

DAVID Y. IGE
GOVERNOR



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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
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IN REPLY REFER TO:

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

HOUSE COMMITTEE ON HOUSING

February 14, 2017 at 9:00 a.m.
State Capitol, Room 423

In consideration of
H.B. 764
RELATING TO PUBLIC LAND LEASING.

The HHFDC opposes section 5 of H.B. 764, because it places a mandatory cap on extensions of leases for self-help housing developments to no more than 75 years to meet Federal Housing Administration requirements. Currently, there is no cap. We defer to the Department of Land and Natural Resources on the remainder of this bill.

Thank you for the opportunity to testify.

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**

**Before the House Committee on
HOUSING**

**Tuesday, February 14, 2017
9:00 AM
State Capitol, Room 423**

**In consideration of
HOUSE BILL 764
RELATING TO PUBLIC LAND LEASING**

House Bill 764 proposes to require the extension of public land leases to seventy-five years for affordable housing projects when Federal Housing Administration requirements need to be met for project funding. **The Department of Land and Natural Resources (Department) opposes this bill.**

The Department strongly opposes SECTION 2 of this measure. Chapter 104, Hawaii Revised Statutes, applies to projects built by or for, or funded by, the State or county, such as government offices, schools, libraries, courthouses, and other government facilities. The amendment proposed in SECTION 2 expands the law to include private projects located on leases of public lands under the jurisdiction of the Department. The Department currently has leases issued to lessees for private operations such as hotels, industrial and warehouse operations, and retail centers. Examples of these leases include the Sand Island Industrial Park and West Ridge Mall on Oahu, and the Naniloa and Hilo Hawaiian hotels and HPM hardware store in Hilo, which are all leases of public lands. The Department has no pecuniary interest in these private businesses other than a purely commercial landlord/tenant relationship.

If private businesses on public lands are going to be subject to this legislation, then perhaps all projects, whether located on public or private land, should be made subject to the law. Otherwise, public lands will be placed at a significant disadvantage in the marketplace for resort, industrial, and commercial operations. Business may choose to locate their operations on private land, which will ultimately lead to a reduction in ceded land revenues for the State as well as the Office of Hawaiian Affairs.

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

KEKOA KALUHIWA
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

To the extent that this measure seeks to support affordable housing development, the authority under this measure should be granted to development agencies with the appropriate expertise in these types of projects. The bill already contemplates the Department working with the Hawaii Housing Finance and Development Corporation (HHFDC) on such projects. Such agencies already possess certain special regulatory powers and the necessary experience and expertise to successfully develop affordable housing units.

The Department understands the need for affordable housing units, and has historically supported the development of affordable housing through the conveyance or transfer of management of lands to HHFDC and the counties for affordable housing or rental projects statewide. In most instances, the lands transferred to HHFDC could have been used for more intensive income producing purposes. Rather, these lands were instead dedicated by the Department to alleviate the significant lack of supply of affordable housing and rental units for the less fortunate citizens of Hawaii.

Thank you for the opportunity to comment on this measure.

LATE

From: mailinglist@capitol.hawaii.gov
Sent: Monday, February 13, 2017 11:03 AM
To: HSGtestimony
Cc: bwilson@hrcc-hawaii.com
Subject: *Submitted testimony for HB764 on Feb 14, 2017 09:00AM*

HB764

Submitted on: 2/13/2017
Testimony for HSG on Feb 14, 2017 09:00AM in Conference Room 423

Submitted By	Organization	Testifier Position	Present at Hearing
Brooke Wilson	Hawaii Regional Council of Carpenters	Support	No

Comments:

Please note that testimony submitted less than 24 hours prior to the hearing, improperly identified, or directed to the incorrect office, may not be posted online or distributed to the committee prior to the convening of the public hearing.

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Testimony of
Christopher Delaunay
Pacific Resource Partnership



HOUSE OF REPRESENTATIVES
THE TWENTY-NINTH LEGISLATURE
REGULAR SESSION OF 2017

COMMITTEE ON HOUSING
Representative Tom Brower, Chair
Representative Nadine K. Nakamura, Vice Chair

NOTICE OF HEARING

DATE: Tuesday, February 14, 2017
TIME: 9:00am
PLACE: Conference Room 423

Aloha Chair Brower, Vice Chair Nakamura, and Members of the Committee:

PRP **supports** HB 764, Relating to Public Land Leasing, which requires the extension of land leases to seventy-five years for the purposes of meeting Federal Housing Administration requirements for affordable housing funding.

With our State's housing crisis and the price of homes becoming further out of reach for Hawaii families, we must find ways to increase the supply of affordable housing.

Thank you for allowing us to testify in support of this measure.

About PRP

Pacific Resource Partnership (PRP) is a not-for-profit organization that represents the Hawaii Regional Council of Carpenters, the largest construction union in the state, and more than 240 of Hawaii's top contractors. Through this unique partnership, PRP has become an influential voice for responsible construction and an advocate for creating a stronger, more sustainable Hawaii in a way that promotes a vibrant economy, creates jobs and enhances the quality of life for all residents.





February 13, 2017

The Honorable Tom Brower, Chair
The Honorable Nadine K. Nakamura, Vice Chair
and members
House Committee on Housing
415 South Beretania Street
Honolulu, Hawai'i 96813

RE: Support for HB764, Relating to Public Land Leasing

Dear Chair Brower, Vice Chair Nakamura, and members:

The Hawai'i Construction Alliance is comprised of the Hawai'i Regional Council of Carpenters; the Operative Plasterers' and Cement Masons' Union, Local 630; International Union of Bricklayers & Allied Craftworkers, Local 1; the Laborers' International Union of North America, Local 368; and the Operating Engineers, Local Union No. 3. Together, the member unions of the Hawai'i Construction Alliance represent 15,000 working men and women in the basic crafts of Hawai'i's construction industry.

We support HB764, which would requires the extension of public land leases to seventy-five years for affordable housing projects when Federal Housing Administration requirements need to be met for project funding and require that all contracts in excess of \$2,000 for development, construction, renovation, or maintenance upon state leased land, unless otherwise exempt, are subject to the requirements of Chapter 104, Hawaii Revised Statutes.

We believe this bill is necessary, as current Hawai'i law is misaligned with requirements to secure federal funding through the Federal Housing Administration for affordable housing. We also appreciate that this bill clarifies a heretofore unresolved question of how to treat state lands that are privately leased with regard to Chapter 104.

Because there has been a lack of uniform implementation of Chapter 104 on state lands that are leased to private developers, private developers have underpaid and exploited Hawai'i workers by not providing them with wages commensurate to their skills and labor.

Section 2 of HB764 would to ensure uniform implementation of Chapter 104 and seeks to strengthen Hawai'i's prevailing wage or "Little Davis-Bacon" standards. Prevailing wages are important, as they ensure that local construction workers are paid properly for their skills and labor.

Because of the reporting requirements in Chapter 104, it is more difficult for unscrupulous contractors to cheat on worker protections like licensing, insurance, and workers compensation coverage. Additionally, local contractors benefit when it comes to bidding on jobs, because they can't be undercut by mainland contractors and their out-of-state workers who are paid at a lower rate.

We thank you for the opportunity to provide this testimony, and **respectfully request that your committee pass HB764, relating to public land leasing.**

Mahalo,

A handwritten signature in black ink that reads "Tyler Dos Santos-Tam". The signature is written in a cursive, flowing style.

Tyler Dos Santos-Tam
Executive Director
Hawai'i Construction Alliance
execdir@hawaiiconstructionalliance.org