

HB 1044

Linda Lingle
GOVERNOR



KAREN SEDDON
EXECUTIVE DIRECTOR

STATE OF HAWAII

DEPARTMENT OF BUSINESS, ECONOMIC DEVELOPMENT AND TOURISM
HAWAII HOUSING FINANCE AND DEVELOPMENT CORPORATION
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IN REPLY REFER TO

Statement of
Karen Seddon
Hawaii Housing Finance and Development Corporation
Before the
SENATE COMMITTEE ON EDUCATION AND HOUSING

March 23, 2009, 2:00 p.m.
Room 225, State Capitol

In consideration of
H.B. 1044, H.D. 2
RELATING TO HOUSING.

The Hawaii Housing Finance and Development Corporation (HHFDC) **supports** H.B. 1044, H.D. 2, which is similar to S.B. 863, S.D. 2, previously heard by this Committee.

H.B. 1044, H.D. 2 enables the HHFDC to more easily collect the value of shared appreciation equity and other restrictions when an affordable housing property is sold and to require advance written notification of intent to foreclose on properties encumbered by such priority liens. Passage of this bill will protect HHFDC's lien rights in the event of foreclosure, and enable us to recover funds to support the development of additional housing.

Thank you for the opportunity to testify.



HB 1044, HD 2 Relating to Housing
Senate Committee on Education and Housing

March 23, 2009

2:00pm

Room 225

The Office of Hawaiian Affairs supports the purpose and intent of HB 1044, HD2.

The growing affordable housing problem is one of the most critical issues faced by our communities, especially our Native Hawaiian communities. This issue seems to have many of our families struggling to find adequate housing and to make ends meet.

The continued increased pressure on government to provide financing assistance and reduce government barriers for the development of affordable housing has not ceased. The demand for affordable housing has not ceased. The partnerships created by government with non profit and for profit developers to keep our affordable housing inventory in a position to meet the demand reasonably need to address the "how to" versus "we cannot do it". The necessary housekeeping amendments to be able to service the shared appreciation equity during foreclosure proceedings is a "how to" and provides for fair servicing of terms originally agreed to by all parties.

We recognize that physical solutions by themselves will not solve social and economic problems, but neither can economic vitality, community stability, and environmental health be sustained without a coherent and supportive physical framework. This bill may assist HHFDC a much needed changed framework.

Mahalo nui loa for the opportunity to provide this testimony and request your support.

DEPARTMENT OF COMMUNITY SERVICES
CITY AND COUNTY OF HONOLULU

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MUFI HANNEMANN
MAYOR



DEBORAH KIM MORIKAWA
DIRECTOR

ERNEST Y. MARTIN
DEPUTY DIRECTOR

March 18, 2009

The Honorable Norman Sakamoto, Chair
and Members of the Committee on Education and Housing
The Senate
State Capitol
Honolulu, Hawaii 96813

Dear Chair Sakamoto and Members:

Subject: House Bill 1044, HD2
RELATING TO HOUSING

The Department of Community Services strongly supports H.B. 1044, HD2, a bill sponsored by the Hawaii Housing Finance and Development Corporation (HHFDC). Section 46-15.1, Hawaii Revised Statutes, gives to the counties the same housing powers as HHFDC pursuant to Chapter 201H. H.B. 1044, HD2 enables the HHFDC and counties to more easily collect the value of shared appreciation equity and other restrictions when an affordable housing property is sold and requires advance written notification of intent to foreclose on properties encumbered by such priority liens.

The sale of affordable housing properties sponsored or assisted by the HHFDC or a county is subject to a buyback restriction and a shared appreciation equity (SAE) lien. In recent years, the HHFDC and counties have not been receiving sufficient prior notice of foreclosure proceedings on assisted properties. This measure would afford the HHFDC or county with notice of intent to foreclose 45 days before commencement of the foreclosure, providing sufficient time to conduct due diligence and when appropriate to do so, prepare to bid at the foreclosure sale.

Additionally, because SAE or other government entity liens are priority liens (following the purchase money mortgage), the mortgagee pursuing the foreclosure must satisfy the amount due to the HHFDC or county before claiming the property at the auction. Passage of this bill will protect HHFDC or the county's lien rights in the event of foreclosure, and enable the respective agency to recover funds to support the development of additional housing.

We respectfully request your favorable consideration of this important bill. Thank you for the opportunity to testify.

Sincerely,


Deborah Kim Morikawa, Director
Department of Community Services

DKM:gk
HB1044HD2