
A BILL FOR AN ACT

RELATING TO LAND EXCHANGE.

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

1 SECTION 1. The legislature finds that agriculture was the
2 economic mainstay for many of the State's rural communities.
3 This industry, specifically sugar cane and pineapple, had a
4 greater stake in how and where communities grew. Over the past
5 four decades, communities have witnessed the end of the era of
6 the State's plantation heritage: in 1971, the Kahuku sugar mill
7 closed; in 1996, the Waialua sugar mill closed; in 2008, Del
8 Monte fresh produce ended operations; and in 2016, Hawaiian
9 Commercial & Sugar Company ended sugar operations.

10 A report released by the department of agriculture,
11 Statewide Agricultural Land Use Baseline 2015, and updated in
12 2020, shows a dramatic change in agricultural land over forty
13 years as sugar production and pineapple production have
14 downsized. According to the department of agriculture, there
15 were 120,630 acres of agricultural land in crop production in
16 2020 compared to 350,830 acres in crop production in 1980.



1 Article XI, section 3, of the Hawaii State Constitution,
2 directs the State to conserve and protect agricultural lands,
3 promote diversified agriculture, increase agricultural
4 self-sufficiency, and assure the availability of agriculturally
5 suitable lands. The State's agricultural production is
6 insufficient to meet the State's food consumption needs. This
7 over-reliance on imported food creates critical health, safety,
8 and security issues for the State and threatens the State's
9 sustainable future and preparedness for future disasters,
10 emergencies, and crises. The legislature further finds that
11 attempts to stimulate diversified agriculture in the private
12 sector through regulatory controls and land use and zoning
13 restrictions are not sufficient to address the business needs
14 and subsidies necessary to effectively and significantly
15 increase diversified agriculture to the extent necessary to
16 avoid Hawaii's agricultural self-sufficiency crisis. Where
17 feasible, the State must take a more active role in providing
18 assistance and subsidies that promote farming businesses.

19 The legislature further finds that over the years, the
20 State has prioritized a shift toward sustainability in
21 agriculture and decreasing our food imports. Act 55, Session



1 Laws of Hawaii 2013, amends the Hawaii State Planning Act to
2 promote economically competitive activities that increase
3 Hawaii's agricultural self-sufficiency, including the increased
4 purchase and use of Hawaii-grown food and food products by
5 residents, businesses, and governmental bodies. On September 1,
6 2016, the governor pledged a commitment for Hawaii to double its
7 food production by 2020. To accomplish that objective, the
8 governor prioritized making more land available for agriculture.

9 Large tracts of agricultural land, including those formerly
10 used for pineapple and sugar cane, are now fallow. These lands
11 provide a unique opportunity for the State to fulfill the intent
12 of the Hawaii State Constitution regarding diversified
13 agriculture and agricultural self-sufficiency through
14 acquisition of suitable agricultural land for long-term leases
15 for diversified, bona fide agricultural operations to increase
16 agricultural production.

17 The legislature also finds that the State continues to face
18 a crisis in homelessness, affordable housing, workforce housing,
19 and other housing inventory for the State's residents.

20 According to the December 2016 Report to the Hawaii State
21 Legislature in response to Act 127, Session Laws of Hawaii 2016,



1 by the special action team on affordable rental housing,
2 approximately 24,551 housing units were needed statewide in the
3 five-year period from 2016 to 2020. Hawaii faces a critical
4 shortage of safe, sanitary and affordable housing units,
5 work-force housing and other housing inventory for Hawaii
6 residents and the legislature must act to eliminate or reduce
7 that shortage. State initiatives acknowledging and attempting
8 to mitigate this crisis include:

9 (1) Providing affordable rental and for-sale housing.
10 Act 127, Session Laws of Hawaii 2016, as amended by
11 Act 96, Session Laws of Hawaii 2017, establishes a
12 goal of developing or vesting the development of at
13 least 22,500 affordable rental housing units ready for
14 occupancy by December 31, 2026, and establishes the
15 special action team on affordable rental housing to
16 make recommendations on actions to promote the
17 development of at least 22,500 affordable rental
18 housing units to be ready for occupancy between
19 January 1, 2017, and December 31, 2026. The special
20 action team's report to the legislature recommended
21 expanding the public lands available for consideration



1 to meet housing needs and also explained its ten-year
2 plan and current development of suitability maps to
3 identify state, county, and private parcels of land on
4 each island that may be used for residential units.

5 Also, the 2016 Hawaii housing planning study prepared
6 by SMS for the Hawaii housing finance and development
7 corporation found that a shortage of land available
8 for development was a significant factor limiting the
9 supply of housing;

10 (2) Development of state lands around transit-oriented
11 development areas for housing. Act 130, Session Laws
12 of Hawaii 2016, authorizes the department of education
13 to use fees collected from transit-oriented
14 development projects to be used for existing schools
15 in the development area to address increases in school
16 populations due to transit-oriented development, and
17 establishes an interagency council for
18 transit-oriented development. In addition, Act 131,
19 Session Laws of Hawaii 2016, enables the Hawaii
20 housing finance and development corporation to develop
21 mixed-use developments in partnership with state and



1 county departments and agencies. The Hawaii
2 interagency council for transit-oriented development's
3 report to the legislature noted that, as one of the
4 largest landowners along the Honolulu rail corridor,
5 the State has a unique opportunity to revitalize
6 neighborhoods, increase affordable housing, and
7 improve accessibility to public facilities and
8 services by applying smart growth and transit-oriented
9 development principles as the construction of the rail
10 transit system progresses; and

- 11 (3) Supporting housing projects through state
12 infrastructure planning and construction. Act 130,
13 Session Laws of Hawaii 2016, requires the Hawaii
14 interagency council for transit-oriented development
15 to identify transit-oriented development projects that
16 lack sufficient infrastructure. In addition, Act 131,
17 Session Laws of Hawaii 2016, includes infrastructure
18 in its mandate to develop mixed-use developments and
19 Act 132, Session Laws of Hawaii 2016, provides grants
20 and loans to state agencies, and loans to the counties
21 and private developers for infrastructure



1 improvements. The Hawaii interagency council for
2 transit-oriented development's report to the
3 legislature also noted the importance of this issue,
4 listing infrastructure as the most pressing concern
5 that needed to be considered as transit-oriented
6 development is pursued statewide.

7 The legislature further finds that lack of suitable,
8 entitled lands for development of appropriate housing is a major
9 contributing factor to the housing crisis, and substantial
10 obstacles and delays in entitling such lands result in
11 discouraging development, lowering housing inventory, and
12 raising housing prices, among other negative effects.

13 Addressing the challenges of the State's agricultural
14 self-sufficiency and housing crises will require courageous and
15 novel legislation which addresses these issues in an
16 expeditious, economical, and flexible manner. The legislature
17 additionally finds that land exchanges completed in other
18 states, for example, exchanges of state lands for privately
19 owned lands to meet the needs of and mutually benefit both
20 parties, have provided public benefit in the areas of
21 conservation, economic growth, ecology, and recreation. Land



1 exchanges thereby present a viable method of addressing the many
2 housing and agricultural issues facing the State. Land
3 exchanges present a win-win situation where the State is able to
4 negotiate a mutually beneficial exchange of developable state
5 lands for housing for privately owned agricultural lands for
6 farming.

7 The purpose of this Act is to allow the governor to:

- 8 (1) Negotiate land exchanges consistent with and in
9 furtherance of the foregoing agricultural and housing
10 needs and purposes, in a manner which ideally
11 addresses all needs and purposes; and
12 (2) Submit a report to the legislature of the negotiated
13 land exchanges for final approval.

14 SECTION 2. (a) In consultation with the board of land and
15 natural resources, the governor may negotiate land exchanges in
16 accordance with chapter 171, Hawaii Revised Statutes, for the
17 purpose of acquiring private lands that are suitable for
18 long-term diversified agricultural production by the State or
19 its lessees, in exchange for state lands to be acquired by
20 private parties for development of affordable, workforce, and
21 other housing for Hawaii residents.



1 (b) The governor may coordinate with the agribusiness
2 development corporation, the department of land and natural
3 resources, and any other department or agency of the State that
4 holds title to or an assignment of state land that may be
5 appropriate for exchange under subsection (a).

6 (c) It is the intent of this Act that the exchanges
7 negotiated pursuant to this Act will result in exchanges which
8 address both the State's agricultural and housing crises by:

9 (1) Obtaining large tracts of suitable agricultural lands
10 for the State to lease to farmers for diversified
11 agriculture; and

12 (2) Providing to private parties suitable urban lands for
13 expeditious development of affordable housing,
14 workforce housing, and other housing inventory for
15 Hawaii residents, and mixed use commercial and
16 accessory uses within areas designated for
17 transit-oriented development and other appropriate
18 urbanized areas.

19 (d) To facilitate successful negotiation of land
20 exchanges, including the enhancement of optimal agricultural
21 lands acquired by the State in exchange for urbanized lands and



1 the expedient consummation of exchanges, the governor shall be
2 authorized to, pursuant to subsection (e)(3), reclassify and
3 rezone lands intended for exchange under this Act and transfer
4 such state lands, authorized by subsection (a), to private
5 parties for development of housing and other mixed-uses within
6 the state urban land use district with appropriate county
7 residential or mixed-use zoning, subject to the following:

8 (1) The lands shall be within a one-half-mile radius of
9 any rail station approved by the Federal
10 Transportation Administration within the city and
11 county of Honolulu; and

12 (2) Any development on the lands to be transferred to
13 private parties shall comply with all state and county
14 laws, rules, and regulations regarding health and
15 safety and building permit requirements for housing or
16 mixed-use developments on private lands, and shall not
17 be subject to laws, rules, and regulations applicable
18 to state lands.

19 (e) To promote exchanges that address the objectives of
20 the State in acquiring more lands for diversified agriculture



1 and encouraging private parties to develop more affordable,
2 workforce, and other housing:

3 (1) Appraisals shall be performed, in compliance with
4 section 171-50, of state lands for purposes of
5 exchange with the urban, residential, or mixed-use
6 land; provided that appraisals shall reflect any
7 land-use and zoning classifications adopted pursuant
8 to this Act;

9 (2) The development of housing on private lands as
10 contemplated by this Act shall be subject to chapters
11 6E and 343, Hawaii Revised Statutes, as applicable to
12 private housing on private lands; notwithstanding the
13 prior state ownership of the land or the use of state
14 or county housing assistance programs;

15 (3) The governor, as necessary to facilitate and effect
16 the purposes of this Act, may submit notifications and
17 supporting information to:

18 (A) The land use commission; and

19 (B) The planning director of the appropriate county
20 for any necessary rezoning of land;



1 provided that the reclassification and rezoning shall
2 be adopted within thirty days of receipt of the
3 governor's notification;

4 (4) Private development of housing or mixed-uses on
5 private lands, as contemplated by this Act, shall be
6 exempt from all applicable state and county
7 procurement requirements, impact fees, and other
8 exactions;

9 (5) The governor and all related state and county agencies
10 are authorized and directed to take such further
11 actions as may be necessary to facilitate and effect
12 the purposes of this Act; and

13 (6) Consummation of any exchange pursuant to this Act
14 shall be subject to the requirements of section 3.

15 SECTION 3. The governor shall submit a report to the
16 legislature no later than twenty days prior to the convening of
17 the regular session of 2026 on:

18 (1) The feasibility of any land exchanges of agricultural
19 parcels of high interest to the State in exchange for
20 urbanized lands for appropriate private development
21 negotiated by the governor as contemplated by this



1 Act, a list of lands suitable for such an exchange,
2 and a description and the market value of the parcels;
3 and

4 (2) Any appropriations, proposed legislation, or
5 administrative action necessary to accomplish the
6 goals of this Act.

7 After receipt of the governor's report, the legislature, if
8 not in session, may convene in special session pursuant to
9 article III, section 10 of the Hawaii State Constitution to act
10 on land exchanges proposed pursuant to this Act.

11 SECTION 4. This Act shall take effect on January 1, 2050.



S.B. NO. 739
S.D. 2

Report Title:

Land Exchange; Diversified Agricultural Production; Affordable Housing Development

Description:

Allows the Governor to negotiate land exchanges in consultation with the Board of Land and Natural Resources to acquire lands that are suitable for long-term diversified agricultural production in exchange for land for private affordable housing development. Requires a report to the Legislature. Effective 1/1/2050. (SD2)

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

