

JAN 25 2017

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# A BILL FOR AN ACT

RELATING TO THE UNIVERSITY OF HAWAII.

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

1           SECTION 1. The legislature finds that improvement and  
2 modernization of University of Hawaii facilities is key to  
3 meeting twenty-first century needs for learning, teaching, and  
4 research. Optimizing and modernizing university infrastructure  
5 will require a long term campus master plan and significant  
6 funding. During a time when resources have been shrinking,  
7 budgets have inflated to the point where the State can no longer  
8 fully fund the university's current needs and future development  
9 plans.

10           Deferred maintenance backlog at the university has exceeded  
11 \$500,000,000, and that amount will grow exponentially if it is  
12 not addressed in an aggressive manner. Rather than increasing  
13 student tuition and fees to finance projects that are not funded  
14 by the legislature, a creative option is needed to generate  
15 revenue from university lands that will be exclusively used for  
16 new construction of twenty-first century university facilities  
17 and the repair and maintenance of existing university



1 facilities. The department of education was granted such  
2 authority to generate revenue through optimizing underused lands  
3 by Act 155, Session Laws of Hawaii 2013.

4 The legislature further finds that the Honolulu rail  
5 transit project provides a unique opportunity to generate  
6 additional revenue for the University of Hawaii. The university  
7 owns a considerable amount of property along the Honolulu rail  
8 transit project, and the proposed rail extension to Manoa  
9 remains a game changing opportunity for the university system  
10 and its students.

11 The purpose of this Act is to optimize the use of  
12 University of Hawaii lands to generate opportunities to improve  
13 the current facilities and infrastructure to meet the challenges  
14 of the twenty-first century, and to improve the overall quality  
15 of education at the University of Hawaii. In particular, this  
16 Act establishes a pilot program to generate revenue from uses  
17 for public purposes, such as workforce housing, to build and  
18 retrofit twenty-first century campuses and create more campus-  
19 centered communities. The pilot program will lay important  
20 groundwork for a statewide approach and plan to optimize public  
21 lands and modernize public facilities. This Act also



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1 establishes that revenue derived from the program shall be  
2 deposited into the University of Hawaii real property and  
3 facilities use revolving fund, and authorizes moneys in the  
4 revolving fund to be used to build or upgrade university  
5 facilities.

6 SECTION 2. Chapter 304A, Hawaii Revised Statutes, is  
7 amended by adding a new section to be appropriately designated  
8 and to read as follows:

9 "§304A- Pilot program for lease of university land. (a)

10 There shall be established within the university a pilot project  
11 for the lease of university land, including facilities. The  
12 university shall serve as the facilitator of the pilot program.

13 (b) The university may lease university land on terms it  
14 deems appropriate; provided that:

15 (1) The board of regents may select any university land  
16 sites that are located:

17 (A) Within county-designated transit-oriented  
18 development zones;

19 (B) Within a one-half-mile radius of public transit  
20 stations; or



- 1           (C) Within a one-half-mile radius of any rail transit  
2           extension beyond the rail transit route approved  
3           by the Federal Transportation Administration as  
4           of January 1, 2017;  
5           provided further that during the identification and  
6           selection process, the board of regents shall hold at least  
7           one public meeting pursuant to chapter 92 in each affected  
8           community, and shall foster university and community  
9           participation;  
10          (2) The university shall work with the university's school  
11          of architecture to help develop the university land  
12          sites;  
13          (3) Title of the university land sites selected by the  
14          board of regents for the pilot project that are public  
15          lands as defined in section 171-2 shall be transferred  
16          through a deed to the university if the university  
17          does not already own the land parcels; and  
18          (4) Each lease shall stipulate that the lessee may retain  
19          any revenue generated from the facilities; provided  
20          that:



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- 1           (A) The lessee shall be obligated to pay to the  
2           county all applicable property tax on the value  
3           of any improvements;
- 4           (B) Upon the expiration of the lease, the facilities  
5           shall revert to the university; and
- 6           (C) All revenues and proceeds derived by the State  
7           under this section shall be deposited in the  
8           University of Hawaii real property and facilities  
9           use revolving fund pursuant to section 304A-2274.
- 10          (c) Nothing in this section shall preclude the university  
11          from working with and receiving assistance from any other state  
12          department or agency in carrying out the purposes of this  
13          section.
- 14          (d) The board of regents shall adopt rules, to be known as  
15          development rules, pursuant to chapter 91 for development of  
16          university lands under the pilot project. Upon final adoption  
17          of a development for the pilot project, the development rules  
18          shall supersede all transit oriented development or county  
19          plans, ordinances, or zoning development codes.
- 20          (e) For the purposes of this section, "university land"  
21          means land owned, leased, or otherwise used by the university."



1 SECTION 3. Section 304A-2274, Hawaii Revised Statutes, is  
2 amended by amending subsection (a) to read as follows:

3 "(a) There is established the University of Hawaii real  
4 property and facilities use revolving fund into which shall be  
5 deposited all revenues collected by the university for the use  
6 of university real property and facilities, except as otherwise  
7 provided by law. The board of regents may establish prices,  
8 fees, and charges, including those for the sale, lease, or use  
9 of university real property and facilities, which include land,  
10 buildings, grounds, furnishings, and equipment; provided that  
11 the university shall comply with all statutory and common law  
12 requirements in the disposition of ceded lands. The board of  
13 regents shall be exempt from the public notice and public  
14 hearing requirements of chapter 91 in establishing and amending  
15 the fees and charges. The university may establish separate  
16 accounts within the revolving fund for major program activities.  
17 Funds deposited into the revolving fund accounts shall be  
18 expended to pay the costs of [operating]:

- 19 (1) Operating university facilities, including repair and  
20 maintenance, administrative expenses, salaries, wages,  
21 and benefits of employees, contractor services,



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1 supplies, security, furnishings, equipment, janitorial  
2 services, insurance, utilities, and other operational  
3 expenses [-]; and

4 (2) New construction and upgrade of university facilities.

5 Revenues not expended as provided in this section may be  
6 transferred to other university funds to be invested or expended  
7 for the administrative or overhead costs of the university. All  
8 expenditures from this revolving fund shall be subject to  
9 legislative appropriation."

10 SECTION 4. The university shall submit a report to the  
11 legislature no later than twenty days prior to the convening of  
12 the regular session of 2018 and each regular session thereafter  
13 until completion of the project authorized pursuant to this Act.  
14 The report shall provide the following:

15 (1) A timeline for the pilot program pursuant to this Act,  
16 including but not limited to:

17 (A) A timeline for the redevelopment of each selected  
18 site;

19 (B) An estimate start and completion date for each  
20 selected site; and



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- 1 (C) Estimates for the time required to obtain any
- 2 necessary county or state approvals required to
- 3 complete the redevelopment of each site;
- 4 (2) A summary of the university's activities, results, and
- 5 recommendations to optimize the use of university
- 6 lands as a means to build or renovate twenty-first
- 7 century universities and campus-centered communities;
- 8 (3) A summary of all university and community engagement
- 9 efforts undertaken or that will be undertaken by the
- 10 university in carrying out the pilot program pursuant
- 11 to this Act;
- 12 (4) A summary of the university's current and projected
- 13 budgeted expenses, including the identification of any
- 14 contracts with third parties and the creation of
- 15 temporary positions within the university in carrying
- 16 out the pilot program pursuant to this Act;
- 17 (5) A summary of any capacity and funding issues or
- 18 challenges the university has encountered in carrying
- 19 out the pilot project pursuant to this Act; and
- 20 (6) Any proposed legislation.





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1 SECTION 5. 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 2017-2018 and  
 4 the same sum or so much thereof as may be necessary for fiscal  
 5 year 2018-2019 for the university lands pilot program  
 6 established pursuant to section 2 of this Act.

7 The sums appropriated shall be expended by the University  
 8 of Hawaii for the purposes of this Act.

9 SECTION 6. Statutory material to be repealed is bracketed  
 10 and stricken. New statutory material is underscored.

11 SECTION 7. This Act shall take effect on July 1, 2017.

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INTRODUCED BY:

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**Report Title:**

University of Hawaii; Land Lease; University Facilities;  
Appropriation

**Description:**

Establishes a pilot program to generate revenue through the lease of University of Hawaii land for public purposes. Requires that the parcels of land be located within a county-designated transit-oriented zone, a one-half-mile radius of public transit stations, or a one-half-mile radius of any rail transit extension beyond the rail transit route approved as of January 1, 2017. Authorizes moneys in the University of Hawaii real property and facilities use revolving fund to be used for new construction and upgrade of university facilities. Requires the university to report to the legislature. Makes an appropriation for the pilot program.

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

