

JOSH GREEN, M.D.
GOVERNOR

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Statement of DEAN MINAKAMI

Hawaii Housing Finance and Development Corporation
Before the

HOUSE COMMITTEE ON HOUSING

January 29, 2025 at 9:15 a.m.
State Capitol, Room 430

In consideration of
H.B. 1408

RELATING TO THE DEPARTMENT OF HAWAIIAN HOME LANDS.

Chair Evslin, Vice Chair Miyake, and members of the Committee.

HHFDC **supports** HB 1408, which allows the Department of Hawaiian Home Lands to utilize the Dwelling Unit Revolving Fund (DURF) as collateral when the Department acts as an eligible borrower for a loan agreement under section 184A of the Housing and Community Development Act of 1992, as amended. It also appropriates funds.

HHFDC recognizes that native Hawaiians suffer from longstanding socioeconomic hardships that include housing problems of affordability, overcrowding, and structural inadequacy. HHFDC supports efforts to help DHHL with its constitutional mandate.

The \$75 million appropriation for DHHL's use as collateral when acting as an eligible borrower of a loan guaranteed by the United States Department of Housing and Urban Development will help DHHL develop residential homestead lots and housing units.

Thank you for the opportunity to testify on this bill.

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

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



KALI WATSON
CHAIRPERSON, HHC
Ka Luna Ho'okele

KATIE L. LAMBERT
DEPUTY TO THE CHAIR
Ka Hope Luna Ho'okele

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

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TESTIMONY OF KALI WATSON, CHAIR
HAWAIIAN HOMES COMMISSION
BEFORE THE HOUSE COMMITTEE ON HOUSING
HEARING ON JANUARY 29, 2025 AT 9:15AM IN CR 430

HB 1408, RELATING TO THE DEPARTMENT OF HAWAIIAN HOME LANDS

January 28, 2025

Aloha Chair Evslin, Vice Chair Miyake, and Members of the Committee:

The Department of Hawaiian Home Lands (DHHL) **strongly supports** this bill which allows the Department of Hawaiian Home Lands to utilize the Dwelling Unit Revolving Fund as collateral when the Department acts as an eligible borrower for a loan agreement under section 184A of the Housing and Community Development Act of 1992, as amended.

Congress established the Section 184A Native Hawaiian Housing Loan Guarantee Program in 2000 in order to provide access to sources of private financing on Hawaiian Home Lands. DHHL is an eligible borrower under the program and can use these funds to develop rental housing or to build single-family homes. Once the housing is developed, the native Hawaiian who is eligible to purchase the home can either assume the Section 184A loan or secure other financing to purchase the home.

A loan guaranteed under Section 184A must be secured by collateral authorized under and not prohibited by Federal or State law and determined by the lender and approved by HUD to be sufficient to cover the amount of the loan. The Hawaiian Homes Commission Act limits what can be utilized as collateral to secure loans made by government agencies or private lending institutions to the Department. Appropriating \$75 million in Fiscal Year 2026 and another \$75 million in Fiscal Year 2027 into the dwelling unit revolving fund for collateral would allow DHHL to secure private financing to develop rental housing or to build single-family homes.

Thank you for your consideration of our testimony.

HB-1408

Submitted on: 1/28/2025 7:27:26 AM

Testimony for HSG on 1/29/2025 9:15:00 AM

Submitted By	Organization	Testifier Position	Testify
Master Shelby "Pikachu" Billionaire	Kingdom of The Hawaiian Islands	Support	Written Testimony Only

Comments:

Subject: Testimony in Support of House Bill No. 1408 with Conditions

Dear Members of the Hawaii State Legislature,

I am writing to express my conditional support for House Bill No. 1408 (HB1408), which aims to enhance the Department of Hawaiian Home Lands' (DHHL) capacity to provide housing by allowing the use of the Dwelling Unit Revolving Fund (DURF) as collateral for federal loan guarantees. My support is grounded in the urgent need for housing solutions for Native Hawaiians but comes with critical conditions to address concerns about financial management and past governance issues.

Support for HB1408:

- **Housing Development:** This bill could significantly increase the number of available homestead lots, directly addressing the long-standing waitlist issues and fulfilling the state's constitutional responsibilities towards Native Hawaiian beneficiaries.
- **Economic and Community Growth:** The development spurred by this bill would not only provide homes but also stimulate local economies, create jobs, and strengthen community ties, ensuring benefits extend to future generations.
- **Leveraging Federal Support:** Utilizing federal loan guarantees can reduce borrowing costs, potentially allowing more funds for direct housing projects.

Conditions for Support:

1. Robust Financial Oversight:
 - Given past allegations of mismanagement and corruption within DHHL, including concerns regarding Director Kali Watson's connections to numerous nonprofit groups, it is crucial that any new financial strategy includes stringent oversight. An independent auditing body should be established or empowered to ensure funds are used appropriately and effectively.
2. Transparency and Accountability:
 - There must be transparent reporting on how the DURF is used as collateral and the outcomes of the housing projects funded. This includes detailed accounts of loan agreements, project costs, and beneficiary impacts, ensuring the public, especially Native Hawaiian beneficiaries, are informed and involved.
3. Mitigating Financial Risks:
 - To protect the DURF from potential risks associated with its use as collateral, there should be clear policies on how to handle financial downturns or loan defaults. This might involve setting aside a contingency fund or specifying fallback measures in case of financial instability.
4. Ethical Leadership and Management:
 - The governance of DHHL, particularly in light of past controversies involving Director Kali Watson, must be reformed. This includes stricter conflict of interest policies, especially concerning affiliations with nonprofits, to prevent any misuse of funds or resources.
5. Long-term Strategy:
 - This bill should be part of a broader, sustainable strategy for Native Hawaiian housing. This includes exploring other funding models, land acquisition strategies, and partnerships that do not overly rely on one financial mechanism, ensuring the program's resilience for future generations.

Conclusion: While I support the intent of HB1408 to accelerate housing development for Native Hawaiians, my endorsement is contingent upon implementing these conditions to safeguard against corruption, ensure transparency, and promote sustainable development. The legacy of this bill should not only be measured by the number of homes built but also by the integrity with which these resources are managed.

Mahalo for considering these conditions. I am hopeful that with these safeguards, HB1408 can truly serve the 'āina and its people with honor and effectiveness.

Aloha,

Master Shelby "Pikachu" Billionaire

Kingdom of The Hawaiian Islands

HB-1408

Submitted on: 1/28/2025 3:58:56 PM

Testimony for HSG on 1/29/2025 9:15:00 AM

Submitted By	Organization	Testifier Position	Testify
De MONT Kalai Manaole	Hoomana Pono, LLC	Support	In Person

Comments:

We STRONGLY SUPPORT this companion bill.