



**DEPARTMENT OF BUSINESS,
ECONOMIC DEVELOPMENT & TOURISM**
KA 'ŌIHAHA HO'ŌMOHALA PĀ'ŌIHAHA, 'IMI WAIWAI
A HO'OMĀKA'IKĀ'I

JOSH GREEN, M.D.
GOVERNOR

CHRIS J. SADAYASU
DIRECTOR

DANE K. WICKER
DEPUTY DIRECTOR

No. 1 Capitol District Building, 250 South Hotel Street, 5th Floor, Honolulu, Hawaii 96813
Mailing Address: P.O. Box 2359, Honolulu, Hawaii 96804
Web site: dbedt.hawaii.gov

Telephone: (808) 586-2355
Fax: (808) 586-2377

Statement of
CHRIS J. SADAYASU
Director
Department of Business, Economic Development & Tourism
before the
HOUSE COMMITTEE ON FINANCE

Tuesday, April 4, 2023
3:00 PM
State Capitol, Conference Room #308 & Videoconference

In consideration of
SB1286, SD1, HD2
RELATING TO THE HAWAII COMMUNITY DEVELOPMENT AUTHORITY.

Chair Yamashita, Vice Chair Kitagawa and Members of the Committee. The Department of Business, Economic Development & Tourism (DBEDT) **supports** SB1286, SD1, HD2, that allows the Hawaii Community Development Authority (HCDA) to conduct a pilot program to lease real property on one project in the Kaka'ako Community Development District for a term of ninety-nine years.

Addressing Hawaii's housing shortage will take all of us working together and coming up with a variety of housing options for the many diverse needs of the people of Hawaii.

This pilot program creates a new option for HCDA to use in developing affordable housing, and DBEDT is very supportive of innovative development initiatives like this because they not only stimulate Hawaii's economy by increasing construction and related non-construction jobs, but we are hopeful that it will lead to future housing development projects that will help to increase the State's housing inventory, providing much needed homes to Hawaii's families.

This pilot program supports DBEDT's mission of creating affordable workforce housing units in high-quality living environments like the live, work, play community in Kaka'ako.

Thank you for the opportunity to testify.



SB1286 SD1 HD2
RELATING TO THE HAWAII COMMUNITY DEVELOPMENT AUTHORITY
House Committee on Finance

April 4, 2023

3:00 PM

Room 308

The Office of Hawaiian Affairs (OHA) offers **COMMENTS** on SB1286 SD1 HD2, which would propose a mechanism for ninety-nine year leases of public lands. **OHA, again, takes care to note its appreciation for the Legislature in accepting OHA’s recommendations to include an exemption for “Crown and Government lands” belonging to the Hawaiian Kingdom. OHA’s concerns stemmed from instances where public lands were permanently alienated from the Public Land Trust in so far as they were connected with very long leases.**

Crown and Government lands of the Hawaiian Kingdom, often referred to as “Ceded Lands” of the Public Land Trust corpus, are continuously held in trust for the betterment of the conditions of Native Hawaiians.¹ In addition to its codification within the Hawai‘i Admissions Act, lawmakers sought to ensure the continuous uplifting of Native Hawaiian socio-economic status through the creation of OHA and the enacting of these principles into State law.² OHA serves as the principal public agency of the State responsible for the programs and activities of Native Hawaiians,³ whose well-being is often positively impacted by the programs and services funded by revenue from the public land trust. OHA maintains that the Native Hawaiian people continue to assert their claim to Crown and Government lands; claims that have yet to be settled.⁴

OHA appreciates the opportunity to provide comments on this measure and wishes, once again, to express its appreciation for the Legislature in amending SB1286 SD1 HD2 to include OHA’s recommendations. Mahalo nui loa.

¹ Pub. L. 86-3, 73 Stat. 4; Hawai‘i Admissions Act of 1959.

² HRS §10-3.

³ Id.

⁴ Pub. L. 103-150 (1993), 107 Stat. 1510 “Apology Resolution.”



**HAWAI'I COMMUNITY
DEVELOPMENT AUTHORITY**

547 Queen Street, Honolulu, Hawai'i 96813
Telephone: (808) 594-0300 Fax: (808) 587-0299
Web site: <http://dbedt.hawaii.gov/hcda/>

JOSH GREEN, M.D.
GOVERNOR

CHASON ISHII
CHAIRPERSON

CRAIG K. NAKAMOTO
EXECUTIVE DIRECTOR

Statement of
Craig K. Nakamoto, Executive Director
Hawai'i Community Development Authority

HOUSE COMMITTEE ON FINANCE

Tuesday, April 4, 2023
3:00 PM
State Capitol, Conference Room 308 & Videoconference

In consideration of
SB 1286, SD1, HD2
RELATING TO THE HAWAI'I COMMUNITY DEVELOPMENT AUTHORITY.

Chair Yamashita, Vice Chair Kitagawa, and members of the Committee.

The Hawai'i Community Development Authority (HCDA) **supports SB1286, SD1, HD2**, that increases options to build affordable housing by allowing the HCDA to conduct a pilot program to lease real property for one project in the Kaka'ako community development district for a term of ninety-nine years. Requires reports to legislature.

As the need for affordable housing grows, so does the need for innovative ways of creating new homes that the people of Hawai'i can afford.

Giving HCDA the option to offer long-term leases, on non-ceded land, for housing will enhance HCDA's ability to produce housing for our island residents for generations, something that is a challenge with a shorter duration.

If this proposal is approved, HCDA could execute a 99-year lease with a developer for a for sale leasehold product on HCDA-owned non-ceded lands as a pilot, demonstration project.

With a proven track record, in recent years, HCDA partnered with private developers to build affordable rental housing on state land in the successful Nohona Hale micro-unit project on Cooke Street that was completed in 2020 with over 100 units on 10,000 sq. ft. of land. The project utilizes the State's first vertical PV system on the side of the building powering common areas. Rents in Nohona Hale range from \$600 to \$1,100 that is 60% and below the AMI (area median income).

A second example is the Ola Ka 'Ilima Artspace Lofts for low-income artists and their families, designed with high ceilings and large windows with natural lighting for artists to utilize. These projects are for qualified individuals earning between 30 and 60% of the AMI.

Together we all can help to address Hawai'i's housing shortage.

Thank you for the opportunity to testify.



April 4, 2023

Representative Kyle T. Yamashita, Chair
Representative Lisa Kitagawa, Vice Chair
House Committee on Finance

Comments in Support of SB 1286, SD1, HD2, RELATING TO THE HAWAII COMMUNITY DEVELOPMENT AUTHORITY. (Increases options to build affordable housing by allowing the Hawai‘i community development authority to conduct a pilot program to lease real property for one project in the Kakaako community development district for a term of ninety-nine years. Requires reports to legislature. Repeals 6/30/2122. Effective 6/30/3000. [HD2])

**Tuesday, April 4, 2023, 3:00 p.m.
State Capitol, Conference Room 308, 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 and development, while safeguarding Hawaii’s significant natural and cultural resources, and public health and safety.

For over 150 years, LURF members have built homes for Hawaii’s working families and residents, and collectively have built the most affordable and market homes in Hawaii.

LURF appreciates the opportunity to express its **support of SB 1286, SD1, HD2.**

SB 1286, SD1, HD2. This bill proposes to temporarily increase options to build affordable housing by allowing the Hawai‘i Community Development Authority (HCDA) to conduct a pilot program to lease real property for one project in the Kakaako community development district for a term of ninety-nine years. The bill also requires reports to Legislature, and repeals on June 30, 2122.

LURF's Position. Today, Hawaii has a severe lack of housing supply. According to Department of Business Economic Development and Tourism, the State will need approximately 26,000 to 47,000 housing units to meet Hawaii's estimated demand in Hawaii by 2030.¹

The development of leasehold housing has been a viable strategy to meet Hawaii's housing demand, because leasehold housing units are generally more affordable than fee simple housing units and make home ownership more attainable for Hawaii's residents who may be unable to afford the high costs of fee simple housing.

Lease terms of ninety-nine years should encourage greater development of affordable housing by providing long-term leases that will attract housing developers, lenders and buyers.

For the above reasons, LURF **supports SB 1286, SD1, HD2**, and respectfully urges your favorable consideration.

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

¹ DBEDT, *Housing Demand in Hawaii 2020-2030 (December 2019)* [housing-demand-2019.pdf \(hawaii.gov\)](#)