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# 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 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, Hawaii's population decreased by twelve people  
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 2025 Holomua Collective survey of more than three  
2 thousand two hundred local working residents found that seventy-  
3 five per cent of respondents are either planning to leave Hawaii  
4 or are unsure they can stay due to the high cost of living.  
5 Among those who expect to move, about one-third said they plan  
6 to leave within five years, while many others were unsure of  
7 their timeline.

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

19       The legislature additionally finds that like Hawaii, the  
20 town of Vail, Colorado has a tourism-based economy in which  
21 local working residents struggle to find attainable housing in



1 part due to the large percentage of vacant homes owned by non-  
2 residents. In 2018, in an attempt to provide for local  
3 workforce housing and invest in the future of its town, the town  
4 of Vail implemented "Vail InDEED", a voluntary program that  
5 allowed the town to buy and place deed restrictions in  
6 perpetuity on local homes from willing buyers that limited  
7 occupancy to owner-occupants or resident tenants who live and  
8 work in the town of Vail. In conjunction with other government  
9 efforts, this program has resulted in the establishment of over  
10 one thousand deed-restricted residences for local working  
11 residents, helped provide more attainable housing options for  
12 local working residents, and created a culture in which Vail  
13 residents want to live in and support deed-restricted  
14 residences.

15 The legislature believes Hawaii can learn from the town of  
16 Vail, and that a program similar to Vail InDEED could develop a  
17 stock of homes in Hawaii that are dedicated to locals. This  
18 program could be effective in helping local families buy homes  
19 by bringing together the needs of employers, workers, and the  
20 community. Prioritizing workforce housing that ensures  
21 occupants live or work in the vicinity of their home will help



1 alleviate the shortage of workforce housing, reduce traffic and  
2 emissions of greenhouse gases, mitigate adverse impacts from new  
3 development, and build stronger communities. Additionally, this  
4 program would not only aid people in securing housing but would  
5 also contribute to the preservation of Hawaii's distinctive  
6 culture by ensuring that local families remain in the State.

7 The legislature emphasizes the importance of responsible  
8 stewardship of public funds. One means of fulfilling this  
9 responsibility is ensuring that public investments in housing  
10 result in a retained public equity interest.

11 Deed restrictions on real property have a quantifiable  
12 financial value for the holder of the deed restriction, and this  
13 value tends to grow and appreciate over time. Deed restrictions  
14 may also be bought and sold. Any deed restriction purchased by  
15 a county creates an equity interest in the underlying property,  
16 which may be sold in the future if doing so serves the public  
17 interest.

18 Accordingly, the purpose of this Act is to establish the  
19 kamaaina homes program as an investment in the future of Hawaii  
20 and keep local working families in the State by securing a  
21 dedicated housing supply specifically for locals.



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

" . Kamaaina Homes Program

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

"Appreciated value of the property" means the most recent county-appraised value of the property minus the county-appraised value of the property at the time the deed restriction was placed on the property.

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

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

(2) Is a resident domiciled in the State;

(3) Is at least eighteen years of age;

(4) Agrees to sell to the county and place a deed restriction on the property that complies with section 201H-C;

(5) Agrees to comply with annual reporting requirements pursuant to section 201H-F;



- 1           (6) Owns no other real property with a deed restriction  
2           pursuant to this subpart; and  
3           (7) Meets any other qualifications established by rules  
4           adopted by the corporation or county.

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

9           (1) Has a physical office or other owned or leased real  
10          estate within the State;

11          (2) Has a current and valid business license to operate in  
12          the State; and

13          (3) Pays state income taxes pursuant to chapter 235.

14       "Qualified business" includes state and county departments and  
15       agencies.

16       **§201H-B Kamaaina homes program; established; general**  
17       **provisions.** (a) There shall be established within the  
18       corporation the kamaaina homes program to provide counties with  
19       funding through the dwelling unit revolving fund established  
20       pursuant to section 201H-191 to purchase voluntary deed  
21       restrictions on property from eligible homebuyers.



1           (b) Upon application by a county, in a form prescribed by  
2 the corporation, the corporation may allocate an annual lump  
3 sum, in an amount to be determined by the corporation, necessary  
4 for a county to carry out subsection (a); provided that:

5           (1) The corporation shall not distribute funds solely  
6 based on the population size of a county;

7           (2) A county shall not purchase a deed restriction with  
8 funds allocated pursuant to this subpart unless the  
9 property is located in a neighborhood identified in  
10 the plan approved pursuant to subsection (c);

11           (3) The total amount contributed by a county to an  
12 eligible homebuyer shall not exceed eight per cent of  
13 the appraised value of the property;

14           (4) No funds shall be made available to a county under  
15 this subpart unless the county provides funding in the  
16 amount of no less than one dollar for every three  
17 dollars distributed by corporation; and

18           (5) The corporation shall not allocate more than  
19 \$20,000,000 per year under this subpart.

20           A county may use up to           per cent of allocated funds for  
21 administrative costs.



1           (c) The corporation shall not allocate funding to a county  
2 pursuant to this subpart until it has a received and approved a  
3 plan from the applicant county that identifies neighborhoods  
4 within the county that data show are primarily occupied by  
5 persons who work in the county and properties located within  
6 those neighborhoods are at risk of being sold to persons who  
7 will not work in the county.

8           (d) A county may deposit funds received from the  
9 corporation pursuant to subsection (b) into an escrow account  
10 until the purchase of a deed restriction is finalized.

11           (e) Applications for funds in exchange for the purchase of  
12 equity in the form of a deed restriction shall be made to the  
13 counties and contain the information required by rules adopted  
14 under this subpart. At a minimum, the applicant shall:

15           (1) Be an eligible homebuyer under this subpart who owns  
16 no other real property with a deed restriction  
17 pursuant to this subpart;

18           (2) Agree to use state funds exclusively for the purposes  
19 described in subsection (g);

20           (3) Indicate capability to properly use the funds for the  
21 purposes described in subsection (g);





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- 1           (4) Agree not to use state funds for any unauthorized  
2           purpose, including entertainment or perquisites;
- 3           (5) Comply with any other requirements the county may  
4           prescribe;
- 5           (6) Comply with all applicable federal, state, and county  
6           statutes, rules, and ordinances, including all  
7           applicable federal and state laws prohibiting  
8           discrimination against any person on the basis of  
9           race, color, national origin, religion, creed, sex,  
10          age, sexual orientation, disability, or any other  
11          characteristic protected under applicable federal or  
12          state law;
- 13          (7) Agree to indemnify and hold harmless the State and  
14          county, and their officers, agents, and employees,  
15          from and against all claims arising out of or  
16          resulting from activities carried out or projects  
17          undertaken with funds provided under this subpart, and  
18          procure sufficient insurance to provide this  
19          indemnification if requested by the corporation; and
- 20          (8) Agree to make available to the county all records  
21          relating to the purchase of equity, to allow state



1 agencies to monitor the applicant's compliance with  
2 this subpart.

3 (f) No eligible homebuyer shall receive funds under this  
4 subpart if a deed restriction that satisfies section 201H-C  
5 already runs with the land of the property.

6 (g) An eligible homebuyer shall use the entirety of the  
7 funds provided by the county pursuant to this subpart as a  
8 portion or the entirety of a down payment on the property that  
9 the eligible homebuyer intends to purchase and on which a deed  
10 restriction shall be placed pursuant to this subpart.

11 (h) The county shall prioritize eligible homebuyers who  
12 work in a profession that is facing a labor shortage as defined  
13 by the corporation, including government workers, health care  
14 workers, educators, law enforcement officers, correctional  
15 facility staff, and agricultural field workers.

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

20 (j) The deed restriction placed and owned by the county  
21 pursuant to this subpart shall take first priority over other



1 restrictions on the property, if applicable; provided that for a  
2 planned community under chapter 421J, a deed restriction may be  
3 secondary only to covenants, conditions, and restrictions with a  
4 requisite first position.

5 (k) The deed restriction placed and owned by the county  
6 pursuant to this subpart shall be automatically extinguished and  
7 shall not attach in subsequent transfers of title when a  
8 mortgage holder or other party becomes the owner of the property  
9 pursuant to a foreclosure by action, power of sale foreclosure,  
10 or conveyance in lieu of foreclosure after commencement of a  
11 foreclosure action.

12 Any law to the contrary notwithstanding, a mortgagee under  
13 a mortgage covering property that is deed restricted pursuant to  
14 this subpart, before commencing foreclosure proceedings, shall  
15 notify the corporation and county in writing of:

16 (1) Any default by the mortgagor within ninety days after  
17 the occurrence of the default; and

18 (2) Any intention of the mortgagee to foreclose the  
19 mortgage under chapter 667 at least forty-five days  
20 before commencing foreclosure proceedings;



1 provided that failure to provide notice to the corporation shall  
2 not affect the mortgage holder's rights under the mortgage.

3 (l) Counties shall be responsible for validating evidence  
4 and ensuring compliance with this subpart. Counties may  
5 contract with nongovernmental persons or entities to ensure  
6 compliance. Counties shall report any property not in  
7 compliance with this subpart to the corporation.

8 (m) If a county does not expend moneys allocated by the  
9 corporation pursuant to this section within one year of receipt,  
10 the moneys shall be returned to the corporation and placed in  
11 the dwelling unit revolving fund established pursuant to section  
12 201H-191.

13 (n) A county may sell its equity in the form of a deed  
14 restriction:

15 (1) For fair market value if the county finds that the  
16 sale is in the public interest; or

17 (2) To the owner of a deed-restricted property for an  
18 amount equal to the original amount provided by the  
19 corporation and county to purchase equity in the form  
20 of a deed restriction plus eight per cent of the  
21 appreciated value of the property;



1 provided that the moneys from a sale under this subsection shall  
2 be returned to the corporation and county at a ratio  
3 proportionate with the respective amounts provided to the  
4 eligible homebuyer for the original deed restriction pursuant to  
5 this subpart; provided further that the moneys returned to the  
6 corporation shall be placed in the dwelling unit revolving fund  
7 established pursuant to section 201H-191.

8 (o) The corporation and each county may establish, revise,  
9 charge, and collect fees and premiums and impose costs as  
10 necessary, reasonable, or convenient to effectuate the purposes  
11 of this subpart.

12 (p) The corporation may adopt rules pursuant to chapter 91  
13 for the purposes of this subpart. Each county may adopt rules  
14 pursuant to chapter 91 for purposes of this subpart; provided  
15 that the rules shall not conflict with rules adopted by the  
16 corporation.

17 **§201H-C Deed restriction; requirements. (a)**

18 Notwithstanding any other law to the contrary, and except as  
19 otherwise provided in section 201H-B(k), a deed restriction  
20 placed pursuant to this subpart shall be recorded against the



1 property and shall run with the land in perpetuity, binding all  
2 future owners, successors, and assigns.

3 (b) Notwithstanding any other law to the contrary, a deed  
4 restriction placed on the property shall require that the  
5 property be occupied by at least one owner-occupant or tenant  
6 who:

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

9 (2) Previously worked an average of thirty hours or more  
10 per week at a qualified business, was an occupant of a  
11 deed-restricted property pursuant to this subpart,  
12 and:

13 (A) Is retired;

14 (B) Is involuntarily unemployed; or

15 (C) Has a disability, as defined in section 515-2; or

16 (3) Is a relative, by blood, marriage, or adoption, of an  
17 owner-occupant or tenant of the property who satisfies  
18 paragraph (1) or (2).

19 **§201H-D Remedies.** (a) A county that reasonably believes  
20 a property subject to a deed restriction under this subpart is  
21 not in compliance with this subpart may bring action against the



1 owner of the property for civil remedies based in contract or  
2 real property law, including but not limited to claiming a lien  
3 or obtaining specific performance.

4 (b) In addition to the remedies available under subsection  
5 (a), if a property subject a deed restriction under this subpart  
6 is sold and it is determined that the property was occupied in a  
7 manner not in compliance with this subpart, the corporation or a  
8 county may bring an action against the homeowner in the  
9 appropriate circuit court and shall be entitled to fifty per  
10 cent of the appreciated value of the property at the time of  
11 sale, to be collected by the corporation or county, as  
12 applicable.

13 (c) Any financial remedy owed to the corporation and  
14 county pursuant to this section shall be allocated to the  
15 corporation and county at a ratio proportionate with the  
16 respective amounts provided to the eligible homebuyer for the  
17 original deed restriction pursuant to this subpart; provided  
18 that all financial remedies owed to the corporation shall be  
19 placed in the dwelling unit revolving fund established under  
20 section 201H-191.



1       **§201H-E Environmental impact statement; conveyance tax;**

2 **procurement code; exemptions.** (a) Any action on property

3 subject to a deed restriction under this subpart shall be exempt

4 from chapter 343.

5       (b) Property sold for which a county has purchased a deed

6 restriction pursuant to this subpart shall be exempt from

7 chapter 247.

8       (c) Any contract entered into by a county pursuant to this

9 subpart shall be exempt from chapter 103D.

10       **§201H-F Annual compliance reporting.** No later

11 than               of each year, beginning in the year following

12 the first year of occupancy of the property after the deed

13 restriction has been entered into, the property owner shall

14 submit to the county a written statement with accompanying

15 evidence verifying that the property was occupied by a qualified

16 owner-occupant or tenant during all of the prior calendar year;

17 provided that, if applicable, a copy of the lease form currently

18 used for the property shall be submitted with the statement."

19       SECTION 3. Section 46-15.2, Hawaii Revised Statutes, is

20 amended to read as follows:





1       **"§46-15.2 Housing; additional county powers.** In addition  
2 and supplemental to the powers granted to counties by section  
3 46-15.1, a county shall have and may exercise any of the  
4 following powers:

5       (1) To provide assistance and aid to persons of low- and  
6 moderate-income in acquiring housing by:

7       (A) Providing loans secured by a mortgage;

8       (B) Acquiring the loans from private lenders where  
9 the county has made advance commitment to acquire  
10 the loans; and

11       (C) Making and executing contracts with private  
12 lenders or a public agency for the origination  
13 and servicing of the loans and paying the  
14 reasonable value of the services;

15       (2) In connection with the exercise of any powers granted  
16 under this section or section 46-15.1, to establish  
17 one or more loan programs and to issue bonds under  
18 chapter 47 or 49 to provide moneys to carry out the  
19 purposes of this section or section 46-15.1; provided  
20 that:



1 (A) If bonds are issued pursuant to chapter 47 to  
2 finance one or more loan programs, the county may  
3 establish qualifications for the program or  
4 programs as it deems appropriate;

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

10 (C) If bonds are issued pursuant to section 47-4 or  
11 chapter 49, any loan program established pursuant  
12 to this section or any county-owned dwelling  
13 units constructed under section 46-15.1 shall be  
14 and constitute an "undertaking" under section  
15 49-1 and chapter 49 shall apply to the loan  
16 program or county-owned dwelling units to the  
17 extent applicable;

18 (D) In connection with the establishment of any loan  
19 program pursuant to this section, a county may  
20 employ financial consultants, attorneys, real  
21 estate counselors, appraisers, and other



1 consultants as may be required in the judgment of  
2 the county and fix and pay their compensation  
3 from funds available to the county therefor;

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

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



1 (G) Notwithstanding the requirement of any other law,  
2 a county may establish separate funds and  
3 accounts with respect to bonds issued pursuant to  
4 chapter 47 or 49 to provide moneys to carry out  
5 the purposes of this section or section 46-15.1  
6 as the county may deem appropriate;

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

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

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

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

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

19 (v) Be made redeemable before maturity at the  
20 option of the county, the holder, or both,



1 at a price or prices and upon terms and  
2 conditions; and [~~may be~~]

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

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



1           both. Any trust indenture, trust agreement, or  
2           indenture of mortgage entered into with the  
3           trustee may contain any covenants and provisions  
4           as may be deemed necessary, convenient, or  
5           desirable by the county to secure the bonds. The  
6           county may pledge and assign to the trustee any  
7           agreements related to the application of the  
8           proceeds of the bonds and the rights of the  
9           county thereunder, including the rights to  
10          revenues and receipts derived thereunder. Upon  
11          appointment of the trustee, the director of  
12          finance of the county may elect not to serve as  
13          fiscal agent for the payment of the principal and  
14          interest, and for the purchase, registration,  
15          transfer, exchange, and redemption, of the bonds;  
16          or may elect to limit the functions the director  
17          of finance performs as a fiscal agent; and may  
18          appoint a trustee to serve as the fiscal agent;  
19          and may authorize and empower the trustee to  
20          perform the functions with respect to payment,  
21          purchase, registration, transfer, exchange, and



1 redemption, as the director of finance deems  
2 necessary, advisable, or expedient, including  
3 without limitation the holding of the bonds and  
4 coupons that have been paid and the supervision  
5 and conduction or the destruction thereof in  
6 accordance with law;

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



1 (K) Any law to the contrary notwithstanding, the  
2 investment of funds held in reserves and sinking  
3 funds related to bonds issued to provide moneys  
4 to carry out the purposes of this section or  
5 section 46-15.1 shall comply with section 201H-  
6 77; provided that any investment that requires  
7 approval by the county council pursuant to  
8 section 46-48 or 46-50 shall first be approved by  
9 the county council;

10 (3) To acquire policies of insurance and enter into  
11 banking arrangements as the county may deem necessary  
12 to better secure bonds issued to provide money to  
13 carry out the purposes of this section or section 46-  
14 15.1, including without limitation contracting for a  
15 support facility or facilities as may be necessary  
16 with respect to bonds issued with a right of the  
17 holders to put the bonds and contracting for interest  
18 rate swaps; [and]

19 (4) To enter into negotiations for, and purchase deed  
20 restrictions on, properties from eligible homebuyers  
21 pursuant to subpart , part III of chapter 201H; and





1        [~~4~~] (5) To do any and all other things necessary or  
2                appropriate to carry out the purposes and exercise the  
3                powers granted in section 46-15.1 and this section."

4        SECTION 4. Section 103D-102, Hawaii Revised Statutes, is  
5 amended by amending subsection (b) to read as follows:

6        "(b) Notwithstanding subsection (a), this chapter shall  
7 not apply to contracts by governmental bodies:

8        (1) Solicited or entered into before July 1, 1994, unless  
9                the parties agree to its application to a contract  
10               solicited or entered into [~~prior to~~] before July 1,  
11               1994;

12        (2) To disburse funds, irrespective of their source:

13                (A) For grants as defined in section 42F-101, made by  
14                the State in accordance with standards provided  
15                by law as required by article VII, section 4, of  
16                the state constitution; or by the counties  
17                pursuant to their respective charters or  
18                ordinances;

19                (B) To make payments to or on behalf of public  
20                officers and employees for salaries, fringe  
21                benefits, professional fees, or reimbursements;



1 (C) To satisfy obligations that the State is required  
2 to pay by law, including paying fees, permanent  
3 settlements, subsidies, or other claims, making  
4 refunds, and returning funds held by the State as  
5 trustee, custodian, or bailee;

6 (D) For entitlement programs, including public  
7 assistance, unemployment, and workers'  
8 compensation programs, established by state or  
9 federal law;

10 (E) For dues and fees of organizations of which the  
11 State or its officers and employees are members,  
12 including the National Association of Governors,  
13 the National Association of State and County  
14 Governments, and the Multi-State Tax Commission;

15 (F) For deposit, investment, or safekeeping,  
16 including expenses related to their deposit,  
17 investment, or safekeeping;

18 (G) To governmental bodies of the State;

19 (H) As loans, under loan programs administered by a  
20 governmental body; ~~and~~



(I) For contracts awarded in accordance with chapter 103F; and

(J) For the purchase of deed restrictions for the kamaaina homes program established under subpart , part III of chapter 201H;

(3) To procure goods, services, or construction from a governmental body other than the university of Hawaii bookstores, from the federal government, or from another state or its political subdivision;

(4) To procure the following goods or services that are available from multiple sources but for which procurement by competitive means is either not practicable or not advantageous to the State:

(A) Services of expert witnesses for potential and actual litigation of legal matters involving the State, its agencies, and its officers and employees, including administrative quasi-judicial proceedings;

(B) Works of art for museum or public display;

(C) Research and reference materials including books, maps, periodicals, and pamphlets, which are



published in print, video, audio, magnetic, or  
electronic form;

(D) Meats and foodstuffs for the Kalaupapa  
settlement;

(E) Opponents for athletic contests;

(F) Utility services whose rates or prices are fixed  
by regulatory processes or agencies;

(G) Performances, including entertainment, speeches,  
and cultural and artistic presentations;

(H) Goods and services for commercial resale by the  
State;

(I) Services of printers, rating agencies, support  
facilities, fiscal and paying agents, and  
registrars for the issuance and sale of the  
State's or counties' bonds;

(J) Services of attorneys employed or retained to  
advise, represent, or provide any other legal  
service to the State or any of its agencies, on  
matters arising under laws of another state or  
foreign country, or in an action brought in  
another state, federal, or foreign jurisdiction,



1           when substantially all legal services are  
2           expected to be performed outside the State;

3           (K)   Financing agreements under chapter 37D;

4           (L)   Educational materials and related training for  
5           direct student instruction in career and  
6           technical education programs as defined in  
7           section 302A-101, including supplies, implements,  
8           tools, machinery, electronic devices, or other  
9           goods purchased by the department of education;  
10          provided that:

11          (i)   The department of education shall acquire  
12               three written quotes for purchases that  
13               exceed \$100,000 made pursuant to this  
14               subparagraph;

15          (ii)   Awards over \$2,500 shall comply with section  
16               103D-310(c); and

17          (iii)  Awards over \$500,000 shall be approved by  
18               the superintendent of education; and

19          (M)   Any other goods or services that the policy board  
20               determines by rules or the chief procurement  
21               officer determines in writing is available from



multiple sources but for which procurement by competitive means is either not practicable or not advantageous to the State; and

(5) That are specific procurements expressly exempt from any or all of the requirements of this chapter by:

(A) References in state or federal law to provisions of this chapter or a section of this chapter, or references to a particular requirement of this chapter; and

(B) Trade agreements, including the Uruguay Round General Agreement on Tariffs and Trade (GATT), that require certain non-construction and non-software development procurements by the comptroller to be conducted in accordance with its terms."

SECTION 5. 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



1 deposited in the revolving fund. The proceeds in the revolving  
2 fund shall be used:

3 (1) To reimburse the general fund to pay the interest on  
4 general obligation bonds issued for the purposes of  
5 the revolving fund;

6 (2) For necessary expenses in administering housing  
7 development programs, regional state infrastructure  
8 programs, and the government employee housing program  
9 pursuant to part V; ~~and~~

10 (3) To carry out the purposes of housing development  
11 programs, regional state infrastructure programs, and  
12 the government employee housing program pursuant to  
13 part V, including but not limited to the expansion of  
14 community facilities and regional state infrastructure  
15 constructed in conjunction with housing and mixed-use  
16 transit-oriented development projects, permanent  
17 primary or secondary financing, and supplementing  
18 building costs, federal guarantees required for  
19 operational losses, and all things required by any  
20 federal agency in the construction and receipt of



1 federal funds or low-income housing tax credits for  
2 housing projects~~[.]~~; and

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

8 SECTION 6. Section 247-3, Hawaii Revised Statutes, is  
9 amended to read as follows:

10 **"§247-3 Exemptions.** The tax imposed by section 247-1  
11 shall not apply to:

12 (1) Any document or instrument that is executed [~~prior to~~]  
13 before January 1, 1967;

14 (2) Any document or instrument that is given to secure a  
15 debt or obligation;

16 (3) Any document or instrument that only confirms or  
17 corrects a deed, lease, sublease, assignment,  
18 transfer, or conveyance previously recorded or filed;

19 (4) Any document or instrument between [~~husband and wife,~~]  
20 spouses, reciprocal beneficiaries, or parent and  
21 child, in which only a nominal consideration is paid;





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



1 subdivision thereof for delinquent taxes or  
2 assessments;

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

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

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

17 (12) Any document or instrument between marital partners or  
18 reciprocal beneficiaries who are parties to a divorce  
19 action or termination of reciprocal beneficiary  
20 relationship that is executed pursuant to an order of



1 the court in the divorce action or termination of  
2 reciprocal beneficiary relationship;

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

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

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

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



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

11 SECTION 7 Section 525-4, Hawaii Revised Statutes, is  
12 amended to read as follows:

13 **"§525-4 Exclusions from statutory rule against**  
14 **perpetuities.** Section 525-1 shall not apply to:

- 15 (1) A fiduciary's power to sell, lease, or mortgage  
16 property, and the power of a fiduciary to determine  
17 principal and income;  
18 (2) A discretionary power of a trustee to distribute  
19 principal before termination of a trust;  
20 (3) A nonvested property interest held by a charity,  
21 government, or governmental agency or subdivision, if



1 the nonvested property interest is preceded by an  
2 interest held by another charity, government, or  
3 governmental agency or subdivision;

4 (4) A property interest in or a power of appointment with  
5 respect to a pension, profit-sharing, stock bonus,  
6 health, disability, death benefit, income deferral, or  
7 other current or deferred benefit plan for one or more  
8 employees, independent contractors, or their  
9 beneficiaries or spouses;

10 (5) A property interest, power of appointment, or  
11 arrangement that was not subject to the common-law  
12 rule against perpetuities or is excluded by any other  
13 applicable law; ~~[or]~~

14 (6) A trust described in chapter 554G~~[+]~~; or

15 (7) A property interest in property with a county-owned  
16 deed restriction in place pursuant to subpart \_\_\_\_\_,  
17 part III of chapter 201H."

18 SECTION 8. The Hawaii housing finance and development  
19 corporation shall submit a report of its evaluation of the  
20 kamaaina homes program established in section 2 of this Act,  
21 including any proposed legislation, to the legislature no later



1 than twenty days prior to the convening of the regular session  
2 of 2032.

3 SECTION 9. In codifying the new sections added by section  
4 2 of this Act, the revisor of statutes shall substitute  
5 appropriate section numbers for the letters used in designating  
6 the new sections in this Act.

7 SECTION 10. Statutory material to be repealed is bracketed  
8 and stricken. New statutory material is underscored.

9 SECTION 11. This Act shall take effect on July 1, 2026;  
10 provided that:

11 (1) Section 6 shall take effect on January 1, 2027;

12 (2) The amendments made to section 103D-102(b), Hawaii  
13 Revised Statutes, by section 4 of this Act shall not  
14 be repealed when that section is reenacted on July 1,  
15 2027, pursuant to section 4 of Act 150, Session Laws  
16 of Hawaii 2024; and

17 (3) On January 1, 2032, this Act shall be repealed and  
18 sections 46-15.2, 103D-102, 201H-191, 247-3, and  
19 525-4, Hawaii Revised Statutes, shall be reenacted in  
20 the form in which they read on the day before the  
21 effective date of this Act.



H.B. NO. 1732

1

INTRODUCED BY:

*ZHC*

JAN 20 2026



# H.B. NO. 1732

**Report Title:**

HHFDC; Counties; Kamaaina Homes Program; Voluntary Deed Restrictions

**Description:**

Establishes the Kamaaina Homes Program within the Hawaii Housing Finance and Development Corporation to provide funding to the counties to purchase voluntary deed restrictions from eligible homebuyers.

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

