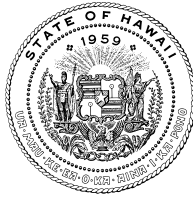


JOSH GREEN, M.D.
GOVERNOR

SYLVIA LUKE
LT. GOVERNOR



DEAN MINAKAMI
EXECUTIVE DIRECTOR

STATE OF HAWAII

DEPARTMENT OF BUSINESS, ECONOMIC DEVELOPMENT, AND TOURISM

HAWAII HOUSING FINANCE AND DEVELOPMENT CORPORATION

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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 2342

RELATING TO HOUSING.

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

HHFDC **comments** on Senate Bill 2342, 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 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.

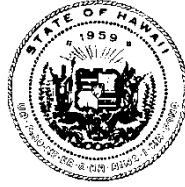
Regarding projects on government-owned lands, HHFDC supports giving preference to such projects because the projects are highly likely to remain affordable for their useful life. A criterion was added to the 2024 QAP, specifically providing preference to projects on State or county lands.

Regarding RHRF, we would like to clarify certain characterizations of RHRF loan terms:

1. Interest Rates. No current loans carry an interest rate as low as 0.15 percent. Historically, rates have varied, with earlier loans as high as 3 percent, and adjustments made to support deeply affordable housing.
2. Repayment Structure. 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.

Thank you for the opportunity to provide testimony.

JOSH GREEN, M.D.
GOVERNOR
KE KIA'ĀINA



HAKIM OUANSAFI
EXECUTIVE DIRECTOR

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EXECUTIVE ASSISTANT

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Statement of the
Hawaii Public Housing Authority

Before the
SENATE COMMITTEE ON HOUSING

Tuesday, February 3, 2026
1:00 PM – Room 225, Hawaii State Capitol

In consideration of
SB 2342
RELATING TO HOUSING

Honorable Chair Chang, Vice Chair Hashimoto, and Members of the Senate 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.

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 continues to utilize federal repositioning programs, including the Rental Assistance Demonstration (RAD) and Faircloth-to-RAD, both of which require the replacement of rental units to remain affordable in perpetuity. In this respect, HPHA's redevelopment activities are aligned with the bill's emphasis on long-term affordability and public benefit.

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.