Honolulu, Hawaii

MAR 18 , 2022

RE: S.B. No. 2667

S.D. 1 H.D. 1

Honorable Scott K. Saiki Speaker, House of Representatives Thirty-First State Legislature Regular Session of 2022 State of Hawaii

Sir:

Your Committee on Housing, to which was referred S.B. No. 2667, S.D. 1, entitled:

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

begs leave to report as follows:

The purpose of this measure is to extend for five years the deadline for the Hawaii Housing Finance and Development Corporation to renegotiate an existing, or issue a new, ground lease for the Front Street Apartments affordable housing project in Lahaina, Maui, before the initiation of condemnation proceedings.

Your Committee received testimony in support of this measure from one member of the Maui County Council. Your Committee received comments on this measure from the Hawaii Housing Finance and Development Corporation.

Your Committee finds that there is a severe shortage of affordable rental housing in the County of Maui, particularly in the western part of the island. To address this shortage, the Legislature passed acts in 2018 and 2019 to ensure the continued availability of affordable rental housing in Maui County by preserving the affordability of the Front Street Apartments. The Hawaii Housing Finance and Development Corporation has since

acquired the leased fee interest in the Front Street Apartments and was required to initiate condemnation proceedings unless it renegotiated the ground lease for the Front Street Apartments project or issued a new ground lease on terms acceptable to the Corporation by December 31, 2021. However, due to a federal lawsuit, the Corporation was unable to obtain an accurate appraisal of the fair market value of the ground lease for the property for purposes of condemnation or negotiating a ground lease agreement. Therefore, indefinitely extending the December 31, 2021, deadline and applying it retroactively is necessary.

Your Committee has amended this measure by:

- (1) Indefinitely extending the deadline, rather than extending the deadline by five years;
- (2) Changing the effective date to July 1, 2050, to encourage further discussion; and
- (3) Making technical, nonsubstantive amendments for the purposes of clarity, consistency, and style.

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. 2667, S.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2667, S.D. 1, H.D. 1, and be referred to your Committee on Judiciary & Hawaiian Affairs.

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

NADINE K. NAKAMURA, Chair

State of Hawaii

Record of Votes of the Committee on Housing

SB 2667 SD1 Committee HSG	Referral: JHA,FI	Date		026
The committee is reconsidering its previous decision on the measure.				
The recommendation is to: Pass, unamended (as is) Pass, with amendments (HD) Hold Pass short form bill with HD to recommit for future public hearing (recommit)				
HSG Members	Ayes	Ayes (WR)	Nays	Excused
1. NAKAMURA, Nadine K. (C)				
2. HASHIMOTO, Troy N. (VC)				
3. AQUINO, Henry J.C.				
4. CLARK, Linda				
5. ILAGAN, Greggor				
6. KITAGAWA, Lisa				
7. LoPRESTI, Matthew S.				
8. TAKUMI, Roy M.				
9. McDERMOTT, Bob				
TOTAL (9)	7	D	0	2
The recommendation is: Adopted If joint referral, did not support recommendation. Committee acronym(s)				
Vice Chair's or designee's signature:				
Distribution: Original (White) – Committee Duplicate (Yellow) – Chief Clerk's Office Duplicate (Pink) – HMSO				