

JN Group, Inc.

fka WHOLESALE MOTORS, INC.

ESTABLISHED IN 1981

2999 N. Nimitz Highway Honolulu, Hawaii 96819-1903

Phone: 808.831.2500 Fax: 808.831.2594 www.jnautomotive.com

JN Automotive Group

JN Chevrolet

February 8, 2011

JN Mazda

Honorable Representative Angus L. K. McKelvey, Chair
Honorable Representative Isaac W. Choy, Vice Chair
House Committee on Economic Revitalization & Business
House Members of Committee on Economic Revitalization & Business

Audi of Hawaii

Ferrari of Hawaii

**RE: HOUSE BILL HB845 - RELATING TO GROUND LEASES
HEARING SCHEDULED FOR THURSDAY, FEBRUARY 10, 2011, AT
8:00 A.M., HAWAII STATE CAPITOL, CONFERENCE ROOM 312**

Maserati of Hawaii

Dear Honorable Chair Angus McKelvey, Vice Chair Isaac Choy, and Members of the House Committee on Economic Revitalization & Business:

Lamborghini Hawaii

I wish to support passage of House Bill HB845 which is to encourage the extension of ground leases by requiring lessors who do not extend a ground lease to offer to sell the leased fee interest in the land to the lessee who requests the extension.

Bentley Honolulu

JN Lotus

Many ground leases are near expiration and there is a concern that if ground leases are not extended, we may see closures of businesses and loss of employment in a very fragile economy. The bill if approved would be fair to both the lessor and lessee as the lessor would continue to receive a fair rent if the lease is extended or a fair price should the lessor sell the land to the lessee. The lessee could then continue its business services and/or products and continue providing employment to its long time employees.

La Collezione Nicolai

JN Car and Truck Rentals

I urge your approval of this bill.

JN Leasing

JN Advertising

JN Development

Sincerely,



Joseph P. Nicolai
JN Group, Inc.
2999 N. Nimitz Highway
Honolulu, HI 96819-1903

TO: Rep. Angus McKelvey, Chair; Rep. Issac Choy, Vice Chair
Members of the House Committee on Economic Revitalization and Business

FROM: Betty Lou Larson, President, Date-Laau Community Association
alohabettylou@hotmail.com; telephone: 585-6983

SUBJECT: SUPPORT FOR HB 845, RELATING TO GROUND LEASES

HEARING: (Date, Time, Conference Room #)

Chair McKelvey, Vice Chair Choy, and Members of the Housing Committee on Economic Revitalization and Business:

Thank you for the opportunity to testify in support of HB 845, which provides a process to extend long-term ground leases. I am Betty Lou Larson, President of the Date-Laau Community Association (DLCA). Eight coops and one apartment building on the Date-Laau block, located on residential leasehold land near the corner of Date and Kapiolani streets, have joined together to form the Date-Laau Community Association. DLCA supports this bill.

Suggested Amendments to HB 845: We urge you to include “residential ground leases” in this bill. We also urge you to add a Section 5. “If any provision of this Act is held invalid, the remainder of the Act shall not be affected thereby.”

The 262 residential leasehold units on the Date-Laau block face the same uncertainty as the commercial and industrial lessees addressed in this bill. Our situation is even more dire as our land leases end next year (December 2012) and we face the loss of our homes. The Date-La'au community is a well-established low-income neighborhood. When we surveyed the residents we found: 87% of the residents are low income, earning less than 60% of medium income. Almost 50% have incomes under 30% of median income. 67 Elders age 60-90+ live at Date-La'au; 110 residents are over 50 years of age. 99 families lived there over 10 years and some residents are from families that purchased their unit as far back as Statehood, 50 years ago.

When the land lease ends, residents will face a hard choice. The landowner will take over not only the land, but also the buildings, and will create a financial burden for many families when they raise the rent. For some, it may be 200% to 300% more than what they have been paying for housing costs for many, many years. Our units have not been subsidized but they are places where families and elders could survive. We are not affluent and we struggle to afford the rising costs in Hawaii. We want peace of mind. We don't want an uncertain future for our families.

We are not asking for a handout. We only ask for fairness. This bill is important not only for our 262 families. There are over 18,000 residential leasehold units across the State of Hawaii. As leases expire, owners can raise rents or even resell these units as condos, though they have paid nothing for the buildings, nor have they paid property taxes on these units over the years.

Thank you for your help to formulate a fair solution to the inequities of the leasehold system in Hawaii. We respectfully urge you to support HB 845.

A BILL FOR AN ACT

relating to ground leases.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:

SECTION 1. The purpose of this Act is to encourage the extension of ground leases by requiring lessors who do not extend a ground lease to offer to sell the leased fee interest in the land to the lessee.

SECTION 2. Chapter 666, Hawaii Revised Statutes, is amended by adding a new section to be appropriately designated and to read as follows:

"§666- Extension of long-term ground leases; sale of leased fee interest in land. (a)
Within the final ten years of a long-term commercial, industrial or residential ground lease,
the lessee may request from the lessor an extension of the lease. If the lessor does not extend the
term of the existing lease or issue a new ground lease:

(1) For a term of at least thirty years with substantially similar lease terms; and

(2) At a rental rate that is mutually agreeable to the lessee and lessor or a rental rate that is determined by appraisal pursuant to subsection (b);

the lessor shall be required to offer to sell the fee simple interest in the land to the lessee for the amount fixed by an appraiser's determination of the leased-fee interest in the land, in compliance with the uniform standards of professional appraisal practice.

(b) If a lessor and lessee are unable to agree on a rental rate, the rate shall be determined by appraisal. The lessor and the lessee shall each select an appraiser, who then shall jointly choose a third appraiser. All appraisers shall hold a MAI designation from the Appraisal Institute. The new rental rate shall be determined upon the agreement of any two of the three appraisers. Each appraiser shall be impartial and adhere to the uniform standards of professional appraisal practice.

In the event that either the lessor or lessee fails to select an appraiser, the selection shall be made by a judge sitting in the circuit in which the land is located. The lessor and lessee shall be responsible for the cost of their respective appraisers, and the cost of the third appraiser shall be shared equally by the lessor and lessee.

The lessor and lessee may agree to have a single appraiser. The agreement shall be in writing and signed by both the lessor and lessee, with the cost of the appraiser to be shared equally by the lessor and lessee.

(c) In the event of any conflict regarding procedures or valuation processes, the uniform standards of professional practice shall control."

SECTION 3. New statutory material is underscored.

SECTION 4. This Act shall take effect upon its approval and shall apply retroactively to any ground lease in effect on the Act's effective date.

SECTION 5. If any provision of this Act is held invalid, the remainder of the Act shall not be affected thereby.

INTRODUCED BY: _____

Report Title:

Ground Leases; Extension; Sale of Leased-Fee Interest

Description:

Requires lessors who do not extend a ground lease to offer to sell the leased fee interest in the land to the lessee who requests the extension.

TO: Rep. Angus McKelvey, Chair; Rep. Issac Choy, Vice Chair
Members of the House Committee on Economic Revitalization and Business

FROM: Board of Directors of Lani Home Inc. (Erica Vincent, Ted Kubota, Jason Aung (Cell – 2770740), Laura Horigan and Lani Sua), Kealii Makekau (Property Manager – Cell – 3865050)

SUBJECT: SUPPORT FOR HB 845, RELATING TO GROUND LEASES

HEARING: (Thursday 2/10/2011, 8:00 am, Conference Room #312)

Chair McKelvey, Vice Chair Choy, and Members of the Housing Committee on Economic Revitalization and Business:

Thank you for the opportunity to testify in support of HB 845, which provides a process to extend long-term ground leases. Board of Directors of Lani Home Inc. have joined together with the Date-Laau Community Association (DLCA) supports this bill.

Suggested Amendments to HB 845: We urge you to include “residential ground leases” in this bill. We also urge you to add a Section 5. “If any provision of this Act is held invalid, the remainder of the Act shall not be affected thereby.” We also urge that the bill should be effective before June 30th, 2012.

Lani Home Inc. is the association of the Owners of Lani Home Coop Apartment Project, consisting 97 apartment units. When our lease ends in December 4th 2012, we will lose our home to the current Land Owners (Iolani School), who plans to operate our building as rental properties in order to generate investment income prior to developing the land for the future uses.

Lum Yip Kee Inc. was the former owner of the land and sold the land to Iolani School in June of 2007 for \$23 millions without offering “First Right of Refusal” to the Lani Home Inc. We strongly believe that we, the owners of the apartments, who had paid the lease rents and property tax for the past 40 years, are the rightful owners to purchase the fee interest of the land.

We are NOT asking for a FREE handout. We only ask for fairness. This bill is important not only for our 97 families. There are over 18,000 residential leasehold units across the State of Hawaii. As leases expire, Land owners can raise rents or even resell these units as condos, though they have paid nothing for the buildings, nor have they paid property taxes on these units over the years. We only ask that the land lease be renewed for another 30 years terms or purchase the fee interest at the fair market value that is appraised by the licensed appraisers

Thank you for your help to formulate a fair and balance solution to the inequities of the leasehold system in Hawaii. We respectfully urge you to support HB 845.

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Report Title:

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Requires lessors who do not extend a ground lease to offer to sell the leased fee interest in the land to the lessee who requests the extension.

JAMES W. Y. WONG
3737 Manoa Road
Honolulu, Hawaii 96822
Phone: (808) 946-2966 Fax: (808) 943-3140

February 8, 2011

VIA WEB

Honorable Representative Angus L. K. McKelvey, Chair
Honorable Representative Isaac W. Choy, Vice Chair
House Members of Committee on Economic, Revitalization & Business

RE: HOUSE BILL HB845 - RELATING TO GROUND LEASES
HEARING DATE/TIME/LOCATION: THURSDAY, FEBRUARY 10, 2011 AT
8:00 A.M., HAWAII STATE CAPITOL, CONFERENCE ROOM 312

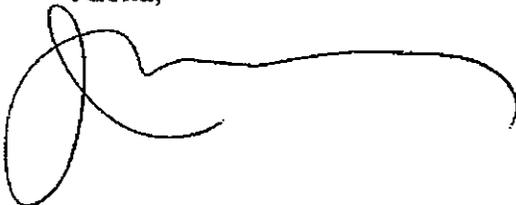
Dear Honorable Chair Angus McKelvey, Vice Chair Isaac Choy, and Members of the House Committee on Economic, Revitalization & Business:

I wish to support passage of House Bill HB845 which is to encourage the extension of ground leases by requiring lessors who do not extend a ground lease to offer to sell the leased fee interest in the land to the lessee who requests the extension.

The Bill, if passed, will provide a fair return to the lessor if the ground lease is extended and the opportunity for the lessee's business to continue which will provide for continuation of business services or products to the local economy and continuation of employment to the workers of the lessee. If the ground lease is not extended, the lessor will also receive a fair return for its interest in the land when the land is sold and allows the lessee's business to continue to provide business services or products to the local economy and continuation of employment to the workers of the lessee. It would be a win-win situation to both the lessor and lessee and to our economy.

Please approve House Bill HB845.

Aloha,

A handwritten signature in black ink, consisting of a large, stylized loop followed by a long horizontal stroke that tapers to the right.

**Kealii Makekau
2563 Date st #312
Honolulu Hi, 96826
PH: 947-4343/Kealii8@hotmail.com**

February 8, 2011

Rep. Angus McKelvey, Chair
Rep. Isaac Choy, Vice-Chair
House Committee on Economic Revitalization & Business

Re: HB 845 Relating to Ground Leases
Hearing: Thursday, Feb. 10, 2011 at 8 a.m., Conf. Room 312

Chair McKelvey, Vice-Chair Choy and Members of the Committee:

I am an owner-occupant of a residential leasehold condominium (or co-operative housing unit) at 2563 Date st. I have owned and lived in my unit for "40" years.

I respectfully ask that you amend this bill at page 1 line 10 to include "Residential ground leases".

My lease ends on December 04, 2012 and I will lose all of my equity in my unit and I may not be able to afford the rent that the lessor (who will become my landlord as of 12/05/2012) will charge. Since this has been my home for "40" years, I would like to live out my life in the unit and in the neighborhood where I now reside. I don't want to move to some other area and rent a home since currently I own my unit, but not the fee interest.

Given the fact that I am single with no kids and limited resources its most certain that I would be homeless within a few months. All this at age 42 plus my building alone has people well within the 50's, 60's, 70's, and 80's who share the same faith.

Please consider this when rendering a decision for it will affect hundreds of people and their family's in my area alone.

Thank you for allowing me to testify on this very important bill.

Regards, Kealii Makekau

February 8, 2011

VIA WEB

Honorable Representative Angus L. K. McKelvey, Chair
Honorable Representative Isaac W. Choy, Vice Chair
House Committee on Economic Revitalization & Business
House Members of Committee on Economic Revitalization & Business

**RE: HOUSE BILL HB845 - RELATING TO GROUND LEASES
HEARING SCHEDULED FOR THURSDAY, FEBRUARY 10, 2011, AT
8:00 A.M., HAWAII STATE CAPITOL, CONFERENCE ROOM 312
LETTER OF SUPPORT**

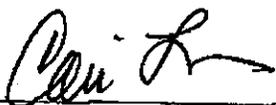
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Many ground leases are near expiration and there is a concern that if ground leases are not extended, we may see closures of businesses and loss of employment in a very fragile economy. The bill if approved would be fair to both the lessor and lessee as the lessor would continue to receive a fair rent if the lease is extended or a fair price should the lessor sell the land to the lessee. The lessee could then continue its business services and/or products and continue providing employment to its long time employees.

I urge your approval of this bill.

Sincerely,



Print Name:

Colin Lau

Address:

47-695 Hui Uli'i St

Kaneohe, HI 96744

February 8, 2011

VIA WEB

Honorable Representative Angus L. K. McKelvey, Chair
Honorable Representative Isaac W. Choy, Vice Chair
House Committee on Economic Revitalization & Business
House Members of Committee on Economic Revitalization & Business

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I urge your approval of this bill.

Sincerely,

Hani Sugita

Print Name:

Hani Sugita

Address:

1044 12th Ave.

Hon. HI 96816

February 8, 2011

VIA FACSIMILE
586-8479

Honorable Representative Angus L. K. McKelvey, Chair
Honorable Representative Isaac W. Choy, Vice Chair
House Members of Committee on Economic, Revitalization & Business

RE: HOUSE BILL HB845 - RELATING TO GROUND LEASES
HEARING DATE/TIME/LOCATION: THURSDAY, FEBRUARY 10, 2011
AT 8:00 AM, HAWAII STATE CAPITOL, CONFERENCE ROOM 312

Dear Honorable Chair Angus McKelvey, Vice Chair Isaac Choy, and Members of the House Committee on Economic, Revitalization & Business:

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The Bill, if passed, will provide a fair return to the lessor if the ground lease is extended and the opportunity for the lessee's business to continue which will provide for continuation of business services or products to the local economy and continuation of employment to the workers of the lessee. If the ground lease is not extended, the lessor will also receive a fair return for its interest in the land when the land is sold and allows the lessee's business to continue to provide business services or products to the local economy and continuation of employment to the workers of the lessee. It would be a win-win situation to both the lessor and lessee and to our economy.

Please approve House Bill HB845.

Aloha,



PATRICIA LAU
535 PAIKAU ST
HONOLULU, HI 96816

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February 8, 2011

VIA FACSIMILE
586-8479

Honorable Representative Angus L. K. McKelvey, Chair
Honorable Representative Isaac W. Choy, Vice Chair
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I urge your approval of this bill.

Sincerely,



Print Name: Pauline Kwan

Address: 2202 Kalia Dr.
Honolulu HI 96815

f:\data\ljw folder\2011 Legislation\HB845 - DRAFT Testimony

February 8, 2011

VIA WEB

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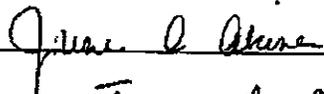
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Sincerely,



Print Name: June A. Akana

Address: 98-379 Pono Street

Area, HI 96701

February 8, 2011

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Sincerely,

Rosalind Moore

Print Name: ROSALIND MOORE

Address: 3358 ALOHA AVE.

HON., HI 96816

February 8, 2011

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House Members of Committee on Economic Revitalization & Business

**RE: HOUSE BILL HB845 - RELATING TO GROUND LEASES
HEARING SCHEDULED FOR THURSDAY, FEBRUARY 10, 2011, AT
8:00 A.M., HAWAII STATE CAPITOL, CONFERENCE ROOM 312**

Dear Honorable Chair Angus McKelvey, Vice Chair Isaac Choy, and Members of the House Committee on Economic Revitalization & Business:

I wish to support passage of House Bill HB845 which is to encourage the extension of ground leases by requiring lessors who do not extend a ground lease to offer to sell the leased fee interest in the land to the lessee who requests the extension.

Many ground leases are near expiration and there is a concern that if ground leases are not extended, we may see closures of businesses and loss of employment in a very fragile economy. The bill if approved would be fair to both the lessor and lessee as the lessor would continue to receive a fair rent if the lease is extended or a fair price should the lessor sell the land to the lessee. The lessee could then continue its business services and/or products and continue providing employment to its long time employees.

I urge your approval of this bill.

Sincerely,

Lori Lee

Print Name: Lori Lee

Address: 906 6th Avenue

Honolulu, Hawaii 96816

February 8, 2011

VIA WEB

Honorable Representative Angus L. K. McKelvey, Chair
Honorable Representative Isaac W. Choy, Vice Chair
House Committee on Economic Revitalization & Business
House Members of Committee on Economic Revitalization & Business

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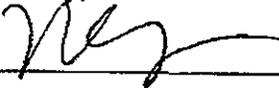
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I urge your approval of this bill.

Sincerely,



Print Name: Misty Torres

Address: PO Box 25843

Honolulu 96825

February 8, 2011

VIA FACSIMILE
586-8479

Honorable Representative Angus L. K. McKelvey, Chair
Honorable Representative Isaac W. Choy, Vice Chair
House Committee on Economic Revitalization & Business
House Members of Committee on Economic Revitalization & Business

RE: HOUSE BILL HB845 - RELATING TO GROUND LEASES
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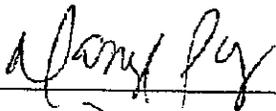
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I urge your approval of this bill.

Sincerely,



Print Name:

Darryl P. Wong

Address:

1836 Punahoa

Honolulu, HI 96822

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February 8, 2011

VIA FACSIMILE
586-8479

Honorable Representative Angus L. K. McKelvey, Chair
Honorable Representative Isaac W. Choy, Vice Chair
House Committee on Economic Revitalization & Business
House Members of Committee on Economic Revitalization & Business

**RE: HOUSE BILL HB845 - RELATING TO GROUND LEASES
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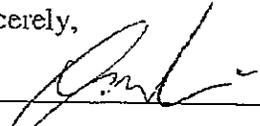
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I urge your approval of this bill.

Sincerely,



Print Name: KENI OAU

Address: 91-213 KIKIAD ST
KAPOLEI, HI 96707

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**YOUR NAME
YOUR ADDRESS
YOUR PHONE/FAX NO/EMAIL ADDRESS**

February 9, 2011

Rep. Angus McKelvey, Chair
Rep. Isaac Choy, Vice-Chair
House Committee on Economic Revitalization & Business

Re: HB 845 Relating to Ground Leases
Hearing: Thursday, Feb. 10, 2011 at 8 a.m., Conf. Room 312

Chair McKelvey, Vice-Chair Choy and Members of the Committee:

I am an owner-occupant of a residential leasehold condominium (or co-operative housing unit) at 2563 Date Street. I have owned and lived in my unit for 3 1/2 years.

I respectfully ask that you amend this bill at page 1 line 10 to include "residential ground leases".

My lease ends on December 31, 2012 and I will lose all of my equity in my unit and I may not be able to afford the rent that the lessor (who will become my landlord as of 1/1/2013) will charge. Since this has been my home for 3 years, I would like to live out my life in the unit and in the neighborhood where I now reside. I don't want to move to some other area and rent a home since currently I own my unit, but not the fee interest. My young family had high hopes for this apartment as it was affordable. The history of our state has shown fairness in these regards and often extended the lease or sold the fee. Now with the economy and people only looking out for themselves and the NOT good of the state or the community, the lessor has informed us that they will not be extending the lease or selling the fee to us but rather turning the property to a rental property and charging us market rents for a unit we have owned for years. The entire parcel we live in has been affordable housing for years and that is very hard to come by in Hawai'i. My family cannot afford these rents which is the reason we bought lease hold in the first place. I think the state needs to take a stand and do right by the people, by my family, by our future.

Thank you for allowing me to testify on this very important bill.

Erica L. Vincent

A BILL FOR AN ACT

relating to ground leases.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:

SECTION 1. The purpose of this Act is to encourage the extension of ground leases by requiring lessors who do not extend a ground lease to offer to sell the leased fee interest in the land to the lessee.

SECTION 2. Chapter 666, Hawaii Revised Statutes, is amended by adding a new section to be appropriately designated and to read as follows:

"§666- Extension of long-term ground leases; sale of leased fee interest in land. (a)
Within the final ten years of a long-term commercial, industrial or residential ground lease, the lessee may request from the lessor an extension of the lease. If the lessor does not extend the term of the existing lease or issue a new ground lease:

(1) For a term of at least thirty years with substantially similar lease terms; and

(2) At a rental rate that is mutually agreeable to the lessee and lessor or a rental rate that is determined by appraisal pursuant to subsection (b);

the lessor shall be required to offer to sell the fee simple interest in the land to the lessee for the amount fixed by an appraiser's determination of the leased-fee interest in the land, in compliance with the uniform standards of professional appraisal practice.

(b) If a lessor and lessee are unable to agree on a rental rate, the rate shall be determined by appraisal. The lessor and the lessee shall each select an appraiser, who then shall jointly choose a third appraiser. All appraisers shall hold a MAI designation from the Appraisal Institute. The new rental rate shall be determined upon the agreement of any two of the three appraisers. Each appraiser shall be impartial and adhere to the uniform standards of professional appraisal practice.

In the event that either the lessor or lessee fails to select an appraiser, the selection shall be made by a judge sitting in the circuit in which the land is located. The lessor and lessee shall be responsible for the cost of their respective appraisers, and the cost of the third appraiser shall be shared equally by the lessor and lessee.

The lessor and lessee may agree to have a single appraiser. The agreement shall be in writing and signed by both the lessor and lessee, with the cost of the appraiser to be shared equally by the lessor and lessee.

(c) In the event of any conflict regarding procedures or valuation processes, the uniform standards of professional practice shall control."

SECTION 3. New statutory material is underscored.

SECTION 4. This Act shall take effect upon its approval and shall apply retroactively to any ground lease in effect on the Act's effective date.

SECTION 5. If any provision of this Act is held invalid, the remainder of the Act shall not be affected thereby.

INTRODUCED BY: _____

Report Title:

Ground Leases; Extension; Sale of Leased-Fee Interest

Description:

Requires lessors who do not extend a ground lease to offer to sell the leased fee interest in the land to the lessee who requests the extension.

From: mailinglist@capitol.hawaii.gov
Sent: Wednesday, February 09, 2011 12:11 PM
To: ERBtestimony
Cc: erica3279@gmail.com
Subject: Testimony for HB845 on 2/10/2011 8:00:00 AM

Testimony for ERB 2/10/2011 8:00:00 AM HB845

Conference room: 312
Testifier position: support
Testifier will be present: No
Submitted by: Erica Vincent
Organization: Individual
Address: 2563 Date Street #102 Honolulu, HI
Phone:
E-mail: erica3279@gmail.com
Submitted on: 2/9/2011

Comments:

Our family is in a dire situation. Our lease expires December 4, 2012 and the new land owners intend to turn it into a rental property. My family cannot afford the market rents in our area. We bought this property hoping the owners do what was just and fair, either extend the lease or sell the leased fee interest to our family. Due to the high homeless rate, economy, and history and heritage of Hawaii I pray that you will ammend this bill to include residential properties in order to keep the land in the hands of the people and to boost our economy as well as deter any more homelessness in this state. Mahalo!