

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

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

In consideration of
S.B. 2667
RELATING TO AFFORDABLE HOUSING.

The HHFDC **supports** S.B. 2667, which extends the deadline for HHFDC to renegotiate the ground lease for the Front Street Apartments affordable housing project before having to initiate condemnation.

The HHFDC had to pay nearly \$15 million in order to acquire the fee interest in Front Street Apartments from 3900, LLC. However, due to the lawsuit filed by tenants of Front Street Apartments, we were not able to obtain an accurate appraisal of the fair market value of the ground lease for the property, which is needed for renegotiating the ground lease. Without an accurate appraisal, HHFDC could not proceed with renegotiations or condemnation of the ground lease by the deadline of December 31, 2019, as required by Act 150, SLH 2018 as amended by Act 2019.

This measure is necessary to ensure the state is afforded the best possible position during renegotiations.

Thank you for the opportunity to testify.

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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

February 14, 2022

TO: Honorable Stanley Chang, Chair
Senate Committee on Housing

FROM: Alice L. Lee
Council Chair

DATE: February 14, 2022

SUBJECT: **SUPPORT OF SB 2667, 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 aforementioned deadline and help ensure the continued availability of affordable rental housing in Maui county at the Front Street Apartments in Lahaina.

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 western part of the island of Maui.
3. Front Street Apartments in Lahaina provides 142 rental units.

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

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