

STAND. COM. REP. NO.

2053

Honolulu, Hawaii

APR 05 2019

RE: H.B. No. 820  
H.D. 1  
S.D. 1

Honorable Ronald D. Kouchi  
President of the Senate  
Thirtieth State Legislature  
Regular Session of 2019  
State of Hawaii

Sir:

Your Committee on Ways and Means, to which was referred H.B. No. 820, H.D. 1, S.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO HOUSING,"

begs leave to report as follows:

The purpose and intent of this measure is to increase the supply of housing in the State.

More specifically, this measure:

- (1) Prohibits the imposition of inclusionary zoning requirements on housing offered exclusively for sale in perpetuity to certain buyers;
- (2) Establishes the ALOHA Homes Program to provide affordable, locally owned homes for all, or ALOHA homes, for sale to residents of the State on state-owned lands within one-half mile of a public transit station, and with regard to the ALOHA Homes Program:
  - (A) Requires the Housing Finance and Development Corporation to adopt community and public notice procedures;
  - (B) Establishes urban redevelopment sites;



- (C) Requires the corporation to establish rules on health, safety, building, planning, zoning, and land use;
- (D) Prohibits any use of ALOHA homes within an urban redevelopment site other than owner-occupied residential use;
- (E) Subjects certain contracts regarding ALOHA homes to the Hawaii public procurement code;
- (F) Requires the corporation to transfer ALOHA homes units within residential projects to the Department of Hawaiian Home Lands or the Office of Hawaiian Affairs and to adopt rules to determine the number of homes to transfer;
- (G) Requires the corporation to recoup all of its expenses through the sale of the leasehold interest of ALOHA homes and other revenue resources;
- (H) Requires the corporation to adopt rules for the sale of the leasehold interest of certain ALOHA homes;
- (I) Requires that ALOHA homes within urban redevelopment sites be priced to be affordable to certain individuals;
- (J) Requires the corporation to establish waitlists for each residential development for eligible buyers;
- (K) Restricts the sale of ALOHA homes within urban redevelopment sites to eligible buyers;
- (L) Authorizes the owner of an ALOHA home to sell the home after a certain period and requires that the corporation has the right of first refusal and receives a certain percentage of the profits from the sale;



- (M) Exempts ALOHA homes from certain restrictions placed on real property that is a part of the corporation's housing development programs;
- (N) Authorizes the transfer of state and county lands not owned, controlled, or managed by the corporation in certain circumstances and with certain restrictions and requirements;
- (O) Authorizes the corporation to use condemnation to acquire land necessary for the ALOHA Homes program;
- (P) Requires the corporation to adopt rules to ensure relocation of any persons, businesses, or services displaced by governmental action within urban redevelopment sites;
- (Q) Authorizes the corporation to lease real or personal property constituting a commercial project to any person for a certain period with all revenues from the lease going to support the ALOHA Homes Program;
- (R) Requires the corporation to establish rules requiring, as a condition of developing real property within urban redevelopment sites, dedication for public facilities of land or facilities by developers;
- (S) Establishes the ALOHA Homes Revolving Fund and authorizes the corporation, with certain exceptions and restrictions, to make expenditures from the revolving fund without legislative appropriations or allotments;
- (T) Authorizes state and county agencies, upon request from the corporation, to render services for the ALOHA Homes Program;
- (U) Establishes the venue for certain actions or proceedings involving the ALOHA Homes Program and authorizes the issuance of declaratory relief in these actions or proceedings;



- (V) Authorizes the director of finance to issue general obligation bonds for the ALOHA Homes Program;
  - (W) Authorizes the corporation to set, charge, and collect fines and seek injunctions for certain violations related to the ALOHA Homes Program;
  - (X) Establishes penalties, including fines, imprisonment, or both, for certain violations related to the ALOHA Homes Program; and
  - (Y) Requires the corporation to return any lands that are no longer needed by the corporation for affordable residential leasehold units to the previous owner;
- (3) Authorizes the corporation to sell leasehold condominium units to certain individuals for ninety-nine years and to extend or modify the fixed rental period of the lease or extend the term of the lease;
  - (4) Subjects leasehold condominium units sold by the corporation to certain restrictions placed on real property that is a part of the corporation's housing development programs;
  - (5) Exempts certain lands set aside for or leased to the corporation for a condominium from the definition of "public lands" for purposes of chapter 171, Hawaii Revised Statutes, except for the purpose of accounting for all receipts for lands subject to section 5(f) of the Admission Act;
  - (6) Exempts from general excise tax the sale of a leasehold interest in an ALOHA home pursuant to the ALOHA Homes Program;
  - (7) Amends the definition of "public lands" in chapter 171, Hawaii Revised Statutes, to include:
    - (A) Lands set aside by the Governor to the corporation;



- (B) Lands leased to the corporation by any state department or agency;
  - (C) Lands set aside by the Governor to the Hawaii Public Housing Authority; and
  - (D) Lands to which the authority, in its corporate capacity, holds title;
- (8) Subjects certain lands owned or leased by or set aside for the corporation to accounting requirements in section 5(f) of the Admission Act for the prior fiscal year;
- (9) Requires prior approval from the Legislature for the sale or gift of any lands to which the authority, in its corporate capacity, holds title;
- (10) Exempts developments by the corporation for the ALOHA Homes Program from the requirement that a person seeking to develop a new residential development within a designated school impact district fulfill the land component impact fee or fee in lieu requirement and construction cost component impact fee requirement; and
- (11) Appropriates an unspecified amount for the ALOHA Homes Program.

Your Committee received written comments in support of this measure from the Hawaii Public Housing Authority; Chamber of Commerce Hawaii; Faith Action for Community Equity; Habitat for Humanity Hawaii Island, Inc.; and one individual.

Your Committee received written comments in opposition to this measure from Hawaii Iron Workers Stabilization Fund.

Your Committee received written comments on this measure from the Department of the Attorney General and Hawaii Housing Finance and Development Corporation.

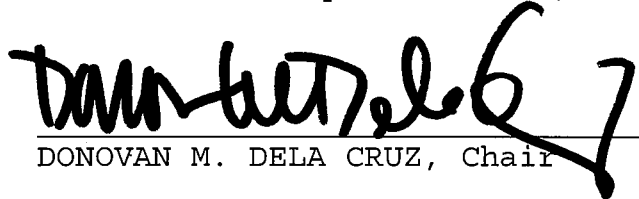
Your Committee finds that incentivizing the construction of affordable housing is necessary to address the State's current housing crisis.



Your Committee acknowledges the concerns expressed by the Department of the Attorney General regarding an arguable violation of Article VII, section 5, of the Hawaii State Constitution by the inclusion of a provision in the measure that exempts expenditures from the ALOHA Homes Revolving Fund from legislative appropriations and allotments.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 820, H.D. 1, S.D. 1, and recommends that it pass Third Reading.

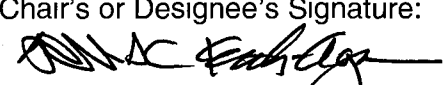
Respectfully submitted on  
behalf of the members of the  
Committee on Ways and Means,

  
DONOVAN M. DELA CRUZ, Chair



The Senate  
Thirtieth Legislature  
State of Hawai'i

**Record of Votes**  
**Committee on Ways and Means**  
**WAM**

Bill / Resolution No.:*	Committee Referral:	Date:		
HB820, HD1, SD1	HOU, WAM	4/5/19		
<input type="checkbox"/> The Committee is reconsidering its previous decision on this measure. If so, then the previous decision was to: _____				
The Recommendation is:				
<input checked="" type="checkbox"/> Pass, unamended 2312 <input type="checkbox"/> Pass, with amendments 2311 <input type="checkbox"/> Hold 2310 <input type="checkbox"/> Recommit 2313				
Members	Aye	Aye (WR)	Nay	Excused
DELA CRUZ, Donovan M. (C)	X			
KEITH-AGARAN, Gilbert S.C. (VC)	X			
ENGLISH, J. Kalani				X
HARIMOTO, Breene			X	
INOUE, Lorraine R.				X
KAHELE, Kaiali'i	X			
KANUHA, Dru Mamo	X			
KIDANI, Michelle N.	X			
MORIWAKI, Sharon Y.		X		
RIVIERE, Gil		X		
SHIMABUKURO, Maile S.L.	X			
TANIGUCHI, Brian T.	X			
FEVELLA, Kurt		X		
<b>TOTAL</b>	<b>7</b>	<b>3</b>	<b>1</b>	<b>2</b>
Recommendation:				
<input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Chair's or Designee's Signature:				
				
Distribution:				
Original File with Committee Report	Yellow Clerk's Office	Pink Drafting Agency	Goldenrod Committee File Copy	

\*Only one measure per Record of Votes