
A BILL FOR AN ACT

RELATING TO AFFORDABLE HOUSING.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:

PART I

1 SECTION 1. The legislature finds that the affordable
2 housing crisis continues to be one of the State's most
3 significant and challenging social problems and is a critical
4 issue for many Hawaii residents. As the cost of home ownership
5 and rentals increases, the State must continue to assist
6 residents to obtain affordable housing.

7 This Act provides that assistance by:

- 8 (1) Extending by five years the sunset date of the
9 increase in the conveyance tax allocation to the
10 rental housing trust fund to ensure continued funding
11 and emphasis on providing rental housing to those in
12 need;
- 13 (2) Appropriating funds to assist developers in
14 contracting for third party review and certification
15 to expedite the processing and issuance of building
16 permits for affordable housing projects;



1 (3) Establishing a self-help housing fund under the Hawaii
2 housing finance and development corporation to provide
3 funding for self-help housing projects; and

4 (4) Increasing the Hawaii housing finance and development
5 corporation revenue bond authorization from
6 \$400,000,000 to an unspecified amount.

7 PART II

8 SECTION 2. Act 100, Session Laws of Hawaii 2006, as
9 amended by Act 222, Session Laws of Hawaii 2007, is amended by
10 amending section 30 to read as follows:

11 "SECTION 30. This Act shall take effect on July 1, 2006;
12 provided that on June 30, [~~2008,~~] 2013, section 21 shall be
13 repealed and section 247-7, Hawaii Revised Statutes, shall be
14 reenacted in the form in which it read on the day before the
15 approval of this Act."

16 SECTION 3. There is appropriated out of the general
17 revenues of the State of Hawaii the sum of \$ or so much
18 thereof as may be necessary for fiscal year 2008-2009 to assist
19 developers in contracting for third party review and
20 certification, including but not limited to inspections,
21 discretionary permits, and ministerial permits, to expedite the
22 processing and issuance of building permits for affordable



1 housing projects; provided that to qualify for funding under
2 this section, an affordable housing project shall offer not less
3 than forty per cent of all units, whether rental or for sale, in
4 leasehold or fee simple, at prices or rents that are affordable
5 to persons earning eighty per cent or less of the area median
6 income as determined by the United States Department of Housing
7 and Urban Development.

8 The sum appropriated shall be expended by the Hawaii
9 housing finance and development corporation for the purposes of
10 this section.

11 PART III

12 SECTION 4. The legislature finds that self-help housing is
13 the lowest-cost means of producing affordable housing for very
14 low- and low-income households. Self-help housing programs
15 target families who are unable to buy clean, safe housing
16 through conventional methods and provide assistance to very low-
17 and low-income households to construct their own homes. The
18 savings from the reduction in labor costs allow otherwise
19 ineligible families to own their own homes.

20 In Hawaii, more than 1,100 homes have been constructed
21 using the self-help housing method for very low-, low-, and
22 moderate-income families. Additional funding, especially in the



1 area of technical assistance, allow self-help housing programs
2 to provide an average of 50 additional units annually.

3 There is limited funding for technical assistance, which
4 includes construction supervision, construction plans,
5 contractor payment processing, project bidding, subcontractor
6 monitoring, recruiting and qualifying self-help builders, and
7 family guidance and motivation throughout the entire self-help
8 housing process. The typical technical assistance cost per
9 self-help housing unit is \$20,000. Although there are other
10 sources of funding available for the construction of homes,
11 additional funding to cover technical assistance costs will
12 allow these programs to provide more housing opportunities to
13 families in need.

14 SECTION 5. Chapter 201H, Hawaii Revised Statutes, is
15 amended by adding a new subpart under part III to be
16 appropriately designated and to read as follows:

17 " . SELF-HELP HOUSING FUND

18 **§201H-A Definitions.** As used in this subpart, unless a
19 different meaning is clearly required by the context:

20 "Fund" means the self-help housing fund established in this
21 subpart.



1 "Self-help housing" means a model of housing production in
2 which purchasers reduce the cost of their homes by contributing
3 "sweat equity" - their own labor in the construction of their
4 own homes.

5 "Technical assistance" means any assistance necessary to
6 carry out housing efforts by or for very low- and low-income
7 households to improve the quality or quantity of housing
8 available to meet their needs, including but not limited to
9 construction supervision and planning, contractor payment
10 processing and bidding, subcontractor monitoring, recruiting and
11 qualifying self-help housing builders, and guiding and educating
12 families throughout the entire self-help housing process.

13 **§201H-B Self-help housing fund.** (a) There is established
14 the self-help housing fund to be administered by the
15 corporation.

16 (b) An amount from the fund, to be set by the corporation
17 and authorized by the legislature, may be used for
18 administrative expenses incurred by the corporation in
19 administering the fund; provided that fund moneys shall not be
20 used to finance day-to-day administrative expenses of projects
21 allotted fund moneys.

22 (c) The following may be deposited into the fund:



1 (1) Appropriations made by the legislature;

2 (2) Private contributions;

3 (3) Interest;

4 (4) Other returns; and

5 (5) Moneys from other sources.

6 (d) The moneys available in the fund shall be used to
7 provide, in whole or in part, additional funding to self-help
8 housing organizations for technical assistance costs generated
9 from self-help housing projects in the state. Permitted uses of
10 the fund may include construction supervision and planning,
11 contractor payment processing and bidding, subcontractor
12 monitoring, recruiting and qualifying self-help housing
13 builders, guiding and educating families throughout the entire
14 self-help housing process, or other self-help housing services
15 or activities as provided in rules adopted by the corporation
16 pursuant to chapter 91.

17 (e) Funds available for technical assistance of the self-
18 help housing project shall be limited to \$20,000 per unit.

19 (f) The corporation shall submit an annual report to the
20 legislature no more than twenty days prior to the convening of
21 each regular session describing the projects funded, its efforts
22 to develop self-help housing projects, a description of



1 proposals submitted for self-help housing projects and action
2 taken on the proposals, and any barriers to developing self-help
3 housing projects.

4 **§201H-C Eligible organizations for funds.** Eligible
5 organizations for funds shall be limited to tax exempt
6 charitable organizations under the Internal Revenue Code Section
7 501(c)(3) in accordance with rules adopted by the corporation
8 pursuant to chapter 91.

9 **§201H-D Eligible self-help housing projects.** (a) Self-
10 help housing projects eligible for technical assistance funding
11 shall be based solely on the readiness to use moneys available
12 in the fund, such as whether the project site is ready for house
13 construction or the track record of the eligible self-help
14 housing organization in producing self-help housing units.

15 (b) Technical assistance funding for self-help housing
16 projects shall be limited to the projects targeted to very low-
17 low-, and medium-income families. For purposes of this subpart,
18 the applicable median family income shall be the median family
19 income for the county or standard metropolitan statistical area
20 in which the project is located as determined by the United
21 States Department of Housing and Urban Development, as adjusted
22 from time to time.



1 (c) The corporation may include other eligibility criteria
2 as it deems necessary to carry out the purposes of this subpart.

3 **§201H-E Additional powers.** The powers conferred upon the
4 corporation by this subpart shall be in addition and
5 supplemental to the powers conferred by any other law, and
6 nothing in this subpart shall be construed as limiting any
7 powers, rights, privileges, or immunities conferred."

8 SECTION 6. There is appropriated out of the general
9 revenues of the State of Hawaii the sum of \$ or so
10 much thereof as may be necessary for fiscal year 2008-2009 to be
11 deposited into the self-help housing fund to be used to provide
12 additional funding for technical assistance costs generated by
13 self-help housing projects in the state.

14 SECTION 7. There is appropriated out of the self-help
15 housing fund the sum of \$ or so much thereof as may be
16 necessary for fiscal year 2008-2009 to be used to provide
17 additional funding for technical assistance costs generated by
18 self-help housing projects in the state.

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



PART IV

SECTION 8. Act 291, Session Laws of Hawaii 1980, as amended by Act 304, Session Laws of Hawaii 1996, as amended by Act 185, Session Laws of Hawaii 2004, as amended by Act 231, Session Laws of Hawaii 2007, is amended by amending section 11 to read as follows:

"SECTION 11. Issuance of revenue bond; amount authorized.

Revenue bonds may be issued by the Hawaii housing finance and development corporation pursuant to part III, chapter 39 and subpart A of part III of chapter 201H, Hawaii Revised Statutes, in an aggregate principal amount not to exceed [~~\$400,000,000,~~] \$_____ at such times and in such amounts as the Hawaii housing finance and development corporation deems advisable for the purpose of undertaking and maintaining any of the housing loan programs under subpart A of part III of chapter 201H, Hawaii Revised Statutes, relating to the funding or purchasing of eligible project loans."

PART V

SECTION 9. In codifying the new sections added by section 5 of this Act, the revisor of statutes shall substitute appropriate section numbers for the letters used in designating the new sections in this Act.



1 SECTION 10. Statutory material to be repealed is bracketed
2 and stricken. New statutory material is underscored.

3 SECTION 11. This Act shall take effect upon its approval;
4 provided that section 2 of this Act shall take effect on
5 June 29, 2008; and sections 3, 6, and 7 shall take effect on
6 July 1, 2008.



Report Title:

Conveyance Tax; Self-Help Housing Fund; Bond Ceiling

Description:

Extends the sunset date of the increased conveyance tax allocation to the Rental Housing Trust Fund. Appropriates funds for expedited third party review of affordable projects. Establishes a Self-help Housing Fund. Increases the Hawaii Housing Finance and Development Corporation revenue bond ceiling. (SB3174 HD1)

