
A BILL FOR AN ACT

RELATING TO AFFORDABLE HOUSING AND HOMEOWNERSHIP INCENTIVES.

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

1 SECTION 1. The legislature finds that the affordable
2 housing crisis continues to be one of the State's most
3 significant and challenging social problems and is a critical
4 issue for many Hawaii residents. The cost of housing continues
5 to increase expeditiously, making home ownership unattainable
6 for many residents of Hawaii. Rent prices in Hawaii increased
7 13% between 2019 and 2022, this is more than three times the
8 normal rate of rent inflation. With overall cost of living
9 continuing to rise in Hawaii, one of the largest barriers to
10 entry in the Hawaii housing market is saving for a down payment
11 on a home. Hawaii residents have few programs available to
12 assist in this endeavor.

13 The legislature also finds that there are multiple
14 government-sponsored loans that allow individuals to buy a home
15 without a down payment, such as Veterans Affairs loans and
16 United States Department of Agriculture Loans. Both provide the
17 opportunity for families that are not able to save enough money



1 for a down payment to become homeowners. The ability to save
2 enough money for a down payment does not equate to the ability
3 to pay a mortgage each month. Allowing eligible Hawaii residents
4 to become mortgagors without being required to pay a hefty down
5 payment can assist in reducing the burden of the high cost of
6 living Hawaii has experienced for many years.

7 The purpose of this Act is to eliminate the requirement of
8 a down payment for eligible residents of Hawaii. This incentive
9 acknowledges the significant financial and civic benefits of
10 home ownership for the State.

11 SECTION 2. Chapter 201H, Hawaii Revised Statutes is amended
12 to include the following definitions: "

13 (1) "Eligible mortgagors" means the mortgagor for a
14 mortgage insured under this section shall, at the time the
15 mortgage is executed, meet the following requirements:

- 16 (a) Have a minimum credit score rating of 620
17 (b) Must be a current bona fide resident of Hawaii
18 (c) Must have held residency in Hawaii for a minimum
19 of 5 consecutive years
20 (d) Must be a first-time home buyer



1 (e) Must be purchasing a home to utilize as the
2 principal residence. The residence securing the
3 mortgage shall be occupied, during the term of the
4 mortgage, by the mortgagor as the mortgagor's
5 principal residence

6 (f) The mortgagor shall never previously have been
7 the mortgagor under a mortgage insured under this
8 section.

9 (2) "First-time home buyer" means an individual who is a
10 resident of this state and has not owned or purchased, either
11 individually or jointly, a single family residence during the
12 period of three years prior to the date of the purchase of a
13 single family residence.

14 (3) "Resident of this state" has the meaning given that
15 term in HRS §11-13."

16 SECTION 3. Chapter 201H-136.5, Hawaii Revised Statutes, is
17 amended by adding a new section to be appropriately designated
18 and read as follows:

19 "201H - Eligible mortgagors cannot be required to provide a
20 down payment by mortgage lenders, corporations, or financial
21 institutions for the purpose of purchasing a home or receiving a



H.B. NO. 926

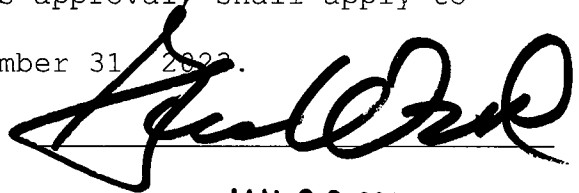
1 home loan. The mortgage may involve an original principal
2 obligation in an amount up to 100 percent of the cost of
3 acquisition of the residence involved and shall not require that
4 the eligible mortgagor shall pay any amount, in cash or its
5 equivalent, on account of the property."

6 SECTION 4. In codifying the new sections added by section
7 1 of this Act, the revisor of statutes shall substitute
8 appropriate section numbers for the letters used in designating
9 the new sections in this Act.

10 SECTION 5. Statutory material to be repealed is bracketed
11 and stricken. New statutory material is underscored.

12 SECTION 6. This Act, upon its approval, shall apply to
13 taxable years beginning after December 31, 2022.

INTRODUCED BY:



JAN 23 2023



H.B. NO. 926

Report Title:

Elimination of down payment requirements on homes for eligible Hawaii residents.

Description:

Abolishes down payment requirements for eligible Hawaii residents purchasing their first home.

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