

S .B. NO. 2744

JAN 25 2012

A BILL FOR AN ACT

RELATING TO THE HAWAII COMMUNITY DEVELOPMENT AUTHORITY.

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

1 SECTION 1. Pursuant to chapter 206E, Hawaii Revised
2 Statutes, the Hawaii community development authority is tasked
3 with the redevelopment responsibilities for legislatively
4 created community development districts. The legislature has
5 designated three community development districts: Kakaako,
6 Kalaeloa, and Heeia.

7 Currently, section 206E-14, Hawaii Revised Statutes, allows
8 the authority to sell or lease for a term not exceeding sixty-
9 five years, all or any portion of its real or personal property
10 constituting a redevelopment project if the authority finds that
11 the sale or lease is in conformity with the community
12 development plan. As defined in section 206E-2, Hawaii Revised
13 Statutes, a redevelopment project may only be incidental in its
14 commercial nature. The authority has found that this limitation
15 adversely impacts its ability to attract long-term investors and
16 tenants who seek to develop or redevelop primarily commercial
17 projects within the community development districts. This
18 conflicts with the authority's commitment to implement longer

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1 lasting change in its community development districts. The
2 authority therefore seeks to extend the application of section
3 206E-14 to all projects as the term is defined in section 206E-
4 2, Hawaii Revised Statutes, and not just redevelopment projects.

5 In addition, although section 206E-14 provides that a sale
6 may be made without recourse to public auction, the section is
7 silent as to whether a lease may be made without recourse to
8 public notice for sealed bids. The authority therefore seeks to
9 clarify that a lease under section 206E-14 may be made without
10 recourse to public notice for sealed bids.

11 This amendment will allow the authority greater flexibility
12 in implementing its master plan for its community development
13 districts. Safeguards remain in place because all long-term
14 leases require prior approval by the authority at a publicly
15 noticed meeting and after opportunity for public comment.

16 SECTION 2. Section 206E-14, Hawaii Revised Statutes, is
17 amended by amending the title and subsection (a) to read as
18 follows:

19 **"§206E-14 Sale or lease of [~~redevelopment~~] projects. (a)**
20 **[~~The~~] Notwithstanding any other law, except as prohibited by**
21 **section 206E-31.5, the authority may, without recourse to public**
22 **auction[~~7~~] or public notice for sealed bids, sell[~~7~~] or lease**

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1 for a term not exceeding sixty-five years[-] all or any portion
2 of the real or personal property constituting a [~~redevelopment~~]
3 project to any person, upon such terms and conditions as may be
4 approved by the authority, if the authority finds that the sale
5 or lease is in conformity with the community development plan."

6 SECTION 3. Statutory material to be repealed is bracketed
7 and stricken. New statutory material is underscored.

8 SECTION 4. This Act shall take effect upon its approval.

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INTRODUCED BY: _____

Q.S.T.R.

BY REQUEST

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Report Title:

Hawaii Community Development Authority; Projects

Description:

Extends the Hawaii Community Development Authority's authority to sell or lease all or a portion of the real or personal property constituting a redevelopment project to all projects.

The summary description of legislation appearing on this page is for informational purposes only and is not legislation or evidence of legislative intent.

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JUSTIFICATION SHEET

DEPARTMENT: Business, Economic Development, and Tourism

TITLE: A BILL FOR AN ACT RELATING TO THE HAWAII COMMUNITY DEVELOPMENT AUTHORITY.

PURPOSE: Extends the Hawaii Community Development Authority's authority to sell or lease all or a portion of the real or personal property constituting a redevelopment project to all projects.

MEANS: Amend section 206E-14, Hawaii Revised Statutes.

JUSTIFICATION: Currently, section 206E-14, Hawaii Revised Statutes, allows the Authority to sell, without recourse to public auction, or lease for a term not exceeding sixty-five years, all or a portion of the real or personal property constituting a redevelopment project. Because redevelopment projects can only be incidental in commercial nature, this has hampered the Authority's ability to attract long-term commercial investors and tenants. In addition, because the statute is silent as to whether a lease must be bid out prior to execution, this proposal seeks to clarify that a lease under section 206E-14 may be issued without recourse to public notice for sealed bids.

This amendment preserves the Legislature's intent to prohibit the Authority from selling or otherwise assigning in fee simple interest any lands in the Kakaako community development district as set forth in section 206E-31.5, Hawaii Revised Statutes.

Impact on the public: This amendment will clearly allow the Authority greater flexibility in leasing all or any portion of the real or personal property of its

projects without recourse to public notice
for sealed bids.

Impact on the department and other agencies:
None.

GENERAL FUND: N/A.

OTHER FUNDS: N/A.

PPBS PROGRAM
DESIGNATION: BED-150.

OTHER AFFECTED
AGENCIES: None.

EFFECTIVE DATE: Upon approval.