

STAND. COM. REP. NO. 2616

Honolulu, Hawaii

MAR 02 2012

RE: S.B. No. 3025
S.D. 2

Honorable Shan S. Tsutsui
President of the Senate
Twenty-Sixth State Legislature
Regular Session of 2012
State of Hawaii

Sir:

Your Committee on Public Safety, Government Operations, and Military Affairs, to which was referred S.B. No. 3025, S.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO AFFORDABLE HOUSING CREDITS,"

begs leave to report as follows:

The purpose and intent of this measure is to clarify that certain county affordable housing requirements shall not impair, restrict, or condition a county's obligation to issue affordable housing credits to the Department of Hawaiian Home Lands or to apply credits in satisfaction of all county requirements.

Your Committee received testimony in support of this measure from the Department of Hawaiian Home Lands. Testimony in opposition was received from the City and County of Honolulu Department of Planning and Permitting and three individuals. Comments were received from the Attorney General.

Act 141, Session Laws of Hawaii 2009, requires each county to issue transferable affordable housing credits to the Department of Hawaiian Home Lands with respect to existing and future Hawaiian home lands projects upon a request for such credits by the Department of Hawaiian Home Lands. The credits shall be issued on a one-unit for one-unit basis. The credits may be applied county-wide within the same county in which the credits were earned to satisfy affordable housing obligations imposed by the county on market-priced residential and non-residential developments.



According to testimony, since the passage of Act 141, the Department of Hawaiian Home Lands has worked with each county to request and acquire affordable housing credits for completed units in its homestead communities. Affordable housing credits have afforded the Department greater opportunities to develop homesteads, which ultimately results in returning more native Hawaiians to public trust lands. The intent of this measure is to increase the potential value of the credits by prohibiting county limitations relating to application of the credits.

Your Committee has amended this measure on the recommendation of the Department of Hawaiian Home Lands and Department of the Attorney General, by:

- (1) Requiring that affordable housing credits be issued for each single-family residence, multi-family unit, other residential unit, or if allowed under the county's affordable housing programs, vacant lot, developed by the Department of Hawaiian Home Lands under specified conditions and requirements;
- (2) Clarifying that credits shall be freely transferrable;
- (3) Deleting the requirement that credits be issued on a one-unit for one-unit basis;
- (4) Specifying that credits originally issued to the Department of Hawaiian Home Lands under this section shall not be subject to any county restrictions regarding the application of credits toward affordable housing obligations; and
- (5) Defining "affordable housing obligation" to mean the requirement imposed by a county to develop vacant lots, single-family residences, multi-family residences, or any other type of residence for sale or rent to individuals within a specified income range.

Discussions among your Committee members on this amended measure indicates there is an issue concerning the provision, "All units or lots developed by the department shall be treated as for-sale units or lots." It is the understanding of your Committee that "treated as for-sale", though lots are technically leased for a period of ninety-nine years, does not mean an actual fee-simple sale of the lots, which would decimate the Hawaiian home lands



inventory. Your Committee's intent regarding that language is that the lots are to be considered as "for sale" only for purposes of county affordable housing requirements for various reasons, but in actuality lots are leased.

As affirmed by the record of votes of the members of your Committee on Public Safety, Government Operations, and Military Affairs that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 3025, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 3025, S.D. 2.

Respectfully submitted on
behalf of the members of the
Committee on Public Safety,
Government Operations, and
Military Affairs,



WILL ESPERO, Chair



The Senate
 Twenty-Sixth Legislature
 State of Hawai'i

Record of Votes
Committee on Public Safety, Government Operations, and
Military Affairs
PGM

Bill / Resolution No.:* SB 3025, SD1	Committee Referral: HWN/WLH, PGM	Date: 3-1-12		
<input type="checkbox"/> The committee is reconsidering its previous decision on this measure. If so, then the previous decision was to: _____				
The Recommendation is: <input type="checkbox"/> Pass, unamended 2312 <input checked="" type="checkbox"/> Pass, with amendments 2311 <input type="checkbox"/> Hold 2310 <input type="checkbox"/> Recommit 2313				
Members	Aye	Aye (WR)	Nay	Excused
ESPERO, Will (C)	✓			
KIDANI, Michelle N. (VC)	✓			
BAKER, Rosalyn H.	✓			
RYAN, Pohai	✓	✓		
SLOM, Sam	✓			
TOTAL	4	1	0	0
Recommendation: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Chair's or Designee's Signature: <div style="text-align:center; font-family: cursive; font-size: 1.2em;">Michelle N. Sidani</div>				
Distribution: Original Yellow Pink Goldenrod File with Committee Report Clerk's Office Drafting Agency Committee File Copy				

*Only one measure per Record of Votes