
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 cost and
2 availability of housing in the State are significant challenges
3 facing Hawaii residents. Although Hawaii has the tenth highest
4 median wage nationally, living expenses are two-thirds higher
5 than the rest of the nation, with the cost of housing being a
6 major contributing factor. According to the Honolulu Board of
7 Realtors, by August 2021 the median price for a single-family
8 home on Oahu had risen to \$1,050,000, while the median price for
9 condominiums on Oahu had risen to \$500,000. With a simple
10 mortgage calculator and using conservative assumptions on
11 interest rates and down payment amounts, a household needs to
12 earn at least \$200,000 annually to afford to buy a median-priced
13 home on Oahu in 2021, making homeownership out of reach for many
14 of Hawaii's residents, especially first-time buyers.

15 Because of the many barriers hindering the production of
16 new housing, such as geographic limitations, lack of major
17 infrastructure, construction costs, and government regulation,



1 the State and housing developers have not been able to produce
2 enough housing for Hawaii residents.

3 In addition, the legislature finds that the amount of new
4 construction of housing, especially for low- to middle-income
5 families, continues to be inadequate as the supply of housing
6 remains constrained while demand for housing increases. This
7 lack of supply leads to higher housing prices and rents for
8 households of all income levels, leaving all tenants with less
9 disposable income, increasing the personal stress on buyers and
10 renters, and exacerbating overcrowding and homelessness. Given
11 these consequences, the lack of affordable housing requires the
12 concentrated attention of state government at the highest level.

13 The legislature further finds that one solution to the
14 affordable housing shortage is to have the State and counties
15 work together to implement leasehold housing for local
16 residents. State-supported leasehold housing can offer more
17 affordable ownership options than the private market and can be
18 reserved entirely for local residents. The formation of a
19 working group can help determine the best framework for how
20 state and county agencies can work together to create leasehold
21 housing options for residents.



1 The purpose of this Act is to:

2 (1) Direct the Hawaii housing finance and development
3 corporation to convene a working group in cooperation
4 with the counties and other housing experts to study
5 the implementation of leasehold housing on publicly-
6 owned, non-ceded lands near public transit stations in
7 each county; and

8 (2) Appropriate funds to the Hawaii housing finance and
9 development corporation to support the activities of
10 the working group.

11 SECTION 2. (a) The Hawaii housing finance and development
12 corporation shall establish a working group in cooperation with
13 the counties and other housing experts to study the
14 implementation of leasehold housing on publicly-owned, non-ceded
15 lands near public transit stations in each county.

16 (b) The working group shall comprise:

17 (1) The executive director of the Hawaii housing finance
18 and development corporation, or the executive
19 director's designee;

20 (2) The directors of housing of each county, or their
21 respective designees;



- 1 (3) An affordable housing advocate, selected by the
2 executive director of the Hawaii housing finance and
3 development corporation;
- 4 (4) A nonprofit housing developer with experience in
5 publicly-financed development, to be selected by the
6 president of the senate;
- 7 (5) A private housing developer with experience in
8 publicly-financed development, to be selected by the
9 speaker of the house of representatives; and
- 10 (6) A representative from a low-income homeowner
11 assistance program, to be selected by the president of
12 the senate.
- 13 (c) The members of the working group shall designate a
14 chairperson from among themselves.
- 15 (d) The working group shall:
- 16 (1) Study the implementation of leasehold housing on
17 publicly-owned, non-ceded lands near public transit
18 stations in each county;
- 19 (2) Review the history of leasehold housing in Hawaii;
20 existing state laws permitting residential leasehold
21 developments under chapter 516, Hawaii Revised



1 Statutes; and past litigation to determine
2 opportunities and barriers to establishing a leasehold
3 housing program in the State;

4 (3) Identify best practices in residential leasehold
5 development in Hawaii, United States, and globally;

6 (4) Articulate the potential costs and benefits of a
7 partnership between the Hawaii housing finance and
8 development corporation and counties to develop
9 leasehold housing programs;

10 (5) Develop recommendations on resident requirements,
11 owner-occupancy enforcement, limited equity
12 agreements, affordability periods for the housing, and
13 other program elements that are important to help the
14 State and counties meet their affordable housing
15 goals;

16 (6) Develop recommendations on ways to ensure access to
17 the leasehold housing program for middle- and lower-
18 income residents who need assistance acquiring a down
19 payment or qualifying for a mortgage;

20 (7) Identify potential sites in each county to be used or
21 acquired for publicly-financed leasehold housing;



1 provided that the sites are suitable for long-term
2 leases and the counties are interested in initiating
3 or expanding leasehold housing programs; and

4 (8) Determine estimated pre-development and infrastructure
5 costs and cost-sharing options among the State,
6 counties, private entities, and developers.

7 (e) The working group shall submit a report of its
8 findings and recommendations, including any proposed
9 legislation, to the legislature no later than December 10, 2023.

10 (f) The working group shall dissolve on June 30, 2024.

11 SECTION 3. There is appropriated out of the general
12 revenues of the State of Hawaii the sum of \$ or so
13 much thereof as may be necessary for fiscal year 2022-2023 to
14 support the activities of the working group established pursuant
15 to section 2 of this Act.

16 The sum appropriated shall be expended by the Hawaii
17 housing finance and development corporation for the purposes of
18 this Act.

19 SECTION 4. This Act shall take effect on July 1, 2050.
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Report Title:

HHFDC; Affordable Housing; Working Group; Leasehold Housing;
Counties; Study; Appropriation

Description:

Directs the Hawaii housing finance and development corporation in cooperation with the counties and other housing experts to study the implementation of leasehold housing on publicly-owned, non-ceded lands near public transit stations in each county. Requires the working group to submit a report to the legislature by 12/10/2023. Appropriates funds. Effective 7/1/2050. (HD1)

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

