
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 (task force)
3 expressed concern that the inventory of affordable housing
4 rental units may be reduced. Affordable rental housing projects
5 built in part with government subsidies have been offered for
6 sale at market prices as a result of the expiration of income
7 and 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 several
11 affordable housing projects that may be offered for sale, such
12 as the Kukui Gardens affordable rental housing project. Kukui
13 Gardens was built in part with federal funds and its
14 affordability 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
3 857 units of low-income housing for 2,500 working
4 residents and senior citizens;

5 (2) Kukui Gardens supports the character of the
6 neighborhood by being the primary source of workforce
7 housing for all of historic Chinatown;

8 (3) The 857 affordable rental units in Kukui Gardens are
9 irreplaceable in the current Honolulu housing market;

10 (4) Kukui Gardens is currently for sale, and therefore at
11 risk of becoming a market rate rental project or
12 condominium after 2011, when the project's affordable
13 housing commitment period with the United States
14 Department of Housing and Urban Development expires;
15 and

16 (5) The residents, surrounding community, and Oahu as a
17 whole would benefit from the active intervention of
18 the State in this transaction to ensure that there is
19 no negative impact on current and future residents.

20 The legislature therefore declares that it is in the public
21 interest and is required for public use to acquire Kukui Gardens
22 as an affordable housing project by exercise of the power of



1 eminent domain. The legislature further declares that it is
2 necessary to provide for the public financing of the acquisition
3 of Kukui Gardens by condemnation through the expenditure of
4 general funds and any available revenue bond proceeds and
5 private funds at the disposal of the State.

6 SECTION 3. The Hawaii housing finance and development
7 administration shall immediately initiate negotiations with
8 Kukui Gardens Corporation to acquire the property known as Kukui
9 Gardens, and may partner with private developers for acquisition
10 of the property; provided that one hundred per cent of the
11 housing units on the property shall be retained in perpetuity as
12 affordable housing for households at or below one hundred twenty
13 per cent of the median family income as determined by the United
14 States Department of Housing and Urban Development.

15 The Hawaii housing finance and development administration
16 shall submit a report to the legislature no later than twenty
17 days prior to the convening of the regular session of 2007
18 regarding its efforts to acquire Kukui Gardens and its
19 recommendations for financing the purchase of the property.

20 SECTION 4. There is appropriated out of the general
21 revenues of the State of Hawaii the sum of \$, or so
22 much thereof as may be necessary for fiscal year 2006-2007 for

1 acquisition of the land and improvements of the Kukui Gardens
2 property, tax map key (I) 1-7-26: 07, owned by Kukui Gardens
3 Corporation; provided that if an agreement to acquire the
4 property is not reached within a reasonable time, the Hawaii
5 housing finance and development administration shall exercise
6 its power of eminent domain to acquire the property. For the
7 purposes of this Act, and notwithstanding any provision of
8 section 201G-16, Hawaii Revised Statutes, to the contrary,
9 condemnation of the Kukui Gardens property shall not be subject
10 to legislative disapproval.

11 The sum appropriated shall be expended by the Hawaii
12 housing finance and development administration for the purposes
13 of this Act.

14 SECTION 5. This Act shall take effect on July 1, 2006.



HB2239, SD1

Report Title:

Kukui Gardens Acquisition

Description:

Appropriates funds to acquire the Kukui Gardens property from Kukui Gardens Corp. Authorizes eminent domain proceedings should the acquisition be unsuccessful. (SD1)

