

STAND. COM. REP. NO.

2015

Honolulu, Hawaii

FEB 02 2018

RE: S.B. No. 2293
S.D. 1

Honorable Ronald D. Kouchi
President of the Senate
Twenty-Ninth State Legislature
Regular Session of 2018
State of Hawaii

Sir:

Your Committee on Housing, to which was referred S.B. No. 2293 entitled:

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

begs leave to report as follows:

The purpose and intent of this measure is to preserve the Front Street Apartments on Maui as an affordable rental housing project by:

- (1) Requiring the Hawaii Housing Finance and Development Corporation, or any appropriate entity of the State as determined by the Governor, to immediately initiate negotiations with the owners of the Front Street Apartments to:
 - (A) Make available, without competitive award, public financing resources to extend the affordable rents at the Front Street Apartments through at least 2027 for apartment tenants as of January 1, 2018, who meet certain median family income levels; or
 - (B) Acquire the property, provided that certain apartment units are reserved for tenants who meet certain median family income levels;



- (2) Authorizing the State to exercise the powers of eminent domain to provide for the public financing of the acquisition of the Front Street Apartments by condemnation through the expenditures of funds at the disposal of the State, if an agreement to extend the affordable rents or acquire the property is not reached within a reasonable time; and
- (3) Appropriating funds to the Hawaii Housing Finance and Development Corporation for the purposes of negotiating with the owners of the Front Street Apartments and requiring the County of Maui to appropriate matching county funds.

Your Committee received testimony in support of this measure from the Hawaii Housing Finance and Development Corporation; Office of the Mayor, County of Maui; EAH Housing; Oahu County Committee on Legislative Priorities Democratic Party of Hawaii; Ho'omanapono Political Action Committee; We Are One, Inc.; Waiahole-Waikane Community Association; The Front Street Apartments Tenants Group; West Maui Taxpayers Association; and fifteen individuals. Your Committee received testimony in opposition to this measure from the Front Street Affordable Housing Partners. Your Committee received comments on this measure from two individuals.

Your Committee finds that the Front Street Apartments on Maui provide affordable housing to more than two hundred fifty low-income residents. These apartments were developed in 2001 as an affordable rental housing project with one hundred forty-two apartment units, using state financing and state tax credits, and were expected to remain affordable to low-income tenants for fifty years. However, the owners of the Front Street Apartments recently exercised an option to remove the property from affordability requirements that were tied to the development of the property, and this change will allow them to begin renting available apartments at market rates and likely raise rents for existing tenants within a few years.

Your Committee further finds that the County of Maui has a dire need for additional affordable housing. The most recent Hawaii Housing Planning Study indicates a need for twelve thousand housing units on Maui for 2015 to 2025. The current tenants of



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the Front Street Apartments consist of households with incomes below sixty percent of the area median income for the County of Maui. Some of the tenants are disabled or elderly and represent the most vulnerable populations. If the tenants of the Front Street Apartments lose their apartment units, there are virtually no other affordable rental units for them to move into, and many of them could become homeless as a result.


Your Committee notes that Act 288, Session Laws of Hawaii 2006, authorized the State to intervene to preserve affordable rents at the Kukui Gardens affordable rental housing project on Oahu. The tenants, surrounding community, and the island of Maui would benefit from similar active state intervention in this situation to ensure that there is no negative impact on current and future tenants of the Front Street Apartments. Accordingly, this measure authorizes the State to intervene to preserve the Front Street Apartments on Maui as an affordable rental housing project.

Your Committee has amended this measure by:

- (1) Changing the effective date to July 1, 2050, to encourage further discussion; and
- (2) Making technical, nonsubstantive amendments for the purposes of clarity and consistency.

As affirmed by the record of votes of the members of your Committee on Housing that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2293, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2293, S.D. 1, and be referred to your Committee on Ways and Means.

Respectfully submitted on
behalf of the members of the
Committee on Housing,



WILL ESPERO, Chair



The Senate
 Twenty-Ninth Legislature
 State of Hawai'i

Record of Votes
Committee on Housing
HOU

Bill / Resolution No.:* SB 2293	Committee Referral: HOU, WAM	Date: 1/30/18		
<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)	✓			
HARIMOTO, Breene (VC)	✓			
GREEN, Josh	✓			
KAHELE, Kaiali'i	✓			
NISHIHARA, Clarence K.				✓
TOTAL	4			1
Recommendation: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Chair's or Designee's Signature: <i>Breene Hariri</i>				
Distribution: Original Yellow Pink Goldenrod File with Committee Report Clerk's Office Drafting Agency Committee File Copy				

*Only one measure per Record of Votes