
A BILL FOR AN ACT

RELATING TO LEASEHOLD PROPERTY.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:

1 SECTION 1. The inability of many lessees of residential
2 leasehold condominium property regimes and housing cooperatives
3 to purchase the fee simple title to the land, and the inequities
4 that result when lessees cannot buy the leased property but are
5 forced to pay skyrocketing rents, have been amply documented.
6 The purpose of this Act is to prohibit the establishment of new
7 residential leasehold condominiums or limited-equity housing
8 cooperatives unless the land lease provides an option to
9 purchase the leased fee interest.

10 SECTION 2. Chapter 431H, Hawaii Revised Statutes, is
11 amended by adding a new section to be appropriately designated
12 and to read as follows:

13 "§421H- Leasehold property; options to purchase fee. No
14 residential limited-equity housing cooperative shall be
15 established on leasehold property after January 1, 2012, unless
16 the land lease includes an option to purchase the leased fee
17 interest in the land or any individual unit thereof, with the
18 option price fixed for the first ten years of the lease and



1 thereafter based upon the fair market value of the land as
2 established by an appraisal process set forth in the lease."

3 SECTION 3. Section 514B-31, Hawaii Revised Statutes, is
4 amended to read as follows:

5 "~~{}~~ §514B-31 ~~{}~~ Creation~~-~~; requirements for leasehold
6 property. (a) To create a condominium property regime, all of
7 the owners of the fee simple interest in land shall execute and
8 record a declaration submitting the land to the condominium
9 property regime. Upon recordation of the master deed together
10 with a declaration, the condominium property regime shall be
11 deemed created.

12 (b) No residential condominium property regime shall be
13 established on leasehold property after January 1, 2012, unless
14 the land lease includes an option to purchase the leased fee
15 interest in the land or any individual unit thereof, with the
16 option price fixed for the first ten years of the lease and
17 thereafter based upon the fair market value of the land as
18 established by an appraisal process set forth in the lease.

19 ~~{(b)}~~ (c) The condominium property regime shall be subject
20 to any right, title, or interest existing when the declaration
21 is recorded if the person who owns the right, title, or interest
22 does not execute or join in the declaration or otherwise



1 subordinate the right, title, or interest. A person with any
2 other right, title, or interest in the land may subordinate that
3 person's interest to the condominium property regime by
4 executing the declaration, or by executing and recording a
5 document joining in or subordinating to the declaration."

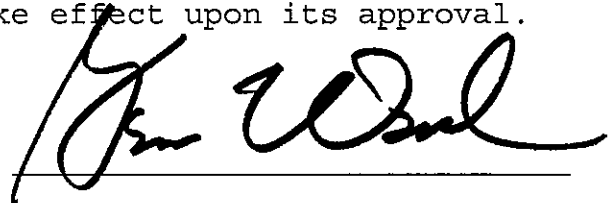
6 SECTION 4. This Act shall not apply to the Kakaako
7 community development district established under part II of
8 chapter 206E, Hawaii Revised Statutes.

9 SECTION 5. Statutory material to be repealed is bracketed
10 and stricken. New statutory material is underscored.

11 SECTION 6. This Act shall take effect upon its approval.

12

INTRODUCED BY:



JAN 20 2011



Report Title:

Leasehold; Condominiums; Limited-Equity Housing Cooperatives;
Lease Options to Purchase

Description:

Prohibits the establishment of new residential leasehold condominium property regimes or limited-equity housing cooperatives unless the land lease includes an option to purchase the leased fee interest in the land. Excludes the Kakaako community development district.

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

