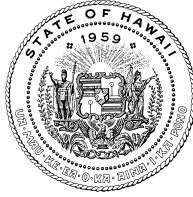


**JOSH GREEN, M.D.**  
GOVERNOR

**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**

February 03, 2026 at 1:00 p.m.

State Capitol, Room 225

In consideration of

### **SENATE BILL 2190**

### **RELATING TO INCLUSIONARY ZONING.**

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

HHFDC **supports** Senate Bill 2190, which addresses inclusionary zoning requirements for housing developments.

Hawaii continues to face a severe affordable housing shortage that impacts local families and our workforce. This bill takes an important step toward preserving housing opportunities for residents by prohibiting inclusionary zoning requirements on housing offered exclusively for sale or rent in perpetuity to local residents who are owner-occupants or renters and do not own other real property.

While this measure does not affect past decisions where inclusionary zoning requirements were imposed, it creates an opportunity for the State and counties to revisit projects that have not yet been developed. Many of these projects remain stalled, and this bill could help remove barriers that have contributed to delays, allowing more housing to move forward and ultimately benefit local residents.

This bill directly supports the Governor's commitment to increasing affordable housing production by removing regulatory barriers that often slow or prevent development. By exempting housing offered exclusively to local residents in perpetuity from inclusionary zoning requirements, this bill makes these projects more financially feasible and attractive to developers.

This approach aligns with the Governor's vision to accelerate housing construction while ensuring homes remain accessible to Hawaii residents. Furthermore, by creating flexibility for

projects that have not yet broken ground, this bill provides an opportunity to unlock stalled developments and deliver much-needed housing more quickly.

By ensuring that housing reserved for Hawaii residents is not subject to additional inclusionary zoning mandates, this bill promotes the development of homes that strengthen our communities and keep families in the islands. This approach aligns with the Legislature's intent to address the housing crisis while prioritizing local occupancy and affordability.

Thank you for the opportunity to testify.

DEPARTMENT OF PLANNING AND PERMITTING  
KA 'OIHANA HO'OLĀLĀ A ME NĀ PALAPALA 'AE  
CITY AND COUNTY OF HONOLULU

650 SOUTH KING STREET, 7TH FLOOR • HONOLULU, HAWAII 96813  
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**LATE**

RICK BLANGIARDI  
MAYOR  
MEIA



DAWN TAKEUCHI APUNA  
DIRECTOR  
PO'O

BRYAN GALLAGHER, P.E.  
DEPUTY DIRECTOR  
HOPE PO'O

REGINA MALEPEAI  
2<sup>ND</sup> DEPUTY DIRECTOR  
HOPE PO'O KUALUA

TESTIMONY OF THE DEPARTMENT OF PLANNING AND PERMITTING

BEFORE THE SENATE COMMITTEE ON HOUSING

February 3, 2026

Conference Room 225

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

RE: COMMENTS ON SENATE BILL NO. 2190, RELATING TO INCLUSIONARY  
ZONING

The Department of Planning and Permitting (DPP) **offers comments** on Senate Bill No. 2190, which prohibits any law, ordinance, or rule from imposing an inclusionary zoning requirement on housing offered exclusively for sale or rent in perpetuity to buyers or renters who are residents of the State, are owner-occupants or renters, and do not own any other real property.

It appears that the intent of the Bill is to remove all inclusionary zoning requirements related to restrictions on affordability, thus allowing developments to be sold or rented primarily, if not entirely, at market prices and rents. This override of income eligibility requirements runs counter to our decades-long basic housing strategy, which is to focus limited public resources on delivering more housing to those most in need.

According to the City's most recent Annual Report on the Status of Land Use on Oahu, the housing cost burden is most onerous for low-income households, i.e., those with income at or below 80 percent of Honolulu's area median income. Households in this income category, both homeowners and renters, are considered severely housing-cost burdened, meaning they pay more than one-half of their income on housing. This Bill replaces a need-based strategy with one that supports housing production for Hawai'i residents who do not own property, including those with high incomes.

The City has depended on inclusionary zoning for decades and it has, without a doubt, benefited local residents. Curtailing this program would be detrimental to the City's goal of increasing the supply of affordable housing. Going forward, the City is

The Honorable Stanley Chang, Chair  
and Members of the Committee on Housing  
Hawai'i State Senate  
Senate Bill No. 2190  
February 3, 2026  
Page 2

committed to take a more direct and active role in the development and financing of affordable housing. We are continually striving to expand the housing supply for residents across the income spectrum, increase homeownership opportunities, and, most importantly, create communities that our future generations are able to afford and call home. Furthermore, the City has and continues to respond to the real estate market by amending rules and regulations to remove barriers, such as eliminating the required gross household income to housing payment ratio.

We respectfully offer these comments on Senate Bill No. 2190, and request that it be held in Committee.

Thank you for the opportunity to testify.

Very truly yours,



Dawn Takeuchi Apuna  
Director



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

February 3, 2026

Senate Committee on Housing  
Hawai'i State Capitol  
Honolulu, HI 96813

**RE: SUPPORT for SB 2190 - RELATING TO INCLUSIONARY ZONING**

Aloha Chair Chang, Vice Chair Hashimoto, and Members of the Committee,

On behalf of Hawai'i YIMBY, we are writing in **support of SB 2190**, which takes a careful and reasonable approach to a complex housing policy issue. Research and experience show that inclusionary zoning can help create affordable units, but finding the exact balance between requirements and incentives that results in no net loss of overall housing production is difficult. Small changes in policy design or market conditions can shift outcomes from helpful to harmful.

When inclusionary zoning requirements are set too high or not matched with sufficient incentives, they can reduce the number of homes built across the market. This uncertainty makes it especially important to avoid policies that could unintentionally slow housing production in a state already facing a severe housing shortage.

SB 2190 recognizes this challenge by exempting certain perpetually restricted, locally focused housing from inclusionary zoning requirements. These homes are already dedicated to serving local residents over the long term. Applying additional set-aside requirements in these cases risks discouraging more housing production without delivering meaningful public benefit.

Supporting this bill does not mean abandoning the goal of creating more affordable housing. It means acknowledging the limits of one policy tool and committing to continued work on data-backed solutions. Housing policy should be guided by evidence



**Hawai'i YIMBY**  
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that shows we are increasing affordability while also maintaining or growing the overall housing supply.

SB 2190 is a prudent step that protects housing production today while leaving room to refine and improve inclusionary zoning policies based on real-world outcomes.

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

Huey Kwik

Chapter Lead, Hawai'i YIMBY



Feb. 3, 2026, 1 p.m.  
Hawaii State Capitol  
Conference Room 225 and Videoconference

**To: Senate Committee on Housing**  
**Sen. Stanley Chang, Chair**  
**Sen. Troy N. Hashimoto, Vice-Chair**

**From: Grassroot Institute of Hawaii**  
**Ted Kefalas, Director of Strategic Campaigns**

RE: SB2190 — RELATING TO INCLUSIONARY ZONING

Aloha chair, vice-chair and other members of the committee,

The Grassroot Institute of Hawaii **supports** [SB2190](#), which would prohibit counties from imposing inclusionary zoning requirements on projects offered for sale or rent in perpetuity to residents of the state who do not own any other real property.

This bill is a smart approach to dealing with affordable housing mandates that often stifle homebuilding.<sup>1</sup>

Affordable housing mandates force homebuilders to raise the prices of their market-rate homes to make up for the so-called affordable homes, and that becomes even more problematic, depending on the percentage of homes that must be so-called affordable.

Think of it this way: If a car manufacturer were required to sell three out of every 10 cars at a loss, the company would make up for those losses by increasing prices on the seven cars they are allowed to sell for profit.

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<sup>1</sup> Tom Means, Edward Stringham and Edward Lopez, "[Below-Market Housing Mandates as Takings: Measuring their Impact](#)," The Independence Institute, November 2007; Carl Bohnam, Kimberly Burnett, Andrew Kato, et al., "[Inclusionary Zoning: Implications for Oahu's Housing Market](#)," The Economic Research Organization at the University of Hawai'i, Feb. 12, 2010; Sanford Ikeda and Emily Washington, "[How land-use regulation undermines affordable housing](#)," Mercatus Research, November 2015; Arjuna Heim, "[We need to talk about inclusionary zoning](#)," Hawaii Appleseed Center for Law & Economic Justice, Aug. 13, 2025.

Customers will respond to the higher prices by buying fewer cars, which will prompt the manufacturer to produce fewer cars.

In a real sense, this is what is happening to Hawaii’s housing market: Affordable housing mandates are reducing the amount of housing that gets built.

Research supports this. Carl Bonham at the Economic Research Organization at the University of Hawai‘i pointed out in 2013 that inclusionary zoning “reduces incentives for developers to produce all forms of housing, and will reduce the overall supply of housing units and increase the price of housing.”<sup>2</sup>

And a 2024 study of a voluntary inclusionary zoning program in Los Angeles found that “increasing IZ requirements may not produce substantially more below market-rate units, and is very likely to reduce future housing production.” The study concluded that land-use reform would be a more effective way to increase the housing supply.<sup>3</sup>

Grassroot applauds SB2190 for recognizing that inclusionary zoning doesn’t work, and we urge the Legislature to approve this bill.

Thank you for the opportunity to testify.

Ted Kefalas  
Director of strategic campaigns  
Grassroot Institute of Hawaii

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<sup>2</sup> Carl Bonham, “[The Unintended Consequences of Affordable Housing Policy](#),” The Economic Research Organization at the University of Hawai‘i, Sept. 8, 2013.

<sup>3</sup> Shane Phillips, “[Modeling Inclusionary Zoning’s Impact on Housing Production in Los Angeles: Tradeoffs and Policy Implications](#),” Turner Center for Housing Innovation, April 2024.





# HAWAII APPLESEED

## CENTER FOR LAW & ECONOMIC JUSTICE

Testimony of the Hawai'i Appleseed Center for Law and Economic Justice  
**Support for SB2190 – Relating to Inclusionary Zoning**  
Senate Committee on Housing  
Tuesday, February 3, 2026 at 1:00PM Conf. Rm. 225 and via Videoconference

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Aloha Chair Chang, Vice Chair Hashimoto, and members of the committee;

Mahalo for the opportunity to testify in **support of SB 2190**, relating to inclusionary zoning. SB 2190 would prohibit the counties from implementing an inclusionary zoning (IZ) requirement on housing offered for sale or rent to residents of the State in perpetuity. This bill would complement SB2424.

For decades counties have leaned heavily on IZ as a primary affordability tool, layering it on top of already restrictive zoning and discretionary approvals. This combination has produced a relatively small number of IZ units through county programs when compared to the over 64,000 projected demand needs by 2027.<sup>1</sup> County IZ programs have been functioning as a blanket surcharge on an already financially difficult regulatory environment. SB2190 narrowly corrects: when a project is offered exclusively for residents, it should not be further burdened by local IZ mandates that can tip the project from feasible to infeasible.

The recent Laulima 201H project in Kapoleie West is a clear example of how local discretion and stacked requirements can endanger even perpetually affordable, resident-serving housing. The Laulima Project proposed 750 new affordable rental units affordable in perpetuity and fully consistent with the county's more restrictive 201H requirements. Yet when the project came before the Honolulu City Council, members proposed a CD1 that would have disapproved of all requested exemptions “without prejudice,” rather than approve them.<sup>2</sup> Disapproval of exemptions would have made price restricted rentals in perpetuity impossible to pencil, and threatened the viability of the project, despite support at the state level and documented need for more rentals.<sup>3</sup> SB2190 helps prevent these kinds of tensions by limiting how far counties can go in layering additional costs and conditions onto projects that are already designed to serve Hawaii residents. We encourage the committee to move SB 2190 forward.

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<sup>1</sup> <https://www.wardresearch.com/2024-hawaii-housing-planning-study>

<sup>2</sup> <https://hnlidoc.ehawaii.gov/hnlidoc/document-download?id=25777>

<sup>3</sup>

[https://dbedt.hawaii.gov/hhfdc/files/2025/06/2025-0612-III.D.-Laulima\\_201H-Exemptions-SECURED.pdf#:~:text=750%20affordable%20rental%20units](https://dbedt.hawaii.gov/hhfdc/files/2025/06/2025-0612-III.D.-Laulima_201H-Exemptions-SECURED.pdf#:~:text=750%20affordable%20rental%20units)

February 3, 2026

TO: Chair Chang and Members of the Senate Housing Committee  
RE: SB 2190, Relating to Inclusionary Zoning

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 2190.**

This reform measure will directly target inclusionary zoning for housing offered *exclusively* for sale or rent in perpetuity to uniquely-qualified buyers or renters. Such buyers or renters shall meet a specific set of conditions, as they shall be residents of the State, active owner-occupants or renters, and do not own any other real property.

More than fifteen years ago, UHERO concluded that a relaxation of inclusionary zoning policies would result in greater benefits for residents with limited housing options:

“Reducing or eliminating overly burdensome regulation on development, including inclusionary zoning, will increase affordability of housing for two reasons. First, it will encourage building, increasing the overall stock of housing, which will help hold down the market price of housing. Second, removing IZ will allow for the natural ‘filtering’ process to occur unheeded, with newer units going to higher income households and older units being increasingly occupied by lower income households as their values depreciate.”<sup>1</sup>

Fifteen years later, their conclusions endure. Hawai'i needs to generate housing reserved for state residents. **Please advance SB2190.**

Thank you,



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



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

<sup>1</sup> <https://uhero.hawaii.edu/wp-content/uploads/2019/08/UHEROProjectReport2010-1.pdf>

**LATE**

**SB-2190**

Submitted on: 2/2/2026 4:13:44 PM

Testimony for HOU on 2/3/2026 1:00:00 PM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Testify</b>
Will Caron	Individual	Support	Written Testimony Only

Comments:

Please support this important, smart housing development policy. This bill would prevent counties from imposing greater restrictions on housing reserved for residents in perpetuity and limit unnecessary regulatory barriers to promotes resident-serving housing options. Mahalo for your consideration.

**LATE**

**SB-2190**

Submitted on: 2/2/2026 4:36:54 PM

Testimony for HOU on 2/3/2026 1:00:00 PM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Testify</b>
tia pearson	Individual	Support	Written Testimony Only

Comments:

This bill:

- Prevents counties from imposing greater restrictions on housing reserved for residents in perpetuity.
- Limits unnecessary regulatory barriers, and promotes resident-serving housing options.

**LATE**

**SB-2190**

Submitted on: 2/2/2026 5:44:55 PM

Testimony for HOU on 2/3/2026 1:00:00 PM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Testify</b>
Emma Waters	Individual	Support	Written Testimony Only

Comments:

We need to lessen regulatory barriers for new housing so that the housing market can grow to meet demand and housing prices can come down. This will help more local families be able to afford to stay in Hawaii. Mahalo

**LATE**

**SB-2190**

Submitted on: 2/2/2026 7:33:43 PM

Testimony for HOU on 2/3/2026 1:00:00 PM

Submitted By	Organization	Testifier Position	Testify
Pua Auyong-White	Individual	Support	Written Testimony Only

Comments:

- Smart Housing Development Stance: **SUPPORT**
- Exempts county inclusionary zoning for developments that commit to perpetual affordability.
- Senate Committee on Housing
- **Tuesday, February 3, 2026, 1 PM**
- Conference Room 225 & Videoconference, State Capitol, 415 South Beretania Street