

JAN 23 2026

A BILL FOR AN ACT

RELATING TO COASTAL ZONE MANAGEMENT.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:

1 SECTION 1. The legislature finds that accelerating coastal
2 erosion, sea level rise, and chronic coastal flooding threaten
3 public safety, public trust resources, and coastal
4 infrastructure throughout the State. Certain shoreline
5 properties and structures have become vulnerable to collapse
6 from the effects of these hazards and may impose substantial
7 public costs through emergency response, infrastructure damage,
8 beach loss, and environmental harm.

9 The legislature further finds that existing regulatory and
10 enforcement tools are insufficient to proactively address
11 chronically threatened coastal properties and structures before
12 they collapse or cause irreversible harm. The legislature
13 believes that voluntary acquisition paired with time-limited
14 occupancy may reduce public risk while allowing for an orderly
15 transition of ownership and for permanent hazard reduction.

16 Accordingly, the purpose of this Act is to establish a low-
17 cost, voluntary coastal resilience acquisition and leaseback



1 program that prioritizes public safety and public trust
2 protection, limits State liability, and ensures permanent risk
3 reduction through removal and restoration.

4 SECTION 2. The Hawaii Revised Statutes is amended by
5 adding a new chapter to be appropriately designated and to read
6 as follows:

7 **"CHAPTER**

8 **HAWAII COASTAL RESILIENCE ACQUISITION AND LEASEBACK PROGRAM**

9 § -1 **Definitions.** As used in this chapter:

10 "Board" means the board of land and natural resources.

11 "Department" means the department of land and natural
12 resources.

13 "Hazard-adjusted residual value" means the appraised land
14 value of a property minus the estimated costs required to
15 remediate hazards, remove structures, restore the site, monitor
16 conditions, and permanently restrict redevelopment.

17 "Leaseback" means a voluntary arrangement in which an owner
18 conveys a vulnerable coastal property to the State or a
19 qualified third party and leases the property back for a limited
20 period, subject to a safety-based termination.



1 "Program" means the Hawaii coastal resilience acquisition
2 and leaseback program.

3 "Vulnerable coastal property" means real property located
4 in the coastal zone that is subject to chronic erosion,
5 flooding, shoreline retreat, or structural instability within a
6 foreseeable planning horizon and that poses a risk to public
7 safety, public trust resources, or repeated public expenditure.

8 § -2 **Hawaii coastal resilience acquisition and leaseback**
9 **program; established.** (a) By July 1, 2028, the department,
10 subject to the approval and oversight of the board, shall
11 establish and administer the Hawaii coastal resilience
12 acquisition and leaseback program.

13 (b) Under the program, the department may:

14 (1) Voluntarily acquire vulnerable coastal property by
15 purchase, bargain sale, nominal conveyance, or other
16 lawful means;

17 (2) Authorize leaseback occupancy under short-term,
18 renewable leases subject to safety-based conditions;

19 (3) Determine when a property or structure is deemed
20 unsafe and require termination of occupancy;



(4) Order removal or demolition of structures and restore sites for hazard reduction and public trust purposes;

(5) Record and enforce deed restrictions, conservation easements, or similar instruments prohibiting redevelopment;

(6) Delegate interim property management, inspections, monitoring, lease administration, and site maintenance to counties, qualified nonprofit organizations or land trusts, or contracted third-party managers with coastal hazard experience; provided that the delegation of interim management shall not limit the department's or board's authority to terminate occupancy, order removal, or enforce permanent restrictions; and

(7) Adopt rules pursuant to chapter 91, necessary for the purposes of this chapter.

(c) All properties acquired under the program shall be subject to recorded deed restrictions or conservation easements prohibiting redevelopment.



(d) Structures determined to be unsafe shall be removed or demolished as early as possible to protect public safety or public trust resources.

(e) Restored sites shall be managed for open space, coastal buffer, or public trust purposes.

(f) The department shall not be required to perform day-to-day property management functions. Nothing in this section shall be construed to require the department to operate as a landlord or to extend occupancy beyond safety-based limits.

§ -3 Coastal resilience revolving fund. (a) There is established in the state treasury the coastal resilience revolving fund, into which may be deposited:

(1) Legislative appropriations;

(2) Bond proceeds;

(3) Settlement or penalty revenues where legally permissible;

(4) State, federal, or private grants;

(5) County contributions; and

(6) Lease or rental payments received during interim occupancy.



(b) Moneys in the coastal resilience revolving fund shall be used for:

- (1) Property acquisition and closing costs;
- (2) Relocation assistance for income-qualified households;
- (3) Inspections, monitoring, and program administration;
- (4) Interim property management, including hazard monitoring and safety inspections;
- (5) Demolition, removal, hazard reduction activities, and site restoration; and
- (6) Legal costs associated with deed restrictions, conservation easements, and enforcement.

§ -4 **Acquisition value.** (a) The acquisition price for vulnerable coastal property shall be based on the hazard-adjusted residual value of the property.

(b) In calculating the hazard-adjusted residual value, the department shall deduct estimated costs, including but not limited to:

- (1) Demolition and removal of structures;
- (2) Site restoration and stabilization;
- (3) Monitoring, inspections, and hazard assessment;
- (4) Legal and administrative costs; and



(5) Environmental or contamination cleanup;
provided that where estimated costs equal or exceed land value,
the acquisition price may be nominal.

(c) Nothing in this section shall require the payment of
fair market value for hazardous structures.

§ -5 Leaseback conditions. (a) Leaseback occupancy may
be authorized only under leases not exceeding two years and may
be renewable solely upon a determination by the department that
the property remains safe for occupancy; provided that leaseback
occupancy creates no right to continued tenancy.

(b) Leaseback conditions shall include:

(1) Rent sufficient to cover inspections, insurance gaps,
and interim management costs;

(2) Prohibition on expansion, armoring, or capital
improvements;

(3) Mandatory hazard disclosure and acknowledgment of
risk; and

(4) Automatic termination upon a determination that the
property is unsafe.

§ -6 Liability. Under the program, the department shall
serve solely in the capacity of hazard mitigation and public



1 trust protection. Nothing in this chapter shall be construed to
2 create a duty to maintain, improve, or extend the life of
3 hazardous structures or to assume liability beyond that required
4 by law."

5 SECTION 3. This Act shall take effect upon its approval.

6 INTRODUCED BY: _____

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S.B. NO. 3034

Report Title:

DLNR; Hawaii Coastal Resilience Acquisition and Leaseback Program; Revolving Fund; Public Safety; Vulnerable Coastal Property; Liability; Conditions; Rules

Description:

Requires the Department of Land and Natural Resources, by 7/1/2028, to establish the Hawaii Coastal Resilience Acquisition and Leaseback Program. Establishes the Coastal Resilience Revolving Fund. Clarifies the calculation of acquisition price for coastal properties, the conditions of leasebacks, and the limitation to liability assumed by the Department of Land and Natural Resources under the Hawaii Coastal Resilience Acquisition and Leaseback Program.

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