

Honolulu, Hawaii

April 28, 2006

RE: H.B. No. 2239
H.D. 1
S.D. 2
C.D. 1

Honorable Calvin K.Y. Say
Speaker, House of Representatives
Twenty-Third State Legislature
Regular Session of 2006
State of Hawaii

Honorable Robert Bunda
President of the Senate
Twenty-Third State Legislature
Regular Session of 2006
State of Hawaii

Sir:

Your Committee on Conference on the disagreeing vote of the House of Representatives to the amendments proposed by the Senate in H.B. No. 2239, H.D. 1, S.D. 2, entitled:

"A BILL FOR AN ACT RELATING TO LAND ACQUISITION,"

having met, and after full and free discussion, has agreed to recommend and does recommend to the respective Houses the final passage of this bill in an amended form.

The purpose of this measure is to preserve affordable rental housing units in Hawaii by:

- (1) Directing the Hawaii Housing Finance and Development Administration (HHFDA) to initiate negotiations for the acquisition of Kukui Gardens;
- (2) Requiring all of the units to be retained in perpetuity as affordable housing for households at or below 120 percent of the median family income (MFI);
- (3) Appropriating funds for the acquisition; and

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- (4) Requiring HHFDA to exercise its power of eminent domain to acquire Kukui Gardens if an agreement cannot be reached.

Your Committee has amended this bill by:

- (1) Authorizing HHFDA to initiate negotiations with Kukui Gardens Corporation's successor in interest, should the property be sold prior to negotiations;
- (2) Requiring HHFDA, as an alternative to the acquisition of the property, to make public financing resources available to extend affordable rents at Kukui Gardens through at least 2016;
- (3) Providing that in the event that affordable rents are extended, at least 50 percent of the rental units are retained at rents affordable to households whose incomes do not exceed 80 percent of the median family income, of which five percent of the units are set aside for persons whose incomes do not exceed 30 percent of MFI;
- (4) Requiring, in the event that HHFDA acquires Kukui Gardens, that 80 percent of the units be retained in perpetuity as affordable to households at or below 140 percent of MFI;
- (5) Appropriating \$200,000 for HHFDA to negotiate with the owner of Kukui Gardens to either extend the period of affordable rents to at least 2016, acquire Kukui Gardens, or commence the condemnation process;
- (6) Changing the effective date to July 1, 2006; and
- (7) Making technical, nonsubstantive amendments for clarity, consistency, and style.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of H.B. No. 2239, H.D. 1, S.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 2239, H.D. 1, S.D. 2, C.D. 1.



Respectfully submitted on behalf
of the managers:

ON THE PART OF THE SENATE

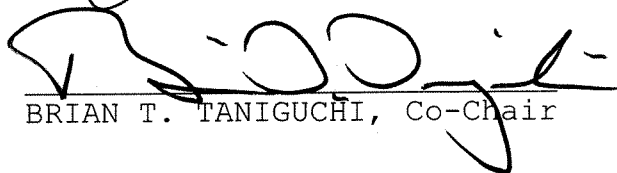
ON THE PART OF THE HOUSE




RON MEMOR, Chair



MICHAEL P. KAHIKINA, Co-Chair



BRIAN T. TANIGUCHI, Co-Chair



SCOTT NISHIMOTO, Co-Chair



