



COMMENTS ON SENATE BILL 739_SD2
RELATING TO LAND EXCHANGE
House Committee on Water and Land
House Committee on Public Safety:

March 11, 2025

9:00 a.m.

Room 411

Aloha e Chairs Hashem and Bellati, Vice Chairs Lamosao and Iwamoto, and Members of the House Committees on Water and Land and Public Safety:

The Office of Hawaiian Affairs offers COMMENTS on SB739_SD2. While OHA appreciates the intent of this measure to prioritize diversified agricultural development, while simultaneously attempting to mitigate the severity of the housing crisis through the development of affordable housing, **OHA recommends specific provisions be included to protect OHA's beneficiaries and their interests in ceded lands.**

First, the Native Hawaiian community has special rights and interests in the disposition and exchange of our public lands, much of which are “ceded” lands acquired without the consent of the Native Hawaiian people, to which Native Hawaiians have never relinquished their claims, and which contribute to OHA's 20% of public land trust revenues.¹ **OHA requests express provisions affirming that private lands exchanged for ceded or public land trust lands assume the ceded or public land trust lands character of the exchanged lands.**

Second, public scrutiny and input can provide an important check against political and other pressure on State negotiators, which may otherwise result in offers less than fair to the State, the public, and Native Hawaiians. Both the Land Use Commission and the Department of Land and Natural Resources serve important roles in management of the public lands, consistent with the State's public trust and fiduciary duties. OHA respectfully recommends that given the overwhelming weight of public interest in the disposition and exchange of our public lands that the bill include specific provisions that facilitate public participation and review of any proposed land exchange.

At minimum, OHA requests that this measure **expressly** reaffirm that current legislative approval requirements for the sale or alienation of any state lands, as found in HRS §171-64.7, also apply to the lands which may negotiated for exchange under this bill. The statutory requirements of HRS §171-64.7 are critical to maintaining the “ceded” lands corpus, and were

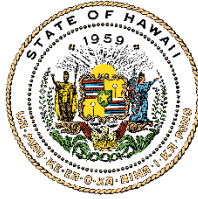
¹ See Hawai'i Revised Statutes § 10-13.5

enacted was a condition precedent to the settlement agreement in the OHA v. Housing and Community Development Corporation of Hawai'i lawsuit, brought in response to the State's actions to sell and otherwise alienate "ceded" lands. The legislative approval requirements in HRS § 171-64.7 ensure a high level of accountability and transparency in any proposed alienation of the state's limited land base, including lands that could be removed from the "ceded" lands corpus prior to the resolution of Native Hawaiians' unrelinquished claims.

Mahalo for the opportunity to testify.

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

SYLVIA LUKE
LIEUTENANT GOVERNOR | KA HOPE KIA'ĀINA



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

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DAWN N.S. CHANG
CHAIRPERSON
BOARD OF LAND AND NATURAL RESOURCES
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FIRST DEPUTY

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DEPUTY DIRECTOR - WATER

AQUATIC RESOURCES
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 House Committees on
WATER & LAND
and
PUBLIC SAFETY

Tuesday, March 11, 2025
9:00 AM

State Capitol, Conference Room 411, Via Videoconference

In consideration of
SENATE BILL 739, SENATE DRAFT 2
RELATING TO LAND EXCHANGE

Senate Bill 739, Senate Draft 2 proposes to allow the Governor to negotiate land exchanges in consultation with the Board of Land and Natural Resources 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 and amendments.**

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.

Thus, while the Department supports the intent of the bill, we would urge that state lands that are currently going through the development entitlement process and substantial state funds have been expended, not be considered priority lands for land exchange.

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 statutory role in public land dispositions. The Board's review process ensures transparency and public accountability through Chapter 92, public sunshine-decision-making process, allowing for public input in evaluating land exchanges. Although Senate Draft 2 of the measure requires the Governor to consult with the Board on any land exchange, the Department therefore recommends that the measure be amended to ensure that the Board retain its role in reviewing and approving land exchanges.

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'OULU AINA MAHIAI

TESTIMONY OF WENDY L. GADY
EXECUTIVE DIRECTOR
AGRIBUSINESS DEVELOPMENT CORPORATION

BEFORE THE
HOUSE COMMITTEE ON WATER & LAND
HOUSE COMMITTEE ON PUBLIC SAFETY

March 11, 2025
9:00 a.m.
Conference Room 411 & Videoconference

SENATE BILL NO. 739 SD2
RELATING TO LAND EXCHANGE

Chairs Hashem and Belatti, Vice Chairs Lamosao and Iwamoto, and Members of the Committees:

Thank you for the opportunity to testify in **support** of Senate Bill No. 739 SD2, which allows the governor to negotiate land exchanges to acquire lands that are suitable for long-term diversified agricultural production in exchange for land for private affordable housing development. Requires a report to legislature. This strategic initiative addresses two critical needs in our state: enhancing agricultural sustainability and increasing affordable housing availability.

Enhancing Agricultural Sustainability

Hawai'i's reliance on imported food poses significant risks to our food security. By acquiring lands ideal for diversified agriculture, SB 739 SD2 promotes local farming, which:

- **Reduces Dependence on Imports:** Increasing local food production diminishes our vulnerability to global supply chain disruptions.
- **Stimulates Economic Growth:** Supporting local agriculture creates jobs and invigorates rural economies.
- **Encourages Sustainable Practices:** Diversified farming promotes environmentally friendly methods, preserving our natural resources for future generations.

Increasing Affordable Housing Availability

The high cost of housing in Hawai'i has long been a pressing issue. SB 739 SD2 facilitates the development of private affordable housing by:

- **Providing Land for Development:** Exchanging state lands for private lands suitable for agriculture allows for the construction of affordable housing units.
- **Encouraging Public-Private Partnerships:** Collaborations between the state and private developers can expedite housing projects and leverage additional resources.
- **Addressing Housing Shortages:** Increasing the supply of affordable homes helps meet the demand and supports the well-being of our residents.

Strategic Land Exchanges

The land exchanges proposed in SB 739 SD2 are a prudent approach to utilizing state assets effectively. By acquiring agricultural lands through these exchanges, the state can:

- **Optimize Land Use:** Ensure that lands are utilized in a manner that best serves public interests, whether for agriculture or housing.
- **Preserve Open Spaces:** Maintain green spaces and agricultural zones, contributing to environmental conservation.
- **Balance Development and Conservation:** Thoughtfully plan land use to meet housing needs while protecting agricultural areas.

Conclusion

Senate Bill 739 SD2 presents a balanced and forward-thinking strategy to tackle two of Hawai'i's most pressing challenges: food security and affordable housing. By authorizing the Governor to negotiate land exchanges, we can simultaneously bolster our agricultural sector and provide much-needed affordable housing for our residents. I respectfully urge the committee to pass SB 739 SD2 to promote a sustainable and prosperous future for Hawai'i. We support this bill provided that its passage does not replace or adversely impact priorities indicated in our Executive Budget. Mahalo for your time and consideration.



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March 11, 2025

HEARING BEFORE THE
HOUSE COMMITTEE ON WATER & LAND

TESTIMONY ON SB 739, SD2
RELATING TO LAND EXCHANGE

Conference Room 411 & Videoconference
9:00 AM

Aloha Chair Hashem, Vice-Chair Lamosao, and Members of the Committee:

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, SD2, which allows the Governor to negotiate land exchanges in consultation with the Board of Land and Natural Resources 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, SD2, 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 2024

food@purplemaia.org

March 10, 2025

Subject: SB 739 *Long-Term Agricultural Production*

Aloha Chair Hashem, Vice Chair Lamosao and Members of the Water and Land Committee,

Hawaii Food+ Policy is in **support** of SB 739, which proposes land exchanges to simultaneously foster sustainable agriculture and expand affordable housing in Hawaii.

The already struggling agricultural industry in Hawai'i is largely dependent on imported foods—an especially pressing issue given that the land allocated to sugar and pineapple production has more than halved since the 1980s. By acquiring lands suitable for diversified agricultural production, the State of Hawaii should feel compelled to increase local food production and promote self-sufficient practices. Our farmers need legislative backing to protect their products and secure their market, and aligning directly with the state's goals of sustainability. By funding and ensuring the availability of agricultural land, SB 739 would strengthen Hawai'i's farming industry while reducing reliance on food imports.

Additionally, Hawaii's homelessness crisis requires urgent attention through affordable housing mandates and safe and sanitary units, which can only be prioritized through entitled lands suitable for appropriate housing development. Land exchanges allow the State to secure land for both agricultural and housing needs, providing residents with stable housing near public transit while also increasing local food security.

Agriculture should be a pillar of Hawai'i's economy and food security, and proactive efforts are needed to ensure its future survival and success. SB 739 represents an essential investment in Hawai'i's agricultural sustainability and affordable housing future.

It is for these reasons we urge the committee to support SB 739 and help increase Hawaii's long-term agricultural self-sufficiency. We kindly appreciate your consideration.

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 2024, 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.



Food+ Policy Internship 2024

food@purplemaia.org

Mahalo,
The Hawaii Food+ Policy Team

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March 11, 2025

Representative Mark J. Hashem, Chair
Representative Rachele F. Lamosao, Vice Chair
House Committee on Water and Land

Representative Della Au Belatti, Chair
Representative Kim Coco Iwamoto, Vice Chair
House Committee on Public Safety

Comments in Support of, and Amendment to SB 739, SD1 RELATING TO LAND EXCHANGE (Allows the Governor to negotiate land exchanges in consultation with the Board of Land and Natural Resources to acquire lands that are suitable for long-term diversified agricultural production in exchange for land for private affordable housing development. Requires a report to the Legislature. Effective 1/1/ [SD2])

**WAL/PBS Hearing: Tuesday, March 11, 2025, 9:00 a.m.
State Capitol, Conference Room 411 and VIA VIDEOCONFERENCE**

The Land Use Research Foundation of Hawaii (LURF) is a private, non-profit research and trade association whose members include major Hawaii landowners, developers, and utility companies. LURF's mission is to advocate for reasonable, rational, and equitable land use planning, legislation and regulations that encourage well-planned economic growth, housing, and renewable energy, while safeguarding Hawaii's significant natural, cultural, and agricultural resources, and public health and safety.

LURF appreciates the opportunity to express its **strong support for SB 739, SD2, and respectfully requests an amendment to require applicable government entities to provide an expedited process for the county zoning of the urban lands to be exchanged to be consistent with the planned future housing and/or mixed use of the urban property.**

SB 739, SD2. This bill proposes to allow the Governor to negotiate land exchanges in consultation with the Board of Land and Natural Resources to acquire lands that are suitable for long-term diversified agricultural production in exchange for land for private affordable housing development; and requires a report to the Legislature.

LURF's Position. LURF understands that land exchanges in other states, including exchanges of state lands for privately owned lands, have been successfully implemented to meet the needs of, and mutually benefit both government and private parties, in areas of conservation, economic growth, ecology, and recreation.

Currently, there are unique opportunities for the State to acquire more agricultural lands. Large tracts of agricultural land, including those formerly used for pineapple and sugar cane, are now fallow, and provide exceptional opportunities for the State to fulfill the intent of the Hawaii State Constitution regarding diversified agriculture and agricultural self-sufficiency through acquisition of suitable agricultural land for long-term State leases for diversified, bona fide agricultural operations to increase agricultural production.

At the same time, the development of more housing for Hawaii residents is constrained by the lack of available, entitled urban lands for housing and mixed-use projects. Various State studies have confirmed that the lack of suitable, entitled lands for development of appropriate housing is a major contributing factor to the housing crisis; and substantial obstacles and delays in entitling such lands result in discouraging or delaying housing and mixed-use developments, resulting in reduced available housing supply, which increases housing prices and the lack of affordable housing.

Under the circumstances, the land exchanges as proposed in this measure, present a unique and viable opportunity to address the many agricultural and housing issues facing the State and a win-win situation where the State will be able to negotiate a mutually beneficial exchange of its developable state lands for housing in exchange for privately owned agricultural lands which would allow the state to control and provide access for more farming and agricultural operations.

The state urban lands to be exchanged may not be in the proper zoning district for the intended future use. LURF would respectfully recommend a **further amendment to this measure**, which would require the appropriate state and county entities to provide an expedited process for the county zoning of the urban lands to be exchanged to be consistent with the planned future housing and/or mixed use of the urban property.

Conclusion. This bill facilitates land exchanges to be negotiated by the Governor and approved by the Legislature, which ideally addresses the State's agricultural and housing needs, goals, objectives, and purposes. The exchange of state and private lands will make more agricultural lands available to farmers; and will utilize private expertise in housing and mixed-use development to provide more housing for Hawaii's residents.

For the above reasons, LURF **supports SB 739, SD2, with the requested amendment**, and respectfully urges your favorable consideration of the bill.

Thank you for the opportunity to provide comments in support of this measure.

SB-739-SD-2

Submitted on: 3/11/2025 6:35:49 AM

Testimony for WAL on 3/11/2025 9:00:00 AM

Submitted By	Organization	Testifier Position	Testify
Frank Schultz	Individual	Support	Written Testimony Only

Comments:

I support this initiative.