

**TESTIMONY OF
THE DEPARTMENT OF THE ATTORNEY GENERAL
KA 'OIHANA O KA LOIO KUHINA
THIRTY-THIRD LEGISLATURE, 2025**

ON THE FOLLOWING MEASURE:

H.B. NO. 818, H.D. 2, RELATING TO THE WAIAKEA COMMUNITY DEVELOPMENT DISTRICT.

BEFORE THE:

HOUSE COMMITTEE ON FINANCE

DATE: Monday, February 24, 2025

TIME: 2:00 p.m.

LOCATION: State Capitol, Room 308

TESTIFIER(S): Anne E. Lopez, Attorney General, or
Kevin C. Tongg or Christopher J.I. Leong, Deputy Attorneys
General

Chair Yamashita and Members of the Committee:

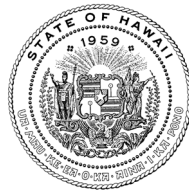
The Department of the Attorney General (Department) provides the following comments.

The purposes of this bill are to: (1) establish the Waiakea community development district to be governed by the Hawaii Community Development Authority (Authority); (2) set forth development guidance policies that generally govern the Authority's actions in the district; (3) allow the Authority to secure financial aid from the federal government for the planning, design, building, construction, and maintenance work that the Authority is authorized to undertake for the district; (4) grant additional powers to the Authority to establish a district improvement and maintenance program to establish a mechanism to improve and maintain the district, and adopt rules pursuant to chapter 91, HRS, to implement the program; and (5) establish a special fund for the Waiakea community development district.

The Department has concerns that by establishing a special fund for the Waiakea community development district, this bill does not comply with the requirements of section 37-52.3, HRS. Currently, this bill does not explain why the Waiakea community development district could not be implemented with general funds. Section 37-52.3, HRS, provides that the Legislature "shall ensure that the special fund: (1) [s]erves a need, as demonstrated by: . . . (C) [a]n explanation of why the program

cannot be implemented successfully under the general fund appropriation process[.]"
Thus, we recommend amending this bill to include an explanation of why the Waiakea community development district cannot be implemented successfully with general funds and must instead utilize the Waiakea community development district special fund.

Thank you for the opportunity to provide comments.



JOSH GREEN, M.D.
GOVERNOR

SYLVIA LUKE
LIEUTENANT GOVERNOR

LUIS P. SALAVERIA
DIRECTOR

SABRINA NASIR
DEPUTY DIRECTOR

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

STATE OF HAWAII
DEPARTMENT OF BUDGET AND FINANCE
Ka 'Oihana Mālama Mo'ohelu a Kālā
P.O. BOX 150
HONOLULU, HAWAII 96810-0150

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 FINANCE
ON
HOUSE BILL NO. 818, H.D. 2

February 24, 2025
2:00 p.m.
Room 308 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, H.D. 2, amends Chapter 206E, HRS, to: 1) establish the Waiakea Peninsula Community Development District (WPCDD); 2) create a ten-member WPCDD Committee to provide policy direction and prepare a community development plan; and 3) establish the WPCDD Special Fund (WPCDDSF) 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, H.D. 2, it is difficult to determine whether the proposed WPCDDSF would be self-sustaining.

Thank you for your consideration of our comments.



**HAWAII COMMUNITY
DEVELOPMENT AUTHORITY**

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

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 FINANCE

February 24, 2025
2:00 p.m.
State Capitol, Conference Room 308 & Videoconference

In consideration of

HB 818, HD2
RELATING TO THE WAIAKEA COMMUNITY DEVELOPMENT DISTRICT.

Chairperson Yamashita, Vice Chairperson Takenouchi, and members of the Committee. The Hawai'i Community Development Authority (HCDA) **supports** HB 818, HD2.

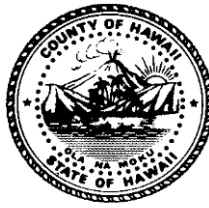
This measure proposes to establish a new community development district within Chapter 206E, Hawaii Revised Statutes for the Waiakea Peninsula in Hilo, Hawaii.

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. PBR Hawaii Inc., conducted community engagements along with representatives of DLNR's land division, HCDA staff, and community leaders. A final report was completed in January 2024, by *PBR Hawaii & Associates Inc.*

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

C. Kimo Alameda, Ph.D.
Mayor

William V. Brilhante, Jr.
Managing Director



James McCully, Chair
Anna Liu, Vice Chair
Kealohanui Browning
Nathan Gaddis
Alan Okinaka

County of Hawai'i

BANYAN DRIVE HAWAII REDEVELOPMENT AGENCY

Aupuni Center • 101 Pauahi Street, Suite 3 • Hilo, Hawai'i 96720
Phone (808) 961-8288 • Fax (808) 961-8742

February 21, 2025

Committee on Finance

Monday, February 24, 2025, 2:00 p.m.

State Capitol, Conference Room 308 & Video Conference

In consideration of

HB 818 HD 2

Relating to the Waiakea Community Development District

Dear Representative Kyle T. Yamashita, Chair, Representative Jenna Takenouchi, Vice Chair and Members of the Committee on Finance:

On behalf of the Banyan Drive Hawai'i Redevelopment Agency (BDHRA), we write in strong support of HB 818 HD 2, which proposes to:

- 1) Establish the Waiākea Community Development District, governed by the Hawai'i Community Development Authority (HCDA);
- 2) Provide development guidance policies to direct HCDA's actions in the district;
- 3) Allow HCDA to secure federal funding for planning, design, construction, and maintenance work in the district;
- 4) Grant additional authority to HCDA to implement a district improvement and maintenance program, ensuring ongoing investment in the area; and
- 5) Establish a special fund dedicated to the Waiākea Community Development District.

The BDHRA has long recognized the critical need for structured, long-term planning and infrastructure investment within the Waiākea Peninsula. This region has long suffered from deferred maintenance, lack of coordinated oversight, and uncertain land-use planning, which have hindered its full potential as a vibrant, sustainable community and economic hub.

Along with structural deterioration along the Waiākea Peninsula, the area has also seen a spike in criminal activity, homelessness, and drug use that pose hazards to both residents and visitors.

The HCDA's ability to conduct comprehensive planning, implement zoning rules with community input, and secure financial aid could prove essential to ensuring the district's success. BDHRA recognizes that oversight by an entity such as HCDA may prove the most effective option at this time for effectively managing an area such as the Waiākea Peninsula.

This is not the first time that such a proposal has been discussed. As noted in HCDA's testimony, efforts to explore redevelopment opportunities have been ongoing, including a site assessment and strategic market analysis conducted in partnership with community stakeholders.


The conclusions of that assessment underscore the need for a governance structure that can navigate the complex financial, regulatory, and environmental challenges of the area.

We strongly urge the Legislature to support HB 818 HD 2 to ensure that the Waiākea Peninsula receives the necessary oversight, expertise, planning resources, and funding to thrive.

The BDHRA stands ready to collaborate with HCDA, DLNR, and the broader community to support this transition and ensure that the district's development aligns with both community needs and long-term economic sustainability.

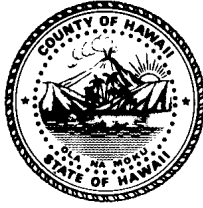
Thank you for your time and attention to this critical matter. Please feel free to contact us at 808 961-8125 or planning@hawaiicounty.gov with any questions or for further discussion.

Sincerely,


James McCully (Feb 21, 2025 16:17 HST)

JAMES MCCULLY
Chairman

Jennifer Kagiwada
Council Member District 2 South Hilo



Office: (808) 961-8272
jennifer.kagiwada@hawaiiicounty.gov

HAWAII COUNTY COUNCIL - DISTRICT 2

25 Aupuni Street • Hilo, Hawai'i 96720

DATE: February 24, 2025
TO: House Committee on Finance
FROM: Jennifer Kagiwada, Council Member
Council District 2
SUBJECT: HB 818 HD2

Aloha Chair Yamashita, Vice Chair Takenouchi, and Committee Members,

I am testifying in support of HB 818 HD2, which establishes the Waiākea Peninsula Community Development District. The Waiākea Peninsula, located between downtown Hilo and the cruise ship port, holds great potential as a vibrant center for commerce, culture, and recreation. By establishing a Community Development District this can help revitalize the area by encouraging a mix of hotel, commercial, public, and cultural spaces, while preserving historic landmarks, within Lili'uokalani park, the banyan trees, the tsunami clock, etc. to honor the area's cultural heritage. Improvements to infrastructure, such as better lighting, landscaping, and pedestrian supports, will increase public safety and accessibility. 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 Hawai'i.

An important inclusion in 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 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 Waiākea Peninsula Community Development District represents an important step toward revitalizing East Hawai'i. HB 818 HD2 promotes economic growth, cultural preservation, and environmental sustainability, making it a well-rounded approach to community development.

Mahalo for the opportunity to testify in support of this bill,

A handwritten signature in black ink, appearing to read "Jenn Kagiwada". The signature is stylized with a large, sweeping "J" and "K".

Jenn Kagiwada

HB-818-HD-2

Submitted on: 2/21/2025 1:58:38 PM

Testimony for FIN on 2/24/2025 2:00:00 PM

Submitted By	Organization	Testifier Position	Testify
Glen Kagamida	Individual	Support	Written Testimony Only

Comments:

STRONG STRONG SUPPORT !!!

THE WAIAKEA PENINSULA COMMUNITY DEVELOPMENT DISTRICT WILL DO A MUCH BETTER JOB AT DEVELOPING THE AREA INTO A VIBRANT ECONOMIC ENGINE FOR HAWAII ISLAND AND THE STATE.

MAHALO!