

JAN 22 2007

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# A BILL FOR AN ACT

MAKING AN APPROPRIATION FOR AFFORDABLE HOUSING.

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

1           SECTION 1. There is appropriated out of the general  
2 revenues of the State of Hawaii the sum of \$25,000,000, or so  
3 much thereof as may be necessary for fiscal year 2007-2008, and  
4 the sum of \$25,000,000, or so much thereof as may be necessary  
5 for fiscal year 2008-2009, to be paid into the dwelling unit  
6 revolving fund created in section 201H-191, Hawaii Revised  
7 Statutes to:

- 8           (1) Provide equity gap financing for the development,  
9           preservation, or substantial rehabilitation of  
10           affordable rental housing projects;
- 11           (2) Provide funding for infrastructure improvements for  
12           lands deemed suitable for affordable housing; and
- 13           (3) Assist in the development of affordable for-sale  
14           housing projects.

15           SECTION 2. The sum appropriated shall be expended by the  
16 Hawaii housing finance and development corporation for the  
17 purposes of this Act.

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S.B. NO. 1348

1 SECTION 3. This Act shall take effect on July 1, 2007.

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INTRODUCED BY: \_\_\_\_\_

BY REQUEST

JUSTIFICATION SHEET

DEPARTMENT: Business, Economic Development and Tourism

TITLE: A BILL FOR AN ACT MAKING AN APPROPRIATION FOR AFFORDABLE HOUSING.

PURPOSE: To restore, in part, critical housing funds that were raided since 1995 by appropriating \$50,000,000 in general funds to be deposited into the Dwelling Unit Revolving Fund (DURF).

MEANS: Appropriate \$25,000,000 in general funds for fiscal year 2007-2008 and the same sum in fiscal year 2008-2009.

JUSTIFICATION: This bill would appropriate a total of \$50 million in general funds for deposit into the Dwelling Unit Revolving Fund (DURF) in FY 2008 and FY 2009.

The Hawaii Housing Finance Development Corporation's ("HHFDC") mission is to increase the supply of workforce and affordable housing by providing tools and resources to facilitate housing development. This includes both rental housing and for-sale housing.

DURF may be used for various purposes such as the acquisition of real property, the development of infrastructure, and for interim construction and permanent loans for the development of for-sale and rental housing. The infusion of a total of \$50 million into DURF would enable the HHFDC to partner with private developers and other government agencies, such as the DHHL, to produce workforce and affordable housing.

General funds infused into the DURF could be leveraged with other existing funding sources such as low income housing tax credits and tax-exempt revenue bonds to

finance the development of workforce and affordable housing.

Impact on the public: Will encourage the development of much-needed affordable housing units statewide.

Impact on the department and other agencies:  
None.

GENERAL FUND: \$25,000,000 in FY 2008 and \$25,000,000 in FY 2009.

OTHER FUNDS: None.

PPBS PROGRAM DESIGNATION: BED 160.

OTHER AFFECTED AGENCIES: None.

EFFECTIVE DATE: July 1, 2007.