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# 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. Chapter 201H, Hawaii Revised Statutes, is  
2 amended by adding a new section to part III, subpart J, to be  
3 appropriately designated and to read as follows:

4 "§201H- Transfer of moneys; subaccounts.

5 Notwithstanding any law to the contrary, the corporation, with  
6 the approval of the director of finance, may transfer moneys  
7 between the rental housing revolving fund and any subaccount  
8 established under this part, and between subaccounts established  
9 under this chapter, without further legislative authorization,  
10 for purposes consistent with this part. The corporation may  
11 also return unexpended or uncommitted funds from any subaccount  
12 established under this part to the rental housing revolving  
13 fund, to be used for any lawful purpose of the fund."

14 SECTION 2. Section 201H-202, Hawaii Revised Statutes, is  
15 amended as follows:

16 1. By amending subsection (d) to read:



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

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



1           "(f) There is established within the fund a mixed-income  
2 subaccount. Moneys in the mixed-income subaccount shall be used  
3 for financing, including but not limited to loans, equity  
4 investments, and credit enhancement, for mixed-income rentals  
5 for qualified residents as defined in section 201H-32. The  
6 corporation shall establish an application process for the  
7 allocation of funds in the mixed-income subaccount, separate  
8 from the fund allocation process pursuant to section 201H-  
9 204(c), that gives preference to projects meeting the following  
10 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) Projects located on state or county owned land or  
15           developed in partnership with the State or a county;
- 16           (3) Projects that efficiently use state funding;
- 17           (4) Mixed-income rental projects or units in a  
18           mixed-income rental project in an area that satisfy  
19           transit-supportive density requirements, as defined in  
20           section 206E-246; [and]



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

5        (6) Projects with a perpetual affordability commitment;  
6        and

7        [~~5~~] (7) Any other criteria as the corporation deems  
8        necessary to carry out the purposes of this  
9        subsection.

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

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

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

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



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



- 1 (9) United States Department of Housing and Urban
- 2 Development mixed finance development of public
- 3 housing units; and
- 4 (10) Other types of units meeting the criteria for
- 5 eligibility set forth in subsection (c) [~~-~~] or section
- 6 201H-202(f)."

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 mixed-income subaccount for the rental  
 11 housing revolving fund established pursuant to section  
 12 201H-202(f), Hawaii Revised Statutes.

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

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

1 SECTION 6. Statutory material to be repealed is bracketed  
2 and stricken. New statutory material is underscored.

3 SECTION 7. This Act shall take effect on July 1, 3000;  
4 provided that sections 2 and 3 of this Act shall be repealed on  
5 June 30, 2030, and sections 201H-202 and 201H-204, Hawaii  
6 Revised Statutes, shall be reenacted in the form in which they  
7 read on the day before the effective date of Act 159, Session  
8 Laws of Hawaii 2025.



**Report Title:**

HHFDC; Rental Housing Revolving Fund; Mixed-Income Subaccount;  
Transfer of Moneys; Project Criteria; Appropriation

**Description:**

Specifies the conditions upon which the Hawaii Housing Finance and Development Corporation may transfer moneys from within the Rental Housing Revolving Fund to a subaccount and between subaccounts of the revolving fund. Authorizes the Rental Housing Revolving Fund to be used to provide any and all forms of financing. Expands the funding priorities of, and appropriates funds into and out of, the Mixed-Income Subaccount. Effective 7/1/3000. Sunsets 6/30/30 with regard to the financing and funding priorities of the Rental Housing Revolving Fund. (HD1)

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