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

13 The legislature further finds that the self-help housing
14 model is a cost-effective means of assisting low-income families
15 who would otherwise not have a homeownership opportunity. Self-
16 help housing, nonprofit developers, and community land trust
17 organizations leverage federal funds from the United States



1 Department of Housing and Urban Development and the United
2 States Department of Agriculture - Rural Development program
3 with low-income families' own contributions of labor to build
4 their own communities. However, an additional non-federal
5 matching funding source is needed.

6 The legislature further finds that nonprofit community
7 development financial institutions are intermediaries that
8 provide financing and technical assistance to assist nonprofit
9 housing organizations in the development of affordable
10 homeownership units in underserved communities. As private
11 sector organizations, community development financial
12 institutions establish and maintain revolving loan funds to
13 attract capital from the United States Department of the
14 Treasury and other public and private sources of capital in
15 order to increase the collective impact of affordable housing
16 development by nonprofit housing organizations. According to
17 Opportunity Finance Network, community development financial
18 institutions leverage federal funding for affordable housing and
19 community development activities at a ratio of eight to one.
20 Additional funding will help community development financial



1 institutions attract private and public capital for affordable
2 housing development.

3 The legislature further finds that qualified nonprofit
4 housing trusts provide access to low-cost land that in turn
5 reduces home sale prices and ensures affordability in perpetuity
6 through equity sharing between the nonprofit and the homeowner
7 at the time of resale.

8 The purpose of this Act is to establish an affordable
9 homeownership revolving fund to provide funds for the
10 development of affordable for-sale housing projects by nonprofit
11 community development financial institutions, nonprofit housing
12 development organizations, and qualified nonprofit housing trust
13 programs to facilitate greater homeownership opportunities for
14 Hawaii residents.

15 PART II

16 SECTION 2. Chapter 201H, Hawaii Revised Statutes, is
17 amended by adding a new subpart to part III to be appropriately
18 designated and to read as follows:

19 " . Affordable Homeownership Revolving Fund

20 §201H-A Affordable homeownership revolving fund. (a)

21 There is established an affordable homeownership revolving fund



1 to be administered by the corporation for the purpose of
2 providing, in whole or in part, loans to nonprofit community
3 development financial institutions, nonprofit housing
4 development organizations, and qualified nonprofit housing trust
5 programs for the development of affordable homeownership housing
6 projects.

7 Loans shall be awarded in the following descending order of
8 priority:

9 (1) Projects or units in projects that are funded by
10 programs of the United States Department of Housing
11 and Urban Development, United States Department of
12 Agriculture Rural Development, and United States
13 Department of the Treasury community development
14 financial institutions fund, wherein:

15 (A) At least fifty per cent of the available units
16 are reserved for persons and families with
17 incomes at or below eighty per cent of the median
18 family income and of which at least five per cent
19 of the available units are for persons and
20 families with incomes at or below fifty per cent
21 of the median family income; and



1 (B) The remaining units are reserved for persons and
2 families with incomes at or below one hundred
3 twenty per cent of the median family income; and

4 (2) Mixed-income affordable for-sale housing projects or
5 units in a mixed-income affordable for-sale housing
6 project wherein all of the available units are
7 reserved for persons and families with incomes at or
8 below one hundred per cent of the median family
9 income.

10 (b) Moneys in the fund shall be used to provide loans for
11 the development, pre-development, construction, acquisition,
12 preservation, and substantial rehabilitation of affordable for-
13 sale housing units and qualified nonprofit housing trust
14 programs. Uses of moneys in the fund may include but are not
15 limited to planning, design, land acquisition, including the
16 costs of options, agreements of sale, and down payments;
17 capacity building for nonprofit housing developers and land
18 trusts; equity financing as matching funds for nonprofit
19 community development financial institutions; or other housing
20 development services or activities as provided in rules adopted
21 by the corporation pursuant to chapter 91. The rules may



1 provide that money from the fund shall be leveraged with other
2 financial resources to the extent possible.

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

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

12 (e) The corporation may provide loans under this section
13 as provided in rules adopted by the corporation pursuant to
14 chapter 91.

15 (f) The corporation shall submit a report to the
16 legislature no later than twenty days prior to the convening of
17 each regular session describing the projects funded.

18 **§201H-B Additional powers.** The powers conferred upon the
19 corporation by this subpart shall be in addition and
20 supplemental to the powers conferred by any other law, and



1 nothing in this subpart shall be construed as limiting any
2 powers, rights, privileges, or immunities conferred."

3 SECTION 3. There is appropriated out of the general
4 revenues of the State of Hawaii the sum of \$ or so
5 much thereof as may be necessary for fiscal year 2020-2021 to be
6 deposited into the affordable homeownership revolving fund
7 established under section 201H-A, Hawaii Revised Statutes.

8 SECTION 4. There is appropriated out of the affordable
9 homeownership revolving fund established under section 201H-A,
10 Hawaii Revised Statutes, the sum of \$ or so much as
11 may be necessary for fiscal year 2020-2021 for loans to
12 nonprofit community development financial institutions,
13 qualified nonprofit housing trusts, or nonprofit housing
14 development organizations operating programs for the development
15 of affordable for-sale housing projects.

16 The sum appropriated shall be expended by the Hawaii
17 housing finance and development corporation for the purposes of
18 this part.

19 SECTION 5. In codifying the new sections added by section
20 2 of this Act, the revisor of statutes shall substitute



H.B. NO. 1949

1 appropriate section numbers for the letters used in designating
2 the new sections in this Act.

3 SECTION 6. This Act shall take effect on July 1, 2020.

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INTRODUCED BY: Nicole E. Lowen

Tom Br

[Signature]
JAN 17 2020



H.B. NO. 1949

Report Title:

Housing; Affordable Homeownership Revolving Fund; Appropriation

Description:

Establishes an affordable homeownership revolving fund within HHFDC to provide loans to nonprofit community development financial institutions, nonprofit housing development organizations, and qualified nonprofit housing trust programs for the development of affordable homeownership housing projects. Makes an appropriation into and out of the affordable homeownership revolving fund.

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