

STAND. COM. REP. NO.

394

Honolulu, Hawaii

FEB 16 2023

RE: S.B. No. 863

S.D. 1

Honorable Ronald D. Kouchi
President of the Senate
Thirty-Second State Legislature
Regular Session of 2023
State of Hawaii

Sir:

Your Committees on Housing and Commerce and Consumer Protection, to which was referred S.B. No. 863 entitled:

"A BILL FOR AN ACT RELATING TO HOUSING,"

beg leave to report as follows:

The purpose and intent of this measure is to:

- (1) Establish the Hawaii Residential Developers Loan Corporation (Corporation) and the Hawaii Residential Developers Loan Special Fund (Special Fund) 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;
- (2) Allow funds from the Rental Housing Revolving Fund to guarantee and insure loans that private financial institution make to developers of residential housing that is required to be sold to Hawaii residents who will be owner-occupants and who own no other real property; and
- (3) Appropriate funds.

Your Committees received testimony in opposition to this measure from Stanford Carr Development, LLC. Your Committees



received comments on this measure from the Department of Budget and Finance; Department of Commerce and Consumer Affairs; Department of Business, Economic Development, and Tourism; and Hawaii Housing Finance and Development Corporation.

Your Committees find that this measure is meant to increase affordable housing for Hawaii residents who will be owner occupants and who own no other real property by facilitating the guaranteeing and insuring of private loans for developers of certain affordable housing projects. According to testimony received by your Committees, the Rental Housing Revolving Fund (RHRF) was established to provide gap financing for the development of rental housing projects and any redirection of RHRF funds will result in the reduction of affordable rental housing that serves families and seniors in the vulnerable thirty percent and hundred percent area median income range.

Accordingly, your Committees have amended this measure by:

- (1) Adding a duty and power for the Corporation to enhance credit;
- (2) Clarifying that the Corporation shall not provide residential mortgage loans to consumers or guarantee or insure residential mortgage loans made to consumers;
- (3) Clarifying that five voting members of the Board of Directors of the Corporation constitute quorum;
- (4) Deleting language that would have:
 - (A) Allowed the Corporation to use funds from the RHRF to guarantee and insure loans made by private financial institutions to developers of residential housing; and
 - (B) Allowed funds from the RHRF to be deposited into the Special Fund; and
- (5) Making technical, nonsubstantive amendments for the purposes of clarity and consistency.

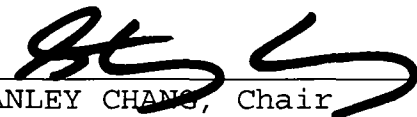


As affirmed by the records of votes of the members of your Committees on Housing and Commerce and Consumer Protection that are attached to this report, your Committees are in accord with the intent and purpose of S.B. No. 863, as amended herein, and recommend that it pass Second Reading in the form attached hereto as S.B. No. 863, S.D. 1, and be referred to your Committee on Ways and Means.

Respectfully submitted on behalf of the members of the Committees on Housing and Commerce and Consumer Protection,



JARRETT KEOHOKALOLE, Chair



STANLEY CHANG, Chair



