

Honolulu, Hawaii

FEB 17 2023

RE: S.B. No. 1352

S.D. 1

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

Sir:

Your Committees on Housing and Water and Land, to which was referred S.B. No. 1352 entitled:

"A BILL FOR AN ACT RELATING TO HOUSING,"

beg leave to report as follows:

The purpose and intent of this measure is to:

- (1) Establish the Rental Deposit Loan Program (Loan Program);
- (2) Create tax incentives for the development of affordable housing;
- (3) Address government processes to lower housing costs; and
- (4) Appropriate funds for the establishment of the Loan Program.

Your Committees received testimony in support of this measure from the Chief Housing Officer; Hawaii Housing Finance and Development Corporation; two members of the Kaua'i County Council; NAIOP Commercial Real Estate Development Association, Hawaii Chapter; Hawai'i Association of REALTORS; and Pacific Resource Partnership. Your Committees received comments on this measure from the Department of Taxation and Tax Foundation of Hawaii.



Your Committees find that this administration measure is meant to secure housing for workforce renters and provide incentives for the development of affordable housing through temporary expedited processes, including third-party review, and general excise tax exemptions. Your Committees note the concerns expressed that there is no requirement for the savings from the general excise tax exemption in this measure to be passed along to residents.

Your Committees have amended this measure by:

- (1) Clarifying that the Loan Program is meant to assist residents of the State who are renter-occupants and own no other real property;
- (2) Requiring HHFDC to award grants for the administration of the Loan Program pursuant to chapter 103D, rather than 103F, Hawaii Revised Statutes;
- (3) Inserting certain language from Senate Bill 872, Regular Session of 2023, which allows HHFDC to develop certain housing projects that are exempt from laws, rules, and ordinances, including income restrictions, under certain circumstances;
- (4) Adding a tax certification requirement to the general excise tax exemption to help minimize invalid or fraudulent claims;
- (5) Inserting definitions for "qualified person or firm" and "affordable housing units in the State that are part of a government agency's or approving body's condition for approval";
- (6) Clarifying that the Department of Land and Natural Resources may retain a consultant to perform certain reviews, which shall be subject to approval from the appropriate island burial council and aha moku council before retaining the services of a third-party consultant;
- (7) Authorizing the counties to promote certain labor standards through zoning ordinances;



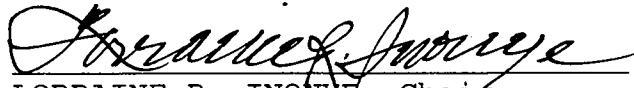
- (8) Clarifying that every laborer and mechanic employed for the construction of any public work project, including off-site construction where a portion of the building or work is manufactured or constructed for the performance of the contract, shall be paid no less than the prevailing wages, under certain conditions;
- (9) Deleting language that restricts a qualified person or firm of a project from receiving any other direct or indirect financing from any other governmental contracting agency;
- (10) Requiring all orders from the Governor to set aside public lands for the development of affordable housing to contain a provision that the construction of the development shall be subject to Hawaii's law on the wages and hours of employees on public works;
- (11) Repealing the \$30,000,000 cap and contracting restriction on the general excise tax exemption for all projects approved and certified by HHFDC;
- (12) Deleting language that would have streamlined the county approval process as it would have limited the county's ability to work with its constituents and stakeholders, thus leading to increased disapprovals of housing projects;
- (13) Adding the establishment of one full-time equivalent (1.0) FTE staff position in HHFDC to administer the Loan Program;
- (14) Amending section 1 to reflect its amended purpose;
- (15) Inserting an effective date of January 1, 2024; and
- (16) Making technical, nonsubstantive amendments for the purposes of clarity and consistency.

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



of S.B. No. 1352, as amended herein, and recommend that it pass Second Reading in the form attached hereto as S.B. No. 1352, 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 and Water and Land,


LORRAINE R. INOUE, Chair


STANLEY CHANG, Chair



The Senate
 Thirty-Second Legislature
 State of Hawai'i

Record of Votes
Committee on Housing
HOU

Bill / Resolution No.:* <i>SB 1352</i>	Committee Referral: <i>HOU/WTL, WAM</i>	Date: <i>02/09/2023</i>
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The Committee is reconsidering its previous decision on this measure.
 If so, then the previous decision was to: _____

The Recommendation is:

Pass, unamended 2312
 Pass, with amendments 2311
 Hold 2310
 Recommit 2313

Members	Aye	Aye (WR)	Nay	Excused
CHANG, Stanley (C)	✓			
KANUHA, Dru Mamo (VC)	✓			
AQUINO, Henry J.C.	✓			
RHOADS, Karl	✓			
AWA, Brenton	✓			
TOTAL	<i>5</i>		<i>0</i>	

Recommendation:
 Adopted
 Not Adopted


Chair's or Designee's Signature:

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The Senate
 Thirty-Second Legislature
 State of Hawai'i

Record of Votes
Committee on Water and Land
WTL

Bill / Resolution No.:* SB 1352	Committee Referral: Hou/WTL, WAM	Date: 02/09/2023		
<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
INOUYE, Lorraine R. (C)	✓			
ELEFANTE, Brandon J.C. (VC)	✓			
CHANG, Stanley	✓			
MCKELVEY, Angus L.K.	✓			
FEVELLA, Kurt	✓			
TOTAL	5	ϕ	ϕ	ϕ
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