

STAND. COM. REP. NO. **2311**

Honolulu, Hawaii

FEB 14 2024

RE: S.B. No. 2038
S.D. 1

Honorable Ronald D. Kouchi
President of the Senate
Thirty-Second State Legislature
Regular Session of 2024
State of Hawaii

Sir:

Your Committees on Housing and Government Operations, to which was referred S.B. No. 2038 entitled:

"A BILL FOR AN ACT RELATING TO THE HAWAII HOUSING FINANCE AND DEVELOPMENT CORPORATION,"

beg leave to report as follows:

The purpose and intent of this measure is to:

- (1) Require the Hawaii Housing Finance and Development Corporation (HHFDC) to employ an Executive Director to be nominated by the Governor, subject to the advice and consent of the Senate;
- (2) Transfer the duties and powers of the Board of Directors of HHFDC to the Executive Director; and
- (3) Require the Board to advise the Executive Director.

Your Committees received testimony in opposition to this measure from two members of the Board of Directors of the Hawaii Housing Finance and Development Corporation and one individual.

Your Committees received comments on this measure from the Hawaii Housing Finance and Development Corporation.



Your Committees find that Hawaii is experiencing a severe housing shortage. HHFDC is the agency tasked with developing and constructing affordable housing projects across the State, but it has fallen short of meeting the State's housing needs. This measure consolidates the HHFDC's Board of Directors' combined decision-making abilities under a single Executive Director, with the Board acting in an advisory capacity, to streamline the decision-making process within HHFDC.

Your Committees note the concerns raised in testimony that this measure has the potential to weaken neighbor island representation with regard to the HHFDC Board of Directors and whether this measure limits these representatives' abilities to advocate for housing within their represented communities, given the restructuring of the Board pursuant to this measure. Your Committees believe these issues merit further consideration from future committees who may choose to deliberate on this measure as it advances through the legislative process.

Your Committees additionally note that, in contrast to testimony offered by HHFDC, HHFDC has failed to produce a plan to end Hawaii's housing shortage; has recently approved a 2023 Qualified Allocation Plan that continues to finance (with taxpayer funds) the production of temporarily affordable housing owned by private, for profit entities; has not conducted annual evaluations of its Executive Director; has not spent approximately \$40 million in taxpayer funds currently in the Dwelling Unit Revolving Fund; and has no plan to house the approximately fifteen thousand families who live in affordable housing whose affordability restrictions are scheduled to expire between now and 2100. Your Committees note, however, that HHFDC's communication with the Legislature has improved over the past year, and your Committees hope these efforts will soon bear fruit.

Your Committees have amended this measure by:

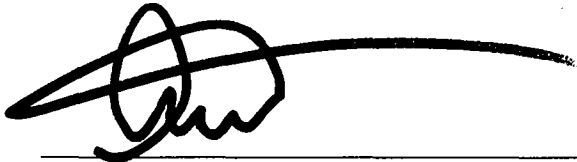
- (1) Clarifying that, notwithstanding any law to the contrary, HHFDC shall employ an Executive Director who shall be nominated and, by and with the advice and consent of the Senate, appointed by the Governor without regard to chapter 76, Hawaii Revised Statutes, and who shall serve at the pleasure of the Governor; and



- (2) Inserting an effective date of July 1, 2050, to encourage further discussion.

As affirmed by the records of votes of the members of your Committees on Housing and Government Operations that are attached to this report, your Committees are in accord with the intent and purpose of S.B. No. 2038, as amended herein, and recommend that it pass Second Reading in the form attached hereto as S.B. No. 2038, S.D. 1, and be referred to your Committees on Judiciary and Ways and Means.

Respectfully submitted on behalf of the members of the Committees on Housing and Government Operations,



ANGUS L.K. MCKELVEY, Chair



STANLEY CHANG, Chair



The Senate
 Thirty-Second Legislature
 State of Hawai'i

Record of Votes
Committee on Housing
HOU

Bill / Resolution No.:* SB 2038	Committee Referral: HOU/GVO, JDC/WAM	Date: 2/6/24
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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)	✓			
AQUINO, Henry J.C.	✓			
KANUHA, Dru Mamo	✓			
AWA, Brenton	✓			
TOTAL	5	0	0	0

Recommendation: Adopted Not Adopted

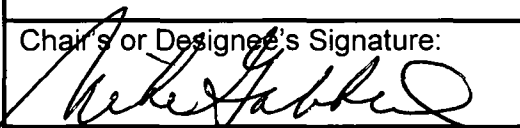
Chair's or Designee's Signature:

Distribution: Original Yellow Pink Goldenrod
 File with Committee Report Clerk's Office Drafting Agency Committee File Copy

***Only one measure per Record of Votes**

The Senate
 Thirty-Second Legislature
 State of Hawai'i

Record of Votes
 Committee on Government Operations
 GVO

Bill / Resolution No.:* SB 2038	Committee Referral: HON/GVO, JDC/WAM	Date: 2-6-24		
<input type="checkbox"/> The Committee is reconsidering its previous decision on this measure. 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
MCKELVEY, Angus L.K. (C)	✓			
GABBARD, Mike (VC)	✓			
SAN BUENAVENTURA, Joy A.	✓			
WAKAI, Glenn				✓
AWA, Brenton	✓			
TOTAL	4	—	—	1
Recommendation: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Chair's or Designee's Signature: 				
Distribution: Original Yellow Pink Goldenrod File with Committee Report Clerk's Office Drafting Agency Committee File Copy				

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