

STAND. COM. REP. NO.

311

Honolulu, Hawaii

FEB 13 2019

RE: S.B. No. 1
S.D. 1

Honorable Ronald D. Kouchi
President of the Senate
Thirtieth State Legislature
Regular Session of 2019
State of Hawaii

Sir:

Your Committees on Housing, Water and Land, and Government Operations, to which was referred S.B. No. 1 entitled:

"A BILL FOR AN ACT RELATING TO HOUSING,"

beg leave to report as follows:

The purpose and intent of this measure is to establish the ALOHA homes program under the Hawaii Housing Finance and Development Corporation (HHFDC) to facilitate the development of low-cost homes for sale to Hawaii residents on state-owned and county-owned land near rail stations and to establish all the necessary guidelines and provisions relating to the ALOHA homes program.

Your Committees received testimony in support of this measure from the LGBT Caucus of the Democratic Party of Hawai'i, O'ahu County Committee on Legislative Priorities of the Democratic Party of Hawai'i, Hawaiian Community Assets, Ulupono Initiative, and eight individuals.

Prior to the hearing on this measure, your Committees posted and made available for public review a proposed S.D. 1, which amends this measure by:

- (1) Deleting high density from the definition of "ALOHA homes";



- (2) Defining the acronym ALOHA;
- (3) Inserting additional principles generally governing HHFDC's action in the urban redevelopment district and changing references from "residential development" to "development" throughout the principles;
- (4) Requiring that any development be designed to minimize parking;
- (5) Authorizing HHFDC to transfer ALOHA homes units to the Office of Hawaiian Affairs and Department of Hawaiian Home Lands for use by their respective beneficiaries;
- (6) Allowing rules adopted by HHFDC to authorize the use of retina scanning to verify the presence of owner-occupants and prevent access of all unauthorized persons as a potential owner-occupancy enforcement mechanism;
- (7) Amending the priorities for waitlists to be established by HHFDC for residential development for eligible buyers;
- (8) Requiring HHFDC to publish a notice of a public hearing to consider conveyance of real property from a county to HHFDC at least six days, instead of ten days, before the date set for the hearing in the publication;
- (9) Clarifying penalties for violating statutes or rules regarding ALOHA homes;
- (10) Authorizing HHFDC to sell leasehold units in condominiums on state land for a term of ninety-nine years;
- (11) Exempting amounts received from the sale of leasehold interest in ALOHA homes units from the general excise tax;
- (12) Exempting the ALOHA homes revolving fund from the central services deduction and special fund administrative expenses payment under sections 36-27 and 36-30, Hawaii Revised Statutes; and



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

Your Committees received testimony in support of the proposed S.D. 1 from the Hawaii Housing Finance and Development Corporation; Maui County Department of Housing and Human Concerns; Hawaii Government Employees Association, AFSCME Local 152, AFL-CIO; Building Industry Association of Hawaii; and three individuals. Your Committees received testimony in opposition to the proposed S.D. 1 from the Office of Hawaiian Affairs. Your Committees received comments on the proposed S.D. 1 from the Department of Budget and Finance, Department of Land and Natural Resources, Department of the Attorney General, Office of Planning, University of Hawai'i System, and City and County of Honolulu Department of Planning and Permitting.

Your Committees find that Hawaii has a severe lack of affordable housing, resulting in residents leaving Hawaii in hopes of better living conditions. Although Hawaii has the tenth highest median wage nationally, living expenses are two-thirds higher than the rest of the nation, with the cost of housing being a major contributing factor. Your Committees further find that there are significant barriers to the development of affordable housing in Hawaii, such as geographic limitations, lack of major infrastructure, and government regulation. Your Committees additionally find that the State has been putting more emphasis on creating more affordable housing. Despite these efforts, the amount of new and affordable housing, especially for low- to middle-income families, continues to be inadequate, and the supply of housing remains constrained while demand increases.

Your Committees find that Singapore, a country with even less land than Oahu, faced a housing crisis in the 1940s through 1960s, but was able to provide nearly one million residential units for its citizens. Through government loans, subsidies, and grants, Singapore was able to provide a surplus of affordable housing. Your Committees believe that Singapore could be a model for Hawaii in abating the housing crisis in Hawaii.

Your Committees heard the testimony of the Attorney General expressing concerns regarding the transfer of ALOHA home units to the Department of Hawaiian Home Lands, the possibility of having



to amend the Hawaiian Homes Commission Act, 1920, as amended, to allow the Department of Hawaiian Home Lands to lease out non-Hawaiian homelands, and ALOHA homes units receiving the status of Hawaiian homelands, which will then require the Department of Hawaiian Home Lands to govern those units. Your Committees acknowledge those concerns and will continue to work with the appropriate agencies to address them.

Your Committees have amended this measure by adopting the proposed S.D. 1 and further amending the measure by:

- (1) Inserting definitions for "high density" and "small and medium vendor";
- (2) Clarifying that a mailed notice of an application for a development project valued at \$250,000 or more shall include notice of any requests by the applicant for exemptions from statutes, ordinances, charter provisions, and rules;
- (3) Clarifying that the urban redevelopment district includes state- and county-owned land in counties with a population greater than 500,000;
- (4) Prohibiting ALOHA homes units from being advertised for rent;
- (5) Clarifying that voting in the most recent primary or general election is just one indication of residency in the State;
- (6) Specifying that ownership of any residential and non-residential property, beneficial ownership of trusts, and co-ownership or fractional ownership by a person or the person's spouse shall make the person ineligible as a buyer or owner of an ALOHA home under HHFDC's rules;
- (7) Deleting the requirement for the \$300,000 cap on the price of an ALOHA home to apply to a three-bedroom unit;
- (8) Exempting any ALOHA homes unit developed or sold from restrictions on the transfer, use, sale, repurchase, or renting of real property developed and sold by HHFDC;



- (9) Deleting duplicative language regarding jurisdiction and the filing of legal actions or proceedings regarding the validity of the ALOHA homes program;
- (10) Requiring that state lands no longer needed for affordable residential leasehold units be returned to the previous owner of the lands;
- (11) Requiring that lands to which HHFDC holds title and lands set aside by the Governor or leased to HHFDC are considered "public lands" only for the purpose of accounting for all receipts from ceded lands and allowing payment for those receipts to be made in a form of remuneration or consideration other than cash;
- (12) Amending the preamble; and
- (13) Making technical, nonsubstantive amendments for the purposes of clarity and consistency.

Your Committees emphasize that the intent of this measure is to ensure community involvement at all levels of every project in the establishment and development of the ALOHA homes program. Your Committees believe that given the importance and significant impact this measure will have on the community, the ALOHA homes program will strive for inclusion and input from key community stakeholders, including experts on Native Hawaiian, environmental, and cultural issues.

Your Committees note the concern individuals may have regarding the procurement rules of the ALOHA homes program. Your Committees encourage further discussion with appropriate agencies and stakeholders in establishing a transparent procurement process for the ALOHA homes program. Your Committees further note that procurement language found in the establishment of the Hawaii Airports Corporation measure (SB666, Regular Session of 2019) can act as a potential model for the ALOHA homes program in establishing its procurement rules.

As affirmed by the records of votes of the members of your Committees on Housing, Water and Land, and Government Operations that are attached to this report, your Committees are in accord

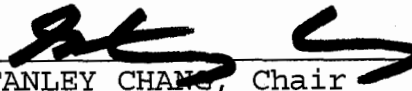


with the intent and purpose of S.B. No. 1, as amended herein, and recommend that it pass Second Reading in the form attached hereto as S.B. No. 1, S.D. 1, and be referred to your Committee on Ways and Means.

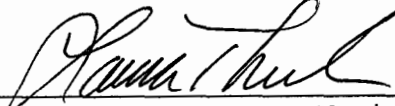
Respectfully submitted on behalf of the members of the Committees on Housing, Water and Land, and Government Operations,



KAIULANI I. KAMELE, Chair



STANLEY CHANG, Chair

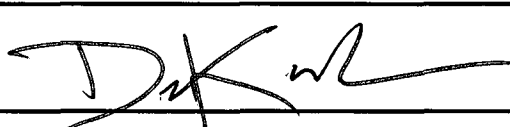


LAURA H. THIELEN, Chair



The Senate
Thirtieth Legislature
State of Hawai'i

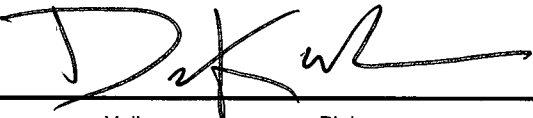
Record of Votes
Committee on Housing
HOU

Bill / Resolution No.:* SBI	Committee Referral: HOU/WTL/GVO, WAM	Date: 1/31/2019		
<input type="checkbox"/> The Committee is reconsidering its previous decision on this measure. If so, then the previous decision was to: _____				
The Recommendation is: <input type="checkbox"/> Pass, unamended 2312 <input checked="" type="checkbox"/> Pass, with amendments 2311 <input type="checkbox"/> Hold 2310 <input type="checkbox"/> Recommit 2313				
Members	Aye	Aye (WR)	Nay	Excused
CHANG, Stanley (C)	✓			
KANUHA, Dru Mamo (VC)	✓			
MORIWAKI, Sharon Y.	✓			
THIELEN, Laura H.	✓			
FEVELLA, Kurt	✓			
TOTAL	5	0	0	0
Recommendation: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Chair's or Designee's Signature: 				
Distribution: Original Yellow Pink Goldenrod File with Committee Report Clerk's Office Drafting Agency Committee File Copy				

*Only one measure per Record of Votes

The Senate
Thirtieth Legislature
State of Hawai'i

Record of Votes
Committee on Government Operations
GVO

Bill / Resolution No.:* SB 1	Committee Referral: HOU/WTL/GVO, WAM	Date: 1/31/2019		
<input type="checkbox"/> The Committee is reconsidering its previous decision on this measure. If so, then the previous decision was to: _____				
The Recommendation is: <input type="checkbox"/> Pass, unamended 2312 <input checked="" type="checkbox"/> Pass, with amendments 2311 <input type="checkbox"/> Hold 2310 <input type="checkbox"/> Recommit 2313				
Members	Aye	Aye (WR)	Nay	Excused
THIELEN, Laura H. (C)	✓			
INOUYE, Lorraine R. (VC)				✓
BAKER, Rosalyn H.				✓
KANUHA, Dru Mamo	✓			
FEVELLA, Kurt	✓			
TOTAL	3			2
Recommendation: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Chair's or Designee's Signature: 				
Distribution: Original Yellow Pink Goldenrod File with Committee Report Clerk's Office Drafting Agency Committee File Copy				

*Only one measure per Record of Votes