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DEPARTMENT OF BUSINESS, ECONOMIC DEVELOPMENT AND TOURISM
HAWAII HOUSING FINANCE AND DEVELOPMENT CORPORATION

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Statement of
Karen Seddon
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Before the

HOUSE COMMITTEE ON WATER, LAND, & OCEAN RESOURCES HOUSE COMMITTEE ON HOUSING

February 8, 2010, 9:00 a.m.
Room 325, State Capitol

In consideration of
H.B. 2845

RELATING TO LANDS CONTROLLED BY THE STATE.

The HHFDC supports H.B. 2845. This measure would allow HHFDC to resell individual dwelling units previously encumbered by buyback or shared appreciation equity restrictions in fee simple without complying with the requirements of section 171-64.7, Hawaii Revised Statutes. This bill would save HHFDC considerable administrative time and expenses in the management of its real estate portfolio, and allow HHFDC to focus on its mission of providing workforce and affordable housing.

HHFDC holds vacant land for housing development, as well as individual single family homes and condominium units that were previously sold to eligible homebuyers but acquired through purchase at foreclosure sale or through exercise of its buyback rights. The legislative approval requirement prevents HHFDC from promptly selling a repurchased dwelling unit to another first-time homebuyer at an affordable sales price.

The HHFDC must currently conduct a public community meeting, prepare an appraisal of the property for purposes of obtaining legislative approval to sell a home in fee simple, and continue to expend the carrying costs of owning an unoccupied residence, such as landscaping, maintenance, and security expenses. These costs add up quickly, ranging from approximately \$785 per unit to \$924 per unit, depending on the county in which the property is located.

Additionally, approximately 40 hours of staff time per property has been required to comply with section 171-64.7, HRS during the interim. HHFDC is also incurring ongoing property maintenance expenses on these properties, including water, electric, association dues, maintenance fees, and landscape maintenance expenses, as applicable, that will continue to accrue until legislative approval can be obtained.

Thank you for the opportunity to testify.