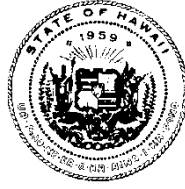


JOSH GREEN, M.D.  
GOVERNOR  
KE KIA'ĀINA



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 the  
**Hawaii Public Housing Authority**

Before the  
**House Committee on Housing**

Friday, March 20, 2026  
9:00 AM – Room 430, Hawaii State Capitol

In consideration of  
**SB 2342, SD2**  
**RELATING TO HOUSING**

Honorable Chair Evslin, Vice Chair Miyake, and Members of the House Committee on Housing:

The Hawaii Public Housing Authority (HPHA) **supports** strengthening long-term affordability, reinforcing public stewardship of housing resources, and ensuring that significant public investments in housing deliver durable benefits for the people of Hawaii.

As a State agency serving Hawaii's low-income residents, HPHA recognizes the importance of aligning federal and state housing resources with long-term public priorities. HPHA's redevelopment efforts are structured to preserve affordability, protect public ownership, and responsibly reinvest public resources to expand housing opportunities.

HPHA appreciates the establishment of a working group that brings together public agencies, policymakers, and stakeholders to review the Qualified Allocation Plan (QAP) and related housing finance tools in a thoughtful and transparent manner. This process provides an appropriate forum to evaluate policy changes, consider implementation impacts, and strengthen alignment between housing finance programs and long-term public objectives.

HPHA looks forward to participating in this process and working collaboratively with HHFDC and the Legislature to advance housing policies that protect public investment while continuing to support viable housing development and preservation statewide.

Thank you for the opportunity to provide this testimony and for your continued commitment to Hawaii's housing needs.



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 HOUSING

March 20, 2026 at 9:00 a.m.

State Capitol, Room 430

In consideration of

### SENATE BILL 2342 SENATE DRAFT 2 RELATING TO HOUSING.

Chair Evslin, Vice Chair Miyake, and members of the Committee.

HHFDC **comments** on Senate Bill 2342 Senate Draft 2, which proposes reforms to HHFDC's Qualified Allocation Plan (QAP) and the Rental Housing Revolving Fund (RHRF).

HHFDC serves as the State's designated housing credit agency under Section 42 of the Internal Revenue Code. Federal law requires that the QAP be adopted through a public hearing and comment process. HHFDC updates the QAP through a public process that involves multiple meetings with stakeholders, a public hearing, and approval by the Governor. This process is designed to ensure transparency, stakeholder input, and compliance with federal requirements. Amendments to the QAP must be considered through a transparent public process rather than mandated as set forth in Part III and Part IV of the Bill.

This bill directs substantive changes to the QAP, including mandatory scoring priorities, perpetual affordability requirements, and prohibitions on allocating Low-Income Housing Tax Credits (LIHTC) or RHRF loans without such commitments. While HHFDC recognizes the Legislature's authority to set housing policy, we respectfully note that prescribing detailed QAP criteria in statute may limit the ability of the federally required public process to meaningfully inform the final plan. This creates tension between legislative direction and federal compliance obligations.

Regarding perpetual affordability, HHFDC has amended the QAP in recent years to incentivize projects to commit to perpetual affordability. The 2025 QAP awarded the maximum number of points to projects that commit to perpetual affordability under the "Length of Affordability" criterion. Of projects that were awarded financing in 2025, over half committed to perpetual affordability or were government projects. We note that mandating perpetual affordability could affect investor participation, underwriting, and utilization of the State's annual housing credit ceiling. Federal law

also contemplates income targeting and project feasibility as key considerations within a QAP. HHFDC supports long-term affordability as a policy goal but urges caution to avoid unintended consequences that could reduce housing production.

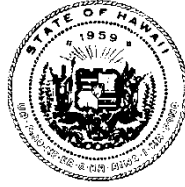
Regarding projects on government-owned lands, HHFDC has amended the 2024 QAP to provide preference to projects on State or county lands, and has remained in the QAP for 2025 and 2026. Giving enhanced points to government-owned projects within the Transit-Oriented Development Infrastructure Improvement Program area should be discussed as part of the QAP working group.

Regarding RHRF, we would like to clarify that RHRF loans are not dormant until senior debt is retired. They include scheduled payments, cash-flow-based components, and balloon payments at maturity. These structures balance feasibility with fiscal stewardship and ensure eventual repayment.

We are also concerned that the formation of a working group could slow the update process for the QAP and exclude stakeholders. Updates to the QAP normally require at least nine months, and the process may be longer if substantive amendments are being considered. Meetings are open to the public, with any interested party being invited and all having equal standing. Forming a working group would likely lengthen the process and could devalue input from stakeholders who are not a part of the working group.

Thank you for the opportunity to provide testimony.

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



HAKIM OUANSAFI  
EXECUTIVE DIRECTOR

BARBARA E. ARASHIRO  
EXECUTIVE ASSISTANT

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The Hawaii Public Housing Authority (HPHA) **supports** strengthening long-term affordability, reinforcing public stewardship of housing resources, and ensuring that significant public investments in housing deliver durable benefits for the people of Hawaii.

As a State agency serving Hawaii's low-income residents, HPHA recognizes the importance of aligning federal and state housing resources with long-term public priorities. HPHA's redevelopment efforts are structured to preserve affordability, protect public ownership, and responsibly reinvest public resources to expand housing opportunities.

HPHA appreciates the establishment of a working group that brings together public agencies, policymakers, and stakeholders to review the Qualified Allocation Plan (QAP) and related housing finance tools in a thoughtful and transparent manner. This process provides an appropriate forum to evaluate policy changes, consider implementation impacts, and strengthen alignment between housing finance programs and long-term public objectives.

HPHA looks forward to participating in this process and working collaboratively with HHFDC and the Legislature to advance housing policies that protect public investment while continuing to support viable housing development and preservation statewide.

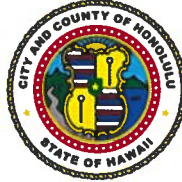
Thank you for the opportunity to provide this testimony and for your continued commitment to Hawaii's housing needs.



**DEPARTMENT OF HOUSING AND LAND MANAGEMENT**  
**KA 'OIHANA HO'OLĀLĀ KŪKULU HALE A ME KA HO'OKELE 'ĀINA**  
**CITY AND COUNTY OF HONOLULU**

650 SOUTH KING STREET, FLOOR 3 • HONOLULU, HAWAII 96813  
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RICK BLANGIARDI  
MAYOR  
MEIA



KEVIN D. AUGER  
DIRECTOR  
PO'O

CATHERINE A. TASCHNER  
DEPUTY DIRECTOR  
HOPE PO'O

March 18, 2026

The Honorable Luke A. Evslin, Chair  
and Members of the Housing Committee on Housing  
Hawaii'i House of Representatives  
Hawaii'i State Capitol  
415 South Beretania Street  
Honolulu, Hawaii 96813

SUBJECT: Supports Intent for Senate Bill 2342, SD2  
Relating to Housing

Dear Chair Evslin and Committee Members:

The Department of Housing and Land Management (DHLM) **supports the intent** of SB2342, SD2 which establishes a working group to revise the Hawaii Housing Finance and Development Corporation's Qualified Allocation Plan (QAP) and considers revisions to the prioritization and terms of the Rental Housing Revolving Fund. DHLM appreciates the Legislature's continued focus on improving housing financing tools and respectfully recommends explicitly including county housing directors in the working group structure.

The QAP and related funding priorities directly shape housing production statewide, including projects on county-owned land and developments led or supported by county housing agencies. Because the working group's recommendations will influence project feasibility, timelines, and funding alignment, county housing directors bring essential implementation and pipeline perspectives that should be represented.

Although the bill allows for "relevant stakeholders" to be invited, explicitly naming county housing directors would help ensure consistent coordination between State and county housing strategies. This would improve alignment between Low-Income Housing Tax Credit funding cycles and county development pipelines, particularly for projects involving public land.

The Honorable Luke A. Evslin, Chair  
and Members of the Housing Committee on Housing  
March 18, 2026  
Page 2

Thank you for the opportunity to provide testimony. If you have any questions, please feel free to contact me or Gavin Thornton, Director of Housing Policy, at (808) 768-4277.

Sincerely,

A handwritten signature in blue ink, consisting of several overlapping loops and a final flourish extending to the left.

Kevin D. Auger  
Director

March 17, 2026

Representative Luke Evslin, Chair  
Representative Tyson Miyake, Vice Chair  
Committee on Housing

RE: **SB 2342 SD2 - Relating to Housing**  
**Hearing date – March 20, 2026 at 9:00 AM**

Aloha Chair Evslin, Vice Chair Miyake, and Members of the Committee,

Thank you for the opportunity to submit testimony on behalf of NAIOP Hawai'i in OPPOSITION to SB 2342 SD2. NAIOP Hawai'i is the Hawai'i chapter of the nation's leading organization for office, industrial, retail, residential, and mixed-use real estate. Our membership includes over 200 local developers, owners, investors, asset managers, lenders, and other real estate professionals.

NAIOP supports long-term affordability and responsible stewardship of public housing resources. However, several provisions in this measure would make affordable housing more difficult to finance and deliver in Hawai'i.

First, mandatory perpetual affordability changes financing assumptions in ways that directly affect production. Low-Income Housing Tax Credit projects already operate under long federal affordability periods. Requiring perpetual affordability as a statutory condition adds a new restriction that affects underwriting, investor pricing, and long-term recapitalization flexibility. In Hawai'i, where projects already require layered subsidy to become feasible, even modest reductions in equity pricing mean fewer units can be built.

Second, readiness should remain a core scoring factor because readiness protects production. Hawai'i receives a limited annual federal tax credit allocation. Those credits should be awarded to projects that can close and move into construction within required timelines. Reducing readiness as a scoring factor increases the risk of delay, stalled awards, and lost production cycles. Readiness is not a developer convenience, it is a safeguard for efficient use of scarce federal resources.

Third, deeper affordability remains financially difficult, but that is precisely where public subsidy is most needed. Projects serving lower-income households require

larger subsidy gaps because rents cannot support conventional debt. Reducing emphasis on deeper affordability risks shifting scarce resources away from the households least served by the market, including seniors, working households, and residents with the fewest housing alternatives.

Fourth, incentivizing shorter RHRF repayment weakens feasibility. The Rental Housing Revolving Fund exists because deeply affordable housing cannot absorb conventional repayment structures. Accelerating repayment may sound fiscally efficient, but in underwriting it increases debt pressure and reduces the number of projects that can close.

Finally, statutory direction of QAP scoring creates long-term financing uncertainty. The Qualified Allocation Plan must remain flexible enough to respond to capital market conditions, federal requirements, and changing project realities. Codifying detailed scoring mechanics in statute reduces the State's ability to adjust when market conditions change.

Housing production depends on whether financing still works after policy changes are adopted. A policy goal may sound reasonable in principle, but if the resulting financing structure produces fewer closings, fewer starts, or weaker investor participation, the State will not achieve more affordability, it will simply produce less housing.

For these reasons, NAIOP respectfully urges the Committee to reject this measure or, at a minimum, continue refining it to avoid unintended impacts on affordable housing production.

Mahalo for your consideration,

A handwritten signature in black ink, appearing to read "Ken K. Hayashida". The signature is fluid and cursive.

Ken Hayashida, President  
NAIOP Hawaii



OFFICE OF HAWAIIAN AFFAIRS

‘Ōlelo Hō‘ike ‘Aha Kau Kānāwai

**TESTIMONY IN SUPPORT OF SENATE BILL 2342 SD2**

RELATING TO HOUSING

Ke Kōmike Hale o ke Kuleana Hale Noho

(House Committee on Housing)

Ke Kapitala‘o Hawai‘i

Hawai‘i State Capitol

Malaki 20, 2026

9:00am

Room 430

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Aloha Chair Evslin, Vice Chair Miyake, and Members of the Committee on Housing:

The Office of Hawaiian Affairs (OHA) **SUPPORTS SB2342 SD2**, which establishes a working group to revise the Hawai‘i Housing Finance and Development Corporation's (HHFDC) Qualified Allocation Plan (QAP).

The QAP creates an administrative scoring and prioritization system by which state and Federal tax credits and subsidies are awarded to developers. Strengthening affordability commitments and our prioritization system helps ensure that public investments continue to serve local families across generations. This measure appropriately raises the question of whether substantial public investments housing development are delivering the types of housing to meet the needs of local families, particularly for communities most affected by Hawai‘i’s housing crisis.

OHA appreciates the amendments made to this measure, which strengthen the State’s stewardship of public housing investments while preserving compliance within Hawai‘i’s housing finance system. OHA supports the amendments that clarify affordability commitments. Native Hawaiians continue to experience disproportionate housing instability, higher rates of cost-burdened and overcrowded households, and disproportionate representation among individuals and families experiencing homelessness. Long wait times for housing opportunities both on Hawaiian Homelands and in the broader affordable rental market that exacerbate these challenges. Housing policy decisions that govern the use of public resources therefore have direct and lasting implications for Native Hawaiians.

OHA supports the measure's focus on strengthening long-term public benefit, including the requirement for perpetual affordability and the prioritization of government-owned and mission-driven projects that reinvest financial surpluses into additional housing production. These approaches are consistent with the need to ensure that public investments continue to serve local families across generations.

OHA supports policy approaches such as:

- **Reforms that strengthen long-term public stewardship of housing investments**, including perpetual affordability requirements and prioritization of government owned or mission driven projects, to ensure housing stability for Native Hawaiian 'ohana and local residents.
- **Rebalancing the Qualified Allocation Plan toward public interest outcomes that align with OHA's strategic priorities**, by shifting incentives away from short term developer readiness and toward housing models that preserve affordability and prevent displacement.

OHA urges the working group to explicitly consider how QAP scoring, income targeting, and financing structures could ensure culturally appropriate rental, multigenerational, and government led housing models in Native Hawaiian communities such as leveraging NAHASDA funding through prioritization scoring.

OHA also supports the establishment of a working group to review the QAP and the prioritization and terms of the Rental Housing Revolving Fund. Given the scale of public investment in these programs, regular review and transparency are essential to ensure that public financing is responsive to community needs and continues to advance long term public benefit. OHA encourages continued consideration of Native Hawaiian housing needs in any such review.

For these reasons, OHA respectfully urges this committee to **PASS** this measure. Mahalo for the opportunity to testify.

**SB-2342-SD-2**

Submitted on: 3/19/2026 10:01:06 PM

Testimony for HSG on 3/20/2026 9:00:00 AM

Submitted By	Organization	Testifier Position	Testify
Craig Watase	Mark Development, Inc.	Oppose	Remotely Via Zoom

Comments:

TESTIMONY IN OPPOSITION TO SB2342 SD2

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

Mark Development, Inc. submits this testimony in strong opposition to SB2342 SD2. Having developed affordable housing in Hawai‘i for nearly 50 years, we believe this bill would make it harder to finance and deliver affordable housing in the State.

Summary of Opposition:

- The proposed legislative working group improperly injects political direction into a federally governed, expert-driven process and risks placing Hawai‘i out of compliance with federal LIHTC requirements.
- HHFDC’s existing QAP process is already open, inclusive, and subject to public comment — additional legislative oversight is unnecessary.
- Working group timelines would disrupt the strict annual LIHTC calendar, delaying projects and harming tenants awaiting affordable housing.
- Perpetual affordability mandates add rigidity to a program that already requires 45-year minimum affordability periods under the 2026 QAP.
- Reducing emphasis on project readiness is counterproductive given Hawai‘i’s complex permitting environment and documented need for 64,490 additional housing units by 2027.
- Tying RHRF gap financing to perpetuity requirements would make many projects financially unviable, shrinking the affordable housing pipeline.

Working Group

The proposed working group would improperly inject legislative direction into a technical, federally governed process, undermining HHFDC’s institutional expertise and risking non-

compliance with federal program requirements. Under IRC §42(m)(1)(A), Congress deliberately vested QAP development in housing agencies — not legislatures — because LIHTC allocation requires ongoing, expert, market-responsive administration.

HHFDC's existing QAP process already includes public notice, public hearings open to all stakeholders (including legislators and state department heads), written testimony, and Board adoption. This inclusive process has functioned well for over 30 years. Additional legislative restructuring is not necessary.

Moreover, LIHTC allocation operates on a strict annual calendar. Injecting a working group with reporting obligations would create delays that could push Hawai'i's funding round, defer project closings, and harm tenants relying on timely credit reservations. The appropriate remedy is engagement through the existing QAP public hearing process — not legislation enacted in response to specific prior outcomes.

### LIHTC Purpose and Design

SB2342 SD2 moves Hawai'i's LIHTC framework away from the purpose of Section 42. Congress created Section 42 to increase affordable rental housing production through a public-private model — using tax incentives to attract private equity and experienced developers, not to replicate public housing. LIHTC and public housing serve related goals but are not interchangeable tools. Hawai'i should preserve that distinction rather than reshape LIHTC into a public-housing-style program, which has arguably had many problems.

### Perpetuity Requirements

Hawai'i's LIHTC program already imposes substantial long-term affordability requirements. HHFDC's 2026 QAP mandates a minimum 45-year affordability period, requires rehabilitation projects to extend affordability at least 30 years beyond existing restrictions, and requires owners to waive the qualified contract right. SB2342 SD2 does not fix a weak system — it adds rigidity to one that is already heavily regulated.

The bill also reduces the emphasis on project readiness, which is one of the clearest indicators of whether credits will actually produce housing. Hawai'i's complex permitting environment — including zoning changes, Chapter 201H, SMA approvals, and historic preservation review — already slows housing production. A recent DBEDT report confirmed that Honolulu permit delays increase construction and financing costs, undermining feasibility. At a time when the State needs 64,490 additional housing units by 2027, reducing readiness standards is counterproductive.

### Gap Financing Impact

SB2342 SD2 would prohibit HHFDC from allocating LIHTC or Rental Housing Revolving Fund (RHRF) moneys to projects without a perpetual affordability commitment. RHRF is one of Hawai'i's most critical gap-financing tools — HHFDC has reported to the Legislature that without the combination of LIHTC equity and RHRF gap financing, many affordable housing

projects in Hawai‘i would not pencil. Tying RHRF eligibility to perpetuity requirements would eliminate this lifeline for projects that cannot meet that standard, resulting in fewer financeable projects and a weaker development pipeline.

#### Conclusion

Mark Development, Inc. is not opposed to long-term affordability — it is already embedded in both Section 42 and Hawai‘i’s current QAP. Our concern is that SB2342 SD2 misunderstands how LIHTC achieves affordability: through a balanced framework combining public oversight, private and nonprofit execution, feasibility underwriting, project readiness, and timely delivery. Hawai‘i’s housing crisis will not be solved by making fewer projects feasible.

For these reasons, Mark Development, Inc. respectfully urges the Committee to defer SB2342 SD2.

Thank you for the opportunity to testify.

**Subject:** Testimony in SUPPORT of SB2342 SD2, Relating to Housing, WITH AMENDMENT to add a representative from the Office of Hawaiian Affairs to the working group

Rep. Luke A. Evslin, Chair Rep. Tyson K. Miyake, Vice Chair  
Members  
Committee on Housing

Hearing:: March 20, 9:00 a.m.

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

My name is Leimomi Khan and I am writing in strong support of SB2342 SD2, with amendment.

This measure addresses a critical issue facing our State—ensuring that public investments in affordable housing are used effectively, responsibly, and with long-term impact. I appreciate the bill’s focus on strengthening the Qualified Allocation Plan, prioritizing perpetual affordability, and establishing a working group to improve how housing resources are allocated to better meet the needs of our communities .

Hawai‘i’s housing crisis continues to disproportionately impact vulnerable populations, including Native Hawaiians. Native Hawaiians are among those most affected by housing insecurity, overcrowding, and displacement from ancestral communities. These challenges not only affect economic stability but also disrupt cultural practices, intergenerational living, and connection to ‘āina.

Because this measure establishes a working group to shape future housing policy and funding priorities, **it is essential that Native Hawaiian perspectives be included at the decision-making table.**

**Accordingly, I respectfully recommend that the bill be amended to include a representative from the Office of Hawaiian Affairs (OHA) as a member of the working group.**

The inclusion of OHA is important because:

- OHA has a constitutional kuleana to improve the conditions of Native Hawaiians;
- OHA brings expertise in Native Hawaiian housing needs, including cultural and ‘ohana-based living models;
- OHA can help ensure that the allocation of housing resources is equitable and responsive to communities disproportionately impacted by the housing crisis;
- OHA’s participation will strengthen alignment with statewide efforts to address disparities affecting Native Hawaiians.

Including OHA will help ensure that the working group’s recommendations reflect not only financial and development considerations, but also the cultural and community realities of those most in need.

Mahalo for the opportunity to testify in support of this important measure. I respectfully urge your favorable consideration of SB2342 SD2, with the recommended amendment.

Me ka ha'aha'a,

Leimomi Khan