

STAND. COM. REP. NO. 210
Honolulu, Hawaii

RE: S.B. No. 607
S.D. 1

Honorable Ronald D. Kouchi
President of the Senate
Thirty-First State Legislature
Regular Session of 2021
State of Hawaii
Sir:

Your Committee on Housing, to which was referred S.B. No. 607 entitled:
"A BILL FOR AN ACT RELATING TO AFFORDABLE HOUSING,"

begs leave to report as follows:

The purpose and intent of this measure is to:

- (1) Remove the construction completion deadline for the Leialii Affordable Housing project and Keawe Street Apartments; and
- (2) Exempt the project from the historic preservation laws pursuant to chapter 6E, Hawaii Revised Statutes, under certain conditions.

Your Committee received testimony in support of this measure from the Hawaii Housing Finance and Development Corporation, Kihei Community Association, and the Office of the Mayor of Maui County.

Your Committee finds that there is a severe shortage of affordable rental housing in the county of Maui, particularly in the western part of the island. To remedy this problem, the Legislature appropriated funds to expedite and complete the Leialii Affordable Housing and the Keawe Street Apartments housing projects, with the mandate that the projects be completed by 2022. However, in 2020 the State Historic Preservation District from the Department of Land and Natural Resources notified the Hawaii Housing Finance and Development Corporation that it would require a new archaeological inventory survey for the entire Leialii and Keawe Street projects. Despite discussions between the Hawaii Housing Finance and Development Corporation, the State Historical Preservation Division, and the Office of the Governor, no agreement could be reached, and a new archaeological survey must be performed. In light of this new requirement, your Committee finds the 2022 completion deadline imposed by the Legislature cannot be met. This measure will extend the deadline imposed by the Legislature and allow the housing projects to go forward to provide much-needed homes for Maui residents.

Your Committee has amended this measure by deleting the requirement that the Hawaii Housing Finance and Development Corporation give preference to residents of Lahaina when the project is completed as that would likely be a violation of the general public use requirement of Section 42 of the Internal Revenue Code, which the corporation is required to uphold.

As affirmed by the record of votes of the members of your Committee on Housing that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 607, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 607, S.D. 1, and be referred to your Committee on Judiciary.

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

STANLEY CHANG, Chair