



**DEPARTMENT OF BUSINESS,  
ECONOMIC DEVELOPMENT & TOURISM**  
KA 'OIHANA HO'OMOHALA PĀ'OIHANA, 'IMI WAIWAI  
A HO'OMĀKA'IKA'I

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Statement of  
**Chris J. Sadayasu, Director**  
Department of Business, **Director** Development & Tourism

before the  
**SENATE COMMITTEE ON WAYS AND MEANS**  
and the  
**SENATE COMMITTEE ON JUDICIARY**

Friday, March 3, 2023  
10:00 AM  
State Capitol, Conference Room 211 & Videoconference

In consideration of  
**SB1286**  
**RELATING TO THE HAWAII COMMUNITY DEVELOPMENT AUTHORITY.**

Chairs Dela Cruz and Rhoads, Vice Chairs Keith-Agaran and Gabbard and members of the Committees.

The Department of Business, Economic Development & Tourism (DBEDT) **supports SB1286**, that allows the Hawai'i Community Development Authority (HCDA) to lease non-ceded land for ninety-nine years for affordable housing development, on non-ceded lands.

Addressing Hawai'i'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 Hawai'i.

This bill 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 Hawai'i's economy by increasing construction and related non-construction jobs, but these future housing development projects will help to increase the State's housing inventory, providing much needed homes to Hawai'i's families.

This bill also supports DBEDT's mission of creating affordable workforce housing units in high-quality living environments like the live, work, play community in Kaka'ako and the Ka'ulu by Gentry housing development coming soon to Kalaeloa.

Thank you for the opportunity to testify.



**SB1286**  
RELATING TO THE HAWAII COMMUNITY DEVELOPMENT AUTHORITY  
Senate Committee on Ways and Means  
Senate Committee on Judiciary

March 3, 2023

10:00 AM

Room 211

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The Office of Hawaiian Affairs (OHA) offers the following **COMMENTS** on SB1286, which would propose a mechanism for ninety-nine year leases of public lands, essentially binding that land use to the span of multiple lifetimes. Should this Committee choose to advance this measure, **OHA asks that the proposed exemption is extended to “Crown and Government lands” belonging to the Hawaiian Kingdom.**

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.<sup>1</sup> 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.<sup>2</sup> OHA serves as the principal public agency of the State responsible for the programs and activities of Native Hawaiians,<sup>3</sup> 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.

OHA offers the following amendment to appropriately exempt crown and government lands from the proposed ninety-nine-year lease mechanism:

“except that leases of lands that were classed as crown and government lands previous to August 15, 1895, shall have a term not exceeding sixty-five years”

OHA appreciates the opportunity to provide comments on this measure and asks that the Legislature take into consideration OHA’s amendment to SB1286. Mahalo nui loa.

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

<sup>2</sup> HRS §10-3.

<sup>3</sup> Id.



**HAWAI'I COMMUNITY  
DEVELOPMENT AUTHORITY**

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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

before the  
**SENATE COMMITTEE ON JUDICIARY**  
and the  
**SENATE COMMITTEE ON WAYS AND MEANS**

Friday, March 3, 2023  
10:00 AM  
State Capitol, Conference Room 221 & Videoconference

In consideration of  
**SB1286**  
**RELATING TO THE HAWAI'I COMMUNITY DEVELOPMENT AUTHORITY.**

Chairs Rhoads and Dela Cruz, Vice Chairs Gabbard and Keith-Agaran, and members of the Committees.

The Hawai'i Community Development Authority (HCDA) **supports SB1286**, that allows HCDA to enter 99-year leases for non-ceded lands, instead of the current sixty-five years, creating additional options for housing development, including but not limited to rentals and for sale projects.

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 sustainable 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 99-year leases with developers for a for sale leasehold product on state-owned non-ceded lands, as well as long-term rental projects helping to address the housing shortage and increase the housing inventory.

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.



STANFORD CARR DEVELOPMENT, LLC

■ March 2, 2023

The Honorable Karl Rhoads, Chair  
The Honorable Mike Gabbard, Vice Chair  
and Members of the Senate Committee on Judiciary

The Honorable Donovan M. Dela Cruz, Chair  
The Honorable Gilbert S.C. Keith-Agaran, Vice Chair  
and Members of the Senate Committee on Ways and Means

Re: Testimony in Support - SB 1286  
Relating to the Hawaii Community Development Authority  
Hearing: March 3, 2023 at 10:00 AM, Senate Conference Room 211

Dear Chair Rhoads, Chair Dela Cruz, Vice Chair Gabbard, Vice Chair Keith-Agaran and Members of the Committees:

Stanford Carr Development (SCD) is writing to express **support** for SB 1286, which proposes to provide additional means to increase the supply of housing in Hawaii by allowing the Hawaii Community Development Authority (HCDA) to lease real property for a term of ninety-nine years.

We support the intent to provide HCDA with an additional tool to facilitate increased production of affordable housing and greater flexibility to tailor lease terms to long-term occupancy. Accordingly, we agree with the concept of a 99-year lease with the caveat that the lease rents must be known for the entire 99-year term. Without the certainty of a known lease rent, we risk a repeat of the forced leasehold to fee conversion of the 1990s.

In addition, we urge the HCDA when promulgating rules to ensure compliance with the guidelines of FannieMae and Freddie Mac.

We seek your support of this legislation. Thank you for the opportunity to offer testimony on this measure.

Respectfully,

A handwritten signature in black ink, appearing to read 'Stanford S. Carr', written in a cursive style.

Stanford S. Carr

**LATE**

**SB-1286**

Submitted on: 3/3/2023 4:43:20 AM

Testimony for WAM on 3/3/2023 10:00:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Testify</b>
Dylan P. Armstrong	Individual	Support	Written Testimony Only

Comments:

**COMMITTEE ON JUDICIARY**

The Honorable Karl Rhoads, Chair

The Honorable Mike Gabbard, Vice Chair

**COMMITTEE ON WAYS AND MEANS**

The Honorable Donovan M. Dela Cruz, Chair

The Honorable Gilbert S.C. Keith-Agaran, Vice Chair

RE: SB 1286

I write in support of Senate Bill 1286.

The cost of housing (and its accompanying inventory shortage) is the greatest driver of wealth inequality in the state. This measure aims to substantively address the housing inventory shortage.

One of the foremost housing developers in the nation, GerdingEdlen (now Edlen & Co.) developed one mixed-use/residential project in Kaka‘ako, Keauhou Lane, in the past decade. I happen to be a long-time friend of its co-founder. My current understanding is that Edlen & Co. have no intentions of ever developing housing in Hawai‘i, ever again. The reason which I learned was that there are simply too many barriers to profitability and timely delivery. Firms established on the mainland have other options.

I do not argue in favor of blind housing de-regulation. Hawai‘i cannot compete with mainland opportunities for low-overhead projects that will result in large increases to inventory. This is true whether talking about an individual site or a constellation of sites. Because there is almost no competition, there is little control of cost, and there are relatively few competitors.

The Hawai‘i Community Development Authority (HCDA) is one of the principal developers in the entire state. The Stadium Authority is likely to become another, due to its relatively vast inholdings in the Primary Urban Center. The third worth mentioning in terms of potential is the Department of Hawaiian Homelands (and fourth is the Office of Hawaiian Affairs).

This means that the most artificial barriers to affordable housing development have the most dynamic effect on retarding or blocking new inventory. Removing such barriers will have the

most impact per decision on unleashing new development. This has the potential to move HCDA in the direction of its original purpose--to supply workforce housing in the heart of Honolulu, saving residents untold hours of hassle and expense from needless commute, including suburban residents who would not be competing with additional suburban road users.

I would qualify my support with the desire that the concerns of the Native Hawaiian Community for lease requirements should be addressed adequately with regards to their internal sovereignty.

Thank you for your consideration.

Best,  
DP Armstrong