

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
677 QUEEN STREET, SUITE 300
Honolulu, Hawaii 96813
FAX: (808) 587-0600

IN REPLY REFER TO:

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

SENATE COMMITTEE ON HOUSING

March 15, 2022 at 1:00 p.m.
State Capitol, Room 225

In consideration of
H.B. 1917 HD1
RELATING TO AFFORDABLE HOUSING.

HHFDC **supports** H.B. 1917 HD1, which indefinitely 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. This measure is necessary to ensure that the State's hands are not unduly tied during the ground lease renegotiation.

In 2019, HHFDC paid nearly \$15 million to acquire the leased-fee interest in Front Street Apartments from 3900, LLC, in an effort to preserve the project's affordability. Unfortunately, there is ongoing litigation regarding affordability restrictions affecting the project, and for that reason HHFDC has been unable to renegotiate the ground lease for the property or obtain an appraisal of the fair market value of the ground lease. To acquire the property's leasehold interest, an appraisal is required under 201H-33(d) of the Hawaii Revised Statutes to ensure that the purchase price does not exceed its appraised value.

Most importantly, HHFDC is unable to ascertain or affect when the outcome of the litigation will be final, and therefore we seek the committee's support on passing this measure.

HHFDC requests that Section 4 of the bill be amended to be effective upon its approval and shall apply retroactively to December 30, 2021.

Thank you for the opportunity to testify.

Council Chair
Alice L. Lee

Vice-Chair
Keani N.W. Rawlins-Fernandez

Presiding Officer Pro Tempore
Tasha Kama

Councilmembers
Gabe Johnson
Kelly Takaya King
Michael J. Molina
Tamara Paltin
Shane M. Sinenci
Yuki Lei K. Sugimura



Director of Council Services
Traci N. T. Fujita, Esq.

Deputy Director of Council Services
David M. Raatz, Jr., Esq.

COUNTY COUNCIL
COUNTY OF MAUI
200 S. HIGH STREET
WAILUKU, MAUI, HAWAII 96793
www.MauiCounty.us

March 14, 2022

TO: Honorable Stanley Chang, Chair
Senate Committee on Housing

FROM: Alice L. Lee
Council Chair

DATE: March 14, 2022

SUBJECT: **SUPPORT OF HB 1917, HD1, 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 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 in Lahaina before the Corporation's requirement to initiate condemnation proceedings is triggered, helping ensure the project's continued availability.

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 Lahaina area of Maui.
3. Front Street Apartments in Lahaina provides 142 rental units.

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

ocs:proj:legis:22legis:testimony:hb1917_hd1_paf22-018(71)a_jbf