
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 Act
12 150 and Act 98, the Hawaii housing finance and development
13 corporation has acquired the leased fee interest in the Front
14 Street Apartments project as required in sections 2 and 4 of Act
15 98.

16 Under Act 150, as amended by Act 98 and Act 34, Session
17 Laws of Hawaii 2020 (Act 34), the Hawaii housing finance and



1 development corporation must initiate condemnation proceedings
2 unless, by December 31, 2021, it renegotiates the ground lease
3 for the Front Street Apartments project or issues a new ground
4 lease on terms acceptable to the Hawaii housing finance and
5 development corporation. A recent federal court decision
6 resulting from a lawsuit filed on behalf of the tenants of Front
7 Street Apartments project requires the developer and leaseholder
8 of Front Street Apartments to keep their homes affordable
9 through 2051. During the pendency of the lawsuit, it was
10 virtually impossible to obtain an accurate appraisal of the
11 value of the ground lease. The legislature finds that, without
12 an accurate appraisal, neither condemnation by the Hawaii
13 housing finance and development corporation nor a negotiated
14 ground lease agreement are possible. The state constitution
15 requires payment of fair market value under the condemnation
16 process. Similarly, a renegotiated ground lease also requires
17 an accurate appraisal to assess the reasonableness of a lessee's
18 proposal. Thus, a retroactive extension of the December 31,
19 2021, deadline is necessary.

20 The purpose of this Act is to indefinitely extend the
21 aforementioned deadline and help ensure the continued



1 availability of affordable rental housing in Maui county at the
2 Front Street Apartments in Lahaina.

3 SECTION 2. Act 150, Session Laws of Hawaii 2018, as
4 amended by Act 98, Session Laws of Hawaii 2019, as amended by
5 Act 34, Session Laws of Hawaii 2020, is amended by amending
6 section 1 to read as follows:

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

14 SECTION 3. Statutory material to be repealed is bracketed
15 and stricken. New statutory material is underscored.

16 SECTION 4. This Act shall take effect on July 1, 2050, and
17 shall apply retroactively to December 30, 2021.



Report Title:

Hawaii Housing Finance and Development Corporation; Affordable Housing; Front Street Apartments; Extension

Description:

Indefinitely 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. Effective 7/1/2050.
(HD1)

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