

STAND. COM. REP. NO. 1346

Honolulu, Hawaii

MAR 24 2023

RE: H.B. No. 678
H.D. 1
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. 678, H.D. 1, 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 the counties to issue affordable housing credits for affordable housing units that are constructed pursuant to chapter 201H, Hawaii Revised Statutes, until June 30, 2028.

Your Committee received testimony in support of this measure from NAIOP Hawaii; NAIOP Hawaii Developing Leaders; 'Ikenākea Development, LLC; American Savings Bank; Highridge Costa Development Company; Housing Hawai'i's Future; and one individual. Your Committee received testimony in opposition to this measure from the Hawaii Housing Finance and Development Corporation. Your Committee received comments on this measure from the Office of Housing and Community Development of the County of Hawaii, Maui Chamber of Commerce, and one individual.

Your Committee finds that the State is in a housing crisis and that additional housing units will need to be immediately developed in mass quantities to meet the projected demand. Your Committee recognizes that the recent increases in home loan and construction loan interest rates have neutralized the incentives



for market developers to build income-specified housing units under chapter 201H, Hawaii Revised Statutes. Housing credits help provide an opportunity to alleviate some of the strain on the current availability of resources to finance important housing projects with less risk. This measure is intended to encourage the production of more affordable units in the State through the creation of a temporary affordable housing credit program that provides affordable housing credits to eligible developers of residential projects that are required to be sold or rented to individuals within a specific income range.

Your Committee has amended this measure by:

- (1) Amending language to allow the Hawaii Housing Finance and Development Corporation to enter into memorandums of agreement with any county;
- (2) Inserting an effective date of January 1, 2024; and
- (3) 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. 678, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 678, 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



