
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 further finds that the self-help housing
13 model is a cost-effective means of assisting low-income families
14 who would otherwise not have a homeownership opportunity. Self-
15 help housing organizations leverage federal funds from the
16 United States Department of Housing and Urban Development and
17 the United States Department of Agriculture - Rural Development



1 program with low-income families' own contributions of labor to
2 build their own communities. However, an additional non-federal
3 matching funding source is needed.

4 The purpose of this Act is to establish a homeownership
5 housing revolving fund to provide funds for the development of
6 affordable for-sale housing projects by nonprofit housing
7 development organizations under a self-help housing program to
8 facilitate greater homeownership opportunities for Hawaii
9 residents.

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

13 "§201H- Homeownership housing revolving fund. (a)
14 There is established a homeownership housing revolving fund to
15 be administered by the corporation for the purpose of providing,
16 in whole or in part, loans to nonprofit housing development
17 organizations for the development of affordable homeownership
18 housing projects under a self-help housing program. Loans shall
19 be awarded in the following order of priority:

20 (1) Projects or units in projects that are funded by
21 programs of the United States Department of Housing



1 and Urban Development, United States Department of
2 Agriculture Rural Development, and United States
3 Department of the Treasury community development
4 financial institutions fund, wherein:

5 (A) At least fifty per cent of the available units
6 are reserved for persons and families with
7 incomes at or below eighty per cent of the median
8 family income and of which at least five per cent
9 of the available units are for persons and
10 families with incomes at or below fifty per cent
11 of the median family income; and

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

15 (2) Mixed-income affordable for-sale housing projects or
16 units in a mixed-income affordable for-sale housing
17 project wherein all of the available units are
18 reserved for persons and families with incomes at or
19 below one hundred forty per cent of the median family
20 income.



1 (b) Moneys in the fund shall be used to provide loans for
2 the development, pre-development, construction, acquisition,
3 preservation, and substantial rehabilitation of affordable for-
4 sale housing units. Uses of moneys in the fund may include but
5 are not limited to planning, design, land acquisition, including
6 the costs of options, agreements of sale, and down payments,
7 capacity building of nonprofit housing developers, as matching
8 funds for community development financial institutions financial
9 assistance awards, or other housing development services or
10 activities as provided in rules adopted by the corporation
11 pursuant to chapter 91. The rules may provide that money from
12 the fund shall be leveraged with other financial resources to
13 the extent possible.

14 (c) The fund may include sums appropriated by the
15 legislature, private contributions, repayment of loans,
16 interest, other returns, and moneys from other sources.

17 (d) An amount from the fund, to be set by the corporation
18 and authorized by the legislature, may be used for
19 administrative expenses incurred by the corporation in
20 administering the fund; provided that moneys in the fund shall



1 not be used to finance day-to-day administrative expenses of the
2 projects allotted moneys from the fund.

3 (e) The corporation may provide loans under this section;
4 provided that the corporation shall establish loan-to-value
5 ratios to protect the fund from inordinate risk and that under
6 no circumstances shall the rules permit the loan-to-value ratio
7 to exceed _____ per cent; provided further that the underwriting
8 guidelines include a debt-coverage ratio of not less than _____ to
9 one.

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

13 (g) For the purposes of this section, "self-help housing
14 program" shall have the same meaning as in section 201H-151(a)."

15 SECTION 3. There is appropriated out of the general
16 revenues of the State of Hawaii the sum of \$ _____ or so much
17 thereof as may be necessary for fiscal year 2019-2020 to be
18 deposited into the homeownership housing revolving fund
19 established under section 201H- _____, Hawaii Revised Statutes.

20 SECTION 4. There is appropriated out of the homeownership
21 housing revolving fund the sum of \$ _____ or so much thereof



1 as may be necessary for fiscal year 2019-2020 for loans to
 2 nonprofit organizations operating a self-help housing program
 3 for the development of affordable for-sale housing projects.

4 The sums appropriated shall be expended by the Hawaii
 5 housing finance and development corporation for the purposes of
 6 this Act.

7 SECTION 5. New statutory material is underscored.

8 SECTION 6. This Act shall take effect on July 1, 2019.

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INTRODUCED BY:

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H.B. NO. 477

Report Title:

Housing; Affordable Homeownership; HHFDC

Description:

Establishes a Homeownership Housing Revolving Fund within HHFDC to provide loans to nonprofit housing development organizations for the development of affordable homeownership housing projects under a self-help housing program.

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

