

JAN 18 2019

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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 homeownership is  
2 positively correlated with economic and social stability in low-  
3 and moderate-income households. However, in the last fifty  
4 years, the number of full time Hawaii residents who own homes  
5 has steadily declined. Currently, Hawaii has the third lowest  
6 homeownership rate of any state in the nation. The department  
7 of business, economic development, and tourism projects that  
8 Hawaii will need approximately 34,000 new homeownership housing  
9 units by 2025 to address the critical shortage of housing.  
10 Action is needed to increase the availability of homeownership  
11 housing to meet demand.

12           The legislature further finds that the self-help housing  
13 model is a cost-effective means of assisting low-income families  
14 who would otherwise not have a homeownership opportunity. Self-  
15 help housing organizations leverage federal funds from the  
16 United States Department of Housing and Urban Development and  
17 the United States Department of Agriculture - Rural Development



1 and low-income families' own contributions of labor to build  
2 their own communities. However, an additional non-federal  
3 matching funding source is needed.

4 The purpose of this Act is to establish a homeownership  
5 housing revolving fund to provide for the development of  
6 affordable for-sale housing projects by nonprofit housing  
7 development organizations under a self-help housing program to  
8 facilitate greater homeownership opportunities for Hawaii  
9 residents.

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

13 "§201H- Homeownership housing revolving fund. (a)  
14 There is established a homeownership housing revolving fund to  
15 be administered by the corporation for the purpose of providing,  
16 in whole or in part, loans to nonprofit housing development  
17 organizations for the development of affordable homeownership  
18 housing projects under a self-help housing program. Loans shall  
19 be awarded in the following order of priority:

20 (1) Projects or units in projects that are funded by  
21 programs of the United States Department of Housing



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1           and Urban Development, United States Department of  
2           Agriculture - Rural Development, and United States  
3           Department of Treasury community development financial  
4           institutions fund, wherein:

5           (A) At least fifty per cent of the available units  
6           are reserved for persons and families with  
7           incomes at or below eighty per cent of the area  
8           median family income as determined by the United  
9           States Department of Housing and Urban  
10          Development and of which at least five per cent  
11          of the available units are for persons and  
12          families with incomes at or below fifty per cent  
13          of the area median family income as determined by  
14          the United States Department of Housing and Urban  
15          Development; and

16          (B) The remaining units are reserved for persons and  
17          families with incomes at or below one hundred  
18          twenty per cent of the area median family income  
19          as determined by the United States Department of  
20          Housing and Urban Development; and



1       (2) Mixed-income affordable for-sale housing projects or  
2       units in a mixed-income affordable for-sale housing  
3       project wherein all of the available units are  
4       reserved for persons and families with incomes at or  
5       below one hundred forty per cent of the area median  
6       family income as determined by the United States  
7       Department of Housing and Urban Development.

8       (b) Moneys in the fund shall be used to provide loans for  
9       the development, pre-development, construction, acquisition,  
10      preservation, and substantial rehabilitation of affordable for-  
11      sale housing units. Uses of moneys in the fund may include but  
12      are not limited to planning, design, land acquisition, including  
13      the costs of options, agreements of sale, and down payments,  
14      capacity building of nonprofit housing developers, as matching  
15      funds for community development financial institutions financial  
16      assistance awards, or other housing development services or  
17      activities as provided in rules adopted by the corporation  
18      pursuant to chapter 91. The rules may provide that money from  
19      the fund be leveraged with other financial resources to the  
20      fullest extent possible.



1        (c) The fund may include sums appropriated by the  
2 legislature, private contributions, repayment of loans,  
3 interest, other returns, and moneys from other sources.

4        (d) 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 moneys in the fund shall  
8 not be used to finance day-to-day administrative expenses of the  
9 projects allotted moneys from the fund.

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

17       (f) The corporation shall submit a report of all projects  
18 that received loans pursuant to this section to the legislature  
19 no later than twenty days prior to the convening of each regular  
20 session.



1        (g) For purposes of this section, "self-help housing  
2 program" means development or preservation of housing in which  
3 prospective homeowners have contributed labor, materials, or  
4 real property; provided that at least two-thirds of the  
5 participating homeowners are qualified by income for assistance  
6 under this part and that the program is carried out under the  
7 sponsorship of a nonprofit housing development organization."

8        SECTION 3. There is appropriated out of the general  
9 revenues of the State of Hawaii the sum of \$                    or so  
10 much thereof as may be necessary for fiscal year 2019-2020 and  
11 the same sum or so much thereof as may be necessary for fiscal  
12 year 2020-2021 to be deposited into the homeownership housing  
13 revolving fund.

14        SECTION 4. There is appropriated out of the homeownership  
15 housing revolving fund the sum of \$                    or so much thereof  
16 as may be necessary for fiscal year 2019-2020 and the same sum  
17 or so much thereof as may be necessary for fiscal year 2020-2021  
18 for loans to nonprofit housing development organizations  
19 operating a self-help housing program for the development of  
20 affordable for-sale housing projects.



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1 The sums appropriated shall be expended by the Hawaii  
2 housing finance and development corporation for the purposes of  
3 this Act.

4 SECTION 5. New statutory material is underscored.

5 SECTION 6. This Act shall take effect on July 1, 2019.

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INTRODUCED BY:

*Atsushi*

*Hamathul*



# S.B. NO. 743

**Report Title:**

Housing; Homeownership Housing Revolving Fund; Appropriation

**Description:**

Establishes a homeownership housing revolving fund to provide loans to nonprofit housing development organizations for development of affordable homeownership housing projects under a self-help housing program. Appropriates funds to provide loans.

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

