
A BILL FOR AN ACT

RELATING TO KIKALA-KEOKEA.

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

1 SECTION 1. Beginning in 1983 and continuing into the
2 following decade, lava from Kilauea Volcano repeatedly invaded
3 communities along the southern coast of the island of Hawaii,
4 destroying more than one hundred eighty homes. Lava flows
5 entered Kalapana briefly in November, 1986, then moved through
6 the entire community in 1990 and 1991.

7 The lava flows destroyed one of the last native Hawaiian
8 settlements on the island of Hawaii and a tightly-knit
9 community, whose rights to occupy the land under homestead
10 leases and to fish in surrounding waters have been recognized by
11 the federal government since 1938 under the Kalapana Extension
12 Act.

13 In recognition of this tragedy, the legislature enacted Act
14 314, Session Laws of Hawaii 1991, as amended, authorizing the
15 department of land and natural resources to negotiate long term
16 leases with qualified, displaced Kalapana families to allow them
17 to maintain their heritage on ceded lands in the Kikala-Keokea
18 homestead area adjacent to the Kalapana-Kapoho Beach road. This



1 site allows the Kalapana families to maintain their traditional
2 cultural practices, including speaking the Hawaiian language,
3 raising small animals, planting sustenance crops, growing herbal
4 medicines, and gathering additional food resources from the
5 nearby ocean and uplands.

6 Act 314 also stipulated that the department of land and
7 natural resources subdivide and create a residential subdivision
8 in the Kikala-Keokea homestead area. Pursuant thereto, the
9 department entered into lease arrangements with forty-eight of
10 the fifty-eight eligible families.

11 In 2001, the legislature enacted Act 144, Session Laws of
12 Hawaii 2001, as amended. The law established the infrastructure
13 development fund, to fund the construction of roads, water
14 lines, and other infrastructure, and the Kikala-Keokea housing
15 revolving fund, to provide low-interest loans to Kikala-Keokea
16 leaseholders for home construction. The development of
17 infrastructure in the Kikala-Keokea area will be completed in
18 2004, allowing for the commencement of home construction by
19 leaseholders. Some of the homes to be constructed will be built
20 by the homeowners themselves through a self-help housing
21 project.

22 The purpose of this Act is to:



1 (1) Clarify the purposes of the Kikala-Keokea housing
2 revolving fund; and

3 (2) Authorize the issuance of general obligation bonds and
4 appropriate moneys to fund the Kikala-Keokea housing
5 revolving fund.

6 SECTION 2. Section 201G-170.5, Hawaii Revised Statutes, is
7 amended by amending subsections (a) and (b) to read as follows:

8 "(a) There is established in the state treasury the
9 Kikala-Keokea housing revolving fund to provide low interest
10 loans in an amount up to \$60,000 for home construction for
11 Kikala-Keokea leaseholders who have been denied loans from
12 traditional financial institutions[~~-~~] and who meet the following
13 requirements:

14 (1) The lessee is domiciled in the State and shall
15 physically reside in the dwelling unit purchased;

16 (2) The lessee:

17 (A) Is a person who, individually or together with a
18 spouse or household member, does not own a
19 majority interest in fee simple or leasehold
20 lands suitable for dwelling purposes or a
21 majority interest in land under any trust
22 agreement or other fiduciary arrangement in which

1 another person holds the legal title to the land;

2 or

3 (B) Is a person whose spouse or household member does

4 not own a majority interest in fee simple or

5 leasehold lands suitable for dwelling purposes or

6 more than a majority interest in lands under any

7 trust agreement or other fiduciary arrangement in

8 which another person holds the legal title to the

9 land, except when husband and wife are living

10 apart under a decree of separation from bed and

11 board issued by the family court pursuant to

12 section 580-71; and

13 (3) The lessee's household income does not exceed eighty

14 per cent of the area median income.

15 The revolving fund shall be administered by the Hawaii housing
16 finance and development administration.

17 (b) The rate of interest on loans executed pursuant to
18 this section shall not exceed three per cent per year [~~and~~
19 ~~interest earnings on loans made pursuant to this section].~~

20 Moneys in the revolving fund may be used for administrative and
21 other expenses necessary for administering the loan program.

22 Guidelines shall be established by the Hawaii housing finance

1 and development administration with respect to loan terms and
2 loan qualification criteria. Moneys appropriated for the
3 purposes of this section shall be deposited into the
4 Kikala-Keokea housing revolving fund; provided that upon
5 fulfillment of the purposes of this section, all unencumbered
6 moneys shall lapse into the state general fund."

7 SECTION 3. The director of finance is authorized to issue
8 general obligation bonds in the sum of \$2,000,000, or so much
9 thereof as may be necessary, and the same sum, or so much
10 thereof as may be necessary, is appropriated for fiscal year
11 2006-2007, for the Kikala-Keokea housing revolving fund to
12 provide low-interest home construction loans for Kikala-Keokea
13 leaseholders and to fund related activities, including
14 administration of a self-help housing project.

15 SECTION 4. The appropriation made for the capital
16 improvement project authorized by this Act shall not lapse at
17 the end of the fiscal biennium for which the appropriation is
18 made; provided that all moneys from the appropriation
19 unencumbered as of June 30, 2008, shall lapse as of that date.

20 SECTION 5. The sum appropriated shall be expended by the
21 department of human services for the purposes of this Act.



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

2

INTRODUCED BY: Helene Hale

JAN 23 2006



Report Title:

Kikala-Keokea; Home Loans; Self-help; GO Bonds

Description:

Clarifies loan limits and borrower qualifications for the Kikala-Keokea housing revolving fund. Authorizes the issuance of general obligation bonds to fund low-interest home construction loans for Kikala-Keokea lessees and self-help housing project.

