



**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, Hawaii'i 96813
Mailing Address: P.O. Box 2359, Honolulu, Hawaii'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 WAYS AND MEANS

Tuesday, April 7, 2026
10:31 AM
State Capitol, Conference Room 211

in consideration of
HB 1842, HD 2, SD 1
RELATING TO GOVERNMENT.

Chair Dela Cruz, Vice Chair Moriwaki, and Members of the Senate Committee on Ways and Means.

The Office of Planning and Sustainable Development (OPSD) **supports** HB 1842, HD 2, SD 1, 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, SD 1 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, SD 1 paves the way for a more sustainable, transit-friendly future for Oahu.

Thank you for the opportunity to testify 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
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KAHOOLAWE ISLAND RESERVE COMMISSION
LAND
STATE PARKS

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

**Before the Senate Committee on
WAYS AND MEANS**

**Tuesday, April 7, 2026
10:31 AM
State Capitol, Conference Room 211**

**In consideration of
HOUSE BILL 1842, HOUSE DRAFT 2, SENATE DRAFT 1
RELATING TO GOVERNMENT**

House Bill 1842, House Draft 2, Senate Draft 1 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, repeal section 3 of Act 289 which would have exempted the Ali'i Tower parcel from the definition of public lands, 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, change the repeal date to 1/1/2028, and repeal reenactment language. **The Department of Land and Natural Resources (Department) provides the following comments.**

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. While the Department appreciates the amendment to Act 289 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, the Department is still cautious as financial information regarding revenue generation has still not been disclosed. This information is crucial for the Department and the Board of Land and Natural Resources (Board) to fully consider the implications of such a swap before agreeing to such a transaction.

The Department is also concerned that this transaction may not meet the intent of Act 289 which was to address the State's pressing office space needs and reduce government reliance on private commercial office space as State 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, 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.

Mahalo for the opportunity to comment on this measure.

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

Submitted to: Committee on Ways and Means

Date: April 3, 2026

Submitted by: HONCRE1 LLC

Position: Comments for Consideration – HB1842 HD2, SD1 (SSCR3246) Relating to Government (“HB1842”)

The Honorable Donovan M. Dela Cruz, 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**”). Act 289, Session Laws of Hawaii 2025 states that the transfer of Alii Place is subject to existing ground leases.¹ Thus, should the State step into the City’s position as the fee owner, the State’s interest would be subject to the terms of the 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. **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.² The continuity of such lease arrangements is essential for maintaining stable operations for all parties involved.

3. **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

¹ See Act 289, Session Laws of Hawaii 2025, Part II Section 2(a).

² 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.

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.

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