
HOUSE CONCURRENT RESOLUTION

REQUESTING THE AUDITOR TO EXAMINE UPCOMING CONDOMINIUM LEASEHOLD EXPIRATIONS AND THEIR IMPACT ON THE AVAILABILITY OF REPLACEMENT AND AFFORDABLE HOUSING FOR HAWAII RESIDENTS.

1 WHEREAS, the availability of affordable housing has reached
2 a state of crisis in Hawaii, where the average statewide median
3 price of a single-family and multi-family dwelling is over
4 \$600,000 and \$300,000, respectively; and
5

6 WHEREAS, the Hawaii Housing Policy Study (2006) found that
7 about 34 percent of Hawaii households pay 30 percent or more of
8 their household income on housing costs, compared with the
9 national average of 22 percent for housing costs; and
10

11 WHEREAS, over the years, leasehold condominium and co-
12 operative units have remained relatively affordable for many
13 Hawaii residents; and
14

15 WHEREAS, in 2007, the first long-term leasehold agreements
16 for approximately 18,700 condominium and co-operative housing
17 units statewide began to expire; and
18

19 WHEREAS, these 18,700 leasehold units are situated in
20 approximately 540 condominium and co-operative projects
21 throughout the state, impacting over 63,000 units that are
22 owner-occupied, leased, or rentals; and
23

24 WHEREAS, within the next 30 years, the expiration of
25 existing leases for over 8,000 leasehold condominium and co-
26 operative units could result in reversion of these units back to
27 the fee owner, leaving thousands of residents without a place to
28 live - many of whom are elderly residents; and
29

30 WHEREAS, Act 307, Session Laws of Hawaii 1967, codified as
31 Chapter 516, Hawaii Revised Statutes, and administered by the



1 Hawaii Housing Finance and Development Corporation, allows
 2 lessees of long-term leasehold interests in single-family
 3 residential development tracts to purchase the fee interest of
 4 their residential lots where the State of Hawaii would condemn
 5 the fee interest, paying the fee owner fair compensation for the
 6 fee interest and selling the acquired fee interest to the
 7 leasehold homeowner; and

8
 9 WHEREAS, after years of contentious litigation, leasehold
 10 conversion for single-family residences was upheld by the United
 11 State Supreme Court in 1984, when the Court held in *Hawaii*
 12 *Housing Authority v. Midkiff*, that Act 307 did not violate the
 13 United States Constitution; and

14
 15 WHEREAS, shortly thereafter, in *Hawaii Housing Authority v.*
 16 *Lyman*, the Supreme Court of Hawaii also found that Act 307 did
 17 not violate the Hawaii State Constitution; and

18
 19 WHEREAS, as a result, over the last 25 years, the number of
 20 leasehold single-family residences fell from a high of
 21 approximately 28,000 to 4,600, providing affordable housing
 22 opportunities for thousands of Hawaii residents; and

23
 24 WHEREAS, in 1991, the Honolulu City Council adopted
 25 ordinance 91-95, which granted multi-family residential
 26 leaseholders the right to purchase the fee simple interest in
 27 their units in a condemnation procedure similar to that of
 28 Chapter 516, Hawaii Revised Statutes; however, in 2002, the City
 29 and County of Honolulu repealed Chapter 38, Revised Ordinances
 30 of Honolulu, which provided for leasehold conversion of
 31 condominium units; and

32
 33 WHEREAS, the counties of Hawaii, Kauai, and Maui currently
 34 do not have leasehold conversion provisions for multi-family
 35 units, leaving no county or state mechanism to address the
 36 expiration of leasehold condominium and co-operative units; and

37
 38 WHEREAS, over the next 30 years, about half of over 18,700
 39 long-term leasehold condominium units could revert back to fee
 40 owners, leaving thousands of Hawaii residents in need of
 41 alternative housing; and
 42



Dr. Phil. Karaman
Karen Curran

Maury Blee

[Signature]

[Signature]

[Signature]

[Signature]

Bob Nahaman

[Signature]

Almond Spivey III

Rich T. P. Casonilla

[Signature]

[Signature]

[Signature]

Antley Evans
Della a Belatti

[Signature]

[Signature]

[Signature]

[Signature]

[Signature]

Cynthia Thelen

[Signature]

Dyla B. Berg

Barbara Marmont

[Signature]

[Signature]

[Signature]

[Signature]

[Signature]