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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 the Honolulu Board of  
7 Realtors, by November 2020 the median price for a single-family  
8 home on Oahu had risen to \$872,500, while the median price for  
9 condominiums on Oahu had risen to \$420,000. With a simple  
10 mortgage calculator and using conservative assumptions on  
11 interest rates and down payment amounts, a household needs to  
12 earn almost \$170,000 annually to afford to buy a median-priced  
13 home on Oahu in 2020, making homeownership out of reach for many  
14 of Hawaii's residents, especially first-time buyers.

15           Because of the many barriers hindering the production of  
16 new housing, such as geographic limitations, lack of major  
17 infrastructure, construction costs, and government regulation,



1 the State and housing developers have not been able to produce  
2 enough housing for Hawaii residents. According to a 2015 report  
3 from the department of business, economic development, and  
4 tourism, the projected long-run estimate of demand for total new  
5 housing in Hawaii is between 64,700 to 66,000 for the 2015 to  
6 2025 period. The legislature has responded through the passage  
7 of various legislation. During the regular session of 2016, the  
8 legislature passed a bill enacted as Act 127, Session Laws of  
9 Hawaii 2016, that, among other things, established a goal of  
10 developing or vesting the development of at least 22,500  
11 affordable rental housing units ready for occupancy by the end  
12 of 2026. During the regular session of 2017, the legislature  
13 passed a bill enacted as Act 54, Session Laws of Hawaii 2017, to  
14 expand the types of rental housing projects that can be exempt  
15 from general excise tax, thereby encouraging the development of  
16 rental housing projects targeted for occupancy by households at  
17 or below the one hundred forty per cent area median income  
18 level. During the regular session of 2018, the legislature  
19 passed a bill enacted as Act 39, Session Laws of Hawaii 2018,  
20 that, among other things, provides an estimated total value of  
21 \$570,000,000 to address Hawaii's affordable rental housing



1 crisis and is expected to generate more than 25,000 affordable  
2 units by the year 2030.

3 Despite these efforts, the amount of new construction of  
4 housing, especially for low- to middle-income families,  
5 continues to be inadequate as the supply of housing remains  
6 constrained while demand for housing increases. This lack of  
7 supply leads to higher housing prices and rents for households  
8 of all income levels, leaving all tenants with less disposable  
9 income, increasing the personal stress on buyers and renters,  
10 and exacerbating overcrowding and homelessness. Given these  
11 consequences, the lack of affordable housing requires the  
12 concentrated attention of state government at the highest level.

13 The legislature further finds that Singapore faced a  
14 housing crisis in the 1940s through 1960s but was subsequently  
15 able to provide nearly one million residential units for its  
16 citizens. The housing and development board -- the government  
17 entity responsible for the rapid increase in housing development  
18 -- plans, develops, and constructs the housing units, including  
19 commercial, recreational, and social amenities. The result is  
20 that units built by the housing and development board house  
21 eighty per cent of the resident population and that, overall,



1 ninety per cent of the resident population are owners of their  
2 units. Through government loans, subsidies, and grants and the  
3 use of money saved through a government-run mandatory savings  
4 program, residents are able to purchase residential units at an  
5 affordable price, including options to upgrade to a better  
6 living environment in the future.

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

19 The purpose of this Act is to:

- 20 (1) End the housing shortage in Hawaii;



- 1           (2) Establish the ALOHA homes program to facilitate the
- 2                   creation of low-cost leasehold homes for sale to
- 3                   Hawaii residents on state-owned land near public
- 4                   transit stations;
- 5           (3) Authorize the Hawaii housing finance and development
- 6                   corporation to sell the leasehold interest in
- 7                   residential condominium units located on state lands
- 8                   for lease terms of ninety-nine years; and
- 9           (4) Develop an ALOHA homes demonstration project by
- 10                   July 1, 2026.

11           SECTION 2. Chapter 201H, Hawaii Revised Statutes, is

12 amended by adding two new subparts to part II to be

13 appropriately designated and to read as follows:

14                                   "B. ALOHA Homes Program

15           **§201H-A Definitions.** As used in this subpart, the

16 following terms have the following meanings, unless the context

17 indicates a different meaning or intent:

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

19           "ALOHA home" means a residential unit within an urban

20 redevelopment site.



1 "Commercial project" means an undertaking involving  
2 commercial or light industrial development, which includes a  
3 mixed-use development where commercial or light industrial  
4 facilities may be built into, adjacent to, under, or above  
5 residential units.

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

8 "Multipurpose project" means a project consisting of any  
9 combination of a commercial project, redevelopment project, or  
10 residential project.

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

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



1 "Public agency" means any office, department, board,  
2 commission, bureau, division, public corporation agency, or  
3 instrumentality of the federal, state, or county government.

4 "Public facilities" includes streets, utility and service  
5 corridors, and utility lines where applicable, sufficient to  
6 adequately service developable improvements in an urban  
7 redevelopment site, sites for schools, parks, parking garages,  
8 sidewalks, pedestrian ways, and other community facilities.

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

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

16 "Public transit station" means:

- 17 (1) A station connected to a locally preferred alternative  
18 for a mass transit project; or  
19 (2) For the city and county of Honolulu, a station of the  
20 Honolulu rail transit system.



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

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

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

16 **§201H-B ALOHA homes program.** There is established the  
17 ALOHA homes program for the purpose of providing low-cost, high  
18 density leasehold homes for sale to Hawaii residents on state-  
19 owned lands within a one mile radius of a public transit  
20 station.



1           **§201H-C Urban redevelopment sites; established;**  
2 **boundaries.** There shall be established urban redevelopment  
3 sites that shall include all state-owned land within a one mile  
4 radius of a public transit station in a county having a  
5 population greater than five hundred thousand.

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

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



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



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



1 outside of urban redevelopment sites; provided that  
2 the construction relates to infrastructure development  
3 or residential or business relocation activities;  
4 provided further that the construction shall comply  
5 with the general plan, development plan, ordinances,  
6 and rules of the county in which the urban  
7 redevelopment site is located;

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

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

17 (10) Development shall prioritize maximizing density;  
18 provided that development may require a mixture of  
19 densities, building types, and configurations in  
20 accordance with appropriate urban design guidelines  
21 and vertical and horizontal integration of residents



- 1 of varying incomes, ages, and family groups that  
2 reflect the diversity of Hawaii.
- 3 (11) Development shall provide necessary community  
4 facilities, such as parks, community meeting places,  
5 child care centers, schools, educational facilities,  
6 libraries, and other services, within and adjacent to  
7 residential development; provided that any school that  
8 is provided by the corporation as a necessary  
9 community facility shall be exempt from school size  
10 requirements as calculated by recent school site area  
11 averages pursuant to section 302A-1602;
- 12 (12) Public facilities within urban redevelopment sites  
13 shall be planned, located, and developed so as to  
14 support the redevelopment policies for the sites  
15 established by this subpart and plans and rules  
16 adopted pursuant to it;
- 17 (13) Development shall be designed, to the extent possible,  
18 to minimize traffic, parking, the use of private  
19 automobiles, and noise;
- 20 (14) Development shall be subject to chapter 104;



1           (15) Onsite and off-site infrastructure funded by the State  
2                   or county, as applicable, shall be brought to the  
3                   development site; provided that the State and  
4                   respective county may be reimbursed for its  
5                   infrastructure contributions with proceeds from the  
6                   sale of ALOHA homes; and

7           (16) Development shall include the establishment of a  
8                   building operating and maintenance program, together  
9                   with the funding to cover its cost.

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

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

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



1           (f) The corporation shall transfer ALOHA homes units  
2 within residential projects to the department of Hawaiian home  
3 lands or to the office of Hawaiian affairs; provided that the  
4 corporation shall adopt rules under chapter 91 to determine the  
5 number of units or the percentage of units to be transferred to  
6 the department of Hawaiian home lands or to the office of  
7 Hawaiian affairs; provided further that the corporation may not  
8 grant certificates of occupancy for any ALOHA homes units prior  
9 to the implementation of these rules.

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

18           (1) The person shall be a resident of the State; provided  
19 that voting in the most recent primary or general  
20 election shall be an indication of residency in the  
21 State; provided further that not voting in any primary



1 or general election creates a rebuttable presumption  
2 of non-residency;

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

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

18 provided that the rules under this subsection shall not include  
19 any requirements or limitations related to an individual's  
20 income or any preferences to first-time home buyers. The rules  
21 shall include strict enforcement of owner-occupancy, including a



1 prohibition on renting or leasing an ALOHA home to any tenant or  
2 lessee. Enforcement of the owner-occupancy condition may  
3 include requirements for the use of facial recognition,  
4 fingerprint authorization, or retina scan technologies, in-  
5 person verification of owner-occupants, and prevention of access  
6 to all unauthorized persons. The corporation may also establish  
7 rules for a minimum number of days residents must be physically  
8 present on the premises and a maximum number of days non-  
9 residents may have access to the premises.

10 (b) The median ALOHA homes within urban redevelopment  
11 sites shall be priced to be affordable to an individual or  
12 family whose income does not exceed eighty per cent of the area  
13 median income, or shall require a down payment of no more than  
14 \$10,0000 and a monthly mortgage payment of no more than \$1,500.  
15 The median ALOHA homes price shall be adjusted annually for  
16 inflation, as determined by the Bureau of Labor Statistics  
17 Consumer Price Index for urban Hawaii.

18 (c) The corporation shall establish waitlists for each  
19 residential development for eligible buyers to determine the  
20 order in which ALOHA homes shall be sold. Waitlist priorities  
21 may include school, college, or university affiliation if the



1 residential property is a redeveloped school, college, or  
2 university; proximity of an eligible buyer's existing residence  
3 to an ALOHA home within the urban redevelopment site; and other  
4 criteria based on the impact that the development has on the  
5 eligible buyer.

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

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



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

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

18 (g) Any ALOHA home developed and sold under this subpart  
19 shall not be subject to sections 201H-47, 201H-49, 201H-50, and  
20 201H-51.



1 (h) If an owner of an ALOHA home defaults on any loan or  
2 mortgage secured by the owner's leasehold interest in the ALOHA  
3 home or loses ownership of the home for any reason, the  
4 corporation shall purchase the interest of the owner in the  
5 ALOHA home and take possession thereof.

6 **§201H-F Use of public lands; acquisition of state lands.**

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

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

20 **§201H-G Acquisition of real property from a county.**

21 Notwithstanding the provision of any law or charter, any county,



1 by resolution of its county council, may, without public  
2 auction, sealed bids, or public notice, sell, lease, grant, or  
3 convey to the corporation any real property owned by it that the  
4 corporation certifies to be necessary for the purposes of this  
5 subpart. The sale, lease, grant, or conveyance shall be made  
6 with or without consideration and upon terms and conditions as  
7 may be agreed upon by the county and the corporation.

8 Certification shall be evidenced by a formal request from the  
9 corporation. Before the sale, lease, grant, or conveyance may  
10 be made to the corporation, a public hearing shall be held by  
11 the county council to consider the same. Notice of the hearing  
12 shall be published at least six days before the date set for the  
13 hearing in the publication and in the manner as may be  
14 designated by the county council.

15 **§201H-H Condemnation of real property.** The corporation,  
16 upon making a finding that it is necessary to acquire any real  
17 property for its immediate or future use for the purposes of  
18 this subpart, may acquire the property, including property  
19 already devoted to a public use, by condemnation pursuant to  
20 chapter 101. The property shall not thereafter be taken for any  
21 other public use without the consent of the corporation. No



1 award of compensation shall be increased by reason of any  
2 increase in the value of real property caused by the designation  
3 of the urban redevelopment site or plan adopted pursuant to a  
4 designation, or the actual or proposed acquisition, use, or  
5 disposition of any other real property by the corporation.

6       **§201H-I Construction contracts.** The construction  
7 contracts for ALOHA homes shall be subject to chapter 103D.

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

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



1 facilities dedication laws, ordinances, or rules differ, the  
2 provision for greater dedication shall prevail.

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

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



1           **§201H-N Assistance by state and county agencies.** Any  
2 state or county agency may render services for the purposes of  
3 this subpart upon request of the corporation.

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

12           **§201H-P Rules.** The corporation may adopt rules pursuant  
13 to chapter 91 that are necessary for the purposes of this  
14 subpart.

15                           C. Leasehold Condominiums on State Lands

16           **§201H-Q Leasehold condominiums on state lands.** (a) The  
17 corporation may sell leasehold units in condominiums organized  
18 pursuant to chapter 514B and developed under this subpart on  
19 state land to a "qualified resident" as defined in section  
20 201H-32.



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

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

7           (d) State land set aside by the governor to the  
8 corporation and lands leased to the corporation by any  
9 department or agency of the State for a condominium described in  
10 this section shall be exempt from the definition of "public  
11 lands" under section 171-2, except for the provision in section  
12 171-2(6) that subjects corporation lands to the accounting for  
13 all receipts for lands subject to section 5(f) of the Admission  
14 Act.

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

20           (d) State land set aside by the governor to the  
21 corporation and lands leased to the corporation by any



1 department or agency of the State for a condominium described in  
2 this section shall be exempt from the definition of "public  
3 lands" under section 171-2; provided that lands described in  
4 this subsection shall be considered "public lands" for the  
5 purpose of accounting for all receipts from lands described in  
6 section 5(f) of the Admission Act for the prior fiscal year,  
7 pursuant to section 5 of Act 178, Session Laws of Hawaii 2006;  
8 provided further that payment of receipts pursuant to this  
9 subsection may be made in a form of remuneration or  
10 consideration other than cash."

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

14 "§237- Exemption of sale of leasehold interest for ALOHA  
15 home units. In addition to the amounts exempt under section  
16 237-24, this chapter shall not apply to amounts received from  
17 the sale of a leasehold interest in an ALOHA home under chapter  
18 201H, part II, subpart B."

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



1           "§171-2 Definition of public lands. "Public lands" means  
2 all lands or interest therein in the State classed as government  
3 or crown lands previous to August 15, 1895, or acquired or  
4 reserved by the government upon or subsequent to that date by  
5 purchase, exchange, escheat, or the exercise of the right of  
6 eminent domain, or in any other manner; including lands accreted  
7 after May 20, 2003, and not otherwise awarded, submerged lands,  
8 and lands beneath tidal waters that are suitable for  
9 reclamation, together with reclaimed lands that have been given  
10 the status of public lands under this chapter, except:

- 11           (1) Lands designated in section 203 of the Hawaiian Homes  
12           Commission Act, 1920, as amended;
- 13           (2) Lands set aside pursuant to law for the use of the  
14           United States;
- 15           (3) Lands being used for roads and streets;
- 16           (4) Lands to which the United States relinquished the  
17           absolute fee and ownership under section 91 of the  
18           Hawaiian Organic Act prior to the admission of Hawaii  
19           as a state of the United States unless subsequently  
20           placed under the control of the board of land and  
21           natural resources and given the status of public lands



1 in accordance with the state constitution, the  
2 Hawaiian Homes Commission Act, 1920, as amended, or  
3 other laws;

4 (5) Lands to which the University of Hawaii holds title;

5 (6) Lands that are set aside by the governor to the Hawaii  
6 housing finance and development corporation; lands

7 leased to the Hawaii housing finance and development  
8 corporation by any department or agency of the State;

9 or lands to which the Hawaii housing finance and  
10 development corporation in its corporate capacity

11 holds title; provided that lands described in this

12 paragraph shall be considered "public lands" for the

13 purpose of accounting for all receipts from lands

14 described in section 5(f) of the Admission Act for the

15 prior fiscal year, pursuant to section 5 of Act 178,

16 Session Laws of Hawaii 2006; provided further that

17 payment of receipts pursuant to this paragraph may be

18 made in a form of remuneration or consideration other

19 than cash;

20 (7) Lands to which the Hawaii community development

21 authority in its corporate capacity holds title;



1           (8) Lands set aside by the governor to the Hawaii public  
2           housing authority or lands to which the Hawaii public  
3           housing authority in its corporate capacity holds  
4           title;

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

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

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



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

3 (13) Lands to which the department of education holds  
4 title;

5 provided that, except as otherwise limited under federal law and  
6 except for state land used as an airport as defined in section  
7 262-1, public lands shall include the air rights over any  
8 portion of state land upon which a county mass transit project  
9 is developed after July 11, 2005."

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

12 "(a) This section applies to all lands or interest therein  
13 owned or under the control of state departments and agencies  
14 classed as government or crown lands previous to August 15,  
15 1895, or acquired or reserved by the government upon or  
16 subsequent to that date by purchase, exchange, escheat, or the  
17 exercise of the right of eminent domain, or any other manner,  
18 including accreted lands not otherwise awarded, submerged lands,  
19 and lands beneath tidal waters that are suitable for  
20 reclamation, together with reclaimed lands that have been given  
21 the status of public lands under this chapter, including:



- 1           (1) Land set aside pursuant to law for the use of the  
2                   United States;
- 3           (2) Land to which the United States relinquished the  
4                   absolute fee and ownership under section 91 of the  
5                   Organic Act prior to the admission of Hawaii as a  
6                   state of the United States;
- 7           (3) Land to which the University of Hawaii holds title;
- 8           (4) Land that is set aside by the governor to the Hawaii  
9                   housing finance and development corporation; land  
10                   leased to the Hawaii housing finance and development  
11                   corporation by any department or agency of the State;  
12                   or land to which the Hawaii housing finance and  
13                   development corporation in its corporate capacity  
14                   holds title;
- 15           (5) Land to which the department of agriculture holds  
16                   title by way of foreclosure, voluntary surrender, or  
17                   otherwise, to recover moneys loaned or to recover  
18                   debts otherwise owed the department under chapter 167;
- 19           (6) Land that is set aside by the governor to the Aloha  
20                   Tower development corporation; or land to which the



- 1 Aloha Tower development corporation holds title in its
- 2 corporate capacity;
- 3 (7) Land that is set aside by the governor to the
- 4 agribusiness development corporation; or land to which
- 5 the agribusiness development corporation in its
- 6 corporate capacity holds title;
- 7 (8) Land to which the Hawaii technology development
- 8 corporation in its corporate capacity holds title;
- 9 (9) Land to which the department of education holds title;
- 10 and
- 11 (10) Land to which the Hawaii public housing authority in
- 12 its corporate capacity holds title."

13 SECTION 6. Chapter 201H, Hawaii Revised Statutes, part II  
 14 is amended by designating sections 201H-31 to 201H-70 as subpart  
 15 A and inserting a title before section 201H-31 to read as  
 16 follows:

17 "A. General Provisions"

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

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



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

15           SECTION 8. The Hawaii housing finance and development

16           corporation shall develop an ALOHA homes demonstration project

17           by July 1, 2026. The Hawaii housing finance and development

18           corporation shall consult with the Hawaii interagency council

19           for transit-oriented development on the location of the

20           demonstration project, consistent with the state strategic plan

21           for transit-oriented development.



1 SECTION 9. There is appropriated out of the general  
2 revenues of the State of Hawaii the sum of \$ or so  
3 much thereof as may be necessary for fiscal year 2021-2022 and  
4 the same sum or so much thereof as may be necessary for fiscal  
5 year 2022-2023 to be deposited into the ALOHA homes revolving  
6 fund established pursuant to section 201H-L, Hawaii Revised  
7 Statutes.

8 SECTION 10. There is appropriated out of the ALOHA homes  
9 revolving fund established pursuant to section 201H-L, Hawaii  
10 Revised Statutes, the sum of \$ or so much thereof as  
11 may be necessary for fiscal year 2021-2022 and the same sum or  
12 so much thereof as may be necessary for fiscal year 2022-2023  
13 for the purposes for which the revolving fund is established.

14 The sums appropriated shall be expended by the Hawaii  
15 housing finance and development corporation for the purposes of  
16 this Act.

17 SECTION 11. In codifying the new sections added by  
18 section 2 of this Act, the revisor of statutes shall substitute  
19 appropriate section numbers for the letters used in designating  
20 the new sections in this Act.



# H.B. NO. 6007

1           SECTION 12. Statutory material to be repealed is bracketed  
2 and stricken. New statutory material is underscored.

3           SECTION 13. This Act shall take effect on July 1, 2021.

4

INTRODUCED BY: *Nadine K. Pugh* BR  
JAN 22 2021



# H.B. NO. 607

**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, 2026. Appropriates funds.

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

