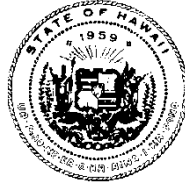


JOSH GREEN, M.D.  
GOVERNOR

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

### SENATE COMMITTEE ON HOUSING

January 30, 2024 at 1:00 p.m.  
State Capitol, Room 225

In consideration of  
**S.B. 2066**  
**RELATING TO HOUSING.**

HHFDC has comments on SB 2066, which requires certain projects meeting the criteria of Section 201H-38(a)(1), Hawai'i Revised Statutes, to be exclusively for sale or rent to occupants who are Hawaii residents who own no other real property.

Further clarification of this bill needs discussion as the interpretation of the bill appears to offer a second path for a project to qualify as a 201H project; however, the alternative is the same as the current qualification conditions but with an additional condition that all units be sold or rented to Hawaii residents who own no other real property.

With respect to restricting unit sales and rentals to persons who own no other real property, this restriction would be punitive to certain persons, such as those who inherit a minority interest in real property, own an interest in a kuleana parcel, or have an interest in real property where a dwelling cannot be constructed (such as a commercial property).

This is why Chapter 201H, HRS, very carefully sets forth the qualifications for persons who may purchase or rent real property developed under HHFDC's housing development programs with the following definition in Section 201H-32:

"Qualified resident" means a person who:

- (1) Is a citizen of the United States or a resident alien;
- (2) Is at least eighteen years of age;

(3) Is domiciled in the State and physically resides in the dwelling unit purchased or rented under this chapter;

(4) In the case of the purchase of real property in fee simple or leasehold, has a gross income sufficient to qualify for the loan to finance the purchase; or in the case of a rental, demonstrates an ability to pay rent as determined by the corporation and meets any additional criteria established by the corporation for the respective rental housing development for which the applicant is applying; and

(5) Meets the following qualifications:

(A) Is a person who either by the person's self, or together with spouse or household member, does not own a majority interest in fee simple or leasehold lands suitable for dwelling purposes or a majority interest in lands under any trust agreement or other fiduciary arrangement in which another person holds the legal title to the land; and

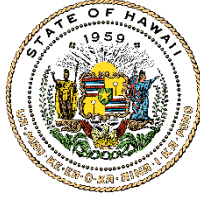
(B) Is a person whose spouse or household member does not own a majority interest in fee simple or leasehold lands suitable for dwelling purposes or more than a majority interest in lands under any trust agreement or other fiduciary arrangement in which another person holds the legal title to the land, except when husband and wife are living apart under a decree of separation from bed and board issued by the family court pursuant to section 580-71;

provided that for purchasers of market-priced units in an economically integrated housing project, the term "qualified resident" means a person who is a citizen of the United States or a resident alien; is domiciled in the State and shall physically reside in the dwelling unit purchased; is at least eighteen years of age; and meets other qualifications as determined by the developer.

Thank you for the opportunity to testify on this bill.

JOSH GREEN, M.D.  
GOVERNOR | KE KIA'ĀINA

SYLVIA LUKE  
LIEUTENANT GOVERNOR | KA HOPE KIA'ĀINA



STATE OF HAWAII | KA MOKU'ĀINA 'O HAWAII'  
DEPARTMENT OF LAND AND NATURAL RESOURCES  
KA 'OIHANA KUMUWAIWAI 'ĀINA

P.O. BOX 621  
HONOLULU, HAWAII 96809

DAWN N.S. CHANG  
CHAIRPERSON  
BOARD OF LAND AND NATURAL RESOURCES  
COMMISSION ON WATER RESOURCE  
MANAGEMENT

RYAN K.P. KANAKA'OLE  
FIRST DEPUTY

DEAN D. UYENO  
ACTING DEPUTY DIRECTOR - WATER

AQUATIC RESOURCES  
BOATING AND OCEAN RECREATION  
BUREAU OF CONVEYANCES  
COMMISSION ON WATER RESOURCE  
MANAGEMENT  
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CONSERVATION AND RESOURCES  
ENFORCEMENT  
ENGINEERING  
FORESTRY AND WILDLIFE  
HISTORIC PRESERVATION  
KAHOOLAWE ISLAND RESERVE COMMISSION  
LAND  
STATE PARKS

Testimony of  
DAWN N.S. CHANG  
Chairperson

Before the Senate Committee on  
HOUSING

Tuesday, January 30, 2024  
1:00 PM  
State Capitol, Conference Room 225

In consideration of  
SENATE BILL 2066  
RELATING TO HOUSING

Senate Bill (SB) 2066 proposes to require certain projects meeting the criteria of section 201H-38(a)(1), Hawaii Revised Statutes (HRS), to be exclusively for sale or rent to occupants who are Hawaii residents who own no other real property. **The Department of Land and Natural Resources (Department) acknowledges the intent of this bill and offers the following comments.**

The proposed amendments in SB2066 are not problematic. However, the Department would like to express concerns regarding the existing exemptions “from all statutes, ordinances, charter provisions, and rules of any government agency relating to planning, zoning, constructions standards for subdivision, development and improvement of land, and the construction of dwelling units...” currently afforded to the Hawaii Housing Finance and Development Corporation under HRS§201H-38(a).

The State and counties are participating communities in the National Flood Insurance Program (NFIP) and are subject to compliance with federal regulations set forth with the National Flood Insurance Act of 1968 (42 U.S.C. §§4001). Pursuant to 44 CFR § 60.3(a), all proposed development and subdivisions encroaching within Special Flood Hazard Areas (SFHA) identified as “A” or “V” type flood zones on the Federal Emergency Management Agency’s Flood Insurance Rate Maps must be reviewed for floodplain management compliance and issued a building and/or development permit prior to construction by the applicable community official.

Any State or county law that is not consistent with the NFIP may jeopardize continued eligibility and participation in the program. *See* 44 CFR § 60.24. The unintended consequences of program suspension, include the following:

- No federal flood insurance can be sold or renewed in non-participating communities. The Federal government requires flood insurance for all buildings located in a SFHA secured with a federally backed loan, including Home Equity Loans.
- Certain forms of federal disaster assistance, including mitigation grants, will not be available in the event of a Presidential Disaster Declaration.

Furthermore, unregulated and/or noncompliant development within floodplains increases the risk to life and property from flooding.

Mahalo for the opportunity to comment on this measure.



**Church  
of the  
Crossroads**  
United Church of Christ



**TESTIMONY IN SUPPORT OF BILL SB 2066**

Senate Committees on Housing  
January 30, 2024 at 1:00 p.m.  
Conference Room 225 & Video

**LATE**

Chair Chang, Vice Chair Hashimoto, Members,

Church of the Crossroads, Hawaii's first deliberately interracial congregation now over 100 years old, remains committed to supporting Hawaii's richly diverse population. We ask you to **please pass SB 2066**, which expands the range of affordable housing projects able to benefit from 201H-38 exemptions supported by Hawaii Housing Finance and Development Corporation.

Hawaii has been building homes at a rate of only 2,000 units per year, far lower than the 10,000 necessary to house residents. Hawaii's limited housing production coupled with sky-high demand drives our people to the mainland. The State's population has declined for seven consecutive years. The people leaving include our young and others most needed for our future. It's a tragedy that more Native Hawaiians now live outside Hawaii than in Hawaii. Unless we *reverse* this downward spiral, Hawaii will suffer the fate of Japan, China, and Western Europe, where declining birthrates fail to keep pace with increased retirees, dimming economic futures.

Instead, our islands need to help Hawaii's "priced out" children, relatives, and friends find homes here. Our people don't like having the world's wealthy overwhelm this small local market with their often-vacant vacation homes.

SB 2066 provides the Hawaii Housing Finance and Development Corporation the option to offer 201H-38 exemptions "exclusively for sale or rent to occupants who are Hawaii residents who own no other real property." It is our understanding that it's legal to restrict sales to residents; any person who qualifies for a Hawaii drivers license or State ID qualifies as a resident. Asking residents to live in the unit and to own no other property means occupants will likely be local people needing an affordable home. It means housing for *us*.

Mahalo for your attention to the Church's testimony in support of SB 2066.

Aloha,

Galen Fox, Past Moderator (President)  
for Church of the Crossroads