

STAND. COM. REP. NO.

1539

Honolulu, Hawaii

APR 05 2007

RE: H.B. No. 1264
S.D. 1

Honorable Colleen Hanabusa
President of the Senate
Twenty-Fourth State Legislature
Regular Session of 2007
State of Hawaii

Madam:

Your Committee on Commerce, Consumer Protection, and
Affordable Housing, to which was referred H.B. No. 1264 entitled:

"A BILL FOR AN ACT RELATING TO HOUSING,"

begs leave to report as follows:

The purpose of this measure is to exempt certain lessees for
sustainable affordable developments from the ten-year buyback and
shared appreciation equity restrictions under chapter 201H, Hawaii
Revised Statutes (HRS).

Your Committee received testimony in support of this measure
from the Hawaii Housing Finance and Development Corporation; the
Office of Hawaiian Affairs; Brigham Young University Hawai'i; and
UniDev Hawaii, L.L.C.

Your Committee finds that this measure allows the Hawaii
Housing Finance and Development Corporation (HHFDC) to waive
ten-year buyback and shared appreciation equity restrictions for
projects that, pursuant to section 516-1, HRS, comprise a
sustainable affordable development. Under existing law, a lessee
of a HHFDC affordable leasehold residential property who wishes to
sell the affordable home within ten years of purchase must sell
the home back to HHFDC so that HHFDC, in turn, may resell the
property to another income-qualified lessee. However, your
Committee believes that sustainable affordable developments, such
as those developed and managed by HHFDC, already satisfy the
intent of the buyback and shared appreciation restrictions because
sustainable affordable developments are affordable in perpetuity.

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Your Committee also finds that there are many instances where immediate family members of a deceased lessee are forced to move out of the affordable home because of the ten-year buyback and shared appreciation equity provisions. Accordingly, your Committee has amended this measure by adding an additional exemption under section 201H-47(c), HRS, to include the right of first refusal for the sale or transfer of real property to an immediate family member of the purchaser upon the purchaser's death. This amendment will assist in creating a greater inventory of affordable housing for the benefit of the State's working class.

As affirmed by the record of votes of the members of your Committee on Commerce, Consumer Protection, and Affordable Housing that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1264, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1264, S.D. 1, and be placed on the calendar for Third Reading.

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


BRIAN T. TANIGUCHI, Chair



