
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 purpose of this Act is to establish a homeownership
2 housing revolving fund to provide funds for the development of
3 affordable for sale housing projects by nonprofit community
4 development financial institutions, and nonprofit housing
5 development organizations to facilitate greater homeownership
6 opportunities for Hawaii residents.

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

10 "§201H- Affordable homeownership revolving fund. (a)

11 There is established an affordable homeownership revolving fund
12 to be administered by the corporation for the purpose of
13 providing, in whole or in part, loans to nonprofit community
14 development financial institutions, and nonprofit housing
15 development organizations for the development of affordable
16 homeownership housing projects. Loans shall be awarded to
17 projects or units in projects that are funded by programs in the
18 following order of priority:

- 19 (1) United States Department of Housing and Urban
20 Development;



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

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

5 All projects must meet the following requirements:

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

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

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

20 (b) Moneys in the fund shall be used to provide loans for
21 the development, pre-development, construction, acquisition,



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

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

14 (d) An amount from the fund, to be set by the corporation
15 and authorized by the legislature, may be used for
16 administrative expenses incurred by the corporation in
17 administering the fund; provided that moneys in the fund shall
18 not be used to finance day-to-day administrative expenses of the
19 projects allotted moneys from the fund.



1 (e) The corporation may provide loans under this section
2 as provided in rules adopted by the corporation pursuant to
3 chapter 91.

4 (f) The corporation shall submit a report to the
5 legislature no later than twenty days prior to the convening of
6 each regular session describing the projects funded."

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

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

15 SECTION 4. There is appropriated out of the affordable
16 homeownership revolving fund the sum of \$ or so much
17 as may be necessary for fiscal year 2020-2021 for loans to
18 nonprofit community development financial institutions, or
19 nonprofit organizations operating programs for the development
20 of affordable for sale housing projects.

21 SECTION 5. New statutory material is underscored.



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



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, and community development financial institutions for the development of affordable homeownership housing projects. Makes an appropriation into and out of the Affordable Homeownership Revolving Fund. Effective 1/1/2021. (SD1)

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