

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

November 12, 2021

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

PSF No.: 21KD-066

KAUAI

Amend General Lease No. S-6014 to Honpa Hongwanji Mission of Hawaii for Church Parking and Allied Purposes, Kapaa, Kawaihau, Kauai, Tax Map Key: (4) 4-5-006:008.

The purpose of the amendment is to change the rent reopening provision as long as lessee an eligible eleemosynary organization under HRS 171-43.1.

APPLICANT:

Honpa Hongwanji Mission of Hawaii (HHMH), a Hawaii non-profit corporation.

LEGAL REFERENCE:

Section 171-6 and 43.1, Hawaii Revised Statutes, as amended.

LOCATION:

Portion of Government (Crown) lands of Kapaa situated at Kapaa, Kawaihau, Kauai identified by Tax Map Key: (4) 4-5-06: 08, as shown on the attached map labeled **Exhibit A.**

AREA:

0.570 acre or 24,820 square feet, more or less.

ZONING:

State Land Use District:	Urban
County of Kauai CZO:	R-4/ ST-P

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 General Lease No. S-6014 to HHMH, for church parking and allied purposes.

CHARACTER OF USE:

Church Parking and Allied Purposes.

LEASE TERM:

Thirty (30) years commencing on February 1, 2011 and expiring on January 31, 2031.

ANNUAL RENT:

For the first 10 years of the lease, rent was set under the Board's minimum rent policy at \$480 per annum.

Staff is recommending rent for the second 10 years of the lease be set at \$1,151.23 per annum

RENTAL REOPENINGS:

Every 10 years during the term of the lease at a reduced market value for eleemosynary organizations. The first reopening was scheduled for February 1, 2021 and the next reopening date is February 1, 2031.

CHAPTER 343 - ENVIRONMENTAL ASSESSMENT:

In accordance with Hawaii Administrative Rules (HAR) § 11-200.1-16 and the Exemption List for the Department of Land and Natural Resources reviewed and concurred on by the Environmental Council on November 10, 2020, the subject request is exempt from the preparation of an environmental assessment pursuant to Exemption Class No. 1, 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." and Item 40, which states, "Leases of state land involving negligible or no expansion or change of use beyond that previously existed." The proposed lease amendment is a de minimis action that will probably have minimal or no significant effect on the environment and should be declared exempt from

the preparation of an environmental assessment and the requirements of § 11-200.1-17, HAR. See attached **Exhibit C**.

DCCA VERIFICATION:

Place of business registration confirmed: YES
Registered business name confirmed: YES
Applicant in good standing confirmed: YES

APPLICANT REQUIREMENTS:

None

REMARKS:

The Applicant has been serving Kauai since 1922. The temple belongs to the Jodo Shinshu Buddhism, one of the Pure Land Stream of Mahayana Buddhism. It is one of 36 temples affiliated with the Honpa Hongwanji Mission of Hawaii. HHMH, pursuant to previous and current leases, has operated the Buddhist Temple at the subject location since 1972. HHMH is essential to the community. Aside from its regular weekly services, HHMH hosts several special events including an annual Bon Dance that is attended by hundreds of people that are not members of the church. From March through June, Bon Dance classes are held at the church and they are open to the public. HHMH offers Kauai Buddhist Council Services such as Buddha Day Service (Hanamatsuri) and Bodhi Day Service (Jodo-E). HHMH provides funeral and memorial services as well as weddings. Its programs for youth include dharma schools, Jr. Young Buddhist Association, scouting, cultural study exchanges, conventions, camps, and retreats. They offer classes to the public in Buddhism and Japanese language. Seminars on Buddhism are offered several times a year by ministers and university professors.

HHMH provides over 700 Thanksgiving meals for free each year to seniors that are not receiving Meals on Wheels and for the Kapaa community. The hall is used by the Lyons Club in exchange for support services as well as other local non-profit groups such as the Lighthouse Outreach, Malama Kauai, and Storybook Theatre for a reduced rate. The temple has hosted alcoholic anonymous types of meetings and is currently working on an upcoming wellness fair for the community. Through the contributions of Sangha members, the Honpa Hongwanji supports worthy organizations and programs with funding to continue their work in our community. They also provide compassionate action during times of disaster and respond to social issues affecting our community. They provided a kupuna meal program in Hanalei and assistance to the Hanalei Cemetery during the large flood event that created a landslide and washed the cemetery away. At the onset of Covid-19 HHMH gave donations to the Kauai Independent Food Bank and Hawaii Food Bank. Peace Day Hawaii is also an event that is held on September 21 with

the public's participation.

HHMH is situated at the corner of Kuhio Highway and Kaloloku Road in Kapaa. Fronting the church on Kuhio Highway there is a bus stop, therefore, no parking is allowed, and parking is also prohibited along Kaloloku Road. The subject State parcel provides the only parking in the area for its 150+ members for church services and functions. The parking lot is always left open to the public and use is not exclusive to the church. People using the adjacent boat ramp are able to use the parking lot as well as the neighboring Seven Day Adventist Church without fees. Staff believes a nominal rent of \$1,151.23 per annum is appropriate for the applicant in view of its 501c3 status and the services it provides to the community. See attached **EXHIBIT B**.

The current lease, drafted in 2011, requires a rental reopening every 10 years during the term of the lease at fair market rental. The current annual rent of \$480 is due for a rental reopening with the effective date falling on February 1, 2021. Based on the Land Division's 2018 portfolio appraisal report, the fair market value for the parcel (prior to any discount for being a 501c3 organization) should be approximately \$2,302.45 annually (see Exhibit D). The church's budget has suffered significantly due to Covid19 and raising the rent too much may ultimately force the church to give up the lease altogether. If left vacant and unattended, KDLO staff feels that the subject land, like many other vacant State parcels in the area, may become a place of illegal dumping and squatting. Having the land encumbered by the church eliminates the State's responsibility in maintaining the parcel.

Staff believes a reduced rent based on prevailing Board's policy on minimum rent for leasing to an eleemosynary organization is appropriate in view of the services provided to the community. Currently, the minimum rent is \$480 per annum, but in this case, staff recommends the Board authorize the amendment of General Lease No. 6014 by replacing the rent reopening provision with, "The annual rent to be reopened and redetermined based on 50% of the fair market value of the subject restricted use nonprofit lease (parking and allied purposes)."

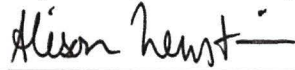
Applicant is compliant with the terms and conditions of the subject lease and there are no other pertinent issues or concerns.

RECOMMENDATION: That the Board:

1. Declare that, after considering the potential effects of the proposed disposition as provided by Chapter 343, HRS, and Section 11-200.1-16, 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 as a de minimis activity.
2. Authorize the amendment of General Lease No. S-6014 by revising the rent reopening provision, subject to the terms and conditions cited above, and further subject to the following:

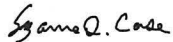
- A. Most current amendment of lease form, as may be amended from time to time;
- B. Replacing the entire rent reopening provision with "The annual rent to be reopened and redetermined based on 50% of the fair market value of the subject restricted use nonprofit lease (parking and allied purposes)";
- C. Review and approval by the Department of the Attorney General; and
- D. Such other terms and conditions as may be prescribed by the Chairperson to best serve the interests of the State.

Respectfully Submitted,



Alison Neustein
District Land Agent

APPROVED FOR SUBMITTAL:



Suzanne D. Case, Chairperson

RT

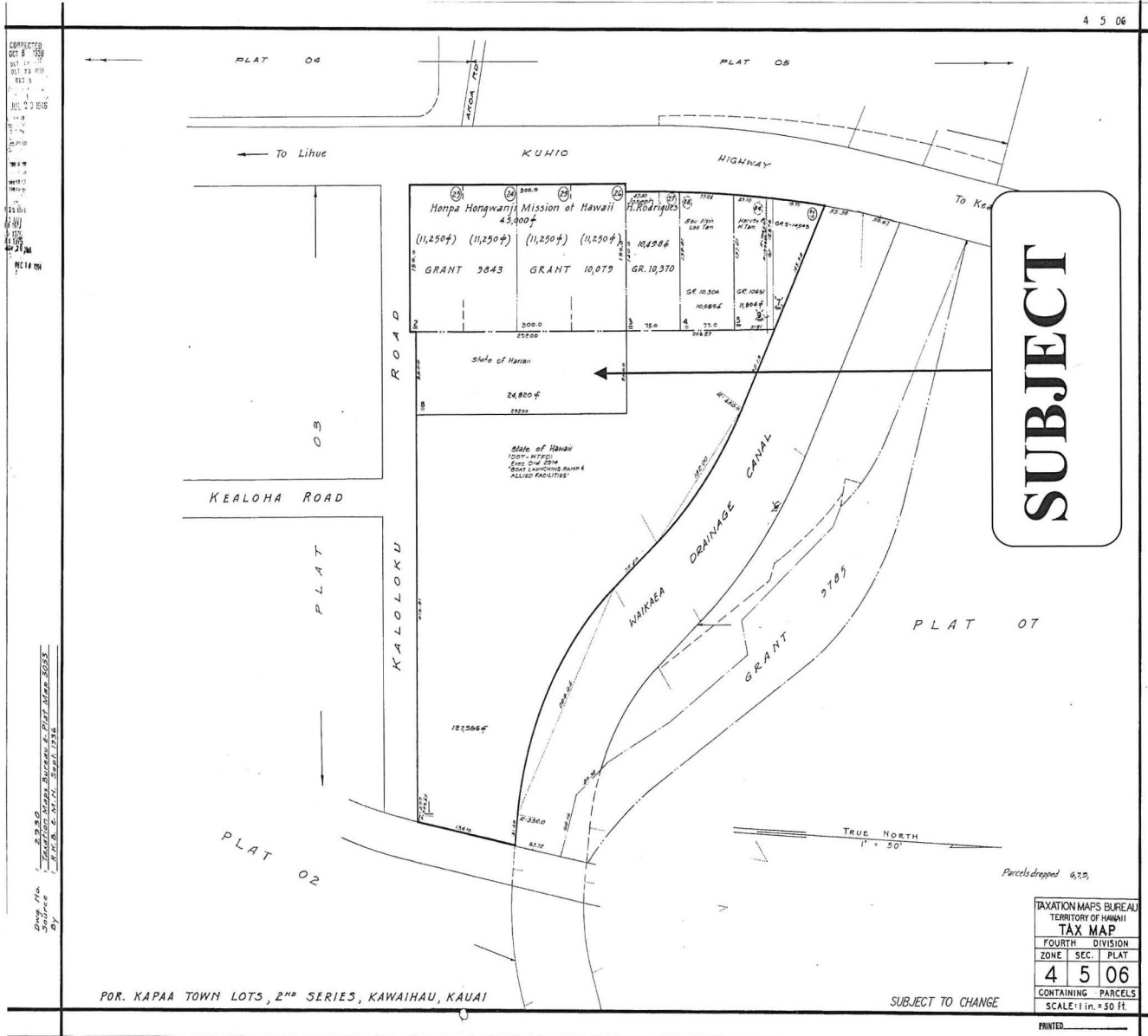


EXHIBIT A

November 12, 2021

Internal Revenue Service
District Director

Date: OCT 28 1997

Honpa Hongwanji Mission Of Hawaii
1727 Pali Hwy
Honolulu, HI 96813-1612

Department of the Treasury

P.O. Box 2508
Cincinnati, OH 45201

Person to Contact:

D Downing

Telephone Number:

Fax Number:

Federal Identification Number:

99- [REDACTED]

Dear Sir or Madam:

This is in response to your request for a letter affirming your organization's current exempt status.

In January 1948 we issued a determination letter that recognized your organization as exempt from federal income tax under section 501(c)(3) of the Internal Revenue Code. That letter is still in effect.

Based on the information submitted, we recognized the subordinates named on the list your organization supplied as exempt from federal income tax under section 501(c)(3) of the Code. Also, we classified those subordinates as organizations that are not private foundations because they are organizations of the type described in sections 509(a)(1) and 170(b)(1)(A)(i) of the Code.

Donors may deduct contributions to your organization's subordinates as provided in section 170 of the Code. Bequests, legacies, devises, transfers or gifts to the subordinates or for their use are deductible for federal estate and gift tax purposes if they meet the applicable provisions of sections 2055, 2106, and 2522 of the Code.

Your organization and its subordinates are not required to file federal income tax returns unless subject to the tax on unrelated business income under section 511 of the Code. If subject to this tax, the organization must file an income tax return on Form 990-T, Exempt Organization Business Income Tax Return. In this letter, we are not determining whether any of your organization or its subordinates' present or proposed activities are unrelated trade or business as defined in section 513 of the Code.

Unless specifically excepted, your organization and its subordinates are liable for taxes under the Federal Insurance Contributions Act (social security taxes) on remuneration of \$100 or more paid each employee during a calendar year. This does not apply, however, if your organization makes or has made a timely election under section 3121(w) of the Code to be exempt from such tax. Your organization and its subordinates are not liable for the tax imposed under the Federal Unemployment Tax Act (FUTA).

EXHIBIT B

Honpa Hongwanji Mission Of Hawaii
99- [REDACTED]

Each year, at least 90 days before the end of your organization's annual accounting period, please compile and forward the following information:

1. A statement describing any changes during the year in the purposes, character, or method of operation of your organization's subordinates;
2. A list showing the names, mailing addresses (including Postal ZIP Codes), actual addresses if different, and employer identification numbers of subordinates that:
 - a. Changed names or addresses;
 - b. Were deleted from the roster; or
 - c. Were added to the roster.
3. For those subordinates added, attach:
 - a. A statement that the information on which your organization's present group exemption letter is based applies to the new subordinates;
 - b. A statement that each has given your organization written authorization to add its name to the roster;
 - c. A list of those to which the Service previously issued exemption rulings or determination letters;
 - d. A statement that none of the subordinates is a private foundation as defined in section 509(a) of the Code if the group exemption letter covers organizations described in section 501(c)(3);
 - e. The street address of subordinates where the mailing address is a P.O. Box.
4. If applicable, a statement that your organization's group exemption roster did not change since the previous report.

The above information should be sent to the following address:

Internal Revenue Service Center
Attn: Entity Control Unit
Cincinnati, OH 45999

Your organization's Group Exemption Number is 2076.

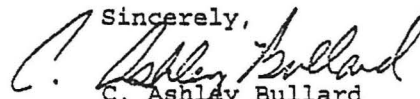
Sincerely,

C. Ashley Bullard
District Director

EXHIBIT B



Department of the Treasury
Internal Revenue Service

FRESNO, CA 93888

In reply refer to: 8961500244
Feb. 27, 1998 LTR 86C N
99- 000000 00 000
00589

HONPA HONGWANJI MISSION OF HAWAII
1727 PALI HWY
HONOLULU HI 96813-1612274

Taxpayer Identification Number: 99-
Tax Period(s): Dec. 31, 1997

Dear Taxpayer:

Thank you for the inquiry of Jan. 13, 1998.

We're sending your correspondence, dated Jan. 13, 1998, to the
Ogden Service Center at the address at the end of this
letter for the following reason(s):

That is the office that handles tax exempt organization matters.

If you have any questions about this letter, please write to us at
the address shown at the top of the first page of this letter. If you
prefer, you may call the IRS telephone number listed in your local
directory. An employee there may be able to help you, but the office
at the address shown on this letter is most familiar with your case.

Whenever you write, please include this letter and, in the spaces
below, give us your telephone number with the hours we can reach you.
Keep a copy of this letter for your records.

Telephone Number (808) 522-9200 Hours 8:00 a.m. - 5:00 p.m.
Monday thru Saturday

EXHIBIT B

November 12, 2021



Department of the Treasury
Internal Revenue Service

8961500244
Feb. 27, 1998 LTR 86C N
99- 000000 00 000
00590

HONPA HONGWANJI MISSION OF HAWAII
1727 PALI HWY
HONOLULU HI 96813-1612274

We apologize for any inconvenience, and thank you for your
cooperation.

Sincerely yours,

A handwritten signature in black ink, appearing to read "Derome Bratvold".

Derome Bratvold
Chief, Adjustments Branch

To: Internal Revenue Service
1160 W. 1200 SOUTH STREET
OGDEN UT 84201

EXHIBIT B

DAVID Y. IGE
GOVERNOR OF HAWAII



SUZANNE D. CASE
CHAIRPERSON
BOARD OF LAND AND NATURAL RESOURCES
COMMISSION ON WATER RESOURCE
MANAGEMENT

**STATE OF HAWAII
DEPARTMENT OF LAND AND NATURAL RESOURCES
LAND DIVISION**

3060 Eiwa Street, Room 208
Lihue, Hawaii 96766
PHONE: (808) 274-3491
FAX: (808) 241-3535

November 12, 2021

EXEMPTION NOTIFICATION

Regarding the preparation of an environmental assessment pursuant to Chapter 343, Hawaii Revised Statutes (HRS), and Chapter 11-200.1-15, Hawaii Administrative Rules (HAR):

Project Title: Direct Lease to Honpa Hongwanji Mission of Hawaii

Project / Reference No.: PSF No. 21KD-xxx/ GLS-6014

Project Location: Kapaa, Kawaihau, Kauai, TMK: (4) 4-5-06:08.

Project Description: Replacing the rental reopening provision to make it consistent with other non-profit leases.

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

Exemption Class No. and Description: In accordance with Hawaii Administrative Rules (HAR) § 11-200.1-16 and the Exemption List for the Department of Land and Natural Resources reviewed and concurred on by the Environmental Council on November 10, 2020, the subject request is exempt from the preparation of an environmental assessment pursuant to Exemption Class No. 1, 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." and Item 40, which states, "Leases of state land involving negligible or no expansion or change of use beyond that previously existed." The proposed lease amendment is a de minimis action that will

EXHIBIT C

probably have minimal or no significant effect on the environment and should be declared exempt from the preparation of an environmental assessment and the requirements of § 11-200.1-17, HAR.

**Cumulative Impact of
Planned Successive
Actions in Same Place
Significant?**

No. There will be no change to the current activities on the land.

**Action May Have
Significant Impact on
Particularly Sensitive
Environment:**

No. There will be no change to the current activities on the land.

Consulted Parties:

In issuing the prior leases to the Honpa Hongwanji Mission of Hawaii over the same property, the State Historic Preservation, Department of Health, Department of Transportation and County Public Works were consulted. All agencies had no objections to the request.

Analysis:

Based on the above mentioned, staff believes there would be no significant impact to the environment.

Recommendation:

It is recommended that the Board of Land and Natural Resources find that the proposed action will probably have minimal or no significant effect on the environment and is presumed to be exempt from the preparation of an environmental assessment.

EXHIBIT C

Reduced rent calculation using the 2018 Portfolio Appraisal Report for Kauai

County of Kauai 2021 subject property value= \$356,300.00 .57 acres/24,820 SF, Residential tax class

Basing the property value on the appraisal for RP7507 to Steve Thatcher for storage and business use, TMK (4) 4-5-009:043 (County of Kauai Real Property assessment for 2021 is \$404,800, commercial tax class) and rent is \$11,712.00/yr---containers used for storage and repair. It should be noted that this is mostly a commercial use (not just storage).

And RP 7444 to Coco Palms Ventures, .855 acres/36,677 SF for parking purposes, TMK (4) 4-1-003:017 (County of Kauai Real Property assessment for 2021 is \$550,200, hotel & resort tax class) and rent is \$4,464/yr.—this is the hotel's main entrance.

\$356300 Subject Property Value

-5% no utilities -\$18,265

-5% for being in a flood zone \$18,265

-5% for the development potential -\$18,265

-10% for being in an SMA -\$35,630

-10% single street frontage -\$35,630

= \$230,245 value

4% ROR for residential zoned property

= \$9,209.80

-75% parking use based on an urbanized area.

= \$2,302.45/yr

-50% discount for eleemosynary organization

= \$1,151.23/yr

EXHIBIT D