

JAN 19 2018

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# 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 facilitate greater homeownership  
15 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- Home ownership housing revolving fund. (a)

There is established a home ownership housing revolving fund to be administered by the corporation for the purpose of providing, in whole or in part, loans or grants for affordable homeownership housing projects in the following order of priority:

(1) Projects or units in projects that are allocated low-income housing credits pursuant to the state housing credit ceiling under section 42(h) of the Internal Revenue Code of 1986, as amended, or projects or units in projects that are funded by programs of the United States Department of Housing and Urban Development and United States Department of Agriculture Rural Development 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



1           of the available units are for persons and  
2           families with incomes at or below thirty per cent  
3           of the median family income; and

4           (B) The remaining units are reserved for persons and  
5           families with incomes at or below one hundred  
6           twenty per cent of the median family income;  
7           provided that the corporation may establish rules  
8           pursuant to chapter 91 to ensure full occupancy of  
9           projects that receive assistance under this section;  
10          and

11          (2) Mixed-income homeownership projects or units in a  
12          mixed-income rental project wherein all of the  
13          available units are reserved for persons and families  
14          with incomes at or below one hundred forty per cent of  
15          the median family income.

16          (b) Moneys in the fund shall be used to provide loans or  
17          grants for the development, pre-development, construction,  
18          acquisition, preservation, and substantial rehabilitation of  
19          housing units. Uses of moneys in the fund may include but are  
20          not limited to planning, design, land acquisition, costs of  
21          options, agreements of sale, down payments, equity financing,



1 capacity building of nonprofit housing developers, or other  
2 housing development services or activities as provided in rules  
3 adopted by the corporation pursuant to chapter 91. The rules  
4 may provide for a means of recapturing loans or grants made from  
5 the fund if a rental housing project financed under the fund is  
6 refinanced or sold at a later date. The rules may also provide  
7 that money from the fund shall be leveraged with other financial  
8 resources to the extent possible.

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

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

18 (e) The corporation may provide loans and grants under  
19 this section; provided that the corporation shall establish  
20 loan-to-value ratios, not to exceed one hundred per cent, to  
21 protect the fund from inordinate risk; provided further that the



1 underwriting guidelines include a debt-coverage ratio of not  
2 less than one to one.

3       (f) The corporation shall submit a report to the  
4 legislature no later than twenty days prior to the convening of  
5 each regular session describing the projects funded and, with  
6 respect to housing projects targeted for persons and families  
7 with incomes at or below thirty per cent of the median family  
8 income, the corporation's efforts to develop those housing  
9 projects, a description of proposals submitted for this target  
10 group and action taken on the proposals, and any barriers to  
11 developing housing units for this target group.

12       (g) For the purposes of this section, the median family  
13 income shall be the median family income for the county or  
14 standard metropolitan statistical area in which the project is  
15 located as determined by the United States Department of Housing  
16 and Urban Development, as adjusted."

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



1 SECTION 4. There is appropriated out of the home ownership  
 2 housing revolving fund the sum of \$ or so much thereof  
 3 as may be necessary for fiscal year 2018-2019 for loans and  
 4 grants for affordable homeownership housing projects.

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

8 SECTION 5. New statutory material is underscored.

9 SECTION 6. This Act shall take effect on July 1, 2018.

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INTRODUCED BY:

*[Handwritten signatures]*  
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# S.B. NO. 2472

**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 affordable home ownership housing projects. Makes an appropriation into and out of the fund.

*The summary description of legislation appearing on this page is for informational purposes only and is not legislation or evidence of legislative intent.*

