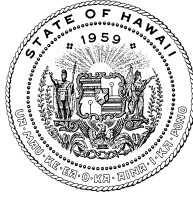


JOSH GREEN, M.D.
GOVERNOR

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 WAYS AND MEANS

April 01, 2026 at 10:03 a.m.

State Capitol, Room 211

In consideration of

HOUSE BILL 1740, HOUSE DRAFT 2, SENATE DRAFT 1

RELATING TO THE HAWAII HOUSING FINANCE AND DEVELOPMENT CORPORATION.

Chair Dela Cruz, Vice Chair Moriwaki, and members of the Committee.

HHFDC **supports** House Bill 1740, House Draft 2, Senate Draft 1, which removes the prohibition against qualified residents for HHFDC-approved projects holding a majority interest in land and removes the requirement that qualified residents demonstrate financial viability or ability to pay rent. The Bill also incentivizes the production of housing by providing greater flexibility for projects seeking exemptions from statutes, ordinances, charter provisions, and rules.

This bill addresses critical issues in Hawaii's housing market by ensuring that homes developed with public support remain available for local residents in perpetuity. The bill recognizes that time-limited affordability restrictions often lead to units being sold or rented without regard for local residency, undermining the long-term goals of housing programs. By requiring perpetual deed restrictions, this bill helps preserve housing for future generations and prevents speculative investment and transient use that drive up costs and reduce availability for Hawaii residents.

This bill is an important step toward addressing Hawaii's housing challenges and improving the viability of affordable housing projects. HHFDC supports this bill on the following basis:

1. **Facilitates Project Financing and Construction.** Allowing up to 20% of the units to be sold to non-owner occupants will help developers achieve sales targets more quickly, enabling them to secure financing and start construction sooner. This flexibility is critical for moving projects forward and delivering housing to the community without unnecessary delays.

2. Provides Flexibility for Affordable Buyers. Permitting households to rent their units after one year of owner occupancy makes affordable units a more attractive option for buyers.
3. Ensures Long-Term Housing for Local Residents. The requirement that any rental must have a minimum lease term of one year ensures that these units will not be used for short-term rentals. This provision preserves community stability and guarantees that projects provide long-term housing for Hawaii residents rather than transient accommodations.

Thank you for the opportunity to testify.

COUNTY COUNCIL

Mel Rapozo, Chair
KipuKai Kualii, Vice Chair
Addison Bulosan
Bernard P. Carvalho, Jr.
Felicia Cowden
Fern Holland
Arryl Kaneshiro



OFFICE OF THE COUNTY CLERK

Jade K. Fountain-Tanigawa, County Clerk
Lyndon M. Yoshioka, Deputy County Clerk

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Council Services Division
4396 Rice Street, Suite 209
Lihu'e, Kaua'i, Hawai'i 96766

March 31, 2026

**TESTIMONY OF KIPUKAI KUALII
COUNCIL VICE CHAIR, KAUA'I COUNTY COUNCIL
ON**

**HB 1740, HD 2, SD 1, RELATING TO THE HAWAII HOUSING FINANCE AND
DEVELOPMENT CORPORATION**

Senate Committee on Ways and Means

Wednesday, April 1, 2026

10:03 a.m.

Conference Room 211

Via Videoconference

Dear Chair Dela Cruz and Members of the Committee:

Thank you for this opportunity to provide testimony in SUPPORT of HB 1740, HD 2, SD 1, Relating to the Hawai'i Housing Finance and Development Corporation. My testimony is submitted in my individual capacity as a member of the Kaua'i County Council.

I fully support HB 1740, HD 2, SD 1, which removes the prohibition against qualified residents for Hawai'i Housing Finance and Development Corporation-approved projects holding a majority interest in land and removes the requirement that qualified residents demonstrate financial viability or ability to pay rent. Among the bill's many critical changes is an important definition update to a qualified resident, which removes financial screening and ownership-based restrictions, thereby reducing barriers for local households and providing residents with greater flexibility as their needs change without diminishing residency requirements. Additionally, the permanent deed restriction ensures that properties continue to serve Hawai'i households into the future by restricting rentals to long-term leases and limiting future sales to qualified residents, particularly as reflected in the SD 1 version.

Mahalo for your leadership and thank you again for this opportunity to provide testimony in support of HB 1740, HD 2, SD 1. Should you have any questions, please feel free to contact me or Council Services Staff at (808) 241-4188 or via email to cokcouncil@kauai.gov.

Sincerely,

KIPUKAI KUALII
Council Vice Chair, Kaua'i County Council

RM:ss

COUNTY COUNCIL

Mel Rapozo, Chair
KipuKai Kualii, Vice Chair
Addison Bulosan
Bernard P. Carvalho, Jr.
Felicia Cowden
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Arryl Kaneshiro



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Council Services Division
4396 Rice Street, Suite 209
Lihu'e, Kaua'i, Hawai'i 96766

March 31, 2026

**TESTIMONY OF FELICIA COWDEN
COUNCILMEMBER, KAUAI COUNTY COUNCIL**

ON

**HB 1740, HD 2, SD 1, RELATING TO THE HAWAII HOUSING FINANCE AND
DEVELOPMENT CORPORATION**

Senate Committee on Ways and Means

Wednesday, April 1, 2026

10:03 a.m.

Conference Room 211

Via Videoconference

Dear Chair Dela Cruz and Members of the Committee:

Thank you for this opportunity to provide testimony in SUPPORT of HB 1740, HD 2, SD 1, Relating to the Hawai'i Housing Finance and Development Corporation. My testimony is submitted in my individual capacity as a member of the Kaua'i County Council.

I would like to extend my support for HB 1740, HD 2, SD 1, which removes the prohibition against qualified residents for Hawai'i Housing Finance and Development Corporation-approved projects holding a majority interest in land and removes the requirement that qualified residents demonstrate financial viability or ability to pay rent.

This critical measure will help preserve housing for local Hawai'i residents as well as incentivize and stimulate the development of housing dedicated in perpetuity to working families across the islands. Further, this bill effectively expands the scope of attainable housing options for residents while also removing antiquated prohibitions that discriminate against local residents in the housing process based on financial status. I also support the SD 1 amended language that clarifies certain units shall be available to qualified residents and shall remain owner-occupied for a minimum of one (1) year following the initial sale of the unit.

Thank you again for this opportunity to provide testimony in support of HB 1740, HD 2, SD 1. Should you have any questions, please feel free to contact me or Council Services Staff at (808) 241-4188 or via email to cokcouncil@kauai.gov.

Sincerely,

FELICIA COWDEN

Councilmember, Kaua'i County Council

RM:mn



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

April 1, 2026

Senate Committee on Ways and Means
Hawai'i State Capitol
Honolulu, HI 96813

RE: SUPPORT for HB 1740 HD2 SD1 - RELATING TO THE HAWAII HOUSING FINANCE AND DEVELOPMENT CORPORATION

Aloha Chair Dela Cruz, Vice Chair Moriwaki, and Members of the Committee,

On behalf of Hawai'i YIMBY, we are writing in **support of HB 1740**, which updates key policies governing Hawaii Housing Finance and Development Corporation approved housing projects to better serve local residents while preserving long-term public benefit.

This bill makes important changes to the definition of a qualified resident. By removing duplicative financial screening and ownership-based restrictions, these changes recognize that lenders and landlords already perform appropriate underwriting and that residents should be allowed to move through the housing market as their needs change. These updates reduce unnecessary barriers for local households and provide residents with greater flexibility as their family size, employment, or financial situation evolves, without weakening residency requirements.

The bill also modernizes owner-occupancy requirements. Instead of permanent owner-occupancy mandates, the bill requires owner-occupancy for a limited initial period and then allows homes to be rented on a long-term basis. This change reflects real-world housing needs, such as job relocations or growing families, while still maintaining strong protections against transient use.

Critically, the bill pairs this added flexibility with permanent deed restrictions that ensure homes continue to serve local Hawai'i residents over time. These restrictions require



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

occupants to be domiciled in the state, limit rentals to long-term leases, and ensure that future sales are made only to qualified residents. This approach shifts the focus from rigid ownership rules to **what matters most: who lives in the home and who benefits from it.**

By balancing resident flexibility with strong, permanent protections for local use, HB 1740 strengthens the long-term value of publicly supported housing and helps ensure these homes remain a resource for Hawai'i's residents for generations to come.

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





holomua

COLLABORATIVE

OUR MISSION

To support and advance public policies that make Hawai'i affordable for all working families.

OUR VISION

Collaborative, sustainable, and evidence-based public policies that create a diverse and sustainable Hawai'i economy, an abundance of quality job opportunities, and a future where all working families living in Hawai'i can thrive.

BOARD MEMBERS

Jason Fujimoto
Meli James, *Board Chair*
Micah Kāne
Brandon Kurisu
Brad Nicolai
Mike Pietsch
Sunshine Topping

ADVISORY COMMITTEE

Josh Feldman
Brittany Heyd
Alicia Moy
Ed Schultz

Josh Wisch
President & Executive Director

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Page 1 of 2

Committee: Senate Committee on Ways and Means
Bill Number: HB 1740 SD1, Relating to the Hawai'i Housing Finance and Development Corporation
Hearing Date and Time: April 1, 2026, at 10:03am, Room 211
Re: Testimony of Holomua Collaborative – Support

Aloha Chair Dela Cruz, Vice Chair Moriwaki, and Members of the Committee:

Mahalo for the opportunity to submit testimony **in support** of HB 1740 SD1, Relating to the Hawai'i Housing Finance and Development Corporation. This bill would incentivize the development of housing dedicated for local families.

Hawai'i remains in a severe housing crisis. Skyrocketing home prices leave many local families struggling to secure safe, attainable places to live. The median single-family home price in Hawai'i now exceeds \$1,000,000, while the median condominium price is nearly \$650,000, creating an unaffordable barrier for most residents. As a result, many local families are being forced to leave in search of more affordable options elsewhere. Between July 2024 and July 2025, an average of 11 people left Hawai'i *each day*.¹ More Native Hawaiians now live outside Hawai'i than within it, representing a staggering loss of our culture, traditions, and the very essence of what makes Hawai'i home.

In October 2025, a survey² of local workers' day-to-day financial experience indicated that the crisis continues to reach alarming levels. When nearly 3,200 local workers were asked whether they might need to move to a less expensive state, only 25 percent answered “no” definitively, down from 31 percent in 2024. Meanwhile, 75 percent said “yes” or were “unsure”, representing an increase from 69 percent in 2024. Additionally, more than half of respondents cited housing costs as the primary driver of their high cost of living. Each local worker and family we lose to the continent contributes to the erosion of our economy, our culture, and our community.

The high cost of living and limited housing options have led essential members of our workforce, including teachers, firefighters, and health care workers, to consider relocating. This exodus deepens our state's labor shortages and diminishes the quality of life for all residents.

¹ U.S. Census Bureau, Population Division Estimates, released January 2026; and calculations by the Hawai'i State Department of Business, Economic Development & Tourism, Hawai'i State Data Center.

https://files.hawaii.gov/dbedt/census/popestimate/2025/state-pop/2025_daily_est_state.pdf

² 2025 Hawai'i Affordability Survey - <https://holomuacollective.org/survey-25/#3>

Hawai'i is facing a critical housing shortage, particularly for residents seeking a permanent home for their families rather than acquiring real estate for investment or speculation. Existing regulatory barriers often slow the production of urgently needed additional housing units, and that slowdown directly translates into higher home prices. To reduce costs and expedite construction, Section 201H-38 provides variances and waivers from statutes, ordinances, and codes for developers seeking to build housing projects that meet specified criteria.

This bill would create a new option to incentivize the development of housing dedicated to local residents in perpetuity. Specifically, this bill allows for variances and waivers for projects that sell 80 percent of all units to local residents who agree to live in the unit for at least one year and are domiciled in Hawai'i. After that initial year and into perpetuity, the unit must be occupied by an owner-occupant or a renter with a long-term lease. This approach prioritizes housing for local workers and prevents homes from being lost to speculative investment or short-term rentals.

Additionally, this bill removes the prohibition on holding a majority interest in land from the definition of qualified residents eligible to purchase HHFDC-financed housing units. A significant hurdle to attainable homeownership is the lack of housing mobility, or the ability to climb the "housing ladder." A healthy market requires inventory turnover: a resident should be able to sell a studio to move into a larger condo as their family grows, and eventually move into a single-family home. Current restrictions in HHFDC programs make it difficult for owners of these units to advance. This bill will help homebuyers move up by allowing those who have previously owned an HHFDC unit to transition to another HHFDC property that better fits their current needs.

HB 1740 SD1 is an investment in our future. This program provides the opportunity to scale the development of local-only housing that will keep families in Hawai'i. This measure is an opportunity to ensure that our islands remain vibrant, diverse, and a place where local working families can afford to stay.

I urge you to support HB 1740 SD1.

Sincerely,

Matthew Prellberg
Policy & Communications Director



TITLE GUARANTY
HAWAII

April 1, 2026

**Testimony in support of HB 1740 SD1, Relating to the Hawai'i Housing Finance and
Development Corporation**

Aloha Chair Dela Cruz, Vice Chair Moriwaki, and Committee Members,

We write in support of HB 1740 SD1, Relating to the Hawai'i Housing Finance and Development Corporation, which would offer an additional option for developers to utilize the waivers and variances available through section 201H-38, Hawai'i Revised Statutes, to build housing dedicated in perpetuity for local resident occupancy.

Title Guaranty of Hawai'i is the oldest and largest title company in the state. We have been owned and operated by a kama'āina family since 1896, and we are proud to employ over 250 residents across our branches statewide. As an organization that has worked for over a century to connect local families with housing, we see firsthand the economic shift preventing them from achieving the dream of homeownership.

This bill will enable locals to get into Hawai'i's tight housing market by creating a restricted housing stock for local families. Incentivizing developers to dedicate housing units at the point of development for resident occupancy sends a signal to the public that the Legislature values both meeting the necessary housing demands currently facing the state and prioritizing local families who would prefer to stay in Hawai'i than move to the continent.

HB 1740 SD1 is an original solution that invests in our community and culture, and I hope you will support this effort to keep local residents in Hawai'i.

Sincerely,

Mike B. Pietsch
President and Chief Operating Officer
Title Guaranty of Hawai'i





April 1, 2026

Committee: Senate Committee on Ways and Means
Bill Number: HB1740 SD1, Relating to the Hawai'i Housing Finance and Development Corporation
Hearing Date and Time: April 1, 2026, 10:03am
Re: Testimony of HPM Building Supply in Support

Dear Chair Dela Cruz, Vice Chair Moriwaki, and Committee Members:

I would like to submit this testimony in support of HB1740 SD1, Relating to the Hawai'i Housing Finance and Development Corporation. This bill would help create a housing market dedicated to local working families in Hawai'i by encouraging the development of new housing that is preserved for Hawai'i residents.

HPM Building Supply is a 100% employee-owned company serving Hawaii's home improvement market and building industry, operating since 1921. With 18 locations across Hawai'i and Washington State, HPM offers a range of services and products, including retail stores, building supply and lumber yards, home design centers, drafting and design services, and manufacturing facilities. HPM is dedicated to enhancing homes, improving lives, and transforming communities.

A significant portion of our community's workforce comprises skilled tradespeople such as carpenters, electricians, and plumbers, all integral to the construction process. However, as housing and rental prices rise, these workers are forced to leave the state in search of more affordable housing. The result is a shortage of skilled labor in the construction sector, leading to delays and higher costs for homeowners and developers alike. This bill would address this by ensuring that local families have safe, secure housing in the same communities where they work.

HB1740 SD1's approach – incentivizing the development of deed-restricted housing for local residents – will help stabilize the housing market by giving local workers a better chance in a competitive market where wealthier non-residents often have an advantage. With more local residents able to afford homes and stay in the state, we will have a stronger, more sustainable construction industry that benefits everyone, from homeowners to contractors and beyond.

I ask for your support of HB1740 SD1, as it provides the foundation for a more robust, locally employed, and efficient building industry that will meet the needs of Hawaii's growing population.

Sincerely,

Jason Fujimoto
Chairman & CEO





Statement of
Meli James and Brittany Heyd
Cofounders
Mana Up

HB1740 SD1, Relating to the Hawai'i Housing Finance and Development Corporation

Aloha Chair Dela Cruz, Vice Chair Moriwaki, and Members of the Committee,

We support HB1740 SD1, which incentivizes the development of housing dedicated to local workers in perpetuity.

Mana Up is a statewide initiative that provides entrepreneurs in Hawai'i with the resources and tools to grow their businesses and scale globally. As these entrepreneurs continue to grow, they also contribute to the expansion of our local economy. As part of our mission, we aim to sustain the local economy through economic diversification, local job creation, community giveback, investment, and a regenerative culture of entrepreneurship, providing a better future for generations to come here in Hawai'i. To keep these entrepreneurs in Hawai'i and expand our entrepreneurial ecosystem, they need attainable housing.

We repeatedly hear from our entrepreneurs about the difficulty they face in finding attainable housing that provides the safety and security they need to focus on their businesses and families. Local entrepreneurs want to create and expand their business in Hawai'i, but far too often feel that opportunities for housing and business are better on the continent.

The 201H program incentivizes developers to build attainable housing, and establishing an additional pathway to develop a permanent, dedicated housing stock for local families will help them feel secure as they navigate the difficult economic conditions facing the State. Housing is a challenge for everyone, and by coming together, we can find shared solutions that help all the people of Hawai'i.

Sincerely,

Meli James | Cofounder, Mana Up
Brittany Heyd | Cofounder, Mana Up

TORI RICHARD

April 1, 2026

Aloha Chair Dela Cruz, Vice Chair Moriwaki, and Members of the Committee,

We write in support of HB 1740 SD1.

Tori Richard has manufactured in Honolulu for over 70 years, and we continue to proudly do so today. As a long-time medium-sized Hawai'i employer, we recognize the challenge that high housing costs pose to everyone working to make ends meet.

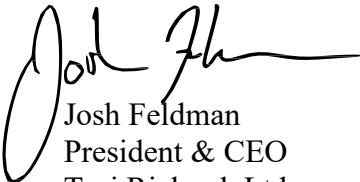
Our business is deeply committed to supporting Hawai'i's local workforce, and the growing housing crisis makes it increasingly difficult for our employees to remain in the islands. Attainable housing dedicated to local families is key to keeping talented, creative people in Hawai'i, and this bill offers a much-needed solution to that challenge.

Many of our employees are struggling to find attainable housing. As their employer, I see firsthand the impact this has on their lives. When workers are forced to move away or leave the state altogether, it hurts our ability to operate and expand. By incentivizing developers to build housing units for resident occupancy, we can ensure that local workers, such as those in the fashion, manufacturing, and retail industries, have a place to call home. This stability will allow them to continue contributing to Hawai'i's vibrant economy and support local businesses.

Moreover, as a company that takes pride in being part of the local community, we understand the importance of preserving Hawai'i's unique cultural identity. The housing crisis threatens that identity, as local residents are pushed out by non-resident investors and wealthy buyers. HB 1740 SD1 will help reverse this trend by providing a steady supply of affordable homes for local residents, ensuring our workforce and community remain strong and diverse.

I urge you to support HB 1740 SD1, as it is essential to the future of our business and the local economy. Thank you for your consideration.

Sincerely,



Josh Feldman
President & CEO
Tori Richard, Ltd.

1891 NORTH KING STREET
HONOLULU, HAWAII 96819



Testimony in Support of HB1740 SD1, Relating to the Hawai'i Housing Finance and Development Corporation

Aloha Chair Dela Cruz, Vice Chair Moriwaki, and Members of the Committee,

We write in strong support of HB1740 SD1, which will incentivize the development of housing that is dedicated to resident-occupants in perpetuity.

aio is a locally owned company with holdings across a broad range of industries. Our companies are purpose-driven and firmly rooted in local values. At aio, Hawai'i is at our core, and through our products and services, we work hard to make Hawai'i a better place for future generations.

Hawai'i is in the midst of a housing crisis. Our employees are our greatest asset, and we want to ensure they have access to quality, affordable housing. This program is a good first step toward establishing a housing market dedicated to local working families rather than out-of-state purchasers.

Mahalo for the opportunity to submit testimony in support of HB 1740 SD1.

A handwritten signature in black ink that reads "Brandon Kurisu".

Brandon Kurisu
aio Family of Companies



April 1, 2026

TO: Chair Dela Cruz and Members of the Senate Committee on Ways and Means
RE: HB 1740 HD2 SD1, Relating to the Hawai'i Housing Finance and Development Corporation

Dear Chair Dela Cruz 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 strongly support House Bill 1740 HD2 SD1. This measure expands the scope of attainable housing options available to residents while simultaneously removing prohibitions that discriminate against residents.

When offering housing options to residents, the State of Hawai'i should not discriminate based on financial circumstances. Overregulation of residents and their lives is not conducive to a friendly, inviting housing environment. A young person or family who owns a small studio apartment and wants to move up the housing ladder should not be penalized.

Hawai'i presently enjoys the lowest rate of homeownership in the United States among young adults, specifically those under the age of 35. We need to expand homeownership opportunities for our young residents, especially those members of our workforce who want to stay in Hawai'i for decades to come.

Our objective with existing housing programs is to provide more housing options to residents, not more barriers. Please advance **House Bill 1740 HD2 SD1**.

Thank you,



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



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



Cade Watanabe, Financial Secretary-Treasurer

Gemma G. Weinstein, President

Eric W. Gill, Senior Vice-President

March 31, 2026

Senate Committee on Ways and Means (for hearing on 4/1/26)
Senator Donovan Dela Cruz, Chair
Senator Sharon Moriwaki, Vice Chair

Testimony in opposition to HB1740 HD2 SD1

Chair Dela Cruz, Vice Chair Moriwaki, and Members of the Committee:

UNITE HERE Local 5 represents over 10,000 working people throughout Hawaii's hotel, food service and health care industries. We understand how difficult it is for working families in Hawaii to pay bills and afford homes. We have always fought to keep tourism dollars in local workers' pockets.

We are in opposition to HB1740 HD2 SD1's approach to improve affordable housing. We support affordable housing, but are concerned about a noticeable and sudden shift in Hawai'i's policy discussions.

For many years, inclusionary housing policies have been a central tool used to foster affordable housing development. However, a new narrative has recently emerged suggesting inclusionary mandates contribute to higher housing costs for buyers and renters. Many have eagerly latched onto this idea even though it represents a radical, whipsaw shift in policy. Its sudden appearance in state policy discussions demands careful scrutiny; there are nuances.

This idea, taken together with proposed laws that reduce state and county discretion in real estate development, is concerning. It appears these policies are dismantling regulatory frameworks that directly ensure affordability while giving immediate, direct, and tangible benefits to developers.

Instead of using rules to enforce affordability, this new model relies on a vague hope that "free market" forces will "trickle-down" housing to poorer people. **Trickle-down economics is a failed policy** – in fact, we are living in the consequences of that failed experiment. We should not return to the policy that brought us here in the first place. We shouldn't be easing 201H rules for developers while continuing to give developers 201H taxpayer funded incentives.

HB1740 removed restrictions so that a "qualified resident" can now include someone who already owns homes and/or land.

- There is no logic in changing the rules to allow someone who already owns real estate to buy a taxpayer-supported 201H housing unit.
- This will help wealthy investors buy rental homes. This does not help create first-time owners.

Initial HB1740 testimony by HHFDC said the bill "Permitting households to rent their units after one year of owner occupancy makes affordable units a more attractive option for buyers."

- This is literally a model to encourage wealthy individuals to buy units from 201H supported projects to turn into investment rental homes.

Initial HB1740 testimony by HHFDC said the bill "Allowing up to 20% of the units to be sold to non-owner occupants will help developers achieve sales targets more quickly..."

- This statement is evidencing the bill's attention to developer-centric interests.
- Selling to non-occupants will either keep units empty as a second home/investment. Or, it will turn units into rentals with the added overhead costs of owners' mortgage, operating costs, and profit-taking (all to be paid by a local renter).

Initial HB1740 testimony by HHFDC said, "The requirement that any rental must have a minimum lease term of one year ensures that these units will not be used for short-term rentals."

- Short term rentals are not an affordable housing policy problem. That is an illegal vacation rental enforcement issue.

HB1740_HD2_SD1 removes the 10-year occupancy requirement, allows an owner to rent their 201H unit out after only one year of owner-occupancy, and fails to impose rental rate limits.

- This draft would remove the ten-year occupancy requirement and only require one-year occupancy before the landlord can turn the unit into a rental.
 - o If the initial buyer took on a mortgage loan, a renter would be paying for the mortgage payments, landlord insurance, GET tax, and profit-taking of the unit owner, *and* AOA maintenance fees.
 - o If buyer paid cash, then this bill did nothing but further enrich wealthy real estate investors with taxpayer supported 201H projects.
 - o There doesn't appear to be rental rate controls, so a landlord can charge what is sufferable, not affordable, by a renter.

HB1740_HD2_SD1 loosened restriction to allow 20% of units to be acquired by "non-qualified" residents and imposed some deed restrictions on resell.

- The proposed bill loosens sales rules. If the legislature deems the original restriction to be a flawed mechanism, then abolish it. Otherwise, keep restrictions to 100% of units.
- A 20% carveout is a degradation of the existing policy to primarily, immediately, and tangibly benefit developers.
- *Effective* deed restrictions should be adopted as public policy but the proposed deed restrictions fall short, and there doesn't appear to be a affordability guardrail on rental *rates*.

HB1740 and companion SB2424 are flawed bills. The current draft of HB1740_HD2_SD1 still contains the substantive problems detailed here. Policy should entice first-time occupant-buyers with desirable units (i.e. those with good size, location, and parking) and affordability restrictions that allow some degree of asset appreciation sharing with the owner.

The state should vet the data behind the idea that deregulating housing leads to trickle-down units before lawmakers suddenly change policy direction. Hawaii real estate has unique economic characteristics that are distorted by global investors entering the market. We don't want to irreversibly change the landscape of our islands based on incorrect assumptions.

We urge you to defer HB1740_HD2_SD1. Thank you for this opportunity to testify.

LATE



LIMBYHawaii.org

Aloha e Representatives, Chair, Vice Chair:

Opposition to SB2424/HB1740

We are testifying on behalf of Locals In My Backyard (LIMBY) Hawai'i. LIMBY Hawai'i is a hui of concerned kama'āina and kānaka advocating for solutions to our state's housing crisis.

We are concerned that NIMBYism has driven up costs and driven our friends and families out by opposing all development. We are equally concerned that the apparent answer to this, YIMBYism, insists that anything resembling true affordability is impossible and promotes building housing that gets bought by overseas investors. ***We won't solve our housing woes without building more, but we won't solve them by simply building more.***

The true solution is to create a housing market for locals: one that houses locals first, is tied to local wages, and is managed in trust. We detail real solutions to our housing woes on our website and through our newsletter.

The future for kama'āina and kānaka will be LIMBY or Las Vegas.

While we respect the stated intention to allow folks to climb the housing ladder, this legislation goes far beyond that. Movement between HHFDC units could easily be accommodated within the 10 year buyback via a waiver allowing for a reasonable period of overlap and allowing the agency to maintain the affordability of the unit.

This legislation instead opens up tax-payer subsidized housing to investors with a flimsy initial occupancy requirement that will be difficult to enforce or check, no repercussions for failing to follow that requirement; and would seemingly allow buyers to flip (we emphasize) tax-payer subsidized housing at market-rate prices after a year.

The language of the bill should be scaled back to meet its apparent purpose and superfluous language modifying buyback periods and buyer qualifications removed.

Me ka ha'aha'a

Makana Hicks-Goo,

Organizer on behalf of LIMBY Hawai'i

April 1, 2026

OPPOSE HB1740 HD2 SD1

Chair Dela Cruz, Vice Chair Moriwaki, and Members:

HI Good Neighbor submits testimony in opposition to HB1740 HD2 SD1.

Please carefully review [HB1740 HD2 SD1](#) and consider its impact on working-class families.

This bill weakens basic eligibility rules for affordable housing, including rules that determine who qualifies based on financial and property holdings. Those safeguards exist to ensure government-supported housing actually goes to those who need it most.

HB1740 would likely remove income and asset caps, allow those who already own property to apply, and – most concerning – require only one year of owner-occupancy before units can be sold or rented at market rate.

Who is this really helping? How is this helping working families who now have to compete with higher-income applicants who already own a home?

This setup risks benefiting investors and higher-income buyers over the local families these units are intended to serve. How can a project that may receive subsidies, waivers, and increased density provide “affordable” housing for just one year, only to be sold or rented at market rate after that?

Even in projects with stricter eligibility rules, investors have found ways to bypass protections. Take Ulana in Kaka’ako as an example. It had income and asset caps, restrictions on owning other property, and required owner-occupancy for 2, 5, or 10 years depending on the unit. Despite these safeguards, investors still managed to sneak in and have already been caught renting units as short term rentals – keep in mind, the building was recently completed and welcomed residents in November 2025.

We are, however, pleased to see that HB1740 includes deed restrictions tied to residents living and working in our state, which is an important step to protect housing for local families.

To make this bill stronger and truly effective, we recommend:

- Units should remain affordable in perpetuity. Units should not be sold or rented at market rate after the owner-occupancy period expires.
- Owner-occupancy periods should be based on unit size: studios or one-bedrooms remain owner-occupied for 2-5 years, two-bedrooms for 5-7 years, and three-bedrooms for 10 years.
- Salary and asset caps should be updated to reflect current local conditions.

At a time when local residents are struggling to stay in Hawai'i, we need policies that prioritize working-class families, provide stability, and ensure public resources benefit those who truly need them.

HB1740 (all versions) weakens protections and instead creates opportunities for investors.

For these reasons, we urge the committee to defer HB1740 HD2 SD1.

Mahalo,
Christine Otto Zaa
HI Good Neighbor

LATE

HB-1740-SD-1

Submitted on: 3/31/2026 8:55:13 PM

Testimony for WAM on 4/1/2026 10:03:00 AM

| Submitted By | Organization | Testifier Position | Testify |
|---------------------|---------------------|---------------------------|---------------------------|
| Michael A. Cobb Jr | Individual | Oppose | Written Testimony Only |

Comments:

I oppose this bill. The focus needs to change to reducing taxes and the size of government.