

Honolulu, Hawaii

MAR 21 2025

RE: H.B. No. 417
H.D. 1
S.D. 1

Honorable Ronald D. Kouchi
President of the Senate
Thirty-Third State Legislature
Regular Session of 2025
State of Hawaii

Sir:

Your Committee on Housing, to which was referred H.B.
No. 417, H.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO THE RENTAL HOUSING REVOLVING
FUND,"

begs leave to report as follows:

The purpose and intent of this measure is to:

- (1) Establish the Housing Efficiency and Innovation
Subaccount within the Rental Housing Revolving Fund;
- (2) Specify permissible uses of funding and priorities; and
- (3) Authorize the Hawaii Housing Finance and Development
Corporation to transfer funds between the Housing
Efficiency and Innovation Subaccount and the Rental
Housing Revolving Fund without legislative approval.

Your Committee received testimony in support of this measure
from the Hawaii Housing Finance and Development Corporation
(HHFDC); Holomua Collaborative; Title Guaranty Hawaii; HPM
Building Supply; Hawai'i Gas; Mana Up; Tori Richard, Ltd.; Church
of the Crossroads; Chamber of Commerce Hawaii; and one individual.



Your Committee received comments on this measure from the Department of Budget and Finance and one individual.

Your Committee finds that the State is experiencing a severe housing shortage, which has catalyzed higher rates of outmigration by local working individuals and families. Presently, the Rental Housing Revolving Fund (RHRF) provides equity gap, low-interest loans for the development, construction, acquisition, preservation, and substantial rehabilitation of rental housing units. RHRF has been instrumental in increasing the number of affordable housing units in the State. However, demand for housing units has far exceeded existing inventory and the projects utilizing RHRF funds has resulted in an overproduction of units that cannot be offered to many local working families, due to their higher incomes. As the State seeks solutions to ensure progress to meet housing demand, amending existing priority provisions for RHRF funds will ensure more housing projects can commence, including projects for a diverse income range to alleviate pressures on the current housing market. Therefore, this measure provides HHFDC with greater flexibility to utilize innovative housing development approaches to increase the State's existing housing inventory.

Your Committee has amended this measure by:

- (1) Clarifying that RHRF funds shall be used for financing including but not limited to loans, equity investments, and credit enhancement;
- (2) Clarifying that, for Tier 1 projects that are allocated low-income housing credits, priority shall be given to projects with a perpetual affordability commitment;
- (3) Clarifying that the Housing Efficiency and Innovation Subaccount shall be used for financing including loans, equity investments, and credit enhancement, for-sale, rental, or rent-to-own housing projects exclusively for qualified residents as defined in section 201H-32, Hawaii Revised Statutes; provided that priority shall be given to:
 - (A) Projects that efficiently use state funding;



- (B) Projects with a mix of units affordable to a diverse income range, as defined by HHFDC; and
- (C) Projects prioritizing government employees;
- (4) Clarifying that HHFDC shall give preference to a nonprofit or government project equally ranked with a for-profit project in allotting funds from RHRF;
- (5) Inserting a blank appropriation out of the general revenues of the State for deposit into the RHRF;
- (6) Inserting a blank appropriation out of the Housing Efficiency and Innovation Subaccount of the RHRF for the Hawaii Community Development Authority's ninety-nine-year leasehold project;
- (7) Inserting an effective date of July 1, 2050, to encourage further discussion; and
- (8) Making technical, nonsubstantive amendments for the purposes of clarity and consistency.

Your Committee notes that this measure, as amended, contains unspecified appropriation amounts. Should your Committee on Ways and Means choose to deliberate on this measure, your Committee respectfully requests that it consider inserting an appropriation amount of \$150,000,000, or \$75,000,000 for each year of the biennium, for the establishment of the Housing Efficiency and Innovation Subaccount. Additionally, your Committee respectfully requests your Committee on Ways and Means to consider inserting an appropriation amount of \$75,000,000 out of the Housing Efficiency and Innovation Subaccount for the Hawaii Community Development Authority's ninety-nine-year leasehold project.

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 H.B. No. 417, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 417, H.D. 1, S.D. 1, and be referred to your Committee on Ways and Means.



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


STANLEY CHANG, Chair



The Senate
Thirty-Third Legislature
State of Hawai'i

Record of Votes
Committee on Housing
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| Bill / Resolution No.:* HB 417 HDI | Committee Referral: HOU, WAM | Date: 3-18-25 | | | | | | | | | | |
| <input type="checkbox"/> The Committee is reconsidering its previous decision on this measure. If so, then the previous decision was to: _____ | | | | | | | | | | | | |
| The Recommendation is: <div style="display: flex; justify-content: space-between; align-items: flex-start;"> <div style="text-align: center;"><input type="checkbox"/> Pass, unamended 2312</div> <div style="text-align: center;"><input checked="" type="checkbox"/> Pass, with amendments 2311</div> <div style="text-align: center;"><input type="checkbox"/> Hold 2310</div> <div style="text-align: center;"><input type="checkbox"/> Recommit 2313</div> </div> | | | | | | | | | | | | |
| Members | Aye | Aye (WR) | Nay | Excused | | | | | | | | |
| CHANG, Stanley (C) | ✓ | | | | | | | | | | | |
| HASHIMOTO, Troy N. (VC) | ✓ | | | | | | | | | | | |
| AQUINO, Henry J.C. | ✓ | | | | | | | | | | | |
| KANUHA, Dru Mamo | | | | ✓ | | | | | | | | |
| FEVELLA, Kurt | ✓ | | | | | | | | | | | |
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| Recommendation: <div style="display: flex; justify-content: space-around; margin-top: 5px;"> <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted </div> | | | | | | | | | | | | |
| Chair's or Designee's Signature: | | | | | | | | | | | | |
| <table style="width:100%; font-size: small;"> <tr> <td style="width:25%;">Distribution:</td> <td style="width:25%;">Original</td> <td style="width:25%;">Yellow</td> <td style="width:25%;">Pink</td> </tr> <tr> <td></td> <td>File with Committee Report</td> <td>Clerk's Office</td> <td>Drafting Agency</td> </tr> </table> <div style="display: flex; justify-content: space-between; font-size: small; margin-top: 5px;"> Goldenrod Committee File Copy </div> | | | | | Distribution: | Original | Yellow | Pink | | File with Committee Report | Clerk's Office | Drafting Agency |
| Distribution: | Original | Yellow | Pink | | | | | | | | | |
| | File with Committee Report | Clerk's Office | Drafting Agency | | | | | | | | | |

*Only one measure per Record of Votes