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

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

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

13          (b) Eligible buyers shall be bona fide residents of the  
14 State and shall not own a majority interest in any residential  
15 real property. The corporation may establish additional  
16 qualifications for the eligible buyer, which may include a  
17 requirement that the eligible buyer work in a profession that is



1 facing a labor shortage, as determined by the corporation, and a  
2 requirement that gift funds shall not exceed thirty-five per  
3 cent of the unit purchase price.

4 (c) The corporation may establish criteria for the  
5 prioritization of eligible buyers.

6 (d) If a buyer sells the unit within thirty years of the  
7 date of the buyer's purchase of the unit, then at the time of  
8 the sale, the buyer shall repay to the corporation the  
9 corporation's equity and equity percentage share of the  
10 appreciated unit value, if any; provided that if the buyer does  
11 not sell the unit within thirty years of the date of the buyer's  
12 purchase of the unit, then upon refinance, obtaining additional  
13 financing, transfer of title, non-owner occupancy, or rental of  
14 the unit or any part of the unit, the buyer shall repay to the  
15 corporation the corporation's equity and equity percentage share  
16 of the appreciated unit value, if any, prior to the expiration  
17 of the thirty-year period; provided further that this  
18 requirement shall run with the deed or lease initially conveyed  
19 for each unit until the obligation to repay the equity and  
20 equity percentage share, if any, has been satisfied.



1       (e) The corporation shall establish rules pursuant to  
2 chapter 91 to implement this section.

3       (f) For the purposes of this section:

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

12       "Unit" means:

13       (1) The structure and land upon which the structure is  
14 constructed, whether on fee simple or leasehold  
15 property, developed for residential purposes pursuant  
16 to this chapter; or

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

19 "Unit" includes dwelling units."

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



1           "(a) There is created a dwelling unit revolving fund. The  
2 funds appropriated for the purpose of the dwelling unit  
3 revolving fund and all moneys received or collected by the  
4 corporation for the purpose of the revolving fund shall be  
5 deposited [~~in~~] into the revolving fund. The proceeds in the  
6 revolving fund shall be used [~~to~~]:

7           (1) To reimburse the general fund to pay the interest on  
8                   general obligation bonds issued for the purposes of  
9                   the revolving fund[~~, for the~~];

10          (2) For necessary expenses in administering housing  
11                   development programs and regional state infrastructure  
12                   programs[~~;~~]; and [~~for carrying~~]

13          (3) To carry out the purposes of housing development  
14                   programs and regional state infrastructure programs,  
15 including but not limited to the expansion of community  
16 facilities and regional state infrastructure constructed in  
17 conjunction with housing and mixed-use transit-oriented  
18 development projects, purchasing equity in for-sale housing  
19 development projects, interim primary or secondary financing,  
20 permanent primary or secondary financing, and supplementing  
21 building costs, federal guarantees required for operational



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

4 SECTION 3. Act 92, Session Laws of Hawaii 2023, is amended  
5 as follows:

6 1. By amending section 2 to read:

7 "SECTION 2. [~~(a)~~—The Hawaii housing finance and  
8 development corporation may establish a five-year dwelling unit  
9 revolving fund equity pilot program, which shall be funded by  
10 the dwelling unit revolving fund, to address the high, unmet  
11 demand of for-sale units by Hawaii residents, specifically  
12 residents who:

13 (1) ~~Own no other real property;~~

14 (2) ~~Receive no gift funds; and~~

15 (3) ~~Work in a profession that is facing a shortage as~~  
16 ~~defined by the corporation, including health care~~  
17 ~~workers, educators, law enforcement officers,~~  
18 ~~including staff at correctional facilities, or~~  
19 ~~agricultural field workers.~~

20 (b) ~~The Hawaii housing finance and development corporation~~  
21 ~~may purchase equity in for-sale housing development projects;~~



1 ~~provided that this equity shall be allocated to specific units~~  
2 ~~within the housing development projects and the price to be paid~~  
3 ~~by each eligible buyer of a unit shall be reduced by the Hawaii~~  
4 ~~housing finance and development corporation's equity amount for~~  
5 ~~that unit.~~

6 ~~(c) If a buyer sells the buyer's unit within thirty years~~  
7 ~~of the date of the buyer's purchase of the unit, then at the~~  
8 ~~time of the sale, the buyer shall repay to the Hawaii housing~~  
9 ~~finance and development corporation the corporation's~~  
10 ~~appreciated equity value; provided that if the buyer does not~~  
11 ~~sell the unit within thirty years of the date of the buyer's~~  
12 ~~purchase of the unit, then the buyer shall repay to the Hawaii~~  
13 ~~housing finance and development corporation the corporation's~~  
14 ~~appreciated equity value prior to the expiration of the~~  
15 ~~thirty-year period; provided further that this requirement shall~~  
16 ~~run with the deed for each unit until the obligation to repay~~  
17 ~~the appreciated equity value has been satisfied.~~

18 ~~(d) The Hawaii housing finance and development corporation~~  
19 ~~may establish rules pursuant to chapter 91, Hawaii Revised~~  
20 ~~Statutes, to implement this section, including rules that~~



1 ~~establish the methods by which appreciated equity values shall~~  
2 ~~be calculated, assessed, and satisfied.~~

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

8 ~~(f) The Hawaii housing finance and development corporation~~  
9 ~~shall submit interim reports on the dwelling unit revolving fund~~  
10 ~~equity pilot program to the legislature no later than twenty~~  
11 ~~days prior to the convening of the regular sessions of 2024,~~  
12 ~~2025, 2026, and 2027. The Hawaii housing finance and~~  
13 ~~development corporation shall submit a final report on the~~  
14 ~~dwelling unit revolving fund equity pilot program to the~~  
15 ~~legislature no later than twenty days prior to the convening of~~  
16 ~~the regular session of 2028.~~

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

18 ~~"Housing development project" means a plan, design, or~~  
19 ~~undertaking by the Hawaii housing finance and development~~  
20 ~~corporation or an eligible developer for the development of~~  
21 ~~units. "Housing development project" includes all real and~~



1 ~~personal property, buildings and improvements, commercial space,~~  
2 ~~lands for farming and gardening, community facilities acquired~~  
3 ~~or constructed or to be acquired or constructed, and all~~  
4 ~~tangible or intangible assets held or used in connection with~~  
5 ~~the housing development project.~~

6 ~~"Unit" means:~~

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

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

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

15 2. By amending section 5 to read:

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

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





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

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

6       SECTION 5. This Act shall take effect on July 1, 3000.



**Report Title:**

Hawaii Housing Finance and Development Corporation; Dwelling Unit Revolving Fund; Dwelling Unit Revolving Fund Equity Program; Interim Financing

**Description:**

Makes the Dwelling Unit Revolving Fund Equity Pilot Program permanent. Allows partial or full repayment of Dwelling Unit Revolving Fund interim loans in the form of unit equity through the Dwelling Unit Revolving Fund Equity Program. Effective 7/1/3000. (HD1)

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