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GOVERNOR



STATE OF HAWAII
DEPARTMENT OF BUSINESS, ECONOMIC DEVELOPMENT & TOURISM
HAWAII HOUSING FINANCE AND DEVELOPMENT CORPORATION

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Statement of
DELMOND WON
Hawaii Housing Finance and Development Corporation
Before the

SENATE COMMITTEE ON WAYS AND MEANS

March 30, 2023 at 10:05 a.m.

State Capitol, Room 211

In consideration of
H.B. 677 HD1 SD1
RELATING TO THE DWELLING UNIT REVOLVING FUND.

HHFDC **strongly supports** H.B. 677 HD1 SD1, which requires HHFDC to establish a five-year Dwelling Unit Revolving Fund (DURF) equity pilot program to address the demand for for-sale units by Hawaii residents, particularly for households at the 80% to 120% area median income (AMI) level.

The intent of the DURF Equity Program is for HHFDC to purchase equity in for-sale developments in order to lower the amount paid by buyers. HHFDC's equity will be allocated to specific units, and the price paid by the buyer is reduced by the allocated amount. HHFDC's equity share is paid back upon resale of the unit along with a portion of the appreciation in equity.

HHFDC requests a bill amendment in order to ensure that the program can be implemented. The requested amendment is to amend clause (C) in Hawaii Revised Statutes subparagraph 201H-47(a)(4) to read:

"Interest on the subsidy or deferred sales price, if applicable, and any other amount expended at [~~the rate of seven per cent per year~~] a rate established by the corporation computed as to the subsidy or deferred sales price, if applicable, from the date of purchase or execution of the agreement of sale, and as to any amount expended, from the date of expenditure; provided that the computed interest shall not extend beyond thirty years from the date of purchase or execution of the agreement of sale of the property. If any proposed sale or transfer will not generate an amount sufficient to pay

the corporation the sum as computed under this paragraph, the corporation shall have the first option to purchase the real property at a price that shall not exceed the sum as computed under paragraphs (1) and (2); and”

Thank you for the opportunity to provide testimony.