
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. The legislature finds that the dwelling unit
2 revolving fund equity pilot (DEP) program was established to
3 create more homeownership opportunities for qualified
4 purchasers, especially those who work in professions with
5 critical shortages in the State, such as health care workers,
6 educators, law enforcement and correctional officers, and
7 agricultural field workers. Under the DEP program, the Hawaii
8 housing finance and development corporation uses funds in the
9 dwelling unit revolving fund to work with developers of for-sale
10 projects to purchase a specified amount of equity in designated
11 units that are being sold to qualified residents, thus lowering
12 the price of the qualifying home for the qualifying resident.

13 The legislature further finds that early implementation of
14 the DEP program demonstrates a viable, sustainable approach to
15 increasing access to homeownership for residents of the State.

16 Accordingly, the purpose of this Act is to codify the
17 dwelling unit revolving fund equity pilot program established



1 pursuant to Act 92, Session Laws of Hawaii 2023, which is
2 scheduled to be repealed on June 30, 2028, as a permanent
3 program in the Hawaii Revised Statutes.

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

7 " . Dwelling Unit Revolving Fund Equity Program

8 **§201H- Definitions.** As used in this subpart:

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



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

"Unit" includes dwelling units.

§201H- Dwelling unit revolving fund equity program. (a)

There is established a dwelling unit revolving fund equity
program, which shall be funded by the dwelling unit revolving
fund and administered by the corporation, to address the high,
unmet demand for for-sale units by residents of the State.

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

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

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

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

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



1 (e) A buyer shall repay to the corporation the
2 corporation's purchased equity and equity percentage share of
3 the net appreciation in the property, if any, in the buyer's
4 unit upon the earliest of any of the following occurrences:

5 (1) The buyer's sale of the unit;

6 (2) The buyer's refinancing of the unit;

7 (3) The buyer's procurement of additional financing
8 secured by the unit;

9 (4) The buyer's transfer of title to the unit;

10 (5) Commencement of non-owner occupancy or rental of the
11 unit or any part of the unit;

12 (6) Expiration of thirty years from the date of the
13 buyer's purchase of the unit; or

14 (7) At any earlier time at will of the buyer; provided
15 that the buyer agrees to certain conditions, as deemed
16 reasonable by the corporation.

17 (f) The repayment obligation described in subsection (e)
18 shall run with the deed or lease initially conveyed for each
19 unit until the obligation to repay the corporation's purchased
20 equity and equity percentage share, if any, has been satisfied.



(g) All payments made to the corporation pursuant to subsection (e) and all interest and fees collected by the corporation under this subpart shall be deposited into the dwelling unit revolving fund.

§201H- Additional powers. The powers conferred upon the corporation by this subpart shall be in addition and supplemental to the powers conferred by any other law, and nothing in this subpart shall be construed as limiting any powers, rights, privileges, or immunities so conferred.

§201H- Rules. The corporation shall adopt rules pursuant to chapter 91 to carry out the purposes of this subpart."

SECTION 3. Section 201H-191, Hawaii Revised Statutes, is amended to read as follows:

"§201H-191 Dwelling unit revolving fund. (a) There is created a dwelling unit revolving fund. The funds appropriated for the purpose of the dwelling unit revolving fund and all moneys received or collected by the corporation for the purpose of the revolving fund shall be deposited ~~[in]~~ into the revolving fund. The proceeds in the revolving fund shall be used:



- 1 (1) To reimburse the general fund to pay the interest on
2 general obligation bonds issued for the purposes of
3 the revolving fund;
- 4 (2) For necessary expenses in administering housing
5 development programs, regional state infrastructure
6 programs, the dwelling unit revolving fund equity
7 program pursuant to subpart _____, and the government
8 employee housing program pursuant to part V; and
- 9 (3) To carry out the purposes of housing development
10 programs, regional state infrastructure programs, the
11 dwelling unit revolving fund equity program pursuant
12 to subpart _____, and the government employee housing
13 program pursuant to part V, including but not limited
14 to the expansion of community facilities and regional
15 state infrastructure constructed in conjunction with
16 housing and mixed-use transit-oriented development
17 projects, purchasing equity in for-sale housing
18 development projects pursuant to subpart _____, interim
19 primary or secondary financing, permanent primary or
20 secondary financing, and supplementing building costs,
21 federal guarantees required for operational losses,



1 and all things required by any federal agency in the
2 construction and receipt of federal funds or low-
3 income housing tax credits for housing projects.

4 (b) Subject to the requirements of subsection (a),
5 proceeds in the revolving fund may be used to:

6 (1) Establish and operate regional state infrastructure
7 subaccounts pursuant to section 201H-191.5; and

8 (2) Administer, implement, and finance the government
9 employee housing program pursuant [+]to[+] part V[-]
10 and the dwelling unit revolving fund equity program
11 pursuant to subpart _____."

12 SECTION 4. Act 92, Session Laws of Hawaii 2023, is amended
13 by amending section 5 to read as follows:

14 "SECTION 5. This Act shall take effect on July 1, 2023,
15 and section 2 shall be repealed on June 30, [2023+] 2026;
16 provided that[+]

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

1 ~~(2) The~~ the requirements imposed pursuant to section 2(c)
2 of this Act shall remain in effect and run with the
3 deed after June 30, ~~[2028.]~~ 2026."

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

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



Report Title:

HHFDC; Dwelling Unit Revolving Fund; Dwelling Unit Revolving Fund Equity Program

Description:

Establishes the Dwelling Unit Revolving Fund Equity Program as a permanent program to be administered by the Hawaii Housing Finance and Development Corporation. Authorizes the Hawaii Housing Finance and Development Corporation to purchase equity in for-sale housing development projects for qualified residents of the State using moneys in the Dwelling Unit Revolving Fund to lower the initial purchase price. Establishes equity repayment requirements. Repeals the temporary Dwelling Unit Revolving Fund Equity Pilot Program established by Act 92, Session Laws of Hawaii 2023. 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.

