
A BILL FOR AN ACT

RELATING TO PUBLIC LANDS.

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

1 PART I

2 SECTION 1. The legislature finds that because of the
3 policies guiding the management of public lands with commercial,
4 industrial, resort, and hotel uses, there has been little
5 incentive for the lessees to make major improvements to their
6 infrastructure, resulting in the deterioration of infrastructure
7 and facilities. The lack of improvements in many of these areas
8 has resulted in dilapidation, deterioration, or obsolescence of
9 the buildings and structures.

10 The department of land and natural resources has the
11 responsibility of planning for the disposition of commercial,
12 industrial, and hotel and resort classes of public lands to
13 determine specific uses, the minimum sizes of parcels, required
14 building construction or improvements, and lease terms and
15 requirements.

16 The legislature finds that the rejuvenation of areas of
17 public lands that have become dilapidated, obsolete, or have



1 deteriorated over time is in the public interest and constitutes
2 a valid public purpose.

3 The purpose of this Act is to authorize the designation of
4 areas or regions of public lands classified as commercial,
5 industrial, resort and hotel, and the establishment and
6 implementation of guidelines for the redevelopment of the areas
7 or regions that will:

8 (1) Modernize the policies for the management of public
9 lands in the designated area;

10 (2) Establish a plan for the designated area, including
11 district-wide improvements, that is coordinated with
12 state and county land use and planning policies; and

13 (3) Implement asset and property management concepts that
14 can optimize income from the properties and evolve in
15 response to changing principles of property
16 administration.

17 PART II

18 SECTION 2. Chapter 171, Hawaii Revised Statutes, is
19 amended by adding a new part to be appropriately designated and
20 to read as follows:



1 **"PART A. PUBLIC LANDS REDEVELOPMENT**

2 **§171-A Definitions.** As used in this part, unless the
3 context requires otherwise:

4 "Planning committee" or "committee" means the policy-making
5 committee established for a redevelopment district pursuant to
6 section 171-C.

7 "Premises" means the property that is being leased or
8 rented in a designated district.

9 "Public facilities" include streets and highways, storm
10 drainage systems, water systems, street lighting systems, off-
11 street parking facilities, and sanitary sewerage systems.

12 "Redevelopment district" or "designated district" means an
13 area of public lands designated for redevelopment pursuant to
14 section 171-B.

15 **§171-B Designation of redevelopment district; boundaries.**

16 (a) The legislature shall designate redevelopment districts by
17 statute for any area of public lands classified as commercial
18 and industrial; hotel, apartment, and motel; or resort use
19 pursuant to section 171-10, if the legislature determines that
20 there is a need for planning, development, or redevelopment



1 because the buildings and infra-structures in the area are
2 dilapidated or have deteriorated due to age or obsolescence.

3 (b) The designation shall specify the boundaries of the
4 redevelopment district.

5 **§171-C Planning committee; members; district**

6 **administrator; repeal.** (a) Upon the designation of a
7 redevelopment district pursuant to section 171-B, a planning
8 committee for the designated district shall be established
9 within the department for administrative purposes.

10 (b) The committee shall be a policy-making committee for
11 the designated district and shall consist of nine voting
12 members. The members shall consist of:

13 (1) The chairperson of the board of land and natural
14 resources and the director of planning of the county
15 in which the designated district is located, or their
16 designated representatives, who shall be ex-officio;
17 and

18 (2) Seven members of the public appointed by the governor
19 pursuant to section 26-34; provided that of the
20 members appointed pursuant to this paragraph:



- 1 (A) Two members shall be selected from a list of
2 three names for each nomination submitted by the
3 president of the senate and two members shall be
4 selected from a list of three names for each
5 nomination submitted by the speaker of the house
6 of representatives in collaboration with the
7 legislators from the county in which the
8 designated district is located; provided that the
9 governor shall select a name no later
10 than days after receipt of each list;
- 11 (B) Three members appointed by the governor pursuant
12 to section 26-34; provided that:
- 13 (i) One member shall represent the business
14 sector within the designated district;
- 15 (ii) One member shall have experience and
16 expertise in the area of Hawaiian cultural
17 practices; and
- 18 (iii) One member shall be a member of the public
19 and a resident of the county in which the
20 designated district is located;



1 provided that the governor shall appoint these
2 members no later than days after
3 designation of the redevelopment district; and

4 (C) The seven members of the public shall have
5 expertise in development of commercial,
6 industrial, resort and hotel lands as well as
7 expertise in at least one of the following areas
8 and shall be selected on the basis of their
9 knowledge, experience, and expertise in:

- 10 (i) Management of small or large businesses;
11 (ii) Economics, banking, investment, or finance;
12 (iii) Real estate development;
13 (iv) Real estate management;
14 (v) Marketing;
15 (vi) Hawaiian cultural practices; or
16 (vii) Hotel and resort management;

17 provided that of the seven members of the public,
18 three members shall be residents of the county in
19 which the designated district is located and all
20 members shall be residents of the State.



1 (c) The committee shall elect its chairperson from among
2 its members of the public.

3 (d) The members of the committee shall serve without
4 compensation but shall be reimbursed for reasonable expenses,
5 including travel expenses, incurred in the performance of their
6 duties. This subsection shall not be construed to prohibit the
7 ex-officio members of the committee from receiving their
8 salaries and wages for their work as public officials.

9 (e) The committee shall appoint a district administrator,
10 who shall be the chief executive officer for the designated
11 district. The district administrator shall have expertise in
12 development of commercial, industrial, resort, or hotel lands as
13 well as expertise in at least one of the following areas and
14 shall be selected on the basis of the person's knowledge,
15 experience, and expertise in management of small or large
16 businesses; economics, banking, investment, or finance; real
17 estate development; real estate management; law; marketing; or
18 hotel and resort management. The committee shall set the
19 district administrator's duties, responsibilities, holidays,
20 vacations, leaves, hours of work, and working conditions. The
21 committee shall set the salary of the district administrator,



1 who shall serve at the pleasure of the committee and shall be
2 exempt from chapter 76.

3 (f) The committee shall be dissolved on June 30 of the
4 tenth year following the establishment of the committee for the
5 designated district.

6 **§171-D Powers and duties; generally; exemption from**
7 **administrative supervision of boards and commissions.** (a) The
8 committee shall have the following powers and duties:

9 (1) Through its district administrator, appoint staff and
10 employees, prescribe their duties and qualifications,
11 and fix their salaries, without regard to chapter 76;

12 (2) Through its district administrator:

13 (A) Allocate space or spaces that are to be occupied
14 by the committee and appropriate staff; and

15 (B) Purchase necessary supplies, equipment, or
16 furniture;

17 (3) Prepare a development plan for the designated district
18 that will be submitted to the board for review and
19 approval;

20 (4) Notwithstanding any other law to the contrary, lease
21 public lands in a designated redevelopment district



1 and renew or renegotiate any lease in connection with
2 any project contained in the development plan for the
3 designated district, on terms and conditions pursuant
4 to section 171-F and consistent with the development
5 plan;

6 (5) Prepare or cause to be prepared plans, design
7 criteria, landscaping, and estimates of costs for the
8 construction, rehabilitation, or repair of any project
9 contained in the development plan for the designated
10 district, and from time to time to modify the plans,
11 or estimates;

12 (6) Conduct studies in conjunction with county and state
13 agencies necessary to determine the appropriate
14 activities for development in the designated district;

15 (7) Reduce or waive the lease rental on any lease of
16 public land for any project in the designated district
17 that requires substantial improvements; provided that
18 the reduction or waiver shall not exceed one year;

19 (8) Make and execute all contracts and instruments
20 necessary for the exercise of its powers and functions
21 relating to the designated district, including the



- 1 engaging of the services of consultants for rendering
2 of professional and technical assistance and advice;
- 3 (9) Enter into a development agreement with a developer or
4 developers for any project contained in the
5 development plan; provided that the development
6 agreement shall contain:
- 7 (A) A description of the location, area, and size of
8 the parcel to be developed;
- 9 (B) The use or uses to which the parcel shall be put
10 in conformance with the development plan, and
11 with applicable state and county laws and
12 ordinances;
- 13 (C) The period of time for the construction and
14 completion of the development; and
- 15 (D) Other terms and conditions that the committee
16 deems necessary;
- 17 (10) Work closely and communicate with the county to
18 coordinate the execution of the designated district's
19 planning, incremental projects, work schedules, public
20 works, and budget; and



1 (11) Do any and all things necessary to carry out its
2 purposes and exercise the powers given and granted in
3 this part.

4 (b) Notwithstanding any law to the contrary, the committee
5 shall be exempt from section 26-35(a)(1), (4), (5), and (6).

6 **§171-E District redevelopment plan.** (a) The committee
7 shall prepare a redevelopment plan for the designated district,
8 including district development policies, the district
9 improvement program, necessary public facilities, and the
10 development guidelines and rules for the designated development
11 district. In carrying out its planning activities, the
12 committee shall comply with chapter 205A and applicable county
13 building and zoning ordinances.

14 (b) The committee shall prepare a redevelopment plan for
15 the designated district that:

16 (1) Establishes, if applicable, areas principally for:

17 (A) Commercial activities;

18 (B) Processing, construction, manufacturing,
19 transportation, wholesaling, storage and similar
20 industrial activities;



- 1 (C) Resort and hotel activities, including uses that
2 provide facilities and services for visitors; and
3 (D) Public facilities and recreational facilities;
4 with detailed standards for height, bulk, size,
5 and location of buildings;
- 6 (2) Includes a district-wide improvement program for
7 necessary district-wide public facilities within the
8 designated district;
- 9 (3) Includes plans, specifications, and estimates of the
10 costs for the development, construction,
11 reconstruction, or improvement of any project in the
12 designated district, and from time to time modify the
13 plans, specifications, or estimates;
- 14 (4) If possible, identifies specific uses for areas in the
15 designated district and the required parceling of land
16 into minimum size areas related to the specific uses;
- 17 (5) Determines the lease rental that should be established
18 for the specific uses and the terms and conditions of
19 the leases;
- 20 (6) Establishes interim development controls to be
21 implemented during the transition to the execution of



1 the provisions of the redevelopment plan, such as
2 recommending the holdover of a lessee pursuant to
3 section 171-40 or issuance of permits pursuant to
4 section 171-55 to existing lessees upon the expiration
5 of their lease terms; and

6 (7) Allows the use of land or any building existing on the
7 date the redevelopment plan is adopted to continue as
8 a nonconforming use; provided that the nonconforming
9 building shall not be replaced, expanded, or changed
10 to another nonconforming use.

11 (c) The district redevelopment plan may provide for the
12 withdrawal or taking for public purposes of public land or
13 portion of public land under a lease. The rental shall be
14 reduced in proportion to the value of the portion of the
15 premises condemned, and the lessee shall be entitled to receive
16 the proportionate value of the permanent improvements legally
17 made to or constructed upon the land by the lessee taken in the
18 proportion that it bears to the unexpired term of the lease.

19 (d) Prior to adoption, the committee shall hold a public
20 hearing on a proposed redevelopment plan for the designated



1 district and shall consider the comments received and
2 incorporate any revisions to the plan that may be necessary.

3 (e) Not later than three years after the date all members
4 are appointed, the committee shall submit a report to the board
5 with the development plan recommended by the committee with its
6 recommendations for appropriations by the legislature or the
7 authorization of bonds or both, to implement the development
8 plan in a timely manner. The board shall review and approve the
9 recommended development plan and shall submit the report to the
10 governor and the legislature with a request for the required
11 appropriations and bond authorization.

12 **§171-F Leases.** All leases issued by the committee shall
13 contain:

- 14 (1) The lessee's name, telephone number, address, and
15 electronic mail address;
- 16 (2) A description of the premises being leased;
- 17 (3) The specific use or uses to which the premises shall
18 be limited; provided that no other uses shall be
19 permitted without the prior written consent of the
20 committee;



- 1 (4) The exact commencement and termination dates of the
2 lease, and the specific term and type of notice
3 required to exercise any renewal option;
- 4 (5) Terms specifying whether rent shall be paid monthly,
5 quarterly, semiannually, or annually; provided that
6 the terms shall not authorize rent to be paid more
7 than one year in advance;
- 8 (6) If rent is based on a percentage of sales:
- 9 (A) The rent shall be a percentage of the gross sales
10 from the premises; or
- 11 (B) A minimum or base rent, plus a percentage of
12 sales over an amount established by negotiation;
- 13 (7) A rent adjustment clause tied to an inflation-based
14 index, such as the consumer price index, to allow an
15 annual rent adjustment, downward or upward, based on
16 the index;
- 17 (8) Terms that specify repair and maintenance costs shall
18 be the responsibility of the lessee and the systems
19 and components costs shall be the responsibility of
20 the board; provided that all modifications and



- 1 improvements shall be done in compliance with
2 applicable building codes and zoning ordinances;
- 3 (9) A requirement for the lessee to have and maintain a
4 policy of insurance covering fire, liability, and
5 property damage;
- 6 (10) A prohibition on the assignment or subletting of the
7 lease without the written consent of the board;
- 8 (11) Criteria for lessee default, including:
- 9 (A) Failure to pay any installment of rent or other
10 payment within an agreed upon number of days
11 after the due date;
- 12 (B) Failure to perform or observe any covenant, term,
13 or condition under the lease;
- 14 (C) Failure to continue a business; or
15 (D) Vacating or abandoning the premises; and
- 16 (12) Remedies for lessee default, including:
- 17 (A) Failure to perform as required by the lease;
18 (B) Termination of the lease and suing for damages;
19 and
20 (C) Dispossessing the lessee and suing for damages.



1 **§171-G Designated redevelopment district revolving fund.**

2 (a) A separate revolving fund shall be established for each
3 redevelopment district designated pursuant to section 171-B,
4 into which shall be deposited:

5 (1) Fifty per cent of the revenues, income, and receipts
6 of the department from the public lands in the
7 designated district, notwithstanding section 171-19;

8 (2) Moneys appropriated by the legislature to the
9 revolving fund; and

10 (3) Any gifts, grants, and other funds accepted by the
11 committee.

12 Each revolving fund shall bear the name used by the legislature
13 in designating the redevelopment district.

14 (b) Moneys in each designated redevelopment district
15 revolving fund shall be used in the designated district for the
16 purposes of this part; provided that no expenditure shall be
17 made from the fund and no obligation shall be incurred against
18 the fund in excess of the amount standing to the credit of the
19 fund.

20 (c) After the committee is dissolved, the unencumbered
21 balance remaining in the corresponding redevelopment district



1 revolving fund shall be transferred to the special land and
2 development fund established pursuant to section 171-19."

3 PART III

4 SECTION 3. The legislature finds that:

- 5 (1) The Waiakea peninsula of the island of Hawaii contains
6 approximately eighty-five per cent of the overnight
7 visitor accommodations in east Hawaii county;
- 8 (2) The State owns a large part of the Waiakea peninsula
9 area;
- 10 (3) There has been little incentive for the lessees of the
11 properties in the area to make major investments in
12 improvements to their infrastructure, resulting in the
13 deterioration of the area's infrastructure and
14 facilities; and
- 15 (4) The State has a responsibility to ensure that the
16 Waiakea peninsula area does not deteriorate and have a
17 harmful impact on the economy of the community as a
18 whole.

19 The public lands in the area present an opportunity for the
20 revitalization and redevelopment of a district where hotel and



1 resort, commercial, and public uses may coexist compatibly
2 within the same area.

3 SECTION 4. The legislature designates the public lands on
4 the Waiakea peninsula on the island of Hawaii as the Waiakea
5 peninsula redevelopment district.

6 SECTION 5. The Waiakea peninsula redevelopment district
7 shall include the area bounded by the shoreline from the
8 intersection of Lihiwai street and Kamehameha avenue; Kamehameha
9 avenue to its intersection with Kalaniana'ole avenue;
10 Kalaniana'ole avenue to its intersection with Banyan way; Banyan
11 way from its intersection with Kalaniana'ole avenue to its
12 intersection with Banyan drive; from the intersection of Banyan
13 way and Banyan drive to the shoreline; the shoreline around the
14 Waiakea peninsula, including Mokuola island, to the intersection
15 of Lihiwai street and Kamehameha avenue.

16 SECTION 6. There is established a Waiakea peninsula
17 redevelopment district planning committee. The committee shall
18 be appointed as provided in section 171-B, Hawaii Revised
19 Statutes, and shall exercise the powers and duties in the
20 designated district as authorized by chapter 171, part A, Hawaii
21 Revised Statutes.



1 SECTION 7. There is established the Waiakea peninsula
2 redevelopment district revolving fund, into which shall be
3 deposited:

4 (1) Fifty per cent of the revenues, income, and receipts
5 from the public lands in the Waiakea peninsula
6 redevelopment district;

7 (2) Moneys appropriated by the legislature to the
8 revolving fund; and

9 (3) Any gifts, grants, and other funds accepted by the
10 Waiakea peninsula redevelopment district planning
11 committee.

12 The moneys in the revolving fund shall be used in the Waiakea
13 peninsula redevelopment district for the purposes described in
14 chapter 171, part A, Hawaii Revised Statutes.

15 SECTION 8. Upon the repeal of this part, all leases,
16 contracts, agreements, permits, or other documents executed or
17 entered into, by or on behalf of the Waiakea peninsula
18 redevelopment district planning committee shall remain in full
19 force and effect until they expire by their own terms and shall
20 be administered by the department of land and natural resources.



1 SECTION 9. Upon the repeal of this part, all
2 appropriations, records, equipment, machines, files, supplies,
3 contracts, books, papers, documents, maps, and other personal
4 property held by the Waiakea peninsula redevelopment district
5 planning committee shall be transferred to the department of
6 land and natural resources, and the unencumbered balance
7 remaining in the Waiakea peninsula redevelopment district
8 revolving fund shall be transferred to the special land and
9 development fund established pursuant to section 171-19, Hawaii
10 Revised Statutes.

11 SECTION 10. There is appropriated out of the general
12 revenues of the State of Hawaii the sum of \$500,000 or so much
13 thereof as may be necessary for fiscal year 2019-2020 to be
14 deposited into Waiakea peninsula redevelopment district
15 revolving fund.

16 SECTION 11. There is appropriated out of the Waiakea
17 peninsula redevelopment district revolving fund the sum of
18 \$300,000 or so much thereof as may be necessary for fiscal year
19 2019-2020 and the same sum or so much thereof as may be
20 necessary for fiscal year 2020-2021 for the purposes of this
21 part.



1 The sums appropriated shall be expended by the department
2 of land and natural resources for the purposes of this part.

3 PART IV


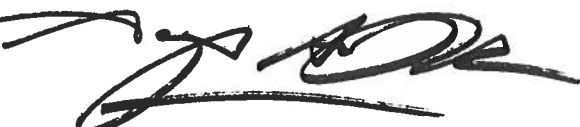






4 SECTION 12. In codifying the new part and sections added
5 by section 2 of this Act, the revisor of statutes shall
6 substitute appropriate part and section numbers for the letters
7 used in designating the new sections in this Act.

8 SECTION 13. This Act does not affect rights and duties
9 that matured, penalties that were incurred, and proceedings that
10 were begun before its effective date.

11 SECTION 14. This Act shall take effect on July 1, 2019;
12 provided that part III shall be repealed on June 30, 2029.

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INTRODUCED BY: 

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JAN 23 2019



H.B. NO. 1219

Report Title:

Public Lands; Redevelopment; Waiakea Peninsula; Appropriation

Description:

Authorizes the designation of areas or regions of public lands classified as commercial, industrial, resort and hotel, and the establishment and implementation of guidelines for the redevelopment of the areas or regions that will: (1) modernize the policies for the management of public lands in the designated area; (2) establish a plan for the designated area, including district-wide improvements, that is coordinated with state and county land use and planning policies; and (3) implement asset and property management concepts that can optimize income from the properties and evolve in response to changing principles of property administration. Designates the public lands on the Waiakea peninsula on the island of Hawaii as the Waiakea Peninsula Redevelopment District. Repeals the Waiakea Peninsula Redevelopment District on 6/30/2029. Appropriates funds.

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