



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

ON THE FOLLOWING MEASURE:
H.B. NO. 2625, RELATING TO HOUSING.

BEFORE THE:
HOUSE COMMITTEE ON HOUSING

DATE: Friday, February 6, 2026 **TIME:** 9:30 a.m.

LOCATION: State Capitol, Room 430

TESTIFIER(S): Anne E. Lopez, Attorney General, or
Chase S.L. Suzumoto, Deputy Attorney General or
Lindsey Hostetter-Takaesu, Deputy Attorney General

Chair Evslin and Members of the Committee:

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

This bill adds a new part to chapter 201H, Hawaii Revised Statutes (HRS), to establish the vacant and blighted residential property redevelopment program under the Hawaii Housing Finance and Development Corporation (HHFDC). Under the program, HHFDC would identify, acquire, and redevelop vacant and blighted residential properties into affordable rental housing with streamlined development standards and incentives. The bill allows HHFDC to award grants to eligible developers from the newly created vacant and blighted property redevelopment revolving fund for certain costs associated with affordable rental housing projects developed under this program. The bill also allows HHFDC to inspect suspected blighted properties after giving reasonable notice to the owner of record. The bill appropriates \$25,000,000 in general funds to the vacant and blighted property redevelopment revolving fund and also appropriates \$750,000 in general funds directly to HHFDC for program administrative expenses.

We have two comments on this bill.

First, in the new part added by section 2 of the bill, section 201H-C(1) authorizes the HHFDC to "[c]onduct inspections of properties suspected of being vacant or blighted residential properties, upon reasonable notice to the owner of record." Page 8, lines 7-

9. We recommend amending section 201H-C(1) to define the authority of HHFDC staff to enter onto the properties, the timing of the required notice, and HHFDC's enforcement options should property owners impede the inspections. An example of an existing statute that defines the authority of agency staff, notice requirements, and enforcement options is section 141-3.6, HRS, related to the Department of Agriculture and Biosecurity's authority to enter private property to control and eradicate pests.

Second, article VII, section 4, of the Hawai'i State Constitution states that "[n]o grant of public money . . . shall be made except pursuant to standards provided by law." The bill provides criteria for HHFDC's award of grants to eligible developers selected to participate in the vacant and blighted property redevelopment program. See page 6, lines 3-7; page 18, lines 11-12. To ensure compliance with article VII, section 4, we recommend amending the bill to include additional 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 on page 19, line 13, as a new section 201H-O(e).

Thank you for the opportunity to testify on this bill.

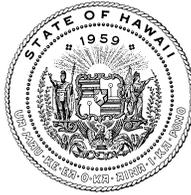
DRAFT GRANT STANDARDS

(e) Grantees shall be selected through a process set forth in rules adopted under this part. Applications for grants shall be made to the corporation and contain the information as required by rules. At a minimum, the applicant shall:

- (1) Be an eligible developer for funds under this subpart;
- (2) Agree to use state funds exclusively for the purposes of the vacant and blighted residential property redevelopment program;
- (3) Indicate capability to properly use the grant for the purpose of the vacant and blighted property redevelopment program and consistent with this purpose;
- (4) 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;
- (5) Agree not to use state funds for entertainment or perquisites;
- (6) Comply with other requirements the corporation may prescribe;
- (7) Comply with all applicable federal, state, and county statutes, 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 grant funds and procure sufficient insurance to provide this indemnification if requested by the corporation; and
- (9) Agree to make available to the corporation all records the applicant may have relating to the grant, to allow state agencies to monitor the applicant's compliance with this subpart.

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

HOUSE COMMITTEE ON HOUSING

February 06, 2026 at 9:30 a.m.

State Capitol, Room 430

In consideration of

HOUSE BILL 2625

RELATING TO HOUSING.

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

HHFDC **supports with comments** on House Bill 2625, which seeks to establish the Vacant and Blighted Residential Property Redevelopment Program within the Hawaii Housing Finance and Development Corporation (HHFDC).

We respectfully offer the following comments and recommendations to strengthen the bill:

1. **Expand Beyond Rental Housing.** The bill currently limits redevelopment to affordable rental housing. We urge the committee to allow flexibility for rent-to-own and leasehold projects. This will provide more pathways to homeownership and long-term stability for Hawaii residents.
2. **Development Standards Flexibility.** While we appreciate the streamlined standards proposed, we recommend clarifying that setback, height, density, floor area ratio, and lot coverage may follow either the standards in the bill or the underlying zoning, whichever offers greater flexibility. This will help maximize redevelopment potential across diverse parcels.
3. **Remove Maximum Unit Size Restrictions.** We request deleting the maximum unit size requirements. These limits may unnecessarily constrain design and reduce livability for families.
4. **Revise Affordability Requirements.** We recommend replacing the current income and rent provisions with:

“At least fifty percent of the units shall be affordable to households earning 140% of Area Median Income (AMI) or below.”

This approach reflects Hawaii’s housing market realities and will encourage broader participation while still prioritizing affordability.

5. Staffing and Administration. We recommend appropriating funds for two full-time positions to effectively administer the program. Each position should be funded at \$175,000 annually, which includes benefits, to ensure the program is managed efficiently and meets its objectives.

Thank you for the opportunity to testify.

HB-2625

Submitted on: 2/5/2026 8:20:53 AM

Testimony for HSG on 2/6/2026 9:30:00 AM

Submitted By	Organization	Testifier Position	Testify
Johnnie-Mae L. Perry	Individual	Comments	Written Testimony Only

Comments:

Comment include DHHL Johnnie-Mae L. Perry

2625 HB RELATING TO HOUSING.

HB-2625

Submitted on: 2/5/2026 9:53:29 AM

Testimony for HSG on 2/6/2026 9:30:00 AM

Submitted By	Organization	Testifier Position	Testify
Corinne Solomon	Individual	Oppose	Written Testimony Only

Comments:

I oppose this bill. This is a clear example of government overreach. Please address the underlying causes of vacant properties rather than creating overreaching laws to address the issues.