

Honolulu, Hawaii

**FEB 03 2025**

RE: S.B. No. 70  
S.D. 1

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

Sir:

Your Committee on Housing, to which was referred S.B. No. 70  
entitled:

"A BILL FOR AN ACT RELATING TO HOUSING,"

begs leave to report as follows:

The purpose and intent of this measure is to require eligible  
applicants of the Rental Housing Revolving Fund to be either  
governmental agencies or organizations that are required to use  
all financial surplus to develop additional housing in the State.

Your Committee received testimony in support of this measure  
from the Hawaii Public Housing Authority and one individual.

Your Committee received testimony in opposition to this  
measure from NAIOP Hawaii and Catholic Charities Hawai'i.

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

Your Committee finds that developers of affordable rental  
housing projects developed utilizing federal and state low-income  
housing tax credits are required to rent the units for a certain  
period of time to households making a certain percentage of the  
area median income. This requirement can affect a developer's  
ability to obtain long-term private loans for additional



development costs, due to limited projected cash-flow. Accordingly, the Rental Housing Revolving Fund provides equity gap, low-interest loans to qualified owners and developers constructing or rehabilitating affordable rental housing units. However, when the State allocates a low-income housing tax credit to a developer, the State does not, in return, receive an ownership interest in the development. Further, when the affordability commitment period terminates, the State often purchases the low-income housing development project from the developer to guarantee tenant stability, resulting in taxpayers paying for the project twice. Additionally, developers are not required to reinvest any profits generated by the housing project to construct additional housing in the State. Rather, the profits remain with the project's developer, in addition to any equity. This measure will ensure that funding from the Rental Housing Revolving Fund is used prudently to maximize housing production in the State and encourage government agencies to develop new affordable housing to ensure that units remain affordable in perpetuity.

Your Committee notes the concerns raised in testimony that this measure excludes for-profit developers from eligibility under the Rental Housing Revolving Fund. Your Committee finds this assertion to be misplaced. Not only does this measure not exclude for-profit developers, but Vienna, Austria's successful social housing model is based on for-profit developers, which are called "limited profit housing associations".

Your Committee has amended this measure by:

- (1) Clarifying that eligible organizations shall be organizations that are required to use all financial surplus, excluding fees to the organization, to develop additional housing in the State;
- (2) Inserting legislative findings; and
- (3) Making technical, nonsubstantive amendments 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. 70,



as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 70, 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



## Record of Votes Committee on Housing HOU

\*Only one measure per Record of Votes