

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 Senate Committee on  
WAYS AND MEANS**

**Tuesday, February 19, 2019  
9:30 AM  
State Capitol, Conference Room 211**

**In consideration of  
SENATE BILL 379, SENATE DRAFT 1  
RELATING TO LAND EXCHANGE**

Senate Bill 379, Senate Draft 1 proposes to allow the Governor to negotiate land exchanges to acquire lands that are suitable for long term diversified agricultural production in return for state lands to be developed for housing. The measure also proposes to require a report to the Legislature. **The Department of Land and Natural Resources (Department) respectfully opposes this bill.**

The Department has four parcels adjacent or in close proximity to the planned University of Hawaii West Oahu (UHWO) rail station in East Kapolei, which would be impacted by this measure. The Department's long term objective is to lease the parcels for income generating purposes to support the Department's natural resource management and protection programs. The income generated from this project is intended to fund such programs as:

- Operation and beach restoration projects through the Office of Conservation and Coastal Lands;
- Funding of key positions and implementation of priority projects and programs of the Commission on Water Resource Management;
- Lifeguard services for the Division of State Parks;
- Dam safety initiatives and flood control programs through the Engineering Division; and
- Threatened and endangered species protection, invasive species control, wildland fire suppression, watershed protection and restoration and natural area reserves through the Division of Forestry and Wildlife.

The Department has received support from the Hawaii Interagency Council for Transit Oriented Development and the State Office of Planning for the development of these parcels. In addition to the Department, lands managed by University of Hawaii, the Aloha Stadium Authority and other public agencies located along the rail line are also intended to be developed for income

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

**ROBERT K. MASUDA**  
FIRST DEPUTY

**M. KALEO MANUEL**  
DEPUTY DIRECTOR - WATER

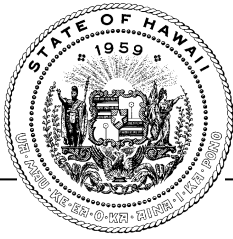
AQUATIC RESOURCES  
BOATING AND OCEAN RECREATION  
BUREAU OF CONVEYANCES  
COMMISSION ON WATER RESOURCE MANAGEMENT  
CONSERVATION AND COASTAL LANDS  
CONSERVATION AND RESOURCES ENFORCEMENT  
ENGINEERING  
FORESTRY AND WILDLIFE  
HISTORIC PRESERVATION  
KAHOOLAWE ISLAND RESERVE COMMISSION  
LAND  
STATE PARKS

generation purposes. The revenue generated from these agencies goes to support green programs and other public recreational and educational programs.

The Department considers the bill's language deficient in regards to providing adequate safeguards to protect the public interest with the alienation of public land. To ensure that the public purpose of affordable housing is fulfilled by the private party, a covenant or reversionary interest in favor of the State should be required as part of any exchange. The measure is particularly adverse in regards to the Department's obligation as steward of the State's public lands. SECTION 2, subsection (a) of the bill usurps the authority of the Board of Land and Natural Resources (Board) by bestowing upon the Governor the sole authority to execute land exchanges pursuant to this measure. As the Board conducts its decision making in an open, sun-shined meeting, this would drastically reduce transparency and public accountability for actions that significantly impact the public land trust.

Additionally, SECTION 2, subsection (e)(3) of the bill as written appears to sterilize the discretionary authority of the Land Use Commission and the appropriate county agencies to reclassify or rezone lands. Rather, the measure seems to compel such action by gubernatorial fiat. Furthermore, SECTION 2, subsection (e)(4) states that "Private development of housing or mixed-uses on private lands, as contemplated by this Act, shall be exempt from all applicable state and county procurement requirements, impact fees, and other exactions". This appears to confer an additional, unwarranted benefit on lands exchanged by State by exempting waiving impact fees (such as for school construction) over similar projects constructed on other private land. Finally, the Department opposes any potential obligation to incur costs of reclassifying and rezoning state-owned lands, only to convey ownership of such lands to a private entity that will ultimately reap the benefit of such action.

Thank you for the opportunity to comment on this measure.



# OFFICE OF PLANNING STATE OF HAWAII

DAVID Y. IGE  
GOVERNOR

DIRECTOR  
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Statement of  
**RODNEY FUNAKOSHI**  
Planning Program Administrator, Office of Planning  
before the  
**SENATE COMMITTEE ON WAYS AND MEANS**  
Tuesday, February 19, 2019  
9:30 AM  
State Capitol, Conference Room 211

in consideration of  
**SB 379 SD1**  
**RELATING TO LAND EXCHANGE.**

Chair Dela Cruz, Vice-Chair Keith-Agaran, and Members of the Senate Committee on Ways and Means.

The Office of Planning (OP) offers **comments** on SB 379 SD1, which would allow the governor to negotiate land exchanges to acquire private lands suitable for long-term diversified agricultural production by the State or its lessees, in exchange for State lands to be acquired by private parties for development of housing for Hawaii residents. To facilitate such exchanges, the governor is authorized to “reclassify and rezone” lands intended for exchange and transfer authorized state lands to private parties for development of housing and other mixed-uses within the state urban land use district, provided that the lands are within a one-half mile radius of any Honolulu Authority for Rapid Transportation (HART) station, and that any development on lands transferred to private parties must be in compliance with all state and county requirements regarding health and safety and building permit requirements for housing or mixed-use developments on private lands, but not subject to requirements applicable to State lands.

As noted in SB 379 SD1, the promotion of diversified agriculture and the availability of affordable housing have been longstanding goals of the State, and any tool available to the governor to reach these goals is useful. OP is concerned that the State’s acquisition of agricultural lands to produce diversified crops either directly or through lessees could place the State in competition with existing farmers which could thwart the purpose of SB 379 SD1.

Moreover, extensive State efforts are underway through the *State TOD Strategic Plan* and the Hawaii Interagency Council for Transit-Oriented Development to master plan the provision of regional infrastructure and financing to develop State TOD lands. Without a clear strategy for how such land exchanges would take place, there could be adverse effects to State agency master planning efforts underway and associated revenue streams for State agencies. A well-considered strategic assessment is needed to identify those lands for which this could provide more value to the State to conserve agricultural land or promote affordable housing.

Finally, OP is concerned that granting the governor the authority to “reclassify and rezone” lands intended for exchange bypasses the State Land Use Districting process and the Land Use Commission, as well as the City and County of Honolulu planning and permitting process. OP notes that an expedited process for re-districting lands through the LUC for affordable housing is already available through the HRS 201H-38 provisions.

Thank you for this opportunity to testify.

DAVID Y. IGE  
Governor

JOSH GREEN  
Lt. Governor



PHYLLIS SHIMABUKURO-GEISER  
Acting Chairperson  
Board of Agriculture

State of Hawaii  
**DEPARTMENT OF AGRICULTURE**  
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TESTIMONY OF THE DEPARTMENT OF AGRICULTURE  
BEFORE THE SENATE COMMITTEE ON WAYS & MEANS

FEBRUARY 19, 2019  
9:30 A.M.  
CONFERENCE ROOM 211

SENATE BILL NO. 379 SD1  
RELATING TO LAND EXCHANGE

Chairperson Dela Cruz and Members of the Committees:

Thank you for the opportunity to testify on Senate Bill 379 SD1, relating to land exchange. The bill allows the Governor to negotiate land exchanges for diversified agriculture in return for land for housing. The Department supports the intent of this bill and offers comments.

Maintaining production on all agricultural lands is of the utmost importance to reaching the State's goals of food security and sufficiency. This bill seeks to create a path for the State to acquire additional agricultural lands and keep those lands in production. The State must find ways to encourage future agricultural production and this bill seeks to do just that while offering solutions to the housing issues facing Hawaii.

Thank you for the opportunity to testify on this measure.



**DAVID Y. IGE**  
Governor

**JOSH GREEN**  
Lt. Governor



**JAMES J. NAKATANI**  
Executive Director

STATE OF HAWAII  
**AGRIBUSINESS DEVELOPMENT CORPORATION**

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TESTIMONY OF JAMES J. NAKATANI  
EXECUTIVE DIRECTOR  
AGRIBUSINESS DEVELOPMENT CORPORATION

BEFORE THE COMMITTEE ON WAYS AND MEANS  
Tuesday, February 19, 2019  
9:30 a.m.

SENATE BILL NO. 379 SD1  
RELATING TO LAND EXCHANGE

Chairperson Dela Cruz and Members of the Committee:

My name is James Nakatani, Executive Director of the Agribusiness Development Corporation (“ADC”). The ADC supports Senate Bill No. 379 SD1, which allows the Governor to negotiate land exchanges to acquire lands that are suitable for long-term diversified agricultural production and requires a report to the Legislature.

The bill proposes an innovative method to acquire more lands for agriculture while addressing the State’s housing needs and creating a closer alignment with private sector development. Agriculture could benefit twofold with this concept. First, more valuable lands will be kept in agriculture. Second, agriculture production is closely tied to the availability of workforce housing. It is not unfeasible to envision projects that create a partnerships with the goals to increase food production and increase the State’s housing capacity.

Thank you for the opportunity to testify, and for your consideration of this bill.



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February 19, 2019

HEARING BEFORE THE  
SENATE COMMITTEE ON WAYS AND MEANS

**TESTIMONY ON SB 379, SD1**  
RELATING TO LAND EXCHANGE

Room 211  
9:30 AM

Aloha Chair Dela Cruz, Vice Chair Keith-Agaran, and Members of the Committee:

I am Brian Miyamoto, Executive Director of the Hawaii Farm Bureau (HFB). Organized since 1948, the HFB is comprised of 1,900 farm family members statewide, and serves as Hawaii's voice of agriculture to protect, advocate and advance the social, economic and educational interests of our diverse agricultural community.

**HFB strongly support SB 379, SD1**, which allows the governor to negotiate land exchanges to acquire lands that are suitable for long-term diversified agricultural production.

Tenured access to lands is important for viable agricultural operations. Assurance of access to lands encourages investment and commitment to long term operations. Hawaii has many multigenerational farm operations. Expansion of these types of operations will require assurance to land and water.

This measure addresses one of these needs – land. The exchange process proposed is a good use of resources. Actual cash expenditures can be used for infrastructure improvements and other incentives that are inevitable. Land alone will not ensure a viable agricultural enterprise.

HFB respectfully requests your strong support of SB 379, SD1 to advance agriculture into the next generation.

Thank you for the opportunity to provide testimony on this measure.

**LATE**

**SB-379-SD-1**

Submitted on: 2/18/2019 5:11:46 PM

Testimony for WAM on 2/19/2019 9:30:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Dale Sandlin	Testifying for Hawaii Cattlemens Council	Support	No

Comments:





**LATE**

February 18, 2019

Senator Donovan M. Dela Cruz, Chair  
Senator Gilbert S.C. Keith-Agaran, Vice Chair  
Senate Committee on Ways and Means

**Comments in Support of SB 379, SD1 Relating to Land Exchange. (Allows the Governor to negotiate land exchanges to acquire lands that are suitable for long-term diversified agricultural production in return for lands to be developed for housing. Requires a report to the Legislature.)**

**Tuesday, February 19, 2019, 9:30 a.m. in Conference Room 211**

The Land Use Research Foundation of Hawaii (LURF) is a private, non-profit research and trade association whose members include major Hawaii landowners, developers, resort operators and utility companies. 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 submit **comments and support regarding SB 379, SD1, relating to Land Exchanges.**

**SB 379, SD1.** This bill allows the Governor to negotiate land exchanges to acquire lands that are suitable for long-term diversified agricultural production in return for lands to be developed for housing; and requires the Governor to submit a report to the legislature of any potential or negotiated land exchanges for final approval.

This measure would authorize the Governor to negotiate land exchanges in accordance with Chapter 171, Hawaii Revised Statutes, for the purpose of acquiring private lands that are suitable for long-term diversified agricultural production by the State or its lessees, in exchange for state lands to be acquired by private parties for development of affordable, workforce, and other housing for Hawaii residents. The governor may coordinate with the agribusiness development corporation, the department of land and natural resources, and any other department or agency of the State that holds title to or an assignment of state land that may be appropriate for exchange.

This measure intends that the exchanges negotiated will result in the use of lands that address both the State's agricultural and housing crises, by obtaining large tracts of suitable agricultural lands for the State to lease to farmers for diversified agriculture; and providing suitable urban lands to private parties for expeditious development of affordable housing, workforce housing, and other housing inventory for Hawaii residents, and mixed-use commercial and accessory uses within areas designated for transit-oriented development and other appropriate urbanized areas.

Based on the above, LURF **supports SB 379, SD1** and respectfully urges your favorable consideration.

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