

CONFERENCE COMMITTEE REP. NO. 151-18

Honolulu, Hawaii

, 2018

RE: S.B. No. 2293  
S.D. 2  
H.D. 3  
C.D. 1

Honorable Ronald D. Kouchi  
President of the Senate  
Twenty-Ninth State Legislature  
Regular Session of 2018  
State of Hawaii

RECEIVED AT BF MEETING ON 6-12-18  
(BF com. chair) (BF-150)

Honorable Scott K. Saiki  
Speaker, House of Representatives  
Twenty-Ninth State Legislature  
Regular Session of 2018  
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. 2293, S.D. 2, H.D. 3, entitled:

"A BILL FOR AN ACT RELATING TO AFFORDABLE 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:

(1) Require the County of Maui to pursue available remedies to recoup any and all monies expended for the Front Street Apartments affordable housing project from the leasehold fee owners and owners of the improvements constructed thereon, or their successors in interest in the construction of the Front Street Apartments as an affordable housing project;

(2) Appropriate out of the Hawaii Housing Finance and Development Corporation's rental assistance program an unspecified amount for the Corporation to maintain affordable rents to the

Front Street Apartments tenants by providing a three-year rent subsidy; provided that the leasehold fee and improvement owners, or their successors, provide dollar-for-dollar matching funds, and if no matching funds are provided, prohibiting the leasehold fee and improvement owners, or their successors, from doing business in the State; and

(3) Appropriate an unspecified amount out of the Hawaii Housing Finance and Development Corporation revenues to expedite and complete the construction of Leialii affordable housing project in Lahaina, Maui, by 2021, provided that the County of Maui expedites the planning and permitting process for the Leialii affordable housing project.

Your Committee on Conference finds that the Front Street Apartments on Maui provide affordable housing to more than two hundred fifty low-income residents. These apartments were developed in 2001 as an affordable rental housing project with one hundred forty-two apartment units, using state financing and state tax credits, and were expected to remain affordable to low-income tenants for fifty years. However, the owners of the Front Street Apartments recently exercised an option to remove the property from affordability requirements that were tied to the development of the property, and this change will allow them to begin renting available apartments at market rates and likely raise rents for existing tenants within a few years. This measure provides a mechanism to assist in preserving the Front Street Apartments on Maui as an affordable rental housing project.

Your Committee on Conference has amended this measure by removing its contents and inserting language that:

(1) Requires the Hawaii Housing Finance and Development Corporation to institute proceedings for the condemnation of the ground lease for the Front Street Apartments affordable housing project;

(2) Appropriates \$250,000 for an appraisal and other preparations for instituting the condemnation proceedings, provided that the County of Maui provides dollar-for-dollar matching funds;

(3) Appropriates \$30,000,000 out of the rental housing revolving fund to expedite and complete the construction of the Leialii affordable housing project in Lahaina, Maui, by 2021; and

(4) Changes the effective date to July 1, 2018.

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. 2293, S.D. 2, H.D. 3, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 2293, S.D. 2, H.D. 3, C.D. 1.

Respectfully submitted on behalf  
of the managers:

ON THE PART OF THE HOUSE

ON THE PART OF THE SENATE

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TOM BROWER  
Co-Chair

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WILL ESPERO  
Chair

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AARON LING JOHANSON  
Co-Chair

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GIL RIVIERE  
Co-Chair

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SYLVIA LUKE  
Co-Chair