



HAWAII COMMUNITY
DEVELOPMENT AUTHORITY



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STATEMENT OF

ANTHONY J. H. CHING, EXECUTIVE DIRECTOR
HAWAII COMMUNITY DEVELOPMENT AUTHORITY

BEFORE THE

HOUSE COMMITTEE ON FINANCE

Friday, February 22, 2008

2:15 P.M.

State Capitol, Conference Room 308

**H. B. 3060, H. D. 2 - AUTHORIZING THE RESALE OF RESERVED
HOUSING UNITS BY THE HAWAII
COMMUNITY DEVELOPMENT AUTHORITY.**

Purpose: H. B. 3060 is an Administration proposal submitted by the Hawaii Community Development Authority (HCDA) which sought to allow the HCDA to sell a fee simple interest in newly developed reserved housing units and/or administer buyback provisions and resell reserved housing units located within the Kakaako Community Development District (Kakaako). House Draft 2 requires that reserved housing sold under this subparagraph remain affordable in perpetuity.

Position: The HCDA strongly supports the passage of the original form of this Administration proposal. Act 317, Session Laws of Hawaii 2006, prohibits, with certain exceptions, HCDA from transferring a fee simple interest in lands it holds title to in its corporate capacity within Kakaako. This change in HCDA's enabling statute prohibits, among other things, the Authority from selling newly developed reserved housing units developed within the Kakaako Community Development District and/or exercising buyback provisions under its reserved housing rules and then reselling the units to qualified buyers. The HCDA reserved

housing program targets Hawaii residents who: (1) earn 140 percent or less of median income; (2) have not owned real property as a principal residence for the prior three years, and (3) desire to be owner-occupants, among other requirements. The buyback restrictions (established on a sliding scale over ten years based on the “affordability” of the original sales price) are designed to prevent “windfall” profits for purchasers of these units, by first offering the unit to HCDA, who in turn can choose to purchase the unit and then resell the unit to another qualified reserved housing buyer.

The development and provision of reserved housing units is a critical element of HCDA’s mission and we are proud to have been a part of the development of 1,388 reserved housing units in Kakaako over the past thirty years. Passage of the original proposal will allow HCDA to continue to offer fee simple reserved housing units which become available to qualified Hawaii residents who may not otherwise become homeowners.

House Draft 2 contains an additional specification that the units sold under this subparagraph remain affordable in perpetuity. However, the amendment to the Administration proposal is not clear in specifying whether the perpetuity clause is related to appropriate resales or to both the original sale and all subsequent sales of the reserved housing unit.

We urge you to move this bill forward with the original language of our proposal. Thank you for the opportunity to testify in support of this proposal.