
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 housing revolving fund to provide loans and
17 related grants to support the development of affordable
18 homeownership housing projects under a self-help housing
19 program.



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

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

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

19 The purpose of this subpart is to increase affordable
20 homeownership opportunities for low- and moderate-income
21 households by establishing a self-help homeownership housing



1 revolving fund to support the development of affordable for-sale
2 housing projects by nonprofit housing development organizations
3 under a self-help housing method.

4 **§201H- Self-help homeownership housing revolving fund.**

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

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

19 (A) At least fifty per cent of the available units
20 are reserved for persons and families with



1 incomes at or below eighty per cent of the median
2 family income; and

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

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

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



1 housing development services or activities as provided in rules
2 adopted by the corporation pursuant to chapter 91.

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, set by the corporation and
7 authorized by the legislature, may be used for administrative
8 expenses incurred by the corporation in administering the fund;
9 provided that moneys in the fund shall not be used to finance
10 day-to-day administrative expenses of the projects allotted
11 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 (g) For the purposes of this section, "self-help housing
19 program" means the development or acquisition and substantial
20 rehabilitation of housing under the sponsorship of a qualified



1 nonprofit housing development organization, in which eligible
2 participants contribute labor, materials, or real property.

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

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 2020-2021 to be
11 deposited into the self-help homeownership housing revolving
12 fund.

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



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

4 SECTION 5. This Act shall take effect on July 1, 2025.



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. Takes effect on 7/1/2025. (HD1)

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