

**ACT 67**

S.B. NO. 2251-84

A Bill for an Act Relating to Rental Assistance.

*Be It Enacted by the Legislature of the State of Hawaii:*

SECTION 1. Section 356-302, Hawaii Revised Statutes, is amended by amending the definition of “eligible project” to read as follows:

““Eligible project” means a rental housing project which:

- (1) Is financed by the authority pursuant to part II of chapter 356, or [by the federal government pursuant to any program of the National Housing Act of 1934, as amended;] the authority determines will require rental assistance to make it financially feasible;
- (2) Is subject to a regulatory agreement with the authority;
- (3) Has not less than twenty per cent of the units in the project maintained for eligible tenants;
- (4) Has the remaining units, other than a unit reserved for a manager of the project, maintained for moderate income persons and families, as defined in section 356-206(b); and
- (5) Meets other qualifications as established by rules adopted by the authority.”

SECTION 2. Section 356-303, Hawaii Revised Statutes, is amended to read as follows:

“§356-303 **Rental assistance revolving fund.** (a) There is created a rental assistance revolving fund to be administered by the authority.

(b) The aggregate principal sum in the rental assistance revolving fund, which may without limitation include sums made available from any government program or grant, from private grants or contributions, or by appropriation, shall be invested by the authority in a manner which will preserve the principal sum and maximize the rate of return on investment of the fund; provided that any investment shall be consistent with section 356-31 but need not comply with section 36-21.

(c) Earnings on the investment of the rental assistance revolving fund and amounts recovered by the authority pursuant to section 356-305(f) may be applied by the authority to payments under the rental assistance contracts.”

SECTION 3. Section 356-304, Hawaii Revised Statutes, is amended to read as follows:

“§356-304 **Rental assistance contracts.** (a) The authority may enter into a rental assistance contract and a regulatory agreement with an owner of an eligible project.

(b) Prior to the execution of a rental assistance contract, the authority may execute an agreement to enter into a rental assistance contract with an owner, which agreement shall provide for the execution of a rental assistance contract upon satisfaction of the terms set forth in such agreement and otherwise established by the authority.

(c) The authority shall not enter into any rental assistance contract which would require the authority to make payments at any time in excess of the amount available at such time or times in the rental assistance revolving fund pursuant to section 356-303 for the funding of such payments. Each rental

assistance contract shall provide that rental assistance payments shall be made solely from the earnings on the investment of the rental assistance revolving fund.

(d) A rental assistance contract shall be for a term of not less than ten years and shall not be for a term in excess of the period for which the authority has invested the principal of the rental assistance revolving fund at a known rate of return.

(e) Each rental assistance contract shall set forth a maximum annual rental assistance payment amount. The authority shall establish procedures for determining the maximum annual rental assistance payment amount and may consider, but not be limited to, the following:

- (1) The cost of constructing the eligible project;
- (2) The estimated annual operating cost of the eligible project;
- (3) The estimated maximum rentals which may be charged for units in the eligible project;
- (4) The amount of funds available for the funding of rental assistance contracts;
- (5) The number of eligible projects requiring assistance under this part; and
- (6) A restricted rate of return on equity to the owner, which rate shall be established by the authority by rule.”

SECTION 4. Any and all moneys previously appropriated to the rental assistance fund shall be transferred to the rental assistance revolving fund, and shall not lapse.

SECTION 5. Statutory material to be repealed is bracketed. New material is underscored.

SECTION 6. This Act shall take effect upon its approval.

(Approved April 18, 1984.)