

ACT 166

H.B. NO. 1298

A Bill for an Act Relating to Housing.

Be It Enacted by the Legislature of the State of Hawaii:

SECTION 1. The legislature finds that it is becoming increasingly difficult to recruit and retain state employees. Having affordable rental opportunities for state employees will reduce the resignation and outmigration of state employees and fill critical labor needs throughout state government.

The legislature further finds that with the city and county of Honolulu's construction of an elevated rail transit system, the State has an opportunity to enhance Oahu's urban environment and increase the quality of life for residents by increasing the affordable housing inventory and eliminating the need for personal automobiles, among other public benefits. As the largest landowner of transit-oriented development sites along the transit line in the city and county of Honolulu, as well as being the landowner of other transit-oriented development sites in each of the other counties, the State and its various departments and attached agencies must be proactive in establishing a unified vision and approach toward redevelopment of its transit-oriented development sites statewide to maximize the benefits of state lands available for redevelopment.

The purpose of this Act is to establish within the Hawaii housing finance and development corporation a government employee housing program, to be financed by the dwelling unit revolving fund.

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

“PART . GOVERNMENT EMPLOYEE HOUSING PROGRAM

§201H- Purpose. The purpose of this part is to establish a government employee housing program to facilitate the creation of affordable residential rental units for rent to government employees and the general public on state-owned land.

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

“Mixed-use project” means a mixed-use development as defined in section 201H-12(a).

“Project” means a specific work or improvement, including real and personal properties, or any interest therein, acquired, owned, constructed, reconstructed, rehabilitated, or improved by the corporation, including a commercial project, redevelopment project, residential project, or mixed-use project.

“Transit-oriented development site” means non-ceded state-owned lands within a one-mile radius of a planned or existing station connected to a locally preferred alternative for a mass transit project.

§201H- Government employee housing program. (a) There shall be established within the corporation the governmental employee housing program for the purpose of providing affordable and low-cost rental housing units for rent to government employees and general public on state-owned land, to be financed by the dwelling unit revolving fund established pursuant to section 201H-191.

(b) The program shall be limited to one project on a transit-oriented development site, which shall be selected by the corporation.

§201H- Government employee housing projects; criteria. (a) Government employee housing projects developed under this part shall be intended primarily for government employees in the following order of priority:

- (1) Newly hired permanent full-time state employees;
- (2) Other permanent full-time state employees;
- (3) Permanent full-time county employees;
- (4) Permanent part-time state and county employees;
- (5) Temporary state and county employees; and
- (6) The general public.

(b) Sixty per cent of available units shall be for government employees with incomes at or below one hundred forty per cent of the median family income. For the purposes of this part, the applicable median family income shall be the median family income for the county or standard metropolitan statistical area in which the project is located as determined by the United States Department of Housing and Urban Development, as adjusted from time to time.

(c) Should a state or county employee tenant occupying a rental unit leave employment with the State or a county, the tenant may continue to occupy the unit for up to twelve months.

§201H- Rules; guidelines. (a) Government employee housing program project units on state land shall not be advertised for rent, subleased, or used for any non-residential use. The corporation, by rule, shall establish penalties for violations of this subsection.

(b) The design and development contracts for residential rental units on state land under this part shall not be subject to chapter 103D.

§201H- Annual reports. The corporation shall submit an annual report to the legislature no later than twenty days prior to the convening of each regular session describing the projects funded, a description of proposals submitted under this part and action taken on the proposals, and any barriers to developing housing units under this part. The annual report shall include the feasibility of expanding the program and the demand for residential rental projects developed under this part.

§201H- Additional powers. The powers conferred upon the corporation by this part shall be in addition and supplemental to the powers conferred by any other law, and nothing in this part shall be construed as limiting any powers, rights, privileges, or immunities so conferred.

§201H- Acquisition of real property from a county. Notwithstanding the provision of any law or charter, any county, by resolution of its county council, without public auction, sealed bids, or public notice, may sell, lease, grant, or convey to the corporation any real property owned by the county that the corporation certifies to be necessary for the purposes of this part. The sale, lease, grant, or conveyance shall be made with or without consideration and upon terms and conditions as may be agreed upon by the county and the corporation. Certification shall be evidenced by a formal request from the corporation. Before the sale, lease, grant, or conveyance is made to the corporation, a public hearing shall be held by the county council to consider the same. Notice of the hearing shall be published at least six days before the date set for the hearing in the publication and in the manner as may be designated by the county council.

§201H- Condemnation of real property. The corporation, upon making a finding that it is necessary to acquire any real property for its immediate or future use for the purposes of this part, may acquire the property, including property already devoted to a public use, by condemnation pursuant to chapter 101. The property shall not thereafter be taken for any other public use without the consent of the corporation. No award of compensation shall be increased by reason of any increase in the value of real property caused by the designation of the urban redevelopment site or plan adopted pursuant to a designation, or the actual or proposed acquisition, use, or disposition of any other real property by the corporation.

§201H- Lease of projects. Notwithstanding any law to the contrary, the corporation, without recourse to chapter 103D, may lease for a term not exceeding sixty-five years all or any portion of the real or personal property constituting the commercial portion of a mixed-use project to any person, upon terms and conditions as may be approved by the corporation; provided that all revenues generated from the lease shall be used to support the purpose of this part.

§201H- Assistance by state and county agencies. Any state or county agency, upon request of the corporation, may render services for the purposes of this part.

§201H- Lands no longer needed. Lands acquired by the corporation from another government agency that are no longer needed by the corporation for the government employee housing program shall be returned to the previous owner of those lands. Lands acquired by the corporation from a private party that are owned by the corporation and designated for the program but are subsequently no longer needed for the program shall be retained by the corporation.

§201H- Rules. The corporation may adopt rules pursuant to chapter 91 as may be necessary to carry out the purposes of this part.”

SECTION 3. Section 201H-191, Hawaii Revised Statutes, is amended to read as follows:

“§201H-191 Dwelling unit revolving fund. (a) There is created a dwelling unit revolving fund. The funds appropriated for the purpose of the dwelling unit revolving fund and all moneys received or collected by the corporation for the purpose of the revolving fund shall be deposited in the revolving fund. The proceeds in the revolving fund shall be used ~~[to reimburse]~~:

- (1) ~~To reimburse~~ the general fund to pay the interest on general obligation bonds issued for the purposes of the revolving fund~~[-for the]~~;
 - (2) ~~For~~ necessary expenses in administering housing development programs ~~[and]~~, regional state infrastructure programs, and the government employee housing program pursuant to part ____; and ~~[for carrying]~~
 - (3) ~~To carry~~ out the purposes of housing development programs ~~[and]~~, regional state infrastructure programs, and the government employee housing program pursuant to part ____, including but not limited to the expansion of community facilities and regional state infrastructure constructed in conjunction with housing and mixed-use transit-oriented development projects, permanent primary or secondary financing, and supplementing building costs, federal guarantees required for operational losses, and all things required by any federal agency in the construction and receipt of federal funds or low-income housing tax credits for housing projects.
- (b) Subject to the requirements of subsection (a), proceeds in the revolving fund may be used to ~~[establish]~~:
- (1) Establish and operate regional state infrastructure subaccounts pursuant to section 201H-191.5~~[-]; and~~
 - (2) Administer, implement, and finance the government employee housing program pursuant to part ____.”

SECTION 4. Section 302A-1603, Hawaii Revised Statutes, is amended by amending subsection (b) to read as follows:

- “(b) The following shall be exempt from this section:
- (1) Any form of housing permanently excluding school-aged children, with the necessary covenants or declarations of restrictions recorded on the property;
 - (2) Any form of housing that is or will be paying the transient accommodations tax under chapter 237D;
 - (3) All nonresidential development;
 - (4) Any development with an executed education contribution agreement or other like document with the agency for the contribution of school sites or payment of fees for school land or school construction; ~~[and~~
 - ~~[(5)]~~ Any form of development by the Hawaii community development authority pursuant to part XII of chapter 206E~~[-]; and~~
 - (6) Any form of development by the Hawaii housing finance and development corporation pursuant to part ____ of chapter 201H.”

SECTION 6.¹ There is appropriated out of the dwelling unit revolving fund the sum of \$200,000 or so much thereof as may be necessary for fiscal year 2025-2026 and the same sum or so much thereof as may be necessary for fiscal year 2026-2027 for the Hawaii housing finance and development corporation to:

- (1) Adopt rules;
- (2) Engage the community; and
- (3) Conduct site and pre-development planning for one government employee housing program project.

The sums appropriated shall be expended by the Hawaii housing finance and development corporation for the purposes of this Act.

SECTION 7. There is appropriated out of the dwelling unit revolving fund the sum of \$160,000 or so much thereof as may be necessary for fiscal year 2025-2026 and the same sum or so much thereof as may be necessary for fiscal year 2026-2027 for the establishment of one full-time equivalent (1.0 FTE) position within the Hawaii housing finance and development corporation.

The sums appropriated shall be expended by the Hawaii housing finance and development corporation for the purposes of this Act.

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

SECTION 9. This Act shall take effect on July 1, 2025.

(Approved June 3, 2025.)

Note

1. No section 5.