

Honolulu, Hawaii

MAY 02 2023

RE: S.B. No. 865
S.D. 2
H.D. 1
C.D. 1

Honorable Ronald D. Kouchi
President of the Senate
Thirty-Second State Legislature
Regular Session of 2023
State of Hawaii

Honorable Scott K. Saiki
Speaker, House of Representatives
Thirty-Second State Legislature
Regular Session of 2023
State of Hawaii

Sirs:

Your Committee on Conference on the disagreeing vote of the Senate to the amendments proposed by the House of Representatives in S.B. No. 865, S.D. 2, H.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO HOUSING,"

having met, and after full and free discussion, has agreed to recommend and does recommend to the respective Houses the final passage of this bill in an amended form.

The purpose of this measure is to establish and appropriate funds for the Ninety-Nine Year Leasehold Pilot Program to develop low-cost homes on state-owned and county-owned land in urban redevelopment sites to be sold in leasehold by the Hawaii Community Development Authority (HCDA) to qualified residents.

Your Committee on Conference finds that the State has a severe lack of affordable housing, resulting in residents leaving Hawaii in hopes of cheaper living conditions. Your Committee on Conference further finds that there are significant barriers to the development of affordable housing in Hawaii and that the State needs innovative solutions to address the housing crisis and keep families in Hawaii.



This measure is intended to increase homeownership and the affordability of leasehold housing units by increasing the term of the lease of certain state lands for a term of ninety-nine years.

Your Committee on Conference has amended this measure by:

- (1) Making the Ninety-Nine Year Leasehold Pilot Program a Ninety-Nine Year Leasehold Program;
- (2) Deleting:
 - (A) The definitions for "commercial project", "pilot program", "public agency", "public facilities", "redevelopment project", and "residential project";
 - (B) Language that would have required HCDA to:
 - (i) Adopt certain administrative rules;
 - (ii) Consider certain general principles regarding actions on urban redevelopment sites;
 - (iii) Recoup expenses through the sales of the leasehold interest of homes within an urban redevelopment site and other revenue sources;
 - (iv) Establish a waitlist for eligible buyers; and
 - (v) Use the price at which the owner purchased the home as the cost basis to determine the buyback price; and
 - (C) Language that would have created a tax exemption for the sale of leasehold interest for homes within an urban redevelopment site;
- (3) Inserting:
 - (A) The requisite information for making an appropriation in excess of the general fund expenditure ceiling pursuant to article VII, section 9, of the Hawaii State Constitution and sections 37-91 and 37-93, Hawaii Revised Statutes; and



- (B) Language that:
- (i) Requires that development be revenue-neutral to the greatest extent possible;
 - (ii) Requires urban redevelopment sites to maximize walkability; and
 - (iii) Allows HCDA to establish administrative rules that authorize the Executive Director to waive compliance with respect to the occupancy and residency requirements established in this measure;
- (4) Authorizing, rather than mandating, HCDA to require that at least fifty per cent of the residential condominium units be sold to an individual or household with an income of up to one hundred forty per cent of the area median income;
- (5) Amending:
- (A) References to "home" or "homes" to "residential condominium unit" or "residential condominium units"; and
 - (B) A reference to "multipurpose project" to "mixed-use project"; and
 - (C) The definitions of "project" and "public transit station";
- (6) Clarifying that HCDA:
- (A) Has the right of first refusal to purchase residential condominium units for a certain period of time and for a buyback price to be determined by HCDA; and
 - (B) May lease all or any portion of the real or personal property constituting a commercial project without recourse to the Hawaii Public Procurement Code; and



- (7) Inserting the following appropriation amounts:
- (A) \$1,500,000 for fiscal year 2023-2024 for HCDA to adopt rules, engage the community, and conduct site and predevelopment planning for the Ninety-Nine Year Leasehold Program; and
 - (B) \$190,000 for fiscal year 2023-2024 and the same sum for fiscal year 2024-2025 for the establishment of two full-time equivalent (2.0 FTE) positions within HCDA;
- (8) Amending section 2 to reflect its amended purpose;
- (9) Inserting an effective date of July 1, 2023; and
- (10) Making technical, nonsubstantive amendments for the purposes of clarity and consistency.

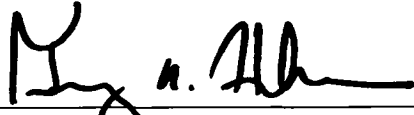
As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 865, S.D. 2, H.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 865, S.D. 2, H.D. 1, C.D. 1.



Respectfully submitted on behalf
of the managers:

ON THE PART OF THE HOUSE

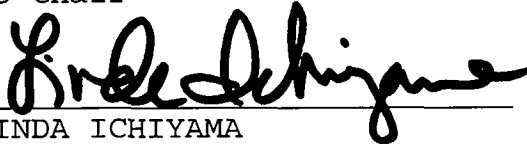
ON THE PART OF THE SENATE



TROY N. HASHIMOTO
Co-Chair



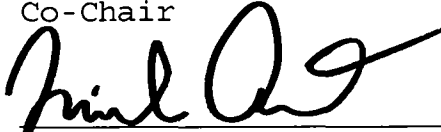
STANLEY CHANG
Chair



LINDA ICHIYAMA
Co-Chair



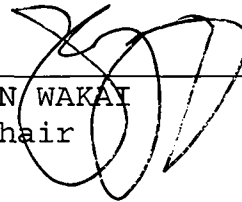
LORRAINE R. INOUE
Co-Chair



MICAH AIU
Co-Chair



ANGUS L.K. MCKELVEY
Co-Chair



GLENN WAKAI
Co-Chair



Hawai'i State Legislature

CCR 180

Record of Votes of a
Conference Committee

Bill / Concurrent Resolution No.: SB 865, SD 2, HD 1	Date/Time: 4:46 pm; 4/28/23
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The recommendation of the House and Senate managers is to pass with amendments (CD).

The Committee is reconsidering its previous decision.

The recommendation of the Senate Manager(s) is to AGREE to the House amendments made to the Senate Measure


The recommendation of the House Manager(s) is to AGREE to the Senate amendments made to the House Measure.

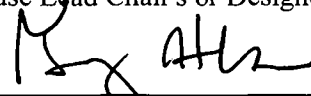
Senate Managers	A	WR	N	E	House Managers	A	WR	N	E
CHANG, Stanley, Chr.	✓				HASHIMOTO, Troy N., Co-Chr.	✓			
INOUE, Lorraine R., Co-Chr.	✓				ICHIYAMA, Linda, Co-Chr.	✓			
MCKELVEY, Angus L.K., Co-Chr.	✓				AIU, Micah P.K., Co-Chr.	✓			
WAKAI, Glenn, Co-Chr.	✓				TODD, Chris	✓			
KANUHA, Dru Mamo	✓				MATSUMOTO, Lauren	✓			
TOTAL	5				TOTAL	5			

A = Aye WR = Aye with Reservations N = Nay E = Excused

Senate Recommendation is:
 Adopted Not Adopted

House Recommendation is:
 Adopted Not Adopted

Senate Lead Chair's or Designee's Signature:


House Lead Chair's or Designee's Signature:


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