

JAN 21 2026

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

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

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

7 (1) Appropriations made by the legislature;

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

9 (3) Private contributions;

10 (4) Repayment of loans;

11 (5) Interest;

12 (6) Other returns; and

13 (7) Moneys from other sources.

14 (d) [Except] Notwithstanding any law to the contrary, and  
15 except as provided in subsection (f), the fund shall be used to  
16 provide [loans] any and all forms of financing, including but  
17 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.

If the corporation, after applying the process described in this subsection, finds a nonprofit or government project equally ranked with a for-profit project, the corporation shall give preference to the nonprofit or government project in allotting 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;



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

9       **"§247-7 Disposition of taxes.** All taxes collected under  
10      this chapter shall be paid into the state treasury to the credit  
11      of the general fund of the State, to be used and expended for  
12      the purposes for which the general fund was created and exists  
13      by law; provided that of the taxes collected each fiscal year:  
14           (1) Ten per cent or \$5,100,000, whichever is less, shall  
15            be paid into the land conservation fund established  
16            pursuant to section 173A-5; and  
17           (2) Fifty per cent or \$38,000,000, whichever is less,  
18            shall be paid into the rental housing revolving fund  
19            established by section 201H-202[–]; provided that  
20            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.

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INTRODUCED BY: Stacy



# S.B. NO. 2063

**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.*

