
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, Governor Ige 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 Additionally, the 2016 Hawaii housing planning study
6 prepared by SMS for the Hawaii housing finance and
7 development corporation found that a shortage of land
8 available for development was a significant factor
9 limiting the 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 discourage
11 development, lower housing inventory, and raise housing prices,
12 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 that addresses these issues in an expeditious,
16 economical, and flexible manner. The legislature additionally
17 finds that land exchanges completed in other states, such as
18 exchanges of state lands for privately owned lands to meet the
19 needs of and mutually benefit both parties, have provided public
20 benefit in the areas of conservation, economic growth, ecology,
21 and recreation. Land exchanges thereby present a viable method



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

6 The purpose of this Act is to:

- 7 (1) Allow the governor, subject to approval by the board
8 of land and natural resources, to negotiate land
9 exchanges consistent with and in furtherance of the
10 State's agricultural and housing needs and purposes,
11 in a manner that ideally addresses all needs and
12 purposes; and
- 13 (2) Require the governor to submit a report to the
14 legislature of the negotiated land exchanges for final
15 approval.

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



1 private parties for development of affordable housing, workforce
2 housing, and other housing inventory for Hawaii residents.

3 (b) The governor may coordinate with the agribusiness
4 development corporation, the department of land and natural
5 resources, and any other department or agency of the State that
6 holds title to or an assignment of state land that may be
7 appropriate for exchange under subsection (a); provided that
8 lands undergoing the development entitlement process and on
9 which substantial state funds have been expended shall not be
10 considered priority lands for an exchange under subsection (a).

11 (c) It is the intent of this Act that the exchanges
12 negotiated pursuant to this Act will result in exchanges that
13 address the State's agricultural and housing crises by:

14 (1) Obtaining large tracts of suitable agricultural lands
15 for the State to lease to farmers for diversified
16 agriculture; and

17 (2) Providing private parties with suitable urban lands
18 for the expeditious development of affordable housing,
19 workforce housing, and other housing inventory for
20 Hawaii residents, and mixed use commercial and
21 accessory uses within areas designated for



1 transit-oriented development and other appropriate
2 urbanized areas.

3 (d) To facilitate successful negotiation of land
4 exchanges, including the enhancement of optimal agricultural
5 lands acquired by the State in exchange for urbanized lands and
6 the expedient consummation of exchanges, the governor may,
7 pursuant to subsection (e)(3), reclassify and rezone lands
8 intended for exchange under this Act and transfer such state
9 lands, authorized by subsection (a), to private parties for
10 development of housing and other mixed uses within the state
11 urban land use district with appropriate county residential or
12 mixed-use zoning, subject to the following:

13 (1) The lands shall be within a one-half-mile radius of
14 any rail station approved by the Federal
15 Transportation Administration within the city and
16 county of Honolulu;

17 (2) Any development on the lands to be transferred to
18 private parties shall comply with all state and county
19 laws, rules, and regulations regarding health and
20 safety and building permit requirements for housing or
21 mixed-use developments on private lands, and after



1 transfer shall not be subject to laws, rules, and
2 regulations applicable to state lands except as
3 required by this Act; and

4 (3) Any lands received from private parties as part of a
5 land exchange pursuant to subsection (a) shall assume
6 the ceded or public land trust character of the state
7 lands for which the lands were exchanged.

8 (e) To promote exchanges that address the objectives of
9 the State in acquiring more lands for diversified agriculture
10 and encouraging private parties to develop more affordable
11 housing, workforce housing, and other housing inventory:

12 (1) Appraisals shall be performed, in compliance with
13 section 171-50, of state lands for purposes of
14 exchange with the urban, residential, or mixed-use
15 land; provided that appraisals shall reflect any
16 land-use reclassification and rezoning adopted
17 pursuant to this Act;

18 (2) The development of housing on private lands as
19 contemplated by this Act shall be subject to chapters
20 6E and 343, Hawaii Revised Statutes, as applicable to
21 private housing on private lands, notwithstanding the



1 prior state ownership of the land or the use of state
2 or county housing assistance programs;

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

6 (A) The land use commission for any necessary
7 reclassification of land; and

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

10 provided that the reclassification and rezoning shall
11 be adopted within thirty days of receipt of the
12 governor's notification;

13 (4) Private development of housing or mixed uses on
14 private lands, as contemplated by this Act, shall be
15 exempt from all applicable state and county
16 procurement requirements, impact fees, and other
17 exactions;

18 (5) The governor and all related state and county agencies
19 shall take such further actions as may be necessary to
20 facilitate and effect the purposes of this Act;



1 (6) Consummation of any exchange pursuant to this Act
2 shall be subject to the requirements of section 3 of
3 this Act; and

4 (7) Any state land transferred to a private party pursuant
5 to this Act shall include a restrictive covenant or
6 reversionary interest in the deed in favor of the
7 State that requires the land to be used for the
8 development of affordable housing, workforce housing,
9 or other housing inventory.

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

13 (1) The feasibility of any land exchanges of agricultural
14 parcels of high interest to the State in exchange for
15 urbanized lands for appropriate private development
16 negotiated by the governor as contemplated by this
17 Act, a list of lands suitable for such an exchange,
18 and a description and the market value of the parcels;
19 and



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

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

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



Report Title:

Land Exchange; Diversified Agricultural Production; Affordable Housing; Workforce Housing; Housing Development

Description:

Allows the Governor to negotiate land exchanges, subject to approval by 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, workforce, or other housing development. Requires a report to the Legislature. (CD1)

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

