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 the

6 Front Street Apartments in Lahaina, Maui. By passing Act 98,

7 Session Laws of Hawaii 2019 (Act 98), the legislature also

8 sought to ensure the continued availability of affordable rental

9 housing in Maui county by preserving the affordability of the

10 Front Street Apartments in Lahaina, Maui.

11   The legislature further finds that since the passage of

12 both Act 150 and Act 98, the Hawaii housing finance and

13 development corporation has acquired the leased fee interest in

14 the Front Street Apartments project as required in sections 2

15 and 4 of Act 98.

16   Under Act 150, as amended by Act 98 and Act 34, Session

17 Laws of Hawaii 2020 (Act 34), the Hawaii housing finance and

1   development corporation must initiate condemnation proceedings

2   unless, by December 31, 2021, it renegotiates the ground lease

3   for the Front Street Apartments project or issues a new ground

4   lease on terms acceptable to the Hawaii housing finance and

5   development corporation. A recent federal court decision

6   resulting from a lawsuit filed on behalf of the tenants of Front

7   Street Apartments project requires the developer and leaseholder

8   of Front Street Apartments to keep their homes affordable

9   through 2051. During the pendency of the lawsuit, it was

10   virtually impossible to obtain an accurate appraisal of the

11   value of the ground lease. The legislature finds that, without

12   an accurate appraisal, neither condemnation by the Hawaii

13   housing finance and development corporation nor a negotiated

14   ground lease agreement are possible. The state constitution

15   requires payment of fair market value under the condemnation

16   process. Similarly, a renegotiated ground lease also requires

17   an accurate appraisal to assess the reasonableness of a lessee's

18   proposal. Thus, a retroactive extension of the December 31,

19   2021 deadline is necessary.

20   The purpose of this Act is to extend the aforementioned

21   deadline by five years and help ensure the continued

1   availability of affordable rental housing in Maui county at the

2   Front Street Apartments in Lahaina.

3   SECTION 2. Act 150, Session Laws of Hawaii 2018, as

4   amended by Act 98, Session Laws of Hawaii 2019, as amended by

5   Act 34, Session Laws of Hawaii 2020, is amended by amending

6   section 1 to read as follows:

7   "SECTION 1. The Hawaii housing finance and development

8   corporation [shall] may institute proceedings for the

9   condemnation of the ground lease for the Front Street Apartments

10   affordable housing project pursuant to chapter 101, Hawaii

11   Revised Statutes, unless the corporation has renegotiated the

12   ground lease or issued a new ground lease on terms acceptable to

13   the corporation by December 31, [2021.] 2026."

14   SECTION 3. Statutory material to be repealed is bracketed

15   and stricken. New statutory material is underscored.

16   SECTION 4. This Act shall take effect upon its approval

17   and shall apply retroactively to December 30, 2021.

Report Title:
Hawaii Housing Finance and Development Corporation; Affordable Housing; Front Street Apartments; Extension

Description:
Extends the deadline for the Hawaii Housing Finance and Development Corporation to renegotiate an existing, or issue a new, ground lease for the Front Street Apartments affordable housing project before the corporation's requirement to initiate condemnation proceedings is triggered by five years. (SD1)

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