

STAND. COM. REP. NO. 2267

Honolulu, Hawaii

FEB 13 2026

RE: S.B. No. 2194

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. 2194 entitled:

"A BILL FOR AN ACT RELATING TO HOUSING,"

begs leave to report as follows:

The purpose and intent of this measure is to require applicants for Rental Housing Revolving Fund moneys to be either organizations that are required to use all financial surplus, excluding fees, to develop additional housing in the State, or government agencies.

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

Your Committee finds that affordability restrictions for most affordable housing units built with subsidized government loans expire after thirty years. This means that the units are then subject to market rates, which are not affordable for many working families in the State. When affordability commitments have expired in the past for certain projects, the State has been compelled to purchase the projects from the developers to preserve the affordability for tenants to keep them in place and prevent increasing rates of homelessness. This is an inefficient practice that often results in taxpayers paying for projects twice. By limiting Rental Housing Revolving Fund eligibility to applicants that are either government agencies or organizations



that are required to recycle all profits generated by the project into developing additional housing in the State, the State can ensure that every new affordable housing unit remains affordable in perpetuity, thus increasing the supply of affordable housing for working local families.

Your Committee notes the testimony of the Hawaii Housing Finance and Development Corporation (HHFDC), which expresses concern that requirements for organizations to use all financial surplus for additional housing development may be overly restrictive and reduce the number of quality development applications. Specifically, HHFDC asserts the complexity and potential financial risks associated with development projects make the proposed restrictions on financial surplus especially challenging for smaller nonprofits and mission-driven developers.

Your Committee finds, however, that this measure allows applicants to receive a development fee and only prevents applicants from receiving the windfall profit from owning the constructed building. Additionally, HHFDC already receives more applications than the Corporation can fund. Your Committee further finds that the successful Vienna Limited-Profit Housing Act, which serves as the inspiration for this measure, allows limited-profit housing associations to make a profit but are required to reinvest that profit into developing more housing, creating a large and sustainable source of capital for future housing development.

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. 2194 and recommends that it pass Second Reading 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.:* <b>SB 2194</b>	Committee Referral: <b>HOU, WAM</b>	Date: <b>2/3/2026</b>
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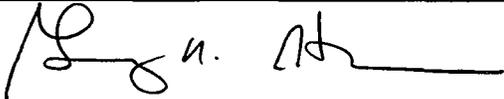
The Committee is reconsidering its previous decision on this measure.  
If so, then the previous decision was to: \_\_\_\_\_

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				✓
<b>TOTAL</b>	<b>4</b>	<b>0</b>	<b>0</b>	<b>1</b>

Recommendation:  Adopted     Not Adopted

Chair's or Designee's Signature: 

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\*Only one measure per Record of Votes