

ACT 227

H.B. NO. 79

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 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 States Department of Housing and Urban Development and the United States Department of Agriculture - 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 also finds that nonprofit community development financial institutions are intermediaries that provide financing and technical assistance to assist nonprofit housing organizations in the development of 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 an affordable homeownership 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 subpart to part III to be appropriately designated and to read as follows:

“ . **Affordable Homeownership Revolving Fund**

§201H-A 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.

(b) Loans shall be awarded in the following descending 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 the Treasury Community Development Financial Institutions Fund, wherein:
 - (A) At least fifty per cent of the available units are 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 are for persons and families having incomes at or below fifty per cent of the median family income; and
 - (B) The remaining units are reserved for persons and families having incomes at or below one hundred twenty per cent of the median family income; 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 having 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 for-sale housing units. Uses of moneys in the fund may include but are not limited to planning, design, and 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 money 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, proceeds from 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 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.

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

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

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

(i) 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 using moneys from the affordable homeownership revolving fund.

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

SECTION 3. There is appropriated out of the funds received by the State of Hawaii from the American Rescue Plan Act of 2021, Public Law 117-2, (Section 9901), the sum of \$1,000,000 or so much thereof as may be necessary for fiscal year 2022-2023 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.

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

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

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

(Approved July 6, 2021.)