
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.



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

4 " . Kamaaina Homes Program

5 **§201H-A Definitions.** As used in this subpart, unless the
6 context otherwise requires:

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

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

- 13 (1) Is a citizen of the United States or a resident alien;
- 14 (2) Is a resident domiciled in the State;
- 15 (3) Is at least eighteen years of age;
- 16 (4) Agrees to sell to the county and place a deed
17 restriction on the property that complies with section
18 201H-C;
- 19 (5) Agrees to comply with annual reporting requirements
20 pursuant to section 201H-F;



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.



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.



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);





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 (1) 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 **S201H-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 **S201H-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,



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

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

(I) If deemed necessary or advisable, the county may designate a national or state bank or trust company within or without the State to serve as trustee for the holders of bonds issued to provide moneys to carry out the purposes of this section or section 46-15.1, and enter into a trust indenture, trust agreement, or indenture of mortgage with the trustee whereby the trustee may be authorized to receive and receipt for, hold, and administer the proceeds of the bonds and to apply the proceeds to the purposes for which the bonds are issued, or to receive and receipt for, hold, and administer the revenues and other receipts derived by the county from the application of the proceeds of the bonds and to apply the revenues and receipts to the payment of 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



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

(J) If a trustee is not appointed to collect, hold, and administer the proceeds of bonds issued to provide moneys to carry out the purposes of this section or section 46-15.1, or the revenues and receipts derived by the county from the application of the proceeds of the bonds, as provided in subparagraph (I), the director of finance of the county may hold the proceeds or revenues and receipts in a separate account in the treasury of the county, to be applied solely to the carrying out of the ordinance, trust indenture, trust agreement, or indenture of mortgage, if any, authorizing or securing the 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]





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,



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

(K) Financing agreements under chapter 37D;

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

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

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

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

(M) Any other goods or services that the policy board determines by rules or the chief procurement 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."

16 SECTION 5. Section 201H-191, Hawaii Revised Statutes, is
17 amended by amending subsection (a) to read as follows:

18 "(a) There [~~is~~] shall be created a dwelling unit revolving
19 fund. The funds appropriated for the purpose of the dwelling
20 unit revolving fund and all moneys received or collected by the
21 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





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.



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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.

