



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 HOUSING

January 31, 2019 at 9:30 a.m.
State Capitol, Room 423

In consideration of
H.B. 817
RELATING TO
LEASEHOLD CONDOMINIUMS ON LANDS CONTROLLED BY THE STATE.

The HHFDC supports H.B. 817. This bill enables the Hawaii Housing Finance and Development Corporation (HHFDC) to develop and sell leasehold units in condominiums developed on state lands that are set aside to the HHFDC by the Governor and lands leased to the HHFDC by any state department or agency, in addition to lands to which HHFDC holds title. The term of a unit's lease may be for 99 years, and HHFDC may extend or modify the fixed rental period of the lease or extend the term of the lease. It is anticipated that the lease rents will not be renegotiated but will be fixed in steps over the term of the lease.

Allowing HHFDC to sell leasehold units in condominiums developed on state land to "qualified residents" will provide homeownership opportunities to Hawaii residents without necessitating the sale of the state land in fee simple. Under HHFDC's development programs over one half of the units in a condominium project must be affordable to homeowners with incomes at or below 140 percent of the area median income.

It is anticipated that the State will have to pay for or finance the infrastructure costs for affordable for sales leasehold housing on state lands both on Oahu and the neighbor islands. If the sales price of a leasehold condominium unit will pay for its construction cost, there is a possibility that most of the unit's allocable share of infrastructure costs may be recovered over the term of a unit's lease.

Thank you for the opportunity to testify.



**TESTIMONY TO THE COMMITTEE ON HOUSING
State Capitol, Conference Room 423
415 South Beretania Street
9:30 AM**

January 31, 2019

RE: HB 817, RELATING TO LEASEHOLD CONDOMINIUMS ON LANDS CONTROLLED BY THE STATE

Chair Brower, Vice Chair Matayoshi, 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.

BIA-Hawaii is in strong support of H.B. 817, which proposes to authorize Hawaii Housing Finance and Development Corporation to enter into ninety-nine year leases of units in residential condominiums located on state lands.

Most residential developments on leasehold lands require extended lease terms to make projects economically feasible. As a major landowner at several rail stations along the transit corridor, the proposed bill would provide the State flexibility in negotiating with investors who would be building residential condominiums on the state owned lands. We believe the bill would broaden the interest among private developers to consider developments on State owned lands.

We are in strong support of H.B. 817, and appreciate the opportunity to express our views on this matter.



Chamber of Commerce HAWAII

The Voice of Business

**Testimony to the House Committee on Housing
Thursday, January 31, 2018 at 9:30 A.M.
Conference Room 423, State Capitol**

LATE

**RE: HOUSE BILL 817 RELATING TO LEASEHOLD CONDIMINIUMS ON
LANDS CONTROLLED BY THE STATE**

Chair Brower, Vice Chair Matayoshi and Members of the Committee:

The Chamber of Commerce Hawaii ("The Chamber") **supports** HB 817, which proposes to authorize Hawaii Housing Finance & Development Corporation to enter into ninety-nine year leases of units in residential condominiums located on state lands.

The Chamber is Hawaii's leading statewide business advocacy organization, representing 2,000+ businesses. Approximately 80% of our members are small businesses with less than 20 employees. As the "Voice of Business" in Hawaii, the organization works on behalf of members and the entire business community to improve the state's economic climate and to foster positive action on issues of common concern.

Most residential developments on leasehold lands require extended lease terms to make projects economically feasible. As a major landowner at several rail stations along the transit corridor, the proposed bill would provide the State flexibility in negotiating with investors who would be building residential condominiums on the state owned lands. We believe the bill would broaden the interest among private developers to consider developments on State owned lands.

Thank you for the opportunity to testify.

HB-817

Submitted on: 1/31/2019 7:01:16 AM

Testimony for HSG on 1/31/2019 9:30:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
David Z. Arakawa	Land Use Research Foundation of Hawaii	Support	No

Comments:

The Land Use Research Foundation of Hawaii (LURf) **supports HB 817**, which authorizes the Hawaii Housing Finance and Development Corporation (HHFDC) to enter into ninety-nine year leases of units in residential condominiums located on state lands.

Passage of this measure would allow HHFDC to sell leasehold units in condominiums developed on state land to “qualified residents” will provide homeownership opportunities to Hawaii residents without necessitating the sale of the state land in fee simple.

LATE