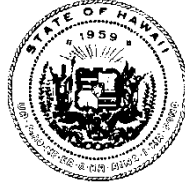


JOSH GREEN, M.D.  
GOVERNOR

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

### SENATE COMMITTEE ON HOUSING

January 30, 2025 at 1:10 p.m.  
State Capitol, Room 225

In consideration of  
**S.B. 156**  
**RELATING TO HOUSING.**

Chair Chang, Vice Chair Hashimoto, and members of the Committee.

HHFDC has comments on SB 156, which requires certain landlords to provide a specified notice to a tenant regarding the tenant's potential right to purchase the property, under certain conditions. It also allows tenants, families, local governments, affordable housing nonprofits, and community land trusts forty-five days to match or beat the best bona fide offer to buy an eligible affordable housing property.

HHFDC agrees that the preservation of subsidized affordable housing is vital to preventing the displacement of local working families in Hawaii.

The provision to allow tenants the right to purchase a unit would not be feasible in most cases. The ownership structure of most rental projects is as a single owner, where all units are collectively owned by one entity with no legal separation of units, unlike fee-simple condominiums where individual units can be owned by separate owners under a condominium property regime (CPR).

Converting a rental project to a CPR structure is costly and time-consuming; a requirement that rental properties be mandated to undergo such a conversion would likely be opposed by affordable housing providers. Tenants of projects previously

subject to Section 42 restrictions may also not have the financial resources to purchase units without significant assistance or resources.

It appears that section (b) on page 3 requires a 12-month notice period prior to an owner selling eligible affordable housing property. We note that this seems to be a long notice period.

It may be beneficial to provide incentives for owners to sell projects to an eligible party. Such incentives could be a reduction in conveyance tax, a reduction in capital gains tax, or other measures that provide a benefit to the owner.

Thank you for the opportunity to testify on this bill.



January 30, 2025

**The Honorable Stanley Chang, Chair**

Senate Committee on Housing

State Capitol, Conference Room 225 & Videoconference

**RE: Senate Bill 156, Relating to Housing**

**HEARING: Tuesday, January 30, 2025, at 1:10 p.m.**

Aloha Chair Chang, Vice Chair Hashimoto, 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 Senate Bill 156, which requires certain landlords to provide a specified notice to a tenant regarding the tenant's potential right to purchase the property, under certain conditions. Allows tenants, families, local governments, affordable housing nonprofits, and community land trusts forty-five days to match or beat the best bona fide offer to buy an eligible affordable housing property

Under this measure, if an owner of an eligible affordable housing property intends to sell or transfer their property, it requires 12 months' notice to an eligible party which is defined as state or county housing agency, affordable housing nonprofit, community land trust, or tenant of the eligible affordable housing property. For the first 45 days after providing notice, the owner can only consider offers from eligible parties. If, after this period, the owner receives a valid offer from a non-eligible party they must notify all eligible parties of the material terms of the offer. Eligible parties then have 15 days or 60 days after providing notice to submit a matching offer, which the owner must accept if it is materially the same, with priority given to tenants over other non-governmental eligible parties. The owner must then accept the matched offer or engage in good-faith negotiations. If, after 90 days, no eligible party submits a matching offer, the owner is no longer obligated to follow these requirements.

Homeowners who are renting their property to a tenant may need to sell for a variety of reasons and in some instances quickly, such as due to financial hardship or family needs. Because of the 12 months' notice requirement, this could add up to 1 year or more before a homeowner can sell their property. Additionally, market conditions, such as rising interest rates, can fluctuate within a year, which can result in disqualifying someone who was previously qualified. This also removes a homeowner's right to sell their property in the open market, including to their own family members.

Additionally, under the REALTOR® Code of Ethics it prohibits the disclosure of terms and conditions of an offer to other parties unless directed by the seller to do so.



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Under this measure, confidentiality is lost by sharing the terms and conditions of the bona fide offers.

Mahalo for the opportunity to testimony.

