

LINDA LINGLE  
GOVERNOR OF HAWAII



**STATE OF HAWAII  
DEPARTMENT OF LAND AND NATURAL RESOURCES**

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**Testimony of  
LAURA H. THIELEN  
Chairperson**

**Before the House Committee on  
WATER, LAND, AND OCEAN RESOURCES**

**Friday, March 13, 2009  
10:00 AM  
State Capitol, Conference Room 325**

**In consideration of  
HOUSE CONCURRENT RESOLUTION 95/HOUSE RESOLUTION 74  
REQUESTING THE DEPARTMENT OF LAND AND NATURAL RESOURCES TO  
CONDUCT AN INDEPENDENT APPRAISAL OF MOLOKAI PROPERTIES LIMITED  
LANDHOLDINGS ON THE ISLAND OF MOLOKAI**

House Concurrent Resolution 95/House Resolution 74 requests the Department of Land and Natural Resources (Department) to conduct an independent appraisal of Molokai Properties Limited ("MPL") landholdings on the Island of Molokai. The Department recommends that these resolutions be held.

The landholdings of MPL, which include the landholdings of Molokai Ranch Limited, are vast and complex. The holdings include 82 improved residential parcels, 1 unimproved residential parcel, 24 commercial parcels, 2 industrial parcels, 29 agricultural parcels, 5 conservation parcels, and 1 hotel parcel, varying in size from approximately 0.0019 acres to 16,392 acres. It appears that the appraisal report is intended to be used to ascertain the value of the various holdings for the purpose of acquisition or to advance any other options or alternatives. If acquisition is the goal, the Department suggests identifying what properties the Legislature believes is necessary to acquire (or protect) and then use the County of Maui's 2009 real property land assessments. If the exploration of options and alternatives is the goal, an independent appraisal may be premature and inappropriate at this time. A properly prepared independent appraisal under the Uniform Standards of Professional Appraisal Practices is required to state and should incorporate the intended uses of the properties as an integral part of the valuation analysis. The lack of specificity of intended use may result in an appraised valuation of limited utility. Further, the Department notes that appraisals generally hold value for six months. Without certain plans to move forward on an acquisition, the appraisal would be valueless in one year.

LAURA H. THIELEN  
CHAIRPERSON  
BOARD OF LAND AND NATURAL RESOURCES'  
COMMISSION ON WATER RESOURCE MANAGEMENT

RUSSELL Y. TSUJI  
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AQUATIC RESOURCES  
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COMMISSION ON WATER RESOURCE MANAGEMENT  
CONSERVATION AND COASTAL LANDS  
CONSERVATION AND RESOURCES ENFORCEMENT  
ENGINEERING  
FORESTRY AND WILDLIFE  
HISTORIC PRESERVATION  
KAHOOLAWE ISLAND RESERVE COMMISSION  
LAND  
STATE PARKS

Independent appraisals of this magnitude and complexity, moreover, are extremely costly. Due to projected revenue shortfalls and restrictions on operating funds, the Department regrettably cannot extend its limited resources to undertake hiring an independent real estate appraiser for a task of this magnitude. The Department however estimates the per parcel appraisal costs to be as follows:

	Without improvements	With improvements
Residential	\$2,000/lot	\$2,000 - \$3,000/lot
Commercial	\$5,000 - \$10,000/lot	\$5,000 - \$20,000/lot
Industrial	\$5,000 - \$10,000/lot	\$5,000 - \$20,000/lot
Agriculture	\$5,000 - \$20,000/lot	\$5,000 - \$20,000/lot
Conservation	\$5,000 - \$20,000/lot	\$5,000 - \$20,000/lot
Hotel	\$10,000 - \$20,000/lot	\$20,000 - \$100,000/lot