

STAND. COM. REP. NO.

113

Honolulu, Hawaii

FEB 18 2009

RE: S.B. No. 862  
S.D. 1

Honorable Colleen Hanabusa  
President of the Senate  
Twenty-Fifth State Legislature  
Regular Session of 2009  
State of Hawaii

Madam:

Your Committee on Education and Housing, to which was referred S.B. No. 862 entitled:

"A BILL FOR AN ACT RELATING TO HOUSING,"

begs leave to report as follows:

The purpose of this measure is to facilitate the collection of the shared appreciation equity lien, deferred sales price lien, and excess proceeds in lieu of any buyback, imposed by the State on the sale of affordable housing properties that received assistance from the Hawaii Housing Finance and Development Corporation ("Corporation"), which are undergoing foreclosure.

Testimony in support of this measure was submitted by one state and one county agency. Copies of written testimony are available for review on the Legislature's website.

Your Committee finds that the sale of affordable housing properties sponsored or assisted by the Hawaii Housing Finance and Development Corporation is subject to a buyback restriction and a shared appreciation equity lien. The Corporation has also provided deferred sales price liens to assist low or moderate income homebuyers in purchasing a first home, and upon the sale or transfer of a Corporation-assisted home, the shared appreciation equity is collected and deposited into the dwelling unit revolving fund, and can be used to support the development of additional affordable housing projects.



Your Committee further finds that recently, the Corporation has not been receiving sufficient prior notice of foreclosure proceedings, and the lack of sufficient advance notice makes it difficult to prepare to bid at foreclosure sales. This measure would require notice of intent to foreclose forty-five days before commencement of the foreclosure and allow the Corporation sufficient time to conduct due diligence and, when appropriate, prepare to bid at the foreclosure sale.

In addition, passage of this bill will protect the Corporation's lien rights in the event of foreclosure, and enable recovery of funds to support the development of additional housing.

Your Committee has amended this measure by making technical amendments for the purpose of clarity and to conform to the preferred drafting style.

As affirmed by the record of votes of the members of your Committee on Education and Housing that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 862, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 862, S.D. 1, and be referred to the Committee on Ways and Means.

Respectfully submitted on  
behalf of the members of the  
Committee on Education and  
Housing,

  
NORMAN SAKAMOTO, Chair



The Senate  
 Twenty-Fifth Legislature  
 State of Hawaii

**Record of Votes**  
**Committee on Education and Housing**  
**EDH**

Bill / Resolution No.:* <b>SB 802</b>	Committee Referral: <b>EDH, WAM</b>	Date: <b>2-9-09</b>		
<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
SAKAMOTO, Norman (C)	✓			
KIDANI, Michelle N. (VC)	✓			
CHUN OAKLAND, Suzanne	✓			
GALUTERIA, Brickwood	✓			
TSUTSUI, Shan S.				✓
HEMMINGS, Fred	✓			
<b>TOTAL</b>	<b>5</b>	<b>0</b>	<b>0</b>	<b>1</b>
Recommendation: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Chair's or Designee's Signature: <i>Michelle N. Kidani</i>				
<b>Distribution:</b> Original     Yellow     Pink     Goldenrod File with Committee Report     Clerk's Office     Drafting Agency     Committee File Copy				

\*Only one measure per Record of Votes