

JAN 22 2010

S.B. NO. 2584

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, a common problem
14 is that there is no place where people can stay during their
15 transition from a shelter or other transitional housing. Self-
16 help housing offers a dignified alternative to some of the
17 families transitioning out of homelessness and it provides



1 homeless 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
6 low- or zero-interest loans for predevelopment costs and the
7 purchase of land to build on. Self-help housing is not only
8 more cost effective than shelters or rental housing, it also
9 provides economic and community development in neighborhoods and
10 is one of the best sources of asset building with very low-,
11 low-, and 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 in Hawaii with the self-
21 help method 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, the programs are sometimes offered land or money to
 4 buy land by developers who are required to meet a certain
 5 threshold of affordable homes, and self-help housing programs
 6 may also buy 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, down payments, 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 one to one.

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) Twenty-five per cent from July 1, 2009, until June 30,
2 2012, and thirty per cent in each fiscal year
3 thereafter shall be paid into the rental housing trust
4 fund established by section 201H-202; [~~and~~]

5 (3) Twenty per cent from July 1, 2009, until June 30,
6 2012, and twenty-five per cent in each fiscal year
7 thereafter shall be paid into the natural area reserve
8 fund established by section 195-9; provided that the
9 funds paid into the natural area reserve fund shall be
10 annually disbursed by the department of land and
11 natural resources in the following priority:

12 (A) To natural area partnership and forest
13 stewardship programs after joint consultation
14 with the forest stewardship committee and the
15 natural area reserves system commission;

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



1 (C) The youth conservation corps established under
2 chapter 193[-]; and
3 (4) _____ per cent shall be paid into the self-help
4 housing trust fund established by section 201H- ."

5 SECTION 4. Statutory material to be repealed is bracketed
6 and stricken. New statutory material is underscored.

7 SECTION 5. This Act shall take effect on July 1, 2010.

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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.

The summary description of legislation appearing on this page is for informational purposes only and is not legislation or evidence of legislative intent.

