
A BILL FOR AN ACT

RELATING TO PUBLIC LANDS.

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

1 SECTION 1. The legislature finds that in March 2006,
2 record-breaking heavy rains on Oahu caused recurring mudslides
3 in the Round Top-Tantalus area, eventually forcing families in
4 one small neighborhood to evacuate after residents at the end of
5 the cul-de-sac watched mud rush down the hill between their
6 homes. Within half an hour, an entire section of the hillside
7 was gone - what was once a slope became a gorge in minutes.

8 After the slide, mud covered the road leading up to the
9 last three homes in Maunalaha Valley where about twenty-five
10 people live in the three houses. Down the hill on Maunalaha
11 Road, several other neighbors faced erosion from the rushing
12 water, mud, and debris.

13 While many of the immediate needs of the Maunalaha
14 residents were met in the days and weeks following the flooding,
15 the landslides created unstable conditions for some of the
16 lessees, making repairs and rebuilding difficult, if not
17 impossible.



1 The legislature further finds that the lessees of Maunalaha
 2 Valley have resided there for many decades, and the leases
 3 executed under Act 225, Session Laws of Hawaii 1981, as amended
 4 by Act 40, Session Laws of Hawaii 1982, are intended to meet a
 5 moral obligation to provide long-term stability and land tenure
 6 for these families.

7 The purpose of this Act is to continue that commitment by:

8 (1) Establishing two funds, the Maunalaha infrastructure
 9 development special fund and the Maunalaha housing
 10 revolving fund; and

11 (2) Authorizing the department of land and natural
 12 resources to transfer leases at Maunalaha, in the
 13 event of damage due to adverse acts of nature that
 14 occurred between January 1 and April 1, 2006.

15 SECTION 2. Chapter 171, Hawaii Revised Statutes, is
 16 amended by adding a new section to be appropriately designated
 17 and to read as follows:

18 "§171- Maunalaha infrastructure development special
 19 fund; establishment. (a) There is established in the state
 20 treasury the Maunalaha infrastructure development special fund
 21 to be administered by the department of land and natural
 22 resources. Funds transferred or appropriated by the legislature



1 and moneys received or collected by the department of land and
2 natural resources, as authorized by the legislature, shall be
3 deposited into the Maunalaha infrastructure development special
4 fund.

5 (b) The Maunalaha infrastructure development special fund
6 shall be used to provide funding for infrastructure planning,
7 engineering, and development in Maunalaha Valley on the island
8 of Oahu to benefit residents of the leases located in tax map
9 key plats 1-2-5-19 and 1-2-5-20. Proceeds of this fund may be
10 used for necessary expenses in the administration of the fund.

11 (c) Upon fulfillment of the purposes of this section, any
12 unexpended or unencumbered funds appropriated by the legislature
13 or remaining in the infrastructure development special fund as
14 of the close of business on December 31, , shall not lapse
15 into that fund or to the credit of the general fund, but shall
16 be transferred to the credit of the Maunalaha housing revolving
17 fund established in section 201H- as of that date; provided
18 that any unexpended or unencumbered moneys that were provided by
19 the office of Hawaiian affairs and deposited into the
20 infrastructure development special fund for the purpose of
21 infrastructure development shall be refunded on a prorated basis
22 to the office of Hawaiian affairs upon the completion of the



1 fund's intended purpose. No funds shall be transferred until
2 all funding commitments entered into by the department of land
3 and natural resources to complete the design and construction of
4 infrastructure improvements have been executed."

5 SECTION 3. Chapter 201H, Hawaii Revised Statutes, is
6 amended by adding a new section to be appropriately designated
7 and to read as follows:

8 **"§201H- Maunalaha housing revolving fund; established.**

9 (a) There is established in the state treasury the Maunalaha
10 housing revolving fund to provide low interest loans for home
11 repair and construction for Maunalaha leaseholders who have been
12 denied loans from traditional financial institutions. The
13 revolving fund shall be administered by the corporation.

14 (b) The rate of interest on loans executed pursuant to
15 this section shall not exceed three per cent per year and
16 interest earnings on loans made pursuant to this section may be
17 used for administrative and other expenses necessary for
18 administering the loan program. Guidelines shall be established
19 by the corporation with respect to loan terms and loan
20 qualification criteria. Moneys appropriated or transferred for
21 the purposes of this section shall be deposited into the
22 Maunalaha housing revolving fund; provided that upon fulfillment



1 of the purposes of this section, all unencumbered moneys shall
2 lapse into the general fund.

3 (c) The corporation shall adopt rules in accordance with
4 chapter 91 to effectuate the purposes of this section."

5 SECTION 4. (a) Notwithstanding any law to the contrary,
6 including chapter 171, Hawaii Revised Statutes, the department
7 of land and natural resources may negotiate and enter into long
8 term residential leases with any person who:

- 9 (1) Has executed a lease agreement with the department
10 pursuant to Act 225, Session Laws of Hawaii 1981, as
11 amended by Act 40, Session Laws of Hawaii 1982;
- 12 (2) Is still a party to the lease executed as provided in
13 paragraph (1);
- 14 (3) Is in compliance, except as provided in subsection
15 (d), with the terms of a lease executed as provided in
16 paragraph (1); and
- 17 (4) Has suffered loss or damage to the property subject to
18 a lease executed as provided in paragraph (1) due to
19 flooding, erosion, or other adverse acts of nature
20 that occurred between January 1, 2006, to
21 April 1, 2006, the cumulative damage of which resulted
22 in the leased property being rendered permanently



1 uninhabitable or unsafe as determined by an
2 appropriate state or county agency.

3 (b) The leases authorized under subsection (a) shall be
4 for available and habitable vacant lots located in the area
5 identified in section 3 of Act 225, Session Laws of Hawaii
6 1981.

7 (c) The duration of any lease executed under this section
8 shall not exceed sixty-five years, or the remaining term on the
9 lessee's lease executed under Act 225, Session Laws of Hawaii
10 1981, as amended by Act 40, Session Laws of Hawaii 1982,
11 whichever is less, and shall include the same terms and
12 conditions, as nearly as practicable, as those leases executed
13 under Act 225, Session Laws of Hawaii 1981, as amended by
14 Act 40, Session Laws of Hawaii 1982.

15 (d) Prior to executing any lease under this section, the
16 department of land and natural resources shall review the lease
17 executed under Act 225, Session Laws of Hawaii 1981, as amended
18 by Act 40, Session Laws of Hawaii 1982, of any lessee who is
19 applying for a new lease made available under this section.

20 (e) Upon the execution of a new lease authorized under
21 this section, the department of land and natural resources
22 shall nullify any previous lease held by the lessee executed



1 pursuant to Act 225, Session Laws of Hawaii 1981, as amended by
2 Act 40, Session Laws of Hawaii 1982.

3 (f) The authority to negotiate and execute long term
4 lease agreements established under this section shall expire:

5 (1) When leases have been negotiated, executed, and
6 recorded in the bureau of conveyances for all parcels
7 meeting the requirements of subsections (a), (b), (c),
8 (d), and (e); or

9 (2) On January 1, ,
10 whichever occurs first.

11 SECTION 5. There is appropriated out of the general
12 revenues of the State of Hawaii the sum of \$, or so
13 much thereof as may be necessary for fiscal year 2007-2008, to
14 be paid into the Maunalaha infrastructure development special
15 fund created in section 171- , Hawaii Revised Statutes.

16 SECTION 6. There is appropriated out of the Maunalaha
17 infrastructure development special fund the sum of \$,
18 or so much thereof as may be necessary for fiscal year
19 2007-2008, for infrastructure development pursuant to section
20 171- (b), Hawaii Revised Statutes.

21 The sum appropriated shall be expended by the department of
22 land and natural resources for the purposes of this Act.



1 SECTION 7. 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 2007-2008, for
4 costs related to the transfer of any lease pursuant to section 4
5 of this Act.

6 The sum appropriated shall be expended by the department of
7 land and natural resources for the purposes of this Act.

8 SECTION 8. The department of land and natural resources
9 shall report on any lease transfers made pursuant to this Act
10 twenty days prior to the convening of the regular session of
11 2008, and annually thereafter until the authority shall expire
12 pursuant to section 4 of this Act.

13 SECTION 9. New statutory material is underscored.

14 SECTION 10. This Act shall take effect on July 1, 2007.



Report Title:

Public Land Leases; Maunalaha; Special Funds; Lease Transfers

Description:

Establishes two new funds; authorizes the department of land and natural resources to transfer leases at Maunalaha, Oahu, in the event of damage due to adverse acts of nature that occurred between January 1, and April 1, 2006; appropriates unspecified amount for lease transfer costs; appropriates unspecified amount to infrastructure fund; requires report to 2008 legislature.
(SD2)

