

1 which, by reason of dilapidation, deterioration, age or obsolescence, inadequate
2 provision for ventilation, light, air, sanitation, or open spaces, high density of population
3 and overcrowding, inadequate street layout, accessibility or usefulness, or the existence
4 of any condition which endangers life or property by fire or other means, or any
5 combination of such factors, is conducive to ill health, transmission of disease, infant
6 mortality, juvenile delinquency, or crime, and is detrimental to the public health, safety,
7 morals or welfare.

8 (d) "Real property" or "land," unless restricted meaning is clearly indicated,
9 means all lands, including improvements and fixtures thereon, and appurtenances
10 thereto, or used in connection therewith, and every estate, interest, right, and use, legal
11 or equitable therein, including terms for years, and liens by way of mortgage, pledge,
12 attachment, judgment, or otherwise.

13 § 7002. Palau Housing Authority.

14 (a) There is a Palau Housing Authority within the executive branch of the
15 national government.

16 (b) Board of Directors. The powers of the Palau Housing Authority shall be
17 vested in a board of directors, which shall consist of five (5) members, all of whom shall
18 serve four (4) year terms, appointed by the President with the advice and consent of the
19 Senate. Any member of the Palau Housing Authority may be removed from the board
20 by the President for cause. In the event of any vacancy on the membership of the
21 board, such vacancy shall be filled in the same manner as the original appointments;
22 provided, however, that an appointment to fill the vacancy on the board shall be made
23 for the unexpired term of the member who vacated the seat. The board shall elect from
24 among its members a chairman, a vice-chairman, and a secretary/treasurer.

25 (c) Compensation. Directors shall be entitled to administrative leave and all
26 necessary travel expenses and per diem at standard Republic of Palau rates for travel
27 necessitated by the business of the board. Directors shall be paid, in addition to any
28 other compensation, fifty dollars (\$50) per day while on the business of the Board.

29 (d) Executive Director. The board shall appoint an executive director, who shall
30 be an ex-officio member of the board. The executive director shall submit to the board

1 an annual budget for its approval, which budget shall include provisions for the
2 expenditure of all salaries and logistical support incurred by the Palau Housing
3 Authority during the fiscal year to which the budget applies. The executive director
4 shall, subject to the approval of the board, have the power to hire and fire all employees
5 of the Palau Housing Authority.

6 § 7003. Powers and duties of the Palau Housing Authority.

7 The powers and duties of the Palau Housing Authority shall include, but not be
8 limited to, the following:

9 (a) to administer the Republic of Palau low-cost housing loan program.

10 (b) to have perpetual succession; to sue and be sued in its own name; to be
11 represented by the Attorney General in such suits; and to have a seal and modify it.

12 (c) (1) To make loans or guarantee loans to individuals, groups, or associations
13 to assist in the construction of low-cost housing in the Republic. Such loans shall
14 bear interest at such rate as may be established by regulation, but at no time
15 shall such rate be more than four and one-half percent (4.5%) a year on loans
16 made from international or local grant, loan or subsidy funds, nor more than the
17 prevailing prime interest rate on loans made from funds borrowed by the Palau
18 Housing Authority from commercial financial institutions, nor shall loans be
19 guaranteed which bear interest at a rate greater than one percent (1%) a year
20 below the prime interest rate offered by commercial financial institutions that
21 may issue such loans, nor shall any loan be granted or guaranteed in excess of
22 such amount as may be approved by the board of directors.

23 (2) Loans made by the Palau Housing Authority shall be subject to the
24 prior approval of the board of directors, and shall be made in the form and shall
25 be secured as provided in the regulations issued under the provisions of this
26 chapter; provided, however, that the Palau Housing Authority shall by
27 regulation establish a loan ceiling at a level to ensure the maximum number of
28 low income families may receive loans; and provided further, that the Palau
29 Housing Authority shall by regulation establish income limits, adjusted by
30 household size, beyond which no loan may be granted, such limits to be devised

1 to insure maximum participation in the housing program by low-income
2 families; and provided further, that no loan shall be granted or guaranteed for
3 the construction of any housing unit in excess of ninety percent (90%) of the
4 value of the land and buildings involved; and provided further, that loans shall
5 not be granted to pay or repay prior indebtedness on lands and buildings; and
6 provided further, that applicants for loans may contribute their equity in the
7 form of land, building material, cash, or labor.

8 (d) to be exempt from all licensing requirements and taxation.

9 (e) to enter into and execute contracts and instruments of every kind and
10 nature, necessary or convenient to the exercise of its powers and functions.

11 (f) to make, and from time to time, modify and repeal, bylaws and regulations,
12 not inconsistent with this chapter, providing for the internal organization and
13 management for the administration of its affairs and operations, and for carrying out
14 the powers and duties granted and imposed by law.

15 (g) to borrow money from public and private sources, and give such security as
16 may be required.

17 (h) to apply for and accept advances, loans, grants, contributions, gifts,
18 donations, appropriations of funds and any other form of financial assistance and enter
19 into and carry out contracts.

20 (I) to deposit funds into banking institutions.

21 (j) to invest funds in property or securities.

22 (k) to acquire any real or personal property, or any interest or estate therein, by
23 lease, option, purchase, gift, grant, donation, bequest or devise, and own, hold, improve,
24 clear, to prepare for development any such property.

25 (l) to sell, lease, exchange, transfer, assign, mortgage, pledge, or otherwise
26 dispose of, or encumber, any real or personal property, or any interest or estate in such.

27 (m) to build, construct, manage, operate and maintain housing projects for
28 low-income families, and install, construct, and reconstruct streets, utilities, parks,
29 playgrounds and other public improvements.

30 (n) to insure, or provide for the insurance, in any stock or mutual company or

1 any public or private insurance facility, of any real or personal property or operations,
2 against any risks and hazards.

3 (o) to undertake and carry out studies, analyses, research, and investigations of
4 living and housing conditions; determine where overcrowded and blighted conditions
5 exist, where there is a shortage of affordable, safe, decent, and sanitary dwellings for
6 low-income families; make findings, determinations, and recommendations as to means
7 and methods of dealing with such matters; carry into effect such findings,
8 determinations, and recommendations; make available to the public the results of such
9 studies and information.

10 (p) to make or have made all plans necessary to the carrying out of the purposes
11 of this chapter and include in such plans, without limitations,

12 (1) plans for construction of housing for low-income families,

13 (2) plans for carrying out a program of voluntary repair and
14 rehabilitation of buildings and improvements, and

15 (3) plans for the enforcement of local laws, codes, and regulations
16 relating to the use of land and the use and occupancy of buildings and other
17 improvements and to the repair, rehabilitation, demolition, or removal of
18 buildings.

19 (q) to develop, test, and report methods and techniques, and carry out
20 demonstrations and other activities for the prevention and elimination of overcrowded
21 areas and community blight.

22 (r) to lease any dwellings, accommodations, land, structures, or facilities
23 embraced in any project.

24 (s) to clear or prepare any property owned by it for conservation or
25 rehabilitation.

26 (t) to establish from time to time standards of eligibility, rules, regulations and
27 conditions for admission to, and occupancy of, housing accommodations for low-income
28 families in dwellings and facilities, including rents and charges therefor, in the manner
29 which is or may be provided by the adoption of rules and regulations.

30 (u) to make such expenditures, subject to the provisions of this chapter or any

1 other applicable law, regulation or restriction, as may be necessary for the activities and
2 operations to carry out the purposes of this chapter.

3 (v) to conduct examinations and investigations on any matters material to the
4 functions or operations of the housing program.

5 **§ 7004. Administration of housing programs for low-income families.**

6 (a) The Palau Housing Authority in carrying out a program of housing for low-
7 income families shall construct, manage, and operate housing projects established for
8 low-income families in the most economical and efficient manner, consistent with
9 applicable requirements, so as to enable the Palau Housing Authority to fix rentals or
10 charges for dwelling accommodations at low rents, in consonance with the purpose of
11 providing safe, decent, and sanitary housing for families and individuals of low income,
12 and shall not operate such housing projects for profit or as a source of revenue to the
13 Palau Housing Authority or the government of the Republic. To this end, the Palau
14 Housing Authority shall fix the rentals or charges for dwellings in such housing projects
15 at rates no higher than those it shall determine to be necessary to produce revenues,
16 which together with all other available moneys, revenues, incomes and receipts of the
17 Palau Housing Authority from all sources, including any financial assistance provided
18 to maintain the low-rent character of the housing accommodations, will be sufficient to:

19 (1) pay, as they become due, the principal and interest on loans and
20 obligations of the Palau Housing Authority issued to finance the housing
21 program;

22 (2) establish and maintain such reserves as may be required to assure the
23 payment of such principal and interest as they become due;

24 (3) meet the cost of, and to provide for, the maintenance and operation of
25 the housing projects, including necessary reserves, and for costs of insurance
26 protection, as well as the administrative expenses of the Palau Housing
27 Authority; and

28 (4) make payments in lieu of taxes as provided for in this
29 chapter. Rentals and charges for dwellings shall be established, and the housing
30 projects shall be administered, to the greatest degree possible, so as to ensure

1 that any financial assistance required shall be in the minimum amounts and
2 periods necessary to maintain the low-rent character of the projects.

3 (b) Subject to the requirements of this chapter, the Palau Housing Authority, in
4 the operation and management of a low-rent housing program shall rent or lease the
5 dwelling accommodations only to families or individuals who lack the amount of income
6 deemed necessary by the Palau Housing Authority to enable them, without financial
7 assistance, to secure decent, affordable, safe and sanitary dwellings. The Palau
8 Housing Authority shall establish rentals which it determines to be within the financial
9 reach of such families or individuals.

10 § 7005. Cooperation by state and national government.

11 (a) For the purpose of aiding and cooperating with the Palau Housing Authority
12 in the planning, undertaking, carrying out, developing, constructing and operating of
13 housing projects, the National Government, any public agency, public body, or any state
14 government of the Republic with or without consideration, upon such terms as it may
15 determine, and acting through appropriate agencies and officials, may do any, all, or
16 any combination of the following:

17 (1) enter into contracts and agreements, which may extend over any
18 period, with any other public agency or body respecting action to be taken
19 pursuant to any of the powers granted by this chapter, including the furnishing
20 of funds by loan, grant, contribution, appropriation or otherwise, or other
21 assistance in connection with any project.

22 (2) dedicate, sell, convey, lease, or otherwise transfer any of its interests
23 in any property, or grant easements, licenses, or any other rights or privileges
24 therein to any other public agency concerned in any project pertaining to this
25 chapter.

26 (3) cause public buildings and public facilities, including parks,
27 playgrounds, recreational, community, educational, water, sewage, or drainage
28 facilities, illumination, or any other works or facilities which it is otherwise
29 empowered to undertake or furnish, to be furnished to or in connection with any
30 project.

1 (4) close, vacate, furnish, install, grade, regrade, pave, plan or replan,
2 highways, streets, roads, alleys, sidewalks, ways or other places.

3 (5) plan or replan, zone or rezone any part of any community, or locality,
4 and make exceptions and grant waivers from any building codes, regulations or
5 rules in areas where no duly authorized planning commission exists.

6 (6) cause administrative and other services to be furnished.

7 (7) incur all or any part of the expense of any public improvement
8 necessary for the purposes of this chapter.

9 (8) lend, grant, appropriate, or contribute funds for the purposes of this
10 chapter.

11 (9) exercise powers relating to the repair, improvement, vacating,
12 closing, demolition, or removal of unsafe, insanitary, or unfit buildings and
13 structures.

14 (10) do any and all other things reasonably necessary or convenient to
15 aid and cooperate in the planning, or carrying out, or operating of projects
16 toward achieving the purposes of this chapter.

17 (b) All agencies and public officials of the national government and state
18 governments shall cooperate to the extent necessary to facilitate the exercise by the
19 Palau Housing Authority of their powers, duties, and functions under this chapter and
20 in carrying out the purposes of this chapter.

21 (c) Any sale, conveyance, lease, transfer, or agreement authorized by this
22 section may be made without appraisal, public notice, advertisement, or public bidding.

23 (d) All projects shall comply with the planning, zoning, sanitary, and building
24 laws or codes, or other regulatory measures applicable to the community in which the
25 project is situated.

26 (e) The National Government may levy taxes, appropriate funds, incur
27 indebtedness and issue bonds for the purposes of procuring funds to be loaned,
28 appropriated, contributed, or granted, to the Palau Housing Authority for carrying out
29 its powers, functions and duties under this chapter, for the provision of public
30 improvements and other forms of local governmental cooperation, and for use in

1 connection with any project of the Palau Housing Authority, or otherwise to carry out
2 the purposes of this chapter. Bonds which are issued by such government pursuant to
3 the provisions of this subsection shall be issued in the manner and within the limitations
4 which are or may be prescribed by law for the issuance and authorization of bonds
5 generally.

6 § 7006. Instruments of conveyance.

7 An instrument executed by the Palau Housing Authority, or by the National
8 Government, conveying any right, title or interest in any property under this chapter,
9 shall be conclusively presumed to have been executed in compliance with this chapter
10 insofar as the title or other interest of any bona fide purchaser, lessee, or transferee of
11 the property is concerned, and shall be entitled to recordation in the appropriate
12 records of the clerk of courts or registrar of titles, as may be appropriate, so as to afford
13 actual or constructive notice thereof.

14 § 7007. Exemption of property and funds from execution, liens or taxes;
15 payments in lieu of taxes.

16 (a) All property, including funds, of the Palau Housing Authority shall be
17 exempt from judicial process of every kind, including, without limitation, attachment,
18 levy, execution, and sale by virtue of an execution, and no judgment shall be a lien or
19 charge upon its property or funds.

20 (b) The property acquired or held for the purposes of this chapter is declared to
21 be public property used for essential public and governmental purposes, and such
22 property shall be exempt from all taxes and special assessments of the National
23 Government or any political subdivision thereof.

24 (c) The Palau Housing Authority may agree to make payment in lieu of taxes on
25 its housing projects to the National Government or any political subdivision thereof, or
26 instrumentality thereof as may be designated by the National Government, as it finds
27 consistent, from time to time, with the maintenance of the low-rent character of housing
28 projects.

29 § 7008. Expenditures; accounting for funds.

30 The Palau Housing Authority shall make administrative, maintenance, and

1 operating expenditures in accordance with an annual budget, and shall account to the
2 President and the Olbiil Era Kelulau in accordance with applicable law, for any funds
3 that may have been furnished to it or appropriated for its use.

4 § 7009. Annual report and recommendations.

5 Not later than January 31 of each year, the Palau Housing Authority shall file
6 with the President and the Olbiil Era Kelulau a report of its activities for the preceding
7 year, and shall make recommendations with reference to such additional legislation or
8 other action as it deems necessary or desirable in order to carry out the purpose of this
9 chapter.

10 § 7010. Republic of Palau Emergency Housing Revolving Loan Fund.

11 (a) There is herein established a revolving emergency loan fund to be
12 administered by the Palau Housing Authority. Use of funds in the Emergency
13 Revolving Housing Loan Fund shall be limited to loans to private homeowners whose
14 homes have been destroyed or otherwise rendered uninhabitable as a result of damage
15 done by natural disaster or fire. The Palau Housing Authority shall create rules and
16 procedures for: i) the application process for loans by aggrieved homeowners; ii) proper
17 disbursement of loans from the revolving loan fund; iii) the specific terms and
18 conditions for such loans; and iv) the requirements for verification of repair
19 expenditures made by homeowners. The amount available to any borrower shall not
20 exceed the amount necessary needed to make specific repairs, and priority shall be given
21 to low income families. The Palau Housing Authority shall charge an interest rate of
22 one percent (1%) on funds disbursed through this program. Funds advanced under
23 this program may only be used to make repairs on or reconstruct a borrower's primary
24 residence.

25 (b) Funds appropriated by the national government for use in emergency
26 situations for residential new construction or repairs shall be administered and
27 managed by Palau Housing Authority through the Palau Emergency Housing Revolving
28 Loan Fund. Where necessary or prudent, Palau Housing Authority shall work in
29 conjunction with other government agencies such as the National Emergency
30 Management Office for such endeavors.

1 (c) All prior appropriations for National Emergency housing replacement or
2 repair will establish the Emergency Housing Fund and must be used solely for this
3 purpose.

4 § 7011. Affordable housing loans; inflation.

5 (a) The maximum loan available from the Palau Housing Authority for the
6 construction of a new home and home improvements for low income families may
7 increase annually at a rate sufficient to mitigate the impact of inflation on the price of
8 goods and services, and set at an amount that the Palau Housing Authority can continue
9 affordable housing programs while ensuring that the housing needs of low income
10 families are met.

11 (b) The Palau Housing Authority may set a maximum loan amount that the
12 Palau Housing Authority will guarantee and that amount may be a higher amount than
13 the maximum loan amount available under subsection (a).”

14 Section 4. Rules and regulations. The Palau Housing Authority shall have
15 ninety (90) days after the effective date of this Act to promulgate rules and regulations
16 consistent with Section 3 of this Act.

17 Section 5. Effective Date. This Act shall take effect upon its approval by the
18 President of the Republic of Palau or upon its becoming law without such approval,
19 except as otherwise provided by law.

PASSED: June 10, 2014

Approved this 25th day of June, 2014

/s/
Tommy E. Remengesau, Jr.
President of the Republic of Palau