
A BILL FOR AN ACT

RELATING TO AFFORDABLE HOUSING.

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

1 SECTION 1. The legislature finds that there is a severe
2 shortage of affordable rental housing in the county of Maui,
3 particularly in the western part of the island of Maui. To help
4 address this issue, the legislature passed Act 150, Session Laws
5 of Hawaii 2018 (Act 150), to appropriate funds in support of
6 both the Front Street Apartments and Lealii affordable housing
7 projects in Lahaina, Maui. By passing Act 98, Session Laws of
8 Hawaii 2019 (Act 98), the legislature also sought to help ensure
9 the continued availability of affordable rental housing in Maui
10 county by preserving the affordability of the Front Street
11 Apartments and appropriating funds to expedite and complete the
12 Lealii affordable housing project in Lahaina, Maui.

13 The legislature also finds that since the passage of both
14 Act 150 and Act 98, the Hawaii housing finance and development
15 corporation has acquired the leased fee interest in the Front
16 Street Apartments project as required in sections 2 and 4 of Act
17 98.



1 Additionally, the legislature finds that the developers of
2 the Lealii affordable rental housing project in Lahaina, Maui,
3 have submitted their application under chapter 201H, Hawaii
4 Revised Statutes, to the Maui county council for approval of the
5 necessary land use entitlements to proceed with development.
6 Due to the pending nature of this application, a modest
7 extension of the deadline set forth in section 6 of Act 98 may
8 be necessary so that the land use entitlements included in this
9 application can be granted.

10 Under Act 150, as amended by Act 98, the Hawaii housing
11 finance and development corporation must initiate condemnation
12 proceedings unless, by December 31, 2019, it renegotiates the
13 ground lease for the Front Street Apartments project or issues a
14 new ground lease on terms acceptable to the Hawaii housing
15 finance and development corporation. However, a pending lawsuit
16 filed in federal court on behalf of the tenants of Front Street
17 Apartments has made it virtually impossible to obtain an
18 accurate appraisal of the value of the ground lease. The
19 legislature finds that, without an accurate appraisal, neither
20 condemnation by the Hawaii housing finance and development
21 corporation nor a negotiated ground lease agreement are



1 possible. The state constitution requires payment of fair
2 market value under the condemnation process. Similarly, a
3 renegotiated ground lease also requires an accurate appraisal to
4 assess the reasonableness of a lessee's proposal. Thus, an
5 extension of the December 31, 2019 deadline is necessary.

6 The purpose of this Act is to extend the aforementioned
7 deadlines and help ensure the continued availability of
8 affordable rental housing in Maui county at the Front Street
9 Apartments and Lealii affordable housing projects in Lahaina.

10 SECTION 2. Act 150, Session Laws of Hawaii 2018, as
11 amended by Act 98, Session Laws of Hawaii 2019, is amended by
12 amending section 1 to read as follows:

13 "SECTION 1. The Hawaii housing finance and development
14 corporation shall institute proceedings for the condemnation of
15 the ground lease for the Front Street Apartments affordable
16 housing project pursuant to chapter 101, Hawaii Revised
17 Statutes, unless the corporation has renegotiated the ground
18 lease or issued a new ground lease on terms acceptable to the
19 corporation by [~~December 31, 2019.~~] _____."

20 SECTION 3. Act 98, Session Laws of Hawaii 2019, is amended
21 by amending section 6 to read as follows:



1 "SECTION 6. There is appropriated out of the rental
2 housing revolving fund the sum of [~~\$37,000,000~~] \$_____ or so
3 much thereof as may be necessary for fiscal year 2019-2020 to
4 expedite and complete the construction of the Lealii affordable
5 housing project in Lahaina, Maui, by 2022; provided that if the
6 project does not obtain necessary land use entitlements by
7 [~~April 30, 2020,~~] June 30, 2020, the appropriated funds shall be
8 returned to the rental housing revolving fund.

9 The sum appropriated shall be expended by the Hawaii
10 housing finance and development corporation for the purposes of
11 this Act."

12 SECTION 4. Statutory material to be repealed is bracketed
13 and stricken. New statutory material is underscored.

14 SECTION 5. This Act shall take effect on July 1, 2050.



Report Title:

HHFDC; Affordable Housing; Front Street Apartments; Lealii
Affordable Housing Project; Appropriation Extension

Description:

Extends the deadline for the Hawaii Housing Finance and Development Corporation to exercise its power of eminent domain to acquire the Front Street Apartments affordable housing project on Maui unless the ground lease is renegotiated or a new ground lease is issued. Amends the appropriation of rental housing revolving funds for the Lealii affordable housing project to an unspecified amount. Extends the deadline to obtain land use approvals for the Lealii affordable housing project on Maui. Effective 7/1/2050. (SD1)

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