

Honolulu, Hawaii

MAR 21 2025

RE: H.B. No. 1325
H.D. 3
S.D. 1

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

Sir:

Your Committees on Housing and Commerce and Consumer Protection, to which was referred H.B. No. 1325, H.D. 3, 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) Require developers developing an affordable housing project under the Hawaii Housing Finance and Development Corporation to assist certain tenants who are subject to displacement or eviction by the proposed project by:
 - (A) Granting those tenants the right of first refusal of a comparable unit in the housing project at an affordable rate or establishing a fund to provide relocation benefits and offer assistance;
 - (B) Providing information, either directly or through a contracted service, on how to obtain assistance and exercise the right of first refusal; and
 - (C) Establishing procedures to track and maintain communication with those tenants; and
- (2) Establish consequences for a developer's noncompliance.



Your Committees received testimony in support of this measure from the Hawaii Housing Finance and Development Corporation, Tagnawa for Maui, Locals In My Backyard Hawai'i, Democratic Party of Hawai'i, Adult Friends for Youth, Chamber of Commerce Hawaii, Medical-Legal Partnership for Children in Hawai'i, Hawai'i YIMBY, Lāhainā Strong, Hawaii Appleseed Center for Law and Economic Justice, Kōkua Kalihi Valley Comprehensive Family Services, Parents and Children Together, Hawai'i Workers Center, Maui Tenants and Workers Association, Hawai'i Children's Action Network Speaks!, and twenty-four individuals.

Your Committees received testimony in opposition to this measure from NAIOP Hawaii.

Your Committees received comments on this measure from one individual.

Your Committees find that addressing the State's chronic housing shortage is of paramount importance to ensure local individuals and families can remain in Hawaii. While housing developers are developing more housing units to increase the State's existing inventory, developments may inadvertently displace residents in the surrounding communities. As residential displacement creates stress, anxiety, and uncertainty for individuals and families, especially children, housing stability ensures positive social and health outcomes for all residents. Therefore, this measure prioritizes the needs of residents in established communities impacted by housing development while improving communication practices.

Your Committees note the concerns of NAIOP Hawaii regarding the requirement for redeveloped units to remain one hundred percent affordable in perpetuity. While the affordability requirement ensures the unit remains affordable for local working individuals and families, the perpetual restriction limits financial flexibility, limits lender confidence, and eliminates the ability to leverage mixed-income models that make affordable housing feasible. Additionally, the financial compensation provisions for displaced tenants go beyond reasonable assistance, creating a potential windfall for tenants. As this measure proposes to require three months of comparable rent upfront to



tenants, this provision may inadvertently increase housing development costs and discourage future production.

Additionally, your Committees also note the testimony of various individuals presently residing in affected development areas. Relocation of housing, regardless of whether the relocation is temporary or permanent, is a significant hardship on individuals and families who have established their lives in a community. Further, as individuals and families have centered their lives around a specific community, relocation due to housing development can significantly impact both the physical and mental well-being of residents. As individuals and families relocate to other temporary or permanent housing, an effort should be made to ensure that living conditions in the new housing units are safe and secure to promote healthy living environments. Your Committees find that these issues warrant further consideration and respectfully request that subsequent committees that choose to deliberate on this measure examine these issues.

Your Committees have amended this measure by:

- (1) Deleting language that would have required the unit the new proposed housing project to be offered at the same rate as the prior unit, subject to inflation;
- (2) Inserting an effective date of July 1, 2050, to encourage further discussion; and
- (3) 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 Commerce and Consumer Protection that are attached to this report, your Committees are in accord with the intent and purpose of H.B. No. 1325, H.D. 3, as amended herein, and recommend that it pass Second Reading in the form attached hereto as H.B. No. 1325, H.D. 3, S.D. 1, and be referred to your Committees on Ways and Means and Judiciary.



Respectfully submitted on
behalf of the members of the
Committees on Housing and
Commerce and Consumer
Protection,



JARRETT KEOHOKALOLE, Chair



STANLEY CHANG, Chair



The Senate
 Thirty-Third Legislature
 State of Hawai'i

Record of Votes
Committee on Commerce and Consumer Protection
CPN

Bill / Resolution No.:* HB1325 HD3	Committee Referral: How/CPN, WAM/JDK	Date: 3/18/25
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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
KEOHOKALOLE, Jarrett (C)	✓			
FUKUNAGA, Carol (VC)	✓			
MCKELVEY, Angus L.K.	✓			
RICHARDS, III, Herbert M. "Tim"	✓			
AWA, Brenton	✓			
TOTAL	5			

Recommendation:
 Adopted
 Not Adopted

Chair's or Designee's Signature:
Carol Fukunaga

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*Only one measure per Record of Votes