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## A BILL FOR AN ACT

RELATING TO HOUSING.

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

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

13           Because of the many barriers hindering the production of  
14 new housing, such as geographic limitations, lack of major  
15 infrastructure, construction costs, and government regulation,  
16 the State and housing developers have not been able to produce  
17 enough housing for Hawaii residents. According to a 2015 report



1 from the department of business, economic development, and  
2 tourism, the projected long-run estimate of demand for total new  
3 housing in Hawaii is between 64,700 to 66,000 for the 2015 to  
4 2025 period. The legislature has responded through the passage  
5 of various legislation. During the regular session of 2016, the  
6 legislature passed a bill enacted as Act 127, Session Laws of  
7 Hawaii 2016, that, among other things, establishes a goal of  
8 developing or vesting the development of at least 22,500  
9 affordable rental housing units ready for occupancy by the end  
10 of 2026. During the regular session of 2017, the legislature  
11 passed a bill enacted as Act 54, Session Laws of Hawaii 2017, to  
12 expand the types of rental housing projects that can be exempt  
13 from general excise tax, thereby encouraging the development of  
14 rental housing projects targeted for occupancy by households at  
15 or below the one hundred forty per cent and eighty per cent area  
16 median income levels. During the regular session of 2018, the  
17 legislature passed a bill enacted as Act 39, Session Laws of  
18 Hawaii 2018, that, among other things, provides an estimated  
19 total value of \$570,000,000 to address Hawaii's affordable  
20 rental housing crisis and is expected to generate more than  
21 25,000 affordable units by the year 2030.



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

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



1 use of money saved through a government-run mandatory savings  
2 program, residents are able to purchase residential units at an  
3 affordable price, including options to upgrade to a better  
4 living environment in the future.

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

17 The purpose of this Act is to establish the ALOHA homes  
18 authority to facilitate the creation of low-cost leasehold homes  
19 for sale to Hawaii residents on state-owned land near public  
20 transit stations.



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

4 "CHAPTER

5 ALOHA HOMES AUTHORITY

6 § -1 Definitions. As used in this chapter, the  
7 following terms have the following meanings, unless the context  
8 indicates a different meaning or intent:

9 "ALOHA home" means a high density residential unit within  
10 the urban redevelopment district.

11 "Authority" means the ALOHA homes authority established by  
12 section -2.

13 "Commercial project" means an undertaking involving  
14 commercial or light industrial development, which includes a  
15 mixed-use development where commercial or light industrial  
16 facilities may be built into, adjacent to, under, or above  
17 residential units.

18 "Multipurpose project" means a project consisting of any  
19 combination of a commercial project, redevelopment project, or  
20 residential project.



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

4 "Project" means a specific work or improvement, including  
5 real and personal properties, or any interest therein, acquired,  
6 owned, constructed, reconstructed, rehabilitated, or improved by  
7 the authority, including a commercial project, redevelopment  
8 project, or residential project.

9 "Public agency" means any office, department, board,  
10 commission, bureau, division, public corporation agency, or  
11 instrumentality of the federal, state, or county government.

12 "Public facilities" includes streets, utility and service  
13 corridors, and utility lines where applicable, sufficient to  
14 adequately service developable improvements in the district,  
15 sites for schools, parks, parking garages, sidewalks, pedestrian  
16 ways, and other community facilities. "Public facilities" also  
17 includes public highways, as defined in section 135-1, storm  
18 drainage systems, water systems, street lighting systems, off-  
19 street parking facilities, and sanitary sewerage systems.

20 "Redevelopment project" means an undertaking for the  
21 acquisition, clearance, replanning, reconstruction, and



1 rehabilitation, or a combination of these and other methods, of  
2 an area for a residential project, for an incidental commercial  
3 project, and for other facilities incidental or appurtenant  
4 thereto, pursuant to and in accordance with this chapter. The  
5 terms "acquisition, clearance, replanning, reconstruction, and  
6 rehabilitation" shall include renewal, redevelopment,  
7 conservation, restoration, or improvement, or any combination  
8 thereof.

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

13 § -2 ALOHA homes authority; established. (a) There is  
14 established the ALOHA homes authority, which shall be a body  
15 corporate and a public instrumentality of the State, for the  
16 purpose of implementing this chapter. The authority shall be  
17 placed within the department of business, economic development,  
18 and tourism for administrative purposes. The mission of the  
19 ALOHA homes authority shall be to provide low-cost, high density  
20 leasehold homes for sale to Hawaii residents on state-owned  
21 lands within a one-half mile radius of a public transit station.



1 For the purposes of this subsection, "public transit  
2 station" means:

3 (1) A station connected to a locally preferred alternative  
4 for a mass transit project; or

5 (2) For the city and county of Honolulu, a station of the  
6 Honolulu rail transit system.

7 (b) The authority shall consist of:

8 (1) One representative from the office of the governor;

9 (2) The director of finance, or the director's designee;

10 (3) The director of transportation, or the director's  
11 designee;

12 (4) One at-large member;

13 (5) One representative from a for-profit business involved  
14 in project development;

15 (6) One representative from a labor union involved in  
16 project development;

17 (7) One at-large member nominated by the president of the  
18 senate;

19 (8) One at-large member nominated by the speaker of the  
20 house of representatives;

21 (9) One representative from an environmental entity;





- 1       (10) One representative from the architecture industry;
  - 2       (11) One urban planner;
  - 3       (12) One representative from the office of Hawaiian
  - 4             affairs;
  - 5       (13) One representative from the department of Hawaiian
  - 6             home lands;
  - 7       (14) One representative from the office of the mayor of any
  - 8             county with a proposed or existing locally preferred
  - 9             alternative for a mass transit project; and
  - 10       (15) One representative from a state housing agency.
- 11 All members except the director of finance and director of  
12 transportation, or their designees, shall be appointed by the  
13 governor pursuant to section 26-34. The director of finance and  
14 director of transportation, or their designees, and the  
15 representative from the office of the governor shall be ex  
16 officio, voting members. The two at-large members nominated by  
17 the president of the senate and speaker of the house of  
18 representatives shall be appointed by the governor from a list  
19 of three nominees submitted for each position by the nominating  
20 authority specified in this subsection.



1           In the event of a vacancy, a member shall be appointed to  
2 fill the vacancy in the same manner as the original appointment  
3 within thirty days of the vacancy or within ten days of the  
4 senate's rejection of a previous appointment, as applicable.

5           The terms of the director of finance and director of  
6 transportation shall run concurrently with each official's term  
7 in office. The terms of the appointed voting members shall be  
8 for four years, commencing July 1 and expiring on June 30. The  
9 governor shall provide for staggered terms of the initially  
10 appointed voting members.

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

13           (c) Notwithstanding section 92-15, a majority of all  
14 eligible voting members as specified in this subsection shall  
15 constitute a quorum to do business, and the concurrence of a  
16 majority of all eligible voting members as specified in this  
17 subsection shall be necessary to make any action of the  
18 authority valid. All members shall continue in office until  
19 their respective successors have been appointed and qualified.  
20 Except as herein provided, no member appointed under this



1 subsection shall be an officer or employee of the State or its  
2 political subdivisions.

3 (d) The authority shall appoint the executive director,  
4 who shall be the chief executive officer of the authority. The  
5 authority shall set the salary of the executive director, who  
6 shall serve at the pleasure of the authority and shall be exempt  
7 from chapter 76.

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

10 (f) The members of the authority appointed under this  
11 section shall serve without compensation, but each shall be  
12 reimbursed for expenses, including travel expenses, incurred in  
13 the performance of their duties.

14 § -3 Powers; generally. Except as otherwise limited by  
15 this chapter, the authority may:

- 16 (1) Sue and be sued;
- 17 (2) Have a seal and alter the same at its pleasure;
- 18 (3) Make and execute contracts and all other instruments  
19 necessary or convenient for the exercise of its powers  
20 and functions under this chapter;
- 21 (4) Make and alter bylaws for its organization;



- 1           (5) Make rules with respect to its projects, operations,  
2           properties, and facilities, which rules shall be in  
3           conformance with chapter 91;
- 4           (6) Through its executive director, appoint officers,  
5           agents, and employees; prescribe their duties and  
6           qualifications; and fix their salaries, without regard  
7           to chapter 76;
- 8           (7) Acquire, reacquire, or contract to acquire or  
9           reacquire by grant or purchase real, personal, or  
10          mixed property or any interest therein and own, hold,  
11          clear, improve, rehabilitate, sell, assign, exchange,  
12          transfer, convey, lease, or otherwise dispose of or  
13          encumber the same;
- 14          (8) Acquire or reacquire by condemnation real, personal,  
15          or mixed property or any interest therein for public  
16          facilities, including but not limited to streets,  
17          sidewalks, parks, schools, and other public  
18          improvements located within one-half mile of a rail  
19          line or specifically related to developments of the  
20          authority's undertaking;



- 1           (9) By itself, or in partnership with qualified persons,  
2           acquire, reacquire, construct, reconstruct,  
3           rehabilitate, improve, alter, or repair or provide for  
4           the construction, reconstruction, improvement,  
5           alteration, or repair of any project; own, hold, sell,  
6           assign, transfer, convey, exchange, lease, or  
7           otherwise dispose of or encumber any project, and in  
8           the case of the sale of any project, accept a purchase  
9           money mortgage in connection therewith; and repurchase  
10          or otherwise acquire any project that the authority  
11          has theretofore sold or otherwise conveyed,  
12          transferred, or disposed of;
- 13          (10) Arrange or contract for the planning, replanning,  
14          opening, grading, or closing of streets, roads,  
15          roadways, alleys, or other places, or for the  
16          furnishing of facilities or for the acquisition of  
17          property or property rights or for the furnishing of  
18          property or services in connection with a project;
- 19          (11) Grant options to purchase any project or to renew any  
20          lease entered into by it in connection with any of its



- 1 projects, on terms and conditions as it deems  
2 advisable;
- 3 (12) Prepare or cause to be prepared comprehensive plans,  
4 specifications, designs, and estimates of costs for  
5 the construction, reconstruction, rehabilitation,  
6 improvement, alteration, or repair of any project, and  
7 from time to time modify the plans, specifications,  
8 designs, or estimates;
- 9 (13) Provide advisory, consultative, training, and  
10 educational services, technical assistance, and advice  
11 to any person, partnership, or corporation, either  
12 public or private, to carry out the purposes of this  
13 chapter, and engage the services of consultants on a  
14 contractual basis for rendering professional and  
15 technical assistance and advice;
- 16 (14) Procure insurance against any loss in connection with  
17 its property and other assets and operations in  
18 amounts and from insurers as it deems desirable;
- 19 (15) Contract for and accept gifts or grants in any form  
20 from any public agency or from any other source;



- 1           (16) Employ, subject to chapter 76, technical experts and  
2           officers, agents, and employees, permanent or  
3           temporary, as required;
- 4           (17) Prescribe the duties, qualifications, and salaries of  
5           its officers, agents, and employees, not subject to  
6           chapter 76, when in the determination of the authority  
7           the services to be performed are unique and essential  
8           to the execution of the functions of the authority;
- 9           (18) Call upon the attorney general for legal services as  
10          it may require;
- 11          (19) Delegate to one or more of its agents or employees the  
12          powers and duties it deems proper; and
- 13          (20) Do any and all things necessary to carry out its  
14          purposes and exercise the powers given and granted in  
15          this chapter.

16           **§ -4 Assignment of powers and duties prohibited.**

17 Notwithstanding anything contained in this chapter to the  
18 contrary, the authority shall not assign to any person or  
19 agency, including the executive director of the authority, any  
20 of its powers and duties related to the approval of any



1 variance, exemption, or modification of any provision of a  
2 development plan or development rules.

3       **§ -5 Urban redevelopment district; established;**  
4 **boundaries.** The urban redevelopment district is established.  
5 The urban redevelopment district shall include all state-owned  
6 and county-owned land within county-designated transit-oriented  
7 development areas or within a one-half-mile radius of public  
8 transit stations, if a county has not designated transit-  
9 oriented development zones.

10       **§ -6 Rules; guidelines.** (a) The authority shall  
11 establish rules under chapter 91 on health, safety, building,  
12 planning, zoning, and land use, which shall supersede all other  
13 inconsistent ordinances and rules relating to the use, zoning,  
14 planning, and development of land and construction thereon.  
15 Rules adopted under this section shall follow existing law,  
16 rules, ordinances, and regulations as closely as is consistent  
17 with standards meeting minimum requirements of good design,  
18 pleasant amenities, health, safety, and coordinated development.  
19 The authority may provide that lands within the urban  
20 redevelopment district shall not be developed beyond existing  
21 uses or that improvements thereon shall not be demolished or





1 substantially reconstructed, or provide other restrictions on  
2 the use of the lands.

3 (b) The following shall be the guiding principles  
4 generally governing the authority's action in the urban  
5 redevelopment district:

6 (1) Development shall result in a community which permits  
7 an appropriate land mixture of residential,  
8 commercial, light industrial, and other uses. In view  
9 of the innovative nature of the mixed use approach,  
10 urban design policies shall be established for the  
11 public and private sectors in the proper development  
12 of the urban redevelopment district; provided that any  
13 of the authority's proposed actions in the urban  
14 redevelopment district that are subject to chapter 343  
15 shall comply with chapter 343 and federal  
16 environmental requirements; provided further that the  
17 authority may engage in any studies or coordinative  
18 activities permitted in this chapter which affect  
19 areas lying outside the district, where the authority  
20 in its discretion decides that those activities are  
21 necessary to implement the intent of this chapter.



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

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

20          (3) Activities shall be located so as to provide primary  
21          reliance on public transportation and pedestrian



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



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

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

17 (9) Residential development shall be achieved through the  
18 efficient and cost-effective use of government and  
19 private-sector workforces through public-private  
20 partnerships and other mechanisms to incentivize  
21 development to be on time and on budget;



1           (10) Residential development shall be designed, to the  
2                    extent possible, to minimize traffic, the use of  
3                    private automobiles, and noise, including all  
4                    applicable requirements under chapter 343;

5           (11) Residential development shall be subject to chapter  
6                    104; and

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

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

18           (d) The authority shall establish a competition process  
19 for selecting the design and development vendors of ALOHA homes  
20 with the appropriate number of units to accommodate small and  
21 medium vendors. The criteria of the competition process shall



1 include but not be limited to preferences on the basis of prior  
2 experience in the State and an understanding of the State's  
3 unique culture; provided that the authority may include an  
4 opportunity for community input through public vote. The  
5 authority may provide a stipend in a manner and an amount to be  
6 determined by the authority to competitors pursuant to this  
7 subsection.

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

12 § -7 Sale of the leasehold interest of ALOHA homes;  
13 rules; guidelines. (a) The authority shall develop and adopt  
14 rules, subject to chapter 91, for the sale of the leasehold  
15 interest of ALOHA homes within the urban redevelopment district;  
16 provided that each lease shall be for a term of ninety-nine  
17 years. The rules shall include the following requirements for  
18 an eligible buyer or owner of an ALOHA home within the district:

19 (1) The person shall be a resident of the State; provided  
20 that voting in the most recent primary or general  
21 election shall be an indication of residency in the



1 State; provided further that not voting in any primary  
2 or general election creates a rebuttable presumption  
3 of non-residency;

4 (2) The person shall not use the ALOHA home for any  
5 purpose other than owner-occupied residential use; and

6 (3) The person, or the person's spouse, shall not own any  
7 other real property while owning an ALOHA home in the  
8 district; provided that an eligible buyer may own real  
9 property up to six months after closing on the  
10 purchase of an ALOHA home; provided further that an  
11 owner of an ALOHA home in the process of selling the  
12 ALOHA home may own other real property up to six  
13 months prior to closing on the sale of the ALOHA home  
14 to an eligible buyer;

15 provided that the rules under this subsection shall not include  
16 any requirements or limitations related to an individual's  
17 income or any preferences to first-time homebuyers. The rules  
18 shall include strict enforcement of owner-occupancy, including a  
19 prohibition on the renting out of ALOHA homes, and may include  
20 requirements for the use of face recognition, retina scan, or



1 fingerprint scan technology to verify occupancy for a minimum  
2 number of days per year.

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

10 (c) The authority shall establish a waitlist for eligible  
11 buyers to determine the order in which ALOHA homes shall be  
12 sold, including waitlists for each residential development.  
13 Waitlist priorities may include how long an eligible buyer has  
14 been on the applicant waiting list with the department of  
15 Hawaiian home lands; school, college, or university affiliation  
16 if the residential development is a is a redeveloped school,  
17 college, or university; and proximity of an eligible buyer's  
18 existing residence to an ALOHA home within the urban  
19 redevelopment district.

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





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



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

6 § -8 Use of public lands; acquisition of state lands.

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

14 (b) Notwithstanding the foregoing, no public lands shall  
15 be conveyed or leased to the authority pursuant to this section  
16 if such conveyance or lease would impair any covenant between  
17 the State or any county or any department or board thereof and  
18 the holders of bonds issued by the State or that county,  
19 department, or board.

20 § -9 Acquisition of real property from a county.

21 Notwithstanding the provision of any law or charter, any county,



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

15       § -10 **Condemnation of real property.** The authority,  
16 upon making a finding that it is necessary to acquire any real  
17 property for its immediate or future use for the purposes of  
18 this chapter, may acquire the property, including property  
19 already devoted to a public use, by condemnation pursuant to  
20 chapter 101. Such property shall not thereafter be taken for  
21 any other public use without the consent of the authority. No



1 award of compensation shall be increased by reason of any  
2 increase in the value of real property caused by the designation  
3 of the urban redevelopment district or plan adopted pursuant to  
4 a designation, or the actual or proposed acquisition, use, or  
5 disposition of any other real property by the authority.

6       **§ -11 Relocation.** The authority shall adopt rules  
7 pursuant to chapter 91 in compliance with the Uniform Relocation  
8 Assistance and Real Property Acquisition Act of 1970 and chapter  
9 111 to ensure the appropriate relocation within or outside the  
10 district of persons, families, businesses, or services displaced  
11 by governmental action within the urban redevelopment district.

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

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

17       **§ -13 Lease of projects.** Notwithstanding any law to the  
18 contrary, the authority may, without recourse to public auction  
19 or public notice for sealed bids, lease for a term not exceeding  
20 sixty-five years all or any portion of the real or personal  
21 property constituting a commercial project to any person, upon



1 such terms and conditions as may be approved by the authority;  
2 provided that all revenues generated from the lease shall be  
3 used to support the mission of the authority pursuant to section  
4 -2(a).

5 § -14 **Dedication for public facilities as condition to**  
6 **development.** The authority shall establish rules requiring  
7 dedication for public facilities of land or facilities by  
8 developers as a condition of developing real property within the  
9 urban redevelopment district. Where state and county public  
10 facilities dedication laws, ordinances, or rules differ, the  
11 provision for greater dedication shall prevail.

12 § -15 **ALOHA homes authority revolving fund.** There is  
13 created the ALOHA homes revolving fund into which all receipts  
14 and revenues of the authority shall be deposited. Proceeds from  
15 the fund shall be used for the purposes of this chapter.

16 § -16 **Expenditures of revolving funds under the**  
17 **authority exempt from appropriation and allotment.** Except as to  
18 administrative expenditures, and except as otherwise provided by  
19 law, expenditures from any revolving fund administered by the  
20 authority may be made by the authority without appropriation or  
21 allotment of the legislature; provided that no expenditure shall



1 be made from and no obligation shall be incurred against any  
2 revolving fund in excess of the amount standing to the credit of  
3 the fund or for any purpose for which the fund may not lawfully  
4 be expended. Nothing in sections 37-31 to 37-41 shall require  
5 the proceeds of any revolving fund administered by the authority  
6 to be reappropriated annually.

7       §   -17   **Exemption from taxation.** The authority shall not  
8 be required to pay assessments levied by any county, nor shall  
9 the authority be required to pay state taxes of any kind.

10       §   -18   **Assistance by state and county agencies.** Any  
11 state or county agency may render services upon request of the  
12 authority.

13       §   -19   **Annual report.** The authority shall submit to the  
14 governor and the legislature, at least twenty days prior to the  
15 start of any regular session, a complete and detailed report of  
16 its activities.

17       §   -20   **Court proceedings; preferences; venue.** (a) Any  
18 action or proceeding to which the authority, the State, or the  
19 county may be a party, in which any question arises as to the  
20 validity of this chapter, shall be brought in the circuit court  
21 of the circuit where the case or controversy arises, and shall



1 be heard and determined in preference to all other civil cases  
2 pending therein except election cases, irrespective of position  
3 on the calendar.

4 (b) Upon application of counsel to the authority, the same  
5 preference shall be granted in any action or proceeding  
6 questioning the validity of this chapter in which the authority  
7 may be allowed to intervene.

8 (c) Any action or proceeding to which the authority, the  
9 State, or the county may be a party, in which any question  
10 arises as to the validity of this chapter or any portion of this  
11 chapter, may be filed in the circuit court of the circuit where  
12 the case or controversy arises, which court is hereby vested  
13 with original jurisdiction over the action.

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

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

19 § -21 **Issuance of bonds.** The director of finance may,  
20 from time to time, issue general obligation bonds pursuant to



1 chapter 39 in such amounts as may be authorized by the  
2 legislature, for the purposes of this chapter.

3       **§ -22 Violations and penalty.** (a) The authority may  
4 set, charge, and collect reasonable fines for violation of this  
5 chapter or any rule adopted pursuant to chapter 91.

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

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

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

19       **§ -23 Rules.** The authority may adopt rules, pursuant to  
20 chapter 91, necessary for the purposes of this chapter."





1 SECTION 3. Section 171-2, Hawaii Revised Statutes, is  
2 amended to read as follows:

3 **"§171-2 Definition of public lands.** "Public lands" means  
4 all lands or interest therein in the State classed as government  
5 or crown lands previous to August 15, 1895, or acquired or  
6 reserved by the government upon or subsequent to that date by  
7 purchase, exchange, escheat, or the exercise of the right of  
8 eminent domain, or in any other manner; including lands accreted  
9 after May 20, 2003, and not otherwise awarded, submerged lands,  
10 and lands beneath tidal waters that are suitable for  
11 reclamation, together with reclaimed lands that have been given  
12 the status of public lands under this chapter, except:

- 13 (1) Lands designated in section 203 of the Hawaiian Homes  
14 Commission Act, 1920, as amended;
- 15 (2) Lands set aside pursuant to law for the use of the  
16 United States;
- 17 (3) Lands being used for roads and streets;
- 18 (4) Lands to which the United States relinquished the  
19 absolute fee and ownership under section 91 of the  
20 Hawaiian Organic Act prior to the admission of Hawaii  
21 as a state of the United States unless subsequently



1 placed under the control of the board of land and  
2 natural resources and given the status of public lands  
3 in accordance with the state constitution, the  
4 Hawaiian Homes Commission Act, 1920, as amended, or  
5 other laws;

6 (5) Lands to which the University of Hawaii holds title;

7 (6) Lands to which the Hawaii housing finance and  
8 development corporation in its corporate capacity  
9 holds title;

10 (7) Lands to which the Hawaii community development  
11 authority in its corporate capacity holds title;

12 (8) Lands to which the department of agriculture holds  
13 title by way of foreclosure, voluntary surrender, or  
14 otherwise, to recover moneys loaned or to recover  
15 debts otherwise owed the department under chapter 167;

16 (9) Lands that are set aside by the governor to the Aloha  
17 Tower development corporation; lands leased to the  
18 Aloha Tower development corporation by any department  
19 or agency of the State; or lands to which the Aloha  
20 Tower development corporation holds title in its  
21 corporate capacity;

1           (10) Lands that are set aside by the governor to the  
 2                   agribusiness development corporation; lands leased to  
 3                   the agribusiness development corporation by any  
 4                   department or agency of the State; or lands to which  
 5                   the agribusiness development corporation in its  
 6                   corporate capacity holds title;

7           (11) Lands to which the Hawaii technology development  
 8                   corporation in its corporate capacity holds title;  
 9                   [and]

10          (12) Lands to which the department of education holds  
 11                   title; and

12          (13) Lands to which the ALOHA homes authority in its  
 13                   corporate capacity holds title;

14 provided that, except as otherwise limited under federal law and  
 15 except for state land used as an airport as defined in section  
 16 262-1, public lands shall include the air rights over any  
 17 portion of state land upon which a county mass transit project  
 18 is developed after July 11, 2005."

19           SECTION 4. Section 302A-1603, Hawaii Revised Statutes, is  
 20 amended by amending subsection (b) to read as follows:

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



- 1 (1) Any form of housing permanently excluding school-aged
- 2 children, with the necessary covenants or declarations
- 3 of restrictions recorded on the property;
- 4 (2) Any form of housing that is or will be paying the
- 5 transient accommodations tax under chapter 237D;
- 6 (3) All nonresidential development; [~~and~~]
- 7 (4) Any development with an executed education
- 8 contribution agreement or other like document with the
- 9 department for the contribution of school sites or
- 10 payment of fees for school land or school
- 11 construction[-]; and
- 12 (5) Any form of development by the ALOHA homes authority
- 13 pursuant to chapter \_\_\_\_\_."

14 SECTION 5. There is appropriated out of the general

15 revenues of the State of Hawaii the sum of \$ \_\_\_\_\_ or so

16 much thereof as may be necessary for fiscal year 2019-2020 and

17 the same sum or so much thereof as may be necessary for fiscal

18 year 2020-2021 for the salary of the executive director and

19 other personnel of the ALOHA homes authority.



# H.B. NO. 479

1           The sums appropriated shall be expended by the department  
 2 of business, economic development and tourism for the purposes  
 3 of this Act.

4           SECTION 6. The governor shall appoint the initial members  
 5 of the ALOHA homes authority no later than September 30, 2019,  
 6 and in accordance with section 26-34, Hawaii Revised Statutes.

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

9           SECTION 8. This Act shall take effect on July 1, 2019.

10

INTRODUCED BY:

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JAN 18 2019



# H.B. NO. 479

**Report Title:**

ALOHA Homes Authority; Housing; Urban Redevelopment District;  
Transit-oriented Development; 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. Establishes 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 the ALOHA homes authority special fund. Authorizes the ALOHA homes authority to adopt rules pursuant to chapter 91, Hawaii Revised Statutes.

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

