

STAND. COM. REP. NO.

3205

Honolulu, Hawaii

MAR 27 2008

RE: S.C.R. No. 89

Honorable Colleen Hanabusa
President of the Senate
Twenty-Fourth State Legislature
Regular Session of 2008
State of Hawaii

Madam:

Your Committee on Commerce, Consumer Protection, and
Affordable Housing, to which was referred S.C.R. No. 89 entitled:

"SENATE CONCURRENT RESOLUTION REQUESTING THE AUDITOR TO
EXAMINE THE ISSUE OF UPCOMING CONDOMINIUM AND CO-OPERATIVE
HOUSING PROJECT LEASE EXPIRATIONS AND ITS POTENTIAL IMPACT ON
THE AVAILABILITY OF REPLACEMENT AND AFFORDABLE HOUSING,"

begs leave to report as follows:

The purpose of this measure is to assist in addressing the
lack of affordable housing in the State by requesting the Auditor
to examine the issue of the upcoming condominium and cooperative
housing project lease expirations, and its potential impact on the
availability of replacement and affordable housing for Hawaii
residents.

Testimony in support of this measure was submitted by the
Office of Hawaiian Affairs; Monarch Properties, Inc.; the Hawaii
Independent Condominium & Cooperative Owners; the Hawaii Council
of Associations of Apartment Owners; and thirteen private
individuals.

Leasehold condominium and cooperative housing units are a
relatively affordable housing option for thousands of Hawaii
residents, but opportunities to use this housing option are
declining as the expiration of existing leases for over 8,000
leasehold condominium and cooperative housing units approaches and
are set to revert to its fee owners within the next thirty years.
The lease to fee conversion of these units will have a detrimental
impact on thousands of individuals who occupy these units, many of

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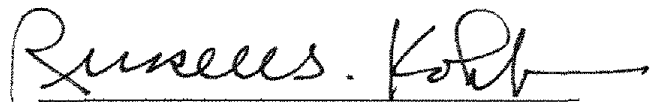
whom are elderly, and do not have the funds to purchase the fee simple interest in their units.

Your Committee finds that the displacement of hundreds of lessees each year due to leasehold conversion could have a dramatic impact on the existing affordable housing crisis in the State, and potentially leave many of lessees homeless. Requesting the Auditor to examine the issues of the upcoming condominium and cooperative housing project lease expirations and its potential impact on the availability of replacement and affordable housing for displaced residents will allow the State to anticipate the short- and long-term impact of leasehold conversion of condominium and cooperative housing units on the State's available affordable housing stock. Your Committee further finds that requesting the Auditor to provide recommendations to mitigate the reduction in affordable housing stock due to leasehold expirations will aid the Legislature in developing appropriate legislation relating to fee conversion or lease extensions of leasehold condominium and cooperative units.

Your Committee notes the willingness from Monarch Properties, Inc. to participate in assisting the Auditor in providing any additional or necessary information for the requested study, and encourages Monarch Properties' participation and input.

As affirmed by the record of votes of the members of your Committee on Commerce, Consumer Protection, and Affordable Housing that is attached to this report, your Committee concurs with the intent and purpose of S.C.R. No. 89 and recommends that it be referred to the Committee on Ways and Means.

Respectfully submitted on
behalf of the members of the
Committee on Commerce, Consumer
Protection, and Affordable
Housing,



RUSSELL S. KOKUBUN, Chair



