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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 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 and administered by the corporation, to address the high,  
8 unmet demand of for-sale units by qualified 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.



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 sells the buyer's unit within thirty years  
6 of the date of the buyer's purchase of the unit, then at the  
7 time of the sale, the buyer shall repay to the corporation:

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

9            (2) The corporation's equity percentage share of the net  
10 appreciation in the unit, if any.

11        (f) If the buyer does not sell the buyer's unit within  
12 thirty years from the date the buyer purchased the unit, then  
13 upon the earliest of the following, the buyer shall repay to the  
14 corporation the corporation's purchased equity and equity  
15 percentage share of the net appreciation in the unit, if any:

16            (1) When the buyer refinances the unit;

17            (2) When the buyer obtains additional financing secured by  
18 the unit;

19            (3) When the buyer transfers the title to the unit;

20            (4) When the buyer ceases owner-occupancy of the unit or  
21 rents the unit or any part of the unit; or



1       (5) At any time before the expiration of the thirty-year  
2           period.

3       (g) The repayment obligation described in subsections (e)  
4 and (f) shall run with the deed or lease initially conveyed for  
5 each unit until the obligation to repay the purchased equity and  
6 equity percentage share of the net appreciation in the unit, if  
7 any, has been satisfied.

8       (h) The corporation shall adopt rules pursuant to chapter  
9 91 to implement this section.

10       (i) For the purposes of this section:

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

19       "Unit" means:

20       (1) The structure and land upon which the structure is  
21 constructed, whether in fee simple or leasehold,



1           developed for residential purposes pursuant to this  
2           chapter; or

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

5 "Unit" includes dwelling units."

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

8           "(a) There is created a dwelling unit revolving fund. The  
9 funds appropriated for the purpose of the dwelling unit  
10 revolving fund and all moneys received or collected by the  
11 corporation for the purpose of the revolving fund shall be  
12 deposited [~~in~~] into the revolving fund. The proceeds in the  
13 revolving fund shall be used:

14           (1) To reimburse the general fund to pay the interest on  
15 general obligation bonds issued for the purposes of  
16 the revolving fund;

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



1 (3) To carry out the purposes of housing development  
2 programs, regional state infrastructure programs, and  
3 the government employee housing program pursuant to  
4 part V, including but not limited to ~~[the]~~:

5 (A) The expansion of community facilities and  
6 regional state infrastructure constructed in  
7 conjunction with housing and mixed-use transit-  
8 oriented development projects~~[, permanent]~~;

9 (B) Purchasing equity in for-sale housing development  
10 projects;

11 (C) Interim primary or secondary financing;

12 (D) Permanent primary or secondary financing~~[, and~~  
13 supplementing]; and

14 (E) Supplementing building costs, federal guarantees  
15 required for operational losses, and all things  
16 required by any federal agency in the  
17 construction and receipt of federal funds or low-  
18 income housing tax credits for housing projects."

19 SECTION 3. Section 201H-211, Hawaii Revised Statutes, is  
20 amended to read as follows:



1           "**§201H-211 Expenditures of revolving funds under the**  
2 **corporation exempt from appropriation and allotment.** Except as  
3 to administrative expenditures, and except as otherwise provided  
4 by law, expenditures from the revolving funds administered by  
5 the corporation under subparts I [~~and~~], J, and K of part III,  
6 relating to financing programs, or section 201H-80 or 201H-123  
7 may be made by the corporation without appropriation or  
8 allotment by the legislature; provided that no expenditure shall  
9 be made from and no obligation shall be incurred against any  
10 revolving fund in excess of the amount standing to the credit of  
11 the fund or for any purpose for which the fund may not lawfully  
12 be expended. Nothing in sections 37-31 to 37-41 shall require  
13 the proceeds of the revolving funds identified in subparts I and  
14 J of part III, or section 201H-80 or 201H-123 to be  
15 reappropriated annually."

16           SECTION 4. Act 92, Session Laws of Hawaii 2023, is amended  
17 as follows:

18           1. By amending section 2 to read:

19           "**SECTION 2.** [~~(a) The Hawaii housing finance and~~  
20 ~~development corporation may establish a five-year dwelling unit~~  
21 ~~revolving fund equity pilot program, which shall be funded by~~



1 ~~the dwelling unit revolving fund, to address the high, unmet~~  
2 ~~demand of for-sale units by Hawaii residents, specifically~~  
3 ~~residents who:~~

- 4 ~~(1) Own no other real property;~~
- 5 ~~(2) Receive no gift funds; and~~
- 6 ~~(3) Work in a profession that is facing a shortage as~~  
7 ~~defined by the corporation, including health care~~  
8 ~~workers, educators, law enforcement officers,~~  
9 ~~including staff at correctional facilities, or~~  
10 ~~agricultural field workers.~~

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

18 ~~(c) If a buyer sells the buyer's unit within thirty years~~  
19 ~~of the date of the buyer's purchase of the unit, then at the~~  
20 ~~time of the sale, the buyer shall repay to the Hawaii housing~~  
21 ~~finance and development corporation the corporation's~~



~~1 appreciated equity value; provided that if the buyer does not  
2 sell the unit within thirty years of the date of the buyer's  
3 purchase of the unit, then the buyer shall repay to the Hawaii  
4 housing finance and development corporation the corporation's  
5 appreciated equity value prior to the expiration of the  
6 thirty-year period; provided further that this requirement shall  
7 run with the deed for each unit until the obligation to repay  
8 the appreciated equity value has been satisfied.~~

~~9 (d) The Hawaii housing finance and development corporation  
10 may establish rules pursuant to chapter 91, Hawaii Revised  
11 Statutes, to implement this section, including rules that  
12 establish the methods by which appreciated equity values shall  
13 be calculated, assessed, and satisfied.~~

~~14 (e) The Hawaii housing finance and development corporation  
15 may establish criteria for the prioritization of eligible buyers  
16 based on state goals and policies and submit a report on this  
17 criteria to the legislature no later than twenty days prior to  
18 the convening of the regular session of 2024.~~

~~19 (f) The Hawaii housing finance and development corporation  
20 shall submit interim reports on the dwelling unit revolving fund  
21 equity pilot program to the legislature no later than twenty~~



1 ~~days prior to the convening of the regular sessions of 2024,~~  
2 ~~2025, 2026, and 2027. The Hawaii housing finance and~~  
3 ~~development corporation shall submit a final report on the~~  
4 ~~dwelling unit revolving fund equity pilot program to the~~  
5 ~~legislature no later than twenty days prior to the convening of~~  
6 ~~the regular session of 2028.~~

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

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

17 ~~"Unit" means:~~

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



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

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

5           2. By amending section 5 to read:

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

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

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

14           SECTION 5. Statutory material to be repealed is bracketed  
15       and stricken. New statutory material is underscored.

16           SECTION 6. This Act shall take effect on July 1, 2050.



**Report Title:**

HHFDC; Dwelling Unit Revolving Fund Equity Program; Computation of Interest; Dwelling Unit Revolving Fund; Affordable Homeownership Revolving Fund

**Description:**

Makes the Dwelling Unit Revolving Fund Equity Pilot Program permanent, with modifications that include changing the method for computation of interest for purchasers of certain real property. Expands the use of proceeds in the Dwelling Unit Revolving Fund to include purchasing equity in for-sale housing development projects and interim primary or secondary financing. Exempts disbursements from the Affordable Homeownership Revolving Fund from appropriation and allotment requirements. Effective 7/1/2050. (SD1)

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

