

JAN 23 2025

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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) The corporation may purchase equity in for-sale housing  
6 development projects in the form of a second mortgage loan;  
7 provided that:

8           (1) The equity shall be allocated to specific units within  
9 the housing development project; and

10           (2) The contribution from each eligible buyer of a unit  
11 shall be reduced by the corporation's equity amount  
12 for that unit.

13 The corporation shall give preference to for-sale housing  
14 development projects that are developed under any government  
15 assistance program approved by the corporation under section  
16 201H-36(a)(2).



1        (b) Eligible buyers shall be bona fide residents of the  
2 State and shall not hold a majority interest in any residential  
3 real property. The corporation may establish additional  
4 qualifications for the eligible buyer, which may include a  
5 requirement that the eligible buyer work in a profession that is  
6 facing a labor shortage, as determined by the corporation, and a  
7 requirement that gift funds shall not exceed thirty-five per  
8 cent of the unit purchase price.

9        (c) The corporation may establish criteria for the  
10 prioritization of eligible buyers.

11       (d) If a buyer sells the unit within thirty years of the  
12 date of the buyer's purchase of the unit, then at the time of  
13 the sale, the buyer shall repay to the corporation the  
14 corporation's equity and equity percentage share of the  
15 appreciated unit value, if any; provided that if the buyer does  
16 not sell the unit within thirty years of the date of the buyer's  
17 purchase of the unit, then upon refinance, obtaining additional  
18 financing, transfer of title, non-owner occupancy, or rental of  
19 the unit or any part of the unit, the buyer shall repay to the  
20 corporation the corporation's equity and equity percentage share  
21 of the appreciated unit value, if any, prior to the expiration



1 of the thirty-year period; provided further that this  
2 requirement shall be a restriction that runs with the land until  
3 the obligation to repay the equity and equity percentage share,  
4 if any, has been satisfied.

5 (e) With the prior approval of the corporation, the  
6 eligible developer may repay, in the form of equity in project  
7 units under the program, a part or all of the interim financing  
8 made under this subpart and secured by a mortgage on the  
9 for-sale housing development project.

10 (f) The corporation shall establish rules pursuant to  
11 chapter 91 to implement this section.

12 (g) In this section, unless the context otherwise  
13 requires:

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 the land upon which the structure is  
3        constructed, whether fee simple or leasehold property,  
4        developed for residential purposes pursuant to this  
5        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  
 4 transit-oriented development projects, purchasing equity in  
 5 for-sale housing development projects, interim primary or  
 6 secondary financing, permanent primary or secondary financing,  
 7 and supplementing building costs, federal guarantees required  
 8 for operational losses, and all things required by any federal  
 9 agency in the construction and receipt of federal funds or  
 10 low-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[  
3 and shall be repealed on June 30, 2028; provided that:

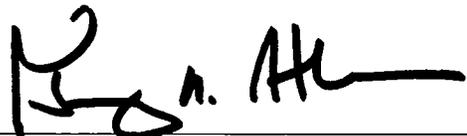
4 ~~(1) Section 201H-47, Hawaii Revised Statutes, shall be~~  
5 ~~reenacted in the form in which it read on the day~~  
6 ~~prior to the effective date of this Act; and~~

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.

13

INTRODUCED BY: 



# S.B. NO. 1229

**Report Title:**

Hawaii Housing Finance and Development Corporation; Dwelling Unit Revolving Fund; Dwelling Unit Revolving Fund Equity Program; Interim Financing

**Description:**

Makes the Dwelling Unit Revolving Fund Equity Pilot Program permanent. Allows partial or full repayment of Dwelling Unit Revolving Fund interim loans in the form of unit equity through the Dwelling Unit Revolving Fund Equity Program. Gives preference to projects developed under governmental assistance programs pursuant to section 201H-36(a)(2).

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

