

JAN 21 2026

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;
17 provided that fund moneys shall not be used to finance



1 day-to-day administrative expenses of projects allotted fund
2 moneys.

3 (c) The following may be deposited into the fund[+] or
4 into the mixed-income subaccount established under
5 subsection (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 as provided in subsection (f), the fund shall
14 be used to provide loans for the development, pre-development,
15 construction, acquisition, preservation, and substantial
16 rehabilitation of rental housing units. The corporation shall
17 not forgive any loan made from the fund unless the corporation
18 forecloses on the project. Permitted uses of the fund may
19 include but are not limited to planning, design, land
20 acquisition, costs of options, agreements of sale, downpayments,
21 equity financing, capacity building of nonprofit housing



1 developers, credit enhancement, gap financing, or other housing
2 development services or activities as provided in rules adopted
3 by the corporation pursuant to chapter 91. The rules may
4 provide for a means of recapturing loans or grants made from the
5 fund if a rental housing project financed under the fund is
6 refinanced or sold at a later date. The rules may also provide
7 that moneys from the fund shall be leveraged with other
8 financial resources to the extent possible.

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

- 14 (1) Projects or units in projects that are allocated
15 low-income housing credits pursuant to the state
16 housing credit ceiling under section 42(h) of the
17 Internal Revenue Code of 1986, as amended, or projects
18 or units in projects that are funded by programs of
19 the United States Department of Housing and Urban
20 Development and United States Department of
21 Agriculture Rural Development wherein:



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

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

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

19 (2) Mixed-income rental projects or units in a
20 mixed-income rental project primarily for persons and
21 families with incomes at or below one hundred forty



1 per cent of the median family income~~[+]~~, as provided
2 by this section.

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

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

16 (2) Projects located on [~~state or county~~] state- or
17 county- owned land or developed in partnership with
18 the State or a county;

19 (3) Projects that efficiently use state funding;

20 (4) Mixed-income rental projects or units in a
21 mixed-income rental project in an area that satisfy



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

3 (5) Any other criteria as the corporation deems necessary
4 to carry out the purposes of this subsection.

5 If the corporation, after applying the process described in
6 this subsection, finds a nonprofit or government project equally
7 ranked with a for-profit project, the corporation shall give
8 preference to the nonprofit or government project in allotting
9 funds from the mixed-income subaccount.

10 Moneys derived from the repayment of loans funded by the
11 mixed-income subaccount, interest thereon, and related fees and
12 returns shall be deposited into the fund.

13 (g) There is established within the fund a bond volume cap
14 recycling program subaccount. The bond volume cap recycling
15 program subaccount shall be maintained as a reserve for the bond
16 volume cap recycling program established pursuant to
17 section 39B-2(f).

18 (h) The corporation shall submit an annual report to the
19 legislature no later than twenty days prior to the convening of
20 each regular session describing the projects funded and, with
21 respect to rental housing projects targeted for persons and



1 families with incomes at or below thirty per cent of the median
2 family income, its efforts to develop those rental housing
3 projects, a description of proposals submitted for this target
4 group and action taken on the proposals, and any barriers to
5 developing housing units for this target group.

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

11 (j) The corporation may provide loans under this section;
12 provided that the corporation shall establish loan-to-value
13 ratios to protect the fund from inordinate risk and that under
14 no circumstances shall the rules permit the loan-to-value ratio
15 to exceed one hundred per cent; provided further that the
16 underwriting guidelines include a debt-coverage ratio of no less
17 than 1.0 to 1.

18 (k) For the period commencing July 1, 2005, through
19 June 30, 2009, the fund may be used to provide grants for rental
20 units set aside for persons and families with incomes at or
21 below thirty per cent of the median family income in any project



1 financed in whole or in part by the fund in proportion of those
2 units to the total number of units in the project. At the
3 conclusion of the period described in this subsection, the
4 corporation shall report to the legislature on the number and
5 use of grants provided and whether the grants were an effective
6 use of the funds for purposes of developing rental housing for
7 families at or below thirty per cent of the median family
8 income.

9 (1) Notwithstanding any law to the contrary, the
10 corporation, with the approval of the director of finance, may
11 transfer moneys between the rental housing revolving fund and
12 any subaccount established under this section, and between
13 subaccounts established under this section, without further
14 legislative authorization, for purposes consistent with this
15 chapter. The corporation may also return unexpended or
16 uncommitted funds from a subaccount established under this
17 section to the rental housing revolving fund, to be used for any
18 lawful purpose of the fund."

19 SECTION 3. Act 159, Session Laws of Hawaii 2025, is
20 amended by amending section 8 to read as follows:



S.B. NO. 2060

1 "SECTION 8. This Act shall take effect upon its approval[+
2 ~~provided that sections 2 and 3 of this Act shall be repealed on~~
3 ~~June 30, 2023, and sections 201H-202 and 201H-204, Hawaii~~
4 ~~Revised Statutes, shall be reenacted in the form in which they~~
5 ~~read on the day prior to the effective date of this Act]."~~

6 SECTION 4. The director of finance may transfer moneys
7 from the rental housing revolving fund to the mixed-income
8 subaccount in an amount that shall not exceed \$100,000,000 for
9 fiscal year 2026-2027.

10 SECTION 5. There is appropriated out of the general
11 revenues of the State of Hawaii the sum of \$100,000,000 or so
12 much thereof as may be necessary for fiscal year 2026-2027 to be
13 deposited into the mixed-income subaccount of the rental housing
14 revolving fund.

15 SECTION 6. There is appropriated out of the mixed-income
16 subaccount of the rental housing revolving fund the sum of
17 \$100,000,000 or so much thereof as may be necessary for fiscal
18 year 2026-2027 for the purposes of the subaccount.

19 The sum appropriated shall be expended by the Hawaii
20 housing finance and development corporation for the purposes of
21 this Act.



1 SECTION 7. Statutory material to be repealed is bracketed
2 and stricken. New statutory material is underscored.

3 SECTION 8. This Act shall take effect on July 1, 2050.

4

INTRODUCED BY: *Stacy*



S.B. NO. 2060

Report Title:

HHFDC; Department of Budget and Finance; RHRF; Mixed-Income Subaccount; Appropriations

Description:

Authorizes the Hawaii Housing Finance and Development Corporation, with the approval of the Director of Finance, to transfer moneys between the Rental Housing Revolving Fund and its subaccounts without legislative authorization. Authorizes the Director of Finance to transfer moneys from the RHRF to its Mixed-Income Subaccount for FY 2026-2027. 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.

