

Honolulu, Hawaii
February 28, 2014

RE: H.B. No. 1866
H.D. 2

Honorable Joseph M. Souki
Speaker, House of Representatives
Twenty-Seventh State Legislature
Regular Session of 2014
State of Hawaii

Sir:

Your Committee on Finance, to which was referred H.B. No. 1866, H.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO THE HAWAII COMMUNITY DEVELOPMENT AUTHORITY,"

begs leave to report as follows:

The purpose of this measure is to enhance legislative and public oversight of the Hawaii Community Development Authority by, among other things:

- (1) Amending the composition and appointment procedure of the Authority, including by removing all existing members and appointing new members under the amended procedure;
- (2) Amending reserved housing requirements, including:
 - (A) Setting restrictions on the disposition of reserved and workforce housing by the Authority; and
 - (B) Requiring a developer to satisfy reserved housing requirements through either construction within the same development district or an equivalent cash payment;
- (3) Requiring that the set aside of public lands, expenditure of revolving funds, and issuance of special



facility revenue bonds, be subject to legislative approval by two-thirds majority vote in each house;

- (4) Requiring that rules adopted by the Authority comply with all existing laws, rules, and ordinances; and
- (5) Eliminating the operating budget and capital investment amounts for the Authority for fiscal year 2014-2015 from the Executive Budget.

Kanehili Cultural Hui, Life of the Land Hawaii, Kakaako United, and numerous individuals testified in support of this measure. The Hawaii Building and Construction Trades Council, ALF-CIO; The Chamber of Commerce Hawaii; and Hawaii Laborers-Employers Cooperation and Education Trust testified in opposition to this measure. The Department of the Attorney General; Executive Director of the Hawaii Community Development Authority; Office of Hawaiian Affairs; Alexander & Baldwin, Inc.; Kamehameha Schools; Hawaii Construction Alliance; The Pacific Resource Partnership; Hawai'i Chapter of the American Planning Association; Hawaii's Thousand Friends; Downtown Capital LLC; and several individuals provided comments.

Your Committee has amended this measure by:

- (1) Adding procedures allowing for administrative appeal, intervention, and judicial review in proceedings regarding applications for development permits;
- (2) Adding the Planning Director of a county that contains a development district as an ex officio non-voting member of the Authority;
- (3) Providing additional oversight of the Authority through:
 - (A) Prohibiting the Authority from delegating its power to approve variances, exemptions, or modifications of community development plans or rules and expanding public hearing and public notice requirements for the Authority's use of such power;
 - (B) Setting out additional public notice procedures for development permit applications including posting on the Authority's website and notice by mail to property owners and residents in a specified radius by and at the expense of the developer;



- (C) Setting height limits for buildings and structures in the Kakaako Community Development District; and
- (D) Eliminating the set aside of public lands within community districts for Authority use;
- (4) Permitting the nonconformity of the Authority's rules with existing state and county requirements and providing for the vesting of a developer's rights and the continuing applicability of the rules in effect at the time of initial approval of a master plan permit and development agreement;
- (5) Clarifying reserved housing and affordable housing requirements to permit the sale of units to eligible buyers and to preserve it as affordable;
- (6) Eliminating the two-thirds majority requirement in favor of a simple majority requirement for the legislative approval of the Authority's expenditures and bond issues; and
- (7) 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 Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1866, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 1866, H.D. 2.

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


SYLVIA LUKE, Chair



