
A BILL FOR AN ACT

RELATING TO RENT TO BUILD EQUITY.

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

1 SECTION 1. The legislature finds that the State's
2 residents are facing a housing shortage. It is estimated that
3 Hawaii needs sixty-five thousand to eighty thousand new units to
4 keep up with housing demand. High demand and low supply result
5 in housing prices that are simply too expensive for most local
6 families. As of September 2018, the median home price on Oahu
7 was \$810,000.

8 The legislature also finds that long-term renters are even
9 more disadvantaged. As rents hit historic highs, families are
10 forced to dedicate more of their monthly incomes to rent, which
11 prohibits them from making investments in their futures, paying
12 off debt, or saving for home ownership. This is partially a
13 result of Hawaii's development environment, in which renters
14 have become increasingly disadvantaged while mainland and
15 foreign developers siphon rental income or reap the profits of
16 housing developments built with state benefits subsidized by
17 state taxpayers.



1 The legislature notes that although developers may build
2 affordable rental properties to take advantage of certain
3 exemptions under the law, these developers often subsequently
4 sell their properties at market rates after the initial
5 affordable rental period expires. Families who had relied on
6 affordable housing are then forced to find new housing
7 accommodations, often without substantial savings or investments
8 of their own.

9 The legislature therefore believes that developers who use
10 state incentives should be required to share a portion of their
11 sale profits with affordable housing tenants. Profit-sharing
12 will facilitate the reinvestment of these profits in Hawaii's
13 economy and enable local families to invest in their futures by
14 building equity in homes of their own.

15 Accordingly, the purpose of this Act is to require the
16 Hawaii housing finance and development corporation to conduct a
17 study on rent-to-build equity for existing and future
18 state-financed housing.

19 SECTION 2. (a) The Hawaii housing finance and development
20 corporation shall conduct a study on rent-to-build equity for
21 existing and future state-financed housing.



- 1 (b) The study shall include:
- 2 (1) The imposition of a conveyance tax, capital gains tax,
3 or other tax on projects following the expiration of
4 the affordability period;
- 5 (2) Requirements to pay for tenant assistance for any
6 displaced tenants; and
- 7 (3) Other topics deemed relevant to determining
8 rent-to-build equity on existing and future
9 state-financed housing.
- 10 (c) The Hawaii housing finance and development corporation
11 shall submit a report of its findings and recommendations,
12 including any proposed legislation, to the legislature no later
13 than twenty days prior to the convening of the regular session
14 of 2026.
- 15 SECTION 3. This Act shall take effect on July 1, 2050.



Report Title:

HHFDC; Rent-to-Build Equity; Study; Report

Description:

Requires the Hawaii Housing Finance and Development Corporation to conduct a study on rent-to-build equity for existing and future state-financed housing. Requires a report to the Legislature. Effective 7/1/2050. (SD1)

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