A BILL FOR AN ACT

RELATING TO HOUSING.

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

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
States Department of Agriculture's 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 nonprofit housing
organizations to develop 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 a homeownership housing 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.

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

"§201H— 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 to projects or units in projects that are funded by programs in the following order of priority:

(1) United States Department of Housing and Urban Development;
(2) United States Department of Agriculture Rural Development; and

(3) United States Department of the Treasury community development financial institutions fund, wherein:

(b) All projects financed by a loan awarded pursuant to subsection (a) shall meet the following requirements:

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

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

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

(2) If the project is for mixed income housing, then the project shall be a mixed-income, affordable, for sale housing project; or if for units in a mixed-income,
affordable, for sale housing project, all the
available units shall be reserved for persons and
families with incomes at or below one hundred per cent
of the median family income.

(c) Moneys in the fund shall be used to provide loans for
the development, pre-development, construction, acquisition,
preservation, and substantial rehabilitation of affordable
housing units for sale. 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 moneys from the fund shall be leveraged with other
financial resources to the extent possible.

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

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

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

(g) 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."

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- , Hawaii Revised Statutes.

SECTION 4. There is appropriated out of the affordable
homeownership revolving fund the sum of $ or so much
as may be necessary for fiscal year 2020-2021 for loans to
nonprofit community development financial institutions, or
nonprofit organizations operating programs for the development
of affordable housing projects for sale.
The sum appropriated shall be expended by the Hawaii housing finance and development corporation for the purposes of this Act.

SECTION 5. New statutory material is underscored.

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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