

Honolulu, Hawaii

FEB 01 2024RE: S.B. No. 2045
S.D. 1

Honorable Ronald D. Kouchi
President of the Senate
Thirty-Second State Legislature
Regular Session of 2024
State of Hawaii

Sir:

Your Committee on Housing, to which was referred S.B.
No. 2045 entitled:

"A BILL FOR AN ACT RELATING TO HOUSING,"

begs leave to report as follows:

The purpose and intent of this measure is to:

- (1) Amend the priority for which moneys in the Rental Housing Revolving Fund are to be used; and
- (2) Require the Hawaii Housing Finance and Development Corporation to:
 - (A) Prioritize the allocation of Low-Income Housing Tax Credits to certain projects; and
 - (B) Adopt certain administrative rules.

Your Committee received testimony in support of this measure from the Hawaii Public Housing Authority, one member of the Maui county council, AARP Hawai'i, and one individual.

Your Committee received comments on this measure from the Hawaii Housing Finance and Development Corporation and one individual.



Your Committee finds that the State has a strong need for increased affordable housing supply. Your Committee further finds that the State faces an aging public housing inventory. This measure will ensure that taxpayer dollars are used for publicly owned projects and private projects that recycle taxpayer funding, rather than projects owned by private entities for their own benefit, and adjusts the priorities of the Low-Income Housing Tax Credit and the Rental Housing Revolving Fund to increase housing supply and address significant capital improvement backlog.

Your Committee notes this measure requires that priority be given to projects owned by an organization obliged to use all financial surplus generated by the project to construct, manage, and rehabilitate owner- or renter-occupied housing. According to testimony received by your Committee, this could lead to a number of different interpretations that may have unintended consequences. Your Committee acknowledges the concerns raised about potential abuse and request that subsequent committees that hear this measure through the legislative process consider ways to address those concerns, including the possibility of limiting the types of organizations that would qualify, or requiring audits or limits to the application of surplus funds.

Your Committee has amended this measure by:

- (1) Clarifying that with regard to the administration of low-income housing credits, priority be given to projects on state or county land;
- (2) Deleting language that would have given preference to projects in which the State or a county is an equity partner;
- (3) Clarifying that the list of priorities for the Rental Housing Revolving Fund not be mutually exclusive with Low-Income Housing Tax Credits;
- (4) Inserting language that requires applicants to demonstrate project readiness;
- (5) Clarifying that priority be given to projects owned by organizations obliged to use all financial surplus generated by the project to construct, manage, or



rehabilitate renter-occupied housing in the State of Hawaii;

- (6) Granting the Hawaii Housing and Finance Development Corporation more flexibility with regard to the allocation of points for certain projects; and
- (7) Making a technical, nonsubstantive amendment for the purposes of clarity and consistency.

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. 2045, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2045, 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



