

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

SYLVIA LUKE
LIEUTENANT GOVERNOR | KA HOPE KIA'ĀINA



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

P.O. BOX 621
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DAWN N.S. CHANG
CHAIRPERSON
BOARD OF LAND AND NATURAL RESOURCES
COMMISSION ON WATER RESOURCE
MANAGEMENT

RYAN K.P. KANAKA'OLE
FIRST DEPUTY

CIARA W.K. KAHAHANE
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 Committee on
WATER & LAND

Thursday, January 30, 2025
9:00 AM

State Capitol, Conference Room 411 & Videoconference

In consideration of
HOUSE BILL 818
RELATING TO THE WAIAKEA COMMUNITY DEVELOPMENT DISTRICT

House Bill 818 proposes to establish the Waiakea Peninsula Community Development District (WPCDD). The measure also proposes to provide for the transfer of land and leases within the Waiakea Peninsula Community Development District from the Department of Land and Natural Resources to the Hawaii Community Development Authority (HCDA). **The Department of Land and Natural Resources (Department) provides comments on this measure.**

The Department believes this bill is premature as there should be greater opportunity for community engagement, coordination between the Department, HCDA, relevant stakeholders, and more importantly the Board of Land and Natural Resources (Board). This bill will require the Board to transfer the fee title to certain public trust lands in the WPCDD, located in the Banyan Drive area of Hilo, Island of Hawaii. This measure serves to erode the Board's authority to manage State public lands pursuant to Article XI, Sections 1 and 2 of the Hawaii State Constitution, and Sections 26-15 and 171-6, Hawaii Revised Statutes (HRS). The Department believes that any transfer, whether in fee simple title or set-aside via Governor's Executive Order to HCDA or other agency that the Board may deem appropriate, should be decided by the Board in an open, sunshine meeting providing interested stakeholders and the public an opportunity to provide input on the matter.

Additionally, this measure gives HCDA total discretion as to accepting properties and leases within the WPCDD. The Department relies upon the income generating properties such as the Grand Naniloa and Hilo Hawaiian hotels, along with the revenues they provide, and this bill would leave the Department with potentially the non-productive properties that incur high management costs in both staff time and

operating funds.¹ For example, the Department estimates that it will cost approximately \$60,000 per month in staff overtime costs to monitor the County Club property that was recently surrendered back to the Department by the permittee.² Furthermore, the Department has already incurred \$11,000,000 in debt service through general obligation reimbursable bonds to be paid by the Department's Special Land and Development Fund (SLDF) for the demolition and site remediation for the former Uncle Billy's Hotel, which had a total cost of \$14,000,000. Under this measure, HCDA would have the full discretion to refuse ownership of these properties, and the Department and Board would have no recourse other than to redirect operating funds that support other critical programs to pay for the debt service and other significant expenses.

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 utilize 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 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. Diverting lease revenues from the Banyan Drive area to HCDA, while leaving significant Banyan Drive related expenses with the Department would hinder the Department's ability to fulfill its mission and maintain effective operations.

¹This bill would also transfer the revenues for those leases selected. Current total gross annual revenues for Banyan Drive are approximately \$1,000,000; less the pro rata share to the Office of Hawaiian Affairs, leaving an approximate net income of about \$800,000, less estimated annual debt service for Uncle Billy's and now Country Club. This leaves a minimal amount of funds to pay for upcoming appraisals for the various rent re-openings, and management costs to administer the lease and compliance.

² Officers from the Division of Conservation and Resources Enforcement intend to maintain a 24/7 presence on the property in an attempt to deter illegal or otherwise miscreant activity.

Finally, the Department notes that approximately 98% of State-owned lands are ceded, including those located in the WPCDD. The Department does not believe that there is any justification for this measure to exempt these lands from Chapter 171, HRS, which was enacted to apply to all public lands, especially ceded public trust lands no matter which agency or board owns or manages the lands. Therefore, the Department believes that should these lands be transferred to HCDA or other agency either in fee title or set-aside, the managing agency or board should be bound by the same public trust fiduciary duties and obligations as the Board in its management of ceded lands under its jurisdiction.

Thank you for the opportunity to comment on this measure.

HB-818

Submitted on: 1/28/2025 12:44:42 PM

Testimony for WAL on 1/30/2025 9:00:00 AM

Submitted By	Organization	Testifier Position	Testify
Kevin Moore	Department of Land and Natural Resources	Comments	Written Testimony Only

Comments:

Request for a zoom link to provide additional testimony for HB818 as backup to primary testifier, Ian Hirokawa. Testimony has been submitted on DLNR's main testimony account.

HB-818

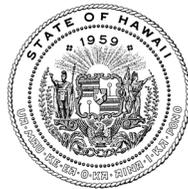
Submitted on: 1/28/2025 12:45:50 PM

Testimony for WAL on 1/30/2025 9:00:00 AM

Submitted By	Organization	Testifier Position	Testify
Russell Tsuji	Department of Land and Natural Resources	Comments	Remotely Via Zoom

Comments:

Request for a zoom link to provide additional testimony for HB818 as backup to primary testifier, Ian Hirokawa. Testimony has been submitted on DLNR's main testimony account.



JOSH GREEN, M.D.
GOVERNOR

SYLVIA LUKE
LIEUTENANT GOVERNOR

LUIS P. SALAVERIA
DIRECTOR

SABRINA NASIR
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EMPLOYEES' RETIREMENT SYSTEM
HAWAII EMPLOYER-UNION HEALTH BENEFITS TRUST FUND
OFFICE OF THE PUBLIC DEFENDER

ADMINISTRATIVE AND RESEARCH OFFICE
BUDGET, PROGRAM PLANNING AND MANAGEMENT DIVISION
FINANCIAL ADMINISTRATION DIVISION
OFFICE OF FEDERAL AWARDS MANAGEMENT

WRITTEN ONLY
TESTIMONY BY LUIS P. SALAVERIA
DIRECTOR, DEPARTMENT OF BUDGET AND FINANCE
TO THE HOUSE COMMITTEE ON WATER & LAND
ON
HOUSE BILL NO. 818

January 30, 2025
9:00 a.m.
Room 411 and Videoconference

RELATING TO THE WAIAKEA COMMUNITY DEVELOPMENT DISTRICT

The Department of Budget and Finance (B&F) offers comments on this bill.

House Bill (H.B.) No. 818 amends Chapter 206E, HRS, to: 1) establish the Waiakea Peninsula Community Development District (WPCDD); 2) create a nine-member WPCDD Committee to provide policy direction and prepare a community development plan; 3) transfer certain public lands and leases within the WPCDD from the Department of Land and Natural Resources to the Hawai'i Community Development Authority; and 4) establish the Waiakea Community Development District Special Fund (WCDDSF) that would generate revenues through income, revenues and receipts from the district, legislative appropriations, grants, gifts, awards, donations, and landowner assessments.

As a matter of general policy, B&F does not support the creation of any special fund which does not meet the requirements of Section 37-52.3, HRS. Special funds should:

1) serve a need as demonstrated by the purpose, scope of work and an explanation why the program cannot be implemented successfully under the general fund appropriation process; 2) reflect a clear nexus between the benefits sought and charges made upon the

users or beneficiaries or a clear link between the program and the sources of revenue;

3) provide an appropriate means of financing for the program or activity; and

4) demonstrate the capacity to be financially self-sustaining. Regarding H.B. No. 818, it is difficult to determine whether the proposed WCDDSF would be self-sustaining.

Thank you for your consideration of our comments.

C. Kimo Alameda, Ph.D.
Mayor

William V. Brillhante, Jr.
Managing Director

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County of Hawai'i
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January 28, 2025

Testimony by
JEFFREY DARROW, Planning Director
County of Hawai'i Planning Department
before the
Committee on Water & Land
Thursday, January 30, 2025, 9:00 am
State Capitol, Conference Room 411 & Videoconference
In consideration of
HB 818
Relating to Waiakea Community Development District

Representative Mark J Hashem, Chair, Representative Rachele F Lamosao, Vice Chair and Members of the Committee on Water & Land.

Thank you for the opportunity to provide testimony on behalf of the County of Hawai'i Planning Department in regards to HB818, which proposes the establishment of the Waiakea Peninsula Community Development District. Provides for the transfer of land and leases within the Waiakea Peninsula Community Development District from the Department of Land and Natural Resources to the Hawaii Community Development Authority.

I am writing to express my **strong support** for the proposed legislation to establish the Waiakea Peninsula Community Development District. This bill presents a unique opportunity to revitalize the Waiakea Peninsula in East Hawaii by promoting economic growth, cultural preservation, and social development. By addressing challenges such as blight, security concerns, and the need for public facilities, this initiative offers a sustainable approach to community development benefiting residents, businesses, and visitors alike.

The Waiakea Peninsula, located near Hilo town and the cruise ship terminal, holds great potential as a vibrant center for commerce, culture, and recreation. The proposal seeks to revitalize the district by encouraging a mix of hotel, commercial, public, and cultural spaces, while preserving historic landmarks like the banyan trees to honor the area's cultural heritage. Improvements to public spaces and infrastructure, such as better lighting, landscaping, and pedestrian experiences, will make the area safer and more attractive for both locals and tourists.

This legislation balances economic development with cultural values, encouraging investments that align with the community's history. It also addresses the growing need for climate-resilient

infrastructure, considering factors like sea level rise, and aims to create a sustainable model for development in Hawaii.

A key feature of the bill is the involvement of the local community in decision-making, ensuring that the development reflects the needs of residents and small business owners. Additionally, the creation of a district improvement and maintenance program will ensure the long-term sustainability of the project.

The bill also outlines a clear process for transferring land and authority to the Hawaii Community Development Authority (HCDA), facilitating the project's timely progression. With the ability to secure federal aid and issue bonds, HCDA will have the resources needed for planning, design, and construction.

The establishment of the Waiakea Peninsula Community Development District represents an exciting step toward revitalizing East Hawaii. This bill promotes economic growth, cultural preservation, and environmental sustainability, making it a well-rounded approach to community development. I strongly support this legislation and urge the Hawaii State Legislature to pass it swiftly, as it has the potential to transform the Waiakea Peninsula into a thriving, resilient community.

Thank you for your consideration.

C. Kimo Alameda, Ph.D.
Mayor



William V. Brillhante, Jr.
Managing Director

Merrick Nishimoto
Deputy Managing Director

County of Hawai'i ~ Office of the Mayor

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January 28, 2025

Committee on Water & Land
Thursday, January 30, 2025, 9:00 am
State Capitol, Conference Room 411 & Videoconference

In consideration of
HB 818

Relating to Waiakea Community Development District

Representative Mark J Hashem, Chair, Representative Rachele F Lamosao, Vice Chair and
Members of the Committee on Water & Land.

As Mayor of Hawaii County, I am grateful to provide this testimony in support of HB818. Mahalo to our Hawai'i Island representatives, and to all co-introducers for bringing this important legislation forward.

The Waiakea Peninsula is a vital area for tourism, sustainable economic development, and cultural significance. Its central location and important history, is why it is considered and referred to as the "heart of Hilo."

This bill presents a unique opportunity to revitalize the Waiakea Peninsula in East Hawaii by promoting economic growth, cultural preservation, and social development. By addressing challenges such as blight, security concerns, and the need for public facilities, this initiative offers a sustainable approach to community development benefiting residents, businesses, and visitors alike.

The proposal seeks to revitalize the district by encouraging a mix of hotel, commercial, public, and cultural spaces, while preserving historic landmarks like the banyan trees to honor the area's cultural heritage. Improvements to public spaces and infrastructure, such as better lighting, landscaping, and pedestrian experiences, will make the area safer and more attractive for both locals and tourists.

This legislation balances economic development with cultural values, encouraging investments that align with the community's history. It also addresses the growing need for climate-resilient sea level rise and aims to create a sustainable model for development in Hawaii.

The bill also outlines a clear process for transferring land and authority to the Hawaii Community Development Authority (HCDA), which allows for a more streamlined and community-oriented approach to development. This would foster economic growth, enhance public access to natural and cultural resources, and ensure sustainable and responsible land use.

I urge the committee to pass HB818 to support East Hawai'i's long-term success and overall well-being of our community.

Thank you for considering my testimony



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JOSH GREEN, M.D.
GOVERNOR

SYLVIA LUKE
LT. GOVERNOR

STERLING HIGA
CHAIRPERSON

CRAIG K. NAKAMOTO
EXECUTIVE DIRECTOR

Statement of
CRAIG K. NAKAMOTO
Executive Director
Hawai'i Community Development Authority
before the
HOUSE COMMITTEE ON WATER AND LAND

January 30, 2025
9:00 a.m.
State Capitol, Conference Room 411 & Videoconference

In consideration of

HB 818
RELATING TO THE WAIAKEA COMMUNITY DEVELOPMENT DISTRICT.

Chair Hashem, Vice Chair Lamosao, and members of the Committee.

The Hawai'i Community Development Authority (HCDA) supports in part, and offers comments, on HB 818 for the committee's consideration.

This measure proposes to (i) establish a new community development district within Chapter 206E, Hawaii Revised Statutes, and (ii) transfer title and jurisdiction to all lands and leases (with some exceptions) within the newly created district.

This is not the first instance that proposals like this have been brought up in the Legislature. In the 2023 legislative session, then Representative Mark Nakashima, introduced a similar bill. The bill, with the concurrence of Representative Nakashima, Department of Land and Natural Resources' (DLNR) Chairperson Chang, and the undersigned agreed to defer the bill to permit DLNR and HCDA to perform a site assessment and strategic market outlook for the peninsula. PBR Hawaii Inc. was selected to perform the work. Along with PBR Hawaii Inc., representatives of DLNR's land division, HCDA staff, and community leaders, community engagements were conducted. A final report was completed in January 2024, *PBR Hawaii & Associates Inc., January 2024*.

HCDA supports the establishment of a community development district that will permit HCDA to conduct long-range planning for the district, and facilitate development through, among other things, promulgating zoning rules, with community input.

Our comment and suggestion is to pause on the transfer of title and jurisdiction to all lands and leases (with some exceptions) within the district from DLNR to HCDA. From HCDA's perspective, the control over these lands is important to the long-range planning for the district. However, it is more important, for now, to work with DLNR, Chairperson Chang, and the community to thoughtfully consider the implications of such a transfer.

Chairperson Chang and I concur that this pause is needed to consider the implications of a transfer and consider the concerns of DLNR's land division over the transfer. We look forward to working with Chairperson Chang, DLNR, the community, and others in this regard.

Therefore, our suggestion is to delete Sections 3 and 4 from the bill and renumber the following sections accordingly.

Thank you for the opportunity to provide testimony on this important legislation.

HB-818

Submitted on: 1/29/2025 9:41:13 AM

Testimony for WAL on 1/30/2025 9:00:00 AM

Submitted By	Organization	Testifier Position	Testify
James McCully	Individual	Support	Written Testimony Only

Comments:

Aloha Chair Hashem and Vice Chair Lamosao,

I write in **Strong Support of HB 818**. I am writing as a private citizen and as a resident of Hilo since 1973.

The establishment of a redevelopment authority under HRS 206E offers the best opportunity for a comprehensive review, determination, and then redevelopment of the long neglected heart of Hilo tourism. Where else in the State of Hawaii is there an urban core that has been so long left to deteriorate and fail the community that relies on its purpose and resources.

The situation is complicated, it will require hard questions and difficult answers to what seem intractable problems; starting with DLNR's control and management of the property. But it is a task that the Hilo community and the State as a whole are, or should be, willing to embrace.

I look forward to this committee debating and considering the elements of this bill that may require amending as it hopefully moves through committee for further debate.

Mahalo for your consideration,

James McCully

McCully Works, Mauna Kea Orchids, Awa Pua Hale

Banyan Drive Hawaii Redevelopment Agency, Chair

Hawaii Tourism Authority, Hawaii Island Board Member

January 28, 2025

House Committee on Water and Land

Hawai'i State Legislature

State Capitol

415 South Beretania Street

Honolulu, HI 96813

Re: Testimony in Strong Support of HB818 – Establishing the Waiākea Peninsula Community Development District

Aloha Honorable Members of the House Water and Land Committee,

I am writing to express my strong support for HB818, which seeks to establish the Waiākea Peninsula Community Development District. This legislation presents a transformative opportunity to revitalize Banyan Drive and the greater Waiākea Peninsula in a way that honors our cultural heritage, promotes economic growth, and enhances environmental sustainability.

As someone whose family has been connected to Hilo for generations, I am deeply invested in seeing our town thrive while preserving its sense of place. I have seen firsthand the urgent need for infrastructure improvements, clear planning, and long-term maintenance strategies—all of which HB818 addresses.

Banyan Drive and the surrounding Waiākea Peninsula hold immense potential to become a vibrant hub for commerce, culture, and recreation. However, aging infrastructure, underutilized spaces, and ongoing security concerns have hindered the area's ability to thrive. HB818 provides a structured and community-driven approach to addressing these challenges by encouraging investment, improving public spaces, and ensuring that redevelopment aligns with local values and priorities.

The bill's vision for mixed-use development—including hotel, commercial, public, and cultural spaces—will invigorate our economy while ensuring that the area remains welcoming and accessible to local families, businesses, and visitors. Preservation efforts, such as maintaining the iconic banyan trees and integrating native landscaping, will ensure that redevelopment respects Hilo's unique character and natural beauty.

Beyond economic revitalization, I believe it is critical to incorporate cultural and ecological elements into the redevelopment. Planting various colors of 'ōhi'a trees, adding educational signage about native plants, and making the area more pedestrian-friendly will enrich the community experience and attract more local engagement. Dedicated spaces

for local entrepreneurs, cultural events, and the arts will further strengthen the connection between development and community identity.

A key strength of this bill is its emphasis on community involvement in decision-making and the clear transition of authority to the Hawai'i Community Development Authority (HCDA). With HCDA's ability to secure federal aid and issue bonds, this project will have the resources necessary for effective planning, design, and execution. Furthermore, the establishment of a district improvement and maintenance program ensures that this redevelopment is not just a short-term fix but a long-term investment in Hilo's future.

I strongly urge the Hawai'i State Legislature to support and pass HB818, as it lays the foundation for a thriving, resilient and community-centered Waiākea Peninsula.

Mahalo for your time and consideration.

Sincerely,

Kealohanui "Nui" Browning

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