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# A BILL FOR AN ACT

RELATING TO HOUSING FOR NATIVE HAWAIIANS.

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

1           SECTION 1. The legislature finds that micro housing is an  
2 emerging trend and a feasible type of housing that can help  
3 achieve the housing obligations of the department of Hawaiian  
4 home lands by reducing the cost of development and fostering an  
5 adequate supply of housing, particularly for native Hawaiians  
6 for whom "affordable housing" is oftentimes simply unaffordable.  
7 "Tiny homes" are a form of affordable housing that may address  
8 the State's persistent housing shortage. Tiny homes and their  
9 multifamily counterpart, micro-unit apartments, are typically  
10 constructed using a modular, prefabricated build system or  
11 hybrid that involves some conventional construction. Tiny homes  
12 are also ideal for accessory dwelling units, popularly known for  
13 decades as ohana units, which are usually add-ons to existing  
14 homes and can serve as either affordable rentals or additional  
15 shelter for overcrowded residences.

16           The legislature further finds that micro housing or tiny  
17 homes are a cost-effective way to address the housing shortage



1 in Hawaii because these homes make efficient use of scarce and  
2 expensive land. It is estimated that ten thousand homestead  
3 lots are suitable for tiny homes, and native Hawaiians could  
4 benefit from funding to construct tiny homes.

5 Furthermore, legalizing micro housing will help the  
6 department of Hawaiian home lands to achieve its objectives for  
7 socio-cultural advancement with regard to housing, as set forth  
8 in Act 349, Session Laws of Hawaii 1990, which proposes the  
9 addition of the following language to section 101 of the  
10 Hawaiian Homes Commission Act, 1920, as amended: "The Congress  
11 of the United States and the State of Hawaii declare that the  
12 policy of this Act is to enable native Hawaiians to return to  
13 their lands in order to fully support self-sufficiency for  
14 native Hawaiians and the self-determination of native  
15 Hawaiians . . . ."

16 The legislature further finds that the federal Community  
17 Development Financial Institutions Fund provides awards to  
18 organizations that make credit, capital, and other critical  
19 financial services available to disadvantaged businesses and  
20 low-income communities throughout the country. Several  
21 organizations in Hawaii are recipients of awards from various



1 Community Development Financial Institutions Fund programs and  
2 may be able to provide matching funds to assist in the  
3 construction of micro housing units for certain lessees of  
4 native Hawaiian trust lands managed by the department of  
5 Hawaiian home lands or to provide loan assistance to purchase or  
6 lease the micro housing units.

7 The purpose of this Act is to:

- 8 (1) Authorize the construction and use of micro housing  
9 units on Hawaiian home lands approved by the  
10 department of Hawaiian home lands and leased to  
11 individuals who meet the minimum Hawaiian blood  
12 quantum requirement pursuant to section 209 of the  
13 Hawaiian Homes Commission Act, 1920, as amended;
- 14 (2) Authorize the use of the Hawaiian home loan fund and  
15 Hawaiian home general loan fund for assistance in  
16 purchasing or renting micro housing units for use on  
17 Hawaiian home lands approved by the department of  
18 Hawaiian home lands and leased to native Hawaiian  
19 beneficiaries who meet the minimum blood quantum  
20 requirement; and



- 1 (3) Make an appropriation to the department of Hawaiian  
2 home lands to:
- 3 (A) Construct micro housing units, subject to certain  
4 conditions; and
- 5 (B) Building the general organizational capacity of  
6 native Hawaiian-controlled nonprofit housing  
7 developers.

8 SECTION 2. Chapter 107, Hawaii Revised Statutes, is  
9 amended by adding a new section to part II to be appropriately  
10 designated and to read as follows:

11 "§107- Micro housing units; exemptions. (a)  
12 Notwithstanding any county zoning laws to the contrary, the  
13 construction and use of micro housing units shall be allowed on  
14 Hawaiian home lands approved by the department of Hawaiian home  
15 lands and leased to individuals who meet the minimum Hawaiian  
16 blood quantum requirement pursuant to section 209 of the  
17 Hawaiian Homes Commission Act, 1920, as amended.

18 (b) For purposes of this section, "micro housing unit"  
19 means a dwelling unit with a total floor area of less than eight  
20 hundred square feet and that includes a bed, kitchen, kitchen  
21 sink, cooking and refrigeration appliances, and a partitioned-



1 off bathroom containing a toilet and a bathtub or shower.

2 "Micro housing unit includes an accessory dwelling unit."

3 SECTION 3. Section 214, Hawaii Homes Commission Act, 1920,  
4 as amended, is amended by amending subsection (a) to read as  
5 follows:

6 "(a) The department may make loans from revolving funds to  
7 any lessee or native Hawaiian to whom, or any cooperative  
8 association to which, a lease has been issued under section  
9 207(a) of this Act or a license has been issued under section  
10 207(c)(1)(B) of this Act. Such loans may be made for the  
11 following purposes:

12 (1) The repair or maintenance or purchase or erection of  
13 dwellings on any tract, and the undertaking of other  
14 permanent improvements thereon;

15 (2) The purchase of livestock, swine, poultry, fowl,  
16 aquaculture stock, and farm and aquaculture equipment;

17 (3) Otherwise assisting in the development of tracts and  
18 of farm, ranch, and aquaculture operations, including:

19 (A) The initial and on-going development,  
20 improvement, operation, and expansion of



- 1 homestead farms, ranches, and aquaculture  
2 enterprises;
- 3 (B) The liquidation of indebtedness incurred for any  
4 of the foregoing purposes relating to farm loans  
5 aged less than five years;
- 6 (C) The payment of normal and reasonable living  
7 expenses of a full-time farmer;
- 8 (D) The planning, layout, and installation of soil  
9 and water conservation practices; and
- 10 (E) Providing relief and rehabilitation to homestead  
11 farmers and ranchers due to damage by rain and  
12 windstorms, droughts, tidal wave, earthquake,  
13 volcanic eruption, and other natural  
14 catastrophes, and for livestock disease,  
15 epidemics, crop blights, and serious effects of  
16 prolonged shipping and dock strikes;
- 17 (4) The cost of breaking up, planting, and cultivating  
18 land and harvesting crops, the cost of excavating or  
19 constructing aquaculture ponds and tanks, the purchase  
20 of seeds, fertilizers, feeds, insecticides, medicines,  
21 and chemicals for disease and pest control for



1 animals, fish, shellfish, and crops, and the related  
2 supplies required for farm, ranch, and aquaculture  
3 operations, the erection of fences and other permanent  
4 improvements for farm, ranch, and aquaculture purposes  
5 and the expense of marketing; [~~and~~]

6 (5) To assist licensees in the operation or erection of  
7 theaters, garages, service stations, markets, stores,  
8 and other mercantile establishments, all of which  
9 shall be owned by native Hawaiians or by organizations  
10 formed and controlled by native Hawaiians[~~-~~]; and

11 (6) To provide loans to qualifying lessees for the  
12 purchase or lease of micro housing units for use on  
13 Hawaiian home lands; provided that:

14 (A) Each loan shall not exceed \$125,000; and

15 (B) The department of Hawaiian home lands shall  
16 determine the criteria to be met by lessees in  
17 order to qualify for loans pursuant to this  
18 paragraph, which shall include meeting the  
19 minimum Hawaiian blood quantum requirement  
20 pursuant to section 209 of the Hawaiian Homes  
21 Commission Act, 1920, as amended.



1                   For purposes of this paragraph, "micro housing  
2                   unit" means a dwelling unit with a total floor area of  
3                   less than eight hundred square feet and that includes  
4                   a bed, kitchen, kitchen sink, cooking and  
5                   refrigeration appliances, and a partitioned-off  
6                   bathroom containing a toilet and a bathtub or shower.  
7                   "Micro housing unit" includes an accessory dwelling  
8                   unit."

9           SECTION 4. There is appropriated out of the general  
10 revenues of the State of Hawaii the sum of \$                   or so much  
11 thereof as may be necessary for fiscal year 2018-2019 for the  
12 construction of micro housing units as defined in section  
13 107-   , Hawaii Revised Statutes, to be matched on a dollar-for-  
14 dollar basis by funds awarded through the Native Community  
15 Development Financial Institutions Program; provided that:

- 16           (1) The cost of construction of each micro housing unit
- 17                   shall not exceed \$125,000;
- 18           (2) A micro housing unit may be constructed on an existing
- 19                   homestead lot upon which a home already exists;
- 20                   provided that the micro housing unit shall be occupied





1 by another individual or family related to the  
 2 existing lessee; and  
 3 (3) Native community development financial institutions  
 4 participating pursuant to this section shall determine  
 5 the criteria for lessees to qualify for applicable  
 6 loans.

7 The sum appropriated shall be expended by the department of  
 8 Hawaiian home lands for the purposes of this Act.

9 SECTION 5. There is appropriated out of the general  
 10 revenues of the State of Hawaii the sum of \$ or so much  
 11 thereof as may be necessary for fiscal year 2018-2019 to build  
 12 the general organizational capacity of native Hawaiian-  
 13 controlled nonprofit housing developers; provided that each  
 14 nonprofit housing developer:

15 (1) Has a board of directors that consists of members who  
 16 are of at least fifty-one per cent native Hawaiian  
 17 ancestry; and

18 (2) Is able to demonstrate past experience developing  
 19 housing units on Hawaiian home lands.

20 The sum appropriated shall be expended by the department of  
 21 Hawaiian home lands for the purposes of this Act.



1 SECTION 6. The amendments made by this Act are declared to  
2 be severable, and if any of them, or the application thereof to  
3 any person or circumstances, is held ineffective because there  
4 is a requirement of having the consent of the United States to  
5 take effect, then that portion only shall take effect upon the  
6 granting of consent by the United States, and the effectiveness  
7 of the remainder of these legislative amendments or the  
8 application thereof shall not be affected.

9 SECTION 7. Statutory material to be repealed is bracketed  
10 and stricken. New statutory material is underscored.

11 SECTION 8. This Act shall take effect on July 1, 2050;  
12 provided that section 3 shall take effect with the consent of  
13 the United States Congress.



**Report Title:**

DHHL; HHFDC; Micro Housing; Tiny Homes; Appropriation

**Description:**

Authorizes the construction and use of micro housing units on Hawaiian home lands approved by the Department of Hawaiian Home Lands, and leased to native Hawaiian beneficiaries who meet the minimum Hawaiian blood quantum requirement, notwithstanding county zoning laws. Authorizes the use of the Hawaiian home loan fund and Hawaiian home general loan fund for assistance in purchasing or renting micro housing units for use on approved Hawaiian home lands and leased to beneficiaries who meet the minimum Hawaiian blood quantum requirement. Makes appropriations to the Department of Hawaiian Home Lands for construction of micro housing units, subject to certain conditions, and to build general organizational capacity of native Hawaiian-controlled nonprofit housing developers. Effective 7/1/2050. (SD2)

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

