THE SENATE THIRTIETH LEGISLATURE, 2019 STATE OF HAWAII

S.B. NO. <sup>1</sup> S.D. 1 Proposed

# A BILL FOR AN ACT

RELATING TO HOUSING.

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

1 SECTION 1. The legislature finds that the cost and 2 availability of housing in the State are significant challenges 3 facing Hawaii residents. Although Hawaii has the tenth highest 4 median wage nationally, living expenses are two-thirds higher 5 than the rest of the nation, with the cost of housing being a 6 major contributing factor. In September 2018, the median price 7 for a single-family home on Oahu rose to \$812,500, while the 8 median price for condominiums on Oahu rose to \$428,000. 9 According to a local news report, a household would need to earn 10 almost \$160,000 annually to afford to buy a home on Oahu, making 11 homeownership out of reach for many of Hawaii's residents, 12 especially first-time buyers.

Because of the many barriers hindering the production of 13 14 new housing, such as geographic limitations, lack of major infrastructure, construction costs, and government regulation, 15 16 the State and housing developers have chosen not to produce enough housing for Hawaii residents. According to a 2015 report 17



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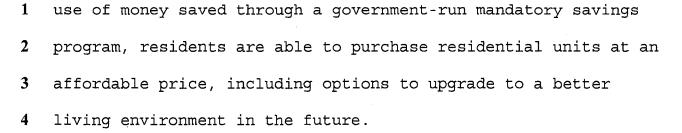
1 from the department of business, economic development, and 2 tourism, the projected long-run estimate of demand for total new 3 housing in Hawaii is between 64,700 to 66,000 for the 2015 to 4 2025 period. The legislature has responded through the passage of various legislation. During the regular session of 2016, the 5 legislature passed a bill enacted as Act 127, Session Laws of 6 7 Hawaii 2016, that, among other things, establishes a goal of 8 developing or vesting the development of at least 22,500 9 affordable rental housing units ready for occupancy by the end 10 of 2026. During the regular session of 2017, the legislature passed a bill enacted as Act 54, Session Laws of Hawaii 2017, to 11 12 expand the types of rental housing projects that can be exempt 13 from general excise tax, thereby encouraging the development of rental housing projects targeted for occupancy by households at 14 or below the one hundred forty per cent and eighty per cent area 15 median income levels. During the regular session of 2018, the 16 17 legislature passed a bill enacted as Act 39, Session Laws of 18 Hawaii 2018, that, among other things, provides an estimated total value of \$570,000,000 to address Hawaii's affordable 19 rental housing crisis and is expected to generate more than 20 25,000 affordable units by the year 2030. 21



1 Despite these efforts, the amount of new construction of 2 housing, especially for low- to middle-income families, 3 continues to be inadequate as the supply of housing remains constrained while demand for housing increases. This lack of 4 5 supply leads to higher housing prices and rents for households 6 of all income levels, leaving all tenants with less disposable income, increasing the personal stress on buyers and renters, 7 8 and exacerbating overcrowding and homelessness. Given these 9 consequences, the lack of affordable housing requires the 10 concentrated attention of state government at the highest level. 11 The legislature further finds that Singapore faced a 12 housing crisis in the 1940s through 1960s but was subsequently 13 able to provide nearly one million residential units for its 14 citizens. The housing and development board -- the government 15 entity responsible for the rapid increase in housing development 16 -- plans, develops, and constructs the housing units, including 17 commercial, recreational, and social amenities. The result is 18 that units built by the housing and development board house 19 eighty per cent of the resident population and that, overall, ninety per cent of the resident population are owners of their 20 Through government loans, subsidies, and grants and the 21 units.



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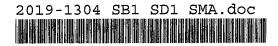


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The legislature further finds that with Honolulu's 5 6 construction of an elevated rail transit system, the State has 7 an opportunity to enhance Oahu's urban environment and increase 8 the quality of life for residents by increasing the affordable 9 housing inventory and eliminating the need for personal 10 automobiles, among other public benefits. As the largest landowner of properties along the transit line, with 11 12 approximately two thousand acres under the jurisdiction of various departments, the State must be proactive in establishing 13 a unified vision and approach toward redevelopment of its 14 properties to maximize the benefits of state lands available for 15 16 redevelopment.

17 The purpose of this Act is to:

18 (1) Establish the ALOHA homes program to facilitate the
19 creation of low-cost leasehold homes for sale to
20 Hawaii residents on state-owned land near public
21 transit stations; and



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1	(2) Authorize the Hawaii housing finance and development
2	corporation to sell the leasehold interest in
3	residential condominium units located on state lands
4	for lease terms of ninety-nine years.
5	SECTION 2. Chapter 201H, Hawaii Revised Statutes, is
6	amended by adding two new subparts to part II to be
7	appropriately designated and to read as follows:
8	"B. ALOHA Homes Program
9	§201H-A Definitions. As used in this subpart, the
10	following terms have the following meanings, unless the context
11	indicates a different meaning or intent:
12	"ALOHA home" means a residential unit within the urban
13	redevelopment district.
14	"Commercial project" means an undertaking involving
15	commercial or light industrial development, which includes a
16	mixed-use development where commercial or light industrial
17	facilities may be built into, adjacent to, under, or above
18	residential units.
19	"Multipurpose project" means a project consisting of any
20	combination of a commercial project, redevelopment project, or

21 residential project.



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"Owner-occupied residential use" means any use currently
 permitted in existing residential zones consistent with owner
 occupancy, but shall not mean renting of any kind.

Project" means a specific work or improvement, including
real and personal properties, or any interest therein, acquired,
owned, constructed, reconstructed, rehabilitated, or improved by
the corporation, including a commercial project, redevelopment
project, or residential project.

9 "Public agency" means any office, department, board, 10 commission, bureau, division, public corporation agency, or instrumentality of the federal, state, or county government. 11 "Public facilities" includes streets, utility and service 12 corridors, and utility lines where applicable, sufficient to 13 adequately service developable improvements in the district, 14 sites for schools, parks, parking garages, sidewalks, pedestrian 15 ways, and other community facilities. "Public facilities" also 16 17 includes public highways, as defined in section 135-1, storm drainage systems, water systems, street lighting systems, off-18 street parking facilities, and sanitary sewerage systems. 19 "Redevelopment project" means an undertaking for the 20

21 acquisition, clearance, replanning, reconstruction, and



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1 rehabilitation, or a combination of these and other methods, of 2 an area for a residential project, for an incidental commercial 3 project, and for other facilities incidental or appurtenant 4 thereto, pursuant to and in accordance with this subpart. The terms "acquisition, clearance, replanning, reconstruction, and 5 6 rehabilitation" shall include renewal, redevelopment, 7 conservation, restoration, or improvement, or any combination 8 thereof. "Residential project" means a project or that portion of a 9

10 multipurpose project, including residential dwelling units, 11 designed and intended for the purpose of providing housing and 12 any facilities as may be incidental or appurtenant thereto.

13 §201H-B ALOHA homes program; purpose. (a) There is
14 established the ALOHA homes program for the purpose of providing
15 low-cost, high density leasehold homes for sale to Hawaii
16 residents on state-owned lands within a one-half mile radius of
17 a public transit station. The acronym ALOHA stands for
18 affordable, locally owned homes for all.

19 (b) For the purposes of this section, "public transit20 station" means:



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1	(1)	A station connected to a locally preferred alternative
2		for a mass transit project; or
3	(2)	For the city and county of Honolulu, a station of the
4		Honolulu rail transit system.
5	§201	H-C Community and public notice requirements; posting
6	on the co	rporation's website; required. For the purposes of
7	this subp	art, the corporation shall adopt community and public
8	notice pr	ocedures pursuant to chapter 91 that shall include at a
9	minimum:	
10	(1)	A means to effectively engage the community in which
11		the corporation is planning a development project
12		under this subpart to ensure that community concerns
13		are received and considered by the corporation;
14	(2)	The posting of the corporation's proposed plans for
15		any development project under this subpart, public
16		hearing notices, and minutes of its proceedings on the
17		corporation's website;
18	(3)	The posting of every application for a development
19		project on the corporation's website when the
20		application is deemed complete;

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1	(4)	Notification by the applicant of any application for a
2		development project valued at \$250,000 or more by
3		first class United States mail, postage prepaid to
4		owners and lessees of record of real property located
5		within a three hundred foot radius of the perimeter of
6		the proposed project identified from the most current
7		list available from the real property assessment
8		division of the department of budget and fiscal
9		services of the city and county of Honolulu when the
10		application is deemed complete; provided that notice
11		mailed pursuant to this paragraph shall include but
12		not be limited to notice of:
13		(A) Project specifications;
14		(B) Requests for variance, exemption, or modification
15		of the corporation's development rules; and
16		(C) Procedures for intervention and a contested case
17		hearing; and
18	(5)	Any other information that the public may find useful
19		so that it may meaningfully participate in the
20	-	corporation's decision-making processes.



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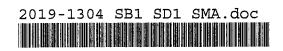
1 §201H-D Urban redevelopment district; established; 2 **boundaries.** The urban redevelopment district is established. 3 The urban redevelopment district shall include all state-owned 4 and county-owned land within county-designated transit-oriented 5 development areas or within a one-half-mile radius of public 6 transit stations, if the city and county of Honolulu has not 7 designated transit-oriented development zones. 8 §201H-E Rules; guidelines. (a) The corporation shall 9 establish rules under chapter 91 on health, safety, building, 10 planning, zoning, and land use, which shall supersede all other 11 inconsistent ordinances and rules relating to the use, zoning, 12 planning, and development of land and construction thereon. 13 Rules adopted under this section shall follow existing law, 14 rules, ordinances, and regulations as closely as is consistent 15 with standards meeting minimum requirements of good design, pleasant amenities, health, safety, and coordinated development. 16 17 The corporation may provide that lands within the urban 18 redevelopment district shall not be developed beyond existing 19 uses or that improvements thereon shall not be demolished or substantially reconstructed, or provide other restrictions on 20

21 the use of the lands.



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1	(b)	The following shall be the principles generally
2	governing	the corporation's action in the urban redevelopment
3	district:	
4	(1)	The corporation shall endeavor to produce enough
5		housing supply to meet housing demand;
6	(2)	Each development may include facilities to replace any
7		facilities that must be removed for the development's
8		construction;
9	(3)	Development shall be revenue-neutral to the State, and
10		all revenues generated shall be used for the purposes
11		of this subpart;
12	(4)	The corporation may build infrastructure beyond what
13		exists in any development under this subpart and may
14		sell the infrastructure capacity to other private
15		sector developers;
16	(5)	The corporation may build common area facilities for
17		any development undertaken pursuant to this subpart,
18		which shall be paid through the sales of ALOHA homes
19		units;
20	(6)	Development shall result in a community which permits
21		an appropriate land mixture of residential,



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1 commercial, light industrial, and other uses. In view 2 of the innovative nature of the mixed use approach, 3 urban design policies shall be established for the 4 public and private sectors in the proper development 5 of the urban redevelopment district; provided that any 6 of the corporation's proposed actions in the urban 7 redevelopment district that are subject to chapter 343 8 shall comply with chapter 343 and federal 9 environmental requirements; provided further that the 10 corporation may engage in any studies or coordinative 11 activities permitted in this subpart which affect 12 areas lying outside the district, where the 13 corporation in its discretion decides that those 14 activities are necessary to implement the intent of this subpart. The studies or coordinative activities 15 16 shall be limited to facility systems, resident and 17 industrial relocation, and other activities with the 18 counties and appropriate state agencies. The 19 corporation may engage in construction activities 20 outside of the urban redevelopment district; provided 21 that such construction relates to infrastructure



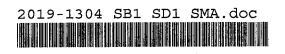
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1		development or residential or business relocation
2		activities; provided further that such construction
3		shall comply with the general plan, development plan,
4		ordinances, and rules of the county in which the urban
5		redevelopment district is located;
6	(7)	Existing and future light industrial uses accessory to
7		shall be permitted and encouraged in appropriate
8		locations within the urban redevelopment district. No
9		plan or implementation strategy shall prevent
10		continued activity or redevelopment of light
11		industrial and commercial uses which meet reasonable
12		performance standards;
13	(8)	Activities shall be located so as to provide primary
14	· · ·	reliance on public transportation and pedestrian
15		facilities for internal circulation within the urban
16	1	redevelopment district or designated subareas;
17	(9)	Major view planes, view corridors, and other
18		environmental elements such as natural light and
19		prevailing winds, may be preserved through appropriate
20		regulation and design review;

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1	(10)	All projects shall be in compliance with all
2		applicable statutes, rules, and ordinances related to
3		historic and cultural resource preservation;
4	(11)	Land use activities within the urban redevelopment
5		district, where compatible, shall to the greatest
6		possible extent be mixed horizontally, that is, within
7		blocks or other land areas, and vertically, as
8		integral units of multi-purpose structures;
9	(12)	Development shall prioritize maximizing density on
10		lands that are most urbanized and most suitable for
11		very high density; provided that development may
12		require a mixture of densities, building types, and
13		configurations in accordance with appropriate urban
14		design guidelines and vertical and horizontal
15		integration of residents of varying incomes, ages, and
16		family groups that reflect the diversity of Hawaii.
17		Development shall provide necessary community
18		facilities, such as parks, community meeting places,
19		child care centers, schools, educational facilities,
20		libraries, and other services, within and adjacent to
21		residential development; provided that any school that



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1		is provided by the corporation as a necessary
2		community facility shall be exempt from school size
3		requirements as calculated by recent school site area
4		averages pursuant to section 302A-1602;
5	(13)	Public facilities within the urban redevelopment
6		district shall be planned, located, and developed so
7		as to support the redevelopment policies for the
8		district established by this subpart and plans and
9		rules adopted pursuant to it;
10	(14)	Development shall be achieved through the efficient
11		and cost-effective use of government and private-
12		sector workforces through public-private partnerships
13		and other mechanisms to incentivize development to be
14		on time and on budget;
15	(15)	Development shall be designed, to the extent possible,
16		to minimize traffic, parking, the use of private
17		automobiles, and noise;
18	(16)	Development shall be subject to chapter 104; and
19	(17)	Development shall incorporate universal design in
20		compliance with the Americans with Disabilities Act of
21		1990 and Uniform Federal Accessibility Standards, to



1 the extent possible, and exceed accessibility 2 requirements under those authorities. 3 (c) ALOHA homes within the urban redevelopment district 4 shall not be rented or used for any purpose other than owneroccupied residential use; provided that the corporation shall 5 6 establish penalties for violations of this subsection up to and 7 including forced sale of an ALOHA home. 8 The corporation shall establish a competition process (d) for selecting the design and development vendors of ALOHA homes 9 with the appropriate number of units to accommodate small and 10 medium vendors. The criteria of the competition process shall 11 12 include but not be limited to preferences on the basis of prior experience in the State and an understanding of the State's 13 14 unique culture; provided that the corporation may include an opportunity for community input through public vote. 15 The 16 corporation may provide a stipend in a manner and an amount to be determined by the corporation to competitors pursuant to this 17 18 subsection.

(e) The corporation may transfer ALOHA home units to the
office of Hawaiian affairs and department of Hawaiian home lands
for use by their respective beneficiaries.

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(f) The corporation shall recoup all expenses through the
 sales of the leasehold interest of ALOHA homes and other revenue
 sources, including but not limited to the leasing of commercial
 projects.

5 §201H-F Sale of the leasehold interest of ALOHA homes; 6 rules; guidelines. (a) The corporation shall develop and adopt 7 rules, subject to chapter 91, for the sale of the leasehold 8 interest of ALOHA homes within the urban redevelopment district; 9 provided that each lease shall be for a term of ninety-nine 10 years. The rules shall include the following requirements for 11 an eligible buyer or owner of an ALOHA home within the district: 12 The person shall be a resident of the State; provided (1) 13 that voting in the most recent primary or general 14 election shall be an indication of residency in the 15 State; provided further that not voting in any primary 16 or general election creates a rebuttable presumption 17 of non-residency;

18 (2) The person shall not use the ALOHA home for any
19 purpose other than owner-occupied residential use; and
20 (3) The person, or the person's spouse, shall not own any
21 other real property while owning an ALOHA home in the



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district; provided that an eligible buyer may own real property up to six months after closing on the purchase of an ALOHA home; provided further that an owner of an ALOHA home in the process of selling the ALOHA home may own other real property up to six months prior to closing on the sale of the ALOHA home to an eligible buyer;

8 provided that the rules under this subsection shall not include 9 any requirements or limitations related to an individual's 10 income or any preferences to first-time homebuyers. The rules 11 shall include strict enforcement of owner-occupancy, including a 12 prohibition on the renting out of ALOHA homes, and may include 13 requirements for the use of face recognition, verification of 14 the presence of owner-occupants and prevention of access of all 15 unauthorized persons through retina scan, or fingerprint scan technology for a minimum number of days per year. 16

(b) ALOHA homes within the urban redevelopment district shall be priced to be affordable, as determined by the United States Department of Housing and Urban Development, to an individual or family whose income does not exceed eighty per cent of the area median income, or \$300,000, for a three-bedroom



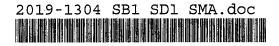
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unit, whichever is lower; provided that the price shall be
 adjusted for inflation.

3 (c) The corporation shall establish waitlists for each 4 residential development for eligible buyers to determine the 5 order in which ALOHA homes shall be sold. Waitlist priorities 6 may include school, college, or university affiliation if the 7 residential property is a redeveloped school, college, or 8 university; proximity of an eligible buyer's existing residence 9 to an ALOHA home within the urban redevelopment district; and 10 other criteria based on the impact the development has on the 11 eligible buyer.

12 (d) ALOHA homes within the urban redevelopment district13 shall be sold only to other eligible buyers.

14 An owner of an ALOHA home may sell the ALOHA home (e) 15 after five or more years of owner-occupation; provided that the 16 corporation shall have the right of first refusal to purchase 17 the ALOHA home at a price that is to be determined by the corporation using the price at which the owner purchased the 18 19 ALOHA home as the cost basis, adjusted for inflation, and may 20 include a percentage of the appreciation in value of the unit. If the corporation does not exercise its right to purchase the 21





1 ALOHA home, the ALOHA home may be sold by the owner to an 2 eligible buyer; provided that the corporation shall retain 3 seventy-five per cent of all profits from the sale net of 4 closing and financing costs, using the price at which the owner purchased the ALOHA home as the cost basis. Upon the death of 5 6 the owner of an ALOHA home, the ALOHA home may be transferred to 7 the deceased's heir by devise or as any other real property 8 under existing law; provided that if the heir is not an eligible 9 buyer, the heir shall sell the ALOHA home to the corporation at 10 a price that is to be determined by the corporation using the 11 price at which the owner purchased the ALOHA home as the cost 12 basis, adjusted for inflation, and may include a percentage of 13 the appreciation in value of the unit.

(f) If an owner of an ALOHA home sells the ALOHA home before five years of owner-occupation, the corporation shall purchase the ALOHA home at a price that is to be determined by the corporation using the price at which the owner purchased the ALOHA home as the cost basis, adjusted for inflation.

19 §201H-G Use of public lands; acquisition of state lands.
20 (a) If state lands under the control and management of other
21 public agencies are required by the corporation for the purposes





1 of this subpart, the agency having the control and management of 2 those required lands may, upon request by the corporation and 3 with the approval of the governor, convey or lease such lands to 4 the corporation upon such terms and conditions as may be agreed 5 to by the parties.

6 (b) Notwithstanding the foregoing, no public lands shall 7 be conveyed or leased to the corporation pursuant to this 8 section if such conveyance or lease would impair any covenant 9 between the State or any county or any department or board 10 thereof and the holders of bonds issued by the State or that 11 county, department, or board.

§201H-H Acquisition of real property from a county. 12 Notwithstanding the provision of any law or charter, any county, 13 by resolution of its local governing body, may, without public 14 15 auction, sealed bids, or public notice, sell, lease, grant, or convey to the corporation any real property owned by it which 16 the corporation certifies to be necessary for the purposes of 17 this subpart. The sale, lease, grant, or conveyance shall be 18 made with or without consideration and upon such terms and 19 conditions as may be agreed upon by the county and the 20 corporation. Certification shall be evidenced by a formal 21



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request from the corporation. Before the sale, lease, grant, or 1 conveyance may be made to the corporation, a public hearing 2 shall be held by the local governing body to consider the same. 3 Notice of the hearing shall be published at least six days 4 before the date set for the hearing in the publication and in 5 the manner as may be designated by the local governing body. 6 §201H-I Condemnation of real property. The corporation, 7 upon making a finding that it is necessary to acquire any real 8 property for its immediate or future use for the purposes of 9 this subpart, may acquire the property, including property 10 already devoted to a public use, by condemnation pursuant to 11 chapter 101. Such property shall not thereafter be taken for 12 any other public use without the consent of the corporation. No 13 award of compensation shall be increased by reason of any 14 increase in the value of real property caused by the designation 15 of the urban redevelopment district or plan adopted pursuant to 16 a designation, or the actual or proposed acquisition, use, or 17 disposition of any other real property by the corporation. 18.

19 \$201H-J Relocation. The corporation shall adopt rules
20 pursuant to chapter 91 in compliance with the Uniform Relocation
21 Assistance and Real Property Acquisition Act of 1970 and chapter



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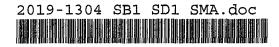
111 to ensure the appropriate relocation within or outside the
 district of persons, families, businesses, or services displaced
 by governmental action within the urban redevelopment district.

4 §201H-K Construction contracts. (a) The corporation
5 shall award construction contracts for ALOHA homes in conformity
6 with section 201H-E(d), without regard to chapter 103D.

7 (b) The corporation shall award construction contracts for8 commercial projects without regard to chapter 103D.

9 §201H-L Lease of projects. Notwithstanding any law to the 10 contrary, the corporation may, without recourse to public 11 auction or public notice for sealed bids, lease for a term not 12 exceeding sixty-five years all or any portion of the real or 13 personal property constituting a commercial project to any 14 person, upon such terms and conditions as may be approved by the 15 corporation; provided that all revenues generated from the lease 16 shall be used to support the purpose of this subpart pursuant to 17 section 201H-B.

18 §201H-M Dedication for public facilities as condition to 19 development. The corporation shall establish rules requiring 20 dedication for public facilities of land or facilities by 21 developers as a condition of developing real property within the



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urban redevelopment district. Where state and county public
 facilities dedication laws, ordinances, or rules differ, the
 provision for greater dedication shall prevail.

§201H-N ALOHA homes revolving fund. There is created the
ALOHA homes revolving fund into which all receipts and revenues
of the corporation pursuant to this subpart shall be deposited.
Proceeds from the fund shall be used for the purposes of this
subpart.

9 §201H-O Expenditures of ALOHA homes revolving fund under 10 the corporation exempt from appropriation and allotment. Except as to administrative expenditures, and except as otherwise 11 12 provided by law, expenditures from the ALOHA homes revolving fund administered by the corporation may be made by the 13 14 corporation without appropriation or allotment of the 15 legislature; provided that no expenditure shall be made from and 16 no obligation shall be incurred against the ALOHA homes 17 revolving fund in excess of the amount standing to the credit of the fund or for any purpose for which the fund may not lawfully 18 19 be expended. Nothing in sections 37-31 to 37-41 shall require 20 the proceeds of the ALOHA homes revolving fund administered by 21 the corporation to be reappropriated annually.



\$201H-P Assistance by state and county agencies. Any
 state or county agency may render services for the purposes of
 this subpart upon request of the corporation.

4 **§201H-Q** Court proceedings; preferences; venue. (a) Any action or proceeding to which the corporation, the State, or the 5 6 county may be a party, in which any question arises as to the 7 validity of this subpart, shall be brought in the circuit court 8 of the circuit where the case or controversy arises, and shall 9 be heard and determined in preference to all other civil cases 10 pending therein except election cases, irrespective of position 11 on the calendar.

12 (b) Upon application of counsel to the corporation, the 13 same preference shall be granted in any action or proceeding 14 questioning the validity of this subpart in which the 15 corporation may be allowed to intervene.

16 (c) Any action or proceeding to which the corporation, the
17 State, or the county may be a party, in which any question
18 arises as to the validity of this subpart or any portion of this
19 subpart, may be filed in the circuit court of the circuit where
20 the case or controversy arises, which court is hereby vested
21 with original jurisdiction over the action.



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(d) Notwithstanding any provision of law to the contrary,
 declaratory relief may be obtained for the action.

3 (e) Any party aggrieved by the decision of the circuit
4 court may appeal in accordance with part I of chapter 641 and
5 the appeal shall be given priority.

§201H-R Issuance of bonds. The director of finance may,
from time to time, issue general obligation bonds pursuant to
chapter 39 in such amounts as may be authorized by the
legislature, for the purposes of this subpart.

10 §201H-S Violations and penalty. (a) The corporation may
11 set, charge, and collect reasonable fines for violation of this
12 subpart or any rule adopted pursuant to chapter 91.

13 Notwithstanding section 201H-E(c), any person violating any rule 14 adopted pursuant to chapter 91, for which violation a penalty is 15 not otherwise provided, shall be fined not more than \$500 a day 16 and shall be liable for administrative costs incurred by the 17 corporation.

(b) The corporation may maintain an action for an
injunction to restrain any violation of this subpart and may
take any other lawful action to prevent or remedy any violation.

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1 (c) Notwithstanding section 201H-E(c), any person 2 violating this subpart shall, upon conviction, be punished by a 3 fine not exceeding \$1,000 or by imprisonment not exceeding thirty days, or both. The continuance of a violation after 4 5 conviction shall be deemed a new offense for each day of such 6 continuance. 7 §201H-T Additional powers. The powers conferred upon the 8 corporation by this subpart shall be in addition and 9 supplemental to the powers conferred by any other law, and 10 nothing in this subpart shall be construed as limiting any 11 powers, rights, privileges, or immunities so conferred. 12 §201H-U Rules. The corporation may adopt rules, pursuant to chapter 91, necessary for the purposes of this subpart. 13 14 C. Leasehold Condominiums on State Lands 15 §201H-V Leasehold condominiums on state land. (a) The 16 corporation may sell leasehold units in condominiums created 17 pursuant to chapter 514B and developed under this subpart on 18 state land to a "qualified resident" as defined in section 19 201H-32.

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(b) The term of the lease may be for ninety-nine years, 1 2 and the corporation may extend or modify the fixed rental period of the lease or extend the term of the lease. 3 4 The sale of leasehold units shall be subject to all of (C) the provisions of sections 201H-47, 201H-49, and 201H-50, except 5 6 for units sold at fair market value. 7 State land set aside by the governor to the (d) 8 corporation and lands leased to the corporation by any department or agency of the State for a condominium described in 9 10 this section shall be exempt from the definition of "public 11 land" under section 171-2. The powers conferred upon the corporation by this 12 (e) 13 section shall be in addition and supplemental to the powers conferred by any other law, and nothing in this section shall be 14 construed as limiting any powers, rights, privileges, or 15 16 immunities so conferred." 17 SECTION 3. Chapter 237, Hawaii Revised Statutes, is amended by adding a new section to be appropriately designated 18

19 and to read as follows:

20 "<u>§237-</u> Exemption of sale of leasehold interest for ALOHA
21 home units. In addition to the amounts exempt under section

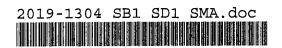


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1	<u>237-24, t</u>	his chapter shall not apply to amounts received from
2	the sale	of a leasehold interest in an ALOHA homes unit under
3	chapter 2	01H, subpart B."
4	SECT	ION 4. Section 36-27, Hawaii Revised Statutes, is
5	amended b	y amending subsection (a) to read as follows:
6	"(a)	Except as provided in this section, and
7	notwithst	anding any other law to the contrary, from time to
8	time, the	director of finance, for the purpose of defraying the
9	prorated	estimate of central service expenses of government in
10	relation	to all special funds, except the:
11	(1)	Special out-of-school time instructional program fund
12	· .	under section 302A-1310;
13	(2)	School cafeteria special funds of the department of
14		education;
15	(3)	Special funds of the University of Hawaii;
16	(4)	State educational facilities improvement special fund;
17	(5)	Convention center enterprise special fund under
18		section 201B-8;
19	(6)	Special funds established by section 206E-6;
20	(7)	Aloha Tower fund created by section 206J-17;

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1	(8)	Funds of the employees' retirement system created by
2		section 88-109;
3	(9)	Hawaii hurricane relief fund established under chapter
4		431P;
5	(10)	Hawaii health systems corporation special funds and
6		the subaccounts of its regional system boards;
7	(11)	Tourism special fund established under section
8		201B-11;
9	(12)	Universal service fund established under section
10		269-42;
11	(13)	Emergency and budget reserve fund under section
12	•	328L-3;
13	(14)	Public schools special fees and charges fund under
14		section 302A-1130;
15	(15)	Sport fish special fund under section 187A-9.5;
16	[+](16)[+]	Neurotrauma special fund under section 321H-4;
17	[+] (17) [+]	Glass advance disposal fee established by section
18		342G-82;
19	[+](18)[+	Center for nursing special fund under section
20		304A-2163;



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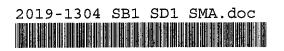
1	[+] (19) [+] Passenger facility charge special fund established by
2	section 261-5.5;
3	[+](20)[+]Solicitation of funds for charitable purposes special
4	fund established by section 467B-15;
5	[+](21)[+]Land conservation fund established by section 173A-5;
6	[+](22)[+]Court interpreting services revolving fund under
7	section 607-1.5;
8	[+](23)[+]Trauma system special fund under section 321-22.5;
9	[+](24)[+]Hawaii cancer research special fund;
10	[+](25)[+]Community health centers special fund;
11	[+](26)[+]Emergency medical services special fund;
12	[+](27)[+]Rental motor vehicle customer facility charge special
13	fund established under section 261-5.6;
14	[+](28)[+]Shared services technology special fund under section
15	27-43;
16	[+](29)[+]Automated victim information and notification system
17	special fund established under section 353-136;
18	[+](30)[+]Deposit beverage container deposit special fund under
19	section 342G-104;
20	[+](31)[+]Hospital sustainability program special fund under
21	[+]section 346G-4[+];

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## S.B. NO. <sup>1</sup> S.D. 1 Proposed

1	[+](32)[+]Nursing facility sustainability program special fund
2	under [+]section 346F-4[+];
3	[+](33)[+]Hawaii 3R's school improvement fund under section
4	302A-1502.4;
5	[+](34)[+]After-school plus program revolving fund under section
6	302A-1149.5; [and]
7	[+](35)[+]Civil monetary penalty special fund under section
8	321-30.2[ <del>,</del> ] <u>; and</u>
9	(36) ALOHA homes revolving fund under section 201H-N,
10	shall deduct five per cent of all receipts of all other special
11	funds, which deduction shall be transferred to the general fund
12	of the State and become general realizations of the State. All
13	officers of the State and other persons having power to allocate
14	or disburse any special funds shall cooperate with the director
15	in effecting these transfers. To determine the proper revenue
16	base upon which the central service assessment is to be
17	calculated, the director shall adopt rules pursuant to chapter
18	91 for the purpose of suspending or limiting the application of
19	the central service assessment of any fund. No later than
20	twenty days prior to the convening of each regular session of



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1	the legis	lature, the director shall report all central service
2	assessmen	ts made during the preceding fiscal year."
3	SECT	ION 5. Section 36-30, Hawaii Revised Statutes, is
4	amended b	y amending subsection (a) to read as follows:
5	"(a)	Each special fund, except the:
6	(1)	Special out-of-school time instructional program fund
7		under section 302A-1310;
8	(2)	School cafeteria special funds of the department of
9		education;
10	(3)	Special funds of the University of Hawaii;
11	(4)	State educational facilities improvement special fund;
12	(5)	Special funds established by section 206E-6;
13	(6)	Aloha Tower fund created by section 206J-17;
14	(7)	Funds of the employees' retirement system created by
15		section 88-109;
16	(8)	Hawaii hurricane relief fund established under chapter
17		431P;
18	(9)	Convention center enterprise special fund established
19		under section 201B-8;
20	(10)	Hawaii health systems corporation special funds and
21		the subaccounts of its regional system boards;



1	(11)	Tourism special fund established under section
2		2018-11;
3	(12)	Universal service fund established under section
4		269-42;
5	(13)	Emergency and budget reserve fund under section
6		328L-3;
7	(14)	Public schools special fees and charges fund under
8		section 302A-1130;
9	(15)	Sport fish special fund under section 187A-9.5;
10	[+](16)[+]	Neurotrauma special fund under section 321H-4;
11	[+] (17) [+]	Center for nursing special fund under section
12		304A-2163;
13	[+](18)[+]	Passenger facility charge special fund established by
14		section 261-5.5;
15	[+] (19) [}	Court interpreting services revolving fund under
16		section 607-1.5;
17	[+](20)[+]	Trauma system special fund under section 321-22.5;
18	[+](21)[+	Hawaii cancer research special fund;
19	[+](22)[+]	Community health centers special fund;
20	[+] (23) [+]	Emergency medical services special fund;

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# S.B. NO. <sup>1</sup> S.D. 1 Proposed

1	[+](24)[+]Rental motor vehicle customer facility charge special
2	fund established under section 261-5.6;
3	[+](25)[+]Shared services technology special fund under section
4	27-43;
5	[+](26)[+]Nursing facility sustainability program special fund
6	established pursuant to [+]section 346F-4[+];
7	[+](27)[+]Automated victim information and notification system
8	special fund established under section 353-136;
9	[+](28)[+]Hospital sustainability program special fund under
10	[+] section 346G-4[+]; [and]
11	[+](29)[+]Civil monetary penalty special fund under section
12	321-30.2[-]; and
13	(30) ALOHA homes revolving fund under section 201H-N,
14	shall be responsible for its pro rata share of the
15	administrative expenses incurred by the department responsible
16	for the operations supported by the special fund concerned."
17	SECTION 6. Section 171-2, Hawaii Revised Statutes, is
18	amended to read as follows:
19	"§171-2 Definition of public lands. "Public lands" means
20	all lands or interest therein in the State classed as government
21	or crown lands previous to August 15, 1895, or acquired or



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# S.B. NO. <sup>1</sup> S.D. 1 Proposed

1	reserved	by the government upon or subsequent to that date by
2	purchase,	exchange, escheat, or the exercise of the right of
3	eminent d	lomain, or in any other manner; including lands accreted
4	after May	20, 2003, and not otherwise awarded, submerged lands,
5	and lands	beneath tidal waters that are suitable for
6	reclamati	on, together with reclaimed lands that have been given
7	the statu	s of public lands under this chapter, except:
8	(1)	Lands designated in section 203 of the Hawaiian Homes
9		Commission Act, 1920, as amended;
10	(2)	Lands set aside pursuant to law for the use of the
11		United States;
12	(3)	Lands being used for roads and streets;
13	(4)	Lands to which the United States relinquished the
14		absolute fee and ownership under section 91 of the
15		Hawaiian Organic Act prior to the admission of Hawaii
16		as a state of the United States unless subsequently
17		placed under the control of the board of land and
18		natural resources and given the status of public lands
19		in accordance with the state constitution, the
20		Hawaiian Homes Commission Act, 1920, as amended, or
21		other laws;



1 Lands to which the University of Hawaii holds title; (5)2 Lands that are set aside by the governor to the Hawaii (6) housing finance and development corporation; lands 3 4 leased to the Hawaii housing finance and development corporation by any department or agency of the State; 5 or lands to which the Hawaii housing finance and 6 **7** · development corporation in its corporate capacity 8 holds title; Lands to which the Hawaii community development 9 (7) 10 authority in its corporate capacity holds title; 11 Lands to which the department of agriculture holds (8) title by way of foreclosure, voluntary surrender, or 12 13 otherwise, to recover moneys loaned or to recover debts otherwise owed the department under chapter 167; 14 Lands that are set aside by the governor to the Aloha 15 (9) Tower development corporation; lands leased to the 16 17 Aloha Tower development corporation by any department or agency of the State; or lands to which the Aloha 18

Tower development corporation holds title in its

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20 corporate capacity;

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1	. (10)	Lands that are set aside by the governor to the	
2		agribusiness development corporation; lands leased to	
3		the agribusiness development corporation by any	
4		department or agency of the State; or lands to which	
5		the agribusiness development corporation in its	
6		corporate capacity holds title;	
7	(11)	Lands to which the Hawaii technology development	
8		corporation in its corporate capacity holds title; and	
9	(12)	Lands to which the department of education holds	
10		title;	
11	provided	that, except as otherwise limited under federal law and	
12	except for state land used as an airport as defined in section		
13	262-1, public lands shall include the air rights over any		
14	portion of state land upon which a county mass transit project		
15	is develo	ped after July 11, 2005."	
16	SECT	ION 7. Chapter 201H, Hawaii Revised Statutes, is	
17	amended b	y designating sections 201H-31 to 201H-70 as subpart A	
18	and inser	and inserting a title before section 201H-31 to read as follows:	
19		"A. General Provisions"	
20	SECTION 8. Section 302A-1603, Hawaii Revised Statutes, is		
21	amended b	y amending subsection (b) to read as follows:	



### S.B. NO. <sup>1</sup> S.D. 1 Proposed

1	"(b)	The following shall be exempt from this section:
2	(1)	Any form of housing permanently excluding school-aged
3		children, with the necessary covenants or declarations
4		of restrictions recorded on the property;
5	(2)	Any form of housing that is or will be paying the
6		transient accommodations tax under chapter 237D;
7	(3)	All nonresidential development; [and]
8	(4)	Any development with an executed education
9		contribution agreement or other like document with the
10		department for the contribution of school sites or
11		payment of fees for school land or school
12		construction[+]; and
13	(5)	Any form of development by the Hawaii housing finance
14		and development corporation pursuant to chapter 201H,
15		part II, subpart B."
16	SECT	ION 9. There is appropriated out of the general
17	revenues o	of the State of Hawaii the sum of \$100,000 or so much
18	thereof as may be necessary for fiscal year 2019-2020 to be	
19	deposited	into the ALOHA homes revolving fund established
20	pursuant t	co section 201H-N, Hawaii Revised Statutes.



# S.B. NO. <sup>1</sup> S.D. 1 Proposed

1 SECTION 10. There is appropriated out of the ALOHA homes 2 revolving fund established pursuant to section 201H-N, Hawaii Revised Statutes, the sum of \$100,000 or so much thereof as may 3 4 be necessary for fiscal year 2019-2020 for the purposes for 5 which the revolving fund is established. 6 The sum appropriated shall be expended by the Hawaii 7 housing finance and development corporation for the purposes of 8 this Act. 9 SECTION 11. In codifying the new sections added by section 2 of this Act, the revisor of statutes shall substitute 10 11 appropriate section numbers for the letters used in designating 12 the new sections in this Act. 13 SECTION 12. Statutory material to be repealed is bracketed 14 and stricken. New statutory material is underscored. 15 SECTION 13. This Act shall take effect on July 1, 2019. 16



# S.B. NO. 1 S.D. 1

Proposed

### Report Title:

ALOHA Homes Program; Housing; Hawaii Housing Finance and Development Corporation; Urban Redevelopment District; Transit-oriented Development; Leasehold Condominiums on Lands Controlled by the State; Appropriation

### Description:

Establishes the ALOHA homes program under the Hawaii Housing Finance and Development Corporation to facilitate the development of low-cost homes for sale to Hawaii residents on state-owned and county-owned land near rail stations of the Honolulu rail transit system, to be known as the urban redevelopment district. Establishes guidelines within the urban redevelopment district and provisions related to the sale of leasehold interest of ALOHA homes. Exempts land set aside or leased to the Hawaii Housing Finance and Development Corporation from the definition of public lands in section 171-2, HRS. Establishes and appropriates funds into and out of the ALOHA homes revolving fund. Authorizes the Hawaii Housing Finance and Development Corporation to sell the leasehold interest in residential condominium units located on state lands for lease terms of 99 years. (Proposed SD1)

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

