

---

# 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 also 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, nonprofit developers, and community land trust organizations leverage federal funds from the United



1 States Department of Housing and Urban Development and the  
2 United States Department of Agriculture - Rural Development  
3 program with low-income families' own contributions of labor to  
4 build their own communities. However, an additional non-federal  
5 matching funding source is needed.

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



1 institutions attract private and public capital for affordable  
2 housing development.

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

9 PART II

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

13 " . **Affordable Homeownership Revolving Fund**

14 **§201H-A Affordable homeownership revolving fund. (a)**

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



1 Loans shall be awarded in the following descending order of  
2 priority:

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

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

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

19 (2) Mixed-income affordable for-sale housing projects or  
20 units in a mixed-income affordable for-sale housing  
21 project wherein all of the available units are



1 reserved for persons and families having incomes at or  
2 below one hundred per cent of the median family  
3 income.

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

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

19 (d) An amount from the fund, to be set by the corporation  
20 and authorized by the legislature, may be used for  
21 administrative expenses incurred by the corporation in



1 administering the fund; provided that moneys in the fund shall  
2 not be used to finance day-to-day administrative expenses of the  
3 projects allotted moneys from the fund.

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

7 (f) The corporation may contract with nonprofit community  
8 development financial institutions to fund loans under this  
9 section. The corporation may contract for the service and  
10 custody of its loans.

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

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

20 **§201H-B Additional powers.** The powers conferred upon the  
21 corporation by this subpart shall be in addition and



1 supplemental to the powers conferred by any other law, and  
2 nothing in this subpart shall be construed as limiting any  
3 powers, rights, privileges, or immunities conferred."

4 SECTION 3. The director of finance is authorized to  
5 transfer taxable general obligation bond proceeds and accrued  
6 interest from the rental housing revolving fund to the  
7 affordable homeownership revolving fund established under  
8 section 201H-A, Hawaii Revised Statutes, up to the sum of  
9 for fiscal year 2022-2023.

10 SECTION 4. There is appropriated out of the affordable  
11 homeownership revolving fund established under section 201H-A,  
12 Hawaii Revised Statutes, the sum of or so much as may  
13 be necessary for fiscal year 2022-2023 for the purposes of this  
14 Act.

15 The sum appropriated shall be expended by the Hawaii  
16 housing finance and development corporation for the purposes of  
17 this Act.

18 SECTION 5. In codifying the new sections added by  
19 section 2 of this Act, the revisor of statutes shall substitute  
20 appropriate section numbers for the letters used in designating  
21 the new sections in this Act.



1 SECTION 6. This Act shall take effect on July 1, 2050.



**Report Title:**

Housing; Affordable Homeownership Revolving Fund; HHFDC; General  
Obligation Bonds; 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. Authorizes the transfer of taxable general obligation bond proceeds and accrued interest from the rental housing revolving fund to the affordable homeownership revolving fund. Appropriates funds out of the affordable homeownership revolving fund. Effective 7/1/2050. (SD2)

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

