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# A BILL FOR AN ACT

RELATING TO AFFORDABLE HOUSING.

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

1           SECTION 1. The legislature finds that there is a severe  
2 shortage of affordable rental housing in the county of Maui,  
3 particularly in the western part of the island of Maui. To help  
4 address this issue, the legislature passed Act 150, Session Laws  
5 of Hawaii 2018 (Act 150), to appropriate funds in support of the  
6 Front Street Apartments in Lahaina, Maui. By passing Act 98,  
7 Session Laws of Hawaii 2019 (Act 98), the legislature also  
8 sought to ensure the continued availability of affordable rental  
9 housing in Maui county by preserving the affordability of the  
10 Front Street Apartments in Lahaina, Maui.

11           The legislature further finds that since the passage of  
12 both Act 150 and Act 98, the Hawaii housing finance and  
13 development corporation has acquired the leased fee interest in  
14 the Front Street Apartments project as required in sections 2  
15 and 4 of Act 98.

16           Under Act 150, as amended by Act 98, the Hawaii housing  
17 finance and development corporation must initiate condemnation



1 proceedings unless, by December 31, 2019, it renegotiates the  
2 ground lease for the Front Street Apartments project or issues a  
3 new ground lease on terms acceptable to the Hawaii housing  
4 finance and development corporation. However, a pending lawsuit  
5 filed in federal court on behalf of the tenants of Front Street  
6 Apartments project has made it virtually impossible to obtain an  
7 accurate appraisal of the value of the ground lease. The  
8 legislature finds that, without an accurate appraisal, neither  
9 condemnation by the Hawaii housing finance and development  
10 corporation nor a negotiated ground lease agreement are  
11 possible. The state constitution requires payment of fair  
12 market value under the condemnation process. Similarly, a  
13 renegotiated ground lease also requires an accurate appraisal to  
14 assess the reasonableness of a lessee's proposal. Thus, an  
15 extension of the December 31, 2019, deadline is necessary.

16 The purpose of this Act is to extend the aforementioned  
17 deadline and help ensure the continued availability of  
18 affordable rental housing in Maui county at the Front Street  
19 Apartments in Lahaina.



1 SECTION 2. Act 150, Session Laws of Hawaii 2018, as  
2 amended by Act 98, Session Laws of Hawaii 2019, is amended by  
3 amending section 1 to read as follows:

4 "SECTION 1. The Hawaii housing finance and development  
5 corporation shall institute proceedings for the condemnation of  
6 the ground lease for the Front Street Apartments affordable  
7 housing project pursuant to chapter 101, Hawaii Revised  
8 Statutes, unless the corporation has renegotiated the ground  
9 lease or issued a new ground lease on terms acceptable to the  
10 corporation by December 31, [~~2019.~~] 2021."

11 SECTION 3. Statutory material to be repealed is bracketed  
12 and stricken. New statutory material is underscored.

13 SECTION 4. This Act shall take effect upon its approval  
14 and shall apply retroactively to December 30, 2019.



**Report Title:**

HHFDC; Affordable Housing; Front Street Apartments; Extension

**Description:**

Extends the deadline for the Hawaii Housing Finance and Development Corporation to renegotiate an existing, or issue a new, ground lease for the Front Street Apartments affordable housing project before the corporation's requirement to initiate condemnation proceedings is triggered. (SD2)

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

