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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 enhance credit and guarantee and insure loans made by private



1 financial institutions to developers of residential housing  
2 required to be sold to Hawaii residents who will be owner-  
3 occupants and who own no other real property. The corporation  
4 shall not provide residential mortgage loans to consumers or  
5 guarantee or insure residential mortgage loans made to  
6 consumers.

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

13 § -3 Board; establishment, functions, duties. (a)  
14 There is created a board of directors of the Hawaii residential  
15 developers loan corporation consisting of nine members, of whom  
16 six shall be public members appointed by the governor as  
17 provided in section 26-34. At least four of the public members  
18 shall have knowledge and expertise in private financing and  
19 development of housing. Public members shall be appointed from  
20 each of the counties of Honolulu, Hawaii, Maui, and Kauai. The  
21 public members of the board shall serve four-year staggered



1 terms; provided that the initial appointments shall be as  
2 follows:

- 3 (1) Two members to be appointed for four years;  
4 (2) Two members to be appointed for three years; and  
5 (3) Two members to be appointed for two years.

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

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

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

21 § -4 General powers. (a) The corporation may:



- 1 (1) Sue and be sued;
- 2 (2) Have a seal and alter the same at pleasure;
- 3 (3) Make and execute contracts and other instruments
- 4 necessary or convenient to the exercise of its powers;
- 5 (4) Enhance credit;
- 6 (5) Adopt bylaws and rules in accordance with chapter 91
- 7 for its organization, internal management, and to
- 8 carry into effect its purposes, powers, and programs;
- 9 and
- 10 (6) Notwithstanding any law to the contrary, establish and
- 11 collect fees for administrative expenses incurred by
- 12 the corporation to process applications for loans,
- 13 grants, services, and real estate documents related to
- 14 the corporation's functions under this chapter.
- 15 (b) In addition to other powers conferred upon it, the
- 16 corporation may do all things necessary and convenient to carry
- 17 out the powers expressly provided in this chapter.
- 18 **§ -5 Hawaii residential developers loan special fund.**
- 19 (a) There is established the Hawaii residential developers loan
- 20 special fund to be administered by the corporation. The
- 21 proceeds of the funds shall be used to enhance credit and



1 guarantee and insure loans that private financial institutions  
2 make to developers of residential housing for Hawaii residents  
3 who will be owner-occupants and who own no other real property.  
4 The proceeds of the funds shall not be used to provide  
5 residential mortgage loans to consumers or guarantee or insure  
6 residential mortgage loans made to consumers.

7 (b) The following may be deposited into the fund:

- 8 (1) Appropriations made by the legislature;
- 9 (2) Private contributions;
- 10 (3) Repayment of loans, interest, other returns; and
- 11 (4) Moneys from other sources."

12 SECTION 2. There is appropriated out of the general  
13 revenues of the State of Hawaii the sum of \$200,000,000 or so  
14 much thereof as may be necessary for fiscal year 2023-2024 and  
15 the same sum or so much thereof as may be necessary for fiscal  
16 year 2024-2025 to be deposited into the Hawaii residential  
17 developers loan special fund.

18 SECTION 3. There is appropriated out of the Hawaii  
19 residential developers loan special fund the sum of \$200,000,000  
20 or so much thereof as may be necessary for fiscal year 2023-2024  
21 and the same sum or so much thereof as may be necessary for



1 fiscal year 2024-2025 to be used to enhance credit and guarantee  
2 and insure loans made by private financial institutions to  
3 developers of residential housing for Hawaii residents who will  
4 be owner-occupants and who own no other real property,  
5 consistent with the purposes of chapter , Hawaii Revised  
6 Statutes.

7 The sums appropriated shall be expended by the Hawaii  
8 residential developers loan corporation for the purposes of this  
9 Act.

10 SECTION 4. This Act shall take effect on July 1, 2023.



**Report Title:**

Housing; Developers; Loans; Hawaii Residential Developers Loan Corporation; Hawaii Residential Developers Loan Special Fund; Appropriation

**Description:**

Establishes the Hawaii Residential Developers Loan Corporation and the Hawaii Residential Developers Loan Special Fund for the purpose of enhancing credit and 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. Appropriates funds. (SD1)

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

