

ACT 34

H.B. NO. 1929

A Bill for an Act Relating to Affordable Housing.

Be It Enacted by the Legislature of the State of Hawaii:

SECTION 1. The legislature finds that there is a severe shortage of affordable rental housing in the county of Maui, particularly in the western part of the island of Maui. To help address this issue, the legislature passed Act 150, Session Laws of Hawaii 2018 (Act 150), to appropriate funds in support of the Front Street Apartments in Lahaina, Maui. By passing Act 98, Session Laws of Hawaii 2019 (Act 98), the legislature also sought to ensure the continued availability of affordable rental housing in Maui county by preserving the affordability of the Front Street Apartments in Lahaina, Maui.

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

Under Act 150, as amended by Act 98, the Hawaii housing finance and development corporation must initiate condemnation proceedings unless, by December 31, 2019, it renegotiates the ground lease for the Front Street Apartments project or issues a new ground lease on terms acceptable to the Hawaii housing finance and development corporation. However, a pending lawsuit filed in federal court on behalf of the tenants of Front Street Apartments project has made it virtually impossible to obtain an accurate appraisal of the value of the ground lease. The legislature finds that, without an accurate appraisal, neither condemnation by the Hawaii housing finance and development corporation nor a negotiated ground lease agreement are possible. The state constitution requires payment of fair market value under the condemnation process. Similarly, a renegotiated ground lease also requires an accurate appraisal to assess the reasonableness of a lessee's proposal. Thus, an extension of the December 31, 2019, deadline is necessary.

The purpose of this Act is to extend the aforementioned deadline and help ensure the continued availability of affordable rental housing in Maui county at the Front Street Apartments in Lahaina.

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

“SECTION 1. The Hawaii housing finance and development corporation shall institute proceedings for the condemnation of the ground lease for the Front Street Apartments affordable housing project pursuant to chapter 101, Hawaii Revised Statutes, unless the corporation has renegotiated the ground lease or issued a new ground lease on terms acceptable to the corporation by December 31, ~~[2019.]~~ 2021.”

SECTION 3. Statutory material to be repealed is bracketed and stricken. New statutory material is underscored.

SECTION 4. This Act shall take effect upon its approval and shall apply retroactively to December 30, 2019.

(Approved September 15, 2020.)