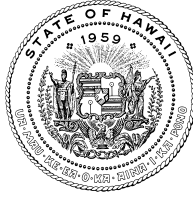


JOSH GREEN, M.D.
GOVERNOR

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 27, 2026 at 1:00 p.m.

State Capitol, Room 225

In consideration of

SENATE BILL 2063

RELATING TO THE RENTAL HOUSING REVOLVING FUND.

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

HHFDC **supports with comments** Senate Bill 2063, which proposes revisions to the Mixed-Income Subaccount within the Rental Housing Revolving Fund (RHRF), including updated priority criteria and authorization for fund transfers.

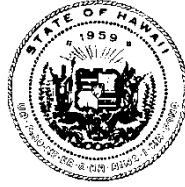
This bill expands financing options for rental and for-sale housing projects. While the bill's approach to broaden the scope of the Mixed-Income Subaccount within the RHRF is commendable, we have the following comments:

1. Expand the Dwelling Unit Revolving Fund (DURF). The amendments to section 201H-202(f) with respect to expanding the forms of financing for for-sale projects would be better implemented by expanding the uses of the Dwelling Unit Revolving Fund (DURF). DURF is the primary vehicle of funding for-sale projects and already is authorized to provide interim financing of for-sale projects and infrastructure that supports for-sale projects.
2. Least State Funding Per Unit and Shortest Loan Repayment. We note that this criterion will have the effect of giving preference to projects with a greater mix of higher AMI units since the higher rents will enable projects to obtain more conventional financing. The higher AMI profile should also enable projects to repay loans more quickly.
3. Revenue Neutral Projects. We note that developers and investors who finance rental and for-sale housing projects will seek a commensurate return to compensate for the development risk of a project. The cost of capital is a project cost and an equitable

financial return will need to be factored into the definition of “revenue neutral” and rules to be adopted.

Thank you for the opportunity to testify.

JOSH GREEN, M.D.
GOVERNOR
KE KIA'ĀINA



HAKIM OUANSAFI
EXECUTIVE DIRECTOR

BARBARA E. ARASHIRO
EXECUTIVE ASSISTANT

STATE OF HAWAII
KA MOKU'ĀINA O HAWAI'I
HAWAII PUBLIC HOUSING AUTHORITY
1002 NORTH SCHOOL STREET
POST OFFICE BOX 17907
HONOLULU, HAWAII 96817

IN REPLY PLEASE REFER TO:

26:OED

Statement of
Hakim Ouansafi, Executive Director
Hawaii Public Housing Authority

Before the
SENATE COMMITTEE ON HOUSING

Tuesday, January 27, 2026
1:00 PM – Room 225, Hawaii State Capitol

In consideration of
SB 2063
RELATING TO THE RENTAL HOUSING REVOLVING FUND

Honorable Chair Chang, Vice Chair Hashimoto, and Members of the Senate Committee on Housing:

Thank you for the opportunity to provide testimony in support of **Senate Bill 2063**. This measure revises the Mixed-Income Subaccount within the Rental Housing Revolving Fund by updating the project funding priority list, establishing additional project priority criteria, authorizing transfers within the Mixed-Income Subaccount without legislative approval, permitting conveyance tax revenues deposited into the Rental Housing Revolving Fund to be transferred to the Mixed-Income Subaccount, and appropriating funds to support these purposes.

The Hawaii Public Housing Authority (HPHA) supports the passage of this measure. Prioritizing housing projects on state or county owned land, or developed in partnership with the state or counties, is essential to addressing Hawaii's housing crisis. These projects significantly reduce development costs, improve overall financial feasibility, and help leverage private investment. Moreover, this approach supports the creation of mixed-use, mixed-income communities that promote economic and social mobility by providing residents with improved access to employment opportunities, education, and essential services.

All of HPHA's ongoing redevelopment projects will remain State-owned or will be conveyed back to the State at a defined point in time. In addition, HPHA intends to continue utilizing federal repositioning programs, including the Rental Assistance Demonstration (RAD) and Faircloth-to-RAD both of which require replacement rental units to remain affordable in perpetuity.

Thank you for your thoughtful consideration of this measure and for your continued commitment to expanding affordable housing opportunities in Hawaii.



January 27, 2026

TO: Chair Chang and Members of the Senate Housing Committee
RE: SB 2063, Relating to the Rental Housing Revolving Fund

Dear Chair Chang 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 urge the Senate Committee on Housing to advance Senate Bill 2063.

This measure will strengthen the Mixed-Income Subaccount established under Act 159, SLH 2025. This act will further enable the program to support for-sale opportunities for residents in the future. To date, Hawai'i has the lowest rate of home ownership among young adults (those under 35) in the entire United States.

Our housing shortage requires more flexibility among state programs. Through Senate Bill 2063, the Hawai'i Housing Finance and Development Corporation (HHFDC) will be permitted to transfer moneys to support such for-sale opportunities, which are sorely lacking in our state.

Senate Bill 2063 is a great opportunity to expand housing options for residents.

We are grateful for your careful consideration of Senate Bill 2063.

Thank you,



Lee Wang
Executive Director
Housing Hawai'i's Future
lee@hawaiiisfuture.org



Perry Arrasmith
Director of Policy
Housing Hawai'i's Future
perry@hawaiiisfuture.org



CATHOLIC CHARITIES HAWAI'I

COMMENTS-SB 2063: RELATING TO THE RENTAL HOUSING REVOLVING FUND

TO: Senate Committee on Housing
FROM: Tina Andrade, President and CEO, Catholic Charities Hawai'i
Hearing: Tuesday, 1/27/26; 1:00 pm; CR 225 & Videoconference

Chair Chang, Vice-Chair Hashimoto, and Members, Committee on Housing:

Catholic Charities Hawai'i provides **Comments on SB 2063**, which revises the mixed-income subaccount within the Rental Housing Revolving Fund (RHRF), including adding funding to finance for-sale projects.

Catholic Charities Hawai'i (CCH), a community-based organization, has provided social services in Hawai'i for over 78 years, delivering support to over 70,000 persons statewide (CCH 2024 Annual Report). Our services target the most vulnerable in Hawai'i, including elders, veterans, children, families, houseless individuals, and immigrants. We have a long history of addressing affordable housing and homelessness.

Catholic Charities Hawai'i supports the intent of this bill to expand rental housing for our workforce, who are struggling to remain in Hawai'i. We support Tier II funding within the Rental Housing Revolving Fund, which is already producing these units. The mixed-income subaccount is essential to sustaining the development of Tier II rental projects.

We recognize the Legislature's concern for workforce households who hope to buy a home but are priced out of the market. This is an important issue, and programs such as the Dwelling Unit Revolving Fund (DURF)—or a new dedicated fund—are better suited to support homeownership initiatives. We encourage the Legislature to address for-sale and rental housing separately so each receives the focused attention it deserves.

Using DURF or another dedicated mechanism would provide transparency, a clear framework for promoting affordable homeownership, and room for creative approaches tailored to residents statewide. A separate program would also prevent confusion between homeownership efforts and the State's rental housing initiatives.

We strongly urge the Legislature to keep the Rental Housing Revolving Fund focused on producing rental housing. This remains essential for lower-income workers, the broader workforce, kūpuna, and families struggling to find stable, affordable homes—and is critical to the State's highest priority of preventing homelessness.

We urge your support for the language in SB 2060, which focuses on the mixed-income subaccount on rental housing for Hawai'i's workforce. We urge you to **defer this bill or to amend it to keep these two important initiatives separate.**

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

LATE

January 26, 2026

The Honorable Senator Stanley Chang, Chair
The Honorable Troy N. Hashimoto, Vice Chair
and Members of the Senate Committee on Housing

Re: Testimony – SB 2063 Relating to the Rental Housing Revolving Fund
Hearing: January 27 at 1:00 PM, Conference Room 225

Dear Chair Chang, Vice Chair Hashimoto, and Committee Members:

Stanford Carr Development (SCD) requests a **deferral of this bill** to a subsequent meeting. In general, SCD opposes the following portions of SB 2063, which proposes modifying the priority list for project funding and adds new project criteria to the RHRF mixed-income subaccount.

With respect to amendments to 201H-202 subsection (f):

1. **For-sale projects do not require RHRF; all RHRF funds should deploy to rental projects.**

The inclusion of “for-sale projects” appears to allow the **Rental** Housing Revolving Fund to provide gap financing to for-sale projects – regardless of whether or not they include rentals. The purpose of the RHRF is to provide necessary soft-second gap financing in a junior position to supplement the difference between financeable equity and under-writable senior debt loans. For-sale projects can generally support other, higher cost gap financing in mezzanine positions, whereas rental projects, especially those which are targeted to families earning less than 140% of the AMI, cannot. While for-sale projects can generally subsidize their affordable units with market units, rental units cannot do the same to the scale needed to alleviate the need for the RHRF.

To the extent the language on page 3 line 1 &2 allows for the RHRF to provide gap financing to for-sale projects, **SCD opposes this for the preceding reasons.**

To the extent that the language is intended to allow for RHRF to be deployed to rental units **within** a mixed use project which may contain for-sale units, SCD supports this initiative and urges the committee to clarify the language accordingly.

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With respect to the proposed amendments to the priority list at the end of the amendments to 201H-202 subsection (f):

1. Deletion of Priority 1

The purpose of the mixed-income sub account is to provide financing for mixed-income rentals. That priority should remain first and foremost.

The original purpose of the mixed-income subaccount was to set-aside portions of the RHRF to fund projects other than LIHTC projects (which generally serve families of low and very low incomes of 30-60% AMI) – hence the reference to households earning up to 140% of the AMI. The Legislature, when enacting the mixed-use subaccount amendment in 2025, found that there were & are veritable socio-economic benefits of producing communities wherein spectrums & diversities of economic and cultural backgrounds co-exist and cohabitate.

As it relates either to providing a diverse range of affordable housing options across the housing spectrum in general or as the foundational purpose of the mixed-income subaccount, **SCD opposes removing this priority.**

2. Amendment of Priority 3.

The term “efficiency” has a broad meaning in the rental development community that accounts for more than funding per unit and repayment period.

It is widely understood that “efficiency” of resources has a significantly broader and mission-critical meaning than simply dollar weighted metrics. HHFDC analyzes and alters (with development-community feedback) the criterion for evaluation annually alongside its Qualified Allocation Plan for LIHTC. These metrics include several intangible quantities that transcend typical financial under-writing parameters – and for good reason.

Among those reasons is the basic fact that, all else equal, neighbor islands suffer from both higher construction costs and lower incomes – both of which run antithetical to the proposed amendment. Among several more nuanced reasons for leaving the priority as written, one side-effect of this amendment could mean that no projects outside of those in Honolulu are awarded because Honolulu’s projects will almost always have a lower cost per unit and higher net operating incomes to return the borrowed RHRF back to the State faster.

For the foregoing, SCD finds that the term “efficiency” is far more appropriate and that HHFDC serves an important role in defining “efficiency” in its QAP in a way that captures the nuances of equitably and meritoriously awarding these precious resources.

Page 4

3. **New priority 4**

Revenue neutrality is not financially feasible and would deter all private capital – equity and debt – from investing in rentals and burden the State with the entirety of financing should it still wish to increase the quantity of affordable housing.

The debt-service coverage is a ratio between the Net Operating Income (NOI) of a rental project to its mortgage payment for the same amount of time (NOI/Debt). At a minimum, all projects must achieve a minimum debt service coverage ratio of 1.15 – necessitating the need for revenue surplus for senior debt alone. Furthermore, the capital invested in pre-development, typically by a developer, is of such size and risk that revenue neutrality forces the logical conclusion that such capital is better invested in treasuries.

Whether to satisfy minimum under-writing requirements of institutional private lenders, or to induce developers to put significant capital at risk, the success of the RHRF is owed to its leverage with private capital, without which, the RHRF no longer serves as a means to provide for “gap” financing.

While SCD understands the desire to maintain a level of affordability for projects funded with RHRF, it seeks to understand the aims of this priority so it may offer additional comment.

SCD also finds new criteria 5 problematic, but wishes to understand the intent of the amendments further before offering comment.

Should you have any questions, please do not hesitate to contact me at (808) 537-5220.

Respectfully,

Stanford S. Carr

SB-2063

Submitted on: 1/25/2026 8:06:53 PM

Testimony for HOU on 1/27/2026 1:00:00 PM

Submitted By	Organization	Testifier Position	Testify
Angela Young	Testifying for ROAR & CARES	Support	Remotely Via Zoom

Comments:

Support.