

Honolulu, Hawaii

MAR 02 2007

RE: S.B. No. 1350
S.D. 2

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 S.B. No. 1350, S.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO HOUSING,"

begs leave to report as follows:

The purpose of this measure is to allow the Hawaii Housing Finance and Development Corporation to waive its shared appreciation equity and ten-year buyback restriction requirements for sustainable affordable leasehold projects and for immediate family members of the purchaser who would otherwise qualify under the rules.

Written comments in support of this measure were submitted by the Hawaii Housing Finance and Development Corporation (HHFDC) and Hawaii Reserves, Inc.

Your Committee finds that the law currently exempts certain individuals from the shared appreciation equity and ten-year buyback restrictions applicable to housing governed under chapter 201H, Hawaii Revised Statutes. However, the law does not address the sale or transfer of real property subject to sustainable affordable leases, under section 516-1, Hawaii Revised Statutes. Your Committee believes that the failure to exclude sustainable affordable leases will obstruct the expediency and intended purpose of developing sustainable affordable leases, which is to provide housing that is to continue as part of the affordable



housing inventory. This measure addresses this deficiency in the law.

Additionally, this measure attempts to address those situations where immediate family members of the purchasers of affordable housing are forced to vacate the property upon the death of the purchaser under the shared appreciation equity and ten-year buyback provisions. Your Committee believes that the death of a purchaser should not require the eviction of immediate family members from the home, which could thereby exacerbate current homelessness problems. Instead, the purchaser should be required to designate an immediate family member, who would otherwise be qualified for purchase under the HHFDC rules, and who would be provided the right of first refusal to acquire the home upon death.


Accordingly, your Committee has amended this measure by:

- (1) Specifying that to be exempt from the shared appreciation equity and ten-year buyback provisions, the purchaser must designate an immediate family member who would otherwise qualify for property acquisition under the HHFDC rules who would be offered the right of first refusal to the property; and
- (2) Including a definition for "immediate family member" to include any grandparent, parent, sibling, spouse, reciprocal beneficiary, or child of the purchaser.

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 S.B. No. 1350, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 1350, S.D. 2.



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




BRIAN T. TANIGUCHI, Chair



The Senate
Twenty-Fourth Legislature
State of Hawaii

Record of Votes
Committee on Commerce, Consumer Protection and Affordable Housing
CPH

Bill / Resolution No.:* SB 1350 SDI	Committee Referral: WAH, CPH	Date: 2-23-07		
<input type="checkbox"/> The committee is reconsidering its previous decision on this measure. If so, then the previous decision was to: _____				
The Recommendation is: <input type="checkbox"/> Pass, unamended 2312 <input checked="" type="checkbox"/> Pass, with amendments 2311 <input type="checkbox"/> Hold 2310 <input type="checkbox"/> Recommit 2313				
Members	Aye	Aye (WR)	Nay	Excused
TANIGUCHI, Brian T. (C)	✓			
IGE, David Y. (VC)	✓			
ESPERO, Will	✓			
IHARA, Jr., Les	✓			
SAKAMOTO, Norman				✓
SLOM, Sam	✓			
TOTAL	5	0	0	1
Recommendation: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Chair's or Designee's Signature: 				
Distribution: Original Yellow Pink File with Committee Report Clerk's Office Drafting Agency				

*Only one measure per Record of Votes