

DAVID Y. IGE
GOVERNOR



DENISE ISERI-MATSUBARA
EXECUTIVE DIRECTOR

STATE OF HAWAII

DEPARTMENT OF BUSINESS, ECONOMIC DEVELOPMENT AND TOURISM
HAWAII HOUSING FINANCE AND DEVELOPMENT CORPORATION
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IN REPLY REFER TO:

Statement of
DENISE ISERI-MATSUBARA
Hawaii Housing Finance and Development Corporation
Before the

HOUSE COMMITTEE ON FINANCE

February 24, 2022 at 12:30 p.m.
State Capitol, Room 308

In consideration of
H.B. 1917
RELATING TO AFFORDABLE HOUSING.

HHFDC **supports** H.B. 1917, which extends the deadline for HHFDC to renegotiate the ground lease for the Front Street Apartments affordable housing project before being required to initiate condemnation proceedings.

In 2019, HHFDC paid nearly \$15 million in order to acquire the leased-fee interest in Front Street Apartments from 3900, LLC. Unfortunately, there is ongoing litigation affecting the project and HHFDC has been unable to obtain a definitive appraisal report on the fair market value of the ground lease for the property. Without such a report, HHFDC could not proceed with re-negotiation or condemnation of the ground lease by the deadline of December 31, 2021, as required by Act 150, SLH 2018 as amended by Act 98, SLH 2019 and Act 34, SLH 2020.

This measure is necessary to ensure that the state's hands are not unduly tied during the Front Street Apartments ground lease renegotiation.

Thank you for the opportunity to testify.

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February 22, 2022

TO: Honorable Sylvia Luke, Chair
House Committee on Finance

FROM: Alice L. Lee
Council Chair

DATE: February 22, 2022

SUBJECT: **SUPPORT OF HB 1917, RELATING TO AFFORDABLE HOUSING**

Thank you for the opportunity to testify in **SUPPORT** of this important measure. The purpose of this measure is to indefinitely extend the aforementioned deadline and help ensure the continued availability of affordable rental housing in Maui County at the Front Street Apartments in Lahaina.

The Maui County Council has not had the opportunity to take a formal position on this measure. Therefore, I am providing this testimony in my capacity as an individual member of the Maui County Council.

I SUPPORT this measure for the following reasons:

1. This measure indefinitely extends the deadline for the Hawaii Housing Finance and Development Corporation to renegotiate an existing, or issue a new, ground lease for the Front Street Apartments affordable housing project before the corporation's requirement to initiate condemnation proceedings is triggered.
2. Maui County has a severe shortage of affordable rental housing, especially in the western part of the island of Maui.
3. Front Street Apartments in Lahaina provides 142 rental units.

For the foregoing reasons, I **SUPPORT** this measure.

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