
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 Association, 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 self-help housing
8 trust fund and an advisory board that will be responsible for
9 securing funding sources for the trust fund and performing other
10 tasks necessary to prepare for the administration and operation
11 of the trust fund.

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

15 "§201H- Self-help housing trust fund. (a) There is
16 established the self-help housing trust fund, which shall be
17 attached to the corporation for administrative purposes only.

18 (b) An amount from the fund, to be set by the corporation
19 and authorized by the legislature, may be used for
20 administrative expenses incurred by the corporation in
21 administering the fund; provided that fund moneys may not be



1 used to finance day-to-day administrative expenses of projects
2 allotted fund moneys.

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

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

21 (e) The corporation may provide loans and grants under
22 this section; provided that the corporation shall establish



1 loan-to-value ratios to protect the fund from inordinate risk
2 and that under no circumstances shall the rules permit the
3 loan-to-value ratio to exceed one hundred per cent; and provided
4 further that the underwriting guidelines include a debt-coverage
5 ratio of not less than one to one.

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

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

15 SECTION 3. (a) The Hawaii housing finance and development
16 corporation shall establish a self-help housing trust fund
17 advisory board composed of the following members:

- 18 (1) A representative of Habitat for Humanity;
19 (2) A representative of the Self-Help Housing Corporation
20 of Hawaii;
21 (3) A representative of the Hawaii Island Community
22 Development Corporation;



- 1 (4) A representative of the Hawaii Intergenerational
- 2 Community Development Association;
- 3 (5) A representative of the Consuelo Foundation;
- 4 (6) A representative of the Molokai Home Ownership Made
- 5 E-ffordable Corporation;
- 6 (7) A representative of the Hawaii county economic
- 7 opportunity council;
- 8 (8) A representative of Lokahi Pacific;
- 9 (9) A representative of the Hawaii housing finance and
- 10 development corporation; and
- 11 (10) Two representatives selected by the other members of
- 12 the advisory board to contribute their expertise to
- 13 the advisory board.
- 14 (b) The self-help housing trust fund advisory board shall
- 15 prepare for the administration and operation of the self-help
- 16 housing trust fund by:
- 17 (1) Identifying potential target groups and clientele to
- 18 whom loans or grants should be made to promote the
- 19 development of self-help housing in the State;
- 20 (2) Developing criteria for selecting recipients of grants
- 21 and loans from the self-help housing trust fund;



- 1 (3) Developing a process by which applications for grants
2 and loans from the self-help housing trust fund shall
3 be made;
- 4 (4) Developing a process by which grant and loan
5 applications shall be evaluated, awarded, and
6 executed;
- 7 (5) Determining sustainable sources of funding for the
8 self-help housing trust fund; and
- 9 (6) Performing other tasks necessary to prepare for the
10 administration and operation of the self-help housing
11 trust fund.
- 12 (c) The self-help housing trust fund advisory board shall
13 submit a report on its recommendations to the legislature no
14 later than twenty days prior to the 2011 regular session of the
15 legislature. The self-help housing trust fund advisory board
16 shall be dissolved upon the adjournment sine die of the 2011
17 regular session of the legislature.

18 SECTION 4. New statutory material is underscored.

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

20



Report Title:

Self-Help Housing; Trust Fund

Description:

Establishes the self-help housing trust fund and an advisory board to perform tasks necessary to prepare for the administration and operation of the trust fund. (SD1)

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

