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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 authority shall adopt rules to implement  
 20 an initial sales period during which residential condominium  
 21 units within the project shall be offered only to eligible



1 buyers pursuant to this subsection for owner-occupied  
2 residential use; provided that the durational requirements for  
3 owner-occupied residential use shall be determined by the  
4 authority. The initial sales period may include additional  
5 terms, conditions, or requirements, as determined by the  
6 authority. A residential unit that is not subject to an income  
7 restriction pursuant to this subsection and was not sold within  
8 sixty days from the initial offering for sale of the unit may be  
9 sold to other buyers, as determined by the authority, without an  
10 owner-occupancy requirement. The rules shall include the  
11 following requirements [~~for an eligible buyer or owner of a~~  
12 ~~residential condominium unit]~~ to be an eligible buyer for  
13 purchase of a residential condominium unit within an urban  
14 redevelopment site[+] set aside for owner-occupied residential  
15 use:

- 16 (1) The person shall be a qualified resident of the State,  
17 as defined in section 201H-32[+], except as otherwise  
18 provided by rule; and
- 19 (2) The person shall not use a residential condominium  
20 unit within an urban redevelopment site for any



1 purpose other than owner-occupied residential use[+  
2 and  
3 ~~(3) The person, the person's spouse, or any other person~~  
4 ~~intending to live with the eligible buyer or owner,~~  
5 ~~shall not own any other real property, including any~~  
6 ~~residential and non-residential property, beneficial~~  
7 ~~ownership of trusts, and co-ownership or fractional~~  
8 ~~ownership, while owning a residential condominium unit~~  
9 ~~within an urban redevelopment site; provided that an~~  
10 ~~eligible buyer may own real property up to six months~~  
11 ~~after closing on the purchase of a residential~~  
12 ~~condominium unit within an urban redevelopment site;~~  
13 ~~provided further that an owner of a residential~~  
14 ~~condominium unit within an urban redevelopment site in~~  
15 ~~the process of selling the residential condominium~~  
16 ~~unit may own other real property up to six months~~  
17 ~~prior to closing on the sale of the residential~~  
18 ~~condominium unit to an eligible buyer;], except as~~  
19 otherwise provided by rule;  
20 provided that the rules adopted pursuant to this subsection  
21 [~~may~~] shall require at least [~~fifty~~] sixty per cent of the



1 residential condominium units be sold to an individual or  
2 household with an income of up to one hundred forty per cent of  
3 the area median income. The rules shall include strict  
4 enforcement of owner-occupancy, unless otherwise exempted by  
5 rule, including a prohibition on renting or subleasing a  
6 residential condominium unit within an urban redevelopment site  
7 to any tenant or sublessee. The authority may also establish  
8 rules for a minimum number of days residents shall be physically  
9 present on the premises and a maximum number of days non-  
10 residents may have access to the premises."

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

12 "(d) An owner of a residential condominium unit within an  
13 urban redevelopment site may sell the owner's residential  
14 condominium unit; provided that the authority shall have the  
15 right of first refusal to purchase the residential condominium  
16 unit for a certain period of time and for a buyback price to be  
17 determined by the authority[-]; provided further that the  
18 authority shall establish rules to require buyback pricing  
19 similar to other state agencies' existing pricing formulas. If  
20 the authority does not exercise its right to purchase the  
21 residential condominium unit, the residential condominium unit



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

11 SECTION 4. Section 206E-288, Hawaii Revised Statutes, is  
 12 repealed.

13 [~~["§206E-288] Construction contracts. Construction~~  
 14 ~~contracts for residential condominium units within an urban~~  
 15 ~~redevelopment site shall be subject to chapter 103D."]~~

16 SECTION 5. Statutory material to be repealed is bracketed  
 17 and stricken. New statutory material is underscored.

18 SECTION 6. This Act shall take effect on July 1, 3000.



**Report Title:**

Hawaii Community Development Authority; Affordable Housing;  
Ninety-Nine Year Leasehold Program; Condominium Units;  
Owner-Occupied Residential Use

**Description:**

Clarifies the Ninety-Nine Year Leasehold Program by: (1) repealing the prohibition against renting, advertising for rent, or using for any other purpose other than owner-occupied residential use a residential condominium unit; (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. Effective 7/1/3000. (HD1)

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