

JAN 19 2018

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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 the department of  
2 Hawaiian home lands produced no new housing units during the  
3 fiscal year ending June 30, 2017, and closed out the year with  
4 \$30,000,000 in unspent federal housing funds. The number of  
5 eligible beneficiaries awaiting residential leases totals more  
6 than twenty-two thousand individuals statewide, with roughly  
7 half of the wait list applicants on Oahu.

8           The legislature further finds that the department of  
9 Hawaiian home lands has historically lagged terribly behind in  
10 addressing its wait list of native Hawaiian beneficiaries. The  
11 Hawaiian Homes Commission Act, 1920, as amended, requires the  
12 department of Hawaiian home lands to provide houses as well as  
13 leases of land. Section 101 of the Hawaiian Homes Commission  
14 Act of 1920 states in pertinent part as follows:

15           (b) The principal purposes of this Act include  
16 but are not limited to:

17           (1) Establishing a permanent land base for the  
18 benefit and use of native Hawaiians, upon  
19 which they may live, farm, ranch, and



1 otherwise engage in commercial or industrial  
2 or any other activities as authorized in  
3 this Act;

4 (2) Placing native Hawaiians on the lands set  
5 aside under this Act in a prompt and  
6 efficient manner and assuring long-term  
7 tenancy to beneficiaries of this Act and  
8 their successors . . . (Emphasis added)  
9

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



1           The legislature further finds that micro housing or tiny  
2 homes are a cost-effective way to address the housing shortage  
3 in Hawaii because these homes make efficient use of scarce and  
4 expensive land. It is estimated that ten thousand homestead  
5 lots are suitable for tiny homes, and native Hawaiians could  
6 benefit from funding to construct tiny homes.

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

18           The Hawaii housing finance and development corporation is  
19 the State's premier housing finance and development agency with  
20 a mission to increase and preserve the supply of workforce and  
21 affordable housing statewide by providing leadership, tools, and



1 resources to facilitate housing development. Housing finance  
2 and development agencies across the nation, including such  
3 agencies in Arizona and California, have tribal set-aside  
4 programs to provide leadership, tools, and resources to  
5 facilitate housing development specifically on native trust  
6 lands as a strategy to address the high need for affordable  
7 housing among their native peoples.

8       The legislature further finds that the federal Community  
9 Development Financial Institutions Fund provides awards to  
10 organizations that make credit, capital, and other critical  
11 financial services available to disadvantaged businesses and  
12 low-income communities throughout the country. Several  
13 organizations in Hawaii are recipients of awards from various  
14 Community Development Financial Institutions Fund programs and  
15 may be able to provide matching funds to assist in the  
16 construction of micro housing units for certain lessees of  
17 native Hawaiian trust lands managed by the department of  
18 Hawaiian home lands or to provide loan assistance to purchase or  
19 lease the micro housing units.

20       The purpose of this Act is to:



- 1           (1) Authorize the construction and use of micro housing  
2           units on Hawaiian home lands managed by the department  
3           of Hawaiian home lands;
- 4           (2) Authorize the use of the Hawaiian home loan fund and  
5           Hawaiian home general loan fund for assistance in  
6           purchasing or renting micro housing units for use on  
7           Hawaiian home lands managed by the department of  
8           Hawaiian home lands and leased to native Hawaiian  
9           beneficiaries; and
- 10          (3) Make an appropriation to the Hawaii housing finance  
11          and development corporation to:
  - 12           (A) Construct micro housing units, subject to certain  
13           conditions; and
  - 14           (B) Building the general organizational capacity of  
15           native Hawaiian-controlled nonprofit housing  
16           developers.

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

20           "§107-    Micro housing; exemptions.    (a) Notwithstanding  
21 any county zoning laws, permit provisions, or building code



1 provisions to the contrary, the construction and use of micro  
2 housing units on Hawaiian home lands managed by the department  
3 of Hawaiian home lands and leased to native Hawaiian  
4 beneficiaries shall be allowed.

5 (b) For purposes of this section, "micro housing unit"  
6 means a dwelling unit with a total floor area of less than eight  
7 hundred square feet, including a bed, kitchen, kitchen sink,  
8 cooking and refrigeration appliance, and a partitioned off  
9 bathroom containing a toilet and a bathtub or shower."

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

13 "(a) The department may make loans from revolving funds to  
14 any lessee or native Hawaiian to whom, or any cooperative  
15 association to which, a lease has been issued under section  
16 207(a) of this Act or a license has been issued under section  
17 207(c)(1)(B) of this Act. Such loans may be made for the  
18 following purposes:

19 (1) The repair or maintenance or purchase or erection of  
20 dwellings on any tract, and the undertaking of other  
21 permanent improvements thereon;



# S.B. NO. 2424

- 1           (2) The purchase of livestock, swine, poultry, fowl,  
2           aquaculture stock, and farm and aquaculture equipment;
- 3           (3) Otherwise assisting in the development of tracts and  
4           of farm, ranch, and aquaculture operations, including:
- 5           (A) The initial and on-going development,  
6           improvement, operation, and expansion of  
7           homestead farms, ranches, and aquaculture  
8           enterprises;
- 9           (B) The liquidation of indebtedness incurred for any  
10           of the foregoing purposes relating to farm loans  
11           aged less than five years;
- 12           (C) The payment of normal and reasonable living  
13           expenses of a full-time farmer;
- 14           (D) The planning, layout, and installation of soil  
15           and water conservation practices; and
- 16           (E) Providing relief and rehabilitation to homestead  
17           farmers and ranchers due to damage by rain and  
18           windstorms, droughts, tidal wave, earthquake,  
19           volcanic eruption, and other natural  
20           catastrophes, and for livestock disease,



1            epidemics, crop blights, and serious effects of  
2            prolonged shipping and dock strikes;

3        (4) The cost of breaking up, planting, and cultivating  
4            land and harvesting crops, the cost of excavating or  
5            constructing aquaculture ponds and tanks, the purchase  
6            of seeds, fertilizers, feeds, insecticides, medicines,  
7            and chemicals for disease and pest control for  
8            animals, fish, shellfish, and crops, and the related  
9            supplies required for farm, ranch, and aquaculture  
10           operations, the erection of fences and other permanent  
11           improvements for farm, ranch, and aquaculture purposes  
12           and the expense of marketing; [and]

13        (5) To assist licensees in the operation or erection of  
14            theaters, garages, service stations, markets, stores,  
15            and other mercantile establishments, all of which  
16            shall be owned by native Hawaiians or by organizations  
17            formed and controlled by native Hawaiians[-]; and

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

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





1           (B) The department of Hawaiian home lands shall  
 2           determine the criteria for lessees to meet in  
 3           order to qualify for loans pursuant to this  
 4           paragraph; and

5           (C) For purposes of this paragraph, "micro housing  
 6           unit" means a dwelling unit with a total floor  
 7           area of less than eight hundred square feet,  
 8           including a bed, kitchen, kitchen sink, cooking  
 9           and refrigeration appliance, and a partitioned  
 10          off bathroom containing a toilet and a bathtub or  
 11          shower. "Micro housing unit" includes an  
 12          accessory dwelling unit."

13           SECTION 4. There is appropriated out of the general  
 14 revenues of the State of Hawaii the sum of \$5,000,000 or so much  
 15 thereof as may be necessary for fiscal year 2018-2019 for the  
 16 construction of micro housing units as defined in section  
 17 107- , Hawaii Revised Statutes, to be matched on a dollar-for-  
 18 dollar basis by funds awarded through the Native Community  
 19 Development Financial Institutions Program; provided that:

- 20           (1) The cost of construction of each micro housing unit
- 21           shall not exceed \$125,000;



1           (2) A micro housing unit may be constructed on an existing  
2           homestead lot upon which a home already exists only if  
3           the micro housing unit is to be occupied by another  
4           individual or family related to the existing lessee;  
5           and

6           (3) Awarded Native Community Development Financial  
7           Institutions shall determine the criteria for lessees  
8           to qualify for loans pursuant to this paragraph.

9           SECTION 5. There is appropriated out of the general  
10          revenues of the State of Hawaii the sum of \$1,000,000 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 the  
14          nonprofit developers:

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

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



# S.B. NO. 2424

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 6. Statutory material to be repealed is bracketed  
 5 and stricken. New statutory material is underscored.

6           SECTION 7. This Act shall take effect on July 1, 2018;  
 7 provided that section 3 shall take effect with the consent of  
 8 the United States Congress.

9

INTRODUCED BY:

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# S.B. NO. 2424

**Report Title:**

Department of Hawaiian Home Lands; Hawaii Housing Finance and Development Corporation; Micro Housing; Tiny Homes; Appropriation

**Description:**

Authorizes the construction and use of micro housing units on Hawaiian home lands managed by DHHL, notwithstanding zoning laws, permit provisions, and building codes. Authorizes the use of the Hawaiian home loan fund and Hawaiian home general fund for assistance in purchasing or renting micro housing units for use on Hawaiian home lands managed by DHHL and leased to beneficiaries. Makes an appropriation to the Hawaii housing finance and development corporation for construction of micro housing units, subject to certain conditions, and to build general organizational capacity of native Hawaiian-controlled nonprofit housing developers.

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