

JOSH GREEN, M.D.
GOVERNOR

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LT. GOVERNOR



DEAN MINAKAMI
EXECUTIVE DIRECTOR

STATE OF HAWAII

DEPARTMENT OF BUSINESS, ECONOMIC DEVELOPMENT AND TOURISM
HAWAII HOUSING FINANCE AND DEVELOPMENT CORPORATION
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Statement of
DEAN MINAKAMI
Hawaii Housing Finance and Development Corporation
Before the

SENATE COMMITTEE ON WAYS AND MEANS

February 26, 2025 at 10:04 a.m.
State Capitol, Room 211

In consideration of
S.B. 662 SD1
RELATING TO TRANSPORTATION.

Chair Dela Cruz, Vice Chair Moriwaki, and members of the Committee.

HHFDC **supports** SB 662 SD1, which requires the Hawaii Housing Finance and Development Corporation (HHFDC) to transfer the public roads of the Villages of Kapolei to the City and County of Honolulu by January 1, 2026. It also authorizes county police officers to enforce the statewide traffic code on all public streets, roadways, and highways within the State.

This bill attempts to address a 30-year-old problem that has existed at the Villages of Kapolei (VOK), where the City and County of Honolulu (City) has not accepted the dedication of infrastructure improvements constructed by an HHFDC predecessor agency. While the City enjoys the real property tax revenues derived in part from the State's infrastructure improvements, HHFDC is forced to maintain those same improvements at an average cost to the Dwelling Unit Revolving Fund of more than \$1,000,000 per year. The cost will soon increase to about \$10,000,000 per year to pay for the necessary road rehabilitation work at VOK.

These are funds that could be used for the development of new housing units and infrastructure for affordable housing throughout the State.

HHFDC is more than willing to transfer the roads and other infrastructure to the City; however, we would not be able to fulfill the requirement of the bill if the City is unwilling to accept the roads.

Two years ago, HHFDC and the City entered into a memorandum of agreement. The first phase is complete at a cost of \$15 million. It will take HHFDC ten years, at a cost of \$100 million, to improve the roadway to the City's standards.

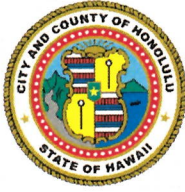
In addition, HHFDC supports the provision that specifies that county police officers have the authority to enforce violations on any federal, state, and county street, roadway, or highway.

Thank you for the opportunity to testify on this bill.

OFFICE OF THE MAYOR
KE KE'ENA O KA MEIA
CITY AND COUNTY OF HONOLULU

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MICHAEL D. FORMBY
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PO'O HO'OKELE

KRISHNA F. JAYARAM
DEPUTY MANAGING DIRECTOR
HOPE PO'O HO'OKELE

February 24, 2025

The Honorable Donovan M. Dela Cruz, Chair
The Honorable Sharon Y. Moriwaki, Vice Chair
and Members of the Senate Committee on Ways and Means
State Senate
415 South Beretania Street
Honolulu, Hawaii 96813

Dear Chair Dela Cruz, Vice Chair Moriwaki, and Members of the Committee:

Subject: SB662 SD1– Relating to Transportation

The City and County of Honolulu (City) has been diligently meeting and negotiating with the Hawaii Housing Finance and Development Corporation (HHFDC) on the transfer of the roads within the Villages of Kapolei (roads). These discussions included assessments by City departments of non-conforming conditions and the remedial actions, including costs, necessary for the City to address these nonconformities in accepting dedication.

In 2024, I personally met with the Executive Director of HHFDC and, after negotiations, we came to a verbal agreement for the City to accept the roads, with the City agreeing to accept a \$20M discount on the assessed value of remedial work at \$80M. The City agreed to accept \$60M, a discounted assessed value, especially in light of increased costs associated with future remedial action that will be required to address these nonconformities.

Subsequent to our verbal agreement, which was to be memorialized by the parties, the City was informed HHFDC was told to reduce the settlement amount to \$40M. The City is prepared to consummate the transfer of roads to the City at the agreed upon discounted value of \$60M and is also willing to discuss payment options with HHFDC.

Thank you for the opportunity to testify in support of this measure,

Sincerely,

A handwritten signature in black ink, appearing to read "Michael D. Formby". The signature is fluid and stylized, with a long horizontal line extending from the end.

Michael D. Formby
Managing Director Designate