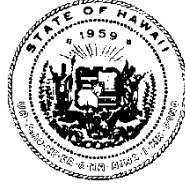


JOSH GREEN, M.D.
GOVERNOR

SYLVIA LUKE
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 COMMERCE AND CONSUMER PROTECTION AND SENATE COMMITTEE ON HOUSING

January 29, 2025 at 9:40 a.m.
State Capitol, Room 229

In consideration of
S.B. 76
RELATING TO HOUSING.

Chairs Keohokalole and Chang, Vice Chairs Fukunaga and Hashimoto, and members of the Committee.

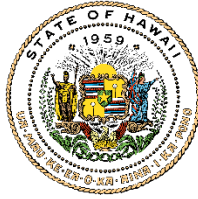
HHFDC **supports** SB 76, which clarifies that the dwelling units eligible for the Rent-to-Own Program shall be units that are for sale in fee simple or leasehold on state or county land under a lease with an initial term of not less than ninety-nine years and increases the time period that the sales price of dwelling units under the Rent-to-Own Program shall remain fixed from five years to ten years after the rental agreement is executed.

The rent-to-own program, which was established in 2006, provides an alternative pathway to homeownership for local residents. Under the program, HHFDC credits a portion of the rent received toward the purchase of the dwelling unit.

Thank you for the opportunity to testify on this bill.

JOSH GREEN, M.D.
GOVERNOR | KE KIA ĀINA

SYLVIA LUKE
LIEUTENANT GOVERNOR | KA HOPE KIA ĀINA



STATE OF HAWAII | KA MOKU'ĀINA 'O HAWAII'
DEPARTMENT OF LAND AND NATURAL RESOURCES
KA 'OIHANA KUMUWAIWAI 'ĀINA

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CIARA W.K. KAHANE
DEPUTY DIRECTOR - WATER

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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

Testimony of
DAWN N.S. CHANG
Chairperson

Before the Senate Committees on
COMMERCE AND CONSUMER PROTECTION
and
HOUSING

Wednesday, January 29, 2025
9:40 AM

State Capitol, Conference Room 229 & Videoconference

In consideration of
SENATE BILL 76
RELATING TO HOUSING

Senate Bill 76 proposes to clarify that the dwelling units eligible for the Rent-to-Own Program shall be units that are for sale in fee simple or leasehold on State or County land under a lease with an initial term of not less than ninety-nine years. The bill also proposes to increase the time period that the sales price of dwelling units under the Rent-to-Own Program shall remain fixed from five years to ten years after the rental agreement is executed. **The Department of Land and Natural Resources (Department) offers the following comments on this measure.**

The Department notes that pursuant to Section 171-2, Hawaii Revised Statutes (HRS), lands that are owned in fee and non-ceded lands that are set aside via Governor's Executive Order to the Hawaii Housing Finance and Development Corporation (HHFDC) are exempt from the definition of "public lands". Therefore, ceded lands that are set aside to HHFDC are not exempt from the definition of public lands. Furthermore, pursuant to Section 171-73, HRS, residential leases issued by the Board of Land and Natural Resources (Board) are limited to an initial term of fifty-five (55) years, with the ability to extend up to a maximum aggregate term of seventy-five (75) years. In order to resolve any statutory conflicts between residential leases issued by the Board¹ and HHFDC, the Department suggests the following amendment to Section 171-2, HRS:

¹ The Board no longer issues residential leases, but rather has provided lands to housing agencies such as HHFDC that have the requisite expertise and experience to develop and manage housing projects.

(6) ~~Non-ceded~~ Lands set aside by the governor to the Hawaii housing finance and development corporation or lands to which the Hawaii housing finance and development corporation in its corporate capacity holds title, provided that such lands shall be managed pursuant to the same public trust fiduciary duties and obligations as the Board;

The Department notes that the other exceptions from the definition of public lands listed in Section 171-2, HRS for lands set aside to other agencies do not distinguish between ceded and non-ceded lands. Additionally, the Department notes that approximately 98% of State-owned lands are ceded, so the Department believes that HHDFC should be bound by the same public trust fiduciary duties and obligations as the Board in its management of ceded lands under its management.

Thank you for the opportunity to comment on this measure.