

STAND. COM. REP. NO. **3274**

Honolulu, Hawaii

MAR 30 2026

RE: H.B. No. 1715
H.D. 1
S.D. 1

Honorable Ronald D. Kouchi
President of the Senate
Thirty-Third State Legislature
Regular Session of 2026
State of Hawaii

Sir:

Your Committee on Housing, to which was referred H.B. No. 1715, H.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO AFFORDABLE HOUSING,"

begs leave to report as follows:

The purpose and intent of this measure is to:

- (1) Authorize the Hawaii Housing Finance and Development Corporation to designate certain for-sale units as permanently affordable housing, subject to certain restrictions;
- (2) Clarify that certain resale and occupancy restrictions apply only to projects developed prior to a certain date; and
- (3) Amend the definition of "qualified resident" for the purposes of the Hawaii Housing Finance and Development Corporation housing development programs.

Your Committee received testimony in support of this measure from the Hawaii Housing Finance and Development Corporation, Office of Hawaiian Affairs, Office of Planning and Sustainable Development, State Council on Developmental Disabilities, Aloha



Independent Living Hawaii, Housing Hawai'i's Future, Holomua Collaborative, Aloha United Way, and four individuals.

Your Committee received comments on this measure from Hawai'i Association of REALTORS, Mortgage Bankers Association of Hawaii, and one individual.

Your Committee finds that housing units developed through programs administered by the Hawaii Housing Finance and Development Corporation are currently subject to a ten-year buyback and shared appreciation requirement. While this mechanism provides a decade of affordability, it ultimately allows units to be sold at market rates after the ten-year period expires. This process effectively removes inventory from the State's affordable housing stock and prices out future income-eligible buyers. Over time, the State must continually reinvest in new units to replace the units that are no longer subject to the ten-year period. This measure will ensure continued access to state-supported housing units by authorizing the Hawaii Housing Finance and Development Corporation to designate for-sale units as permanently affordable.

Your Committee notes the concerns of the Mortgage Bankers Association of Hawaii that this measure does not address specific mechanisms for the extinguishment of restrictions upon foreclosure and that without clear statutory language, this creates a "cloud on title" that could discourage lenders who would be unwilling to issue mortgages for units where the right to foreclose at market value is unclear. Your Committee also notes that the Hawaii Housing Finance and Development Corporation's buyback and shared appreciation restrictive covenants are always subordinate to the first mortgagee and that the covenants contain language protecting the rights of the first mortgagee. The restrictive covenant for units designated through the provisions of this measure would contain similar language. However, out of an abundance of caution, an amendment to this measure is preferable to address this concern.

Accordingly, your Committee has amended this measure by:

- (1) Clarifying that no eligible buyer shall own any interest in other real property no later than one year after purchasing a unit under the program;



- (2) Clarifying that the restrictions prescribed in this measure shall be automatically extinguished and shall not attach in subsequent transfers of title when a mortgage holder or other party becomes the owner of any permanently affordable unit pursuant to a mortgage foreclosure, foreclosure under power of sale, or a conveyance in lieu of foreclosure after a foreclosure action is commenced;
- (3) Inserting findings to clarify the intent that this program applies to a majority of units developed under section 201H-38, Hawaii Revised Statutes, and replace existing ten-year buyback requirements; and
- (4) 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 H.B. No. 1715, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1715, H.D. 1, 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



The Senate
Thirty-Third Legislature
State of Hawai'i

**Record of Votes
Committee on Housing
HOU**

Bill / Resolution No.:*	Committee Referral:	Date:		
HB 1715 HD1	HOU, WAM	03/19/26		
<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
CHANG, Stanley (C)	✓			
HASHIMOTO, Troy N. (VC)	✓			
ELEFANTE, Brandon J.C.	✓			
RHOADS, Karl	✓			
FEVELLA, Kurt				✓
TOTAL	4	0	0	1
Recommendation:				
<input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Chair's or Designee's Signature:				
Distribution:				
Original	Yellow	Pink		
File with Committee Report	Committee	Drafting Agency		

*Only one measure per Record of Votes