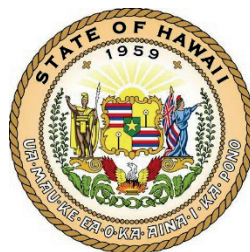




# 2024 LEGISLATIVE SESSION HOUSING DIGEST

*Office of the Governor*



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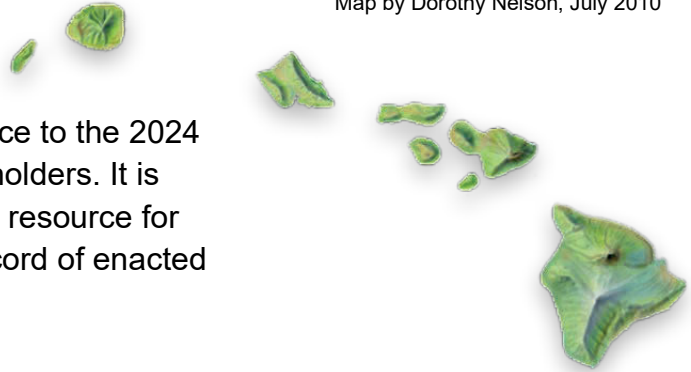
Cover Page Courtesy Cyrill via Pexels, February 2023

HAWAII 2024 LEGISLATIVE SESSION HOUSING DIGEST



# ACKNOWLEDGEMENTS

Map by Dorothy Nelson, July 2010



This digest was compiled as a reference to the 2024 Legislative Session for housing stakeholders. It is designed to be an easy-to-understand resource for the public and serves as an official record of enacted housing legislation.

## MAHALO TO EVERYONE’S CONTRIBUTIONS TO THIS DIGEST:

The **legislators, staff, and community advocates** that worked diligently during the 2024 Hawai‘i Legislative Session to author and pass legislation with Hawai‘i’s local residents at the forefront.

The **legislative coordinators** at the Hawai‘i Office of Planning and Sustainable Development (OPSD), Hawai‘i Housing Finance and Development Corporation (HHFDC), and Hawai‘i Public Housing Authority (HPHA) for their review of this digest.

The **Hawai‘i Office of the Governor’s Housing Team** for the bill tracking, research, and creation of this digest. Special thanks to Harvard Dukakis Fellow, Caren Yap.

For questions or concerns regarding this digest, please email [gov.housing@hawaii.gov](mailto:gov.housing@hawaii.gov).



# THE GOVERNOR'S HOUSING TEAM

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## WHAT WE DO

Established under Governor Josh Green's administration, the Office of the Governor's Housing Team was formed in response to Hawai'i's housing crisis. The team's mission is to accelerate and streamline affordable housing to meet the housing demands of local residents. Governor Green has prioritized the creation of 13,000 affordable units by 2026, with 60,000+ units in the pipeline.

***The Governor's Housing Priorities:***

- Expanding the affordable housing inventory
- Maintaining existing affordable units
- Offering more housing support for residents of Hawai'i
- Coordinating and modernizing Hawai'i's housing development
- Communicating the urgency of the state's housing crisis

In July of 2023, Governor Green issued the Emergency Proclamation (EP) on Housing to eliminate barriers in developing housing. The housing team supports the mission of the EP, as well as the overall goal of protecting and providing affordable, equitable housing statewide.

As one of the Governor's key priorities, the Housing Team tracked bills that made regulatory changes impacting housing during the legislative session.

To read more about the Hawai'i housing crisis, go to the Office of the Governor's website: <https://hale.hawaii.gov/housing-crisis>



# OVERVIEW OF THE 2024 LEGISLATIVE SESSION



## HOUSING THIS SESSION

The State of Hawai'i operates its executive budget on a biennium basis. In the odd numbered years, the executive biennium budget is submitted to the legislature for action. In the even numbered years, the executive supplemental budget is submitted, with the state's fiscal year running from July 1 to June 30. Appropriations for operating expenditures cover a one-year period while Capital Improvement Projects (CIP) extend over a three-year period (fiscal biennium + 1 year).

Housing remained a key legislative priority in both the Senate and the House during Hawai'i's 32<sup>nd</sup> Legislature, especially after the 2023 Maui Wildfires. Both Senate and House Housing Committee Chairs delivered critical legislation.

Governor Green signed these numerous bills into law following the legislative session. These bills were in effort to unlock housing in four areas:

- Changes to Permitting
- Flexibility of Housing Financing
- Powers and Coordination of Counties
- Non-Governing Taskforces/Councils



# ABOUT THE DIGEST

This digest is a reference to the 2024 Legislative Session for housing stakeholders. Each act referenced in this digest includes a summary, effective date, relevant Hawai'i Revised Statutes (HRS), and bill number.

The digest also lists the main benefits of each bill for Hawai'i residents and includes an inventory of housing bills passed in the 2024 legislative session. Relevant language and the types of legislation can be found below.

## TYPES OF BILLS

The legislation—which touches on various state agencies involved with housing—fall under the following categories:

***Changes to Permitting:***

- Act 037, Act 038

***Flexibility of Housing Financing:***

- Act 029, Act 034, Act 035, Act 125, Act 235

***Powers and Coordination of Counties:***

- Act 017, Act 031, Act 039, Act 045

***Non-Governing Taskforces/Councils:***

- Act 028

To find copies of bills in this digest, either click on the HB/SB section of any listed legislation or search the legislative website: <https://www.capitol.hawaii.gov>.

## BILLS

- Enacts law.
- ***HB/SB:*** The bill is abbreviated by either “HB” for House Bill or “SB” for Senate Bill, depending on where it was introduced. The Clerk's office then assigns a bill number to each bill introduced.

## RESOLUTIONS

- Does not have the force and effect of law, and thus cannot require action. Used by the legislature to state its official position on an issue or to request action.
- ***HCR/SCR:*** The resolution is abbreviated by “HCR” for House Concurrent Resolution or “SCR” for Senate Concurrent Resolution, depending on the chamber in which it was introduced.

# TERMS TO KNOW

## LEGISLATIVE VOCABULARY

- **Effective Date:** The date when a statute takes effect, or otherwise becomes enforceable.
- **HRS:** The Hawai'i Revised Statutes are measures passed by the Hawai'i State Legislature, which are either signed by the Governor, or are not vetoed and become law without the Governor's signature.

For more on the legislative process, visit the Public Access Room: <https://lrh.hawaii.gov/par/>.

## STATE AGENCIES

- **HHFDC:** The Hawai'i Housing Finance and Development Corporation is the primary agency that works to increase and preserve the supply of affordable housing statewide by providing financing and development resources in Hawai'i.
- **HPHA:** The Hawai'i Public Housing Authority promotes adequate and affordable housing, economic opportunity, and a suitable living environment for low-income families and individuals, free from discrimination. HPHA administers federal and state public housing and rental assistance programs.
- **OPSD:** The Hawai'i Office of Planning and Sustainable Development, gathers, analyzes, and provides information for comprehensive, long-range planning to the governor, legislature, agencies, and community stakeholders to assist in the overall formulation of state policies and strategies.
- **HCDA:** The Hawai'i Community Development Authority is a public entity created to establish community development plans in community development districts; determine community development programs; and cooperate with private enterprise and federal, state, and county governments to bring plans to fruition.
- **DHHL:** The Department of Hawaiian Home Lands is governed by the Hawaiian Homes Commission Act of 1920, enacted by the U.S. Congress to protect and improve the lives of Native Hawaiians. The Act created a Hawaiian Homes Commission to administer certain public lands, including homesteads for Native Hawaiian beneficiaries.

# BILLS ENACTED

## ACT 017 REGULATION OF SHORT-TERM RENTALS

SB 2919  
HRS: 46-4, 237D-1  
Effective Date: January 1, 2025

Authorizes counties to address short-term rentals by regulating land use, allowing counties to determine the time, place, manner, and duration of land and structure use through zoning ordinances. The legislation also establishes that transient accommodations (rentals under 180 days) do not qualify as residential uses and may be phased out by counties. A tax is also instituted to include certain shelters and vehicles with transient sleeping accommodations.

### MAIN TAKEAWAYS FOR HAWAII RESIDENTS

- In some counties, short-term rentals represent a significant proportion of the housing stock. Previously, it was hard for those counties to regulate short-term rentals.
- Counties now have more flexibility to regulate short-term rentals. For example, counties could place requirements on the duration or location of short-term rentals.
- Counties can also phase out short-term rentals overtime if they are classified as non-residential and it is intended to promote use as long-term rentals.





**ACT  
029**    **HHFDC TO SUBMIT A  
HOUSING LOAN AND  
MORTGAGE REPORT ON  
FEASIBILITY**

*HB 2790  
HRS: N/A  
Effective Date: July 1, 2024*

Requires HHFDC to submit a report to the Legislature analyzing the feasibility of continuing to fund the operations of its Housing Loan and Mortgage Program, also known as the Hula Mae Single Family Program. This program provides first-time homebuyers with low-interest rate mortgage loans. HHFDC has no later than 60 days before the beginning of the regular session of 2026 to submit the report.

**MAIN TAKEAWAYS FOR HAWAII RESIDENTS**

- High interest rates are making it harder for local families to buy homes.
- The Hula Mae Program offers eligible first-time homebuyers with 30-year mortgage loans at very competitive interest rates.
- HHFDC will report on its low-interest mortgage loan program to inform legislation.

**ACT  
030**    **COUNTY SURCHARGE ON  
STATE GENERAL EXCISE  
TAX FOR HOUSING  
INFRASTRUCTURE COSTS**

*SB 1099  
HRS: 46-116.8  
Effective Date: July 1, 2024*

Clarifies the counties' authority to use the county surcharge on the State General Excise Tax for county-appropriated housing infrastructure costs. Maui County is the only county in the state that has not adopted a surcharge on state tax. Using the surcharge for housing infrastructure could help accelerate the development of housing projects at the county level.

**MAIN TAKEAWAYS FOR HAWAII RESIDENTS**

- The cost of infrastructure is a major barrier to the development of housing.
- The Maui wildfires destroyed over 4,000 homes, displacing 13,000 people. Act 030 can help the County of Maui fund its housing recovery efforts.
- There is now clarification that the surcharge on state tax can be used for infrastructure financing costs, including debt service and financing agreements.

# ACT 031

## COUNTIES' AFFORDABLE HOUSING CREDITS

SB 1170  
HRS: 46-15.1  
Effective Date: May 28, 2024

Requires counties to issue affordable housing credits to certain units developed under HHFDC's 201H-38 Expedited Processing and Review Program, which provides incentives such as exemptions from general excise taxes, county development fees, height limits, and density restrictions as long as greater than 50% of the units developed are affordable units.

The housing credits may be sold to developers of other projects to meet county-imposed affordability requirements, thus providing a source of capital for the affordable housing project developed under the 201H-38 program. These credits will only be available until July 1, 2031.

### MAIN TAKEAWAYS FOR HAWAII RESIDENTS

- Higher interest rates and increased construction costs have increased housing development costs.
- Affordable housing credits provide developers with another potential funding source to cover those costs.
- Developers with affordable projects currently in the pipeline but who face funding shortfalls can now sell credits to complete the projects.



# ACT 034 INFRASTRUCTURE FINANCING FOR TRANSIT-ORIENTED DEVELOPMENT

SB 2133  
HRS: 201H-71,  
201H-72, 201H-191.5  
Effective Date: July 1, 2024

Authorizes HHFDC to issue bonds for housing infrastructure to finance the development of regional state infrastructure, particularly in transit-oriented development areas. These bonds may be secured by state grants, project revenue, and federal grants. The use of these bonds is no longer limited to housing development, but also applies to housing infrastructure.

## MAIN TAKEAWAYS FOR HAWAI‘I RESIDENTS

- The State of Hawai‘i “Yes In My Backyard” Working Group, established in 2022, identified infrastructure as a barrier to developing more affordable housing.
- The act expands HHFDC’s ability to finance more affordable housing.
- Bonds can now be used by HHFDC to finance the critical infrastructure necessary to support housing, like roads and utilities, rather than solely for housing units.



# ACT 035

## BOND VOLUME CAP RECYCLING PROGRAM

*HB 1760  
HRS: 201H, 39B-2,  
39B-5, 201H-202  
Effective Date: July 1, 2024*

Authorizes a bond recycling program for the counties and HHFDC to reuse the state's tax-exempt private activity bond volume cap. The bonds used for affordable housing construction are redeemed or repaid to finance new projects without issuing new bonds.

Each year, HHFDC and the counties issue private activity bonds to finance affordable rental housing projects at below-market interest rates. These include low-income and workforce housing projects. The tax-exempt bonds are subject to an annual federal limit, or volume cap, which is about \$378 million for Hawai'i.

The construction loan is usually repaid before the bond matures. A recycling program allows the State and counties to preserve and recycle the prior years' private activity bonds that would otherwise expire. It establishes a sub account within the Rental Housing Revolving Fund specifically for the recycling program and permits cooperative agreements between the Department of Budget and Finance, HHFDC, and the counties to facilitate the program.

### MAIN TAKEAWAYS FOR HAWAI'I RESIDENTS

- Every year, HHFDC and the counties receive more applications for this financing than HHFDC can award under its volume cap.
- By recycling the private activity bonds, HHFDC and the counties can stretch their resources further to support more affordable housing projects.
- HHFDC estimates that if \$100 million of private activity bonds could be recycled each year, it would support the production of 500 additional affordable housing units.



# ACT 036

## ESTABLISHING STATE TASK FORCE FOR LONG-RANGE STATE DEVELOPMENTS

*HB 1925  
HRS: 225, 226  
Effective Date: July 1, 2024*

Establishes the Hawai'i State Planning Act Phase II Task Force within OPSD. In 2018, OPSD completed a comprehensive review of the Hawai'i State Planning Act. The first phase provided a foundation and scope for a recommended Phase II update. The task force will submit annual reports of its progress, completed actions, and findings and recommendations, including any proposed legislation, and shall sunset on June 30, 2027. The act appropriates \$225,000 in general fund money for fiscal year 2024-2025 for administrative costs and \$75,000 for the establishment of one coordinator position to support the work of the Hawai'i State Planning Act Phase II Task Force.

### MAIN TAKEAWAYS FOR HAWAI'I RESIDENTS

- The Hawai'i State Planning Act's last comprehensive update was in 1985.
- The Phase II Task Force will modernize the Hawai'i State Planning Act. It will use Phase I's recommendations to guide long-range planning for state-led developments and housing policy solutions.
- A full-time staff position and funding for administrative costs supports the successful execution of the Phase II Task Force.



Courtesy Cyril via Pexels, February 2023

# ACT 037

## ADAPTIVE REUSE OF VACANT COMMERCIAL BUILDINGS

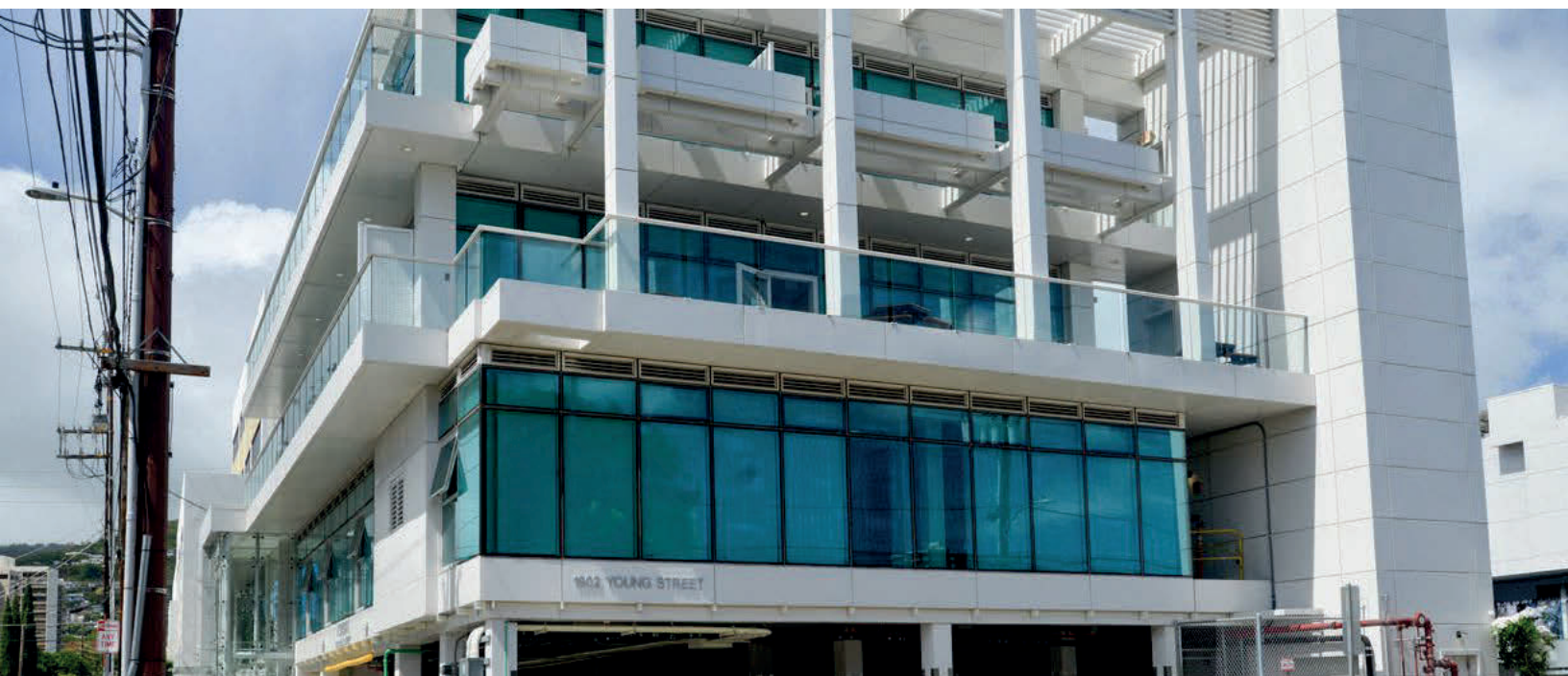
HB 2090  
HRS: 46, 107-26  
Effective Date: May 28, 2024

Allows for residential uses in areas zoned for commercial use to be considered permitted under certain circumstances and encourages the repurposing of underused office buildings during the current era of higher commercial real estate vacancy rates.

Each county is directed to adopt or amend its ordinances to allow for adaptive reuse of existing commercial buildings, such as old office buildings, to be renovated into residential uses, such as apartments and condos.

### MAIN TAKEAWAYS FOR HAWAII RESIDENTS

- COVID-19 left many commercial buildings empty or underutilized.
- The act allows new housing units in business districts by specifically permitting residential use, thereby eliminating the need for a change in zoning.
- The act also promotes adaptive reuse—or the conversion of existing commercial buildings, such as office buildings, into housing units.
- This unlocks more housing opportunities in downtown areas and allows people to live closer to where they work and play. This will help increase housing supply while reducing work commutes, traffic congestion, and carbon emissions.



# ACT 038

## EXPANSION OF HHFDC 201H-38 EXPEDITED PROCESSING AND REVIEW PROGRAM

SB 2066  
HRS: 201H-38, 201H-41  
Effective Date: May 28, 2024

Provides an alternative pathway for housing projects to seek exemptions from certain state laws and rules and utilize HHFDC's 201H-38 Expedited Processing and Review Program. This expedites the regulatory process to increase affordable housing units. Most of the units must be priced at levels affordable for Hawai'i residents who are first-time homebuyers and who earn less than 140% of the area median income.

Under the new alternative pathway, stricter income requirements than those set by the state cannot be imposed on a housing project. Housing projects must follow all safety standards and utilities regulations. All units must be owner occupied for the life of the project. Approval must be granted from the county and Land Use Commission within 45 days, otherwise it is automatically approved.

### MAIN TAKEAWAYS FOR HAWAI'I RESIDENTS

- Hawai'i has the highest costs of housing construction in the nation.
- The 201H-38 Expedited Processing and Review Program is one tool developers can use to bring down the cost per unit of new affordable housing development.
- Housing projects that are offered exclusively to local residents can access the same permitting and zoning exemptions as affordable housing developments.
- Qualifying projects must be built exclusively for Hawai'i residents who don't already own a home. This can bring down the cost of market-rate housing for local people.



# ACT 039

## INCREASING URBAN DENSITY WITH ACCESSORY DWELLING UNITS

SB 3202  
HRS: 205, 206, 46-4, 46-143  
Effective Date: May 28, 2024

Requires all counties to adopt or amend ordinances by December 31, 2026, to allow at least two accessory dwelling units (ADUs) on residentially zoned lots in urban areas unless alternative action specified in the act is taken. Counties must also adjust the allowable density to account for this increase. In certain urban areas, rules regarding ADUs cannot be stricter than state law. The ADUs cannot be used as a short-term vacation rental and are subject to all county development and permitting standards. The legislation does not apply to developments with private covenants recorded before the law is enacted that limit the number of ADUs.

### MAIN TAKEAWAYS FOR HAWAII RESIDENTS

- There are not enough different housing options available for local residents, particularly for middle-income and multi-generational households.
- Counties must allow at least two ADUs to be built on residentially zoned lots if infrastructure capacity is available, such as enough water, sewer, and electrical capacity. This can include 'ohana units.
- New ADUs cannot be used as short-term rentals and must follow the counties' development and permitting standards, such as setback requirements.
- Additionally, county authorities are provided a streamlined way to approve or deny requests to divide or combine parcels of land. This does not apply to protected locations, such as wetlands, agricultural lands, and state historic districts.





# ACT 045

## EXPANDS COUNTY HOUSING POWERS TO INCLUDE MIXED-USE PROJECTS

SB 2337  
HRS: 46-15.1  
Effective Date: May 30, 2024

Expands the counties' authority to exercise the same powers as HHFDC when developing, constructing, financing, refinancing, and otherwise providing low- and moderate-income housing and mixed-use projects that are expected to include substantial housing components.

### MAIN TAKEAWAYS FOR HAWAII RESIDENTS

- Previously, counties were not authorized to use affordable housing bonds to develop mixed-use affordable housing projects.
- Counties are now given similar powers as HHDFC to build mixed-use developments, such as incorporating both residential homes and small businesses in the same buildings.
- The act expands counties' ability to produce affordable housing and transit-oriented development, particularly for low- and moderate-income residents in all counties.
- County administrators must prioritize making neighborhoods pedestrian-friendly when approving new developments.

# ACT 125

## EXTENDS DHHL'S ACT 279 SPECIAL FUND

SB 3109  
HRS: N/A  
Effective Date: June 29, 2024

In 2022, the Act 279 Special Fund was established to allocate and manage the historic \$600 million appropriation to the DHHL to reduce the 28,000 applicants on the DHHL waitlist. Any unencumbered and unexpended funds are now able to remain in the Act 279 Special Fund until June 30, 2026, past the original lapse date of June 30, 2024. This fund will be used for developing DHHL housing units, purchasing land, and providing mortgage/rental subsidies, among other uses.

### MAIN TAKEAWAYS FOR HAWAII RESIDENTS

- In 2022, DHHL received \$600 million to provide homesteads for beneficiaries on the waitlist. The funding would have expired in June 2024.
- DHHL now has more time to use the \$600 million to reduce the waitlist.

# ACT 230

## 2024 SUPPLEMENTAL APPROPRIATIONS ACT

*HB 1800  
HRS: N/A  
Effective Date: July 9, 2024*

The State of Hawai'i operates on a biennial budget cycle. This means that the budget is prepared and submitted to the legislature every two years, specifically in the odd-numbered years. In the even-numbered years, a supplemental budget may be submitted to make adjustments or additions to the first year's budget.

This act amends Act 164, Session Laws of Hawai'i 2023, and increases the budget by \$251.5 million to bolster funding for the state's housing agencies and initiatives for fiscal year 2025. It also includes creating 16 state positions to support these efforts.

### KEY BUDGET INCREASES

#### HHFDC:

- \$50 million into the Dwelling Unit Revolving Fund to accelerate the development of affordable housing projects by providing funding for infrastructure and pre-development costs.
- \$180 million into the Rental Housing Revolving Fund to support the development and maintenance of rental housing projects, ensuring the availability of rental units for low-income families and individuals.

#### HPHA:

- \$2.5 million for the State Rent Supplement program, which assists eligible families and individuals in paying a portion of their monthly rent.
- \$5 million for plans and due diligence for the acquisition and conversion of (3) downtown Honolulu parcels for affordable housing.
- \$10 million to rehabilitate, renovate, remodel, and repair public housing units.

#### HCDA:

- \$5 million for a supportive housing project in Kaka'ako.

### MAIN TAKEAWAYS FOR HAWAII RESIDENTS

- These key increases will help develop new affordable housing units and improve the quality and availability of affordable housing.
- The increases for HHFDC, HPHA, and HCDA will support community needs, contributing to the overall goal of addressing the state's housing crisis and ensuring residents in our state have greater access to safe, affordable housing.

# ACT 235

## AMENDS RENTAL HOUSING REVOLVING FUND LOAN REGULATIONS

HB 1763  
HRS: 201H-201, 201H-202  
Effective Date: July 1, 2024

Amends regulations to the statute for HHFDC's Rental Housing Revolving Fund, a state-managed fund designed to support the development and preservation of affordable rentals by providing low-interest loans to developers for low-income projects. This includes adding credit enhancement as a permitted use of funds, repealing the authorization for grants, prohibiting loan forgiveness except in the event of foreclosure, and prioritizing certain projects for award of funds (including those with a perpetual affordability commitment). HHFDC will submit a report to the Legislature on its plans to revolve funds back into the Rental Housing Revolving Fund for self-sufficiency.

### MAIN TAKEAWAYS FOR HAWAII RESIDENTS

- HHFDC receives more applications for financing affordable housing development each year and cannot award all projects.
- When selecting projects, HHFDC will prioritize project readiness, efficiency, and feasibility to promote timely and cost-effective delivery of new affordable housing.
- HHFDC will also prioritize projects that include a perpetual affordability commitment. This prioritizes housing that will remain affordable to our most needy, such as ALICE (asset-limited, income-constrained, employed) families.



# RESOLUTIONS

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## RESOLUTION

## MEASURE

### **HCR 3**

Urges each county to establish an emergency zoning code for post-disaster use.

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### **HCR 75**

Requests the United States Department of Defense, including the Navy, Army and Air Force, to increase on-base housing availability for active-duty personnel and their dependents assigned to military installations in the state.

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### **HCR 84**

Urges HHFDC to amend their administrative rules to establish another pathway for housing projects seeking an exemption from state laws and rules.

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### **HCR 118**

Urges the counties to amend or adopt ordinances to be consistent with HHFDC's rules regarding residential income requirements and affordability terms on housing projects or subsidize any resulting revenue shortfall to the housing project.

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### **HCR 131**

Urges HHFDC to develop a ten-year plan to satisfy Hawai'i's housing demand.

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### **HCR 140**

Urges the OPSD to develop a scope of work or requests for proposals for bidders to perform their own analysis and methodology to determine whether a development will contribute to the long-term fiscal sustainability of the state and respective county.

# RESOLUTIONS

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## RESOLUTION

## MEASURE

### SCR 43

Urges HHFDC to amend the priority for which low-income housing tax credits are allocated and monies in the rental housing revolving fund are used and adopt certain administrative rules that incentivize the development of affordable housing in the state.

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### SCR 45

Urges the Director of Finance to adopt administrative rules to define “beneficial effects to the state” in section 38-2, HRS, to include the financing of housing.

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### SCR 55

Urges the HCDA to establish a multiagency working group to update the maps, tie tables, and inventories of state lands suitable and available for affordable housing development.

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### SCR 115

Encourages developers to incorporate net zero water building strategies when constructing and renovating housing projects in the state.

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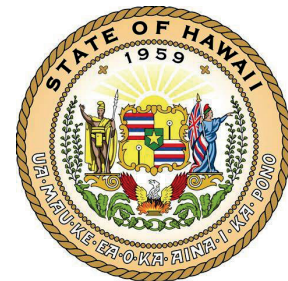
### SCR 143

Requests that the University of Hawai‘i develop a comprehensive plan to address student and faculty housing facility needs at the Manoa campus.

For more information, each resolution is linked to its respective page on [www.capitol.hawaii.gov](http://www.capitol.hawaii.gov).



# FOR MORE INFORMATION



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