

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 FINANCE

March 27, 2025 at 3:00 p.m.
State Capitol, Room 308

In consideration of
S.B. 1229 SD2 HD1
RELATING TO THE DWELLING UNIT REVOLVING FUND.

Chair Yamashita, Vice Chair Takenouchi, and members of the Committee.

HHFDC **supports with amendment** SB 1229 SD2 HD1, which extends the Dwelling Unit Revolving Fund (DURF) Equity Pilot Program (DEP) to 6/30/2030. It also gives preference to projects developed under governmental assistance programs approved by the Hawaii Housing Finance and Development Corporation (HHFDC).

Hawaii residents, including those in professions facing a shortage, such as teachers, healthcare workers, and law enforcement officers, are leaving the state due, in part, to the high cost of housing. Act 92, Session Laws of Hawaii 2023, established the DEP, which authorized the Hawaii Housing Finance and Development Corporation (HHFDC) to purchase equity in units in certain for-sale housing development projects, reducing the contribution made by eligible buyers, which makes homes more affordable.

Developers have shown strong interest in the DEP program. Projects participating in the program include Kuilei Place, the Flats at Sky Ala Moana, and the Park on Ke'eaumoku. To date, approximately \$7.4 million of the \$10 million authorized under the pilot program has been committed.

A number of for-sale housing projects have been stalled due to high interest rates and using the DEP program in conjunction with loans from DURF has the potential to move these projects forward.

Though we appreciate the Legislature's interest in extending the pilot program by two years, HHFDC **requests** that the program be made permanent to allow more eligible buyers to participate in the program over time.

Thank you for the opportunity to testify on this bill.

Council Chair
Alice L. Lee

Vice-Chair
Yuki Lei K. Sugimura

Presiding Officer Pro Tempore
Tasha Kama

Councilmembers
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Tamara Paltin
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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

March 25, 2025

TO: The Honorable Kyle T. Yamashita, Chair
House Committee on Finance

FROM: Alice L. Lee
Council Chair 

SUBJECT: **HEARING OF MARCH 27, 2025; TESTIMONY IN SUPPORT OF SB1229, SD2, HD1, RELATING TO THE DWELLING UNIT REVOLVING FUND**

I **support** this measure to extend the Dwelling Unit Revolving Fund Equity Pilot Program to June 30, 2030, and give preference to for-sale housing projects developed under governmental-assistance programs approved by 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:

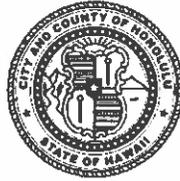
1. The Dwelling Unit Revolving Fund Equity Program allows HHFDC to purchase a share of equity in for-sale housing units, reducing the financial burden on eligible homebuyers and making homeownership more accessible for local working families.
2. By providing affordable homeownership opportunities to individuals in professions facing shortages, this measure helps retain essential workers in Hawai'i's critical industries.
3. With \$7.4 million already committed to existing projects, making this program permanent will provide financial stability for housing-development projects, especially in the face of rising interest rates.

Thank you for your consideration.

**DEPARTMENT OF HUMAN RESOURCES
KA 'OIHANA HO'OMOHALA LIMAHAHA
CITY AND COUNTY OF HONOLULU**

650 SOUTH KING STREET, 10TH FLOOR • HONOLULU, HAWAII 96813
PHONE: (808) 768-8500 • FAX: (808) 768-5563 • WEBSITE: honolulu.gov/dhr

RICK BLANGIARDI
MAYOR
MEIA



NOLA N. MIYASAKI
DIRECTOR
PO'O
FLORENCIO C. BAGUIO, JR.
ASSISTANT DIRECTOR
KOKUA PO'O

March 27, 2025

The Honorable Kyle T. Yamashita, Chair
The Honorable Jenna Takenouchi, Vice Chair
and Members of the Committee on Finance
The Senate
State Capitol, Room 308
415 South Beretania Street
Honolulu, Hawaii 96813

Dear Chair Yamashita, Vice Chair Takenouchi, and Members of the Committee:

**SUBJECT: Senate Bill No. 1229 SD2 HD1
Dwelling Unit Revolving Fund Equity Program**

Senate Bill 1229 SD2 HD1 extends the Dwelling Unit Revolving Fund ("DURF") Equity Pilot Program to June 30, 2030 and gives preference to housing development projects developed under governmental assistance programs approved by the Hawai'i House Finance and Development Corporation.

The City and County of Honolulu ("City"), Department of Human Resources, respectfully **supports** this program and believes that making this program permanent would ensure long term positive impact for the City's workforce and recruitment efforts. Consequently, while we support this measure, we respectfully request that the bill be amended back to make the program permanent, rather than simply extending the pilot program until June 30, 2030.

The Dwelling Unit Revolving Fund Equity Pilot Program is a vital step toward addressing workforce shortages and outmigration due to the high cost of living by making homeownership more attainable for City employees. The program serves as a valuable tool for retaining talent and attracting qualified professionals, ultimately benefiting the City's ability to provide quality and timely services to the residents of Oahu.

The Honorable Kyle T. Yamashita, Chair
The Honorable Jenna Takenouchi, Vice Chair
and Members of the Committee on Finance
March 27, 2025
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By broadening the reach of the DURF Equity Pilot Program to include emergency medical technicians, water safety officers, construction inspectors, and victim/witness advocates, the program directly supports critical to fill and labor shortage positions at the City by providing the stability of essential workforce housing opportunities. This program helps ensure that in spite of rising homeownership costs in Hawaii, dedicated employees who make certain income levels can afford to live in the communities they serve, fostering a more resilient and thriving city for all.

Thank you for giving us the opportunity to submit testimony on this measure.

Sincerely,

A handwritten signature in black ink, appearing to read "Nola N. Miyasaki". The signature is fluid and cursive, with a period at the end.

Nola N. Miyasaki
Director

TO: HOUSE OF REPRESENTATIVES COMMITTEE ON FINANCE
The Honorable Kyle T. Yamashita, Chair
The Honorable Jenna Takenouchi, Vice Chair, and
Members of the Committee

FROM: Micah A. Kāne, CEO & President

RE: Testimony in Support for SB 1229 SD2 HD1, Relating to the Dwelling Unit
Revolving Fund

DATE: Thursday, March 27, 2025 at 3:30pm

PLACE: Conference Room 308

The Hawai'i Community Foundation (HCF) supports SB 1229 SD2 HD1 (SB 1229), which extends the Dwelling Unit Revolving Fund (DURF) Equity Program. Housing is a priority area within HCF's CHANGE Framework under the Community-Centered Economy sector. The HCF House Maui Initiative seeks to create a sustainable housing market for local families and the Equity Program is one path to help increase the volume of homes that are purchased by Hawai'i residents.

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 the current housing market. The unmet demand for attainable housing is at a critical level, which has contributed to a record outmigration of local residents. This reality is punctuated by the fact that more Hawaiians now live outside Hawai'i than within Hawai'i.

It is evident that 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. At the same time, the push to build new homes must be accompanied by systems and programs that allow families to afford the homes.

HCF supports the DURF Equity Program because the intent aligns with the HCF House Maui Initiative and creates additional pathways to homeownership. The program is designed to lower home costs for new buyers, by providing them with an interest-free loan for a portion of

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

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

the overall cost. They can pay off this loan at their own pace. If the homeowner decides not to stay in the home, then the proportion of the earned equity tied to the loan goes back to the state. Participants are members of the workforce that Hawai'i desperately needs, like teachers, police officers, and nurses. Also, the program includes limits so that the loans cannot go to landlords.

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. SB 1229 can help make housing affordable and give families a chance to control their economic futures.



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: House Committee on Finance
Bill Number: SB 1229 HD1, Relating to the Dwelling Unit Revolving Fund
Hearing Date and Time: March 27, 2025, 3:30pm (Room 308)
Re: Testimony of Holomua Collaborative – Support

Aloha Chair Yamashita, Vice Chair Takenouchi, and Members of the Committee:

Mahalo for the opportunity to submit testimony **in support** of SB 1229 HD1, Relating to the Dwelling Unit Revolving Fund. This bill would extend the Dwelling Unit Revolving Fund Equity Pilot Program through June 30, 2030, and give preference to for-sale projects developed under governmental assistance programs approved by the Hawai'i Housing Finance and Development Corporation.

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.

This program has the potential to help by reducing housing costs for new buyers in the form of interest-free loans to cover a portion of the home's total cost. Homeowners can repay this loan at their own pace, and if they choose to sell, the state recoups a share of the earned equity—ensuring continued investment in affordable housing.

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/>

This program is designed to support the essential workers we all rely on in Hawai'i: teachers, first responders, nurses, and others who keep our communities strong. To maintain its focus on helping local families, strict limits prevent these loans from being used by landlords.

Under the existing pilot, specific housing units have already been designated to be included in the program. As described in a recent news article, the program is designed to put housing within reach of middle-income local residents. An example that was provided shows how “a two-bedroom, one-bath condo priced at \$627,000 could instead be sold at \$524,000 to select professionals because the revolving fund buys \$103,000 in equity in that unit. That reduced price puts the condo within financial reach of many more people... The equity is paid back to the revolving fund when the professional sells the unit.”³

To increase the program's reach to residents of every county and put more local working families in attainable housing, this is a good time to extend this pilot program. SB 1229 HD1 is a strong move in the right direction to keep local families in Hawai'i, while giving them greater control over their economic futures.

We appreciate the opportunity to testify and respectfully recommend your passage of this measure.

Sincerely,



Joshua Wisch
President & Executive Director

³ “A State Program Is Helping Critical Workers Buy Homes,” October 4, 2024 in Hawai'i Business Magazine (<https://www.hawaiibusiness.com/hawaii-homeownership-durf-equity-pilot-program-affordable-housing-workforce/>)



MAUI

CHAMBER OF COMMERCE

VOICE OF BUSINESS

HEARING BEFORE THE HOUSE COMMITTEE ON FINANCE
HAWAII STATE CAPITOL, HOUSE CONFERENCE ROOM 308
Thursday, March 27, 2025 AT 3:30 P.M.

To The Honorable Representative Kyle T. Yamashita, Chair
The Honorable Representative Jenna Takenouchi, Vice Chair
Members of the Committee on Finance

SUPPORT SB1229 SD2 HD1 RELATING TO THE DWELLING UNIT REVOLVING FUND

The Maui Chamber of Commerce **SUPPORTS SB1229 SD2 HD1** which extends the Dwelling Unit Revolving Fund Equity Pilot Program to 6/30/2030; and gives preference to projects developed under governmental assistance programs approved by the Hawai'i Housing Finance and Development Corporation.

Housing remains a top priority for the Maui Chamber of Commerce, especially as the crisis has intensified following the wildfires. The housing shortage continues to have a direct impact on businesses and economic revitalization. Even before the wildfires, Maui needed over 10,000 housing units by 2025, and that demand has only increased after the loss of 3% of our housing stock in Lahaina. This shortage is a key factor driving the escalating cost of housing.

The Equity Pilot Program is designed to reduce homeownership costs by providing eligible buyers with an interest-free loan for a portion of the total purchase price, which they can repay at their own pace. If the homeowner chooses not to remain in the home, the portion of earned equity tied to the loan is returned to the state, ensuring the sustainability of the program. This initiative directly supports Hawai'i's essential workforce, including teachers, police officers, and nurses, and includes safeguards to prevent landlords from accessing these loans.

This bill represents another valuable tool in the fight for affordable housing and should be fast-tracked for approval.

For these reasons we **SUPPORT SB1229 SD2 HD1** and respectfully request its passage.

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.



HAWAII APPLESEED

CENTER FOR LAW & ECONOMIC JUSTICE

Testimony of the Hawai'i Appleseed Center for Law and Economic Justice
Support for SB1229 – Relating to the Dwelling Unit Revolving Fund

House Committee on Finance

Thursday, March 27, 2025 at 3:30PM Conf. Rm. 308 and via Videoconference

Aloha Chair Yamashita, Vice Chair Takenouchi, and Members of the Committee:

Mahalo for the opportunity to testify in **strong support of SB1229 SD2 HD1**, which would extend the "Dwelling Unit Revolving Fund (DURF) Equity Program" until 2030. This program helps local residents achieve homeownership through equity investment from HHFDC, with preference given to low and moderate-income households.

The DURF Equity program addresses the demand for local homeownership and helps financially support Hawai'i residents. By extending the program, SB1229:

1. Allows HHFDC to invest in shared equity in for-sale developments, with preference to 201H projects that target households earning 80-140% of Area Median Income (AMI)
2. By purchasing a portion of equity, reduces the amount paid by buyers
3. Forgives the equity loan after 30 years if repayment criteria are not triggered, enabling full homeownership with reduced financial burden
4. Prevents speculation and preserves affordability by including a "runs with the land" provision that requires equity repayment plus appreciation share upon resale, refinancing, or title transfer before the 30-year term,
5. Allows developers to repay loans through unit equity, reducing their upfront costs and incentivizing more affordable housing development

According to UHERO, Housing costs was cited as the primary driver of outmigration from Hawaii, with only 20% of Hawaii households being able to afford a home mortgage¹. By purchasing a share of equity in for-sale developments, this program helps lower the amount paid by buyers and addresses the demand for for-sale units by Hawai'i residents.

As of December 2024, Hawaii's median home price was \$555,000 for a typical condominium.² At current mortgage rates of 6.54%³ a conventional 30-year fixed loan with 20% down (\$111,000) would require a monthly payment of \$2818, this assumes most residents have \$111,000 for a downpayment and excluding additional HOA and insurance fees.

Especially under current market conditions, housing costs of this magnitude would make local residents cost burdened. For households making between 80k-120k, which corresponds to 80-140% Area Median Income, this housing expense would make up over 42% or 28% of their

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

² <https://www.locationshawaii.com/learn/market-reports/hawaii-statewide-real-estate-report/>

³ <https://www.zillow.com/mortgage-rates/hi/> | accessed: Wednesday, January 29, 2025



HAWAII APPLESEED

CENTER FOR LAW & ECONOMIC JUSTICE

Testimony of the Hawai'i Appleseed Center for Law and Economic Justice
Support for SB1229 – Relating to the Dwelling Unit Revolving Fund
House Committee on Finance
Thursday, March 27, 2025 at 3:30PM Conf. Rm. 308 and via Videoconference

income, respectively. As Hawaii faces some of the highest housing costs in the nation, this program is essential for putting homeownership within reach of local residents.

Under this program, units are more affordable for local homebuyers. We urge the committee to support SB1229 as it extends a vital opportunity to expand affordable housing access for local residents.

Mahalo for the opportunity to testify on this measure.

Sincerely,

Arjuna Heim
Director of Housing Policy