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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. According to a local news report, a  
7 household needed to earn almost \$160,000 annually to afford to  
8 buy a median-priced home on Oahu in 2018, making homeownership  
9 out of reach for many of Hawaii's residents, especially first-  
10 time buyers. By July 2019, the median price for a single-family  
11 home on Oahu had risen to \$835,000, while the median price for  
12 condominiums on Oahu had risen to \$461,500.

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, established 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 area median income  
16 level. During the regular session of 2018, the legislature  
17 passed a bill enacted as Act 39, Session Laws of Hawaii 2018,  
18 that, among other things, provides an estimated total value of  
19 \$570,000,000 to address Hawaii's affordable rental housing  
20 crisis and is expected to generate more than 25,000 affordable  
21 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) End the housing shortage in Hawaii;
- 19       (2) Establish the ALOHA homes program to facilitate the  
20       creation of low-cost leasehold homes for sale to



1 Hawaii residents on state-owned land near public  
2 transit stations;

3 (3) Authorize the Hawaii housing finance and development  
4 corporation to sell the leasehold interest in  
5 residential condominium units located on state lands  
6 for lease terms of ninety-nine years; and

7 (4) Develop an ALOHA homes demonstration project by  
8 July 1, 2025.

9 SECTION 2. Chapter 201H, Hawaii Revised Statutes, is  
10 amended by adding two new subparts to part II to be  
11 appropriately designated and to read as follows:

12 "B. ALOHA Homes Program

13 **§201H-A Definitions.** As used in this subpart, the  
14 following terms have the following meanings, unless the context  
15 indicates a different meaning or intent:

16 "ALOHA" means affordable, locally owned homes for all.

17 "ALOHA home" means a residential unit within an urban  
18 redevelopment site.

19 "Commercial project" means an undertaking involving  
20 commercial or light industrial development, which includes a  
21 mixed-use development where commercial or light industrial



1 facilities may be built into, adjacent to, under, or above  
2 residential units.

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

5 "Multipurpose project" means a project consisting of any  
6 combination of a commercial project, redevelopment project, or  
7 residential project.

8 "Owner-occupied residential use" means any use currently  
9 permitted in existing residential zones consistent with owner  
10 occupancy, but shall not mean renting or leasing to any tenant  
11 or lessee of any kind.

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

17 "Public agency" means any office, department, board,  
18 commission, bureau, division, public corporation agency, or  
19 instrumentality of the federal, state, or county government.

20 "Public facilities" includes streets, utility and service  
21 corridors, and utility lines where applicable, sufficient to



1 adequately service developable improvements in an urban  
2 redevelopment site, sites for schools, parks, parking garages,  
3 sidewalks, pedestrian ways, and other community facilities.

4 "Public facilities" also includes public highways, as defined in  
5 section 264-1, storm drainage systems, water systems, street  
6 lighting systems, off-street parking facilities, sanitary  
7 sewerage systems, facilities to address climate change and sea  
8 level rise, as well as the land required for these facilities.

9 "Public facilities" includes any facility owned and operated by  
10 a public agency and having a useful life of at least five years.

11 "Public transit station" means:

- 12 (1) A station connected to a locally preferred alternative
- 13 for a mass transit project; or
- 14 (2) For the city and county of Honolulu, a station of the
- 15 Honolulu rail transit system.

16 "Redevelopment project" means an undertaking for the  
17 acquisition, clearance, replanning, reconstruction, and  
18 rehabilitation, or a combination of these and other methods, of  
19 an area for a residential project, for an incidental commercial  
20 project, and for other facilities incidental or appurtenant  
21 thereto, pursuant to and in accordance with this subpart. The

1 term "acquisition, clearance, replanning, reconstruction, and  
2 rehabilitation" includes renewal, redevelopment, conservation,  
3 restoration, or improvement, or any combination thereof.

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

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

10 **§201H-B ALOHA homes program.** There is established the  
11 ALOHA homes program for the purpose of providing low-cost, high  
12 density leasehold homes for sale to Hawaii residents on state-  
13 owned lands within a one mile radius of a public transit  
14 station.

15 **§201H-C Urban redevelopment sites; established;**  
16 **boundaries.** There shall be established urban redevelopment  
17 sites that shall include all state-owned and county-owned land  
18 within:

19 (1) County-designated transit-oriented development areas;  
20 or





1           (2) Within a one-mile radius of a public transit station  
2           in a county having a population greater than five  
3           hundred thousand.

4           **§201H-D Rules; guidelines.** (a) The corporation shall  
5 establish rules pursuant to chapter 91 on health, safety,  
6 building, planning, zoning, and land use, which shall supersede  
7 all other inconsistent ordinances and rules relating to the use,  
8 zoning, planning, and development of land and construction  
9 thereon. Rules adopted under this section shall follow existing  
10 law, rules, ordinances, and regulations as closely as is  
11 consistent with standards meeting minimum requirements of good  
12 design, pleasant amenities, health, safety, and coordinated  
13 development. The corporation may provide that lands within  
14 urban redevelopment sites shall not be developed beyond existing  
15 uses or that improvements thereon shall not be demolished or  
16 substantially reconstructed, or provide other restrictions on  
17 the use of the lands.

18           (b) The following shall be the principles generally  
19 governing the corporation's action in urban redevelopment sites:

20           (1) The corporation shall produce enough housing to meet  
21           housing demand;



- 1           (2) Each development may include facilities to replace any  
2           facilities that must be removed for the development's  
3           construction;
- 4           (3) Development shall be revenue-neutral to the State and  
5           counties, and all revenues generated shall be used for  
6           the purposes of this subpart;
- 7           (4) The corporation shall consider the infrastructure  
8           burden of each development and the impact of the  
9           development on the education system, and any  
10          mitigation actions, prior to construction;
- 11          (5) The corporation may build infrastructure beyond what  
12          exists in any development under this subpart and may  
13          sell the infrastructure capacity to private sector  
14          developers;
- 15          (6) The corporation may build common area facilities for  
16          any development undertaken pursuant to this subpart,  
17          which shall be paid through the sales of ALOHA homes  
18          units;
- 19          (7) Development shall result in a community that permits  
20          an appropriate land mixture of residential,  
21          commercial, and other uses. In view of the innovative



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



1 provided further that the construction shall comply  
2 with the general plan, development plan, ordinances,  
3 and rules of the county in which the urban  
4 redevelopment site is located;

5 (8) Activities shall be located so as to provide primary  
6 reliance on public transportation and pedestrian and  
7 bicycle facilities for internal circulation within  
8 urban redevelopment sites or designated subareas;

9 (9) Where compatible, land use activities within urban  
10 redevelopment sites, to the greatest possible extent,  
11 shall be mixed horizontally within blocks or other  
12 land areas, and vertically as integral units of multi-  
13 purpose structures;

14 (10) Development shall prioritize maximizing density on  
15 lands that are most urbanized and most suitable for  
16 high density; provided that development may require a  
17 mixture of densities, building types, and  
18 configurations in accordance with appropriate urban  
19 design guidelines and vertical and horizontal  
20 integration of residents of varying incomes, ages, and  
21 family groups that reflect the diversity of Hawaii.



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

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

15 (12) Development shall be designed, to the extent possible,  
16 to minimize traffic, parking, the use of private  
17 automobiles, and noise;

18 (13) Development shall be subject to chapter 104;

19 (14) Onsite and off-site infrastructure funded by the State  
20 or county, as applicable, shall be brought to the  
21 development site; provided that the State and



1           respective county may be reimbursed for its  
2           infrastructure contributions with proceeds from the  
3           sale of ALOHA homes; and

4           (15) Development shall include the establishment of a  
5           building operating and maintenance program, together  
6           with the funding to cover its cost.

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

13          (d) The design and development contracts for ALOHA homes  
14          shall be subject to chapter 103D.

15          (e) The corporation shall recoup all expenses through the  
16          sales of the leasehold interest of ALOHA homes and other revenue  
17          sources, including the leasing of commercial space.

18          (f) The corporation shall transfer ALOHA homes units  
19          within residential projects to the department of Hawaiian home  
20          lands or to the Office of Hawaiian Affairs; provided that the  
21          corporation shall adopt rules under chapter 91 to determine the



1 number of units or the percentage of units to be transferred to  
2 the department of Hawaiian home lands or to the office of  
3 Hawaiian affairs; provided further that the corporation may not  
4 grant certificates of occupancy for any ALOHA homes units prior  
5 to the implementation of these rules.

6       **§201H-E Sale of the leasehold interest of ALOHA homes;**  
7 **rules; guidelines.** (a) The corporation shall adopt rules,  
8 pursuant to chapter 91, for the sale of the leasehold interest  
9 of ALOHA homes under its control within urban redevelopment  
10 sites; provided that each lease shall be for a term of ninety-  
11 nine years. The rules shall include the following requirements  
12 for an eligible buyer or owner of an ALOHA home within an urban  
13 redevelopment site:

14       (1) The person shall be a resident of the State; provided  
15             that voting in the most recent primary or general  
16             election shall be an indication of residency in the  
17             State; provided further that not voting in any primary  
18             or general election creates a rebuttable presumption  
19             of non-residency;

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



1           (3) The person, or the person's spouse, or any other  
2           person intending to live with the eligible buyer or  
3           owner, shall not own any other real property,  
4           including any residential and non-residential  
5           property, beneficial ownership of trusts, and co-  
6           ownership or fractional ownership, while owning an  
7           ALOHA home in an urban redevelopment site; provided  
8           that an eligible buyer may own real property up to six  
9           months after closing on the purchase of an ALOHA home;  
10          provided further that an owner of an ALOHA home in the  
11          process of selling the ALOHA home may own other real  
12          property up to six months prior to closing on the sale  
13          of the ALOHA home to an eligible buyer;  
14          provided that the rules under this subsection shall not include  
15          any requirements or limitations related to an individual's  
16          income or any preferences to first-time home buyers. The rules  
17          shall include strict enforcement of owner-occupancy, including a  
18          prohibition on the renting or leasing of an ALOHA home to any  
19          tenant or lessee, and may include requirements for the use of  
20          face recognition, verification of the presence of owner-  
21          occupants and prevention of access to all unauthorized persons





1 through retina scan for a minimum number of days per year to be  
2 established by the corporation by rule, or fingerprint scan  
3 technology.

4 (b) The median ALOHA homes within urban redevelopment  
5 sites shall be priced to be affordable to an individual or  
6 family whose income does not exceed eighty per cent of the area  
7 median income, or \$300,000, whichever is less, using the United  
8 States Department of Housing and Urban Development income  
9 guidelines; provided that the \$300,000 price shall be adjusted  
10 annually by calculating the average annual increase in the  
11 median home price for the area during the previous ten-year  
12 timeframe, as determined by the department of business, economic  
13 development, and tourism.

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



1 criteria based on the impact that the development has on the  
2 eligible buyer.

3 (d) ALOHA homes within urban redevelopment sites shall be  
4 sold only to other eligible buyers.

5 (e) An owner of an ALOHA home may sell the ALOHA home  
6 after five or more years of owner-occupancy; provided that the  
7 corporation shall have the right of first refusal to purchase  
8 the ALOHA home at a price that is determined by the corporation  
9 using the price at which the owner purchased the ALOHA home as  
10 the cost basis, adjusted for inflation, as determined by the  
11 department of business, economic development, and tourism using  
12 the Consumer Price Index for All Urban Consumers for Honolulu,  
13 and may include a percentage of the appreciation in value of the  
14 unit based on an appraisal obtained by the corporation. If the  
15 corporation does not exercise its right to purchase the ALOHA  
16 home, the ALOHA home may be sold by the owner to an eligible  
17 buyer; provided that the corporation shall retain seventy-five  
18 per cent of all profits from the sale net of closing and  
19 financing costs, using the price at which the owner purchased  
20 the ALOHA home, plus documented capital improvements, as the  
21 cost basis. Upon the death of the owner of an ALOHA home, the



1 ALOHA home may be transferred to the deceased's heir by devise  
2 or as any other real property under existing law; provided that  
3 if the heir is not an eligible buyer, the heir shall sell the  
4 ALOHA home to the corporation at a price that is determined by  
5 the corporation using the price at which the owner purchased the  
6 ALOHA home, plus documented capital improvements, as the cost  
7 basis, adjusted for inflation, and may include a percentage of  
8 the appreciation in value of the unit.

9 (f) If an owner of an ALOHA home sells the ALOHA home  
10 before five years of owner-occupation, the corporation shall  
11 purchase the ALOHA home at a price that is determined by the  
12 corporation using the price at which the owner purchased the  
13 ALOHA home as the cost basis, plus documented capital  
14 improvements, adjusted for inflation.

15 (g) Any ALOHA home developed and sold under this subpart  
16 shall not be subject to sections 201H-47, 201H-49, 201H-50, and  
17 201H-51.

18 (h) If an owner of an ALOHA home defaults on any loan or  
19 mortgage secured by the owner's leasehold interest in the ALOHA  
20 home or loses ownership of the home for any reason, the



1 corporation shall purchase the interest of the owner in the  
2 ALOHA home and take possession thereof.

3 **§201H-F Use of public lands; acquisition of state lands.**

4 (a) If state lands under the control and management of other  
5 public agencies are required by the corporation for the purposes  
6 of this subpart, the agency having the control and management of  
7 those required lands, upon request by the corporation and with  
8 the approval of the governor, may convey or lease those lands to  
9 the corporation upon terms and conditions as may be agreed to by  
10 the parties.

11 (b) Notwithstanding the foregoing, no public lands shall  
12 be conveyed or leased to the corporation pursuant to this  
13 section if the conveyance or lease would impair any covenant  
14 between the State or any county or any department or board  
15 thereof and the holders of bonds issued by the State or that  
16 county, department, or board.

17 **§201H-G Acquisition of real property from a county.**

18 Notwithstanding the provision of any law or charter, any county,  
19 by resolution of its county council, may, without public  
20 auction, sealed bids, or public notice, sell, lease, grant, or  
21 convey to the corporation any real property owned by it that the



1 corporation certifies to be necessary for the purposes of this  
2 subpart. The sale, lease, grant, or conveyance shall be made  
3 with or without consideration and upon terms and conditions as  
4 may be agreed upon by the county and the corporation.  
5 Certification shall be evidenced by a formal request from the  
6 corporation. Before the sale, lease, grant, or conveyance may  
7 be made to the corporation, a public hearing shall be held by  
8 the county council to consider the same. Notice of the hearing  
9 shall be published at least six days before the date set for the  
10 hearing in the publication and in the manner as may be  
11 designated by the county council.

12 **§201H-H Condemnation of real property.** The corporation,  
13 upon making a finding that it is necessary to acquire any real  
14 property for its immediate or future use for the purposes of  
15 this subpart, may acquire the property, including property  
16 already devoted to a public use, by condemnation pursuant to  
17 chapter 101. The property shall not thereafter be taken for any  
18 other public use without the consent of the corporation. No  
19 award of compensation shall be increased by reason of any  
20 increase in the value of real property caused by the designation  
21 of the urban redevelopment site or plan adopted pursuant to a



1 designation, or the actual or proposed acquisition, use, or  
2 disposition of any other real property by the corporation.

3       **§201H-I Construction contracts.** The construction  
4 contracts for ALOHA homes shall be subject to chapter 103D.

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

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



1           **§201H-L ALOHA homes revolving fund.** There is established  
2 the ALOHA homes revolving fund into which all receipts and  
3 revenues of the corporation pursuant to this subpart shall be  
4 deposited. Proceeds from the fund shall be used for the  
5 purposes of this subpart.

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

19           **§201H-N Assistance by state and county agencies.** Any  
20 state or county agency may render services for the purposes of  
21 this subpart upon request of the corporation.



1           **§201H-O Lands no longer needed.** Lands acquired by the  
2 corporation from another government agency that are no longer  
3 needed for the ALOHA homes program by the corporation shall be  
4 returned to the previous owner of those lands. Lands acquired  
5 by the corporation from a private party that are owned by the  
6 corporation and designated for the ALOHA homes program but are  
7 subsequently no longer needed for the ALOHA homes program shall  
8 be retained by the corporation.

9           **§201H-P Rules.** The corporation may adopt rules pursuant  
10 to chapter 91 that are necessary for the purposes of this  
11 subpart.

12                           C. Leasehold Condominiums on State Lands

13           **§201H-Q Leasehold condominiums on state lands.** (a) The  
14 corporation may sell leasehold units in condominiums organized  
15 pursuant to chapter 514B and developed under this subpart on  
16 state land to a "qualified resident" as defined in section  
17 201H-32.

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





1 (c) The sale of leasehold units shall be subject to  
2 sections 201H-47, 201H-49, and 201H-50, except for units sold at  
3 fair market value.

4 (d) State land set aside by the governor to the  
5 corporation and lands leased to the corporation by any  
6 department or agency of the State for a condominium described in  
7 this section shall be exempt from the definition of "public  
8 lands" under section 171-2, except for the provision in section  
9 171-2(6) that subjects corporation lands to the accounting for  
10 all receipts for lands subject to section 5(f) of the Admission  
11 Act.

12 (e) The powers conferred upon the corporation by this  
13 section shall be in addition and supplemental to the powers  
14 conferred by any other law, and nothing in this section shall be  
15 construed as limiting any powers, rights, privileges, or  
16 immunities so conferred."

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

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



1 section 237-24, this chapter shall not apply to amounts received  
2 from the sale of a leasehold interest in an ALOHA home under  
3 chapter 201H, part II, subpart B."

4 SECTION 4. 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 for the  
21          prior fiscal year, pursuant to section 5 of Act 178,



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

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

7           (8) Lands set aside by the governor to the Hawaii public  
8           housing authority or lands to which the Hawaii public  
9           housing authority in its corporate capacity holds  
10          title;

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

15          (10) Lands that are set aside by the governor to the Aloha  
16          Tower development corporation; lands leased to the  
17          Aloha Tower development corporation by any department  
18          or agency of the State; or lands to which the Aloha  
19          Tower development corporation holds title in its  
20          corporate capacity;



1 (11) 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 (12) Lands to which the Hawaii technology development  
 8 corporation in its corporate capacity holds title; and

9 (13) 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 developed after July 11, 2005."

16 SECTION 5. Section 171-64.7, Hawaii Revised Statutes, is  
 17 amended by amending subsection (a) to read as follows:

18 "(a) This section applies to all lands or interest therein  
 19 owned or under the control of state departments and agencies  
 20 classed as government or crown lands previous to August 15,  
 21 1895, or acquired or reserved by the government upon or



1 subsequent to that date by purchase, exchange, escheat, or the  
2 exercise of the right of eminent domain, or any other manner,  
3 including accreted lands not otherwise awarded, submerged lands,  
4 and lands beneath tidal waters that are suitable for  
5 reclamation, together with reclaimed lands that have been given  
6 the status of public lands under this chapter, including:

7 (1) Land set aside pursuant to law for the use of the  
8 United States;

9 (2) Land to which the United States relinquished the  
10 absolute fee and ownership under section 91 of the  
11 Organic Act prior to the admission of Hawaii as a  
12 state of the United States;

13 (3) Land to which the University of Hawaii holds title;

14 (4) Land that is set aside by the governor to the Hawaii  
15 housing finance and development corporation; land  
16 leased to the Hawaii housing finance and development  
17 corporation by any department or agency of the State;  
18 or land to which the Hawaii housing finance and  
19 development corporation in its corporate capacity  
20 holds title;



- 1 (5) Land to which the department of agriculture holds  
2 title by way of foreclosure, voluntary surrender, or  
3 otherwise, to recover moneys loaned or to recover  
4 debts otherwise owed the department under chapter 167;
- 5 (6) Land that is set aside by the governor to the Aloha  
6 Tower development corporation; or land to which the  
7 Aloha Tower development corporation holds title in its  
8 corporate capacity;
- 9 (7) Land that is set aside by the governor to the  
10 agribusiness development corporation; or land to which  
11 the agribusiness development corporation in its  
12 corporate capacity holds title;
- 13 (8) Land to which the Hawaii technology development  
14 corporation in its corporate capacity holds title;
- 15 (9) Land to which the department of education holds title;  
16 and
- 17 (10) Land to which the Hawaii public housing authority in  
18 its corporate capacity holds title."

19 SECTION 6. Chapter 201H, Hawaii Revised Statutes, part II  
20 is amended by designating sections 201H-31 to 201H-70 as subpart



1 A and inserting a title before section 201H-31 to read as  
2 follows:

3 "A. General Provisions"

4 SECTION 7. Section 302A-1603, Hawaii Revised Statutes, is  
5 amended by amending subsection (b) to read as follows:

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

- 7 (1) Any form of housing permanently excluding school-aged  
8 children, with the necessary covenants or declarations  
9 of restrictions recorded on the property;
- 10 (2) Any form of housing that is or will be paying the  
11 transient accommodations tax under chapter 237D;
- 12 (3) All nonresidential development; [~~and~~]
- 13 (4) Any development with an executed education  
14 contribution agreement or other like document with the  
15 department for the contribution of school sites or  
16 payment of fees for school land or school  
17 construction[~~-~~]; and
- 18 (5) Any form of development by the Hawaii housing finance  
19 and development corporation pursuant to chapter 201H,  
20 part II, subpart B."





1 SECTION 8. The Hawaii housing finance and development  
2 corporation shall develop an ALOHA homes demonstration project  
3 by July 1, 2025. The Hawaii housing finance and development  
4 corporation shall consult with the Hawaii interagency council  
5 for transit-oriented development on the location of the  
6 demonstration project, consistent with the state strategic plan  
7 for transit-oriented development.

8 SECTION 9. There is appropriated out of the general  
9 revenues of the State of Hawaii the sum of \$ or so  
10 much thereof as may be necessary for fiscal year 2020-2021 to be  
11 deposited into the ALOHA homes revolving fund established  
12 pursuant to section 201H-L, Hawaii Revised Statutes.

13 SECTION 10. There is appropriated out of the ALOHA homes  
14 revolving fund established pursuant to section 201H-L, Hawaii  
15 Revised Statutes, the sum of \$ or so much thereof as  
16 may be necessary for fiscal year 2020-2021 for the purposes for  
17 which the revolving fund is established.

18 The sum appropriated shall be expended by the Hawaii  
19 housing finance and development corporation for the purposes of  
20 this Act.



1 SECTION 11. In codifying the new sections added by section  
2 2 of this Act, the revisor of statutes shall substitute  
3 appropriate section numbers for the letters used in designating  
4 the new sections in this Act.

5 SECTION 12. Statutory material to be repealed is bracketed  
6 and stricken. New statutory material is underscored.

7 SECTION 13. This Act shall take effect on July 1, 2020.



**Report Title:**

HHFDC; Affordable Housing; ALOHA Homes; Public Land Exemptions; Appropriation

**Description:**

Establishes the ALOHA homes program to develop low-cost homes on state-owned and county-owned land in urban redevelopment sites to be sold in leasehold by the Hawaii Housing Finance and Development Corporation (HHFDC) to qualified residents. Exempts certain land from the definition of public lands. Requires HHFDC to gain legislative approval before disposing of certain lands. Requires HHFDC to transfer a number of ALOHA homes units to the Department of Hawaiian Home Lands or Office of Hawaiian Affairs. Provides for the disposition of lands acquired by HHFDC, but no longer needed for the ALOHA homes program. Requires HHFDC to develop an ALOHA homes demonstration project by July 1, 2025. Appropriates funds. (SD2)

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

