

ACT 175

S.B. NO. 911

A Bill for an Act Relating to the Housing Loan and Mortgage Program.

Be It Enacted by the Legislature of the State of Hawaii:

SECTION 1. The legislature finds that the affordable housing crisis continues to be one of the State's most significant and challenging social problems and is a critical issue for many Hawaii residents. As the cost of housing increases, the State must continue to assist residents in obtaining affordable rental housing.

The purpose of this Act is to provide that assistance by increasing the Hula Mae multifamily revenue bond authorization from \$1,000,000,000 to \$1,500,000,000.

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SECTION 2. Act 291, Session Laws of Hawaii 1980, as amended by Act 304, Session Laws of Hawaii 1996; Act 185, Session Laws of Hawaii 2004; Acts 231 and 249, Session Laws of Hawaii 2007; Act 121, Session Laws of Hawaii 2008; Act 138, Session Laws of Hawaii 2012; and Act 162, Session Laws of Hawaii 2014, is amended by amending section 11 to read as follows:

“SECTION 11. **Issuance of revenue bond; amount authorized.** Revenue bonds may be issued by the Hawaii housing finance and development corporation pursuant to part III, chapter 39 and subpart A of part III of chapter 201H, Hawaii Revised Statutes, in an aggregate principal amount not to exceed [~~\$1,000,000,000~~] \$1,500,000,000 at such times and in such amounts as the Hawaii housing finance and development corporation deems advisable for the purpose of undertaking and maintaining any of the housing loan programs under subpart A of part III of chapter 201H, Hawaii Revised Statutes, relating to the funding or purchasing of eligible project loans.”

SECTION 3. Section 201H-95, Hawaii Revised Statutes, is amended to read as follows:

“~~[[~~§201H-95~~]]~~ **Eligible project loans.** (a) The corporation shall establish requirements for rental housing projects to be financed by an eligible project loan, and may consider the location, age, condition, and other characteristics of the project.

(b) The corporation shall establish restrictions on the terms, maturities, interest rates, and other requirements for eligible project loans.

(c) The corporation shall establish restrictions on the prepayment of eligible project loans and on the transfer of ownership of the projects securing eligible project loans.

(d) The corporation shall require that any sums deferred on land leased at nominal rates by the corporation to the owner of a rental housing project shall be recovered by the corporation at the time an eligible project loan is prepaid, whether as a result of refinancing of the eligible project loan or otherwise, to the extent that funds are available from the refinancing or other method by which the eligible project loan is paid in full prior to its due date.

(e) The corporation shall enter into an agreement with the owner of a rental housing project to be financed with an eligible project loan which shall provide that in the event that the eligible project loan is at any time prepaid for the purpose of converting the rental units of such project to ownership units, all tenants at the time of the proposed conversion shall have the first option to purchase their units.

(f) All eligible project loans shall comply with applicable state and federal laws.

(g) The corporation shall submit an annual report to the legislature no later than twenty days prior to the convening of each regular session describing the multifamily revenue bond activity under this section. The following information shall be reported:

(1) The amount of multifamily revenue bond authority utilized and remaining balance;

(2) A description of multifamily project activity including dates, project names and descriptions, and bond amounts for the following activities:

(A) Application;

(B) Approval of inducement resolution;

(C) Approval to issue bonds; and

- (D) Issuance of bonds; and
(3) A summary of the activity of the fund by quarter.”

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

SECTION 5. This Act shall take effect on July 1, 2017.
(Approved July 11, 2017.)