

JAN 26 2009

A BILL FOR AN ACT

RELATING TO THE SALE OF REAL PROPERTY BY THE HAWAII COMMUNITY DEVELOPMENT AUTHORITY.

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

1 SECTION 1. Section 206E-31.5, Hawaii Revised Statutes, is
2 amended to read as follows:

3 "[+]§206E-31.5[+] **Prohibitions.** Anything contained in
4 this chapter to the contrary notwithstanding, the authority is
5 prohibited from:

6 (1) Selling or otherwise assigning the fee simple interest
7 in any lands in the Kakaako community development
8 district that are makai of Ala Moana Boulevard, except
9 for the parcel of land identified by tax map key
10 2-1-14:16, to which the authority in its corporate
11 capacity holds title, except with respect to:

12 (A) Utility easements;

13 (B) Remnants as defined in section 171-52;

14 (C) Grants to any state or county department or
15 agency; or

16 (D) Private entities for purposes of any easement,
17 roadway, or infrastructure improvements; or

S.B. NO. 864

1 (2) Approving any plan or proposal for any residential
2 development in that portion of the Kakaako community
3 development district makai of Ala Moana boulevard and
4 between Kewalo basin and the foreign trade zone."

5 SECTION 2. Statutory material to be repealed is bracketed
6 and stricken. New statutory material is underscored.

7 SECTION 3. This Act shall take effect upon its approval.

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INTRODUCED BY: _____

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10

BY REQUEST

Report Title:

Hawaii Community Development Authority; Sale of Real Property.

Description:

Allows the Hawaii Community Development Authority to sell, exchange, transfer, assign, or convey any real property located in the Kakaako community development district except for the area makai of Ala Moana boulevard, but excluding from such area the land identified by tax map key 2-1-14:16.

JUSTIFICATION SHEET

DEPARTMENT: Business, Economic Development, and Tourism

TITLE: A BILL FOR AN ACT RELATING TO THE SALE OF REAL PROPERTY BY THE HAWAII COMMUNITY DEVELOPMENT AUTHORITY.

PURPOSE: Allows the Hawaii community development authority (HCDA) to sell, exchange, transfer, assign, or convey real property to which HCDA holds title and that is located in the mauka portion or in the portion identified by tax map key 2-1-14:16 of the Kakaako community development district (KCDD).

MEANS: Amend section 206E-31.5, Hawaii Revised Statutes.

JUSTIFICATION: Act 317, Session Laws of Hawaii (SLH) 2006, prohibits, with certain exceptions, the HCDA from selling a fee simple interest in lands it holds title to in its corporate capacity throughout the KCDD. This proposal will allow the HCDA to sell, exchange, transfer, or convey real property in the mauka portion or in the portion identified by tax map key 2-1-14:16 of the KCDD.

This proposal restores the ability of the HCDA to sell, exchange, transfer or convey real property in the mauka portion of the KCDD or in that area identified by tax map key 2-1-14:16. It permits the HCDA to sell real property (i.e., reserved housing units which have been bought back, or other real property holdings) to maintain reserved housing inventories, when fiscally prudent or to enable the authority to put the real property into more productive use while maintaining legislative intent (i.e., Act 317, SLH 2006) that land and real property located makai of Ala Moana boulevard, except for land identified by tax map key 2-1-14:16, cannot be sold.

Resale of reserved housing units. The HCDA typically will require mixed use or residential development projects on lots greater than 80,000 square feet to set aside 20 per cent of the total number of residential units as reserved housing for families earning between 100 and 140 per cent of the average median income in the area. A feature of this program requires that the HCDA buy back the unit within a specified period of time if the homeowner chooses to convey the unit.

Once purchased by the HCDA, the unit would be placed on the market for families qualified to purchase reserved housing units. The current prohibition on sales by the HCDA strips the agency of the authority to sell the unit to another qualified family. While this situation has only arisen twice recently, if it applies to only one unit, it is one unit too much.

Sale of other assets in Kakaako mauka. The HCDA owns two parcels in Kakaako mauka which have drawn interest from entities interested in acquisition. These parcels are known as the brewery building and the Seafarer's lot. Sale of these underperforming holdings are currently prohibited.

The passage of this measure will offer the HCDA much-needed flexibility in managing its real property assets. If this measure is passed, the HCDA: (i) may entertain offers and sell the brewery building, which is currently vacant and non-income producing; (ii) will have the power to re-sell reserved housing units which become available; and (iii) may entertain offers and exchange real property with other Kakaako landowners, such as Kamehameha Schools, which may facilitate the initiation by the HCDA of strategic development projects.

Impact on the public. The impact should be generally positive because real property is being put to more productive use. These more productive uses would include development of: mixed-use projects containing reserved housing units; regional parking facilities; or other community/public facilities. Revenues generated by these sales will also likely reduce the need for the state general fund to subsidize agency planning and development projects.

Impact on the department and other agencies. Supports strategic objectives of the HCDA and administration to increase the productive use and return for agency assets and fulfill the HCDA's core purposes for providing reserved housing and/or public facilities.

GENERAL FUND: None.

OTHER FUNDS: None.

PPBS PROGRAM
DESIGNATION: BED 150KA

OTHER AFFECTED
AGENCIES: None.

EFFECTIVE DATE: Upon approval.