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## A BILL FOR AN ACT

RELATING TO THE DWELLING UNIT REVOLVING FUND.

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

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

4           "§201H- Dwelling unit revolving fund equity program.

5           (a) There is established a dwelling unit revolving fund equity  
6 program which shall be funded by the dwelling unit revolving  
7 fund, to address the demand of for-sale units by eligible  
8 buyers.

9           (b) The corporation may purchase equity in for-sale  
10 housing development projects in the form of a second mortgage  
11 loan; provided that the equity shall be allocated to specific  
12 units within the housing development project and the  
13 contribution from each eligible buyer of a unit shall be reduced  
14 by the corporation's equity amount for that unit.

15           (c) If a buyer sells the unit within thirty years of the  
16 date of the buyer's purchase of the unit, then at the time of  
17 the sale, the buyer shall repay to the corporation the



1 corporation's equity and equity percentage share of the  
2 appreciated unit value, if any; provided that if the buyer does  
3 not sell the unit within thirty years of the date of the buyer's  
4 purchase of the unit, then upon refinance, obtaining additional  
5 financing, transfer of title, non-owner occupancy or rental of  
6 the unit or any part of the unit, the buyer shall repay to the  
7 corporation the corporation's equity and equity percentage share  
8 of the appreciated unit value, if any, before the expiration of  
9 the thirty-year period; provided further that this requirement  
10 shall run with the deed or lease initially conveyed for each  
11 unit until the obligation to repay the equity and equity  
12 percentage share, if any, has been satisfied.

13 (d) With prior approval of the corporation, the eligible  
14 developer may repay, in the form of equity in project units  
15 under the program, a part or all of the interim financing made  
16 under this subpart and secured by a mortgage on the for-sale  
17 housing development project.

18 (e) The corporation may establish criteria for the  
19 prioritization of eligible buyers.

20 (f) The corporation shall prioritize government projects  
21 for the dwelling unit revolving fund equity program.



1        (g) The corporation shall adopt rules pursuant to chapter  
2 91 to implement this section.

3        (h) For the purposes of this section:

4        "Eligible buyer" means an applicant who:

5        (1) Is a bona fide resident of the State;

6        (2) Owns no other real property;

7        (3) Receives no gift funds for the purchase of the unit;

8        and

9        (4) Works in a profession that is facing a shortage as  
10 defined by the corporation, including health care  
11 workers, educators, law enforcement officers,  
12 including staff at correctional facilities, or  
13 agricultural field workers.

14        "Housing development project" means a plan, design, or  
15 undertaking by the corporation or an eligible developer for the  
16 development of units. "Housing development project" includes  
17 all real and personal property, buildings and improvements,  
18 commercial space, lands for farming and gardening, community  
19 facilities acquired or constructed or to be acquired or  
20 constructed, and all tangible or intangible assets held or used  
21 in connection with the housing development project.



1        "Unit" means:

2        (1) The structure and land where the structure is  
3        constructed, whether on fee simple or leasehold  
4        property, developed for residential purposes pursuant  
5        to this chapter; or

6        (2) Improved or unimproved real property that is developed  
7        for residential purposes pursuant to this chapter.

8        "Unit" includes dwelling units."

9                SECTION 2. Section 201H-191, Hawaii Revised Statutes, is  
10 amended by amending subsection (a) to read as follows:

11                "(a) There is created a dwelling unit revolving fund. The  
12 funds appropriated for the purpose of the dwelling unit  
13 revolving fund and all moneys received or collected by the  
14 corporation for the purpose of the revolving fund shall be  
15 deposited [~~in~~] into the revolving fund. The proceeds in the  
16 revolving fund shall be used to reimburse the general fund to  
17 pay the interest on general obligation bonds issued for the  
18 purposes of the revolving fund, for the necessary expenses in  
19 administering housing development programs and regional state  
20 infrastructure programs, and for carrying out the purposes of  
21 housing development programs and regional state infrastructure



1 programs, including but not limited to the expansion of  
2 community facilities and regional state infrastructure  
3 constructed in conjunction with housing and mixed-use transit-  
4 oriented development projects, purchasing equity in for-sale  
5 housing development projects, interim primary or secondary  
6 financing, permanent primary or secondary financing, and  
7 supplementing building costs, federal guarantees required for  
8 operational losses, and all things required by any federal  
9 agency in the construction and receipt of federal funds or low-  
10 income housing tax credits for housing projects."

11 SECTION 3. Act 92, Session Laws of Hawaii 2023, is amended  
12 as follows:

13 1. By amending section 2 to read:

14 "SECTION 2. [~~(a) The Hawaii housing finance and~~  
15 ~~development corporation may establish a five-year dwelling unit~~  
16 ~~revolving fund equity pilot program, which shall be funded by~~  
17 ~~the dwelling unit revolving fund, to address the high, unmet~~  
18 ~~demand of for-sale units by Hawaii residents, specifically~~  
19 ~~residents who:~~

20 ~~(1) Own no other real property;~~

21 ~~(2) Receive no gift funds; and~~



1       ~~(3) Work in a profession that is facing a shortage as~~  
2           ~~defined by the corporation, including health care~~  
3           ~~workers, educators, law enforcement officers,~~  
4           ~~including staff at correctional facilities, or~~  
5           ~~agricultural field workers.~~

6       ~~(b) The Hawaii housing finance and development corporation~~  
7       ~~may purchase equity in for-sale housing development projects;~~  
8       ~~provided that this equity shall be allocated to specific units~~  
9       ~~within the housing development projects and the price to be paid~~  
10       ~~by each eligible buyer of a unit shall be reduced by the Hawaii~~  
11       ~~housing finance and development corporation's equity amount for~~  
12       ~~that unit.~~

13       ~~(c) If a buyer sells the buyer's unit within thirty years~~  
14       ~~of the date of the buyer's purchase of the unit, then at the~~  
15       ~~time of the sale, the buyer shall repay to the Hawaii housing~~  
16       ~~finance and development corporation the corporation's~~  
17       ~~appreciated equity value; provided that if the buyer does not~~  
18       ~~sell the unit within thirty years of the date of the buyer's~~  
19       ~~purchase of the unit, then the buyer shall repay to the Hawaii~~  
20       ~~housing finance and development corporation the corporation's~~  
21       ~~appreciated equity value prior to the expiration of the thirty-~~



1 ~~year period; provided further that this requirement shall run~~  
2 ~~with the deed for each unit until the obligation to repay the~~  
3 ~~appreciated equity value has been satisfied.~~

4 ~~(d) The Hawaii housing finance and development corporation~~  
5 ~~may establish rules pursuant to chapter 91, Hawaii Revised~~  
6 ~~Statutes, to implement this section, including rules that~~  
7 ~~establish the methods by which appreciated equity values shall~~  
8 ~~be calculated, assessed, and satisfied.~~

9 ~~(e) The Hawaii housing finance and development corporation~~  
10 ~~may establish criteria for the prioritization of eligible buyers~~  
11 ~~based on state goals and policies and submit a report on this~~  
12 ~~criteria to the legislature no later than twenty days prior to~~  
13 ~~the convening of the regular session of 2024.~~

14 ~~(f) The Hawaii housing finance and development corporation~~  
15 ~~shall submit interim reports on the dwelling unit revolving fund~~  
16 ~~equity pilot program to the legislature no later than twenty~~  
17 ~~days prior to the convening of the regular sessions of 2024,~~  
18 ~~2025, 2026, and 2027. The Hawaii housing finance and~~  
19 ~~development corporation shall submit a final report on the~~  
20 ~~dwelling unit revolving fund equity pilot program to the~~



1 ~~legislature no later than twenty days prior to the convening of~~  
2 ~~the regular session of 2028.~~

3 ~~(g) As used in this section:~~

4 ~~"Housing development project" means a plan, design, or~~  
5 ~~undertaking by the Hawaii housing finance and development~~  
6 ~~corporation or an eligible developer for the development of~~  
7 ~~units. "Housing development project" includes all real and~~  
8 ~~personal property, buildings and improvements, commercial space,~~  
9 ~~lands for farming and gardening, community facilities acquired~~  
10 ~~or constructed or to be acquired or constructed, and all~~  
11 ~~tangible or intangible assets held or used in connection with~~  
12 ~~the housing development project.~~

13 ~~"Unit" means:~~

14 ~~(1) The structure and land upon which the structure is~~  
15 ~~constructed, whether on fee simple or leasehold~~  
16 ~~property, developed for residential purposes pursuant~~  
17 ~~to chapter 201H, Hawaii Revised Statutes; or~~

18 ~~(2) Improved or unimproved real property that is developed~~  
19 ~~for residential purposes pursuant to chapter 201H,~~  
20 ~~Hawaii Revised Statutes.~~

21 ~~"Unit" includes dwelling units."] Repealed."~~



1 2. By amending section 5 to read:

2 "SECTION 5. This Act shall take effect on July 1, 2023[~~7~~  
3 ~~and shall be repealed on June 30, 2028; provided that:~~

4 ~~(1) Section 201H-47, Hawaii Revised Statutes, shall be~~  
5 ~~reenacted in the form in which it read on the day~~  
6 ~~prior to the effective date of this Act; and~~

7 ~~(2) The requirements imposed pursuant to section 2(c) of~~  
8 ~~this Act shall remain in effect and run with the deed~~  
9 ~~after June 30, 2028]."~~

10 SECTION 4. Statutory material to be repealed is bracketed  
11 and stricken. New statutory material is underscored.

12 SECTION 5. This Act shall take effect upon its approval.

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INTRODUCED BY:

  
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JAN 17 2025



# H.B. NO. 460

**Report Title:**

HHFDC; DURF; Dwelling Unit Revolving Fund Equity Program

**Description:**

Establishes the Dwelling Unit Revolving Fund Equity Program.  
Repeals the Dwelling Unit Revolving Fund Equity Pilot Program.  
Clarifies that the Hawaii Housing Finance and Development Corporation may utilize funds in the Dwelling Unit Revolving Fund for the purchase of equity in for-sale housing development projects and interim primary or secondary financing.

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

