

FEB 29 2008

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# SENATE CONCURRENT RESOLUTION

REQUESTING THE AUDITOR TO EXAMINE THE ISSUE OF UPCOMING  
CONDOMINIUM AND CO-OPERATIVE HOUSING PROJECT LEASE  
EXPIRATIONS AND ITS POTENTIAL IMPACT ON THE AVAILABILITY OF  
REPLACEMENT AND AFFORDABLE HOUSING.

1           WHEREAS, the availability of affordable housing has reached  
2 a state of crisis for Hawaii residents, where the average  
3 statewide median price of a single-family and multi-family  
4 dwelling unit is over \$600,000 and \$300,000, respectively; and  
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6           WHEREAS, according to the United States Census Bureau 2006  
7 American Community Survey, forty-six per cent of mortgaged home  
8 owners and fifty-two per cent of renters in Hawaii pay thirty  
9 per cent or more of their income on housing costs; and  
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11           WHEREAS, over the years, leasehold condominium and  
12 co-operative housing units have remained a relatively affordable  
13 housing option for thousands of Hawaii residents; and  
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15           WHEREAS, in 2007, the first long-term leasehold agreements  
16 for approximately 18,700 condominium and co-operative housing  
17 units statewide began to expire; and  
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19           WHEREAS, these 18,700 leasehold units are situated in  
20 approximately 540 condominium and co-operative housing projects  
21 throughout the State, impacting over 63,000 units that are  
22 owner-occupied, leased, or rented; and  
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24           WHEREAS, within the next thirty years, the expiration of  
25 existing leases for over 8,000 leasehold condominium and  
26 co-operative housing units are set to result in reversion of  
27 these units to the fee owner, potentially leaving thousands of  
28 individuals, many of whom are elderly, and their families  
29 without a place to live; and  
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1 WHEREAS, Act 307, Session Laws of Hawaii 1967, also known  
2 as the Land Reform Act of 1967, allowed lessees of long-term  
3 leasehold interests in single-family residential development  
4 tracts to purchase the fee interest of their residential lots in  
5 a condemnation process whereby the State of Hawaii condemned the  
6 fee interest, paid the fee owner fair compensation, and then  
7 sold the fee interest to the leasehold homeowner; and  
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9 WHEREAS, in 1984, after years of contentious litigation,  
10 mandatory leasehold conversion under the Land Reform Act of 1967  
11 was upheld by the United States Supreme Court in *Hawaii Housing*  
12 *Authority v. Midkiff*; and  
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14 WHEREAS, shortly thereafter in 1985, the Supreme Court of  
15 Hawaii decided in *Hawaii Housing Authority v. Lyman* that the  
16 Land Reform Act of 1967 did not violate the State Constitution;  
17 and  
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19 WHEREAS, in the last twenty-five years, the number of  
20 leasehold single-family residences fell from a high of  
21 approximately twenty-eight thousand units to four thousand six  
22 hundred units; and  
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24 WHEREAS, in 1991, the Honolulu City Council adopted  
25 ordinance 91-95, codified as chapter 38, Revised Ordinances of  
26 Honolulu, which granted multi-family residential leaseholders  
27 the right to purchase the fee simple interest to their units in  
28 a condemnation procedure similar to the Land Reform Act of 1967,  
29 but this ordinance was repealed in 2005; and  
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31 WHEREAS, Hawaii, Kauai, and Maui counties currently do not  
32 have leasehold conversion provisions for multi-family units,  
33 leaving the State without a mechanism to address the expiration  
34 of leasehold condominium and co-operative housing units; and  
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36 WHEREAS, over the next thirty years, about half of Hawaii's  
37 remaining 18,700 long-term leasehold condominium units are set  
38 to revert to their fee owner, which will potentially leave  
39 thousands of Hawaii residents in need of alternative housing;  
40 and  
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42 WHEREAS, the displacement of hundreds of lessees each year  
43 could dramatically impact the already existing affordable  
44 housing crisis in Hawaii; and



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WHEREAS, the State of Hawaii must anticipate the short- and long-term impact of leasehold conversion of condominium and co-operative housing units on Hawaii's affordable housing stock available for Hawaii's residents; now, therefore,

BE IT RESOLVED by the Senate of the Twenty-fourth Legislature of the State of Hawaii, Regular Session of 2008, the House of Representatives concurring, that the Auditor is requested to examine the issue of the upcoming condominium and co-operative housing project lease expirations and its potential impact on the availability of replacement and affordable housing for Hawaii residents, including an examination of the current status of residential leaseholds in condominiums and co-operative housing projects in the State; and

BE IT FURTHER RESOLVED that the Auditor is requested to provide recommendations on potential mitigation of the reduction in affordable housing stock due to lease expirations, including the recommendation of any potential legislation; and

BE IT FURTHER RESOLVED that the Auditor shall submit a report to the Legislature including findings and recommendations no later than twenty days prior to the convening of the Regular Session of 2009; and

BE IT FURTHER RESOLVED that certified copies of this Concurrent Resolution be transmitted to the Auditor, Governor, and the Director of the Hawaii Housing Finance & Development Corporation.

OFFERED BY:

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