

JAN 25 2023

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# SENATE CONCURRENT RESOLUTION

URGING THE HAWAII HOUSING FINANCE AND DEVELOPMENT CORPORATION TO POSTPONE FOR FIVE YEARS LEASE INCREASES FOR WAIAHOLE VALLEY LESSEES TO ALLOW FOR THE DEVELOPMENT OF A COMPREHENSIVE LEASE PLAN FOR WAIAHOLE VALLEY ON THE ISLAND OF OAHU, AND REQUESTING THE CORPORATION TO ISSUE A REPORT RECOMMENDING WHETHER THE CORPORATION'S RESPONSIBILITIES FOR WAIAHOLE VALLEY SHOULD BE TRANSFERRED TO A DIFFERENT STATE AGENCY.

1           WHEREAS, in November 1977, the State of Hawaii acquired 795  
2 acres of land in Waiahole Valley from Elizabeth Low McCandless  
3 Marks; and

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5           WHEREAS, in 1998, after a series of protests, discussions,  
6 and compromises, the State, as lessor, entered into long-term  
7 agricultural and residential leases for lands within the valley;  
8 and

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10           WHEREAS, the Hawaii Housing Finance and Development  
11 Corporation, as an entity of the State, is the current lessor of  
12 ninety-two long-term ground leases for residential,  
13 agricultural, and commercial lots within the Waiahole  
14 subdivision; and

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16           WHEREAS, generally, the agricultural leases currently set  
17 rent at \$100 per acre plus 0.9 percent of the gross agricultural  
18 products, and rents of the residential leases are set at \$600  
19 per lot plus additional amounts for larger lots; and

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21           WHEREAS, the initial twenty-five year term of the leases  
22 will end on June 29, 2023, and the lessees and Hawaii Housing  
23 Finance and Development Corporation are currently in  
24 negotiations to establish increased rents for the next term of  
25 fifteen years; and

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27           WHEREAS, the Hawaii Housing Finance and Development  
28 Corporation's initial offer for the next term of the lease is



1 that lease rents will increase by approximately 6.6 times the  
2 current rates; and

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4 WHEREAS, a rental rate of 6.6 times the current rate is  
5 estimated to be below current market rates, which are  
6 approximately ten times the current lease rent rates; and

7  
8 WHEREAS, the additional income from a 6.6 times lease rent  
9 increase would only offset seventy-nine percent of the State's  
10 cost in operating the valley; and

11  
12 WHEREAS, a 6.6 times lease rent increase would mean that  
13 many farmers leasing more than ten acres would be forced to pay  
14 thousands of dollars in additional rent per year, which, for a  
15 profession that is known for being low-income, may not be  
16 affordable; and

17  
18 WHEREAS, there is no law or policy that requires the Hawaii  
19 Housing Finance and Development Corporation to increase rent;  
20 and

21  
22 WHEREAS, leasing land is not within the primary mission of  
23 the Hawaii Housing Finance and Development Corporation, nor is  
24 supporting agriculture; and

25  
26 WHEREAS, the Hawaii Housing Finance and Development  
27 Corporation does not provide agricultural support services to  
28 the farmers of Waiahole Valley, despite the obvious need; and

29  
30 WHEREAS, the Hawaii Housing Finance and Development  
31 Corporation's annual expenses for management of Waiahole Valley  
32 have exceeded revenues, with an estimated deficit of \$500,000 in  
33 2016; and

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35 WHEREAS, the deficit is funded from moneys in the Dwelling  
36 Unit Revolving Fund, which was established to fund housing  
37 development programs and regional state infrastructure programs,  
38 not agriculture; and

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40 WHEREAS, part of that operating expense is related to the  
41 water supply system, which requires multiple pumps, is reliant



1 on powerlines that run though the forest to fill a faulty  
2 reservoir, and requires expensive maintenance; and

3 WHEREAS, the State has recommended replacing the water  
4 supply system with a system based upon the old and deteriorating  
5 system, which would not help to reduce the State's operating  
6 costs of the valley; and

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8 WHEREAS, a gravity-fed system fed from the waters of the  
9 higher elevation Waiahole ditch would require no electricity,  
10 would reduce maintenance costs, and could potentially generate  
11 electricity; and

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13 WHEREAS, changing the management of the valley to a  
14 community-based management system supported by state agencies  
15 with expertise in agriculture and leasing could significantly  
16 reduce the State's costs while improving farmer productivity,  
17 and

18  
19 WHEREAS, the lessees and the Hawaii Housing Finance and  
20 Development Corporation are currently in the process of  
21 developing a more comprehensive plan for Waiahole Valley, but  
22 are not expected to complete that plan before the end of the  
23 current lease term; now, therefore,

24  
25 BE IT RESOLVED by the Senate of the Thirty-second  
26 Legislature of the State of Hawaii, Regular Session of 2023, the  
27 House of Representatives concurring, that the Hawaii Housing  
28 Finance and Development Corporation is urged to postpone any  
29 arbitration proceedings and lease rent increases for five years  
30 to allow for the development of a comprehensive plan for  
31 Waiahole Valley on the island of Oahu; and

32  
33 BE IT FURTHER RESOLVED that the Hawaii Housing Finance and  
34 Development Corporation is requested to allow the lessees to  
35 continue using their leased lands at current lease rates for the  
36 duration of the five-year postponement period; and

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38 BE IT FURTHER RESOLVED that the Hawaii Housing Finance and  
39 Development Corporation is requested to submit a report to the  
40 Legislature no later than twenty days prior to the Regular  
41 Session of 2024:  
42




# S.C.R. NO. 19

1           (1) Recommending whether the Hawaii Housing Finance and  
2           Development Corporation should retain its  
3           responsibilities regarding Waiahole Valley or whether  
4           a different state agency should serve as the landlord  
5           of the properties and manager of Waiahole Valley, and  
6           if so, which state agency is the appropriate entity;  
7           and

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9           (2) Including any necessary findings, recommendations, and  
10          proposed legislation; and

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12          BE IT FURTHER RESOLVED that a certified copy of this  
13          Concurrent Resolution be transmitted to the Executive Director  
14          of the Hawaii Housing Finance and Development Corporation.

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OFFERED BY:  \_\_\_\_\_

