

JOSH GREEN, M.D.
GOVERNOR
STATE OF HAWAII
*Ke Kia'āina o ka Moku'āina 'o
Hawai'i*

SYLVIA J. LUKE
LT. GOVERNOR
STATE OF HAWAII
*Ka Hope Kia'āina o ka Moku'āina
'o Hawai'i*



KALI WATSON
CHAIRMAN, HHC
Ka Luna Ho'okele

KATIE L. DUCATT
DEPUTY TO THE CHAIRMAN
Ka Hope Luna Ho'okele

STATE OF HAWAII
DEPARTMENT OF HAWAIIAN HOME LANDS
Ka 'Oihana 'Āina Ho'opulapula Hawai'i

P. O. BOX 1879
HONOLULU, HAWAII 96805

TESTIMONY OF KALI WATSON, CHAIRMAN
HAWAIIAN HOMES COMMISSION
BEFORE THE SENATE COMMITTEE ON WAYS AND MEANS AND
THE SENATE COMMITTEE ON JUDICIARY
HEARING ON MARCH 28, 2024 AT 9:45AM IN CR 211

HB 2218, HD 1, SD 1, RELATING TO THE HAWAIIAN HOMES COMMISSION ACT

March 28, 2024

Aloha Chairs Dela Cruz and Rhoads, Vice Chairs Moriwaki and Gabbard, and Members of the Committees:

The Department of Hawaiian Home Lands (DHHL) strongly supports this bill which would increase the loan limit for direct loans provided by DHHL to 75% of the maximum single residence loan amount allowed in Hawai'i by the United States Department of Housing and Urban Development's Federal Housing Administration (FHA), instead of 50%, as currently outlined in section 215 of the Hawaiian Homes Commission Act, 1920, as amended (HHCA).

DHHL is the lender of last resort for beneficiaries who seek a home loan and are not able to gain a conventional loan from a bank lender. The table below notes the FHA Loan Limit per County in the State of Hawai'i. Pursuant to section 215 of the HHCA, DHHL can only loan 50% of the maximum FHA Loan Limit.

For example, if a beneficiary is seeking a loan for a lease lot in Hawai'i County, the maximum amount that DHHL can loan the beneficiary is 50% of \$517,500, which is \$258,750. If the loan amount needed by the beneficiary exceeds the maximum amount that DHHL can loan, beneficiaries are often expected to pay out-of-pocket for the remaining cost of the home or home repairs.

Hawai'i FHA Loan Limits by County

| <u>County</u> | <u>FHA Loan Limit</u> | <u>DHHL Current 50% Direct Loan Limit</u> | <u>DHHL Proposed 75% Direct Loan Limit</u> |
|---------------|-----------------------|-----------------------------------------------|----------------------------------------------------|
| Hawai'i | \$517,500 | \$258,750 | \$388,125 |
| Honolulu | \$779,700 | \$389,850 | \$584,775 |
| Kalawao | \$1,000,500 | \$500,250 | \$750,375 |

| | | | |
|-----------------------------------------------------------------------------|--------------------|--------------|--------------|
| Kaua'i | \$1,029,250 | \$514,625 | \$771,937.50 |
| Maui | \$1,000,500 | \$500,250 | \$750,375 |
| All other areas | \$498,257 | \$249,128.50 | \$373,692.75 |
| FHA Loan Limit Calculator (fhaloans.com) | | | |

With the higher cost to construct or purchase a home, increasing the loan limit from fifty percent to seventy-five percent of the maximum single residence loan amount allowed in Hawai'i by the FHA will allow beneficiaries to purchase or make improvements to their home. This bill was approved by the Hawaiian Homes Commission and included in the Governor's administrative package by request of DHHL.

Thank you for your consideration of our testimony.



HB2218 HD1 SD1
RELATING TO THE HAWAIIAN HOMES COMMISSION ACT
Senate Committee on Ways and Means
Senate Committee on Judiciary

March 28, 2024

9:45 a.m.

Conference Room 211

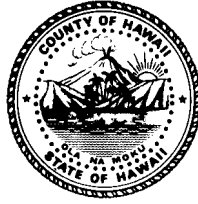
The Office of Hawaiian Affairs (OHA) **SUPPORTS HB2218 HD1 SD1**, which amends the Hawaiian Homes Commission Act of 1920, as amended, to increase the loan limit for direct loans provided by the Department of Hawaiian Home Lands (DHHL) from fifty per cent to seventy-five per cent of the maximum single residence loan amount allowed in Hawai‘i by the United States Department of Housing and Urban Development’s Federal Housing Administration and takes effect on either the date of the Secretary of the Interior’s notification that congressional approval of this Act is unnecessary, or on the date of consent by the United States Congress.

The current limit on loan amounts—to 50% of the maximum single resident loan amount in Hawai‘i—is an unnecessary and unreasonable constraint on native Hawaiian beneficiaries’ ability to finance the build and purchase of homes on Hawaiian Homelands. Costs associated with buying and building homes have gone up significantly in recent years. The current loan restriction means that even if a DHHL beneficiary can qualify for a higher loan, they are unable to access such equity. The increase is a simple but important step forward for beneficiaries.

We defer to DHHL on implementation.

Mahalo for the opportunity to testify on this important issue. OHA respectfully requests this committee **advance HB2218 HD1 SD1**.

Susan L.K. Lee Loy
Council Member
District 3



Office: (808) 961-8396
Fax: (808) 961-8912
Email: sue.leeloy@hawaiiicounty.gov

HAWAI'I COUNTY COUNCIL

25 Aupuni Street, Hilo, Hawai'i 96720

March 27, 2024

The Honorable Senator Donovan Dela Cruz, Chair
The Honorable Senator Sharon Moriwaki, Vice Chair
Members of the Senate Committee on Ways and Means

The Honorable Senator Karl Rhoads, Chair
The Honorable Senator Mike Gabbard, Vice Chair
Members of the Senate Committee on Judiciary

Hawai'i State Capitol
415 South Beretania Street
Honolulu, HI 96813

Re: Support for HB 2218 HD1 SD1, relating to the Hawaiian Homes Commission Act

Aloha Chair Dela Cruz, Members of the Senate Committee on Ways and Means, Chair Rhoads, and Members of the Senate Committee on Judiciary,

Mahalo for the opportunity to express **support for HB 2218 HD1 SD1**, which amends the Hawaiian Homes Commission Act of 1920 to increase the loan limit for direct loans provided by the Department of Hawaiian Home Lands (DHHL).

With Hawai'i Island boasting the largest land inventory within DHHL's holdings, this bill creates opportunities for more beneficiaries. Given the pressing need to address the challenges faced by beneficiaries in both acquiring and enhancing their homes, I urge the joint committee to support HB 2218 HD1 SD1.

Mahalo nui loa for your attention to this important matter.

Sincerely,

A handwritten signature in black ink, appearing to read "Susan L.K. Lee Loy".

Susan "Sue" L.K. Lee Loy
Council Member, County of Hawai'i

HB-2218-SD-1

Submitted on: 3/26/2024 8:41:08 AM

Testimony for JDC on 3/28/2024 9:45:00 AM

| Submitted By | Organization | Testifier Position | Testify |
|---------------------|----------------------------------------------|---------------------------|---------------------------|
| Lu Ann Faborito | Testifying for Makaha Hawaiian Civic Club | Support | Written Testimony Only |

Comments:

strong support to allow our beneficiaries to secure financing for their home on DHHL lands

HB-2218-SD-1

Submitted on: 3/25/2024 6:55:41 PM

Testimony for JDC on 3/28/2024 9:45:00 AM

| Submitted By | Organization | Testifier Position | Testify |
|---------------------|---------------------|---------------------------|---------------------------|
| Scott Kidd | Individual | Support | Written Testimony Only |

Comments:

I support this measure

HB-2218-SD-1

Submitted on: 3/26/2024 8:38:51 AM

Testimony for JDC on 3/28/2024 9:45:00 AM

| Submitted By | Organization | Testifier Position | Testify |
|---------------------------------|---------------------|---------------------------|------------------------|
| Lu Ann Mahiki Lankford-Faborito | Individual | Support | Written Testimony Only |

Comments:

strong support as a lessee who knows the path and journey to build and acquire a mortgage here in Hoolehua.

HB-2218-SD-1

Submitted on: 3/26/2024 8:53:24 AM

Testimony for JDC on 3/28/2024 9:45:00 AM

| Submitted By | Organization | Testifier Position | Testify |
|---------------------|---------------------|---------------------------|---------------------------|
| Mahiki Lankford | Individual | Support | Written Testimony Only |

Comments:

support

HB-2218-SD-1

Submitted on: 3/27/2024 11:59:11 AM

Testimony for JDC on 3/28/2024 9:45:00 AM

| Submitted By | Organization | Testifier Position | Testify |
|---------------------|---------------------|---------------------------|---------------------------|
| Craig Bo Kahui | Individual | Support | Written Testimony Only |

Comments:

On behalf of our Ohana, we support HB2218