

JAN 17 2020

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, nonprofit developers, and community land trust
16 organizations leverage federal funds from the United States
17 Department of Housing and Urban Development and the United



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

5 The legislature further finds that nonprofit community
6 development financial institutions are intermediaries that
7 provide financing and technical assistance to assist nonprofit
8 housing organizations in the development of affordable
9 homeownership units in underserved communities. As private
10 sector organizations, community development financial
11 institutions establish and maintain revolving loan funds to
12 attract capital from the United States Department of the
13 Treasury and other public and private sources of capital in
14 order to increase the collective impact of affordable housing
15 development by nonprofit housing organizations. According to
16 Opportunity Finance Network, community development financial
17 institutions leverage federal funding for affordable housing and
18 community development activities at a ratio of eight-to-one.
19 Additional funding will help community development financial
20 institutions attract private and public capital for affordable
21 housing development.



1 The legislature further finds that qualified nonprofit
2 housing trusts provide access to low-cost land that in turn
3 reduces home sales prices and ensures affordability in
4 perpetuity through equity sharing between the nonprofit and the
5 homeowner at time of resale.

6 The purpose of this Act is to establish a homeownership
7 housing revolving fund to provide funds for the development of
8 affordable for sale housing projects by nonprofit community
9 development financial institutions, nonprofit housing
10 development organizations and qualified nonprofit housing trust
11 programs to facilitate greater homeownership opportunities for
12 Hawaii residents.

13 SECTION 2. Chapter 201H, Hawaii Revised Statutes, is
14 amended by adding a new section to be appropriately designated
15 and to read as follows:

16 "§201H- Affordable homeownership revolving fund. (a)
17 There is established an affordable homeownership revolving fund
18 to be administered by the corporation for the purpose of
19 providing, in whole or in part, loans to nonprofit community
20 development financial institutions, qualified nonprofit housing
21 trusts, and nonprofit housing development organizations for the



1 development of affordable homeownership housing projects.

2 Loans shall be awarded to projects or units in projects
3 that are funded by programs in the following order of priority:

4 (1) United States Department of Housing and Urban
5 Development;

6 (2) United States Department of Agriculture Rural
7 Development; and

8 (3) United States Department of the Treasury community
9 development financial institutions fund, wherein:

10 All projects must meet the following requirements:

11 (1) At least fifty per cent of the available units are
12 reserved for persons and families with incomes at or
13 below eighty per cent of the median family income and
14 of which at least five per cent of the available units
15 are for persons and families with incomes at or below
16 fifty per cent of the median family income;

17 (2) The remaining units are reserved for persons and
18 families with incomes at or below one hundred twenty
19 per cent of the median family income; and

20 (3) Mixed-income affordable for sale housing projects or
21 units in a mixed-income affordable for sale housing



1 project wherein all the available units are reserved
2 for persons and families with incomes at or below one
3 hundred per cent of the median family income.

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

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



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

7 (e) The corporation may provide loans under this section
8 as provided in rules adopted by the corporation pursuant to
9 chapter 91.

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 SECTION 3. There is appropriated out of the general
14 revenues of the State of Hawaii the sum of \$ or so
15 much thereof as may be necessary for fiscal year 2020-2021 to be
16 deposited into the affordable homeownership revolving fund
17 established under section 201H- , Hawaii Revised Statutes.

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



S.B. NO. 2625

1 SECTION 4. There is appropriated out of the affordable
 2 homeownership revolving fund the sum of \$ _____ or so much
 3 as may be necessary for fiscal year 2020-2021 for loans to
 4 nonprofit community development financial institutions,
 5 qualified nonprofit housing trusts, or nonprofit organizations
 6 operating programs for the development of affordable for sale
 7 housing projects.

8 SECTION 5. New statutory material is underscored.

9 SECTION 6. This Act shall take effect on January 1, 2021.

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INTRODUCED BY:

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S.B. NO. 2625

Report Title:

Housing Affordable Homeownership Revolving Fund; Appropriations

Description:

Establishes an Affordable Homeownership Revolving Fund within the Hawaii Housing Finance and Development Corporation to provide loans to nonprofit housing development organizations, community development financial institutions, and qualified nonprofit housing trusts for the development of affordable homeownership housing projects. Makes an appropriation into and out of the Affordable Homeownership Revolving Fund. Effective 1/1/2021.

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

