

STAND. COM. REP. NO.

3000

Honolulu, Hawaii

MAR 04 2022

RE: S.B. No. 2667

S.D. 1

Honorable Ronald D. Kouchi
President of the Senate
Thirty-First State Legislature
Regular Session of 2022
State of Hawaii

Sir:

Your Committees on Judiciary and Ways and Means, to which was referred S.B. No. 2667, S.D. 1, entitled:

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

beg leave to report as follows:

The purpose and intent of this measure is to extend 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 before the Corporation's requirement to initiate condemnation proceedings.

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

Your Committees find that the County of Maui, particularly West Maui, is facing a severe shortage of affordable housing. In 2018, the Legislature passed Act 150, Session Laws of Hawaii 2018 (Act 150), to appropriate funds in support of the Front Street Apartments in Lahaina, Maui. Pursuant to Act 150, as amended by Act 98, Session Laws of Hawaii 2019, and Act 34, Session Laws of Hawaii 2020, the Hawaii Housing Finance and Development Corporation must initiate condemnation proceedings unless, by December 31, 2021, the Corporation renegotiates the ground lease



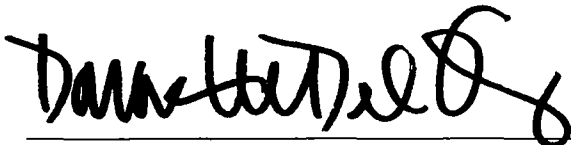
for the Front Street Apartment project or issues a new ground lease.

In 2019, the Hawaii Housing Finance and Development Corporation paid nearly \$15 million to acquire the leased-fee interest in the Front Street Apartments from 3900, LLC. Ongoing issues to advance the Front Street Apartments project has inhibited the Hawaii Housing Finance and Development Corporation from obtaining a definitive appraisal report on the fair market value of the ground lease for the property. Without the report, the Hawaii Housing Finance and Development Corporation could not proceed with the renegotiation or condemnation of the ground lease by the December 31, 2021 deadline as stipulated by Act 150, as amended.

To allow the Hawaii Housing Finance and Development Corporation to carry out its responsibilities under Act 150, as amended, while also alleviating the severe affordable housing shortage in the County of Maui, this measure extends by five-years, the deadline to complete the renegotiation or condemnation of the ground lease for the Front Street Apartments affordable housing project.

As affirmed by the records of votes of the members of your Committees on Judiciary and Ways and Means that are attached to this report, your Committees are in accord with the intent and purpose of S.B. No. 2667, S.D. 1, and recommend that it pass Third Reading.

Respectfully submitted on
behalf of the members of the
Committees on Judiciary and
Ways and Means,



DONOVAN M. DELA CRUZ, Chair



KARL RHOADS, Chair



The Senate
Thirty-First Legislature
State of Hawai'i

Record of Votes
Committee on Judiciary
JDC

Bill / Resolution No.:*	Committee Referral:	Date:
SB 2667, SDI	HOU, JDC/WAM	03-02-22

The Committee is reconsidering its previous decision on this measure.
If so, then the previous decision was to: _____

The Recommendation is:

Pass, unamended 2312
 Pass, with amendments 2311
 Hold 2310
 Recommit 2313

Members	Aye	Aye (WR)	Nay	Excused
RHOADS, Karl (C)	✓			
KEOHOKALOLE, Jarrett (VC)	✓			
ACASIO, Laura	✓			
GABBARD, Mike	✓			
KIM, Donna Mercado	✓			
LEE, Chris	✓			
FEVELLA, Kurt	✓			
TOTAL	7	-	-	-

Recommendation: Adopted Not Adopted

Chair's or Designee's Signature: *Karl Rhoads*

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*Only one measure per Record of Votes

