

STAND. COM. REP. NO. 1282

Honolulu, Hawaii

MAR 23 2023

RE: H.B. No. 677
H.D. 1
S.D. 1

Honorable Ronald D. Kouchi
President of the Senate
Thirty-Second State Legislature
Regular Session of 2023
State of Hawaii

Sir:

Your Committee on Housing, to which was referred H.B.
No. 677, H.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO THE DWELLING UNIT REVOLVING
FUND,"

begs leave to report as follows:

The purpose and intent of this measure is to:

- (1) Require the Hawaii Housing Finance and Development Corporation to establish a five-year Dwelling Unit Revolving Fund Equity Pilot Program;
- (2) Establish one full-time equivalent Housing Development Specialist III position to support the pilot program;
and
- (3) Appropriate funds.

Your Committee received testimony in support of this measure from the Hawaii Housing Finance and Development Corporation.

Your Committee finds that the State is in a housing crisis. Your Committee further finds that this measure seeks to increase homeownership opportunities for certain Hawaii residents, particularly those at the eighty percent to one hundred twenty



percent area median income level. According to testimony received by your Committee, the intent of the Dwelling Unit Revolving Fund Equity Pilot Program (Pilot Program) is for the Hawaii Housing Finance and Development Corporation (HHFDC) to purchase equity in for-sale developments, which will then be allocated to specific units within the development, in order to lower the price of the unit for eligible buyers.

Your Committee notes that for any program that offers potentially considerable benefits, it is critical for the eligibility requirements to be clearly specified and to ensure they meet the State's priorities and goals. Your Committee further notes that it is therefore necessary for HHFDC to collaborate with the Legislature when establishing the criteria to prioritize eligible buyers of the Pilot Program to make sure any awards are proper and aligned with the policies of the State. Criteria established by HHFDC may include factors such as the length of time on a Department of Hawaiian Home Lands waitlist, lack of gift funds, whether the eligible buyer or the eligible buyer's family has ever owned real property, government employment, and other relevant factors.

Accordingly, your Committee has amended this measure by:

- (1) Requiring HHFDC to:
 - (A) Establish criteria for the prioritization of eligible buyers of the Pilot Program to be based on the State's goals and policies; and
 - (B) Submit a report to the Legislature regarding the criteria for the prioritization of eligible buyers of the Pilot Program prior to the Regular Session of 2024;
- (2) Inserting an effective date of July 1, 2050, to encourage further discussion; and
- (3) Making technical, nonsubstantive amendments for the purposes of clarity and consistency.

As affirmed by the record of votes of the members of your Committee on Housing that is attached to this report, your



Committee is in accord with the intent and purpose of H.B. No. 677, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 677, H.D. 1, S.D. 1, and be referred to your Committee on Ways and Means.

Respectfully submitted on
behalf of the members of the
Committee on Housing,


STANLEY CHANG, Chair



