



EXECUTIVE CHAMBERS
HONOLULU

LINDA LINGLE
GOVERNOR

GOV. MSG. NO. **819**

July 7, 2006

The Honorable Robert Bunda, President
and Members of the Senate
Twenty-Third State Legislature
State Capitol, Room 003
Honolulu, Hawaii 96813

Dear Mr. President and Members of the Senate:

This is to inform you that on July 7, 2006, the following bill was signed into law:

HB2239 HD1 SD2 CD1

A BILL FOR AN ACT RELATING TO
LAND ACQUISITION.
(ACT 288)

Sincerely,

A handwritten signature in black ink, appearing to read "Linda Lingle".

LINDA LINGLE

A BILL FOR AN ACT

RELATING TO LAND ACQUISITION.

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

1 SECTION 1. In its final report dated January 2006, the
2 joint legislative housing and homeless task force expressed
3 concern that the inventory of affordable housing rental units
4 may be reduced. Affordable rental housing projects built in
5 part with government subsidies have been offered for sale at
6 market prices as a result of the expiration of income and
7 conveyance restrictions encumbering the property. The task
8 force is committed to ensuring that such units remain affordable
9 to persons at certain income levels.

10 In recent months, media reports have announced that several
11 affordable housing projects may be offered for sale, such as the
12 Kukui Gardens affordable rental housing project. Kukui Gardens
13 was built in part with federal funds and its affordability
14 restrictions will expire in five years.

15 The purpose of this Act is to preserve Kukui Gardens as an
16 affordable housing project.

17 SECTION 2. The legislature finds that:



- 1 (1) Kukui Gardens is a unique affordable housing resource
2 on twenty-two acres in central Honolulu that provides
3 housing for two thousand five hundred working
4 residents and senior citizens in eight hundred fifty-
5 seven low-income housing units, of which over fifty
6 per cent of the units are rented to families with
7 incomes under fifty per cent of the median family
8 income, and over twenty per cent of the units are
9 rented to families with incomes over one hundred ten
10 per cent of the median family income;
- 11 (2) Kukui Gardens supports the character of the
12 neighborhood by being the primary source of workforce
13 housing for all of historic Chinatown;
- 14 (3) The eight hundred fifty-seven affordable rental units
15 in Kukui Gardens are irreplaceable in the current
16 Honolulu housing market;
- 17 (4) Kukui Gardens is currently for sale, and therefore at
18 risk of becoming a market rate rental project or
19 condominium after 2011, when the project's affordable
20 housing commitment period with the United States
21 Department of Housing and Urban Development expires;
22 and



1 (5) The residents, surrounding community, and the island
2 of Oahu would benefit from the active intervention of
3 the State in this transaction to ensure that there is
4 no negative impact on current and future residents.

5 The legislature therefore declares that it is in the public
6 interest and is required for public use to acquire Kukui Gardens
7 as an affordable housing project by exercise of the power of
8 eminent domain. The legislature further declares that it is
9 necessary to provide for the public financing of the acquisition
10 of Kukui Gardens by condemnation through the expenditure of
11 general funds, revenue bonds, rental housing trust funds,
12 federal and state low-income housing tax credits, or any other
13 public and private funds at the disposal of the State.

14 SECTION 3. The Hawaii housing finance and development
15 administration or any appropriate entity of the State shall
16 immediately initiate negotiations with Kukui Gardens
17 Corporation, or its successor in interest, to either:

18 (1) Make available, without competitive award, public
19 financing resources to extend affordable rents at
20 Kukui Gardens through at least 2016; provided that at
21 least fifty per cent of the rental units at Kukui
22 Gardens are retained at affordable rents to households



1 whose incomes do not exceed eighty per cent of the
2 median family income, of which five per cent of the
3 units are set aside for households whose incomes do
4 not exceed thirty per cent of the median family
5 income; or

6 (2) Acquire the property known as Kukui Gardens, tax map
7 key (I) 1-7-26: 07, and may partner with private for-
8 profit or nonprofit developers for acquisition of the
9 property; provided that eighty per cent of the housing
10 units on the property shall be retained in perpetuity
11 as affordable housing for households at or below one
12 hundred forty per cent of the median family income as
13 determined by the United States Department of Housing
14 and Urban Development.

15 The Hawaii housing finance and development administration
16 or the appropriate entity of the State shall submit a report to
17 the legislature not later than twenty days prior to the
18 convening of the regular session of 2007 regarding its efforts
19 to acquire Kukui Gardens and its recommendations for financing
20 the purchase of the property.

21 SECTION 4. If an agreement to either extend affordable
22 rents to at least 2016 or acquire the property is not reached



1 within a reasonable time as determined by the Hawaii housing
2 finance and development administration or any other appropriate
3 entity of the State, the state agency shall exercise its power
4 of eminent domain to acquire the property. For the purposes of
5 this Act, and notwithstanding any provision of section 201G-16,
6 Hawaii Revised Statutes, to the contrary, condemnation of the
7 Kukui Gardens property shall not be subject to legislative
8 disapproval.

9 SECTION 5. There is appropriated out of the general
10 revenues of the State of Hawaii the sum of \$200,000 or so much
11 thereof as may be necessary for fiscal year 2006-2007 for the
12 purpose of negotiating with the owner of Kukui Gardens to either
13 extend the period of affordable rents to at least 2016, acquire
14 Kukui Gardens, or to commence the condemnation process.

15 The sum appropriated shall be expended by the Hawaii
16 housing finance and development administration for the purposes
17 of this Act.

18 SECTION 6. This Act shall take effect on July 1, 2006.



H.B. NO. 2239
H.D. 1
S.D. 2
C.D. 1

APPROVED this 7 day of JUL , 2006

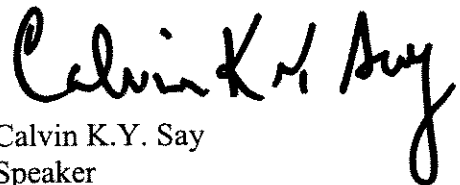


GOVERNOR OF THE STATE OF HAWAII

THE HOUSE OF REPRESENTATIVES OF THE STATE OF HAWAII

Date: May 2, 2006
Honolulu, Hawaii

We hereby certify that the foregoing Bill on this day passed Final Reading in the House of Representatives of the Twenty-Third Legislature of the State of Hawaii, Regular Session of 2006.



Calvin K.Y. Say
Speaker
House of Representatives



Patricia Mau-Shimizu
Chief Clerk
House of Representatives

THE SENATE OF THE STATE OF HAWAII

Date: May 2, 2006
Honolulu, Hawaii

We hereby certify that the foregoing Bill on this day passed Final Reading in the Senate of the Twenty-Third Legislature of the State of Hawaii, Regular Session of 2006.



Robert Bunda
President of the Senate



Paul Kawaguchi
Clerk of the Senate