

STAND. COM. REP. NO.

563

Honolulu, Hawaii

FEB 14 2025

RE: S.B. No. 1235
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 Labor and Technology, to which was referred S.B. No. 1235 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 the Hawaii Housing Finance and Development Corporation (HHFDC) to establish a Government Employee Housing Revolving Fund Program and Government Employee Ninety-Nine Year Leasehold Rent-to-Own Program;
- (2) Establish the Government Employee Housing Revolving Fund; and
- (3) Appropriate funds.

Your Committees received testimony in support of this measure from the Hawaii Housing Finance and Development Corporation; United Public Workers, AFSCME Local 646, AFL-CIO; Hawaii Government Employees Association, AFSCME Local 152, AFL-CIO; and one individual.

Your Committees received testimony in opposition to this measure from one individual.



Your Committees received comments on this measure from the Department of Budget and Finance.

Your Committees find that homeownership ensures stability for residents who intend to live and work in the State. However, factors such as the State's high cost of living have contributed to lower rates of homeownership among residents statewide. While studies have shown that housing costs should not total more than thirty percent of an individual's or family's total income, the State's high cost of housing has remained prohibitive for many residents. The establishment of a housing program that initially prioritizes government employees may stabilize the existing market, prevent greater relocation from the State, and incentivize the retaining and recruiting of State employees to address chronic vacancies. Therefore, this measure establishes a creative approach to increase homeownership in the State.

Your Committees note the concerns regarding the units produced under the Government Employee Housing Program being exclusive to government employees. It is the Legislature's intent that this program be available to all residents, regardless of employment status as a state or county employee. As proposed in this program, as more units are produced, more units will be available to the general public.

Your Committees additionally note the question raised by the United Public Workers regarding participants who choose not to purchase the unit they are offered under the Government Employee Housing Program. According to HHFDC, the amount allocated for the unit would be kept by the owner, thereby providing an incentive for the renter to purchase the unit under the rent-to-own program.

Your Committees further note that HHFDC has the statutory authority to provide loans out of the Rental Housing Revolving Fund (RHRF) for certain permitted uses relating to the development of rental housing. However, while equity financing is a permitted use of funds from RHRF, equity financing, including equity investment, is not a loan. Therefore, your Committees respectfully request that subsequent Committees consider inserting language to existing statutory provisions regarding RHRF to authorize HHFDC to utilize funds in RHRF for equity investments, in addition to providing loans for the development of rental housing units.



Your Committees have amended this measure by:

- (1) Deleting language that would have implemented income restrictions for participants of the Government Employee Housing Program to be at or below one hundred forty percent of the median family income;
- (2) Expanding the Program by specifying that for-sale units shall be eligible for the Government Employee Housing Program and funding from the Government Employee Housing Revolving Fund;
- (3) Inserting an appropriation amount of \$450,000 out of the Dwelling Unit Revolving Fund for the establishment of two full-time equivalent (2.0 FTE) positions needed for HHFDC to administer the Government Employee Housing Program;
- (4) Amending section 1 to reflect its amended purpose; and
- (5) 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 Labor and Technology that are attached to this report, your Committees are in accord with the intent and purpose of S.B. No. 1235, as amended herein, and recommend that it pass Second Reading in the form attached hereto as S.B. No. 1235, 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 Labor
and Technology,


HENRY J. C. AQUINO, Chair


STANLEY CHANG, Chair



The Senate
 Thirty-Third Legislature
 State of Hawai'i

Record of Votes
 Committee on Labor and Technology
 LBT

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|--|--|------------------------|-----|----------|
| Bill / Resolution No.:* SB1235 | Committee Referral: HOU/LBT, NAM | Date: 2/6/35 | | |
| <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 |
| AQUINO, Henry J.C. (C) | x | | | |
| LEE, Chris (VC) | x | | | |
| IHARA, Jr., Les | | | | x |
| MORIWAKI, Sharon Y. | x | | | |
| FEVELLA, Kurt | x | | | |
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| TOTAL | 4 | | | 1 |
| Recommendation: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted | | | | |
| Chair's or Designee's Signature: <div style="text-align:center; font-size: 2em; font-family: cursive;">  </div> | | | | |
| Distribution: Original Yellow Pink Goldenrod File with Committee Report Clerk's Office Drafting Agency Committee File Copy | | | | |

*Only one measure per Record of Votes