

JAN 23 2009

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# A BILL FOR AN ACT

RELATING TO SELF-HELP HOUSING.

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

1           SECTION 1. The legislature finds that self-help housing  
2 programs such as Habitat for Humanity and Hawaii Self-Help  
3 Housing offer low- and moderate-income families an opportunity  
4 to own their own homes by using "sweat equity" to build their  
5 homes. Families who have built their own homes show greatly  
6 improved financial stability, the children do better in school,  
7 and the families rarely move, which often provides increased  
8 employment opportunities. Self-help housing is a hand up from  
9 circumstances that frequently lead to homelessness, and a number  
10 of self-help housing homeowners in Hawaii have been homeless  
11 prior to building their homes.

12           Homelessness has been increasing rapidly in Hawaii and the  
13 State has opened many new shelters. However, one problem that  
14 is frequently pointed out is that there is nowhere for people to  
15 transition to from a shelter or transitional housing. Self-help  
16 housing offers a dignified alternative to some of the families  
17 transitioning out of homelessness and it provides homeless



1 prevention to families who are living in precarious  
2 circumstances.

3       The legislature further finds that establishing a dedicated  
4 source of funding would provide grant funding for technical  
5 assistance and construction materials and possibly grants or low  
6 or zero interest loans for predevelopment costs and the purchase  
7 of land to build on. Self-help housing is not only more cost  
8 effective than shelters or rental housing, it also provides  
9 economic and community development in neighborhoods and is one  
10 of the best sources of asset building with very low-, low-, and  
11 moderate-income households.

12       Currently, there are eight organizations in Hawaii that  
13 have assisted in building more than one thousand self-help  
14 homes: Habitat for Humanity, Self-Help Housing Corporation of  
15 Hawaii, Hawaii Island Community Development Corporation, Hawaii  
16 Intergenerational Community Development Corporation, the  
17 Consuelo Foundation, Molokai Home Ownership Made E-ffordable  
18 Corporation, Hawaii county economic opportunity council, and  
19 Lokahi Pacific.

20       The average cost of a house built with the self-help method  
21 in Hawaii varies by program but most of the houses fall in the  
22 range of \$80,000 to \$110,000. Self-help housing programs



1 attempt to build as much as possible on leasehold land from the  
2 department of Hawaiian home lands, the State, or the counties.  
3 In addition, they are sometimes offered land or money to buy  
4 land by developers who are required to meet a certain threshold  
5 of affordable homes, and self-help housing programs may also buy  
6 inexpensive lands when available.

7 The purpose of this Act is to establish a dedicated source  
8 of funding for self-help housing by establishing a self-help  
9 housing trust fund with income from the conveyance tax.

10 SECTION 2. Chapter 201H, Hawaii Revised Statutes, is  
11 amended by adding a new section to be appropriately designated  
12 and to read as follows:

13 "§201H- Self-help housing trust fund. (a) There is  
14 established the self-help housing trust fund to be administered  
15 by the 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 may not be  
20 used to finance day-to-day administrative expenses of projects  
21 allotted fund moneys.



1        (c) The following may be deposited into the fund:  
2        appropriations made by the legislature, private contributions,  
3        repayment of loans, interest, other returns, and moneys from  
4        other sources.

5        (d) The fund shall be used to provide loans or grants for  
6        the development, pre-development, construction, acquisition,  
7        preservation, and substantial rehabilitation of self-help  
8        housing units. Permitted uses of the fund may include but are  
9        not limited to planning, design, land acquisition, costs of  
10       options, agreements of sale, downpayments, equity financing,  
11       capacity building of nonprofit housing developers, and other  
12       housing development services or activities as provided in rules  
13       adopted by the corporation pursuant to chapter 91. The rules  
14       may provide for a means of recapturing loans or grants made from  
15       the fund if a self-help housing project financed under the fund  
16       is refinanced or sold at a later date. The rules may also  
17       provide that moneys from the fund shall be leveraged with other  
18       financial resources to the extent possible.

19       (e) The corporation may provide loans and grants under  
20       this section; provided that the corporation shall establish  
21       loan-to-value ratios to protect the fund from inordinate risk  
22       and that under no circumstances shall the rules permit the



1 loan-to-value ratio to exceed one hundred per cent; and provided  
2 further that the underwriting guidelines include a debt-coverage  
3 ratio of not less than 1.0 to 1.

4 (f) The corporation shall submit an annual report to the  
5 legislature no later than twenty days prior to the convening of  
6 each regular session describing the projects funded and its  
7 efforts to develop self-help housing projects, including any  
8 assistance or other partnership efforts with private or other  
9 governmental self-help housing organizations.

10 (g) For the purposes of this section "self-help housing"  
11 means housing in which prospective homeowners have contributed  
12 labor, materials, or real property."

13 SECTION 3. Section 247-7, Hawaii Revised Statutes, is  
14 amended to read as follows:

15 "§247-7 **Disposition of taxes.** All taxes collected under  
16 this chapter shall be paid into the state treasury to the credit  
17 of the general fund of the State, to be used and expended for  
18 the purposes for which the general fund was created and exists  
19 by law; provided that of the taxes collected each fiscal year:

20 (1) Ten per cent shall be paid into the land conservation  
21 fund established pursuant to section 173A-5;



1           (2) Thirty per cent shall be paid into the rental housing  
2           trust fund established by section 201H-202; [~~and~~]

3           (3) Twenty-five per cent shall be paid into the natural  
4           area reserve fund established by section 195-9;  
5           provided that the funds paid into the natural area  
6           reserve fund shall be annually disbursed by the  
7           department of land and natural resources in the  
8           following priority:

9           (A) To natural area partnership and forest  
10           stewardship programs after joint consultation  
11           with the forest stewardship committee and the  
12           natural area reserves system commission;

13           (B) Projects undertaken in accordance with watershed  
14           management plans pursuant to section 171-58 or  
15           watershed management plans negotiated with  
16           private landowners, and management of the natural  
17           area reserves system pursuant to section 195-3;  
18           and

19           (C) The youth conservation corps established under  
20           chapter 193 [-]; and

21           (4) \_\_\_\_\_ per cent shall be paid into the self-help  
22           housing trust fund established by section 201H- \_\_\_\_\_."



# S.B. NO. 752

1           SECTION 4. Statutory material to be repealed is bracketed  
2 and stricken. New statutory material is underscored.

3           SECTION 5. This Act shall take effect on July 1, 2009.

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INTRODUCED BY: Norman Sakuma



**Report Title:**

Self-Help Housing; Trust Fund; Conveyance Tax

**Description:**

Establishes a dedicated source of funding for self-help housing by establishing a self-help housing trust fund with income from the conveyance tax.

