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GOVERNOR

SYLVIA LUKE
LT. GOVERNOR



DEAN MINAKAMI
EXECUTIVE DIRECTOR

STATE OF HAWAII

DEPARTMENT OF BUSINESS, ECONOMIC DEVELOPMENT AND TOURISM
HAWAII HOUSING FINANCE AND DEVELOPMENT CORPORATION
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Statement of
DEAN MINAKAMI
Hawaii Housing Finance and Development Corporation
Before the

HOUSE COMMITTEE ON HOUSING

February 07, 2025 at 9:00 a.m.
State Capitol, Room 430

In consideration of
H.B. 1009
RELATING TO THE DWELLING UNIT REVOLVING FUND.

Chair Evslin, Vice Chair Miyake, and members of the Committee.

HHFDC **supports with amendments** HB 1009, which makes the Dwelling Unit Revolving Fund (DURF) Equity Pilot Program (DEP) permanent. It also allows partial or full repayment of DURF interim loans in the form of unit equity through the DURF Equity Program.

Hawaii residents, including those in professions facing a shortage, such as teachers, healthcare workers, and law enforcement officers, are leaving the state due, in part, to the high cost of housing. Act 92, Session Laws of Hawaii 2023, established the DEP, which authorized the Hawaii Housing Finance and Development Corporation (HHFDC) to purchase equity in units in certain for-sale housing development projects, reducing the contribution made by eligible buyers, which makes homes more affordable.

Developers have shown strong interest in the DEP program. Projects participating in the program include Kuilei Place, the Flats at Sky Ala Moana, and The Park on Ke'eumoku. To date, approximately \$7.4 million of the \$10 million authorized under the pilot program has been committed.

A number of for-sale housing projects have been stalled due to high interest rates. Using the DEP program in conjunction with loans from DURF has the potential to move these projects forward.

In order to provide greater flexibility in securing the state's equity, HHFDC would like to **amend** section (a) of page 1 as follows:

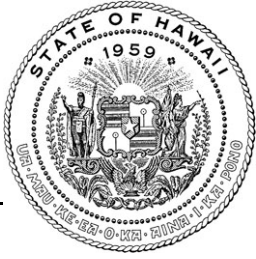
(a) The corporation may purchase equity in for-sale housing development projects ~~[in the form of a second mortgage loan,]~~ **secured by a recorded instrument as determined by the corporation;**

HHFDC also requests that section (e) on pages 2-3 be **removed**.

~~[(e) With the prior approval of the corporation, the eligible developer may repay, in the form of equity in project units under the program, a part or all of the interim financing made under this subpart and secured by a mortgage on the for-sale housing development project.]~~

We do not believe that proposed subsection (e) is necessary since 201H-191 is being modified to allow DURF to purchase equity in for-sale housing projects.

Thank you for the opportunity to testify on this bill.



**DEPARTMENT OF BUSINESS,
ECONOMIC DEVELOPMENT & TOURISM**
KA 'OIHANA HO'OMOHALA PĀ'OIHANA, 'IMI WAIWAI
A HO'OMĀKA'IKAI

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Statement of
JAMES KUNANE TOKIOKA
Director
Department of Business, Economic Development, and Tourism
before the
HOUSE COMMITTEE ON HOUSING

Friday, February 07, 2025
9:00 AM
State Capitol, Conference Room #430

In consideration of
HB 1009
RELATING TO THE DWELLING UNIT REVOLVING FUND.

Chair Evslin, Vice Chair Miyake, and members of the Committee. The Department of Business, Economic Development and Tourism (DBEDT) supports HB 1009, which makes permanent the Dwelling Unit Revolving Fund (DURF) Equity Pilot Program (DEP), among other things.

The DEP was established in 2023 via Act 92. Since the time that Hawaii Housing Finance and Development Corporation (HHFDC) has implemented it, developers have shown strong interest in the program and there has been a desire to expand it and make it permanent so that more prospective homebuyers may participate in the DEP beyond the 2028 sunset date.

DBEDT requests **amending** section (a) on page 1 as follows:

(a) The corporation may purchase equity in for-sale housing development projects [~~in the form of a second mortgage loan;~~] secured by a recorded instrument as determined by the corporation;

This would provide HHFDC with greater flexibility in securing the state's equity.

Lastly, we also request **removing** section (e) on pages 2-3 as follows:

~~[(e) With the prior approval of the corporation, the eligible developer may repay, in the form of equity in project units under the program, a part or all of the interim financing made under this subpart and secured by a mortgage on the for-sale housing development project.]~~

Thank you for the opportunity to testify.

HB-1009

Submitted on: 2/4/2025 9:18:31 PM

Testimony for HSG on 2/7/2025 9:00:00 AM

Submitted By	Organization	Testifier Position	Testify
Ellen Godbey Carson	Individual	Support	Written Testimony Only

Comments:

I support this Bill HB1009. It will provide extension of an important pilot program to assist those in critical need of affordable housing, and because it is a revolving fund, will help further financial support for our families and workforce in the future.