

ACT 214

H.B. NO. 2429

A Bill for an Act Relating to the Housing and Community Development Corporation of Hawaii.

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

SECTION 1. The purpose of this Act is to amend the state rent supplement program to allow more persons who earn fifty per cent or less of the median family income to participate in the program and increase the rent contribution of each tenant from twenty per cent to thirty per cent of the tenant's annual income.

SECTION 2. Section 201G-128, Hawaii Revised Statutes, is amended to read as follows:

“§201G-128 Exception of current owners in corporation projects. The corporation may allow a person who is a current owner of a multifamily dwelling unit in a project sponsored by the corporation to apply for the purchase of a larger dwelling unit in a project sponsored by the corporation if the applicant’s current family size exceeds the permissible family size for the applicant’s current dwelling unit, as determined by prevailing county building or housing codes. The applicant shall be required to sell the applicant’s current dwelling unit back to the corporation. Notwithstanding any law to the contrary, any applicant, as it pertains to for-sale housing, shall be a “qualified resident” who:

- (1) Is a citizen of the United States or a resident alien;
- (2) Is at least eighteen years of age;
- (3) Is domiciled in the State and shall physically reside in the dwelling unit purchased under this chapter;
- (4) In the case of purchase of real property in fee simple or leasehold, has a gross income sufficient to qualify for the loan to finance the purchase; and
- (5) Except for the applicant’s current residence, meets the following qualifications:
 - (A) Is a person who either oneself or together with the person’s spouse[,] or a household member, does not own a majority interest in fee simple or leasehold lands suitable for dwelling purposes, or a majority interest in lands under any trust agreement or other fiduciary arrangement in which another person holds the legal title to [such] the land; and
 - (B) Is a person whose spouse or a household member does not own a majority interest in fee simple or leasehold lands suitable for dwelling purposes, or a majority interest in lands under any trust agreement or other fiduciary arrangement in which another person holds the legal title to [such] the land, except when husband and wife are living apart under a decree of separation from bed and board issued by the family court pursuant to section 580-71.”

SECTION 3. Section 201G-232, Hawaii Revised Statutes, is amended to read as follows:

“[[§201G-232]] Housing owner defined. As used in this subpart, the term “housing owner” means:

- (1) A private nonprofit corporation or other private nonprofit legal entity, a limited dividend corporation or other limited dividend legal entity, or a cooperative housing corporation, [which] that is a mortgagor under [sections] section 202, 207, 213, 221(d)(3), 221(d)(5), or 231 of the National Housing Act, as amended, or [which] that conforms to the standards of those sections but [which] that is not a mortgagor under those sections or any other private mortgagor under the National Housing Act, as amended, for [low-] very low income, low-income, or moderate-income family housing, regulated or supervised under federal or state laws or by political subdivisions of the State, or agencies thereof, as to rents, charges, capital structure, rate of return, and methods of operation, from the time of issuance of the building permit for the project; and
- (2) Any other owner of a standard housing unit or units deemed qualified by the corporation.”

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SECTION 4. Section 201G-233, Hawaii Revised Statutes, is amended to read as follows:

“**[§201G-233] Qualified tenant defined.** As used in this subpart, the term “qualified tenant” means:

- (1) Any single person who has attained the age of sixty-two or who is unable to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment; or
- (2) Any family;

provided that the] any single person or family, pursuant to criteria and procedures established by the corporation, that has been determined to have an income [which would qualify the tenant for occupancy in housing provided by section 221(d)(3) of the National Housing Act, as amended, or to have a lesser income; and] not exceeding the very low income limit as determined by the corporation pursuant to rules adopted by the corporation; provided [further] that the qualified tenant’s primary place of residence shall be in the State of Hawaii or that the qualified tenant intends to make the State of Hawaii [their] the qualified tenant’s primary place of residence. The terms “qualified tenant” and “tenant” include a member of a cooperative who satisfies the foregoing requirements and who, upon resale of the member’s membership to the cooperative, will not be reimbursed for more than fifty per cent of any equity increment accumulated through payments under this subpart. With respect to members of a cooperative, the terms “rental” and “rental charges” mean the charges under the occupancy agreements between the members and the cooperative. The term “qualified tenant” shall not include any person receiving money payments for public assistance from the department of human services; provided that the term “public assistance” shall exclude aid provided through the federal Supplemental Security Income Program.”

SECTION 5. Section 201G-234, Hawaii Revised Statutes, is amended to read as follows:

“**[§201G-234] Relationship of annual payment to rental and income.**

The amount of the annual payment with respect to any dwelling unit shall not exceed the amount by which the fair market rental for [such] that unit exceeds [one-fifth] thirty per cent of the tenant’s income as determined by the corporation pursuant to procedures and regulations established by it.”

SECTION 6. Section 201G-235, Hawaii Revised Statutes, is amended to read as follows:

“**[§201G-235] Determination of eligibility of occupants and rental charges.** (a) For purposes of carrying out this subpart, the corporation shall establish criteria and procedures for determining the eligibility of occupants and rental charges, including criteria and procedures with respect to periodic review of tenant incomes and periodic adjustment of rental charges. The corporation shall issue, upon the request of a housing owner, certificates as to the [following facts concerning] income of the single persons and families applying for admission to, or residing in, dwellings of that owner:

- (1) The income of the single person or family; and
- (2) Whether the single person or family was displaced from public housing administered under part II.A for exceeding the maximum allowable income for continued occupancy].

(b) Procedures adopted by the corporation hereunder shall provide for recertification of the incomes of occupants, except elders, at intervals of two years,

or at shorter intervals, for the purpose of adjusting rental charges and annual payments on the basis of occupants' incomes, but in no event shall rental charges adjusted under this subpart for any dwelling exceed the fair market rental of the dwelling.

(c) No payments under this subpart may be made with respect to any property for which the costs of operation, including wages and salaries, are determined by the corporation to be greater than similar costs of operation of similar housing in the community where the property is situated.

[(d) No payments shall be made under this subpart except to the extent that tenants selected under this subpart have been selected according to the following priorities:

- (1) First priority shall be given to those who have:
 - (A) An income above the maximum amount allowed for continued occupancy in housing provided for in part II.A;
 - (B) Been tenants of public housing under part II.A;
 - (C) Recently vacated or are vacating housing in subparagraph (A) or (B) because of exceeding the maximum income allowable for continued occupancy; and
 - (D) An urgent housing need; and
- (2) Second priority shall be given to all other eligible persons under this subpart who have an urgent housing need.]''

SECTION 7. The housing and community development corporation is authorized to increase the rent contribution amount set forth in section 201G-234, Hawaii Revised Statutes, on the day before this Act takes effect in increments or in one step; provided that:

- (1) The corporation shall conduct a public hearing before making any increase; and
- (2) The amount of the annual payment with respect to any dwelling unit shall not exceed thirty per cent of the tenant's income as determined by the Hawaii housing and community development corporation.

This section shall only apply to participants in the rent supplement program under chapter 201G, Hawaii Revised Statutes, on June 30, 2000.

SECTION 8. New participants to the rent supplement program after June 30, 2000, shall be required to comply with section 201G-234, Hawaii Revised Statutes.

SECTION 9. Statutory material to be repealed is bracketed. New statutory material is underscored.

SECTION 10. This Act shall take effect upon its approval; provided that:

- (1) Sections 6 and 7 shall take effect on June 30, 2000; and
- (2) Sections 4 and 5 shall take effect on July 1, 2000.

(Approved June 14, 2000.)