
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 chosen not 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:

18 (1) Establish the ALOHA homes program to facilitate the
19 creation of low-cost leasehold homes for sale to
20 Hawaii residents on state-owned land near public
21 transit stations; and



1 (2) Authorize the Hawaii housing finance and development
2 corporation to sell the leasehold interest in
3 residential condominium units located on state lands
4 for lease terms of ninety-nine years.

5 SECTION 2. Chapter 201H, Hawaii Revised Statutes, is
6 amended by adding two new subparts to part II to be
7 appropriately designated and to read as follows:

8 "B. ALOHA Homes Program

9 **§201H-A Definitions.** As used in this subpart, the
10 following terms have the following meanings, unless the context
11 indicates a different meaning or intent:

12 "ALOHA home" means a residential unit within the urban
13 redevelopment district.

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

19 "Multipurpose project" means a project consisting of any
20 combination of a commercial project, redevelopment project, or
21 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 corporation, 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 subpart. 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 **§201H-B ALOHA homes program; purpose.** (a) There is
14 established the ALOHA homes program for the purpose of providing
15 low-cost, high density leasehold homes for sale to Hawaii
16 residents on state-owned lands within a one-half mile radius of
17 a public transit station. The acronym ALOHA stands for
18 affordable, locally owned homes for all.

19 (b) For the purposes of this section, "public transit
20 station" means:



- 1 (1) A station connected to a locally preferred alternative
- 2 for a mass transit project; or
- 3 (2) For the city and county of Honolulu, a station of the
- 4 Honolulu rail transit system.

5 **§201H-C Community and public notice requirements; posting**
6 **on the corporation's website; required.** For the purposes of
7 this subpart, the corporation shall adopt community and public
8 notice procedures pursuant to chapter 91 that shall include at a
9 minimum:

- 10 (1) A means to effectively engage the community in which
- 11 the corporation is planning a development project
- 12 under this subpart to ensure that community concerns
- 13 are received and considered by the corporation;
- 14 (2) The posting of the corporation's proposed plans for
- 15 any development project under this subpart, public
- 16 hearing notices, and minutes of its proceedings on the
- 17 corporation's website;
- 18 (3) The posting of every application for a development
- 19 project on the corporation's website when the
- 20 application is deemed complete;



1 (4) Notification by the applicant of any application for a
2 development project valued at \$250,000 or more by
3 first class United States mail, postage prepaid to
4 owners and lessees of record of real property located
5 within a three hundred foot radius of the perimeter of
6 the proposed project identified from the most current
7 list available from the real property assessment
8 division of the department of budget and fiscal
9 services of the city and county of Honolulu when the
10 application is deemed complete; provided that notice
11 mailed pursuant to this paragraph shall include but
12 not be limited to notice of:
13 (A) Project specifications;
14 (B) Requests for variance, exemption, or modification
15 of the corporation's development rules; and
16 (C) Procedures for intervention and a contested case
17 hearing; and
18 (5) Any other information that the public may find useful
19 so that it may meaningfully participate in the
20 corporation's decision-making processes.



1 **§201H-D Urban redevelopment district; established;**
2 **boundaries.** The urban redevelopment district is established.
3 The urban redevelopment district shall include all state-owned
4 and county-owned land within county-designated transit-oriented
5 development areas or within a one-half-mile radius of public
6 transit stations, if the city and county of Honolulu has not
7 designated transit-oriented development zones.

8 **§201H-E Rules; guidelines.** (a) The corporation shall
9 establish rules under chapter 91 on health, safety, building,
10 planning, zoning, and land use, which shall supersede all other
11 inconsistent ordinances and rules relating to the use, zoning,
12 planning, and development of land and construction thereon.
13 Rules adopted under this section shall follow existing law,
14 rules, ordinances, and regulations as closely as is consistent
15 with standards meeting minimum requirements of good design,
16 pleasant amenities, health, safety, and coordinated development.
17 The corporation may provide that lands within the urban
18 redevelopment district shall not be developed beyond existing
19 uses or that improvements thereon shall not be demolished or
20 substantially reconstructed, or provide other restrictions on
21 the use of the lands.



1 (b) The following shall be the principles generally
2 governing the corporation's action in the urban redevelopment
3 district:

4 (1) The corporation shall endeavor to produce enough
5 housing supply to meet housing demand;

6 (2) Each development may include facilities to replace any
7 facilities that must be removed for the development's
8 construction;

9 (3) Development shall be revenue-neutral to the State, and
10 all revenues generated shall be used for the purposes
11 of this subpart;

12 (4) The corporation may build infrastructure beyond what
13 exists in any development under this subpart and may
14 sell the infrastructure capacity to other private
15 sector developers;

16 (5) The corporation may build common area facilities for
17 any development undertaken pursuant to this subpart,
18 which shall be paid through the sales of ALOHA homes
19 units;

20 (6) Development shall result in a community which permits
21 an appropriate land mixture of residential,



1 commercial, light industrial, and other uses. In view
2 of the innovative nature of the mixed use approach,
3 urban design policies shall be established for the
4 public and private sectors in the proper development
5 of the urban redevelopment district; provided that any
6 of the corporation's proposed actions in the urban
7 redevelopment district that are subject to chapter 343
8 shall comply with chapter 343 and federal
9 environmental requirements; provided further that the
10 corporation may engage in any studies or coordinative
11 activities permitted in this subpart which affect
12 areas lying outside the district, where the
13 corporation in its discretion decides that those
14 activities are necessary to implement the intent of
15 this subpart. The studies or coordinative activities
16 shall be limited to facility systems, resident and
17 industrial relocation, and other activities with the
18 counties and appropriate state agencies. The
19 corporation may engage in construction activities
20 outside of the urban redevelopment district; provided
21 that such construction relates to infrastructure



1 development or residential or business relocation
2 activities; provided further that such construction
3 shall comply with the general plan, development plan,
4 ordinances, and rules of the county in which the urban
5 redevelopment district is located;

6 (7) Existing and future light industrial uses accessory to
7 shall be permitted and encouraged in appropriate
8 locations within the urban redevelopment district. No
9 plan or implementation strategy shall prevent
10 continued activity or redevelopment of light
11 industrial and commercial uses which meet reasonable
12 performance standards;

13 (8) Activities shall be located so as to provide primary
14 reliance on public transportation and pedestrian
15 facilities for internal circulation within the urban
16 redevelopment district or designated subareas;

17 (9) Major view planes, view corridors, and other
18 environmental elements such as natural light and
19 prevailing winds, may be preserved through appropriate
20 regulation and design review;



- 1 (10) All projects shall be in compliance with all
2 applicable statutes, rules, and ordinances related to
3 historic and cultural resource preservation;
- 4 (11) Land use activities within the urban redevelopment
5 district, where compatible, shall to the greatest
6 possible extent be mixed horizontally, that is, within
7 blocks or other land areas, and vertically, as
8 integral units of multi-purpose structures;
- 9 (12) Development shall prioritize maximizing density on
10 lands that are most urbanized and most suitable for
11 very high density; provided that development may
12 require a mixture of densities, building types, and
13 configurations in accordance with appropriate urban
14 design guidelines and vertical and horizontal
15 integration of residents of varying incomes, ages, and
16 family groups that reflect the diversity of Hawaii.
17 Development shall provide necessary community
18 facilities, such as parks, community meeting places,
19 child care centers, schools, educational facilities,
20 libraries, and other services, within and adjacent to
21 residential development; provided that any school that



1 is provided by the corporation as a necessary
2 community facility shall be exempt from school size
3 requirements as calculated by recent school site area
4 averages pursuant to section 302A-1602;

5 (13) Public facilities within the urban redevelopment
6 district shall be planned, located, and developed so
7 as to support the redevelopment policies for the
8 district established by this subpart and plans and
9 rules adopted pursuant to it;

10 (14) Development shall be achieved through the efficient
11 and cost-effective use of government and private-
12 sector workforces through public-private partnerships
13 and other mechanisms to incentivize development to be
14 on time and on budget;

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

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

19 (17) Development shall incorporate universal design in
20 compliance with the Americans with Disabilities Act of
21 1990 and Uniform Federal Accessibility Standards, to



1 the extent possible, and exceed accessibility
2 requirements under those authorities.

3 (c) ALOHA homes within the urban redevelopment district
4 shall not be rented or used for any purpose other than owner-
5 occupied residential use; provided that the corporation shall
6 establish penalties for violations of this subsection up to and
7 including forced sale of an ALOHA home.

8 (d) The corporation shall establish a competition process
9 for selecting the design and development vendors of ALOHA homes
10 with the appropriate number of units to accommodate small and
11 medium vendors. The criteria of the competition process shall
12 include but not be limited to preferences on the basis of prior
13 experience in the State and an understanding of the State's
14 unique culture; provided that the corporation may include an
15 opportunity for community input through public vote. The
16 corporation may provide a stipend in a manner and an amount to
17 be determined by the corporation to competitors pursuant to this
18 subsection.

19 (e) The corporation may transfer ALOHA home units to the
20 office of Hawaiian affairs and department of Hawaiian home lands
21 for use by their respective beneficiaries.

1 (f) The corporation shall recoup all expenses through the
2 sales of the leasehold interest of ALOHA homes and other revenue
3 sources, including but not limited to the leasing of commercial
4 projects.

5 **§201H-F Sale of the leasehold interest of ALOHA homes;**
6 **rules; guidelines.** (a) The corporation shall develop and adopt
7 rules, subject to chapter 91, for the sale of the leasehold
8 interest of ALOHA homes within the urban redevelopment district;
9 provided that each lease shall be for a term of ninety-nine
10 years. The rules shall include the following requirements for
11 an eligible buyer or owner of an ALOHA home within the district:

12 (1) The person shall be a resident of the State; provided
13 that voting in the most recent primary or general
14 election shall be an indication of residency in the
15 State; provided further that not voting in any primary
16 or general election creates a rebuttable presumption
17 of non-residency;

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

20 (3) The person, or the person's spouse, shall not own any
21 other real property while owning an ALOHA home in the



1 district; provided that an eligible buyer may own real
2 property up to six months after closing on the
3 purchase of an ALOHA home; provided further that an
4 owner of an ALOHA home in the process of selling the
5 ALOHA home may own other real property up to six
6 months prior to closing on the sale of the ALOHA home
7 to an eligible buyer;

8 provided that the rules under this subsection shall not include
9 any requirements or limitations related to an individual's
10 income or any preferences to first-time homebuyers. The rules
11 shall include strict enforcement of owner-occupancy, including a
12 prohibition on the renting out of ALOHA homes, and may include
13 requirements for the use of face recognition, verification of
14 the presence of owner-occupants and prevention of access of all
15 unauthorized persons through retina scan, or fingerprint scan
16 technology for a minimum number of days per year.

17 (b) ALOHA homes within the urban redevelopment district
18 shall be priced to be affordable, as determined by the United
19 States Department of Housing and Urban Development, to an
20 individual or family whose income does not exceed eighty per
21 cent of the area median income, or \$300,000, for a three-bedroom



1 unit, whichever is lower; provided that the price shall be
2 adjusted for inflation.

3 (c) The corporation shall establish waitlists for each
4 residential development for eligible buyers to determine the
5 order in which ALOHA homes shall be sold. Waitlist priorities
6 may include school, college, or university affiliation if the
7 residential property is a redeveloped school, college, or
8 university; proximity of an eligible buyer's existing residence
9 to an ALOHA home within the urban redevelopment district; and
10 other criteria based on the impact the development has on the
11 eligible buyer.

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

14 (e) An owner of an ALOHA home may sell the ALOHA home
15 after five or more years of owner-occupation; provided that the
16 corporation shall have the right of first refusal to purchase
17 the ALOHA home at a price that is to be determined by the
18 corporation using the price at which the owner purchased the
19 ALOHA home as the cost basis, adjusted for inflation, and may
20 include a percentage of the appreciation in value of the unit.
21 If the corporation does not exercise its right to purchase the



1 ALOHA home, the ALOHA home may be sold by the owner to an
2 eligible buyer; provided that the corporation shall retain
3 seventy-five per cent of all profits from the sale net of
4 closing and financing costs, using the price at which the owner
5 purchased the ALOHA home as the cost basis. Upon the death of
6 the owner of an ALOHA home, the ALOHA home may be transferred to
7 the deceased's heir by devise or as any other real property
8 under existing law; provided that if the heir is not an eligible
9 buyer, the heir shall sell the ALOHA home to the corporation at
10 a price that is to be determined by the corporation using the
11 price at which the owner purchased the ALOHA home as the cost
12 basis, adjusted for inflation, and may include a percentage of
13 the appreciation in value of the unit.

14 (f) If an owner of an ALOHA home sells the ALOHA home
15 before five years of owner-occupation, the corporation shall
16 purchase the ALOHA home at a price that is to be determined by
17 the corporation using the price at which the owner purchased the
18 ALOHA home as the cost basis, adjusted for inflation.

19 **§201H-G Use of public lands; acquisition of state lands.**

20 (a) If state lands under the control and management of other
21 public agencies are required by the corporation for the purposes



1 of this subpart, the agency having the control and management of
2 those required lands may, upon request by the corporation and
3 with the approval of the governor, convey or lease such lands to
4 the corporation upon such terms and conditions as may be agreed
5 to by the parties.

6 (b) Notwithstanding the foregoing, no public lands shall
7 be conveyed or leased to the corporation pursuant to this
8 section if such conveyance or lease would impair any covenant
9 between the State or any county or any department or board
10 thereof and the holders of bonds issued by the State or that
11 county, department, or board.

12 **§201H-H Acquisition of real property from a county.**

13 Notwithstanding the provision of any law or charter, any county,
14 by resolution of its local governing body, may, without public
15 auction, sealed bids, or public notice, sell, lease, grant, or
16 convey to the corporation any real property owned by it which
17 the corporation certifies to be necessary for the purposes of
18 this subpart. The sale, lease, grant, or conveyance shall be
19 made with or without consideration and upon such terms and
20 conditions as may be agreed upon by the county and the
21 corporation. Certification shall be evidenced by a formal



1 request from the corporation. Before the sale, lease, grant, or
2 conveyance may be made to the corporation, a public hearing
3 shall be held by the local governing body to consider the same.
4 Notice of the hearing shall be published at least six days
5 before the date set for the hearing in the publication and in
6 the manner as may be designated by the local governing body.

7 **§201H-I Condemnation of real property.** The corporation,
8 upon making a finding that it is necessary to acquire any real
9 property for its immediate or future use for the purposes of
10 this subpart, may acquire the property, including property
11 already devoted to a public use, by condemnation pursuant to
12 chapter 101. Such property shall not thereafter be taken for
13 any other public use without the consent of the corporation. No
14 award of compensation shall be increased by reason of any
15 increase in the value of real property caused by the designation
16 of the urban redevelopment district or plan adopted pursuant to
17 a designation, or the actual or proposed acquisition, use, or
18 disposition of any other real property by the corporation.

19 **§201H-J Relocation.** The corporation shall adopt rules
20 pursuant to chapter 91 in compliance with the Uniform Relocation
21 Assistance and Real Property Acquisition Act of 1970 and chapter



1 111 to ensure the appropriate relocation within or outside the
2 district of persons, families, businesses, or services displaced
3 by governmental action within the urban redevelopment district.

4 **§201H-K Construction contracts.** (a) The corporation
5 shall award construction contracts for ALOHA homes in conformity
6 with section 201H-E(d), without regard to chapter 103D.

7 (b) The corporation shall award construction contracts for
8 commercial projects without regard to chapter 103D.

9 **§201H-L Lease of projects.** Notwithstanding any law to the
10 contrary, the corporation may, without recourse to public
11 auction or public notice for sealed bids, lease for a term not
12 exceeding sixty-five years all or any portion of the real or
13 personal property constituting a commercial project to any
14 person, upon such terms and conditions as may be approved by the
15 corporation; provided that all revenues generated from the lease
16 shall be used to support the purpose of this subpart pursuant to
17 section 201H-B.

18 **§201H-M Dedication for public facilities as condition to**
19 **development.** The corporation shall establish rules requiring
20 dedication for public facilities of land or facilities by
21 developers as a condition of developing real property within the



1 urban redevelopment district. Where state and county public
2 facilities dedication laws, ordinances, or rules differ, the
3 provision for greater dedication shall prevail.

4 **§201H-N ALOHA homes revolving fund.** There is created the
5 ALOHA homes revolving fund into which all receipts and revenues
6 of the corporation pursuant to this subpart shall be deposited.
7 Proceeds from the fund shall be used for the purposes of this
8 subpart.

9 **§201H-O Expenditures of ALOHA homes revolving fund under**
10 **the corporation exempt from appropriation and allotment.** Except
11 as to administrative expenditures, and except as otherwise
12 provided by law, expenditures from the ALOHA homes revolving
13 fund administered by the corporation may be made by the
14 corporation without appropriation or allotment of the
15 legislature; provided that no expenditure shall be made from and
16 no obligation shall be incurred against the ALOHA homes
17 revolving fund in excess of the amount standing to the credit of
18 the fund or for any purpose for which the fund may not lawfully
19 be expended. Nothing in sections 37-31 to 37-41 shall require
20 the proceeds of the ALOHA homes revolving fund administered by
21 the corporation to be reappropriated annually.



1 **§201H-P Assistance by state and county agencies.** Any
2 state or county agency may render services for the purposes of
3 this subpart upon request of the corporation.

4 **§201H-Q Court proceedings; preferences; venue.** (a) Any
5 action or proceeding to which the corporation, the State, or the
6 county may be a party, in which any question arises as to the
7 validity of this subpart, shall be brought in the circuit court
8 of the circuit where the case or controversy arises, and shall
9 be heard and determined in preference to all other civil cases
10 pending therein except election cases, irrespective of position
11 on the calendar.

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

16 (c) Any action or proceeding to which the corporation, the
17 State, or the county may be a party, in which any question
18 arises as to the validity of this subpart or any portion of this
19 subpart, may be filed in the circuit court of the circuit where
20 the case or controversy arises, which court is hereby vested
21 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 **§201H-R 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 subpart.

10 **§201H-S Violations and penalty.** (a) The corporation may
11 set, charge, and collect reasonable fines for violation of this
12 subpart or any rule adopted pursuant to chapter 91.

13 Notwithstanding section 201H-E(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 corporation.

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



1 (c) Notwithstanding section 201H-E(c), any person
2 violating this subpart shall, upon conviction, be punished by a
3 fine not exceeding \$1,000 or by imprisonment not exceeding
4 thirty days, or both. The continuance of a violation after
5 conviction shall be deemed a new offense for each day of such
6 continuance.

7 **§201H-T Additional powers.** The powers conferred upon the
8 corporation by this subpart shall be in addition and
9 supplemental to the powers conferred by any other law, and
10 nothing in this subpart shall be construed as limiting any
11 powers, rights, privileges, or immunities so conferred.

12 **§201H-U Rules.** The corporation may adopt rules, pursuant
13 to chapter 91, necessary for the purposes of this subpart.

14 C. Leasehold Condominiums on State Lands

15 **§201H-V Leasehold condominiums on state land.** (a) The
16 corporation may sell leasehold units in condominiums created
17 pursuant to chapter 514B and developed under this subpart on
18 state land to a "qualified resident" as defined in section
19 201H-32.



1 (b) The term of the lease may be for ninety-nine years,
2 and the corporation may extend or modify the fixed rental period
3 of the lease or extend the term of the lease.

4 (c) The sale of leasehold units shall be subject to all of
5 the provisions of sections 201H-47, 201H-49, and 201H-50, except
6 for units sold at fair market value.

7 (d) State land set aside by the governor to the
8 corporation and lands leased to the corporation by any
9 department or agency of the State for a condominium described in
10 this section shall be exempt from the definition of "public
11 land" under section 171-2.

12 (e) The powers conferred upon the corporation by this
13 section shall be in addition and supplemental to the powers
14 conferred by any other law, and nothing in this section shall be
15 construed as limiting any powers, rights, privileges, or
16 immunities so conferred."

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

20 "§237- Exemption of sale of leasehold interest for ALOHA
21 home units. In addition to the amounts exempt under section



1 237-24, this chapter shall not apply to amounts received from
2 the sale of a leasehold interest in an ALOHA homes unit under
3 chapter 201H, subpart B."

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

6 "(a) Except as provided in this section, and
7 notwithstanding any other law to the contrary, from time to
8 time, the director of finance, for the purpose of defraying the
9 prorated estimate of central service expenses of government in
10 relation to all special funds, except the:

- 11 (1) Special out-of-school time instructional program fund
12 under section 302A-1310;
- 13 (2) School cafeteria special funds of the department of
14 education;
- 15 (3) Special funds of the University of Hawaii;
- 16 (4) State educational facilities improvement special fund;
- 17 (5) Convention center enterprise special fund under
18 section 201B-8;
- 19 (6) Special funds established by section 206E-6;
- 20 (7) Aloha Tower fund created by section 206J-17;



- 1 (8) Funds of the employees' retirement system created by
- 2 section 88-109;
- 3 (9) Hawaii hurricane relief fund established under chapter
- 4 431P;
- 5 (10) Hawaii health systems corporation special funds and
- 6 the subaccounts of its regional system boards;
- 7 (11) Tourism special fund established under section
- 8 201B-11;
- 9 (12) Universal service fund established under section
- 10 269-42;
- 11 (13) Emergency and budget reserve fund under section
- 12 328L-3;
- 13 (14) Public schools special fees and charges fund under
- 14 section 302A-1130;
- 15 (15) Sport fish special fund under section 187A-9.5;
- 16 [+] (16) [+] Neurotrauma special fund under section 321H-4;
- 17 [+] (17) [+] Glass advance disposal fee established by section
- 18 342G-82;
- 19 [+] (18) [+] Center for nursing special fund under section
- 20 304A-2163;



- 1 [+] (19) [+] Passenger facility charge special fund established by
2 section 261-5.5;
- 3 [+] (20) [+] Solicitation of funds for charitable purposes special
4 fund established by section 467B-15;
- 5 [+] (21) [+] Land conservation fund established by section 173A-5;
- 6 [+] (22) [+] Court interpreting services revolving fund under
7 section 607-1.5;
- 8 [+] (23) [+] Trauma system special fund under section 321-22.5;
- 9 [+] (24) [+] Hawaii cancer research special fund;
- 10 [+] (25) [+] Community health centers special fund;
- 11 [+] (26) [+] Emergency medical services special fund;
- 12 [+] (27) [+] Rental motor vehicle customer facility charge special
13 fund established under section 261-5.6;
- 14 [+] (28) [+] Shared services technology special fund under section
15 27-43;
- 16 [+] (29) [+] Automated victim information and notification system
17 special fund established under section 353-136;
- 18 [+] (30) [+] Deposit beverage container deposit special fund under
19 section 342G-104;
- 20 [+] (31) [+] Hospital sustainability program special fund under
21 [+]section 346G-4 [+] ;



1 [+] (32) [+] Nursing facility sustainability program special fund
2 under [+] section 346F-4 [+] ;

3 [+] (33) [+] Hawaii 3R's school improvement fund under section
4 302A-1502.4;

5 [+] (34) [+] After-school plus program revolving fund under section
6 302A-1149.5; [and]

7 [+] (35) [+] Civil monetary penalty special fund under section
8 321-30.2 [7]; and

9 (36) ALOHA homes revolving fund under section 201H-N,
10 shall deduct five per cent of all receipts of all other special
11 funds, which deduction shall be transferred to the general fund
12 of the State and become general realizations of the State. All
13 officers of the State and other persons having power to allocate
14 or disburse any special funds shall cooperate with the director
15 in effecting these transfers. To determine the proper revenue
16 base upon which the central service assessment is to be
17 calculated, the director shall adopt rules pursuant to chapter
18 91 for the purpose of suspending or limiting the application of
19 the central service assessment of any fund. No later than
20 twenty days prior to the convening of each regular session of



1 the legislature, the director shall report all central service
2 assessments made during the preceding fiscal year."

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

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

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

8 (2) School cafeteria special funds of the department of
9 education;

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

11 (4) State educational facilities improvement special fund;

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

13 (6) Aloha Tower fund created by section 206J-17;

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

16 (8) Hawaii hurricane relief fund established under chapter
17 431P;

18 (9) Convention center enterprise special fund established
19 under section 201B-8;

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



- 1 (11) Tourism special fund established under section
- 2 201B-11;
- 3 (12) Universal service fund established under section
- 4 269-42;
- 5 (13) Emergency and budget reserve fund under section
- 6 328L-3;
- 7 (14) Public schools special fees and charges fund under
- 8 section 302A-1130;
- 9 (15) Sport fish special fund under section 187A-9.5;
- 10 [+](16) [+](16) Neurotrauma special fund under section 321H-4;
- 11 [+](17) [+](17) Center for nursing special fund under section
- 12 304A-2163;
- 13 [+](18) [+](18) Passenger facility charge special fund established by
- 14 section 261-5.5;
- 15 [+](19) [+](19) Court interpreting services revolving fund under
- 16 section 607-1.5;
- 17 [+](20) [+](20) Trauma system special fund under section 321-22.5;
- 18 [+](21) [+](21) Hawaii cancer research special fund;
- 19 [+](22) [+](22) Community health centers special fund;
- 20 [+](23) [+](23) Emergency medical services special fund;



1 [+] (24) [+] Rental motor vehicle customer facility charge special
2 fund established under section 261-5.6;
3 [+] (25) [+] Shared services technology special fund under section
4 27-43;
5 [+] (26) [+] Nursing facility sustainability program special fund
6 established pursuant to [+] section 346F-4 [+] ;
7 [+] (27) [+] Automated victim information and notification system
8 special fund established under section 353-136;
9 [+] (28) [+] Hospital sustainability program special fund under
10 [+] section 346G-4 [+] ; [and]
11 [+] (29) [+] Civil monetary penalty special fund under section
12 321-30.2 [7] ; and
13 (30) ALOHA homes revolving fund under section 201H-N,
14 shall be responsible for its pro rata share of the
15 administrative expenses incurred by the department responsible
16 for the operations supported by the special fund concerned."
17 SECTION 6. Section 171-2, Hawaii Revised Statutes, is
18 amended to read as follows:
19 "**§171-2 Definition of public lands.** "Public lands" means
20 all lands or interest therein in the State classed as government
21 or crown lands previous to August 15, 1895, or acquired or



1 reserved by the government upon or subsequent to that date by
2 purchase, exchange, escheat, or the exercise of the right of
3 eminent domain, or in any other manner; including lands accreted
4 after May 20, 2003, and not otherwise awarded, submerged lands,
5 and lands beneath tidal waters that are suitable for
6 reclamation, together with reclaimed lands that have been given
7 the status of public lands under this chapter, except:

- 8 (1) Lands designated in section 203 of the Hawaiian Homes
9 Commission Act, 1920, as amended;
- 10 (2) Lands set aside pursuant to law for the use of the
11 United States;
- 12 (3) Lands being used for roads and streets;
- 13 (4) Lands to which the United States relinquished the
14 absolute fee and ownership under section 91 of the
15 Hawaiian Organic Act prior to the admission of Hawaii
16 as a state of the United States unless subsequently
17 placed under the control of the board of land and
18 natural resources and given the status of public lands
19 in accordance with the state constitution, the
20 Hawaiian Homes Commission Act, 1920, as amended, or
21 other laws;



- 1 (5) Lands to which the University of Hawaii holds title;
- 2 (6) Lands that are set aside by the governor to the Hawaii
- 3 housing finance and development corporation; lands
- 4 leased to the Hawaii housing finance and development
- 5 corporation by any department or agency of the State;
- 6 or lands to which the Hawaii housing finance and
- 7 development corporation in its corporate capacity
- 8 holds title;
- 9 (7) Lands to which the Hawaii community development
- 10 authority in its corporate capacity holds title;
- 11 (8) Lands to which the department of agriculture holds
- 12 title by way of foreclosure, voluntary surrender, or
- 13 otherwise, to recover moneys loaned or to recover
- 14 debts otherwise owed the department under chapter 167;
- 15 (9) Lands that are set aside by the governor to the Aloha
- 16 Tower development corporation; lands leased to the
- 17 Aloha Tower development corporation by any department
- 18 or agency of the State; or lands to which the Aloha
- 19 Tower development corporation holds title in its
- 20 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; and

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

11 provided that, except as otherwise limited under federal law and
 12 except for state land used as an airport as defined in section
 13 262-1, public lands shall include the air rights over any
 14 portion of state land upon which a county mass transit project
 15 is developed after July 11, 2005."

16 SECTION 7. Chapter 201H, Hawaii Revised Statutes, is
 17 amended by designating sections 201H-31 to 201H-70 as subpart A
 18 and inserting a title before section 201H-31 to read as follows:

19 "A. General Provisions"

20 SECTION 8. Section 302A-1603, Hawaii Revised Statutes, is
 21 amended by amending subsection (b) to read as follows:



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

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

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

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

8 (4) Any development with an executed education
9 contribution agreement or other like document with the
10 department for the contribution of school sites or
11 payment of fees for school land or school
12 construction[~~-~~]; and

13 (5) Any form of development by the Hawaii housing finance
14 and development corporation pursuant to chapter 201H,
15 part II, subpart B."

16 SECTION 9. There is appropriated out of the general
17 revenues of the State of Hawaii the sum of \$100,000 or so much
18 thereof as may be necessary for fiscal year 2019-2020 to be
19 deposited into the ALOHA homes revolving fund established
20 pursuant to section 201H-N, Hawaii Revised Statutes.



1 SECTION 10. There is appropriated out of the ALOHA homes
2 revolving fund established pursuant to section 201H-N, Hawaii
3 Revised Statutes, the sum of \$100,000 or so much thereof as may
4 be necessary for fiscal year 2019-2020 for the purposes for
5 which the revolving fund is established.

6 The sum appropriated shall be expended by the Hawaii
7 housing finance and development corporation for the purposes of
8 this Act.

9 SECTION 11. In codifying the new sections added by section
10 2 of this Act, the revisor of statutes shall substitute
11 appropriate section numbers for the letters used in designating
12 the new sections in this Act.

13 SECTION 12. Statutory material to be repealed is bracketed
14 and stricken. New statutory material is underscored.

15 SECTION 13. This Act shall take effect on July 1, 2019.

16



Report Title:

ALOHA Homes Program; Housing; Hawaii Housing Finance and Development Corporation; Urban Redevelopment District; Transit-oriented Development; Leasehold Condominiums on Lands Controlled by the State; Appropriation

Description:

Establishes the ALOHA homes program under the Hawaii Housing Finance and Development Corporation 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 set aside or leased to the Hawaii Housing Finance and Development Corporation from the definition of public lands in section 171-2, HRS. 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.

