

Honolulu, Hawaii

MAR 18 , 2022

RE: S.B. No. 3261
S.D. 2
H.D. 1

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

Sir:

Your Committees on Housing and Water & Land, to which was referred S.B. No. 3261, S.D. 2, entitled:

"A BILL FOR AN ACT RELATING TO HOUSING,"

beg leave to report as follows:

The purpose of this measure is to facilitate affordable housing development. Specifically, this measure:

- (1) Establishes the ALOHA Homes Program to facilitate the creation of low-cost, high-density leasehold homes for sale to Hawaii residents on state-owned lands near public transit stations;
- (2) Authorizes the Hawaii Housing Finance and Development Corporation to sell the leasehold interest in residential condominium units located on state lands for lease terms of ninety-nine years;
- (3) Exempts non-ceded lands set aside by the Governor to the Hawaii Housing Finance and Development Corporation from classification as public lands subject to Department of Land and Natural Resources management;



- (4) Requires the Hawaii Housing Finance and Development Corporation to conduct a detailed market study of leasehold housing in the State;
- (5) Requires the Hawaii Housing Finance and Development Corporation to convene a working group to study the implementation of the ALOHA homes program; and
- (6) Appropriates funds for the Hawaii Housing Finance and Development Corporation to implement the ALOHA Homes Program.

Your Committees received testimony in support of this measure from the Policy Advisory Board for Elder Affairs, Church of the Crossroads; Faith Action for Community Equity; Habitat for Humanity Hawaii Island, Inc.; Community Alliance Partners; and four individuals. Your Committees received testimony in opposition to this measure from the Hawaii Housing Finance and Development Corporation, Sierra Club of Hawai'i, Jr. Ko'olaupoko Hawaiian Civic Club, Ka Leo O Nā 'Ōpio, Kupuna for the Mo'opuna, and one individual. Your Committees received comments on this measure from the Department of Budget and Finance, Grassroot Institute of Hawaii, Hawaii Budget and Policy Center, and one individual.

Your Committees find that the cost and availability of housing in the State, particularly for low- to middle-income families, are significant challenges for Hawaii residents. The State and housing developers have not been able to produce enough affordable housing due to several barriers that hinder the production of new housing, such as geographic limitations, lack of major infrastructure, construction costs, and government regulation.

Your Committees recognize that development of affordable housing is a lengthy and complex development process that requires in-depth knowledge of the costs and factors associated with development. One solution to the affordable housing shortage is to have the State and counties work together to implement leasehold housing for local residents. Your Committees find that state-supported leasehold housing can offer more affordable ownership options than the private market and can be reserved entirely for local residents. The formation of a working group can help determine the best framework for how state and county



agencies can work together to create leasehold housing options for residents and support housing options that are a component of providing affordable homes in the State.

Your Committees have amended this measure by:

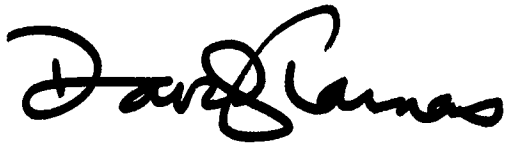
- (1) Deleting provisions that would have established the ALOHA Homes Program;
- (2) Deleting provisions that would have authorized the Hawaii Housing Finance and Development Corporation to sell the leasehold interest in residential condominium units located on state lands;
- (3) Deleting provisions that would have exempted non-ceded lands set aside by the Governor to the Hawaii Housing Finance and Development Corporation from classification as public lands;
- (4) Deleting provisions that would have required the Hawaii Housing Finance and Development Corporation to conduct a market study of leasehold housing;
- (5) Requiring the Hawaii Housing Finance and Development Corporation to convene a working group in cooperation with the counties and other housing experts to study the implementation of leasehold housing on publicly-owned, non-ceded lands near public transit stations in each county;
- (6) Specifying the membership of the working group and the focus of the working group's study;
- (7) Requiring the working group to submit a report of its findings and recommendations, including any proposed legislation, to the Legislature no later than December 10, 2023;
- (8) Changing the appropriation to support the activities of the working group;
- (9) Updating the preamble; and



- (10) Making technical, nonsubstantive amendments for the purposes of clarity, consistency, and style.

As affirmed by the records of votes of the members of your Committees on Housing and Water & Land that are attached to this report, your Committees are in accord with the intent and purpose of S.B. No. 3261, S.D. 2, as amended herein, and recommend that it pass Second Reading in the form attached hereto as S.B. No. 3261, S.D. 2, H.D. 1, and be referred to your Committee on Judiciary & Hawaiian Affairs.

Respectfully submitted on
behalf of the members of the
Committees on Housing and Water
& Land,



DAVID A. TARNAS, Chair



NADINE K. NAKAMURA, Chair



