

**STATE OF HAWAII
OFFICE OF PLANNING
& SUSTAINABLE DEVELOPMENT**

JOSH GREEN, M.D.
GOVERNOR

SYLVIA LUKE
LT. GOVERNOR

MARY ALICE EVANS
DIRECTOR

235 South Beretania Street, 6th Floor, Honolulu, Hawai'i 96813
Mailing Address: P.O. Box 2359, Honolulu, Hawai'i 96804

Telephone: (808) 587-2846
Fax: (808) 587-2824
Web: <https://planning.hawaii.gov/>

Statement of
MARY ALICE EVANS, Director

before the
SENATE COMMITTEE ON WATER, LAND, CULTURE AND THE ARTS

Monday, March 23, 2026
1:05 PM
State Capitol, Conference Room 224

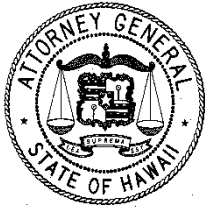
in consideration of
HB 1842, HD 2
RELATING TO GOVERNMENT.

Chair Lee, Vice Chair Inouye, and Members of the Senate Committee on Water, Land, Culture and the Arts.

The Office of Planning and Sustainable Development (OPSD) **supports** HB 1842, HD 2, which amends Act 289, SLH 2025, to replace the Senior Residence at Iwilei parcel with the Westridge parcel, change the transfer date for the Alii Tower parcel to 12/31/2026, changes the deadline for approval by the City and County of Honolulu to 12/31/2027, and changes the repeal date to 1/1/2028.

HB 1842, HD 2 is a vital step in advancing Transit-Oriented Development (TOD) along Honolulu's rail corridor. By replacing the Senior Residence at Iwilei with the Westridge parcel, it allows the City and County of Honolulu to build for TOD rather than getting a parcel with an existing building. In addition, the parcels in Iwilei ensure that essential services remain and future development can build to the density that is planned for the Iwilei area. By aligning state land assets with county transit goals, HB 1842, HD 2 paves the way for a more sustainable, transit-friendly future for Oahu.

Thank you for the opportunity to testify on this measure.



**TESTIMONY OF
THE DEPARTMENT OF THE ATTORNEY GENERAL
KA 'OIHANA O KA LOIO KUHINA
THIRTY-THIRD LEGISLATURE, 2026**

ON THE FOLLOWING MEASURE:

H.B. NO. 1842, H.D. 2, RELATING TO GOVERNMENT.

BEFORE THE:

SENATE COMMITTEE ON WATER, LAND, CULTURE AND THE ARTS

DATE: Monday, March 23, 2026

TIME: 1:05 p.m.

LOCATION: State Capitol, Room 224

TESTIFIER(S): Anne E. Lopez, Attorney General, or
Tina M. Tsuchiyama, Deputy Attorney General

Chair Lee and Members of the Committee:

The Department of the Attorney General (Department) provides the following comments.

The bill amends Act 289, Session Laws of Hawaii 2025 (Act 289) as follows:
(1) replaces the Senior Residence at Iwilei parcel with the Westridge parcel, (2) extends the transfer date for the Alii Tower parcel by one year to December 31, 2026,
(3) extends the deadline for approval of the transfer by the City and County of Honolulu to December 31, 2027, and (4) extends the repeal date by one year, to January 1, 2028.

We recommend that Act 289 be further amended to repeal section 3, which excludes real property transferred pursuant to Act 289 from the definition of "public lands" under section 171-2, Hawaii Revised Statutes (HRS). Repealing section 3 would allow the Department of Land and Natural Resources to have statutory authority to manage the real property to be transferred to the State under Act 289, or authorize the Board of Land and Natural Resources to approve the setting aside of such lands by the Governor to another state agency under section 171-11, HRS. Otherwise, it is unclear which state agency has the statutory authority to manage such lands once transferred.

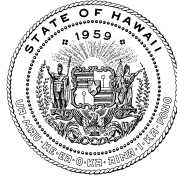
For consistency, we further recommend that section 6 of Act 289 be amended as follows:

SECTION 6. This Act shall take effect on July 1, 2025, or the day after final approval by the city and county of Honolulu of the terms of the transfer of the fee simple interest in land pursuant to part II of this Act,

whichever occurs later; provided that upon the completed transfer of the fee simple interest in land pursuant to part II of this Act, the governor shall notify the legislature and the revisor of statutes that the transfer was filed or recorded with the bureau of conveyances; provided further that if the city and county of Honolulu does not finalize approval of the terms of the transfer required under part II of this Act by December 31, ~~[2026,]~~ 2027, this Act shall be repealed on January 1, ~~[2027, and section 171-2, Hawaii Revised Statutes, shall be reenacted in the form in which it read on the day before the effective date of this Act.]~~ 2028.

Thank you for the opportunity to offer comments.

JOSH GREEN, M.D.
GOVERNOR
KE KIA'ĀINA



KEITH A. REGAN
COMPTROLLER
KA LUNA HO'OMALU HANA LAULĀ

MEOH-LENG SILLIMAN
DEPUTY COMPTROLLER
KA HOPE LUNA HO'OMALU HANA LAULĀ

STATE OF HAWAI'I | KA MOKU'ĀINA O HAWAI'I
DEPARTMENT OF ACCOUNTING AND GENERAL SERVICES | KA 'OIHANA LOIHELU A LAWELAWE LAULĀ
P.O. BOX 119, HONOLULU, HAWAII 96810-0119

WRITTEN TESTIMONY
OF
KEITH A. REGAN, COMPTROLLER
DEPARTMENT OF ACCOUNTING AND GENERAL SERVICES
TO THE

COMMITTEE ON WATER, LAND, CULTURE AND THE ARTS

MARCH 23, 2026, 1:05 P.M.
CONFERENCE ROOM 224 AND VIA VIDEOCONFERENCE, STATE CAPITOL

H.B. 1842, H.D. 2

RELATING TO GOVERNMENT

Chair Lee, Vice Chair Inouye, and members of the Committee, thank you for the opportunity to submit testimony on H.B. 1842, H.D.2.

The Department of Accounting and General Services (DAGS) offers its **support** for H.B. 1842, H.D. 2 which amends Act 289, Session Laws of Hawai'i 2025, by replacing the Senior Residence at Iwilei parcel with the Westridge parcel, and changing the transfer date for the Ali'i Tower parcel to 12/31/2026. The bill also changes the deadline for approval by the City and County of Honolulu to 12/31/2027 and changes the repeal date to 1/1/2028.

Thank you for the opportunity to provide testimony on this measure.

JOSH GREEN, M.D.
GOVERNOR | KE KIA'ĀINA

SYLVIA LUKE
LIEUTENANT GOVERNOR | KA HOPE KIA'ĀINA



STATE OF HAWAII | KA MOKU'ĀINA 'O HAWAII'
DEPARTMENT OF LAND AND NATURAL RESOURCES
KA 'OIHANA KUMUWAIWAI 'ĀINA
P.O. BOX 621
HONOLULU, HAWAII 96809

DAWN N.S. CHANG
CHAIRPERSON
BOARD OF LAND AND NATURAL RESOURCES
COMMISSION ON WATER RESOURCE
MANAGEMENT
RYAN K.P. KANAKA'OLE
FIRST DEPUTY
CIARA W.K. KAHAHANE
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

**Testimony of
RYAN K.P. KANAKA'OLE
Acting Chairperson**

**Before the Senate Committee on
WATER, LAND, CULTURE AND THE ARTS**

**Monday, March 23, 2026
1:05 PM
State Capitol, Conference Room 224**

**In consideration of
HOUSE BILL 1842, HOUSE DRAFT 2
RELATING TO GOVERNMENT**

House Bill 1842, House Draft 2 proposes to amend Act 289, Session Laws of Hawai'i 2025 (Act 289), to replace the Senior Residence at Iwilei parcel with the Westridge parcel, change the transfer date for the Ali'i Tower parcel to 12/31/2026, change the deadline for approval by the City and County of Honolulu (City) to 12/31/2027, and change the repeal date to 1/1/2028. **The Department of Land and Natural Resources (Department) has serious concerns with this measure and provides the following comments and suggested amendment.**

The Department recognizes the need to reduce annual lease rent expenditures arising from the lack of State-owned facilities to house State agencies. However, this measure directly impacts the Department's finances by amending Act 289 to replace Tax Map Key (TMK) 1-1-5-7-2 (Senior Residence at Iwilei) with TMK 1-9-8-13-14 (Westridge). The Westridge parcel consists of the Westridge Shopping Center and is the Department's fourth highest revenue generating property, generating approximately \$664,000 per year. Accordingly, while the proposed amendment would compensate the City for the loss of revenue from Ali'i Tower, it would result in a \$644,000 annual revenue loss to the Department and the Special Land and Development Fund (SLDF). Note that this figure does not include future rent escalations resulting from rent reopenings which are generally at ten-year intervals. Additionally, the loss of this property could impact future redevelopment potential for housing and commercial space within walking distance of a rail station.

Furthermore, the proposed amendment would equate to a substantial loss to the State as agencies would not be able to occupy the building immediately upon acquisition. Ali'i Tower is currently encumbered by a ground lease to the building owner. According to testimony provided by the building owner, Honcre1 LLC, to the House Committee on Finance, the ground lease does not expire until February 5, 2072. This means that there is approximately 46 years

remaining on the lease term. Should the Department acquire Ali'i tower, it is customary to honor the terms of the ground lease and any subleases in place at the time of acquisition. Currently, the building is almost fully occupied, with Hawaiian Electric Company (HECO) occupying over half of the rentable space in the building. The City also has an agreement to use 60,000 square feet of office space to house the Office of the Prosecuting Attorney. Therefore, it is not clear that acquisition of Ali'i Tower would significantly reduce the State's immediate demand for privately owned office space.

The Department notes that the Legislature and the Board of Land and Natural Resources (Board) determined that the Department should use a portion of the lands it manages to generate revenues to support the Department's operations and management of public lands and programs in order to support its mission. Annual lease revenues currently support the SLDF, with revenues coming primarily from leases for commercial, industrial, resort, geothermal and other renewable energy projects. SLDF revenues collected by the Department's Land Division cover the entire annual operating budget for the Land Division, the Department's Office of Conservation and Coastal Lands, and the Dam Safety and Mineral Resources Programs of the Department. The revenues fund over 80 Department staff positions, including 5 positions within the Commission on Water Resource Management, and provide funding support to the Division of State Parks and various resource protection programs administered by the Division of Forestry and Wildlife such as the protection of threatened and endangered species, removal of invasive species, wildland firefighting, and lifeguard services.

The SLDF is a critical and increasingly important funding source for various divisions responsible for emergency response to natural catastrophes such as fire, rockfall, flood or earthquake and hazard investigation and mitigation. The SLDF is also critical for staff support for various programs and funding conservation projects across the State. It has also become an important source of State match for federally funded endangered species and invasive species initiatives that otherwise would not go forward. The Department further notes that the SLDF is now securitized to assure the State can meet its debt service obligations to bondholders for the demolition of Uncle Billy's in Hilo which is approximately \$14 million. The loss of a steady revenue stream to the SLDF could significantly impact current and future capital improvement projects that have been identified as priority projects for the Department and the State.

Finally, it is important to note that Act 289 also amended the definition of public lands found in Hawaii Revised Statutes (HRS), Section 171-2 to exclude the Ali'i Tower parcel. The Department has consistently expressed serious concerns that this exemption denies the Department legal authority to manage Ali'i Tower, should this acquisition ultimately go through. The Department formally requested the Department of the Attorney General's guidance on this matter and was informed that if the current exemption is maintained, the Department will indeed lack legal authority to manage the existing ground lease. Furthermore, the Department of Accounting and General Services (DAGS) is the appropriate agency to manage office space but does not have legal authority to hold title to land. In these cases, the Board customarily sets land aside to the appropriate agency via Governor's Executive Order. However, it is not clear that the Board would have authority to do so if the land is expressly exempt from its authority under HRS Section 171-2. Accordingly, the Department strongly urges the Committee, if it chooses to move this measure forward, to further amend Act 289 and HRS Section 171-2 to ensure that Ali'i Tower be included as public lands so that the Department can manage the ground lease, while DAGS manages the leased office space within the building.

Mahalo for the opportunity to comment on this measure.

**OFFICE OF THE MAYOR
KE KE'ENA O KA MEIA
CITY AND COUNTY OF HONOLULU**

530 SOUTH KING STREET, ROOM 300 • HONOLULU, HAWAII 96813
PHONE: (808) 768-4141 • FAX: (808) 768-4242 • WEBSITE: honolulu.gov

RICK BLANGIARDI
MAYOR
MEIA



MICHAEL D. FORMBY
MANAGING DIRECTOR
PO'O HO'OKELE

KRISHNA F. JAYARAM
DEPUTY MANAGING DIRECTOR
HOPE PO'O HO'OKELE

March 23, 2026

The Honorable Chris Lee, Chair
The Honorable Lorraine Inouye, Vice Chair
and Members of the Committee on Water, Land, Culture and The Arts
Hawaii'i State Senate
415 South Beretania Street
Honolulu, Hawaii 96813

SUBJECT: Concerns with House Bill 1842, HD2
Relating to Government

Dear Chair Lee and Committee Members:

The City and County of Honolulu respectfully submits **comments** to House Bill 1842, HD2. This bill seeks to amend the statutory land transfers mandated by Act 289 (2025) but fails to resolve concerns voiced by the City in 2025.

The City owns the fee simple interest in the property underneath the Ali'i Place building; the City does not own the building itself. However, the City receives annual revenue in the form of lease rent from the building owner as well as the use of over 60,000 square feet of office space (currently used by the Department of the Prosecuting Attorney). Given the City's present use of the property for a public purpose – providing sustainable operating income to the City, saving taxpayer funds that would otherwise be expended on office space for the Prosecutor's Office near the District and Circuit Courts of the State of Hawaii'i, and providing low cost public parking spaces in the downtown area, the City does not view HB 1842, HD2 as a pure land transaction offset against other parcels owned by the State. Respectfully, the proposed land exchange, as framed, is simply best resolved by way of negotiation between the City and the State, subject to necessary Council approval.

Via HB 1842, HD2, the State has substituted TMK 1-9-8-13-14 (Westridge) in lieu of TMK 1-1-5-7-2 (senior residence at Iwilei) and the City appreciates that substitution, as Westridge offers revenue as an offset against revenue generated by Ali'i Place and the potential for Transit Oriented Development near the Pearl Ridge Rail Station.

The City's request at this time is that it continue to have time to evaluate the proposed land exchanges with an eye towards negotiating a package that the City

The Honorable Chris Lee, Chair
The Honorable Lorraine Inouye, Vice Chair
and Members of the Committee on Water, Land, Culture and The Arts
March 23, 2026
Page 2

believes it can take to Council and advocate for approval. Approval by Council is a current requirement of Act 289 (2025).

The City intends to continue evaluating the pros and cons of HB 1842, HD2 with a goal of arriving at a fair and mutually beneficial outcome. We thank you for the opportunity to testify and for your consideration of the City's comments. If you have any questions, please feel free to contact me or Anthony Miranda, Legislative Liaison, at (808) 768-6608.

Sincerely,

A handwritten signature in black ink, appearing to read 'M. Formby', with a long horizontal line extending to the right.

Michael D. Formby
Managing Director

HONCRE1 LLC
c/o Avison Young
1099 Alakea Street, Suite 2440
Honolulu, HI 96813

Submitted to: Committee on Water, Land, Culture and The Arts

Date: March 20, 2026

Submitted by: HONCRE1 LLC

Position: Comments for Consideration – HB1842 HD2 Relating to Government (“**HB1842**”)

The Honorable Chris Lee, Chair, and Members of the Committee:

As the legislature considers a potential land swap or acquisition that would result in the State of Hawaii (the “**State**”) succeeding the City and County of Honolulu (the “**City**”) as the fee owner of 1099 Alakea Street (“**Alii Place**”), we wish to clarify the existing legal framework governing the site. We respectfully submit the following information for your consideration.

1. **Current Ground Lease Structure and Timeline.** The property is currently subject to a long-term ground lease (the “**Ground Lease**”) to HONCRE1 LLC (the “**Ground Lessee**”). Should the State step into the City’s position as the fee owner, the State’s interest would be subject to the terms of Ground Lease. Please note the following facts regarding the Ground Lease:

- a. **Expiration Date:** The current ground lease termination date is February 5, 2072.
- b. **Remaining Term:** There are approximately 46 years remaining on the lease term.
- c. **Notice of Term in Public Records:** The most recent extension of the Ground Lease is filed as Land Court Document No. T-12908270.

2. **Financial Considerations.** Should the State step into the City’s position as fee owner of the property, it is our understanding that the State would be entitled to collect the negotiated ground lease rent from the Ground Lessee. The specific rental terms are detailed in the Ground Lease and the 2023 letter agreement referenced in the recorded memorandum of lease extension, which the City should be able to provide upon request for the State’s planning and budgeting purposes and a more precise accounting of anticipated revenues.

3. **Existing Tenancies; Non-Disturbance Assurance.** It is important to note that a successor ground lessor would customarily be obligated to honor the terms of the Ground Lease and all existing leases between the Ground Lessee and the office and retail tenants at Alii Place. HB1842, as written, would indeed position the State as a successor fee owner only; the Bill would not have the State assume the Ground Lessee and landlord role vis-à-vis the tenants at Alii Place. We trust that any acquisition or land swap contemplated by this legislation would not disturb any existing tenants, under either the Ground Lease or the various tenant leases, including any extension rights, nor alter the Ground Lessee’s right to enter into market-rate leases as vacancies arise. Notably, the public records show that Hawaiian Electric Company (HECO) currently leases approximately 199,000 square feet, with a lease term extending until approximately 2033, representing over half of the building’s rentable space.¹ The continuity of such lease arrangements is essential for maintaining stable operations for all parties involved.

¹ See the notices of lease filed as Land Court Document No. T-10937062 and recorded in the Bureau of Conveyances at Document No. A-72850229, as amended by the First Amendment to Lease dated December 31, 2020, and Second Amendment to Lease dated August 15, 2024.

4. **Working Relationship.** We would also like to note for the record that we have enjoyed a productive working relationship with the City as ground lessor and tenant of Alii Place.

5. **Conclusion.** We appreciate your careful consideration of the foregoing. The existing lease structure has provided stability and predictability for all stakeholders. A transition in fee ownership, if ultimately pursued, should be approached with close attention to these details to ensure that the rights and expectations of all parties are preserved.

Thank you for your time and consideration.

Respectfully submitted,

HONCRE1 LLC

By:  _____

Name: Jack Bates

Title: Authorized Signatory