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## 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 homeownership  
2 creates strong communities through economic growth.  
3 Homeownership helps families build equity and enjoy stability.  
4 Homeowners have a greater sense of security, continuity,  
5 belonging, and pride in their communities. However, saving for  
6 a down payment is often cited as the biggest hurdle for first-  
7 time home buyers, particularly for young people grappling with  
8 student loan debt.

9           The Hawai'i Housing Planning Study, 2019, prepared for the  
10 Hawaii Housing Finance and Development Corporation, found that  
11 approximately forty-one per cent of those interested in buying a  
12 single-family home could afford the monthly mortgage payments  
13 but not the twenty per cent down payment. Twenty-seven per cent  
14 said they had the funds for a twenty per cent down payment but  
15 could not afford the monthly mortgage payment. About twenty per  
16 cent of households statewide were qualified to meet both  
17 requirements.



1 Under a self-help housing program, families perform at  
2 least sixty-five per cent of the construction work required to  
3 build their homes, known as "sweat equity". By investing eight  
4 hundred to twelve hundred hours in sweat equity, usually on  
5 weekends and over a six- to eight-month period, the out-of-  
6 pocket cost of housing is substantially reduced, and families  
7 are not required to come up with a costly down payment.

8 The legislature further finds that the average statewide  
9 mortgage loan amount for a three-bedroom single-family home  
10 built under the habitat for humanity self-help program is  
11 \$210,000. The average monthly payment for these self-help homes  
12 ranges from \$520 to \$980. This is considerably lower than the  
13 average monthly mortgage payment of over \$2,100 reported in the  
14 study.

15 The purpose of this Act is to establish the self-help  
16 homeownership revolving fund to provide loans and related grants  
17 to support the development of affordable homeownership housing  
18 projects under a self-help housing program.

19 SECTION 2. Chapter 201H, Hawaii Revised Statutes, is  
20 amended by adding a new subpart to part II to be appropriately  
21 designated and to read as follows:



1           "     .   Self-Help Homeownership Housing Revolving Fund  
2           §201H-       Purpose and findings.   The legislature finds  
3   that the self-help housing model is a cost-effective means of  
4   assisting low-income families who would otherwise not have  
5   opportunities for homeownership.   The contribution of "sweat  
6   equity" not only reduces the cost of housing, but builds pride  
7   in homeownership, teaches future owners valuable construction  
8   skills, and builds a strong sense of community.

9           The legislature further finds that self-help housing  
10   organizations leverage funds from the United States Department  
11   of Housing and Urban Development and the United States  
12   Department of Agriculture - Rural Development with low-income  
13   families' own contributions of labor to build communities.  
14   However, an additional non-federal matching funding source is  
15   needed.

16           The purpose of this subpart is to increase affordable  
17   homeownership opportunities for low- and moderate-income  
18   households by establishing a self-help homeownership housing  
19   revolving fund to support the development of affordable for-sale  
20   housing projects by nonprofit housing development organizations  
21   under a self-help housing method.



1           §201H-           Self-help homeownership housing revolving fund.

2   (a)   There is established a self-help homeownership housing  
3 revolving fund to be administered by the corporation for the  
4 purpose of providing, in whole or in part, loans and project-  
5 related technical assistance grants to nonprofit housing  
6 development organizations to support the development of  
7 affordable homeownership housing projects under a self-help  
8 housing program. Loans shall be awarded in the following  
9 descending order of priority:

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

16                    (A)   At least fifty per cent of the available units  
17                                are reserved for persons and families with  
18                                incomes at or below eighty per cent of the median  
19                                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 twenty per cent of the median family  
9                           income.

10           (b) Moneys in the fund may be used to provide loans for  
11 the development, pre-development, construction, acquisition, and  
12 substantial rehabilitation of affordable for-sale housing units  
13 under a self-help program. Uses of moneys in the fund may  
14 include but are not limited to planning, design, and land  
15 acquisition, including the costs of options, agreements of sale,  
16 and down payments, as matching funds for community development  
17 financial institutions' financial assistance or other federal  
18 funding awards, for project-related technical assistance grants  
19 for nonprofit housing development organizations, or other  
20 housing development services or activities as provided in rules  
21 adopted by the corporation pursuant to chapter 91.



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

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

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

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

16          (g) For the purposes of this section, "self-help housing  
17 program" means the development or acquisition and substantial  
18 rehabilitation of housing under the sponsorship of a qualified  
19 nonprofit housing development organization, in which eligible  
20 participants contribute labor, materials, or real property.



1            §201H-    Additional powers.    The powers conferred upon  
2 the corporation by this subpart shall be in addition and  
3 supplemental to the powers conferred by any other law, and  
4 nothing in this subpart shall be construed as limiting any  
5 powers, rights, privileges, or immunities conferred."

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

11           SECTION 4.    There is appropriated out of the self-help  
12 homeownership housing revolving fund the sum of \$                            or  
13 so much thereof as may be necessary for fiscal year 2020-2021  
14 for loans and project-related technical assistance grants to  
15 nonprofit organizations operating a self-help housing program  
16 for the development of affordable for-sale housing projects.

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



1 SECTION 5. This Act shall take effect on July 1, 2020.

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INTRODUCED BY: Melanie K. Melan

Ch. Lee

D. H. H.

Ch. Todd

M. A. H.

[Signature]

[Signature]

Tom B.

Mark J. H.

JAN 22 2020





# H.B. NO. 2472

**Report Title:**

Self-Help Homeownership Housing Revolving Fund; HHFDC;  
Appropriation

**Description:**

Establishes the self-help homeownership housing revolving fund to provide for loans and project-related technical assistance grants to nonprofit housing development organizations to support the development of affordable homeownership housing projects under a self-help housing program. Appropriates funds.

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