

JAN 26 2022

A BILL FOR AN ACT

RELATING TO AFFORDABLE HOUSING.

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

1 PART I

2 SECTION 1. The legislature finds that the State's
3 population has declined each year over the past three years, an
4 unprecedented situation that has not happened since Hawaii
5 became a state in 1959. A significant portion of this
6 population loss can be attributed to the State's high cost of
7 living and lack of affordable dwellings. The legislature
8 further finds that housing costs continue to rise, keeping
9 homeownership outside the reach of many Hawaii residents.
10 Accordingly, the purpose of this Act is to provide
11 solutions to expeditiously develop housing for working families
12 in the State.

13 PART II

14 SECTION 2. The purpose of this part is to:

15 (1) Create a residential leasehold program to increase
16 homeownership opportunities for Hawaii residents,
17 particularly working individuals and families. The



1 residential leasehold developments are envisioned to
2 offer lower-priced homes in quality neighborhoods that
3 promote smart growth principles; and

- 4 (2) Address some of the barriers to the development of
5 affordable housing, namely the lack of developable
6 land and infrastructure capacity.

7 SECTION 3. Chapter 201H, Hawaii Revised Statutes, is
8 amended by amending part II as follows:

9 1. By designating sections 201H-31 to 201H-34 as subpart
10 A, entitled "General Provisions";

11 2. By designating sections 201H-35 to 201H-70 as subpart
12 B, entitled "Development Programs"; and

13 3. By adding a new subpart to be appropriately designated
14 and to read as follows:

15 " . RESIDENTIAL LEASEHOLD PROGRAM

16 §201H- Residential leasehold project; definition. As
17 used in this subpart, "residential leasehold project" means a
18 multi-family, affordable condominium development to be sold
19 under a lease term not to exceed ninety-nine years.

20 §201H- Residential leasehold program. (a) The
21 corporation, on behalf of the State or with eligible developers



1 and contractors, may develop residential leasehold projects on
2 state lands set aside by the governor or leased by any state
3 department or agency to the corporation. Residential leasehold
4 projects developed under this section shall have preferences for
5 lower-priced housing that is designed to address the State's
6 housing shortage.

7 (b) The corporation shall adopt rules pursuant to chapter
8 91, necessary for the purposes of this subpart. The rules shall
9 address eligibility criteria for homebuyers, the process and
10 criteria for the development of residential leasehold projects,
11 restrictions on the use, sale, and transfer of dwelling units,
12 residential leasehold terms, and other major provisions of the
13 residential leasehold program.

14 **§201H- Commercial, industrial, and other uses.** (a) In
15 connection with the development of residential leasehold
16 projects, the corporation may also develop commercial,
17 industrial, and other properties if it determines that the uses
18 can be an integral part of the development or can help to
19 enhance the lifestyles of residents of the development. The
20 corporation may designate any portions of the development for
21 commercial, industrial, or other use and shall have all the



1 powers granted under this chapter with respect thereto,
2 including the power to exempt a project from the requirements of
3 any statutes, ordinances, charter provisions, and rules of any
4 government agency pursuant to section 201H-38.

5 (b) The corporation shall adopt rules, pursuant to chapter
6 91, to effectuate the purposes of this section.

7 §201H- Additional powers. The powers conferred upon the
8 corporation by this subpart shall be in addition and
9 supplemental to the powers conferred by any other law, and
10 nothing in this subpart shall be construed as limiting any
11 powers, rights, privileges, or immunities so conferred."

12 SECTION 4. Section 171-2, Hawaii Revised Statutes, is
13 amended to read as follows:

14 "§171-2 Definition of public lands. "Public lands" means
15 all lands or interest therein in the State classed as government
16 or crown lands previous to August 15, 1895, or acquired or
17 reserved by the government upon or subsequent to that date by
18 purchase, exchange, escheat, or the exercise of the right of
19 eminent domain, or in any other manner; including lands accreted
20 after May 20, 2003, and not otherwise awarded, submerged lands,
21 and lands beneath tidal waters that are suitable for



1 reclamation, together with reclaimed lands that have been given
2 the status of public lands under this chapter, except:

3 (1) Lands designated in section 203 of the Hawaiian Homes
4 Commission Act, 1920, as amended;

5 (2) Lands set aside pursuant to law for the use of the
6 United States;

7 (3) Lands being used for roads and streets;

8 (4) Lands to which the United States relinquished the
9 absolute fee and ownership under section 91 of the
10 Hawaiian Organic Act prior to the admission of Hawaii
11 as a state of the United States unless subsequently
12 placed under the control of the board of land and
13 natural resources and given the status of public lands
14 in accordance with the state constitution, the
15 Hawaiian Homes Commission Act, 1920, as amended, or
16 other laws;

17 (5) Lands to which the University of Hawaii holds title;

18 (6) [Lands] Non-ceded lands set aside by the governor,
19 leased by and state department or agency to the Hawaii
20 housing finance and development corporation for the
21 primary purpose of developing affordable housing, or



1 lands to which the Hawaii housing finance and
2 development corporation in its corporate capacity
3 holds title;

4 (7) Lands to which the Hawaii community development
5 authority in its corporate capacity holds title;

6 (8) Lands set aside by the governor to the Hawaii public
7 housing authority or lands to which the Hawaii public
8 housing authority in its corporate capacity holds
9 title;

10 (9) Lands to which the department of agriculture holds
11 title by way of foreclosure, voluntary surrender, or
12 otherwise, to recover moneys loaned or to recover
13 debts otherwise owed the department under chapter 167;

14 (10) Lands that are set aside by the governor to the Aloha
15 Tower development corporation, lands leased to the
16 Aloha Tower development corporation by any department
17 or agency of the State, or lands to which the Aloha
18 Tower development corporation holds title in its
19 corporate capacity;

20 (11) Lands that are set aside by the governor to the
21 agribusiness development corporation, lands leased to



1 the agribusiness development corporation by any
2 department or agency of the State, or lands to which
3 the agribusiness development corporation in its
4 corporate capacity holds title;

5 (12) Lands to which the Hawaii technology development
6 corporation in its corporate capacity holds title;

7 (13) Lands to which the department of education holds
8 title;

9 (14) Lands to which the stadium authority holds title; and

10 [+] (15) [+] Lands to which the school facilities authority holds
11 title;

12 provided that, except as otherwise limited under federal law and
13 except for state land used as an airport as defined in section
14 262-1, public lands shall include the air rights over any
15 portion of state land upon which a county mass transit project
16 is developed after July 11, 2005; provided further that if the
17 lands pursuant to paragraph (14) are no longer needed for the
18 stadium development district or related purposes, the lands
19 shall be returned to the public land trust administered by the
20 department."



1 SECTION 5. Section 171-64.7, Hawaii Revised Statutes, is
2 amended by amending subsection (a) to read as follows:

3 "(a) This section applies to all lands or interest therein
4 owned or under the control of state departments and agencies
5 classed as government or crown lands previous to August 15,
6 1895, or acquired or reserved by the government upon or
7 subsequent to that date by purchase, exchange, escheat, or the
8 exercise of the right of eminent domain, or any other manner,
9 including accreted lands not otherwise awarded, submerged lands,
10 and lands beneath tidal waters that are suitable for
11 reclamation, together with reclaimed lands that have been given
12 the status of public lands under this chapter, including:

13 (1) Land set aside pursuant to law for the use of the
14 United States;

15 (2) Land to which the United States relinquished the
16 absolute fee and ownership under section 91 of the
17 Organic Act prior to the admission of Hawaii as a
18 state of the United States;

19 (3) Land to which the University of Hawaii holds title;

20 (4) ~~[Land]~~ Non-ceded lands set aside by the governor to
21 the Hawaii housing finance and development



1 corporation, land leased to the Hawaii housing finance
2 and development corporation by any department or
3 agency of the State, or land to which the Hawaii
4 housing finance and development corporation in its
5 corporate capacity holds title;

6 (5) Land to which the department of agriculture holds
7 title by way of foreclosure, voluntary surrender, or
8 otherwise, to recover moneys loaned or to recover
9 debts otherwise owed the department under chapter 167;

10 (6) Land that is set aside by the governor to the Aloha
11 Tower development corporation or land to which the
12 Aloha Tower development corporation holds title in its
13 corporate capacity;

14 (7) Land that is set aside by the governor to the
15 agribusiness development corporation or land to which
16 the agribusiness development corporation in its
17 corporate capacity holds title;

18 (8) Land to which the Hawaii technology development
19 corporation in its corporate capacity holds title;

20 (9) Land to which the department of education holds title;



1 (10) Land to which the Hawaii public housing authority in
2 its corporate capacity holds title;

3 (11) Land to which the stadium authority holds title; and
4 [+] (12) [+] Land to which the school facilities authority holds
5 title."

6 SECTION 6. The director of finance is authorized to issue
7 general obligation bonds in the sum of \$ or so much
8 thereof as may be necessary and the same sum or so much thereof
9 as may be necessary is appropriated for fiscal year 2022-2023 to
10 be deposited into the dwelling unit revolving fund established
11 pursuant to section 201H-191, Hawaii Revised Statutes.

12 SECTION 7. There is appropriated out of the dwelling unit
13 revolving fund the sum of \$ or so much thereof as may
14 be necessary for fiscal year 2022-2023 for the establishment of
15 regional infrastructure for the primary purpose of supporting
16 development of housing on lands located within one mile of a
17 rail transit station, including lands owned by the University of
18 Hawaii that are near or adjacent to the University of Hawaii
19 West Oahu campus; provided that:



1 (1) The sum appropriated shall be expended by the Hawaii
2 housing finance and development corporation for the
3 purposes of this part; and

4 (2) The appropriation shall not lapse at the end of the
5 fiscal biennium for which the appropriation is made.

6 SECTION 8. There is appropriated out of the dwelling unit
7 revolving fund the sum of \$ or so much thereof as may
8 be necessary for fiscal year 2022-2023 for the establishment of
9 infrastructure to support the development for affordable housing
10 in counties with a population of less than five hundred
11 thousand; provided that:

12 (1) The sum appropriated shall be expended by the Hawaii
13 housing finance and development corporation for the
14 purposes of this part; and

15 (2) The appropriation shall not lapse at the end of the
16 fiscal biennium for which the appropriation is made.

17 SECTION 9. There is appropriated out of the dwelling unit
18 revolving fund the sum of \$ or so much thereof as may
19 be necessary for fiscal year 2022-2023 to establish three full-
20 time equivalent (3.0 FTE) project manager positions; provided
21 that the amount appropriated and positions authorized pursuant



1 to this section shall be included in the base budget for the
2 Hawaii housing finance and development corporation in future
3 fiscal bienniums.

4 The sum appropriated shall be expended by the Hawaii
5 housing finance and development corporation for the purposes of
6 this part.

7 PART III

8 SECTION 10. The purpose of this part is to remove the
9 statutory cap on the amount of conveyance tax revenues that are
10 deposited into the rental housing revolving fund each fiscal
11 year.

12 SECTION 11. Section 247-7, Hawaii Revised Statutes, is
13 amended to read as follows:

14 **"§247-7 Disposition of taxes.** All taxes collected under
15 this chapter shall be paid into the state treasury to the credit
16 of the general fund of the State, to be used and expended for
17 the purposes for which the general fund was created and exists
18 by law; provided that of the taxes collected each fiscal year:

- 19 (1) Ten per cent or \$5,100,000, whichever is less, shall
20 be paid into the land conservation fund established
21 pursuant to section 173A-5; and



(2) Fifty per cent ~~[or \$38,000,000, whichever is less,]~~
shall be paid into the rental housing revolving fund
established by section 201H-202."

PART IV

SECTION 12. This Act does not affect rights and duties that matured, penalties that were incurred, and proceedings that were begun before its effective date.

SECTION 13. If any provision of this Act, or the application thereof to any person or circumstance, is held invalid, the invalidity does not affect other provisions or applications of the Act that can be given effect without the invalid provision or application, and to this end the provisions of this Act are severable.

SECTION 14. Statutory material to be repealed is bracketed and stricken. New statutory material is underscored.

SECTION 15. This Act shall take effect on July 1, 2022.

INTRODUCED BY:

DATE: 20/11/2026



S.B. NO. 3191

Report Title:

Hawaii Housing Finance and Development Corporation; Residential Leasehold Program; State Lands; Non-ceded lands; Appropriation

Description:

Establishes a residential leasehold program within the Hawaii Housing Finance and Development Corporation. Exempts from the definition of public lands, non-ceded lands set aside by the Governor or leased by any state department or agency to the Hawaii Housing Finance and Development Corporation, for the primary purposes of developing affordable housing. Removes the existing statutory cap on the amount of conveyance tax revenues that are deposited into the rental housing revolving fund each fiscal year. Appropriates funds.

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

