

JAN 24 2019

A BILL FOR AN ACT

RELATING TO LEASEHOLD CONDOMINIUMS ON LANDS CONTROLLED BY THE STATE.

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

1 SECTION 1. Chapter 201H, Hawaii Revised Statutes, is
2 amended by adding to part II a new section to be appropriately
3 designated and to read as follows:

4 "§201H- Leasehold condominiums on state land. (a) The
5 corporation may sell leasehold units in condominiums created
6 pursuant to chapter 514B and developed under this part on state
7 land to a "qualified resident" as defined in section 201H-32.

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

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

14 (d) State land set aside by the governor to the
15 corporation and lands leased to the corporation by any
16 department or agency of the State for a condominium described in

S.B. NO. 1190

1 this section shall be exempt from the definition of "public
2 land" under section 171-2.

3 (e) The powers conferred upon the corporation by this
4 section shall be in addition and supplemental to the powers
5 conferred by any other law, and nothing in this section shall be
6 construed as limiting any powers, rights, privileges, or
7 immunities so conferred."

8 SECTION 2. New statutory material is underscored.

9 SECTION 3. This Act shall take effect upon its approval.

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INTRODUCED BY:



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BY REQUEST

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S.B. NO. 1190

Report Title:

Leases; Leasehold Condominiums on Lands Controlled by the State

Description:

Authorizes Hawaii Housing Finance and Development Corporation to enter into ninety-nine-year leases of units in residential condominiums located on state lands.

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: Business, Economic Development, and Tourism

TITLE: A BILL FOR AN ACT RELATING TO LEASEHOLD CONDOMINIUMS ON LANDS CONTROLLED BY THE STATE.

PURPOSE: To enable the Hawaii Housing Finance and Development Corporation (HHFDC) to develop and sell leasehold units in condominiums developed on state lands that are set aside to the HHFDC by the Governor and lands leased to the HHFDC by any state department or agency, in addition to lands to which HHFDC holds title. The term of a unit's lease may be for 99 years, and HHFDC may extend or modify the fixed rental period of the lease or extend the term of the lease. It is anticipated that the lease rents will not be renegotiated but will be fixed in steps over the term of the lease.

MEANS: Add a new section to part II of chapter 201H, Hawaii Revised Statutes.

JUSTIFICATION: Allowing HHFDC to sell leasehold units in condominiums developed on state land to "qualified residents" will provide homeownership opportunities to Hawaii residents without necessitating the sale of the state land in fee simple.

Under HHFDC's development programs over one half of the units in a condominium project must be affordable to homeowners with incomes at or below 140 percent of the area median income.

It is anticipated that the State will have to pay for or finance the infrastructure costs for affordable for sales leasehold housing on state lands both on Oahu and the neighbor islands. If the sales price of a leasehold condominium unit will pay for its construction cost, there is a possibility

that most of the unit's allocable share of infrastructure costs may be recovered over the term of a unit's lease.

Impact on the public: Will increase the inventory of affordable for sale housing by allowing the development of affordable for sale leasehold housing on suitably zoned state lands.

Impact on the department and other agencies: Will facilitate interagency partnerships for affordable for sale leasehold housing on state lands.

GENERAL FUND: None.

OTHER FUNDS: None.

PPBS PROGRAM
DESIGNATION: BED 160.

OTHER AFFECTED
AGENCIES: None.

EFFECTIVE DATE: Upon approval.