

JAN 19 2023

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. The United States Census
3 Bureau estimated that in fiscal year 2020-2021, Hawaii lost
4 10,358 residents. People who move away from Hawaii often cite
5 the State's high cost of living as the deciding factor for their
6 move.

7 The legislature also finds that the relocation of
8 individuals and families out of Hawaii causes economic, social,
9 and cultural burdens for the State. The lack of frequent
10 physical contact with family members can be traumatic,
11 disruptive, and fragmenting to ohana. This erosion of kinship
12 support networks among existing residents can profoundly impact
13 the decisions of younger generations as to whether they can
14 afford to start a family, given their legitimate concerns over
15 their financial ability to feed, clothe, and educate their
16 future offspring.



1 The legislature further finds that many individuals who
2 leave the State are among the most skilled and educated members
3 of the workforce, due to these individuals having the necessary
4 qualifications for highly desirable career opportunities in the
5 mainland United States. Failing to act to stem this loss will
6 only endanger Hawaii's economic future.

7 Additionally, the legislature finds that the problem of
8 home affordability is not limited to former Hawaii residents who
9 wish to return. Residents who choose to remain in the State are
10 faced with single-family home prices that are significantly
11 higher than those of most other cities in the United States.
12 For example, Hawaii News Now reported in June 2022 that the
13 median sale price of a single-family home on Oahu was \$1,153,500
14 in May 2022. Moreover, the legislature finds that high home
15 prices, combined with the State's high cost of living, are
16 significant factors that compel many Hawaii residents to leave
17 the State. Clearly, decisive action must be taken now to slow
18 this out-migration.

19 The purpose of this Act is to ease the burden of Hawaii's
20 high cost of living for current residents and encourage former
21 Hawaii residents to return to the State by establishing a



1 program to assist qualifying individuals with down payments for
2 the purchase of a primary residence.

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

6 "§201H-A Current and returning resident down payment

7 program; established. (a) There is established the current and
8 returning resident down payment program, to be administered by
9 the corporation. The program shall encourage former Hawaii
10 residents to return to Hawaii, and assist current Hawaii
11 residents in coping with the State's high cost of living, by
12 awarding grants to assist with the down payment for the purchase
13 of a primary residence that shall be a single family residence.

14 (b) Subject to available funds, the current and returning
15 resident down payment program shall award grants of up to one
16 dollar for each dollar of down payment made by a qualified
17 applicant; provided that the total award to an applicant shall
18 not exceed the lesser of:

- 19 (1) Ten per cent of the value of the single family
20 residence to be purchased; or
21 (2) \$50,000.



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

3 (1) Have earned a high school diploma from a high school
4 located in the State;

5 (2) In the case of a former resident, have ceased
6 residency in the State for the purpose of attending a
7 four-year course of study leading to a baccalaureate
8 degree at a college or university accredited by the
9 United States Department of Education or other entity
10 recognized by the corporation;

11 (3) Use the award to make a down payment for the purchase
12 of a single family residence, as defined in section
13 521-8; and

14 (4) Be a resident of the State, or a former resident of
15 the State, who satisfies the requirements of
16 paragraphs (1) and (2) as applicable, represent that
17 the applicant will be an owner-occupant of the
18 residence to be purchased pursuant to paragraph (3),
19 and own no other interest in real property within or
20 without the State.



1 (d) Any applicant who has received an award and fails to
2 satisfy the requirements of subsection (c)(4) shall repay the
3 award plus interest at the rate of eight per cent.

4 **§201H-B Current and returning resident down payment**
5 **special fund.** (a) There is established in the state treasury
6 the current and returning resident down payment special fund,
7 into which shall be deposited the following moneys:

8 (1) Appropriations made by the legislature to the special
9 fund; and

10 (2) Repayments to the fund made pursuant to section
11 201H-A(d).

12 (b) Funds in the special fund shall be used for the
13 purposes of the current and returning resident down payment
14 program."

15 SECTION 3. There is appropriated out of the general
16 revenues of the State of Hawaii the sum of \$ or so
17 much thereof as may be necessary for fiscal year 2023-2024 and
18 the same sum or so much thereof as may be necessary for fiscal
19 year 2024-2025 for deposit into the current and returning
20 resident down payment special fund.



1 SECTION 4. There is appropriated out of the current and
 2 returning resident down payment special fund the sum of
 3 \$ or so much thereof as may be necessary for fiscal
 4 year 2023-2024 and the same sum or so much thereof as may be
 5 necessary for fiscal year 2024-2025 for the current and
 6 returning resident down payment program.

7 The sums appropriated shall be expended by the Hawaii
 8 housing finance and development corporation for the purposes of
 9 this Act.

10 SECTION 5. In codifying the new sections added by section
 11 2 of this Act, the revisor of statutes shall substitute
 12 appropriate section numbers for the letters used in designating
 13 the new sections in this Act.

14 SECTION 6. New statutory material is underscored.

15 SECTION 7. This Act shall take effect on July 1, 2023.

16 INTRODUCED BY: Kurt Favelle



S.B. NO. 256

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 funds.

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

