

Honolulu, Hawaii

FEB 13 , 2020

RE: H.B. No. 2066
H.D. 1

Honorable Scott K. Saiki
Speaker, House of Representatives
Thirtieth State Legislature
Regular Session of 2020
State of Hawaii

Sir:

Your Committee on Housing, to which was referred H.B. No. 2066 entitled:

"A BILL FOR AN ACT RELATING TO THE HAWAII HOUSING FINANCE AND DEVELOPMENT CORPORATION,"

begs leave to report as follows:

The purpose of this measure is to create a Downpayment Guarantee Program (Program) within the Hawaii Housing Finance and Development Corporation (HHFDC) that authorizes HHFDC to guarantee the repayment of a downpayment loan made by a financial institution to an eligible borrower.

Your Committee received testimony in support of this measure from one individual. Your Committee received comments on this measure from the Department of Taxation and Hawaii Housing Finance and Development Corporation.

Your Committee finds that many potential first-time home buyers are frustrated by the downpayment requirement. These potential home buyers may fall into a gap income group, where their incomes are too high to qualify for financial assistance from a government program but too low for a financial institution to regard them as safe risks for mortgage loans. Your Committee believes that assisting this gap group will have a beneficial impact on the health and welfare of the residents of Hawaii.



Your Committee notes for the consideration of your Committee on Finance, should it deliberate on this measure, the concerns raised in testimony from the HHFDC explaining that first-time buyers who can provide a five percent downpayment, one of the requirements to qualify under the Program, can already access existing homebuyer assistance programs that are available statewide, such as the Federal Home Administration and Federal National Mortgage Association 97 percent LTV loan programs. HHFDC further identifies that this measure specifies the Dwelling Unit Revolving Fund (Revolving Fund) as the depository of funds of the Program. The Revolving Fund is not presently authorized for the purposes of the Program and would require an authorizing amendment. HHFDC also indicated that it would require two full-time equivalent positions and funding to administer the Program, since the appropriation in this measure would be restricted for the loan guarantees.

Your Committee has amended this measure by:

- (1) Changing its effective date to July 1, 2025, to encourage further discussion; and
- (2) Making technical, nonsubstantive amendments for the purposes of clarity, consistency, and style.

As affirmed by the record of votes of the members of your Committee on Housing that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2066, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2066, H.D. 1, and be referred to your Committee on Finance.

Respectfully submitted on
behalf of the members of the
Committee on Housing,


TOM BROWER, Chair



