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 34,000 new homeownership housing units by 2025 to address the critical shortage of housing. Action is needed to increase the availability of homeownership 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 organizations leverage federal funds from the United States Department of Housing and Urban Development and the United States Department of Agriculture - Rural Development...
and low-income families' own contributions of labor to build their own communities. However, an additional non-federal matching funding source is needed.

The purpose of this Act is to establish a homeownership housing revolving fund to provide for the development of affordable for-sale housing projects by nonprofit housing development organizations under a self-help housing program to facilitate greater homeownership opportunities for Hawaii residents.

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

"§201H- Homeownership housing revolving fund. (a) There is established a homeownership housing revolving fund to be administered by the corporation for the purpose of providing, in whole or in part, loans to nonprofit housing development organizations for the development of affordable homeownership housing projects under a self-help housing program. Loans shall be awarded in the following 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 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 area median family income as determined by the United States Department of Housing and Urban Development 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 area median family income as determined by the United States Department of Housing and Urban Development; and

(B) The remaining units are reserved for persons and families with incomes at or below one hundred twenty per cent of the area median family income as determined by the United States Department of Housing and Urban Development; 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 forty per cent of the area median family income as determined by the United States Department of Housing and Urban Development.

(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, capacity building of nonprofit housing developers, as matching funds for community development financial institutions financial assistance awards, 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 be leveraged with other financial resources to the fullest extent possible.
(c) The fund may include sums appropriated by the legislature, private contributions, 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; provided that the corporation shall establish loan-to-value ratios to protect the fund from inordinate risk and that under no circumstances shall the rules permit the loan-to-value ratio to exceed ___ per cent; provided further that the underwriting guidelines include a debt-coverage ratio of not less than ___ to one.

(f) The corporation shall submit a report of all projects that received loans pursuant to this section to the legislature no later than twenty days prior to the convening of each regular session.
For purposes of this section, "self-help housing program" means development or preservation of housing in which prospective homeowners have contributed labor, materials, or real property; provided that at least two-thirds of the participating homeowners are qualified by income for assistance under this part and that the program is carried out under the sponsorship of a nonprofit housing development organization.

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 2019-2020 and the same sum or so much thereof as may be necessary for fiscal year 2020-2021 to be deposited into the homeownership housing revolving fund.

SECTION 4. There is appropriated out of the homeownership housing revolving fund the sum of $ or so much thereof as may be necessary for fiscal year 2019-2020 and the same sum or so much thereof as may be necessary for fiscal year 2020-2021 for loans to nonprofit housing development organizations operating a self-help housing program for the development of affordable for-sale housing projects.
The sums 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, 2019.

INTRODUCED BY: [Signature]
Report Title:
Housing; Homeownership Housing Revolving Fund; Appropriation

Description:
Establishes a homeownership housing revolving fund to provide loans to nonprofit housing development organizations for development of affordable homeownership housing projects under a self-help housing program. Appropriates funds to provide loans.

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