
A BILL FOR AN ACT

RELATING TO HOMEOWNERSHIP.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:

1 PART I

2 SECTION 1. The legislature finds that homeownership is
3 positively correlated with economic and social stability in low-
4 and moderate-income households. However, in the last fifty
5 years, the number of full-time Hawaii residents who own homes
6 has steadily declined. Currently, Hawaii has the third lowest
7 homeownership rate of any state in the nation.

8 The department of business, economic development, and
9 tourism projects that Hawaii will need approximately 34,000 new
10 homeownership housing units by 2025 to address the critical
11 shortage of housing. Action is needed to increase the
12 availability of homeownership housing to meet demand.

13 The legislature further finds that housing comprises a
14 large part of cost of living. Hawaii has the highest cost of
15 living in the nation. Individuals within the median income
16 cannot qualify for or support a mortgage of a median-priced
17 home. Many professionals, including teachers, police officers,



1 firefighters, construction, hotel, retail and government
2 workers, cannot afford homeownership.

3 The lack of affordable homes and homeownership
4 opportunities negatively affects Hawaii residents' overall
5 quality of life by inhibiting families' ability to pay for
6 nutritious food, preventative medical care, insurance, reliable
7 transportation, and quality childcare. Lowering the cost of
8 living by reducing housing costs will immediately benefit
9 Hawaii's working families.

10 The legislature finds that qualified non-profit housing
11 entities have successfully helped lower-income households to
12 become homeowners by significantly reducing housing costs.
13 These non-profits often utilize grants and other low-cost
14 sources of financing that require matching funds to acquire or
15 develop housing units.

16 The purpose of this Act is to promote permanent affordable
17 homeownership opportunities for first-time homebuyers through
18 non-profit housing entities.



1 PART II

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

5 " . QUALIFIED NONPROFIT HOUSING TRUST REVOLVING FUND.

6 §201H- Purpose and findings. The legislature finds that
7 qualified nonprofit housing trusts help families by reducing
8 housing costs significantly for income-qualified families up to
9 one hundred forty per cent of the area median income. Qualified
10 nonprofit housing trust homeowners have more financial stability
11 because they no longer worry about rent increases or loss of
12 their residence because their landlord decided to sell their
13 unit.

14 The purpose of this subpart is to promote permanent
15 affordable homeownership opportunities by establishing an
16 acquisition, rehabilitation, and development financing program
17 for qualified nonprofit housing trusts.

18 §201H- Definitions. As used in this subpart, unless a
19 different meaning is clearly required by the context:

20 "Develop" or "development" means the planning, financing,
21 or acquisition of real and personal property; demolition of



1 existing structures; clearance of real property; construction,
 2 reconstruction, alteration, or repair of approaches, streets,
 3 sidewalks, utilities, and services, or other site improvements;
 4 construction, reconstruction, repair, remodeling, extension,
 5 equipment, or furnishing of buildings or other structures; or
 6 any combination of the foregoing, of any housing project. It
 7 also includes any undertakings necessary therefor, and the
 8 acquisition of any housing, in whole or in part.

9 "Fund" means the qualified nonprofit housing trust
 10 revolving fund established pursuant to section 201H- .

11 §201H- Qualified nonprofit housing trust revolving fund.

12 (a) There is created a qualified nonprofit housing trust
 13 revolving fund. The funds appropriated for the purpose of the
 14 qualified nonprofit housing trust revolving fund and all moneys
 15 received or collected by the corporation for the purpose of the
 16 fund shall be deposited into the fund. The proceeds in the
 17 revolving fund may be used for the necessary expenses incurred
 18 by the corporation in administering the fund; provided that fund
 19 monies shall not be used to finance day-to-day administrative
 20 expenses of projects allotted fund moneys.



1 (b) The fund shall be used to provide loans for the
2 development, pre-development, construction, acquisition,
3 preservation, and substantial rehabilitation of affordable
4 housing units under the qualified nonprofit housing trust
5 program. Permitted uses of the fund may include but are not
6 limited to planning, design, land acquisition including the
7 costs of options, agreements of sale, downpayments, equity
8 financing, or other activities as provided in rules adopted by
9 the corporation pursuant to chapter 91. The rules may provide
10 for a means of recapturing loans made from the fund if an
11 affordable housing project financed under the fund is refinanced
12 or sold by the housing land trust at a later date.

13 §201H- Qualified nonprofit housing trust program for
14 affordable for-sale housing development. (a) The corporation
15 may provide loans in amounts not to exceed \$ _____ under this
16 section to qualified nonprofit housing trusts for the
17 development of affordable housing units.

18 (b) Affordable housing units developed under this section
19 shall be sold to qualified residents earning not more than one
20 hundred forty per cent of the area median income as determined



1 by the United States Department of Housing and Urban Development
2 under terms that ensure permanent housing affordability.

3 (c) Notwithstanding any other provision of law, the
4 corporation, at its sole discretion, may waive or modify, as
5 appropriate, the following restrictions for housing units
6 developed under this section:

7 (1) The ten-year buyback restriction set forth in section
8 201H-47;

9 (2) The shared appreciation equity restriction set forth
10 in section 201H-47;

11 (3) The buyback restriction set forth in section 201H-48;

12 (4) The restriction on use of real property set forth in
13 section 201H-49; and

14 (5) The restrictions on use, sale, and transfer of real
15 property set forth in section 201H-50;

16 provided that the qualified nonprofit housing trust loan used to
17 develop the housing units has been repaid to the corporation
18 upon closing of the sale or transfer of the housing units.

19 (d) Qualified nonprofit housing trusts shall establish and
20 impose on qualified residents owner-occupancy and buyback



1 restrictions, to be approved by the corporation, that require
2 the purchased housing units to remain affordable in perpetuity.

3 (e) The corporation may establish, revise, charge, and
4 collect fees, premiums, and charges as necessary, reasonable, or
5 convenient, for its qualified nonprofit housing trust program.

6 (f) The corporation shall adopt rules pursuant to chapter
7 91 to effectuate the purpose of this program."

8 SECTION 3. There is appropriated out of the general
9 revenues of the State of Hawaii the sum of \$ for fiscal
10 year 2019-2020 for deposit into the qualified nonprofit housing
11 trust revolving fund established under section 201H- , Hawaii
12 Revised Statutes.

13 SECTION 4. There is appropriated out of the qualified
14 nonprofit housing trust revolving fund the sum of \$ or
15 so much thereof as may be necessary for fiscal year 2019-2020
16 for the qualified nonprofit housing trust program or affordable
17 for-sale housing development.

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



1 PART III

2 SECTION 5. Chapter 201H, Hawaii Revised Statutes, is
3 amended by adding to part II a new subpart to be appropriately
4 designated and to read as follows:

5 " . SELF-HELP HOMEOWNERSHIP HOUSING REVOLVING FUND.

6 §201H- Purpose and findings. The legislature finds that
7 the self-help housing model is a cost-effective means of
8 assisting low-income families who would otherwise not have a
9 homeownership opportunity. Self-help housing organizations
10 leverage United States Department of Housing and Urban
11 Development and the United States Department of Agriculture -
12 Rural Development funds with low-income families' contributions
13 of labor to build their communities. However, an additional
14 non-federal matching funding source is needed.

15 The legislature further finds that homeownership is a
16 strategy for preserving affordable housing units that were
17 financed through Federal Low-Income Housing Tax Credit and
18 Section 8 programs. In Hawaii, there are 7,486 affordable
19 housing units that were developed with Low-Income Housing Tax
20 Credits and Section 8 program funding that are now at or beyond
21 the mandatory affordability period. These units are at-risk of



1 becoming market-rate units. Action is needed to preserve the
2 limited affordable housing opportunities for low- and moderate-
3 income households in Hawaii.

4 The legislature also finds that nonprofit community
5 development financial institutions provide financing and
6 technical assistance and support self-help housing organizations
7 in the development of affordable homeownership units in
8 underserved communities. Community development financial
9 institutions increase the collective impact of affordable
10 housing developed by self-help housing organizations by
11 maintaining revolving loan funds to attract private and public
12 capital, including United States Department of the Treasury
13 funds. According to Opportunity Finance Network, community
14 development financial institutions leverage federal funding for
15 affordable housing and community development at a ratio of
16 eight-to-one. Additional funding will help community
17 development financial institutions attract private and public
18 capital for affordable housing development.

19 The purpose of this subpart is to facilitate greater
20 homeownership opportunities for Hawaii residents by establishing
21 a self-help homeownership housing revolving fund to provide for



1 the development of affordable for-sale housing projects by
2 nonprofit housing development organizations under a self-help
3 housing program.

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 to nonprofit
8 housing 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 order
11 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 of which at least five per cent



1 of the available units are for persons and
2 families with incomes at or below fifty per cent
3 of the median family income; and
4 (B) The remaining units are reserved for persons and
5 families with incomes at or below one hundred
6 twenty per cent of the median family income; and
7 (2) Mixed-income affordable for-sale housing projects or
8 units in a mixed-income affordable for-sale housing
9 project wherein all of the available units are
10 reserved for persons and families with incomes at or
11 below one hundred forty per cent of the median family
12 income.
13 (b) Moneys in the fund shall be used to provide loans for
14 the development, pre-development, construction, acquisition,
15 preservation, and substantial rehabilitation of affordable for-
16 sale housing units. Uses of moneys in the fund may include but
17 are not limited to planning, design, land acquisition including
18 the costs of options, agreements of sale, and down payments;
19 capacity building for nonprofit housing developers; matching
20 funds for community development financial institutions financial
21 assistance awards; or other housing development services or



1 activities as provided in rules adopted by the corporation
2 pursuant to chapter 91. The rules may provide that money from
3 the fund shall be leveraged with other financial resources to
4 the extent possible.

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

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

14 (e) The corporation may provide loans under this section
15 as provided in rules adopted by the corporation pursuant to
16 chapter 91.

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

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



1 SECTION 6. There is appropriated out of the general
2 revenues of the State of Hawaii the sum of \$ or so much
3 thereof as may be necessary for fiscal year 2019-2020 to be
4 deposited into the self-help homeownership housing revolving
5 fund.

6 SECTION 7. There is appropriated out of the self-help
7 homeownership housing revolving fund the sum of \$ or so
8 much thereof as may be necessary for fiscal year 2019-2020 for
9 loans to nonprofit organizations operating a self-help housing
10 program for the development of affordable for-sale housing
11 projects.

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

15 PART IV

16 SECTION 8. New statutory material is underscored.

17 SECTION 9. This Act shall take effect on January 1, 2050.



Report Title:

Nonprofit Housing Trust; Self-Help Housing Revolving Fund

Description:

Establishes revolving funds for the development of for-sale affordable homeownership housing projects. Provides interim construction financing to qualified nonprofit housing trust organizations. Provides loans to self-help housing organizations. (HB959 HD1)

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

