

SB 863

Linda Lingle
GOVERNOR



KAREN SEDDON
EXECUTIVE DIRECTOR

STATE OF HAWAII

DEPARTMENT OF BUSINESS, ECONOMIC DEVELOPMENT AND TOURISM
HAWAII HOUSING FINANCE AND DEVELOPMENT CORPORATION
677 QUEEN STREET, SUITE 300
Honolulu, Hawaii 96813
FAX: (808) 587-0600

IN REPLY REFER TO

**Statement of
Karen Seddon
Hawaii Housing Finance and Development Corporation
Before the**

SENATE COMMITTEE ON WAYS AND MEANS

February 25, 2009 9:00 a.m.
Room 211, State Capitol

In consideration of
S.B. 863, S.D. 1
**RELATING TO THE HAWAII HOUSING FINANCE AND DEVELOPMENT
CORPORATION.**

The HHFDC supports S.B. 863, S.D. 1, which makes necessary housekeeping amendments to Chapter 201H, Hawaii Revised Statutes ("HRS") and clarifies the HHFDC's authority to impose service fees to recoup program administrative expenses. Although at first glance, the bill's provisions may seem insignificant, they are in fact very important in terms of improving the HHFDC's ability to administer its programs.

In section 2 of Act 198, Session Laws of Hawaii ("SLH") 2005, the Legislature added a new section to chapter 201G, HRS, to provide express authority for HHFDC to modify and amend development agreements with eligible developers that were entered into by its predecessor, the Housing Finance and Development Corporation. Section 201G-114.5 was inadvertently omitted from Act 180, SLH 2006, which established the HHFDC and created chapter 201H, HRS to replace chapter 201G, HRS. Similarly, this bill also corrects a drafting error in section 201H-10, HRS, by deleting two inadvertent references to "public" housing.

This bill also clarifies the HHFDC's authority to establish and collect reasonable application or service fees for loans, grants, or other HHFDC affordable housing financing and development assistance programs by amending HHFDC's general powers accordingly. Such service fees allow the HHFDC to cover its administrative costs of running HHFDC's programs, thereby preserving more of its fiscal assets for developing and preserving affordable housing statewide.

Thank you for the opportunity to provide written comments in support of this bill.