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# 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 cannot afford Hawaii's prices are  
5 increasingly moving and purchasing homes on the mainland.

6           The legislature also finds that a community land trust, as  
7 a nonprofit housing agency, could help to reduce the cost of  
8 homeownership for low- and moderate-income homebuyers.  
9 Homebuyers participating in such a trust would purchase homes at  
10 a reduced price and in exchange would agree that the homes would  
11 be resold at a restricted price in the future to preserve  
12 permanent affordability. Through a legal agreement with the  
13 homeowner, the community land trust separates title to the land  
14 from title to the house, thereby selling the house to an income-  
15 qualified buyer at a below-market price, retaining ownership of  
16 the land in trust, and leasing the land to the homeowner.



1           The purpose of this Act is to establish a community land  
2 trust for the purpose of selling homes to low- and moderate-  
3 income homebuyers. The legislature notes that, given the  
4 distinctive island cultures in Hawaii, a strong local  
5 representation within the leadership structure of the community  
6 land trust will be critical to address questions regarding  
7 governance, accountability, and decision-making authority.

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

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

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

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

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



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

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

5       (d) The community land trust may:

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

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

11       (3) Acquire property for future development pursuant to  
12          this section;

13       (4) Buy and sell homes and related structures pursuant to  
14          this section; and

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

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

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



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

17       SECTION 3. New statutory material is underscored.

18       SECTION 4. This Act shall take effect on July 1, 2050.



**Report Title:**

HHFDC; Community Land Trust; Affordable Housing

**Description:**

Authorizes HHFDC to establish a community land trust for the purpose of selling homes through long-term land leases to low- and moderate-income homebuyers. (HB865 HD1)

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

