
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 the
2 primary factor in escaping poverty and that in the last fifty
3 years, the number of full time residents in Hawaii who own homes
4 in the State has steadily declined. Currently, Hawaii has the
5 third lowest homeowner rate of any state in the nation.

6 The legislature further finds that Hawaii is experiencing
7 the worst housing crisis in the State's history, and that action
8 is necessary to increase the availability of all types of
9 housing including full time resident homeownership housing. The
10 department of business, economic development, and tourism
11 projects that Hawaii will need 66,000 new housing units by 2025
12 to address the critical shortage of housing.

13 The purpose of this Act is to establish a home ownership
14 housing revolving fund to provide for the development of
15 affordable for-sale housing projects to facilitate greater
16 homeownership opportunities for Hawaii residents.



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

4 **"§201H- Home ownership housing revolving fund. (a)**

5 There is established a home ownership housing revolving fund to
6 be administered by the corporation for the purpose of providing,
7 in whole or in part, loans or grants to be used for the
8 development of affordable for-sale housing projects in the
9 following order of priority:

10 (1) Affordable for-sale housing projects or units in
11 affordable for-sale housing projects that are
12 allocated low-income housing credits pursuant to the
13 state housing credit ceiling under section 42(h) of
14 the Internal Revenue Code of 1986, as amended, or such
15 projects or units in such projects that are funded by
16 programs of the United States Department of Housing
17 and Urban Development and United States Department of
18 Agriculture Rural Development wherein:

19 (A) At least fifty per cent of the available units
20 are reserved for persons and families with
21 incomes at or below eighty per cent of the median



1 family income and of which at least five per cent
2 of the available units are for persons and
3 families with incomes at or below thirty per cent
4 of the median family income; and
5 (B) The remaining units are reserved for persons and
6 families with incomes at or below one hundred
7 twenty per cent of the median family income;
8 provided that the corporation may establish rules
9 pursuant to chapter 91 to ensure full occupancy of
10 projects that receive assistance under this section;
11 and
12 (2) Mixed-income affordable for-sale housing projects or
13 units in a mixed-income affordable for-sale housing
14 project wherein all of the available units are
15 reserved for persons and families with incomes at or
16 below one hundred forty per cent of the median family
17 income.
18 (b) Moneys in the fund shall be used to provide loans or
19 grants for the development, pre-development, construction,
20 acquisition, preservation, and substantial rehabilitation of
21 affordable for-sale housing units. Uses of moneys in the fund



1 may include but are not limited to planning, design, land
2 acquisition, costs of options, agreements of sale, down
3 payments, equity financing, capacity building of nonprofit
4 housing developers, or other housing development services or
5 activities as provided in rules adopted by the corporation
6 pursuant to chapter 91. The rules may provide for a means of
7 recapturing loans or grants made from the fund if an affordable
8 for-sale housing project financed under the fund is refinanced
9 or sold at a later date. The rules may also provide that money
10 from the fund shall be leveraged with other financial resources
11 to the extent possible.

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

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



1 (e) The corporation may provide loans and grants under
2 this section; provided that the corporation shall establish
3 loan-to-value ratios, not to exceed one hundred per cent, to
4 protect the fund from inordinate risk; provided further that the
5 underwriting guidelines include a debt-coverage ratio of not
6 less than one to one.

7 (f) 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 and, with
10 respect to affordable for-sale housing projects targeted for
11 persons and families with incomes at or below thirty per cent of
12 the median family income, the corporation's efforts to develop
13 those housing projects, a description of proposals submitted for
14 this target group and action taken on the proposals, and any
15 barriers to developing affordable for-sale housing units for
16 this target group.

17 (g) For the purposes of this section, the median family
18 income shall be the median family income for the county or
19 standard metropolitan statistical area in which the affordable
20 for-sale housing project is located as determined by the United



1 States Department of Housing and Urban Development, as
2 adjusted."

3 SECTION 3. There is appropriated out of the general
4 revenues of the State of Hawaii the sum of \$ or so
5 much thereof as may be necessary for fiscal year 2018-2019 to be
6 deposited into the home ownership housing revolving fund.

7 SECTION 4. There is appropriated out of the home ownership
8 housing revolving fund the sum of \$ or so much thereof
9 as may be necessary for fiscal year 2018-2019 for loans and
10 grants to be used for the development of affordable for-sale
11 housing 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 SECTION 5. New statutory material is underscored.

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



S.B. NO. 2472
S.D. 2

Report Title:

Housing; Home Ownership Housing Revolving Fund; Housing Shortage; Appropriation

Description:

Establishes the home ownership housing revolving fund to provide loans and grants for the development of affordable for-sale housing projects. Makes an appropriation into and out of the fund. Effective 7/1/2050. (SD2)

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