

Report to the 2025 Hawai'i State Legislature:

Pursuant to Act 92, Session Laws of Hawai'i 2023,
Relating to the Dwelling Unit Revolving Fund.

Prepared by:
Hawai'i Housing Finance and Development Corporation
Department of Business, Economic Development & Tourism



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Act 92, Session Laws of Hawaii 2023, authorized the Hawaii Housing Finance and Development Corporation (HHFDC) to establish a five-year Dwelling Unit Revolving Fund (DURF) Equity Pilot Program (the Program). This Program shall be funded by DURF to address the high, unmet demand of for-sale units by Hawaii residents. HHFDC is authorized to spend up to \$10 million or so much thereof as may be necessary for fiscal year 2023-2024 from DURF for the Program. Section 2(e) of Act 92 provides that HHFDC may establish criteria for the prioritization of eligible buyers based on State goals and policies, and submit a report on these criteria to the Legislature no later than twenty days prior to the convening of the Regular Session of 2024. Section 2(f) of Act 92 requires HHFDC to submit interim reports on the Program to the Legislature no later than twenty days prior to the convening of the Regular Sessions of 2024, 2025, 2026, and 2027. This report satisfies those requirements.

Following Act 92's enactment, HHFDC staff worked with stakeholders to draft administrative rules for the Program, which included criteria for the prioritization of eligible buyers based on State goals and policies. These include owning no other real property, receiving no gift funds for downpayments, and being allocated to buyers working in professions facing shortages, such as healthcare workers, educators, law enforcement officers, staff at correctional facilities, and agricultural field workers, among other criteria for first-time homebuyers established in Section 15-308-22, Hawaii Administrative Rules.

HHFDC's Board of Directors approved the proposed rules at its October 2023 regular meeting, and a public hearing was held on November 21, 2023, with testimonies in unanimous support. The final rules were signed by the Governor of Hawaii and went into effect on January 15, 2024.

Since then, HHFDC staff has contracted equity purchases for 61 designated units at two projects, Kuilei Place and the Flats at Sky Ala Moana East, both located on Oahu. Kuilei Place has a total of 35 units, which cost \$3,615,500 in DURF. The Flats at Sky Ala Moana East has a total of 26 units, which cost a total of \$1,662,100. Other projects have expressed interest in the program and HHFDC is in discussions with developers of those projects to purchase equity in designated units. Of the \$10 million in authorized DURF funds, \$4,722,400 remains for future use. We anticipate that the remaining funds could be allocated within the next year.

HHFDC is pursuing legislation for the 2025 session to make the Program permanent and expand eligibility, as it complements the Corporation's goal of providing more homebuyers with assistance during the high-interest rate environment.