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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. As of 2026, Vail InDEED has  
9 permanently secured one hundred seventy-eight deed-restricted  
10 residences for local working residents. Through the program, in  
11 conjunction with other government programs in Vail that have  
12 secured over one thousand deed-restricted residences for local  
13 working residents, Vail now has more attainable housing options  
14 for local working residents, and has created a culture in which  
15 Vail residents want to live and support deed-restricted  
16 residences.

17 The legislature believes Hawaii can learn from the town of  
18 Vail, and that a program similar to Vail InDEED could develop a  
19 stock of homes in Hawaii that are dedicated to locals. This  
20 program could be effective in helping local families buy homes  
21 by bringing together the needs of employers, workers, and the



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

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

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

20 Accordingly, the purpose of this Act is to establish the  
21 kamaaina homes pilot program as an investment in the future of



1 Hawaii and keep local working families in the State by securing  
2 a dedicated housing supply specifically for locals.

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

6 " . Kamaaina Homes Pilot Program

7 **§201H-A Definitions.** As used in this subpart:

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

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

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

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

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

17 (4) Agrees to sell to the county and place a deed  
18 restriction on the property that complies with section  
19 201H-C;

20 (5) Agrees to comply with annual reporting requirements  
21 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 pilot program; established; general**  
17 **provisions.** (a) There shall be established within the  
18 corporation the kamaaina homes pilot program to provide a  
19 county, to be designated by the corporation, with funding  
20 through the rental housing revolving fund established pursuant



1 to section 201H-202, to purchase voluntary deed restrictions on  
2 property from eligible homebuyers.

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

7 (1) The 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 the 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 the county under  
15 this subpart unless the county provides funding in the  
16 amount of no less than three dollars for every one  
17 dollar distributed by corporation; and

18 (5) The corporation shall not allocate more than  
19 \$2,000,000 per year under this subpart.

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



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

8 (d) The 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 county 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;
- 16 (2) Agree to use state funds exclusively for the purposes  
17 described in subsection (g);
- 18 (3) Indicate capability to properly use the funds for the  
19 purposes described in subsection (g);
- 20 (4) Agree not to use state funds for any unauthorized  
21 purpose, including entertainment or perquisites;



- 1 (5) Comply with any other requirements the county may  
2 prescribe;
- 3 (6) Comply with all applicable federal, state, and county  
4 statutes, rules, and ordinances, including all  
5 applicable federal and state laws prohibiting  
6 discrimination against any person on the basis of  
7 race, color, national origin, religion, creed, sex,  
8 age, sexual orientation, disability, or any other  
9 characteristic protected under applicable federal or  
10 state law;
- 11 (7) Agree to indemnify and hold harmless the State and  
12 county, and their officers, agents, and employees,  
13 from and against all claims arising out of or  
14 resulting from activities carried out or projects  
15 undertaken with funds provided under this subpart, and  
16 procure sufficient insurance to provide this  
17 indemnification if requested by the corporation; and
- 18 (8) Agree to make available to the county all records  
19 relating to the purchase of equity, to allow state  
20 agencies to monitor the applicant's compliance with  
21 this subpart.



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

4 (g) An eligible homebuyer shall use the entirety of the  
5 funds provided by the county pursuant to this subpart:

6 (1) As a portion or the entirety of a down payment on the  
7 property that the eligible homebuyer intends to  
8 purchase and on which a deed restriction shall be  
9 placed pursuant to this subpart;

10 (2) For the construction of additional dwelling units on  
11 the property of the main dwelling unit; provided that  
12 the main dwelling unit and additional dwelling unit  
13 shall be subject to a deed restriction pursuant to  
14 this subpart; or

15 (3) For the acquisition of a deed restriction on an  
16 existing home already occupied by an eligible owner or  
17 tenant.

18 (h) The county shall prioritize eligible homebuyers who  
19 work in a profession that is facing a labor shortage as defined  
20 by the corporation, including government workers, health care



1 workers, educators, law enforcement officers, correctional  
2 facility staff, and agricultural field workers.

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

7 (j) The deed restriction placed and owned by the county  
8 pursuant to this subpart shall take first priority over other  
9 restrictions on the property, if applicable; provided that for a  
10 planned community under chapter 421J, a deed restriction may be  
11 secondary only to covenants, conditions, and restrictions with a  
12 requisite first position.

13 (k) The deed restriction placed and owned by the county  
14 pursuant to this subpart shall be automatically extinguished and  
15 shall not attach in subsequent transfers of title when a  
16 mortgage holder or other party becomes the owner of the property  
17 pursuant to a foreclosure by action, power of sale foreclosure,  
18 or conveyance in lieu of foreclosure after commencement of a  
19 foreclosure action.

20 (l) Any law to the contrary notwithstanding, a mortgagee  
21 under a mortgage covering property that is deed restricted



1 pursuant to this subpart, before commencing foreclosure  
2 proceedings, shall notify the corporation and county in writing  
3 of:

- 4 (1) Any default by the mortgagor within ninety days after  
5 the occurrence of the default; and
- 6 (2) Any intention of the mortgagee to foreclose the  
7 mortgage under chapter 667 at least forty-five days  
8 before commencing foreclosure proceedings;

9 provided that failure to provide notice to the corporation and  
10 county shall not affect the mortgage holder's rights under the  
11 mortgage.

12 (m) The county shall be responsible for validating  
13 evidence and ensuring compliance with this subpart. The county  
14 may contract with nongovernmental persons or entities to ensure  
15 compliance. The county shall report any property not in  
16 compliance with this subpart to the corporation.

17 (n) If the county does not expend moneys allocated by the  
18 corporation pursuant to this section within one year of receipt,  
19 the moneys shall be returned to the corporation and placed in  
20 the rental housing revolving fund established pursuant to  
21 section 201H-202.



1 (o) The county may sell its equity in the form of a deed  
2 restriction:

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

5 (2) To the owner of a deed-restricted property for an  
6 amount equal to the original amount provided by the  
7 corporation and county to purchase equity in the form  
8 of a deed restriction plus eight per cent of the  
9 appreciated value of the property;

10 provided that the moneys from a sale under this subsection shall  
11 be returned to the corporation and county at a ratio  
12 proportionate with the respective amounts provided to the  
13 eligible homebuyer for the original deed restriction pursuant to  
14 this subpart; provided further that the moneys returned to the  
15 corporation shall be placed in the rental housing revolving fund  
16 established pursuant to section 201H-202.

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



1 (q) The corporation may adopt rules pursuant to chapter 91  
2 for the purposes of this subpart. The county may adopt rules  
3 pursuant to chapter 91 for purposes of this subpart; provided  
4 that the rules shall not conflict with rules adopted by the  
5 corporation.

6 **§201H-C Deed restriction; requirements.** (a)  
7 Notwithstanding any other law to the contrary, and except as  
8 otherwise provided in section 201H-B(k), a deed restriction  
9 placed pursuant to this subpart shall be recorded against the  
10 property and shall run with the land in perpetuity, binding all  
11 future owners, successors, and assigns; provided that any  
12 subsequent homebuyer:

- 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 comply with annual reporting requirements  
17 pursuant to section 201H-F;  
18 (5) Owns no other real property with a deed restriction  
19 under this program; and  
20 (6) Meets any other qualifications established by rules  
21 adopted by the corporation or county.



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

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

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

10 and:

11 (A) Is retired;

12 (B) Is involuntarily unemployed; or

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

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

17 **§201H-D Remedies.** (a) If the county reasonably believes  
18 a property subject to a deed restriction under this subpart is  
19 not in compliance with this subpart may bring action against the  
20 owner of the property for civil remedies based in contract or



1 real property law, including but not limited to claiming a lien  
2 or obtaining specific performance.

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

12 (c) Any financial remedy owed to the corporation and  
13 county pursuant to this section shall be allocated to the  
14 corporation and county at a ratio proportionate with the  
15 respective amounts provided to the eligible homebuyer for the  
16 original deed restriction pursuant to this subpart; provided  
17 that all financial remedies owed to the corporation shall be  
18 placed in the rental housing revolving fund established under  
19 section 201H-202.

20 **§201H-E Environmental impact statement; conveyance tax;**  
21 **procurement code; exemptions.** (a) Any action on property



1 subject to a deed restriction under this subpart shall be exempt  
2 from chapter 343.

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

6 (c) Any contract entered into by the county pursuant to  
7 this subpart shall be exempt from chapter 103D.

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

17 **§201H-G Reports to the legislature.** The corporation shall  
18 submit an annual report of its findings and recommendations  
19 concerning the kamaaina homes pilot program, including any  
20 proposed legislation, to the legislature no later than twenty  
21 days prior to the convening of each regular session."



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

3 **"§46-15.2 Housing; additional county powers.** In addition  
4 and supplemental to the powers granted to counties by section  
5 46-15.1, a county shall have and may exercise any of the  
6 following powers:

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

9 (A) Providing loans secured by a mortgage;

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

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

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



1 purposes of this section or section 46-15.1; provided  
2 that:

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

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

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

20 (D) In connection with the establishment of any loan  
21 program pursuant to this section, a county may



1 employ financial consultants, attorneys, real  
2 estate counselors, appraisers, and other  
3 consultants as may be required in the judgment of  
4 the county and fix and pay their compensation  
5 from funds available to the county therefor;

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

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



1                   may fix any reasonable compensation as the county  
2                   may determine;

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

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

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

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

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

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



1           (v) Be made redeemable before maturity at the  
2                           option of the county, the holder, or both,  
3                           at a price or prices and upon terms and  
4                           conditions; and [~~may be~~]

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

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



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



1 perform the functions with respect to payment,  
2 purchase, registration, transfer, exchange, and  
3 redemption, as the director of finance deems  
4 necessary, advisable, or expedient, including  
5 without limitation the holding of the bonds and  
6 coupons that have been paid and the supervision  
7 and conduction or the destruction thereof in  
8 accordance with law;

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



1 mortgage, if any, authorizing or securing the  
2 bonds; and

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

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



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

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

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

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

11        (1) Solicited or entered into before July 1, 1994, unless  
12        the parties agree to its application to a contract  
13        solicited or entered into [~~prior to~~] before July 1,  
14        1994;

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

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



- 1 (B) To make payments to or on behalf of public
- 2 officers and employees for salaries, fringe
- 3 benefits, professional fees, or reimbursements;
- 4 (C) To satisfy obligations that the State is required
- 5 to pay by law, including paying fees, permanent
- 6 settlements, subsidies, or other claims, making
- 7 refunds, and returning funds held by the State as
- 8 trustee, custodian, or bailee;
- 9 (D) For entitlement programs, including public
- 10 assistance, unemployment, and workers'
- 11 compensation programs, established by state or
- 12 federal law;
- 13 (E) For dues and fees of organizations of which the
- 14 State or its officers and employees are members,
- 15 including the National Association of Governors,
- 16 the National Association of State and County
- 17 Governments, and the Multi-State Tax Commission;
- 18 (F) For deposit, investment, or safekeeping,
- 19 including expenses related to their deposit,
- 20 investment, or safekeeping;
- 21 (G) To governmental bodies of the State;



- 1 (H) As loans, under loan programs administered by a
- 2 governmental body; [~~and~~]
- 3 (I) For contracts awarded in accordance with chapter
- 4 103F; and
- 5 (J) For the purchase of deed restrictions for the
- 6 kamaaina homes pilot program established under
- 7 subpart , part III of chapter 201H;
- 8 (3) To procure goods, services, or construction from a
- 9 governmental body other than the university of Hawaii
- 10 bookstores, from the federal government, or from
- 11 another state or its political subdivision;
- 12 (4) To procure the following goods or services that are
- 13 available from multiple sources but for which
- 14 procurement by competitive means is either not
- 15 practicable or not advantageous to the State:
- 16 (A) Services of expert witnesses for potential and
- 17 actual litigation of legal matters involving the
- 18 State, its agencies, and its officers and
- 19 employees, including administrative quasi-
- 20 judicial proceedings;
- 21 (B) Works of art for museum or public display;



- 1 (C) Research and reference materials including books,  
2 maps, periodicals, and pamphlets, which are  
3 published in print, video, audio, magnetic, or  
4 electronic form;
- 5 (D) Meats and foodstuffs for the Kalaupapa  
6 settlement;
- 7 (E) Opponents for athletic contests;
- 8 (F) Utility services whose rates or prices are fixed  
9 by regulatory processes or agencies;
- 10 (G) Performances, including entertainment, speeches,  
11 and cultural and artistic presentations;
- 12 (H) Goods and services for commercial resale by the  
13 State;
- 14 (I) Services of printers, rating agencies, support  
15 facilities, fiscal and paying agents, and  
16 registrars for the issuance and sale of the  
17 State's or counties' bonds;
- 18 (J) Services of attorneys employed or retained to  
19 advise, represent, or provide any other legal  
20 service to the State or any of its agencies, on  
21 matters arising under laws of another state or



1 foreign country, or in an action brought in  
2 another state, federal, or foreign jurisdiction,  
3 when substantially all legal services are  
4 expected to be performed outside the State;

5 (K) Financing agreements under chapter 37D;  
6 (L) Educational materials and related training for  
7 direct student instruction in career and  
8 technical education programs as defined in  
9 section 302A-101, including supplies, implements,  
10 tools, machinery, electronic devices, or other  
11 goods purchased by the department of education;  
12 provided that:

- 13 (i) The department of education shall acquire  
14 three written quotes for purchases that  
15 exceed \$100,000 made pursuant to this  
16 subparagraph;
- 17 (ii) Awards over \$2,500 shall comply with section  
18 103D-310(c); and
- 19 (iii) Awards over \$500,000 shall be approved by  
20 the superintendent of education; and



1 (M) Any other goods or services that the policy board  
2 determines by rules or the chief procurement  
3 officer determines in writing is available from  
4 multiple sources but for which procurement by  
5 competitive means is either not practicable or  
6 not advantageous to the State; and

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

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

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

19 SECTION 5. Section 201H-202, Hawaii Revised Statutes, is  
20 amended to read as follows:



1           "**§201H-202 Rental housing revolving fund.** (a) There is  
2 established the rental housing revolving fund to be administered  
3 by the corporation.

4           (b) An amount from the fund, to be set by the corporation  
5 and authorized by the legislature, may be used for  
6 administrative expenses incurred by the corporation in  
7 administering the corporation's housing finance programs;  
8 provided that fund moneys shall not be used to finance day-to-  
9 day administrative expenses of projects allotted fund moneys.

10          (c) The following may be deposited into the fund:

- 11          (1) Appropriations made by the legislature;  
12          (2) Conveyance taxes pursuant to section 247-7;  
13          (3) Private contributions;  
14          (4). Repayment of loans;  
15          (5) Interest;  
16          (6) Other returns; and  
17          (7) Moneys from other sources.

18          (d) Except as provided in subsection (f), the fund shall  
19 be used to provide loans for the development, pre-development,  
20 construction, acquisition, preservation, and substantial  
21 rehabilitation of rental housing units. The corporation shall



1 not forgive any loan made from the fund unless the corporation  
2 forecloses on the project. Permitted uses of the fund may  
3 include but are not limited to planning, design, land  
4 acquisition, costs of options, agreements of sale, downpayments,  
5 equity financing, capacity building of nonprofit housing  
6 developers, credit enhancement, gap financing, or other housing  
7 development services or activities as provided in rules adopted  
8 by the corporation pursuant to chapter 91. The rules may  
9 provide for a means of recapturing loans or grants made from the  
10 fund if a rental housing project financed under the fund is  
11 refinanced or sold at a later date. The rules may also provide  
12 that moneys from the fund shall be leveraged with other  
13 financial resources to the extent possible.

14 (e) Except as provided in subsection (f), moneys available  
15 in the fund shall be used for the purpose of providing, in whole  
16 or in part, loans for rental housing projects demonstrating  
17 project readiness, efficiency, and feasibility acceptable to the  
18 corporation in the following order of priority:

19 (1) Projects or units in projects that are allocated low-  
20 income housing credits pursuant to the state housing  
21 credit ceiling under section 42(h) of the Internal



1 Revenue Code of 1986, as amended, or projects or units  
2 in projects that are funded by programs of the United  
3 States Department of Housing and Urban Development and  
4 United States Department of Agriculture Rural  
5 Development wherein:  
6 (A) At least fifty per cent of the available units  
7 are for persons and families with incomes at or  
8 below eighty per cent of the median family income  
9 of which at least five per cent of the available  
10 units are for persons and families with incomes  
11 at or below thirty per cent of the median family  
12 income; and  
13 (B) The remaining units are for persons and families  
14 with incomes at or below one hundred per cent of  
15 the median family income;  
16 provided that the corporation may establish rules to  
17 ensure full occupancy of fund projects; provided  
18 further that for projects that were awarded low-income  
19 housing credits pursuant to this paragraph, priority  
20 shall be given to projects with a perpetual  
21 affordability commitment. For purposes of this



1 paragraph, "perpetual" means the useful life of the  
2 project; and

3 (2) Mixed-income rental projects or units in a mixed-  
4 income rental project for persons and families with  
5 incomes at or below one hundred forty per cent of the  
6 median family income.

7 (f) There is established within the fund a mixed-income  
8 subaccount. Moneys in the mixed-income subaccount shall be used  
9 for financing, including but not limited to loans, equity  
10 investments, and credit enhancement, for mixed-income rentals  
11 for qualified residents as defined in section 201H-32. The  
12 corporation shall establish an application process for the  
13 allocation of funds in the mixed-income subaccount, separate  
14 from the fund allocation process pursuant to section 201H-  
15 204(c), that gives preference to projects meeting the following  
16 criteria:

17 (1) A diverse range of affordability, prioritizing persons  
18 and families with incomes up to one hundred forty per  
19 cent of the median family income;

20 (2) Projects located on state or county owned land or  
21 developed in partnership with the State or a county;



- 1 (3) Projects that efficiently use state funding;
- 2 (4) Mixed-income rental projects or units in a mixed-
- 3 income rental project in an area that satisfy transit-
- 4 supportive density requirements, as defined in section
- 5 206E-246; and
- 6 (5) Any other criteria as the corporation deems necessary
- 7 to carry out the purposes of this subsection.

8 If the corporation, after applying the process described in

9 this subsection, finds a nonprofit or government project equally

10 ranked with a for-profit project, the corporation shall give

11 preference to the nonprofit or government project in allotting

12 funds from the mixed-income subaccount.

13 Moneys derived from the repayment of loans funded by the

14 mixed-income subaccount, interest thereon, and related fees and

15 returns shall be deposited into the fund.

16 (g) There is established within the fund a bond volume cap

17 recycling program subaccount. The bond volume cap recycling

18 program subaccount shall be maintained as a reserve for the bond

19 volume cap recycling program established pursuant to section

20 39B-2(f).



1 (h) The corporation shall submit an annual report to the  
2 legislature no later than twenty days prior to the convening of  
3 each regular session describing the projects funded and, with  
4 respect to rental housing projects targeted for persons and  
5 families with incomes at or below thirty per cent of the median  
6 family income, its efforts to develop those rental housing  
7 projects, a description of proposals submitted for this target  
8 group and action taken on the proposals, and any barriers to  
9 developing housing units for this target group.

10 (i) For the purposes of this subpart, the applicable  
11 median family income shall be the median family income for the  
12 county or standard metropolitan statistical area in which the  
13 project is located as determined by the United States Department  
14 of Housing and Urban Development, as adjusted from time to time.

15 (j) The corporation may provide loans under this section;  
16 provided that the corporation shall establish loan-to-value  
17 ratios to protect the fund from inordinate risk and that under  
18 no circumstances shall the rules permit the loan-to-value ratio  
19 to exceed one hundred per cent; provided further that the  
20 underwriting guidelines include a debt-coverage ratio of no less  
21 than 1.0 to 1.



1 (k) For the period commencing July 1, 2005, through June  
2 30, 2009, the fund may be used to provide grants for rental  
3 units set aside for persons and families with incomes at or  
4 below thirty per cent of the median family income in any project  
5 financed in whole or in part by the fund in proportion of those  
6 units to the total number of units in the project. At the  
7 conclusion of the period described in this subsection, the  
8 corporation shall report to the legislature on the number and  
9 use of grants provided and whether the grants were an effective  
10 use of the funds for purposes of developing rental housing for  
11 families at or below thirty per cent of the median family  
12 income.

13 (l) Except as provided in subsection (f), moneys available  
14 in the fund shall be used for the administration and purchase of  
15 equity in the form of deed restrictions as part of the kamaaina  
16 homes pilot program under subpart ; provided that there shall  
17 be no area median income requirements for moneys expended for  
18 the purposes of the program."

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

1           **"§247-3 Exemptions.** The tax imposed by section 247-1  
2 shall not apply to:  
3           (1) Any document or instrument that is executed [~~prior to~~]  
4                 before January 1, 1967;  
5           (2) Any document or instrument that is given to secure a  
6                 debt or obligation;  
7           (3) Any document or instrument that only confirms or  
8                 corrects a deed, lease, sublease, assignment,  
9                 transfer, or conveyance previously recorded or filed;  
10          (4) Any document or instrument between [~~husband and wife,~~]  
11                 spouses, reciprocal beneficiaries, or parent and  
12                 child, in which only a nominal consideration is paid;  
13          (5) Any document or instrument in which there is a  
14                 consideration of \$100 or less paid or to be paid;  
15          (6) Any document or instrument conveying real property  
16                 that is executed pursuant to an agreement of sale, and  
17                 where applicable, any assignment of the agreement of  
18                 sale, or assignments thereof; provided that the taxes  
19                 under this chapter have been fully paid upon the  
20                 agreement of sale, and where applicable, upon [~~such~~]  
21                 assignment or assignments of agreements of sale;

- 1           (7) Any deed, lease, sublease, assignment of lease,  
2           agreement of sale, assignment of agreement of sale,  
3           instrument or writing in which the United States or  
4           any agency or instrumentality thereof or the State or  
5           any agency, instrumentality, or governmental or  
6           political subdivision thereof are the only parties  
7           thereto;
- 8           (8) Any document or instrument executed pursuant to a tax  
9           sale conducted by the United States or any agency or  
10          instrumentality thereof or the State or any agency,  
11          instrumentality, or governmental or political  
12          subdivision thereof for delinquent taxes or  
13          assessments;
- 14          (9) Any document or instrument conveying real property to  
15          the United States or any agency or instrumentality  
16          thereof or the State or any agency, instrumentality,  
17          or governmental or political subdivision thereof  
18          pursuant to the threat of the exercise or the exercise  
19          of the power of eminent domain;
- 20          (10) Any document or instrument that solely conveys or  
21          grants an easement or easements;



- 1       (11) Any document or instrument whereby owners partition  
2            their property, whether by mutual agreement or  
3            judicial action; provided that the value of each  
4            owner's interest in the property after partition is  
5            equal in value to that owner's interest before  
6            partition;
- 7       (12) Any document or instrument between marital partners or  
8            reciprocal beneficiaries who are parties to a divorce  
9            action or termination of reciprocal beneficiary  
10           relationship that is executed pursuant to an order of  
11           the court in the divorce action or termination of  
12           reciprocal beneficiary relationship;
- 13       (13) Any document or instrument conveying real property  
14            from a testamentary trust to a beneficiary under the  
15            trust;
- 16       (14) Any document or instrument conveying real property  
17            from a grantor to the grantor's revocable living  
18            trust, or from a grantor's revocable living trust to  
19            the grantor as beneficiary of the trust;
- 20       (15) Any document or instrument conveying real property, or  
21            any interest therein, from an entity that is a party



1 to a merger or consolidation under chapter 414, 414D,  
2 415A, 421, 421C, 425, 425E, or 428 to the surviving or  
3 new entity;

4 (16) Any document or instrument conveying real property, or  
5 any interest therein, from a dissolving limited  
6 partnership to its corporate general partner that  
7 owns, directly or indirectly, at least a ninety per  
8 cent interest in the partnership, determined by  
9 applying section 318 (with respect to constructive  
10 ownership of stock) of the federal Internal Revenue  
11 Code of 1986, as amended, to the constructive  
12 ownership of interests in the partnership; [~~and~~

13 ~~]~~ (17) ~~]~~ Any document or instrument that conforms to the  
14 transfer on death deed as authorized under chapter  
15 527~~[-]~~; and

16 (18) Any document or instrument conveying real property  
17 with a county-owned deed restriction pursuant to  
18 subpart , part III of chapter 201H, including any  
19 document or instrument conveying the county-owned deed  
20 restriction."



1 SECTION 7. Section 525-4, Hawaii Revised Statutes, is  
2 amended to read as follows:

3 **"§525-4 Exclusions from statutory rule against**  
4 **perpetuities.** Section 525-1 shall not apply to:

- 5 (1) A fiduciary's power to sell, lease, or mortgage  
6 property, and the power of a fiduciary to determine  
7 principal and income;
- 8 (2) A discretionary power of a trustee to distribute  
9 principal before termination of a trust;
- 10 (3) A nonvested property interest held by a charity,  
11 government, or governmental agency or subdivision, if  
12 the nonvested property interest is preceded by an  
13 interest held by another charity, government, or  
14 governmental agency or subdivision;
- 15 (4) A property interest in or a power of appointment with  
16 respect to a pension, profit-sharing, stock bonus,  
17 health, disability, death benefit, income deferral, or  
18 other current or deferred benefit plan for one or more  
19 employees, independent contractors, or their  
20 beneficiaries or spouses;



1 (5) A property interest, power of appointment, or  
2 arrangement that was not subject to the common-law  
3 rule against perpetuities or is excluded by any other  
4 applicable law; ~~or~~

5 (6) A trust described in chapter 554G~~[-]~~; or

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

9 SECTION 8. The Hawaii housing finance and development  
10 corporation shall submit a report of its evaluation of the  
11 kamaaina homes program established in section 2 of this Act,  
12 including any proposed legislation, to the legislature no later  
13 than twenty days prior to the convening of the regular session  
14 of 2032.

15 SECTION 9. In codifying the new sections added by section  
16 2 of this Act, the revisor of statutes shall substitute  
17 appropriate section numbers for the letters used in designating  
18 the new sections in this Act.

19 SECTION 10. Statutory material to be repealed is bracketed  
20 and stricken. New statutory material is underscored.



1 SECTION 11. This Act shall take effect on July 1, 3000;

2 provided that:

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

4 (2) The amendments made to section 103D-102(b), Hawaii  
5 Revised Statutes, by section 4 of this Act shall not  
6 be repealed when that section is reenacted on July 1,  
7 2027, pursuant to section 4 of Act 150, Session Laws  
8 of Hawaii 2024; and

9 (3) On June 30, 2032, this Act shall be repealed and  
10 sections 46-15.2, 103D-102, 201H-202, 247-3, and  
11 525-4, Hawaii Revised Statutes, shall be reenacted in  
12 the form in which they read on the day before the  
13 effective date of this Act.



**Report Title:**

HHFDC; Counties; Kamaaina Homes Pilot Program; Voluntary Deed Restrictions

**Description:**

Establishes the Kamaaina Homes Pilot Program within the Hawaii Housing Finance and Development Corporation to provide funding to a county, to be designated by the Corporation, to purchase voluntary deed restrictions from eligible homebuyers. Sunsets 6/30/2032. Effective 7/1/3000. (SD1)

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

