

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
677 QUEEN STREET, SUITE 300
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 FINANCE

February 27, 2019 at 11:00 a.m.
State Capitol, Room 308

In consideration of
H.B. 439, H.D. 2
RELATING TO LAND USE.

The HHFDC supports H.B. 439, H.D. 2, which exempts lands set aside to the HHFDC by Executive Order for the primary purpose of developing affordable housing from the statutory definition of "public lands." Currently, only lands to which HHFDC holds title to in its corporate capacity are exempt from the definition of "public lands." This bill will help HHFDC to expedite housing development on state lands.

HHFDC also supports clarifying language proposed by the Office of Hawaiian Affairs when this measure was heard by the Committee on Water, Land, & Hawaiian Affairs. We concur that lands set aside by Executive Order for the primary purpose of developing affordable housing should also be subject to the legislative approval requirement set forth in §171-64.7, HRS.

Thank you for the opportunity to testify.



HB439 HD2
RELATING TO LAND USE
House Committee on Finance

February 27, 2019

11:00 a.m.

Room 308

The Office of Hawaiian Affairs (OHA) offers the following **COMMENTS** HB439 HD2, which may inadvertently allow for the sale or alienation of public and “ceded” lands without the procedural safeguards found in Chapter 171. Accordingly, should the Committees choose to move this measure forward, OHA respectfully requests an amendment to ensure that lands set aside from the Governor to the Hawaii Housing Finance and Development Corporation (HHFDC) remain consistently protected against inappropriate alienation, notwithstanding their proposed exemption from the definition of “public lands” in HRS § 171-2.

OHA appreciates that the HHFDC may benefit from greater flexibility and autonomy over the management and disposition of lands that may potentially fall within its control, particularly given its considerable mission to oversee affordable housing finance and development in Hawai‘i. OHA understands that this measure would accordingly remove lands set aside by the Governor to the HHFDC for the primary purpose of developing affordable housing from Board of Land and Natural Resources’ oversight and management under Chapter 171, through an amendment to the definition of “public lands” in HRS §171-2.

Again, to ensure that HHFDC lands are treated consistently with lands HHFDC holds title in and other state lands generally removed from BLNR jurisdiction, OHA requests that this measure expressly reaffirm that current legislative approval requirements for the sale or alienation of any state lands, as found in HRS §171-64.7, also apply to all lands which may be set aside to the HHFDC. This statutory requirement is critical to maintaining the “ceded” lands corpus, and its enactment was a condition precedent to the settlement agreement in the OHA v. Housing and Community Development Corporation of Hawai‘i lawsuit, brought in response to the State’s actions to sell and otherwise alienate “ceded” lands. **OHA objects to the sale of “ceded” lands except in limited circumstances, and notes that the legislative approval requirements for the sale of state lands in HRS § 171-64.7 were enacted to ensure a high level of accountability and transparency in any proposed alienation of the state’s limited land base, and to protect “ceded” lands from being sold prior to the resolution of Native Hawaiians’ unrelinquished claims.**

OHA recognizes that under this measure, HHFDC would continue to be required to obtain legislative approval pursuant to HRS § 171-64.7, to sell or otherwise alienate lands to which it holds title. However, the amendments proposed in this bill may create confusion and inconsistency with regards to applicability of HRS § 171-64.7 to the sale or alienation of lands set aside to HHFDC. **Therefore, should the Committees choose to move this measure, OHA respectfully asks that parallel language be inserted into subsection (a)(4) of HRS § 171-64.7, to read as follows:**

"(4) Lands that are set aside by the governor to the Hawaii housing finance and development corporation for the primary purpose of developing affordable housing or lands to which the Hawaii housing finance and development corporation in its corporate capacity holds title;"

Mahalo a nui for the opportunity to testify on this measure.



February 25, 2019

Representative Sylvia J. Luke, Chair
Representative Ty J.K. Cullen, Vice Chair
House Committee on Finance

Comments in Support of HB 439, HD2, Relating to Land Use (Exempts lands set aside by the Governor to the Hawaii Housing Finance and Development Corporation [HHFDC] for the primary purpose of developing affordable housing from classification as “public land” subject to DLNR management.)

Wednesday, February 27, 2019 at 11:00 a.m. in Conf. Rm. 308

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 **strong support of HB 439, HD2.**

HB 439, HD2. The purpose of this bill is to exempt lands set aside by the Governor to the HHFDC for the primary purpose of developing affordable housing from classification as “public land.” The proposed exemption would streamline the process and procedures required to be followed to develop housing projects on state lands which have been set aside to HHFDC, thereby appreciably expediting the development of such projects.

LURF’s Position. Despite the approval of the Board of Land and Natural Resources (BLNR) and issuance of the Executive Order by the Governor to effectuate the set aside of these lands, HHFDC must currently go back before the BLNR to obtain other approvals necessary for housing development, including rights of entry for planning purposes; Condominium Property Regime processing; ground leases to developers; and subleases to limited partnerships or limited liability corporations created specifically for the housing project and/or for mortgage financing.

LURF believes allowing the exemption of lands set aside to HHFDC from the definition of “public land” would greatly assist in accelerating development of much-needed and anticipated housing projects.

The lack of affordable housing remains a significant problem affecting Hawaii and finding ways to provide sufficient housing for Hawaii’s residents has continued to be a major objective for the Legislature, state and county agencies, and members of the housing industry and business community.

Logical changes to existing laws such as the exemption proposed by this bill are therefore significant and necessary and should be welcomed as a method to assist with addressing the diminished supply of affordable housing in Hawaii. Such seemingly small measures have the potential to result in substantial and positive impacts on housing, as well as invigorating the local construction industry and advancing the State’s economy and general welfare.

For these reasons, LURF **supports HB 439, HD2**, and respectfully urges your favorable consideration.

Thank you for the opportunity to provide comments in strong support of this matter.



**TESTIMONY TO THE HOUSE COMMITTEE ON FINANCE
State Capitol, Conference Room 308
415 South Beretania Street
11:00 AM**

February 27, 2019

RE: HOUSE BILL NO. 439 HD 2, RELATED TO LAND USE

Chair Luke, Vice Chair Cullen, and members of the committee:

My name is Gladys Quinto Marrone, CEO of the Building Industry Association of Hawaii (BIA-Hawaii). Chartered in 1955, the Building Industry Association of Hawaii is a professional trade organization affiliated with the National Association of Home Builders, representing the building industry and its associates. BIA-Hawaii takes a leadership role in unifying and promoting the interests of the industry to enhance the quality of life for the people of Hawaii. Our members build the communities we all call home.

BIA-Hawaii is in **strong support** of H.B. 439 HD 2, which proposes to exempt lands set aside by the Governor to the Hawaii Housing Finance and Development Corporation (HHFDC) from classification as "public land", subject to management by the Department of Land and Natural Resources.

We understand that Chapter 171, HRS already exempts HHFDC-titled lands from the definition of "public lands." Exempting lands set aside for HHFDC would create more opportunities for HHFDC to develop affordable housing on state-owned lands, without having to obtain approval from the Board of Land and Natural Resources for ministerial real estate transactions/approvals (i.e. consents, leases, sub-leases, etc.).

We are in strong support of H.B. 439 HD 2, and appreciate the opportunity provide comments on the matter.

HB-439-HD-2

Submitted on: 2/26/2019 12:43:08 PM

Testimony for FIN on 2/27/2019 11:00:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Dylan P. Armstrong	Individual	Support	No

Comments:

Aloha Chair Luke and Members of the Finance Committee,

I write in support of H.B. 439 HD 1, which seeks to exempt lands set aside by the Governor to the Hawaii Housing Finance and Development Corporation (HHFDC) from classification as “public lands.” Chapter 171, HRS already exempts lands that HHFDC holds title to from the definition of “public lands.” This bill expands the portfolio of options at HHFDC's disposal for the development of affordable housing on state owned lands, without having to obtain approval from the Board of Land and Natural Resources (BLNR).

Given the complexity of this issue, I would state that a 'one-size' fits all policy on public lands does not make sense. Public lands are not the same in classification or function, and those lands which are suited for the purposes of conservation are not suited for housing typically, and vice versa.

We are in the middle of a great moral crisis: the provision of land for the broad working class as well as for the poor, which are two related by separate groups. I see this bill as appropriate, nuanced and necessary for the realities of 2019.

Thank you for your consideration. Please vote in support.

Dylan P. Armstrong