
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 thirty-four thousand new housing
9 units by 2025 to address the critical shortage of housing.
10 Action is needed to increase the availability of owner-occupied
11 housing to meet demand.

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



1 States Department of Housing and Urban Development and United
2 States Department of Agriculture Rural Development program, with
3 low-income families' own contributions of labor to build their
4 own communities. However, an additional non-federal matching
5 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 to
15 increase the collective impact of affordable housing development
16 by nonprofit housing organizations. According to Opportunity
17 Finance Network, community development financial institutions
18 leverage federal funding for affordable housing and community
19 development activities at a ratio of eight-to-one. Additional
20 funding would help community development financial institutions



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

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

8 The purpose of this Act is to establish the 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, qualified
12 nonprofit housing trust programs, and nonprofit housing
13 development organizations to facilitate greater homeownership
14 opportunities for Hawaii residents.

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

18 "§201H- Affordable homeownership revolving fund. (a)
19 There is established the affordable homeownership revolving fund
20 to be administered by the corporation. The purpose of the fund
21 shall be to provide, in whole or in part, loans to nonprofit



1 community development financial institutions, qualified
2 nonprofit housing trusts, and nonprofit housing development
3 organizations for the development of affordable homeownership
4 housing projects.

5 (b) Loans for projects or units in projects that are
6 funded by programs of the United States Department of Housing
7 and Urban Development, United States Department of Agriculture
8 Rural Development, and United States Department of the Treasury
9 Community Development Financial Institutions Fund shall be
10 awarded in the following order of priority:

11 (1) At least fifty per cent of the available units are
12 reserved for persons and families with incomes at or
13 below eighty per cent of the median family income and
14 of which at least five per cent of the available units
15 are for persons and families with incomes at or below
16 fifty per cent of the median family income;

17 (2) The remaining units under paragraph (1) are reserved
18 for persons and families with incomes at or below one
19 hundred twenty per cent of the median family income;
20 and



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

7 (c) Moneys in the fund shall be used to provide loans for
8 the development, pre-development, construction, acquisition,
9 preservation, and substantial rehabilitation of affordable for-
10 sale housing units and qualified nonprofit housing trust
11 programs.

12 (d) Permitted uses of the fund may include but are not
13 limited to planning, design, and land acquisition, including the
14 costs of options, agreements of sale, and down payments;
15 capacity building of nonprofit housing developers and land
16 trusts; and equity financing as matching funds for nonprofit
17 community development financial institutions or other housing
18 development services or activities as provided in rules adopted
19 by the corporation pursuant to chapter 91. The rules may
20 provide that money from the affordable homeownership revolving



1 fund be leveraged with other financial resources to the extent
2 possible.

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

6 (f) 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 the day-to-day administrative expenses of
11 projects allotted moneys from the fund.

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

15 (h) 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 by the
18 affordable homeownership revolving fund."

19 SECTION 3. There is appropriated out of the general
20 revenues of the State of Hawaii the sum of \$ or so
21 much thereof as may be necessary for fiscal year 2020-2021 to be



1 deposited into the affordable homeownership revolving fund
2 established under section 201H- , Hawaii Revised Statutes.

3 SECTION 4. There is appropriated out of the affordable
4 homeownership revolving fund the sum of \$ or so much
5 thereof as may necessary for fiscal year 2020-2021 to carry out
6 the purposes of the affordable homeownership revolving fund,
7 including providing loans to nonprofit community development
8 financial institutions, qualified nonprofit housing trusts, or
9 nonprofit organizations operating programs for the development
10 of affordable for-sale housing projects.

11 The sum appropriated shall be expended by the Hawaii
12 housing finance and development corporation for the purposes of
13 this Act.

14 SECTION 5. New statutory material is underscored.

15 SECTION 6. This Act shall take effect upon its approval;
16 provided that sections 3 and 4 shall take effect on July 1,
17 2020.

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INTRODUCED BY:

[Handwritten signatures and scribbles]



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JAN 17 2020



H.B. NO. 2014

Report Title:

Affordable Housing; Affordable Homeownership Revolving Fund; HHFDC; Appropriation

Description:

Establishes the affordable homeownership revolving fund to be administered by HHFDC to provide loans to qualified nonprofit community development financial institutions, qualified nonprofit housing trusts, and nonprofit housing development organizations for the development of affordable homeownership housing projects. Appropriates funds for the purposes of the affordable homeownership revolving fund.

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

