

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

SENATE COMMITTEE ON WAYS AND MEANS

February 19, 2025 at 10:02 a.m.
State Capitol, Room 211

In consideration of S.B. 1229 SD1 RELATING TO THE DWELLING UNIT REVOLVING FUND.

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

HHFDC supports SB 1229 SD1, which makes the Dwelling Unit Revolving Fund (DURF) Equity Pilot Program (DEP) permanent and gives preference to projects developed under governmental assistance programs pursuant to section 201H-36(a)(2).

Hawaii residents, including those in professions facing a shortage, such as teachers, healthcare workers, and law enforcement officers, are leaving the state due, in part, to the high cost of housing. Act 92, Session Laws of Hawaii 2023, established the DEP, which authorized the Hawaii Housing Finance and Development Corporation (HHFDC) to purchase equity in units in certain for-sale housing development projects, reducing the contribution made by eligible buyers, which makes homes more affordable.

Developers have shown strong interest in the DEP program. Projects participating in the program include Kuilei Place, the Flats at Sky Ala Moana, and the Park on Ke'eaumoku. To date, approximately \$7.4 million of the \$10 million authorized under the pilot program has been committed.

A number of for-sale housing projects have been stalled due to high interest rates and using the DEP program in conjunction with loans from DURF has the potential to move these projects forward.

Thank you for the opportunity to testify on this bill.

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February 18, 2025

LATE

TO: The Honorable Donovan M. Dela Cruz, Chair
Senate Committee on Ways and Means

FROM: Alice L. Lee
Council Chair 

SUBJECT: **HEARING OF FEBRUARY 19, 2025; TESTIMONY IN SUPPORT OF SB1229, SD1, RELATING TO THE DWELLING UNIT REVOLVING FUND**

I **support** this measure to make the Dwelling Unit Revolving Fund Equity Pilot Program permanent and provide preference to projects developed under governmental assistance programs pursuant to HRS §201H-36(a)(2).

The Maui County Council has not had the opportunity to take a formal position on this measure. Therefore, I am providing this testimony in my capacity as an individual member of the Maui County Council.

I **support** this measure for the following reasons:

1. The Dwelling Unit Revolving Fund Equity Program allows HHFDC to purchase a share of equity in for-sale housing units, reducing the financial burden on eligible homebuyers and making homeownership more accessible for local working families.
2. By providing affordable homeownership opportunities to individuals in professions facing shortages, this measure helps retain essential workers in Hawai'i's critical industries.
3. With \$7.4 million already committed to existing projects, making this program permanent will provide financial stability for housing development projects, especially in the face of rising interest rates.

Thank you for your consideration.



HAWAI'I COMMUNITY FOUNDATION

TO: Senate Committee on Ways and Means
Senator Donovan Dela Cruz, Chair
Senator Sharon Moriwaki, Vice Chair; and
Members of the Committee

FROM: Matt Elliott, Senior Director, Policy & Public Affairs

RE: Testimony in Support for SB 1229 SD1, Relating to the Dwelling Unit Revolving Fund

Date: Wednesday, February 19, 2025 at 10:02am

Place: Hearing Room 211

The Hawai'i Community Foundation (HCF) supports SB 1229 SD1, which makes the Dwelling Unit Revolving Fund (DURF) Equity Program permanent. Housing is a priority area within HCF's CHANGE Framework under the "C" sector for Community-Centered Economy. The HCF House Maui Initiative seeks to create a sustainable housing market for local families and the Equity Program is one path to help increase the volume of homes that are purchased by Hawai'i residents.

Per UHERO, "median housing costs in Hawaii are more than 2.7 times the national level"¹ and median rents are the highest in the country.² ALICE families are more vulnerable because of the current housing market. The unmet demand for attainable housing is at a critical level, which has contributed to a record outmigration of local residents. This reality is punctuated by the fact that more Hawaiians now live outside Hawai'i than within Hawai'i.

It is evident that current perspectives and efforts need to be expanded, and new creative solutions must be adopted. Hyper prioritization of major off-site infrastructure improvements that can effectuate housing, broad-based collaboration and regulatory reform are more critical now than ever. At the same time, the push to build new homes must be accompanied by systems and programs that allow families to afford the homes.

HCF supports the DURF Equity Program because the intent aligns with the HCF House Maui Initiative and creates additional pathways to homeownership. The program is designed to lower home costs for new buyers, by providing them with an interest-free loan for a portion of the overall cost. They can pay off this loan at their own pace. If the homeowner decides not to stay in the home, then the proportion of the earned equity tied to the loan goes back to the state. Participants are members of the workforce that Hawai'i desperately needs, like teachers, police officers, and nurses. Also, the program includes limits so that the loans cannot go to landlords.

HCF agrees that the time is right for the conversion of the pilot to a permanent program so that there is greater opportunity to provide loans to individuals living on all islands across Hawai'i.

¹ [UHERO 2023 Hawaii Housing Factbook](#) at page 1.

² [UHERO 2024 Hawaii Housing Factbook](#) at page 6.

There is universal agreement that locals need more places to call home. Homes must be affordable so residents will be free from the pressure of leaving the island. SB 1229 SD1 can help make housing affordable and give families a chance to control their economic futures.



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.

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Committee: Senate Committee on Ways and Means
Bill Number: SB 1229 SD1, Relating to the Dwelling Unit Revolving Fund
Hearing Date and Time: February 19, 2025, 10:02am (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 SB 1229 SD1, Relating to the Dwelling Unit Revolving Fund. This bill would make the Dwelling Unit Revolving Fund Equity Pilot Program permanent and give preference to projects developed under governmental assistance programs pursuant to section 201H-36(a)(2).

Hawai'i remains in a housing crisis. Skyrocketing home prices leave many local families struggling to secure safe, attainable places to live. The median home price in Hawai'i now exceeds \$800,000—an impossible amount for most residents. As a result, many local families are being forced to leave in search of affordable living options elsewhere. Between July 2022 and July 2023 alone, an average of twelve people left Hawai'i *every day*.¹ More Native Hawaiians now live outside Hawai'i than within it. This is a loss of our culture, traditions, and the essence of what makes Hawai'i home.

In October 2024, a survey² gathering information about the day-to-day financial experience of local workers was released and it suggests this growing crisis has the potential to reach staggering levels. When nearly 1,500 local workers were asked if they may need to move to a less expensive state, only thirty-one percent answered a definitive “no,” while sixty-nine percent said “yes” or “unsure.” And nearly two-thirds of the respondents said the cost of housing was the primary impact on their cost of living in Hawai'i. Each local worker and family we lose to the continent contributes to a loss of our economy, our culture, and our family.

This program has the potential to help by reducing housing costs for new buyers in the form of interest-free loans to cover a portion of the home's total cost. Homeowners can repay this loan at their own pace, and if they choose to sell, the state recoups a share of the earned equity—ensuring continued investment in affordable housing.

¹ U.S. Census Bureau, Population Division Estimates, released on March 14, 2024; 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/2023/county-pop/2023_daily_est_counties.pdf

² <https://holomuacollective.org/survey/>

This program is designed to support the essential workers we all rely on in Hawai'i: teachers, first responders, nurses, and others who keep our communities strong. To maintain its focus on helping local families, strict limits prevent these loans from being used by landlords.

Under the existing pilot, specific housing units have already been designated to be included in the program. As described in a recent news article, the program is designed to put housing within reach of middle-income local residents. An example that was provided shows how "a two-bedroom, one-bath condo priced at \$627,000 could instead be sold at \$524,000 to select professionals because the revolving fund buys \$103,000 in equity in that unit. That reduced price puts the condo within financial reach of many more people... The equity is paid back to the revolving fund when the professional sells the unit."³

To increase the program's reach to residents of every county and put more local working families in attainable housing, this is a good time to make this pilot program permanent. SB 1229 SD1 is a strong move in the right direction to keep local families in Hawai'i, while giving them greater control over their economic futures.

We appreciate the opportunity to testify and respectfully recommend your passage of this measure.

Sincerely,



Joshua Wisch
President & Executive Director

³ "A State Program Is Helping Critical Workers Buy Homes," October 4, 2024 in Hawai'i Business Magazine (<https://www.hawaiibusiness.com/hawaii-homeownership-durf-equity-pilot-program-affordable-housing-workforce/>)

SB-1229-SD-1

Submitted on: 2/15/2025 4:55:23 PM

Testimony for WAM on 2/19/2025 10:02:00 AM

Submitted By	Organization	Testifier Position	Testify
Ellen Godbey Carson	Individual	Support	Written Testimony Only

Comments:

I support this bill SB1229. This will make our Dwelling Unit Revolving Fund permanent. We need solutions to our affordable housing crisis and this should be one of the approaches that can help. Thank you for finding better ways to address our housing crisis.

Ellen Carson

SB-1229-SD-1

Submitted on: 2/17/2025 8:36:11 PM

Testimony for WAM on 2/19/2025 10:02:00 AM

Submitted By	Organization	Testifier Position	Testify
Tasman Kekai Mattox	Individual	Support	Written Testimony Only

Comments:

I support this measure.