

JAN 22 2021

A BILL FOR AN ACT

RELATING TO DOWN PAYMENTS.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:

1 SECTION 1. The legislature finds that the size of the
2 State's population is declining. In fiscal year 2016-2017, the
3 United States Census estimated that Hawaii had a net loss of
4 13,537 people. People who move away from Hawaii often cite
5 Hawaii's high cost of living as the deciding factor in moving.

6 The legislature further finds that the relocation of
7 individuals and families out of Hawaii causes economic, social,
8 and cultural burdens for the State. The lack of frequent
9 physical contact with family members can be traumatic,
10 disruptive, and fragmenting to ohana. This erosion of kinship
11 support networks among existing residents can even delay family-
12 making decisions for younger generations when considering their
13 ability to clothe, feed, and educate their future children.

14 The legislature further finds that many who move out of
15 Hawaii are often the most skilled and educated members of the
16 workforce since those individuals have the greatest opportunity



1 for career choices in the mainland United States. Failure to
2 stem this loss represents a danger to Hawaii's economic future.

3 Additionally, the legislature finds that the problem of
4 home affordability is not limited to former Hawaii residents who
5 wish to return. Residents who choose to remain in the State are
6 faced with single-family home prices that are significantly
7 higher than those of most other cities in the United States.

8 For example, Hawaii News Now reported in December 2020 that the
9 median sale price of a single-family home on Oahu was \$877,500
10 in November 2020. The legislature further finds that high home
11 prices, combined with the State's high cost of living, are
12 significant factors that compel many Hawaii residents to leave
13 the State, and that decisive action must be taken to slow this
14 out-migration.

15 The purpose of this Act is to ease the burden of Hawaii's
16 high cost of living for current residents and encourage former
17 Hawaii residents to return to the State by establishing a
18 program to assist qualifying individuals with down payments for
19 the purchase of primary residences.



1 SECTION 2. Chapter 201H, Hawaii Revised Statutes, is
2 amended by adding two new sections to part III to be
3 appropriately designated and to read as follows:

4 "§201H-A Current and returning resident down payment
5 program; established. (a) There is established the current and
6 returning resident down payment program, to be administered by
7 the corporation. The program shall encourage former Hawaii
8 residents to return to Hawaii, and assist current Hawaii
9 residents in coping with the State's high cost of living, by
10 awarding grants to assist with the down payment on the purchase
11 of a primary residence that shall be a single family residence.

12 (b) Subject to available funds, the current and returning
13 resident down payment program shall award grants of up to one
14 dollar for each dollar of down payment made by a qualified
15 applicant; provided that the total award to an applicant shall
16 not exceed the lesser of ten per cent of the value of the single
17 family residence to be purchased or \$50,000.

18 (c) To be eligible for an award under the current and
19 returning resident down payment program, an applicant shall:

20 (1) Have earned a high school diploma from a high school
21 located in the State;



- 1 (2) In the case of a former resident, have ceased
2 residency in the State for the purpose of attending a
3 four-year course of study leading to a baccalaureate
4 degree at a college or university accredited by the
5 United States Department of Education or other entity
6 recognized by the corporation;
- 7 (3) Use the award to make a down payment for the purchase
8 of a single family residence as defined in section
9 521-8; and
- 10 (4) Be a resident of the State, or a former resident of
11 the State who satisfies the requirements of paragraphs
12 (1) and (2) as applicable, represent that the
13 applicant will be an owner-occupant of the residence
14 to be purchased pursuant to paragraph (3), and own no
15 other interest in real property within or without the
16 State.
- 17 (d) Any applicant who has received an award and fails to
18 satisfy the requirements of subsection (c)(4) shall repay the
19 award plus interest at the rate of eight per cent.

20 **§201H-B Current and returning resident down payment**
21 **special fund.** (a) There is established in the state treasury



1 the current and returning resident down payment special fund,
2 into which shall be deposited the following moneys:

3 (1) Appropriations made by the legislature to the special
4 fund; and

5 (2) Repayments to the fund made pursuant to section
6 201H-A(d).

7 (b) Funds in the special fund shall be used for the
8 purposes of the current and returning resident down payment
9 program."

10 SECTION 3. There is appropriated out of the general
11 revenues of the State of Hawaii the sum of \$ or so
12 much thereof as may be necessary for fiscal year 2021-2022 and
13 the same sum or so much thereof as may be necessary for fiscal
14 year 2022-2023 for deposit into the current and returning
15 resident down payment special fund.

16 SECTION 4. There is appropriated out of the current and
17 returning resident down payment special fund the sum of
18 \$ or so much thereof as may be necessary for fiscal
19 year 2021-2022 and the same sum or so much thereof as may be
20 necessary for fiscal year 2022-2023 for the current and
21 returning resident down payment program.



1 The sums appropriated shall be expended by the Hawaii
2 housing finance and development corporation for the purposes of
3 this Act.

4 SECTION 5. In codifying the new sections added by section
5 2 of this Act, the revisor of statutes shall substitute
6 appropriate section numbers for the letters used in designating
7 the new sections in this Act.

8 SECTION 6. New statutory material is underscored.

9 SECTION 7. This Act shall take effect on July 1, 2021.

10

INTRODUCED BY: *Kurt Favelle*



S.B. NO. 844

Report Title:

HHFDC; Current and Returning Resident Down Payment Program;
Special Fund; Appropriation

Description:

Establishes within the Hawaii housing finance and development corporation a current and returning resident down payment program to provide matching funds for the down payment on a primary residence. Appropriates moneys.

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

