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# A BILL FOR AN ACT

RELATING TO HOUSING.

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

1 PART I

2 SECTION 1. The legislature finds that the cost and  
3 availability of housing in the State are significant challenges  
4 facing Hawaii residents. Although Hawaii has the tenth highest  
5 median wage nationally, living expenses are two-thirds higher  
6 than the rest of the nation, with the cost of housing being a  
7 major contributing factor. According to the Honolulu Board of  
8 Realtors, by August 2021 the median price for a single-family  
9 home on Oahu had risen to \$1,050,000, while the median price for  
10 condominiums on Oahu had risen to \$500,000. With a simple  
11 mortgage calculator and using conservative assumptions on  
12 interest rates and down payment amounts, a household needs to  
13 earn at least \$200,000 annually to afford to buy a median-priced  
14 home on Oahu in 2021, making homeownership out of reach for many  
15 of Hawaii's residents, especially first-time buyers.

16 Because of the many barriers hindering the production of  
17 new housing, such as geographic limitations, lack of major



1 infrastructure, construction costs, and government regulation,  
2 the State and housing developers have not been able to produce  
3 enough housing for Hawaii residents. According to a 2015 report  
4 from the department of business, economic development, and  
5 tourism, the projected long-run estimate of demand for total new  
6 housing in Hawaii is between 64,700 to 66,000 for the 2015 to  
7 2025 period. The legislature has responded through the passage  
8 of various legislation. During the regular session of 2016, the  
9 legislature passed a bill enacted as Act 127, Session Laws of  
10 Hawaii 2016, that, among other things, established a goal of  
11 developing or vesting the development of at least 22,500  
12 affordable rental housing units ready for occupancy by the end  
13 of 2026. During the regular session of 2017, the legislature  
14 passed a bill enacted as Act 54, Session Laws of Hawaii 2017, to  
15 expand the types of rental housing projects that can be exempt  
16 from general excise tax, thereby encouraging the development of  
17 rental housing projects targeted for occupancy by households at  
18 or below the one hundred forty per cent area median income  
19 level. During the regular session of 2018, the legislature  
20 passed a bill enacted as Act 39, Session Laws of Hawaii 2018,  
21 that, among other things, provides an estimated total value of



1 \$570,000,000 to address Hawaii's affordable rental housing  
2 crisis and is expected to generate more than twenty-five  
3 thousand affordable units by the year 2030.

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

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



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

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

20       The purpose of this Act is to:



- 1           (1) Address critical housing needs in the State by  
2                   significantly increasing the supply of high density  
3                   housing;
- 4           (2) Establish the ALOHA homes program to facilitate the  
5                   creation of low-cost leasehold homes for sale to  
6                   Hawaii residents on state-owned land near public  
7                   transit stations;
- 8           (3) Authorize the Hawaii housing finance and development  
9                   corporation to sell the leasehold interest in  
10                  residential condominium units located on state lands  
11                  for lease terms of ninety-nine years;
- 12          (4) Direct the Hawaii housing finance and development  
13                  corporation to conduct a study and form a working  
14                  group on the implementation of the ALOHA homes  
15                  program; and
- 16          (5) Appropriate funds to the department of business,  
17                  economic development, and tourism for the Hawaii  
18                  housing finance and development corporation to  
19                  implement the ALOHA homes program.



## PART II

SECTION 2. Chapter 201H, Hawaii Revised Statutes, is amended by amending part II as follows:

1. By designating section 201H-31 to 201H-34.5 as subpart A, entitled "General Provisions";

2. By designating sections 201H-35 to 201H-70 as subpart B, entitled "Development Programs"; and

3. By adding two new subparts to be appropriately designated and to read:

" . ALOHA Homes Program

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

"ALOHA" means affordable, locally owned homes for all.

"ALOHA home" means a residential unit within an urban redevelopment site.

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



1 "Multipurpose project" means a project consisting of any  
2 combination of a commercial project, redevelopment project, or  
3 residential project.

4 "Owner-occupied residential use" means any use currently  
5 permitted in existing residential zones consistent with owner  
6 occupancy, but does not include renting or subleasing by the  
7 owner of an ALOHA home to any tenant or sublessee of any kind.

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

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

16 "Public facilities" includes streets, utility and service  
17 corridors, and utility lines where applicable, sufficient to  
18 adequately service developable improvements in an urban  
19 redevelopment site, sites for schools, parks, parking garages,  
20 sidewalks, pedestrian ways, and other community facilities.

21 "Public facilities" also includes public highways, as described



1 in section 264-1, storm drainage systems, water systems, street  
2 lighting systems, off-street parking facilities, sanitary  
3 sewerage systems, facilities to address climate change and sea  
4 level rise, as well as the land required for these facilities.  
5 "Public facilities" also includes any facility owned and  
6 operated by a public agency and having a useful life of at least  
7 five years.

8 "Public transit station" means:

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

13 "Redevelopment project" means an undertaking for the  
14 acquisition, clearance, replanning, reconstruction, and  
15 rehabilitation, or a combination of these and other methods, of  
16 an area for a residential project, for an incidental commercial  
17 project, and for other facilities incidental or appurtenant  
18 thereto, pursuant to and in accordance with this subpart.

19 The term "acquisition, clearance, replanning,  
20 reconstruction, and rehabilitation" includes renewal,





1 redevelopment, conservation, restoration, or improvement, or any  
2 combination thereof.

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

7 **§201H-B ALOHA homes program.** There is established the  
8 ALOHA homes program for the purpose of providing low-cost, high  
9 density leasehold homes for sale to Hawaii residents on  
10 state-owned lands within a one-mile radius of a public transit  
11 station.

12 **§201H-C Urban redevelopment sites; established;**  
13 **boundaries.** There shall be established urban redevelopment  
14 sites that shall include all state-owned land within a one-mile  
15 radius of a public transit station in a county having a  
16 population greater than five hundred thousand.

17 **§201H-D Rules; guidelines.** (a) The corporation shall  
18 adopt rules pursuant to chapter 91 on health, safety, building,  
19 planning, zoning, and land use, which shall supersede all other  
20 inconsistent ordinances and rules relating to the use, zoning,  
21 planning, and development of land and construction thereon.



1 Rules adopted under this section shall follow existing law,  
2 rules, ordinances, and regulations as closely as is consistent  
3 with standards meeting minimum requirements of good design,  
4 pleasant amenities, health, safety, and coordinated development.

5 The corporation may provide that lands within urban  
6 redevelopment sites shall not be developed beyond existing uses  
7 or that improvements thereon shall not be demolished or  
8 substantially reconstructed or provide other restrictions on the  
9 use of the lands.

10 (b) The following shall be the principles generally  
11 governing the corporation's action in urban redevelopment sites:

12 (1) The program seeks to produce a significant amount of  
13 housing to meet demand from local residents;

14 (2) Each development may include facilities to replace any  
15 facilities that must be removed for the development's  
16 construction;

17 (3) Developments shall endeavor to be financially  
18 sustainable; provided that additional appropriations  
19 may be required for infrastructure development and  
20 other purposes;



1       (4) The corporation shall consider the infrastructure  
2       burden of each development and the impact of the  
3       development on the education system, and any  
4       mitigation actions, prior to construction;

5       (5) The corporation may build infrastructure beyond that  
6       which exists in any development under this subpart and  
7       may sell the infrastructure capacity to private sector  
8       developers;

9       (6) The corporation may build common area facilities for  
10      any development undertaken pursuant to this subpart,  
11      which shall be paid through the sales of ALOHA homes  
12      units;

13      (7) Developments shall result in communities that permit  
14      an appropriate land mixture of residential,  
15      commercial, and other uses. In view of the innovative  
16      nature of the mixed-use approach, urban design  
17      policies shall be established for the public and  
18      private sectors in the proper development of urban  
19      redevelopment sites; provided that any of the  
20      corporation's proposed actions in urban redevelopment  
21      sites that are subject to chapter 343 shall comply



1 with chapter 343 and any federal environmental  
2 requirements; provided further that the corporation  
3 may engage in any studies or coordinative activities  
4 permitted in this subpart that affect areas lying  
5 outside urban redevelopment sites where the  
6 corporation, in its discretion, decides that those  
7 activities are necessary to implement the intent of  
8 this subpart. The studies or coordinative activities  
9 shall be limited to facility systems, resident and  
10 industrial relocation, and other activities engaged in  
11 with the counties and appropriate state agencies. The  
12 corporation may engage in construction activities  
13 outside of urban redevelopment sites; provided that  
14 the construction relates to infrastructure development  
15 or residential or business relocation activities;  
16 provided further that the construction shall comply  
17 with the general plan, development plan, ordinances,  
18 and rules of the county in which the urban  
19 redevelopment site is located;

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



bicycle facilities for internal circulation within  
urban redevelopment sites or designated subareas;

(9) Where compatible, land use activities within urban  
redevelopment sites, to the greatest possible extent,  
shall be mixed horizontally within blocks or other  
land areas and vertically as integral units of  
multi-purpose structures;

(10) Development shall prioritize maximizing density;  
provided that development may require a mixture of  
densities, building types, and configurations in  
accordance with appropriate urban design guidelines  
and vertical and horizontal integration of residents  
of varying incomes, ages, and family groups that  
reflect the diversity of Hawaii.

(11) Development shall provide necessary community  
facilities, such as parks, community meeting places,  
child care centers, schools, educational facilities,  
libraries, and other services, within and adjacent to  
residential development; provided that any school that  
is provided by the corporation as a necessary  
community facility shall be exempt from school size



1 requirements, as calculated by recent school site area  
2 averages pursuant to section 302A-1602;

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

8 (13) Development shall be designed, to the extent possible,  
9 to minimize traffic, parking, the use of private  
10 automobiles, and noise;

11 (14) Development shall be subject to chapter 104;

12 (15) On-site and off-site infrastructure funded by the  
13 State or county, as applicable, shall be brought to  
14 the development site; provided that the State and  
15 respective county may be reimbursed for its  
16 infrastructure contributions with proceeds from the  
17 sale of ALOHA homes;

18 (16) Development shall include the establishment of a  
19 building operating and maintenance program, together  
20 with the funding to cover its cost; and



1 (17) Development shall be designed and constructed in  
2 consultation and partnership with private developers.

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

9 (d) The design and development contracts for ALOHA homes  
10 shall be subject to chapter 103D.

11 (e) The corporation, in the interest of sustainability,  
12 shall recoup expenses through the sales of the leasehold  
13 interest of ALOHA homes and other revenue sources, including the  
14 leasing of commercial space.

15 **§201H-E Sale of the leasehold interest of ALOHA homes;**  
16 **rules; guidelines.** (a) The corporation shall adopt rules,  
17 pursuant to chapter 91, for the sale of the leasehold interest  
18 of ALOHA homes under its control within urban redevelopment  
19 sites; provided that each lease shall be for a term of  
20 ninety-nine years. The rules shall include the following



1 requirements for an eligible buyer or owner of an ALOHA home  
2 within an urban redevelopment site:

3 (1) The person shall be a qualified resident of the State,  
4 as defined in section 201H-32;

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

7 (3) The person, or the person's spouse, or any other  
8 person intending to live with the eligible buyer or  
9 owner, shall not own any other real property,  
10 including any residential and non-residential  
11 property, beneficial ownership of trusts, and  
12 co-ownership or fractional ownership, while owning an  
13 ALOHA home in an urban redevelopment site; provided  
14 that an eligible buyer may own real property up to six  
15 months after closing on the purchase of an ALOHA home;  
16 provided further that an owner of an ALOHA home in the  
17 process of selling the ALOHA home may own other real  
18 property up to six months prior to closing on the sale  
19 of the ALOHA home to an eligible buyer;

20 provided that the rules under this subsection shall not include  
21 any requirements or limitations related to an individual's





1 income but may include preferences related to an individual's  
2 income; provided further that no rules under this subsection  
3 shall prohibit the establishment or use of additional subsidies  
4 for low-income households to purchase ALOHA homes. The rules  
5 shall include strict enforcement of owner-occupancy, including a  
6 prohibition on renting or subleasing an ALOHA home to any tenant  
7 or sublessee. Enforcement of the owner-occupancy condition may  
8 include requirements for the use of facial recognition,  
9 fingerprint authorization, or retina scan technologies,  
10 in-person verification of owner-occupants, and prevention of  
11 access to all unauthorized persons. The corporation may also  
12 establish rules for a minimum number of days residents must be  
13 physically present on the premises and a maximum number of days  
14 non-residents may have access to the premises.

15 (b) The median ALOHA homes within urban redevelopment  
16 sites shall be priced at the minimum levels necessary to ensure  
17 that the development is sustainable for the State and counties.  
18 The median ALOHA homes price shall be adjusted annually for  
19 inflation, as reported in the Consumer Price Index for urban  
20 Hawaii published by the Bureau of Labor Statistics of the United  
21 States Department of Labor.



1 (c) The corporation shall establish waitlists for each  
2 residential development for eligible buyers to determine the  
3 order in which ALOHA homes shall be sold.

4 Waitlist priorities may include:

5 (1) School, college, or university affiliation if the  
6 residential property is a redeveloped school, college,  
7 or university;

8 (2) Proximity of an eligible buyer's existing residence to  
9 an ALOHA home within the urban redevelopment site;

10 (3) Household income level or ability to otherwise  
11 purchase a home; and

12 (4) Other criteria based on the impact that the  
13 development has on the eligible buyer.

14 Waitlists shall be established in consultation and  
15 coordination with existing affordable housing programs  
16 administered by each county.

17 (d) ALOHA homes within urban redevelopment sites shall be  
18 sold only to other eligible buyers.

19 (e) A homeowner of an ALOHA home may sell the homeowner's  
20 ALOHA home; provided that the corporation shall have the right  
21 of first refusal to purchase the ALOHA home at a price that is



1 determined by the corporation using the price at which the  
2 homeowner purchased the ALOHA home as the cost basis, adjusted  
3 for inflation, as determined by the department of business,  
4 economic development, and tourism using the Consumer Price Index  
5 for All Urban Consumers for Honolulu, and may include a  
6 percentage of the appreciation, if any, in value of the unit  
7 based on an appraisal obtained by the corporation. The  
8 corporation may use funds from the dwelling unit and affordable  
9 homeownership revolving funds for the purposes of this subpart.  
10 If the corporation does not exercise its right to purchase the  
11 ALOHA home, the ALOHA home may be sold by the homeowner to an  
12 eligible buyer; provided that the price at which a homeowner may  
13 sell an ALOHA home shall be limited by the corporation in  
14 accordance with a consistent formula to be established by the  
15 corporation. Upon the death of the owner of an ALOHA home, the  
16 ALOHA home may be transferred to the deceased's heir by devise  
17 or as any other real property under existing law.

18 (f) Any ALOHA home developed and sold under this subpart  
19 shall not be subject to sections 201H-47, 201H-49, 201H-50, and  
20 201H-51.



1        **§201H-F Use of public lands; acquisition of state lands.**

2        (a) If state lands under the control and management of other  
3 public agencies are required by the corporation for the purposes  
4 of this subpart, the agency having the control and management of  
5 those required lands, upon request by the corporation and with  
6 the approval of the governor, may convey or lease those lands to  
7 the corporation upon terms and conditions as may be agreed to by  
8 the parties.

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

15        **§201H-G Acquisition of real property from a county.**

16 Notwithstanding the provision of any law or charter, any county,  
17 by resolution of its county council, without public auction,  
18 sealed bids, or public notice, may sell, lease, grant, or convey  
19 to the corporation any real property owned by it that the  
20 corporation certifies to be necessary for the purposes of this  
21 subpart. The sale, lease, grant, or conveyance shall be made



1 with or without consideration and upon terms and conditions as  
2 may be agreed upon by the county and the corporation.  
3 Certification shall be evidenced by a formal request from the  
4 corporation. Before the sale, lease, grant, or conveyance may  
5 be made to the corporation, a public hearing shall be held by  
6 the county council to consider the same. Notice of the hearing  
7 shall be published at least six days before the date set for the  
8 hearing in the publication and in the manner as may be  
9 designated by the county council.

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



1       **§201H-I Construction contracts.** The construction  
2 contracts for ALOHA homes shall be subject to chapter 103D.

3       **§201H-J Lease of projects.** Notwithstanding any law to the  
4 contrary, the corporation, without recourse to public auction or  
5 public notice for sealed bids, may lease for a term not  
6 exceeding sixty-five years all or any portion of the real or  
7 personal property constituting a commercial project to any  
8 person, upon terms and conditions as may be approved by the  
9 corporation; provided that all revenues generated from the lease  
10 shall be used to support the purpose of the ALOHA homes program.

11       **§201H-K Dedication for public facilities as condition to**  
12 **development.** The corporation shall establish rules requiring  
13 dedication for public facilities of land or facilities by  
14 developers as a condition of developing real property within  
15 urban redevelopment sites. Where state and county public  
16 facilities dedication laws, ordinances, or rules differ, the  
17 provision for greater dedication shall prevail.

18       **§201H-L ALOHA homes revolving fund.** There is established  
19 the ALOHA homes revolving fund to be administered by the  
20 corporation. All receipts and revenues of the corporation  
21 collected pursuant to this subpart shall be deposited into the



1 revolving fund. Proceeds from the fund shall be used for the  
2 purposes of this subpart.

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

6       **§201H-N Lands no longer needed.** Lands acquired by the  
7 corporation from another government agency that are no longer  
8 needed for the ALOHA homes program by the corporation shall be  
9 returned to the previous owner of those lands. Lands acquired  
10 by the corporation from a private party that are owned by the  
11 corporation and designated for the ALOHA homes program but are  
12 subsequently no longer needed for the ALOHA homes program shall  
13 be retained by the corporation.

14       **§201H-O Rules.** The corporation may adopt rules pursuant  
15 to chapter 91 that are necessary for the purposes of this  
16 subpart.

17               . Leasehold Condominiums on State Lands

18       **§201H-P Leasehold condominiums on state lands.** (a) The  
19 corporation may sell leasehold units in condominiums organized  
20 pursuant to chapter 514B and developed under this subpart on



1 state land to a "qualified resident", as defined in section  
2 201H-32.

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

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

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

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

17 "§237- Exemption of sale of leasehold interest for ALOHA  
18 home units. In addition to the amounts exempt under section  
19 237-24, this chapter shall not apply to amounts received from  
20 the sale of a leasehold interest in an ALOHA home under chapter  
21 201H, part II, subpart ."





SECTION 4. Section 171-2, Hawaii Revised Statutes, is amended to read as follows:

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

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

(2) Lands set aside pursuant to law for the use of the United States;

(3) Lands being used for roads and streets;

(4) Lands to which the United States relinquished the absolute fee and ownership under section 91 of the Hawaiian Organic Act prior to the admission of Hawaii 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]~~ Non-ceded lands set aside by the governor to  
8 the Hawaii housing finance and development corporation  
9 or lands to which the Hawaii housing finance and  
10 development corporation in its corporate capacity  
11 holds title;

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

14 (8) Lands set aside by the governor to the Hawaii public  
15 housing authority or lands to which the Hawaii public  
16 housing authority in its corporate capacity holds  
17 title;

18 (9) Lands to which the department of agriculture holds  
19 title by way of foreclosure, voluntary surrender, or  
20 otherwise, to recover moneys loaned or to recover  
21 debts otherwise owed the department under chapter 167;



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

7       (11)   Lands that are set aside by the governor to the  
8           agribusiness development corporation, lands leased to  
9           the agribusiness development corporation by any  
10          department or agency of the State, or lands to which  
11          the agribusiness development corporation in its  
12          corporate capacity holds title;

13       (12)   Lands to which the Hawaii technology development  
14           corporation in its corporate capacity holds title;

15       (13)   Lands to which the department of education holds  
16           title;

17       (14)   Lands to which the stadium authority holds title; and

18       [+] (15) [+]   Lands to which the school facilities authority holds  
19           title;

20   provided that, except as otherwise limited under federal law and  
21   except for state land used as an airport as defined in section



1 262-1, public lands shall include the air rights over any  
2 portion of state land upon which a county mass transit project  
3 is developed after July 11, 2005; provided further that if the  
4 lands pursuant to paragraph (14) are no longer needed for the  
5 stadium development district or related purposes, the lands  
6 shall be returned to the public land trust administered by the  
7 department."

8 SECTION 5. Section 171-64.7, Hawaii Revised Statutes, is  
9 amended by amending subsection (a) to read as follows:

10 "(a) This section applies to all lands or interest therein  
11 owned or under the control of state departments and agencies  
12 classed as government or crown lands previous to August 15,  
13 1895, or acquired or reserved by the government upon or  
14 subsequent to that date by purchase, exchange, escheat, or the  
15 exercise of the right of eminent domain, or any other manner,  
16 including accreted lands not otherwise awarded, submerged lands,  
17 and lands beneath tidal waters that are suitable for  
18 reclamation, together with reclaimed lands that have been given  
19 the status of public lands under this chapter, including:

20 (1) Land set aside pursuant to law for the use of the  
21 United States;



- 1 (2) Land to which the United States relinquished the  
2 absolute fee and ownership under section 91 of the  
3 Organic Act prior to the admission of Hawaii as a  
4 state of the United States;
- 5 (3) Land to which the University of Hawaii holds title;
- 6 (4) ~~[Land]~~ Non-ceded lands set aside by the governor to  
7 the Hawaii housing finance and development corporation  
8 or lands to which the Hawaii housing finance and  
9 development corporation in its corporate capacity  
10 holds title;
- 11 (5) Land 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 (6) Land that is set aside by the governor to the Aloha  
16 Tower development corporation or land to which the  
17 Aloha Tower development corporation holds title in its  
18 corporate capacity;
- 19 (7) Land that is set aside by the governor to the  
20 agribusiness development corporation or land to which



1 the agribusiness development corporation in its  
2 corporate capacity holds title;

3 (8) Land to which the Hawaii technology development  
4 corporation in its corporate capacity holds title;

5 (9) Land to which the department of education holds title;

6 (10) Land to which the Hawaii public housing authority in  
7 its corporate capacity holds title;

8 (11) Land to which the stadium authority holds title; and

9 [†] (12) [†] Land to which the school facilities authority holds  
10 title."

11 SECTION 6. Section 201H-191, Hawaii Revised Statutes, is  
12 amended by amending subsection (a) to read as follows:

13 "(a) There is created a dwelling unit revolving fund. The  
14 funds appropriated for the purpose of the dwelling unit  
15 revolving fund and all moneys received or collected by the  
16 corporation for the purpose of the revolving fund shall be  
17 deposited in the revolving fund. The proceeds in the revolving  
18 fund shall be used to reimburse the general fund to pay the  
19 interest on general obligation bonds issued for the purposes of  
20 the revolving fund, for the necessary expenses in administering  
21 housing development programs, including for the repurchase of



1 ALOHA homes pursuant to subsection 201H-E(e), and regional state  
2 infrastructure programs, and for carrying out the purposes of  
3 housing development programs and regional state infrastructure  
4 programs, including but not limited to the expansion of  
5 community facilities and regional state infrastructure  
6 constructed in conjunction with housing and mixed-use  
7 transit-oriented development projects, permanent primary or  
8 secondary financing, and supplementing building costs, federal  
9 guarantees required for operational losses, and all things  
10 required by any federal agency in the construction and receipt  
11 of federal funds or low-income housing tax credits for housing  
12 projects."

13 SECTION 7. Section 201H-206, Hawaii Revised Statutes, is  
14 amended by amending subsection (a) to read as follows:

15 "(a) There is established an affordable homeownership  
16 revolving fund to be administered by the corporation for the  
17 purpose of providing, in whole or in part, loans to nonprofit  
18 community development financial institutions [~~and~~], nonprofit  
19 housing development organizations for the development of  
20 affordable homeownership housing projects[~~-~~], and the Hawaii



1 housing finance and development corporation for the purpose of  
2 repurchasing ALOHA homes pursuant to subsection 201H-E(e)."

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

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

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

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

11 (3) All nonresidential development;

12 (4) Any development with an executed education  
13 contribution agreement or other like document with the  
14 authority or the department for the contribution of  
15 school sites or payment of fees for school land or  
16 school construction; ~~and~~

17 (5) Any form of housing developed by the department of  
18 Hawaiian home lands for use by beneficiaries of the  
19 Hawaiian Homes Commission Act, 1920, as amended~~[-]~~;

20 and





(6) Any form of development by the Hawaii housing finance  
and development corporation pursuant to chapter 201H,  
part II, subpart \_\_\_\_\_."

## PART III

SECTION 9. (a) The Hawaii housing finance and development corporation shall conduct a detailed market study of leasehold housing in the State.

(b) The study shall examine buyer preferences regarding leasehold and fee simple housing.

(c) The Hawaii housing finance and development corporation shall submit a report of its findings and recommendations, including any proposed legislation, to the legislature no later than twenty days prior to the convening of the regular session of 2023.

SECTION 10. (a) The Hawaii housing finance and development corporation shall convene a working group to study the implementation of the ALOHA homes program.

(b) The working group shall consist of members to be appointed by the executive director of the Hawaii housing finance and development corporation.



1 (c) The working group shall submit a report to the  
2 legislature of its progress, findings, and recommendations,  
3 including any proposed legislation, no later than twenty days  
4 prior to the convening of the regular session of 2024.

5 (d) The working group shall dissolve on June 30, 2024.

6 (e) For the purpose of this Act, "ALOHA homes program"  
7 means the program established in section 2 of this Act.

8 PART IV

9 SECTION 11. There is appropriated out of the general  
10 revenues of the State of Hawaii the sum of \$ or so  
11 much thereof as may be necessary for fiscal year 2022-2023 to be  
12 deposited into the ALOHA homes revolving fund established  
13 pursuant to section 201H-L, Hawaii Revised Statutes.

14 SECTION 12. There is appropriated out of the ALOHA homes  
15 revolving fund established pursuant to section 201H-L, Hawaii  
16 Revised Statutes, the sum of \$ or so much thereof as  
17 may be necessary for fiscal year 2022-2023 for the purposes for  
18 which the revolving fund is established.

19 The sum appropriated shall be expended by the Hawaii  
20 housing finance and development corporation for the purposes of  
21 this Act.



SECTION 13. There is appropriated out of the general revenues of the State of Hawaii the sum of \$ or so much thereof as may be necessary for fiscal year 2022-2023 for the Hawaii housing finance and development corporation to:

(1) Fund one full-time equivalent (1.0 FTE) program manager position, one full-time equivalent (1.0 FTE) compliance specialist position, one full-time equivalent (1.0 FTE) fiscal clerk position, and five other full-time equivalent (5.0 FTE) positions for the ALOHA homes program; and

(2) Fund software and hardware for the ALOHA homes program.

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

#### PART V

SECTION 14. In codifying the new sections added by section 2 of this Act, the revisor of statutes shall substitute appropriate section numbers for the letters used in designating the new sections in this Act.



1       SECTION 15. Statutory material to be repealed is bracketed  
2 and stricken. New statutory material is underscored.

3       SECTION 16. This Act shall take effect on July 1, 2050;  
4 provided that the amendments made to section 302A-1603(b),  
5 Hawaii Revised Statutes, by this Act shall not be repealed when  
6 that section is reenacted on July 1, 2024, by section 6 of  
7 Act 197, Sessions Laws of Hawaii 2021.



**Report Title:**

HHFDC; Affordable Housing; ALOHA Homes; Public Land Exemptions; Appropriations

**Description:**

Establishes the ALOHA homes program to develop low-cost homes on state-owned and county-owned land in urban redevelopment sites to be sold in leasehold by the Hawaii Housing Finance and Development Corporation to qualified residents. Exempts certain land from the definition of "public lands." Requires the Hawaii Housing Finance and Development Corporation to gain legislative approval before disposing of certain lands. Provides for the disposition of lands that are acquired by the Hawaii Housing Finance and Development Corporation but no longer needed for the ALOHA homes program. Directs the Hawaii Housing Finance and Development Corporation to conduct a study of the market depth for leasehold housing. Directs the Hawaii Housing Finance and Development Corporation to convene a working group to study the implementation of the ALOHA homes program. Appropriates moneys. Effective 7/1/2050. (SD2)

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

