

Land Use Reforms Spur Boom in Hawaii

'Big 5' Oligarchs No Longer

BY SAMUEL JAMESON
[Chicago Tribune Press Service]

Honolulu — Before World War II a business man who wanted to start a factory or open a store in Hawaii had to deal with a "Big Five" banker for credit, a "Big Five" shipper to transport his goods, a "Big Five" land owner to purchase or lease a site.

Few outsiders ever made it in.

The "Big Five" — sugar magnates whose land holdings and interlocking interests in a spider web of Hawaii companies gave them nearly stranglehold control over the territory — are still here today. Along with the land estates and other large land owners [50 different bodies in all], they still control 44 per cent of all land in Hawaii.

Their Image Changes

But no longer are they depicted as the oligarchs of Hawaii by their former sworn enemies.

Gov. John A. Burns, a former detective who left the Honolulu police department to build up the Democratic party in opposition to them, now praises the "community spirit" of the business community and cites statistics showing that more lots were offered for sale than for lease in the last two years — "the first time, to the best of my knowledge that this has happened in Hawaii," he said.

Jack Hall, regional director of the International Longshoremen's and Warehousemen's union local 142 here, said, "There is no land problem."

Managers Now Pros
Men of such divergent interests as Hall and Leonard Withington, assistant manager of the Chamber of Commerce, attributed the change to the new managements of the "Big Five" and other large firms. Within the last 15 years nearly every big firm here has turned from owner managers to professional managers.

Withington said the change has brought about a greater diversification of business endeavor. Hall said the change has made management more "pragmatic." "They've got the pros in today — men who are more interested in profits than in ideological quarrels," he said.

Whereas such firms as Sears, Roebuck and Kress had to ob-

tain property under subterfuge to start business in Hawaii before the war, "no company with the proper know-how, financing, and market analysis is refused today," Burns said.

One big reason is pressure from proponents of radical land reform measures. One such proposal, called the Maryland land rent plan, would force owners to sell land being leased if the lessee wanted to buy it. Burns, himself a land reform advocate, has taken a milder but still controversial course.

The legislature, under overwhelming Democratic control, passed a so called "highest and best use" land tax that ultimately will assess a rate two and a half times higher on land than on the improvements

on it. The idea is to force onto the market land now being held for speculation.

Burns said the tax "places the burden on the owner to use his land so as to make the money to pay the tax."

Fear for Small Owner

Republicans like former Gov. William Quinn, now vice president of the Dole corporation, fear that the law will hurt not the large land owners who have the financial flexibility to adjust to it but the small home owner who finds his property suddenly assessed at apartment house rates.

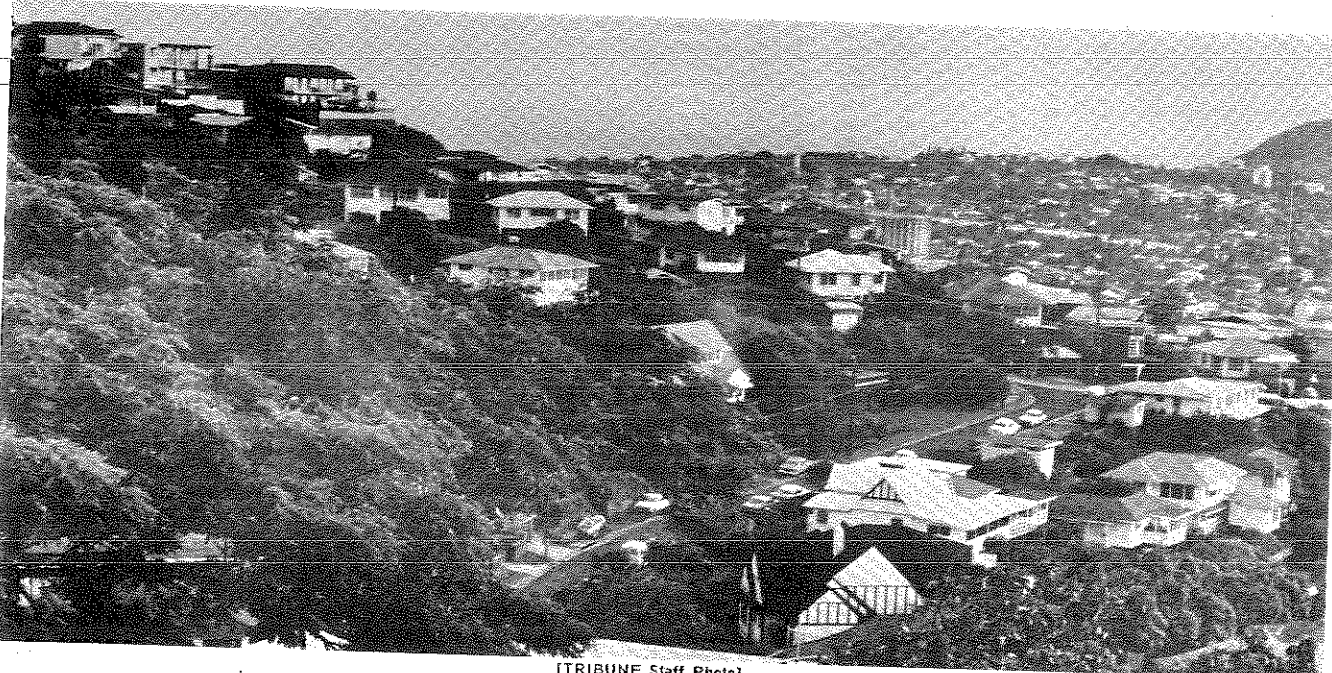
Since agricultural land was exempted from the tax, eliminating the threat of encroachment on prime Oahu sugar and pineapple land, little opposition

to the new levy has developed.

The extent of Hawaii's land problem — compounded by the fact that 43 per cent of the land is held by federal and state governments — was underscored in 1961 when the legislature, under Quinn, ordered limited expropriation of private land for distribution to other private owners. The measure was designed to make low cost [\$18,000 and below] housing available to middle class families.

G. O. P. Supports Law

Application of the law, which the Republican party supports, was an "exception" to G. O. P. principles "because of the tremendous need," said Edward E. Johnston, state G. O. P. chairman.



[TRIBUNE Staff Photo]

Houses dot hillside in Honolulu, where land for a home is hard to come by—and expensive.

One problem left untouched by the tax schemes is land cost. Late in November the Sheraton Hawaii corporation purchased a 24,145-square-foot lot next to the Royal Hawaiian hotel on Waikiki for a reported 1.8 million dollars. This was three times what the previous owner paid for it two years ago. The purchase price figures out to \$74.55 a square foot, a record in Hawaii.

Fred W. Bennion, director of the Tax Foundation of Hawaii, said the average wage earner frequently cannot afford to buy land for a home — even if it is available. An average lot of 10,000 square feet, bought for the average price of \$3 a square foot, would cost \$30,000 — out of reach for the person wanting to build a home for \$20,000.

Lease Often Best

Frequently the best deal for a potential middle class home owner is the oft-criticized lease, Bennion said.

The terms of many leases are being liberalized by the large owners. Today it is not difficult to get leases for as long as 55 years, which can be extended to 99 years, and with the lessee having the first right to renew. Previously most leases were for much shorter periods and carried no guarantee that the lessee would be compensated for a home or other buildings he might put