

A Bill for an Act Relating to Rental Housing.

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

SECTION 1. Section 356-302, Hawaii Revised Statutes, is amended to read as follows:

**"§356-302 Definitions.** The following words or terms as used in this part shall have the following meanings unless a different meaning clearly appears from the context:

"Eligible project" means a rental housing project which:

- (1) Is financed by the authority pursuant to part II of chapter 356, or 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.

Notwithstanding any provisions to the contrary, "eligible project" may also include a rental housing project which is financed by the authority pursuant to part I of chapter 356.

"Eligible tenant" means a family or individual of low or moderate income as determined by the Secretary of the United States Treasury Department in accordance with section 167(k)(3)(B) of the Internal Revenue Code of 1954, as amended.

"Owner" means the owner of an eligible project.

"Regulatory agreement" means an agreement between the authority and the owner relating to an eligible project which includes provisions relating to rents, charges, profits, return on owner's equity, development costs, and methods of operation.

"Rental assistance contract" means an agreement between an owner and the authority providing for periodic rental assistance payments for units in an eligible project."

SECTION 2. Section 356-303, Hawaii Revised Statutes, is amended by amending subsection (c) to read as follows:

"(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[.] or to subsidize tenants' rents in projects developed under part I of chapter 356."

SECTION 3. Statutory material to be repealed is bracketed. New statutory material is underscored.

SECTION 4. This Act shall take effect upon its approval.

(Approved June 25, 1987.)