

Honolulu, Hawaii

FEB 09 , 2026

RE: H.B. No. 1741
H.D. 1

Honorable Nadine K. Nakamura
Speaker, House of Representatives
Thirty-Third State Legislature
Regular Session of 2026
State of Hawaii

Madame:

Your Committee on Housing, to which was referred H.B. No. 1741 entitled:

"A BILL FOR AN ACT RELATING TO HOUSING,"

begs leave to report as follows:

The purpose of this measure is to:

- (1) Deem a county affordable housing mandate as a form of development exaction and treat the mandate as a housing affordability impact fee, with certain exemptions;
- (2) Prohibit a county from adopting, amending, or enforcing an affordable housing mandate or inclusionary requirements for residential or mixed-use development, under certain circumstances;
- (3) Establish additional requirements for a needs assessment study for a county-imposed affordable housing mandate; and
- (4) Establish a criterion that allows luxury residential projects or projects that receive certain discretionary value increases to be subject to inclusionary requirements.



Your Committee received testimony in support of this measure from Hawai'i YIMBY; Grassroot Institute of Hawaii; Hawai'i Appleseed Center for Law and Economic Justice; and Democratic Party of Hawai'i.

Your Committee finds that counties often impose affordable housing or inclusionary mandates without demonstrating a project-specific impact or a proportional relationship between the required exaction and the development's actual effects, creating legal vulnerability under constitutional nexus and proportionality standards. Research shows that inclusionary zoning can help reduce income-restricted units, but only when requirements and incentives are balanced correctly. Your Committee further finds that broad affordability surcharges placed on by-right, non-luxury housing can suppress feasible development, distort market conditions, and inadvertently contribute to higher housing prices. This measure protects non-luxury housing that adds meaningful supply to the State's housing market, while still allowing proportionate affordability requirements for luxury projects or developments that receive discretionary value increases.

Your Committee has amended this measure by:

- (1) Changing references to "affordable housing mandate" and "inclusionary requirement" to "inclusionary mandate";
- (2) Clarifying language that would have combined the housing affordability impact fee with requirements associated with discretionary increases;
- (3) Clarifying that an incentive a county must adopt in order to adopt, amend, or enforce an inclusionary mandate includes off-site infrastructure and property tax and fee waivers;
- (4) Deleting language that would have determined how a mixed-use residential project would be considered a luxury residential project, including language relating to how contiguous or commonly controlled parcels are evaluated;
- (5) Clarifying the definition of "luxury residential project" for ownership units and rental units;



- (6) Changing the effective date to July 1, 3000, to encourage further discussion; and
- (7) Making technical, nonsubstantive amendments for clarity, consistency, and style.

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 H.B. No. 1741, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1741, H.D. 1, and be referred to your Committee on Water & Land.

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



LUKE A. EVSLIN, Chair



State of Hawaii
 House of Representatives
 The Thirty-third Legislature

HSCE 112-26

Record of Votes of the Committee on Housing

Bill/Resolution No.:	Committee Referral:	Date:		
HB 1741	HSG, WAL, JHA	2/4/26		
<input type="checkbox"/> The committee is reconsidering its previous decision on the measure.				
The recommendation is to: <input type="checkbox"/> Pass, unamended (as is) <input checked="" type="checkbox"/> Pass, with amendments (HD) <input type="checkbox"/> Hold <input type="checkbox"/> Pass short form bill with HD to recommit for future public hearing (recommit)				
HSG Members	Ayes	Ayes (WR)	Nays	Excused
1. EVSLIN, Luke A. (C)	✓			
2. MIYAKE, Tyson K. (VC)	✓			
3. COCHRAN, Elle	✓			
4. GRANDINETTI, Tina Nakada	✓			
5. KILA, Darius K.	✓			
6. KITAGAWA, Lisa				✓
7. LA CHICA, Trish	✓			
8. MURAOKA, Christopher L.	✓			
9. PIERICK, Elijah	✓			
TOTAL (9)	8	0	0	1
The recommendation is: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
If joint referral, _____ did not support recommendation. committee acronym(s)				
Vice Chair's or designee's signature: <u>Tyson Miyake</u>				
Distribution: Original (White) – Committee		Duplicate (Yellow) – Chief Clerk's Office		Duplicate (Pink) – HMSO