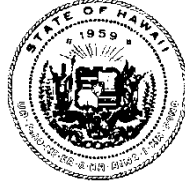


JOSH GREEN, M.D.
GOVERNOR

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 JUDICIARY & HAWAIIAN AFFAIRS

February 06, 2025 at 2:00 p.m.
State Capitol, Room 325

In consideration of **H.B. 740 HD1** **RELATING TO HOUSING**

Chair Tarnas, Vice Chair Poepoe, and members of the Committee.

HHFDC **supports** HB 740 HD1, which establishes the Accessory Dwelling Unit (ADU) Financing and Deed Restriction Program to allocate funds to the counties to provide grants to eligible homeowners or homebuyers to finance construction costs, development costs, and non-reoccurring closing costs associated with the construction of an accessory dwelling unit and purchase deed restrictions on such property. It is effective 7/1/3000.

The upfront costs of designing and permitting an ADU are a barrier for many homeowners. HHFDC supports the ADU Financing and Deed Restriction program as a way to increase the inventory of rental units in the State.

Thank you for the opportunity to testify on this bill.



**TESTIMONY OF
THE DEPARTMENT OF THE ATTORNEY GENERAL
KA 'OIHANA O KA LOIO KUHINA
THIRTY-THIRD LEGISLATURE, 2025**

ON THE FOLLOWING MEASURE:

H.B. No. 740, H.D. 1, RELATING TO HOUSING.

BEFORE THE:

HOUSE COMMITTEE ON JUDICIARY & HAWAIIAN AFFAIRS

DATE: Thursday, February 6, 2025 **TIME:** 2:00 p.m.

LOCATION: State Capitol, Room 325 and Videoconference

TESTIFIER(S): Anne E. Lopez, Attorney General, or
Chase Suzumoto, Deputy Attorney General or
Linda L.W. Chow, Deputy Attorney General

Chair Tarnas and Members of the Committee:

The Department of the Attorney General offers the following comments.

The purpose of this bill is to establish an accessory dwelling unit financing and deed restriction program under the Hawaii Housing Finance and Development Corporation.

This bill permits the Hawaii Housing Finance and Development Corporation to allocate funds from the Dwelling Unit Revolving Fund to a county for the award of grants to eligible homeowners and homebuyers to finance various costs associated with the construction of accessory dwelling units. The bill also authorizes the counties to purchase deed restrictions from eligible homeowners or homebuyers using funds from the Dwelling Unit Revolving Fund.

This bill does not appear to contain legally sufficient standards for the award of such grants involving public money as required by article VII, section 4, of the Constitution of the State of Hawai'i--"[n]o grant of public money . . . shall be made except pursuant to standards provided by law." Therefore, we recommend that this bill be amended to insert appropriate standards. Examples of existing statutes that provide standards for agencies to issue grants are part II of chapter 9 and sections 10-17, 210D-11, and 383-128, Hawaii Revised Statutes.

We have attached examples of standards to this testimony for the Committee's consideration. These or other appropriate standards could be inserted into the bill on page 4, line 17 as a new section 201H-B(d) with subsequent subsections redesignated. We are also available to work with the Committee on any potential amendments to the bill.

Thank you for the opportunity to testify on this bill.

DRAFT GRANT STANDARDS

(d) Applications for grants shall be made to the counties and contain the information as required by rules adopted under this subpart. At a minimum, the applicant shall:

- (1) Be an eligible homeowner or homebuyer under this subpart;
- (2) Agree to use state funds exclusively for the purposes of this program;
- (3) Indicate capability to properly use the grant for the purpose of the accessory dwelling unit financing and deed restriction program;
- (4) Comply with all applicable federal and state laws prohibiting discrimination against any person on the basis of race, color, national origin, religion, creed, sex, age, sexual orientation, disability, or any other characteristic protected under applicable federal or state law;
- (5) Agree not to use state funds for purposes of entertainment or perquisites;
- (6) Comply with other requirements as the county may prescribe;
- (7) Comply with all applicable federal, state, and county statutes, rules, and ordinances;
- (8) Agree to indemnify and save harmless the State of Hawaii and its officers, agents, and employees from and against any and all claims arising out of or resulting from activities carried out or projects undertaken with funds provided hereunder and procure sufficient insurance to provide this indemnification if requested to do so by the corporation; and
- (9) Agree to make available to the county all records the applicant may have relating to the grant, to allow state agencies to monitor the applicant's compliance with this section.

JOSH GREEN M.D.
GOVERNOR

SYLVIA LUKE
LT. GOVERNOR



STATE OF HAWAII
DEPARTMENT OF TAXATION

Ka 'Oihana 'Auhau
P.O. BOX 259

HONOLULU, HAWAII 96809
PHONE NO: (808) 587-1540
FAX NO: (808) 587-1560

GARY S. SUGANUMA
DIRECTOR

KRISTEN M.R. SAKAMOTO
DEPUTY DIRECTOR

**TESTIMONY OF
GARY S. SUGANUMA, DIRECTOR OF TAXATION**

TESTIMONY ON THE FOLLOWING MEASURE:

H.B. No. 740, H.D. 1, Relating to Housing.

BEFORE THE:

House Committee on Judiciary & Hawaiian Affairs

DATE: Thursday, February 6, 2025

TIME: 2:00 p.m.

LOCATION: State Capitol, Room 325

Chair Tarnas, Vice-Chair Poepoe, and Members of the Committee:

The Department of Taxation (DOTAX) offers the following comments regarding H.B. 740, H.D. 1, for your consideration.

Section 6 of H.B. 740, H.D. 1, amends section 247-3, Hawaii Revised Statutes (HRS), to exempt from conveyance tax any property with a county owned deed restriction according to the new provisions under chapter 201H, HRS, in this bill.

The measure has a defective effective date of July 1, 3000.

DOTAX requests that if this bill is passed, section 6 take effect on January 1, 2026, to allow for form and instruction changes necessary to implement the proposed conveyance tax exemption.

DOTAX also requests clarification on whether the exemption is intended to apply to actual conveyances of county owned deed restrictions. If so, then DOTAX recommends that page 28, lines 13-15 be revised as follows:

(18) Any document or instrument conveying

real property with a county owned deed restriction pursuant to subpart __, part III of chapter 201H, including any document or instrument conveying such a county owned deed restriction.

Thank you for the opportunity to provide comments on this measure.

Council Chair
Alice L. Lee

Vice-Chair
Yuki Lei K. Sugimura

Presiding Officer Pro Tempore
Tasha Kama

Councilmembers
Tom Cook
Gabe Johnson
Tamara Paltin
Keani N.W. Rawlins-Fernandez
Shane M. Sinenci
Nohelani U'u-Hodgins



Director of Council Services
David M. Raatz, Jr., Esq.

Deputy Director of Council Services
Richelle K. Kawasaki, Esq.

COUNTY COUNCIL
COUNTY OF MAUI
200 S. HIGH STREET
WAILUKU, MAUI, HAWAII 96793
www.MauiCounty.us

February 5, 2025

TO: The Honorable David A. Tarnas, Chair
The Honorable Mahina Poepoe, Vice Chair
and Members of the House Committee on Judiciary and Hawaiian Affairs

FROM: Alice L. Lee
Council Chair 

SUBJECT: **HEARING OF FEBRUARY 6, 2025; TESTIMONY IN SUPPORT OF HB 740, HD1, RELATING TO HOUSING**

I **support** this measure to establish an Accessory Dwelling Unit (ADU) Financing and Deed Restriction Program under the Hawai'i Housing Finance and Development Corporation.

The Maui County Council has not had the opportunity to take a formal position on this measure. Therefore, I am providing this testimony in my capacity as an individual member of the Maui County Council.

I **support** this measure for the following reasons:

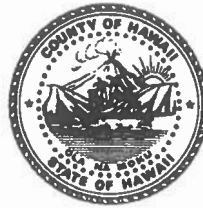
1. By reducing financial barriers to ADU construction, this bill encourages homeowners to develop additional housing units on their properties. These units can provide long-term rental options for local families, kūpuna, and workforce members who are struggling to find stable housing.
2. The voluntary deed restriction program helps prevent ADUs from being used for short-term rentals or speculative resale. By preserving these units for local residents, this bill ensures that the benefits of increased housing stock remain within the community for generations to come.
3. Instead of requiring counties to apply for individual grants, this bill streamlines the process by allocating an annual lump sum, allowing counties to effectively plan, administer, and distribute resources to homeowners based on their specific housing needs.

Thank you for your consideration.

C. Kimo Alameda, Ph.D.
Mayor

William V. Brilhante Jr.
Managing Director

Merrick Nishimoto
Deputy Managing Director



Kehaulani M. Costa
Housing Administrator

Keiko M. Mercado
Assistant Housing Administrator

County of Hawai'i
Office of Housing and Community Development

1990 Kino'ole Street, Suite 102 • Hilo, Hawai'i 96720 • (808) 961-8379 • Fax (808) 961-8685
Existing Housing: (808) 959-4642 • Fax (808) 959-9308
Kona: (808) 323-4300 • Fax (808) 323-4301

February 5, 2025

TESTIMONY IN SUPPORT OF HOUSE BILL 740, HD1
A BILL FOR AN ACT RELATING TO HOUSING
COMMITTEE ON JUDICIARY & HAWAIIAN AFFAIRS

Rep. David Tarnas, Chair

Rep. Mahina Poepoe, Vice Chair

Hearing Date: Wednesday, February 6, 2025, at 2:00 PM

Place of Hearing: Conference Room 325 & Videoconference

Aloha Honorable Chairs Tarnas and Poepoe, and members of the Committee on Judiciary & Hawaiian Affairs,

Thank you for the opportunity to provide testimony on **House Bill 740, HD1**, which proposes the establishment of an accessory dwelling unit (ADU) financing and deed restriction program under the Hawai'i Housing Finance and Development Corporation (HHFDC). On behalf of the County of Hawai'i Office of Housing and Community Development (OHCD), we express our firm **support** for this important initiative to address the housing crisis in Hawai'i.

ADUs offer an effective solution to increase housing supply, especially in residential areas with available space for additional dwellings. However, the upfront costs of design and permitting remain a significant barrier to homeowners. This bill provides essential financial support to homeowners who are willing to build ADUs but lack the funds to do so.

Furthermore, the program includes a deed restriction component, ensuring the long-term affordability of housing, which is critical in a state where housing costs continue to rise.

Additionally, the County of Hawai'i's recent Ordinance 24-7, passed in fall 2024, allows residents to build up to three ADUs on their property. This bill complements that effort and provides a much-needed tool for homeowners to contribute to the housing solution.



February 5, 2025

Page 2

Thank you for the opportunity to provide testimony in support of HB 740, HD1. Passage of this measure will help provide immediate housing opportunities while securing long-term affordability.


Mahalo,



Kehaulani M. Costa
Housing Administrator



 808-733-7060
 808-737-4977

 1259 A'ala Street, Suite 300
Honolulu, HI 96817

February 6, 2025

The Honorable David A. Tarnas, Chair

House Committee on Judiciary & Hawaiian Affairs
State Capitol, Conference Room 325 & Videoconference

RE: House Bill 740, HD1, Relating to Housing

HEARING: Wednesday, January 29, 2024, at 9:15 a.m.

Aloha Chair Tarnas, Vice Chair Poepoe, and Members of the Committee:

My name is Lyndsey Garcia, Director of Advocacy, testifying on behalf of the Hawai'i Association of REALTORS® ("HAR"), the voice of real estate in Hawaii and its over 10,000 members. HAR provides **comments** on House Bill 740, HD1, which establishes the Accessory Dwelling Unit Financing and Deed Restriction Program to allocate funds to the counties to provide grants to eligible homeowners or homebuyers to finance construction costs, development costs, and non-reoccurring closing costs associated with the construction of an accessory dwelling unit and purchase deed restrictions on such property. Effective 7/1/3000.

Hawai'i REALTORS® supports the creation of accessory dwelling units to help increase the supply of housing and help address Hawaii's housing challenges. We do however have concerns that the deed restrictions contained in this measure are in perpetuity. Having deed restrictions on a property in perpetuity can be problematic especially in land use planning, as communities can change and uses for a property may need to change as well over time. We respectfully suggest that the deed restriction be amortized over 10 years, but are open to other proposals for alternative timeframes. We look forward to further discussions on this matter.

Mahalo for the opportunity to provide testimony on this measure.





CATHOLIC CHARITIES HAWAII

TESTIMONY IN SUPPORT OF HB 740 HD1: RELATING TO HOUSING

TO: House Committee on Judiciary and Hawaiian Affairs

FROM: Tina Andrade, President and CEO, Catholic Charities Hawai'i

Hearing: **Thursday, February 6, 2025; CR 325 & via Videoconference**

Chair Tarnas, Vice Chair Poepoe, and Members, Committee on Judiciary and Hawaiian Affairs:

Catholic Charities Hawai'i **Supports HB 740 HD1**, which establishes the Accessory Dwelling Unit Financing and Deed Restriction Program. It allocates funds to the counties for grants to eligible homeowners/homebuyers to develop accessory dwelling units and to purchase deed restrictions on these properties.

Catholic Charities Hawai'i (CCH) is a tax exempt, non-profit agency that has been providing social services in Hawai'i for over 75 years. CCH has programs serving elders, children, families, homeless and immigrants. Our mission is to provide services and advocacy to the most vulnerable of the people in Hawai'i. Creating affordable housing and ending homelessness are our top priorities.

Hawai'i is in critical need of more housing for our local residents, as soon as possible. Creating accessory dwelling units (ADU) could more rapidly produce many housing units as well as securing these units for local residents, particularly our workforce. Many studies have reported that a high percentage of our workforce is considering moving away from Hawai'i. A major reason is the lack of housing which drives up rents. Assisting property owners to build an ADU, on their own land, can provide more options in our housing tool box. Implementing deed restriction on the property will ensure they target our local workers as well as elders and disabled people.

We support the Legislature's efforts to clarify any constitutional issues regarding the deed restrictions so that these government assisted ADUs can be targeted to bona fide Hawai'i residents.

Catholic Charities Hawai'i urges **your support** of this bill.

If you have any questions, please contact our Legislative Liaison, Betty Lou Larson, at (808) 527-4813.





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

February 6, 2025

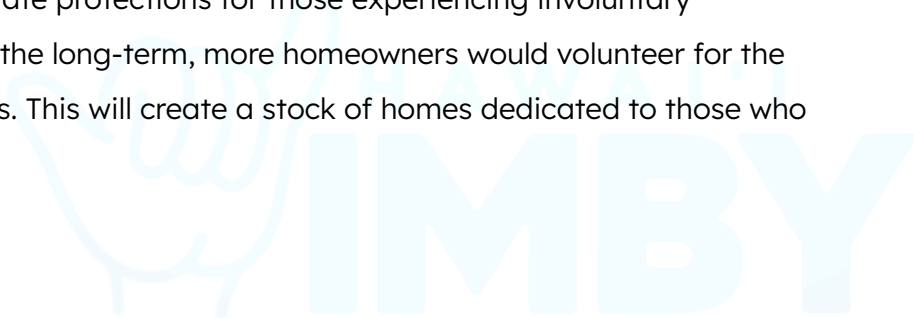
House Committee on Judiciary & Hawaiian Affairs
Hawai'i State Capitol
Honolulu, HI 96813

RE: SUPPORT for HB 740 - RELATING TO HOUSING

Aloha Chair Tarnas, Vice Chair Poepoe, and Members of the Committee,

On behalf of Hawai'i YIMBY, we are writing in **support of HB 740** which would establish the Additional Dwelling Unit Financing and Deed Restriction Program, funding and allowing counties to purchase voluntary deed restrictions from eligible homeowners and homebuyers. Those eligible may use the funds towards the cost of constructing an ADU. ADUs are an important type of housing that adds gentle density to existing, established neighborhoods. ADUs can house a young professional, a retired grandparent, or many other members of the community. However, many homeowners lack the money to build an ADU, despite having the willingness and space.

We believe in fixing incentives, and this includes creating innovative and targeted incentives. Hawai'i homebuyers continue to struggle to compete with non-Hawai'i buyers both because of lack of funds and a non-dedicated housing stock. This innovative incentive will let counties purchase **voluntary** deed restrictions that require the owner-occupant and/or renters be recently retired from or is a full time employee of a Hawai'i business, with appropriate protections for those experiencing involuntary unemployment or disability. In the long-term, more homeowners would volunteer for the deed restriction and build ADUs. This will create a stock of homes dedicated to those who work and live in Hawai'i.





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

This alone will not solve the housing crisis, however, it will increase our overall supply of housing. Although small, building ADUs on plots of land that previously only had one unit, increasing the number of units on that same plot to two or three, is a much more efficient and affordable use of space.

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 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





HAWAII APPLESEED

CENTER FOR LAW & ECONOMIC JUSTICE

Testimony of the Hawai'i Appleseed Center for Law and Economic Justice

Support for HB 740 HD1 – Relating to Housing

House Committee on Judiciary & Hawaiian Affairs

Thursday, February 6, 2025 at 2:00PM | Conf. Rm. 325 and via Videoconference

Aloha Chair Tarnas, Vice Chair Poepoe, and Members of the Committee:

Mahalo for the opportunity to testify in strong support of HB740 HD1, which would establish an Accessory Dwelling Unit (ADU) Financing and Deed Restriction Program.

This innovative legislation addresses two critical challenges facing our communities: the severe shortage of affordable housing causing an increase in cost burdened households and the subsequent displacement of local families. By providing grants for ADU construction while ensuring long-term affordability through deed restrictions, this bill offers a practical solution that could create immediate housing opportunities while preserving them for Hawaii's workforce. Approximately 56% of households across the state are rent-burdened, that is spending more than 30% of their income on rent¹

Additionally, this bill addresses concerns which were expressed by community members after the passing of Act 39 by providing financial means for our local homeowners to participate in and contribute to addressing our housing shortage as well as making Hawaii a place where residents can remain.

We strongly support this measure for several key reasons:

Addresses Financial Barriers: Estimates for ADU construction in Hawaii is about \$250-\$350 per square feet². Many homeowners who wish to build ADUs to help address our housing crisis face significant financial barriers. The grant program will make it possible for more moderate-income homeowners to participate in creating housing solutions.

Protects Local Workforce: The deed restriction requirements ensuring occupancy by local workers, maintaining employment within the county, demonstrate a thoughtful approach to preserving housing for Hawaii's working families. This helps prevent the conversion of these units to vacation rentals or investment properties and help establish a locals only market.

Creates Sustainable Solutions: The perpetual deed restrictions ensure that these housing units will remain available for local workers and residents for generations to

¹ <https://uhero.hawaii.edu/wp-content/uploads/2024/05/HawaiiHousingFactbook2024.pdf>

²

[https://www.talbuilders.com/adu/#:~:text=How%20Much%20Do%20ADUs%20Cost,to%20\\$350%20per%20square%20foot.](https://www.talbuilders.com/adu/#:~:text=How%20Much%20Do%20ADUs%20Cost,to%20$350%20per%20square%20foot.)



HAWAII APPLESEED

CENTER FOR LAW & ECONOMIC JUSTICE

Testimony of the Hawai'i Appleseed Center for Law and Economic Justice
Support for HB 740 HD1 – Relating to Housing
House Committee on Judiciary & Hawaiian Affairs
Thursday, February 6, 2025 at 2:00PM | Conf. Rm. 325 and via Videoconference

come, creating a lasting legacy of workforce housing that grows over time as more homeowners participate in the program.

Empowers Residents to Actively Contribute: This program enables resident homeowners to play an active role in addressing Hawaii's housing challenges, empowering them to become part of the solution and directly contribute to building a stronger, more sustainable community.

The bill also includes important accountability measures, such as annual reporting requirements and clear qualification criteria for both property owners and tenants. These provisions help ensure the program serves its intended purpose while remaining transparent and accountable to the public.

Aligned with Hawaii Appleseed's mission to promote social and economic justice, **we view this program as an essential tool for tackling Hawaii's housing crisis while helping working families stay rooted in their communities.** By pairing financial assistance with long-term affordability requirements, the program strikes a thoughtful balance that benefits both present and future generations.

We respectfully urge your committee to pass HB 740 HD1. This legislation represents a significant step forward in creating sustainable, community-based solutions to our housing challenges while protecting opportunities for local working families and establishing a true "locals only" housing market.

Mahalo for the opportunity to testify on this measure.

Sincerely,

Arjuna Heim
Director of Housing Policy

TAX FOUNDATION OF HAWAII

735 Bishop Street, Suite 417

Honolulu, Hawaii 96813 Tel. 536-4587

SUBJECT: CONVEYANCE; Accessory Dwelling Units; Grants; Voluntary Deed Restrictions; Dwelling Unit Revolving Fund

BILL NUMBER: HB 740 HD 1

INTRODUCED BY: House Committee on Housing

EXECUTIVE SUMMARY: Establishes the Accessory Dwelling Unit Financing and Deed Restriction Program to allocate funds to the counties to provide grants to eligible homeowners or homebuyers to finance construction costs, development costs, and non-reoccurring closing costs associated with the construction of an accessory dwelling unit and purchase deed restrictions on such property.

SYNOPSIS: Adds a new part to chapter 201H, HRS, to establish the program. Under the program, the HHFDC is allowed to allocate funds from the Dwelling Unit Revolving Fund to a county to (1) Provide grants to eligible homeowners or homebuyers to finance construction costs, development costs, and non-reoccurring closing costs associated with the construction of an accessory dwelling unit; and (2) Purchase a deed restriction from eligible homeowners or homebuyers to be placed on the primary dwelling unit and accessory dwelling unit funded under this program.

The deed restriction placed on a property and owned by a county shall require that the property be occupied by at least one owner-occupant or tenant who:

- (1) Works an average of thirty hours or more per week at a qualified business;
- (2) Is involuntarily unemployed:
 - (A) From a job in which the owner-occupant or tenant worked an average of thirty hours or more per week at a qualified business at the time of initial occupancy; and
 - (B) For a period of less than three hundred sixty-five days;
- (3) Is retired; provided that the retiree:
 - (A) Was sixty-five years of age or older at the time of retirement; and
 - (B) Worked an average of thirty hours or more per week at a qualified business within the county; or
- (4) Has a disability, as defined in section 515-2, HRS; provided that the owner or tenant with a disability worked an average of thirty hours or more per week at a qualified business.

Makes conforming changes to section 46-15.2, HRS, to allow the counties power to participate in the program.

Amends section 103D-102, HRS, to provide that purchasing deed restrictions under the program is exempt from the Procurement Code.

Makes a conforming change to section 201H-191, HRS, that governs the DURF.

Amends section 247-3, HRS, to allow a conveyance tax exemption for any conveyance of real property with a county owned deed restriction under this program.

Makes a conforming change to section 525-4, HRS, to allow the deed restriction to be permanent and not subject to the rule against perpetuities.

EFFECTIVE DATE: July 1, 3000.

STAFF COMMENTS: If it is decided to implement this program and allow a conveyance tax exemption for properties on which a deed restriction is recorded, perhaps consideration should be given to the document that places the deed restriction on the property in the first place, because the conveyance creating the restriction will be for consideration and it is not clear that any of the existing exemptions in section 247-3, HRS, would apply to that conveyance.

Digested: 2/4/2025



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
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Alicia Moy
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Josh Wisch
President & Executive Director

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HolomuaCollaborative.org

Page 1 of 2

Committee: House Committee on Judiciary and Hawaiian Affairs
Bill Number: HB 740 HD1, Relating to Housing
Hearing Date and Time: February 6, 2025, 02:00pm (Room 325)
Re: Testimony of Holomua Collaborative – Support

Aloha Chair Tarnas, Vice Chair Poepoe, and members of the committee:

Mahalo for the opportunity to submit testimony **in support** of HB740 HD1, Relating to Housing. This bill would establish and fund the Accessory Dwelling Unit Financing and Deed Restriction Program.

Hawai'i remains in a housing crisis. Skyrocketing home prices leave many local families struggling to secure safe, attainable places to live. The median home price in Hawai'i now exceeds \$800,000—an impossible amount for most residents. As a result, many local families are being forced to leave in search of affordable living options elsewhere. Between July 2022 and July 2023 alone, an average of twelve people left Hawai'i *every day*.¹ More Native Hawaiians now live outside Hawai'i than within it. This is a loss of our culture, traditions, and the essence of what makes Hawai'i home.

In October 2024, a survey² 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.

A Department of Business, Economic Development, and Tourism (DBEDT) study from March 2024 found that Hawai'i needs to grow its housing stock by between 2,482 and 4,112 per year from 2025 to 2035 to meet housing demand.³

The Accessory Dwelling Unit (ADU) Financing and Deed Restriction Program is a voluntary initiative that would create a dedicated housing supply for local residents by

¹ U.S. Census Bureau, Population Division Estimates, released on March 14, 2024; and calculations by the Hawai'i State Department of Business, Economic Development & Tourism, Hawai'i State Data Center.

https://files.hawaii.gov/dbedt/census/poestimate/2023/county-pop/2023_daily_est_counties.pdf

² <https://holomuacollective.org/survey/>

³ *Hawaii Housing Demand: 2025-2035*
https://files.hawaii.gov/dbedt/economic/reports/hawaii_housing_demand_2024_final.pdf



Page 2 of 2

empowering the Counties to purchase perpetual deed restrictions on properties that require occupants to live and work in Hawai'i in return for the construction costs of an ADU. In the face of our state's ongoing housing crisis, this program represents an important investment in building the housing units necessary to meet our housing demands.

Sincerely,

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

Joshua Wisch
President & Executive Director



HAWAI'I COMMUNITY FOUNDATION

Testimony in Support of HB 740 HD1, Relating to Housing

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

Re: Support for the Accessory Dwelling Unit Financing and Deed Restriction Program

The Hawai'i Community Foundation (HCF) supports HB 740 HD1, which establishes the Accessory Dwelling Unit Financing and Deed Restriction Program. 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. Too many people who do not live or work in Hawai'i are owning and driving up the costs of our housing market, which contributes to a record outmigration of local residents. The agony of this dynamic punctuated by the fact that more Hawaiians now live out of Hawai'i than in Hawai'i.

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 Accessory Dwelling Unit Financing and Deed Restriction Program because it represents a new and creative solution. The program envisioned by this bill will simultaneously increase our housing supply while also dedicating units to be used for local workforce housing. Each deed restriction sold under this program is a promise to the community that another home is available for a working family in perpetuity.

Kama'āina want to stay in Hawai'i and HB 740 HD1 can open that door and provide that hope. There is universal agreement that locals need more places to call home. Homes must be affordable so residents will be free from the pressure of leaving the island. HB 740 HD1 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 6, 2025

Testimony in support of HB 740 HD1, Relating to Housing

Aloha Chair Tarnas, Vice Chair Poepoe, and Committee Members,

We write in support of HB 740 HD1, Relating to Housing, which would establish the Accessory Dwelling Unit Financing and Deed Restriction Program to place voluntary deed restrictions on homes and accessory dwelling units (ADU) that will be dedicated for local working residents in exchange for the financing the construction of an ADU.

Title Guaranty of Hawai'i is the oldest and largest title company in the state. We have been owned and operated by a kama'aina 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.

The Accessory Dwelling Unit Financing and Deed Restriction Program is an innovative proposal to create a new pool of residential real estate that is restricted to local residents while building new housing units. This will enable locals to get into Hawaii's tight housing market by restricting housing stock for local families and promoting a local workforce. This program is offering property sellers and buyers financing for the construction of an ADU on their property in exchange for voluntarily placing a deed restriction on their property that restricts the types of future buyers and/or tenants to Hawai'i residents. The proposal accomplishes this by tying the voluntary deed restriction to residency and work requirements. It enables locals to compete with mainland buyers when buying a home and it also encourage property owners to rent to locals long term instead of leaving homes vacant.

HB 740 HD1 is an original solution that invests in our community and in culture, and I hope that you support this effort to keep local residents in Hawai'i.

Sincerely,

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





**Testimony to
House Committee on Housing
February 6, 2025
2:00 PM
Conference Room 430 & VIA videoconference
Hawaii State Capitol
HB 740 HD1**

Aloha Chair Tarnas, Vice Chair Poepoe, and members of the Committee,

We write in support of HB 740 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. The Accessory Dwelling Unit Financing and Deed Restriction Program offers a meaningful solution by ensuring that local families can secure housing in their communities through deed restricted housing and the construction of accessory dwelling units, thereby providing a stable and skilled workforce that is essential to industries like ours.

HB 740 addresses long-term workforce sustainability, ensuring that employees who work in critical infrastructure sectors like energy can stay in Hawai'i and continue their work without the constant threat of displacement. It is a smart, forward-thinking solution that will benefit all sectors of our economy.

We urge you to support HB 740 HD1, as it represents an investment in Hawaii's workforce, infrastructure, and long-term prosperity.

Thank you for the opportunity to testify.



Statement of
Meli James and Brittany Heyd
Cofounders
Mana Up

HB740 HD1, Relating to Housing

Aloha Chair Tarnas, Vice Chair Poepoe, and committee members,

We support HB740 HD1, which establishes the Accessory Dwelling Unit Financing and Deed Restriction Program to provide voluntary deed restrictions to willing eligible homeowners and homebuyers who agree to limit the use of their property for local working occupants in exchange for funding to help the construction of an accessory dwelling unit (ADU).

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.

We repeatedly hear from our entrepreneurs about the difficulty they have in finding attainable housing that provides them the safety and security necessary to focus on their business and family. Local entrepreneurs want to create and expand their business in Hawai'i, but far too often feel that opportunities for housing and business are better on the continent.

Creating a dedicated housing stock for our local workforce will help our families have security as they navigate the difficult economic conditions that face the State. The Accessory Dwelling Unit Financing and Deed Restriction Program incentivizes local homeowners and buyers to voluntarily be a part of the solution to create a permanent dedicated housing stock for local families. Housing is a challenge for everyone, and by coming together, we can find shared solutions that help all the people of Hawai'i.

Sincerely,

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



BUILDBETTER.LIVEBETTER.®

February 6, 2025

Committee: House Committee on Judiciary and Hawaiian Affairs
Bill Number: HB740 HD1, Relating to Housing
Hearing Date and Time: February 6, 2025, 2:00pm
Re: Testimony of HPM Building Supply in Support

Dear Chair Tarnas, Vice Chair Poepoe, and Committee Members:

I would like to submit this testimony in support of HB740 HD1, Relating to Housing. The purpose of HB740 HD1 is to create a dedicated local housing market through the establishment of the Accessory Dwelling Unit Financing and Deed Restriction Program.

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.

A significant portion of our workforce consists of skilled tradespeople like carpenters, electricians, and plumbers, all of whom are integral to the construction process. However, as housing prices rise and rental prices soar, these workers are forced to leave the state in search of more affordable living situations. The result is a shortage of skilled labor in the construction sector, leading to delays and higher costs for homeowners and developers alike. The Accessory Dwelling Unit Financing and Deed Restriction Program offers a solution to this by ensuring that local workers have a place to live in the same communities where they work.

HB 740's approach—creating deed-restricted housing and constructing accessory dwelling units dedicated to local working residents—will help stabilize the housing market by giving local workers a fighting chance in a competitive market in which wealthier non-residents often have an advantage. With more local residents able to afford homes and stay in the state we will have a stronger, more sustainable construction industry that benefits everyone, from homeowners to contractors and beyond.

I ask for your support of HB740 HD1, as it provides the foundation for a more robust, locally employed, and efficient building industry that will meet the needs of Hawaii's growing population.

Sincerely,

Jason Fujimoto
Chairman & CEO



(808) 966-5466 • FAX (808) 966-7564
16-166 MELEKAHIWA STREET • KEAAU, HAWAII 96749

HPMHAWAII.COM





Testimony in Support of HB 740 HD1, Relating to Housing

Aloha Chair Tarnas, Vice Chair Poepoe, and members of the Committee,

We write in strong support of HB 740 HD1 which will establish the Accessory Dwelling Unit Financing and Deed Restriction Program allowing interested homeowners and homebuyers to voluntarily sell a deed restriction on their property that limit the occupancy of the property to our local workforce.

aio is a locally owned company with holdings across a broad range of industries. Our companies are purpose-driven and firmly rooted in local values. At aio, Hawai'i is at our core, and through our products and services, we work hard to make Hawai'i a better place for future generations.

Hawai'i is in the midst of a housing crisis. Our employees are our greatest asset, and we want to ensure that they have access to quality and attainable housing. This program is a good first step at establishing a housing market that is dedicated to local working families rather than out-of-state purchasers.

Mahalo for the opportunity to submit testimony in support of HB 740 HD1.

A handwritten signature in black ink that reads "Brandon Kurisu".

Brandon Kurisu
aio Family of Companies



TORI RICHARD

February 6, 2025

Aloha Chair Tarnas, Vice Chair Poepoe, and members of the Committee,

We write in support of HB 740 HD1 and the creation of the Accessory Dwelling Unit Financing and Deed Restriction Program.

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.

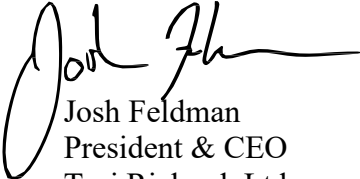
Our business is deeply committed to supporting Hawaii's local workforce, but the growing housing crisis makes it increasingly difficult for our employees to remain in the islands. Attainable housing is key to keeping talented, creative people in Hawai'i, and this bill offers a much-needed solution to 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 Accessory Dwelling Unit Financing and Deed Restriction Program ensures that local workers, like those in the fashion, manufacturing, and retail industries, have a place to call home. This stability will allow them to continue contributing to Hawai'i's vibrant economy and support local businesses.

Moreover, as a company that takes pride in being part of the local community, we understand the importance of preserving Hawaii's unique cultural identity. The housing crisis threatens that identity, as local residents are pushed out by non-resident investors and wealthy buyers. HB 740 will help reverse this trend by providing a steady supply of attainable homes dedicated to local residents through the building of accessory dwelling units and restriction of homes for use by our local residents, ensuring that our workforce and community remain strong and diverse.

I urge you to support HB 740 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.

1891 NORTH KING STREET
HONOLULU, HAWAII 96819



Housing Hawai'i's Future
PO Box 3043
Honolulu, HI 96802-3043

February 6, 2025

TO: Chair Tarnas and members of the House Judiciary & Hawaiian Affairs Committee
RE: SB 740 RELATING TO HOUSING.

Dear Chair Tarnas and Committee Members,

Housing Hawai'i's Future is a nonprofit dedicated to creating opportunities for Hawai'i's next generation by ending the workforce housing shortage.

We support the establishment of the Accessory Dwelling Unit (ADU) Financing and Deed Restriction program through HB 740.

Local families with existing ADU capacity on their residential lots often lack the capital necessary to gain financing for the construction of new housing. We need to stimulate ADU construction while generating a new, permanent market of affordable workforce housing for residents.

We support the construction of accessory dwelling units as a strategy for generating more affordable housing across Hawai'i. HB 740 will tangibly operationalize the Accessory Dwelling Unit Act of 2024, known also as Act 39, SLH 2024.

Placing new ADUs under deed restrictions will guarantee that this housing remains workforce housing. As HHF concluded in our sixth policy brief, deed restrictions are an underutilized mechanism for meeting our housing needs.¹

We are grateful for your careful consideration of HB 740.

Thank you,

A stylized, circular signature in black ink, appearing to be the name "Lee Wang".

Lee Wang
Executive Director
Housing Hawai'i's Future
lee@hawaiisfuture.org

A handwritten signature in black ink, appearing to be the name "Perry Arrasmith".

Perry Arrasmith
Director of Policy
Housing Hawai'i's Future
perry@hawaiisfuture.org

¹ Housing Hawai'i's Future. "Policy Brief #6: Deed Restrictions in Maui County." 2024.
<https://www.hawaiisfuture.org/resources/policy-brief-mau-deed-restrictions>.



**Testimony to the House Committee on Judiciary & Hawaiian Affairs
Representative David A. Tarnas, Chair
Representative Mahina Poepoe, Vice Chair**

**Thursday, February 6, at 2:00PM
Conference Room 325 & Videoconference**

RE: HB740 HD1 Relating to Housing

Aloha e Chair Tarnas, Vice Chair Poepoe, 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 740 HD1 (HB740 HD1), which establishes the Accessory Dwelling Unit Financing and Deed Restriction Program to allocate funds to the counties to provide grants to eligible homeowners or homebuyers to finance construction costs, development costs, and non-reoccurring closing costs associated with the construction of an accessory dwelling unit and purchase deed restrictions on such property.

HB740 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's housing shortage makes it hard for local workers to find affordable homes. This bill creates the ADU Financing and Deed Restriction Program, offering grants for ADU construction and allowing counties to purchase deed restrictions. These restrictions keep units available for local workers, retirees, and individuals with disabilities, while counties enforce compliance.

To maintain affordability, the bill exempts these properties from conveyance taxes, expands the dwelling unit revolving fund, and requires six-month minimum leases to prevent short-term rentals. It also empowers counties to buy deed restrictions, issue housing bonds, and enforce long-term affordability. The Chamber supports this bill for strengthening the workforce, expanding affordable housing, and boosting Hawaii's economy.

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 740 HD1. Thank you for the opportunity to testify.



MAUI
CHAMBER OF COMMERCE
VOICE OF BUSINESS

**HEARING BEFORE THE HOUSE COMMITTEE ON JUDICIARY & HAWAIIAN AFFAIRS
HAWAII STATE CAPITOL, HOUSE CONFERENCE ROOM 325
Thursday, February 6, 2025 AT 2:00 P.M.**

To The Honorable David A. Tarnas, Chair
The Honorable Mahina Poepoe, Vice Chair
Members of the Committee on Judiciary & Hawaiian Affairs

SUPPORT HB740 HD1 RELATING TO HOUSING

The Maui Chamber of Commerce wholeheartedly **SUPPORTS HB740** which establishes the Accessory Dwelling Unit Financing and Deed Restriction Program to allocate funds to the counties to provide grants to eligible homeowners or homebuyers to finance construction costs, development costs, and non-reoccurring closing costs associated with the construction of an accessory dwelling unit and purchase deed restrictions on such property.

Housing is a top priority for the Maui Chamber of Commerce and continues to be so as the crisis escalates following the wildfires and it directly impacts businesses and our economic revitalization. Before the wildfires, we needed over 10,000 units by 2025, but that number has only increased as 3% of our housing was lost in Lahaina. This is one of the main factors in the ever-increasing pricing of housing.

This is another excellent tool in the toolbox for housing.

For these reasons, we **SUPPORT HB740 HD1**.

Sincerely,

Pamela Tumpap
President

To advance and promote a healthy economic environment for business, advocating for a responsive government and quality education, while preserving Maui's unique community characteristics.

HB-740-HD-1

Submitted on: 2/4/2025 9:52:16 PM

Testimony for JHA on 2/6/2025 2:00:00 PM

| Submitted By | Organization | Testifier Position | Testify |
|-------------------------|--------------|--------------------|------------------------|
| Julyn Beth Mahoe-Garcia | Individual | Support | Written Testimony Only |

Comments:

Hearing Before Justice and Hawaiian Affairs

Hawai'i State Capital, Via Video conference, Conference room 325

Thursday February 6, 2025

In Support of HB740 HD1 Related to Housing

Aloha Chair Tarnas, Vice Chair Poepoe and committee members,

I strongly support the passing of **HB740 HD1** relating to housing, as it addresses the current housing crisis.. This bill not only addresses the need for accessible and affordable housing in Hawai'i but the disparities faced by the working people of Hawai'i. From the Mid-1970's many Hawai'i residents have been relocating from their homeland to the continents due to cost of living and housing prices. According to Hawai'i Public Radio, in a 2023 segment, they reported that of the 680,000 in the United States, 55% of the population lives outside of Hawai'i.

The current housing crisis affects many biopsychosocial aspects of the local workers. Not only are local residents forced between survival or comfort but they also experience mental and cultural hardships during the transition. When you ask a local who relocated, you can hear how the forced transition caused mental and emotional pain, however living needs were more important than everything left behind.

From a personal perspective, I have entertained the thought of relocating after the birth of my child. Cost of living, wages and housing costs made me consider relocating. I have seen families separate for this same reason and I truly believe that relocation should not be the only option. As the Head of Household, for a family of three (3) with four (4) full time incomes, home ownership always seems out of reach. As a social worker, I see how disparities and inequality among our Kanaka Maoli can lead to choosing relocation or in some unfavorable circumstances they become homeless.

For a culture that has been faced by generational injustices, deed restriction programs have the potential to ensure that local working people have an opportunity to successfully own a piece of their homeland. As a proud Kanaka Maoli, **I strongly support HB740 HD1** for the betterment of our people.

