

Congress of the United States
Washington, DC 20510

August 18, 2023

The Honorable Isabel Guzman
Administrator
U.S. Small Business Administration
409 3rd St SW
Washington, DC 20416

Dear Administrator Guzman:

Thank you for your demonstrated commitment to supporting the businesses and homeowners that have been affected by the recent wildfires in Hawaii. We appreciate your willingness to visit these communities. President Biden's swift approval of the Major Disaster Declaration for Hawaii Wildfires (FEMA-4724-DR) on August 10, 2023, will be critical to providing individuals with the resources they need to rebuild.

The devastation that has occurred in West Maui cannot be understated. As you were able to witness firsthand, the historically and culturally significant town of Lahaina, which was once the seat of the monarchy for the Kingdom of Hawaii, has been destroyed – with an estimated 2,200 structures damaged, 86 percent of which were residential in nature. Most heartbreaking of all are the casualties resulting from the wildfires. At last count, there were 111 confirmed fatalities – with many more fatalities expected in the coming days and weeks – making this the deadliest U.S. wildfire in modern history.

With the President's disaster declaration, businesses and homeowners are now eligible for disaster assistance through the U.S. Small Business Administration's (SBA) Disaster Loan Program. We write today to urge you to exercise your authority as the SBA Administrator to increase lending limits for home and business disaster loans for those affected by the Maui Wildfires. We believe that the extraordinary devastation wrought by the fires, coupled with the high construction prices and elevated cost of living on Maui, have created a situation for which the maximum loan amounts are inadequate. If SBA is to fulfill the objectives of the disaster loan program and effectively assist the survivors of the Maui disaster in rebuilding their communities, then the current loan limits must be increased.

Pursuant to 13 CFR. §§ 123.105(d) and 123.202(d), the SBA Administrator is empowered to increase the lending limits for disaster home loans and disaster business loans, respectively,

“based on appropriate economic indicators for the region(s) in which the disaster occurred.” In the release of its Final Rule amending its Disaster Loan Program, the SBA indicated that it would consider economic indicators like consumer price index, median home prices, and local construction costs in determining whether increases in the lending limit are warranted. *See* 88 FR 39335.

All of these economic indicators weigh strongly in favor of raising the loan limits for a disaster in Maui County – where the median single-family home price is \$1.19 million, and the median condominium price is \$850,000. Throughout the Hawaiian Islands, construction costs are high when compared to the mainland United States. And although CPI is beginning to come down off the highs it achieved in recent years, the cumulative post-pandemic consumer price increases will have further increased the already high cost of rebuilding.

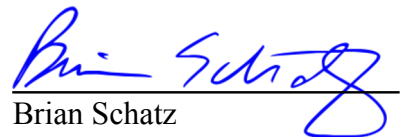
We recognize SBA has taken meaningful steps to respond to the Maui Wildfires, including by deploying over 30 staff members to help with the disaster response and recovery efforts and establishing a Business Recovery Center (BRC) in Kihei, Maui, and continuing to coordinate with the Federal Emergency Management Agency (FEMA) as it supports the Hawaii Emergency Management Agency (HIEMA) and Maui Emergency Management Agency (MEMA) as they work to support businesses and homeowners during this difficult time. We also recognize SBA understands the importance of flexibility in disaster response, and strongly support its recent Final Rule granting the Administrator the authority to raise the limit on disaster home loans when appropriate. We believe that this disaster is exactly the situation for which the rule is intended.

Thank you for your consideration of these requests. We look forward to your response.

Sincerely,



Mazie K. Hirono
United States Senator



Brian Schatz
United States Senator



Jim Tokuda
Member of Congress



Ed Case
Member of Congress