
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 2019 Hawaii Housing Planning Study, 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 The legislature also finds that under a self-help housing
2 program, families perform at least sixty-five per cent of the
3 construction work required to build their homes, known as "sweat
4 equity". By investing eight hundred to twelve hundred hours in
5 sweat equity, usually on weekends and over a six- to eight-month
6 period, the out-of-pocket cost of housing is substantially
7 reduced, and families are not required to come up with a costly
8 down payment.

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

16 The purpose of this Act is to establish the self-help
17 homeownership housing revolving fund to provide loans and
18 related grants to support the development of affordable
19 homeownership housing projects under a self-help housing
20 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 in
10 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 United States Department of
15 Agriculture - Rural Development with low-income families' own
16 contributions of labor to build communities. However, an
17 additional non-federal matching funding source is needed.

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



1 housing projects by nonprofit housing development organizations
2 under a self-help housing method.

3 **§201H- Self-help homeownership housing revolving fund.**

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

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

18 (A) At least fifty per cent of the available units
19 are reserved for persons and families with
20 incomes at or below eighty per cent of the median
21 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 and project-related
11 technical assistance grants under this section as provided in
12 rules adopted by the corporation pursuant to chapter 91. The
13 corporation may establish, revise, charge, and collect interest
14 on loans and reasonable fees, as necessary, in connection with
15 its approvals under this section. The interest and fees shall
16 be deposited into the self-help homeownership housing revolving
17 fund.

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



1 (g) For the purposes of this section, "self-help housing
2 program" means the development or acquisition and substantial
3 rehabilitation of housing under the sponsorship of a qualified
4 nonprofit housing development organization, in which eligible
5 participants contribute labor, materials, or real property.

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

11 SECTION 3. There is appropriated out of the general
12 revenues of the State of Hawaii the sum of \$ or so
13 much thereof as may be necessary for fiscal year 2020-2021 to be
14 deposited into the self-help homeownership housing revolving
15 fund.

16 SECTION 4. There is appropriated out of the self-help
17 homeownership housing revolving fund the sum of \$ or
18 so much thereof as may be necessary for fiscal year 2020-2021
19 for loans and project-related technical assistance grants to
20 nonprofit organizations operating a self-help housing program
21 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. Effective 7/1/2025. (HD2)

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