

JAN 17 2025

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# A BILL FOR AN ACT

RELATING TO WORKFORCE HOUSING.

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

1       SECTION 1. The legislature finds that the current Governor  
2 Josh Green's administration has made significant attempts to  
3 increase Hawai'i's housing supply, including prioritization of  
4 affordable housing and addressing zoning and permitting  
5 inefficiencies. The administration advocated for faster  
6 processing of housing permits and increasing land availability  
7 for residential development. Despite these efforts, progress  
8 has stalled due to bureaucratic challenges, lengthy regulatory  
9 processes, and limited coordination between state agencies.

10       The legislature also finds that workforce housing is  
11 critical for the State, as housing in close proximity to  
12 emerging industries provides affordable living options for  
13 essential workers who are vital to the State's economy.  
14 Increasing workforce housing helps stabilize communities, reduce  
15 commute times, and enhance the quality of life for residents. A  
16 regulatory sandbox could serve as a pathway to expand workforce  
17 housing by allowing developers to test innovative housing



1 solutions under relaxed permitting and regulatory requirements.  
2 By fostering collaboration between dedicated state agencies, the  
3 sandbox can accelerate the creation of workforce housing while  
4 addressing broader housing shortages in the State.

5 Furthermore, the legislature additionally finds that a 2019  
6 study conducted by the Hawaii Housing Planning Study projected  
7 that the State would need approximately 50,156 new housing units  
8 by 2025 to meet existing demand, with a significant portion of  
9 this demand being for workforce housing. If targeted efforts  
10 were made to improve the workforce housing supply, meeting  
11 twenty per cent of this demand through innovative regulatory  
12 approaches such as a regulatory sandbox could provide more than  
13 ten thousand units, significantly easing the housing crisis over  
14 the next decade.

15 The legislature further finds that, if the Hawaii housing  
16 finance and development corporation administers the regulatory  
17 sandbox, the corporation can ensure effective operations and  
18 alignment with the State's unique needs and priorities.  
19 Further, establishing an advisory council with environmental and  
20 cultural advisors can help ensure that innovative housing  
21 solutions respect Hawai'i's natural resources and cultural



1 heritage. This collaborative approach will balance the urgency  
2 of addressing the housing crisis with the responsibility of  
3 preserving the State's environmental and cultural integrity.

4 Urgency for innovative approaches has never been greater,  
5 as the State's housing crisis forces more local families to  
6 leave the State in search of affordable living. Addressing this  
7 challenge by developing ten thousand workforce housing units  
8 will be a complex endeavor that promises lasting solutions to  
9 sustain the State's growth.

10 Accordingly, the purpose of this Act is to:

- 11 (1) Establish a regulatory sandbox with the Hawaii housing  
12 finance and development corporation to provide  
13 temporary regulatory flexibility for the development  
14 of innovative workforce housing solutions; and  
15 (2) Establish an advisory council to support the workforce  
16 housing regulatory sandbox.

17 SECTION 2. For the purposes of this Act:

18 "Corporation" means the Hawaii housing finance and  
19 development corporation.



1 "Regulatory sandbox" means a temporarily modified  
2 regulatory framework that enables workforce housing developers  
3 to test innovative solutions.

4 "Workforce housing" means housing targeted for households  
5 earning between sixty per cent and one hundred forty per cent of  
6 the area median income, adjusted for high-cost area for  
7 determining area median income and family size, as defined by  
8 the United States Department of Housing and Urban Development.

9 SECTION 3. (a) There is established the workforce housing  
10 regulatory sandbox program to be administered by the  
11 corporation.

12 (b) The workforce housing regulatory sandbox program shall  
13 waive or temporarily modify permitting processes and other  
14 regulatory requirements for eligible workforce housing projects  
15 to encourage innovation and reduce barriers to construction.

16 SECTION 4. (a) There is established an advisory council  
17 to provide guidance and oversight for the workforce housing  
18 regulatory sandbox program.

19 (b) The advisory council shall consist of the following  
20 members:

21 (1) A representative from the corporation;



- 1           (2) A representative from the board of land and natural  
2           resources;
- 3           (3) A representative from the state historic preservation  
4           division;
- 5           (4) One representative who shall have a demonstrated  
6           knowledge of sustainable development practices;
- 7           (5) One representative who shall be a cultural expert in  
8           Native Hawaiian traditional and customary practices;
- 9           (6) One representative from the private housing  
10          development sector;
- 11          (7) One representative from a nonprofit housing  
12          organization; and
- 13          (8) Other members whose expertise is relevant to the goals  
14          of the workforce housing regulatory sandbox program,  
15          who shall be invited by the advisory council.
- 16          (c) The advisory council shall:
- 17          (1) Provide recommendations to the corporation regarding  
18          cultural, environmental, and sustainability  
19          considerations; and
- 20          (2) Monitor projects to ensure compliance with the  
21          objectives of the regulatory sandbox.



SECTION 5. (a) Developers seeking entry into the regulatory sandbox shall submit an application to the corporation that includes:

- (1) A description of the proposed innovative workforce housing solution;
- (2) An explanation of how the project addresses affordability, sustainability, and expedited construction; and
- (3) An assessment of potential environmental and cultural impacts, including proposed mitigation measures.

(b) Projects shall meet the following criteria for consideration:

- (1) Demonstrate alignment with the affordability targets of workforce housing;
- (2) Incorporate sustainable building practice; and
- (3) Demonstrate potential for significant reduction in construction timelines.

SECTION 6. (a) The corporation may temporarily waive or modify regulatory requirements for approved projects including but not limited to:

- (1) Expedited permitting processes;



- 1           (2)   Reduced or waived infrastructure capacity fees; or
- 2           (3)   Flexible zoning and land use requirements.

3           (b)   All waivers or modifications shall be subject to  
4 review and approval by the advisory council.

5           SECTION 7.   Developers participating in the workforce  
6 housing regulatory sandbox program shall ensure that:

7           (1)   Sale prices or rents remain affordable for workforce  
8                   households earning between sixty per cent and one  
9                   hundred forty per cent of the area median income for a  
10                  minimum of ten years;

11          (2)   Units shall be prohibited from being used as short-  
12                  term rentals for at least ten years;

13          (3)   Units shall be owned or rented by legal United States  
14                  residents and occupied full-time by the resident's  
15                  household; and

16          (4)   At least one adult in each household shall be employed  
17                  full-time or the equivalent for ten years;

18 provided that deed restrictions or equivalent legal mechanisms  
19 shall be used to enforce the requirements in accordance with  
20 this section.



1       SECTION 8. (a) The corporation shall monitor the progress  
2 of all projects in the workforce housing regulatory sandbox  
3 program and ensure compliance with the objectives of this Act.

4       (b) The corporation shall submit a report of its findings  
5 and recommendations, including any proposed legislation, to the  
6 legislature no later than twenty days prior to the convening of  
7 each regular session for the duration of the program. The  
8 report shall include:

9       (1) The number and types of projects approved;

10       (2) The regulatory modifications granted;

11       (3) Outcomes related to affordability, sustainability, and  
12 construction timelines; and

13       (4) Future improvements or extension of the workforce  
14 housing regulatory sandbox program.

15       SECTION 9. There is appropriated out of the general  
16 revenues of the State of Hawaii the sum of \$5,000,000 or so much  
17 thereof as may be necessary for fiscal year 2025-2026 and the  
18 same sum or so much thereof as may be necessary for fiscal year  
19 2026-2027 for the establishment and operation of the workforce  
20 housing regulatory sandbox program established pursuant to this





# S.B. NO. 1200

1 Act, including administrative costs, staffing, and support for  
2 approved projects.

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

6 SECTION 10. This Act shall take effect on July 1, 2025;  
7 provided that this Act shall be repealed on June 30, 2030.

8

INTRODUCED BY:

DKR



# S.B. NO. 1200

**Report Title:**

HHFDC; Workforce Housing Regulatory Sandbox Program; Advisory Council; Workforce Housing; Permitting; Affordable Housing; Reports; Appropriations

**Description:**

Establishes the Workforce Housing Regulatory Sandbox Program within the Hawaii Housing Finance and Development Corporation. Establishes an Advisory Council within the Workforce Housing Regulatory Sandbox Program to advise on environmental and cultural practices within specific developments. Requires annual reports to the Legislature. Appropriates funds. Repeals 6/30/2030.

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

