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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

March 18, 2026 at 9:00 a.m.

State Capitol, Room 430

In consideration of

SENATE BILL 2190 SENATE DRAFT 2 RELATING TO INCLUSIONARY ZONING.

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

HHFDC **supports** Senate Bill 2190 Senate Draft 2, which addresses inclusionary zoning requirements for housing developments.

Hawaii continues to face a severe affordable housing shortage that impacts local families and our workforce. This bill takes an important step toward preserving housing opportunities for residents by prohibiting inclusionary zoning requirements on housing offered exclusively for sale or rent in perpetuity to local residents who are owner-occupants or renters and do not own other real property.

This bill directly supports the Governor's commitment to increasing affordable housing production by removing regulatory barriers that often slow or prevent development. By exempting housing offered exclusively to local residents in perpetuity from inclusionary zoning requirements, this bill makes these projects more financially feasible and attractive to developers.

This approach aligns with the Governor's vision to accelerate housing construction while ensuring homes remain accessible to Hawaii residents.

By ensuring that housing reserved for Hawaii residents is not subject to additional inclusionary zoning mandates, this bill promotes the development of homes that strengthen our communities and keep families in the islands. This approach aligns with the Legislature's intent to address the housing crisis while prioritizing local occupancy and affordability.

Thank you for the opportunity to testify.



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

March 18, 2026

House Committee on Housing
Hawai'i State Capitol
Honolulu, HI 96813

RE: SUPPORT for SB 2190 SD2 - RELATING TO INCLUSIONARY ZONING

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

On behalf of Hawai'i YIMBY, we are writing in **support of SB 2190 SD2**, which takes a careful and reasonable approach to a complex housing policy issue. Research and experience show that inclusionary zoning can help create affordable units, but finding the exact balance between requirements and incentives that results in no net loss of overall housing production is difficult. Small changes in policy design or market conditions can shift outcomes from helpful to harmful.

When inclusionary zoning requirements are set too high or not matched with sufficient incentives, they can reduce the number of homes built across the market. This uncertainty makes it especially important to avoid policies that could unintentionally slow housing production in a state already facing a severe housing shortage.

SB 2190 SD2 recognizes this challenge by exempting certain perpetually restricted, locally focused housing from inclusionary zoning requirements. These homes are already dedicated to serving local residents over the long term. Applying additional set-aside requirements in these cases risks discouraging more housing production without delivering meaningful public benefit.

Supporting this bill does not mean abandoning the goal of creating more affordable housing. It means acknowledging the limits of one policy tool and committing to continued work on data-backed solutions. Housing policy should be guided by evidence



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that shows we are increasing affordability while also maintaining or growing the overall housing supply.

SB 2190 SD2 is a prudent step that protects housing production today while leaving room to refine and improve inclusionary zoning policies based on real-world outcomes.

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



March 18, 2026, 9:00 a.m.
Hawaii State Capitol
Conference Room 430 and Videoconference

To: House Committee on Housing
Rep. Luke Evslin, Chair
Rep. Tyson Miyake, Vice Chair

From: Grassroot Institute of Hawaii
Ted Kefalas, Director of Strategic Campaigns

RE: TESTIMONY IN SUPPORT OF SB2190 SD2 — RELATING TO INCLUSIONARY ZONING

Aloha Chair, Vice Chair and other Committee Members,

The Grassroot Institute of Hawaii **supports** [SB2190 SD2](#), which would prohibit counties from imposing inclusionary zoning requirements on projects offered for sale or rent in perpetuity to residents of the state who do not own any other real property.

This bill is a smart approach to dealing with affordable housing mandates that often stifle homebuilding.¹

Affordable housing mandates force homebuilders to increase the prices of their market-rate homes to make up for the so-called affordable homes, and that becomes even more problematic depending on the percentage of homes that must be so-called affordable.

Think of it this way: If a car manufacturer were required to sell three out of every 10 cars at a loss, the company would make up for those losses by increasing prices on the seven cars they are allowed to sell for profit.

¹ Tom Means, Edward Stringham and Edward Lopez, "[Below-Market Housing Mandates as Takings: Measuring their Impact](#)," The Independence Institute, November 2007; Carl Bohnam, Kimberly Burnett, Andrew Kato, et al., "[Inclusionary Zoning: Implications for Oahu's Housing Market](#)," The Economic Research Organization at the University of Hawai'i, Feb. 12, 2010; Sanford Ikeda and Emily Washington, "[How land-use regulation undermines affordable housing](#)," Mercatus Research, November 2015; Arjuna Heim, "[We need to talk about inclusionary zoning](#)," Hawaii Appleseed Center for Law & Economic Justice, Aug. 13, 2025.

Customers will respond to the higher prices by buying fewer cars, which will prompt the manufacturer to produce fewer cars.

In a real sense, this is what is happening to Hawaii’s housing market: Affordable housing mandates are reducing the amount of housing that gets built.

Research supports this. Carl Bonham at the Economic Research Organization at the University of Hawai‘i pointed out in 2013 that inclusionary zoning “reduces incentives for developers to produce all forms of housing, and will reduce the overall supply of housing units and increase the price of housing.”²

And a 2024 study of a voluntary inclusionary zoning program in Los Angeles found that “increasing IZ requirements may not produce substantially more below market-rate units, and is very likely to reduce future housing production.” The study concluded that land-use reform would be a more effective way to increase the housing supply.³

Grassroot applauds SB2190 for recognizing that inclusionary zoning doesn’t work, and we urge the Legislature to approve this bill.

Thank you for the opportunity to testify.

Ted Kefalas
Director of strategic campaigns
Grassroot Institute of Hawaii

² Carl Bonham, “[The Unintended Consequences of Affordable Housing Policy](#),” The Economic Research Organization at the University of Hawai‘i, Sept. 8, 2013.

³ Shane Phillips, “[Modeling Inclusionary Zoning’s Impact on Housing Production in Los Angeles: Tradeoffs and Policy Implications](#),” Turner Center for Housing Innovation, April 2024.

March 18, 2026

TO: Chair Evslin and Members of the House Housing Committee
RE: SB 2190 SD2, Relating to Inclusionary Zoning

Dear Chair Evslin 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 urge the House Committee on Housing to advance Senate Bill 2190 SD2.**

This reform measure will directly target inclusionary zoning for housing offered *exclusively* for sale or rent in perpetuity to uniquely-qualified buyers or renters. Such buyers or renters shall meet a specific set of conditions, as they shall be residents of the State, active owner-occupants or renters, and do not own any other real property.

More than fifteen years ago, UHERO concluded that a relaxation of inclusionary zoning policies would result in greater benefits for residents with limited housing options:

“Reducing or eliminating overly burdensome regulation on development, including inclusionary zoning, will increase affordability of housing for two reasons. First, it will encourage building, increasing the overall stock of housing, which will help hold down the market price of housing. Second, removing IZ will allow for the natural ‘filtering’ process to occur unheeded, with newer units going to higher income households and older units being increasingly occupied by lower income households as their values depreciate.”¹

Fifteen years later, their conclusions endure. Hawai'i needs to generate housing reserved for state residents. **Please advance SB2190 SD2.**

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

¹ <https://uhero.hawaii.edu/wp-content/uploads/2019/08/UHEROProjectReport2010-1.pdf>



OFFICE OF HAWAIIAN AFFAIRS

‘Ōlelo Hō‘ike ‘Aha Kau Kānāwai

TESTIMONY IN OPPOSITION OF SENATE BILL SB2190 SD2
RELATING TO INCLUSIONARY ZONING

Ke Kōmike Hale o ke Kuleana Hale Noho
(House Committee on Housing)

Ke Kapitala ‘o Hawai‘i
(Hawai‘i State Capitol)

Malaki 18, 2026

9:00 a.m.

Lumi 430

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

The Office of Hawaiian Affairs (OHA) respectfully **OPPOSES** this measure. The state should allow county home-rule and not impose a state-level regulation on a local government tool that is used all over the country. Any specific affordable housing set-asides should, can, and have historically been set at the county level, allowing each county the flexibility to deliver housing for their residents.

Hawai‘i continues face an acute affordable housing crisis. Despite this reality, current housing policy too often prioritizes market-rate development while relying on voluntary incentives rather than enforceable affordability requirements. Mandatory minimum affordable housing requirements, such as inclusionary zoning, remain one of the few tools that our counties use to ensure that new housing production aligns with actual statewide and county-level demand. The measure would undermine the State’s efforts to ensure that new development meaningfully addresses Hawai‘i’s severe and ongoing affordable housing crisis—particularly for Native Hawaiian families.

OHA recognizes that land-use conditions, including affordable housing set-asides (often called inclusionary zoning) are one way that local and state governments are able to deliver affordable housing for state residents. Kaua‘i offers a promising model in this regards, further highlighting the need for local level experimentation and innovation in affordable housing set-asides. Without enforceable inclusionary zoning standards, developers continue to receive public benefits with no corresponding obligation to provide housing affordable to the majority of Hawai‘i residents. This bill would further extend that imbalance by prohibiting counties from applying inclusionary zoning requirements to an entire category of housing, regardless of local conditions or

demonstrated affordability needs. While this measure exempts certain developments from inclusionary zoning if units are restricted to Hawai'i residents, owner-occupants, or renters who do not own other real property, these criteria do not ensure affordability. The bill does not define affordability or require income-based targeting. Residency status alone does not prevent high-income households from qualifying. Prohibiting ownership of other real property does not address demand from individuals seeking to relocate to Hawai'i with substantially greater purchasing power than most local families.

As previously noted, current definitions of "affordable" frequently allow housing priced at up to 140% AMI to qualify for bonuses and exemptions. In real dollar terms, this can mean housing affordable to a single individual earning over \$100,000 per year, or rental units targeting the higher half of our median income and still be labeled "affordable." Such outcomes do not reflect the financial reality of Native Hawaiian families or the majority of Hawai'i households. Native Hawaiians experience disproportionate housing insecurity. Native Hawaiian households are less likely to own homes, more likely to live in overcrowded or multi-generational households, and more than three times as likely to include a "hidden homeless" family member. These conditions underscore the importance of preserving county flexibility to deploy a full range of housing tools, including inclusionary zoning, to meet deep affordability needs. Prohibiting inclusionary zoning for certain developments, this measure would exclude counties and planning agencies, limiting their ability to require housing that serves households at 60% AMI and below, where most of the need exists.

OHA strongly supports policies that prioritize meaningful, income-targeted affordable housing for Native Hawaiians and local families. However, this measure would restrict county authority, weaken mandatory affordability requirements, and fail to ensure that new housing serves the income levels where Hawai'i's housing need is greatest.

For these reasons, the Office of Hawaiian Affairs respectfully **OPPOSES** this measure and urges the Committees to **HOLD** the bill.

Mahalo for the opportunity to testify.



HAWAII APPLESEED

CENTER FOR LAW & ECONOMIC JUSTICE

Testimony of the Hawai'i Appleseed Center for Law and Economic Justice
Support for SB2190 SD2 – Relating to Inclusionary Zoning
House Committee on Housing
Wednesday, March 18, 2026 at 9:00AM Conf. Rm. 430 and via Videoconference

Aloha Chair Evslin, Vice Chair Miyake, and members of the committee;

Mahalo for the opportunity to testify in **support of SB 2190 SD2**, relating to inclusionary zoning. SB 2190 SD2 would prohibit the counties from implementing an inclusionary zoning (IZ) requirement on housing offered for sale or rent to residents of the State in perpetuity. This bill would complement SB2424.

For decades counties have leaned heavily on IZ as a primary affordability tool, layering it on top of already restrictive zoning and discretionary approvals. This combination has produced a relatively small number of IZ units through county programs when compared to the over 64,000 projected demand needs by 2027.¹ County IZ programs have been functioning as a blanket surcharge on an already financially difficult regulatory environment. SB2190 SD2 narrowly corrects: when a project is offered exclusively for residents, it should not be further burdened by local IZ mandates that can tip the project from feasible to infeasible.

The recent Laulima 201H project in Kapoleie West is a clear example of how local discretion and stacked requirements can endanger even perpetually affordable, resident-serving housing. The Laulima Project proposed 750 new affordable rental units affordable in perpetuity and fully consistent with the county's more restrictive 201H requirements. Yet when the project came before the Honolulu City Council, members proposed a CD1 that would have disapproved of all requested exemptions “without prejudice,” rather than approve them.² Disapproval of exemptions would have made price restricted rentals in perpetuity impossible to pencil, and threatened the viability of the project, despite support at the state level and documented need for more rentals.³ SB2190 helps prevent these kinds of tensions by limiting how far counties can go in layering additional costs and conditions onto projects that are already designed to serve Hawaii residents. We encourage the committee to move SB2190 SD2 forward.

¹ <https://www.wardresearch.com/2024-hawaii-housing-planning-study>

² <https://hnlidoc.ehawaii.gov/hnlidoc/document-download?id=25777>

³

https://dbedt.hawaii.gov/hhfdc/files/2025/06/2025-0612-III.D.-Laulima_201H-Exemptions-SECURED.pdf#:~:text=750%20affordable%20rental%20units



www.AlohaILHawaii.org

Mar 18, 2026

MISSION

Aloha Independent Living Hawaii (AILH) dedicated to providing independent living programs and services for persons with disabilities in Hawaii.

We work together with the community and consumers to improve the quality of life through individual choices and access to services.

EXECUTIVE DIRECTOR

Roxanne U. Bolden

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Jennifer Hartssock

The Honorable Luke A. Evslin, Chair
House Committee on Housing
The Thirty-Third Legislature
State Capitol
State of Hawaii
Honolulu, Hawaii 96813

SUBJECT: SB2190 SD2 - Relating to Inclusionary Zoning

Chair and Members of the Committee:

Aloha Independent Living Hawaii (AILH) is a Center for Independent Living (CIL) serving people with disabilities across Hawaii. We submit this testimony **in strong opposition unless amended to SB2190 SD2.**

SB2190 SD2 would prohibit any law, ordinance, or rule from imposing an inclusionary zoning requirement on housing offered exclusively for sale or rent in perpetuity to buyers or renters who are Hawaii residents, are owner-occupants or renters, and do not own other real property. While we support the goal of keeping homes available for local residents, we are deeply concerned that exempting these projects from inclusionary zoning requirements will reduce the number of affordable, accessible units available to disabled residents with the lowest incomes.

People with disabilities in Hawaii experience disproportionately high poverty and unemployment, and many rely on fixed incomes such as SSI or SSDI. For our community, "local resident" status alone does not ensure access to housing if homes are still priced far above what disabled residents can afford. Inclusionary zoning is one of the few tools that regularly produces deed-restricted units that can be affordable to disabled people who are otherwise priced out of the market. Removing that tool for an entire class of developments risks widening existing inequities.



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SB2190 SD2 also does not include any requirement that exempted projects provide accessible units beyond minimum federal and state law, nor does it tie the exemption to income levels. A development could be entirely composed of high-priced units, reserved for resident owner-occupants, and still benefit from an exemption, even though low-income disabled residents would have no realistic path to live there. This undercuts the stated purpose of preserving local communities and instead risks reinforcing economic segregation within those communities.

If the Legislature wishes to advance the goals in SB2190 SD2 while protecting disabled and low-income residents, we respectfully request the following amendments:

1. Condition any exemption from inclusionary zoning on income targeting, such as requiring that a meaningful share of units be affordable at levels actually accessible to low-income and very low-income households, including those relying on disability benefits.
2. Explicitly require provision of accessible units and adoption of universal design or visitability standards in exempted projects, to ensure disabled residents can live in and visit these homes.
3. Require counties to monitor and report on the impacts of this exemption on the production of affordable and accessible units, including data on disabled residents' access to housing produced under the exemption.
4. Clarify that nothing in this section diminishes counties' authority to use other tools (such as incentives, agreements, or conditions) to secure affordable and accessible units in exempted developments.

Without such amendments, SB2190 SD2 is likely to reduce the already limited supply of affordable, accessible housing for disabled residents, at a time when Hawaii is facing a severe housing and displacement crisis. For



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these reasons, we oppose SB2190 SD2 unless it is amended to include strong affordability and accessibility protections.

Thank you for the opportunity to testify.

Aloha,

Roxanne Bolden

Executive Director

SB-2190-SD-2

Submitted on: 3/16/2026 9:30:41 AM

Testimony for HSG on 3/18/2026 9:00:00 AM

Submitted By	Organization	Testifier Position	Testify
Raelene Tenno	Individual	Oppose	Written Testimony Only

Comments:

OPPOSE SB 2190 SD2

SB-2190-SD-2

Submitted on: 3/16/2026 2:09:59 PM

Testimony for HSG on 3/18/2026 9:00:00 AM

Submitted By	Organization	Testifier Position	Testify
Keoni Shizuma	Individual	Oppose	Written Testimony Only

Comments:

Aloha,

I am testifying in opposition to this bill.

As written, this bill limits the ability for counties to require developments to include affordable housing. While I appreciate a development that focuses on housing that is sold in perpetuity to residents, doing so with housing projects around the state would still allow for the housing market to raise and become unaffordable to most residents. This bill will be beneficial to developers as market-rates will continue to be expensive and profits will be easier to achieve, however this bill as written will harm our residents because there will be a lack of affordable housing supply.

For this bill to be beneficial, there needs to be a large amount of housing developments in perpetuity only for residents to purchase. And while I understand that such a bill wouldn't be passed, having a large portion of our housing developments restricted in perpetuity to only be purchased by residents would be beneficial to our residents. With a large supply of future developments only for resident purchasers, the market rate should lower, making affordable housing irrelevant and unhelpful. An amendment to include a certain portion of housing developments within the state to restrict in perpetuity, would make this an acceptable bill. Otherwise, this bill will only cause harm to our resident population.

This is an example of putting the cart in front of the horse.

Mahalo for your consideration,
Keoni Shizuma

SB-2190-SD-2

Submitted on: 3/16/2026 11:26:06 PM

Testimony for HSG on 3/18/2026 9:00:00 AM

Submitted By	Organization	Testifier Position	Testify
Dale VanderBrink	Individual	Support	Written Testimony Only

Comments:

I Support SB2190