

DAVID Y. IGE
GOVERNOR OF
HAWAII



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

POST OFFICE BOX 621
HONOLULU, HAWAII 96809

**Testimony of
SUZANNE D. CASE
Chairperson**

**Before the House Committee on
WATER & LAND**

**Friday, February 2, 2018
9:30am
State Capitol, Conference Room 325**

**In consideration of
HOUSE BILL 2641
RELATING TO PUBLIC LANDS**

House Bill 2641 proposes to establish procedures for designating public redevelopment districts and implementing redevelopment plans. The bill also proposes to modify public land leasing restrictions and establishes the Waiakea Peninsula Redevelopment District and associated planning committee and revolving fund. **The Department of Land and Natural Resources (Department) offers the following concerns and comments on the measure.**

Under Chapter 171, Hawaii Revised Statutes (HRS), the Board of Land and Natural Resource (Board) is authorized to issue leases up to a maximum term of 65 years. Section 171-32, HRS, provides that it is the policy of the State to issue leases by public auction. As the preamble to this bill indicates, at the end of their lease terms, lessees have little incentive to invest in improvements to their leasehold properties because the leases cannot be extended further. Rather, new leases of the lands must be issued pursuant to the public auction process. As a result, the properties frequently fall into disrepair.

In 2015, the Legislative Reference Bureau (LRB) issued Report No. 2, Commercial Leasing of Public Lands: State Policies Regarding Leases Near End of Term. LRB identified those states with maximum lease terms and reviewed how these states' leasing practices dealt with end of the term leases. LRB concluded its report in stating:

While some states have policies that generally address the maintenance and improvement of leased public lands, these policies appear to arise when a lease agreement is initially drafted and entered into, or within the context of negotiations for a lease renewal, rather than during the last few years of an

SUZANNE D. CASE
CHAIRPERSON
BOARD OF LAND AND NATURAL RESOURCES
COMMISSION ON WATER RESOURCE MANAGEMENT

ROBERT K. MASUDA
FIRST DEPUTY

JEFFREY T. PEARSON, P.E.
DEPUTY DIRECTOR - WATER

AQUATIC RESOURCES
BOATING AND OCEAN RECREATION
BUREAU OF CONVEYANCES
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

existing lease. In comparison, commercial leases of public lands in Hawaii include a general covenant that requires lessees to maintain the property. The Bureau offers no conclusions regarding which, if any, of the policies employed by the other states represents practices that should be incorporated into the commercial leasing of public lands in Hawaii.

PART I of the bill seeks to promote the redevelopment of public lands with commercial, industrial, hotel and resort uses. The Department's primary hotel and resort landholding is located on Banyan Drive in Hilo. The Department's main industrial landholdings are located at Sand Island, Oahu, and Kanoelehua Industrial Area in Hilo.

With respect to Banyan Drive, although a number of properties are in poor condition, the Department points out that the Hilo Hawaiian Hotel, the Hilo Bay Café (former Nihon Restaurant site), and the Grand Naniloa Hotel are State leasehold properties that are in good condition, with Naniloa currently wrapping up a \$20 million renovation. The long-term leases for Uncle Billy's Hilo Bay Hotel (later the Pagoda Hilo Bay Hotel, which was closed in June 2017), Country Club Condominium (which is now a residential apartment building – not a condominium), and Reed's Bay Resort Hotel all expired in 2016 and have been converted to month-to-month revocable permits. No new leases for these sites have issued yet because the Department has been working the County of Hawaii Banyan Drive Hawaii Redevelopment Agency (BDHRA), and prior to that the Banyan Drive Task Force, to develop a long term plan for the area. Once a long-term plan for Banyan Drive is settled on, the Department can issue new long-term resort leases for these properties, if that is what BDHRA ultimately supports.¹

With respect to the Kanoelehua Industrial Area, many of the leases of public lands in that area were issued in a two or three year period following the 1960 tsunami for terms of 55 years. Most of the lessees in this area applied for ten-year extensions of their lease terms under Section 171-36(b), HRS, which requires the lessee to make substantial improvements to the premises to qualify for a lease extension. Although some of the leasehold improvements are not in good condition, a number of them are well maintained, such as HPM Building Supply, Bank of Hawaii and Big Island Toyota on Kanoelehua Avenue, Central Supply on Makaala Street, Paradise Plants, and Kitchen and Bath Supply on Wiwoole Street, and the Coca-Cola bottling plant on Holomua Street.

PART II of the bill proposes to amend Chapter 171, HRS, to allow the Board to extend existing leases for an unlimited number of years in exchange for the lessee making substantial

¹ The Department procured a consultant to conduct a number of studies to facilitate planning for Banyan Drive including a market study on tourism to determine if the area could support a new hotel, and studies on sea level rise, the viability of master leasing multiple parcels in the area, and the remaining useful life of existing structures on expiring lease premises. These studies are publicly available on the Department's website at <http://dlnr.hawaii.gov/ld/kanoelehua-and-banyan-drive-studies/>. Another consultant, Erskine Architects, conducted a much more detailed architectural and engineering study on whether existing improvements on the expired lease premises should be demolished or rehabilitated. Yet another consultant recently completed a study on the cost of securing the necessary permitting for demolishing the improvements on the expired leases and completing the demolition.

improvements to existing improvements or constructing new improvements under an approved development agreement.²

In the past, the Department has generally opposed legislative bills that proposed to allow existing lessees to acquire new lease terms on leases that are scheduled to expire soon, following instead general public policy to promote fairness in competition in access to public property. One reason for the Department's position was the statutory policy mentioned above favoring issuance of leases by public auction. Another reason was to preserve the State's legal right to the remaining value of the improvements after the lease term; when leases expire, the lessees' improvements on the land revert to State ownership pursuant to the express terms of the lease, unless the State directs the lessee to remove the improvements. Assuming the improvements have some remaining useful life, the State is then in a position to auction leases of improved properties at potentially greater rents than the State would receive for a ground lease alone,³ which amounts can in turn be applied to public purposes.

The Department recognizes that a prior legislative act providing for extensions of resort leases did have a beneficial effect on one State lease on Banyan Drive. The lessee of Hilo Hawaiian Hotel property took advantage of Act 219 Session Laws of Hawaii (2011) to extend its lease from 2031 to 2068, making substantial improvements to the property pursuant to a development agreement negotiated between the State and the lessee. However, even Act 219 included a limit on the duration of a lease extension – the aggregate of the remaining lease term and any extension could not exceed 55 years.

The Department thus acknowledges different public policy benefits from different approaches. Based on this, the Department now takes a neutral stance on legislative proposals to extend existing leases. The Department believes, however, that indefinite extensions of leases that preclude the public from ever having an opportunity to bid on a lease at auction are not the appropriate solution.

In addition, the Department identifies the following issues with respect to this measure:

The bill creates an additional layer of bureaucracy in government

The bill provides that the Legislature may designate an area of public lands as a redevelopment district. Upon such designation, a nine-member planning committee is to be established as a

2 Although the bill places a cap of 20 years on extensions of the "fixed rental period" of leases, "fixed rental period" needs to be clearly distinguished from the "lease term." The Department interprets "fixed rental period" to mean the period of time for which the rent under a lease is known prior to the next rent reopening. Most of the Department's leases have rent reopenings at 10-year intervals. Public auction leases occasionally have longer fixed rental periods initially, especially when the successful bidder is required to construct new improvements. "Lease term" refers to the total lease duration from commencement to expiration. The bill seems to conflate these two concepts.

3 The Department also examined the possibility consolidating smaller parcels in this area to put out to lease at auction as larger lots. The Department's consultant conducted a market study on the demand for industrial parcels in Hilo, a lot consolidation analysis, and a master lease analysis of multiple parcels. These studies are also publicly available on the Department's website at <http://dlnr.hawaii.gov/ld/kanoielehua-and-banyan-drive-studies/>

policy-making board for the district. The planning committee, who serves without compensation, then appoints a district administrator for the district who is to be compensated. The planning committee may hire additional staff as well. PART III of the measure creates the Waiakea Peninsula Redevelopment District (WPRD) for the Banyan Drive area of Hilo.

The bill creates a new layer of redevelopment process in addition to the task force and the BDHRA: the WPRD and a planning committee to serve as a policy-making board for the district. In addition to the administrator, the planning committee would likely require a secretary and perhaps more staff for proper administration, as well as office equipment, supplies, and travel expenses for the eleven committee members. There will be added expense for the committee to comply with HRS Chapter 92's sunshine law requirements. Further, the committee's actions may be subject to contested case hearings and appeals. The bill provides for a general appropriation in an unspecified amount to carry out the purposes of the measure. A conservative budget for such a planning committee, including payroll, fringe benefits, hearing officer fees, and other costs and expenses, would be \$500,000 annually. If the appropriation is set an amount lower than that figure, then the difference would apparently be covered by the Department's revenues from leases in the designated district.

The bill proposes an unnecessary, bureaucratic addition to the Department's operations. As explained above, the Department has been working with the BDHRA regarding plans for the Banyan Drive area. Additionally, as mentioned above, the Department has procured consultants for Banyan Drive and the Kanoelehua Industrial Area in Hilo to analyze market trends, and explore options for redevelopment and rehabilitation of specific parcels or areas. After 2013 legislative session, former Governor Abercrombie approved the formation of a Banyan Drive Task Force that met a number of times to discuss many of the issues covered by the bill as they relate to the Banyan Drive area. The task force members included representatives from local businesses, the former executive director of the Big Island Visitors Bureau, the executive director of the 'Imiloa Astronomy Center of Hawaii, and representatives from the Hawaii County Mayor's Office and State legislators also attended the meetings. This informal task force worked well and at limited expense to the State.

There are practical problems with the bill

As noted above, House Bill 2641 allows the Legislature to designate redevelopment districts on public lands. As defined in Section 171-2, HRS, public lands exclude lands used as roads and streets. While the State owns some contiguous parcels in both the Banyan Drive area and Kanoelehua Industrial Area in Hilo, it does not own or manage the roads, which often include utility lines and other infrastructure. Accordingly, to the extent the bill seeks to improve infrastructure in a given area, a redevelopment district designated by the Legislature would likely not include important infrastructure components. Rather, the district would be confined to the particular parcels under the Department's management.

The Department relies on the revenues from leases of public lands to fulfill its fiduciary duties

This bill proposes that 50% of the revenues from properties in a development district are to be deposited into a development revolving fund, and that moneys in the fund shall be used solely to

promote the purposes of the bill. The Department and the Board are responsible for managing approximately 1.3 million acres of public lands comprised of sensitive natural, cultural and recreational resources. The Department's responsibilities include managing and maintaining the State's coastal lands and waters, water resources, conservation and forestry lands, historical sites, small boat harbors, parks, and recreational facilities; performing public safety duties (e.g., flood and rockfall prevention); issuing and managing leases of public lands (agriculture, pasture, commercial, industrial, and resort leases); maintaining unencumbered public lands; and enforcing the Department's rules/regulations.

To properly perform these fiduciary duties, the Board determined that the Department should utilize a portion of the lands it manages to generate revenues to support the Department's operations and management of public lands/programs. Annual lease revenues currently support the Special Land and Development Fund (SLDF), with revenues coming primarily from leases for commercial, industrial, resort, geothermal and other renewable energy projects.

The SLDF is a critical and increasingly important funding source for various divisions within the Department to deal with emergency response to natural catastrophes such as fire, rockfall, flood or earthquake and hazard investigation and mitigation. The SLDF also is critical for staff support of various programs and funding conservation projects on all state lands. It has also become an important source of state match for federally funded endangered species and invasive species initiatives that otherwise would not go forward.

The authority to construct, improve, renovate and revitalize areas within the counties is already authorized under Section 46-80.5 and Chapter 53, HRS.

The bill seeks to redevelop the infrastructure and facilities within designated redevelopment districts. However, the bill is unnecessary because there are already existing laws and ordinances that provide the process and financing to make such improvements, as evidenced by the County of Hawaii's creation of BDHRA under Chapter 53, HRS.

Section 46-80.5, HRS, authorizes the various counties to enact ordinances to create special improvement districts for the purpose of providing and financing such improvements, services, and facilities within the special improvement district as the applicable county council determines necessary or desirable to restore or promote business activity in the special improvement district. This is the same purpose sought by this bill.

Under the authority of Section 46-80.5, HRS, the County of Hawaii, as an example, enacted Chapter 12 of the Hawaii County Code, which authorizes the County of Hawaii to create improvement districts to construct new, or improve existing infrastructure and facilities, including roadways and utility infrastructure and improvements. It should also be noted that the responsibilities for maintaining such improvements within the proposed redevelopment districts are already vested with the County of Hawaii. Most, if not all, of the public roadways and utility infrastructure within any potentially designated district boundaries have been dedicated to the County.

Thank you for the opportunity to comment on this measure.

DAVID Y. IGE
GOVERNOR



LAUREL A. JOHNSTON
ACTING DIRECTOR

EMPLOYEES' RETIREMENT SYSTEM
HAWAII EMPLOYER-UNION HEALTH BENEFITS TRUST FUND
OFFICE OF THE PUBLIC DEFENDER

STATE OF HAWAII
DEPARTMENT OF BUDGET AND FINANCE
P.O. BOX 150
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ADMINISTRATIVE AND RESEARCH OFFICE
BUDGET, PROGRAM PLANNING AND
MANAGEMENT DIVISION
FINANCIAL ADMINISTRATION DIVISION
OFFICE OF FEDERAL AWARDS MANAGEMENT (OFAM)

WRITTEN ONLY
TESTIMONY BY LAUREL A. JOHNSTON
ACTING DIRECTOR, DEPARTMENT OF BUDGET AND FINANCE
TO THE HOUSE COMMITTEE ON WATER AND LAND
ON
HOUSE BILL NO. 2641

February 2, 2018
9:30 a.m.
Room 325

RELATING TO PUBLIC LANDS

House Bill No. 2641 establishes a framework to identify areas of commercial, industrial, resort, and hotel parcels in need of revitalization and redevelopment of the parcels. The bill modifies land lease restrictions pursuant to Section 171, HRS, and creates a nine-member planning committee for each redevelopment district to provide policy direction and prepare a redevelopment plan. The bill authorizes establishment of a revolving fund for each redevelopment district that would generate revenues through 50% of the income, revenues, and receipts from the public lands in the redevelopment district; legislative appropriations; and grants, gifts, and other funds. House Bill No. 2641 also creates the Waiakea Peninsula Redevelopment District on the island of Hawai'i, the Waiakea Peninsula Planning Committee, and the Waiakea Peninsula Redevelopment District Revolving Fund. An unspecified sum of special funds are appropriated for FY 19 to carry out provisions in the bill.

The Department of Budget and Finance takes no position on the establishment of redevelopment districts or the modification of land lease provisions. As a matter of

general policy, the department does not support the creation of any revolving fund which does not meet the requirements of Section 37-52.4, HRS. Revolving funds should: 1) serve a need as demonstrated by the purpose, scope of work and an explanation why the program cannot be implemented successfully under the general fund appropriation process; 2) reflect a clear nexus between the benefits sought and charges made upon the users or beneficiaries or a clear link between the program and the sources of revenue; 3) provide an appropriate means of financing for the program or activity; and 4) demonstrate the capacity to be financially self-sustaining. In regards to House Bill No. 2641, it is difficult to determine the number of revolving funds that will be created, and whether the proposed source of revenues will be self-sustaining for each revolving fund.

The department has concerns on the general fund revenue impact of the bill since half of the revenue, income, and receipts from public lands in each designated redevelopment district will be diverted away from the Special Land and Development Fund. Pursuant to Section 171-19, HRS, excess moneys in the Special Land and Development Fund lapse to the credit of the State general fund.

Thank you for your consideration of our comments.



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HOUSE COMMITTEE ON WATER AND LAND
Friday, February 2, 2018, 9:30 AM, Conference Room 325
House Bill 2641, Relating to Public Lands

TESTIMONY

Douglas Meller, Legislative Committee, League of Women Voters of Hawaii

Chair Yamane and Committee Members:

The League of Women Voters strongly opposes HB 2641 which establishes procedures for designation of public land redevelopment districts and unaccountable “committees” with authority to negotiate non-bid long-term leases to existing lessees, override unspecified public land use “ordinances and rules”, earmark use of public lease revenues, and waive public collection of lease revenues within redevelopment districts.

We support public planning for redevelopment of public lands and transparent, competitive procedures for award of long-term commercial leases on public lands. We oppose HB 2641 because this bill contains provisions which would encourage existing commercial lessees of public lands to “play politics” to gain special unfair treatment.

Thank you for the opportunity to submit testimony

HB-2641

Submitted on: 1/31/2018 12:16:39 PM

Testimony for WAL on 2/2/2018 9:30:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Robin Kaye		Oppose	No

Comments:

This is truly a terrible, unnecessary and anti-democratic bill. Please do NOT move this forward.

HB-2641

Submitted on: 1/31/2018 12:38:00 PM

Testimony for WAL on 2/2/2018 9:30:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Michelle Matson	CPAC/HTF/NB#5/KPAC	Oppose	No

Comments:

I STRONGLY OPPOSE this transparent proposal to corrupt our established land use principles, practices and protections.

This is nothing more than an attempted resurrection of the PLDC - "Public Lands Development Corporation" - that was engineered by the same developer-driven legislative influences and enacted by the former governor in 2011 - and consequently RAPIDLY REPEALED in the heat of PUBLIC OUTCRY.

PLEASE KILL THIS BILL.

HB-2641

Submitted on: 1/31/2018 5:13:45 PM

Testimony for WAL on 2/2/2018 9:30:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Thorne Abbott	Coastal Planners, LLC	Oppose	No

Comments:

HB-2641

Submitted on: 2/1/2018 8:39:26 AM

Testimony for WAL on 2/2/2018 9:30:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Glen Kagamida	Retired	Support	No

Comments:

I am submitting testimony in **SUPPORT** of HB 2641, which deals with public lands already involved with economic activity, not the wide open spaces generally pictured when the words “public lands” are used. HB 2641 will enable more creative and efficient use of those economic activity public lands, resulting in better returns for Hawaii and its taxpayers, and with more accountability. Establishing the Waiakea peninsula redevelopment district is especially important to sustain and grow tourism in the Hilo area of east Hawaii Island. Mahalo.

Glen Kagamida

Hilo

Retired, former UH Hilo employee

February 1, 2018

COMMITTEE ON WATER & LAND

Rep. Ryan I. Yamane, Chair

Rep. Chris Todd, Vice Chair

Testimony in Support of HB2641

Aloha Chair Yamane,

Hawaii Planing Mill, Ltd. dba HPM Building Supply will be celebrating its 97th anniversary on August 8, 2018. We have over 330 employees and operate 8 facilities across Hawaii Island, Oahu and Kauai. Today we are a 100% employee-owned company and proud that all our success is returned to the communities we serve. Our roots are in Hilo, where HPM was founded in 1921. Since 1961, we have been a lessee of the State of Hawaii and were a recipient of one of the original “tidal wave” leases. The original 55-year lease term came up in 2016 and we have since been granted a 10-year lease extension which expires in 2026.

We respectfully ask for your support of HB2641. The opportunity to establish and designate public land redevelopment districts brings forward an effective framework to revitalize our Hilo community. Also important to this bill is the establishment of procedures for designating planning committees, district redevelopment plans, and redevelopment district revolving fund appropriations. We also appreciate that HB2641 amends public land lease restrictions, which will benefit the Kanoelehua industrial area where our primary 5-acre Hilo customer center exists. This is important to us as this may allow HPM and other companies currently under lease with the DLNR to potentially renew our lease terms and make substantial improvements to our properties and facilities. Most importantly, we have confidence that the comprehensive nature of HB2641 and its mechanisms for funding provide the right ingredients to make meaningful and timely impact and will establish the economic foundation and engine for our future generations of our Hilo community to thrive.

Thank you for your support of this bill.

Mahalo,



Robert M. Fujimoto, Chairman of the Board Emeritus



Michael K. Fujimoto, Chairman and Chief Executive Officer



Jason R. Fujimoto, President & Chief Operating Officer

HB-2641

Submitted on: 2/1/2018 9:29:08 AM

Testimony for WAL on 2/2/2018 9:30:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
James McCully		Support	No

Comments:

Aloha Chair Yamane and Vice-Chair Todd

I write in Strong Support for HB2641. As a small businessman in Hilo for more than 35 years I have seen first hand the pernicious affects of poor management and statutory controls of public lands. Both the Hotel sector located on the Waieka peninsula (Banyan Drive) and the Warehouse district known as the KIAA have deteriorated for more than 20 years as the properties entered the last half of their lease terms.

The proposed district authority would provide "Home Rule" supervision for the redevelopment of the Banyan Drive properties. Since it would only be overseeing this area it would be able to keep the plans and processes as it's first (and only) priority, thus expediting the improvements to the area.

The statutory reform is long overdue. The legislature has acknowledged the fundamental problems created by the lease restrictions contained in HRS171-35 and 36 and the need to amend this statute. However the only modification that was successful was Act 219, 2011 which sunsetted in 2016. The more recent HB575, 2017 which sought to extend Act 219's benefits to other classes of land, and on a permanent basis, was significantly modified during the hearings for that bill. The final result, Act 215, 2017 does not solve the problems inherent in a fixed term lease, in that it does not provide an assured mechanism or incentive for reinvestment.

Please support HB2641,

Mahalo, James McCully

HB-2641

Submitted on: 2/1/2018 10:50:23 AM

Testimony for WAL on 2/2/2018 9:30:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Bianca Isaki	KAHEA: The Hawaiian-Environmental Alliance	Oppose	No

Comments:

I strongly oppose HB2641. This bill would allow a largely unscrutinized a public land redevelopment **plan to supersede all** other ordinances and land use, planning, development and construction rules on public land within a designated district. We need more, not less, scrutiny of uses of public lands. Please vote against HB2641.



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COMMITTEE ON WATER & LAND

Rep. Ryan I. Yamane, Chair

Rep. Chris Todd, Vice Chair

Friday, February 2, 2018

9:30 AM

Conference Room 325

Re: HB 2641 Gut Sensible Land Use Laws

VERY STRONG OBJECTIONS

Aloha Chair Yamane, Vice Chair Todd, and Members of the Committee,

Life of the Land is Hawai'i's own energy, environmental and community action group advocating for the people and `aina for 47 years. Our mission is to preserve and protect the life of the land through sound energy and land use policies and to promote open government through research, education, advocacy and, when necessary, litigation.

The PUBLIC LANDS REDEVELOPMENT Committee (PLRDC) is modeled after the highly controversial Public Lands Development Corporation (PLDC) which went down in flames.

A nine-member board consisting of two governmental administrators and seven business people with real estate, marketing, management, resort, and/or banking shall have total control a parcel of land and determine its future. They can override all State Laws to Promote Rampant Development. No cultural or environmental presence will exist. The public can vent themselves at one meaningless hearing. The PLRDC can do whatever they want.

"Notwithstanding any other law to the contrary, renew or renegotiate any lease ... [and] enter into a redevelopment agreement with a developer or developers ... to develop the area." This includes any commercial/industrial use, resort, or public facility including transit-oriented district projects, jails, prisons, etc. They can run rough-shot over all laws to "optimize income". "The designated district redevelopment plan shall supersede all other inconsistent ordinances and rules relating to the use, planning, development, and construction on public land in the designated district."

Mahalo, Henry Curtis, Executive Director

HB-2641

Submitted on: 2/1/2018 12:30:45 PM

Testimony for WAL on 2/2/2018 9:30:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
brian nakano	Chika Nakano Repair Shop	Oppose	No

Comments:



HB2641

House Committee WAL
Chair Ryan I. Yamane
Vice Chair Chris Todd

Aloha Chair Yamane,

I am Garth Yamanaka, Committee chair for Government affairs for the Kanoelehua Industrial Area Association (KIAA). Established in 1968, KIAA is an active business association that is comprised of both small and large businesses and organizations within specific Hilo and Keaau boundaries. One of our goals is to advance the commercial and community interests of our member firms. Presently, we represent approximately 350 business members employing approximately 4,500 workers.

KIAA supports the purpose of this measure which is to identify areas of commercial, industrial, resort, and hotel parcels in need of revitalization and to establish guidelines for the redevelopment of those parcels. The current framework for management of public lands in the East Hawaii area has created an environment that is sub-par to market expectations. The passing of HB 2641 will help to push policy in the right direction and start the process of revitalizing the East Hawaii economy.

We urge you to pass HB 2641 and Mahalo for this opportunity to provide testimony.

Mahalo,

Garth Yamanaka
Committee Chair for Government Affairs
KIAA

Testimony before the House Committee on Water and Land

House Bill 2641 – Related to Public Lands

Rep Ryan I Yamane, Chair
Rep Chris Todd, Vice Chair

Aloha Chair Ryan I Yamane , Vice Chair Chris Todd and committee members,

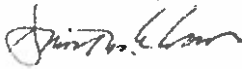
I am **in strong support of HB 2641**, which seeks to rejuvenate the Waiakea Peninsula District and areas of public lands that have been dilapidated over time.

Revitalization of the Waiakea Peninsula in East Hawaii is long overdue. Hilo’s primary hotel district has been considered “blighted” under Hawaii’s urban renewal law. I support this initiative that improves and addresses all of the uses of the area: recreation, tourism, cultural, harbors and commercial areas.

I look forward to and support legislation that makes economic growth and revitalization of Hilo possible. Please pass this bill forward for full house consideration.

Thank you for the opportunity to **support HB2641**.

Respectfully Submitted,



David Kurohara
Hilo Resident

February 2, 2018

The Honorable Ryan I. Yamane, Chair
House Committee on Water & Land
State Capitol, Room 325
Honolulu, Hawaii 96813

LATE

RE: H.B. 2641, Relating to Public Lands

HEARING: Friday, February 2, 2018, at 9:30 a.m.

Aloha Chair Yamane, Vice Chair Todd and Members of the Committee,

I am Ken Hiraki, Director of Government Affairs, here to testify on behalf of the Hawai'i Association of REALTORS® ("HAR"), the voice of real estate in Hawai'i, and its over 9,500 members. HAR **supports** House Bill 2641, which establishes procedures for designating public land redevelopment districts, planning committees, district redevelopment plans, and designated redevelopment district revolving funds. Establishes powers and duties of planning committees. Modifies public land lease restrictions. This measure also establishes the Waiakea Peninsula Redevelopment District, Planning Committee, and Revolving Fund until June 30, 2028.

The State currently leases state land to many entities for commercial, industrial, hotel and resort purposes. Unfortunately, lessees have virtually no economic incentive to invest in the property over the last 10 to 15 years, knowing their lease will expire. In turn, with uncertainty of one's lease extension, it has led to public lands that are underused and deteriorating.

Many of the circumstances that faced the State of Hawai'i and the City & County of Honolulu when the future of Kaka'ako was at risk can be related to the issues of the Waiakea Peninsula (Banyan Drive) and Kanoelehua Industrial Area. Existing regulations and state policies do not address the needs of the Hilo businesses operating on Public Lands resulting in a less-than-thriving commercial zone.

This measure will encourage revitalization of public lands. As a result, from a taxation perspective, this measure will enhance the revenue generating potential of these properties, including increases in the Transient Accommodations Tax from revitalized hotel and resort areas.

Mahalo for the opportunity to testify in support of this measure.