

Honolulu, Hawaii

FEB 19 , 2026

RE: H.B. No. 1868
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. 1868 entitled:

"A BILL FOR AN ACT RELATING TO HOUSING,"

begs leave to report as follows:

The purpose of this measure is to:

- (1) Establish, and appropriate funds for, a working group to revise the Hawaii Housing Finance and Development Corporation's Qualified Allocation Plan and propose revisions to the prioritization and loan terms of the Rental Housing Revolving Fund;
- (2) Require Hawaii Housing Finance and Development Corporation to revise the 2026 Qualified Allocation Plan; and
- (3) Prohibit the Hawaii Housing Finance and Development Corporation from allocating Low-Income Housing Tax Credits or Rental Housing Revolving Fund monies to projects without a perpetual affordability commitment.

Your Committee received testimony in support of this measure from the Hawaii Public Housing Authority and Office of Hawaiian Affairs. Your Committee received testimony in opposition to this



measure from NAIOP Hawaii and Avalon Development Company LLC. Your Committee received comments on this measure from the Hawaii Housing Finance and Development Corporation; Catholic Charities Hawai'i; and one individual.

Your Committee finds that Hawaii's worsening housing shortage requires more effective use of existing tax credits and that the Qualified Allocation Plan is an important tool that determines how Low-Income Housing Tax Credits are allocated throughout the State. While your Committee recognizes that changes to the Qualified Allocation Plan may improve the development of affordable housing in the State, your Committee is concerned that mandating any changes to a Qualified Allocation Plan at the same time as establishing a working group to provide recommendations regarding the Qualified Allocation Plan may be premature.

Your Committee recognizes the importance of encouraging permanent affordability as a priority in housing development, but believes that mandating perpetual restrictions could reduce investment and slow production of much-needed units. Your Committee therefore believes that prioritizing, rather than requiring, permanent affordability will better support ongoing development while still advancing the State's long-term housing objectives.

Your Committee notes concerns raised in testimony by the Hawaii Housing Finance and Development Corporation that mandating changes to the Qualified Allocation Plan in statute may limit the ability of the federally required public process to meaningfully inform the final plan, which creates tension between legislative direction and federal compliance obligations.

Your Committee further notes that the intent of this measure is to improve public input and access to the public process surrounding the Qualified Allocation Plan, ensuring that community perspectives can meaningfully shape affordable housing policy.

Accordingly, your Committee has amended this measure by:

- (1) Removing unnecessary language exempting working group members from the State Ethics Code, as the State Ethics Commission's longstanding practice is to exclude the activities of working group members from the general provisions of the Code;



- (2) Deleting language that would have:
 - (A) Required the Hawaii Housing Finance and Development Corporation to amend the 2026 Qualified Allocation Plan;
 - (B) Prohibited the Hawaii Housing Finance and Development Corporation from allocating Low-Income Housing Tax Credits to any project without a perpetual affordability commitment; and
 - (C) Authorized the Rental Housing Revolving Fund to provide loans for rental housing projects with a perpetual affordability commitment;
- (3) Changing the effective date to July 1, 3000, to encourage further discussion; and
- (4) Making technical, nonsubstantive amendments for the purposes of 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. 1868, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1868, H.D. 1, and be referred to your Committee on Finance.

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

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LUKE A. EVSLIN, Chair



