
A BILL FOR AN ACT

RELATING TO HOUSING.

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

PART I

1
2 SECTION 1. The legislature finds that the cost and
3 availability of housing in the State are significant challenges
4 facing Hawaii residents. Although Hawaii has the tenth highest
5 median wage nationally, living expenses are two-thirds higher
6 than the rest of the nation, with the cost of housing being a
7 major contributing factor. In September 2018, the median price
8 for a single-family home on Oahu rose to \$812,500, while the
9 median price for condominiums on Oahu rose to \$428,000.
10 According to a local news report, a household would need to earn
11 almost \$160,000 annually to afford to buy a home on Oahu, making
12 homeownership out of reach for many of Hawaii's residents,
13 especially first-time buyers.

14 Because of the many barriers hindering the production of
15 new housing, such as geographic limitations, lack of major
16 infrastructure, construction costs, and government regulation,
17 the State and housing developers have chosen not to produce



1 enough housing for Hawaii residents. According to a 2015 report
2 from the department of business, economic development, and
3 tourism, the projected long-run estimate of demand for total new
4 housing in Hawaii is between 64,700 to 66,000 for the 2015 to
5 2025 period. The legislature has responded through the passage
6 of various legislation. During the regular session of 2016, the
7 legislature passed a bill enacted as Act 127, Session Laws of
8 Hawaii 2016, that, among other things, establishes a goal of
9 developing or vesting the development of at least 22,500
10 affordable rental housing units ready for occupancy by the end
11 of 2026. During the regular session of 2017, the legislature
12 passed a bill enacted as Act 54, Session Laws of Hawaii 2017, to
13 expand the types of rental housing projects that can be exempt
14 from general excise tax, thereby encouraging the development of
15 rental housing projects targeted for occupancy by households at
16 or below the one hundred forty per cent and eighty per cent area
17 median income levels. During the regular session of 2018, the
18 legislature passed a bill enacted as Act 39, Session Laws of
19 Hawaii 2018, that, among other things, provides an estimated
20 total value of \$570,000,000 to address Hawaii's affordable



1 rental housing crisis and is expected to generate more than
2 25,000 affordable units by the year 2030.

3 Despite these efforts, the amount of new construction of
4 housing, especially for low- to middle-income families,
5 continues to be inadequate as the supply of housing remains
6 constrained while demand for housing increases. This lack of
7 supply leads to higher housing prices and rents for households
8 of all income levels, leaving all tenants with less disposable
9 income, increasing the personal stress on buyers and renters,
10 and exacerbating overcrowding and homelessness. Given these
11 consequences, the lack of affordable housing requires the
12 concentrated attention of state government at the highest level.

13 The legislature further finds that Singapore faced a
14 housing crisis in the 1940s through 1960s but was subsequently
15 able to provide nearly one million residential units for its
16 citizens. The housing and development board -- the government
17 entity responsible for the rapid increase in housing development
18 -- plans, develops, and constructs the housing units, including
19 commercial, recreational, and social amenities. The result is
20 that units built by the housing and development board house
21 eighty per cent of the resident population and that, overall,



1 ninety per cent of the resident population are owners of their
2 units. Through government loans, subsidies, and grants and the
3 use of money saved through a government-run mandatory savings
4 program, residents are able to purchase residential units at an
5 affordable price, including options to upgrade to a better
6 living environment in the future.

7 The legislature further finds that with Honolulu's
8 construction of an elevated rail transit system, the State has
9 an opportunity to enhance Oahu's urban environment and increase
10 the quality of life for residents by increasing the affordable
11 housing inventory and eliminating the need for personal
12 automobiles, among other public benefits. As the largest
13 landowner of properties along the transit line, with
14 approximately two thousand acres under the jurisdiction of
15 various departments, the State must be proactive in establishing
16 a unified vision and approach toward redevelopment of its
17 properties to maximize the benefits of state lands available for
18 redevelopment.

19 The purpose of this Act is to:

20 (1) Establish the ALOHA homes authority to facilitate the
21 creation of low-cost leasehold homes for sale to



1 Hawaii residents on state-owned land near public
 2 transit stations; and
 3 (2) Authorize the Hawaii housing finance and development
 4 corporation to sell the leasehold interest in
 5 residential condominium units located on state lands
 6 for lease terms of ninety-nine years.

7 PART II

8 SECTION 2. The Hawaii Revised Statutes is amended by
 9 adding a new chapter to be appropriately designated and to read
 10 as follows:

11 "CHAPTER

12 ALOHA HOMES AUTHORITY

13 § -1 Definitions. As used in this chapter, the
 14 following terms have the following meanings, unless the context
 15 indicates a different meaning or intent:

16 "ALOHA home" means a residential unit within the urban
 17 redevelopment district.

18 "Authority" means the ALOHA homes authority established by
 19 section -2.

20 "Commercial project" means an undertaking involving
 21 commercial or light industrial development, which includes a



1 mixed-use development where commercial or light industrial
2 facilities may be built into, adjacent to, under, or above
3 residential units.

4 "Multipurpose project" means a project consisting of any
5 combination of a commercial project, redevelopment project, or
6 residential project.

7 "Owner-occupied residential use" means any use currently
8 permitted in existing residential zones consistent with owner
9 occupancy, but shall not mean renting of any kind.

10 "Project" means a specific work or improvement, including
11 real and personal properties, or any interest therein, acquired,
12 owned, constructed, reconstructed, rehabilitated, or improved by
13 the authority, including a commercial project, redevelopment
14 project, or residential project.

15 "Public agency" means any office, department, board,
16 commission, bureau, division, public corporation agency, or
17 instrumentality of the federal, state, or county government.

18 "Public facilities" includes streets, utility and service
19 corridors, and utility lines where applicable, sufficient to
20 adequately service developable improvements in the district,
21 sites for schools, parks, parking garages, sidewalks, pedestrian



1 ways, and other community facilities. "Public facilities" also
2 includes public highways, as defined in section 135-1, storm
3 drainage systems, water systems, street lighting systems, off-
4 street parking facilities, and sanitary sewerage systems.

5 "Redevelopment project" means an undertaking for the
6 acquisition, clearance, replanning, reconstruction, and
7 rehabilitation, or a combination of these and other methods, of
8 an area for a residential project, for an incidental commercial
9 project, and for other facilities incidental or appurtenant
10 thereto, pursuant to and in accordance with this chapter. The
11 terms "acquisition, clearance, replanning, reconstruction, and
12 rehabilitation" shall include renewal, redevelopment,
13 conservation, restoration, or improvement, or any combination
14 thereof.

15 "Residential project" means a project or that portion of a
16 multipurpose project, including residential dwelling units,
17 designed and intended for the purpose of providing housing and
18 any facilities as may be incidental or appurtenant thereto.

19 § -2 ALOHA homes authority; established. (a) There is
20 established the ALOHA homes authority, which shall be a body
21 corporate and a public instrumentality of the State, for the



1 purpose of implementing this chapter. The acronym ALOHA stands
2 for affordable, locally owned homes for all. The authority
3 shall be placed within the department of business, economic
4 development, and tourism for administrative purposes. The
5 mission of the ALOHA homes authority shall be to provide low-
6 cost, high density leasehold homes for sale to Hawaii residents
7 on state-owned lands within a one-half mile radius of a public
8 transit station.

9 For the purposes of this subsection, "public transit
10 station" means:

- 11 (1) A station connected to a locally preferred alternative
12 for a mass transit project; or
- 13 (2) For the city and county of Honolulu, a station of the
14 Honolulu rail transit system.
- 15 (b) The authority shall consist of:
- 16 (1) One representative from the office of the governor;
17 (2) The director of finance, or the director's designee;
18 (3) The director of transportation, or the director's
19 designee;
- 20 (4) One at-large member;



- 1 (5) One representative from a for-profit business involved
- 2 in project development;
- 3 (6) One representative from a labor union involved in
- 4 project development;
- 5 (7) One at-large member nominated by the president of the
- 6 senate;
- 7 (8) One at-large member nominated by the speaker of the
- 8 house of representatives;
- 9 (9) One representative from an environmental entity;
- 10 (10) One representative from the architecture industry;
- 11 (11) One urban planner;
- 12 (12) One representative from the office of Hawaiian
- 13 affairs;
- 14 (13) One representative from the department of Hawaiian
- 15 home lands;
- 16 (14) One representative from the office of the mayor of any
- 17 county with a proposed or existing locally preferred
- 18 alternative for a mass transit project;
- 19 (15) One representative from a state housing agency; and
- 20 (16) One representative of a nonprofit housing developer.



1 All members except the director of finance and director of
2 transportation, or their designees, shall be appointed by the
3 governor pursuant to section 26-34. The director of finance and
4 director of transportation, or their designees, and the
5 representative from the office of the governor shall be ex
6 officio, voting members. The two at-large members nominated by
7 the president of the senate and speaker of the house of
8 representatives shall be appointed by the governor from a list
9 of three nominees submitted for each position by the nominating
10 authority specified in this subsection.

11 In the event of a vacancy, a member shall be appointed to
12 fill the vacancy in the same manner as the original appointment
13 within thirty days of the vacancy or within ten days of the
14 senate's rejection of a previous appointment, as applicable.

15 The terms of the director of finance and director of
16 transportation shall run concurrently with each official's term
17 in office. The terms of the appointed voting members shall be
18 for four years, commencing July 1 and expiring on June 30. The
19 governor shall provide for staggered terms of the initially
20 appointed voting members.



1 The governor may remove or suspend for cause any member
2 after due notice and public hearing.

3 (c) Notwithstanding section 92-15, a majority of all
4 eligible voting members as specified in this subsection shall
5 constitute a quorum to do business, and the concurrence of a
6 majority of all eligible voting members as specified in this
7 subsection shall be necessary to make any action of the
8 authority valid. All members shall continue in office until
9 their respective successors have been appointed and qualified.
10 Except as herein provided, no member appointed under this
11 subsection shall be an officer or employee of the State or its
12 political subdivisions.

13 (d) The authority shall appoint the executive director,
14 who shall be the chief executive officer of the authority. The
15 authority shall set the salary of the executive director, who
16 shall serve at the pleasure of the authority and shall be exempt
17 from chapter 76.

18 (e) The authority shall annually elect the chairperson and
19 vice chairperson from among its members.

20 (f) The members of the authority appointed under this
21 section shall serve without compensation, but each shall be



1 reimbursed for expenses, including travel expenses, incurred in
2 the performance of their duties.

3 § -3 Powers; generally. Except as otherwise limited by
4 this chapter, the authority may:

- 5 (1) Sue and be sued;
- 6 (2) Have a seal and alter the same at its pleasure;
- 7 (3) Make and execute contracts and all other instruments
8 necessary or convenient for the exercise of its powers
9 and functions under this chapter;
- 10 (4) Make and alter bylaws for its organization;
- 11 (5) Make rules with respect to its projects, operations,
12 properties, and facilities, which rules shall be in
13 conformance with chapter 91;
- 14 (6) Through its executive director, appoint officers,
15 agents, and employees; prescribe their duties and
16 qualifications; and fix their salaries, without regard
17 to chapter 76;
- 18 (7) Acquire, reacquire, or contract to acquire or
19 reacquire by grant or purchase real, personal, or
20 mixed property or any interest therein and own, hold,
21 clear, improve, rehabilitate, sell, assign, exchange,



1 transfer, convey, lease, or otherwise dispose of or
2 encumber the same;

3 (8) Acquire or reacquire by condemnation real, personal,
4 or mixed property or any interest therein for public
5 facilities, including but not limited to streets,
6 sidewalks, parks, schools, and other public
7 improvements located within one-half mile of a rail
8 station or specifically related to developments of the
9 authority's undertaking;

10 (9) By itself, or in partnership with qualified persons,
11 acquire, reacquire, construct, reconstruct,
12 rehabilitate, improve, alter, or repair or provide for
13 the construction, reconstruction, improvement,
14 alteration, or repair of any project; own, hold, sell,
15 assign, transfer, convey, exchange, lease, or
16 otherwise dispose of or encumber any project, and in
17 the case of the sale of any project, accept a purchase
18 money mortgage in connection therewith; and repurchase
19 or otherwise acquire any project that the authority
20 has theretofore sold or otherwise conveyed,
21 transferred, or disposed of;



- 1 (10) Arrange or contract for the planning, replanning,
2 opening, grading, or closing of streets, roads,
3 roadways, alleys, or other places, or for the
4 furnishing of facilities or for the acquisition of
5 property or property rights or for the furnishing of
6 property or services in connection with a project;
- 7 (11) Grant options to purchase any project or to renew any
8 lease entered into by it in connection with any of its
9 projects, on terms and conditions as it deems
10 advisable;
- 11 (12) Prepare or cause to be prepared comprehensive plans,
12 specifications, designs, and estimates of costs for
13 the construction, reconstruction, rehabilitation,
14 improvement, alteration, or repair of any project, and
15 from time to time modify the plans, specifications,
16 designs, or estimates;
- 17 (13) Provide advisory, consultative, training, and
18 educational services, technical assistance, and advice
19 to any person, partnership, or corporation, either
20 public or private, to carry out the purposes of this
21 chapter, and engage the services of consultants on a



- 1 contractual basis for rendering professional and
2 technical assistance and advice;
- 3 (14) Procure insurance against any loss in connection with
4 its property and other assets and operations in
5 amounts and from insurers as it deems desirable;
- 6 (15) Contract for and accept gifts or grants in any form
7 from any public agency or from any other source;
- 8 (16) Employ, subject to chapter 76, technical experts and
9 officers, agents, and employees, permanent or
10 temporary, as required;
- 11 (17) Prescribe the duties, qualifications, and salaries of
12 its officers, agents, and employees, not subject to
13 chapter 76, when in the determination of the authority
14 the services to be performed are unique and essential
15 to the execution of the functions of the authority;
- 16 (18) Call upon the attorney general for legal services as
17 it may require;
- 18 (19) Delegate to one or more of its agents or employees the
19 powers and duties it deems proper; and



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

4 **§ -4 Assignment of powers and duties prohibited.**

5 Notwithstanding anything contained in this chapter to the
6 contrary, the authority shall not assign to any person or
7 agency, including the executive director of the authority, any
8 of its powers and duties related to the approval of any
9 variance, exemption, or modification of any provision of a
10 development plan or development rules.

11 **§ -5 Urban redevelopment district; established;**

12 **boundaries.** The urban redevelopment district is established.
13 The urban redevelopment district shall include all state-owned
14 and county-owned land within county-designated transit-oriented
15 development areas or within a one-half-mile radius of public
16 transit stations, if a county has not designated transit-
17 oriented development zones.

18 **§ -6 Rules; guidelines.** (a) The authority shall
19 establish rules under chapter 91 on health, safety, building,
20 planning, zoning, and land use, which shall supersede all other
21 inconsistent ordinances and rules relating to the use, zoning,



1 planning, and development of land and construction thereon.
2 Rules adopted under this section shall follow existing law,
3 rules, ordinances, and regulations as closely as is consistent
4 with standards meeting minimum requirements of good design,
5 pleasant amenities, health, safety, and coordinated development.
6 The authority may provide that lands within the urban
7 redevelopment district shall not be developed beyond existing
8 uses or that improvements thereon shall not be demolished or
9 substantially reconstructed, or provide other restrictions on
10 the use of the lands.

11 (b) The following shall be the principles generally
12 governing the authority's action in the urban redevelopment
13 district:

- 14 (1) The authority shall endeavor to produce enough housing
15 supply to meet housing demand;
- 16 (2) Each development may include facilities to replace any
17 facilities that must be removed for the development's
18 construction;
- 19 (3) Development shall be revenue-neutral to the State, and
20 all revenues generated shall be used for the purposes
21 of this chapter;



- 1 (4) The authority may build infrastructure beyond what
2 exists in any development under this chapter and may
3 sell the infrastructure capacity to private sector
4 developers;
- 5 (5) The authority may build common area facilities for any
6 development undertaken pursuant to this chapter, which
7 shall be paid through the sales of ALOHA homes units;
- 8 (6) Development shall result in a community which permits
9 an appropriate land mixture of residential,
10 commercial, light industrial, and other uses. In view
11 of the innovative nature of the mixed use approach,
12 urban design policies shall be established for the
13 public and private sectors in the proper development
14 of the urban redevelopment district; provided that any
15 of the authority's proposed actions in the urban
16 redevelopment district that are subject to chapter 343
17 shall comply with chapter 343 and federal
18 environmental requirements; provided further that the
19 authority may engage in any studies or coordinative
20 activities permitted in this chapter which affect
21 areas lying outside the district, where the authority



1 in its discretion decides that those activities are
2 necessary to implement the intent of this chapter.
3 The studies or coordinative activities shall be
4 limited to facility systems, resident and industrial
5 relocation, and other activities with the counties and
6 appropriate state agencies. The authority may engage
7 in construction activities outside of the urban
8 redevelopment district; provided that such
9 construction relates to infrastructure development or
10 residential or business relocation activities;
11 provided further that such construction shall comply
12 with the general plan, development plan, ordinances,
13 and rules of the county in which the urban
14 redevelopment district is located;

15 (7) Existing and future light industrial uses accessory to
16 residential development shall be permitted and
17 encouraged in appropriate locations within the urban
18 redevelopment district. No plan or implementation
19 strategy shall prevent continued activity or
20 redevelopment of light industrial and commercial uses
21 which meet reasonable performance standards;



- 1 (8) Activities shall be located so as to provide primary
2 reliance on public transportation and pedestrian
3 facilities for internal circulation within the urban
4 redevelopment district or designated subareas;
- 5 (9) Major view planes, view corridors, and other
6 environmental elements such as natural light and
7 prevailing winds, may be preserved through appropriate
8 regulation and design review;
- 9 (10) All projects shall be in compliance with all
10 applicable statutes, rules, and ordinances related to
11 historic and cultural resource preservation;
- 12 (11) Land use activities within the urban redevelopment
13 district, where compatible, shall to the greatest
14 possible extent be mixed horizontally, that is, within
15 blocks or other land areas, and vertically, as
16 integral units of multi-purpose structures;
- 17 (12) Development shall prioritize maximizing density on
18 lands that are most urbanized and most suitable for
19 very high density; provided that development may
20 require a mixture of densities, building types, and
21 configurations in accordance with appropriate urban



1 design guidelines and vertical and horizontal
2 integration of residents of varying incomes, ages, and
3 family groups that reflect the diversity of Hawaii.
4 Development shall provide necessary community
5 facilities, such as parks, community meeting places,
6 child care centers, schools, educational facilities,
7 libraries, and other services, within and adjacent to
8 residential development; provided that any school that
9 is provided by the authority as a necessary community
10 facility shall be exempt from school size requirements
11 as calculated by recent school site area averages
12 pursuant to section 302A-1602;

13 (13) Public facilities within the urban redevelopment
14 district shall be planned, located, and developed so
15 as to support the redevelopment policies for the
16 district established by this chapter and plans and
17 rules adopted pursuant to it;

18 (14) Development shall be achieved through the efficient
19 and cost-effective use of government and private-
20 sector workforces through public-private partnerships



1 and other mechanisms to incentivize development to be
2 on time and on budget;

3 (15) Development shall be designed, to the extent possible,
4 to minimize traffic, parking, the use of private
5 automobiles, and noise;

6 (16) Development shall be subject to chapter 104; and

7 (17) Development shall incorporate universal design in
8 compliance with the Americans with Disabilities Act of
9 1990 and Uniform Federal Accessibility Standards, to
10 the extent possible, and exceed accessibility
11 requirements under those authorities.

12 (c) ALOHA homes within the urban redevelopment district
13 shall not be rented or used for any purpose other than owner-
14 occupied residential use; provided that the authority shall
15 establish penalties for violations of this subsection up to and
16 including forced sale of an ALOHA home.

17 (d) The authority shall establish a competition process
18 for selecting the design and development vendors of ALOHA homes
19 with the appropriate number of units to accommodate small and
20 medium vendors. The criteria of the competition process shall
21 include but not be limited to preferences on the basis of prior



1 experience in the State and an understanding of the State's
2 unique culture; provided that the authority may include an
3 opportunity for community input through public vote. The
4 authority may provide a stipend in a manner and an amount to be
5 determined by the authority to competitors pursuant to this
6 subsection.

7 (e) The authority may transfer ALOHA home units to the
8 office of Hawaiian affairs and department of Hawaiian home lands
9 for use by their respective beneficiaries.

10 (f) The authority shall recoup all expenses through the
11 sales of the leasehold interest of ALOHA homes and other revenue
12 sources, including but not limited to the leasing of commercial
13 projects.

14 § -7 Sale of the leasehold interest of ALOHA homes;
15 rules; guidelines. (a) The authority shall develop and adopt
16 rules, subject to chapter 91, for the sale of the leasehold
17 interest of ALOHA homes within the urban redevelopment district;
18 provided that each lease shall be for a term of ninety-nine
19 years. The rules shall include the following requirements for
20 an eligible buyer or owner of an ALOHA home within the district:



- 1 (1) The person shall be a resident of the State; provided
2 that voting in the most recent primary or general
3 election shall be an indication of residency in the
4 State; provided further that not voting in any primary
5 or general election creates a rebuttable presumption
6 of non-residency;
- 7 (2) The person shall not use the ALOHA home for any
8 purpose other than owner-occupied residential use; and
- 9 (3) The person, or the person's spouse, shall not own any
10 other real property while owning an ALOHA home in the
11 district; provided that an eligible buyer may own real
12 property up to six months after closing on the
13 purchase of an ALOHA home; provided further that an
14 owner of an ALOHA home in the process of selling the
15 ALOHA home may own other real property up to six
16 months prior to closing on the sale of the ALOHA home
17 to an eligible buyer;
- 18 provided that the rules under this subsection shall not include
19 any requirements or limitations related to an individual's
20 income or any preferences to first-time homebuyers. The rules
21 shall include strict enforcement of owner-occupancy, including a



1 prohibition on the renting out of ALOHA homes, and may include
2 requirements for the use of face recognition, verification of
3 the presence of owner-occupants and prevention of access of all
4 unauthorized persons through retina scan, or fingerprint scan
5 technology to verify occupancy for a minimum number of days per
6 year.

7 (b) ALOHA homes within the urban redevelopment district
8 shall be priced to be affordable, as determined by the United
9 States Department of Housing and Urban Development, to an
10 individual or family whose income does not exceed eighty per
11 cent of the area median income, or \$300,000, for a unit,
12 whichever is lower; provided that the price shall be adjusted
13 for inflation.

14 (c) The authority shall establish waitlists for each
15 residential development for eligible buyers to determine the
16 order in which ALOHA homes shall be sold. Waitlist priorities
17 may include school, college, or university affiliation if the
18 residential development is a redeveloped school, college, or
19 university; proximity of an eligible buyer's existing residence
20 to an ALOHA home within the urban redevelopment district; and



1 other criteria based on the impact the development has on the
2 eligible buyer.

3 (d) ALOHA homes within the urban redevelopment district
4 shall be sold only to other eligible buyers.

5 (e) An owner of an ALOHA home may sell the ALOHA home
6 after five or more years of owner-occupation; provided that the
7 authority shall have the right of first refusal to purchase the
8 ALOHA home at a price that is to be determined by the authority
9 using the price at which the owner purchased the ALOHA home as
10 the cost basis, adjusted for inflation, and may include a
11 percentage of the appreciation in value of the unit. If the
12 authority does not exercise its right to purchase the ALOHA
13 home, the ALOHA home may be sold by the owner to an eligible
14 buyer; provided that the authority shall retain seventy-five per
15 cent of all profits from the sale net of closing and financing
16 costs, using the price at which the owner purchased the ALOHA
17 home as the cost basis. Upon the death of the owner of an ALOHA
18 home, the ALOHA home may be transferred to the deceased's heir
19 by devise or as any other real property under existing law;
20 provided that if the heir is not an eligible buyer, the heir
21 shall sell the ALOHA home to the authority at a price that is to



1 be determined by the authority using the price at which the
2 owner purchased the ALOHA home as the cost basis, adjusted for
3 inflation, and may include a percentage of the appreciation in
4 value of the unit.

5 (f) If an owner of an ALOHA home sells the ALOHA home
6 before five years of owner-occupation, the authority shall
7 purchase the ALOHA home at a price that is to be determined by
8 the authority using the price at which the owner purchased the
9 ALOHA home as the cost basis, adjusted for inflation.

10 § -8 Use of public lands; acquisition of state lands.

11 (a) If state lands under the control and management of other
12 public agencies are required by the authority for its purposes,
13 the agency having the control and management of those required
14 lands may, upon request by the authority and with the approval
15 of the governor, convey or lease such lands to the authority
16 upon such terms and conditions as may be agreed to by the
17 parties.

18 (b) Notwithstanding the foregoing, no public lands shall
19 be conveyed or leased to the authority pursuant to this section
20 if such conveyance or lease would impair any covenant between
21 the State or any county or any department or board thereof and



1 the holders of bonds issued by the State or that county,
2 department, or board.

3 **§ -9 Acquisition of real property from a county.**

4 Notwithstanding the provision of any law or charter, any county,
5 by resolution of its local governing body, may, without public
6 auction, sealed bids, or public notice, sell, lease, grant, or
7 convey to the authority any real property owned by it which the
8 authority certifies to be necessary for its purposes. The sale,
9 lease, grant, or conveyance shall be made with or without
10 consideration and upon such terms and conditions as may be
11 agreed upon by the county and the authority. Certification
12 shall be evidenced by a formal request from the authority.
13 Before the sale, lease, grant, or conveyance may be made to the
14 authority, a public hearing shall be held by the local governing
15 body to consider the same. Notice of the hearing shall be
16 published at least six days before the date set for the hearing
17 in the publication and in the manner as may be designated by the
18 local governing body.

19 **§ -10 Condemnation of real property.** The authority,
20 upon making a finding that it is necessary to acquire any real
21 property for its immediate or future use for the purposes of



1 this chapter, may acquire the property, including property
2 already devoted to a public use, by condemnation pursuant to
3 chapter 101. Such property shall not thereafter be taken for
4 any other public use without the consent of the authority. No
5 award of compensation shall be increased by reason of any
6 increase in the value of real property caused by the designation
7 of the urban redevelopment district or plan adopted pursuant to
8 a designation, or the actual or proposed acquisition, use, or
9 disposition of any other real property by the authority.

10 **§ -11 Relocation.** The authority shall adopt rules
11 pursuant to chapter 91 in compliance with the Uniform Relocation
12 Assistance and Real Property Acquisition Act of 1970 and chapter
13 111 to ensure the appropriate relocation within or outside the
14 district of persons, families, businesses, or services displaced
15 by governmental action within the urban redevelopment district.

16 **§ -12 Construction contracts.** (a) The authority shall
17 award construction contracts for ALOHA homes in conformity with
18 section -6(d), without regard to chapter 103D.

19 (b) The authority shall award construction contracts for
20 commercial projects without regard to chapter 103D.



1 § -13 **Lease of projects.** Notwithstanding any law to the
2 contrary, the authority may, without recourse to public auction
3 or public notice for sealed bids, lease for a term not exceeding
4 sixty-five years all or any portion of the real or personal
5 property constituting a commercial project to any person, upon
6 such terms and conditions as may be approved by the authority;
7 provided that all revenues generated from the lease shall be
8 used to support the mission of the authority pursuant to section
9 -2(a).

10 § -14 **Dedication for public facilities as condition to**
11 **development.** The authority shall establish rules requiring
12 dedication for public facilities of land or facilities by
13 developers as a condition of developing real property within the
14 urban redevelopment district. Where state and county public
15 facilities dedication laws, ordinances, or rules differ, the
16 provision for greater dedication shall prevail.

17 § -15 **ALOHA homes revolving fund.** There is created the
18 ALOHA homes revolving fund into which all receipts and revenues
19 of the authority shall be deposited. Proceeds from the fund
20 shall be used for the purposes of this chapter.



1 § -16 **Expenditures of revolving funds under the**
2 **authority exempt from appropriation and allotment.** Except as to
3 administrative expenditures, and except as otherwise provided by
4 law, expenditures from any revolving fund administered by the
5 authority may be made by the authority without appropriation or
6 allotment of the legislature; provided that no expenditure shall
7 be made from and no obligation shall be incurred against any
8 revolving fund in excess of the amount standing to the credit of
9 the fund or for any purpose for which the fund may not lawfully
10 be expended. Nothing in sections 37-31 to 37-41 shall require
11 the proceeds of any revolving fund administered by the authority
12 to be reappropriated annually.

13 § -17 **Exemption from taxation.** The authority shall not
14 be required to pay assessments levied by any county, nor shall
15 the authority be required to pay state taxes of any kind.

16 § -18 **Assistance by state and county agencies.** Any
17 state or county agency may render services upon request of the
18 authority.

19 § -19 **Annual report.** The authority shall submit to the
20 governor and the legislature, at least twenty days prior to the



1 start of any regular session, a complete and detailed report of
2 its activities.

3 § -20 Court proceedings; preferences; venue. (a) Any
4 action or proceeding to which the authority, the State, or the
5 county may be a party, in which any question arises as to the
6 validity of this chapter, shall be brought in the circuit court
7 of the circuit where the case or controversy arises, and shall
8 be heard and determined in preference to all other civil cases
9 pending therein except election cases, irrespective of position
10 on the calendar.

11 (b) Upon application of counsel to the authority, the same
12 preference shall be granted in any action or proceeding
13 questioning the validity of this chapter in which the authority
14 may be allowed to intervene.

15 (c) Any action or proceeding to which the authority, the
16 State, or the county may be a party, in which any question
17 arises as to the validity of this chapter or any portion of this
18 chapter, may be filed in the circuit court of the circuit where
19 the case or controversy arises, which court is hereby vested
20 with original jurisdiction over the action.



1 (d) Notwithstanding any provision of law to the contrary,
2 declaratory relief may be obtained for the action.

3 (e) Any party aggrieved by the decision of the circuit
4 court may appeal in accordance with part I of chapter 641 and
5 the appeal shall be given priority.

6 § -21 **Issuance of bonds.** The director of finance may,
7 from time to time, issue general obligation bonds pursuant to
8 chapter 39 in such amounts as may be authorized by the
9 legislature, for the purposes of this chapter.

10 § -22 **Violations and penalty.** (a) The authority may
11 set, charge, and collect reasonable fines for violation of this
12 chapter or any rule adopted pursuant to chapter 91.

13 Notwithstanding section -6(c), any person violating any rule
14 adopted pursuant to chapter 91, for which violation a penalty is
15 not otherwise provided, shall be fined not more than \$500 a day
16 and shall be liable for administrative costs incurred by the
17 authority.

18 (b) The authority may maintain an action for an injunction
19 to restrain any violation of this chapter and may take any other
20 lawful action to prevent or remedy any violation.



1 (c) Notwithstanding section -6(c), any person violating
2 this chapter shall, upon conviction, be punished by a fine not
3 exceeding \$1,000 or by imprisonment not exceeding thirty days,
4 or both. The continuance of a violation after conviction shall
5 be deemed a new offense for each day of such continuance.

6 § -23 Rules. The authority may adopt rules, pursuant to
7 chapter 91, necessary for the purposes of this chapter."

8 SECTION 3. Chapter 237, Hawaii Revised Statutes, is
9 amended by adding a new section to be appropriately designated
10 and to read as follows:

11 "§237- Exemption of sale of leasehold interest for ALOHA
12 home units. In addition to the amounts exempt under section
13 237-24, this chapter shall not apply to amounts received from
14 the sale of a leasehold interest in an ALOHA homes unit under
15 chapter ."

16 SECTION 4. Section 36-27, Hawaii Revised Statutes, is
17 amended by amending subsection (a) to read as follows:

18 "(a) Except as provided in this section, and
19 notwithstanding any other law to the contrary, from time to
20 time, the director of finance, for the purpose of defraying the



1 prorated estimate of central service expenses of government in
2 relation to all special funds, except the:

3 (1) Special out-of-school time instructional program fund
4 under section 302A-1310;

5 (2) School cafeteria special funds of the department of
6 education;

7 (3) Special funds of the University of Hawaii;

8 (4) State educational facilities improvement special fund;

9 (5) Convention center enterprise special fund under
10 section 201B-8;

11 (6) Special funds established by section 206E-6;

12 (7) Aloha Tower fund created by section 206J-17;

13 (8) Funds of the employees' retirement system created by
14 section 88-109;

15 (9) Hawaii hurricane relief fund established under chapter
16 431P;

17 (10) Hawaii health systems corporation special funds and
18 the subaccounts of its regional system boards;

19 (11) Tourism special fund established under section
20 201B-11;



- 1 (12) Universal service fund established under section
2 269-42;
- 3 (13) Emergency and budget reserve fund under section
4 328L-3;
- 5 (14) Public schools special fees and charges fund under
6 section 302A-1130;
- 7 (15) Sport fish special fund under section 187A-9.5;
- 8 [+](16) [+](16) Neurotrauma special fund under section 321H-4;
- 9 [+](17) [+](17) Glass advance disposal fee established by section
10 342G-82;
- 11 [+](18) [+](18) Center for nursing special fund under section
12 304A-2163;
- 13 [+](19) [+](19) Passenger facility charge special fund established by
14 section 261-5.5;
- 15 [+](20) [+](20) Solicitation of funds for charitable purposes special
16 fund established by section 467B-15;
- 17 [+](21) [+](21) Land conservation fund established by section 173A-5;
- 18 [+](22) [+](22) Court interpreting services revolving fund under
19 section 607-1.5;
- 20 [+](23) [+](23) Trauma system special fund under section 321-22.5;
- 21 [+](24) [+](24) Hawaii cancer research special fund;



- 1 [+] (25) [+] Community health centers special fund;
- 2 [+] (26) [+] Emergency medical services special fund;
- 3 [+] (27) [+] Rental motor vehicle customer facility charge special
4 fund established under section 261-5.6;
- 5 [+] (28) [+] Shared services technology special fund under section
6 27-43;
- 7 [+] (29) [+] Automated victim information and notification system
8 special fund established under section 353-136;
- 9 [+] (30) [+] Deposit beverage container deposit special fund under
10 section 342G-104;
- 11 [+] (31) [+] Hospital sustainability program special fund under
12 [+] section 346G-4 [+];
- 13 [+] (32) [+] Nursing facility sustainability program special fund
14 under [+] section 346F-4 [+];
- 15 [+] (33) [+] Hawaii 3R's school improvement fund under section
16 302A-1502.4;
- 17 [+] (34) [+] After-school plus program revolving fund under section
18 302A-1149.5; [~~and~~]
- 19 [+] (35) [+] Civil monetary penalty special fund under section
20 321-30.2 [~~7~~]; and
- 21 (36) ALOHA homes revolving fund under section -15,



1 shall deduct five per cent of all receipts of all other special
2 funds, which deduction shall be transferred to the general fund
3 of the State and become general realizations of the State. All
4 officers of the State and other persons having power to allocate
5 or disburse any special funds shall cooperate with the director
6 in effecting these transfers. To determine the proper revenue
7 base upon which the central service assessment is to be
8 calculated, the director shall adopt rules pursuant to chapter
9 91 for the purpose of suspending or limiting the application of
10 the central service assessment of any fund. No later than
11 twenty days prior to the convening of each regular session of
12 the legislature, the director shall report all central service
13 assessments made during the preceding fiscal year."

14 SECTION 5. Section 36-30, Hawaii Revised Statutes, is
15 amended by amending subsection (a) to read as follows:

16 "(a) Each special fund, except the:

- 17 (1) Special out-of-school time instructional program fund
18 under section 302A-1310;
- 19 (2) School cafeteria special funds of the department of
20 education;
- 21 (3) Special funds of the University of Hawaii;



- 1 (4) State educational facilities improvement special fund;
- 2 (5) Special funds established by section 206E-6;
- 3 (6) Aloha Tower fund created by section 206J-17;
- 4 (7) Funds of the employees' retirement system created by
- 5 section 88-109;
- 6 (8) Hawaii hurricane relief fund established under chapter
- 7 431P;
- 8 (9) Convention center enterprise special fund established
- 9 under section 201B-8;
- 10 (10) Hawaii health systems corporation special funds and
- 11 the subaccounts of its regional system boards;
- 12 (11) Tourism special fund established under section
- 13 201B-11;
- 14 (12) Universal service fund established under section
- 15 269-42;
- 16 (13) Emergency and budget reserve fund under section
- 17 328L-3;
- 18 (14) Public schools special fees and charges fund under
- 19 section 302A-1130;
- 20 (15) Sport fish special fund under section 187A-9.5;
- 21 [+](16) [+]
Neurotrauma special fund under section 321H-4;



- 1 [+] (17) [+] Center for nursing special fund under section
- 2 304A-2163;
- 3 [+] (18) [+] Passenger facility charge special fund established by
- 4 section 261-5.5;
- 5 [+] (19) [+] Court interpreting services revolving fund under
- 6 section 607-1.5;
- 7 [+] (20) [+] Trauma system special fund under section 321-22.5;
- 8 [+] (21) [+] Hawaii cancer research special fund;
- 9 [+] (22) [+] Community health centers special fund;
- 10 [+] (23) [+] Emergency medical services special fund;
- 11 [+] (24) [+] Rental motor vehicle customer facility charge special
- 12 fund established under section 261-5.6;
- 13 [+] (25) [+] Shared services technology special fund under section
- 14 27-43;
- 15 [+] (26) [+] Nursing facility sustainability program special fund
- 16 established pursuant to [+]section 346F-4[+];
- 17 [+] (27) [+] Automated victim information and notification system
- 18 special fund established under section 353-136;
- 19 [+] (28) [+] Hospital sustainability program special fund under
- 20 [+]section 346G-4[+]; [and]



1 [†] (29) [†] Civil monetary penalty special fund under section
2 321-30.2[7]; and

3 (30) ALOHA homes revolving fund under section -15,
4 shall be responsible for its pro rata share of the
5 administrative expenses incurred by the department responsible
6 for the operations supported by the special fund concerned."

7 SECTION 6. Section 171-2, Hawaii Revised Statutes, is
8 amended to read as follows:

9 "§171-2 Definition of public lands. "Public lands" means
10 all lands or interest therein in the State classed as government
11 or crown lands previous to August 15, 1895, or acquired or
12 reserved by the government upon or subsequent to that date by
13 purchase, exchange, escheat, or the exercise of the right of
14 eminent domain, or in any other manner; including lands accreted
15 after May 20, 2003, and not otherwise awarded, submerged lands,
16 and lands beneath tidal waters that are suitable for
17 reclamation, together with reclaimed lands that have been given
18 the status of public lands under this chapter, except:

19 (1) Lands designated in section 203 of the Hawaiian Homes
20 Commission Act, 1920, as amended;



- 1 (2) Lands set aside pursuant to law for the use of the
2 United States;
- 3 (3) Lands being used for roads and streets;
- 4 (4) Lands to which the United States relinquished the
5 absolute fee and ownership under section 91 of the
6 Hawaiian Organic Act prior to the admission of Hawaii
7 as a state of the United States unless subsequently
8 placed under the control of the board of land and
9 natural resources and given the status of public lands
10 in accordance with the state constitution, the
11 Hawaiian Homes Commission Act, 1920, as amended, or
12 other laws;
- 13 (5) Lands to which the University of Hawaii holds title;
- 14 (6) Lands to which the Hawaii housing finance and
15 development corporation in its corporate capacity
16 holds title;
- 17 (7) Lands to which the Hawaii community development
18 authority in its corporate capacity holds title;
- 19 (8) Lands to which the department of agriculture holds
20 title by way of foreclosure, voluntary surrender, or



- 1 otherwise, to recover moneys loaned or to recover
2 debts otherwise owed the department under chapter 167;
- 3 (9) Lands that are set aside by the governor to the Aloha
4 Tower development corporation; lands leased to the
5 Aloha Tower development corporation by any department
6 or agency of the State; or lands to which the Aloha
7 Tower development corporation holds title in its
8 corporate capacity;
- 9 (10) Lands that are set aside by the governor to the
10 agribusiness development corporation; lands leased to
11 the agribusiness development corporation by any
12 department or agency of the State; or lands to which
13 the agribusiness development corporation in its
14 corporate capacity holds title;
- 15 (11) Lands to which the Hawaii technology development
16 corporation in its corporate capacity holds title;
17 [and]
- 18 (12) Lands to which the department of education holds
19 title; and
- 20 (13) Lands to which the ALOHA homes authority in its
21 corporate capacity holds title;



1 provided that, except as otherwise limited under federal law and
2 except for state land used as an airport as defined in section
3 262-1, public lands shall include the air rights over any
4 portion of state land upon which a county mass transit project
5 is developed after July 11, 2005."

6 SECTION 7. Section 302A-1603, Hawaii Revised Statutes, is
7 amended by amending subsection (b) to read as follows:

8 "(b) The following shall be exempt from this section:

9 (1) Any form of housing permanently excluding school-aged
10 children, with the necessary covenants or declarations
11 of restrictions recorded on the property;

12 (2) Any form of housing that is or will be paying the
13 transient accommodations tax under chapter 237D;

14 (3) All nonresidential development; [~~and~~]

15 (4) Any development with an executed education
16 contribution agreement or other like document with the
17 department for the contribution of school sites or
18 payment of fees for school land or school
19 construction[~~-~~]; and

20 (5) Any form of development by the ALOHA homes authority
21 pursuant to chapter ."



1 SECTION 8. 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 2019-2020 and
4 the same sum or so much thereof as may be necessary for fiscal
5 year 2020-2021 for the salary of the executive director and
6 other personnel of the ALOHA homes authority.

7 The sums appropriated shall be expended by the department
8 of business, economic development and tourism for the purposes
9 of this Act.

10 SECTION 9. There is appropriated out of the general
11 revenues of the State of Hawaii the sum of \$100,000 or so much
12 thereof as may be necessary for fiscal year 2019-2020 to be
13 deposited into the ALOHA homes revolving fund established
14 pursuant to section -15, Hawaii Revised Statutes.

15 SECTION 10. There is appropriated out of the ALOHA homes
16 revolving fund established pursuant to section -15, Hawaii
17 Revised Statutes, the sum of \$100,000 or so much thereof as may
18 be necessary for fiscal year 2019-2020 for the purposes for
19 which the revolving fund is established.



Report Title:

ALOHA Homes Authority; Housing; Urban Redevelopment District; Transit-oriented Development; Leasehold Condominiums on Lands Controlled by the State; Appropriation

Description:

Establishes the ALOHA homes authority to facilitate the development of low-cost homes for sale to Hawaii residents on state-owned and county-owned land near rail stations of the Honolulu rail transit system, to be known as the urban redevelopment district. Establishes guidelines within the urban redevelopment district and provisions related to the sale of leasehold interest of ALOHA homes. Exempts land owned by the authority from the definition of public lands in section 171-2, HRS. Exempts development by the authority from school impact fees. Establishes and appropriates funds into and out of the ALOHA homes revolving fund. Authorizes the Hawaii Housing Finance and Development Corporation to sell the leasehold interest in residential condominium units located on state lands for lease terms of 99 years. (Proposed SD1)

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

