

STAND. COM. REP. NO.

2545

Honolulu, Hawaii

FEB 28 2014

RE: S.B. No. 2699  
S.D. 1

Honorable Donna Mercado Kim  
President of the Senate  
Twenty-Seventh State Legislature  
Regular Session of 2014  
State of Hawaii

Madam:

Your Committees on Human Services and Economic Development, Government Operations and Housing, to which was referred S.B. No. 2699 entitled:

"A BILL FOR AN ACT RELATING TO THE HAWAII COMMUNITY DEVELOPMENT AUTHORITY'S AFFORDABLE HOUSING REQUIREMENT,"

beg leave to report as follows:

The purpose and intent of this measure is to require the Hawaii Community Development Authority to impose minimum restrictions on reserved housing and workforce housing in accordance with the restrictions imposed by the City and County of Honolulu.

Your Committees received testimony in support of this measure from the Hawaii Primary Care Association, Kakaako United, Free Access Coalition, Malama Makaha, and twenty-seven individuals. Your Committees received testimony in opposition to this measure from The Pacific Resource Partnership; Howard Hughes Corporation; Downtown Capital LLC; Marcus and Associates, Inc.; and one individual. Your Committees received comments on this measure from the Department of the Attorney General, Hawaii Community Development Authority, Kamehameha Schools, and Land Use Research Foundation of Hawaii.

Your Committees find that the Hawaii Community Development Authority was established to fulfill unmet community needs, including the lack of suitable affordable housing. However, as Hawaii's need for affordable housing has grown, the Authority has

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only added a limited amount of affordable housing, and over ninety percent of the units under consideration for approval by the Authority are not affordable housing units. Furthermore, the Authority's definitions of reserved housing and workforce housing are contrary to the Department of Housing and Urban Development's definition of "low- or moderate-income" housing.

Your Committees further find that the Authority's policies stand in contrast to the objectives of the City and County of Honolulu, which currently requires affordable housing units for new developments to comprise at least ten percent of units priced below eighty percent of area median income and twenty percent of units priced below one hundred twenty percent of area median income, and imposes strict prohibitions against reselling or renting homes at market rates over a fixed buyback period. The result in Kakaako is that the Authority has failed to adopt policies that encourage affordable housing, and instead has drawn development to Kakaako that, were it to occur elsewhere in Honolulu, would be required to provide affordable housing.

Your Committees have received testimony on this measure expressing concern about the workforce housing provision and that this measure does not provide a viable solution for affordable housing for middle-class residents who do not qualify for subsidized housing yet may have difficulty obtaining financing. Your Committees recognize the concerns raised and that it is an ongoing challenge for the State to find affordable housing solutions. Your Committees encourage all interested groups to continue to work together and with the Legislature to find creative and effective housing solutions for all income levels in Hawaii.

Your Committees have amended this measure by:

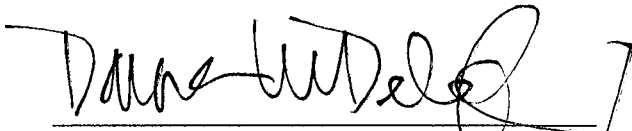
- (1) Removing language from sections 206E-5 and 206E-15, Hawaii Revised Statutes (HRS), that was repetitive and unnecessary;
- (2) Removing an imprecise reference to section 206E-101, HRS, to avoid confusion;
- (3) Removing the definition of "workforce housing" because it is not used in chapter 206E, HRS, and is therefore unnecessary;



- (4) Adding language to the definition of "reserved housing" to specifically reference the City and County of Honolulu's Amendment of Affordable Housing Rules for Unilateral Agreements that was adopted February 12, 2010;
- (5) Inserting an effective date of July 1, 2050, to encourage further discussion; and
- (6) Making technical, nonsubstantive amendments for the purposes of clarity and consistency.

As affirmed by the records of votes of the members of your Committees on Human Services and Economic Development, Government Operations and Housing that are attached to this report, your Committees are in accord with the intent and purpose of S.B. No. 2699, as amended herein, and recommend that it pass Second Reading in the form attached hereto as S.B. No. 2699, S.D. 1, and be placed on the calendar for Third Reading.

Respectfully submitted on  
behalf of the members of the  
Committees on Human Services  
and Economic Development,  
Government Operations and  
Housing,

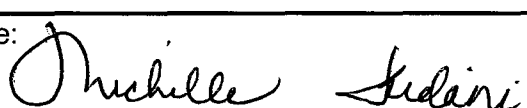
  
DONOVAN M. DELA CRUZ, Chair

  
SUZANNE CHUN OAKLAND, Chair



The Senate  
Twenty-Seventh Legislature  
State of Hawai'i


**Record of Votes**  
**Committee on Human Services**  
**HMS**

Bill / Resolution No.:*	Committee Referral:	Date:		
SB 2699	HMS/EGH	2-24-14		
<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
CHUN OAKLAND, Suzanne (C)	✓			
GREEN, M.D., Josh (VC)				✓
KIDANI, Michelle N.		✓		
TANIGUCHI, Brian T.		✓		
SLOM, Sam		✓		
<b>TOTAL</b>	1	3		1
Recommendation:				
<input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Chair's or Designee's Signature:				
				
Distribution:				
Original	Yellow	Pink	Goldenrod	
File with Committee Report	Clerk's Office	Drafting Agency	Committee File Copy	

\*Only one measure per Record of Votes

The Senate  
Twenty-Seventh Legislature  
State of Hawai'i

**Record of Votes**  
**Committee on Economic Development, Government Operations and Housing**  
**EGH**

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SB2699	HMS/EGH	2/24/14		
<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
DELA CRUZ, Donovan M. (C)		X		
SLOM, Sam (VC)		X		
BAKER, Rosalyn H.				X
CHUN OAKLAND, Suzanne	X			
ENGLISH, J. Kalani		X		
THIELEN, Laura H.	X			
WAKAI, Glenn				X
<b>TOTAL</b>	2	3	0	2
Recommendation: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Chair's or Designee's Signature:				
				
Distribution:             Original             Yellow             Pink             Goldenrod File with Committee Report             Clerk's Office             Drafting Agency             Committee File Copy				

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