as follows:

4 "Mixed-income rental project" means a rental housing
5 development that provides units for households at a range of
6 income levels, primarily for households with an income at or
7 below one hundred forty per cent of the area median income."

8 SECTION 2. Section 201H-202, Hawaii Revised Statutes, is
9 amended to read as follows:

10 **"§201H-202 Rental housing revolving fund.** (a) There is
11 established the rental housing revolving fund to be administered
12 by the corporation.

13 (b) An amount from the fund, to be set by the corporation
14 and authorized by the legislature, may be used for
15 administrative expenses incurred by the corporation in
16 administering the corporation's housing finance programs;



1 provided that fund moneys shall not be used to finance day-to-
2 day administrative expenses of projects allotted fund moneys.

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

6 (1) Appropriations made by the legislature;

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

8 (3) Private contributions;

9 (4) Repayment of loans;

10 (5) Interest;

11 (6) Other returns; and

12 (7) Moneys from other sources.

13 (d) [~~Except~~] Notwithstanding any law to the contrary, and
14 except as provided in subsection (f), the fund shall be used to
15 provide [~~loans~~] any and all forms of financing, including but
16 not limited to loans, equity investments, credit enhancement,
17 and collateral for the development, pre-development,
18 construction, acquisition, preservation, and substantial
19 rehabilitation of rental housing units. The corporation shall
20 not forgive any loan made from the fund unless the corporation
21 forecloses on the project. Permitted uses of the fund may



1 include but are not limited to planning, design, land
2 acquisition, costs of options, agreements of sale, downpayments,
3 equity financing, capacity building of nonprofit housing
4 developers, credit enhancement, gap financing, or other housing
5 development services or activities as provided in rules adopted
6 by the corporation pursuant to chapter 91. The rules may
7 provide for a means of recapturing loans or grants made from the
8 fund if a rental housing project financed under the fund is
9 refinanced or sold at a later date. The rules may also provide
10 that moneys from the fund shall be leveraged with other
11 financial resources to the extent possible.

12 (e) Except as provided in subsection (f), moneys available
13 in the fund shall be used for the purpose of providing, in whole
14 or in part, loans for rental housing projects demonstrating
15 project readiness, efficiency, and feasibility acceptable to the
16 corporation in the following order of priority:

17 (1) Projects or units in projects that are allocated
18 low-income housing credits pursuant to the state
19 housing credit ceiling under section 42(h) of the
20 Internal Revenue Code of 1986, as amended, or projects
21 or units in projects that are funded by programs of

1 the United States Department of Housing and Urban
2 Development and United States Department of
3 Agriculture Rural Development wherein:

4 (A) At least fifty per cent of the available units
5 are for persons and families with incomes at or
6 below eighty per cent of the median family income
7 of which at least five per cent of the available
8 units are for persons and families with incomes
9 at or below thirty per cent of the median family
10 income; and

11 (B) The remaining units are for persons and families
12 with incomes at or below one hundred per cent of
13 the median family income;

14 provided that the corporation may establish rules to
15 ensure full occupancy of fund projects; provided
16 further that for projects that were awarded low-income
17 housing credits pursuant to this paragraph, priority
18 shall be given to projects with a perpetual
19 affordability commitment. For the purposes of this
20 paragraph, "perpetual" means the useful life of the
21 project; and

1 (2) Mixed-income rental projects or units in a
2 mixed-income rental project primarily for persons and
3 families with incomes at or below one hundred forty
4 per cent of the median family income[-], as provided
5 by this section.

6 (f) There is established within the fund a mixed-income
7 subaccount. Moneys in the mixed-income subaccount shall be used
8 for any and all forms of financing, including but not limited to
9 loans, equity investments, [~~and~~] credit enhancement, and
10 collateral, for mixed-income rentals for qualified residents as
11 defined in section 201H-32. The corporation shall establish an
12 application process for the allocation of funds in the
13 mixed-income subaccount, separate from the fund allocation
14 process pursuant to section 201H-204(c), that gives preference
15 to projects meeting the following criteria:

16 (1) A diverse range of affordability, prioritizing persons
17 and families with incomes up to one hundred forty per
18 cent of the median family income;
19 (2) Projects located on [~~state or county owned~~] state- or
20 county-owned land or developed in partnership with the
21 State or a county;



- 1 (3) Projects that efficiently use state funding;
- 2 (4) Mixed-income rental projects or units in a
- 3 mixed-income rental project in an area that satisfy
- 4 transit-supportive density requirements, as defined in
- 5 section 206E-246; ~~and~~
- 6 (5) Rental housing projects that price units at the
- 7 minimum level to be revenue neutral, as determined by
- 8 rules adopted by the corporation pursuant to
- 9 chapter 91;
- 10 (6) Projects with a perpetual affordability commitment;
- 11 (7) Projects proposed by applicants with a demonstrated
- 12 history of early repayment to the fund; and
- 13 ~~(5)~~ (8) Any other criteria as the corporation deems
- 14 necessary to carry out the purposes of this
- 15 subsection.

16 If the corporation, after applying the process described in

17 this subsection, finds a nonprofit or government project equally

18 ranked with a for-profit project, the corporation shall give

19 preference to the nonprofit or government project in allotting

20 funds from the mixed-income subaccount.

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

4 Any moneys allocated to the mixed-income subaccount not
5 expended or encumbered for specific purposes within three years
6 after the date on which the moneys were allocated shall be
7 returned to the fund.

8 (g) There is established within the fund a bond volume cap
9 recycling program subaccount. The bond volume cap recycling
10 program subaccount shall be maintained as a reserve for the bond
11 volume cap recycling program established pursuant to section
12 39B-2(f).

13 (h) The corporation shall submit an annual report to the
14 legislature no later than twenty days prior to the convening of
15 each regular session describing the projects funded and, with
16 respect to rental housing projects targeted for persons and
17 families with incomes at or below thirty per cent of the median
18 family income, its efforts to develop those rental housing
19 projects, a description of proposals submitted for this target
20 group and action taken on the proposals, and any barriers to
21 developing housing units for this target group.



1 (i) For the purposes of this subpart, the applicable
2 median family income shall be the median family income for the
3 county or standard metropolitan statistical area in which the
4 project is located as determined by the United States Department
5 of Housing and Urban Development, as adjusted from time to time.

6 (j) The corporation may provide loans under this section;
7 provided that the corporation shall establish loan-to-value
8 ratios to protect the fund from inordinate risk and that under
9 no circumstances shall the rules permit the loan-to-value ratio
10 to exceed one hundred per cent; provided further that the
11 underwriting guidelines include a debt-coverage ratio of [~~no~~]
12 not less than 1.0 to 1.

13 (k) For the period commencing July 1, 2005, through
14 June 30, 2009, the fund may be used to provide grants for rental
15 units set aside for persons and families with incomes at or
16 below thirty per cent of the median family income in any project
17 financed in whole or in part by the fund in proportion of those
18 units to the total number of units in the project. At the
19 conclusion of the period described in this subsection, the
20 corporation shall report to the legislature on the number and
21 use of grants provided and whether the grants were an effective



1 use of the funds for purposes of developing rental housing for
2 families at or below thirty per cent of the median family
3 income.

4 (1) Notwithstanding the requirements of section 201H-211,
5 the corporation may use moneys in the fund that have been
6 reserved or awarded by the corporation for specific projects but
7 have not yet been encumbered to fund other rental housing
8 projects or for other authorized purposes of the fund; provided
9 that any use of reserved funds under this subsection shall be
10 subject to the following:

11 (1) Any loan or use of funds under this subsection shall
12 be for a term not to exceed two years;

13 (2) The corporation shall ensure that the principal amount
14 of any loan is fully repaid or replenished before the
15 anticipated financial closing date of the project for
16 which the funds were originally reserved;

17 (3) The aggregate amount of loans made by the corporation
18 under this subsection for any fiscal year shall not
19 exceed \$25,000,000; and

20 (4) The corporation shall submit a quarterly report to the
21 legislature detailing the amount of reserved funds



1 currently deployed for other purposes under this
2 subsection and the schedule for the return of the
3 reserved funds to the fund.

4 (m) Notwithstanding any law to the contrary, to ensure the
5 timely availability of funds for projects with reserved awards,
6 the corporation may, with the approval of the legislature,
7 secure a line of credit or other instrument of indebtedness of
8 not more than \$25,000,000 to be used to meet the requirements of
9 subsection (l); provided that the term of the authorized line of
10 credit or other instrument of indebtedness shall correspond to
11 each fiscal biennium budget period; provided further that the
12 use of a line of credit or other instrument of indebtedness
13 shall be strictly limited to managing timing differences between
14 the deployment of reserved funds under subsection (l) and the
15 funding obligations of reserved projects."

16 SECTION 3. Section 201H-204, Hawaii Revised Statutes, is
17 amended by amending subsections (a) and (b) to read as follows:

18 "(a) Activities eligible for assistance from the fund
19 shall include but not be limited to:

20 (1) New construction, rehabilitation, or preservation of
21 low-income rental housing units or mixed-income



- 1 housing projects that meet the criteria for
2 eligibility described in subsection (c) or section
3 201H-202(f);
- 4 (2) The leveraging of moneys with the use of fund assets;
5 (3) Pre-development activity grants or loans to nonprofit
6 organizations; and
7 (4) Acquisition of housing units for the purpose of
8 preservation as low-income or very low-income housing.
- 9 (b) Preference shall be given to projects producing units
10 in at least one of the following categories:
- 11 (1) Multifamily units;
12 (2) Attached single-family units;
13 (3) Apartments;
14 (4) Townhouses;
15 (5) Housing units above commercial or industrial space;
16 (6) Single room occupancy units;
17 (7) Accessory apartment units;
18 (8) Employee housing;
19 (9) United States Department of Housing and Urban
20 Development mixed finance development of public
21 housing units; and



1 (10) Other types of units meeting the criteria for
2 eligibility set forth in subsection (c) [~~7~~] or section
3 201H-202(f)."

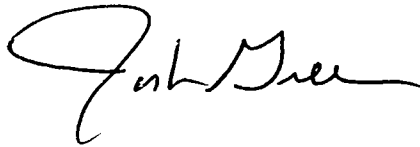
4 SECTION 4. Statutory material to be repealed is bracketed
5 and stricken. New statutory material is underscored.

6 SECTION 5. This Act shall take effect upon its approval;
7 provided that sections 2 and 3 of this Act shall be repealed on
8 June 30, 2030, and sections 201H-202 and 201H-204, Hawaii
9 Revised Statutes, shall be reenacted in the form in which they
10 read on the day before the effective date of Act 159, Session
11 Laws of Hawaii 2025.



S.B. NO. 2060
S.D. 2
H.D. 1
C.D. 1

APPROVED this 8th day of July, 2026

A handwritten signature in black ink, appearing to read "Josh Green". The signature is fluid and cursive, with a large initial "J" and a long, sweeping underline.

GOVERNOR OF THE STATE OF HAWAI'I

THE SENATE OF THE STATE OF HAWAI‘I

Date: May 6, 2026
Honolulu, Hawai‘i 96813

We hereby certify that the foregoing Bill this day passed Final Reading in the Senate
of the Thirty-Third Legislature of the State of Hawai‘i, Regular Session of 2026.


President of the Senate


Clerk of the Senate

SB No. 2060, SD 2, HD 1, CD 1

THE HOUSE OF REPRESENTATIVES OF THE STATE OF HAWAII

Date: May 6, 2026
Honolulu, Hawaii

We hereby certify that the above-referenced Bill on this day passed Final Reading in the House of Representatives of the Thirty-Third Legislature of the State of Hawaii, Regular Session of 2026.



Nadine K. Nakamura
Speaker
House of Representatives



Brian L. Takeshita
Chief Clerk
House of Representatives