
A BILL FOR AN ACT

RELATING TO GROUND LEASES.

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

1 SECTION 1. The purpose of this Act is to encourage the
2 extension of ground leases by requiring lessors who do not
3 extend a ground lease to offer to sell the leased fee interest
4 in the land to the lessee.

5 SECTION 2. Chapter 666, Hawaii Revised Statutes, is
6 amended by adding a new section to be appropriately designated
7 and to read as follows:

8 "§666- Extension of long-term ground leases; sale of
9 leased fee interest in land. (a) Within the final ten years of
10 a long-term residential ground lease, the lessee may request
11 from the lessor an extension of the lease. If the lessor does
12 not extend the term of the existing lease or issue a new ground
13 lease:

14 (1) For a term of at least thirty years with substantially
15 similar lease terms; and

16 (2) At a rental rate that is mutually agreeable to the
17 lessee and lessor or a rental rate that is determined
18 by arbitration pursuant to subsection (b);



1 the lessor shall be required to offer to sell the fee simple
2 interest in the land to the lessee for the amount fixed by an
3 appraiser's determination of the leased-fee interest in the
4 land.

5 (b) If a lessor and lessee are unable to agree on a rental
6 rate, the rate shall be determined by arbitration in accordance
7 with chapter 658, except as set forth in this section. The
8 lessor and the lessee shall each select an arbitrator, who then
9 shall jointly choose a third arbitrator. The new rental rate
10 shall be determined upon the agreement of any two of the three
11 arbitrators.

12 In the event that either the lessor or lessee fails to
13 select an arbitrator, the selection shall be made by a judge
14 sitting in the circuit in which the land is located. The lessor
15 and lessee shall be responsible for the cost of their respective
16 arbitrators, and the cost of the third arbitrator shall be
17 shared equally by the lessor and lessee.

18 The lessor and lessee may agree to have a single
19 arbitrator. The agreement shall be in writing and signed by
20 both the lessor and lessee, with the cost of the arbitrator to
21 be shared equally by the lessor and lessee.



1 (c) This section shall not apply to a county with a
2 population of less than one hundred thousand."

3 SECTION 3. New statutory material is underscored.

4 SECTION 4. This Act shall take effect on July 1, 2112.



Report Title:

Ground Leases; Extension; Sale of Leased-Fee Interest

Description:

Within the final ten years of a long-term residential ground lease, permits a lessee to request a lease extension from the lessor. Under specified conditions, requires a lessor to offer to sell the fee simple interest in the land to the lessor for the amount fixed by an appraiser's determination of the leased-fee interest in the land. Establishes a process for arbitration when the lessor and lessee are unable to agree on a rental rate. Effective July 1, 2112. (HB845 HD2)

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

