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# A BILL FOR AN ACT

RELATING TO HOUSING.

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

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

11           The purpose of this Act is to establish a dedicated source  
12 of funding for self-help housing by establishing a self-help  
13 housing special fund with revenue from the conveyance tax.

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



1       "§201H- Self-help housing special fund. (a) There is  
2 established the self-help housing special fund to be  
3 administered by the corporation.

4       (b) An amount from the fund, to be set by the corporation  
5 and authorized by the legislature, may be used for  
6 administrative expenses incurred by the corporation in  
7 administering the fund; provided that fund moneys may not be  
8 used to finance day-to-day administrative expenses of projects  
9 allotted fund moneys.

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

11       (1) Appropriations made by the legislature;

12       (2) Private contributions;

13       (3) Repayment of loans;

14       (4) Interest and other returns; and

15       (5) Moneys from other sources.

16       (d) The fund shall be used to provide loans or grants for  
17 the development, pre-development, construction, acquisition,  
18 preservation, and substantial rehabilitation of self-help  
19 housing units. Permitted uses of moneys from the fund may  
20 include planning, design, land acquisition, costs of options,  
21 agreements of sale, downpayments, equity financing, capacity  
22 building of nonprofit housing developers, and other housing



1 development services or activities as provided in rules adopted  
2 by the corporation pursuant to chapter 91. The rules may  
3 provide for a means of recapturing loans or grants made from the  
4 fund if a self-help housing project financed under the fund is  
5 refinanced or sold at a later date. The rules may also provide  
6 that moneys from the fund shall be leveraged with other  
7 financial resources to the extent possible.

8 (e) The corporation may provide loans and grants under  
9 this section; provided that the corporation shall establish  
10 loan-to-value ratios to protect the fund from inordinate risk  
11 and under no circumstances shall the rules permit the loan-to-  
12 value ratio to exceed one hundred per cent; and provided further  
13 that the underwriting guidelines include a debt-coverage ratio  
14 of not less than one to one.

15 (f) The corporation shall submit an annual report to the  
16 legislature no later than twenty days prior to the convening of  
17 each regular session describing the projects funded and its  
18 efforts to develop self-help housing projects, including any  
19 assistance or other partnership efforts with private or other  
20 governmental self-help housing organizations.



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

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

6        "**§247-7 Disposition of taxes.** All taxes collected under  
7 this chapter shall be paid into the state treasury to the credit  
8 of the general fund of the State, to be used and expended for  
9 the purposes for which the general fund was created and exists  
10 by law; provided that of the taxes collected each fiscal year:

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

13        (2) [~~Thirty~~] Forty-five per cent shall be paid into the  
14 rental housing trust fund established by section  
15 201H-202; [~~and~~]

16        (3) Twenty-five per cent shall be paid into the natural  
17 area reserve fund established by section 195-9;  
18 provided that the funds paid into the natural area  
19 reserve fund shall be annually disbursed by the  
20 department of land and natural resources in the  
21 following priority:



1 (A) To natural area partnership and forest  
2 stewardship programs after joint consultation  
3 with the forest stewardship committee and the  
4 natural area reserves system commission;

5 (B) Projects undertaken in accordance with watershed  
6 management plans pursuant to section 171-58 or  
7 watershed management plans negotiated with  
8 private landowners, and management of the natural  
9 area reserves system pursuant to section 195-3;  
10 and

11 (C) The youth conservation corps established under  
12 chapter 193 [-] i

13 and

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

16 SECTION 4. Statutory material to be repealed is bracketed  
17 and stricken. New statutory material is underscored.

18 SECTION 5. This Act shall take effect on July 1, 2035.



S.B. NO. 1277  
S.D. 2  
H.D. 1

**Report Title:**

Housing; Affordable Housing; Omnibus

**Description:**

Establishes self-help housing special fund funded with revenues from the conveyance tax for loans or grants for the development, pre-development, construction, acquisition, preservation, and substantial rehabilitation of self-help housing units. (SB1277 HD1)

