

JAN 17 2025

A BILL FOR AN ACT

RELATING TO COMMUNITY LAND TRUSTS.

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

1 SECTION 1. The legislature finds that community land
2 trusts are effective at producing and preserving permanently
3 affordable housing, increasing community control and
4 neighborhood stability, and reducing barriers to homeownership
5 for low- to moderate-income households. Community land trusts
6 provide lasting assets and shared equity homeownership
7 opportunities that foster generational wealth and community
8 stability.

9 The legislature also finds that a community land trust's
10 shared equity models enable many homeowners to transition to
11 traditional homeownership, with six out of ten community land
12 trust homeowners accumulating enough equity to purchase homes on
13 the open market. Community land trusts also curb displacement
14 by removing housing from the speculative market and preserving
15 affordable housing in areas facing rising costs. Community land
16 trusts have proven effective in post-disaster recovery,



1 preventing predatory investment and ensuring long-term housing
2 affordability.

3 The legislature notes that in Hawaii, five community land
4 trusts are currently active, including the Lahaina Community
5 Land Trust, Na Hale o Maui, Hawaii HomeOwnership Center's
6 Housing and Land Trust, Ho'omaluhui Community Land Trust, and
7 HALE o Hawaii. The legislature believes that expanding the
8 community land trust ecosystem can further strengthen community
9 ownership, prevent displacement, and help local families stay in
10 Hawaii.

11 The purpose of this Act is to support the expansion of
12 community land trusts by authorizing the Hawaii housing finance
13 and development corporation to establish a community land trust
14 equity pilot program to provide community land trusts with a
15 low-cost line of credit for housing purposes.

16 SECTION 2. (a) The Hawaii housing finance and development
17 corporation may establish a five-year community land trust
18 equity pilot program to provide community land trusts with a
19 line of credit to fund the acquisition, rehabilitation,
20 renovation, or construction of housing for low- to
21 moderate-income households.



1 (b) The Hawaii housing finance and development corporation
2 may establish rules pursuant to chapter 91, Hawaii Revised
3 Statutes, to carry out the purposes of the community land trust
4 equity pilot program.

5 (c) The Hawaii housing finance and development corporation
6 shall submit interim reports on the status of the community land
7 trust equity pilot program to the legislature no later than
8 twenty days prior to the convening of the regular sessions of
9 2026, 2027, 2028, and 2029. The Hawaii housing finance and
10 development corporation shall submit a final report on the
11 community land trust equity pilot program, including any
12 findings, recommendations, and proposed legislation, to the
13 legislature no later than twenty days prior to the convening of
14 the regular session of 2030.

15 (d) The community land trust equity pilot program shall
16 cease to exist on June 30, 2030.

17 (e) For purposes of this section, "community land trust"
18 means a nonprofit organization that:

19 (1) Acquires parcels of land primarily for conveyance
20 under long-term ground leases;



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- 1 (2) Transfers ownership of any structural improvements
- 2 located on leased parcels to the lessees;
- 3 (3) Has its corporate membership open to any adult
- 4 resident of a particular geographic area specified in
- 5 the organization's bylaws;
- 6 (4) Retains a first option to purchase any structural
- 7 improvement at a price determined by formula that is
- 8 designed to ensure that the improvement remains
- 9 affordable to low- and moderate-income households; and
- 10 (5) Is governed by a board of directors that:
- 11 (A) Includes a majority of members who are elected by
- 12 the corporate membership; and
- 13 (B) Is composed of equal numbers of lessees,
- 14 corporate members who are not lessees, and any
- 15 other category of persons described in the bylaws
- 16 of the organization.

17 SECTION 3. There is appropriated out of the dwelling unit
18 revolving fund the sum of \$5,000,000 or so much thereof as may
19 be necessary for fiscal year 2025-2026 and the same sum or so
20 much thereof as may be necessary for fiscal year 2026-2027 for
21 the Hawaii housing finance and development corporation to



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1 establish the community land trust equity pilot program pursuant
2 to this Act.

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 4. This Act shall take effect on July 1, 2025.

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INTRODUCED BY: _____

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S.B. NO. 1169

Report Title:

HHFDC; Community Land Trust Equity Pilot Program; Affordable Housing; Reports; Dwelling Unit Revolving Fund; Appropriation

Description:

Authorizes the Hawaii Housing Finance and Development Corporation to establish a five-year community land trust equity pilot program to provide community land trusts with a line of credit to fund the acquisition, rehabilitation, renovation, or construction of housing for low- to moderate-income households and report to the Legislature regarding the pilot program. Appropriates moneys from the Dwelling Unit Revolving Fund for establishment of the pilot program.

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