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SYLVIA LUKE
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STATE OF HAWAII | KA MOKU'ĀINA 'O HAWAI'I
DEPARTMENT OF LAND AND NATURAL RESOURCES
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KAHOOLAWE ISLAND RESERVE COMMISSION
LAND
STATE PARKS

Testimony of
DAWN N.S. CHANG
Chairperson

Before the Senate Committees on
WATER AND LAND
and
AGRICULTURE AND ENVIRONMENT

Wednesday, February 12, 2025
1:05 PM

State Capitol, Conference Room 229, Via Videoconference

In consideration of
SENATE BILL 739
RELATING TO LAND EXCHANGE

Senate Bill 739 proposes to allow the Governor to negotiate land exchanges to acquire lands suitable for long-term diversified agricultural production in exchange for state lands for private affordable housing development. The measure also proposes to require a report to the Legislature. **The Department of Land and Natural Resources (Department) appreciates the intent of this measure and offers the following comments.**

The Department has four parcels adjacent or in close proximity to the Keone`ae rail station in East Kapolei across from the University of Hawai'i at West O'ahu (UHWO), which would be impacted by this measure. The Board of Land and Natural Resources (Board) approved a strategic development plan for these lands that includes affordable rental housing, transit-oriented development, commercial and mixed use opportunities, and light industrial uses. 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 Department and the Board are responsible for managing approximately 1.3 million acres of public lands comprised of sensitive natural, cultural and recreational resources. The Department's responsibilities include managing and maintaining the State's coastal lands and waters, water resources, conservation and forestry lands, historical sites, small boat harbors, parks, and recreational facilities; performing public safety duties (e.g., flood and rockfall prevention); issuing and managing leases of

public lands (agriculture, pasture, commercial, industrial, and resort leases); maintaining unencumbered public lands; and enforcing the Department's rules/regulations.

To properly perform these fiduciary duties, the Legislature and the Board determined that the Department should use a portion of the lands it manages to generate revenues to support the Department's operations and management of public lands/programs. Annual lease revenues currently support the Special Land and Development Fund (SLDF), with revenues coming primarily from leases for commercial, industrial, resort, geothermal and other renewable energy projects. The SLDF revenues collected by the Department's Land Division cover the entire annual operating budget for the Land Division, the Department's Office of Conservation and Coastal Lands, and the Dam Safety and Mineral Resources Programs of the Department. The revenues fund over 80 Department staff positions, including 5 positions within the Commission on Water Resource Management, and provide funding support to the Division of State Parks and various resource protection programs administered by the Division of Forestry and Wildlife such as the protection of threatened and endangered species, removal of invasive species, wildland firefighting and lifeguard services.

The SLDF is a critical and increasingly important funding source for various divisions within the Department to deal with emergency response to natural catastrophes such as fire, rockfall, flood or earthquake and hazard investigation and mitigation. The SLDF also is critical for staff support of various programs and funding conservation projects on all state lands. It has also become an important source of state match for federally funded endangered species and invasive species initiatives that otherwise would not go forward.

The Department also appreciates the critical need for affordable housing. To help address this need, the Department's planned uses for its Kapolei parcels include 1,000 affordable rental housing units. Other proposed uses include transit oriented mixed uses including commercial, retail, hotel, and medical. Additionally, the Department intends to include light industrial uses for parcels located further away from the rail station. In addition to generating income to support its programs, the Department believes that the proposed project will be a critical economic, employment and residential component of the East Kapolei community. The Department is currently in the process of preparing an Environmental Impact Statement for the project.

The Department has received support from the Hawaii Interagency Council for Transit Oriented Development and the Office of Planning and Sustainable Development for the development of these parcels. In addition to the Department, lands managed by University of Hawai'i, the Aloha Stadium Authority and other public agencies located along the rail line are also intended to be developed for income generation purposes. The revenue generated from these agencies goes to support green programs and other public recreational and educational programs.

In addition to the potential impact to the Department's revenues and operations, the Department recommends strengthening provisions in this bill to adequately protect the public interest regarding the alienation of important public lands in fee. While the measure provides that land exchanged by the State to a private party would be used for the development of affordable, workforce or other housing, it does not include mechanisms that obligate the private party to develop the former public lands consistent with that intent. To ensure that the public purpose of affordable housing is fulfilled by the private party, at minimum, a covenant or reversionary interest in favor of the State should be required as part of any exchange.

SECTION 2, subsection (a), of the bill assigns sole authority for executing land exchanges to the Governor, removing the Board from its traditional oversight role in public land dispositions. The Board's review process ensures transparency and public accountability through sunshined decision-making, allowing for public input in evaluating land exchanges. To maintain public trust obligations and ensure transparency, the Department recommends that the Board retain its role in reviewing and approving land exchanges, consistent with existing authority.

SECTION 2, subsections (d) and (e)(3) of the bill, as currently written appears to nullify the discretionary authority of the Land Use Commission and the appropriate county agencies to reclassify or rezone lands.

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 provision could create disparities between housing projects developed on exchanged lands versus other private developments (e.g. applicability of school impact fees).

Finally, the Department is concerned regarding the 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.

Given these considerations, the Department recommends an alternative approach – rather than authorizing immediate land exchanges, the measure could convene a task force to evaluate the feasibility of acquiring land, whether by exchange or otherwise that would promote perpetual affordable rental homes and diversified agriculture, and to provide a report of its findings and recommendations to the Legislature.

Thank you for the opportunity to testify on this measure.

JOSH GREEN, M.D.
GOVERNOR

SYLVIA LUKE
LT. GOVERNOR



WENDY GADY
EXECUTIVE DIRECTOR

STATE OF HAWAII
AGRIBUSINESS DEVELOPMENT CORPORATION
HUI HO'OU LU AINA MAHIAI

TESTIMONY OF WENDY L. GADY
EXECUTIVE DIRECTOR
AGRIBUSINESS DEVELOPMENT CORPORATION

BEFORE THE HOUSE COMMITTEE ECONOMIC DEVELOPMENT & TECHNOLOGY
February 12, 2025
10:00 a.m.
Conference Room 423 & Videoconference

HOUSE BILL NO. 774 HD1
RELATING TO VALUE-ADDED PRODUCTS

Chair Ilagan, Vice Chair Hussey, and Members of the Committee:

Thank you for the opportunity to testify in **support** of House Bill No. 774 HD1, proposes the establishment of the Agribusiness Development Corporation's (ADC) Food and Product Innovation Network across the state of Hawai'i. This initiative represents a transformative opportunity to strengthen the state's agricultural sector, diversify the local economy, and enhance Hawai'i's food security and sustainability efforts.

The Importance of a Food and Product Innovation Network

Hawai'i's agricultural industry faces a range of challenges, including limited processing infrastructure, barriers to market entry, and dependence on imported goods. A statewide Food and Product Innovation Network can address these challenges by fostering collaboration, innovation, and value-added production. This network will provide essential resources and facilities that

support farmers, ranchers, and food entrepreneurs in transforming raw agricultural products into high-value goods.

Key Benefits of the Proposed Network

1. Value-Added Production Opportunities:

By providing access to facilities for food processing, packaging, and product development, the network will enable farmers and producers to create value-added goods that generate higher revenue and extend the shelf life of local agricultural products.

2. Support for Local Farmers and Entrepreneurs:

Many small-scale farmers and food entrepreneurs lack the resources to develop, test, and commercialize new products. The network's shared facilities and technical assistance will level the playing field, empowering them to compete in local and global markets.

3. Enhanced Food Security and Resilience:

Expanding local food production and processing capacity will reduce Hawai'i's reliance on imported goods, increasing the state's resilience to supply chain disruptions and advancing its food security goals.

4. Economic Development and Job Creation:

The network will spur economic growth by supporting new and existing businesses, fostering innovation, and creating jobs in agriculture, manufacturing, and related sectors.

5. Sustainability and Climate Goals:

The network can encourage sustainable practices by promoting the use of local ingredients, reducing food waste, and supporting environmentally friendly production methods.

Statewide Benefits and Regional Equity

The establishment of a Food and Product Innovation Network across Hawai'i ensures that resources are distributed equitably among counties, allowing for regional specialization and addressing the unique agricultural strengths and needs of each area.

- **O'ahu:** Leveraging urban markets and infrastructure for processing and distribution.
- **Maui:** Supporting diversified agriculture and innovative value-added products.
- **Hawai'i Island:** Focusing on livestock processing, specialty crops, and rural development.
- **Kaua'i:** Promoting niche markets, such as tropical fruits and agroforestry products.

Recommendations for Implementation

To ensure the network's success, I recommend the following:

- **Collaboration with Stakeholders:** Engage farmers, producers, academic institutions, and community organizations in the planning

and implementation process to ensure that the network meets local needs.

- **Streamlined Access:** Simplify application processes and provide technical assistance to ensure equitable access to facilities and resources, particularly for small-scale producers and underserved communities.
- **Focus on Education and Training:** Include programs that provide hands-on training in food safety, product development, and marketing to equip producers with the skills needed for success.
- **Sustainability Metrics:** Incorporate metrics to evaluate the network's impact on food security, economic growth, and environmental sustainability.

House Bill 774 represents a bold and necessary step toward strengthening Hawai'i's agricultural economy and ensuring the long-term viability of local food production. By establishing the Agribusiness Development Corporation's Food and Product Innovation Network, we can empower farmers and producers, foster innovation, and build a more resilient and sustainable food system for the state.

I respectfully urge you to support this measure and prioritize its passage. Thank you for your attention to this critical issue and for your commitment to advancing Hawai'i's agricultural future. We support this bill provided that its passage does not replace or adversely impact priorities indicated in our Executive Budget. Thank you for your consideration of our testimony.



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February 12, 2025

HEARING BEFORE THE
SENATE COMMITTEE ON WATER AND LAND
SENATE COMMITTEE ON AGRICULTURE AND ENVIRONMENT

TESTIMONY ON SB 739
RELATING TO LAND EXCHANGE

Conference Room 229 & Videoconference
1:05 PM

Aloha Chairs Inouye and Gabbard, Vice-Chairs Elefante and Richards, and Members of the Committees:

I am Brian Miyamoto, Executive Director of the Hawai'i Farm Bureau (HFB). Organized since 1948, the HFB is comprised of 1,800 farm family members statewide and serves as Hawai'i's voice of agriculture to protect, advocate and advance the social, economic, and educational interests of our diverse agricultural community.

The Hawai'i Farm Bureau supports SB 739, which allows the Governor to negotiate land exchanges for the acquisition of lands suitable for long-term diversified agricultural production in exchange for lands to be used for private affordable housing development. This measure provides an opportunity to expand the state's agricultural landholdings, ensuring that critical farmland remains dedicated to agricultural production rather than being acquired for non-agricultural uses.

One of the greatest challenges facing Hawai'i's agricultural industry is the loss of prime agricultural lands to development and speculation. With increasing pressure to convert farmland into residential or commercial projects, it is essential that the state actively secures agricultural lands to support food production, agricultural self-sufficiency, and long-term economic sustainability.

Additionally, securing more agricultural land under state ownership provides greater stability for local farmers by ensuring that these lands are used for their intended purpose. With affordable, long-term agricultural leases, farmers and ranchers can invest in infrastructure, expand production, and contribute to food security efforts.

While we recognize the potential benefits of land exchanges in addressing both agricultural self-sufficiency and housing needs, we emphasize the importance of ensuring that agricultural lands remain protected and that any exchanges result in a net benefit for agriculture.

We appreciate the intent of SB 739 and urge its passage to protect Hawai'i's agricultural lands, strengthen food security, and prevent farmland from being lost to non-agricultural development.

Thank you for the opportunity to testify on this measure.



Food+ Policy Internship 2025

food@purplemaia.org

February 10, 2025

Subject: SB 739 *Long-Term Agricultural Production*

Aloha Chair Dela Cruz, Vice Chair Moriwaki, and Members of the Ways and Means Committee,

Hawaii Food+ Policy is in support of SB 739, a measure crucial for promoting diversified agriculture and self-sufficiency across Hawaii. Imani is an intern of ours, as well as a student at the University of Hawaii at Hilo. Finding affordable housing close to campus can be a challenge, and although there has been progress through Hawaii Revised Statutes, we need to ensure their goals are fully met. Protecting agricultural lands and expanding affordable housing urgently require additional funding and support of this bill. Many students and young professionals would love to remain in Hawaii and contribute meaningfully to Hawaii's workforce, but the struggle of housing insecurity makes it difficult to do so.

The State of Hawaii must recognize that affordable housing is essential for not only students, but families and individuals state-wide. This is an important measure that recognizes the historical decline of Hawaii's agricultural industry, and is a prominent approach to diversifying our agriculture while protecting agricultural lands. Through this bill, Governor Josh Green would be able to negotiate land exchanges, advocating for the private development of housing projects while factoring in private agricultural lands for state use. It is for these reasons that we strongly urge the Ways and Means committee to support SB 739 to secure Hawaii's future in agriculture and housing.

Mahalo,
The Hawaii Food+ Policy Team

The Food+ Policy internship develops student advocates who learn work skills while increasing civic engagement to become emerging leaders. We focus on good food systems policy because we see the importance and potential of the food system in combating climate change and increasing the health, equity, and resiliency of Hawai'i communities.

In 2025, the cohort of interns are undergrads and graduate students from throughout the UH System. They are a mix of traditional and nontraditional students, including parents and veterans, who have backgrounds in education, farming, public health, nutrition, and Hawaiian culture.