

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



