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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 At least sixty per cent of the residential condominium units  
13 within urban redevelopment sites shall [~~not be advertised for~~  
14 ~~rent, rented, or used for any purpose other than owner-occupied~~  
15 ~~residential use.] be set aside for owner-occupied residential  
16 use for not less than ten years from the date of initial  
17 purchase of the unit. The authority, by rule, shall establish~~



1 penalties for violations of this subsection up to and including  
2 forced sale of a residential condominium unit within an urban  
3 redevelopment site.

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

11 (c) Development should be revenue-neutral to the greatest  
12 extent possible.

13 (d) Urban redevelopment sites shall maximize walkability.

14 (e) One hundred per cent of the residential condominium  
15 units within an urban redevelopment site shall be initially  
16 offered for sale for owner-occupied residential use; provided  
17 that, if after sixty days there are unsold units, up to forty  
18 per cent of the units may be sold to qualified residents, as  
19 defined in section 201H-32."

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



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

2 "(a) The authority shall adopt rules pursuant to  
3 chapter 91 for the sale of the leasehold interest of residential  
4 condominium units under its control within urban redevelopment  
5 sites; provided that each lease shall be for a term of  
6 ninety-nine years. The rules shall include the following  
7 requirements [~~for an eligible buyer or owner of a residential~~  
8 ~~condominium unit~~] to be an eligible buyer for purchase of a  
9 residential condominium unit within an urban redevelopment  
10 site[+] set aside for owner-occupied residential use:

11 (1) The person shall be a qualified resident of the State,  
12 as defined in section 201H-32; and

13 (2) The person shall not use a residential condominium  
14 unit within an urban redevelopment site for any  
15 purpose other than owner-occupied residential use[+]  
16 and

17 ~~(3) The person, the person's spouse, or any other person~~  
18 ~~intending to live with the eligible buyer or owner,~~  
19 ~~shall not own any other real property, including any~~  
20 ~~residential and non-residential property, beneficial~~  
21 ~~ownership of trusts, and co-ownership or fractional~~



1 ~~ownership, while owning a residential condominium unit~~  
2 ~~within an urban redevelopment site; provided that an~~  
3 ~~eligible buyer may own real property up to six months~~  
4 ~~after closing on the purchase of a residential~~  
5 ~~condominium unit within an urban redevelopment site;~~  
6 ~~provided further that an owner of a residential~~  
7 ~~condominium unit within an urban redevelopment site in~~  
8 ~~the process of selling the residential condominium~~  
9 ~~unit may own other real property up to six months~~  
10 ~~prior to closing on the sale of the residential~~  
11 ~~condominium unit to an eligible buyer;] for a period~~  
12 ~~of not less than ten years from the date of the~~  
13 ~~initial purchase of the unit;~~

14 provided that the rules adopted pursuant to this subsection may  
15 require at least [~~fifty~~] sixty per cent of the residential  
16 condominium units be sold to an individual or household with an  
17 income of up to one hundred forty per cent of the area median  
18 income. The rules shall include strict enforcement of  
19 owner-occupancy, including a prohibition on renting or  
20 subleasing a residential condominium unit within an urban  
21 redevelopment site to any tenant or sublessee[~~-~~] for residential



1 condominium units set aside for owner-occupied residential use.

2 The authority may also establish rules for a minimum number of  
3 days residents shall be physically present on the premises and a  
4 maximum number of days non-residents may have access to the  
5 premises."

6 2. By amending subsections (c) and (d) to read:

7 "(c) Residential condominium units within an urban  
8 redevelopment site set aside for owner-occupied residential use  
9 shall be sold only to other eligible buyers~~[-]~~ for a period of  
10 not less than ten years from the date of the initial purchase of  
11 the unit.

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



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

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

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



**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 to: (1) Require at least sixty per cent of the residential condominium units within urban redevelopment sites to be set aside for owner-occupied residential use for not less than ten years from the date of initial purchase of the unit; (2) Amend eligibility requirements to buy or own a residential condominium unit within an urban redevelopment site to allow an individual to own other real property; (3) Amend the term "owner-occupied residential use" to include the renting or subleasing by the owner of a residential condominium unit to any tenant or sublessee of any kind; and (4) Allow the sale of up to forty per cent of residential condominium units to qualified residents if there are units available after being advertised for sale for more than sixty days. Effective 7/1/2050. (SD1)

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

