



UNIVERSITY OF HAWAII SYSTEM

Legislative Testimony

Testimony Presented Before the
Senate Committee on Ways and Means
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HB 2288 HD2 SD1 – RELATING TO LAND

Chair Dela Cruz, Vice Chair Keith-Agaran, and members of the committee:

Thank you for the opportunity to present testimony today.

The University of Hawai'i (University) opposes House Bill No. 2288 HD2 SD1, relating to the transfer of real property designated as Tax Map Key (TMK) (1) 3-2-030: 002 to the department of Hawaiian home lands. The bill does not explicitly identify the current title fee-simple owner of the property. The University owns this parcel in fee-simple. The transfer of the subject parcel would significantly affect the University's plans to increase its educational and innovation opportunities, as well as the ability to generate additional revenue streams through the monetization of University real property.

The University has already initiated plans for this parcel, including discussions of its disposition with the University Board of Regents since 2020, and recently procuring property reports, appraisals, and studies to support the University's target of future development at the site. The University was already in process to solicit for a private partner or partners interested in developing the subject parcel that would offer alignment with at least one area of the University's educational programs. Based on the inquiries that the University has received thus far, we believe that there is sufficient private sector interest in developing the parcel as a kupuna care facility. Such an arrangement would have made sense and synergy with Lē'ahi Hospital next door along with University's nursing, medical, and geriatric programs. Another area of interest has been for multi-family housing. Based on the inquiries thus far, housing concepts look like they could be faculty housing, student housing, or other workforce housing. The University wants to find the right partner that could offer a concept that meets community needs, but also provides some learning or research/innovation opportunities for University students, faculty, and staff. Health sciences and other supporting fields seem like a leading candidate. The University needs for the project to be independently, financially sustainable. The project would aim to create a live, work, play, and learn environment.

The University would negotiate and enter into a development agreement and long-term ground lease with the selected developer, subject to review and final action by the University Board of Regents. The University intends to own the fee simple interest in the parcel throughout the development and operation of the project and at no time will the University's interest be pledged or subordinated to any project financing. The selected developer would be expected to design, build, finance, operate, and maintain the project throughout the term of the ground lease, and the project is not expected to require future State funds to support the construction and its long-term operations/maintenance.

The subject parcel is vested in the University, a public body corporate, in fee simple absolute as part of the University trust, and is not part of the ceded land trust or the public natural resource trust. Therefore, the decision to transfer the subject parcel can only be made by the University Board of Regents, whose fiduciary responsibility includes ensuring the use and disposition of real property in the University trust for University purposes.

For these reasons, we respectfully oppose House Bill No. 2288 HD2 SD1.

Thank you for this opportunity to testify.