

Honolulu, Hawaii

March 17, 2006

RE: S.B. No. 2571

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

Sir:

Your Committee on Housing, to which was referred S.B. No. 2571 entitled:

"A BILL FOR AN ACT PROPOSING AMENDMENTS TO THE HAWAII STATE CONSTITUTION RELATING TO SPECIAL PURPOSE REVENUE BONDS,"

begs leave to report as follows:

The purpose of this bill is to propose an amendment to the State Constitution authorizing the issuance of special purpose revenue bonds (SPRBs) to assist not-for-profit private organizations in the development of low- and moderate-income housing.

The Land Use Research Foundation of Hawaii, UniDev, LLC, League of Women Voters of Hawaii, and Hawaii Reserves, Inc., testified in support of this bill. The Department of Budget and Finance supported the intent of this measure.

Your Committee notes that although testifiers supported this measure, several stated that there may not be a need for a constitutional amendment to implement the provisions of S.B. No. 2572, which establishes the manner and procedure for the issuance of SPRBs for affordable housing development.

Although your Committee agrees that a constitutional amendment is not necessary, it supports the passage of this bill as a precautionary measure. Additionally, your Committee recognizes concerns that SPRBs for affordable housing development are currently limited to not-for-profit developers, but wishes to

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take a cautious approach before expanding the issuance of SPRBs to for-profit developers. Not-for-profit developers have generally taken the initiative to develop affordable housing over for-profit developers.

As affirmed by the record of votes of the members of your Committee on Housing that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2571 and recommends that it pass Second Reading and be referred to the Committee on Judiciary.

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


MICHAEL P. KAHIKINA, Chair



