

JAN 20 2023

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# A BILL FOR AN ACT

RELATING TO HOUSING.

**BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:**

1           SECTION 1. The Hawaii Revised Statutes is amended by  
2 adding a new chapter to be appropriately designated and to read  
3 as follows:

4                                   "CHAPTER

5                                   HAWAII RESIDENTIAL DEVELOPERS LOAN CORPORATION

6           § -1 Hawaii residential developers loan corporation;  
7 establishment. (a) There is established the Hawaii residential  
8 developers loan corporation to be placed within the department  
9 of business, economic development, and tourism for  
10 administrative purposes only. The corporation shall be a public  
11 body and a body corporate and politic.

12           (b) The corporation shall employ, exempt from chapter 76  
13 and section 26-35(a)(4), an executive director and an executive  
14 assistant to be nominated and, by and with the advice and  
15 consent of the senate, appointed by the governor.

16           § -2 Corporation; duties. (a) The corporation shall  
17 guarantee and insure loans made by private financial



1 institutions to developers of residential housing required to be  
2 sold to Hawaii residents who will be owner-occupants and who own  
3 no other real property.

4 (b) When the application for a loan has been approved by  
5 the corporation, the corporation shall issue to the lender a  
6 guarantee for that percentage of the loan on which it guarantees  
7 payment of principal and interest. The private lender shall  
8 collect all payments from the borrower and otherwise service the  
9 loan.

10 § -3 Board; establishment, functions, duties. (a)

11 There is created a board of directors of the Hawaii residential  
12 developers loan corporation consisting of nine members, of whom  
13 six shall be public members appointed by the governor as  
14 provided in section 26-34. At least four of the public members  
15 shall have knowledge and expertise in private financing and  
16 development of housing. Public members shall be appointed from  
17 each of the counties of Honolulu, Hawaii, Maui, and Kauai. The  
18 public members of the board shall serve four-year staggered  
19 terms; provided that the initial appointments shall be as  
20 follows:

21 (1) Two members to be appointed for four years;



1           (2) Two members to be appointed for three years; and

2           (3) Two members to be appointed for two years.

3 The director of business, economic development, and tourism and  
4 the director of finance, or their designated representatives, and  
5 a representative of the governor's office, shall be ex officio,  
6 voting members. The corporation shall be headed by the board.

7           (b) The board of directors shall select a chairperson and  
8 vice chairperson from among its members; provided that the  
9 chairperson shall be a public member. The director of business,  
10 economic development, and tourism, director of finance, and the  
11 governor's representative shall be ineligible to serve as  
12 chairperson of the board.

13           (c) Five members shall constitute a quorum, whose  
14 affirmative vote shall be necessary for all actions by the  
15 corporation. The members shall receive no compensation for  
16 services, but shall be entitled to necessary expenses, including  
17 travel expenses, incurred in the performance of their duties.

18           § -4 General powers. (a) The corporation may:

19           (1) Sue and be sued;

20           (2) Have a seal and alter the same at pleasure;



1           (3) Make and execute contracts and other instruments  
2                   necessary or convenient to the exercise of its powers;

3           (4) Adopt bylaws and rules in accordance with chapter 91  
4                   for its organization, internal management, and to  
5                   carry into effect its purposes, powers, and programs;  
6                   and

7           (5) Notwithstanding any law to the contrary, establish and  
8                   collect fees for administrative expenses incurred by  
9                   the corporation to process applications for loans,  
10                  grants, services, and real estate documents related to  
11                  the corporation's functions under this chapter.

12           (b) In addition to other powers conferred upon it, the  
13                  corporation may do all things necessary and convenient to carry  
14                  out the powers expressly provided in this chapter.

15           **§ -5 Hawaii residential developers loan special fund.**

16           (a) There is established the Hawaii residential developers loan  
17                  special fund to be administered by the corporation. The  
18                  proceeds of the funds shall be used to guarantee and insure  
19                  loans that private financial institutions make to developers of  
20                  residential housing for Hawaii residents who will be  
21                  owner-occupants and who own no other real property.



1 (b) The following may be deposited into the fund:  
2 appropriations made by the legislature, funds from the rental  
3 housing revolving fund, private contributions, repayment of  
4 loans, interest, other returns, and moneys from other sources."

5 SECTION 2. Section 201H-202, Hawaii Revised Statutes, is  
6 amended by amending subsection (d) to read as follows:

7 "(d) The fund shall be used to provide loans or grants for  
8 the development, pre-development, construction, acquisition,  
9 preservation, and substantial rehabilitation of rental housing  
10 units. The fund may also be used to guarantee and insure loans  
11 that private financial institutions make to developers of  
12 residential housing required to be sold to Hawaii residents who  
13 will be owner-occupants and who own no other real property  
14 pursuant to chapter \_\_\_\_\_. Permitted uses of the fund may  
15 include but are not limited to planning, design, land  
16 acquisition, costs of options, agreements of sale, downpayments,  
17 equity financing, capacity building of nonprofit housing  
18 developers, or other housing development services or activities  
19 as provided in rules adopted by the corporation pursuant to  
20 chapter 91. The rules may provide for a means of recapturing  
21 loans or grants made from the fund if a rental housing project



1 financed under the fund is refinanced or sold at a later date.  
2 The rules may also provide that moneys from the fund shall be  
3 leveraged with other financial resources to the extent  
4 possible."

5 SECTION 3. There is appropriated out of the general  
6 revenues of the State of Hawaii the sum of \$200,000,000 or so  
7 much thereof as may be necessary for fiscal year 2023-2024 and  
8 the same sum or so much thereof as may be necessary for fiscal  
9 year 2024-2025 to be deposited into the Hawaii residential  
10 developers loan special fund.

11 SECTION 4. There is appropriated out of the Hawaii  
12 residential developers loan special fund the sum of \$200,000,000  
13 or so much thereof as may be necessary for fiscal year 2023-2024  
14 and the same sum or so much thereof as may be necessary for  
15 fiscal year 2024-2025 to be used to guarantee and insure loans  
16 made by private financial institutions to developers of  
17 residential housing for Hawaii residents who will be  
18 owner-occupants and who own no other real property, consistent  
19 with the purposes of chapter , Hawaii Revised Statutes.



1           The sums appropriated shall be expended by the Hawaii  
2 residential developers loan corporation for the purposes of this  
3 Act.

4           SECTION 5.   New statutory material is underscored.

5           SECTION 6.   This Act shall take effect on July 1, 2023.

6

INTRODUCED BY: 



# S.B. NO. 863

**Report Title:**

Housing; Developers; Loans; Special Fund; Appropriations

**Description:**

Establishes the Hawaii Residential Developers Loan Corporation for the purpose of guaranteeing and insuring loans made by private financial institutions to developers of residential housing for Hawaii residents who will be owner-occupants and who own no other real property. Establishes a special fund to be used by the Corporation to guarantee and insure loans. Appropriates funds.

*The summary description of legislation appearing on this page is for informational purposes only and is not legislation or evidence of legislative intent.*

