

MAR 10 2026

---

## SENATE RESOLUTION

REQUESTING THE DEPARTMENT OF BUSINESS, ECONOMIC DEVELOPMENT, AND  
TOURISM TO CONDUCT A STUDY ON THE FEASIBILITY OF UTILIZING  
MEZZANINE LOANS TO INCREASE THE RATE OF HOUSING PRODUCTION  
IN THE STATE.

1           WHEREAS, Hawaii is experiencing one of the worst housing  
2 shortages in the State's history; and

3  
4           WHEREAS, with the most expensive housing costs in the  
5 nation, the State primarily struggles with insufficient housing  
6 production and affordable housing inventory; and

7  
8           WHEREAS, the State's housing market is stuck in a  
9 problematic cycle that decreases affordability caused by high  
10 consumer demand relative to housing stock; and

11  
12           WHEREAS, housing developers today face a predicament where,  
13 in addition to higher development costs, the total availability  
14 of construction mortgages for housing development projects is  
15 falling, requiring them to utilize higher-cost equity financing,  
16 such as private equity and other non-traditional lenders that  
17 typically ask for significant equity (ownership stake) in the  
18 project, higher returns, and more; and

19  
20           WHEREAS, additionally, as the State's key housing agency,  
21 the Hawaii housing finance and development corporation  
22 determined via a cash flow analysis of their various housing  
23 programs that many programs held significant revolving periods,  
24 or the time it takes for the State to recoup the funding spent  
25 for each program; and

26  
27           WHEREAS, a mezzanine loan is a debt-equity instrument that  
28 is backed by the value of the project based on its historic and  
29 projected cash flows; and

30  
31           WHEREAS, mezzanine loans provide more flexibility in  
32 repayment terms and enables the financing of unsecured  
33 intangible assets, making it a much more attainable form of  
34 funding for smaller-sized companies; and



