
A BILL FOR AN ACT

RELATING TO HOUSING.

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

1 PART I

2 SECTION 1. The legislature finds that certain published
3 research indicates that Hawaii residents have among the highest
4 per capita debt in the United States. According to a study
5 conducted by the online lending company LendingTree, Hawaii
6 residents rank eighth in the country when it comes to per capita
7 debt, at \$40,700. High debt is largely attributed to credit
8 card debt, with ninety per cent of Hawaii residents having
9 credit cards and an average balance of \$4,489, and has an impact
10 on a resident's ability to qualify for home loans or to have the
11 necessary down payment for home purchasing.

12 The legislature further finds that one strategy to improve
13 the potential for more Hawaii residents to become homeowners is
14 a mix of financial aid and financial education for low-income
15 families. This strategy can include education on debt reduction
16 and credit score improvement and financial aid to assist in



1 making down payments for a home. Such strategies can help lead
2 low-income families to achieving the purchase of their own home.

3 The purpose of this part is to require the Hawaii housing
4 finance and development corporation to implement the homebuyers'
5 club program and provide financial aid to the program's
6 participants.

7 SECTION 2. Section 201H-171, Hawaii Revised Statutes, is
8 amended to read as follows:

9 "**§201H-171 Homebuyers' club program.** (a) The corporation
10 may establish a homebuyers' club program for participants who
11 [~~are desirous of purchasing~~] desire to purchase a home and who
12 have adequate incomes but who lack sufficient funds for the
13 downpayment and closing costs. The primary focus of this
14 program is to facilitate the purchase of homes by providing
15 participants with financial aid and strategies to save money, to
16 resolve credit problems, and to educate participants on how to
17 shop for and purchase a home.

18 (b) The corporation shall provide financial aid to
19 participants using loans or other means of financial aid to pay
20 for down payments and other costs associated with the purchase
21 of a home; provided that a homeownership education program



1 approved by the corporation must be completed before any
2 financial aid is administered by the corporation to a
3 participant; provided further that upon purchasing a home, the
4 participant shall report to a designated agent of the
5 corporation to ensure timely payments for loans made under this
6 section.

7 ~~[(b)]~~ (c) In establishing such a program, the corporation
8 shall adopt rules pursuant to chapter 91 relating to
9 establishing a savings program for participants based upon
10 individual analyses of income and family expenses. The rules
11 may also provide for integration of the homebuyers' club program
12 with other governmental programs including but not limited to
13 individual housing accounts under section 235-5.5, the state
14 mortgage guarantee program under subpart E, the downpayment loan
15 assistance program established under subpart F, and the rent-to-
16 own program established under subpart H.

17 ~~[(e)]~~ (d) The corporation may secure the services of
18 another public or private entity to carry out the purposes of
19 this section."

20 SECTION 3. There is appropriated out of the general
21 revenues of the State of Hawaii the sum of \$ or so



1 much thereof as may be necessary for fiscal year 2020-2021 for
2 the homebuyers' club program.

3 The sum appropriated shall be expended by the Hawaii
4 housing finance and development corporation for the purposes of
5 this part.

6 PART II

7 SECTION 4. The legislature finds that many individuals and
8 families who have received financial assistance to exit
9 homelessness or prevent themselves from becoming homeless often
10 have difficulty maintaining self-sufficiency for more than one
11 to two years. Homeless service agencies often provide case
12 management support for a short-term period following the
13 provision of financial rental assistance. However, short-term
14 case management is often not enough, and a longer term of follow
15 up and availability of case management, including counseling and
16 financial education, for low-income renters will help to secure
17 long-term housing and reduce recidivism.

18 The legislature further finds that homeless service
19 providers see households return to homelessness or fall into
20 arrears with rent and utilities within one to two years after
21 assistance is provided. Long term case management support for



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1 all types of households who have received homeless prevention
2 services, including housing first, transitional shelters, rapid
3 rehousing, and housing placement programs, provides clients with
4 the guidance and motivation to maintain housing wellness. Each
5 household may require different levels of case management, which
6 may be determined by a holistic assessment.

7 Accordingly, the purpose of this part is to require and
8 appropriate funds for the department of human services to offer
9 long-term case management for low-income individuals and
10 families and individuals and families that are formerly homeless
11 or currently at-risk for homelessness and accept financial aid
12 offered by the department of human services for rent.

13 SECTION 5. Chapter 346, Hawaii Revised Statutes, is
14 amended by adding a new section to be appropriately designated
15 and to read as follows:

16 "§346- Long-term case management; housing stability.

17 (a) To ensure that individuals and families maintain self
18 sufficiency and stable housing in the long term, the department
19 shall offer long-term case management services to low-income
20 individuals and families and individuals and families that are
21 formerly homeless or currently at-risk for homelessness and



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1 accept financial aid offered by the department, including rental
2 assistance, for the payment of rent.

3 (b) In providing long-term case management services, the
4 department shall include financial counseling and education as
5 part of the case management services.

6 (c) The department may adopt rules, pursuant to chapter
7 91, necessary for the purposes of this section, including for
8 the establishment of eligibility requirements and applicant
9 qualifications."

10 SECTION 6. There is appropriated out of the general
11 revenues of the State of Hawaii the sum of \$2,500,000 or so much
12 thereof as may be necessary for fiscal year 2020-2021 to provide
13 long-term case management services as required by this part.

14 The sum appropriated shall be expended by the department of
15 human services for the purposes of this part.

16 PART III

17 SECTION 7. Statutory material to be repealed is bracketed
18 and stricken. New statutory material is underscored.



1 SECTION 8. This Act shall take effect upon its approval;
 2 provided that sections 3 and 6 shall take effect on July 1,
 3 2020.
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Report Title:

Homebuyers' Club Program; Financial Aid; Long-term Case Management; Appropriation

Description:

Includes in HHFDC's homebuyers' club program a requirement to provide financial aid to participants. Requires DHS to offer long-term case management for low-income individuals and families and individuals and families that are formerly homeless or currently at-risk for homelessness and accept financial aid for rent. Appropriates funds.

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

