

Honolulu, Hawaii

July 4, 2008

RE: S.B. No. 2294
S.D. 2
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 S.B. No. 2294, S.D. 2, 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 major development on a lot of at least one acre in the mauka area of the Kakaako Community Development District.

Testimony on this bill varied. Central Pacific Bank, Central Pacific HomeLoans, Inc., Marcus & Associates, Inc., Marshall Realty, Inc., and two private citizens testified in support. The Hawaii Community Development Authority, The Gas Company, General Growth Properties, Kamehameha Schools, and Servco Pacific Inc., opposed this bill. U. Okada & Co., Ltd. requested that small properties be excluded from this bill.

The Kakaako Community Development District was envisioned as a mixed-use community of residential, commercial, industrial, and public uses. The residential development within 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 public investment has sparked increased private investment and development plans for the area. Development projects in



recent years, however, have focused primarily on luxury homes for high-income families and commercial uses.

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, mixed-income community that is envisioned for the District. Your Committees recognize that this measure places a burden on developers. Your Committees, however, believe that the Kakaako Community Development District is inundated with commercial uses and more emphasis should be placed on increasing the supply of affordable housing there.

Your Committees have amended this bill by deleting the S.D. 2 version and substituting the provisions of House Bill No. 2732, H.D. 1, but with the following changes:

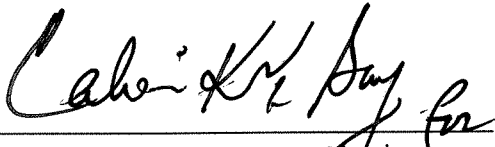
- (1) Specifying expressly in the statutory language that this bill applies to a major development in the "Kakaako mauka area" and inserting a definition of the term as "the area of the Kakaako community development district mauka of Ala Moana Boulevard". These amendments are intended for clarification purposes since, in the S.D. 2 version, the limitation of this bill solely to the "Kakaako mauka area" is stated only in the purpose section and section heading.
- (2) Repealing the provisions in existing law that allow a developer to develop the developer's reserved housing units outside a community development district. Retained, however, is the provision allowing the developer to develop the reserved housing units on a different lot within the same community development district. These amendments are intended to maintain within the Kakaako Community Development District all reserved housing units required of a major development in the District.
- (3) Deleting the provision automatically increasing the affordable housing assessment from "25 per cent" to "35 per cent" in 2018 if Kakaako still does not have enough affordable housing in that year. This provision is not necessary. Future legislatures may increase the percentage if deemed necessary.



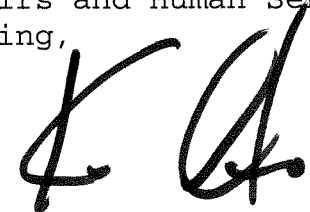
- (4) Making the bill effective "upon approval" rather than on "July 1, 2020".
- (5) Making other technical, clarifying, and conforming amendments.

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 S.B. No. 2294, S.D. 2, as amended herein, and recommend that it pass Second Reading in the form attached hereto as S.B. No. 2294, S.D. 2, 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



State of Hawaii
House of Representatives
The Twenty-fourth Legislature

HSCR 1712-08

Record of Votes of the Committee on Water, Land, Ocean Resources & Hawaiian Affairs

| | | | | |
|--|---------------------------------------|-------------------------|-------------|----------------|
| Bill/Resolution No.: SB 2294 SD 2 | Committee Referral: WLH/HSB | Date: 3/31/08 | | |
| <input type="checkbox"/> The committee is reconsidering its previous decision on the measure. | | | | |
| The recommendation is to: <input type="checkbox"/> Pass, unamended (as is) <input checked="" type="checkbox"/> Pass, with amendments (HD) <input type="checkbox"/> Hold <input type="checkbox"/> Pass short form bill with HD to recommit for future public hearing (recommit) | | | | |
| WLH Members | Ayes | Ayes (WR) | Nays | Excused |
| 1. ITO, Ken (C) | ✓ | | | |
| 2. KARAMATSU, Jon Riki (VC) | ✓ | | | |
| 3. CARROLL, Mele | ✓ | | | |
| 4. MAGAOAY, Michael Y. | ✓ | | | |
| 5. MORITA, Hermina M. | | | | ✓ |
| 6. SAGUM, Roland D., III | | ✓ | | |
| 7. SAIKI, Scott K. | | ✓ | | |
| 8. THIELEN, Cynthia | | ✓ | | |
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| TOTAL (8) | 4 | 3 | | 1 |
| The recommendation is: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted If joint referral, _____ did not support recommendation. committee acronym(s) | | | | |
| Vice Chair's or designee's signature: | | | | |
| Distribution: Original (White) – Committee Duplicate (Yellow) – Chief Clerk's Office | | | | |

State of Hawaii
House of Representatives
The Twenty-fourth Legislature

HSCR 1712-08

Record of Votes of the Committee on Human Services & Housing

| Bill/Resolution No.: SB 2294 SD2 | Committee Referral: WLH/HSH | Date: March 31, 2008 | | |
|--|---------------------------------------|--------------------------------|------|---------|
| <input type="checkbox"/> The committee is reconsidering its previous decision on the measure. | | | | |
| The recommendation is to: <input type="checkbox"/> Pass, unamended (as is) <input checked="" type="checkbox"/> Pass, with amendments (HD) <input type="checkbox"/> Hold <input type="checkbox"/> Pass short form bill with HD to recommit for future public hearing (recommit) | | | | |
| HSH Members | Ayes | Ayes (WR) | Nays | Excused |
| 1. SHIMABUKURO, Maile S. L. (C) | X | | | |
| 2. RHOADS, Karl (VC) | X | | | |
| 3. AWANA, Karen Leinani | | | | X |
| 4. BELATTI, Della Au | | X | | |
| 5. BERTRAM, Joe, III | X | | | |
| 6. CABANILLA, Rida T.R. | X | | | |
| 7. GREEN, Josh, M.D. | | X | | |
| 8. MIZUNO, John | X | | | |
| 9. TOKIOKA, James Kunane | X | | | |
| 10. WARD, Gene, Ph.D. | X | | | |
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| TOTAL (10) | 7 | 2 | 0 | 1 |
| The recommendation is: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted If joint referral, _____ did not support recommendation. <div style="text-align: center; font-size: small;">committee acronym(s)</div> | | | | |
| Vice Chair's or designee's signature: <u>Kal Wood</u> | | | | |
| Distribution: Original (White) – Committee Duplicate (Yellow) – Chief Clerk's Office | | | | |