
A BILL FOR AN ACT

RELATING TO RESIDENTIAL LEASEHOLDS.

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

1 SECTION 1. The legislature finds that chapter 516, Hawaii
2 Revised Statutes, contains provisions to effectuate a leasehold-
3 to-fee-simple conversion for limited properties. Section 516-2,
4 states in part: "This chapter applies to all lands leased as
5 residential lots which are owned or held privately or owned by
6 the State or its political subdivisions, except Hawaiian home
7 lands which are subject to Article XII of the Constitution of
8 the State and lands owned or held by the federal government."

9 The legislature further finds that Ahupua'a 'O Kahana state
10 park is one of the few remaining intact ahupua'a on O'ahu. This
11 park was established in 1971 as Kahana valley state park and is
12 comprised of 5,229 acres. The park was created as a living park
13 so that families residing in the valley continuously since the
14 1960s could remain in the valley and provide cultural
15 interpretive services.

16 Act 5, Session Laws of Hawaii 1987, section 5, and section
17 1 of Act 238, Session Laws of Hawaii 1988, states in part: "The



1 department of land and natural resources is authorized to
2 subdivide and provide for the creation of a residential
3 subdivision in Kahana valley for persons who receive long term
4 leases under the provisions of this act". To assist in the
5 relocation of valley residents and construction of new dwellings
6 on the designated houselots, Act 238, Session Laws of Hawaii
7 1988, section 2, authorized the housing finance and development
8 corporation to offer mortgage financing up to \$50,000 per
9 lessee.

10 The legislature further finds that in 1993, about thirty-
11 one residential leases were issued by the State to residents in
12 Ahupua'a 'O Kahana state park for a term of sixty-five years.
13 Today, twenty-eight leases remain in effect and six conditional
14 leases are pending. In lieu of monetary rent, all lessees are
15 required to participate in interpretive programs in the park for
16 twenty-five hours per month. Lessees are responsible for
17 building and maintaining their residences and for payment of
18 county property taxes, utility bills, and insurance policies.

19 According to a 1985 attorney general opinion (A.G. Op.
20 No. 85-16), chapter 516, Hawaii Revised Statutes, is only
21 applicable to residential lots that are zoned for residential



1 use. Based on that opinion and because all of Kahana valley is
2 within the state conservation district and zoned preservation by
3 the city and county of Honolulu, the lessees in Kahana valley
4 may not pursue lease-to-fee conversion.

5 The purpose of this Act is to delete the requirement that
6 lease-to-fee conversion applies only to parcels zoned for
7 residential use.

8 SECTION 2. Section 516-1, Hawaii Revised Statutes, is
9 amended by amending the definition of "lot", "housetot",
10 "residential lot", and "residential housetot" to read as
11 follows:

12 "Lot", "housetot", "residential lot", and "residential
13 housetot" mean a parcel of land, two acres or less in size,
14 [~~zoned for residential use,~~] which is used or occupied or is
15 developed, devoted, intended, or permitted to be used or
16 occupied as a principal place of residence for one or two
17 families."

18 SECTION 3. Statutory material to be repealed is bracketed
19 and stricken.

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H.B. NO. 1397

1 SECTION 4. This Act shall take effect on July 1, 2019.

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INTRODUCED BY: E. Q. J.

JAN 24 2019



H.B. NO. 1397

Report Title:

Residential Leaseholds; Definitions; Residential Use

Description:

Amends the definition of "lot", "housetot", "residential lot", and "residential housetot" in section 516-1, HRS, by deleting the requirement that such parcels be zoned for residential use.

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