

STATEMENT ON S.B. 832

BY

SENATOR JOHN J. HULTEN, HAWAII

Senate Bill 832 prohibits the Land Use Commission from reclassifying any additional land to urban use except as provided therein.

The only way land not presently classified as urban could be reclassified would be:

1. If the Legislature had designated the land as "Land Bank Land" ie suitable for residential development; and,
2. If the Hawaii Housing Authority agreed to develop the land under Act 105 subject to the further restrictions of this act. (The further restrictions include development by Hawaii Housing Authority of a plan, submitting the project to bid, providing for disinterested jury selection of bids and stringent buy back restrictions.)

The purpose of this bill is to take the unearned increment out of land use reclassification and to provide that if any future land is to be reclassified as urban, the Legislature would have authorized the change by classifying the land as "Land Bank Land" and to provide that the land will be developed under Act 105 in order to justify reclassification by meeting need.

The bill gives the Legislature the power of saying which land can be reclassified to urban but leaves the Land Use Commission free to decide whether or not to reclassify based on the plans, representations etc. supplied by Hawaii Housing Authority under the Commission's regular procedure. The bill does not disturb any powers of the Land Use Commission to reclassify for designations other than urban.

This bill will go a long way toward preserving open space except as authorized by the Legislature to meet housing needs. Under this approach further legislative control of Land Use decisions would not be required.

(To be made one and twelve copies)

THE SENATE
EIGHTH LEGISLATURE, 19 75
STATE OF HAWAII

S.B. NO. 832

A BILL FOR AN ACT

RELATING TO A STATE LAND BANK.

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

SECTION 1. The legislature finds that the present structure for supplying land for urban development has failed to satisfy several important criteria of community development. Specifically, the legislature finds that little or no impact has been made upon the chronic shortage of housing for families of low or moderate income; that housing developments, as currently delivered, lack necessary facilities for establishment of viable communities, and present burdensome social and capital improvement costs to the citizens of the State.

The legislature determines that the current structure of land supply and development have not operated in the freemarket tradition of satisfying consumer needs, but rather have served to burden the housing consumer with heavy costs, while reserving primary gains to those who can obtain favorable land use designation from public agencies. A new, integrated structure of preparing land for urban use, while scheduling and regulating

1 the ultimate form of its conversion into high-quality community
2 development, must be created, and its creation is a vital
3 public purpose.

4 SECTION 2. Chapter 359, Hawaii Revised Statutes, is amended
5 by adding a new part to be appropriately designated and to read
6 as follows:

7 "PART . STATE LAND BANK

8 Sec. 359- State land bank; creation. There is created
9 a state land bank which shall comprise such lands within the
10 State as are designated as land bank lands pursuant to this
11 part. Lands designated for other than urban use under
12 chapter 205 which may be reasonably suited to future residential
13 use shall qualify as land bank lands.

14 Sec. 359- State land bank designation. The land use
15 commission and the mayor of each county shall on or before
16 November 1, 1975 report to the legislature as to which lands
17 should be designated as land bank lands. The legislature shall
18 consider, but not be bound by, such recommendations, and shall
19 designate the initial state land bank lands prior to the ending
20 of the 1976 regular session by concurrent resolution. Thereafter
21 the land use commission and mayors of the several counties shall
22 prior to November 1 of each year make such further reports as
23 they deem necessary recommending additions to or deletions from
24

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the land bank lands and the legislature may by concurrent resolution add lands to or remove lands from the land bank at its discretion.

Sec. 359- State land bank; utilization. No land designated as land bank land shall be reclassified by the land use commission under chapter 205, except upon petition filed by the Hawaii housing authority requesting a reclassification for purposes of development in accordance with this part.

Sec. 359- State land bank; development. (a) The Hawaii housing authority may develop state land bank land pursuant to any powers which it has by law; provided that the restrictions and guidelines in this section shall apply to the development of any land bank land.

(b) The plan for development shall be prepared by the Hawaii housing authority and submitted to the land use commission as required by its rules, together with the application for reclassification which shall include any environmental impact statement required by law.

(c) Upon reclassification by the land use commission the Hawaii housing authority shall publicly offer the development of the project to private firms and individuals who shall be asked to submit proposals for the development of the project substantially according to the plans prepared by the Hawaii housing authority.

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1 (d) Each proposal submitted shall be supported by a bid
 2 bond equal to five per cent of the total price of dwelling units
 3 as set forth in the proposal. Any proposal selected shall be
 4 fully bonded.

5 (e) Each proposal submitted shall set forth:

6 (1) The highest price at which each dwelling unit in the
 7 project will be delivered and the penalty for
 8 failure to comply.

9 (2) The latest date at which each dwelling unit in the
 10 project will be delivered and the penalty for failure
 11 to comply.

12 (3) Any force majeure considerations which would be
 13 applicable.

14 (4) Any changes that would be made to the plans prepared
 15 by the Hawaii housing authority.

16 (5) Such other items as required by the Hawaii housing
 17 authority under rules adopted hereunder.

18 (f) Each proposal shall be presented by its proponent to
 19 a jury of nine disinterested residents, selected by the Hawaii
 20 housing authority, of the county in which the land to be
 21 developed is situated. The jury shall by a majority vote
 22 determine the proposal to be accepted. The jury shall contain
 23 at least one architect or engineer, at least one developer or
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contractor and at least two residents of reasonably close proximity to the proposed project. The jury shall function pursuant to chapter 91 and shall serve without pay but shall be reimbursed for travel and other necessary expenses incurred in the performance of official duties.

(g) Any profits realized by the Hawaii housing authority shall be used to defray offsite costs of the project or to reduce the cost of the dwelling units upon their sale by the Hawaii housing authority to the public.

(h) The Hawaii housing authority shall sell dwelling units developed hereunder to the general public in fee simple, for an adequate price; provided that recorded covenants shall preclude the resale of such dwelling units except back to the Hawaii housing authority for a price equal to the original price, any improvements added valued at cost, and an amount equivalent to the loss in value of the dollar, if any, during the time between the original sale and resale, as measured by the consumer price index for the Honolulu region as computed by the United States Bureau of Labor Statistics of the Department of Labor, less depreciation on a straight-line basis.

(i) The Hawaii housing authority may subsidize the sale of any unit to persons qualifying for such subsidy pursuant to this chapter in any manner provided in this chapter, except

1 that in such cases the provisions of this section shall also be
2 applicable in lieu of those contained in section 359G-9.1.

3 Sec. 359- Use of moneys from the dwelling unit revolving
4 fund. The Hawaii housing authority shall use moneys available
5 in the dwelling unit revolving fund created under section 359G-10
6 for purchasing land bank land and developing it hereunder. The
7 Hawaii housing authority shall upon the sale of dwelling units
8 hereunder reimburse the dwelling unit revolving fund.

9 Sec. 359- Rules. The Hawaii housing authority shall
10 establish rules pursuant to chapter 91 for the implementation
11 of this part."

12 SECTION 3. Chapter 205, Hawaii Revised Statutes, is
13 amended by adding a new section to be appropriately designated
14 and to read as follows:

15 "Sec. 205- Limitations on commission. Upon the effective
16 date of this section, the commission shall have no authority
17 to amend the boundaries of any land so as to reclassify it
18 from any other use to urban use, except upon petition of the
19 Hawaii housing authority pursuant to part of chapter 359."

20 SECTION 4. There is appropriated out of the general revenues
21 of the State of Hawaii, the sum of \$5,000,000 or so much thereof
22 as may be necessary, for the purposes of this Act to the dwelling
23 unit revolving fund created under section 359G-10, Hawaii Revised
24 Statutes.

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