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# 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.



**Report Title:**

Kukui Gardens Acquisition

**Description:**

Directs the Hawaii Housing Finance and Development Administration or any appropriate entity of the State to initiate negotiations to keep the units of Kukui Gardens affordable or to acquire the Kukui Gardens property. (HB2239 CD1)

