

JOSH GREEN, M.D.
GOVERNOR

SYLVIA LUKE
LT. GOVERNOR



DEAN MINAKAMI
EXECUTIVE DIRECTOR

STATE OF HAWAII

DEPARTMENT OF BUSINESS, ECONOMIC DEVELOPMENT AND TOURISM
HAWAII HOUSING FINANCE AND DEVELOPMENT CORPORATION
677 QUEEN STREET, SUITE 300
HONOLULU, HAWAII 96813
FAX: (808) 587-0600

Statement of
DEAN MINAKAMI
Hawaii Housing Finance and Development Corporation
Before the

SENATE COMMITTEE ON HOUSING

March 18, 2025 at 1:10 p.m.
State Capitol, Room 225

In consideration of
H.B. 417 HD1
RELATING TO THE RENTAL HOUSING REVOLVING FUND.

Chair Chang, Vice Chair Hashimoto, and members of the Committee.

HHFDC **supports** HB 417 HD1, which establishes the Housing Efficiency and Innovation Subaccount within the Rental Housing Revolving Fund (RHRF); specifies permissible uses of funding and priorities; and authorizes the Hawaii Housing Finance and Development Corporation (HHFDC) to transfer funds between the Housing Efficiency and Innovation Subaccount and RHRF without legislative approval.

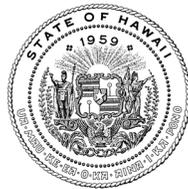
HHFDC supports the provisions to allow flexibility for transferring funds between RHRF and the subaccount without legislative approval, and to make funds available for funding other than loans, such as credit enhancement. The subaccount will provide a dedicated source of funding to finance workforce rental housing projects and enable HHFDC to establish new programs to support rental housing development and preservation.

We note that prioritizing projects requiring the "least amount of state funding per housing unit per year" on page five, subsection (f)(1)(B), is problematic, as RHRF is not an ongoing subsidy. It is a funding source for construction at one point in time. We also note that prioritizing projects that require the least amount of funding per unit will give preference to smaller units and higher AMI units. We suggest that the language be amended to prioritize projects that most efficiently use funds, as this would allow us to consider the duration of the loan, size of units, and amount of funding requested per unit.

We recommend the following **amendment**:

(B) Efficiency of use of state funding. [~~Projects that require the least amount of state funding per housing unit per year~~]; and

Thank you for the opportunity to testify on this bill.



JOSH GREEN, M.D.
GOVERNOR

SYLVIA LUKE
LIEUTENANT GOVERNOR

LUIS P. SALAVERIA
DIRECTOR

SABRINA NASIR
DEPUTY DIRECTOR

EMPLOYEES' RETIREMENT SYSTEM
HAWAII EMPLOYER-UNION HEALTH BENEFITS TRUST FUND
OFFICE OF THE PUBLIC DEFENDER

STATE OF HAWAII
DEPARTMENT OF BUDGET AND FINANCE
Ka 'Oihana Mālama Mo'ohelu a Kālā
P.O. BOX 150
HONOLULU, HAWAII 96810-0150

ADMINISTRATIVE AND RESEARCH OFFICE
BUDGET, PROGRAM PLANNING AND MANAGEMENT DIVISION
FINANCIAL ADMINISTRATION DIVISION
OFFICE OF FEDERAL AWARDS MANAGEMENT

WRITTEN ONLY
TESTIMONY BY LUIS P. SALAVERIA
DIRECTOR, DEPARTMENT OF BUDGET AND FINANCE
TO THE SENATE COMMITTEE ON HOUSING
ON
HOUSE BILL NO. 417, H.D. 1

March 18, 2025
1:10 p.m.
Room 225 and Videoconference

RELATING TO THE RENTAL HOUSING REVOLVING FUND

The Department of Budget and Finance (B&F) offers comments on this bill.

House Bill (H.B.) No. 417, H.D. 1, establishes a Housing Efficiency and Innovation Subaccount (HEIS) within the Rental Housing Revolving Fund (RHRF) to provide financing for housing projects that shall be made available for rent exclusively to qualified residents; authorizes the Hawai'i Housing Finance and Development Corporation to transfer funds between the RHRF and HEIS without legislative approval; and provides the HEIS exemption from subsection (c) of Section 201H-204, HRS.

As a matter of general policy, B&F does not support the creation of any revolving fund or revolving fund subaccount, which does not meet the requirements of Section 37-52.4, HRS. Revolving funds should: 1) serve a need as demonstrated by the purpose, scope of work, and an explanation why the program cannot be implemented successfully under the general fund appropriation process; 2) reflect a clear nexus between the benefits sought and charges made upon the users or beneficiaries or a clear link between the program and the sources of revenue; 3) provide

an appropriate means of financing for the program or activity; and 4) demonstrate the capacity to be financially self-sustaining. Regarding H.B. No. 417, H.D. 1, it is difficult to determine whether the proposed HEIS would be self-sustaining.

Thank you for your consideration of our comments.



holomua

COLLABORATIVE

OUR MISSION

To support and advance public policies that make Hawai'i affordable for all working families.

OUR VISION

Collaborative, sustainable, and evidence-based public policies that create a diverse and sustainable Hawai'i economy, an abundance of quality job opportunities, and a future where all working families living in Hawai'i can thrive.

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Meli James, *Board Chair*
Micah Kāne
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Mike Pietsch
Sunshine Topping

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Josh Feldman
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Ed Schultz

Josh Wisch
President & Executive Director

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Page 1 of 1

Committee: Senate Committee on Housing
Bill Number: HB 417 HD1, Relating to the Rental Housing Revolving Fund
Hearing Date and Time: March 18, 2025, 1:10pm (Room 225)
Re: Testimony of Holomua Collaborative – Support

Aloha Chair Chang, Vice Chair Hashimoto, and Members of the Committee:

Mahalo for the opportunity to submit testimony **in support** of HB 417 HD1, Relating to the Rental Housing Revolving Fund.

Hawai'i's housing crisis continues to drive local families to move to the continent. In October 2024, a survey¹ gathering information about the day-to-day financial experience of local workers was released and it suggests this growing crisis has the potential to reach staggering levels. When nearly 1,500 local workers were asked if they may need to move to a less expensive state, only thirty-one percent answered a definitive “no,” while sixty-nine percent said “yes” or “unsure.” And nearly two-thirds of the respondents said the cost of housing was the primary impact on their cost of living in Hawai'i. Each local worker and family we lose to the continent contributes to a loss of our economy, our culture, and our family.

The Rental Housing Revolving Fund (RHRF) provides equity gap low-interest loans to qualified owners and developers building affordable housing units. Funds may be used to provide a loan for the development, construction, acquisition, preservation, and substantial rehabilitation of rental housing units. Through the volume of dedicated funding provided to it by the Legislature, the RHRF has been instrumental in increasing the number of affordable housing units in Hawai'i.

Despite the RHRF's successes, the current prioritization of projects limits the breadth of projects and—ultimately—residents who can benefit from the RHRF as the competitive bidding and statutorily mandated prioritization of projects has led to a narrow scope of projects being financed through the fund.

HB 417 HD1 proposes to create a Housing Efficiency and Innovation subaccount within the RHRF. This subaccount would be dedicated to using RHRF funds for loans to housing projects, focused on local residents living on lands that are owned or developed by the State or a County, and that require the least state funding per housing unit per year. This subaccount would be an efficient mechanism to quickly and cost-effectively develop housing for local working families without needing to compete for funding with the other crucial RHRF priority projects.

Sincerely,

Joshua Wisch
President & Executive Director

¹ <https://holomuacollective.org/survey/>



TITLE GUARANTY
HAWAII

March 18, 2025

Testimony in support of HB 417 HD1, Relating to the Rental Housing Revolving Fund

Aloha Chair Chang, Vice Chair Hashimoto, and Committee Members,

We write in support of HB 417 HD1, Relating to the Rental Housing Revolving Fund, which would establish the Housing Efficiency and Innovation Subaccount within the Rental Housing Revolving Fund.

Title Guaranty of Hawai'i is the oldest and largest title company in the state. We have been owned and operated by a kama'āina family since 1896 and we are proud to employ over 250 residents who work in our branches across the state. As an organization that has worked for over a century to help connect local families with housing, we see firsthand the economic shift that is preventing local families from achieving the dream of homeownership.

By increasing the types of rental projects that can be funded by the Rental Housing Revolving Fund, this bill will directly address one of the most significant barriers to homeownership: the lack of affordable and stable rental housing as a stepping stone to long-term property ownership.

Our industry sees firsthand how the housing crisis forces many local families into an impossible cycle—unable to purchase a home due to soaring real estate prices but also struggling to find rental units that allow them to save for a down payment. Without sufficient affordable rental housing, many working professionals leave Hawai'i in search of economic stability elsewhere.

By prioritizing the most cost-effective housing projects, HB 417 HD1 will ensure that more residents have access to stable, reasonably priced housing, allowing them to establish financial security and eventually transition to homeownership. This will create a healthier real estate market and a stronger local economy.

We urge you to pass HB 417 HD1 and take a meaningful step toward keeping Hawai'i's people and businesses thriving.

Sincerely,

Mike B. Pietsch
President and Chief Operating Officer
Title Guaranty of Hawai'i





March 18, 2025

Committee: Senate Committee on Housing
Bill Number: HB417 HD1, Relating to the Rental Housing Revolving Fund
Hearing Date and Time: March 18, 2025, 1:10pm
Re: Testimony of HPM Building Supply in Support

Dear Chair Chang, Vice Chair Hashimoto, and Committee Members:

I would like to submit this testimony in support of HB417 HD1, Relating to the Rental Housing Revolving Fund.

HPM Building Supply is a 100% employee-owned company serving Hawaii's home improvement market and building industry for over 100 years since 1921. With 18 locations across Hawai'i and Washington State, HPM offers various services and products, including retail stores, building supply and lumber yards, home design centers, drafting and design services, and manufacturing facilities. HPM is dedicated to enhancing homes, improving lives, and transforming communities.

The Rental Housing Revolving Fund (RHRF) supports affordable housing development by providing low-interest loans to qualified developers and property owners, helping close the equity gap. These loans can be used for various stages of the process, including development, construction, acquisition, preservation, and substantial rehabilitation of rental housing units. The substantial financial support provided by the Legislature has made the RHRF instrumental in increasing affordable housing availability in Hawai'i. Despite this success, the fund's current approach to project prioritization limits the range of funded projects, and consequently, the number of residents who benefit. The competitive bidding process and the mandatory prioritization of certain projects have resulted in a narrower focus for the RHRF.

This subaccount created by this bill would focus on providing loans for housing projects that target local residents living on state or county-owned or -developed lands and require the least amount of state funding per unit each year. This approach would allow for the faster and more efficient development of housing for local working families, without competing with other high-priority projects within the RHRF. This is an efficient use of state money that will allow for more and faster development.

Sincerely,

Jason Fujimoto
Chairman & CEO





**Testimony to
Senate Committee on Housing
March 18, 2025
1:10 PM
Conference Room 225 & VIA videoconference
Hawai'i State Capitol
HB 417 HD1**

Aloha Chair Chang, Vice Chair Hashimoto, and Members of the Committee,

We write in support of HB 417 HD1. This bill will increase our housing supply for local working families in Hawai'i.

Established in 1904, Hawai'i Gas serves over 70,000 customers on all islands through its utility pipeline infrastructure and propane business, all of whom depend on the company for sustainable, reliable, and affordable gas for water heating, cooking, drying, and other commercial and industrial applications. The company employs some 350 professionals, over 75% of whom are under collective bargaining.

The stability of our local workforce is directly tied to the ability of local families to live and work in Hawai'i. Housing instability has a direct impact on the workforce's ability to remain in the state and to continue supporting the essential infrastructure that allows businesses like ours to thrive and serve the public.

Our company relies on a dedicated workforce of technicians, engineers, and support staff who ensure that the gas services we provide are safe, reliable, and accessible to all residents. However, the rising cost of housing makes it increasingly difficult for these essential workers to remain in the state. Setting aside funding from the Rental Housing Revolving Fund to be used for projects on land owned or developed by the State or a County, and that need the least amount of state funding for each housing unit each year is a smart way to quickly and affordably create homes for local working families without having to compete for money with other important projects.

We urge you to support HB 417 HD1, as it represents an investment in Hawai'i's workforce, housing infrastructure, and long-term prosperity.

Thank you for the opportunity to testify.



Statement of
Meli James and Brittany Heyd
Cofounders
Mana Up

HB417 HD1, Relating to the Rental Housing Revolving Fund

Aloha Chair Chang, Vice Chair Hashimoto, and Committee Members,

We support HB417 HD1, which establishes the Housing Efficiency and Innovation Subaccount within the Rental Housing Revolving Fund.

Mana Up is a statewide initiative that helps provide entrepreneurs in Hawai'i with the resources and tools to grow their business and scale globally. As these entrepreneurs continue to grow, they also help contribute to our expanding our local economy. As part of our mission, we aim to sustain the local economy through economic diversification, local job creation, community giveback, investment, and a regenerative culture of entrepreneurship – providing a better future for generations to come here in Hawai'i. To keep these types of entrepreneurs in Hawai'i and even expand our entrepreneurial ecosystem, though, these entrepreneurs need a place to live that they can afford.

A thriving business ecosystem depends on talent, but we are losing too many of our brightest minds to the continent because they cannot afford to live in Hawai'i. Young professionals, startup founders, and skilled workers—the very people driving innovation in our state—are being priced out. Many of the entrepreneurs we support have expressed frustration that, despite their business success, they struggle to find stable, reasonably priced housing. Without affordable rental options, we risk stifling innovation and weakening the future of our economy. HB 417 HD1 addresses this by expanding rental housing opportunities for individuals and families by dedicating funding for housing projects for residents that require the least state funding per year. We must build many more affordable housing units in order to meet demand, and ensuring money is spent wisely will help us increase the housing supply in an efficient and strategic manner.

Mahalo for your time and consideration.

Sincerely,

Meli James | Cofounder, Mana Up
Brittany Heyd | Cofounder, Mana Up

TORI RICHARD

March 18, 2025

Aloha Chair Chang, Vice Chair Hashimoto, and Members of the Committee,

We write in support of HB 417 HD1 and the creation of the Housing Efficiency and Innovation subaccount within the Rental Housing Revolving Fund.

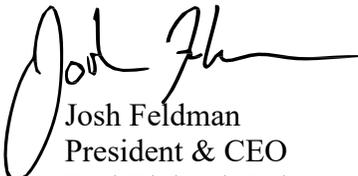
Tori Richard has manufactured in Honolulu nearly 70 years, and we continue to proudly do so today. As a long-time medium-sized Hawai'i employer, we recognize the challenge high housing costs pose to everyone working to make ends meet in Hawai'i.

Our business is deeply committed to supporting Hawaii's local workforce, but the growing housing crisis makes it increasingly difficult for our employees to remain in the islands. Attainable housing is key to keeping talented, creative people in Hawai'i, and this bill offers a much-needed solution to that challenge.

Many of our employees are struggling to find attainable places to live. As their employer, I see firsthand the impact this has on their lives. When workers are forced to move away or leave the state altogether, it hurts our ability to operate and expand. The Rental Housing Revolving Fund has been an effective tool to get affordable housing built, but due to statutory prioritization and competitive bidding, the scope of the units built has been narrow. Dedicating funding to the development of housing that requires the least state funding per housing unit will save taxpayer money to be used for other essential housing priorities.

I urge you to support HB 417 HD1, as it is essential to the future of our business and the local economy. Thank you for your consideration.

Sincerely,



Josh Feldman
President & CEO
Tori Richard, Ltd.

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TESTIMONY SUPPORTING HB417 HD1
SENATE HOUSING COMMITTEE
March 18, 2025

The Church of the Crossroads, founded over a century ago as Hawaii's first intentionally multiracial church, is with humility committed to do justice and love mercy.

Chair Chang, VC Hashimoto, Members,

In **support** of HB417 HD1.

The Rental Housing Revolving Fund has \$1,038,249,619 that could be used for housing, but it tends to sit there. In FY 23, the RHRF built only 2,156 units. HB417 HD1 will help RHRF money go further by restricting its use to projects on state or country land, by selecting projects that use the least money per unit, by favoring projects with a perpetual affordability commitment, and by limiting housing to qualified Hawaii residents who live in their unit and own no majority interest in any other property.

Please pass HB417 HD1. Mahalo!

Respectfully submitted by Galen Fox,
for Church of the Crossroads

**Testimony to the Senate Committee on Housing
Senator Stanley Chang, Chair
Senator Troy N. Hashimoto, Vice Chair**

**Tuesday, March 18, 2025, at 1:10PM
Conference Room 225 & Videoconference**

RE: HB417 HD1 Relating to the Rental Housing Revolving Fund

Aloha e Chair Chang, Vice Chair Hashimoto, and Members of the Committee:

My name is Sherry Menor, President and CEO of the Chamber of Commerce Hawaii ("The Chamber"). The Chamber supports House Bill 417 House Draft 1 (HB417 HD1), which Establishes the Housing Efficiency and Innovation Subaccount within the Rental Housing Revolving Fund. Specifies permissible uses of funding and priorities. Authorizes the Hawai'i Housing Finance and Development Corporation to transfer funds between the Housing Efficiency and Innovation Subaccount and the Rental Housing Revolving Fund without legislative approval.

HB417 HD1 aligns with our 2030 Blueprint for Hawaii: An Economic Action Plan, specifically under the policy pillar for Business Services. This bill promotes policies that drive economic growth, enhance workforce opportunities, and improve the quality of life for Hawaii's residents.

Hawaii continues to face an urgent need for affordable rental housing solutions to support residents across various income levels. This bill addresses that need by refining and broadening the scope of the Rental Housing Revolving Fund, particularly through the establishment of a new Housing Efficiency and Innovation Subaccount designed to prioritize projects on state or county-owned land and those requiring minimal state funding per unit.

The measure also enhances the overall flexibility of the fund by allowing the Hawai'i Housing Finance and Development Corporation to transfer resources between the subaccount and the main revolving fund and create separate application processes. By streamlining oversight and encouraging innovation, the legislation sets the stage for more equitable housing solutions in Hawaii's tight real estate market. The Chamber supports this bill because it strategically leverages public resources to expand affordable rental options, thereby fostering both economic stability and community well-being.

The Chamber of Commerce Hawaii is the state's leading business advocacy organization, dedicated to improving Hawaii's economy and securing Hawaii's future for growth and opportunity. Our mission is to foster a vibrant economic climate. As such, we support initiatives and policies that align with the 2030 Blueprint for Hawaii that create opportunities to strengthen overall competitiveness, improve the quantity and skills of available workforce, diversify the economy, and build greater local wealth.

We respectfully ask to pass House Bill 417 House Draft 1. Thank you for the opportunity to testify.

HB-417-HD-1

Submitted on: 3/15/2025 1:53:52 PM

Testimony for HOU on 3/18/2025 1:10:00 PM

Submitted By	Organization	Testifier Position	Testify
Ellen Godbey Carson	Individual	Support	Written Testimony Only

Comments:

I support HB417, which will help RHRF money go further by restricting its use to projects on state or country land, by selecting projects that use the least money per unit, by favoring projects with a perpetual affordability commitment, and by limiting housing to qualified Hawaii residents who live in their unit and own no majority interest in any other property.

Plesse help us adopt this approach for more effective use of our RHRF monies.

Thank you for consideration of my testimony.

Ellen Carson

Honolulu, Hawaii

HB-417-HD-1

Submitted on: 3/14/2025 4:40:14 PM

Testimony for HOU on 3/18/2025 1:10:00 PM

Submitted By	Organization	Testifier Position	Testify
Seth Kamemoto	Individual	Comments	Written Testimony Only

Comments:

I'm concerned that this "housing efficiency and innovation subaccount" is essentially a blank-check to HHFDC; they could funnel 100% of the RHRF into this subaccount, and then give it to essentially any project that provides rentals to "qualified residents" which has no income cap. These could be ultra-luxury rentals, where all the tenants are moving to Hawaii (a "qualified resident" could just fly in yesterday; there's no requirement to be a local resident for any duration prior to "deciding" to live in Hawaii and therefore becoming "qualified").

If the intent is to use this subaccount to support City/State owned-and-operated affordable projects, don't just make these a "priority" for funding, make them a *requirement*. I personally don't like the "require the least amount of state funding per housing unit per year" requirement, as this will naturally skew to the more expensive rental units: if one can charge \$8,000 in rent one doesn't need as much subsidy as would be required if the rents were capped at \$800. I'd rather the priority (or requirement) revolve around providing rental units that are more affordable (in the 30%AMI range instead of the 100+%AMI range).