

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

April 01, 2025 at 2:00 p.m.
State Capitol, Room 308

In consideration of
S.B. 71 SD2 HD1
RELATING TO THE RENTAL HOUSING REVOLVING FUND.

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

HHFDC supports SB 71 SD2 HD1, which establishes the Mixed-Income Subaccount within the Rental Housing Revolving Fund that targets workforce rental housing projects for persons and families with incomes at or below 140% of the area median income. It also authorizes the Director of Finance to transfer funds from RHRF into the Mixed-Income Subaccount and appropriates funds into and out of the subaccount.

RHRF currently has two priority funding groups: Tier 1, or households at or below 60% AMI; and Tier 2, households above 60% AMI. Due to limited funding, funds are generally only available for first-priority ("Tier 1") projects or units for households with incomes at or below 60% AMI.

This bill is needed so that funding can be available for mixed-income rental projects or units, or "Tier 2," without the need for legislation to finance projects outside the first priority. These are our working families who earn too much to qualify for Low-Income Housing Tax Credit (LIHTC) units but cannot afford to buy their own homes, such as teachers, firefighters, police officers, and nurses.

This bill will keep the financing pipeline going for affordable rentals in light of the private activity bond cap. The ability to fund Tier 2 projects in any given year will result in

quicker funding and development of housing. Tier 2 loans are more self-sustaining and able to revolve more quickly due to higher rental revenues and fewer subsidies needed.

This bill provides developers of Tier 2 projects with certainty of available funding which will enable them to initiate work on potential projects. With earlier notification of funding availability, projects that are awarded funding will be further along in the design development process and break ground sooner after the award.

Thank you for the opportunity to testify on this bill.



JOSH GREEN, M.D.
GOVERNOR

SYLVIA LUKE
LIEUTENANT GOVERNOR

LUIS P. SALAVERIA
DIRECTOR

SABRINA NASIR
DEPUTY DIRECTOR

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

STATE OF HAWAII
DEPARTMENT OF BUDGET AND FINANCE
Ka 'Oihana Mālama Mo'ohelu a Kālā
P.O. BOX 150
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ADMINISTRATIVE AND RESEARCH OFFICE
BUDGET, PROGRAM PLANNING AND MANAGEMENT DIVISION
FINANCIAL ADMINISTRATION DIVISION
OFFICE OF FEDERAL AWARDS MANAGEMENT

WRITTEN ONLY
TESTIMONY BY LUIS P. SALAVERIA
DIRECTOR, DEPARTMENT OF BUDGET AND FINANCE
TO THE HOUSE COMMITTEE ON FINANCE
ON
SENATE BILL NO. 71, S.D. 2, H.D. 1

**April 1, 2025
2:00 p.m.
Room 308 and Videoconference**

RELATING TO THE RENTAL HOUSING REVOLVING FUND

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

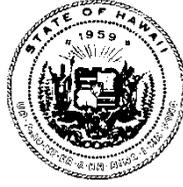
Senate Bill (S.B.) No. 71, S.D. 2, H.D. 1: 1) establishes a mixed-income subaccount (MIS) within the Rental Housing Revolving Fund (RHRF) to provide financing for rental housing projects for persons and families with incomes at or below 140% of the area median income; 2) authorizes the Director of Finance to transfer up to an unspecified amount from the RHRF to the MIS for FY 26 and FY 27; 3) appropriates an unspecified amount of general funds for FY 26 and FY 27 to be deposited into the MIS; and 4) appropriates an unspecified amount of revolving funds out of the MIS for FY 26 and FY 27.

As a matter of general policy, B&F does not support the creation of any revolving fund or revolving fund subaccount, which does not meet the requirements of Section 37-52.4, HRS. Revolving funds should: 1) serve a need as demonstrated by the purpose, scope of work, and an explanation why the program cannot be implemented successfully under the general fund appropriation process; 2) reflect a

clear nexus between the benefits sought and charges made upon the users or beneficiaries or a clear link between the program and the sources of revenue; 3) provide an appropriate means of financing for the program or activity; and 4) demonstrate the capacity to be financially self-sustaining. Regarding S.B. No. 71, S.D. 2, H.D. 1, it is difficult to determine whether the proposed MIS would be self-sustaining.

Thank you for your consideration of our comments.

JOSH GREEN, M.D.
GOVERNOR
KE KIA'ĀINA



HAKIM OUANSAFI
EXECUTIVE DIRECTOR

BARBARA E. ARASHIRO
EXECUTIVE ASSISTANT

STATE OF HAWAII
KA MOKU'ĀINA O HAWAI'I
HAWAII PUBLIC HOUSING AUTHORITY
1002 NORTH SCHOOL STREET
POST OFFICE BOX 17907
HONOLULU, HAWAII 96817

IN REPLY PLEASE REFER TO:

25:OED

Statement of
Hakim Ouansafi, Executive Director
Hawaii Public Housing Authority

Before the
HOUSE COMMITTEE ON FINANCE

Tuesday, April 1, 2025
2:00 p.m. – Room 308, Hawaii State Capitol

In consideration of
SB 71, SD2, HD1
RELATING TO THE RENTAL HOUSING REVOLVING FUND

Honorable Chair Yamashita, Vice Chair Takenouchi and members of the House Committee on Finance, thank you for the opportunity to provide testimony on **Senate Bill (SB) 71, SD2, HD1**, which establishes the mixed-income subaccount within the Rental Housing Revolving Fund that target workforce rental housing projects for persons and families with incomes at or below one hundred forty per cent of the area median income. The Hawaii Public Housing Authority (HPHA) **supports** the passage of this measure and is grateful to the Legislature for its steadfast commitment to addressing Hawaii's affordable housing crisis.

The HPHA is dedicated to providing Hawaii's residents with safe, affordable housing and fostering equitable living environments free from discrimination. Through our public housing and rental assistance programs, we serve some of the most vulnerable members of our community, including families earning less than 30% of the area median income, individuals with disabilities, and the elderly.

This measure will greatly assist the HPHA as we are currently addressing over \$720 million in public housing deferred maintenance by prioritizing redevelopment over costly renovations. Rather than spending hundreds of millions to repair outdated properties, these funds can be invested in constructing new, modern units, which increases housing capacity and reduces long-term reliance on CIP funds for capital repair and maintenance. This approach not only expands permanent affordable housing, supporting the state's goal of reducing homelessness, but also provides social benefits such as deconcentrating poverty through diverse, mixed-income



communities. By building new units and revitalizing public housing, HPHA advances state housing priorities, delivering more units, stronger communities, and lasting public benefits.

By utilizing state-owned land, HPHA significantly lowers development costs, making projects more financially feasible and attracting private investment. This approach ensures long-term affordability by preserving units in perpetuity while also promoting economic and social mobility through the creation of mixed-use, mixed-income communities that provide residents with better access to jobs, education, and essential services. Together, these strategies advance the state's housing goals, delivering lasting benefits for Hawaii's families and communities.

The Green Administration and the Legislature have provided crucial support to the HPHA in recent years, enabling us to launch multiple redevelopment projects aimed at improving housing conditions and revitalizing aging public housing communities across the State. Each of our agency's ongoing redevelopment projects will remain State-owned or will be conveyed back to the State at a definite time. Additionally, the HPHA is looking to utilize federal repositioning programs like the Rental Assistance Demonstration and Faircloth-to-RAD which require replacement rental units to remain affordable in perpetuity.

Please know that on page 7, line 10, the language allows nonprofit projects that are equally ranked with a for-profit or government project with a preference in allotting funds from the mixed-income subaccount. This could leave government departments and agencies who are unable to form nonprofit entities at a disadvantage, while profit companies can easily create nonprofit entities to take advantage of the preference.

Thank you again for your thoughtful consideration of this measure and for your unwavering support of additional affordable housing development in Hawaii.



CATHOLIC CHARITIES HAWAII

TESTIMONY IN SUPPORT OF 71 SD2 HD1: RELATING TO THE RENTAL HOUSING REVOLVING FUND

TO: House Committee on Finance
FROM: Tina Andrade, President and CEO, Catholic Charities Hawaii
Hearing: **Tuesday, 4/1/25, 2:00 PM**; CR 308 and Videoconference

Chair Yamashita, Vice Chair Takenouchi, and Members, Committee on Finance:

Catholic Charities Hawaii **Supports SB 71 SD2, HD1**, which establishes the Mixed-Income Subaccount within the Rental Housing Revolving Fund (RHRF) that targets workforce rental housing projects for households at or below 140% of the Area Median Income (AMI).

Catholic Charities Hawaii (CCH), a community-based organization, has provided social services in Hawaii for over 77 years, assisting 40,000 people annually. Our services target the most vulnerable in Hawaii, including elders, veterans, children, families, houseless individuals, and immigrants. We have a long history of working in affordable housing and homeless services.

Catholic Charities Hawaii supports this measure, which removes previous language and replaces it with the provisions of HB 432, HD1. This bill establishes the Mixed-Income Subaccount within the Rental Housing Revolving Fund, a crucial step toward addressing Hawaii's housing crisis.

By prioritizing rental housing for individuals and families who earn too much to qualify for traditional government-assisted housing but still cannot afford to buy a home in Hawaii's expensive market, this initiative provides a vital solution. It ensures that essential workers—such as first responders, teachers, and blue-collar workers—as well as kūpuna and other middle-income residents, have access to stable and affordable housing.

Continued investment in a broad spectrum of rental housing options is critical—not only to prevent homelessness and support vulnerable populations like kūpuna, but also to guarantee that moderate-income families can remain in our communities. This bill represents a meaningful step in creating sustainable housing opportunities for those who keep Hawaii running.

We urge your support for SB 71, HD1.

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



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

FROM: Micah A. Kāne, CEO & President

RE: Testimony in Support for SB 71 SD2 HD1, Relating to the Rental Housing
Revolving Fund

DATE: Tuesday, April 1, 2025 at 2:00pm

PLACE: Conference Room 308

The Hawai'i Community Foundation (HCF) supports SB 71 SD2 HD1 (SB 71), which establishes the Mixed-Income Subaccount within the Rental Housing Revolving Fund. Housing is a priority area within HCF's CHANGE Framework under the "C" sector of Community Centered Economy. Per UHERO, "median housing costs in Hawaii are more than 2.7 times the national level"¹ and median rents are the highest in the country.² ALICE families are more vulnerable because of our current housing market.

The demand for attainable local housing currently enveloping Hawai'i is at crisis levels. While efforts to 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.

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

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

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



hawaiicomunityfoundation.org

827 Fort Street Mall Honolulu, Hawai'i 96813

MAIN 808-537-6333 FAX 808-521-6286

Kama'āina want to stay in Hawai'i and SB 71 can open that door and provide that hope. There is universal agreement that locals need more places to call home. Rent must be affordable and reasonable so residents will be free from the pressure of leaving the island. SB 71 is a positive step to diversify funding streams that can contribute to more housing for our community, and HCF supports it.



holomua

COLLABORATIVE

OUR MISSION

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

OUR VISION

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

BOARD MEMBERS

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

ADVISORY COMMITTEE

Josh Feldman
Brittany Heyd
Alicia Moy
Ed Schultz

Josh Wisch
President & Executive Director

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HolomuaCollaborative.org

Page 1 of 2

Committee: House Committee on Finance
Bill Number: SB71 HD1, Relating to the Rental Housing Revolving Fund
Hearing Date and Time: April 1, 2025, 2:00pm (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 SB71 HD1, Relating to the Rental Housing Revolving Fund.

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

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

Despite the RHRF's successes, the current prioritization of projects limits the breadth of projects and—ultimately—residents who can benefit from the RHRF. This is because the competitive bidding and statutorily mandated prioritization of projects has led to a narrow scope of projects being financed through the fund. Additionally, even with tax breaks and financial support it's not financially feasible for private developers to build rental homes for families making 60% to 140% of the area median income (AMI) absent additional public funding.

SB71 HD1 proposes to create a mixed-income subaccount within the RHRF. This subaccount would be dedicated to using RHRF funds for loans to mixed-income rental housing projects, focused on projects for people and families with incomes at or below 140% AMI. This subaccount would be an efficient mechanism to quickly and cost-effectively develop housing for local working families (like our teachers and first responders) without needing to compete for funding with the other crucial RHRF priority projects.

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



Page 2 of 2

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

Sincerely,

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

Joshua Wisch
President & Executive Director



TITLE GUARANTY
HAWAII

April 1, 2025

Testimony in support of SB 71 HD1, Relating to the Rental Housing Revolving Fund

Aloha Chair Yamashita, Vice Chair Takenouchi, and Committee Members,

We write in support of SB 71 HD1, Relating to the Rental Housing Revolving Fund, which would establish the Mixed-Income Subaccount within the Rental Housing Revolving Fund.

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

By increasing the financing options available for mixed-income rental projects, this bill will directly address one of the most significant barriers to homeownership: the lack of affordable and stable rental housing as a stepping stone to long-term property ownership.

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

By funding mixed-income rental developments, SB 71 HD1 will ensure that more residents have access to stable, reasonably priced housing, allowing them to establish financial security and eventually transition to homeownership. This will create a healthier real estate market and a stronger local economy.

We urge you to pass SB 71 HD1 and take a meaningful step toward keeping Hawai'i's people and businesses thriving.

Sincerely,

A handwritten signature in black ink, appearing to read 'Mike B. Pietsch', written in a cursive style.

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



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



Main Office | 235 Queen Street, Honolulu, HI 96813 | Phone: (808) 521-0211 | Fax: (808) 521-0280 | Email: Main@TGHawaii.com | www.TGHawaii.com



April 1, 2025

Committee: House Committee on Finance
Bill Number: SB71 HD1, Relating to the Rental Housing Revolving Fund
Hearing Date and Time: April 1, 2025, 2:00pm
Re: Testimony of HPM Building Supply in Support

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

I would like to submit this testimony in support of SB71 HD1, Relating to the Rental Housing Revolving Fund.

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

We strongly support SB71 HD1, which will establish a mixed-income subaccount within the Rental Housing Revolving Fund (RHRF) to ensure that rental housing for working families can be built. Without additional financial support, many developers cannot afford to construct housing for families earning below 140% of the area median income (AMI). This legislation will help overcome those financial barriers, ensuring a steady pipeline of rental housing projects that will benefit working families.

A thriving housing sector means more than just economic growth—it means keeping local workers in Hawai'i. We have seen firsthand how rising housing costs have forced skilled workers to leave the islands in search of affordable living elsewhere. When these workers leave, businesses across all industries struggle to hire and retain employees. By expanding rental housing options, SB71 HD1 helps stabilize our workforce, ensuring that businesses have the labor force they need to grow and serve our communities.

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

Sincerely,

Jason Fujimoto
Chairman & CEO





**Testimony to
House Committee on Finance
April 1, 2025
2:00 PM
Conference Room 308 & VIA videoconference
Hawai'i State Capitol
SB71 HD1**

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

We write in support of SB71 HD1. This bill will increase our housing supply for local working families in Hawai'i.

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

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

Our company relies on a dedicated workforce of technicians, engineers, and support staff who ensure that the gas services we provide are safe, reliable, and accessible to all residents. However, the rising cost of housing makes it increasingly difficult for these essential workers to remain in the state. Setting aside funding from the Rental Housing Revolving Fund to be used for the development of projects for households at or below 140% of the area median income will help ensure that local families can secure housing in Hawai'i, thereby providing a stable and skilled workforce that is essential to industries like ours.

We urge you to support SB71 HD1, as it represents an investment in Hawai'i's workforce, housing infrastructure, and long-term prosperity.

Thank you for the opportunity to testify.



Statement of
Meli James and Brittany Heyd
Cofounders
Mana Up

SB71 HD1, Relating to the Rental Housing Revolving Fund

Aloha Chair Yamashita, Vice Chair Takenouchi, and Committee Members,

We support SB71 HD1, which establishes the Mixed-Income Subaccount within the Rental Housing Revolving Fund to reserve funding of rental developments for household at or below 140% AMI.

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

A thriving business ecosystem depends on talent, but we are losing too many of our brightest minds to the continent because they cannot afford to live in Hawai'i. Young professionals, startup founders, and skilled workers—the very people driving innovation in our state—are being priced out. Many of the entrepreneurs we support have expressed frustration that, despite their business success, they struggle to find stable, reasonably priced housing. Without affordable rental options, we risk stifling innovation and weakening the future of our economy. SB71 HD1 addresses this by expanding rental housing opportunities for individuals and families earning up to 140% AMI, ensuring that more working professionals can afford to stay and contribute to our economy.

Passing SB71 HD1 is an investment in our future. It will not only help alleviate the housing crisis but also support Hawai'i's innovation economy by making it possible for entrepreneurs and skilled workers to build their lives here. We urge the committee to pass this measure to provide real housing solutions for local professionals, strengthen our small business ecosystem, and create a more sustainable economy.

Mahalo for your time and consideration.

Sincerely,

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

TORI RICHARD

April 1, 2025

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

We write in support of SB71 HD1 and the creation of the Mixed-Income Subaccount in the Rental Housing Revolving Fund.

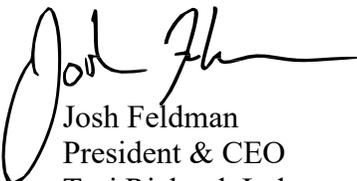
Tori Richard has manufactured in Honolulu nearly 70 years, and we continue to proudly do so today. As a long-time medium-sized Hawai'i employer, we recognize the challenge high housing costs pose to everyone working to make ends meet in Hawai'i.

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

Many of our employees are struggling to find attainable places to live. As their employer, I see firsthand the impact this has on their lives. When workers are forced to move away or leave the state altogether, it hurts our ability to operate and expand. The Rental Housing Revolving Fund has been an effective tool to get affordable housing built, but due to statutory prioritization and competitive bidding, not enough housing is being developed for a significant portion of our population -- households making below 140% Area Median Income. Dedicating funding to develop rental housing for this population without impacting the development of other affordable housing will allow our state to build to the needs of our local workforce.

I urge you to support SB71 HD1, as it is essential to the future of our business and the local economy. Thank you for your consideration.

Sincerely,



Josh Feldman
President & CEO
Tori Richard, Ltd.

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

April 1, 2025

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

**RE: SUPPORT for SB 71 SD2 HD1 - RELATING TO THE RENTAL HOUSING
REVOLVING FUND**

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

On behalf of Hawai'i YIMBY, we are writing in **support of SB 71 SD2 HD1** which would establish a mixed-income subaccount within the Rental Housing Revolving Fund that targets workforce rental housing projects for persons and families with incomes at or below 140% of the area median income. It authorizes the Director of Finance to transfer funds from the Rental Housing Revolving Fund into the mixed-income subaccount.

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

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



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

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

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

Sincerely,

Damien Waikoloa

Chapter Lead, Hawai'i YIMBY

Edgardo Díaz Vega

Chapter Lead, Hawai'i YIMBY





March 31, 2025

Representative Kyle Yamashita, Chair
Representative Jenna Takenouchi, Vice Chair
Committee on Finance

RE: **SB 71 SD2 HD1 - Relating to the Rental Housing Revolving Fund**
Hearing date: Tuesday April 1, 2025 at 2:00PM

Aloha Chair Yamashita, Vice Chair Takenouchi, and members of the committee,

Mahalo for the opportunity to submit testimony on behalf of NAIOP Hawaii with **COMMENTS on SB 71 SD2 HD1 - Relating to the Rental Housing Revolving Fund (RHRF)**. NAIOP Hawaii represents over 200 industry professionals, including developers, owners, investors, asset managers, lenders, and other stakeholders committed to responsible real estate development in Hawai'i. While we appreciate the Legislature's continued efforts to address the state's housing crisis, we are concerned that the proposed changes to the Rental Housing Revolving Fund (RHRF) in SB 71 SD2 HD1 may discourage rather than accelerate affordable housing production.

For decades, RHRF has been an essential tool for facilitating the development of affordable housing in Hawai'i. The existing structure of the RHRF is effective in leveraging public funds to attract private investment and efficiently finance rental housing projects. The focus should remain on improving the efficiency of the fund, increasing funding availability, and ensuring predictable access for developers rather than restructuring the program in ways that may exclude private developers.

SB 71 SD2 HD1 prioritizes applications for RHRF funds from projects that guarantee perpetual affordability. This prioritization could effectively exclude private developers from RHRF funding in favor of government projects (which are more able to commit to perpetual affordability) and, over time, discourage private developers from developing affordable housing.

While long-term affordability commitments are important, prioritizing perpetual affordability can discourage private investment in affordable housing development. Affordable housing developments depend on multiple layers of financing, including private loans, tax credits, and subsidies, and they need the flexibility to refinance, recapitalize, and reinvest in necessary property improvements over time. Rather than giving preference to perpetual affordability, a more balanced approach would be to incentivize long-term affordability commitments of 60 to 99 years while allowing flexibility for refinancing and reinvestment.

SB 71 SD2 HD1 also requires the corporation to allocate Mixed-Income Subaccount funds to a non-profit profit where it is equally ranked with a for-profit or government project. This preference could similarly exclude private developers from utilizing the Mixed-Income Subaccount fund and, over time, discourage private developers from developing affordable housing.

Hawaii benefits from private developers participating in addressing the affordable housing crisis. Profit-driven incentives ensure better maintenance, tenant services, and property management. Private ownership fosters innovation, integrates affordable housing into mixed-use communities, and minimizes the risk of deferred maintenance often seen in public housing projects across the nation. By allowing the private sector to continue participating as a primary contributor to an affordable housing solution, the state can expand housing supply while maintaining regulatory oversight to ensure affordability and quality standards. The most successful housing models involve public-private partnerships that leverage state resources alongside private-sector efficiency. Rather than limiting participation by private developers, the state should focus on providing funding to all entities capable of delivering affordable housing while maintaining strong accountability measures to ensure long-term affordability.

NAIOP Hawaii urges the Legislature to focus on solutions that will expand access to RHRF funding, increase efficiency in fund disbursement, and ensure that all capable housing developers - including for-profit, non-profit, and public entities - can participate in delivering affordable housing. By maintaining the existing, well-established framework of the RHRF and refining policies to remove unnecessary barriers, streamline financing, and encourage collaboration, we can make meaningful progress toward addressing Hawai'i's affordable housing crisis.

For these reasons, NAIOP Hawaii opposes SB 71 SD2 HD1 in its current form and encourages the Committee to reconsider changes that may discourage private developers from seeking RHRF funds. We stand ready to collaborate on policies that will truly accelerate affordable housing production and create a sustainable path forward for Hawai'i's residents.

Mahalo for your consideration,



Reyn Tanaka, President
NAIOP Hawaii



MAUI

CHAMBER OF COMMERCE

VOICE OF BUSINESS

**HEARING BEFORE THE HOUSE COMMITTEE ON FINANCE
HAWAII STATE CAPITOL, HOUSE CONFERENCE ROOM 308
Tuesday, April 1, 2025 AT 2:00 P.M.**

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

SUPPORT SB71 SD2 HD1 RELATING TO THE RENTAL HOUSING REVOLVING FUND

The Maui Chamber of Commerce **SUPPORTS SB71 SD2 HD1** which, among other things, establishes the Mixed-Income Subaccount within the Rental Housing Revolving Fund that targets workforce rental housing projects for persons and families with incomes at or below one hundred forty per cent of the area median income.

Housing remains a top priority for the Maui Chamber of Commerce, especially as the crisis worsens in the aftermath of the wildfires, directly impacting businesses and our economic recovery. Even before the wildfires, Maui faced a pressing need for over **10,000 housing units by 2025**. That need has only grown due to the loss of **3% of Lahaina's housing stock**, a key factor driving the continued rise in housing prices.

By funding **mixed-income rental developments**, this bill will expand access to stable, reasonably priced housing, enabling residents to build financial security and, eventually, transition to homeownership. This approach will contribute to a healthier real estate market and a stronger local economy.

This bill is another valuable tool in addressing our housing crisis.

For these reasons, we **STRONGLY SUPPORT SB71 SD2 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.