

July 10, 2026

MEMO TO: David Raatz, Director of Council Services

F R O M: James Krueger, Senior Legislative Analyst *JJK*

SUBJECT: **WEBINAR BY THE AMERICAN PLANNING ASSOCIATION
HAWAI'I CHAPTER: "2026 LEGISLATIVE HOUSING RECAP, AND
WHERE WE GO FROM HERE"** (PAF 25-010(30))

This report summarizes the one-hour webinar entitled "2026 Legislative Housing Recap, and Where We Go From Here," on June 10, 2026, hosted by the American Planning Association Hawai'i Chapter. The presenter was Lee Wang, the Executive Director of Housing Hawai'i's Future, which is described on its website as "a movement led by young locals who will create opportunities for Hawai'i's next generation by ending the workforce housing shortage."

Mr. Wang reviewed the bills passed in the Hawai'i State Legislature's 2026 Session that were Housing Hawai'i's Future priorities and are significant housing policy improvements. He also reviewed other passed housing-related bills and bills that Housing Hawai'i's Future advocated for but did not pass.

Significant bills

Mr. Wang identified two major housing-related bills that passed:

1. SB2552, SD1, HD1, CD1, RELATING TO THE INDIVIDUAL HOUSING ACCOUNT PROGRAM.

SB 2552 updates how Individual Housing Accounts work starting January 1, 2027. IHAs are accounts a person can deposit funds into that are exempt from State income taxes if they are used for a home down payment. A person is limited to depositing \$5,000 a year for up to five years. SB 2552 increases the deposit limit to \$20,000 a year for up to 10 years

Mr. Wang noted that IHAs were established several decades ago but fell out of favor as housing prices increased. The updated caps in SB 2552 make IHAs more realistically useful for homebuyers today.

This bill has been approved by Governor Green.

2. HB1740, HD2, SD2, CD1, RELATING TO THE HAWAII HOUSING FINANCE AND DEVELOPMENT CORPORATION.

HB 1740 amends Chapter 201H, Hawai'i Revised Statutes, to allow residents who own a majority interest in no more than one residential property to still qualify for Hawai'i Housing Finance and Development Corporation projects if the property is sold within two years. It also removes the requirement for residents to show financial viability to qualify for projects. Finally, the bill allows certain HHFDC-developed projects to qualify for exemptions from State and county laws without income requirements if it meets certain conditions.

As construction costs rise, 201H projects are becoming more difficult to finance. HB 1740 is intended to make more projects possible and increase potential unit buyers. For example, current homeowners wanting to upgrade from starter homes or apartments can consider buying units. These purchasers must also sell their old homes, which ensures other housing likely suited for first-time buyers enters the market.

This bill has also been approved by Governor Green.

Other bills

Mr. Wang reviewed several other passed bills with implications for housing, including the following:

1. HB 1741, HD2, SD1, CD1, RELATING TO HOUSING.

HB 1741 makes any county inclusionary mandate, which is "any county requirement that a development provide or fund below-market-rate dwelling units on site or off site, pay an in-lieu fee, dedicate land, or comply with equivalent exactions tied to permits, approvals, or development agreements," a form of development exaction that will be considered a housing affordability impact fee.

Starting July 1, 2029, no county inclusionary mandate can be adopted or amended unless a needs assessment evaluating the proposed mandate that shows it supports and does not suppress

housing production. Similarly, existing mandates cannot be enforced on projects whose applications are considered complete on or after July 1, 2029, unless a needs assessment is completed.

This bill has been approved by Governor Green.

2. SB 2544, SD2, HD1, CD1, RELATING TO HOUSING.

SB 2544 creates a 5-year pilot program under HHFDC that is similar to the BC Builds program in British Columbia, Canada. The pilot program is supposed to streamline projects and reduce their timelines from 3 to 6 years to 1 to 1.5 years. Each county will have one project conducted under this pilot program.

This bill has also been approved by Governor Green.

3. SB 3219, HD3, CD1, PROPOSING AMENDMENTS TO ARTICLE VII, SECTIONS 12 AND 13, OF THE HAWAII STATE CONSTITUTION; and SB 3218, SD2, HD2, CD1, RELATING TO BONDS

SB 3219 proposes to amend the Hawaii State Constitution to authorize the Legislature to pass laws letting the counties issue resilient infrastructure for shelter and equity, or RISE, bonds, which would be financed through incremental real property tax revenues from designated districts. SB 3218 is a companion bill to authorize the counties to issue the bonds if the constitutional amendment prevails.

The RISE bonds are envisioned as an additional tool for counties to fund the infrastructure improvements needed to support additional housing.

This bill is pending Governor Green's approval.

Missed opportunities

Finally, Mr. Wang discussed bills Housing Hawai'i's Future advocated for but did not pass this session, including:

1. HB 1919, HD3, RELATING TO DEVELOPMENT STANDARDS.

HB 1919 would have prevented counties from setting minimum parking mandates for various properties, including affordable housing.

Parking mandates may add costs to housing projects that aren't necessary. Removing the requirements empowers communities to decide what their parking needs are. Mr. Wang noted that while local residents often prefer having cars, he thought that the perspective could shift as public transit improves, especially in Honolulu with its Skyline metro rail system.

2. HB 2606, HD2, SD1, RELATING TO OFF-SITE CONSTRUCTION.

HB 2606 would have created under the State Building Code Council an Off-Site Construction Working Group that would develop proposals for an off-site construction program.

Off-site construction continues to be brought up as an option for housing construction, and while this bill did not pass this session, Mr. Wang felt the issue would need to be dealt with soon.

Conclusion

In his final thought on the session, Mr. Wang said while it was not a major year for housing policy improvements, the session provided insight on what legislators may want to pursue in future years. He expects out of everything that passed, the RISE bonds and the various inclusionary zoning reforms may have the most impact on housing moving forward.

Mr. Wang's presentation, which lists the other bills that were discussed, is attached.

Thank you for the opportunity to attend this webinar. If you have questions or would like more information, please contact me at ext. 7761.

Taking Stock of 2026

New State Housing Laws

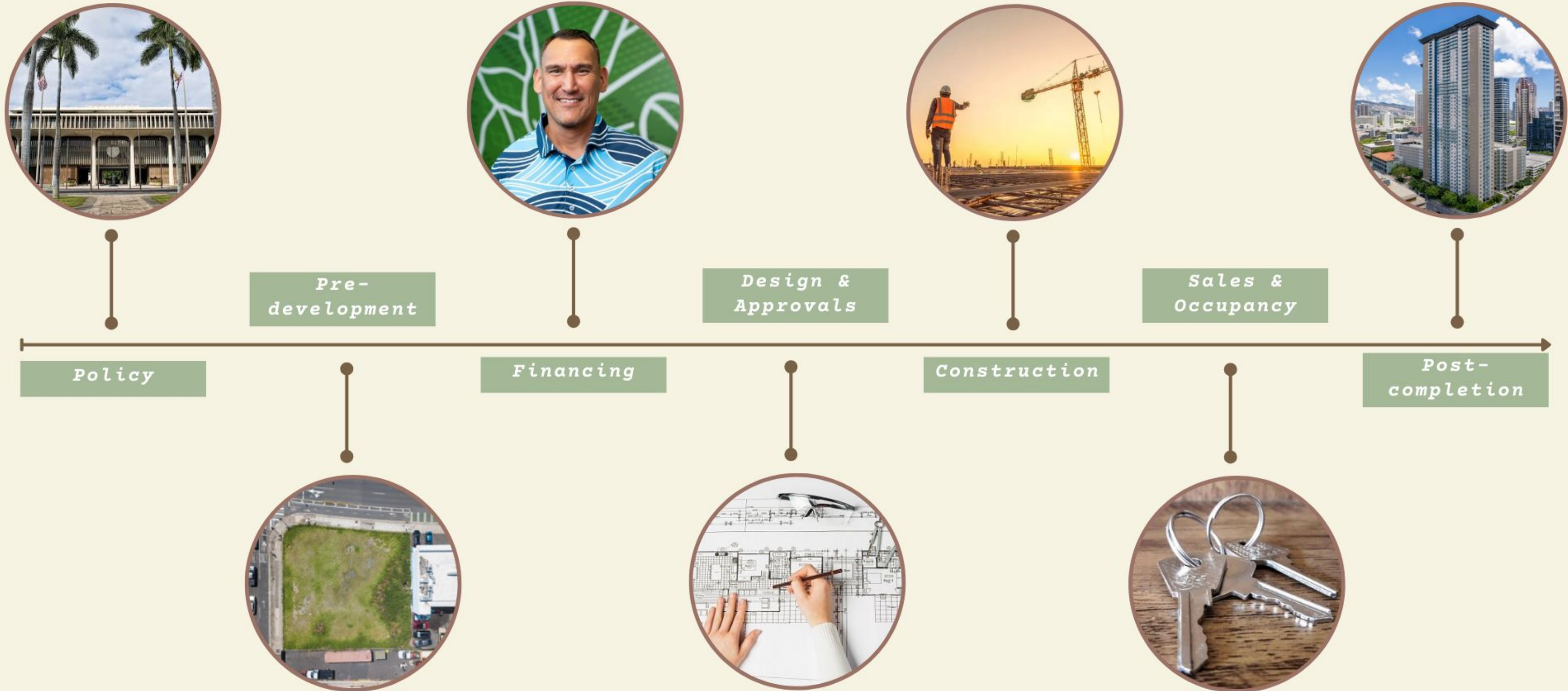
June APA Lunch and Learn

June 2026



DEVELOPMENT OF WORKFORCE HOUSING

THE  WAY





What Policy Involves:

- Identifying housing needs
- Introducing supportive policies via regulatory frameworks
- Obtaining support/consensus from stakeholders

POLICY

Points of Friction

- Differences in solution and political will
- Budget constraints, efficiency of allocation
- Knowledge gap - concept vs. application

What Moved in 2026?



HHF Priority Wins:

- SB2552: Individual Housing Accounts
- HB1740: Inclusionary zoning reform

Big Areas of Progress

- Homeownership
- County housing tools
- Infrastructure financing
- Permitting reform
- Affordable housing production

Check out HHF's Summary of the 2026 Legislative Session [here](#).

HHF's Big Wins



Senate Bill 2552: INDIVIDUAL HOUSING ACCOUNTS

Re-establishes a long-dormant homeownership tool. Financial institutions now need to step forward and offer IHA accounts.

[IHA Program Website](#)

House Bill 1740: INCLUSIONARY ZONING REFORM

Makes it easier for qualified residents to move through Hawai'i's housing ladder. Affordable housing rules should help residents qualify, not trap them.

County Housing Tools



HB2385 – Streamlined GET Exemptions

Allows HHFDC to approve GET exemptions for county housing incentive projects. The goal is to reduce bureaucratic delays and lower project costs.

HB1718 – County Public-Private Partnerships

Gives counties more authority to help develop, finance, refinance, and support mixed-use and affordable housing projects. Especially useful for county housing agencies partnering with builders on public land.

HB1741 – Inclusionary Zoning Cost Reform

Requires counties to make inclusionary zoning requirements measurable, fair, and proportional. Ensures excessive affordable housing requirements are matched with county-provided incentives.

Expanding Construction Tools



SB2060 – RHRF Prioritization

Updates the Rental Housing Revolving Fund to prioritize projects with perpetual affordability, revenue neutrality, and strong repayment records. Focuses state resources on projects committed to long-term local affordability.

SB2544 – Hawai‘i Builds Pilot Program

Creates a Hawai‘i Builds pilot program modeled on British Columbia’s BC Builds. At least one project in each county will receive special attention on financing, land acquisition, and permitting.

SB2061 – 99-Year Leasehold Reform

Revises the 99-year leasehold program under HCDA. Requires at least 60% income-restricted units and bars those units from becoming rentals.

Ownership Opportunities



SB2069 – DURF Equity Pilot

Extends the DURF Equity Pilot Program. Allows qualified residents to buy homes at lower cost while HHFDC retains part of the home's value.

HB2270 – Down Payment Assistance

Loosens the state's Down Payment Loan Assistance Program. Reduces the buyer contribution requirement from 5% to up to 3%.

HB1711 – Rent-to-Own Flexibility

Updates the state Rent-to-Own Program. Gives HHFDC more flexibility to help renters convert their units into ownership.

Infrastructure Needs



HB1618 – Cesspool Conversion Revolving Loan Fund

Creates a revolving loan fund for cesspool conversions. Current funding is limited, mainly supporting one staff position at HGIA.

HB1728 – Rainwater Catchment Systems

Preempts county restrictions on catchment systems. Counties must allow potable and nonpotable rainwater catchment systems on all properties.

SB3219/SB3218 – RISE Constitutional Amendment & Enabling Legislation

Places the tax-increment financing debate before voters in November 2026. Frames TIF as Resilient Infrastructure for Shelter and Equity, or RISE Bonds. Accompanying measure makes technical changes needed to support RISE/TIF implementation.

HCDA District Expansion



SB2001 – Banyan Court Community Development District

Creates a new HCDA district for the Banyan Court area of Hilo. Gives the state new tools to address infrastructure and redevelopment needs.

SB2599 – Hālawā Community Development District

Creates a new HCDA district for Hālawā, specifically in the context of efforts to re-develop Aloha Stadium. Supports long-term planning around infrastructure, redevelopment, and housing.

Permitting & Zoning Reform



SB2671 – County Permitting Workforce Pilot

Allows mayors to create incentive programs for permitting staff.

Focuses on speed, accountability, quality, staffing, and interdepartmental competition.

SB2673 – Statewide Permitting Data Standard

Requires counties to submit monthly permitting data in a standard format.

Creates better transparency around building and civil engineering permit timelines.

HB1713 – School Impact Fee Reform

Prevents school impact fees from increasing housing costs for certain smaller projects. Builds on zoning reforms from the prior session.

Missed Opportunities



HB1919 – **Parking Reform:** A major missed opportunity to remove arbitrary mandates from future housing construction projects. The bill sparked one of the session's most contentious housing debates.

HB2606 – **Off-Site Construction:** Would have created a State Building Code Council working group on off-site construction. Stalled late in session.

HB1725 – **Building Code Cycle Reform:** Would have shifted the building code update cycle from three years to six years. Its failure means further work is needed to rethink SBCC's role.

SB3028 – **DHHL Infrastructure Funding:** Would have created a permanent revenue source for DHHL infrastructure through conveyance tax revenue. Stalled in the final hours of session.

What Comes Next?



- **Implementation Phase:** Passed bills now require follow-through from the Governor, agencies, counties, financial institutions, and housing partners.
- **Ballot Phase:** The RISE/TIF constitutional amendment head to voters in November 2026.
- **Off-Session Work:** Stalled ideas like parking reform, off-site construction, and building code reform will need to be retooled for future sessions. The **SPEED Task Force** will facilitate many of these conversations.



Will you **join us** in fighting for sound policy that ends Hawai'i's housing shortage?



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