

STATE OF HAWAII
DEPARTMENT OF LAND AND NATURAL RESOURCES
Land Division
Honolulu, Hawaii 96813

May 8, 2015

Board of Land and Natural Resources
State of Hawaii
Honolulu, Hawaii

PSF No.: 15MD-027

Maui

Cancellation of Revocable Permit No. S-7525 to Bernard K. Halama (Deceased) for Residential and Agriculture Purposes and Issuance of a New Month-to-Month Revocable Permit to Noel and Linda Keliikoa for Residential and Agriculture Purposes at Honouliwai, Molokai, Tax Map Key: (2) 5-8-003:023.

APPLICANT:

Noel and Linda Keliikoa, Husband and Wife, as Joint Tenants.

LEGAL REFERENCE:

Sections 171-13 and -55, Hawaii Revised Statutes, as amended.

LOCATION:

Portion of Government lands of Honouliwai situated at Molokai, identified by Tax Map Key: (2) 5-8-003:023, as shown on the attached map labeled Exhibit A & B.

EXHIBITS:

Exhibit A- Tax Map of the subject property.

Exhibit B- Topographic photo of the property.

AREA:

12,661 sq. ft., more or less.

ZONING:

State Land Use District:	Agriculture
County of Maui CZO:	Agriculture

TRUST LAND STATUS:

Section 5(b) lands of the Hawaii Admission Act

DHHL 30% entitlement lands pursuant to the Hawaii State Constitution: NO

CURRENT USE STATUS:

Encumbered by Revocable Permit No. S-7525 to Bernard K. Halama (deceased) for residential and agriculture purposes.

CHARACTER OF USE:

Residential and Agricultural purposes.

COMMENCEMENT DATE:

The first day of the month to be determined by the Chairperson.

CURRENT MONTHLY RENT:

\$13

PROPOSED MONTHLY RENT:

\$102

Staff recommends an increase in the rent that takes into consideration the existing assessed value for the land, dwelling and an industry standard 4% rate of return (Exhibit C).

SECURITY DEPOSIT:

Twice the monthly rental = \$204.00

CHAPTER 343 - ENVIRONMENTAL ASSESSMENT:

In accordance with the "Division of Land Management's Environmental Impact Statement Exemption List", approved by the Environmental Council and dated April 28, 1986, the subject request is exempt from the preparation of an environmental assessment pursuant to Exemption Class No. 1, Item that states "Operations, repairs or maintenance of existing structures, facilities, equipment, or topographical features, involving negligible or no expansion or change of use beyond that previously existing".

DCCA VERIFICATION:

Applicant is not operating a business and, as such, is not required to register with DCCA.

REMARKS:

Background

In April of 1946, the Halama family had a home that had been destroyed by a tidal wave that struck the east end of Molokai. With the aid of the American Red Cross, they were moved to an old house on government property situate at TMK: (2) 5-8-003 portion of 012.

On June 1, 1966, General Lease No. S-3947 covering the subject property was sold at public auction and disposed to Mr. George W. Murphy.

In 1974, Mrs. Rachel Halama applied for a revocable permit for residence purposes to account for her families' use of the subject area. On December 13, 1974, under agenda Item F-19, the Board authorized the withdrawal of a 5,000 sq. ft. home site from the operation area under General Lease No. S-3947 to Mr. George W. Murphy, and issuance of a revocable permit to Mrs. Rachel Halama for residence purposes.

On April 11, 1975, under agenda Item F-12, an amendment to the previous Board action of December 13, 1974 was approved. The amendment was pursuant to DAGS Survey Division's determination that the area for Mrs. Halama's tenancy was actually 13,200 sq. ft., more or less, rather than 5,000 sq. ft.

Rachel Halama died on November 6, 1985. After her passing, her sons Stanley and Bernard Halama requested continued use of the subject premises. On March 14, 1986 under agenda Item F-1-a, the Board authorized the issuance of Revocable Permit S-6336 to Bernard and Stanley Halama for residential and agricultural purposes. Stanley lived on property and Bernard paid the monthly rent while residing on the island of Oahu. On February 28, 1994, Stanley Halama passed away leaving the property and dwelling in the care of his brother Bernard Halama.

On October 23, 2009, under Item D-12, the Board authorized amendments to the Halama permit document in order to be consistent with current terms and conditions of the most recent permit forms. RPS-7525 was issued on January 1, 2010 to replace RP S-6336.

On November 13, 2012, staff conducted a site inspection of Mr. Halama's permit area. During this inspection it was discovered that Mr. Halama was not residing on the property. Due to health reasons he needed to be at his home on the island of Oahu where medical needs could be met. At the property, staff made contact with Mr. Noel Keliikoa, cousin of Mr. Halama who had been residing on the premises with his wife since August 12, 2004.

On January 8, 2015, Bernard Halama informed staff, by letter, that due to health reasons he was no longer able to continue his permit, and requested cancellation of RP S-7525. Mr. Halama passed away on February 2, 2015.

Existing Building Structure and Current Use

At its meeting of June 24, 1997, under agenda Item D-19, the Board approved a request from Mr. Halama to replace the termite infested structure on the subject property. The old dwelling was removed and replaced with the current 500 square foot (more or less) structure.

The existing structure is a simple one room dwelling with a small kitchen nook. A small 5' x 5' (more or less) out-house is detached from the main dwelling. Non-potable water is captured from Honouliwai stream to service the premises. Electrical and telephone service is available in the area. The property is well maintained and includes subsistence agriculture crops such as taro, banana, ti and various citrus and fruit trees. The proposed use is allowable within State and County zoning for the area.

Increased Rent Consideration

Staff has since received an application from Noel Keliikoa and his wife Linda Keliikoa requesting month-to-month revocable permit. The Maui District Land Office staff conducted an in-house evaluation of the rental amount. The rent is calculated using land and building values from the 2015 County of Maui Real Property Tax Assessment. Current assessed value for the subject premises is \$30,600.

HRS 519-2, while specific to residential private property, sets a maximum 4% annual rate of return for rental re-openings of land leases. Staff calculated the monthly rent at \$102 for the subject improved parcel. See Exhibit C for details in regards to rent calculation.

Conclusion

The proposed use has continued since 1946 and will continue. Such use has resulted in no known significant impacts, whether immediate or cumulative, to the natural, environmental and/or cultural resources in the area. As such, staff believes that the proposed use would involve negligible or no expansion or change in use of the subject area beyond that previously existing.

The Applicants have not had a lease, permit, easement or other disposition of State lands terminated within the last five years due to non-compliance with such terms and conditions.

To date we received one other request for the use of the subject property. Mr. Bernard Halama, Jr., the son of the late Bernard Halama did submit a written request for a transfer of his father's revocable permit to himself. However, he had advised staff that he has no intentions of moving to Molokai from Oahu to reside on the property. So his request was not

processed. There have been no other inquiries or request for the use of the property.

No agency or community comments were solicited with regards to this request. Staff recommends approval as stated below.

RECOMMENDATION: That the Board:

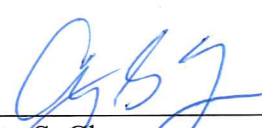
1. Declare that, after considering the potential effects of the proposed disposition as provided by Chapter 343, HRS, and Chapter 11-200, HAR, this project will probably have minimal or no significant effect on the environment and is therefore exempt from the preparation of an environmental assessment.
2. Authorize the issuance of a revocable permit to Noel and Linda Keliikoa covering the subject area for residential and agriculture purposes under the terms and conditions cited above, which are by this reference incorporated herein and further subject to the following:
 - a. The standard terms and conditions of the most current revocable permit form, as may be amended from time to time;
 - b. Review and approval by the Department of the Attorney General; and
 - c. Such other terms and conditions as may be prescribed by the Chairperson to best serve the interests of the State.

Respectfully Submitted,




Daniel Ornellas,
District Land Agent

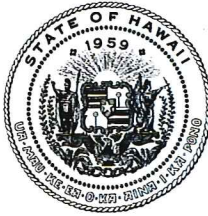
APPROVED FOR SUBMITTAL:



Carty S. Chang
Interim Chairperson



DAVID Y. IGE
GOVERNOR OF HAWAII



STATE OF HAWAII
DEPARTMENT OF LAND AND NATURAL RESOURCES

POST OFFICE BOX 621
HONOLULU, HAWAII 96809

May 8, 2015

CARTY S. CHANG
INTERIM CHAIRPERSON
BOARD OF LAND AND NATURAL RESOURCES
COMMISSION ON WATER RESOURCE MANAGEMENT

KEKOA KALUHIWA
FIRST DEPUTY

W. ROY HARDY
ACTING DEPUTY DIRECTOR - WATER

AQUATIC RESOURCES
BOATING AND OCEAN RECREATION
BUREAU OF CONVEYANCES
COMMISSION ON WATER RESOURCE MANAGEMENT
CONSERVATION AND COASTAL LANDS
CONSERVATION AND RESOURCES ENFORCEMENT
ENGINEERING
FORESTRY AND WILDLIFE
HISTORIC PRESERVATION
KAHOOLAWE ISLAND RESERVE COMMISSION
LAND
STATE PARKS

EXEMPTION NOTIFICATION

regarding the preparation of an environmental assessment pursuant to Chapter 343, HRS and Chapter 11-200, HAR

Project Title: Cancellation of Revocable Permit No. S-7525 to Bernard K. Halama (deceased) for Residential and Agriculture Purposes and Issuance of a New Revocable Permit to Noel and Linda Keliikoa for Residential and Agriculture Purposes.

Project / Reference No.: 15MD-027

Project Location: Honouliwai, Molokai, Tax Map Key: (2) 5-8-003:023.

Project Description: Month-to-Month Permit for Residential and Agriculture Purposes.

Chap. 343 Trigger(s): Use of State Land

Exemption Class No. and Description: In accordance with the "Division of Land Management's Environmental Impact Statement Exemption List", approved by the Environmental Council and dated April 28, 1986, the subject request is exempt from the preparation of an environmental assessment pursuant to Exemption Class No. 1, Item that states "Operations, repairs or maintenance of existing structures, facilities, equipment, or topographical features, involving negligible or no expansion or change of use beyond that previously existing".

Recommendation: It is anticipated this project will probably have minimal or no significant effect on the environment and is presumed to be exempt from the preparation of an environmental assessment.


Carty S. Chang, Interim Chairperson

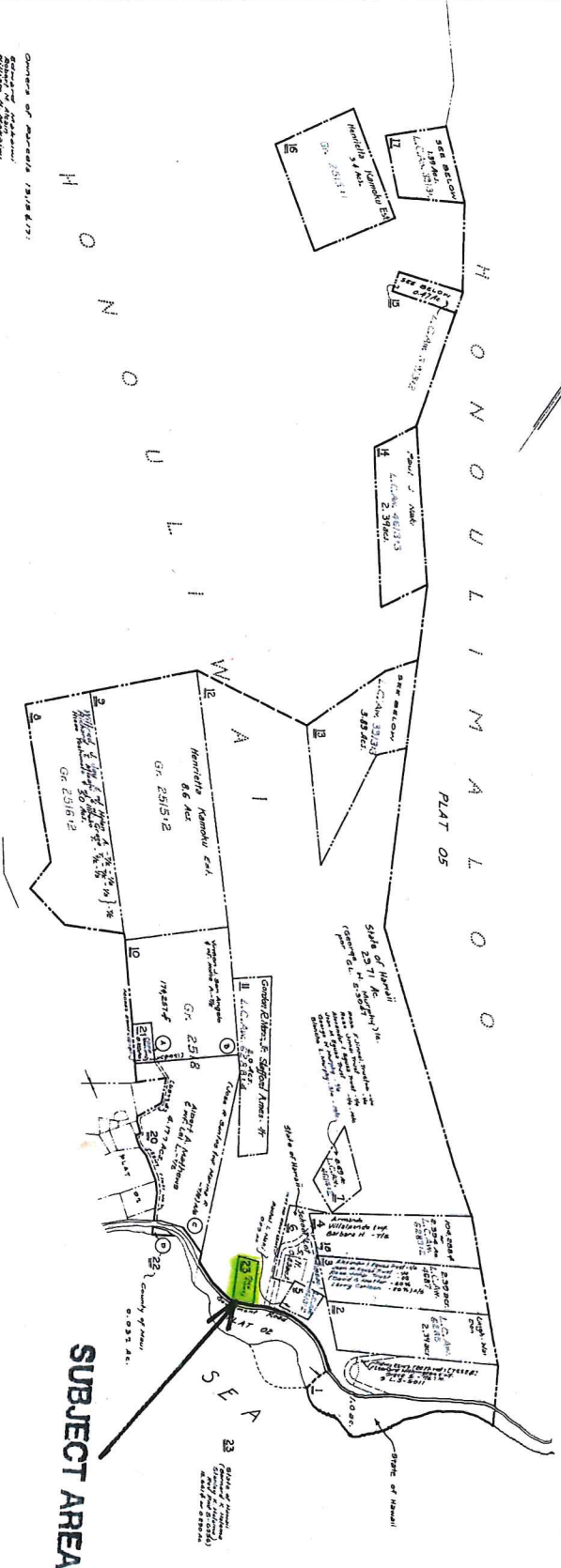
Dwg. No. 2110
 By: W.C.H. 7/10/54
 Source: Tax. Dept. Bureau

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HONOLULUI, MOLOKAI

Company of Records 1918-1973
 Division of Land and Natural Resources
 Department of Planning
 State of Hawaii
 Honolulu, Hawaii

PLAT 15



K U M I M I

SUBJECT AREA

21

Unincorporated
 Parcel 5-8-05-18, 344sq. ca. 251611 Rev. J. 1950

SECOND DIVISION	ZONE SEC. PLAT
5 8 03	
CONTAINING PARCELS	
SCALE 1/4" = 200'	

PRINTED

5 8 03

EXHIBIT A



SUBJECT AREA

Exhibit B

Inspection Photos: 3/31/2015

Final Inspection: RP-7527, Bernard Halama



Photos of the exterior portion of the existing dwelling on State parcel, TMK: (2) 5-8-003:023.



Exhibit B



STATE OF HAWAII
DEPARTMENT OF LAND AND NATURAL RESOURCES
LAND DIVISION

POST OFFICE BOX 621
HONOLULU, HAWAII 96809

April 17, 2015

MEMORANDUM

TO: Carty S. Chang, Interim Chairperson
THROUGH: Russell Y. Tsuji, Land Administrator
FROM: Daniel Ornellas, District Land Agent
SUBJECT: In-House Recommendation – Revocable Permit Rent Calculation

Rev. Permit: S-7525
Previous tenant: Bernard Halama (deceased)
New tenant: Noel and Linda Keliikoa
Location: Honouliwai, Molokai
Tax Map Key: (2) 5-8-003:023
Character of Use: Residential & Subsistence Agriculture purposes

The Maui District Land Office recommends this in-house evaluation of the rental amount for a month-to-month revocable permit for residential and subsistence agriculture purposes.

The rent amount was calculated using a 4% rate of return that was applied to both the building and land value as determined by the County of Maui 2015 Real Property Tax Assessment for the subject premises. Hawaii Revised Statutes Section 519-2, while specific to privately-owned residential lands, sets a maximum 4% annual rate of return for rental reopenings of land leases. Staff believes a 4% return on the subject improved parcel is fair and reasonable.

The methodology employed by the Real Property Tax Office to establish building and land values is to analyze competitive sales transactions and then abstract values from an adjusted sales price. Adjustments are made depending on the zoning and use of the property and values are calculated on a per square foot basis.

The 2015 Assessment, as determined by the County of Maui Real Property Tax Office, is a good and reasonable estimate of market value. The current market value for the subject premises is \$30,600. Given its remote location, old age and small dwelling size along with the absence of a standard County water meter explains the relatively low property value.

EXHIBIT "C"

REVOCABLE PERMIT RENT CALCULATIONS: RP S-7525

2015 Market Land Value:	\$30,600.00
Rate of return: 4%	<u>1,224.00</u>
Monthly Revocable Permit Rent (rounded)	\$102.00

Based on these calculations, the monthly rent amount of the revocable permit is \$102.00

Special Assumptions and Limiting Conditions

- 1) This rental valuation estimate is for internal purposes only. This document does not take the place of an appraisal and does not constitute an appraisal that adheres to the Uniform Standards of Professional Appraisal Practices.
- 2) The subject property was not inspected by an appraiser.

Approved / Disapproved:



Carty S. Chang, Interim Chairperson

4/22/15

Date

 cc: District File
Central File