
A BILL FOR AN ACT

RELATING TO HOUSING.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:

1 SECTION 1. The legislature finds that the rising cost of
2 real estate is causing many local renters to be priced out of
3 the housing market. First time homebuyers from low- and
4 moderate-income families who can't afford Hawaii's prices are
5 increasingly purchasing homes on the mainland.

6 The legislature also finds that a community land trust, as
7 a nonprofit housing agency, reduces the cost of homeownership
8 for low- and moderate-income homebuyers. In exchange, the
9 homebuyer agrees that the house will be resold at a restricted
10 price in the future to preserve permanent affordability.
11 Through a legal agreement with the homeowner, the community land
12 trust separates title to the land from title to the house,
13 thereby selling the house to an income-qualified buyer at a
14 below-market price, retaining ownership of the land in trust,
15 and leasing the land to the homeowner.

16 The purpose of this Act is to establish a community land
17 trust for the purpose of selling homes to low- and moderate-



1 income homebuyers. The legislature notes that, given the
2 distinctive island cultures in Hawaii, a strong local
3 representation within the leadership structure of the community
4 land trust will be critical to address questions regarding
5 governance, accountability, and decision-making authority.

6 SECTION 2. Chapter 201H, Hawaii Revised Statutes, is
7 amended by adding a new section to be appropriately designated
8 and to read as follows:

9 "§201H- Community land trust. (a) The corporation
10 shall establish a community land trust for the purpose of
11 selling homes to low- and moderate-income homebuyers.

12 (b) The community land trust may hold title to land and
13 lease land to members of low- or moderate-income households;
14 provided that:

15 (1) The lease shall be designed to preserve long-term
16 affordable housing on the land;

17 (2) The terms of the lease shall give the community land
18 trust the first option to purchase any structural
19 improvement placed on the land; and

20 (3) The lease may have an initial term of not more than
21 ninety-nine years.



1 (c) The community land trust shall be a member-based
2 organization and reserve core mission decisions for the members.

3 (d) The community land trust may:

4 (1) Adopt, amend, and repeal bylaws governing the conduct
5 of its business;

6 (2) Execute, in accordance with its bylaws, all
7 instruments necessary or appropriate in the exercise
8 of its powers;

9 (3) Acquire property for future development pursuant to
10 this section;

11 (4) Buy and sell homes and related structures pursuant to
12 this section; and

13 (5) Receive moneys from donations, membership fees, the
14 State, the counties, or the federal government.

15 (e) For purposes of this section, "community land trust"
16 means a nonprofit organization that:

17 (1) Acquires parcels of land, held in perpetuity,
18 primarily for conveyance under long-term ground
19 leases;


20 (2) Transfers ownership of any structural improvements
21 located on leased parcels to the lessees;

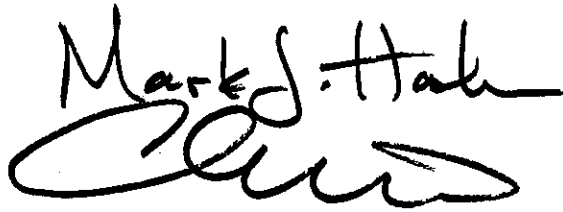


- 1 (3) Has its corporate membership open to any adult
2 resident of a particular geographic area specified in
3 the organization's bylaws;
- 4 (4) Retains a first option to purchase any structural
5 improvement at a price determined by formula that is
6 designed to ensure that the improvement remains
7 affordable to low- and moderate-income households; and
- 8 (5) Is governed by a board of directors that:
 - 9 (A) Includes a majority of members who are elected by
10 the corporate membership; and
 - 11 (B) Is composed of equal numbers of lessees,
12 corporate members who are not lessees, and any
13 other category of persons described in the bylaws
14 of the organization."

15 SECTION 3. New statutory material is underscored.

16 SECTION 4. This Act shall take effect upon its approval.

17 INTRODUCED BY: 



JAN 26 2015

H.B. NO. 865

Report Title:

HHFDC; Community Land Trust; Affordable Housing

Description:

Requires HHFDC to establish a community land trust for the purpose of selling homes to low- and moderate-income homebuyers.

The summary description of legislation appearing on this page is for informational purposes only and is not legislation or evidence of legislative intent.

