

JAN 28 2026

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# A BILL FOR AN ACT

RELATING TO THE HAWAII HOUSING FINANCE AND DEVELOPMENT  
CORPORATION.

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

1       SECTION 1. Chapter 201H, Hawaii Revised Statutes, is  
2       amended by adding to part III, subpart I, a new section 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 and administered by the corporation, to address the high,  
8       unmet demand of for-sale units by Hawaii residents.

9       (b) The corporation may purchase equity in for-sale  
10      housing development projects secured by a recorded instrument as  
11      determined by the corporation, provided that:

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

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

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1        (c) An eligible buyer of a unit shall be a qualified  
2        resident as defined in section 201H-32.

3        (d) The corporation may establish criteria for the  
4        prioritization of eligible buyers.

5        (e) If a buyer whose unit's equity was purchased by the  
6        corporation pursuant to subsection (a) sells the unit within  
7        thirty years of the date of the buyer's purchase of the unit,  
8        the buyer shall, at the time of the sale, repay to the  
9        corporation:

10       (1) The corporation's purchased equity; and

11       (2) The corporation's equity percentage share, if any.

12       (f) If a buyer whose unit's equity was purchased by the  
13       corporation pursuant to subsection (a) does not sell the unit  
14       within thirty years of the date of the buyer's purchase of the  
15       unit, the buyer shall repay to the corporation the corporation's  
16       purchased equity and equity percentage share, if any, upon the  
17       earliest of the following events:

18       (1) The refinancing of the unit;

19       (2) The buyer's obtaining of any additional financing  
20       secured by the unit;

21       (3) The transfer of title to the unit, whether voluntary  
22       or involuntary;

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1       (4) The non-owner occupancy or rental of the unit or any  
2               part of the unit; or

3       (5) The expiration of thirty years from the date of the  
4               buyer's purchase of the unit;

5       provided that the buyer may elect, at any time before the  
6       expiration of the thirty-year period, to repay to the  
7       corporation the corporation's purchased equity and equity  
8       percentage share, if any.

9       (g) The repayment obligation set forth in subsections (e)  
10       and (f) shall run with the deed or lease initially conveyed for  
11       each unit and shall remain in effect until the obligation to  
12       repay the corporation's purchased equity and equity percentage  
13       share, if any, has been satisfied.

14       (h) The corporation shall adopt rules pursuant to chapter  
15       91 to implement this section.

16       (i) As used in this section, unless the context otherwise  
17       requires:

18       "Housing development project" means a plan, design, or  
19       undertaking by the corporation or an eligible developer for the  
20       development of units. "Housing development project" includes  
21       all real and personal property, buildings and improvements,  
22       commercial space, lands for farming and gardening, community

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1 facilities acquired or constructed or to be acquired or  
2 constructed, and all tangible or intangible assets held or used  
3 in connection with the housing development project.

4 "Unit" means:

5 (1) The structure and land upon which the structure is  
6 constructed, whether fee simple or leasehold property,  
7 developed for residential purposes pursuant to chapter  
8 201H; or

9 (2) Improved or unimproved real property that is developed  
10 for residential purposes pursuant to chapter 201H.

11 "Unit" includes dwelling units."

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

14 "(a) There is created a dwelling unit revolving fund. The  
15 funds appropriated for the purpose of the dwelling unit  
16 revolving fund and all moneys received or collected by the  
17 corporation for the purpose of the revolving fund shall be  
18 deposited [in] into the revolving fund. The proceeds in the  
19 revolving fund shall be used:

20 (1) To reimburse the general fund to pay the interest on  
21 general obligation bonds issued for the purposes of  
22 the revolving fund;

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(2) For necessary expenses in administering housing development programs, regional state infrastructure programs, and the government employee housing program pursuant to part V; and

(3) To carry out the purposes of housing development programs, regional state infrastructure programs, and the government employee housing program pursuant to part V, including but not limited to the expansion of community facilities and regional state infrastructure constructed in conjunction with housing and mixed-use transit-oriented development projects, purchasing equity in for-sale housing development projects, interim primary or secondary financing, permanent primary or secondary financing, ~~and~~ supplementing building costs, federal guarantees required for operational losses, and all things required by any federal agency in the construction and receipt of federal funds or low-income housing tax credits for housing projects."

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

1. By amending section 2 to read:

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

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

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

9       ~~(3) Work 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       ~~(b) The Hawaii housing finance and development corporation~~  
15 ~~may purchase equity in for-sale housing development projects;~~  
16 ~~provided that this equity shall be allocated to specific units~~  
17 ~~within the housing development projects and the price to be paid~~  
18 ~~by each eligible buyer of a unit shall be reduced by the Hawaii~~  
19 ~~housing finance and development corporation's equity amount for~~  
20 ~~that unit.~~

21       ~~(c) If a buyer sells the buyer's unit within thirty years~~  
22 ~~of the date of the buyer's purchase of the unit, then at the~~

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~~time of the sale, the buyer shall repay to the Hawaii housing finance and development corporation the corporation's appreciated equity value, provided that if the buyer does not sell the unit within thirty years of the date of the buyer's purchase of the unit, then the buyer shall repay to the Hawaii housing finance and development corporation the corporation's appreciated equity value prior to the expiration of the thirty-year period; provided further that this requirement shall run with the deed for each unit until the obligation to repay the appreciated equity value has been satisfied.~~

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

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

~~(f) The Hawaii housing finance and development corporation shall submit interim reports on the dwelling unit revolving fund~~

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~~equity pilot program to the legislature no later than twenty days prior to the convening of the regular sessions of 2024, 2025, 2026, and 2027. The Hawaii housing finance and development corporation shall submit a final report on the dwelling unit revolving fund equity pilot program to the legislature no later than twenty days prior to the convening of the regular session of 2028.~~

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

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

~~"Unit" means:~~

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



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

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

2. By amending section 5 to read:

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

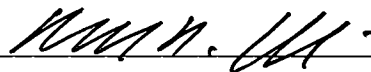
~~(1) Section 201H-47, Hawaii Revised Statutes, shall be  
reenacted in the form in which it read on the day  
prior to the effective date of this Act, and~~

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

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

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

INTRODUCED BY:



BY REQUEST

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**Report Title:**

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

**Description:**

Makes the Dwelling Unit Revolving Fund Equity Pilot Program permanent, with modifications. Repeals the sunset date for Act 92, Session Laws of Hawaii 2023.

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

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## JUSTIFICATION SHEET

DEPARTMENT: Business, Economic Development, and Tourism

TITLE: A BILL FOR AN ACT RELATING TO THE HAWAII HOUSING FINANCE AND DEVELOPMENT CORPORATION.

PURPOSE: To make permanent the Dwelling Unit Revolving Fund (DURF) Equity Pilot Program, which sunsets on June 30, 2028, with modifications to broaden eligibility to all qualified residents and ensure consistency with federal requirements.

MEANS: Add a new section to subpart I of part III of chapter 201H, Hawaii Revised Statutes (HRS), and amend section 201H-191(a), HRS, and sections 2 and 5 of Act 92, Session Laws of Hawaii 2023.

JUSTIFICATION: The high cost of housing continues to force Hawaii residents to leave the State. Making the DURF Equity Pilot Program permanent will allow Hawaii residents who are qualified residents, as defined in section 201H-32, HRS, to purchase a for-sale housing unit with HHFDC's equity investment in the unit.

Impact on the public: Hawaii residents will have greater access to homeownership opportunities.

Impact on the department and other agencies: None.

GENERAL FUND: None.

OTHER FUNDS: None.

PPBS PROGRAM DESIGNATION: BED-160.

OTHER AFFECTED AGENCIES: None.

EFFECTIVE DATE: Upon approval.