

I MINA'TRENTA NA LIHESLATURÁN GUÁHAN
2010 (SECOND) Regular Session

Bill No. 347-30 (LS)

Introduced by:

Adolpho B. Palacios, Sr. 

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AN ACT TO AMEND SECTION 2 OF P.L. NO. 20-225; REPEAL SECTION 9 OF P.L. NO. 20-225; TO REPEAL AND REENACT SECTION 6 OF P.L. NO. 20-225 AS AMENDED BY SECTION 14 OF P.L. NO. 24-81; TO REPEAL AND REENACT SECTION 7 OF P.L. NO. 20-225 AS REPEALED AND REENACTED BY SECTION 15 OF P.L. 24-81; TO REPEAL AND REENACT SECTION 14 OF P.L. 20-225; RELATIVE TO AUTHORIZING MAEDA PACIFIC CORPORATION AND THE GUAM HOUSING CORPORATION TO PROCEED WITH THE DEVELOPMENT AND COMPLETION OF THE LADA ESTATES PROJECT.

1 BE IT ENACTED BY THE PEOPLE OF GUAM:

2 Section 1. **Legislative Statement and Intent.** On or about January 11, 1991, the
3 government of Guam enacted into law P.L. No. 20-225, entitled "An Act Authorizing
4 the Governor of Guam to Transfer Certain Property in Dededo to the Guam Housing
5 Corporation to Develop Affordable Housing for Sale to First Time Homeowners" (the
6 "*Lada Estates Affordable Housing Project*"). The purpose of the law was to convey
7 certain government property to Guam Housing Corporation ("GHC") so that it could
8 develop affordable housing units for sale to first-time homeowners in Guam. P.L. No.
9 20-225 was subsequently amended by P.L. No. 24-81, P.L. No. 25-116:2, and further
10 amended by Section 38 of P.L. No. 29-113.

1 *I Liheslaturan Guåhan* finds, that as a result of said public laws, the subject
2 property was conveyed to GHC and GHC subsequently entered into a contract with
3 Maeda Pacific Corporation (“Maeda”) to do all of the on-site and off-site infrastructure
4 for the agreed upon price of Ten Million Five Hundred Fifty Thousand Dollars
5 (\$10,550,000.00). Maeda completed the infrastructure improvements project on or about
6 April 21, 1998, but neither GHC, nor the government of Guam, has paid for the cost of
7 said improvements. Furthermore, it was generally understood that the payment to
8 Maeda would be due from a developer who would pay for the outstanding contract
9 balance with Maeda and finance the development of the units at *Lada Estates*. But
10 because of various financing difficulties, lack of a developer, and other matters, GHC
11 has been unable to find a developer willing to develop the project and to complete the
12 construction of the houses on the property. As a result, the project site is deteriorating
13 in value and has become an eyesore for the government of Guam. Many of the
14 streetlight posts, electrical wiring and tubing and the like have been removed or
15 destroyed by thieves or vandals; the sewer line is being used as dump site and the
16 sidewalks and streets have been partially overgrown with weeds. Therefore, the
17 government of Guam must act decisively in this matter to rectify the more than ten (10)
18 years of delay and to complete the construction of the houses on the property as
19 contemplated by the *Lada Estates Affordable Housing Project*.

1 *I Liheslaturan Guåhan* further finds, that as a result of the non-payment for the
2 infrastructure improvements, Maeda filed a lawsuit in the Superior Court of Guam
3 against GHC and the government of Guam for Ten Million Five Hundred Fifty
4 Thousand Dollars (\$10,550,000.00). Interest under the Prompt Payment Act, 5GCA
5 §22501, continues to accrue on said amount.

6 *I Liheslaturan Guåhan* further finds, that GHC has experienced ten (10) years of
7 frustration and efforts in trying to find a contractor and developer that would build the
8 necessary houses on the Lada Estates property, but has been unsuccessful in doing so
9 due to the restrictions contained in the original legislation, and the amendatory
10 legislation. It therefore behooves the government of Guam to pass definitive legislation
11 to correct and modify the current laws so that the property will not deteriorate any
12 further.

13 *I Liheslaturan Guåhan* further finds that Maeda and Hanlim Industry Co., LLC
14 had entered into a contractual agreement, which included Maeda waiving its claims
15 against GHC and the government of Guam and dismiss its lawsuit *provided* that the
16 enabling legislation for the *Lada Estates* project can be modified so that the developer
17 can proceed with the project and fulfill the reasons for adopting the original Act. It is
18 therefore the intent of *I Liheslaturan Guåhan* to amend pertinent provisions of P.L. No.
19 20-225, P.L. No. 24-81, and P.L. No. 29-113 to authorize Maeda and GHC to proceed
20 with the development and completion of the *Lada Estates* project.

1 **Section 2.** Section 2 of P.L. No. 20-225 is hereby *amended* to read:

2 “Section 2. Authorization. The Governor of Guam is authorized to
3 transfer Lot No. 10120-14, consisting of eight (8) acres, and Lot No. 10120-16,
4 consisting of thirty-eight (38) acres, both of Dededo, to the Guam Housing
5 Corporation (the “Corporation”) to develop affordable housing units for sale
6 to ~~[first time]~~ homeowners at least twenty percent (20%) of whom are “first
7 time” homeowners who are U.S. citizens or permanent resident aliens and
8 who have been domiciled in Guam for ~~[a five (5)]~~ twelve (12) consecutive
9 months ~~[period]~~ immediately preceding the date of sale of the unit.”

10 **Section 3.** Section 9 of P.L. No. 20-225 is hereby repealed:

11 ~~[Section 9. No displacement. No person with an authorized land use~~
12 ~~permit shall be displaced from the government of Guam land transferred in~~
13 ~~this Act without receiving compensation representing the fair market value of~~
14 ~~any improvement constructed on the land by such permittee and loss of~~
15 ~~crops, together with reasonable relocation assistance by the Corporation.]~~

16 **Section 4.** Section 6 of P.L. No. 20-225 as amended by Section 14 of P.L. No. 24-
17 81 is hereby repealed and reenacted to read as follows:

18 “Section 6. Prices. Housing units at the *Lada Estates* project shall not
19 be sold at prices higher than what a family with a combined income of one
20 hundred fifty percent (150%) of the median income established by HUD can

1 qualify for. Two percent (2%) of the selling prices of such housing units shall
2 be given to GHC to monitor and administer the project, and for costs
3 associated with further affordable housing projects.”

4 **Section 5.** Section 7 of P.L. No. 20-225 as repealed and reenacted by Section 15 of
5 P.L. No. 24-81 is further repealed and reenacted to read as follows:

6 **“Section 7. First Right of Refusal.** GHC shall have for twenty-five
7 (25) years a right to first refusal upon any sale of the unit by the borrower or
8 upon any first mortgage default for which a notice of public auction is given.
9 For the first four (4) years from the date of purchase of the unit by the
10 borrower, the option price shall be the lesser of (i) the fair market value of the
11 unit at the time of the sale, or (ii) the initial appraised value increased in
12 proportion to the increase in the consumer price index for Guam for the
13 period from the date of initial purchase of the unit to the date of the sale.
14 After the first four (4) years the option price shall be the fair market value of
15 the unit to the date of sale.”

16 **Section 6.** Section 14 of P.L. No. 20-225 is hereby repealed and reenacted to read
17 as follows:

18 **“Section 14. Protective Covenants.** GHC shall prepare a Declaration
19 of Covenants and Conditions to be recorded on all lots of the *Lada Estates*

1 project establishing a Homeowners' Association for the project, to enforce the
2 covenants, charge a common area fee to maintain the project subdivision."

3 **Section 7. Waiver of Fees, etc.** In consideration of Maeda agreeing to forebear
4 from collecting the above-described Ten Million Five Hundred Fifty Thousand Dollars
5 (\$10,550,000.00), plus interest, from GHC or the government, the government of Guam
6 is hereby empowered, authorized and directed to waive the following fees and
7 expenses for the project:

- 8 a. All relevant grading and building permit fees;
- 9 b. All inspection fees for the *Lada Estates* project;
- 10 c. All recording fees from the Department of Land Management for
11 any deeds or mortgages given for the sales and financing of houses built on the
12 project property however this shall be applicable to original buyers; and
- 13 d. Gross receipt taxes for the contractors derived from work on the
14 project site.

15 **Section 8. Income Taxes.** The Guam Economic Development and Commerce
16 Authority ("GEDCA") is hereby authorized and directed to grant a qualifying certificate
17 ("QC") to a contractor or developer developing the houses on the *Lada Estates* project
18 by awarding the developer a seventy-five percent (75%) abatement on any income taxes
19 derived from the sale or rental of the houses from the project.

1 **Section 9. Guam Housing Corporation.** In consideration of the waiver and the
2 dismissal of the above-mentioned lawsuit, and the agreement to forebear from
3 collecting any monies under the construction contract from either GHC or the
4 government of Guam, GHC is hereby authorized to do the following:

5 a. Notwithstanding any other provisions of law and, specifically, the
6 *Guam Procurement Law*, GHC agrees to award the construction contract for the
7 houses to be built on the *Lada Estates* project property to Maeda or Hanlim
8 Industry Co., LLC.

9 b. No bonding requirement will be required of the contractor
10 awarded to build the houses or infrastructure improvements on the project site.

11 c. The contractor or developer shall be responsible for marketing and
12 the sale of the *Lada Estates* houses in accordance with law.

13 d. GHC is empowered to convey to Maeda or Hanlim Industry Co.,
14 LLC, the two (2) acre commercial lot now designed into the *Lada Estates* project
15 area to own, develop and operate any commercial buildings thereon.

16 **Section 11. Superceding.** If any provisions of any laws of Guam conflict with
17 any sections of this law, then the provisions of the within law shall supercede any such
18 provisions.

19 **Section 12. Effective Date.** This law will become effective immediately.