

**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**

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

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

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

HHFDC **supports** HB 740 HD2, which establishes the Accessory Dwelling Unit (ADU) Financing and Deed Restriction Program to allocate funds to the counties to provide grants to eligible homeowners or homebuyers to finance construction costs, development costs, and non-reoccurring closing costs associated with the construction of an ADU and purchase deed restrictions on such property.

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.

Thank you for the opportunity to testify on this bill.

**JOSH GREEN M.D.**  
GOVERNOR

**SYLVIA LUKE**  
LT. GOVERNOR



STATE OF HAWAII  
**DEPARTMENT OF TAXATION**

Ka 'Oihana 'Auhau  
P.O. BOX 259

HONOLULU, HAWAII 96809  
PHONE NO: (808) 587-1540  
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**GARY S. SUGANUMA**  
DIRECTOR

**KRISTEN M.R. SAKAMOTO**  
DEPUTY DIRECTOR

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

**TESTIMONY ON THE FOLLOWING MEASURE:**

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

**BEFORE THE:**

House Committee on Finance

**DATE:** Tuesday, February 25, 2025

**TIME:** 10:00 a.m.

**LOCATION:** State Capitol, Room 308

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

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

Section 6 of H.B. 740, H.D. 2, amends section 247-3, Hawaii Revised Statutes (HRS), to exempt from conveyance tax any property with a county-owned deed restriction according to the new provisions under chapter 201H, HRS, in this bill. Section 6 also exempts any document or instrument conveying a county-owned deed restriction.

The measure has a defective effective date of July 1, 3000.

DOTAX requests that if this bill is passed, section 6 take effect on January 1, 2026, to allow for form and instruction changes necessary to implement the proposed conveyance tax exemption.

DOTAX estimates no material revenue impact for this bill.

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

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

530 SOUTH KING STREET, ROOM 306 • HONOLULU, HAWAII 96813  
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RICK BLANGIARDI  
MAYOR  
MEIA



KEVIN AUGER  
EXECUTIVE DIRECTOR  
PO'O HO'OKO

February 24, 2025

2025-HOU-030

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

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

**SUBJECT: Testimony Supporting the Intent of HB740 HD2 – Relating to Housing**

The Office of Housing **supports the intent of** HB740 HD2 that would establish the Accessory Dwelling Unit Financing and Deed Restriction Program to incentivize the development of Accessory Dwelling Units (ADUs). This bill would enable the Hawaii Housing Finance and Development Corporation (HHFDC) to allocate funds from the Dwelling Unit Revolving Fund (DURF) to the counties for the purposes of: 1) providing grants to homeowners to support the development of ADUs, and; 2) for the counties to purchase and own deed restrictions on eligible properties with a primary dwelling unit and ADU.

ADUs can help to increase our supply of lower-cost housing, but there are many barriers for interested homeowners, including high construction costs, financing challenges for unit construction, and infrastructure insufficiencies. While the City's ADU Ordinance was adopted in 2015 and various exemptions were extended to homeowners for the creation of these units, these barriers have mitigated against the designed stimulation of ADU development.

While the City supports this innovative proposal to increase housing inventory, we have concerns about capacity challenges, lack of positions and staff, potential impacts to real property tax revenues, eligibility criteria, implementation timelines, enforceability, and potential liability associated with the bill in its current form.

HB740 HD2 requires that counties be responsible for administering, validating evidence, and ensuring compliance with the program. While it also allows the counties to establish and collect fees and premiums to cover these costs, there is no dedicated funding source to establish and stand-up full-time equivalent (FTE) positions to administer, train staff, and enforce the program, or meet the annual reporting requirements that will continue for the length of recorded deed restrictions, potentially into perpetuity, even if program funding is terminated at some point in the future.

The Honorable Kyle T. Yamashita, Chair  
The Honorable Jenna Takenouchi, Vice Chair  
and Members of the House Committee on Finance  
February 24, 2025  
Page 2

The City and County of Honolulu does not currently have the capacity to administer this program, and the bill's language is unclear if a portion of the DURF funds provided to the counties could be used for administrative funding purposes. Additionally, the City is not currently in the business of purchasing and owning deed restrictions as this process usually is conducted by an applicant or homebuyer directly through the Hawai'i State Bureau of Conveyances. If the City was to take on this responsibility, we would need appropriate funding and time to either onboard new staff with the required expertise, train new and existing staff, or contract out to a third-party entity. The time and skill required to negotiate the price of a deed restriction on a case-by-case basis alone would require extensive costs and may require clarification that these purchases are in the public interest, despite being exempt from the procurement process.

Furthermore, the bill requires that eligible homeowners or buyers indicate their capability to properly use the grant; however, no criteria for this evaluation has been established. The lack of an AMI requirement raises concerns about whether this program will indeed increase the supply of "affordable" housing in the State. The absence of a restriction on short-term rentals may make this program ripe for abuse, and the ambiguous restriction on the funds preventing its use for purposes of "entertainment or perquisites" are questionably ambiguous. If the evaluation process criteria and the responsibility for cleaning up vague terms are left to the individual counties to determine, we would not only see a further delay through the administrative rules public hearing process while these criteria are established, but also potentially allow inconsistent policies throughout the state.

Finally, the bill creates an immunity for State officers, employees, and agents. However, it leaves out county officers, employees, and agents. If the bill continues to insist that the counties administer the program, county officers, employees, and agents should be provided the same statutory protections.

Given these concerns, if this measure is to move forward, we request these issues be addressed as the discussions continue. Thank you for the opportunity to testify.

Sincerely,



Kevin D. Auger  
Executive Director

APPROVED:



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



February 25, 2025

**The Honorable Kyle T. Yamashita, Chair**

House Committee on Finance

State Capitol, Conference Room 308 & Videoconference

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

**HEARING: Tuesday, February 25, 2025, at 10:00 a.m.**

Aloha Chair Yamashita, Vice Chair Takenouchi, 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, which establishes the Accessory Dwelling Unit Financing and Deed Restriction Program to allocate funds to the counties to provide grants to eligible homeowners or homebuyers 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 such property. Effective 7/1/3000

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.



To: Representative Kyle T. Yamashita, Chair  
Representative Jenna Takenouchi, Vice Chair  
House Committee on Finance

From: Chevelle Davis, MPH Director of Early Childhood & Health Policy  
Hawai'i Children's Action Network Speaks!

Subject: Measure H.B. No. 740 H.D. 2 – Relating to Housing

Hearing: Tuesday, February 25, 2025, at 10:00 AM, Conference Room 308

**POSITION: STRONG SUPPORT**

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

Mahalo for the opportunity to testify in **STRONG SUPPORT of H.B. No. 740 H.D. 2**, which would establish an Accessory Dwelling Unit (ADU) Financing and Deed Restriction Program. This bill presents a crucial opportunity to support Hawai'i's working families and children by addressing one of the biggest barriers they face—affordable housing.

Hawai'i families are struggling to remain in their communities as rising housing costs push them out. More than half of renters statewide are cost-burdened, spending over 30% of their income on rent, leaving less for necessities like food, healthcare, and childcare. The lack of affordable housing directly affects children's stability, education, and well-being. H.B. No. 740 H.D. 2 offers a practical solution to create more affordable homes while ensuring they remain available for local working families for generations to come.

We **strongly support** this measure for several reasons:

**Keeps Families Together** – Too many parents must consider leaving Hawai'i to find housing they can afford. By making it easier for homeowners to build ADUs and ensuring these units remain affordable for local working families, this bill helps keep families together, ensuring that children can grow up with extended family support and stability.

**Provides Relief for Working Parents** – The high cost of housing forces many parents to work multiple jobs, reducing the time they can spend with their children. By increasing access to affordable rental units, this program helps relieve financial stress so parents can focus on their families rather than just making ends meet.

**Supports Local Workforce Stability** – The deed restrictions ensure that these ADUs serve local workers, not vacation rentals or outside investors. This means more teachers, healthcare

workers, and service industry employees—many of whom are parents—can afford to live near their workplaces, benefiting the entire community.

**Creates Long-Term Housing Solutions** – With built-in affordability protections, this program ensures that the homes created today will still be there for Hawai'i's keiki in the future. By making housing a permanent resource for working families, we are investing in children's futures and helping break the cycle of housing insecurity.

This program also includes important accountability measures, ensuring that financial assistance is used as intended and that homeowners and tenants meet the necessary criteria. By prioritizing working families, H.B. No. 740 H.D. 2 aligns with our mission to ensure that all keiki in Hawai'i have the opportunity to thrive in stable, supportive communities.

**We urge the committee to pass this bill** and take a significant step toward making Hawai'i a place where working families can afford to stay, grow, and succeed.

Mahalo for the opportunity to testify on this critical measure.



# HAWAII APPLESEED

## CENTER FOR LAW & ECONOMIC JUSTICE

Testimony of the Hawai'i Appleseed Center for Law and Economic Justice

### Support for HB 740 HD2 – Relating to Housing

House Committee on Finance

Tuesday, February 25, 2025 at 10:00AM | Conf. Rm. 308 and via Videoconference

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

Mahalo for the opportunity to testify in strong support of HB740 HD2, which would establish an Accessory Dwelling Unit (ADU) Financing and Deed Restriction Program.

This innovative legislation addresses 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. 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 for Hawaii's workforce. Approximately 56% of households across the state are rent-burdened, that is spending more than 30% of their income on rent<sup>1</sup>

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 this measure for several key reasons:

**Addresses Financial Barriers:** Estimates for ADU construction in Hawaii is about \$250-\$350 per square foot<sup>2</sup>. 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.

**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

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

<sup>2</sup>

[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.)





# HAWAII APPLESEED

## CENTER FOR LAW & ECONOMIC JUSTICE

Testimony of the Hawai'i Appleseed Center for Law and Economic Justice

### Support for HB 740 HD2 – Relating to Housing

House Committee on Finance

Tuesday, February 25, 2025 at 10:00AM | Conf. Rm. 308 and via Videoconference

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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 HB 740 HD2. This legislation represents a significant step forward 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*



## Testimony to the House Committee on Finance

Representative Kyle T. Yamashita, Chair

Representative Jenna Takenouchi, Vice Chair

Tuesday, February 25, 2025, at 10:00AM

Conference Room 308 & Videoconference

### RE: HB740 HD2 Relating to Housing

Aloha e Chair Yamashita, Vice Chair Takenouchi, 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 (HB740 HD2), which establishes the Accessory Dwelling Unit Financing and Deed Restriction Program to allocate funds to the counties to provide grants to eligible homeowners or homebuyers 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 such property.

HB740 HD2 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 urgently needs more housing while ensuring affordability for local workers. To address this, the legislature is creating an Accessory Dwelling Unit (ADU) Financing and Deed Restriction Program under the Hawaii Housing Finance and Development Corporation. The program will provide grants to homeowners and homebuyers for ADU construction costs in exchange for a deed restriction on both the primary home and ADU, preserving affordability for local residents. Participants must meet residency requirements, follow program rules, and submit annual reports.

The bill allocates Dwelling Unit Revolving Fund resources to counties to administer grants and enforce deed restrictions. Counties will oversee compliance and take legal action when needed. Tax exemptions and procurement flexibility will streamline implementation. The Chamber supports this bill as a practical solution to Hawaii's housing crisis, ensuring stable, affordable homes for local workers and strengthening communities.

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. Thank you for the opportunity to testify.



**TO:** HOUSE 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 HB740 HD2, Relating to Housing

Date: Tuesday, February 25, 2025 at 10:00am

Place: Hearing Room 308

The Hawai'i Community Foundation (HCF) supports HB740 HD2, Relating to Housing, which establishes the Accessory Dwelling Unit Financing and Deed Restriction Program.

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"<sup>1</sup> and median rents are the highest in the country.<sup>2</sup> 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 address the housing crisis 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.

We support the creation of the Accessory Dwelling Unit Financing and Deed Restriction Program because it represents a new and creative solution. The program envisioned by this bill will simultaneously increase our housing supply while also dedicating units to be used for local workforce housing. Each deed restriction sold under this program is a promise to the community that another home is available for a working family in perpetuity.

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<sup>1</sup> [UHERO 2023 Hawaii Housing Factbook](#) at page 1.

<sup>2</sup> [UHERO 2024 Hawaii Housing Factbook](#) at page 6.



Kama'āina want to stay in Hawai'i and HB 740 HD2 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. HB 740 HD2 is an innovative solution that contributes to more housing for our community, and HCF is happy to support it.



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

February 25, 2025

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

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

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

On behalf of Hawai'i YIMBY, we are writing in **support of HB 740 HD2** which 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.

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 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.



**Hawai'i YIMBY**

Honolulu, HI 96814

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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





**Council for Native Hawaiian Advancement  
91-1270 Kinoaiki St., Bldg. 1  
Kapolei, HI 96707**

**Hawai'i State House of Representatives**

**Committee on Finance**

**HB740 – Relating to Housing**

**RE: Strong support of HB740**

**February 25, 2025**

The Council for Native Hawaiian Advancement (CNHA) writes in **strong support of HB740**. This bill is critical to mitigating the ongoing and worsening impacts of the rising cost of living that make it difficult for working local and Native Hawaiian residents to secure attainable housing.

The average price of a home in Hawai'i has now surpassed \$800,000. As a result, Native Hawaiians are forced to seek affordable housing out of state, leading to more Native Hawaiians residing outside of Hawai'i than within. Since 1984, existing home prices have increased by 155%, while Hawai'i's median household income has risen only 24%. High housing prices disproportionately impact our working families and young people, prospective homeowners who find it nearly impossible to build a future here in Hawai'i. According to DBEDT's 2024 report on Demographic, Social, and Economic Characteristics of Hawai'i's Race Groups, around 62 percent of Native Hawaiians in Hawai'i are employed, yet they earn significantly less than other major race groups in the state, with medium annual earnings falling below \$40,000 for full-time, year-round work.

HB740 creates innovative housing solutions that prioritize residents first and foremost. By reducing financial barriers to ADU construction, this bill encourages homeowners to develop additional housing units on their properties. These units can provide long-term rental options for local families, kūpuna, and workforce members who are struggling to find stable housing. In coupling financing with voluntary deed restriction, this bill helps to prevent ADUs from being used for short-term rentals or speculative resale. By preserving these units for local residents, this bill ensures that the benefits of increased housing stock remain within the community for generations to come.

This measure establishes housing solutions to keep Hawai'i affordable for its local residents. Prioritizing initiatives to address inequalities in housing accessibility creates economic stability for Hawai'i's workforce and fosters community development for future generations residing in Hawai'i. For these reasons, we humbly ask that you **PASS HB740**.

Me ka ha'aha'a,

**Madelyn McKeague**

Director of Advocacy, CNHA



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#### 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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#### 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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**Committee:** House Committee on Finance  
**Bill Number:** HB 740 HD2, Relating to Housing  
**Hearing Date and Time:** February 25, 2025, 10:00am (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 HB740 HD2, Relating to Housing. This bill would establish and fund the Accessory Dwelling Unit Financing and Deed Restriction Program.

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*.<sup>1</sup> 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 survey<sup>2</sup> 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.

A Department of Business, Economic Development, and Tourism (DBEDT) study from March 2024 found that Hawai'i needs to grow its housing stock by between 2,482 and 4,112 per year from 2025 to 2035 to meet housing demand.<sup>3</sup>

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<sup>1</sup> 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](https://files.hawaii.gov/dbedt/census/popestimate/2023/county-pop/2023_daily_est_counties.pdf)

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

<sup>3</sup> *Hawaii Housing Demand: 2025-2035*

[https://files.hawaii.gov/dbedt/economic/reports/hawaii\\_housing\\_demand\\_2024\\_final.pdf](https://files.hawaii.gov/dbedt/economic/reports/hawaii_housing_demand_2024_final.pdf)



Page 2 of 2

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

In the face of our state's ongoing housing crisis, this program represents an important investment in building the housing units necessary to meet our housing demands.

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

February 25, 2025

**Testimony in support of HB 740 HD2, Relating to Housing**

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

We write in support of HB 740 HD2, 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'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 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. This program is offering property sellers and buyers financing for the construction of an ADU on their property in exchange for voluntarily placing a deed restriction on their property that restricts the types of future buyers and/or tenants to Hawai'i residents. The proposal accomplishes this by tying the voluntary deed restriction to residency and work requirements. It enables locals to compete with mainland buyers when buying a home and it also encourage property owners to rent to locals long term instead of leaving homes vacant.

HB 740 HD2 is an original solution that invests in our community and in culture, and I hope that you support this effort to keep local residents in Hawai'i.

Sincerely,

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





**February 25, 2025**

**Committee:** House Committee on Finance  
**Bill Number:** HB740 HD2, Relating to Housing  
**Hearing Date and Time:** February 25, 2025, 10:00am  
**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 HB740 HD2, Relating to Housing. The purpose of HB740 HD2 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.

HB 740 HD2's approach—creating deed-restricted housing and constructing accessory dwelling units dedicated to local working residents—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. With more local residents able to afford homes and stay in the state we will have a stronger, more sustainable construction industry that benefits everyone, from homeowners to contractors and beyond.

I ask for your support of HB740 HD2, 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



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

HB740 HD2, Relating to Housing

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

We support HB740 HD2, 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. The Accessory Dwelling Unit Financing and Deed Restriction Program incentivizes local homeowners and buyers to voluntarily be a part of the solution to create a permanent dedicated housing stock for local families. 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





**Testimony to  
House Committee on Finance  
February 25, 2025  
10:00 AM  
Conference Room 308 & VIA videoconference  
Hawai'i State Capitol  
HB 740 HD2**

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

We write in support of HB 740 HD2. 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. The Accessory Dwelling Unit Financing and Deed Restriction Program offers a meaningful solution by ensuring that local families can secure housing in their communities through deed restricted housing and the construction of accessory dwelling units, thereby providing a stable and skilled workforce that is essential to industries like ours.

HB 740 HD2 addresses long-term workforce sustainability, ensuring that employees who work in critical infrastructure sectors like energy can stay in Hawai'i and continue their work without the constant threat of displacement. It is a smart, forward-thinking solution that will benefit all sectors of our economy.

We urge you to support HB 740 HD2, as it represents an investment in Hawai'i's workforce, infrastructure, and long-term prosperity.

Thank you for the opportunity to testify.



## Testimony in Support of HB 740 HD2, Relating to Housing

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

We write in strong support of HB 740 HD2 which will establish the Accessory Dwelling Unit Financing and Deed Restriction Program allowing interested homeowners and homebuyers to voluntarily sell a deed restriction on their property that limit the occupancy of the property to our local workforce.

aio is a locally owned company with holdings across a broad range of industries. Our companies are purpose-driven and firmly rooted in local values. At aio, Hawai'i is at our core, and through our products and services, we work hard to make Hawai'i a better place for future generations.

Hawai'i is in the midst of a housing crisis. Our employees are our greatest asset, and we want to ensure that they have access to quality and attainable housing. This program is a good first step at establishing a housing market that is dedicated to local working families rather than out-of-state purchasers.

Mahalo for the opportunity to submit testimony in support of HB 740 HD2.

A handwritten signature in black ink that reads 'Brandon H. Kurisu'.

Brandon Kurisu  
aio Family of Companies



# TORI RICHARD

February 25, 2025

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

We write in support of HB 740 HD2 and the creation of the Accessory Dwelling Unit Financing and Deed Restriction Program.

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.

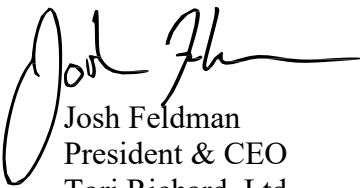
Our business is deeply committed to supporting Hawaii's local workforce, but the growing housing crisis makes it increasingly difficult for our employees to remain in the islands. Attainable housing is key to keeping talented, creative people in Hawai'i, and this bill offers a much-needed solution to 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 Accessory Dwelling Unit Financing and Deed Restriction Program ensures that local workers, like those in the fashion, manufacturing, and retail industries, have a place to call home. This stability will allow them to continue contributing to Hawai'i's vibrant economy and support local businesses.

Moreover, as a company that takes pride in being part of the local community, we understand the importance of preserving Hawaii's unique cultural identity. The housing crisis threatens that identity, as local residents are pushed out by non-resident investors and wealthy buyers. HB 740 HD2 will help reverse this trend by providing a steady supply of attainable homes dedicated to local residents through the building of accessory dwelling units and restriction of homes for use by our local residents, ensuring that our workforce and community remain strong and diverse.

I urge you to support HB 740 HD2, 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.

1891 NORTH KING STREET  
HONOLULU, HAWAII 96819



1001 Bishop Street #625 | Honolulu, HI 96813  
866-295-7282 | [aarp.org/hi](http://aarp.org/hi) | [hiaarp@aarp.org](mailto:hiaarp@aarp.org) |  
[Twitter.com/aarphawaii](https://twitter.com/aarphawaii) | [facebook.com/aarphawaii](https://facebook.com/aarphawaii)

**The State Legislature  
House Committee on Finance  
Tuesday, February 25, 2025  
Conference Room 308 10:00 a.m.**

TO: The Honorable Kyle T. Yamashita  
FROM: Keali'i S. López, State Director  
RE: Support for H.B. 740, HD2 Relating to Housing

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

I am Keali'i Lopez, State Director of AARP Hawai'i. AARP is a nonprofit, nonpartisan, social impact organization dedicated to empowering people 50 and older to choose how they live as they age. We advocate at the state and federal level for the issues that matter most to older adults and their families. On behalf of our nearly 135,000 members statewide, thank you for the opportunity to share our testimony.

**AARP is in support of H.B. 740, HD2 which seeks to establish the Accessory Dwelling Unit Financing and Deed Restriction Program to allocate funds to the counties to provide grants to eligible homeowners or homebuyers 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 such property.**

H.B. 740 HD2 aligns with AARP's housing policy, which emphasizes the importance of increasing the availability of affordable housing options for all residents, particularly older adults. By reducing barriers to the development of ADUs, this bill encourages property owners to contribute to the creation of affordable housing units, thereby helping to meet the growing demand for such housing. The balance of taxpayer funded support with the proposed deed restrictions ensures these units remain affordable for Hawaii's residents.

Stable and affordable housing is a cornerstone of vibrant and resilient communities. By supporting this measure, we can foster long-term community stability and prevent displacement caused by rising housing costs. This bill provides a mechanism for creating affordable housing stock, which benefits all residents.



Affordable housing is not only a social good but also an economic one. Ensuring a supply of affordable housing can attract and retain a diverse workforce, support local businesses, and contribute to the overall economic health of our state. House Bill 740 can play a pivotal role in achieving these economic benefits. Having affordable housing enables working families to stay together and help support older adults to age in place. This stability is essential for the well-being of our aging population.

H.B. 740, HD2 represents a thoughtful and balanced approach to addressing our state's housing challenges. By establishing the Accessory Dwelling Unit Financing and Deed Restriction Program, Hawai'i can make significant strides towards ensuring that all residents have access to safe, affordable, and stable housing.

Thank you for the opportunity to testify in support of H.B. 740 HD2.



## CATHOLIC CHARITIES HAWAII

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

TO: House Committee on Finance

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

**Hearing: Tuesday, 2/25/25; 10:00 a.m.; CR 325 & via Videoconference**

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

Catholic Charities Hawai'i **Supports HB 740 HD2**, 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) is a tax exempt, non-profit agency that has been providing social services in Hawai'i for over 77 years. CCH has programs serving elders, children, families, homeless and immigrants. Our mission is to provide services and advocacy to the most vulnerable of the people in Hawai'i. Creating affordable housing and ending homelessness are our top priorities.

Hawai'i is in critical need of more housing for our local residents, as soon as possible. Creating accessory dwelling units (ADU) could more rapidly produce many housing units as well as securing these units for local residents, particularly our workforce. Many studies have reported that a high percentage of our workforce is considering moving away from Hawai'i. A major reason is the lack of housing which drives up rents. Assisting property owners to build an ADU, on their own land, can provide more options in our housing tool box. Implementing deed restriction on the property will ensure they target our local workers as well as elders and disabled people.

We support the Legislature's efforts to clarify any constitutional issues regarding the deed restrictions so that these government assisted ADUs can be targeted to bona fide Hawai'i residents.

Catholic Charities Hawai'i urges **your support** of this bill.

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



February 25, 2025

TO: Chair Yamashita and members of the House Finance Committee  
RE: SB 740 HD2 RELATING TO HOUSING.

Dear Chair Yamashita and Committee Members,

Housing Hawai'i's Future is a nonprofit dedicated to creating opportunities for Hawai'i's next generation by ending the workforce housing shortage.

**We support the establishment of the Accessory Dwelling Unit (ADU) Financing and Deed Restriction program through HB 740, HD2.**

Local families with existing ADU capacity on their residential lots often lack the capital necessary to gain financing for new housing construction. We need to stimulate ADU construction while generating a new, permanent market of affordable workforce housing for residents.

We support constructing accessory dwelling units as a strategy for generating more affordable housing across Hawai'i. HB 740 will tangibly operationalize the Accessory Dwelling Unit Act of 2024, known also as Act 39, SLH 2024.

Placing new ADUs under deed restrictions will guarantee that this housing remains workforce housing. As HHF concluded in our sixth policy brief, deed restrictions are an underutilized mechanism for meeting our housing needs.<sup>1</sup>

**We are grateful for your careful consideration of HB 740, HD2.**

Thank you,



Lee Wang  
Executive Director  
Housing Hawai'i's Future  
[lee@hawaiiisfuture.org](mailto:lee@hawaiiisfuture.org)



Perry Arrasmith  
Director of Policy  
Housing Hawai'i's Future  
[perry@hawaiiisfuture.org](mailto:perry@hawaiiisfuture.org)

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<sup>1</sup> Housing Hawai'i's Future. "Policy Brief #6: Deed Restrictions in Maui County." 2024.  
<https://www.hawaiiisfuture.org/resources/policy-brief-mau-deed-restrictions>.

# TAX FOUNDATION OF HAWAII

735 Bishop Street, Suite 417

Honolulu, Hawaii 96813 Tel. 536-4587

SUBJECT: CONVEYANCE; Accessory Dwelling Units; Grants; Voluntary Deed Restrictions; Dwelling Unit Revolving Fund

BILL NUMBER: HB 740 HD 2

INTRODUCED BY: House Committee on Housing

EXECUTIVE SUMMARY: Establishes the Accessory Dwelling Unit Financing and Deed Restriction Program to allocate funds to the counties to provide grants to eligible homeowners or homebuyers 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 such property.

SYNOPSIS: Adds a new part to chapter 201H, HRS, to establish the program. Under the program, the HHFDC is allowed to allocate funds from the Dwelling Unit Revolving Fund to a county to (1) Provide grants to eligible homeowners or homebuyers to finance construction costs, development costs, and non-reoccurring closing costs associated with the construction of an accessory dwelling unit; and (2) Purchase a deed restriction from eligible homeowners or homebuyers to be placed on the primary dwelling unit and accessory dwelling unit funded under this program.

The deed restriction placed on a property and owned by a county shall require that the property be occupied by at least one owner-occupant or tenant who:

- (1) Works an average of thirty hours or more per week at a qualified business;
- (2) Is involuntarily unemployed:
  - (A) From a job in which the owner-occupant or tenant worked an average of thirty hours or more per week at a qualified business at the time of initial occupancy; and
  - (B) For a period of less than three hundred sixty-five days;
- (3) Is retired; provided that the retiree:
  - (A) Was sixty-five years of age or older at the time of retirement; and
  - (B) Worked an average of thirty hours or more per week at a qualified business within the county; or
- (4) Has a disability, as defined in section 515-2, HRS; provided that the owner or tenant with a disability worked an average of thirty hours or more per week at a qualified business.

Makes conforming changes to section 46-15.2, HRS, to allow the counties power to participate in the program.

Amends section 103D-102, HRS, to provide that purchasing deed restrictions under the program is exempt from the Procurement Code.

Makes a conforming change to section 201H-191, HRS, that governs the DURF.

Amends section 247-3, HRS, to allow a conveyance tax exemption for any conveyance of real property with a county owned deed restriction under this program.

Makes a conforming change to section 525-4, HRS, to allow the deed restriction to be permanent and not subject to the rule against perpetuities.

EFFECTIVE DATE: July 1, 3000.

STAFF COMMENTS: If it is decided to implement this program and allow a conveyance tax exemption for properties on which a deed restriction is recorded, we suggest the following amendment to the exemption:

(18) Any document or instrument conveying real property with a county-owned deed restriction pursuant to subpart , part III of chapter 201H, including any document or instrument granting such a county-owned deed restriction.

Digested: 2/24/2025



### Comments for HB740/SB491

Aloha e Representatives, 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.

This bill is promising in its enactment of deed restrictions in exchange for funds for the construction of ADUs. However, the explicit restriction on any measure to actually guarantee affordability other than that a single-tenant on a multi-tenant property work in the state undercuts its whole purpose.

There is no reason to believe that simply having a tenant who works here means the rent or price of these units would be affordable. Indeed the 33% of households defined as ALICE households all work here and all cannot afford their rents.

We have invested billions in affordable housing for meager returns. There is no reason to impose this limitation on counties administering these funds and the language should be dropped.

Makana Hicks-Goo,  
Organizer on behalf of LIMBY Hawaii



**MAUI**  
CHAMBER OF COMMERCE  
**VOICE OF BUSINESS**

**HEARING BEFORE THE HOUSE COMMITTEE ON FINANCE  
HAWAII STATE CAPITOL, HOUSE CONFERENCE ROOM 308  
Tuesday, February 25, 2025 AT 10:00 A.M.**

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

**SUPPORT HB740 HD2 RELATING TO HOUSING**

The Maui Chamber of Commerce wholeheartedly **SUPPORTS HB740 HD2** which establishes the Accessory Dwelling Unit Financing and Deed Restriction Program to allocate funds to the counties to provide grants to eligible homeowners or homebuyers 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 such property.

Housing is a top priority for the Maui Chamber of Commerce and continues to be so as the crisis escalates following the wildfires and it directly impacts businesses and our economic revitalization. Before the wildfires, we needed over 10,000 units by 2025, but that number has only increased as 3% of our housing was lost in Lahaina. This is one of the main factors in the ever-increasing pricing of housing.

This is another excellent tool in the toolbox for housing.

For these reasons, we **SUPPORT HB740 HD2**.

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.

**HB-740-HD-2**

Submitted on: 2/24/2025 4:31:29 PM

Testimony for FIN on 2/25/2025 10:00:00 AM

Submitted By	Organization	Testifier Position	Testify
Doris Matsunaga	Save Medicaid Hawaii	Support	Written Testimony Only

Comments:

Save Medicaid Hawaii supports HB740 HD2



**HB-740-HD-2**

Submitted on: 2/23/2025 9:03:32 PM

Testimony for FIN on 2/25/2025 10:00:00 AM

Submitted By	Organization	Testifier Position	Testify
Kiana Otsuka	Individual	Support	Written Testimony Only

Comments:

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

My name is Kiana Otsuka, and I am an O‘ahu resident writing in **strong support of HB740 HD2**, which establishes the Accessory Dwelling Unit Financing and Deed Restriction Program to allocate funds to the counties to provide grants to eligible homeowners or homebuyers to finance construction costs, development costs, and non-recurring closing costs associated with the construction of an accessory dwelling unit and purchase deed restrictions on such property.

I am in support of this bill because it addresses financial barriers for ADU construction, protects our local workforce, works as a long-term solution for local workers and generations to come, and enables resident homeowners to play an active role in addressing Hawaii's housing challenges.

Hawai‘i’s rental market has reached a critical tipping point, with costs spiraling beyond what working families can afford, ranking 4th most expensive state for renters in the nation. The combination of limited affordable housing supply, stagnant wages, and minimal tenant protections has created a perfect storm that threatens the stability of our communities.

Those most vulnerable in our current system include the 56% of renters who spend more than 30% of their income on rent, single mothers with children (the demographic most often evicted), kūpuna on fixed social security income, and households with high healthcare, childcare, and foodcare costs.

Please pass this bill to provide grants for ADU construction while ensuring long-term affordability through deed restrictions and creating immediate housing opportunities that will be preserved for Hawaii's workforce.

Thank you for the opportunity to testify.

Mahalo,

Kiana Otsuka



Council Chair  
Alice L. Lee

Vice-Chair  
Yuki Lei K. Sugimura

Presiding Officer Pro Tempore  
Tasha Kama

Councilmembers  
Tom Cook  
Gabe Johnson  
Tamara Paltin  
Keani N.W. Rawlins-Fernandez  
Shane M. Sinenci  
Nohelani U'u-Hodgins



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](http://www.MauiCounty.us)

February 24, 2025

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

FROM: Alice L. Lee  
Council Chair 

SUBJECT: **HEARING OF FEBRUARY 25, 2025; TESTIMONY IN SUPPORT OF  
HB740, HD2, RELATING TO HOUSING**

I **support** this measure to establish an Accessory Dwelling Unit (ADU) Financing and Deed Restriction Program under 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. By reducing financial barriers to ADU construction, this bill encourages homeowners to develop additional housing units on their properties. These units can provide long-term rental options for local families, kūpuna, and workforce members who are struggling to find stable housing.
2. The voluntary deed restriction program helps prevent ADUs from being used for short-term rentals or speculative resale. By preserving these units for local residents, this bill ensures that the benefits of increased housing stock remain within the community for generations to come.
3. Instead of requiring counties to apply for individual grants, this bill streamlines the process by allocating an annual lump sum, allowing counties to effectively plan, administer, and distribute resources to homeowners based on their specific housing needs.

Thank you for your consideration.

**HB-740-HD-2**

Submitted on: 2/24/2025 9:16:57 AM

Testimony for FIN on 2/25/2025 10:00:00 AM

Submitted By	Organization	Testifier Position	Testify
Lawrence S Franco	Individual	Support	Written Testimony Only

Comments:

With increased density on current residential lots, ADUS will accomplish more housing for our local people.

**HB-740-HD-2**

Submitted on: 2/24/2025 10:19:07 AM

Testimony for FIN on 2/25/2025 10:00:00 AM

Submitted By	Organization	Testifier Position	Testify
Stacey Alapai	Individual	Support	Written Testimony Only

Comments:

Please support HB740. There are so many people in our community who would love to build an ADU to provide housing for our neighbors but the costs to build are restrictive. By supporting locally owned long term rentals, we can increase housing supply AND provide an income source for local homeowners to stay in their primary home.

To: Hawaii State House Committee on Finance  
Hearing Date/Time: Tuesday February 25, 2025, 10:00am  
Place: Hawaii State Capitol, CR 308 & Videoconference  
Re: Judith Ann Armstrong supports HB740 Relating to Housing

Dear Chair Rep. Kyle T. Yamashita, Vice Chair Rep Jenna Takenouchi and members of the Committee on Finance

I, Judith Ann Armstrong, support HB740, which would establish the Accessory Dwelling Unit Deed Restriction Program to create a protected market of housing specifically for Hawaii workforce residents.

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 the 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 have been cited as the primary reason for locals leaving Hawaii, with a mass exodus of thousands of local families leaving

Many long-time local landowners want to preserve housing for locals, yet face increasing financial pressure to sell to outside investors. This program offers a practical solution.

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 to create housing stability for Hawaii's families.

Mahalo for the opportunity to testify.

Sincerely,

Judith Ann Armstrong