

Honolulu, Hawaii

MAY 21 2020

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

Honorable Ronald D. Kouchi  
President of the Senate  
Thirtieth State Legislature  
Regular Session of 2020  
State of Hawaii

Sir:

Your Committee on Housing, to which was referred H.B.  
No. 2066, H.D. 1, entitled:

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

begs leave to report as follows:

The purpose and intent of this measure is to create a  
Downpayment Guarantee Program, which allows the Hawaii Housing  
Finance and Development Corporation to serve as a guarantor for  
downpayment loans to first-time homebuyers who:

- (1) Qualify for a mortgage;
- (2) Can provide at least five percent of the sales price as  
a downpayment; and
- (3) Have completed a financial education program approved by  
the Hawaii Housing Finance and Development Corporation.

Your Committee received testimony in support of this measure  
from one individual. Your Committee received testimony in  
opposition to this measure from one individual. Your Committee  
received comments on this measure from the Department of Commerce  
and Consumer Affairs and Hawaii Housing Finance and Development  
Corporation.



Your Committee finds that the measure currently identifies the Dwelling Unit Revolving Fund as a source of funding for this program, but it is not an allowable use of the fund. Your Committee further finds that the Hawaii Housing Finance and Development Corporation will also require an additional 2.0 full-time equivalent positions and funding to administer the program. Your Committee notes the concerns of the Department of Commerce and Consumer Affairs that the program may pose a safety and soundness risk, as banks may take on more risk if they believe the State will back up the second mortgage instead of underwriting with the second mortgage as a possible default.

Accordingly, your Committee has amended this measure by:

- (1) Amending the Dwelling Unit Revolving Fund to authorize the use of the fund for the Downpayment Guarantee Program;
- (2) Creating the Loan Loss Reserve Fund Subaccount to administer the Downpayment Guarantee Program;
- (3) Adding two full time equivalent positions within the Hawaii Housing Finance and Development Corporation to administer the Downpayment Guarantee Program; and
- (4) Inserting an effective date of July 1, 2050, to encourage further discussion;

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, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2066, H.D. 1, S.D. 1, and be referred to your Committee on Ways and Means.



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



STANLEY CHANG, Chair



The Senate  
Thirtieth Legislature  
State of Hawai'i

**Record of Votes**  
**Committee on Housing**  
**HOU**

Bill / Resolution No.:*	Committee Referral:	Date:		
HB 2066, HD1	HOU, WAM	3/12/20		
<input type="checkbox"/> The Committee is reconsidering its previous decision on this measure. If so, then the previous decision was to: _____				
The Recommendation is: <input type="checkbox"/> Pass, unamended 2312 <input checked="" type="checkbox"/> Pass, with amendments 2311 <input type="checkbox"/> Hold 2310 <input type="checkbox"/> Recommit 2313				
Members	Aye	Aye (WR)	Nay	Excused
CHANG, Stanley (C)	✓			
KANUHA, Dru Mamo (VC)	✓			
MORIWAKI, Sharon Y.	✓			
THIELEN, Laura H.	✓			
FEVELLA, Kurt				✓
<b>TOTAL</b>	4			1
Recommendation: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Chair's or Designee's Signature: <div style="text-align:center; font-size: 2em; font-family: cursive;">DKA</div>				
<b>Distribution:</b> Original     Yellow     Pink     Goldenrod File with Committee Report     Clerk's Office     Drafting Agency     Committee File Copy				

\*Only one measure per Record of Votes