

Honolulu, Hawaii

MAR 20 2008

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

Honorable Colleen Hanabusa
President of the Senate
Twenty-Fourth State Legislature
Regular Session of 2008
State of Hawaii

Madam:

Your Committee on Commerce, Consumer Protection, and
Affordable Housing, to which was referred H.B. No. 2732, H.D. 1,
entitled:

"A BILL FOR AN ACT RELATING TO KAKAAKO,"

begs leave to report as follows:

The purpose of this measure is to increase reserved housing
units in Hawaii by increasing the reserved housing requirement for
a planned development on a lot of at least one acre located in the
mauka area of the Kakaako Community Development District.

Specifically, this measure:

- (1) Requires that, for a major development on a lot at least
one acre located in the mauka area of the Kakaako
Community Development District, at least twenty-five per
cent of the floor area is constructed and made available
as reserved housing units;
- (2) Requires that, for a planned development with multi-
family dwelling units located in the mauka area of the
Kakaako Community Development District on a lot between
20,000 and 43,559 square feet, at least twenty per cent
of the units shall be reserved housing units;
- (3) Requires the Hawaii Community Development Authority to
adopt and implement rules without regard to the notice



and public hearing requirements under chapter 91, Hawaii Revised Statutes, to facilitate the implementation of rules; and

- (4) Prohibits the Hawaii Community Development Authority from accepting permit applications for planned developments on lots of at least one acre before the adoption to rules.

Testimony in support of this measure was submitted by Central Pacific Bank; Yamaguchi & Yamaguchi, Inc.; Central Pacific HomeLoans, Inc.; Marshall Realty, Inc.; and two private individuals. Testimony in opposition of this measure was submitted by the Hawaii Community Development Authority; Kamehameha Schools; General Growth Properties, Inc.; The Gas Company; Servco Pacific Inc.; and U. Okada & Co., Ltd.

Affordable housing for the Hawaii residents and the local workforce are in critical short supply. Government cannot alone increase the needed supply to meet the overwhelming demand for affordable housing for those with incomes of 140 per cent and below the median income in Hawaii. Your Committee finds that private landowners and developers need incentives in order to meet the demand for and increase the supply of affordable housing.

With respect to the Kakaako Community Development District, your Committee notes that it was intended that this area be transformed from an industrial area and developed into a mixed-use residential and commercial area that would provide opportunities for Hawaii families to live, work, and play within the same community. Instead, this area has experienced an increase in the development of luxury condominium units that are too expensive for a majority of Hawaii families to afford.

Your Committee recognizes the concerns raised in testimony in opposition to this measure, and requested that the various stakeholders in the Kakaako area meet to reach a consensus on developing incentives to build affordable housing units in the Kakaako mauka area. Your Committee appreciates the efforts of the various stakeholders and encourages further discussion on providing incentives for private landowners to develop affordable housing units in the Kakaako Community Development District by the Committee on Ways and Means.

Accordingly, your Committee has amended this measure by:

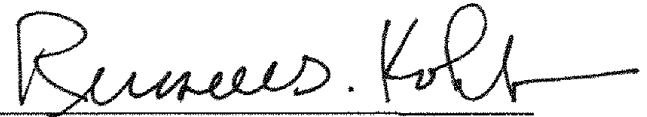


- (1) Deleting its contents and inserting the contents of S.B. No. 2294, S.D. 1, which are substantively similar, except for technical differences;
- (2) Adding language that:
 - (A) Prohibits a developer from satisfying the reserved housing requirement by making a cash payment;
 - (B) Calculates the countable floor area based on the plan submitted to the Hawaii Community Development Authority before any building permit application is submitted;
 - (C) Allows a developer to sell a credit to another developer at a price mutually agreed upon, and allows the developer who purchases the credit to deduct the credit from the reserved housing square footage or units required of that developer's project; and
 - (D) Requires the Hawaii Community Development Authority to prohibit developers from submitting a building permit application to the City and County of Honolulu until the adoption and implementation of rules; and
- (3) Making technical, nonsubstantive amendments for the purposes of clarity and style.

As affirmed by the record of votes of the members of your Committee on Commerce, Consumer Protection, and Affordable Housing that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2732, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2732, H.D. 1, S.D. 1, and be referred to the Committee on Ways and Means.



Respectfully submitted on
behalf of the members of the
Committee on Commerce, Consumer
Protection, and Affordable
Housing,



RUSSELL S. KOKUBUN, Chair



