

JOSH GREEN, M.D.
GOVERNOR
KE KIA'ĀINA



GOV. MSG. NO. 1266

EXECUTIVE CHAMBERS
KE KE'ENA O KE KIA'ĀINA

June 3, 2025

The Honorable Ronald D. Kouchi
President of the Senate,
and Members of the Senate
Thirty-Third State Legislature
State Capitol, Room 409
Honolulu, Hawai'i 96813

The Honorable Nadine Nakamura
Speaker, and Members of the
House of Representatives
Thirty-Third State Legislature
State Capitol, Room 431
Honolulu, Hawai'i 96813

Aloha President Kouchi, Speaker Nakamura, and Members of the Legislature:

This is to inform you that on June 3, 2025, the following bill was signed into law:

H.B. NO. 1298, H.D. 3,
S.D. 1, C.D. 1

RELATING TO HOUSING.
ACT 166

Mahalo,

A handwritten signature in black ink that reads "Josh Green M.D.".

Josh Green, M.D.
Governor, State of Hawai'i

Approved by the Governor

on JUN 3 2025

HOUSE OF REPRESENTATIVES
THIRTY-THIRD LEGISLATURE, 2025
STATE OF HAWAII

ACT 166
H.B. NO. 1298
H.D. 3
S.D. 1
C.D. 1

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 it is becoming
2 increasingly difficult to recruit and retain state employees.
3 Having affordable rental opportunities for state employees will
4 reduce the resignation and outmigration of state employees and
5 fill critical labor needs throughout state government.

6 The legislature further finds that with the city and county
7 of Honolulu's construction of an elevated rail transit system,
8 the State has an opportunity to enhance Oahu's urban environment
9 and increase the quality of life for residents by increasing the
10 affordable housing inventory and eliminating the need for
11 personal automobiles, among other public benefits. As the
12 largest landowner of transit-oriented development sites along
13 the transit line in the city and county of Honolulu, as well as
14 being the landowner of other transit-oriented development sites
15 in each of the other counties, the State and its various
16 departments and attached agencies must be proactive in
17 establishing a unified vision and approach toward redevelopment



1 of its transit-oriented development sites statewide to maximize
2 the benefits of state lands available for redevelopment.

3 The purpose of this Act is to establish within the Hawaii
4 housing finance and development corporation a government
5 employee housing program, to be financed by the dwelling unit
6 revolving fund.

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

10 "PART . GOVERNMENT EMPLOYEE HOUSING PROGRAM

11 §201H- Purpose. The purpose of this part is to
12 establish a government employee housing program to facilitate
13 the creation of affordable residential rental units for rent to
14 government employees and the general public on state-owned land.

15 §201H- Definitions. As used in this part, unless the
16 context otherwise requires:

17 "Mixed-use project" means a mixed-use development as
18 defined in section 201H-12(a).

19 "Project" means a specific work or improvement, including
20 real and personal properties, or any interest therein, acquired,
21 owned, constructed, reconstructed, rehabilitated, or improved by



1 the corporation, including a commercial project, redevelopment
2 project, residential project, or mixed-use project.

3 "Transit-oriented development site" means non-ceded
4 state-owned lands within a one-mile radius of a planned or
5 existing station connected to a locally preferred alternative
6 for a mass transit project.

7 **§201H- Government employee housing program.** (a) There
8 shall be established within the corporation the governmental
9 employee housing program for the purpose of providing affordable
10 and low-cost rental housing units for rent to government
11 employees and general public on state-owned land, to be financed
12 by the dwelling unit revolving fund established pursuant to
13 section 201H-191.

14 (b) The program shall be limited to one project on a
15 transit-oriented development site, which shall be selected by
16 the corporation.

17 **§201H- Government employee housing projects; criteria.**

18 (a) Government employee housing projects developed under this
19 part shall be intended primarily for government employees in the
20 following order of priority:

21 (1) Newly hired permanent full-time state employees;



- 1 (2) Other permanent full-time state employees;
- 2 (3) Permanent full-time county employees;
- 3 (4) Permanent part-time state and county employees;
- 4 (5) Temporary state and county employees; and
- 5 (6) The general public.

6 (b) Sixty per cent of available units shall be for
7 government employees with incomes at or below one hundred forty
8 per cent of the median family income. For the purposes of this
9 part, the applicable median family income shall be the median
10 family income for the county or standard metropolitan
11 statistical area in which the project is located as determined
12 by the United States Department of Housing and Urban
13 Development, as adjusted from time to time.

14 (c) Should a state or county employee tenant occupying a
15 rental unit leave employment with the State or a county, the
16 tenant may continue to occupy the unit for up to twelve months.

17 **§201H- Rules; guidelines.** (a) Government employee
18 housing program project units on state land shall not be
19 advertised for rent, subleased, or used for any non-residential
20 use. The corporation, by rule, shall establish penalties for
21 violations of this subsection.



1 (b) The design and development contracts for residential
2 rental units on state land under this part shall not be subject
3 to chapter 103D.

4 **§201H- Annual reports.** The corporation shall submit an
5 annual report to the legislature no later than twenty days prior
6 to the convening of each regular session describing the projects
7 funded, a description of proposals submitted under this part and
8 action taken on the proposals, and any barriers to developing
9 housing units under this part. The annual report shall include
10 the feasibility of expanding the program and the demand for
11 residential rental projects developed under this part.

12 **§201H- Additional powers.** The powers conferred upon
13 the corporation by this part shall be in addition and
14 supplemental to the powers conferred by any other law, and
15 nothing in this part shall be construed as limiting any powers,
16 rights, privileges, or immunities so conferred.

17 **§201H- Acquisition of real property from a county.**
18 Notwithstanding the provision of any law or charter, any county,
19 by resolution of its county council, without public auction,
20 sealed bids, or public notice, may sell, lease, grant, or convey
21 to the corporation any real property owned by the county that



1 the corporation certifies to be necessary for the purposes of
2 this part. The sale, lease, grant, or conveyance shall be made
3 with or without consideration and upon terms and conditions as
4 may be agreed upon by the county and the corporation.
5 Certification shall be evidenced by a formal request from the
6 corporation. Before the sale, lease, grant, or conveyance is
7 made to the corporation, a public hearing shall be held by the
8 county council to consider the same. Notice of the hearing
9 shall be published at least six days before the date set for the
10 hearing in the publication and in the manner as may be
11 designated by the county council.

12 **§201H- Condemnation of real property.** The corporation,
13 upon making a finding that it is necessary to acquire any real
14 property for its immediate or future use for the purposes of
15 this part, may acquire the property, including property already
16 devoted to a public use, by condemnation pursuant to chapter
17 101. The property shall not thereafter be taken for any other
18 public use without the consent of the corporation. No award of
19 compensation shall be increased by reason of any increase in the
20 value of real property caused by the designation of the urban
21 redevelopment site or plan adopted pursuant to a designation, or



1 the actual or proposed acquisition, use, or disposition of any
2 other real property by the corporation.

3 **\$201H- Lease of projects.** Notwithstanding any law to
4 the contrary, the corporation, without recourse to chapter 103D,
5 may lease for a term not exceeding sixty-five years all or any
6 portion of the real or personal property constituting the
7 commercial portion of a mixed-use project to any person, upon
8 terms and conditions as may be approved by the corporation;
9 provided that all revenues generated from the lease shall be
10 used to support the purpose of this part.

11 **\$201H- Assistance by state and county agencies.** Any
12 state or county agency, upon request of the corporation, may
13 render services for the purposes of this part.

14 **\$201H- Lands no longer needed.** Lands acquired by the
15 corporation from another government agency that are no longer
16 needed by the corporation for the government employee housing
17 program shall be returned to the previous owner of those lands.
18 Lands acquired by the corporation from a private party that are
19 owned by the corporation and designated for the program but are
20 subsequently no longer needed for the program shall be retained
21 by the corporation.



1 **§201H- Rules.** The corporation may adopt rules pursuant
2 to chapter 91 as may be necessary to carry out the purposes of
3 this part."

4 SECTION 3. Section 201H-191, Hawaii Revised Statutes, is
5 amended to read as follows:

6 **"§201H-191 Dwelling unit revolving fund.** (a) There is
7 created a dwelling unit revolving fund. The funds appropriated
8 for the purpose of the dwelling unit revolving fund and all
9 moneys received or collected by the corporation for the purpose
10 of the revolving fund shall be deposited in the revolving fund.
11 The proceeds in the revolving fund shall be used [~~to reimburse~~];

12 (1) To reimburse the general fund to pay the interest on
13 general obligation bonds issued for the purposes of
14 the revolving fund[~~, for the~~];

15 (2) For necessary expenses in administering housing
16 development programs [~~and~~], regional state
17 infrastructure programs, and the government employee
18 housing program pursuant to part _____; and [~~for~~
19 ~~carrying~~]

20 (3) To carry out the purposes of housing development
21 programs [~~and~~], regional state infrastructure



1 programs, and the government employee housing program
2 pursuant to part , including but not limited to the
3 expansion of community facilities and regional state
4 infrastructure constructed in conjunction with housing
5 and mixed-use transit-oriented development projects,
6 permanent primary or secondary financing, and
7 supplementing building costs, federal guarantees
8 required for operational losses, and all things
9 required by any federal agency in the construction and
10 receipt of federal funds or low-income housing tax
11 credits for housing projects.

12 (b) Subject to the requirements of subsection (a),
13 proceeds in the revolving fund may be used to [establish]:

14 (1) Establish and operate regional state infrastructure
15 subaccounts pursuant to section 201H-191.5[-]; and
16 (2) Administer, implement, and finance the government
17 employee housing program pursuant part ."

18 SECTION 4. Section 302A-1603, Hawaii Revised Statutes, is
19 amended by amending subsection (b) to read as follows:

20 "(b) The following shall be exempt from this section:



- 1 (1) Any form of housing permanently excluding school-aged
2 children, with the necessary covenants or declarations
3 of restrictions recorded on the property;
- 4 (2) Any form of housing that is or will be paying the
5 transient accommodations tax under chapter 237D;
- 6 (3) All nonresidential development;
- 7 (4) Any development with an executed education
8 contribution agreement or other like document with the
9 agency for the contribution of school sites or payment
10 of fees for school land or school construction; ~~and~~
11 ~~+~~ (5) ~~+~~ Any form of development by the Hawaii community
12 development authority pursuant to part XII of chapter
13 206E~~[-]~~; and
- 14 (6) Any form of development by the Hawaii housing finance
15 and development corporation pursuant to part of
16 chapter 201H."

17 SECTION 6. There is appropriated out of the dwelling unit
18 revolving fund the sum of \$200,000 or so much thereof as may be
19 necessary for fiscal year 2025-2026 and the same sum or so much
20 thereof as may be necessary for fiscal year 2026-2027 for the
21 Hawaii housing finance and development corporation to:



- 1 (1) Adopt rules;
- 2 (2) Engage the community; and
- 3 (3) Conduct site and pre-development planning for one
- 4 government employee housing program project.

5 The sums appropriated shall be expended by the Hawaii
6 housing finance and development corporation for the purposes of
7 this Act.

8 SECTION 7. There is appropriated out of the dwelling unit
9 revolving fund the sum of \$160,000 or so much thereof as may be
10 necessary for fiscal year 2025-2026 and the same sum or so much
11 thereof as may be necessary for fiscal year 2026-2027 for the
12 establishment of one full-time equivalent (1.0 FTE) position
13 within the Hawaii housing finance and development corporation.

14 The sums appropriated shall be expended by the Hawaii
15 housing finance and development corporation for the purposes of
16 this Act.

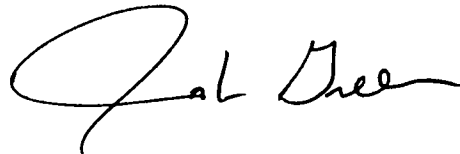
17 SECTION 8. Statutory material to be repealed is bracketed
18 and stricken. New statutory material is underscored.

19 SECTION 9. This Act shall take effect on July 1, 2025.



H.B. NO. 1298
H.D. 3
S.D. 1
C.D. 1

APPROVED this 3rd day of June, 2025

A handwritten signature in black ink, appearing to read "Ike Ohana", written in a cursive style.

GOVERNOR OF THE STATE OF HAWAII

HB No. 1298, HD 3, SD 1, CD 1

THE HOUSE OF REPRESENTATIVES OF THE STATE OF HAWAII

Date: April 30, 2025
Honolulu, Hawaii

We hereby certify that the above-referenced Bill on this day passed Final Reading in the House of Representatives of the Thirty-Third Legislature of the State of Hawaii, Regular Session of 2025.

A handwritten signature in black ink, appearing to read "Nadine K. Nakamura".

Nadine K. Nakamura
Speaker
House of Representatives

A handwritten signature in black ink, appearing to read "Brian L. Takeshita".


Brian L. Takeshita
Chief Clerk
House of Representatives

THE SENATE OF THE STATE OF HAWAI‘I

Date: April 30, 2025
Honolulu, Hawai‘i 96813

We hereby certify that the foregoing Bill this day passed Final Reading in the Senate
of the Thirty-Third Legislature of the State of Hawai‘i, Regular Session of 2025.


President of the Senate


Clerk of the Senate