

Honolulu, Hawaii

MAR 23 2023

RE: H.B. No. 1054  
H.D. 2  
S.D. 1

Honorable Ronald D. Kouchi  
President of the Senate  
Thirty-Second State Legislature  
Regular Session of 2023  
State of Hawaii

Sir:

Your Committee on Housing, to which was referred H.B. No. 1054, H.D. 2, 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) Establish a temporary Rental Deposit Loan Program and Rental Deposit Loan Program Revolving Fund;
- (2) Appropriate funds for the Rental Deposit Loan Program; and
- (3) Appropriate funds for the establishment of two full-time equivalent (2.0 FTE) positions to implement the Rental Deposit Loan Program.

Your Committee received testimony in support of this measure from the Chief Housing Office of the Office of the Governor; one member of the Maui County Council; AARP Hawai'i; Hawai'i Association of REALTORS; NAIOP Commercial Real Estate Development Association, Hawaii Chapter; Maui Chamber of Commerce; and two individuals. Your Committee received comments on this measure from the Hawaii Housing Finance and Development Corporation.



Your Committee finds that a Rental Deposit Loan Program that provides no-interest loans to certain individuals is one method to provide the financial support that residents need to secure rental units. However, according to testimony received by your Committee, the shortage of existing rental units in every county, coupled with the uncertainty in the length of time it will take for a county or nonprofit organization to process a loan request, verify eligibility, and issue a check, raises concerns regarding the practicality and effectiveness of the Rental Deposit Loan Program proposed in this measure as currently written.

Your Committee notes that the purpose and intent of the original version of this measure was to secure housing for workforce renters and provide incentives for the development of affordable housing through temporary expedited processes, including third-party review. Your Committee concludes that the language in the original version of this measure is preferable because it offers multiple incentives to both increase the rental housing inventory in the State and decrease costs for renters or buyers.

Accordingly, your Committee has amended this measure by:

- (1) Deleting its contents and inserting the contents of H.B. 1054, Regular Session of 2023, the original version of this measure, which:
  - (A) Establishes the Rental Deposit Loan Program;
  - (B) Creates tax incentives for the development of affordable housing;
  - (C) Addresses government processes to lower housing costs; and
  - (D) Appropriates funds for the establishment of the Loan Program;
- (2) Further amending H.B. 1054, by deleting language that would have created a tax exemption for qualified persons and firms for the planning, design, financing, construction, sale, or lease of affordable housing units



in the State that are part of a government agency's or approving body's condition for approval;

- (3) Inserting an effective date of July 1, 2050, to encourage further discussion; 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. 1054, H.D. 2, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1054, H.D. 2, 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-Second Legislature  
 State of Hawai'i

**Record of Votes**  
**Committee on Housing**  
**HOU**

|  |                     |                   |
|--|---------------------|-------------------|
| Bill / Resolution No.:*  | Committee Referral: | Date:             |
| <i>HB 1054 <del>#2</del> HD2</i>   | <i>HOU, WAM</i>     | <i>03/16/2023</i> |
| <input type="checkbox"/> The Committee is reconsidering its previous decision on this measure.<br>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)   | ✓                   |                   |
| KANUHA, Dru Mamo (VC)  | ✓                   |                   |
| AQUINO, Henry J.C.   |                     | ✓                 |
| RHOADS, Karl   | ✓                   |                   |
| AWA, Brenton   | ✓                   |                   |
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| <b>TOTAL</b>   | <i>4</i>            | <i>1</i>          |
| Recommendation: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted   |                     |                   |
| Chair's or Designee's Signature: <i>[Signature]</i>  |                     |                   |
| <b>Distribution:</b> Original             Yellow             Pink             Goldenrod<br>File with Committee Report             Clerk's Office             Drafting Agency             Committee File Copy |                     |                   |

\*Only one measure per Record of Votes