

STAND. COM. REP. NO.

1751

Honolulu, Hawaii

MAR 18, 2025

RE: S.B. No. 71
S.D. 2
H.D. 1

Honorable Nadine K. Nakamura
Speaker, House of Representatives
Thirty-Third State Legislature
Regular Session of 2025
State of Hawaii

Madame:

Your Committee on Housing, to which was referred S.B. No. 71, S.D. 2, entitled:

"A BILL FOR AN ACT RELATING TO THE RENTAL HOUSING REVOLVING FUND,"

begs leave to report as follows:

The purpose of this measure is to:

- (1) Rename the Rental Housing Revolving Fund to the State Housing Revolving Fund;
- (2) Clarify the prioritization of, and eligibility and preference criteria for, projects that may be funded by, State Housing Revolving Fund monies; and
- (3) Require the Hawaii Housing Finance and Development Corporation to establish an application process for fund allocation.

Your Committee received testimony in support of this measure from the Hawaii Public Housing Authority; Church of the Crossroads; and three individuals. Your Committee received testimony in opposition to this measure from Catholic Charities Hawai'i; Hawaii Appleseed Center for Law & Economic Justice; NAIOP

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Hawaii; and one individual. Your Committee received comments on this measure from the Hawaii Housing Finance and Development Corporation; Hawai'i YIMBY; and Holomua Collaborative.

Your Committee finds that, as currently drafted, this measure would significantly reduce critical funding sources for the Rental Housing Revolving Fund, threatening the viability of deeply affordable housing projects that serve households making thirty percent of the area median income, many of whom are on the verge of homelessness. These cuts would severely limit the State's ability to provide stable housing for its most vulnerable residents, increasing the risk of displacement and homelessness. Your Committee believes that ensuring continued investment in affordable housing is essential to keeping residents in secure environments that foster stability and economic mobility.

Your Committee further finds that this measure would disproportionately benefit high-income households—those earning between one hundred twenty percent and one hundred forty percent of the area median income—while failing to address the pressing housing needs of those earning between thirty percent and one hundred twenty percent of the area median income. The current structure of this measure would not only neglect those most in need but would also deepen disparities in housing availability, exacerbating the challenges faced by low- and moderate-income families.

Your Committee has reaffirmed its position regarding the Rental Housing Revolving Fund through H.B. No. 432, H.D. 1, a measure previously passed by the House that:

- (1) Establishes the Mixed-Income Subaccount within the Rental Housing Revolving Fund that targets workforce rental housing projects for persons and families with incomes at or below one hundred forty percent of the area median income;
- (2) Authorizes the Director of Finance to transfer funds from the Rental Housing Revolving Fund into the Mixed-Income Subaccount;
- (3) Appropriates funds into and out of the Mixed-Income Subaccount; and



(4) Takes effect on July 1, 3000.

Your Committee believes that H.B. 432, H.D. 1, offers a more effective solution to address the State's ongoing housing crisis and best leverage the financing potential of the Rental Housing Revolving Fund by supporting individuals and families who earn too much to qualify for traditional forms of assistance, but not enough to purchase a house at market value, such as essential workers such as teachers, first responders, and those in blue-collar professions.

Accordingly, your Committee has amended this measure by:

- (1) Deleting its contents and inserting the contents of H.B. No. 432, H.D. 1; and
- (2) 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 \$75,000,000 for each year of the fiscal biennium.

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. 71, S.D. 2, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 71, S.D. 2, H.D. 1, and be referred to your Committee on Finance.

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

ZML

LUKE A. EVSLIN, Chair



