



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

DAVID Y. IGE
GOVERNOR

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DIRECTOR

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Statement of
LUIS P. SALAVERIA
Director
Department of Business, Economic Development and Tourism
before the
HOUSE COMMITTEE ON HOUSING
Thursday, February 1, 2018
9:00 AM
State Capitol, Conference Room 423

in consideration of
HB2327
RELATING TO LANDS CONTROLLED BY THE STATE.

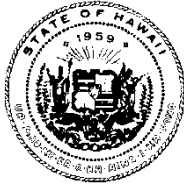
Chair Brower, Vice Chair Nakamura, and Members of the Committee.

The Department of Business, Economic Development and Tourism (DBEDT) strongly supports HB2327, an Administration bill that would exempt the sale of the leased fee interest in specified single family house lots and condominium units to the lessees of said properties from the legislative approval requirements set forth in §171-64.7, Hawaii Revised Statutes (HRS).

Obtaining legislative approval for the fee simple sale of state lands is a lengthy and costly process for individual leasehold homeowners. This bill will provide relief for these individual homeowners, who have a contractual right to purchase the fee interest in their homes.

Thank you for the opportunity to offer support on HB2327.

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
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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

February 1, 2018 at 9:00 a.m.
State Capitol, Room 423

In consideration of
H.B. 2327
RELATING TO LANDS CONTROLLED BY THE STATE.

The HHFDC strongly supports H.B. 2327, an Administration bill that would exempt the sale of the leased fee interest in specified single family house lots and condominium units to the lessees of said properties from the legislative approval requirements set forth in §171-64.7, Hawaii Revised Statutes (HRS). These house lots and units come from 9 different projects, and include 35 house lots with leases giving lessees the right to purchase the fee interest in their homes. Most of the lessees in these 9 projects have already purchased the leased fee interest in their homes before legislative approval was required.

Obtaining legislative approval for the fee simple sale of state lands is a lengthy and costly process when applied to individual leasehold homeowners whose homes were developed decades beforehand. This measure is intended to provide relief for these individual homeowners, while maintaining the integrity of the legislative approval process as a whole.

Thank you for the opportunity to testify.

LATE



EXECUTIVE CHAMBERS
HONOLULU

DAVID Y. IGE
GOVERNOR

Testimony of the Office of the Governor
State of Hawai'i

Before the
House Committee on Housing
February 1, 2018; 9:00 a.m.
Conference Room 423

In consideration of
House Bill No. 2327
RELATING TO LANDS CONTROLLED BY THE STATE

Chair Brower , Vice Chair Nakamura, and committee members:

The Office of the Governor **strongly supports** House Bill 2327. Housing is a top priority for the Ige administration. Governor Ige convened a housing task force comprised of representatives from the Land Use Research Foundation, the Building Industry Association, the development community, housing advocacy organizations, and the state legislature to work collaboratively on solutions to the housing shortage.

This measure supports the goals of that task force by streamlining the state housing finance agency's process for dealing with leasehold homes that were sold before Act 176 became law in 2009. The current process is very cumbersome and affects individual leasehold homeowners who have a contractual right to purchase the fee interest in their homes. This bill would authorize HHFDC to sell the leased fee interest to the 35 remaining lessees in subdivisions where the fee interest has already been sold.

We urge you to pass this bill. Thank you for the opportunity to testify on this measure.



January 30, 2018

Representative Tom Brower, Chair
Representative Nadine Nakamura, Vice-Chair
House Committee on Housing

Comments in Support of HB 2327, Relating to Lands Controlled by the State. (Exempts from legislative approval the sale of the leased fee interest in certain affordable leasehold developments by the Hawaii Housing Finance and Development Corporation (HHFDC).)

Thursday, February 1, 2018, 9:00 a.m., in Conference Room 423

The Land Use Research Foundation of Hawaii (LURF) is a private, non-profit research and trade association whose members include major Hawaii landowners, developers and a utility company. LURF's mission is to advocate for reasonable, rational and equitable land use planning, legislation and regulations that encourage well-planned economic growth and development, while safeguarding Hawaii's significant natural and cultural resources, and public health and safety.

LURF appreciates the opportunity to provide comments **in support of HB 2327**.

HB 2327. This bill proposes to exempt from legislative approval, the sale of the leased fee interest in certain HHFDC affordable leasehold developments, to avoid the otherwise costly approval process for closing that may take over a year to complete.

LURF's Position. LURF fully supports HB 2327, which is in accordance with the intent of Act 176, Session Laws of Hawaii 2009, to "establish a more comprehensive process for the sale of state-owned land." LURF understands that there are individual leasehold house lot and condominium unit owners in developments constructed several years ago, who have the right to acquire the fee interest in their properties, where most of their neighbors have already acquired their fee simple interests. This measure would allow the sale of the leased fee interest in the remaining homes in these developments that predated Act 176 to be exempt from legislative approval.

This bill will save the administrative costs of guiding these homes through the legislative approval process, thus saving time and expense for the homeowner; and will reduce the administrative burden of continually processing individual home lots and condominium units in the same developments as homeowners become more able to purchase the leased fee interest to their homes.

LURF therefore **supports HB 2327**, and urges passage of this bill.

Thank you for the opportunity to present comments regarding this matter.



HB2327
RELATING TO LANDS CONTROLLED BY THE STATE
House Committee on Housing

February 1, 2018

9:00 am

Room 423

The Office of Hawaiian Affairs Committee on Beneficiary Advocacy & Empowerment (OHA) will recommend that the Board of Trustees offer the following **COMMENTS** on HB2327, which would exempt certain specific homes and condominium units held by the Hawai'i Housing Finance and Development Corporation (HHFDC) from the legislative approval and other requirements found under to Hawai'i Revised Statutes (HRS) § 171-64.7. OHA appreciates the early and continued outreach from HHFDC regarding this matter, and the opportunity to review the status of these parcels well before the introduction of this measure. **After much discussion, and given that the identified parcels are either non-"ceded" or comport with the narrow exceptions to OHA's policy to oppose the sale of "ceded" lands, OHA does not oppose this measure.**

On November 4, 1994, OHA filed a lawsuit, *OHA v. Hawai'i Finance and Development Corporation* (later renamed *OHA v. Housing and Community Development Corporation of Hawai'i (HCDCH)*), to seek a moratorium on the sale of "ceded" lands by the State of Hawai'i, in order to protect the "ceded" lands corpus until the unrelinquished claims of Native Hawaiians are resolved. In 2008, in *OHA v. HCDCH*, the Hawai'i Supreme Court granted OHA's request for a moratorium on the sale of "ceded" lands. In 2009, in part to resolve the concerns underlying *OHA v. HCDCH*, the legislature passed Act 176, requiring a two-thirds majority vote by both legislative chambers before any public lands, including "ceded" lands, could be sold or transferred. In 2011, Act 169 further required state agencies wishing to sell or exchange state lands to provide draft measures to OHA at least three months prior to the convening of the legislative session, so that OHA may review and corroborate the "ceded" land status of the land proposed for sale and to make a determination on its position on the proposed alienation. **OHA reaffirms its opposition to the alienation of "ceded" lands, subject to a narrow subset of exceptions, and strongly believes that the procedures established under Act 176 and Act 169, codified in part in HRS § 171-64.7, are critical to ensuring that the "ceded" lands corpus is properly protected and maintained.**

OHA does understand that there have a been a small number of instances where the requirements of HRS § 171-64.7 has resulted in unusual hardship to HHFDC lessees who sought to convert their leasehold interests in their residential units to fee ownership, when such units were not in fact on "ceded" lands (or exchanged for "ceded" lands), or when they qualified under one of the narrow exceptions to OHA's general opposition to the alienation of "ceded" lands. OHA further understands that this measure is intended to avoid any such future hardship for HHFDC lessees, including OHA beneficiaries, who may wish to convert their

leasehold interests to a fee in the unspecified future, for residential units that are non-“ceded” or whose disposal OHA would not otherwise oppose.

After much discussion, analysis, and careful review of the specific parcels identified in this measure, OHA affirms that it would not oppose their exemption from the requirements of HRS § 171-64.7, insofar as OHA would not generally oppose their sale on the basis of their “ceded” lands status.

Accordingly, OHA does not oppose HB2327. Mahalo for the opportunity to testify on this measure.