



HAWAII COMMUNITY  
DEVELOPMENT AUTHORITY



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STATEMENT OF

ANTHONY J. H. CHING, EXECUTIVE DIRECTOR  
HAWAII COMMUNITY DEVELOPMENT AUTHORITY

BEFORE THE

HOUSE COMMITTEE ON FINANCE

Friday, February 27, 2009

2:00 P.M.

State Capitol, Conference Room 308

**H. B. 1046 - RELATING TO THE SALE OF REAL PROPERTY BY  
THE HAWAII COMMUNITY DEVELOPMENT  
AUTHORITY.**

**Purpose:** Section 206E-31.5, *Hawaii Revised Statutes*, currently prohibits the HCDA from selling real property in both the Mauka and Makai Areas. This Section was enacted by the 2006 Legislature as Act 317, Session Laws of Hawaii 2006, in response to the HCDA's planning and development efforts in the Makai Area involving Alexander & Baldwin. These efforts were terminated.

**Position:** The Hawaii Community Development Authority ("HCDA") strongly supports the passage of this Administration proposal.

The passage of this measure will give the HCDA the needed flexibility to sell real property in the Mauka Area, and allow the HCDA to prudently manage its real property assets and fulfill its core functions as follows:

- Asset Management and Stewardship. Two underperforming real property assets located in the Mauka Area, known as the Brewery Building and the Seafarer's lot, have generated interest from parties seeking to purchase these properties. Currently, the HCDA is prohibited from selling these assets even though it would be prudent to entertain such offers. If this measure is passed, these underperforming assets could be sold and the proceeds used for more productive uses.

- Reserved Housing. Developers of mixed-use residential projects on lots greater than 80,000 square feet are required to set aside 20 percent of the total number of residential units as reserved housing units for families earning between 100 to 140 percent of the area median income. The HCDA's reserved housing program contains a requirement that the HCDA buys back the reserved housing unit if the unit is sold within a specified time period. Once the reserved housing unit is purchased by the HCDA, the unit would typically be re-sold to a qualified purchaser. The current prohibition prevents the HCDA from re-selling the reserved housing unit.

Thank you for the opportunity to provide testimony in support of this administrative proposal.