Honolulu, Hawaii

FEB 1 3 2026

RE: S.B. No. 2177
        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 S.B.
No. 2177 entitled:

        "A BILL FOR AN ACT RELATING TO HOUSING,"

begs leave to report as follows:

        The purpose and intent of this measure is to:

(1)   Clarify that projects seeking exemptions from planning
        and development laws and rules may be modified by the
        Hawaii Housing Finance and Development Corporation under
        certain conditions;

(2)   Authorize the Hawaii Housing Finance and Development
        Corporation to make recommendations to appropriate
        legislative bodies;

(3)   Require the Hawaii Housing Finance and Development
        Corporation or a county to accept an application seeking
        certain exemptions within thirty days, and to process
        the application within one hundred twenty days before
        final approval by a county legislative body for certain
        housing projects; and

(4)   Provide that any application that is neither approved
        nor denied by the county within one hundred twenty days
        shall be approved unless the county can demonstrate why

an approval of the project would not be appropriate or would adversely affect public safety.

Your Committee received testimony in support of this measure from the Hawaii Housing Finance and Development Corporation.

Your Committee finds that the application process for housing development often constitutes a significant barrier to housing development in the State. Section 201H-38, Hawaii Revised Statutes, provides an expedited application mechanism for developers proposing certain projects. However, the existing expedited process remains insufficient to meet the State's need for increased housing production. This measure further expedites the application process by amending application requirements while maintaining essential safeguards.

Your Committee notes the concerns raised by the Hawaii Housing Finance and Development Corporation that this measure, in its current form, does not fully account for the complexities in submitting and receiving approval for an application for certain exemptions. Additionally, certain provisions in this measure are not necessary as the timeline for county legislative bodies to act upon a project is already set forth in other existing provisions of section 201H-38, Hawaii Revised Statutes. Amendments are therefore necessary to this measure to ensure that the Hawaii Housing Finance and Development Corporation and the counties maintain flexibility in administering the program established by section 201H-38, Hawaii Revised Statutes, and to create accountability to allow applicants time to address issues that may arise while an application is being processed. Your Committee further notes that amendments reflected in the new subsection (b) to section 201H-38, Hawaii Revised Statutes, will preserve the legislative intent to require counties to submit applications to their respective legislative bodies.

Accordingly, your Committee has amended this measure by:

(1)   Deleting language that would have authorized the Hawaii Housing Finance and Development Corporation to modify a housing project or impose conditions on the housing project only to the extent necessary to address minimum health and safety standards;

(2) Deleting language that would have required the Executive
Director of the Corporation or the responsible county
official to review the contents of the submitted
applications and to submit the applications to the
appropriate legislative body;

(3) Clarifying that the Corporation or a county shall have
thirty days to accept a complete application;

(4) Clarifying that, if an application satisfies the
requirements of the Corporation's administrative rules,
the Corporation shall have one hundred twenty days from
acceptance of an application to process the application
and bring it before the Corporation's Board of
Directors, unless the applicant requests additional
time;

(5) Clarifying that a county agency processing an
application shall have one hundred twenty days from
acceptance of an application to transmit the application
to the county legislative body, unless the applicant
requests additional time;

(6) Deleting language that would have required that, after
one hundred twenty days, if the county has neither
rejected nor approved the application, the application
shall be considered automatically approved, unless the
county can demonstrate why an approval of the project
would not be appropriate or would adversely affect
public safety; and

(7) 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. 2177, as amended herein, and recommends that it pass Second
Reading in the form attached hereto as S.B. No. 2177, 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

Bill / Resolution No.:*	Committee Referral:	Date:
SB 2177	HOU, WAM	2/3/2026

☐ The Committee is reconsidering its previous decision on this measure.

If so, then the previous decision was to: _____

The Recommendation is:

☐ Pass, unamended
2312

☑ Pass, with amendments
2311

☐ Hold
2310

☐ 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:

☑ Adopted   ☐ Not Adopted

Chair's or Designee's Signature: _____

*Only <u>one</u> measure per Record of Votes

Revised: 01/02/26