
A BILL FOR AN ACT

RELATING TO HOUSING.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:

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PART I

2 SECTION 1. The legislature finds that homeownership is
3 positively correlated with economic and social stability in low-
4 and moderate-income households. However, in the last fifty
5 years, the number of full time Hawaii residents who own homes
6 has steadily declined. Currently, Hawaii has the third lowest
7 homeownership rate of any state in the nation. The department
8 of business, economic development, and tourism projects that
9 Hawaii will need approximately thirty-four thousand new housing
10 units by 2025 to address the critical shortage of housing.
11 Action is needed to increase the availability of owner-occupied
12 housing to meet demand.

13 The legislature further finds that the self-help housing
14 model is a cost-effective means of assisting low-income families
15 who would otherwise not have a homeownership opportunity. Self-
16 help housing organizations leverage federal funds from the
17 United States Department of Housing and Urban Development and



1 the United States Department of Agriculture - Rural Development
2 program with low-income families' own contributions of labor to
3 build 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 self-help
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 self-help 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:

2 (1) Establish a homeownership housing revolving fund to
3 provide funds for the development of affordable for-
4 sale housing projects by nonprofit community
5 development financial institutions and nonprofit
6 housing development organizations under a self-help
7 housing program to facilitate greater homeownership
8 opportunities for Hawaii residents; and

9 (2) Establish the qualified nonprofit housing trust
10 program to authorize the Hawaii housing finance and
11 development corporation to provide loans to qualified
12 nonprofit housing trusts and nonprofit community
13 development financial institutions to develop
14 affordable housing units.

15 PART II

16 SECTION 2. Chapter 201H, Hawaii Revised Statutes, is
17 amended by adding a new section to part II to be appropriately
18 designated and to read as follows:

19 "§201H- Homeownership housing revolving fund. (a)

20 There is established a homeownership housing revolving fund to
21 be administered by the corporation for the purpose of providing,



1 in whole or in part, loans to nonprofit community development
2 financial institutions and nonprofit housing development
3 organizations for the development of affordable homeownership
4 housing projects under a self-help housing program. Loans shall
5 be awarded in the following order of priority:

6 (1) Projects or units in projects that are funded by
7 programs of the United States Department of Housing
8 and Urban Development, United States Department of
9 Agriculture Rural Development, and United States
10 Department of the Treasury community development
11 financial institutions fund, wherein:

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

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



1 (2) Mixed-income affordable for-sale housing projects or
2 units in a mixed-income affordable for-sale housing
3 project wherein all of the available units are
4 reserved for persons and families with incomes at or
5 below one hundred forty per cent of the median family
6 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. Uses of moneys in the fund may include but
11 are not limited to planning, design, land acquisition, including
12 the costs of options, agreements of sale, and down payments,
13 capacity building of nonprofit housing developers, as matching
14 funds for nonprofit community development financial institutions
15 or other housing development services or activities as provided
16 in rules adopted by the corporation pursuant to chapter 91. The
17 rules may provide that money from the fund shall be leveraged
18 with other financial resources to the extent possible.

19 (c) The fund may include sums appropriated by the
20 legislature, private contributions, repayment of loans,
21 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 (g) For the purposes of this section, "self-help housing
14 program" shall have the same meaning as in section 201H-151(a)."

15 SECTION 3. There is appropriated out of the general
16 revenues of the State of Hawaii the sum of \$ or so
17 much thereof as may be necessary for fiscal year 2019-2020 to be
18 deposited into the homeownership housing revolving fund
19 established under section 201H- , Hawaii Revised Statutes.

20 SECTION 4. There is appropriated out of the homeownership
21 housing revolving fund the sum of \$ or so much thereof



1 as may be necessary for fiscal year 2019-2020 for loans to
2 nonprofit community development financial institutions or
3 nonprofit organizations operating a self-help housing program
4 for the development of affordable for-sale housing projects.

5 The sums appropriated shall be expended by the Hawaii
6 housing finance and development corporation for the purposes of
7 this part.

8 **PART III**

9 SECTION 5. Chapter 201H, Hawaii Revised Statutes, is
10 amended by adding a new subpart to part II to be appropriately
11 designated and to read as follows:

12 "B. Qualified Nonprofit Housing Trust Program

13 **§201H-A Purpose and findings.** The legislature finds that
14 qualified nonprofit housing trusts can help families by reducing
15 housing costs significantly for income-qualified families up to
16 one hundred forty per cent of the area median income. Qualified
17 nonprofit housing trust homeowners have more financial stability
18 because they no longer worry about rent increases or loss of
19 their residence in the event the landlord decides to sell the
20 unit.



1 The purpose of this subpart is to promote permanent
2 affordable homeownership opportunities by establishing an
3 acquisition, rehabilitation, and development financing program
4 for qualified nonprofit housing trusts and nonprofit community
5 development financial institutions.

6 **§201H-B Definitions.** As used in this subpart, unless a
7 different meaning is clearly required by the context:

8 "Develop" or "development" means the planning, financing,
9 or acquisition of real and personal property; demolition of
10 existing structures; clearance of real property; construction,
11 reconstruction, alteration, or repairing of approaches, streets,
12 sidewalks, utilities, and services, or other site improvements;
13 construction, reconstruction, repair, remodeling, extension,
14 equipment, or furnishing of buildings or other structures; or
15 any combination of the foregoing, of any housing project,
16 including any undertakings necessary therefor and the
17 acquisition of any housing, in whole or in part.

18 "Fund" means the qualified nonprofit housing trust
19 revolving fund established pursuant to section 201H-C.

20 **§201H-C Qualified nonprofit housing trust revolving fund.**

21 (a) There is established a qualified nonprofit housing trust



1 revolving fund. Funds appropriated for the purpose of the
2 qualified nonprofit housing trust revolving fund and all moneys
3 received or collected by the corporation for the purpose of the
4 fund shall be deposited in the fund. The proceeds in the
5 revolving fund may be used for the necessary expenses incurred
6 by the corporation in administering the fund; provided that fund
7 moneys may not be used to finance day-to-day administrative
8 expenses of projects allotted fund moneys.

9 (b) The fund shall be used to provide loans for the
10 development, pre-development, construction, acquisition,
11 preservation, and substantial rehabilitation of affordable
12 housing units under the qualified nonprofit housing trust
13 program. Permitted uses of the fund may include but are not
14 limited to planning, design, land acquisition, costs of options,
15 agreements of sale, downpayments, equity financing, or other
16 activities as provided in rules adopted by the corporation
17 pursuant to chapter 91. The rules may provide for a means of
18 recapturing loans made from the fund if an affordable housing
19 project financed under the fund is refinanced or sold by the
20 qualified nonprofit housing trust at a later date.



1 §201H-D Qualified nonprofit housing trust program for
2 affordable for-sale housing development. (a) The corporation
3 may provide loans in amounts not to exceed \$ under
4 this section to qualified nonprofit housing trusts and nonprofit
5 community development financial institutions for the development
6 of affordable housing units.

7 (b) Affordable housing units developed under this section
8 shall be sold to qualified residents earning not more than one
9 hundred forty per cent of the area median income as determined
10 by the United States Department of Housing and Urban Development
11 under terms that ensure permanent housing affordability.

12 (c) Notwithstanding any other provision of law, the
13 corporation, at its sole discretion, may waive or modify, as
14 appropriate, the following restrictions for housing units
15 developed under this section:

- 16 (1) The ten-year buyback restriction set forth in section
17 201H-47;
- 18 (2) The shared appreciation equity restriction set forth
19 in section 201H-47;
- 20 (3) The buyback restriction set forth in section 201H-48;



1 (4) The restrictions on use of real property set forth in
2 section 201H-49; and

3 (5) The restrictions on use, sale, and transfer of real
4 property set forth in section 201H-50;

5 provided that the qualified nonprofit housing trust loan
6 attributable to the housing units developed by the loan is
7 repaid to the corporation upon closing of the sale or transfer
8 of the housing units.

9 (d) Qualified nonprofit housing trusts shall establish and
10 impose on qualified residents owner-occupancy and buyback
11 restrictions, to be approved by the corporation, that require
12 the purchased housing units to remain affordable in perpetuity.

13 (e) The corporation may establish, revise, charge, and
14 collect fees, premiums, and charges as necessary, reasonable, or
15 convenient, for its qualified nonprofit housing trust program.

16 (f) The corporation shall adopt rules pursuant to chapter
17 91 to effectuate the purpose of this program."

18 SECTION 6. Chapter 201H, Hawaii Revised Statutes, is
19 amended by designating sections 201H-31 to 201H-70 as subpart A
20 and inserting a title before section 201H-31 to read as follows:

21 "A. General Provisions"



1 SECTION 7. There is appropriated out of the general
2 revenues of the State of Hawaii the sum of \$ or so
3 much thereof as may be necessary for fiscal year 2019-2020 to be
4 deposited into the qualified nonprofit housing trust revolving
5 fund established under section 201H-C, Hawaii Revised Statutes.

6 SECTION 8. There is appropriated out of the qualified
7 nonprofit housing trust revolving fund the sum of \$ or
8 so much thereof as may be necessary for fiscal year 2019-2020
9 for the qualified nonprofit housing trust program.

10 The sum appropriated shall be expended by the Hawaii
11 housing finance and development corporation for the purposes of
12 this part.

13 SECTION 9. In codifying the new sections added by section
14 5 of this Act, the revisor of statutes shall substitute
15 appropriate section numbers for the letters used in designating
16 the new sections in this Act.

17 SECTION 10. New statutory material is underscored.

18 SECTION 11. This Act shall take effect on January 1, 2050.



Report Title:

Housing; Affordable Homeownership; Qualified Nonprofit Housing Trust Revolving Fund; HHFDC; Appropriation

Description:

Establishes a Homeownership Housing Revolving Fund within HHFDC to provide loans to nonprofit housing development organizations and community development financial institutions for the development of affordable homeownership housing projects under a self-help housing program. Establishes the qualified nonprofit housing trust program to authorize HHFDC to provide loans to qualified nonprofit housing trusts and nonprofit community development financial institutions to develop affordable housing units. Makes an appropriation into and out of the qualified nonprofit housing trust revolving fund. Effective 1/1/2050.
(SD1)

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