

Honolulu, Hawaii

FEB 15 2008

RE: S.B. No. 2294
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 S.B. No. 2294 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 planned development on a lot at
least one acre located in the mauka area of the Kakaako
Community Development District, at least fifty per cent
of the floor area is constructed and made available as
reserved housing units for low- and moderate-income
families even if the developer intends to construct only
commercial, industrial, or resort uses on the lot;
- (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 of at
least 20,000 square feet, but less than one acre, 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;
- (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; and
- (5) Allows the present eligibility requirements of a low- or moderate-income family to purchase or rent a reserved housing unit to remain until the requirements are amended by statutes or rule.

Testimony in support of this measure was submitted by Central Pacific Bank; Central Pacific HomeLoans; Marshall Realty, Inc.; and six private individuals. Testimony in opposition to this measure was submitted by the Hawaii Community Development Authority, Kamehameha Schools, and General Growth Properties, Inc.

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 providing private landowners and developers incentives are needed 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 encourage 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:

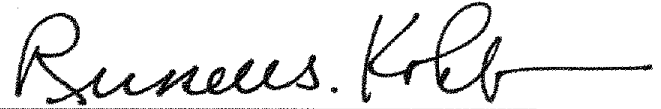
- (1) Changing the one acre of land exemption of any new development to a development with a height of more than forty-five feet or a floor area that equals or exceeds 1.5 times the lot area of the development;
- (2) Changing the reserved housing floor area requirement from fifty per cent to twenty-five per cent until December 31, 2017 at which time the requirement will increase to thirty-five per cent thereafter, unless the Legislature determines there is adequate reserved housing in Kakaako;
- (3) Requiring that the housing requirement project is to start construction on or before the "larger project" and be completed at the same time or before the "larger project";
- (4) Deleting a fee alternative for reserved housing;
- (5) Changing the effective date to July 1, 2050, to facilitate further discussion on this issue; and
- (6) Making technical, nonsubstantive amendments for the purposes of clarity and style.

Your Committee believes that this measure, as amended, fulfills the intent of this measure, which is to increase reserved housing units in Hawaii for low- to moderate-income families.

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

A handwritten signature in cursive script, reading "Russell S. Kokubun", with a horizontal line extending to the right from the end of the signature.

RUSSELL S. KOKUBUN, Chair



