

STAND. COM. REP. NO.

2414

Honolulu, Hawaii

FEB 14 2014

RE: S.B. No. 2538
S.D. 1

Honorable Donna Mercado Kim
President of the Senate
Twenty-Seventh State Legislature
Regular Session of 2014
State of Hawaii

Madam:

Your Committees on Human Services and Economic Development, Government Operations and Housing, to which was referred S.B. No. 2538 entitled:

"A BILL FOR AN ACT RELATING TO HOME LOANS,"

beg leave to report as follows:

The purpose and intent of this measure is to establish the Hawaii home loan guarantee program to assist residents who have a steady, low or modest income, and yet are unable to obtain conventional financing to obtain a home loan.

Your Committees received testimony in support of this measure from the City Council of the City and County of Honolulu, and Community Alliance for Mental Health. Your Committees received comments on this measure from the Department of Budget and Finance, Hawaii Housing Finance and Development Corporation, and Blueprint for Change.

Your Committees find that helping individuals and families move out of rental housing and into homeownership is valuable for individuals and families, and also for society as it frees up spaces in rental and public housing. Your Committees heard testimony expressing concern that this measure does not go far enough to help low-income families who have adequate, dependable income and an acceptable credit history obtain home loans.

Your Committees have amended this measure by:



- (1) Creating a direct home loan program rather than a home loan guarantee program by specifically:
 - (A) Establishing home loans that come directly from the Hawaii Housing Finance and Development Corporation;
 - (B) Requiring qualified applicants to have low or very low income and defining those terms;
 - (C) Extending the term of the loan to at least thirty-three years, and allowing for a thirty-eight year term for borrowers with incomes below sixty percent of the area median income who cannot afford a thirty-three year term;
 - (D) Establishing that interest rates are to be determined by the Corporation and must be based on the individual or family's income;
 - (E) Requiring qualified applicants to refinance their loans in the private market when household income increases substantially or home equity becomes significant; and
 - (F) Amending terms and restrictions for the home loans;
- (2) Changing the home loan guarantee revolving fund to the direct home loan special fund;
- (3) Inserting an effective date of July 1, 2050, to encourage further discussion; and
- (4) Making technical, nonsubstantive amendments for the purposes of clarity and consistency.

As affirmed by the records of votes of the members of your Committees on Human Services and Economic Development, Government Operations and Housing that are attached to this report, your Committees are in accord with the intent and purpose of S.B. No. 2538, as amended herein, and recommend that it pass Second Reading in the form attached hereto as S.B. No. 2538, S.D. 1, and be referred to the Committee on Ways and Means.



Respectfully submitted on
behalf of the members of the
Committees on Human Services
and Economic Development,
Government Operations and
Housing,



DONOVAN M. DELA CRUZ, Chair


SUZANNE CHUN OAKLAND, Chair



The Senate
 Twenty-Seventh Legislature
 State of Hawai'i

Record of Votes
Committee on Human Services
HMS

Bill / Resolution No.:*	Committee Referral:	Date:		
SB 2538	HMS/EGH, WAM	2-6-14		
<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
CHUN OAKLAND, Suzanne (C)	✓			
GREEN, Josh (VC)				✓
KIDANI, Michelle N.	✓			
TANIGUCHI, Brian T.				✓
SLOM, Sam	✓			
TOTAL	3			2
Recommendation:				
<input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Chair's or Designee's Signature:				
				
Distribution:				
Original File with Committee Report	Yellow Clerk's Office	Pink Drafting Agency	Goldenrod Committee File Copy	

*Only one measure per Record of Votes

The Senate
Twenty-Seventh Legislature
State of Hawai'i

Record of Votes
Committee on Economic Development, Government Operations and Housing
EGH

Bill / Resolution No.:*	Committee Referral:	Date:		
SB2538	HMS/EGH, WAM	2/6/14		
<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
DELA CRUZ, Donovan M. (C)	X			
SLOM, Sam (VC)	X			
BAKER, Rosalyn H.				X
CHUN OAKLAND, Suzanne	X			
ENGLISH, J. Kalani				X
THIELEN, Laura H.	X			
WAKAI, Glenn				X
TOTAL	4	0	0	3
Recommendation: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Chair's or Designee's Signature:				
Distribution: Original Yellow Pink Goldenrod File with Committee Report Clerk's Office Drafting Agency Committee File Copy				

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