

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

NEIL ABERCROMBIE
GOVERNOR

RICHARD C. LIM
DIRECTOR

MARY ALICE EVANS
DEPUTY DIRECTOR

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Statement of
Richard C. Lim
Director

Department of Business, Economic Development, and Tourism
before the

HOUSE LEGISLATIVE MANAGEMENT COMMITTEE

Friday, April 20, 2012
12:30 PM
State Capitol, Conference Room 309

In consideration of

**SCR 90, SD1
REQUESTING THE LEGISLATIVE REFERENCE BUREAU TO UPDATE THEIR
2003 REPORT ANALYZING THE MAJOR PROBLEMS FACED BY COMMERCIAL
LESSEES BY INCORPORATING AN ECONOMIC ANALYSIS TO DETERMINE IF
THERE IS A NEXUS BETWEEN THE EXISTENCE OF HIGH LEASE RENTS IN
HAWAII AND THE STAGNATION OF HAWAII'S ECONOMY**

Chair Yamashita, Vice Chair Tokioka, and Members of the Committee.

The Department of Business, Economic Development, and Tourism (DBEDT) supports the intent of SCR 90, SD1. We concur that it would be valuable to update the 2003 study and establish whether there is a connection between commercial lease rents and the state of the economy.

However, DBEDT would not be able to participate in such a study.

First, we note that at current staffing and budget levels the department's research division would have neither the capability nor the expertise to create such an analysis before November 1st of this year. At this time, there is no available data on which to base an economic analysis. And, we have neither the funding nor the time to develop such a complex data base and conduct an analysis.

Second, the analysis primarily revolves around legal issues, rather than economic ones.

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Third, the resolution does not define a specific separation of duties for READ and UHERO with regard to the proposed study.

Finally, without adequate funding for the Legislative Reference Bureau, UHERO or READ to conduct the analysis, the results of such an effort would not be credible.

Thank you for the opportunity to offer these comments.



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April 19, 2012

HOUSE OF REPRESENTATIVES

State Capitol
415 South Beretania Street
Honolulu, HI 96813

COMMITTEE ON LEGISLATIVE MANAGEMENT

Rep. Kyle T. Yamashita, Chair
Rep. James Kunane Tokioka, Vice Chair
Rep. Joey Manahan, Member
Rep. Gene Ward, Member

Hearing: Friday, April 20, 2012, 12:30 pm, Conference Room 309

RE: SCR90 SD1 – TESTIMONY in SUPPORT of Requesting the Legislative Reference Bureau to Update their 2003 Report Analyzing the Major Problems Still Facing Commercial and Other Land Lessees.

Aloha Chair Yamashita, Vice-Chair Tokioka and Members of the Committee:

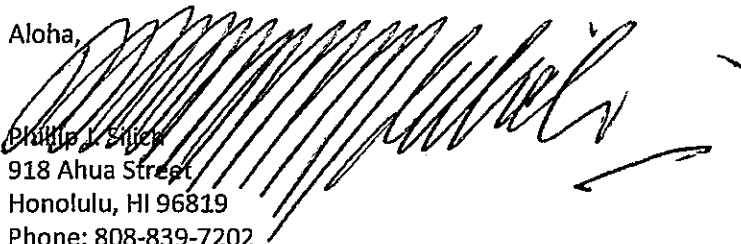
I write in strong support of Senate Concurrent Resolution (SCR90 SD1), which would require the Legislative Reference Bureau to update its 2003 report analyzing the major problems facing commercial and other land lessees. In Hawaii, and especially the industrial and commercial areas around Honolulu, the majority of the land is held in leasehold by relatively few lessors. Fee simple properties rarely come to the market and when they do, the market reacts often overpaying for the property. This in turn, allows lessors to artificially raise rents.

There is no correlation between the market for space leases and that of ground leases often resulting in rents that are unsustainable for lessees. Lessees are unable to make capital improvements as bank financing is unavailable when the lease has fewer than 15 years remaining.

It has been nine years since the LRB last reported and, the situation has only worsened. Lessors are increasing ground rents during times of unprecedented financial hardship. Common sense has been replaced with greed that will only result in more failed businesses.

Please pass SCR 90 SD1 as is. With assistance from the University of Hawaii Economic Research Department and the State Department of Business, Economic Development and Tourism, allow the LRB the opportunity to research and report on this vital issue.

Aloha,


Phillip J. Silich
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CITIZENS FOR FAIR VALUATION

1001 Bishop Street, Suite 710
Honolulu, HI 96813

ROBERT M. CREPS, PRESIDENT
CAROL LAM, VICE PRESIDENT
CONNIE SMALES, SECRETARY
PHILLIP J. SILICH, TREASURER

CULLY JUDD, DIRECTOR
OSWALD STENDER, DIRECTOR
MICHAEL STEINER, EXEC. DIRECTOR

April 19, 2012

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Hearing: Friday, April 20, 2012, 12:30 pm, Conference Room 309

RE: SCR90 SD1 – TESTIMONY in SUPPORT of Requesting the Legislative Reference Bureau to Update their 2003 Report Analyzing the Major Problems Still Facing Commercial and Other Land Lessees.

Aloha Chair Yamashita, Vice-Chair Tokioka and Members of the Committee:

My name is Michael Steiner and I am the Executive Director of Citizens for Fair Valuation (CFV), a non-profit coalition of lessees. I support passage of Senate Concurrent Resolution 90, SD1 Proposed which requests the LRB to update their 2003 report on issues concerning commercial and industrial long-term ground leases.

Over the past few years, the issue of long-term ground lease rents has sparked considerable debate. Lessees contend the system no longer functions as lessors rent demands skyrocket even in recessionary times. Space rents have **dropped** 25% to 30% and yet, lessors are demanding ground rent **increases** of 50% to 75%. This creates a situation where the lessee can no longer derive a profit from operations.

In 2012, roughly 70 leases are due for rent resets in the Mapunapuna area alone. With 10 years remaining on the lease, lessors are demanding tremendous increases. However, lessees are unable to secure bank financing as the banks understand that ground leases with fewer than 15 years remaining on the lease are more of a liability than an asset. Without loans to maintain and update buildings, Mapunapuna will continue to slide into disrepair and squalor.

In contrast, Adam D. Portnoy, Managing Director of HRPT (now Commonwealth REIT) in August of 2008, made clear his company's plans when he declared,

We are pushing rates very hard especially in places like Hawaii. If you want to Google us and look at some of the articles written about us in Hawaii press, we've gotten a lot of flack in that market because we're pushing rates so hard and trying to push the rates so hard. In

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Citizens for Fair Valuation

Testimony in Support of SCR 90 SD1

LMG Hearing: Friday, April 20, 2012, 12:30 pm, Conference Room 309

fact, there's been a little bit of backlash from a lot of the tenants. So rest assured that we're doing everything we can, as much as we can and as fast as we can to try to increase the rates there to push cash flow to HRPT.

The true victims in this war of rent are the good people of the State of Hawaii. Prices are being raised to cover ever increasing rents, and for the owners of Mapunapuna and Campbell lands, that money is leaving the state. If leased land was held in fee by the tenants, local banks would be making loans, buildings would be fixed by local construction companies and all of that money would remain in our state for further circulation and investment. What a different place Hawaii could be.

The days where lessors cared for and worked with lessees to ensure mutual sustainability are gone. Mainland companies, which have become the largest holders of commercial and industrial land in Hawaii, do not understand the relationship instead forcing rents based solely on a bottom line. Further, the appraisal community refuses to value rents based on economic viability and feasibility. Highest and best use does not mean a hotel can be built on every lot. Highest and best must take into consideration the economic feasibility of the proposed use as well as the likelihood of sustainable cash flow in the remaining period of the lease.

It is time for the State to take another hard look at the status of commercial and industrial leasehold. Since the 2003 report, much has happened. Huge tracks of Campbell and Damon land have been sold to mainland entities. Economic conditions have fallen into a recession from which nothing will ever be the same. Foreclosures on properties have climbed to unprecedented rates. Unemployment is higher than ever in the island with food and fuel prices soaring past previous records. In the downtown core of Honolulu, occupancy rates have dropped with vacancies approaching 20% of our total office space.

How can land values, specifically long-term ground rents, be rising? How can the appraisal community continue to ignore the ability of the land to support their valuations?

On behalf of the many long-term ground lessees in Mapunapuna, we urge the Committee to pass this resolution to authorize a renewed study where in all parties will have a voice as to its outcome.

Please support and pass SCR 90 SD1 as presented.

Mahalo

Michael Steiner

Michael Steiner

Executive Director

Citizens for Fair Valuation

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April 19, 2012

HOUSE OF REPRESENTATIVES

State Capitol
415 South Beretania Street
Honolulu, HI 96813

COMMITTEE ON LEGISLATIVE MANAGEMENT

Rep. Kyle T. Yamashita, Chair
Rep. James Kunane Tokioka, Vice Chair
Rep. Joey Manahan, Member
Rep. Gene Ward, Member

Hearing: Friday, April 20, 2012, 12:30 pm, Conference Room 309

RE: SCR90 SD1 – TESTIMONY in SUPPORT of Requesting the Legislative Reference Bureau to Update their 2003 Report Analyzing the Major Problems Still Facing Commercial and Other Land Lessees.

Aloha Chair Yamashita, Vice-Chair Tokioka and Members of the Committee:

I write in strong support of Senate Concurrent Resolution (SCR90 SD1), which would require the Legislative Reference Bureau to update its 2003 report analyzing the major problems facing commercial and other land lessees. In Hawaii, and especially the industrial and commercial areas around Honolulu, the majority of the land is held in leasehold by relatively few lessors. Fee simple properties rarely come to the market and when they do, the market reacts often overpaying for the property. This in turn, allows lessors to artificially raise rents.

There is no correlation between the market for space leases and that of ground leases often times resulting in rents that are unsustainable for lessees. Lessees are unable to make capital improvements as bank financing is unavailable when the lease has fewer than 15 years remaining. Further, it is difficult for both tenants and sub-tenants to plan adequately with no indication of future lease costs.

It has been nine years since the LRB last reported and, the situation has only worsened. Lessors are increasing ground rents during times of unprecedented financial hardship. Common sense has been replaced with greed that will only result in more failed businesses.

Please pass SCR 90 SD1 as is. With assistance from the University of Hawaii Economic Research Department and the State Department of Business, Economic Development and Tourism, allow the LRB the opportunity to research and report on this vital issue.

Aloha,


Jerry Anches

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000012

Amy Luke

From: mailinglist@capitol.hawaii.gov
Sent: Thursday, April 19, 2012 3:38 PM
To: LMGtestimony
Cc: machidainc@hawaiiantel.net
Subject: Testimony for SCR90 on 4/20/2012 12:30:00 PM

Testimony for LMG 4/20/2012 12:30:00 PM SCR90

Conference room: 309
Testifier position: Support
Testifier will be present: No
Submitted by: Sharon Machida
Organization: Machida Inc.
E-mail: machidainc@hawaiiantel.net
Submitted on: 4/19/2012

Comments:

McCully Works

40 Kamehameha Ave.

Hilo, Hawaii 96720

808-933-7000

Committee on Legislative Management

Rep. Kyle Yamashita, Chairman

Rep. James Tokioka, Vice Chair

RE: SCR90 SD1

Aloha Chair Yamashita,

I own a small business on the Island of Hawaii that operates on leasehold land. I provide warehouse services to more than 30 other small businesses, who together employ more than 200 people. I am very concerned that my business is threatened by extremely high land valuations that have no relationship to the income the land can create. The lands are valued at speculative levels, even though they are under a long term lease that provides secure income to the owner of the land. This problem has bedeviled Hawaii since the days of the Kingdom, and with modern costs and competition it is impossible to continue the practices that provide all the benefits to the lessor and leave the lessee with wasting assets and unsustainable costs.

This hurts Hawaii's economy and depresses growth and employment. In these hard economic times it is important that we examine all the elements that restrict Hawaii's growth and development. This resolution seeks to refresh the Legislative Reference Bureaus Report #5, 2003. The identification of the problems that continue to plague leasehold tenancy and an analysis by independent economists from UHERO or other agencies would be extremely beneficial and an excellent use of available resources.

Please support SCR 90, SD1

Mahalo,

James McCully

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MUTUAL PLUMBING SUPPLY

2812 Awaawaloa Street, Honolulu, Hawaii 96819 Phone 808-839-9076 Fax 808-833-2085

April 19, 2012

HOUSE OF REPRESENTATIVES

State Capitol
415 South Beretania Street
Honolulu, HI 96813

COMMITTEE ON LEGISLATIVE MANAGEMENT

Rep. Kyle T. Yamashita, Chair
Rep. James Kunane Tokioka, Vice Chair
Rep. Joey Manahan, Member
Rep. Gene Ward, Member

Hearing: Friday, April 20, 2012, 12:30 pm, Conference Room 309

RE: SCR90 SD1 – TESTIMONY in SUPPORT of Requesting the Legislative Reference Bureau to Update their 2003 Report Analyzing the Major Problems Still Facing Commercial and Other Land Lessees.

Aloha Chair Yamashita, Vice-Chair Tokioka and Members of the Committee:

I write in strong support of Senate Concurrent Resolution (SCR90 SD1), which would require the Legislative Reference Bureau to update its 2003 report analyzing the major problems facing commercial and other land lessees. In Hawaii, and especially the industrial and commercial areas around Honolulu, the majority of the land is held in leasehold by relatively few lessors. Fee simple properties rarely come to the market and when they do, the market reacts often overpaying for the property. This in turn, allows lessors to artificially raise rents.

There is no correlation between the market for space leases and that of ground leases often times resulting in rents that are unsustainable for lessees. Lessees are unable to make capital improvements as bank financing is unavailable when the lease has fewer than 15 years remaining.

It has been nine years since the LRB last reported and, the situation has only worsened. Lessors are increasing ground rents during times of unprecedented financial hardship. Common sense has been replaced with greed that will only result in more failed businesses.

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Please pass SCR 90 SD1 as is. With assistance from the University of Hawaii Economic Research Department and the State Department of Business, Economic Development and Tourism, allow the LRB the opportunity to research and report on this vital issue.

Aloha,

Chelsey Chen
Mutual Plumbing Supply Co., Inc.
2812 Awaawaloa Street
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PLYWOOD HAWAII

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April 19, 2012

HOUSE OF REPRESENTATIVES

State Capitol
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COMMITTEE ON LEGISLATIVE MANAGEMENT

Rep. Kyle T. Yamashita, Chair
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Hearing: Friday, April 20, 2012, 12:30 pm, Conference Room 309

RE: SCR90 SD1 – TESTIMONY in SUPPORT of Requesting the Legislative Reference Bureau to Update their 2003 Report Analyzing the Major Problems Still Facing Commercial and Other Land Lessees.

Aloha Chair Yamashita, Vice-Chair Tokioka and Members of the Committee:

I write in strong support of Senate Concurrent Resolution (SCR90 SD1), which would require the Legislative Reference Bureau to update its 2003 report analyzing the major problems facing commercial and other land lessees.

The majority of commercial and industrial land on Oahu, is available for lease by relatively few lessors. Fee simple properties rarely come to the market and when they do, the market reacts often overpaying for the property. This in turn, allows lessors to artificially raise rents and makes it virtually impossible to find suitable space at a rent the business can support.

The short term leases make it virtually impossible to obtain financing for any improvements and so a business owner is left with the choice of moving farther from the center of population or paying excessive rents and is unable to improve the property. One of our successful competitors who faced this choice moved to Kapolei only to find that his customers would not travel the increased distance and he subsequently went bankrupt.

It has been nine years since the LRB last reported, and the situation has only worsened. Lessors are increasing ground rents during times of unprecedented financial hardship at the same or increase rates that they received during better economic time. The lack of competition allows them to force these high rents which cannot truly be justified.

I urge you to pass SCR 90 SD1 as is.

Aloha,

Connie Smales
Plywood Hawaii, Inc.
1062 Kikowaena Place
Honolulu, HI 96819

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Committee on Legislative Management

Fri., April 20, 2012

Rep. Kyle T. Yamashita, Chair, and Rep. James Kunane Tokioka, Vice Chair and Committee
Conf. Rm. 309

State Capitol, 415 South Beretania Street, Honolulu, Hawaii

Honorable Chair and Members of the Committee:

**Re: SCR 90 SD1 REQUESTING THE LEGISLATIVE REFERENCE BUREAU TO UPDATE
THEIR 2003 REPORT ANALYZING THE MAJOR PROBLEMS FACED BY COMMERCIAL
LESSEES BY INCORPORATING AN ECONOMIC ANALYSIS TO DETERMINE IF THERE IS A
NEXUS BETWEEN THE EXISTENCE OF HIGH LEASE RENTS IN HAWAII AND THE
STAGNATION OF HAWAII'S ECONOMY.**

We are testifying for us and other members of the Small Landowners Association who are in strong opposition to this type of legislation trying to find ways to break leasehold contracts to benefit other private individuals for their own personal gain.

First of all, we think most commercial and industrial properties are leasehold, not only in Hawaii but worldwide. The Leasehold System benefits the lessees ... as they would have to pay much more to purchase the property in fee simple.

Secondly, it encourages the users to maintain, improve and upgrade the property to the highest and best use, to benefit the area and its citizens and increase the community's tax base.

Thirdly, we question what those lessees would do with the property once they purchased it: Would they lease it to some other lessees? Would they resell it to make a profit?

Hawaii, being limited in land by our island topography, has benefited by the leasehold system. At Statehood time lawmakers created the Horizontal Property Regime Act to encourage multi-family developments to provide for the huge influx of people coming to Hawaii. Small landowners let developers lease their property (usually their only piece of property where their homes had been for generations had to be combined with their neighbors) to provide this more affordable housing where the more expensive land did not have to be purchased. The Developers built the buildings and then sold the units without ever sharing their profits or even compensating the landowners for their homes. These small landowners were given the promise of being able to retire, most still living on the same property and their children would be able to keep the property they had worked so hard for. Now some of us have mixed commercial uses in the building that was allowed to develop on our property.

Over 500 families in our group were then told some 10 years later that the legislature was going to require that they sell their property at "reasonable prices" to the lessees who bought those units from the developer & was only paying to rent the landowner's property. We found through studies done, that most properties under leasehold condos were owned by local small landowners who owned only one lot. And that most of the condo unit owners are not the original owners and had sold at big profits again. Also, a large percentage rent their units out to local people and are not even citizens of Hawaii. Therefore, they do not vote or pay income taxes here.

Respectfully, the State itself is one of the largest landowners and provides much of leasehold property for others to use, with the benefit of the property never being lost by the State. We have seen what has happened to areas where the land was forced to be sold to the lessees, such as Kahala, with the old homes torn down and newly constructed mansions which are now vacant after the bubble burst.

We ask that you do not pass this expensive legislation out of the Committee. If you do pass this on please enable us to give our input into the reports being produced by this study.

Mahalo, Small Landowners Association

Manya Vogrig

Phyllis Zerbe

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COMMITTEE HEARING TESTIMONY
House Committee on Legislative Management
Representative Kyle T. Yamashita, Chair

Twenty-Sixth State Legislature
Regular Session of 2012, State of Hawai'i

LEGISLATIVE TESTIMONY IN SUPPORT OF SCR90 SD1

Hearing Date: April 20, 2012, 12:30 pm

Where: Conference Room 309

Submitted by:
Joe Bianco
April 19, 2012

Chair Yamashita, Vice Chair, Tokioka and members of the committee:

I submit testimony in strong support of SCR 90, SD1.

The resolution would require the Legislative Reference Bureau to update its 2003 report analyzing the major problems facing commercial and other land lessees.

As a real estate broker for over 3 decades, I have seen first hand large tracks of commercial and industrial real estate in Honolulu (that were owned or controlled by civic-minded families or companies) purchased by mainland-based institutional investors.

While I am a firm believer of allowing free market forces to keep pricing in balance, industrial and commercial lands, especially those in the Mapunapuna area, are owned and controlled by a just handful of unrelated fee owners who enjoy the advantage and benefits of operating in an oligopoly. While this unique market condition existed for many years, one of the largest Mapunapuna landowners, the Damon Estate, remained sensitive and civic-minded when they operated in an oligopolistic market; and the ground rents Damon charged were fair and reasonable. With Damon's sale of their leased fee interest to a large mainland-based institutional investor, it is becoming alarmingly apparent that the Damon Estate's successors are capitalizing on the fact they are operating in an oligopolistic market and are using that condition to their sole and exclusive financial advantage.

This resolution would allow LRB an opportunity to analyze the plight of Mapunapuna lessees who are relegated to operating in an oligopolistic marketplace. Mapunapuna ground rents have risen to a point where the value of a Lessee's interests is now a financial liability. This rise in ground rents is having profound adverse impacts on not only the businesses leasing land in the Mapunapuna area, but the many individuals and businesses that have a direct and indirect business relationship with the Mapunapuna Lessee.

For these reasons, I strongly urge all members of the Committee to pass this important resolution.

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RICHARD HENDERSON

P.O. BOX 655
HILO, HAWAII 96721-0655

April 18, 2012

Honorable Kyle T. Yamashita, Chair
Honorable James Kunane Tokioka, Vice Chair
Committee on Legislative Management
Hawaii State Capitol
415 South Beretania Street
Honolulu, HI 96813

Re: SCR 90, SD1 Requesting The Legislative Reference Bureau To Update Their 2003 Report Analyzing The Major Problems Faced By Commercial Lessees By Incorporating An Economic Analysis To Determine If There Is A Nexus Between The Existence of High Lease Rents In Hawaii And The Stagnation Of Hawaii's Economy.

I write in support of the passage of SCR 90, SD1, which will be heard by your Committee on Friday, April 20, 2012 at 12:30pm.

As a lessee of commercial property located in Hilo, Hawaii, I am aware that this problem is not just one on Oahu but is occurring on the neighbor island as well.

It has been 10 year since the last study was conducted and an update is warranted. It is also important that the study includes the neighbor island and not be limited to the Island of Oahu.

Your favorable consideration of SCR 90, SD1 is appreciated.

Sincerely,



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Amy Luke

From: Lindgard@aol.com
Sent: Thursday, April 19, 2012 7:54 AM
To: LMGtestimony
Subject: TESTIMONY IN SUPPORT OF SENATE CONCURRENT RESOLUTION SCR 90 SD1 (SSCR3384)

Honorable Representative Kyle T. Yamashita, Chair
Honorable Representative James Kunane Tokioka, Vice Chair
House Members of Legislative Management Committee

RE: TESTIMONY IN SUPPORT OF SENATE CONCURRENT RESOLUTION SCR 90 SD1 (SSCR3384) RELATING TO REQUESTING LRB TO UPDATE 2003 REPORT ANALYZING THE MAJOR PROBLEMS STILL FACING COMMERCIAL AND OTHER LAND LESSEES -- HEARING DATE: FRIDAY, APRIL 20, 2012, 12:30PM, CONFERENCE ROOM 309

Dear Honorable Chair Kyle T. Yamashita, Vice Chair James Kunane Tokioka, and Members of the House Committee on Legislative Management:

I support passage of Senate Concurrent Resolution SCR90 SD1 requesting the Legislative Reference Bureau to update their 2003 report analyzing the major problems facing commercial and other land lessees. Hawaii continues to have many commercial and industrial businesses operate on leasehold properties that are owned by a few large landowners. There has not been a sufficient supply of fee simple properties within the Honolulu proper for businesses to operate on. Ground rents have been identified as a major expense for businesses and while Hawaii's economy has continued to remain weak similarly to the mainland, ground rents have continued to increase substantially. Nine years ago, the Legislative Reference Bureau reported to the Legislature the major problems facing commercial and other land lessees and many organizations including government agencies have been relying upon the data from the report, which may not accurately reflect conditions or the problems such lessees currently face. Simply put, the report is outdated.

I encourage you to pass this resolution and request that the Legislative Reference Bureau to update their 2003 report with the assistance from the University of Hawaii Economic Research Department and through the State Department of Business, Economic Development and Tourism.

Aloha,

Knud Lindgard
25 Aulike
Kailua, HI

JAMES W. Y. WONG

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April 18, 2012

VIA FACSIMILE
586-6271

VIA EMAIL
LMGtestimony@Capitol.hawaii.gov

Honorable Representative Kyle T. Yamashita, Chair
Honorable Representative James Kunane Tokioka, Vice Chair
House Members of Legislative Management Committee

**RE: TESTIMONY IN SUPPORT OF SENATE CONCURRENT RESOLUTION
SCR 90 SD1 (SSCR3384) RELATING TO REQUESTING LRB TO UPDATE 2003
REPORT ANALYZING THE MAJOR PROBLEMS STILL FACING
COMMERCIAL AND OTHER LAND LESSEES -- HEARING DATE:
FRIDAY, APRIL 20, 2012, 12:30PM, CONFERENCE ROOM 309**

Dear Honorable Chair Kyle T. Yamashita, Vice Chair James Kunane Tokioka, and Members of the House Committee on Legislative Management:

I support passage of Senate Concurrent Resolution SCR 90 – SD1 requesting the Legislative Reference Bureau to update their 2003 report analyzing the major problems facing commercial and other land lessees.

PROBLEM:

- Concentration of commercial/industrial land is held by few landowners.
- Ground rents have been identified as a major expense to businesses and have continued to increase at a greater rate and resulted in financial hardship for businesses on leasehold land and resulted in increased costs to consumers.
- Small businesses (many have been tenants on leasehold properties) have been the backbone of Hawaii's economy and they have suffered in Hawaii's poor economy.
- A number of bills have been introduced to address commercial and industrial leasehold issues and opponents to those bills have referenced the LRB 2003 report as the basis that there is not a problem facing commercial and other land lessees.
- It's been close to 10 years since the LRB 2003 report was prepared and ground rents have continued to rise well above market.
- It's necessary to find out what problems and issues many leasehold businesses have if the State seeks to revitalize Hawaii's fragile economy

This resolution if passed would request the LRB to update their 2003 report analyzing the major problems still facing commercial and other land lessee.

Please approve SCR90-SD1.

Aloha,

JAMES W. Y. WONG

F:\data\fb049\LA586

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7 form testimonies; All in Support:

1) Rodney Kim
Sand Island Business Association
Honolulu, HI 96818

2) Colin Lau
Honolulu, HI 96822

3) Lori Lee
Honolulu, HI 96822

4) Rosalind Moore
Honolulu, HI 96822

5) Darryl P. Wong
Honolulu, HI 96822

6) Kari Wong
Honolulu, HI 96822

7) Napualani Wong
Honolulu, HI 96822

April 18, 2012

VIA FACSIMILE
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Honorable Representative Kyle T. Yamashita, Chair
Honorable Representative James Kunane Tokioka, Vice Chair
House Members of Legislative Management Committee

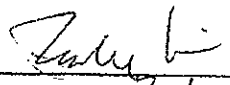
**RE: TESTIMONY IN SUPPORT OF SENATE CONCURRENT RESOLUTION
SCR 90 SD1 (SSCR3384) RELATING TO REQUESTING LRB TO UPDATE 2003
REPORT ANALYZING THE MAJOR PROBLEMS STILL FACING
COMMERCIAL AND OTHER LAND LESSEES -- HEARING DATE:
FRIDAY, APRIL 20, 2012, 12:30PM, CONFERENCE ROOM 309**

Dear Honorable Chair Kyle T. Yamashita, Vice Chair James Kunane Tokioka, and Members of the House Committee on Legislative Management:

I support passage of Senate Concurrent Resolution SCR90 SD1 requesting the Legislative Reference Bureau to update their 2003 report analyzing the major problems facing commercial and other land lessees. Hawaii continues to have many commercial and industrial businesses operate on leasehold properties that are owned by a few large landowners. There has not been a sufficient supply of fee simple properties within the Honolulu proper for businesses to operate on. Ground rents have been identified as a major expense for businesses and while Hawaii's economy has continued to remain weak similarly to the mainland, ground rents have continued to increase substantially. Nine years ago, the Legislative Reference Bureau reported to the Legislature the major problems facing commercial and other land lessees and many organizations including government agencies have been relying upon the data from the report, which may not accurately reflect conditions or the problems such lessees currently face. Simply put, the report is outdated.

I encourage you to pass this resolution and request that the Legislative Reference Bureau to update their 2003 report with the assistance from the University of Hawaii Economic Research Department and through the State Department of Business, Economic Development and Tourism.

Aloha,



Print Name: Rodney Kim
Address: Sand Island Business Ass'n
P.O. Box 17603, Honolulu, HI 96818

April 18, 2012

VIA FACSIMILE
586-6271

VIA EMAIL
LMGtestimony@Capitol.hawaii.gov

Honorable Representative Kyle T. Yamashita, Chair
Honorable Representative James Kunane Tokioka, Vice Chair
House Members of Legislative Management Committee

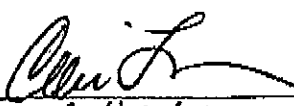
**RE: TESTIMONY IN SUPPORT OF SENATE CONCURRENT RESOLUTION
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I encourage you to pass this resolution and request that the Legislative Reference Bureau to update their 2003 report with the assistance from the University of Hawaii Economic Research Department and through the State Department of Business, Economic Development and Tourism.

Aloha,



Print Name: Colin Lau
Address: 3737 MANDALAY RD
HONOLULU, HI 96822

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April 18, 2012

VIA FACSIMILE
586-6271

VIA EMAIL
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Honorable Representative Kyle T. Yamashita, Chair
Honorable Representative James Kunane Tokioka, Vice Chair
House Members of Legislative Management Committee


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Aloha,



Print Name: Lori Lee
Address: 3737 HANAU ROAD
HONOLULU, HI 96822

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April 18, 2012

VIA FACSIMILE
586-6271

VIA EMAIL
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Honorable Representative Kyle T. Yamashita, Chair
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on. Ground rents have been identified as a major expense for businesses and while Hawaii's
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update their 2003 report with the assistance from the University of Hawaii Economic Research
Department and through the State Department of Business, Economic Developent and Tourism.

Aloha,

Rosalind Moore

Print Name: ROSALIND MOORE

Address: 3737 HANOA RD.

HON., HI 96822

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DARRYL P. WONG

3737 Manoa Road, Honolulu, Hawaii 96822, Phone: (808) 946-2966, Facsimile: (808) 943-3140

April 18, 2012

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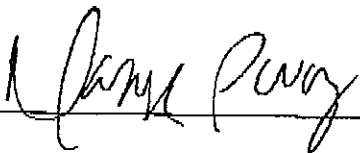
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Aloha,



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April 18, 2012

VIA FACSIMILE
586-6271

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Honorable Representative Kyle T. Yamashita, Chair
Honorable Representative James Kunane Tokioka, Vice Chair
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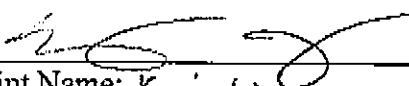
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Aloha,



Print Name: Kani Wong

Address: 3737 Manoa Road
Honolulu, HI 96822

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April 18, 2012

VIA FACSIMILE
586-6271

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Honorable Representative Kyle T. Yamashita, Chair
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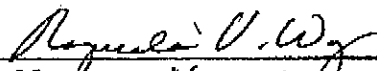
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Aloha,



Print Name: Napoleon W. Wong
Address: 1577 Heheue St.
Honolulu, HI 96822

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