
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 nonprofit housing
8 organizations to develop affordable homeownership units in
9 underserved communities. As private sector organizations,
10 community development financial institutions establish and
11 maintain revolving loan funds to attract capital from the United
12 States Department of the Treasury and other public and private
13 sources of capital in order to increase the collective impact of
14 affordable housing development by nonprofit housing
15 organizations. According to Opportunity Finance Network,
16 community development financial institutions leverage federal
17 funding for affordable housing and community development
18 activities at a ratio of eight-to-one. Additional funding will
19 help community development financial institutions attract
20 private and public capital for affordable 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 (b) All projects financed by a loan awarded pursuant to
6 subsection (a) shall meet the following requirements:

7 (1) If the project or units are for low income housing:

8 (A) At least fifty per cent of the available units
9 shall be reserved for persons and families having
10 incomes at or below eighty per cent of the median
11 family income and of which at least five per cent
12 of the available units shall be reserved for
13 persons and families having incomes at or below
14 fifty per cent of the median family income; and

15 (B) The remaining units shall be reserved for persons
16 and families having incomes at or below one
17 hundred twenty per cent of the median family
18 income; or

19 (2) If the project is for mixed income housing, then the
20 project shall be a mixed-income, affordable, for sale
21 housing project; or if for units in a mixed-income,



1 affordable, for sale housing project, all the
2 available units shall be reserved for persons and
3 families with incomes at or below one hundred per cent
4 of the median family income.

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

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

20 (e) An amount from the fund, to be set by the corporation
21 and authorized by the legislature, may be used for expenses to

1 administer the fund; provided that moneys in the fund shall not
2 be used to finance day-to-day administrative expenses of the
3 projects allotted moneys from the fund.

4 (f) The corporation may provide loans under this section
5 as provided in rules adopted by the corporation pursuant to
6 chapter 91.

7 (g) The corporation shall submit a report to the
8 legislature no later than twenty days prior to the convening of
9 each regular session describing the projects funded."

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

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 housing projects for sale.



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. New statutory material is underscored.

5 SECTION 6. This Act shall take effect on July 1, 2050.



Report Title:

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 7/1/2050. (SD2)

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