

JOSH GREEN, M.D.
GOVERNOR

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LT. GOVERNOR



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DEPARTMENT OF BUSINESS, ECONOMIC DEVELOPMENT AND TOURISM
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Statement of
DEAN MINAKAMI
Hawaii Housing Finance and Development Corporation
Before the

HOUSE COMMITTEE ON FINANCE

February 25, 2025 at 10:00 a.m.
State Capitol, Room 308

In consideration of
H.B. 1408 HD1
RELATING TO THE DEPARTMENT OF HAWAIIAN HOME LANDS.

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

HHFDC supports HB 1408 HD1, which allows the Department of Hawaiian Home Lands (DHHL) to utilize the Dwelling Unit Revolving Fund (DURF) as collateral when the Department acts as an eligible borrower for a loan agreement under section 184A of the Housing and Community Development Act of 1992, as amended. It also appropriates funds. HHFDC supports the measure so long as it does not adversely impact priorities identified in the Executive Budget Request for FY 2026.

HHFDC recognizes that native Hawaiians suffer from longstanding socioeconomic hardships that include housing problems of affordability, overcrowding, and structural inadequacy. HHFDC supports efforts to help DHHL with its constitutional mandate.

The appropriation for DHHL's use as collateral when acting as an eligible borrower of a loan guaranteed by the United States Department of Housing and Urban Development will help DHHL develop residential homestead lots and housing units.

Thank you for the opportunity to testify on this bill.



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

ON THE FOLLOWING MEASURE:

H.B. NO. 1408, H.D. 1, RELATING TO THE DEPARTMENT OF HAWAIIAN HOME LANDS.

BEFORE THE:

HOUSE COMMITTEE ON FINANCE

DATE: Tuesday, February 25, 2025 **TIME:** 10:00 a.m.

LOCATION: State Capitol, Room 308

TESTIFIER(S): Anne E. Lopez, Attorney General, or
R. Hokulei Lindsey, Deputy Attorney General

Chair Yamashita and Members of the Committee:

The Department of the Attorney General provides the following comments.

This bill allows the Department of Hawaiian Home Lands (DHHL) to use the Dwelling Unit Revolving Fund (DURF) as an additional source of collateral when borrowing federal funds under section 184A of the Housing and Community Development Act of 1992. DHHL would use the borrowed funds to develop residential homestead lots and housing units under the Hawaiian Homes Commission Act, 1920, as amended (HHCA). The general purpose of DURF is to support housing and infrastructure development.

In House Standing Committee Report No. 731, the Committee on Judiciary and Hawaiian Affairs called attention to page 4, lines 19-20, of House Draft 1 of the bill, which states that DHHL may use DURF funds as collateral, "[n]otwithstanding the provisions of the Hawaiian Homes Commission Act of 1920, as amended" The Committee suggested that DHHL give the Committee on Finance a legal opinion on whether the quoted wording should be retained in the bill.

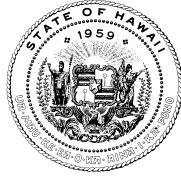
In response to the committee report, we do not believe the wording should be retained in the bill. The bill does not encumber Hawaiian Home Lands nor impair the Hawaiian Home Loan Fund in section 213(b), HHCA, or any of the trust funds identified in section 213(d) and (e), HHCA. Nor does the HHCA limit DHHL's ability to use other

funding sources to develop homestead lots or housing units. The bill therefore does not conflict with the HHCA, and the phrase, "[n]otwithstanding the provisions of the Hawaiian Homes Commission Act of 1920, as amended," on page 4, lines 19-20, is unnecessary and should be deleted.

Thank you for this opportunity to provide comments on this bill.

JOSH GREEN, M.D.
GOVERNOR
STATE OF HAWAII
*Ke Kia 'āina o ka Moku 'āina 'o
Hawai'i*

SYLVIA J. LUKE
LT. GOVERNOR
STATE OF HAWAII
*Ka Hope Kia 'āina o ka Moku 'āina
'o Hawai'i*



KALI WATSON
CHAIRPERSON, HHC
Ka Luna Ho'okele

KATIE L. LAMBERT
DEPUTY TO THE CHAIR
Ka Hope Luna Ho'okele

STATE OF HAWAII
DEPARTMENT OF HAWAIIAN HOME LANDS
Ka 'Oihana 'Āina Ho'opulapula Hawai'i

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TESTIMONY OF KALI WATSON, CHAIR
HAWAIIAN HOMES COMMISSION
BEFORE THE HOUSE COMMITTEE ON FINANCE
HEARING ON FEBRUARY 25, 2025 AT 10:00AM IN CR 308

HB 1408, HD 1, RELATING TO THE DEPARTMENT OF HAWAIIAN HOME LANDS

February 24, 2025

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

The Department of Hawaiian Home Lands (DHHL) **strongly supports** this bill which 1) allows the Department of Hawaiian Home Lands to utilize the Dwelling Unit Revolving Fund as collateral when the Department acts as an eligible borrower for a loan agreement under section 184A of the Housing and Community Development Act of 1992, as amended and 2) appropriates funds.

Congress established the Section 184A Native Hawaiian Housing Loan Guarantee Program in 2000 in order to provide access to sources of private financing on Hawaiian Home Lands. DHHL is an eligible borrower under the program and can use these funds to develop rental housing or to build single-family homes. Once the housing is developed, the native Hawaiian who is eligible to purchase the home can either assume the Section 184A loan or secure other financing to purchase the home.

A loan guaranteed under Section 184A must be secured by collateral authorized under and not prohibited by Federal or State law and determined by the lender and approved by HUD to be sufficient to cover the amount of the loan. The Hawaiian Homes Commission Act, 1920, as amended, limits what can be utilized as collateral to secure loans made by government agencies or private lending institutions to the Department. Appropriating \$75 million in Fiscal Year 2026 and another \$75 million in Fiscal Year 2027 into the dwelling unit revolving fund for collateral would allow DHHL to secure private financing to develop rental housing or to build single-family homes.

Thank you for your consideration of our testimony.