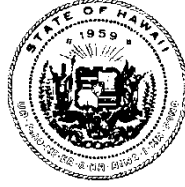


JOSH GREEN, M.D.
GOVERNOR

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

HOUSE COMMITTEE ON HOUSING

February 07, 2025 at 9:00 a.m.
State Capitol, Room 430

In consideration of
H.B. 432

RELATING TO THE RENTAL HOUSING REVOLVING FUND.

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

HHFDC **supports** HB 432, which establishes the mixed-income subaccount within the Rental Housing Revolving Fund (RHRF) that targets workforce rental housing projects for persons and families with incomes at or below one hundred forty per cent of the area median income (AMI). It authorizes the Director of Finance to transfer funds from RHRF into the mixed-income subaccount and appropriates funds into and out of the mixed-income subaccount of RHRF.

RHRF currently has two priority funding groups. Due to limited funding, funds are generally only available for first- priority ("Tier I") projects or units for households with incomes at or below 60% AMI.

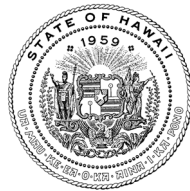
This bill is needed so that funding can be available for mixed-income rental projects or units, or "Tier II," without the need for legislation to finance projects outside the first priority. These are our working families who earn too much to qualify for Low-Income Housing Tax Credit (LIHTC) units but cannot afford to buy their own homes, such as teachers, firefighters, police officers, and nurses.

This bill will keep the financing pipeline going for affordable rentals in light of the private activity bond cap. The ability to fund Tier II projects in any given year will result in quicker funding and development of housing. Tier II loans are more self-sustaining and able to revolve more quickly due to higher rental revenues and fewer subsidies needed.

This bill would also allow developers to be more certain of funding availability and begin working on projects. With earlier notification of funding availability, projects that are proposed and awarded funding will be more ready and break ground sooner after the award.

HHFDC notes that prioritizing projects with a perpetual affordability commitment (page 5, line 12) may be problematic. Each housing project has defined lifecycles and eventually requires large capital infusions to extend the life of the building. Therefore, rental project owners require flexibility when seeking financing for these improvements.

Thank you for the opportunity to testify on this bill.



JOSH GREEN, M.D.
GOVERNOR

SYLVIA LUKE
LIEUTENANT GOVERNOR

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

LUIS P. SALAVERIA
DIRECTOR

SABRINA NASIR
DEPUTY DIRECTOR

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 HOUSE COMMITTEE ON HOUSING
ON
HOUSE BILL NO. 432

February 7, 2025
9:00 a.m.
Room 430 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. 432: 1) establishes a mixed-income subaccount (MIS) within the Rental Housing Revolving Fund (RHRF) to provide financing for rental housing projects for persons and families with incomes at or below 140% of the area median income; 2) authorizes the Director of Finance to transfer up to \$75,000,000 from the RHRF to the MIS for FY 26 and FY 27; 3) appropriates \$75,000,000 in general funds for FY 26 and FY 27 to be deposited into the MIS; and 4) appropriates \$75,000,000 in revolving funds out of the MIS for FY 26 and FY 27.

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

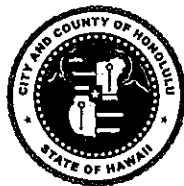
beneficiaries or a clear link between the program and the sources of revenue; 3) provide an appropriate means of financing for the program or activity; and 4) demonstrate the capacity to be financially self-sustaining. Regarding H.B. No. 432, it is difficult to determine whether the proposed MIS would be self-sustaining.

Thank you for your consideration of our comments.

OFFICE OF HOUSING
KE KE'ENA HO'OLĀLĀ KŪKULA HALE
CITY AND COUNTY OF HONOLULU

530 SOUTH KING STREET, ROOM 306 • HONOLULU, HAWAII 96813
PHONE: (808) 768-4675 • FAX: (808) 768-4242 • WEBSITE: www.honolulu.gov/housing

RICK BLANGIARDI
MAYOR
MEIA



KEVIN AUGER
EXECUTIVE DIRECTOR
PO'O HO'OKO

February 5, 2025

2025-HOU-012

The Honorable Luke A. Evslin, Chair
The Honorable Tyson K. Miyake, Vice Chair
and Members of the House Committee on Housing
Hawai'i State Capitol
415 South Beretania Street
Honolulu, Hawai'i 96813

Dear Chair Evslin, Vice Chair Miyake, and Committee Members:

SUBJECT: Testimony in Support of HB432 on the Rental Housing Revolving Fund
Hearing: Fri., Feb. 7, 2025, 9:00 a.m. at the State Capitol, Rm. 430

The Office of Housing **supports** HB432 that would establish a Mixed-Income Subaccount within the Rental Housing Revolving Fund (RHRF) to support rental projects with affordable units for households earning up to 140% of the area median income (AMI). Preferences for projects would include housing developments with a diverse range of affordability and those located on State or county lands. Much of the RHRF is used to support Low Income Housing Tax Credit (LIHTC) project units for low-income households earning 60% AMI or below. While development of low-income housing must continue in order to reduce the severe cost-burden on these community members, there currently are very limited programs that support our moderate-income workforce households to afford rental or for-sale housing costs. The creation of a Mixed-Income Subaccount would help to bridge the gap that currently exists and allow more of our workforce – including our teachers, police officers, and medical staff – to remain here in Hawai'i.

Thank you for the opportunity to testify.

Very truly yours,

A handwritten signature in black ink, appearing to read "Kevin D. Auger".

Kevin D. Auger
Executive Director

APPROVED:

A handwritten signature in black ink, appearing to read "Michael D. Formby".

Michael D. Formby, Managing Director Designate
Office of the Managing Director

**Testimony to the House Committee on Housing
Representative Luke A. Evslin, Chair
Representative Tyson K. Miyake, Vice Chair**

**Friday, February 7, at 9:00AM
Conference Room 430 & Videoconference**

RE: HB432 Relating to the Rental Housing Revolving Fund

Aloha e Chair Evslin, Vice Chair Miyake, 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 432 (HB432), which establishes the mixed-income subaccount within the Rental Housing Revolving Fund that targets workforce rental housing projects for persons and families with incomes at or below one hundred forty per cent of the area median income. Authorizes the Director of Finance to transfer funds from the Rental Housing Revolving Fund into the mixed-income subaccount

HB432 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's housing crisis makes rental housing unaffordable for many working families, especially those earning 60% to 140% of the area median income. While tax exemptions and subsidies lower development costs, mixed-income projects remain financially unfeasible without more public funding. State funds prioritize federally subsidized low-income housing, leaving limited support for mixed-income developments, which risks driving residents out of the state and weakening the workforce.

This bill creates a mixed-income subaccount within the Rental Housing Revolving Fund (RHRF) to support a wider income range. It prioritizes projects on state or county land with sustainable repayment plans and allocates \$75 million over two years to increase rental options. The Chamber supports this measure to expand housing, retain workers, and promote equitable access to affordable housing statewide.

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 432. Thank you for the opportunity to testify.



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.

BOARD MEMBERS

Jason Fujimoto
Meli James, *Board Chair*
Micah Kāne
Brandon Kurisu
Brad Nicolai
Mike Pietsch
Sunshine Topping

ADVISORY COMMITTEE

Josh Feldman
Brittany Heyd
Alicia Moy
Ed Schultz

Josh Wisch
President & Executive Director

827 Fort Street Mall, 2nd Floor
Honolulu, Hawai'i 96813

+1 (808) 542-4089
info@holomuacollaborative.org

HolomuaCollaborative.org

Page 1 of 2

Committee: House Committee on Housing
Bill Number: HB 432, Relating to the Rental Housing Revolving Fund
Hearing Date and Time: February 07, 2025, 09:00am (Room 430)
Re: Testimony of Holomua Collaborative – Support

Aloha Chair Evslin, Vice Chair Miyake, and members of the committee:

Mahalo for the opportunity to submit testimony **in support** of HB 432, 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. This is because the competitive bidding and statutorily mandated prioritization of projects has led to a narrow scope of projects being financed through the fund. Additionally, even with tax breaks and financial support it's not financially feasible for private developers to build rental homes for families making 60% to 140% of the area median income (AMI) absent additional public funding.

HB 432 proposes to create a mixed-income subaccount within the RHRF. This subaccount would be dedicated to using RHRF funds for loans to mixed-income rental housing projects, focused on projects for people and families with incomes at or below 140% AMI. This subaccount would be an efficient mechanism to quickly and cost-effectively develop housing for local working families (like our teachers and first responders) without needing to compete for funding with the other crucial RHRF priority projects.

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



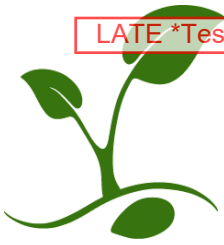
Page 2 of 2

Holomua Collaborative is proud to support this House Majority Package bill that will make a genuine impact on local working families hoping to stay in Hawai'i.

Sincerely,

A handwritten signature in blue ink, appearing to read 'Joshua Wisch', is written in a cursive style.

Joshua Wisch
President & Executive Director



HAWAII APPLESEED

CENTER FOR LAW & ECONOMIC JUSTICE

Testimony of the Hawai‘i Appleseed Center for Law and Economic Justice
Support for HB432 – Relating to Rental Housing Revolving Fund

House Committee on Housing

Friday, February 7, 2025 at 9:00AM | Conf. Rm. 430 and via Videoconference

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

Mahalo for the opportunity to testify in strong support of HB432, which would establish a mixed-income subaccount within the Rental Housing Revolving Fund (RHRF) to support rental housing development for workforce individuals earning between 60% and 140% of Area Median Income (AMI).

HB432 addresses Hawaii's urgent housing crisis and its constraint on our communities' economic growth. Within our current housing finance system, government subsidized programs serve low-income households making below 60% AMI, while market-rate development serves high-income households. This leaves a significant gap for working families earning between 60-140% of AMI who don't qualify for low-income housing but cannot afford market rates.¹ The measure recognizes the need for targeted housing financing intervention to support mixed income development for our workforce.

Hawaii currently has the most expensive market-rate housing in the nation, with median sales costs exceeding \$1 million. The median income required to afford a median-priced home in Hawaii is nearly double the actual median household income.² Meanwhile, Hawaii ranks one of the worst states in the nation for middle class affordability.³ According to the U.S. Bureau of Labor Statistics, those making 80-140% AMI in Hawaii include essential workers such as firefighters, teachers, and home healthcare workers, yet market-rate housing remains beyond what these individuals can afford.⁴

Hawaii is also one of the most expensive places to develop housing. With the highest costs of land and construction in any state⁵, combined with the nation's strictest regulatory process,⁶ affordable housing developments in Hawai‘i typically do not pencil out without subsidies. While RHRF funds can technically finance middle-income projects, these funds are prioritized for

¹ <https://storymaps.arcgis.com/stories/4104adb1cf1d4ec88a110c9d783b620f>

² https://uhero.hawaii.edu/wp-content/uploads/2024/02/WhyAreCondominiumsSoExpensiveInHawaii_Report.pdf

³ https://www.news-journal.com/hawaii-is-the-12th-worst-state-for-middle-class-affordability/article_64e79f23-6c41-53b3-aa8a-da80930a375f.html

⁴ <https://storymaps.arcgis.com/stories/4104adb1cf1d4ec88a110c9d783b620f>

⁵ lbed

⁶ <https://uhero.hawaii.edu/wp-content/uploads/2022/04/MeasuringTheBurdenOfHousingRegulationInHawaii.pdf>



HAWAII APPLESEED

CENTER FOR LAW & ECONOMIC JUSTICE

Testimony of the Hawai'i Appleseed Center for Law and Economic Justice
Support for HB432 – Relating to Rental Housing Revolving Fund

House Committee on Housing

Friday, February 7, 2025 at 9:00AM | Conf. Rm. 430 and via Videoconference

projects that also qualify for federal and state low-income housing tax credits.⁷ Consequently, mixed-income projects struggle to access RHRF financing and have few other means of financial support.

This issue is critical as middle-income housing comprises nearly half of housing demand. Of the nearly 17,000 units needed for those making between 80-140% AMI, only about 3000 units, or one-third, of housing developments in the pipeline will satisfy that income criteria.⁸

Hawaii has experienced consistent net out-migration of working-age adults, with housing unaffordability cited as the primary reason.⁹ This exodus has created severe workforce shortages across critical sectors. Worker shortages particularly impact healthcare facilities, schools, the service industry, and construction trades. Hawaii faces one of the worst physician shortages in the U.S., across all specialties;¹⁰ The Department of Education reports significant teacher vacancies;¹¹ and DBEDT continues to report slow labor growth.¹²

Without intervention, these challenges will have long-term community consequences. The state will continue to see a decline in quality of public services, diminished healthcare access, and lower educational outcomes. If Hawaii does not invest in workforce housing now, it will continue to lose families, businesses, and economic opportunities, leading to lasting negative impacts on our communities and future generations.

By establishing a dedicated subaccount to fund mixed-income rental projects, HB432 provides a meaningful resource for middle-income housing projects. This ensures middle-income projects will receive funding - expanding housing choices beyond just luxury or low-income units, to directly address Hawaii's workforce housing gap,

Mahalo for the opportunity to testify.

⁷ https://dbedt.hawaii.gov/hhfdc/developers/rhtf_html/

⁸ <https://hale.hawaii.gov/affordable-housing-pipeline-dashboard/>

⁹ <https://uhero.hawaii.edu/wp-content/uploads/2024/05/HawaiiHousingFactbook2024.pdf>

¹⁰ <https://pmc.ncbi.nlm.nih.gov/articles/PMC9036453>

¹¹ <https://www.hsta.org/news/recent-stories/teacher-shortage-differentials-will-continue-for-sy-2024-25>

¹² <https://dbedt.hawaii.gov/blog/23-67/>



Hawai'i YIMBY
Honolulu, HI 96814
hawaiiyimby.org
info@hawaiiyimby.org

February 7, 2025

House Committee on Housing
Hawai'i State Capitol
Honolulu, HI 96813

RE: SUPPORT for HB 432 - RELATING TO THE RENTAL HOUSING REVOLVING FUND

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

On behalf of Hawai'i YIMBY, we are writing in **support of HB 432** which would establish a mixed-income subaccount within the Rental Housing Revolving Fund that targets workforce rental housing projects for persons and families with incomes at or below 140% of the area median income. It authorizes the Director of Finance to transfer funds from the Rental Housing Revolving Fund into the mixed-income subaccount.

We believe in funding affordable housing and find workforce housing to be especially important as it provides working-class residents with an affordable place to live. Allowing funds into and out of the mixed-income subaccount of the rental housing revolving fund would provide flexibility for funding urgently needed projects that have continually been too far down on the priority list. Building homes for families that fall into these income brackets will greatly help with retaining a vibrant and diverse workforce, which is desperately needed across the state. It is important for us to continue to fund homes for our lower income residents, but we must target additional funds to our middle-income, working class families who struggle to compete for market-rate homes.

Hawai'i YIMBY (*Yes In My Backyard*) is a volunteer-led grassroots advocacy organization dedicated to supporting bold and effective solutions for Hawai'i's devastating housing crisis. Our members are deeply concerned about Hawai'i's chronic and worsening housing



Hawai'i YIMBY
Honolulu, HI 96814
hawaiiyimby.org
info@hawaiiyimby.org

shortage, which has caused home prices to rise much faster than incomes and pushes thousands of kama'āina out to the mainland or into homelessness every single year.

We ask your support for this bill. Thank you for the opportunity to testify.

Sincerely,

Damien Waikoloa

Chapter Lead, Hawai'i YIMBY

Edgardo Díaz Vega

Chapter Lead, Hawai'i YIMBY





DEVELOPMENT
MANAGEMENT
CONSTRUCTION
FINANCE

House Committee on Housing
Friday, February 7, 2025
Conf. Room 430
State Capitol
Testimony IN SUPPORT House Bill 432

Aloha Chair Evslin, Vice-Chair Miyake and members of the Committee:

On behalf of Michaels Development, we submit this testimony in SUPPORT of HB 432.

HB 432 establishes the mixed-income subaccount within the Rental Housing Revolving Fund that targets workforce rental housing projects for persons and families with incomes at or below one hundred forty per cent of the area median income. The bill further Authorizes the Director of Finance to transfer funds from the Rental Housing Revolving Fund into the mixed-income subaccount, and appropriates funds into and out of the mixed-income subaccount of the Rental Housing Revolving Fund.

First, we would like to thank the House Majority for submitting such an important bill.

Second, we would like to recognize the Hawaii Housing Finance Development Corporation and all of their efforts in working with developers to make affordable housing a reality in the State of Hawaii.

As one of the nation's largest affordable housing developers, Michaels has developed several projects in the State of Hawaii on Oahu and on the Big Island. We have focused our efforts on the Low Income Housing Tax Credit (LIHTC) program because in years past, our local residents required housing for those earning up to 60% of the area median income (AMI). Moreover, the LIHTC program has been one of the single most important resources available to support the development and rehabilitation of affordable housing in the United States. As noted in HB 432, LIHTC serves those earning up to 60% of the Area Median Income (AMI) (in the absence of income-averaging). In the State of Hawaii, however, we are now finding that our local residents are considered either: (1) "very low income" which is considered 50% or below AMI; or, (2) are qualifying at the 80% - 140% AMI range. The 80%-140% AMI range is considered workforce housing and from a policy perspective, where the State should now be focusing its efforts.

Logic dictates that our local workforce is now in the 80%-140% tier as state and local government are our largest employer. With the exception of anomalies in the State's economy such as the Great Recession or the COVID pandemic, our state and county employees are subject to collective bargaining every two years. This is important for our local residents as Hawaii as one of the highest costs of living. But as a result, our workforce is no longer qualifying for LIHTC housing. Our local residents must have access to "workforce" housing as these are our teachers, fire fighters, nurses, police officers, construction workforce, to name a few.

HB 432 will provide the funding needed to offset the costs associated with housing development including the cost of entitlements, infrastructure, government regulations and materials. We respectfully request your support of HB432 and thank the Chair and members for hearing this very important bill.



Comments on HB432

Aloha e Representative, Chair, Vice Chair:

We are testifying on behalf of Locals In My Backyard (LIMBY) Hawai'i. LIMBY Hawai'i is a hui of concerned kama'āina and kānaka working to help develop solutions to our state's housing crisis.

We are concerned that NIMBYism has driven up costs and driven our friends and families out by opposing all development. We are equally concerned that the apparent answer to this, YIMBYism, insists that anything resembling true affordability is impossible so instead they promote building housing that gets bought by overseas investors. ***We know we won't solve our housing woes without building more, but we won't solve them by simply building more.***

The true solution is to create a housing market for locals: one that houses locals first, is tied to local wages, and is managed in trust. We detail real solutions to our housing woes on our website and through our newsletter.

The future for kama'āina and kānaka will be LIMBY or Las Vegas.

HB432 speaks to an intention to remedy this problem through the expansion of low-interest financing. This is all well and good, but we would like to describe how this is likely to end up a poor use of state funds. It repeats a common error in our housing programs: the AMI trap.

The RHRF offers highly favorable terms to developers. The primary requirement for participation in these programs is an AMI target—which this bill raises to 140% of AMI.

AMI is a problematic metric to base our housing targets on. We will start with the simplest—it's not actually area median income. Area median income may create in policy makers the false impression that the figure is analogous to the median household incomes calculated from Census data using actual survey data. However, AMI is calculated by the HUD and it does not represent actual income.

Instead, HUD *assumes* an income level based on surveyed rents. This means that if rent is high, and it is in Hawaii, then the AMI figure is increased so that:

HUD increases the four-person very low-income limit if it would otherwise be less than the amount at which 35 percent of it equals 85 percent of the annualized two-bedroom FMR. - HUD 2024 Income Methodology, via HUDuser.gov

This means an AMI target actually perpetuates a cycle of high rents! A median income is supposed to be in the middle, above which 50% of the population makes less and 50% makes more.

For Hawaii, because AMI is actually rent based, the AMI figure used in setting rents—as published by the HHFDC for 2023—is nearly \$20k higher than actual median incomes. Targeting 140% of AMI means targeting the highest earning quartile of households.

The second and equally pernicious part of the AMI trap is that it allows for the sale and rental of units far above what is available on the open market. This is because each unit-size within the specified AMI band is treated as equally unaffordable: this is untrue. The table below presents the AMI band at which a unit becomes affordable based on 2023 data (the last for which Census data on rents was available)

	AMI based "affordability" prices higher than the market				
	Studio	1 Bedroom	2 Bedroom	3 Bedroom	4 Bedroom
Average Rents 2023	\$1,518.00	\$1,822.00	\$2,501.00	\$3,189.00	\$5,083.00
AMI @ Which "Affordable" Costs More than Market	80%	80%	100%	100%	140%

Thus if you are a developer wanting the benefits of an “affordable housing” program without the downside of actually having to build units that in anyway resemble affordable housing, you just build studios or one bedrooms at 120 or 140% of AMI and laugh your way to the bank.

That is precisely what has happened at two recent “affordable” projects. At The Flats affordable studios—before the HHFDC further subsidized them—were priced at an egregious \$1,000/square foot. At Kuilei Place 75% of the units deemed “affordable” cost more than equivalent units available for sale. A full 91% of the “affordable” one-bedrooms will cost more than a one-bedroom bought off Zillow.com.

That we allow our “affordable” housing program to sell manifestly unaffordable units because they meet a made-up AMI number is bad enough. But the fact that it means a glut of one bedroom units in our affordable housing inventory is made all the worse by two facts:

- Hawaii’s 2019 Housing Demand Survey identified the majority of residents as needing three-bedrooms, e.g. it is families not singles and couples struggling
- 70% of those who leave Hawaii, end up purchasing or renting a three-bedroom unit

Thus not only are we building unaffordable housing, you can't even hope for a market mechanism such as filtering to help because we've built entirely the wrong sort of unit!

We concede that affordable housing is hard, but it seems a fair criticism that a program claiming to be affordable ought at the very least to be priced ***below the market***. It is damning that we neither do so nor build the sort of units needed by locals.

Hawaii is constrained to use HUD figures when HUD funds are used. This is not such a program and should not imitate its mistakes. We urge you to:

- At the very least require that the AMI limit set for the unit-type be lower than market median for units of that size
- Consider the shortcomings of this program in its entirety and instead divert funding to solutions that actually ensure affordability in perpetuity such as community land trusts as proposed in HB833 and HB1492

Makana Hicks-Goo,
Organizer on behalf of LIMBY Hawai'i



HAWAI'I COMMUNITY FOUNDATION

Testimony in Support of HB 432, Relating to the Rental Housing Revolving Fund

From: Micah Kāne, Chief Executive Officer & President - Hawai'i Community Foundation

Re: Support for the Mixed-Income Subaccount

The Hawai'i Community Foundation (HCF) supports HB 432, which establishes the Mixed-Income Subaccount within the Rental Housing Revolving Fund. Housing is a priority area within HCF's CHANGE Framework under the "C" sector of Community-Centered Economy. Per UHERO, "median housing costs in Hawaii are more than 2.7 times the national level"¹ and median rents are the highest in the country.² ALICE families are more vulnerable because of our current housing market.

The demand for attainable local housing currently enveloping Hawai'i is at crisis levels. While efforts to address the housing crisis have shown progress, it is evident that the current perspectives and efforts need to be expanded, and new creative solutions must be adopted. Hyper prioritization of major off-site infrastructure improvements that can effectuate housing, broad-based collaboration and regulatory reform are more critical now than ever.

We support the creation of the Mixed-Income Subaccount within the Rental Housing Revolving Fund because more can be done to help families who are struggling but are not in poverty. This subaccount will be designated for utilizing RHRF funds to support loans for mixed-income rental housing projects, specifically targeting initiatives for individuals and families with incomes at or below 140% of Area Median Income (AMI), which includes many ALICE families. This approach will provide an efficient mechanism to promptly and cost-effectively develop housing for local families while ensuring that funding is not diverted from other essential RHRF priority projects also serving the lowest income ALICE families.

Kama'āina want to stay in Hawai'i and HB 432 can open that door and provide that hope. There is universal agreement that locals need more places to call home. Rent must be affordable and reasonable so residents will be free from the pressure of leaving the island. HB 432 is an innovative solution that contributes to more housing for our community, and HCF is happy to support it.

¹ [UHERO 2023 Hawaii Housing Factbook](#) at page 1.

² [UHERO 2024 Hawaii Housing Factbook](#) at page 6.



TITLE GUARANTY
HAWAII

February 7, 2025

Testimony in support of HB 432, Relating to the Rental Housing Revolving Fund

Aloha Chair Evslin, Vice Chair Miyake, and Committee Members,

We write in support of HB 432, Relating to the Rental Housing Revolving Fund, which would establish the Mixed-Income 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 financing options available for mixed-income rental projects, 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 funding mixed-income rental developments, HB 432 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 432 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





February 7, 2025

Committee: House Committee on Housing
Bill Number: HB432, Relating to the Rental Housing Revolving Fund
Hearing Date and Time: February 7, 2025, 9:00am
Re: Testimony of HPM Building Supply in Support

Dear Chair Evslin, Vice Chair Miyake, and Committee Members:

I would like to submit this testimony in support of HB432, 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.

We strongly support HB 432, which will establish a mixed-income subaccount within the Rental Housing Revolving Fund (RHRF) to ensure that rental housing for working families can be built. Without additional financial support, many developers cannot afford to construct housing for families earning below 140% of the area median income (AMI). This legislation will help overcome those financial barriers, ensuring a steady pipeline of rental housing projects that will benefit working families.

A thriving housing sector means more than just economic growth—it means keeping local workers in Hawai'i. We have seen firsthand how rising housing costs have forced skilled workers to leave the islands in search of affordable living elsewhere. When these workers leave, businesses across all industries struggle to hire and retain employees. By expanding rental housing options, HB 432 helps stabilize our workforce, ensuring that businesses have the labor force they need to grow and serve our communities.

We urge you to pass this legislation. Mahalo for your time and consideration

Sincerely,

Jason Fujimoto
Chairman & CEO





**Testimony to
House Committee on Housing
February 7, 2025
9:00 AM
Conference Room 430 & VIA videoconference
Hawai'i State Capitol
HB 432**

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

We write in support of HB 432. 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 the development of projects for households at or below 140% of the area median income will help ensure that local families can secure housing in Hawai'i, thereby providing a stable and skilled workforce that is essential to industries like ours.

We urge you to support HB 432, 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

HB432, Relating to the Rental Housing Revolving Fund

Aloha Chair Evslin, Vice Chair Miyake, and committee members,

We support HB432, which establishes the Mixed-Income Subaccount within the Rental Housing Revolving Fund to reserve funding of rental developments for household at or below 140% AMI.

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 432 addresses this by expanding rental housing opportunities for individuals and families earning up to 140% AMI, ensuring that more working professionals can afford to stay and contribute to our economy.

Passing HB432 is an investment in our future. It will not only help alleviate the housing crisis but also support Hawai'i's innovation economy by making it possible for entrepreneurs and skilled workers to build their lives here. We urge the committee to pass this measure to provide real housing solutions for local professionals, strengthen our small business ecosystem, and create a more sustainable economy.

Mahalo for your time and consideration.

Sincerely,

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

TORI RICHARD

February 7, 2025

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

We write in support of HB 432 and the creation of the Mixed-Income Subaccount in the Rental Housing Revolving Fund.

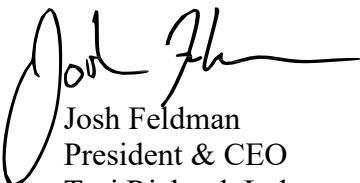
Tori Richard has manufactured in Honolulu nearly 70 years, and we continue to proudly do so today. As a long-time medium-sized Hawai'i employer, we recognize the challenge high housing costs pose to everyone working to make ends meet in Hawai'i.

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, not enough housing is being developed for a significant portion of our population -- households making below 140% Area Median Income. Dedicating funding to develop rental housing for this population without impacting the development of other affordable housing will allow our state to build to the needs of our local workforce.

I urge you to support HB 432, 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.

1891 NORTH KING STREET
HONOLULU, HAWAII 96819

TORIRICHARD.COM • MAIL@TORIRICHARD.COM • TEL: +1 808 847 7041