A BILL FOR AN ACT
RELATING TO HOUSING.

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

PART I

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

The legislature further finds that the self-help housing model is a cost-effective means of assisting low-income families who would otherwise not have a homeownership opportunity. Self-help housing, nonprofit developers, and community land trust organizations leverage federal funds from the United States
Department of Housing and Urban Development and the United States Department of Agriculture - Rural Development program with low-income families' own contributions of labor to build their own communities. However, an additional non-federal matching funding source is needed.

The legislature further finds that nonprofit community development financial institutions are intermediaries that provide financing and technical assistance to assist nonprofit housing organizations in the development of affordable homeownership units in underserved communities. As private sector organizations, community development financial institutions establish and maintain revolving loan funds to attract capital from the United States Department of the Treasury and other public and private sources of capital in order to increase the collective impact of affordable housing development by nonprofit housing organizations. According to Opportunity Finance Network, community development financial institutions leverage federal funding for affordable housing and community development activities at a ratio of eight to one. Additional funding will help community development financial
institutions attract private and public capital for affordable housing development.

The purpose of this Act is to establish an affordable homeownership revolving fund to provide funds for the development of affordable for-sale housing projects by nonprofit community development financial institutions and nonprofit housing development organizations to facilitate greater homeownership opportunities for Hawaii residents.

PART II

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

". Affordable Homeownership Revolving Fund

§201H-A Affordable homeownership revolving fund. (a) There is established an affordable homeownership revolving fund to be administered by the corporation for the purpose of providing, in whole or in part, loans to nonprofit community development financial institutions and nonprofit housing development organizations for the development of affordable homeownership housing projects.
Loans shall be awarded in the following descending order of priority:

(1) Projects or units in projects that are funded by programs of the United States Department of Housing and Urban Development, United States Department of Agriculture Rural Development, and United States Department of the Treasury Community Development Financial Institutions Fund, wherein:

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

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

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

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

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

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

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

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

§201H-B Additional powers. The powers conferred upon the corporation by this subpart shall be in addition and supplemental to the powers conferred by any other law, and nothing in this subpart shall be construed as limiting any powers, rights, privileges, or immunities conferred."

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

SECTION 4. There is appropriated out of the affordable homeownership revolving fund established under section 201H-A,
H.B. NO. 1949
H.D. 1

1 Hawaii Revised Statutes, the sum of $ or so much as
2 may be necessary for fiscal year 2020-2021 for loans to
3 nonprofit community development financial institutions or
4 nonprofit housing development organizations operating programs
5 for the development of affordable for-sale housing projects.
6 The sum appropriated shall be expended by the Hawaii
7 housing finance and development corporation for the purposes of
8 this part.
9
10 SECTION 5. In codifying the new sections added by section
11 2 of this Act, the revisor of statutes shall substitute
12 appropriate section numbers for the letters used in designating
13 the new sections in this Act.
14
15 SECTION 6. This Act shall take effect on July 1, 2025.
Report Title:
Housing; Affordable Homeownership Revolving Fund; Appropriation

Description:
Establishes an affordable homeownership revolving fund within HHFDC to provide loans to nonprofit community development financial institutions and nonprofit housing development organizations for the development of affordable homeownership housing projects. Makes an appropriation into and out of the affordable homeownership revolving fund. Effective 7/1/2025. (HD1)

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