

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

HOUSE COMMITTEE ON HOUSING

February 07, 2025 at 9:00 a.m.
State Capitol, Room 430

In consideration of
H.B. 418
RELATING TO HOUSING.

Chair Evslin, Vice Chair Miyake, and members of the Committee.

HHFDC has comments on HB 418, which establishes a working group to revise the State's Qualified Allocation Plan (QAP), the prioritization of the Rental Housing Revolving Fund (RHRF), and the terms of loans made from the RHRF. It also requires a report to the Legislature.

HHFDC strives to maximize the effectiveness of its RHRF program through a competitive annual application process that ensures that the State's resources are efficiently used. The competitive review process allows for a rigorous evaluation of applications, ensuring that funds are directed toward financially sustainable projects that align with the state's housing priorities and deliver the greatest public benefit.

HHFDC is convening a working group to initiate work on the next update to the QAP. The working group is open to all interested stakeholders and members of the public and the initial meeting is scheduled for Friday, February 21.

Thank you for the opportunity to testify on this bill.

**OFFICE OF HOUSING
KE KE'ENA HO'OLĀLĀ KŪKULA HALE
CITY AND COUNTY OF HONOLULU**

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RICK BLANGIARDI
MAYOR
MEIA



KEVIN AUGER
EXECUTIVE DIRECTOR
PO'O HO'OKO

2025-HOU-013

February 5, 2025

The Honorable Luke A. Evslin, Chair
The Honorable Tyson K. Miyake, Vice Chair
and Members of the House Committee on Housing
Hawai'i State Capitol
415 South Beretania Street
Honolulu, Hawai'i 96813

Dear Chair Evslin, Vice Chair Miyake, and Committee Members:

SUBJECT: Testimony with Comments on HB418 – Relating to Housing
Hearing: Fri., Feb. 7, 2025, 9:00 a.m. at the State Capitol, Rm. 430

The Office of Housing **offers comments** on HB418 that would establish a working group to revise the State's Qualified Allocation Plan (QAP), the prioritization of the Rental Housing Revolving Fund (RHRF), and the terms of the loans made from the RHRF. According to testimony from the Hawai'i Housing Finance and Development Corporation, the agency is currently in the process of assembling an open work group to begin discussions on modifications for the next QAP. If this measure moves forward, we respectfully request for the relevant housing counterparts in each of the counties to be included in this working group.

Thank you for the opportunity to testify.

Very truly yours,

A handwritten signature in black ink, appearing to read "Kevin D. Auger", is written over a horizontal line.

Kevin D. Auger
Executive Director

APPROVED:

A handwritten signature in black ink, appearing to read "Michael D. Formby", is written over a horizontal line.

Michael D. Formby, Managing Director Designate
Office of the Managing Director

**Testimony to the House Committee on Housing
Representative Luke A. Evslin, Chair
Representative Tyson K. Miyake, Vice Chair**

**Friday, February 7, at 9:00 AM
Conference Room 430 & Videoconference**

RE: HB418 Relating to Housing

Aloha e Chair Evslin, Vice Chair Miyake, 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 418 (HB418), which establishes a working group to revise the State's Qualified Allocation Plan, the prioritization of the Rental Housing Revolving Fund (RHRF), and the terms of loans made from the RHRF and requires a report to the Legislature.

HB418 aligns with our 2030 Blueprint for Hawaii: An Economic Action Plan, specifically under the policy pillar for Business Services. This bill promotes policies that drive economic growth, enhance workforce opportunities, and improve the quality of life for Hawaii's residents.

Hawaii's shortage of affordable rental housing requires urgent policy updates to better allocate resources. This bill establishes a working group to revise the State's qualified allocation plan and adjust loan terms for the rental housing revolving fund. Led by the Hawaii Housing Finance and Development Corporation, the group will include key stakeholders and legislators, submitting recommendations before the 2026 session.

By improving tax credit allocation and fund distribution, this initiative maximizes resources to address the housing crisis. Operating without compensation, the group ensures efficiency while engaging experts. The Chamber supports this measure to strengthen housing policies and promote affordability for all Hawaii residents.

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 418. Thank you for the opportunity to testify.



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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Committee: House Committee on Housing
Bill Number: HB 418, Relating to Housing
Hearing Date and Time: February 7, 2025, 09:00am (Room 430)
Re: Testimony of Holomua Collaborative – Support

Aloha Chair Evslin, Vice Chair Miyake, and members of the committee:

Mahalo for the opportunity to submit testimony **in support** of HB 418, Relating to Housing, which would establish a working group to make recommendations to revise:

- (1) The State's Qualified Allocation Plan (QAP)¹ to more effectively allocate federal and state low-income housing tax credits to projects that best meet the housing needs of the State; and
- (2) The prioritization of the Rental Housing Revolving Fund (RHRF) and the terms of loans made from the fund to support low-income rental housing project and mixed-income rental projects.

The 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 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 as the competitive bidding and statutorily mandated prioritization of projects has led to a narrow scope of projects being financed through the fund. Additionally, the terms of the loans given through RHRF for LIHTC projects are 50+ year terms at miniscule interest rates. The long return on the loans at these low rates may prevent the RHRF from revolving in the most efficient and cost-effective manner. If the RHRF revolved faster, taxpayer monies could likely go to additional housing projects.

¹ The Low-Income Housing Tax Credit (LIHTC) Program is governed by Section 42 of the Internal Revenue Code (IRC). The State created a State LIHTC which is equal to 50% of the Federal LIHTC allocated to a project. The Hawai'i Housing Finance and Development Corporation (HHFDC) has been designated as the agency responsible for the administration of both Federal and State LIHTC Programs for the State.

In accordance with Section 42 of the IRC, HHFDC develops Qualified Allocation Plans (QAPs) which set forth the criteria to evaluate and allocate LIHTC to projects which best meet the housing needs of the State and preferences required by Section 42 of the IRC, and the procedure to monitor for compliance with the provisions of the LIHTC Program.



Leaders from the public, private, non-profit, and labor sectors, directly or indirectly related to housing, all recognize Hawaii's housing crisis. But these leaders inherently have individualized perspectives in how they understand and how we should address the crisis—and far too often these perspectives become siloed. Bringing leaders together through a working group to share, challenge, and find common ground on their perspectives on the housing crisis will set all up to most effectively provide housing to all our neighbors.

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



MAUI

CHAMBER OF COMMERCE

VOICE OF BUSINESS

HEARING BEFORE THE HOUSE COMMITTEE ON HOUSING
HAWAII STATE CAPITOL, HOUSE CONFERENCE ROOM 430
Friday, February 7, 2025 AT 9:00 A.M.

To The Honorable Representative Luke A. Evslin, Chair
The Honorable Representative Tyson K. Miyake, Vice Chair
Members of the Committee on Housing

SUPPORT HB418 RELATING TO HOUSING

The Maui Chamber of Commerce **SUPPORTS HB418** which establishes a working group to revise the State's Qualified Allocation Plan, the prioritization of the Rental Housing Revolving Fund, and the terms of loans made from the RHRF.

The Chamber emphasizes that, given the ongoing housing crisis, the working group should be assigned a clear timeline and work should proceed without delay. Additionally, we recommend including representation from developers across each island who are focused on affordable and workforce housing within the working group.

In light of the severe housing shortage in the State and Maui County, we support measures that foster, rather than impede, the development of housing for our residents.

For these reasons we **SUPPORT HB418** 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.



Comments on HB418

Aloha e Representative, Chair, Vice Chair:

We are testifying on behalf of Locals In My Backyard (LIMBY) Hawai'i. LIMBY Hawai'i is a hui of concerned kama'āina and kānaka working to help develop solutions to our state's housing crisis.

We are concerned that NIMBYism has driven up costs and driven our friends and families out by opposing all development. We are equally concerned that the apparent answer to this, YIMBYism, insists that anything resembling true affordability is impossible so instead they promote building housing that gets bought by overseas investors. ***We know we won't solve our housing woes without building more, but we won't solve them by simply building more.***

The true solution is to create a housing market for locals: one that houses locals first, is tied to local wages, and is managed in trust. We detail real solutions to our housing woes on our website and through our newsletter.

The future for kama'āina and kānaka will be LIMBY or Las Vegas.

HB418 rightly identifies that the RHRF program could be better utilized and creates a task force to address this. We approve of this intent but note the concern that the composition of the task force has no community representative and because of the open invitation allowed by the head of HHFDC is liable to overly represent developer and realtor interests.

While we don't mean to besmirch those professions, note that the history of their participation in such task forces has had negative effects on affordability. For instance, it was at the urging of realtors that the definition of affordable rent was moved first from 20% to 25% in 1968 and then from 25% to 30% in 1981, where it stands today. That rents should be 30% of income is a figure with no basis other than that it ensures a comfortable income flow to property managers.

Thus we believe the bill should be amended to require balanced representation of stakeholders and include community representation: it's generally the poor missing from the discussions about how to house them and this is an opportunity to remedy that.



TITLE GUARANTY
HAWAII

February 7, 2025

Testimony in support of HB 418, Relating to Housing

Aloha Chair Evslin, Vice Chair Miyake, and Committee Members,

We write in support of HB 418, Relating to Housing, which would establish a working group to make recommendations to revise the State's Qualified Allocation Plan and the prioritization of the Rental Housing Revolving Fund (RHRF).

Title Guaranty of Hawai'i is the oldest and largest title company in the state. We have been owned and operated by a kama'aina family since 1896 and we are proud to employ over 250 residents who work in our branches across the state. As an organization that has worked for over a century to help connect local families with housing, we see firsthand the importance of funding mechanisms like the Rental Housing Revolving Fund (RHRF) in helping to alleviate the state's growing affordable housing shortage. We also see firsthand how the current prioritization of the RHRF can be improved to impact an even larger number of local families.

By revising the State's Qualified Allocation Plan and refining the prioritization of the RHRF, HB 418 could help create a more predictable and efficient process for allocating funding to low-income and mixed-income housing projects. It would also likely lead to a more diverse housing inventory in Hawaii. To truly tackle our housing crisis, we would benefit from the development of a variety of property types, as this broadens the market and increases the volume of transactions they handle. More properties available for rent or sale, particularly affordable housing, will help stabilize the market. The bill's consideration of revising loan terms for projects funded by the RHRF could allow for more favorable or flexible terms for taxpayers. If the fund's revolving mechanism becomes more efficient (e.g., loans are paid back more quickly or with better interest rates), it could lead to increased housing development activity.

In summary, HB 418 is a practical solution that will to a more affordable housing market for our community, helping to keep local residents in Hawai'i.

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





**Statement of
Meli James
Brittany Heyd
Cofounders
Mana Up**

HB 418, Relating to Housing

Aloha Chair Evslin, Vice Chair Miyake, and Members of the Committee,

We support HB 418, which establishes a working group to make recommendations to revise the State's Qualified Allocation Plan and the prioritization of the Rental Housing Revolving Fund (RHRF).

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.

The RHRF plays a crucial role in providing low-interest loans to developers who are committed to creating affordable housing units. These loans help with the development, construction, acquisition, and preservation of rental properties, making it easier for affordable housing projects to get off the ground. The Legislature's consistent funding of the RHRF has been pivotal in increasing the availability of affordable housing across the state.

The RHRF can and should be reevaluated to maximize the impact of the fund and increase the volume of affordable housing units in the State. To really tackle this issue, we think it's important for leaders from all areas to unite, share their perspectives, and work together. Housing is a challenge for everyone, and by coming together, we can find shared solutions that help all the people of Hawai'i.

Sincerely,

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