

STAND. COM. REP. NO.

160

Honolulu, Hawaii

FEB 08 , 2023

RE: H.B. No. 1054
H.D. 1

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

Sir:

Your Committee on Housing, to which was referred H.B. No. 1054 entitled:

"A BILL FOR AN ACT RELATING TO HOUSING,"

begs leave to report as follows:

The purpose of this measure is to:

- (1) Establish the Rental Deposit Loan Program;
- (2) Exempt the planning, design, financing, construction, sale, or lease of certain affordable housing units from the general excise tax;
- (3) Amend the definition of "historic property";
- (4) Require the Department of Land and Natural Resources to retain a third-party consultant, under certain circumstances, to conduct review of certain historic preservation projects;
- (5) Permit, rather than require, a county legislative body to approve a housing development project for purposes of exempting the project from all laws and rules relating to the development of housing; and

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(6) Appropriate funds.

Your Committee received testimony in support of this measure from the Chief Housing Officer of the Office of the Governor, one member of the Maui County Council, and one individual. Your Committee received comments on this measure from the Department of Taxation, Department of Land and Natural Resources, Hawaii Housing Finance and Development Corporation, and Tax Foundation of Hawaii.

Your Committee finds that the State has reached the tipping point of the housing shortage problem. Many residents spend more than thirty or forty percent of their income on housing or are on the verge of becoming homeless due to exorbitant housing prices. Your Committee believes that the State needs to provide housing at all income levels. The Rental Deposit Loan Program established by this measure will assist those earning between eighty and one hundred twenty percent of the area median income to obtain housing, and help address barriers to home ownership faced by the State's workforce housing renters.

Your Committee has amended this measure by:

- (1) Authorizing the Hawaii Housing Finance and Development Corporation to enter into memoranda of agreement with the counties or specialized nonprofit organizations to administer the Rental Deposit Loan Program, rather than requiring the Corporation to provide grants to the counties or nonprofit corporations to administer the Program and exempting the corporation from the Public Procurement Code when selecting a nonprofit organization;
- (2) Establishing the Rental Deposit Loan Program Revolving Fund;
- (3) Clarifying that a county or nonprofit corporation selected by the Hawaii Housing Finance and Development Corporation to administer the Rental Deposit Loan Program may use up to fifteen percent of the balance of the Rental Deposit Loan Program Revolving Fund to administer the Program, rather than eight percent of the grant amount;



- (4) Requiring the Hawaii Housing Finance and Development Corporation to establish rules and qualification standards, without regard to chapter 91, Hawaii Revised Statutes;
- (5) Deleting language that would have:
 - (A) Exempted the planning, design, financing, construction, sale, or lease of certain affordable housing units from the general excise tax;
 - (B) Amended the definition of "historic property";
 - (C) Required the Department of Land and Natural Resources to retain a third-party consultant, who met certain standards, under certain circumstances, to conduct reviews of certain historic preservation projects; and
 - (D) Permitted, instead of requiring, a county legislative body to approve a housing development project for purposes of exempting such development from all laws and rules relating to the development of certain housing;
- (6) Changing the appropriation to an unspecified amount;
- (7) Inserting a sunset date of July 1, 2026;
- (8) Changing the effective date to July 1, 3000, to encourage further discussion; and
- (9) Making technical, nonsubstantive amendments for the purposes of clarity, consistency, and style.

Your Committee respectfully requests your Committee on Finance, should it deliberate on this measure, to consider an appropriation amount of \$2,500,000 into the Rental Deposit Loan Program, including \$375,000 for administrative costs associated with the Program.

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.



1054, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1054, H.D. 1, and be referred to your Committee on Water & Land.

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



TROY N. HASHIMOTO, Chair



