
A BILL FOR AN ACT

RELATING TO HOUSING.

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

1 SECTION 1. Section 201H-47, Hawaii Revised Statutes, is
2 amended by amending subsections (a) and (b) to read as follows:

3 "(a) The following restrictions shall apply to the
4 transfer of real property developed and sold under this chapter,
5 whether in fee simple or leasehold:

6 (1) For a period of [~~ten~~] fifteen years after the
7 purchase, whether by lease, assignment of lease, deed,
8 or agreement of sale, if the purchaser wishes to
9 transfer title to the real property, the corporation
10 shall have the first option to purchase the real
11 property at a price that shall not exceed the sum of:

12 (A) The original cost to the purchaser, as defined in
13 rules adopted by the corporation;

14 (B) The cost of any improvements added by the
15 purchaser, as defined in rules adopted by the
16 corporation; and



1 (C) Simple interest on the original cost and capital
2 improvements to the purchaser at the rate of one
3 per cent a year;

4 (2) The corporation may purchase the real property either:

5 (A) By conveyance free and clear of all mortgages and
6 liens; or

7 (B) By conveyance subject to existing mortgages and
8 liens.

9 If the real property is conveyed in the manner
10 provided in subparagraph (A), it shall be conveyed to
11 the corporation only after all mortgages and liens are
12 released. If the real property is conveyed in the
13 manner provided in subparagraph (B), the corporation
14 shall acquire the property subject to any first
15 mortgage created for the purpose of securing the
16 payment of a loan of funds expended solely for the
17 purchase of the real property by the seller; and any
18 mortgage or lien created for any other purpose
19 provided that the corporation has previously consented
20 to it in writing.

21 The corporation's interest created by this
22 paragraph shall constitute a statutory lien on the



1 real property and shall be superior to any other
2 mortgage or lien except for:

3 (i) Any first mortgage created for the purpose
4 of securing the payment of a loan of funds
5 expended solely for the purchase of the real
6 property by the seller;

7 (ii) Any mortgage insured or held by a federal
8 housing agency; and

9 (iii) Any mortgage or lien created for any other
10 purpose; provided that the corporation has
11 previously consented to it in writing.

12 The amount paid by the corporation to the seller shall
13 be the difference, if any, between the purchase price
14 determined by paragraph (1) (A) to (C), and the total
15 of the outstanding principal balances of the mortgages
16 and liens assumed by the corporation;

17 (3) A purchaser may refinance real property developed and
18 sold under this chapter provided that the purchaser
19 shall not refinance the real property within [~~ten~~
20 fifteen years from the date of purchase for an amount
21 in excess of the purchase price as determined by
22 paragraph (1) (A) to (C);



1 (4) After the end of the [~~tenth~~] fifteenth year from the
2 date of purchase or execution of an agreement of sale,
3 the purchaser may sell the real property and sell or
4 assign the property free from any price restrictions;
5 provided that the purchaser shall be required to pay
6 to the corporation the sum of:

7 (A) The balance of any mortgage note, agreement of
8 sale, or other amount owing to the corporation;

9 (B) Any subsidy or deferred sales price made by the
10 corporation in the acquisition, development,
11 construction, and sale of the real property, and
12 any other amount expended by the corporation not
13 counted as costs under section 201H-45 but
14 charged to the real property by good accounting
15 practice as determined by the corporation whose
16 books shall be prima facie evidence of the
17 correctness of the costs;

18 (C) Interest on the subsidy or deferred sales price,
19 if applicable, and any other amount expended at
20 the rate of seven per cent a year computed as to
21 the subsidy or deferred sales price, if
22 applicable, from the date of purchase or

1 execution of the agreement of sale, and as to any
 2 amount expended, from the date of expenditure;
 3 provided that the computed interest shall not
 4 extend beyond thirty years from the date of
 5 purchase or execution of the agreement of sale of
 6 the real property. If any proposed sale or
 7 transfer will not generate an amount sufficient
 8 to pay the corporation the sum as computed under
 9 this paragraph, the corporation shall have the
 10 first option to purchase the real property at a
 11 price that shall not exceed the sum as computed
 12 under paragraphs (1) and (2); and

13 (D) The corporation's share of appreciation in the
 14 real property as determined under rules adopted
 15 pursuant to chapter 91, when applicable; and

16 (5) Notwithstanding any provision above to the contrary,
 17 pursuant to rules adopted by the corporation, the
 18 subsidy or deferred sales price described in paragraph
 19 (4) (B) and any interest accrued pursuant to paragraph
 20 (4) (C) may be paid, in part or in full, at any time.

21 (b) For a period of [~~ten~~] fifteen years after the
 22 purchase, whether by lease, assignment of lease, deed, or



1 agreement of sale, if the purchaser wishes to transfer title to
 2 the real property, and if the corporation does not exercise the
 3 option to purchase the real property as provided in subsection
 4 (a), then the corporation shall require the purchaser to sell
 5 the real property to a "qualified resident" as defined in
 6 section 201H-32, and upon the terms that preserve the intent of
 7 this section and sections 201H-49 and 201H-50, and in accordance
 8 with rules adopted by the corporation."

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

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

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INTRODUCED BY:

K. L. H.
Alex M. Swanson
Jim Smith
Cindy Evans
Kirk Caldwell
John M. M...ro
Michelle Grayson
Paul ...
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Report Title:

State Housing Development; Restrictions on Sale

Description:

Extends the "buy-back" restriction on the sale of state housing development dwelling units from ten to fifteen years.

