

1 commercial, industrial, hotel, and resort classes of
2 public lands to determine:

- 3 (A) Specific use or uses;
- 4 (B) Minimum size of parcels;
- 5 (C) Required building construction or improvements;
- 6 and
- 7 (D) Lease terms and requirements.

8 (b) The purpose of this Act is to establish a ten-year
9 pilot project for the redevelopment of the Kanoelehua industrial
10 area and Banyan drive region and establish and implement
11 guidelines for the redevelopment of the Kanoelehua industrial
12 area and Banyan drive region that will:

- 13 (1) Define the policies for the management of public lands
14 in the designated area;
- 15 (2) Establish a plan for the designated area, including
16 district-wide improvements, that is coordinated with
17 state and county land use and planning policies; and
- 18 (3) Implement asset and property management concepts that
19 can optimize income from the properties and evolve in



1 response to changing principles of property
2 administration.

3 SECTION 2. Definitions. As used in this Act, unless the
4 context indicates otherwise:

5 "Department" means the department of land and natural
6 resources.

7 "Board" means the board of land and natural resources.

8 "Planning committee" or "committee" means the policy-making
9 committee established for the redevelopment district.

10 "Public facilities" include streets and highways, storm
11 drainage systems, water systems, street lighting systems, off-
12 street parking facilities, and sanitary sewerage systems.

13 "Redevelopment district" or "designated district" means the
14 area of public lands designated for redevelopment within the
15 Kanoelehua industrial area and Banyan drive region.

16 SECTION 3. Redevelopment district pilot project;
17 Kanoelehua industrial area and Banyan drive region; established.
18 The Kanoelehua industrial area and Banyan drive region shall be
19 established as a redevelopment district until June 30, 2028.



1 SECTION 4. Planning committee; district administrator;
2 repeal. (a) A planning committee for the redevelopment
3 district shall be established and placed in the department for
4 administrative purposes.

5 (b) The committee shall be a policy-making committee for
6 the designated district and shall consist of nine members. The
7 members shall consist of:

8 (1) The chairperson of the board of land and natural
9 resources and the director of planning of the county
10 in which the designated district is located, or their
11 designated representatives who shall be ex-officio,
12 voting members of the committee; and

13 (2) Seven public, voting members appointed by the governor
14 pursuant to section 26-34, Hawaii Revised Statutes;
15 provided that of the members appointed pursuant to
16 this paragraph:

17 (A) Three members shall be selected from a list of
18 six names submitted by the president of the
19 senate and speaker of the house of
20 representatives in collaboration with the



1 legislators from the county in which the
2 designated district is located and two members
3 shall be selected from a list of four names
4 submitted by the mayor of the county in which the
5 designated district is located;

6 (B) The seven members shall be selected on the basis
7 of their knowledge, experience, and expertise in:

- 8 (i) Management of small or large businesses;
- 9 (ii) Economics, banking, investment, or finance;
- 10 (iii) Real estate development or management;
- 11 (iv) Cultural or recreational matters;
- 12 (v) Marketing; or
- 13 (vi) Hotel and resort management; and

14 (C) All seven members shall be residents of the
15 county of Hawaii.

16 (c) The committee shall elect its chairperson from among
17 its public, voting members.

18 (d) The members of the committee shall serve without
19 compensation but shall be reimbursed for reasonable expenses,



1 including travel expenses, incurred in the performance of their
2 duties.

3 (e) The committee shall appoint a district administrator,
4 who shall be the chief executive officer for the designated
5 district. The district administrator shall have experience and
6 expertise in engineering, planning, architecture, real estate,
7 or law. The committee shall set the district administrator's
8 duties, responsibilities, holidays, vacations, leaves, hours of
9 work, and working conditions. The committee shall set the
10 salary of the district administrator, who shall serve at the
11 pleasure of the committee and shall be exempt from chapter 76,
12 Hawaii Revised Statutes.

13 (f) The committee shall be dissolved on June 30, 2028.

14 SECTION 5. Planning committee; powers and duties;
15 generally. The committee shall have the powers and duties
16 related to its functions in the designated district that are
17 delegated to the committee by the board. In addition, the
18 committee may:

19 (1) Through its district administrator, appoint staff and
20 employees, prescribe their duties and qualifications,



- 1 and fix their salaries, without regard to chapter 76,
2 Hawaii Revised Statutes;
- 3 (2) Through its district administrator, allocate space or
4 spaces that are to be occupied by the committee and
5 appropriate staff, and purchase necessary supplies,
6 equipment, or furniture;
- 7 (3) Prepare a redevelopment plan for the designated
8 district and consider any plans established by any
9 existing redevelopment agency established under
10 chapter 53, Hawaii Revised Statutes;
- 11 (4) Notwithstanding any other law to the contrary, renew
12 or renegotiate with the current lessee of any public
13 land lease in connection with any project contained in
14 the redevelopment plan for the designated district, on
15 terms and conditions as the committee deems advisable;
- 16 (5) Prepare or cause to be prepared plans, design
17 criteria, landscaping, and estimates of costs for the
18 construction, rehabilitation, or repair of any project
19 contained in the redevelopment plan for the designated



- 1 district, and from time to time to modify the plans or
2 estimates;
- 3 (6) Conduct studies in conjunction with county and state
4 agencies, to include third party studies coordinated
5 with county and state agencies, necessary to determine
6 the appropriate activities for redevelopment in the
7 designated district;
- 8 (7) Reduce or waive the lease rental on any lease of
9 public land for any project in the designated district
10 that requires substantial improvements; provided that
11 the reduction or waiver shall not exceed one year in
12 duration;
- 13 (8) Make and execute all contracts and instruments that
14 are necessary for the exercise of the committee's
15 powers and functions relating to the designated
16 district, including the engaging of the services of
17 consultants for the rendering of professional and
18 technical assistance and advice;
- 19 (9) Enter into a redevelopment agreement with a developer
20 or developers for any project contained in the



1 redevelopment plan; provided that the redevelopment
2 agreement shall contain:

- 3 (A) The location, area, and size of the parcel to be
4 redeveloped;
- 5 (B) The use or uses to which the parcel shall be put
6 in conformance with the redevelopment plan, and
7 with applicable state and county laws and
8 ordinances;
- 9 (C) The period of time for the construction and
10 completion of the redevelopment; and
- 11 (D) Other terms and conditions that the committee
12 deems necessary;

13 provided that where the contract for a construction
14 project exceeds \$200,000, the redevelopment agreement
15 shall require the developer or developers or their
16 contractors or subcontractors to pay craft employees
17 not less than the prevailing wage rates subject to
18 chapter 104, Hawaii Revised Statutes, and this
19 prevailing wage requirement shall be stated in the
20 redevelopment agreement, which shall be filed with the



1 committee; and provided further that the developer or
2 developers shall submit weekly certified payrolls to
3 the committee;

4 (10) Work closely and communicate with the county
5 government to coordinate the execution of the
6 designated district's planning, incremental projects,
7 work schedules, public works, and budget; and

8 (11) Do any and all things necessary to carry out the
9 committee's purposes and exercise the powers
10 established pursuant to this Act.

11 SECTION 6. District redevelopment plan. (a) The
12 committee shall prepare a redevelopment plan for the designated
13 district, including district development policies, the district
14 improvement program, necessary public facilities, and the
15 development guidelines and rules for the designated district.
16 In carrying out its planning activities, the committee shall
17 comply with applicable state and county statutes, ordinances,
18 and rules. The committee shall liaise with any existing
19 redevelopment authority established by chapter 53, Hawaii
20 Revised Statutes, in preparing and implementing the plan.



1 (b) The committee shall prepare a redevelopment plan for
2 the designated district that:

3 (1) Establishes, if applicable, areas principally for:

4 (A) Commercial activities;

5 (B) Processing, construction, manufacturing,
6 transportation, wholesaling, storage, and similar
7 industrial activities;

8 (C) Resort and hotel activities, including uses that
9 provide facilities and services for visitors; or

10 (D) Public facilities and recreational facilities,
11 with detailed standards for height, bulk, size,
12 and location of buildings;

13 (2) Includes a district-wide improvement program for
14 necessary district-wide public facilities within the
15 designated district;

16 (3) Includes plans, specifications, and estimates of the
17 costs for the development, construction,
18 reconstruction, or improvement of any project in the
19 designated district; provided that the committee may



1 from time to time modify the plans, specifications, or
2 estimates;

3 (4) If possible, identifies specific uses for areas in the
4 designated district and the required parceling of land
5 into minimum size areas related to the specific uses;

6 (5) Determines the lease rental that should be established
7 for the specific uses and the terms and conditions of
8 the leases; and

9 (6) Establishes interim development controls to be
10 implemented during the transition to the execution of
11 the provisions of the redevelopment plan, such as
12 recommending the holdover of a lessee pursuant to
13 section 171-40, Hawaii Revised Statutes, or issuance
14 of permits pursuant to section 171-55, Hawaii Revised
15 Statutes, to existing lessees upon the expiration of
16 their lease terms.

17 (c) The district redevelopment plan may provide for the
18 withdrawal or taking for public purposes of the public land or
19 portion of the public land under a lease. The rental shall be
20 reduced in proportion to the value of the portion of the



1 premises condemned, and the lessee shall be entitled to receive
2 the proportionate value of the permanent improvements legally
3 made to or constructed upon the land by the lessee taken in the
4 proportion that it bears to the unexpired term of the lease.

5 (d) The committee shall hold annual public hearings on a
6 proposed redevelopment plan for the designated district, and
7 shall consider the comments received and incorporate any
8 revisions to the plan that may be necessary.

9 (e) Two years after the date the committee is established,
10 the committee shall submit a report to the board with the
11 redevelopment plan recommended by the committee along with
12 recommendations for appropriations by the legislature, the
13 authorization of bonds, or both, to implement the redevelopment
14 plan in a timely manner. The board shall submit the report to
15 the governor and the legislature, not later than twenty days
16 prior to the convening of the 2020 regular session, with a
17 request for the required appropriations, bond authorization, or
18 both.

19 (f) The designated district redevelopment plan shall
20 supersede all other inconsistent ordinances and rules relating



1 to the use, planning, development, and construction on public
2 land in the designated district.

3 SECTION 7. Transfer of documents and property. (a) Upon
4 the repeal of this Act, all leases, contracts, agreements,
5 permits, or other documents executed or entered into, by or on
6 behalf of the redevelopment district planning committee shall
7 remain in full force and effect and shall be administered by the
8 department of land and natural resources.

9 (b) Upon the repeal of this Act, all appropriations,
10 records, equipment, machines, files, supplies, contracts, books,
11 papers, documents, maps, and other personal property held by the
12 redevelopment district planning committee shall be transferred
13 to the department of land and natural resources.

14 SECTION 8. There is appropriated out of the special land
15 and development fund the sum of \$ or so much thereof as
16 may be necessary for fiscal year 2018-2019 to carry out the
17 purposes of this Act.

18 The sum appropriated shall be expended by the department of
19 land and natural resources for the purposes of this Act.



PART II

SECTION 9. Section 171-36, Hawaii Revised Statutes, is amended as follows:

1. By amending subsection (b) to read:

"(b) The board, from time to time, upon the issuance or during the term of any intensive agricultural, aquaculture, commercial, mariculture, special livestock, pasture, hotel, resort, or industrial lease, may:

(1) Modify or eliminate any of the restrictions specified in subsection (a);

(2) Extend or modify the fixed rental period or the term of the lease~~[; provided that the aggregate of the initial term and any extension granted shall not exceed sixty five years;]~~ upon approval by the board of a development agreement proposed by the lessee to make substantial improvements to the existing improvements or to construct new improvements; provided that the remaining term of the lease and the extension granted shall not exceed sixty-five years;

or



1 (3) Extend the term and modify any provisions of the
2 lease,
3 to the extent necessary to qualify the lease for mortgage
4 lending or guaranty purposes with any federal mortgage lending
5 agency[~~7~~]; to qualify the lessee for any state or private
6 lending institution loan, private loan guaranteed by the State,
7 or any loan in which the State and any private lender
8 participates[~~7~~]; or to amortize the cost of substantial
9 improvements to the demised premises that are paid for by the
10 lessee without institutional financing[~~7~~such]. An extension
11 [being] of the fixed rental period or term of the lease shall be
12 based on the economic life of the improvements as determined by
13 the board or an independent appraiser; provided that the
14 approval of any extension shall be subject to the following:

15 (1) The demised premises have been used substantially for
16 the purpose for which they were originally leased;

17 [~~2) The aggregate of the initial term and any extension~~
18 ~~granted shall not be for more than sixty five years;~~]

19 (2) The length of the extension granted for the lease or
20 the fixed rental period of the lease shall not extend



1 the fixed rental period of the original lease by more
2 than thirty-nine years;

3 (3) [~~In the event of~~] If a reopening[7] occurs, the rental
4 for any ensuing period shall be the fair market rental
5 as determined under subsection 171-17(d) at the time
6 of reopening;

7 (4) Any federal or private lending institution shall be
8 qualified to do business in the State;

9 (5) Proceeds of any mortgage or loan shall be used solely
10 for the operations or improvements on the demised
11 premises;

12 (6) Where improvements are financed by the lessee, the
13 lessee shall submit receipts of expenditures within a
14 time period specified by the board, otherwise the
15 lease extension shall be canceled; and

16 (7) The rules of the board, setting forth any additional
17 terms and conditions, which shall ensure and promote
18 the purposes of the demised lands."

19 2. By amending subsections (d) and (e) to read:



1 "(d) The board, from time to time, during the term of any
2 agriculture, intensive agriculture, aquaculture, commercial,
3 mariculture, special livestock, pasture, hotel, resort, or
4 industrial lease, may modify or eliminate any of the
5 [†]restrictions[†] specified in subsection (a), extend or modify
6 the fixed rental period of the lease, or extend the term of the
7 lease upon a showing of significant economic hardship directly
8 caused by:

- 9 (1) State disaster, pursuant to chapter 209, including
10 seismic or tidal wave, tsunami, hurricane, volcanic
11 eruption, typhoon, earthquake, flood, or severe
12 drought; or
- 13 (2) A taking of a portion of the area of the lease by
14 government action by eminent domain, withdrawal, or
15 conservation easement; provided that the portion taken
16 shall not be less than ten per cent of the entire
17 leased area unless otherwise approved by the board;
18 and provided that the board determines that the lessee
19 will not be adequately compensated pursuant to the
20 lease provisions.



1 (e) The approval of any extension granted pursuant to
2 subsection (d) shall be subject to the following:

3 (1) The demised premises has been used substantially for
4 the purposes for which they were originally leased;

5 ~~[(2) The aggregate of the initial term and any extension
6 granted shall not be for more than fifty five years;~~

7 ~~+(3)]~~ (2) The rental shall not be less than the rental for
8 the preceding term;

9 ~~[(4)]~~ (3) The rules of the board, setting forth any
10 additional terms and conditions which shall ensure and
11 promote the purposes of the demised lands; and

12 ~~[(5)]~~ (4) The length of the extension shall not exceed a
13 reasonable length of time for the purpose of providing
14 relief and shall in no case ~~[exceed five years.]~~
15 extend the original lease's fixed rental period by
16 more than thirty-nine years."

17 PART III

18 SECTION 10. This Act does not affect rights and duties
19 that matured, penalties that were incurred, and proceedings that
20 were begun before its effective date.



1 SECTION 11. Statutory material to be repealed is bracketed
2 and stricken. New statutory material is underscored.

3 SECTION 12. This Act shall take effect on July 1, 2060;
4 provided that this Act shall be repealed on June 30, 2028, and
5 section 171-36, Hawaii Revised Statutes, shall be reenacted in
6 the form in which it read on June 30, 2060.



Report Title:

Public Lands; Redevelopment; Lease Restrictions; Appropriation;
Kanoelehua Industrial Area Pilot Project

Description:

Establishes a ten-year redevelopment district pilot project within the Kanoelehua Industrial Area and Banyan Drive region until 6/30/2028. Modifies public land lease restrictions. Appropriates funds. (SB3058 HD1)

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