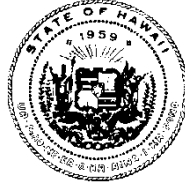


JOSH GREEN, M.D.
GOVERNOR

SYLVIA LUKE
LT. GOVERNOR



DEAN MINAKAMI
EXECUTIVE DIRECTOR

STATE OF HAWAII

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

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

SENATE COMMITTEE ON WAYS AND MEANS

March 31, 2025 at 10:02 a.m.
State Capitol, Room 211

In consideration of
H.B. 740 HD2 SD1
RELATING TO HOUSING

Chair Dela Cruz, Vice Chair Moriwaki, and members of the Committee.

HHFDC **supports** HB 740 HD2 SD1, which establishes the Accessory Dwelling Unit (ADU) Financing and Deed Restriction Program to allocate funds to the counties for the purchase of equity in an ADU by the State. It also specifies eligible homeowners or homebuyers for the Program to finance construction costs, development costs, and non-reoccurring closing costs associated with the construction of an ADU and purchase deed restrictions on the property. Sunsets 1/01/2031.

The upfront costs of designing and permitting an ADU are barriers 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. In addition, the deed restriction program will create an inventory of homes for local residents, stabilize home prices, and reduce speculation in our housing market.

We do note that the ceiling of \$2,000,000 per year will limit the reach of the program. Assuming that the average value of participating properties is \$1,000,000, the cost of the deed restriction is \$80,000, and \$40,000 of equity is provided for each ADU, the program will be able to enroll about 17 properties per year.

Thank you for the opportunity to testify on this bill.

JOSH GREEN M.D.
GOVERNOR

SYLVIA LUKE
LT. GOVERNOR



GARY S. SUGANUMA
DIRECTOR

KRISTEN M.R. SAKAMOTO
DEPUTY DIRECTOR

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

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

TESTIMONY ON THE FOLLOWING MEASURE:

H.B. No. 740, H.D. 2, S.D. 1, Relating to Housing.

BEFORE THE:

Senate Committee on Ways and Means

DATE: Monday, March 31, 2025

TIME: 10:02 a.m.

LOCATION: State Capitol, Room 211

Chair Dela Cruz, Vice-Chair Moriwaki, and Members of the Committee:

The Department of Taxation (DOTAX) offers the following comments regarding H.B. 740, H.D. 2, S.D. 1, for your consideration.

Section 6 of H.B. 740, H.D. 2, S.D. 1, amends section 247-3, Hawaii Revised Statutes (HRS), to exempt from conveyance tax the transfer of any property with a county-owned deed restriction created under the new provisions of chapter 201H, HRS. Section 6 also exempts from tax the conveyance of the actual county-owned deed restriction.

The measure has a defective effective date of July 1, 2050, and a sunset date of December 31, 2030, provided section 6 shall take effect on January 1, 2026.

DOTAX can administer the tax law changes in section 6 of the bill with the January 1, 2026, effective date.

DOTAX estimates a revenue loss as follows:

General Fund Impact (\$ millions)

FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031
-0.9	-1.9	-2.0	-2.1	-2.2	-2.3

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



CATHOLIC CHARITIES HAWAII

TESTIMONY IN SUPPORT OF HB 740 HD2 SD1: RELATING TO HOUSING

TO: Senate Committee on Ways and Means

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

Hearing: **Monday, March 31, 2025; 10:02 AM; CR 211 & via Videoconference**

Chair Dela Cruz, Vice Chair Moriwaki, and Members, Committee on Ways and Means:

Catholic Charities Hawai`i **supports HB 740 HD2 SD1**, 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), a community-based organization, has provided social services in Hawai`i for over 77 years, assisting 40,000 people annually. Our services target the most vulnerable in Hawai`i, including elders, veterans, children, families, houseless individuals, and immigrants. We have a long history of addressing affordable housing and homelessness.

Hawai`i is facing a severe housing crisis, with an urgent need to provide more homes for local residents—especially our workforce—without unnecessary delays. Accessory Dwelling Units (ADUs) present a practical and immediate solution to increase housing supply efficiently while ensuring affordability for local families. By utilizing existing residential properties, ADUs can be built faster and at lower costs compared to large-scale developments, helping to alleviate housing shortages more quickly.

This bill strengthens collaboration with each county, allowing for tailored solutions that address the unique housing needs of different communities. Localized decision-making ensures that ADU policies align with infrastructure capacity, neighborhood character, and affordability goals, making housing more accessible to those who need it most. Supporting this legislation is a crucial step toward expanding housing opportunities, stabilizing our communities, and keeping Hawai`i's residents in Hawai`i.

Implementing deed restrictions on these units will ensure they remain available to local workers. We support the Legislature's efforts to ensure that government-assisted ADUs actually house bona fide Hawai`i residents, including kūpuna and individuals with disabilities.

Catholic Charities Hawai`i supports the intent of this bill and urges your support.

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





holomua

COLLABORATIVE

OUR MISSION

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

OUR VISION

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

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

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

HolomuaCollaborative.org

Page 1 of 2

Committee: Senate Committee on Ways and Means
Bill Number: HB 740 SD1, Relating to Housing
Hearing Date and Time: March 31, 2025, 10:02am (Room 211)
Re: Testimony of Holomua Collaborative – Support

Aloha Chair Dela Cruz, Vice Chair Moriwaki, and Members of the committee:

Mahalo for hearing HB740 SD1, Relating to Housing, and for the opportunity to submit testimony on this bill. Holomua Collaborative **supports the intent of this bill** and would like to see it move to conference to find ways to maximize its impact.

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.

The Accessory Dwelling Unit (ADU) Financing and Deed Restriction Program established by this bill is a voluntary initiative that would create a dedicated housing supply for local residents by empowering the Counties to purchase deed restrictions on properties that require occupants to live and work in Hawai'i in return for the construction costs of an ADU.

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/popestimate/2023/county-pop/2023_daily_est_counties.pdf

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



Holomua Collaborative believes that deed restrictions are a useful tool to help secure long-term workforce housing that will help keep local families in Hawai'i.

However, we also believe that certain aspects of the SD1 limit the scope and impact of the program from meaningfully impacting the housing market, including the equity loan program and the required prioritization of government employees. Moving this bill to the next phase of the legislative session will allow supporters to work with the subject matter chairs to find language that will most positively impact our local housing market.

Sincerely,

A handwritten signature in blue ink, appearing to read 'Joshua Wisch', is written over a light blue horizontal line.

Joshua Wisch
President & Executive Director



Inspiring Hope, Changing Lives

Visit us on the web: www.hopeserviceshawaii.org

Connect via email: info@hopeserviceshawaii.org

HOPE Help Line: 808-935-3050

TO: Senate Committee on Ways and Means
RE: **Support for HB740 HD2 SD1 with amendments**

Hawai'i State Capitol, Conference Room 211 & Via Videoconference
Monday, March 31, 2025, 10:02AM

Aloha Chair Dela Cruz, Vice Chair Moriwaki, and members of the committee:

My name is Patrick Hurney and I am writing in **support of HB740 HD2 SD1 with amendments**, which would establish the Accessory Dwelling Unit Deed Restriction Program to create a protected market of housing specifically for Hawaii workforce residents.

I encourage the committee to revert HB740 HD2 SD1 back to the language in HB740 HD2.

This bill provides grants for ADU construction while securing long-term affordability through deed restrictions, creating immediate housing opportunities and preserving them for Hawaii's workforce. Many homeowners looking to build ADUs to ease our housing crisis struggle with financial barriers. This grant program will help more moderate-income homeowners contribute to housing solutions.

This program addresses a core driver of Hawaii's housing crisis: the competition between local families and outside investors that has made home prices completely disconnected from local incomes.

- Only 20% of Hawaii residents can afford a median-priced home
- Outside buyers spend on average 46% more than local residents on home purchases
- Median housing costs are 2.7 times the national level
- Housing costs has been cited as the primary reason for locals leaving Hawaii, with a mass exodus of thousands of local families leaving

By restricting occupancy and sale of housing to local workforce requirements, we create a dedicated housing stock that is tied to local wages and protected to housing price inflation caused by competition from non local investors. The deed restriction runs with the land forever. When selling, homeowners must sell to eligible buyers as defined by the deed restriction (local workforce). This restriction transfers to all future owners, so any new owner will need to follow the limitations set by the deed restriction.

This means a dedicated stock of housing for our local workforce families remains stable and accessible for future generations.

ADMINISTRATIVE OFFICE
357 Waianuenu Avenue
Hilo, HI 96720
Phone: (808) 935-3050
Fax: (808) 935-3794

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Chief Executive Officer
Brandee Menino

Many longtime local landowners want to preserve housing for locals, yet face increasing financial pressure to sell to outside investors. This program offers a practical solution while also helping to increase our housing stock. Offering financial incentives to increase ADU supply will provide local families with more versatile housing options; ones that offer smaller, more practical homes for local residents, as opposed to the luxury housing options currently available in our private housing market. Because of the smaller nature of ADUs, these units are typically more affordable and work for a variety of housing situations that fit local needs such as:

- Starter homes for young adults and young families
- Housing for Kupuna to live nearby family members and community networks
- Independent spaces for individuals who can't afford their place home yet but live in overcrowded housing situations

I also strongly encourage the committee to amend the bill to include language from HB739 HD2 which would have established the Kama'āina Homes Deed Restriction Program - offering similar incentives to deed restrict and preserve our existing housing stock for Hawai'i's workforce residents and families.

This program would be especially helpful in areas with limited infrastructure capacity or restricted expansion. Without the ability to increase housing supply, preserving our current stock from entering the investment market becomes paramount.

The contents of this program would appeal to homeowners who are willing to reduce future potential home sales to ensure homes are in local hands **forever** or don't wish to sell their homes *yet*, but need access to funds. These funds could support households with expenses related to down payments, mortgages, education and business financing.

By separating our local housing market from the global investment market, we can begin to address the massive gap between local incomes and housing costs that is forcing families to leave Hawaii.

I strongly urge the committee to pass HB740 HD2 to create housing stability for Hawaii's families.

Mahalo for the opportunity to testify.

Patrick F. Hurney

Patrick F. Hurney
Director of Housing Development
Hope Services Hawaii, Inc.

ADMINISTRATIVE OFFICE
357 Waianuenu Avenue
Hilo, HI 96720
Phone: (808) 935-3050
Fax: (808) 935-3794

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Brandee Menino

TO: SENATE COMMITTEE ON WAYS AND MEANS
The Honorable Senator Donovan M. Dela Cruz, Chair
The Honorable Senator Sharon Y. Moriwaki, Vice Chair, and
Members of the Committee

FROM: Micah A. Kāne, CEO & President

RE: Testimony in Support for HB 740 HD2 SD1, Relating to Housing

DATE: Monday, March 31, 2025 at 10:02am

PLACE: Conference Room 211

The Hawai'i Community Foundation (HCF) supports the intent of HB 740 HD2 SD1, Relating to Housing, which establishes the Accessory Dwelling Unit Financing and Deed Restriction Program. Deed restriction programs have the potential to address a weakness in the current housing system, and HCF encourages further collaboration on this bill at conference.

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 improve housing 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.

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

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

We support the creation of the Accessory Dwelling Unit Financing and Deed Restriction Program. The program envisioned by this bill can simultaneously stimulate an increase of our housing supply while also dedicate units to be used for local workforce housing.

Kama'āina want to stay in Hawai'i and deed restrictions 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. Due to the importance of this challenge, more work can be done to evaluate the different versions of HB 740 and find common ground on the best overall deed restriction program that will serve current and future homeowners in Hawai'i.

LATE

HB-740-SD-1

Submitted on: 3/30/2025 10:20:56 AM

Testimony for WAM on 3/31/2025 10:02:00 AM

Submitted By	Organization	Testifier Position	Testify
Joseph Kohn MD	Testifying for We Are One, Inc. - www.WeAreOne.cc - WAO	Support	Written Testimony Only

Comments:

Support for HB740 HD2 SD1 with amendments

Hawai'i State Capitol, Conference Room 211 & Via Videoconference
Monday, March 31, 2025, 10:02AM

Aloha Chair Dela Cruz, Vice Chair Moriwaki, and members of the committee:

I am writing in **support of HB740 HD2 SD1 with amendments**, which would establish the Accessory Dwelling Unit Deed Restriction Program to create a protected market of housing specifically for Hawaii workforce residents.

I encourage the committee to revert HB740 HD2 SD1 back to the language in HB740 HD2.

This bill provides grants for ADU construction while securing long-term affordability through deed restrictions, creating immediate housing opportunities and preserving them for Hawaii's workforce. Many homeowners looking to build ADUs to ease our housing crisis struggle with financial barriers. This grant program will help more moderate-income homeowners contribute to housing solutions.

This program addresses a core driver of Hawaii's housing crisis: the competition between local families and outside investors that has made home prices completely disconnected from local incomes.

- Only 20% of Hawaii residents can afford a median-priced home
- Outside buyers spend on average 46% more than local residents on home purchases
- Median housing costs are 2.7 times the national level
- Housing costs has been cited as the primary reason for locals leaving Hawaii, with a mass exodus of thousands of local families leaving

By restricting occupancy and sale of housing to local workforce requirements, we create a dedicated housing stock that is tied to local wages and protected to housing price inflation caused by competition from non local investors. The deed restriction runs with the land forever. When selling, homeowners must sell to eligible buyers as defined by the deed restriction (local

workforce). This restriction transfers to all future owners, so any new owner will need to follow the limitations set by the deed restriction.

This means a dedicated stock of housing for our local workforce families remains stable and accessible for future generations.

Many longtime local landowners want to preserve housing for locals, yet face increasing financial pressure to sell to outside investors. This program offers a practical solution while also helping to increase our housing stock. Offering financial incentives to increase ADU supply will provide local families with more versatile housing options; ones that offer smaller, more practical homes for local residents, as opposed to the luxury housing options currently available in our private housing market. Because of the smaller nature of ADUs, these units are typically more affordable and work for a variety of housing situations that fit local needs such as:

- Starter homes for young adults and young families
- Housing for Kupuna to live nearby family members and community networks
- Independent spaces for individuals who can't afford their place home yet but live in overcrowded housing situations

I also strongly encourage the committee to amend the bill to include language from HB739 HD2 which would have established the Kama'āina Homes Deed Restriction Program - offering similar incentives to deed restrict and preserve our existing housing stock for Hawai'i's workforce residents and families.

This program would be especially helpful in areas with limited infrastructure capacity or restricted expansion. Without the ability to increase housing supply, preserving our current stock from entering the investment market becomes paramount.

The contents of this program would appeal to homeowners who are willing to reduce future potential home sales to ensure homes are in local hands **forever** or don't wish to sell their homes *yet*, but need access to funds. These funds could support households with expenses related to down payments, mortgages, education and business financing.

By separating our local housing market from the global investment market, we can begin to address the massive gap between local incomes and housing costs that is forcing families to leave Hawaii.

I strongly urge the committee to pass HB740 HD2 to create housing stability for Hawaii's families.

Mahalo for the opportunity to testify.

Mālama Pono



TITLE GUARANTY
HAWAII

LATE

March 31, 2025

Testimony in support of HB 740 SD1, Relating to Housing

Aloha Chair Dela Cruz, Vice Chair Moriwaki, and Committee Members,

We support the intent of HB 740 SD1, 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'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.

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. While the intent behind the bill is laudatory, we believe that the scope and impact of the new program in the SD1 is limited when compared to the previous drafts.

The Accessory Dwelling Unit Financing and Deed Restriction Program created by HB 740 SD1 is an original solution that invests in our community and culture, and with improvements in conference, this bill could help keep local residents in Hawai'i.

Sincerely,

A handwritten signature in black ink, appearing to read 'Mike B. Pietsch'.

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



Title and Escrow is our business. Hawaii is our home.





March 31, 2025

Committee: Senate Committee on Ways and Means
Bill Number: HB740 SD1, Relating to Housing
Hearing Date and Time: March 31, 2025, 10:02am
Re: Testimony of HPM Building Supply in Support

Dear Chair Dela Cruz, Vice Chair Moriwaki, and Committee Members:

I would like to submit this testimony supporting the intent of HB740 SD1, Relating to Housing. The purpose of HB740 SD1 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.

Deed restrictions are a helpful way to protect long-term workforce housing in Hawai'i, some parts of HB 740 SD1's approach 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. However, other parts of this draft might limit its overall effectiveness. Moving this bill forward will give policymakers and advocates the opportunity to create a more inclusive solution to our housing crisis.

I ask for your support of HB740 SD1, 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



Statement of
Meli James and Brittany Heyd
Cofounders
Mana Up

HB740 SD1, Relating to Housing

Aloha Chair Dela Cruz, Vice Chair Moriwaki, and committee members,

We support the intent of HB740 SD1, 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. We see deed restrictions as a crucial tool for keeping affordable housing available for local workers, so that families can keep living in Hawai'i. However, some parts of this draft, like the equity loan requirements and the focus on prioritizing government employees, limit how effective the program can be. Moving this bill forward will give everyone a chance to work with lawmakers to improve its wording and boost its positive effects on our housing market.

Sincerely,

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

**Testimony to the Senate Committee on Ways and Means
Senator Donovan M. Dela Cruz, Chair
Senator Sharon Y. Moriwaki, Vice Chair**

**Monday, March 31, 2025, at 10:02AM
Conference Room 211 & Videoconference**

RE: HB740 HD2 SD1 Relating to Housing

LATE

Aloha e Chair Dela Cruz, Vice Chair Moriwaki, 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 House Draft 2 Senate Draft 1 (HB740 HD2 SD1), which establishes the Accessory Dwelling Unit Financing and Deed Restriction Program to allocate funds to the counties for the purchase of equity in an accessory dwelling unit by the State. Specifies eligible homeowners or homebuyers for the Program 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 the property.

HB740 HD2 SD1 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 reside

Hawaii urgently needs more affordable housing options that support the state's growing workforce. This measure addresses that need by establishing an accessory dwelling unit (ADU) financing and deed restriction program under the Hawaii Housing Finance and Development Corporation. Through the proposed program, eligible homeowners and homebuyers may receive financial support to build ADUs, provided they commit to placing deed restrictions that require occupancy by residents employed in Hawaii. By prioritizing government employees and ensuring perpetual owner-occupant or locally employed tenants, the measure safeguards these additional housing units for the local workforce.

The program establishes clear criteria for distributing state funds, imposing deed restrictions, and overseeing compliance at both the county and state levels, thereby offering a transparent and sustainable approach to expanding Hawaii's housing supply. The Chamber supports this legislation because it helps address the State's housing shortage while ensuring that new units remain accessible to those who live and work in Hawaii.

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 House Draft 2 Senate Draft 1. Thank you for the opportunity to testify



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

March 31, 2025

Senate Committee on Ways and Means
Hawai'i State Capitol
Honolulu, HI 96813

LATE

RE: SUPPORT for HB 740 HD2 SD1 - RELATING TO HOUSING

Aloha Chair Dela Cruz, Vice Chair Moriwaki, and Members of the Committee,

On behalf of Hawai'i YIMBY, we **support the intent of HB 740 HD2 SD1** and encourage further collaboration on the bill in conference committee. This bill 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.

Amendments in the previous committees, resulting in the current SD1 version of the bill, has too greatly narrowed the scope and efficacy of this program. We hope that amendments to return the scope back to the original intended population would be made in this committee or in conference committee, and that restrictions that reduce the efficacy of this program are removed.

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



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

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.

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

LATE

Testimony of the Hawai'i Appleseed Center for Law and Economic Justice
Support for HB 740 HD2 SD1 – Relating to Housing
Senate Committee on Ways and Means
Monday, March 31, 2025 at 10:02AM | Conf. Rm. 211 and via Videoconference

Aloha Chair Dela Cruz, Vice Chair Moriwaki, and Members of the Committee:

On behalf of Hawai'i Appleseed, we **support the intent of HB740 HD2 SD1** and encourage further collaboration on the bill in conference committee.

We encourage the committee to revert HB740 HD2 SD1 back to the language in HB740 HD2. Amendments in the previous committees, resulting in the current SD1 version of the bill, has too greatly narrowed the scope of this program. This would limit the impact that this program could make on our housing market in a meaningful way. We hope that amendments to return the scope back to the original intended population would be made in this committee or in conference committee to maximize its impact.

This bill would establish an Accessory Dwelling Unit (ADU) Financing and Deed Restriction Program which would address 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. Amid Hawai'i's housing crisis, approximately 56% of households across the state are rent-burdened, that is spending more than 30% of their income on rent, while only one in five households could afford purchasing the median single family home.¹

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 exclusively for Hawaii's workforce. 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 the intent of this measure for several key reasons:

Addresses Financial Barriers: Estimates for ADU construction in Hawaii is about \$250-\$350 per square foot². 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.

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.)



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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 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 this measure and either return it to its original intent in version HD2 or encourage further discussion in conference. This legislation represents an opportunity 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

March 31, 2025

The Honorable Donovan M. Dela Cruz, Chair
Senate Committee on Ways and Means
State Capitol, Conference Room 211 & Videoconference

LATE

RE: House Bill 740, HD2, SD1, Relating to Housing

HEARING: Monday, March 31, 2025, at 10:02 a.m.

Aloha Chair Dela Cruz, Vice Chair Moriwaki, 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, HD2, SD1, which establishes the Accessory Dwelling Unit Financing and Deed Restriction Program to allocate funds to the counties for the purchase of equity in an accessory dwelling unit by the State. Specifies eligible homeowners or homebuyers for the Program 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 the property. Sunsets 1/1/2031. Takes effect 7/1/2050.

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 restrictions 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.

HB-740-SD-1

Submitted on: 3/29/2025 12:35:43 PM

Testimony for WAM on 3/31/2025 10:02:00 AM

Submitted By	Organization	Testifier Position	Testify
Jessie L Gonsalves	Individual	Support	Written Testimony Only

Comments:

Fully support this bill. It is greatly needed!

HB-740-SD-1

Submitted on: 3/29/2025 12:56:01 PM

Testimony for WAM on 3/31/2025 10:02:00 AM

Submitted By	Organization	Testifier Position	Testify
Tasman Kekai Mattox	Individual	Support	Written Testimony Only

Comments:

ADUs could be a great short-term boon for helping solve housing issues in Hawaii for long-term residents. I support this bill.

HB-740-SD-1

Submitted on: 3/29/2025 3:41:21 PM

Testimony for WAM on 3/31/2025 10:02:00 AM

Submitted By	Organization	Testifier Position	Testify
Anne Leake	Individual	Support	Written Testimony Only

Comments:

My name is Anne Leake and I am writing in **support of HB740 HD2 SD1 with amendments**, which would establish the Accessory Dwelling Unit Deed Restriction Program to create a protected market of housing specifically for Hawaii workforce residents.

I encourage the committee to revert HB740 HD2 SD1 back to the language in HB740 HD2.

This bill provides grants for ADU construction while securing long-term affordability through deed restrictions, creating immediate housing opportunities and preserving them for Hawaii's workforce. Many homeowners looking to build ADUs to ease our housing crisis struggle with financial barriers. This grant program will help more moderate-income homeowners contribute to housing solutions.

This program addresses a core driver of Hawaii's housing crisis: the competition between local families and outside investors that has made home prices completely disconnected from local incomes.

- Only 20% of Hawaii residents can afford a median-priced home
- Outside buyers spend on average 46% more than local residents on home purchases
- Median housing costs are 2.7 times the national level
- Housing costs has been cited as the primary reason for locals leaving Hawaii, with a mass exodus of thousands of local families leaving

By restricting occupancy and sale of housing to local workforce requirements, we create a dedicated housing stock that is tied to local wages and protected to housing price inflation caused by competition from non local investors. The deed restriction runs with the land forever. When selling, homeowners must sell to eligible buyers as defined by the deed restriction (local workforce). This restriction transfers to all future owners, so any new owner will need to follow the limitations set by the deed restriction.

This means a dedicated stock of housing for our local workforce families remains stable and accessible for future generations.

Many longtime local landowners want to preserve housing for locals, yet face increasing financial pressure to sell to outside investors. This program offers a practical solution while also helping to increase our housing stock. Offering financial incentives to increase ADU supply will

provide local families with more versatile housing options; ones that offer smaller, more practical homes for local residents, as opposed to the luxury housing options currently available in our private housing market. Because of the smaller nature of ADUs, these units are typically more affordable and work for a variety of housing situations that fit local needs such as:

- Starter homes for young adults and young families
- Housing for Kupuna to live nearby family members and community networks
- Independent spaces for individuals who can't afford their place home yet but live in overcrowded housing situations

I also strongly encourage the committee to amend the bill to include language from HB739 HD2 which would have established the Kama'āina Homes Deed Restriction Program - offering similar incentives to deed restrict and preserve our existing housing stock for Hawai'i's workforce residents and families.

This program would be especially helpful in areas with limited infrastructure capacity or restricted expansion. Without the ability to increase housing supply, preserving our current stock from entering the investment market becomes paramount.

The contents of this program would appeal to homeowners who are willing to reduce future potential home sales to ensure homes are in local hands **forever** or don't wish to sell their homes *yet*, but need access to funds. These funds could support households with expenses related to down payments, mortgages, education and business financing.

By separating our local housing market from the global investment market, we can begin to address the massive gap between local incomes and housing costs that is forcing families to leave Hawaii.

I strongly urge the committee to pass HB740 HD2 to create housing stability for Hawaii's families.

Mahalo for the opportunity to testify.

HB-740-SD-1

Submitted on: 3/29/2025 3:55:17 PM

Testimony for WAM on 3/31/2025 10:02:00 AM

Submitted By	Organization	Testifier Position	Testify
dennis boyd miller	Individual	Support	Written Testimony Only

Comments:

Please support this bill.

Thank you,

Dennis B Miller

Waikiki

HB-740-SD-1

Submitted on: 3/29/2025 7:47:19 PM

Testimony for WAM on 3/31/2025 10:02:00 AM

Submitted By	Organization	Testifier Position	Testify
Lorna Holmes	Individual	Support	Written Testimony Only

Comments:

I write in strong support of HB740.

By separating our local housing market from the global investment market, we can begin to address the massive gap between local incomes and housing costs that is forcing families to leave Hawaii.

I strongly urge the committee to pass HB740 HD2 to create housing stability for Hawaii's families.

Mahalo for your attention.

Dr. Lorna Holmes,

Honolulu 96817

LATE

HB-740-SD-1

Submitted on: 3/30/2025 4:47:05 PM

Testimony for WAM on 3/31/2025 10:02:00 AM

Submitted By	Organization	Testifier Position	Testify
Jennifer Lum	Individual	Support	Written Testimony Only

Comments:

Aloha Chair Dela Cruz, Vice Chair Moriwaki, and members of the committee:

My name is Jennifer Lum and I am writing in support of HB740 HD2 SD1 with amendments, which would establish the Accessory Dwelling Unit Deed Restriction Program to create a protected market of housing specifically for Hawaii workforce residents.

I encourage the committee to revert HB740 HD2 SD1 back to the language in HB740 HD2.

This bill provides grants for ADU construction while securing long-term affordability through deed restrictions, creating immediate housing opportunities and preserving them for Hawaii's workforce. Many homeowners looking to build ADUs to ease our housing crisis struggle with financial barriers. This grant program will help more moderate-income homeowners contribute to housing solutions.

This program addresses a core driver of Hawaii's housing crisis: the competition between local families and outside investors that has made home prices completely disconnected from local incomes.

- Only 20% of Hawaii residents can afford a median-priced home
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- Median housing costs are 2.7 times the national level
- Housing costs has been cited as the primary reason for locals leaving Hawaii, with a mass exodus of thousands of local families leaving

I was blessed to have a good opportunity and financial support to be able to move out of a neighborhood, Kaipu'u Street, before the owners of the street evicted all of my neighbors. They did not have opportunities to find places to live and many had to move off island. These were local people. Many were Hawaiian. We lost so much potential.

By restricting occupancy and sale of housing to local workforce requirements, we create a dedicated housing stock that is tied to local wages and protected to housing price inflation caused by competition from non local investors. The deed restriction runs with the land forever. When selling, homeowners must sell to eligible buyers as defined by the deed restriction (local workforce). This restriction transfers to all future owners, so any new owner will need to follow the limitations set by the deed restriction.

This means a dedicated stock of housing for our local workforce families remains stable and accessible for future generations.

Many longtime local landowners want to preserve housing for locals, yet face increasing financial pressure to sell to outside investors. This program offers a practical solution while also helping to increase our housing stock. Offering financial incentives to increase ADU supply will provide local families with more versatile housing options; ones that offer smaller, more practical homes for local residents, as opposed to the luxury housing options currently available in our private housing market. Because of the smaller nature of ADUs, these units are typically more affordable and work for a variety of housing situations that fit local needs such as:

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I also strongly encourage the committee to amend the bill to include language from HB739 HD2 which would have established the Kama'āina Homes Deed Restriction Program - offering similar incentives to deed restrict and preserve our existing housing stock for Hawai'i's workforce residents and families.

This program would be especially helpful in areas with limited infrastructure capacity or restricted expansion. Without the ability to increase housing supply, preserving our current stock from entering the investment market becomes paramount.

The contents of this program would appeal to homeowners who are willing to reduce future potential home sales to ensure homes are in local hands forever or don't wish to sell their homes yet, but need access to funds. These funds could support households with expenses related to down payments, mortgages, education and business financing.

By separating our local housing market from the global investment market, we can begin to address the massive gap between local incomes and housing costs that is forcing families to leave Hawaii.

I strongly urge the committee to pass HB740 HD2 to create housing stability for Hawaii's families.

Mahalo for the opportunity to testify.

Jennifer Lum, 'Ewa Beach

LATE

HB-740-SD-1

Submitted on: 3/30/2025 8:00:08 PM

Testimony for WAM on 3/31/2025 10:02:00 AM

Submitted By	Organization	Testifier Position	Testify
Glen Kagamida	Individual	Support	Written Testimony Only

Comments:

GREAT IDEA TO HELP SOLVE OUR HOUSING CRISIS. MAHALO!

LATE

HB-740-SD-1

Submitted on: 3/31/2025 2:12:13 AM

Testimony for WAM on 3/31/2025 10:02:00 AM

Submitted By	Organization	Testifier Position	Testify
Shannon Rudolph	Individual	Support	Written Testimony Only

Comments:

Support