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

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



1 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 also finds that nonprofit community
6 development financial institutions are intermediaries that
7 provide financing and technical assistance to assist nonprofit
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 nonprofit 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 establish an affordable
2 homeownership revolving fund to provide funds for the
3 development of affordable for-sale housing projects by nonprofit
4 community development financial institutions and nonprofit
5 housing development organizations to facilitate greater
6 homeownership opportunities for Hawaii residents.

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

10 " **Affordable Homeownership Revolving Fund**

11 **§201H-A Affordable homeownership revolving fund. (a)**

12 There is established an affordable homeownership revolving fund
13 to be administered by the corporation for the purpose of
14 providing, in whole or in part, loans to nonprofit community
15 development financial institutions and nonprofit housing
16 development organizations for the development of affordable
17 homeownership housing projects.

18 (b) Loans shall be awarded in the following descending
19 order of priority:

20 (1) Projects or units in projects that are funded by
21 programs of the United States Department of Housing



1 and Urban Development, United States Department of
2 Agriculture Rural Development, and United States
3 Department of the Treasury Community Development
4 Financial Institutions Fund, wherein:

5 (A) At least fifty per cent of the available units
6 are reserved for persons and families having
7 incomes at or below eighty per cent of the median
8 family income and of which at least five per cent
9 of the available units are for persons and
10 families having incomes at or below
11 fifty per cent of the median family income; and

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

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



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

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

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



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

4 (g) The corporation may contract with nonprofit community
5 development financial institutions to fund loans under this
6 section. The corporation may contract for the service and
7 custody of its loans.

8 (h) The corporation may establish, revise, charge, and
9 collect a reasonable service fee, as necessary, in connection
10 with its loans, services, and approvals under this part. The
11 fees shall be deposited into the affordable homeownership
12 revolving fund.

13 (i) The corporation shall submit a report to the
14 legislature no later than twenty days prior to the convening of
15 each regular session describing the projects funded using moneys
16 from the affordable homeownership revolving fund.

17 **§201H-B Additional powers.** The powers conferred upon the
18 corporation by this subpart shall be in addition and
19 supplemental to the powers conferred by any other law, and
20 nothing in this subpart shall be construed as limiting any
21 powers, rights, privileges, or immunities conferred."



1 SECTION 3. There is appropriated out of the funds received
2 by the State of Hawaii from the American Rescue Plan Act
3 of 2021, Public Law 117-2, (Section 9901), the sum of \$1,000,000
4 or so much thereof as may be necessary for fiscal year 2022-2023
5 for the purpose of providing, in whole or in part, loans to
6 nonprofit community development financial institutions and
7 nonprofit housing development organizations for the development
8 of affordable homeownership housing projects.

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

12 SECTION 4. In codifying the new sections added by
13 section 2 of this Act, the revisor of statutes shall substitute
14 appropriate section numbers for the letters used in designating
15 the new sections in this Act.

16 SECTION 5. This Act shall take effect on July 1, 2021.



Report Title:

Housing; Affordable Homeownership Revolving Fund; HHFDC;
American Rescue Plan Act of 2021; 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. Appropriates American Rescue Plan Act funds for fiscal year 2022-2023 for providing loans to nonprofit community development financial institutions and nonprofit housing development organizations for the development of affordable homeownership housing projects. (CD1)

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