

Honolulu, Hawaii
Feb 28, 2008

RE: H.B. No. 2732
H.D. 1

Honorable Calvin K.Y. Say
Speaker, House of Representatives
Twenty-Fourth State Legislature
Regular Session of 2008
State of Hawaii

Sir:

Your Committees on Water, Land, Ocean Resources & Hawaiian Affairs and Human Services & Housing, to which was referred H.B. No. 2732 entitled:

"A BILL FOR AN ACT RELATING TO KAKAAKO,"

beg leave to report as follows:

The purpose of this bill is to increase the reserved housing requirement for a planned development on a lot of at least one acre in the Kakaako Community Development District, Mauka area.

Central Pacific Bank, Marshall Realty, Inc., Marcus and Associates, Inc., and several individuals submitted testimony in support of this measure. The Hawaii Community Development Authority, Kamehameha Schools, The Gas Company, Servco Pacific Inc., CUNA Mutual Group, General Growth Properties, Inc., and the Land Use Research Foundation of Hawaii submitted testimony in opposition to this measure.

The Kakaako Community Development District was envisioned as a mixed use community, including residential, commercial, and industrial uses. The residential development of the district is intended to encompass housing for families of various income levels. The State has invested at least \$200,000,000 in public funds for the infrastructure of the district to advance this goal. This investment has sparked increased private investment and



development plans for the area. However, development projects in recent years have eluded affordable housing and have focused primarily on luxury homes for high-income families.

Your Committees find that this measure is necessary to promote the development of affordable housing in the Kakaako Community Development District and achieve the mixed use community that was intended for the district. Your Committees recognize that this measure places a burden on developers. However, the Kakaako Community Development District is inundated with retail and commercial uses and more emphasis should be placed on meeting the affordable housing component of the mixed use community.

This measure only applies to a development that exceeds the base zoning. However, there is a concern that, in the future, the Hawaii Community Development Authority (HCDA) may increase the density and height of the base zoning. In consideration of this and other factors, your Committees have amended this measure by, among other things:

- (1) Imposing reserve housing unit requirements not only on a planned development that exceeds base zoning (Major Development (A)), but also on a development that conforms with the base zoning, but has a floor area ratio exceeding 1.5 or a structure height exceeding 45 feet, or both (Major Development (B)), and referring to both types of development collectively as "Major Development";
- (2) Reducing that portion of the Major Development's countable floor area required for reserved housing units to 25 percent; provided that on January 1, 2018, the percentage increases to not less than 35 percent, unless the requirement is repealed after a study determining the sufficiency of affordable housing is submitted to the Legislature prior to the 2017 Regular Session;
- (3) Allowing a two-bedroom with one bathroom unit to qualify as a reserve housing unit;
- (4) Calculating the countable floor area based on the plan submitted to HCDA prior to the building permit application, to determine the reserved housing unit requirement for Major Development (B);



- (5) Prohibiting, rather than allowing, a Major Development to satisfy the reserved housing requirement by cash payment;
- (6) Requiring that reserved housing units be constructed prior to or concurrently with the construction of the other uses of the development;
- (7) Entitling the developer of a Major Development to credits for the number of reserved housing units that exceed the applicable requirement and permitting the credits to be transferred or sold to other developments in satisfaction or partial satisfaction of the reserved housing requirements;
- (8) Requiring HCDA to prohibit developers of a Major Development (B) on a lot of at least one acre from submitting a building permit application to the City and County of Honolulu until the adoption of implementing rules;
- (9) Changing the effective date to July 1, 2020, to encourage further discussion; and
- (10) Making technical, nonsubstantive amendments for style, clarity, and consistency.

As affirmed by the records of votes of the members of your Committees on Water, Land, Ocean Resources & Hawaiian Affairs and Human Services & Housing that are attached to this report, your Committees are in accord with the intent and purpose of H.B. No. 2732, as amended herein, and recommend that it pass Second Reading in the form attached hereto as H.B. No. 2732, H.D. 1, and be placed on the calendar for Third Reading.

Respectfully submitted on
behalf of the members of the
Committees on Water, Land,
Ocean Resources & Hawaiian
Affairs and Human Services &
Housing,



MAILE SHIMABUKURO, Chair



KEN ITO, Chair



