

DAVID Y. IGE  
GOVERNOR



CRAIG K. HIRAI  
EXECUTIVE DIRECTOR

**STATE OF HAWAII**

DEPARTMENT OF BUSINESS, ECONOMIC DEVELOPMENT AND TOURISM  
HAWAII HOUSING FINANCE AND DEVELOPMENT CORPORATION  
677 QUEEN STREET, SUITE 300  
Honolulu, Hawaii 96813  
FAX: (808) 587-0600

IN REPLY REFER TO:

Statement of  
**Craig K. Hirai**  
Hawaii Housing Finance and Development Corporation  
Before the

**HOUSE COMMITTEE ON HOUSING**

March 12, 2019 at 9:30 a.m.  
State Capitol, Room 423

In consideration of  
**S.B. 1190, S.D. 2**  
**RELATING TO LEASEHOLD CONDOMINIUMS ON LANDS CONTROLLED BY THE  
STATE.**

The HHFDC *supports the intent* of S.B. 1190, S.D. 2, but prefers the flexibility to sell leasehold units in condominiums developed on state lands for a lease term of 99 years to the revised 75 years. We concur with the revisions to §171-64.7, HRS.

Thank you for the opportunity to testify.



**DEPARTMENT OF BUSINESS,  
ECONOMIC DEVELOPMENT & TOURISM**

DAVID Y. IGE  
GOVERNOR

MIKE MCCARTNEY  
DIRECTOR

No. 1 Capitol District Building, 250 South Hotel Street, 5th Floor, Honolulu, Hawaii 96813  
Mailing Address: P.O. Box 2359, Honolulu, Hawaii 96804  
Web site: dbedt.hawaii.gov

Telephone: (808) 586-2355  
Fax: (808) 586-2377

Statement of  
**MIKE MCCARTNEY**  
Director  
Department of Business, Economic Development and Tourism  
before the  
**HOUSE COMMITTEE ON HOUSING**

Tuesday, March 12, 2019  
9:30 AM  
State Capitol, Conference Room 423

in consideration of  
**SB 1190, SD2**  
**RELATING TO LEASEHOLD CONDOMINIUMS ON  
LANDS CONTROLLED BY THE STATE.**

Chair Brower, Vice Chair Matayoshi, and Members of the Committee.

The Department of Business, Economic Development and Tourism (DBEDT) **supports the intent** of SB 1190, SD2, a bill authorizing HHFDC to develop and sell leasehold units in condominiums developed on state lands that are set aside to the HHFDC by the Governor and lands leased to the HHFDC by any state department or agency with prior approval from the Legislature, in addition to lands to which HHFDC holds title, for terms of up to 75 years. However, DBEDT prefers the flexibility of the 99-year term in the original bill.

Thank you for the opportunity to testify.



**TESTIMONY TO THE HOUSE COMMITTEE ON HOUSING  
State Capitol, Conference Room 423  
415 South Beretania Street  
9:35 AM**

March 12, 2019

RE: SENATE BILL NO. 1190 SD 2, RELATING TO LEASEHOLD CONDOMINIUMS ON LANDS  
CONTROLLED BY THE STATE

Chair Brower, Vice Chair Matayoshi, and members of the committee:

My name is Gladys Quinto-Marrone, CEO of the Building Industry Association of Hawaii (BIA-Hawaii). Chartered in 1955, the Building Industry Association of Hawaii is a professional trade organization affiliated with the National Association of Home Builders, representing the building industry and its associates. BIA-Hawaii takes a leadership role in unifying and promoting the interests of the industry to enhance the quality of life for the people of Hawaii. Our members build the communities we all call home.

BIA-Hawaii is in **strong support of the original version of S.B. 1190**, which proposes to authorize Hawaii Housing Finance and Development Corporation to enter into ninety-nine (99) year leases of units in residential condominiums located on state lands.

Based on concerns raised at a prior Senate hearing, the maximum lease term was amended to something more "reasonable." Most residential developments on leasehold lands require extended lease terms to make projects economically feasible. As a major landowner at several rail stations along the transit corridor, the proposed bill would provide the state with flexibility in negotiating with investors who would be building residential condominiums on the state-owned lands. We believe the bill, as originally proposed, would broaden the interest among private developers to consider developments on state-owned lands.

Additionally, a longer lease term would insure that the unit would remain with one family for at least one generation. Requiring elderly owners to move at the end of a 75-year lease doesn't seem like something the state would want to do.

We are in strong support of the original language of S.B. 1190, and appreciate the opportunity to express our views on this matter.



**SB1190 SD2**  
**RELATING TO PUBLIC LANDS**  
House Committee on Housing

March 12, 2019

9:30 a.m.

Room 423

The Office of Hawaiian Affairs (OHA) offers the following **COMMENTS** on SB1190 SD2, which authorizes the Hawai'i Housing Finance and Development Corporation (HHFDC) to sell leasehold units in condominiums on public lands, including "ceded" and public land trust lands, for lease terms of up to seventy-five years. OHA greatly appreciates the amendments in the current draft of this measure, reflecting OHA's recommendations to better safeguard the "ceded" lands corpus against inappropriate alienation and potential violations of the state's fiduciary obligations under the public trust and public land trust.

OHA expressed concerns in previous versions of this measure, which might have inadvertently allowed for the sale or alienation of public and "ceded" lands without the procedural safeguards found in Chapter 171, and authorized extremely long leases of public lands that may have further facilitated their inappropriate disposition and potential alienation. Although OHA appreciates that the HHFDC may benefit from greater flexibility and autonomy over the management and disposition of lands that may potentially fall within its control, by excepting lands set aside or leased to HHFDC from the definition of "public lands" in HRS §171-2, the original version of this measure would have resulted in confusion over whether such lands may be sold without the legislative approval requirements of HRS §171-64.7. **OHA objects to the sale of "ceded" lands except in limited circumstances, and notes that the legislative approval requirements for the sale of state lands in HRS § 171-64.7 were enacted to ensure a high level of accountability and transparency in any proposed alienation of the state's limited land base, and to protect "ceded" lands from being sold prior to the resolution of Native Hawaiians' unrelinquished claims.** Moreover, the extremely long, multi-generational 99- year leases authorized by the original version of this bill could have substantially and unnecessarily inhibited future generations from ensuring the best use of public lands consistent with the state's fiduciary obligations under the public trust and public land trust, and may have fostered a sense of entitlement in lessees that could result and has in the past resulted in the alienation of public and "ceded" lands.

OHA therefore greatly appreciates the amendments made to this measure, which now reflects OHA's recommendations to explicitly require the application of HRS § 171-64.7 to all lands under HHFDC's control, and to limit lease lengths to seventy-five years, pursuant to federal housing program financing requirements. Such amendments maintain critical protections against the inappropriate alienation of the "ceded" lands corpus, while allowing lessees to qualify for federal financing assistance.

Mahalo ā nui for the opportunity to testify on this measure.



# Chamber of Commerce HAWAII

*The Voice of Business*

**Testimony to the House Committee on Housing  
Tuesday, March 12, 2019 at 9:30 A.M.  
Conference Room 423, State Capitol**

**LATE**

**RE: SB 1190 SD2, RELATING TO LEASHOLD CONDOMINIUMS ON LANDS CONTROLLED BY  
THE STATE**

Chair Brower, Vice Chair Matayoshi, and Members of the Committee:

The Chamber of Commerce Hawaii (“The Chamber”) **supports the original version of SB 1190** which proposed to authorize Hawaii Housing Finance and Development Corporation to enter in to ninety-nine (99) year leases of units in residential condominiums located on state lands.

The Chamber is Hawaii’s leading statewide business advocacy organization, representing about 2,000+ businesses. Approximately 80% of our members are small businesses with less than 20 employees. As the “Voice of Business” in Hawaii, the organization works on behalf of members and the entire business community to improve the state’s economic climate and to foster positive action on issues of common concern.

Based on concerns raised at a prior Senate hearing, the maximum lease term was amended to something deemed more “reasonable.” Most residential developments on leasehold lands require extended lease terms to make projects economically feasible. For landowners at several rail stations along the transit corridor, the proposed bill would provide the State flexibility in negotiating with investors who would be building residential condominiums on the state-owned lands. We believe the bill, as originally proposed, would broaden the interest among private developers to consider developments on State owned lands.

Additionally, a longer lease term would insure that the units would remain with one family for at least one generation. Potentially requiring elderly owners to move at the end of a 75-year lease is something that could lead to unintended hardships for the displaced owner(s).

We are in support of the original language of the bill and appreciate the opportunity to express our views on this matter.