

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 an affordable
7 homeownership housing revolving fund to provide funds for the
8 development of affordable for sale housing projects by nonprofit
9 community 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 (A) At least fifty per cent of the available units
12 are reserved for persons and families with
13 incomes at or below eighty per cent of the median
14 family income and of which at least five per cent
15 of the available units are for persons and
16 families with incomes at or below fifty per cent
17 of the median family income;

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



1 (C) Mixed-income affordable for sale housing projects
2 or units in a mixed-income affordable for sale
3 housing project wherein all the available units
4 are reserved for persons and families with
5 incomes at or below one hundred per cent of the
6 median family income.

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



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

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

10 (e) The corporation may provide loans under this section
11 as provided in rules adopted by the corporation pursuant to
12 chapter 91.

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

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



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


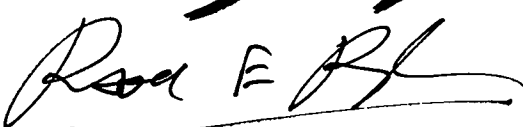
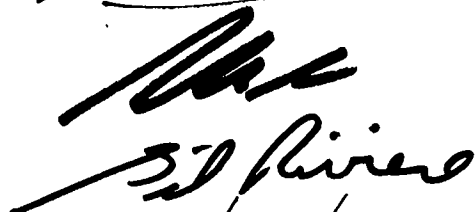

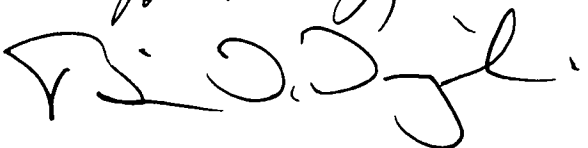
11 SECTION 5. New statutory material is underscored.

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

13

INTRODUCED BY:





S.B. NO. 2660

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.

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