

August 25, 2025

MEMO TO: David Raatz, Director of Council Services

F R O M: Ellen B. McKinley, Legislative Analyst *EBM*

SUBJECT: **WEBINAR: JOINT HOUSING POST-SESSION INFO BRIEFING**
(PAF 25-010(9))

This report summarizes the Joint Housing Post-Session Info Briefing for the 2025 Legislative Session on May 8, 2025. The webinar was hosted by Senator Stanley Chang, Chair, Senate Committee on Housing, and Representative Luke Evslin, Chair, House Committee on Housing.

PUBLIC HOUSING DEVELOPMENT BILLS

Bills related to public housing development include:

- Act 279 (SB739) allows the Governor to negotiate land exchanges, subject to Board of Land and Natural Resources' approval, to acquire lands suitable for long-term diversified agricultural production in exchange for land for private, affordable, workforce, or other housing development.
- Act 311 (SB79) requires the Department of Land and Natural Resources to determine the effect of any proposed State or county housing project that may affect a historical property, an aviation artifact, or a burial within 90 days of a determination request. It establishes historic review requirements based on the project area's known historic, cultural, and archaeological resources, and requires procedures and notification if previously unidentified human remains or historic property are discovered.
- Act 155 (SB576) changes the required contents of Hawai'i Housing Finance & Development Corporation and the Hawai'i Public Housing Authority legislative reports and amends the Public Housing Special Fund scope of moneys and allowable uses.
- Act 89 (HB1093) clarifies HPHA's power relating to housing projects.

- Act 166 (HB1298) establishes a Government Employee Housing Program within HHFDC to be financed by the Dwelling Unit Revolving Fund and appropriates funds for the program.
- HCR60/HR56 requests the Office of Planning and Sustainable Development, in coordination with State and county departments, to develop methods to estimate costs of delays in certain public and private development projects.
- SR45/HR86/SCR60 urges the HHFDC to develop a plan to produce sufficient housing to meet the State's demand and identify specific sites and density.

HOUSING FINANCE REFORM BILLS

Bills related to housing finance reform include:

- Act 253 (HB529) authorizes HHFDC to use revenue bonds when obtaining lines of credit or other instruments of indebtedness for the Bond Volume Cap Recycling Program.
- SR60/HCR78 declare that projects with housing units that qualified for housing credits under Act 31, Session Laws of Hawai'i 2024, are intended to remain eligible to receive housing credits after the repeal of Act 31 if the housing projects were approved by HHFDC before Act 31 sunsets on July 1, 2030. The resolutions request HHFDC and each county to include certain information when approving housing projects for housing credits.
- Act 159 (HB1409) will reform how housing is financed by creating a Mixed-Income Subaccount within the Rental Housing Revolving Fund. The subaccount, when funded, will provide a diverse range of affordability up to 140 percent of AMI, create efficiency, and prioritize TOD, State, and county projects. The RHRF contains over \$1,000,000,000 and is larger than the biggest private sector affordable housing fund in the U.S.

BILLS ADDRESSING HAWAII'S HOUSING AND DEVELOPMENT CHALLENGES

These bills focus on removing State bottlenecks, funding workforce housing, and protecting tenants to create more accessible, affordable housing for Hawai'i's residents:

- Act 308 (HB420) reforms construction defect litigation. It requires litigants to identify the alleged construction defects and provides the contractor with an opportunity to repair the defect.
- Act 125 (HB732) updates Shoreline Management Area minor permit thresholds to \$500,000 for parcels along the shore and \$750,000 for other parcels.
- Act 224 (HB735) allows an individual septic system to serve up to five bedrooms regardless of the number of dwelling units.
- Act 160 (SB1263) allows county agencies to issue initial determinations about the effects of a potential project for historic preservation review.
- Act 295 (SB66) requires counties to approve permits within 60 days, or the architect can self-certify the project and indemnify the county.
- Act 306 (HB830) authorizes the State Historic Preservation Division to contract for third-party review of proposed projects affecting historic properties.
- Act 294 (SB38) bars county councils from imposing stricter conditions, tougher AMI caps, or reduced fee waivers than approved by HHFDC for 201H projects. Counties can still reject the project entirely but cannot impose these conditions that would make the projects more expensive. HHFDC must provide counties with an opportunity to comment to identify issues for HHFDC to address to get county approval.
- Act 312 (SB572) widens access to homeownership for Hawai'i families by adding loan funds administered by certified nonprofit Community Development Financial Institutions to the list of loan priorities for the Affordable Homeownership Revolving Fund.

- Act 117 (SB1413) authorizes the Hawai'i Public Housing Authority to sell, donate, or otherwise dispose of property abandoned or seized in federal public housing projects.
- Act 182 (SB65) appropriates \$20,000,000 to the HPHA for unit repairs as an efficient way to get vacant units reoccupied.
- Act 105 (SB332) prohibits bundling properties at foreclosure auctions. The bill was intended to protect Lahaina from speculative buying and allows a community trust or county to match a winning bid and exercise a first right of refusal.
- HCR66/HR60 requests the State Building Code Council to adopt, amend or update the State building code to authorize point access block designs for mid-rise housing. The change will allow a single stairwell and creates more affordable housing opportunities without compromising safety standards.

HOUSING-RELATED BUDGET ITEMS

Maui Capital Improvement Projects:

- Maui Veterans Home \$93,000,000 for a new long-term care state veterans' home. Qualifies for federal aid financing.
- Kalaupapa Improvements: \$2,500,000 for health, safety, accessibility, and code requirements at the historic settlement.

Statewide Budget Items:

- State Transit-Oriented Development Planning for FY26: \$2,000,000.
- Cash infusion for Rental Housing Revolving Fund: FY26 \$50,000,000; FY27 \$50,000,000.
- Cash infusion for Rental Housing Fund, Tier II (for higher AMI restrictions): FY26 \$50,000,000; FY27: \$50,000,000.
- Dwelling Unit Revolving Fund Infusion for FY27 \$40,000,000.

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- Kauhale Development Project for FY26: \$24,400,000; FY27: \$13,000,000.
- Homeless Services and various housing projects FY26 and FY27: \$11,300,000.

DHHL Funding:

- Hawaiian Home Lands repair and maintenance on existing infrastructure: FY26: \$20,000,000.
- Increases the special fund ceiling to eliminate the homestead waitlist: FY26: \$97,041,664.
- Funds 19 new positions: FY26: \$1,200,162; FY27: \$1,200,162.

Thank you for the opportunity to attend this webinar. If you have any questions or would like more information, please contact me at ext. 7661.

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cc: Deputy Director of Council Services