

Hawai‘i Community Development Authority
Public Hearing (**Presentation**)
NINETY-NINE YEAR LEASEHOLD PROGRAM ADMINISTRATIVE RULES

SUMMARY

February 5, 2025 – 9:01 a.m.

ATTENDANCE

At-Large Authority Members Present

Sterling Higa – Chairperson
Chason Ishii – Vice Chairperson
Miki‘ala Lidstone – Secretary
Mark Anderson (B&F)
Mary Alice Evans (DBEDT)
Tim Steitz (Honolulu DPP)
David Yamashita (Maui DP)
Russell Tsuji (BLNR)
Kevin Sakoda
Trey Gordner
Jo-Ann Leong
Punihei Lipe
Debbie Cabebe
Glenn Yamasaki

Members Excused

Melissa Miranda Johnson (DOT)
Michael China

Quorum was met.

Others Present

Craig Nakamoto, HCDA Executive Director
Deepak Neupane, HCDA Program Specialist V
Garet Sasaki, HCDA Chief Financial Officer
Francine Murray, HCDA Community Outreach Officer
Ryan Tam, HCDA Planning & Development Director
Armaine Tomacder, HCDA Board Secretary
Ceylan Kalei, HCDA Administrative Assistant
Laura Savo, Court Reporter

HCDA Legal Counsel

Kevin Tongg, Esq., Deputy Attorney General

LEGAL BASIS AND PURPOSE

Mr. Craig Nakamoto, Executive Director of HCDA stated that, the public hearing is being convened under the provisions of Hawai‘i Revised Statutes, Sections 206E-281 to 294 (“Ninety-

Nine Year Leasehold Program”), 1-28.5, 91-3, 92-41, and 206E-5.6, and Chapter 15-219, Hawai‘i Administrative Rules (“HAR”) to consider the following matter:

Ninety-Nine Year Leasehold Program Administrative Rules.

The Hawai‘i State Legislature, through Act 97 (Session Laws of 2023), established the Ninety-Nine Year Leasehold Program. The purpose of this program is to determine the feasibility of developing one project consisting of low-cost leasehold residential condominium units on non-ceded state-owned land located near public transit stations for Hawaii residents.

The proposed administrative rules contain:

- (i) a description of the Ninety-nine Year Leasehold Program,
- (ii) eligibility to purchase requirements,
- (iii) the process of marketing and selling of leasehold condominium units,
- (iv) the requirements for the resale or transfer of leasehold condominium units,
- (v) enforcement and penalties, and
- (vi) provisions upon the foreclosure of a leasehold condominium unit.

No Native Hawaiian traditional or customary rights or practices have been identified that may be impacted by the adoption of proposed administrative rules.

Chair Higa mentioned today’s public hearing is to present the administrative rules and obtain input from the public and Board members.

LEGAL NOTICE

A public hearing notice was published in the *Honolulu Star-Advertiser*, *Maui News*, *The Garden Isle*, *Hawaii Tribune-Herald*, and *West Hawaii Today* on Thursday, January 2, 2025.

PROCEDURES FOR HEARING

Chair Higa explained that the HCDA staff would present its report, followed by questions and/or comments from Board members, and lastly public testimonies will be called in the order that individuals had signed up. Individual comments would be limited to no more than three minutes, and only Board members would be permitted to ask questions of the public. Chair Higa presided over the public hearing.

STAFF REPORT

Mr. Deepak Neupane, HCDA’s Program Specialist V, summarized the proposed Ninety-Nine Year Leasehold Program Administrative Rules. Questions and comments from the Authority members, included the following:

Several questions and comments were asked to clarify specific sections of the administrative rules, such as, owner occupancy, sales of condominium units, resale of condominium units, and the program income guideline.

Concern was expressed, regarding the administrative burdens that the developer and HCDA would face. This program could potentially receive thousands of applications, and if that happens, a suggestion was made to consider an electronic system to manage administration, eligibility, and enforcement. Another suggestion was made to allow applications from eligible

applicants that were not selected to be automatically added to the intake list for future projects within the same year to reduce administrative burdens on HCDA staff.

Recommendations: In respect to the Ninety-Nine Year Leasehold Program Administrative Rules, there were recommendations for the rules and overall program that consisted of the following:

- Section 15-223-6 amending the definition of Urban Redevelopment to TOD standard of half a mile instead of one-mile radius of a public transit station. Mr. Neupane responded that the definition was most likely copied from the Statute and that he would verify that.
- Section 15-223-48 to use the Consumer Price Index (CPI) for owner’s equivalent rent of primary residence instead of the overall CPI for urban Honolulu.
- Section 15-223-77 to suggest new language of “the condominium unit may sell the unit in leasehold for a term of the lesser of 99 years or the remaining term of the original lease”.
- Section 15-223-76 regarding foreclosure and the availability of mortgage financing of the condominium units, it is advised to contact bankers and mortgage brokers to discuss availability of 30-year mortgage products for purchasing leasehold properties.

There was a recommendation to reach out to the Department of Hawaiian Homelands (DHHL), as the department has a 99-Year Leasehold Program and may be able to assist with the issues of obtaining mortgage for leasehold properties.

It was noted that for the Kaka‘ako Reserved Housing Program, once a unit is foreclosed, there is no buyback by HCDA, and the unit goes out of its regulated term. Obtaining a 30-year mortgage could be difficult if the foreclosure provision is too restrictive as banks and mortgage companies may be reluctant to provide financing. Chair Higa suggested utilizing an electronic means of administration and reaching out to lenders in the community.

Chair Higa proceeded with accepting public testimony.

PUBLIC TESTIMONY

Since the Notice of the Public Hearing was published on Thursday, January 2, 2025, and written testimony invited, the HCDA had received (3) written testimonies, (1) in support and (2) for comments only.

During the hearing, one individual provided oral testimony remotely, in opposition of the proposed Ninety-Nine Year Leasehold Program Administrative Rules.

DECISION-MAKING HEARING

Chair Higa noted the decision-making hearing for these Administrative Rules will be held on Wednesday, March 5, 2025, at 9:00 a.m. virtually on Zoom and also at the physical meeting site of the HCDA’s second floor board room at the American Brewery Building, 547 Queen Street, Honolulu, Hawai‘i 96813.

ADJOURNMENT

The proceedings were adjourned at 9:55 a.m.