

STAND. COM. REP. NO.

2704

Honolulu, Hawaii

MAR 12 2010

RE: S.C.R. No. 51

S.D. 1

Honorable Colleen Hanabusa
President of the Senate
Twenty-Fifth State Legislature
Regular Session of 2010
State of Hawaii

Madam:

Your Committee on Water, Land, Agriculture, and Hawaiian Affairs, to which was referred S.C.R. No. 51 entitled:

"SENATE CONCURRENT RESOLUTION APPROVING THE FEE SIMPLE SALE OF 91-1072 WELOWELO STREET, KAPOLEI, HAWAII,"

begs leave to report as follows:

The purpose of this measure is to approve the fee simple sale of 91-1072 Welowelo Street in Kapolei, Oahu.

Testimony in support of the measure was submitted by one state agency. One state agency submitted comments. Written testimony presented to the Committee may be reviewed on the Legislature's website.

The Hawaii Housing Finance and Development Corporation (Corporation) was established to develop and finance low- and moderate-income housing projects and administer homeownership programs. To ensure a balance between the needs of the resident-purchaser and the State, a shared appreciation requirement is imposed on all sales to qualified residents. If a homeowner refinances their mortgage or sells the property, the State gets fifty per cent of any appreciation of the property. Additional requirements are imposed, including if the resident wishes to transfer title within ten years of purchase, then the Corporation has the first option to purchase. Thus, in selling single family residences in fee simple to qualified residents, the State benefits not only from the social benefits linked to home ownership, including increased education for children, lower teen

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pregnancy rates, and higher lifetime annual income for children, but also from purchase price and the shared appreciation.

The property subject to this measure was purchased by the Corporation at foreclosure, in accordance with the Corporation's first option to purchase. The resale of this property will enable the Corporation to recoup the State's subsidy that made the home affordable to the original purchaser, and provide another qualified resident with the opportunity for home ownership. Your Committee finds that approving the sale of this home will also relieve the Corporation of the cost of maintenance and liability for the property.

Your Committee has amended this measure by:

- (1) Clarifying that there are no further development plans for the property;
- (2) Inserting the name of the appraiser;
- (3) Including a provision specifying that a copy of the measure was submitted to the Office of Hawaiian Affairs and the date of the submission, in accordance with section 171-64.7, Hawaii Revised Statutes; and
- (4) Making technical, nonsubstantive changes for the purposes of style and clarity.

As affirmed by the record of votes of the members of your Committee on Water, Land, Agriculture, and Hawaiian Affairs that is attached to this report, your Committee concurs with the intent and purpose of S.C.R. No. 51, as amended herein, and recommends that it be referred to the Committee on Ways and Means, in the form attached hereto as S.C.R. No. 51, S.D. 1.

Respectfully submitted on
behalf of the members of the
Committee on Water, Land,
Agriculture, and Hawaiian
Affairs,



CLAYTON HEE, Chair



