



**TESTIMONY OF  
THE DEPARTMENT OF THE ATTORNEY GENERAL  
KA 'OIHANA O KA LOIO KUHINA  
THIRTY-THIRD LEGISLATURE, 2026**

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**ON THE FOLLOWING MEASURE:**

H.B. NO. 2401, RELATING TO THE RENTAL HOUSING REVOLVING FUND.

**BEFORE THE:**

HOUSE COMMITTEE ON HOUSING

**DATE:** Friday, February 13, 2026 **TIME:** 9:00 a.m.

**LOCATION:** State Capitol, Room 430

**TESTIFIER(S):** Anne E. Lopez, Attorney General, or  
Chase S.L. Suzumoto, Deputy Attorney General

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Chair Evslin and Members of the Committee:

The Department of the Attorney General (Department) offers the following comments on this bill.

This bill amends section 201H-204(a), Hawaii Revised Statutes (HRS), to authorize the Hawaii Housing Finance and Development Corporation (HHFDC) to use moneys from the Rental Housing Revolving Fund (RHRF) to provide loans or grants directly to individuals within a specified income range to buy rental units.

The Department has several concerns.

First, sections 201H-202 and 201H-204, HRS, currently list eligible activities for assistance from the RHRF, including, among other things, new construction, rehabilitation, or preservation of low-income rental housing units; leveraging of fund moneys; pre-development activity grants or loans to nonprofit organizations; and acquisition of housing units for preservation as low-income or very low-income housing. These eligible activities reflect a fund structure intended to support rental housing development and preservation activities, rather than direct financial assistance to individuals to purchase rental units. Because the bill would establish a new loan or grant authority for individuals, the Department recommends that the Committee consider placing this new authority in a separate new section within chapter 201H, part III, subpart J, HRS. The Department further recommends that the new section include the following proviso, to clarify that the new loan or grant authority is intended to operate

as a specific exception to existing statutory limitations and requirements applied to the Rental Housing Revolving Fund: "Notwithstanding sections 201H-202(d), (e), and (j), and 201H-204(a), . . . ."

The Department further notes that the bill's use of the phrase "purchase a rental unit" is ambiguous and does not specify whether the purchaser must occupy the unit as a principal residence. Without a clear owner-occupancy requirement and appropriate enforcement provisions, the bill could be construed to authorize the use of public funds to assist individuals in purchasing rental units as investment property. If the intent is to support ownership for residents, the bill should be amended to clarify that any unit purchased with assistance must be used as the purchaser's principal residence for a specified period, and should include appropriate resale, recapture, or other enforcement mechanisms. The Department also recommends defining "rental unit" for purposes of this loan and grant program, to clarify what types of housing and ownership interests qualify for assistance. Alternatively, the bill could be amended to require HHFDC to adopt rules to implement the program and clarify key terms and requirements, including the meaning of "rental unit."

Additionally, this bill may be subject to challenge under article VII, section 4, of the Hawai'i Constitution, which provides that "[n]o grant of public money . . . shall be made except pursuant to standards provided by law." Because the bill would authorize HHFDC to provide loans or grants directly to individuals, the Department recommends that this bill be amended to insert appropriate standards. Examples of existing statutes that provide standards for agencies to issue grants are part II of chapter 9 and sections 10-17, 210D-11, and 383-128, HRS.

We have attached examples of standards to this testimony for the Committee's consideration. These and any other standards could be inserted into the bill as a new subsection of a new section to be added chapter 201H, part III, subpart J, HRS.

Thank you for the opportunity to testify on this bill.

### **DRAFT GRANT STANDARDS**

The corporation shall establish by rules adopted pursuant to chapter 91, the application, selection, and administration requirements for any loan or grant provided to an individual pursuant to this section. At a minimum, the rules shall require that an applicant for a loan or grant shall:

- (1) Meet any applicable eligibility requirements established under this subpart;
- (2) Comply with the requirements of sections 201H-47 through 201H-51;
- (3) Use state funds exclusively for the purposes of this section;
- (4) Demonstrate the ability to properly use the loan or grant for the purposes authorized by this section;
- (5) Comply with all applicable federal and state laws prohibiting discrimination against any person on the basis of race, color, national origin, religion, creed, sex, age, sexual orientation, disability, or any other characteristic protected under applicable federal or state law;
- (6) Agree not to use state funds for entertainment or perquisites;
- (7) Comply with all applicable federal, state, and county statutes, regulations, rules, and ordinances;
- (8) Agree to indemnify and save harmless the State of Hawaii and its officers, agents, and employees from and against any and all claims arising out of or resulting from activities carried out or projects undertaken with loan or grant funds and procure sufficient insurance to provide this indemnification if requested by the corporation;
- (9) Agree to make available to the corporation all records the applicant may have relating to the loan or grant, to allow state agencies to monitor the applicant's compliance with this subpart; and
- (10) Comply with any additional standards and requirements the corporation may prescribe.

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

February 13, 2026 at 9:00 a.m.

State Capitol, Room 430

In consideration of

### HOUSE BILL 2401

### RELATING TO THE RENTAL HOUSING REVOLVING FUND.

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

HHFDC has **comments** on House Bill 2401, which proposes to amend section 201H-204(a), Hawaii Revised Statutes (HRS), to expand the eligible uses of the Rental Housing Revolving Fund (RHRF) to include loans or grants to individuals with incomes between sixty-one and one hundred percent of the median family income to purchase a rental unit.

Under existing law, RHRF is structured as a revolving loan fund, and the eligible uses of the fund are generally contemplated as loans, with repayment supporting the continued availability of resources for future housing activities. HHFDC notes that prior legislative amendments removed general grant authority from RHRF, reinforcing its role as a revolving financing tool.

This bill would reintroduce grant authority for a specific category of assistance. As drafted, this authority is added to HRS 201H-204(a) only, and the additional conforming amendments to other sections of HRS 201H may be necessary to ensure consistency within the statutory framework and clarity in program administration.

In addition, in recent legislative sessions, the Legislature has emphasized the importance of accelerating the deployment and recycling of RHRF resources so that available capital can support multiple housing projects over time. To the extent RHRF resources are deployed as grants rather than loans, this would affect the revolving nature of the fund and could reduce the amount of capital available for reuse absent additional appropriations.

HHFDC also notes that assistance for the purchase of existing rental units would be contingent upon property owners offering units for sale. As such, the use of this authority would be dependent on market conditions and seller participation.

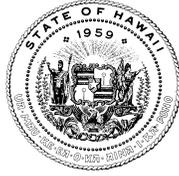
Finally, HHFDC notes that the State's homeownership programs continue to evolve. For example, the Hale Kama'aina mortgage program has developed over time to allow for stand-alone downpayment assistance, providing a distinct mechanism to support individual purchasers outside of the project-based financing structures. The relationship between these tools and the authority proposed in this bill may warrant further consideration to ensure clarity and coordination across all programs.

HHFDC appreciates the opportunity to provide these comments and looks forward to continued collaboration with the Legislature regarding the administration and implementation of RHRF.

Thank you for the opportunity to testify.

JOSH GREEN, M.D.  
GOVERNOR  
STATE OF HAWAII  
*Ke Kia'āina o ka Moku'āina 'o  
Hawai'i*

SYLVIA J. LUKE  
LT. GOVERNOR  
STATE OF HAWAII  
*Ka Hope Kia'āina o ka Moku'āina  
'o Hawai'i*



KALI WATSON  
CHAIRPERSON, HHC  
*Ka Luna Ho'okele*

KATIE L. LAMBERT  
DEPUTY TO THE CHAIR  
*Ka Hope Luna Ho'okele*

**STATE OF HAWAII**  
**DEPARTMENT OF HAWAIIAN HOME LANDS**  
*Ka 'Oihana 'Āina Ho'opulapula Hawai'i*

P. O. BOX 1879  
HONOLULU, HAWAII 96805

**TESTIMONY OF KALI WATSON, CHAIR**

**HAWAIIAN HOMES COMMISSION**  
**BEFORE THE HOUSE COMMITTEE ON HOUSING**  
**ON FEBRUARY 13, 2026 AT 9:00AM IN CR 430**

**HB 2401, RELATING TO THE RENTAL HOUSING REVOLVING FUND**

February 13, 2026

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

The Department of Hawaiian Home Lands (DHHL) **supports** this bill which authorizes the Rental Housing Revolving Fund to be used to provide loans or grants to eligible individuals to purchase rental units.

This legislative proposal was approved by the Hawaiian Homes Commission. DHHL beneficiaries who benefit from DHHL projects developed with Low Income Housing Tax Credits (LIHTC) are subject to a 15-year compliance period as renters of a lease. The intent of this bill is to authorize the Rental Housing Revolving Fund to be used to provide loans or grants to eligible individuals to purchase rental units. Thereby, allowing the rent with option to purchase loan agreement to transition into a mortgage loan for DHHL beneficiaries.

Thank you for your consideration of our testimony.



COMMERCIAL REAL ESTATE  
DEVELOPMENT ASSOCIATION  
HAWAII CHAPTER

February 13, 2026

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

RE: **HB 2401 - Relating to the Rental Housing Revolving Fund**  
**Hearing date: February 13, 2026**

Aloha Chair Evslin, Vice Chair Miyake, and members of the committees,

Thank you for the opportunity to submit testimony on HB2401 on behalf of the NAIOP Hawai'i Government Affairs Committee. NAIOP represents commercial real estate professionals involved in planning, financing, and delivering housing and community-serving projects statewide.

NAIOP Hawai'i GAC opposes HB2401.

HB2401 would expand the authorized uses of the Rental Housing Revolving Fund (RHRF) to provide loans or grants to individuals with incomes between sixty-one and one hundred forty per cent of median family income to purchase a rental unit.

The RHRF is a critical tool for producing and preserving rental housing, including new construction, rehabilitation and preservation, leveraging fund assets, pre-development activity grants or loans, and acquisition for preservation. Hawaii's affordable rental housing gap remains severe, and the State needs every available dollar in the RHRF to support rental development and preservation pipelines.

While we understand the desire to support pathways to ownership, HB2401 is not the right vehicle. Converting the RHRF into a buyer-assistance tool risks diverting scarce rental production capital into demand-side subsidies that do not necessarily create new units or preserve long-term affordability.

NAIOP respectfully recommends that the Committee maintain the RHRF's focus on rental housing development and preservation and pursue renter-to-owner or first-time homebuyer assistance through separate, appropriately designed programs that include clear eligibility and long-term affordability safeguards.

For these reasons, NAIOP Hawai'i GAC respectfully urges the Committee to defer HB2401.

Mahalo for your consideration,

A handwritten signature in black ink, appearing to read "Ken Hayashida". The signature is written in a cursive style with a large initial "K".

Ken Hayashida, President  
NAIOP Hawaii



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**The Thirty-Third Legislature  
House Committee on Housing  
Friday, February 13, 2026  
Conference Room 430  
9:00 a.m.**

TO: The Honorable Luke A. Evslin, Chair  
FROM: Keali'i S. López, State Director  
RE: Support for H.B.2401 Relating to the Rental Housing Revolving Fund

Aloha Chair Evslin and Members of the Committee:

My name is Keali'i López, and I serve as the State Director of AARP Hawai'i. AARP is a nonprofit, nonpartisan, social impact organization dedicated to **empowering people fifty and older to choose how they live as they age**. We advocate at the state and federal level on issues that matter most to older adults and their families. Access to stable, affordable housing is central to AARP's mission of ensuring residents can age with dignity and remain in their communities. On behalf of our 135,000 members statewide, thank you for the opportunity to testify in **support of H.B.2401**.

H.B.2401 authorizes the Rental Housing Revolving Fund (RHRF) to be used to provide loans or grants to individuals earning between 61% and 140% of the area median family income (AMI) to purchase a rental unit. This group often described as workforce or moderate-income households regularly falls into a gap: they do not qualify for low-income housing programs, yet they cannot afford market-rate options.

By expanding eligible uses of RHRF dollars, the bill strengthens the State's ability to **support these working families**. This aligns with broader statewide efforts to **address the full housing continuum** from low-income households to middle-income residents who are increasingly priced out of Hawai'i's housing market.

This measure also recognizes and enhances the ongoing work of the Department of Hawaiian Home Lands (DHHL), which currently uses the RHRF to develop housing projects. Allowing RHRF resources to support eligible buyers directly not only advances DHHL's mission of **expanding housing opportunities for Native Hawaiians** but also benefits other **local families striving for attainable homeownership**.

H.B.2401 Relating to the Rental Housing Revolving Fund

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Authorizing loans or grants for the purchase of rental units **provides families with long-term financial and housing stability**. Homeownership helps prevent displacement, builds intergenerational wealth, and allows residents to **remain in the communities where they work, raise families, and care for loved ones**. These outcomes are critical at a time when too many young working families are leaving Hawai'i because suitable housing remains out of reach.

**Stable and affordable housing is foundational to strong, resilient communities**. It supports a diverse local workforce, reinforces small businesses, and strengthens Hawai'i's overall economic health. Importantly, it **allows our kūpuna to remain in their homes** and age in place, close to family and support networks that help them thrive.

By creating a **more flexible and responsive financing structure**, H.B.2401 modernizes RHRF operations and ensures that State resources can be used efficiently to meet today's pressing housing needs. This is a smart, practical way to leverage existing tools to help more Hawai'i residents secure stable homes.

AARP Hawai'i respectfully urges the **House Committee on Housing to pass H.B.2401**. Thank you for your consideration and for your continued commitment to addressing Hawai'i's housing crisis.

Mahalo for the opportunity to support this important measure.

**HB-2401**

Submitted on: 2/12/2026 11:48:26 PM

Testimony for HSG on 2/13/2026 9:00:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Testify</b>
Angela Young	CARES	Support	Remotely Via Zoom

Comments:

Support.