

**S.B. NO. 2790**

JAN 25 2012

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**A BILL FOR AN ACT**

RELATING TO THE DEPARTMENT OF HAWAIIAN HOME LANDS.

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

1 SECTION 1. Act 187, Session Laws of Hawaii 2010, is  
2 amended by amending section 12 to read as follows:

3 "SECTION 12. This Act shall take effect on July 1, 2010;  
4 provided that on June 30, [~~2012,~~] 2015, part I of this Act shall  
5 be repealed and sections 37-40 and 103D-309(a), Hawaii Revised  
6 Statutes, shall be reenacted in the form in which they read on  
7 the day prior to the effective date of this Act."

8 SECTION 2. Statutory material to be repealed is bracketed  
9 and stricken. New statutory material is underscored.

10 SECTION 3. This Act shall take effect on June 29, 2012.

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INTRODUCED BY: 

BY REQUEST

# S.B. NO. 2790

**Report Title:**

Department of Hawaiian Home Lands

**Description:**

Extends the repeal date in Act 187, Session Laws of Hawaii 2010, to continue the pilot program that enables the Department of Hawaiian Home Lands to begin housing and other projects without having the full amount of the cost of the projects on hand at the start of the project.

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

## JUSTIFICATION SHEET

DEPARTMENT: Hawaiian Home Lands

TITLE: A BILL FOR AN ACT RELATING TO THE DEPARTMENT OF HAWAIIAN HOME LANDS.

PURPOSE: Extends the repeal date in Act 187, Session Laws of Hawaii 2010, to continue the pilot program that enables the Department of Hawaiian Home Lands to begin housing and other projects without having the full amount of the cost of the projects on hand at the start of the project.

MEANS: Amend section 12 of Act 187, Session Laws of Hawaii 2010.

JUSTIFICATION: In 2010, the legislature found that existing procurement requirements unnecessarily delayed the delivery of affordable homes to Hawaiian Home Lands beneficiaries. State-funded housing projects are generally required to have full capitalization funding on hand before contracts are encumbered and construction work begins, but Act 187 changed the law to allow the department to act in a manner consistent with the private industry standard that allows a developer/contractor to be bonded and to proceed with only those funds needed to complete an identifiable phase of the project. In the time since the passage of Act 187, the economic conditions in Hawaii, the timing of our projects, and our beneficiaries' decreasing demand for the available or offered homestead products, did not provide the department an opportunity to implement the pilot program. However, the department anticipates needing this pilot program immediately and over the next three years to manage a number of upcoming projects.

Impact on the public: There should be a positive impact on the public, specifically

Hawaiian Home Lands beneficiaries, as the extension of this pilot program will expedite department projects and the award of homestead lots. This bill will also result in the creation of more construction jobs sooner than if the department did not have this provision in statute.

Impact on the department and other agencies:

This bill affords DHHL the same opportunity and ability as private sector developers who maximize their revenue towards the production of affordable housing through effective cash flow and construction management. This significant flexibility allows for better fiscal management and maximum leveraging of our trust resources.

GENERAL FUND: None.

OTHER FUNDS: None.

PPBS PROGRAM  
DESIGNATION:

OTHER AFFECTED  
AGENCIES: Budget and Finance

EFFECTIVE DATE: June 29, 2012.