
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 Hawaii is in the
2 midst of a crisis as a substantial number of residents are
3 unable to secure attainable housing to rent or to own. The
4 exorbitant cost of real estate renders homeownership
5 unattainable for many local families, with the average price of
6 a home in Hawaii surpassing \$800,000, an amount considerably
7 beyond the financial reach of most local working residents.

8 The legislature further finds that Hawaii has been
9 struggling with outmigration as local working residents are
10 compelled to leave the islands in search of more affordable
11 living situations. The department of business, economic
12 development, and tourism reported that between July 1, 2022, and
13 July 1, 2023, an average of twelve people departed from Hawaii
14 each day. As a result, for the first time in history, a greater
15 number of Native Hawaiians reside outside of Hawaii than in it.
16 This exodus signifies a loss not only of population but also of
17 cultural heritage.



1 A recent study of nearly fifteen hundred local working
2 residents conducted by Holomua Collective found that seventy per
3 cent of respondents plan to leave or are considering leaving
4 Hawaii as they cannot afford to live here. Nearly half of that
5 seventy per cent plan to move within the next five years.

6 The legislature also finds that another crucial aspect of
7 Hawaii's housing crisis is the shortage of attainable workforce
8 housing for essential workers like teachers, police officers,
9 health care providers, and others who serve the community. With
10 limited attainable workforce housing options and high building
11 costs, it is becoming increasingly difficult to find suitable
12 places for these workers to live, driving crucial workers to
13 relocate to the continent. Allowing people to live closer to
14 where they work will help preserve infrastructure, reduce
15 greenhouse gas emissions, improve workers' mental health, and
16 help businesses by reducing commute times.

17 The legislature additionally finds that like Hawaii, the
18 town of Vail, Colorado has a tourism-based economy in which
19 local working residents struggle to find attainable housing in
20 part due to the large percentage of vacant homes owned by non-
21 residents. In 2018, in an attempt to provide for local



1 workforce housing and invest in the future of its town, the town
2 of Vail implemented "Vail InDEED", a voluntary program that
3 allowed the town to buy and place deed restrictions in
4 perpetuity on local homes from willing buyers that limited
5 occupancy to owner-occupants or resident tenants that live and
6 work in the town of Vail. Since 2018, the program has resulted
7 in the establishment of over one thousand deed restricted
8 residences for local working residents, helped provide more
9 attainable housing options for local working residents, and
10 created a culture in which Vail residents want to live in and
11 support the deed restricted residences.

12 The legislature believes Hawaii can learn from the town of
13 Vail, and that a program similar to Vail InDEED could develop a
14 stock of homes in Hawaii that are dedicated to locals. This
15 program could be effective in helping local families buy homes
16 by bringing together the needs of employers, workers, and the
17 community. Prioritizing workforce housing that ensures
18 occupants live or work in the vicinity of their home will help
19 alleviate the shortage of workforce housing, reduce traffic and
20 emissions of greenhouse gases, mitigate adverse impacts from new
21 development, and build stronger communities. Additionally, this



1 program would not only aid people in securing housing but would
2 also contribute to the preservation of Hawaii's distinctive
3 culture by ensuring that local families remain in the State.

4 Accordingly, the purpose of this Act is to establish and
5 fund the kamaaina homes program as an investment in the future
6 of Hawaii and keep local working families in the State by
7 securing a dedicated housing supply specifically for locals.

8 SECTION 2. Chapter 201H, Hawaii Revised Statutes, is
9 amended by adding a new subpart to part III to be appropriately
10 designated and to read as follows:

11 " . Kamaaina Homes Program

12 **§201H-A Definitions.** As used in this subpart, unless the
13 context otherwise requires:

14 "Eligible homeowner or homebuyer" means a person or family,
15 without regard to race, creed, national origin, or sex, who:

16 (1) Is a citizen of the United States or a resident alien;

17 (2) Is a resident domiciled in the State;

18 (3) Is at least eighteen years of age;

19 (4) Agrees to sell to the county and place a deed

20 restriction on the property that is in compliance with

21 section 201H-C;



- 1 (5) Agrees to comply with annual reporting requirements
2 pursuant to section 201H-F;
3 (6) Owns no other property with a deed restriction
4 pursuant to this subpart; and
5 (7) Meets any other qualifications as established by rules
6 adopted by the corporation or county.

7 "Qualified business" means a corporation, partnership, sole
8 proprietorship, trust, or foundation, or any other individual or
9 organization carrying on a business, whether or not operated for
10 profit, that:

- 11 (1) Has a physical presence within the State;
12 (2) Has a current and valid business license to operate in
13 the State;
14 (3) Pays state income taxes pursuant to chapter 235; and
15 (4) Is generally recognized as an operating business
16 within the community.

17 "Qualified business" includes state and county departments and
18 agencies.

19 **§201H-B Kamaaina homes program; established; general**
20 **provisions.** (a) There shall be established within the
21 corporation the kamaaina homes program to provide counties



1 funding through the dwelling unit revolving fund established
2 pursuant to section 201H-191 to purchase voluntary deed
3 restrictions from eligible homeowners or homebuyers.

4 (b) Upon application by a county, in a form prescribed by
5 the corporation, the corporation may allocate an annual lump
6 sum, in an amount to be determined by the corporation, necessary
7 for a county to purchase a voluntary deed restriction from an
8 eligible homeowner or homebuyer; provided that the corporation
9 shall not distribute funds solely based on the population size
10 of a county.

11 (c) A county may deposit funds received from the
12 corporation pursuant to subsection (b) into an escrow account
13 until the purchase of a deed restriction is finalized.

14 (d) No eligible homeowner or homebuyer shall be granted
15 funds under this subpart if a deed restriction that satisfies
16 section 201H-C already runs with the land of the property.

17 (e) Any initial lease for tenancy offered at a property
18 with a deed restriction placed pursuant to this subpart shall be
19 for a minimum of six months. An initial lease may transfer to a
20 month-to-month lease upon completion of the original term.



1 (f) The deed restriction placed and owned by the county
2 pursuant to this subpart shall take first priority over other
3 restrictions on the property, if applicable; provided that for a
4 planned community under chapter 421J, a deed restriction may be
5 secondary only to conditions, covenants, and restrictions with a
6 requisite first position.

7 (g) Counties shall be responsible for validating the
8 evidence and ensuring compliance with this subpart. Counties
9 may contract with non-government persons or entities to ensure
10 compliance with this subpart. Counties shall report any
11 property not in compliance with this subpart to the corporation.

12 (h) If a county does not expend moneys allocated pursuant
13 to this section within one year of receipt, the moneys shall be
14 returned to the corporation and placed in the dwelling unit
15 revolving fund established under section 201H-191.

16 (i) The corporation and each county may establish, revise,
17 charge, and collect fees and premiums and impose costs as
18 necessary, reasonable, or convenient to effectuate the purposes
19 of this subpart.

20 (j) The corporation may adopt rules pursuant to chapter 91
21 for the purposes of this subpart. Each county may adopt rules



1 pursuant to chapter 91 for purposes of this subpart; provided
2 that the rules shall not conflict with rules adopted by the
3 corporation.

4 **§201H-C Deed restriction; requirements. (a)**

5 Notwithstanding any other law to the contrary, a deed
6 restriction shall be recorded against the property and shall run
7 with the land in perpetuity, binding all future owners,
8 successors, and assigns.

9 (b) Notwithstanding any other law to the contrary, a deed
10 restriction placed on a property and held by a county pursuant
11 to this subpart shall require that the property be occupied by
12 at least one owner-occupant or tenant who:

13 (1) Works an average of thirty hours or more per week at a
14 qualified business; or

15 (2) Previously worked an average of thirty hours or more
16 per week at a qualified business, was an occupant of a
17 deed restricted property pursuant to this subpart and:

18 (A) Is retired;

19 (B) Is involuntarily unemployed; or

20 (C) Has a disability, as defined in section 515-2.



1 **§201H-D Remedies.** (a) A county that reasonably believes
2 a property with a deed restriction in place pursuant to this
3 subpart is not in compliance with this subpart may bring action
4 against the owner of the property for civil remedies based in
5 contract or real property law, including but not limited to
6 claiming a lien or obtaining specific performance.

7 (b) In addition to the remedies available under subsection
8 (a), if a property with a deed restriction in place pursuant to
9 this subpart is sold and it is determined that the property has
10 been occupied in a manner not in compliance with this subpart,
11 the corporation may bring action against the homeowner in the
12 appropriate circuit court and shall be entitled to fifty per
13 cent of appreciation at the time of sale, to be collected by the
14 corporation.

15 (c) Any financial remedy owed to a county or the
16 corporation pursuant to this section shall be placed in the
17 dwelling unit revolving fund established under section 201H-191.

18 **§201H-E Environmental impact statement; conveyance tax;**
19 **procurement code; exemptions.** (a) An action on property with a
20 deed restriction in place pursuant to this subpart shall be
21 exempt from chapter 343.



1 (b) Property sold for which a county has purchased a deed
2 restriction pursuant to this subpart shall be exempt from
3 chapter 247.

4 (c) Any contract entered into by a county pursuant to this
5 subpart shall be exempt from chapter 103D.

6 **§201H-F Annual reporting.** No later than of each
7 year, beginning in the year following the first year of
8 occupancy of the property after the deed restriction has been
9 entered into, the owner of the property shall submit a written
10 statement with accompanying evidence to the county verifying the
11 property was occupied by a qualified owner-occupant or tenant
12 during all of the prior calendar year; provided that, if
13 applicable, a copy of the lease form currently used for the
14 property shall be submitted with the statement."

15 SECTION 3. Section 46-15.2, Hawaii Revised Statutes, is
16 amended to read as follows:

17 **"§46-15.2 Housing; additional county powers.** In addition
18 and supplemental to the powers granted to counties by section
19 46-15.1, a county shall have and may exercise any of the
20 following powers:



- 1 (1) To provide assistance and aid to persons of low- and
2 moderate-income in acquiring housing by:
- 3 (A) Providing loans secured by a mortgage;
- 4 (B) Acquiring the loans from private lenders where
5 the county has made advance commitment to acquire
6 the loans; and
- 7 (C) Making and executing contracts with private
8 lenders or a public agency for the origination
9 and servicing of the loans and paying the
10 reasonable value of the services;
- 11 (2) In connection with the exercise of any powers granted
12 under this section or section 46-15.1, to establish
13 one or more loan programs and to issue bonds under
14 chapter 47 or 49 to provide moneys to carry out the
15 purposes of this section or section 46-15.1; provided
16 that:
- 17 (A) If bonds are issued pursuant to chapter 47 to
18 finance one or more loan programs, the county may
19 establish qualifications for the program or
20 programs as it deems appropriate;



1 (B) If bonds are issued pursuant to chapter 49 to
2 finance one or more loan programs, the loan
3 program or programs shall comply with part III,
4 subpart B of chapter 201H, to the extent
5 applicable;

6 (C) If bonds are issued pursuant to section 47-4 or
7 chapter 49, any loan program established pursuant
8 to this section or any county-owned dwelling
9 units constructed under section 46-15.1 shall be
10 and constitute an "undertaking" under section
11 49-1 and chapter 49 shall apply to the loan
12 program or county-owned dwelling units to the
13 extent applicable;

14 (D) In connection with the establishment of any loan
15 program pursuant to this section, a county may
16 employ financial consultants, attorneys, real
17 estate counselors, appraisers, and other
18 consultants as may be required in the judgment of
19 the county and fix and pay their compensation
20 from funds available to the county therefor;



1 (E) Notwithstanding any limitation otherwise
2 established by law, with respect to the rate of
3 interest on any loan made under any loan program
4 established pursuant to this section, the loan
5 may bear a rate or rates of interest per year as
6 the county shall determine; provided that no loan
7 made from the proceeds of any bonds of the county
8 shall be under terms or conditions that would
9 cause the interest on the bonds to be deemed
10 subject to income taxation by the United States;

11 (F) Notwithstanding any limitation otherwise
12 established by law, with respect to the amount of
13 compensation permitted to be paid for the
14 servicing of loans made under any loan program
15 established pursuant to this section, a county
16 may fix any reasonable compensation as the county
17 may determine;

18 (G) Notwithstanding the requirement of any other law,
19 a county may establish separate funds and
20 accounts with respect to bonds issued pursuant to
21 chapter 47 or 49 to provide moneys to carry out



1 the purposes of this section or section 46-15.1
2 as the county may deem appropriate;

3 (H) Notwithstanding any provision of chapter 47 or 49
4 or of any other law, but subject to the
5 limitations of the state constitution, bonds
6 issued to provide moneys to carry out the
7 purposes of this section or section 46-15.1 may
8 ~~[be]~~:

9 (i) Be sold at public or private sale at a
10 price; ~~[may bear]~~

11 (ii) Bear interest at a rate or rates per year;
12 ~~[may be]~~

13 (iii) Be payable at a time or times; ~~[may mature]~~

14 (iv) Mature at a time or times; ~~[may be]~~

15 (v) Be made redeemable before maturity at the
16 option of the county, the holder, or both,
17 at a price or prices and upon terms and
18 conditions; and ~~[may be]~~

19 (vi) Be issued in coupon or registered form, or
20 both, as the county may determine;



1 (I) If deemed necessary or advisable, the county may
2 designate a national or state bank or trust
3 company within or without the State to serve as
4 trustee for the holders of bonds issued to
5 provide moneys to carry out the purposes of this
6 section or section 46-15.1, and enter into a
7 trust indenture, trust agreement, or indenture of
8 mortgage with the trustee whereby the trustee may
9 be authorized to receive and receipt for, hold,
10 and administer the proceeds of the bonds and to
11 apply the proceeds to the purposes for which the
12 bonds are issued, or to receive and receipt for,
13 hold, and administer the revenues and other
14 receipts derived by the county from the
15 application of the proceeds of the bonds and to
16 apply the revenues and receipts to the payment of
17 the principal of, or interest on the bonds, or
18 both. Any trust indenture, trust agreement, or
19 indenture of mortgage entered into with the
20 trustee may contain any covenants and provisions
21 as may be deemed necessary, convenient, or



1 desirable by the county to secure the bonds. The
2 county may pledge and assign to the trustee any
3 agreements related to the application of the
4 proceeds of the bonds and the rights of the
5 county thereunder, including the rights to
6 revenues and receipts derived thereunder. Upon
7 appointment of the trustee, the director of
8 finance of the county may elect not to serve as
9 fiscal agent for the payment of the principal and
10 interest, and for the purchase, registration,
11 transfer, exchange, and redemption, of the bonds;
12 or may elect to limit the functions the director
13 of finance performs as a fiscal agent; and may
14 appoint a trustee to serve as the fiscal agent;
15 and may authorize and empower the trustee to
16 perform the functions with respect to payment,
17 purchase, registration, transfer, exchange, and
18 redemption, as the director of finance deems
19 necessary, advisable, or expedient, including
20 without limitation the holding of the bonds and
21 coupons that have been paid and the supervision



1 and conduction or the destruction thereof in
2 accordance with law;

3 (J) If a trustee is not appointed to collect, hold,
4 and administer the proceeds of bonds issued to
5 provide moneys to carry out the purposes of this
6 section or section 46-15.1, or the revenues and
7 receipts derived by the county from the
8 application of the proceeds of the bonds, as
9 provided in subparagraph (I), the director of
10 finance of the county may hold the proceeds or
11 revenues and receipts in a separate account in
12 the treasury of the county, to be applied solely
13 to the carrying out of the ordinance, trust
14 indenture, trust agreement, or indenture of
15 mortgage, if any, authorizing or securing the
16 bonds; and

17 (K) Any law to the contrary notwithstanding, the
18 investment of funds held in reserves and sinking
19 funds related to bonds issued to provide moneys
20 to carry out the purposes of this section or
21 section 46-15.1 shall comply with section 201H-



1 77; provided that any investment that requires
2 approval by the county council pursuant to
3 section 46-48 or 46-50 shall first be approved by
4 the county council;

5 (3) To acquire policies of insurance and enter into
6 banking arrangements as the county may deem necessary
7 to better secure bonds issued to provide money to
8 carry out the purposes of this section or section 46-
9 15.1, including without limitation contracting for a
10 support facility or facilities as may be necessary
11 with respect to bonds issued with a right of the
12 holders to put the bonds and contracting for interest
13 rate swaps; [and]

14 (4) To enter into negotiations for, and purchase deed
15 restrictions on, housing properties from eligible
16 homeowners and homebuyers pursuant to subpart ,
17 part III of chapter 201H; and

18 ~~[(4)]~~ (5) To do any and all other things necessary or
19 appropriate to carry out the purposes and exercise the
20 powers granted in section 46-15.1 and this section."



SECTION 4. Section 201H-191, Hawaii Revised Statutes, is amended by amending subsection (a) to read as follows:

"(a) There ~~[is]~~ shall be created a dwelling unit revolving fund. The funds appropriated for the purpose of the dwelling unit revolving fund and all moneys received or collected by the corporation for the purpose of the revolving fund shall be deposited in the revolving fund. The proceeds in the revolving fund shall be used ~~[to reimburse]~~ for:

(1) Reimbursements to the general fund to pay the interest on general obligation bonds issued for the purposes of the revolving fund~~[, for the necessary]~~;

(2) Necessary expenses in administering housing development programs and regional state infrastructure programs~~[, and for carrying]~~;

(3) Carrying out the purposes of housing development programs and regional state infrastructure programs, including but not limited to the expansion of community facilities and regional state infrastructure constructed in conjunction with housing and mixed-use transit-oriented development projects, permanent primary or secondary financing, and supplementing



1 building costs, federal guarantees required for
2 operational losses, and all things required by any
3 federal agency in the construction and receipt of
4 federal funds or low-income housing tax credits for
5 housing projects[-]; and

6 (4) The administration and purchase of deed restrictions
7 as part of the kamaaina homes program under
8 subpart ; provided that there shall be no area
9 median income requirements for moneys expended for the
10 purposes of this program."

11 SECTION 5. Section 247-3, Hawaii Revised Statutes, is
12 amended to read as follows:

13 "**§247-3 Exemptions.** The tax imposed by section 247-1
14 shall not apply to:

- 15 (1) Any document or instrument that is executed [~~prior to~~]
16 before January 1, 1967;
- 17 (2) Any document or instrument that is given to secure a
18 debt or obligation;
- 19 (3) Any document or instrument that only confirms or
20 corrects a deed, lease, sublease, assignment,
21 transfer, or conveyance previously recorded or filed;



- 1 (4) Any document or instrument between husband and wife,
2 reciprocal beneficiaries, or parent and child, in
3 which only a nominal consideration is paid;
- 4 (5) Any document or instrument in which there is a
5 consideration of \$100 or less paid or to be paid;
- 6 (6) Any document or instrument conveying real property
7 that is executed pursuant to an agreement of sale, and
8 where applicable, any assignment of the agreement of
9 sale, or assignments thereof; provided that the taxes
10 under this chapter have been fully paid upon the
11 agreement of sale, and where applicable, upon such
12 assignment or assignments of agreements of sale;
- 13 (7) Any deed, lease, sublease, assignment of lease,
14 agreement of sale, assignment of agreement of sale,
15 instrument or writing in which the United States or
16 any agency or instrumentality thereof or the State or
17 any agency, instrumentality, or governmental or
18 political subdivision thereof are the only parties
19 thereto;
- 20 (8) Any document or instrument executed pursuant to a tax
21 sale conducted by the United States or any agency or



1 instrumentality thereof or the State or any agency,
2 instrumentality, or governmental or political
3 subdivision thereof for delinquent taxes or
4 assessments;

5 (9) Any document or instrument conveying real property to
6 the United States or any agency or instrumentality
7 thereof or the State or any agency, instrumentality,
8 or governmental or political subdivision thereof
9 pursuant to the threat of the exercise or the exercise
10 of the power of eminent domain;

11 (10) Any document or instrument that solely conveys or
12 grants an easement or easements;

13 (11) Any document or instrument whereby owners partition
14 their property, whether by mutual agreement or
15 judicial action; provided that the value of each
16 owner's interest in the property after partition is
17 equal in value to that owner's interest before
18 partition;

19 (12) Any document or instrument between marital partners or
20 reciprocal beneficiaries who are parties to a divorce
21 action or termination of reciprocal beneficiary



1 relationship that is executed pursuant to an order of
2 the court in the divorce action or termination of
3 reciprocal beneficiary relationship;

4 (13) Any document or instrument conveying real property
5 from a testamentary trust to a beneficiary under the
6 trust;

7 (14) Any document or instrument conveying real property
8 from a grantor to the grantor's revocable living
9 trust, or from a grantor's revocable living trust to
10 the grantor as beneficiary of the trust;

11 (15) Any document or instrument conveying real property, or
12 any interest therein, from an entity that is a party
13 to a merger or consolidation under chapter 414, 414D,
14 415A, 421, 421C, 425, 425E, or 428 to the surviving or
15 new entity;

16 (16) Any document or instrument conveying real property, or
17 any interest therein, from a dissolving limited
18 partnership to its corporate general partner that
19 owns, directly or indirectly, at least a ninety per
20 cent interest in the partnership, determined by
21 applying section 318 (with respect to constructive



1 ownership of stock) of the federal Internal Revenue
2 Code of 1986, as amended, to the constructive
3 ownership of interests in the partnership; [~~and~~
4 ~~+~~](17)[~~+~~] Any document or instrument that conforms to the
5 transfer on death deed as authorized under chapter
6 527[~~-~~]; and
7 (18) Any document or instrument conveying real property
8 with a county-owned deed restriction pursuant to
9 subpart , part III of chapter 201H, including any
10 document or instrument conveying the county owned deed
11 restriction."

12 SECTION 6. Section 525-4, Hawaii Revised Statutes, is
13 amended to read as follows:

14 **"§525-4 Exclusions from statutory rule against**
15 **perpetuities.** Section 525-1 shall not apply to:

- 16 (1) A fiduciary's power to sell, lease, or mortgage
17 property, and the power of a fiduciary to determine
18 principal and income;
19 (2) A discretionary power of a trustee to distribute
20 principal before termination of a trust;



- 1 (3) A nonvested property interest held by a charity,
2 government, or governmental agency or subdivision, if
3 the nonvested property interest is preceded by an
4 interest held by another charity, government, or
5 governmental agency or subdivision;
- 6 (4) A property interest in or a power of appointment with
7 respect to a pension, profit-sharing, stock bonus,
8 health, disability, death benefit, income deferral, or
9 other current or deferred benefit plan for one or more
10 employees, independent contractors, or their
11 beneficiaries or spouses;
- 12 (5) A property interest, power of appointment, or
13 arrangement that was not subject to the common-law
14 rule against perpetuities or is excluded by any other
15 applicable law; [~~or~~]
- 16 (6) A trust described in chapter 554G[~~-~~]; or
- 17 (7) A property interest in property with a county-owned
18 deed restriction in place pursuant to subpart ,
19 part III of chapter 201H."

20 SECTION 7. In codifying the new sections added by section
21 2 of this Act, the revisor of statutes shall substitute



1 appropriate section numbers for the letters used in designating
2 the new sections in this Act.

3 SECTION 8. Statutory material to be repealed is bracketed
4 and stricken. New statutory material is underscored.

5 SECTION 9. This Act shall take effect on July 1, 3000.



Report Title:

Kamaaina Homes Program; Voluntary Deed Restrictions; Counties

Description:

Establishes the Kamaaina Homes Program to provide funding to the counties to purchase voluntary deed restrictions from eligible homeowners or homebuyers. Effective 7/1/3000. (HD2)

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

