

JAN 23 2026

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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 the State continues  
2 to experience a severe shortage of housing that is affordable  
3 for households earning between sixty per cent and one hundred  
4 forty per cent of the area median income, a portion of the  
5 housing market commonly referred to as "missing middle" housing.  
6 The legislature further finds that successful housing programs  
7 in other jurisdictions, such as the BC Builds program  
8 implemented in British Columbia, demonstrate that a housing  
9 agency must act as a public developer by proactively acquiring  
10 land, securing entitlements, and prepackaging shovel-ready  
11 projects to cut delivery times.

12       Accordingly, the purpose of this Act is to:

13       (1) Establish within the Hawaii housing finance and  
14 development corporation the Hawaii builds pilot  
15 program as a five-year pilot program, under which:

16       (A) The corporation may deploy moneys from the  
17 dwelling unit revolving fund for certain



development activities and as active construction equity;

(B) Interagency coordination and expedited review for designated pilot projects are required by law; and

(C) At least fifty per cent of housing units must be for households having incomes between sixty per cent and one hundred forty per cent of the area median income, thus facilitating the timely delivery of missing middle housing throughout the State; and

(2) Appropriate moneys to implement the Hawaii builds pilot program.

SECTION 2. (a) There is established the Hawaii builds pilot program within the Hawaii housing finance and development corporation. The pilot program shall run for a period of five years as provided in subsection (n).

(b) The board of directors of the corporation shall designate specific projects as Hawaii builds pilot projects, which shall be governed pursuant to this Act. To qualify as a Hawaii builds pilot project, a project shall:



1 (1) Be located on a site that possesses, at a minimum,  
2 adequate existing infrastructure capacity, including  
3 water, sewer, and transportation access, to support  
4 the density of the proposed project;

5 (2) Preferably be located on land zoned for residential  
6 use; provided that project sites that have adequate  
7 infrastructure but are not zoned for residential use  
8 shall remain eligible through the use of exemptions  
9 authorized under section 201H-38, Hawaii Revised  
10 Statutes; and

11 (3) Provide at least fifty per cent of the housing units  
12 delivered under the project for households having  
13 incomes between sixty per cent and one hundred forty  
14 per cent of the area median income as determined by  
15 the United States Department of Housing and Urban  
16 Development.

17 (c) The corporation shall designate at least one Hawaii  
18 builds pilot project in each county of the State to ensure  
19 statewide participation in the pilot program.

20 (d) Notwithstanding any provision of part III, subpart I,  
21 of chapter 201H, Hawaii Revised Statutes, or any other law to



1 the contrary, the corporation may use moneys from the dwelling  
2 unit revolving fund for any Hawaii builds pilot project;  
3 provided that dwelling unit revolving fund moneys may be  
4 expended for:

5 (1) Predevelopment activities, including land acquisition,  
6 architectural and engineering services, environmental  
7 and due diligence studies, entitlement processing, and  
8 other preparatory activities necessary to advance a  
9 project; and

10 (2) Construction equity, including short-term construction  
11 equity or equity investment, as deemed appropriate by  
12 the corporation's board of directors.

13 (e) Predevelopment activities under subsection (d) (1)  
14 shall not require separate gubernatorial approval for each  
15 specific disbursement; provided that the project has been  
16 designated and approved as a Hawaii builds pilot project by the  
17 corporation's board of directors.

18 (f) Any use of moneys from the dwelling unit revolving  
19 fund for construction equity or equity investment under  
20 subsection (d) (2) shall be temporary in nature and structured to



1 ensure repayment or monetization to the dwelling unit revolving  
2 fund.

3 (g) Notwithstanding any other law to the contrary, while  
4 the Hawaii builds program is active, the corporation shall give  
5 the highest priority to Hawaii builds pilot projects when  
6 allocating and disbursing moneys from the dwelling unit  
7 revolving fund.

8 (h) The executive director of the corporation may convene  
9 a Hawaii builds expedited review team. The team shall consist  
10 of the directors of relevant state and county agencies or their  
11 designees, including the directors of the department of land and  
12 natural resources, department of health, and each county's  
13 planning and public works departments.

14 (i) Notwithstanding any other law to the contrary, all  
15 state and county agencies shall cooperate with the corporation  
16 in processing Hawaii builds pilot projects, including  
17 prioritizing the review of permits, licenses, and entitlements  
18 for pilot projects above all other non-emergency applications.

19 (j) Contracts for professional services, construction, and  
20 development related to Hawaii builds pilot projects shall be



1 subject to approval by the corporation's board of directors and  
2 shall be exempt from chapter 103D, Hawaii Revised Statutes.

3 (k) The state historic preservation division shall  
4 complete its review of any Hawaii builds pilot project  
5 application within sixty days of the receipt of a completed  
6 application. If the division fails to issue a determination  
7 within that period, the application shall be deemed approved.

8 (l) The department of health shall complete its review of  
9 hazard evaluation, wastewater, and safe drinking water  
10 applications for Hawaii builds pilot projects within sixty days.  
11 If additional time is required to complete a review under this  
12 subsection, the department of health shall provide written  
13 justification for the extension before the sixty-day period  
14 expires. If the department of health does not provide written  
15 justification, the application shall be prioritized for  
16 immediate final action.

17 (m) The appropriate county planning director, or an  
18 equivalent official having jurisdiction over permitting and  
19 exemptions, shall grant a Hawaii builds pilot project all  
20 necessary exemptions from county ordinances and rules pursuant  
21 to section 201H-38, Hawaii Revised Statutes. Notwithstanding



1 any law, county charter provision, or ordinance to the contrary,  
2 an exemption under this subsection shall not require approval by  
3 the county legislative body. The processing of an exemption for  
4 a Hawaii builds pilot project shall be deemed a ministerial act  
5 and shall be completed within forty-five days of receipt by the  
6 planning director or equivalent official.

7 (n) The authority of the corporation to designate new  
8 Hawaii builds pilot projects under this section shall expire on  
9 June 30, 2031; provided that any project designated as a Hawaii  
10 builds pilot project prior to July 1, 2031, shall continue to be  
11 governed by this section until the completion of the project.

12 (o) As used in this section, "corporation" means the  
13 Hawaii housing finance and development corporation.

14 SECTION 3. No later than twenty days prior to the  
15 convening of the regular sessions of 2027, 2028, 2029, 2030,  
16 2031, and 2032, the Hawaii housing finance and development  
17 corporation shall submit to the legislature a report on the  
18 Hawaii builds pilot program that includes:

- 19 (1) A list and descriptions of all Hawaii builds pilot  
20 projects designated, approved, or advanced during the  
21 prior fiscal year;



(2) The amount and type of dwelling unit revolving fund moneys expended for predevelopment activities and construction equity, including the status of repayment or monetization;

(3) The number of housing units approved, under construction, and completed, disaggregated by county and area median income category;

(4) A summary of interagency coordination efforts and the extent to which statutory timelines were met;

(5) Any barriers encountered in project delivery, including statutory, regulatory, or infrastructure constraints;

(6) Recommendations for any amendments to the pilot program and whether the pilot program should be continued or terminated; and

(7) Any proposed legislation.

SECTION 4. There is appropriated out of the dwelling unit revolving fund the sum of \$                      or so much thereof as may be necessary for fiscal year 2026-2027 for the Hawaii builds pilot program.





1       The sum appropriated shall be expended by the Hawaii  
2   housing finance and development corporation for the purposes of  
3   this Act.

4       SECTION 5. This Act shall take effect on July 1, 2026.

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INTRODUCED BY:

Rea. AHL



# S.B. NO. 2544

**Report Title:**

Affordable Housing; HHFDC; Pilot Program; Missing Middle Housing; Exemptions; Permit Reviews; Interagency Coordination; Appropriation; Reports

**Description:**

Establishes a 5-year Hawaii Builds Pilot Program within the Hawaii Housing Finance and Development Corporation. Authorizes the Corporation to deploy moneys from the dwelling unit revolving fund for predevelopment activities or as active construction equity. Requires 50% of housing units made available under pilot program projects for households having incomes between 60% and 140% of the area median income. Mandates interagency coordination and expedited review for projects to facilitate timely delivery of projects. Requires annual reports to the Legislature. Sunsets 6/30/2031.

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

