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# 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.

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



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  
5 of various legislation. During the regular session of 2016, the  
6 legislature passed a bill enacted as Act 127, Session Laws of  
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  
11 passed a bill enacted as Act 54, Session Laws of Hawaii 2017, to  
12 expand the types of rental housing projects that can be exempt  
13 from general excise tax, thereby encouraging the development of  
14 rental housing projects targeted for occupancy by households at  
15 or below the one hundred forty per cent and eighty per cent area  
16 median income levels. During the regular session of 2018, the  
17 legislature passed a bill enacted as Act 39, Session Laws of  
18 Hawaii 2018, that, among other things, provides an estimated  
19 total value of \$570,000,000 to address Hawaii's affordable  
20 rental housing crisis and is expected to generate more than  
21 25,000 affordable units by the year 2030.



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  
4 constrained while demand for housing increases. This lack of  
5 supply leads to higher housing prices and rents for households  
6 of all income levels, leaving all tenants with less disposable  
7 income, increasing the personal stress on buyers and renters,  
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,  
20 ninety per cent of the resident population are owners of their  
21 units. Through government loans, subsidies, and grants and the



1 use of money saved through a government-run mandatory savings  
2 program, residents are able to purchase residential units at an  
3 affordable price, including options to upgrade to a better  
4 living environment in the future.

5 The legislature further finds that with Honolulu's  
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  
11 landowner of properties along the transit line, with  
12 approximately two thousand acres under the jurisdiction of  
13 various departments, the State must be proactive in establishing  
14 a unified vision and approach toward redevelopment of its  
15 properties to maximize the benefits of state lands available for  
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



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                "High density" means a project or area that has at least  
20          two hundred fifty units per acre.



1 "Multipurpose project" means a project consisting of any  
2 combination of a commercial project, redevelopment project, or  
3 residential project.

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

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

12 "Public agency" means any office, department, board,  
13 commission, bureau, division, public corporation agency, or  
14 instrumentality of the federal, state, or county government.

15 "Public facilities" includes streets, utility and service  
16 corridors, and utility lines where applicable, sufficient to  
17 adequately service developable improvements in the district,  
18 sites for schools, parks, parking garages, sidewalks, pedestrian  
19 ways, and other community facilities. "Public facilities" also  
20 includes public highways, as defined in section 135-1, storm



1 drainage systems, water systems, street lighting systems, off-  
2 street parking facilities, and sanitary sewerage systems.

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

13 "Residential project" means a project or that portion of a  
14 multipurpose project, including residential dwelling units,  
15 designed and intended for the purpose of providing housing and  
16 any facilities as may be incidental or appurtenant thereto.

17 "Small and medium vendor" means a commercial vendor that  
18 employs nine hundred ninety-nine employees or less.

19 **§201H-B ALOHA homes program; purpose.** (a) There is  
20 established the ALOHA homes program for the purpose of providing  
21 low-cost, high density leasehold homes for sale to Hawaii



1 residents on state-owned lands within a one-half mile radius of  
2 a public transit station. The acronym ALOHA stands for  
3 affordable, locally owned homes for all.

4 (b) For the purposes of this section, "public transit  
5 station" means:

6 (1) A station connected to a locally preferred alternative  
7 for a mass transit project; or

8 (2) For the city and county of Honolulu, a station of the  
9 Honolulu rail transit system.

10 §201H-C Community and public notice requirements; posting  
11 on the corporation's website; required. For the purposes of  
12 this subpart, the corporation shall adopt community and public  
13 notice procedures pursuant to chapter 91 that shall include at a  
14 minimum:

15 (1) A means to effectively engage the community in which  
16 the corporation is planning a development project  
17 under this subpart to ensure that community concerns  
18 are received and considered by the corporation;

19 (2) The posting of the corporation's proposed plans for  
20 any development project under this subpart, public





1 hearing notices, and minutes of its proceedings on the  
2 corporation's website;

3 (3) The posting of every application for a development  
4 project on the corporation's website when the  
5 application is deemed complete;

6 (4) Notification by the applicant of any application for a  
7 development project valued at \$250,000 or more by  
8 first class United States mail, postage prepaid to  
9 owners and lessees of record of real property located  
10 within a three hundred foot radius of the perimeter of  
11 the proposed project identified from the most current  
12 list available from the real property assessment  
13 division of the department of budget and fiscal  
14 services of the city and county of Honolulu when the  
15 application is deemed complete; provided that notice  
16 mailed pursuant to this paragraph shall include but  
17 not be limited to notice of:

18 (A) Project specifications;

19 (B) Requests for exemptions from statutes,  
20 ordinances, charter provisions, and rules  
21 pursuant to section 201H-38; and



1 (C) Procedures for intervention and a contested case  
2 hearing; and

3 (5) Any other information that the public may find useful  
4 so that it may meaningfully participate in the  
5 corporation's decision-making processes.

6 **§201H-D Urban redevelopment district; established;**  
7 **boundaries.** The urban redevelopment district is established.  
8 The urban redevelopment district shall include all state-owned  
9 and county-owned land within county-designated transit-oriented  
10 development areas or within a one-half-mile radius of public  
11 transit stations in counties with a population greater than five  
12 hundred thousand.

13 **§201H-E Rules; guidelines.** (a) The corporation shall  
14 establish rules under chapter 91 on health, safety, building,  
15 planning, zoning, and land use, which shall supersede all other  
16 inconsistent ordinances and rules relating to the use, zoning,  
17 planning, and development of land and construction thereon.  
18 Rules adopted under this section shall follow existing law,  
19 rules, ordinances, and regulations as closely as is consistent  
20 with standards meeting minimum requirements of good design,  
21 pleasant amenities, health, safety, and coordinated development.



1 The corporation may provide that lands within the urban  
2 redevelopment district shall not be developed beyond existing  
3 uses or that improvements thereon shall not be demolished or  
4 substantially reconstructed, or provide other restrictions on  
5 the use of the lands.

6 (b) The following shall be the principles generally  
7 governing the corporation's action in the urban redevelopment  
8 district:

- 9 (1) The corporation shall endeavor to produce enough  
10 housing supply to meet housing demand;
- 11 (2) Each development may include facilities to replace any  
12 facilities that must be removed for the development's  
13 construction;
- 14 (3) Development shall be revenue-neutral to the State, and  
15 all revenues generated shall be used for the purposes  
16 of this subpart;
- 17 (4) The corporation may build infrastructure beyond what  
18 exists in any development under this subpart and may  
19 sell the infrastructure capacity to other private  
20 sector developers;



1           (5) The corporation may build common area facilities for  
2           any development undertaken pursuant to this subpart,  
3           which shall be paid through the sales of ALOHA homes  
4           units;

5           (6) Development shall result in a community which permits  
6           an appropriate land mixture of residential,  
7           commercial, light industrial, and other uses. In view  
8           of the innovative nature of the mixed use approach,  
9           urban design policies shall be established for the  
10          public and private sectors in the proper development  
11          of the urban redevelopment district; provided that any  
12          of the corporation's proposed actions in the urban  
13          redevelopment district that are subject to chapter 343  
14          shall comply with chapter 343 and federal  
15          environmental requirements; provided further that the  
16          corporation may engage in any studies or coordinative  
17          activities permitted in this subpart which affect  
18          areas lying outside the district, where the  
19          corporation in its discretion decides that those  
20          activities are necessary to implement the intent of  
21          this subpart. The studies or coordinative activities



1 shall be limited to facility systems, resident and  
2 industrial relocation, and other activities with the  
3 counties and appropriate state agencies. The  
4 corporation may engage in construction activities  
5 outside of the urban redevelopment district; provided  
6 that such construction relates to infrastructure  
7 development or residential or business relocation  
8 activities; provided further that such construction  
9 shall comply with the general plan, development plan,  
10 ordinances, and rules of the county in which the urban  
11 redevelopment district is located;

12 (7) Existing and future light industrial uses accessory to  
13 shall be permitted and encouraged in appropriate  
14 locations within the urban redevelopment district. No  
15 plan or implementation strategy shall prevent  
16 continued activity or redevelopment of light  
17 industrial and commercial uses which meet reasonable  
18 performance standards;

19 (8) Activities shall be located so as to provide primary  
20 reliance on public transportation and pedestrian



- 1 facilities for internal circulation within the urban  
2 redevelopment district or designated subareas;
- 3 (9) Major view planes, view corridors, and other  
4 environmental elements such as natural light and  
5 prevailing winds, may be preserved through appropriate  
6 regulation and design review;
- 7 (10) All projects shall be in compliance with all  
8 applicable statutes, rules, and ordinances related to  
9 historic and cultural resource preservation;
- 10 (11) Land use activities within the urban redevelopment  
11 district, where compatible, shall to the greatest  
12 possible extent be mixed horizontally, that is, within  
13 blocks or other land areas, and vertically, as  
14 integral units of multi-purpose structures;
- 15 (12) Development shall prioritize maximizing density on  
16 lands that are most urbanized and most suitable for  
17 high density; provided that development may require a  
18 mixture of densities, building types, and  
19 configurations in accordance with appropriate urban  
20 design guidelines and vertical and horizontal  
21 integration of residents of varying incomes, ages, and



1 family groups that reflect the diversity of Hawaii.  
2 Development shall provide necessary community  
3 facilities, such as parks, community meeting places,  
4 child care centers, schools, educational facilities,  
5 libraries, and other services, within and adjacent to  
6 residential development; provided that any school that  
7 is provided by the corporation as a necessary  
8 community facility shall be exempt from school size  
9 requirements as calculated by recent school site area  
10 averages pursuant to section 302A-1602;

11 (13) Public facilities within the urban redevelopment  
12 district shall be planned, located, and developed so  
13 as to support the redevelopment policies for the  
14 district established by this subpart and plans and  
15 rules adopted pursuant to it;

16 (14) Development shall be achieved through the efficient  
17 and cost-effective use of government and private-  
18 sector workforces through public-private partnerships  
19 and other mechanisms to incentivize development to be  
20 on time and on budget;



1 (15) Development shall be designed, to the extent possible,  
2 to minimize traffic, parking, the use of private  
3 automobiles, and noise;

4 (16) Development shall be subject to chapter 104; and

5 (17) Development shall incorporate universal design in  
6 compliance with the Americans with Disabilities Act of  
7 1990 and Uniform Federal Accessibility Standards, to  
8 the extent possible, and exceed accessibility  
9 requirements under those authorities.

10 (c) ALOHA homes within the urban redevelopment district  
11 shall not be advertised for rent, rented, or used for any  
12 purpose other than owner-occupied residential use; provided that  
13 the corporation shall establish penalties for violations of this  
14 subsection up to and including forced sale of an ALOHA home.

15 (d) The corporation shall establish a competition process  
16 for selecting the design and development vendors of ALOHA homes  
17 with the appropriate number of units to accommodate small and  
18 medium vendors. The criteria of the competition process shall  
19 include but not be limited to preferences on the basis of prior  
20 experience in the State and an understanding of the State's  
21 unique culture; provided that the corporation may include an





1 opportunity for community input through public vote. The  
2 corporation may provide a stipend in a manner and an amount to  
3 be determined by the corporation to competitors pursuant to this  
4 subsection.

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

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

12 **§201H-F Sale of the leasehold interest of ALOHA homes;**  
13 **rules; guidelines.** (a) The corporation shall develop and adopt  
14 rules, subject to chapter 91, for the sale of the leasehold  
15 interest of ALOHA homes within the urban redevelopment district;  
16 provided that each lease shall be for a term of ninety-nine  
17 years. The rules shall include the following requirements for  
18 an eligible buyer or owner of an ALOHA home within the district:

19 (1) The person shall be a resident of the State; provided  
20 that voting in the most recent primary or general  
21 election shall be one indication of residency in the



1 State; provided further that not voting in any primary  
2 or general election creates a rebuttable presumption  
3 of non-residency;

4 (2) The person shall not use the ALOHA home for any  
5 purpose other than owner-occupied residential use; and

6 (3) The person, or the person's spouse, shall not own any  
7 other real property, including any residential and  
8 non-residential property, beneficial ownership of  
9 trusts, and co-ownership or fractional ownership,  
10 while owning an ALOHA home in the district; provided  
11 that an eligible buyer may own real property up to six  
12 months after closing on the purchase of an ALOHA home;  
13 provided further that an owner of an ALOHA home in the  
14 process of selling the ALOHA home may own other real  
15 property up to six months prior to closing on the sale  
16 of the ALOHA home to an eligible buyer;

17 provided that the rules under this subsection shall not include  
18 any requirements or limitations related to an individual's  
19 income or any preferences to first-time homebuyers. The rules  
20 shall include strict enforcement of owner-occupancy, including a  
21 prohibition on the renting out of ALOHA homes, and may include



1 requirements for the use of face recognition, verification of  
2 the presence of owner-occupants and prevention of access of all  
3 unauthorized persons through retina scan for a minimum number of  
4 days per year, or fingerprint scan technology.

5 (b) ALOHA homes within the urban redevelopment district  
6 shall be priced to be affordable, as determined by the United  
7 States Department of Housing and Urban Development, to an  
8 individual or family whose income does not exceed eighty per  
9 cent of the area median income, or \$300,000, whichever is lower;  
10 provided that the price shall be adjusted for inflation.

11 (c) The corporation shall establish waitlists for each  
12 residential development for eligible buyers to determine the  
13 order in which ALOHA homes shall be sold. Waitlist priorities  
14 may include school, college, or university affiliation if the  
15 residential property is a redeveloped school, college, or  
16 university; proximity of an eligible buyer's existing residence  
17 to an ALOHA home within the urban redevelopment district; and  
18 other criteria based on the impact the development has on the  
19 eligible buyer.

20 (d) ALOHA homes within the urban redevelopment district  
21 shall be sold only to other eligible buyers.



1           (e) An owner of an ALOHA home may sell the ALOHA home  
2 after five or more years of owner-occupancy; provided that the  
3 corporation shall have the right of first refusal to purchase  
4 the ALOHA home at a price that is to be determined by the  
5 corporation using the price at which the owner purchased the  
6 ALOHA home as the cost basis, adjusted for inflation, and may  
7 include a percentage of the appreciation in value of the unit.  
8 If the corporation does not exercise its right to purchase the  
9 ALOHA home, the ALOHA home may be sold by the owner to an  
10 eligible buyer; provided that the corporation shall retain  
11 seventy-five per cent of all profits from the sale net of  
12 closing and financing costs, using the price at which the owner  
13 purchased the ALOHA home as the cost basis. Upon the death of  
14 the owner of an ALOHA home, the ALOHA home may be transferred to  
15 the deceased's heir by devise or as any other real property  
16 under existing law; provided that if the heir is not an eligible  
17 buyer, the heir shall sell the ALOHA home to the corporation at  
18 a price that is to be determined by the corporation using the  
19 price at which the owner purchased the ALOHA home as the cost  
20 basis, adjusted for inflation, and may include a percentage of  
21 the appreciation in value of the unit.



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

6 (g) Any ALOHA home developed and sold under this subpart  
7 shall not be subject to sections 201H-47, 201H-49, 201H-50, and  
8 201H-51.

9 **§201H-G Use of public lands; acquisition of state lands.**

10 (a) If state lands under the control and management of other  
11 public agencies are required by the corporation for the purposes  
12 of this subpart, the agency having the control and management of  
13 those required lands may, upon request by the corporation and  
14 with the approval of the governor, convey or lease such lands to  
15 the corporation upon such terms and conditions as may be agreed  
16 to by the parties.

17 (b) Notwithstanding the foregoing, no public lands shall  
18 be conveyed or leased to the corporation pursuant to this  
19 section if such conveyance or lease would impair any covenant  
20 between the State or any county or any department or board



1 thereof and the holders of bonds issued by the State or that  
2 county, department, or board.

3       **§201H-H Acquisition of real property from a county.**

4 Notwithstanding the provision of any law or charter, any county,  
5 by resolution of its local governing body, may, without public  
6 auction, sealed bids, or public notice, sell, lease, grant, or  
7 convey to the corporation any real property owned by it which  
8 the corporation certifies to be necessary for the purposes of  
9 this subpart. The sale, lease, grant, or conveyance shall be  
10 made with or without consideration and upon such terms and  
11 conditions as may be agreed upon by the county and the  
12 corporation. Certification shall be evidenced by a formal  
13 request from the corporation. Before the sale, lease, grant, or  
14 conveyance may be made to the corporation, a public hearing  
15 shall be held by the local governing body to consider the same.  
16 Notice of the hearing shall be published at least six days  
17 before the date set for the hearing in the publication and in  
18 the manner as may be designated by the local governing body.

19       **§201H-I Condemnation of real property.** The corporation,  
20 upon making a finding that it is necessary to acquire any real  
21 property for its immediate or future use for the purposes of



1 this subpart, may acquire the property, including property  
2 already devoted to a public use, by condemnation pursuant to  
3 chapter 101. Such property shall not thereafter be taken for  
4 any other public use without the consent of the corporation. No  
5 award of compensation shall be increased by reason of any  
6 increase in the value of real property caused by the designation  
7 of the urban redevelopment district or plan adopted pursuant to  
8 a designation, or the actual or proposed acquisition, use, or  
9 disposition of any other real property by the corporation.

10       **§201H-J Relocation.** The corporation shall adopt rules  
11 pursuant to chapter 91 in compliance with the Uniform Relocation  
12 Assistance and Real Property Acquisition Act of 1970 and chapter  
13 111 to ensure the appropriate relocation within or outside the  
14 district of persons, families, businesses, or services displaced  
15 by governmental action within the urban redevelopment district.

16       **§201H-K Construction contracts.** (a) The corporation  
17 shall award construction contracts for ALOHA homes in conformity  
18 with section 201H-E(d), without regard to chapter 103D.

19       (b) The corporation shall award construction contracts for  
20 commercial projects without regard to chapter 103D.



1           **§201H-L Lease of projects.** Notwithstanding any law to the  
2 contrary, the corporation may, without recourse to public  
3 auction or public notice for sealed bids, lease for a term not  
4 exceeding sixty-five years all or any portion of the real or  
5 personal property constituting a commercial project to any  
6 person, upon such terms and conditions as may be approved by the  
7 corporation; provided that all revenues generated from the lease  
8 shall be used to support the purpose of this subpart pursuant to  
9 section 201H-B.

10           **§201H-M Dedication for public facilities as condition to**  
11 **development.** The corporation shall establish rules requiring  
12 dedication for public facilities of land or facilities by  
13 developers as a condition of developing real property within the  
14 urban redevelopment district. Where state and county public  
15 facilities dedication laws, ordinances, or rules differ, the  
16 provision for greater dedication shall prevail.

17           **§201H-N ALOHA homes revolving fund.** There is created the  
18 ALOHA homes revolving fund into which all receipts and revenues  
19 of the corporation pursuant to this subpart shall be deposited.  
20 Proceeds from the fund shall be used for the purposes of this  
21 subpart.





1       **§201H-O Expenditures of ALOHA homes revolving fund under**  
2 **the corporation exempt from appropriation and allotment. Except**  
3 **as to administrative expenditures, and except as otherwise**  
4 **provided by law, expenditures from the ALOHA homes revolving**  
5 **fund administered by the corporation may be made by the**  
6 **corporation without appropriation or allotment of the**  
7 **legislature; provided that no expenditure shall be made from and**  
8 **no obligation shall be incurred against the ALOHA homes**  
9 **revolving fund in excess of the amount standing to the credit of**  
10 **the fund or for any purpose for which the fund may not lawfully**  
11 **be expended. Nothing in sections 37-31 to 37-41 shall require**  
12 **the proceeds of the ALOHA homes revolving fund administered by**  
13 **the corporation to be reappropriated annually.**

14       **§201H-P Assistance by state and county agencies. Any**  
15 **state or county agency may render services for the purposes of**  
16 **this subpart upon request of the corporation.**

17       **§201H-Q Court proceedings; preferences; venue. (a) Any**  
18 **action or proceeding to which the corporation, the State, or the**  
19 **county may be a party, in which any question arises as to the**  
20 **validity of this subpart, shall be brought in the circuit court**  
21 **of the circuit where the case or controversy arises, and shall**



1 be heard and determined in preference to all other civil cases  
2 pending therein except election cases, irrespective of position  
3 on the calendar.

4 (b) Upon application of counsel to the corporation, the  
5 same preference shall be granted in any action or proceeding  
6 questioning the validity of this subpart in which the  
7 corporation may be allowed to intervene.

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

10 (d) Any party aggrieved by the decision of the circuit  
11 court may appeal in accordance with part I of chapter 641 and  
12 the appeal shall be given priority.

13 **§201H-R Issuance of bonds.** The director of finance may,  
14 from time to time, issue general obligation bonds pursuant to  
15 chapter 39 in such amounts as may be authorized by the  
16 legislature, for the purposes of this subpart.

17 **§201H-S Violations and penalty.** (a) The corporation may  
18 set, charge, and collect reasonable fines for violation of this  
19 subpart or any rule adopted pursuant to chapter 91.  
20 Notwithstanding section 201H-E(c), any person violating any rule  
21 adopted pursuant to chapter 91, for which violation a penalty is



1 not otherwise provided, shall be fined not more than \$500 a day  
2 and shall be liable for administrative costs incurred by the  
3 corporation.

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

7 (c) Notwithstanding section 201H-E(c), any person  
8 violating this subpart shall, upon conviction, be punished by a  
9 fine not exceeding \$1,000 or by imprisonment not exceeding  
10 thirty days, or both. The continuance of a violation after  
11 conviction shall be deemed a new offense for each day of such  
12 continuance.

13 **§201H-T Additional powers.** The powers conferred upon the  
14 corporation by this subpart shall be in addition and  
15 supplemental to the powers conferred by any other law, and  
16 nothing in this subpart shall be construed as limiting any  
17 powers, rights, privileges, or immunities so conferred.

18 **§201H-U State lands no longer needed.** State lands that  
19 are no longer needed for affordable residential leasehold units  
20 by the Hawaii housing finance and development corporation shall  
21 be returned to the previous owner of those lands.



1           **§201H-V Rules.** The corporation may adopt rules, pursuant  
2 to chapter 91, necessary for the purposes of this subpart.

3                   C. Leasehold Condominiums on State Lands

4           **§201H-W Leasehold condominiums on state land.** (a) The  
5 corporation may sell leasehold units in condominiums created  
6 pursuant to chapter 514B and developed under this subpart on  
7 state land to a "qualified resident" as defined in section  
8 201H-32.

9           (b) The term of the lease may be for ninety-nine years,  
10 and the corporation may extend or modify the fixed rental period  
11 of the lease or extend the term of the lease.

12           (c) The sale of leasehold units shall be subject to all of  
13 the provisions of sections 201H-47, 201H-49, and 201H-50, except  
14 for units sold at fair market value.

15           (d) State land set aside by the governor to the  
16 corporation and lands leased to the corporation by any  
17 department or agency of the State for a condominium described in  
18 this section shall be exempt from the definition of "public  
19 land" under section 171-2.

20           (e) The powers conferred upon the corporation by this  
21 section shall be in addition and supplemental to the powers



1 conferred by any other law, and nothing in this section shall be  
2 construed as limiting any powers, rights, privileges, or  
3 immunities so conferred."

4 SECTION 3. Chapter 237, Hawaii Revised Statutes, is  
5 amended by adding a new section to be appropriately designated  
6 and to read as follows:

7 "§237- Exemption of sale of leasehold interest for ALOHA  
8 home units. In addition to the amounts exempt under section  
9 237-24, this chapter shall not apply to amounts received from  
10 the sale of a leasehold interest in an ALOHA homes unit under  
11 chapter 201H, subpart B."

12 SECTION 4. Section 36-27, Hawaii Revised Statutes, is  
13 amended by amending subsection (a) to read as follows:

14 "(a) Except as provided in this section, and  
15 notwithstanding any other law to the contrary, from time to  
16 time, the director of finance, for the purpose of defraying the  
17 prorated estimate of central service expenses of government in  
18 relation to all special funds, except the:

- 19 (1) Special out-of-school time instructional program fund  
20 under section 302A-1310;



- 1           (2) School cafeteria special funds of the department of
- 2           education;
- 3           (3) Special funds of the University of Hawaii;
- 4           (4) State educational facilities improvement special fund;
- 5           (5) Convention center enterprise special fund under
- 6           section 201B-8;
- 7           (6) Special funds established by section 206E-6;
- 8           (7) Aloha Tower fund created by section 206J-17;
- 9           (8) Funds of the employees' retirement system created by
- 10          section 88-109;
- 11          (9) Hawaii hurricane relief fund established under chapter
- 12          431P;
- 13          (10) Hawaii health systems corporation special funds and
- 14          the subaccounts of its regional system boards;
- 15          (11) Tourism special fund established under section
- 16          201B-11;
- 17          (12) Universal service fund established under section
- 18          269-42;
- 19          (13) Emergency and budget reserve fund under section
- 20          328L-3;



- 1 (14) Public schools special fees and charges fund under  
2 section 302A-1130;
- 3 (15) Sport fish special fund under section 187A-9.5;
- 4 [+](16) [+](16) Neurotrauma special fund under section 321H-4;
- 5 [+](17) [+](17) Glass advance disposal fee established by section  
6 342G-82;
- 7 [+](18) [+](18) Center for nursing special fund under section  
8 304A-2163;
- 9 [+](19) [+](19) Passenger facility charge special fund established by  
10 section 261-5.5;
- 11 [+](20) [+](20) Solicitation of funds for charitable purposes special  
12 fund established by section 467B-15;
- 13 [+](21) [+](21) Land conservation fund established by section 173A-5;
- 14 [+](22) [+](22) Court interpreting services revolving fund under  
15 section 607-1.5;
- 16 [+](23) [+](23) Trauma system special fund under section 321-22.5;
- 17 [+](24) [+](24) Hawaii cancer research special fund;
- 18 [+](25) [+](25) Community health centers special fund;
- 19 [+](26) [+](26) Emergency medical services special fund;
- 20 [+](27) [+](27) Rental motor vehicle customer facility charge special  
21 fund established under section 261-5.6;



1    [+] (28) [+] Shared services technology special fund under section  
2                    27-43;

3    [+] (29) [+] Automated victim information and notification system  
4                    special fund established under section 353-136;

5    [+] (30) [+] Deposit beverage container deposit special fund under  
6                    section 342G-104;

7    [+] (31) [+] Hospital sustainability program special fund under  
8                    [+] section 346G-4 [ + ] ;

9    [+] (32) [+] Nursing facility sustainability program special fund  
10                   under [ + ] section 346F-4 [ + ] ;

11   [+] (33) [+] Hawaii 3R's school improvement fund under section  
12                    302A-1502.4;

13   [+] (34) [+] After-school plus program revolving fund under section  
14                    302A-1149.5; [and]

15   [+] (35) [+] Civil monetary penalty special fund under section  
16                    321-30.2 [ - ] ; and

17       (36) ALOHA homes revolving fund under section 201H-N,  
18 shall deduct five per cent of all receipts of all other special  
19 funds, which deduction shall be transferred to the general fund  
20 of the State and become general realizations of the State. All  
21 officers of the State and other persons having power to allocate





1 or disburse any special funds shall cooperate with the director  
2 in effecting these transfers. To determine the proper revenue  
3 base upon which the central service assessment is to be  
4 calculated, the director shall adopt rules pursuant to chapter  
5 91 for the purpose of suspending or limiting the application of  
6 the central service assessment of any fund. No later than  
7 twenty days prior to the convening of each regular session of  
8 the legislature, the director shall report all central service  
9 assessments made during the preceding fiscal year."

10 SECTION 5. Section 36-30, Hawaii Revised Statutes, is  
11 amended by amending subsection (a) to read as follows:

- 12 "(a) Each special fund, except the:
- 13 (1) Special out-of-school time instructional program fund  
14 under section 302A-1310;
  - 15 (2) School cafeteria special funds of the department of  
16 education;
  - 17 (3) Special funds of the University of Hawaii;
  - 18 (4) State educational facilities improvement special fund;
  - 19 (5) Special funds established by section 206E-6;
  - 20 (6) Aloha Tower fund created by section 206J-17;



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



- 1    [+] (18) [+] Passenger facility charge special fund established by  
2                    section 261-5.5;
- 3    [+] (19) [+] Court interpreting services revolving fund under  
4                    section 607-1.5;
- 5    [+] (20) [+] Trauma system special fund under section 321-22.5;
- 6    [+] (21) [+] Hawaii cancer research special fund;
- 7    [+] (22) [+] Community health centers special fund;
- 8    [+] (23) [+] Emergency medical services special fund;
- 9    [+] (24) [+] Rental motor vehicle customer facility charge special  
10                   fund established under section 261-5.6;
- 11   [+] (25) [+] Shared services technology special fund under section  
12                   27-43;
- 13   [+] (26) [+] Nursing facility sustainability program special fund  
14                   established pursuant to [+]section 346F-4 [+];
- 15   [+] (27) [+] Automated victim information and notification system  
16                   special fund established under section 353-136;
- 17   [+] (28) [+] Hospital sustainability program special fund under  
18                   [+]section 346G-4 [+] ; [and]
- 19   [+] (29) [+] Civil monetary penalty special fund under section  
20                   321-30.2 [7] ; and
- 21    (30)   ALOHA homes revolving fund under section 201H-N,



1 shall be responsible for its pro rata share of the  
2 administrative expenses incurred by the department responsible  
3 for the operations supported by the special fund concerned."

4 SECTION 6. Section 171-2, Hawaii Revised Statutes, is  
5 amended to read as follows:

6 "§171-2 Definition of public lands. "Public lands" means  
7 all lands or interest therein in the State classed as government  
8 or crown lands previous to August 15, 1895, or acquired or  
9 reserved by the government upon or subsequent to that date by  
10 purchase, exchange, escheat, or the exercise of the right of  
11 eminent domain, or in any other manner; including lands accreted  
12 after May 20, 2003, and not otherwise awarded, submerged lands,  
13 and lands beneath tidal waters that are suitable for  
14 reclamation, together with reclaimed lands that have been given  
15 the status of public lands under this chapter, except:

- 16 (1) Lands designated in section 203 of the Hawaiian Homes  
17 Commission Act, 1920, as amended;
- 18 (2) Lands set aside pursuant to law for the use of the  
19 United States;
- 20 (3) Lands being used for roads and streets;



- 1           (4) Lands to which the United States relinquished the
- 2           absolute fee and ownership under section 91 of the
- 3           Hawaiian Organic Act prior to the admission of Hawaii
- 4           as a state of the United States unless subsequently
- 5           placed under the control of the board of land and
- 6           natural resources and given the status of public lands
- 7           in accordance with the state constitution, the
- 8           Hawaiian Homes Commission Act, 1920, as amended, or
- 9           other laws;
- 10          (5) Lands to which the University of Hawaii holds title;
- 11          (6) Lands that are set aside by the governor to the Hawaii
- 12          housing finance and development corporation; lands
- 13          leased to the Hawaii housing finance and development
- 14          corporation by any department or agency of the State;
- 15          or lands to which the Hawaii housing finance and
- 16          development corporation in its corporate capacity
- 17          holds title; provided that lands described in this
- 18          paragraph shall be considered "public lands" for the
- 19          purpose of accounting for all receipts from lands
- 20          described in section 5(f) of the Admission Act of 1959
- 21          for the prior fiscal year, pursuant to section 5 of



1           Act 178, Session Laws of Hawaii 2006; provided further  
2           that payment of receipts pursuant to this paragraph  
3           may be made in a form of remuneration or consideration  
4           other than cash;

5           (7) Lands to which the Hawaii community development  
6           authority in its corporate capacity holds title;

7           (8) Lands to which the department of agriculture holds  
8           title by way of foreclosure, voluntary surrender, or  
9           otherwise, to recover moneys loaned or to recover  
10          debts otherwise owed the department under chapter 167;

11          (9) Lands that are set aside by the governor to the Aloha  
12          Tower development corporation; lands leased to the  
13          Aloha Tower development corporation by any department  
14          or agency of the State; or lands to which the Aloha  
15          Tower development corporation holds title in its  
16          corporate capacity;

17          (10) Lands that are set aside by the governor to the  
18          agribusiness development corporation; lands leased to  
19          the agribusiness development corporation by any  
20          department or agency of the State; or lands to which



1           the agribusiness development corporation in its  
2           corporate capacity holds title;  
3       (11) Lands to which the Hawaii technology development  
4           corporation in its corporate capacity holds title; and  
5       (12) Lands to which the department of education holds  
6           title;  
7 provided that, except as otherwise limited under federal law and  
8 except for state land used as an airport as defined in section  
9 262-1, public lands shall include the air rights over any  
10 portion of state land upon which a county mass transit project  
11 is developed after July 11, 2005."

12           SECTION 7. Chapter 201H, Hawaii Revised Statutes, is  
13 amended by designating sections 201H-31 to 201H-70 as subpart A  
14 and inserting a title before section 201H-31 to read as follows:

15                           "A. General Provisions"

16           SECTION 8. Section 302A-1603, Hawaii Revised Statutes, is  
17 amended by amending subsection (b) to read as follows:

18           "(b) The following shall be exempt from this section:

- 19           (1) Any form of housing permanently excluding school-aged
- 20           children, with the necessary covenants or declarations
- 21           of restrictions recorded on the property;



- 1           (2) Any form of housing that is or will be paying the
- 2                   transient accommodations tax under chapter 237D;
- 3           (3) All nonresidential development; [~~and~~]
- 4           (4) Any development with an executed education
- 5                   contribution agreement or other like document with the
- 6                   department for the contribution of school sites or
- 7                   payment of fees for school land or school
- 8                   construction[-]; and
- 9           (5) Any form of development by the Hawaii housing finance
- 10                   and development corporation pursuant to chapter 201H,
- 11                   part II, subpart B."

12           SECTION 9. There is appropriated out of the general

13 revenues of the State of Hawaii the sum of \$100,000 or so much

14 thereof as may be necessary for fiscal year 2019-2020 to be

15 deposited into the ALOHA homes revolving fund established

16 pursuant to section 201H-N, Hawaii Revised Statutes.

17           SECTION 10. There is appropriated out of the ALOHA homes

18 revolving fund established pursuant to section 201H-N, Hawaii

19 Revised Statutes, the sum of \$100,000 or so much thereof as may

20 be necessary for fiscal year 2019-2020 for the purposes for

21 which the revolving fund is established.





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 11. In codifying the new sections added by section  
5 2 of this Act, the revisor of statutes shall substitute  
6 appropriate section numbers for the letters used in designating  
7 the new sections in this Act.

8           SECTION 12. Statutory material to be repealed is bracketed  
9 and stricken. New statutory material is underscored.

10          SECTION 13. This Act shall take effect on July 1, 2019.



**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 (HHFDC) 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 lands to which HHFDC holds title and land set aside or leased to the HHFDC from the definition of public lands in section 171-2, HRS, except for purposes of accounting for receipts from ceded lands. Establishes and appropriates funds into and out of the ALOHA homes revolving fund. Authorizes the HHFDC to sell the leasehold interest in residential condominium units located on state lands for lease terms of 99 years. (SD1)

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

