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# A BILL FOR AN ACT

RELATING TO RESIDENTIAL CONDOMINIUMS.

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

1 SECTION 1. Section 206E-281, Hawaii Revised Statutes, is  
2 amended by amending the definition of "owner-occupied  
3 residential use" to read as follows:

4 "Owner-occupied residential use" means any use currently  
5 permitted in existing residential zones consistent with owner  
6 occupancy. [~~"Owner-occupied residential use" does not include~~  
7 ~~renting or subleasing by the owner of a residential condominium~~  
8 ~~unit to any tenant or sublessee of any kind.]"~~

9 SECTION 2. Section 206E-283, Hawaii Revised Statutes, is  
10 amended to read as follows:

11 "[+]§206E-283[+] **Rules; guidelines.** [~~(a) Residential~~  
12 ~~condominium units within urban redevelopment sites shall not be~~  
13 ~~advertised for rent, rented, or used for any purpose other than~~  
14 ~~owner-occupied residential use. The authority, by rule, shall~~  
15 ~~establish penalties for violations of this subsection up to and~~  
16 ~~including forced sale of a residential condominium unit within~~  
17 ~~an urban redevelopment site.~~



1       ~~(b)~~ (a) The design ~~[and]~~, development, and construction  
2 contracts for residential condominium units within an urban  
3 redevelopment site shall not be subject to chapter 103D~~[.];~~  
4 provided that every laborer and mechanic performing work on the  
5 job site for the construction of residential condominium units  
6 shall be paid the prevailing wage established by the director of  
7 labor and industrial relations pursuant to section 104-2.

8       ~~(e)~~ (b) Development should be revenue-neutral to the  
9 greatest extent possible.

10       ~~(d)~~ (c) Urban redevelopment sites shall maximize  
11 walkability."

12       SECTION 3. Section 206E-284, Hawaii Revised Statutes, is  
13 amended as follows:

14       1. By amending subsection (a) to read:

15       "(a) The authority shall adopt rules pursuant to  
16 chapter 91 for the sale of the leasehold interest of residential  
17 condominium units under its control within urban redevelopment  
18 sites; provided that each lease shall be for a term of  
19 ninety-nine years. The rules shall ~~[include]~~:

20       (1) For the period within sixty days from the initial  
21 offering, require residential condominium units within



1           the project to be offered only to eligible buyers  
2           pursuant to this subsection for owner-occupied  
3           residential use; provided that the authority:  
4           (A) Shall determine the durational requirements for  
5           owner-occupied residential use; and  
6           (B) May include additional terms, conditions, or  
7           requirements;  
8           (2) Include the following requirements [~~for an eligible~~  
9           ~~buyer or owner of a residential condominium unit]~~ to  
10           be an eligible buyer for purchase of a residential  
11           condominium unit within an urban redevelopment site[+]  
12           set aside for owner-occupied residential use:  
13           [~~+1~~] (A) The person shall be a qualified resident of the  
14                            State, as defined in section 201H-32[+], except  
15                            as otherwise provided by rule;  
16           [~~+2~~] (B) The person shall not use a residential  
17                            condominium unit within an urban redevelopment  
18                            site for any purpose other than owner-occupied  
19                            residential use[~~;~~ and], except as otherwise  
20                            provided by rule; and





1 beneficiary entitled to occupy property held by a  
2 trust, the eligible buyer shall either:

3 (i) Sell the leasehold interest in the  
4 residential condominium unit to another  
5 eligible buyer within six months from the  
6 date of purchase or acquisition; or

7 (ii) Sell or otherwise dispose of the other real  
8 property or divest the beneficiary interest  
9 within six months from the date of purchase  
10 or acquisition;

11 ~~[provided that the rules adopted pursuant to this subsection may~~  
12 ~~require]~~

13 (3) Require at least [fifty] sixty per cent of the  
14 residential condominium units be sold to an individual  
15 or household with an income of up to one hundred forty  
16 per cent of the area median income[. The rules shall  
17 include];

18 (4) Allow a residential condominium unit that is not  
19 subject to an income restriction under paragraph (3)  
20 and was not sold within sixty days from the initial  
21 offering for sale of the unit to be sold to other



1           buyers, as determined by the authority, without an  
 2           owner-occupancy requirement; and  
 3           (5) Include strict enforcement of owner-occupancy, unless  
 4           otherwise exempted by rule, including a prohibition on  
 5           renting or subleasing a residential condominium unit  
 6           within an urban redevelopment site to any tenant or  
 7           sublessee.

8           The authority may also establish rules for a minimum number of  
 9           days residents shall be physically present on the premises and a  
 10          maximum number of days non-residents may have access to the  
 11          premises."

12          2. By amending subsection (d) to read:

13          "(d) An owner of a leasehold interest in the residential  
 14          condominium unit within an urban redevelopment site may sell the  
 15          owner's leasehold interest in the residential condominium unit;  
 16          provided that the authority shall have the right of first  
 17          refusal to purchase the leasehold interest in the residential  
 18          condominium unit for a certain period of time and for a buyback  
 19          price to be determined by the authority~~[-]~~; provided further  
 20          that the authority shall establish rules to require buyback  
 21          pricing similar to other state agencies' existing pricing



1 formulas. If the authority does not exercise its right to  
 2 purchase the leasehold interest in the residential condominium  
 3 unit, the leasehold interest in the residential condominium unit  
 4 may be sold by the owner to an eligible buyer. Upon the death  
 5 of the owner of a leasehold interest in the residential  
 6 condominium unit within an urban redevelopment site, the  
 7 leasehold interest in the residential condominium unit may be  
 8 transferred to the deceased's heir by devise or as any other  
 9 real property under existing law; provided that the deceased's  
 10 heir shall meet the requirements listed in subsection (a);  
 11 provided further that if the deceased's heir does not meet  
 12 requirements to accept transfer of the residential condominium  
 13 unit, the deceased's heir shall sell the leasehold interest in  
 14 the residential condominium unit to an eligible buyer."

15 SECTION 4. Section 206E-288, Hawaii Revised Statutes, is  
 16 repealed.

17 ~~["~~[S206E-288]~~ ~~Construction contracts.~~ Construction~~  
 18 ~~contracts for residential condominium units within an urban~~  
 19 ~~redevelopment site shall be subject to chapter 103D."]~~

20 SECTION 5. Statutory material to be repealed is bracketed  
 21 and stricken. New statutory material is underscored.



1 SECTION 6. This Act shall take effect upon its approval.



**Report Title:**

HCDA; Affordable Housing; Ninety-Nine Year Leasehold Program;  
Condominium Units; Owner-Occupied Residential Use

**Description:**

Clarifies the Ninety-Nine Year Leasehold Program by: (1) allowing the Hawaii Community Development Authority to prohibit renting, advertising for rent, or using for any other purpose other than owner-occupied residential use a residential condominium unit, by rule, rather than statutorily; (2) exempting the design, development, and construction contracts from procurement requirements, subject to prevailing wage requirements for laborers and mechanics; (3) requiring HCDA to adopt rules to implement an initial sales period during which residential condominium units are offered only to eligible buyers for owner-occupied residential use; (4) authorizing the sale of a residential condominium unit that is not subject to an income restriction and was not sold within a certain period to be sold to other buyers, as determined by rule by HCDA, without an owner-occupancy requirement; (5) requiring HCDA to adopt rules that require at least sixty per cent of residential condominium units to be income restricted; and (6) requiring HCDA to establish rules to require buyback pricing similar to other state agencies' existing pricing formulas. (CD1)

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