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IN REPLY REFER TO

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

HOUSE COMMITTEE ON HOUSING

March 18, 2009 9:30 a.m.
Room 325, State Capitol

In consideration of
S.B. 863, S.D. 2
**RELATING TO THE HAWAII HOUSING FINANCE
AND DEVELOPMENT CORPORATION.**

The HHFDC supports S.B. 863, S.D. 2, 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 testify.



**SB 863, SD 2 Relating to the Hawaii Housing Finance and
Development Corporation**
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325

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Room

The Office of Hawaiian Affairs supports the purpose and intent of SB 863, SD 2.

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 chapter 201 H, Hawaii Revised Statutes and providing an option for HHFDC to impose service fees to recoup program administrative expenses is a "how to".

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.