



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

ON THE FOLLOWING MEASURE:

S.B. NO. 1112, RELATING TO THE HAWAII COMMUNITY DEVELOPMENT AUTHORITY.

BEFORE THE:

SENATE COMMITTEES ON WATER, LAND, CULTURE AND THE ARTS AND ON HAWAIIAN AFFAIRS

DATE: Tuesday, February 10, 2026 **TIME:** 1:00 p.m.

LOCATION: State Capitol, Room 224

TESTIFIER(S): Anne E. Lopez, Attorney General, or
Kevin C. Tongg or Christopher J.I. Leong,
Deputy Attorneys General

Chairs Lee and Richards and Members of the Committees:

The Department of the Attorney General provides the following comments.

The purpose of this bill is to include the chairperson of the Hawaiian Homes Commission or the chairperson's designee in the membership of the Hawaii Community Development Authority by amending section 206E-3(b), Hawaii Revised Statutes (HRS).

Section 206E-3(b), HRS, was amended by Act 252, Session Laws of Hawaii 2025, after this bill was introduced. Therefore, the version of section 206E-3(b) in this bill must be updated to the version as amended by Act 252 before the amendments are made by this bill.

Thank you for the opportunity to provide comments.



**HAWAI'I COMMUNITY
DEVELOPMENT AUTHORITY**

547 Queen Street, Honolulu, Hawai'i 96813
Telephone: (808) 594-0300 Fax: (808) 587-0299
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JOSH GREEN, M.D.
GOVERNOR

SYLVIA LUKE
LT. GOVERNOR

STERLING HIGA
CHAIRPERSON

CRAIG K. NAKAMOTO
EXECUTIVE DIRECTOR

Statement of
CRAIG K. NAKAMOTO
Executive Director
Hawai'i Community Development Authority
before the
COMMITTEE ON HAWAIIAN AFFAIRS
and the
COMMITTEE ON WATER, LAND, CULTURE AND THE ARTS

Tuesday, February 10, 2026
1:00 p.m.
State Capitol, Conference Room 224 & Videoconference

In consideration of
S.B. 1112
RELATING TO THE HAWAII COMMUNITY DEVELOPMENT AUTHORITY.

Chairperson Richards, Chairperson Lee, Vice Chairperson Lamosao, Chairperson Inouye and members of the committees. The Hawai'i Community Development Authority (HCDA) respectfully **opposes S.B. 1112**, which proposes to add the Chairperson of the Hawaiian Homes Commission or the Chairperson's designee as an ex-officio member of the HCDA boards.

We have significant concerns regarding the practical impacts this measure would have on board balance, voting participation, and overall board operations.

First, the HCDA boards were envisioned as community boards. This measure would add another government representative to the HCDA boards, increasing the number of government ex-officio voting members. The current composition of the HCDA's nine-member community boards was intended to reflect the true community nature of the boards by having five community members and four government ex-officio members. HCDA's effectiveness depends on maintaining the current community board composition that is community-centered. That effectiveness is diminished if another government representative is added either as a voting or non-voting member.

Second, since the Department of Hawaiian Home Lands (DHHL) has used its federal authority to disregard the HCDA's zoning and entitlement powers in the Kalaeloa

community development district, where it owns lands, we question the need for the chairperson to be a member of boards.

Third, a cultural specialist is a member of the HCDA boards. The cultural specialist provides input and feedback on cultural matters.

For these reasons, HCDA respectfully opposes this measure.

In the past, Chair Watson of DHHL and the Executive Director of HCDA held regular meetings to discuss matters of mutual interest. While those meetings have dropped off, this bill is a reminder to schedule those regular meetings.

HCDA remains committed to working collaboratively with DHHL, the Legislature, and stakeholders to advance shared goals.

Thank you for the opportunity to provide testimony.

JOSH GREEN, M.D.
GOVERNOR
STATE OF HAWAII
*Ke Kia'āina o ka Moku'āina 'o
Hawaii*

SYLVIA J. LUKE
LT. GOVERNOR
STATE OF HAWAII
*Ka Hope Kia'āina o ka Moku'āina
'o Hawaii*



KALI WATSON
CHAIRPERSON, HHC
Ka Luna Ho'okele

KATIE L. LAMBERT
DEPUTY TO THE CHAIR
Ka Hope Luna Ho'okele

STATE OF HAWAII
DEPARTMENT OF HAWAIIAN HOME LANDS
Ka 'Oihana 'Āina Ho'opulapula Hawaii'i

P. O. BOX 1879
HONOLULU, HAWAII 96805

**TESTIMONY OF KALI WATSON, CHAIR
HAWAIIAN HOMES COMMISSION
BEFORE THE SENATE COMMITTEES ON HAWAIIAN
AFFAIRS AND WATER, LAND, CULTURE AND THE ARTS
ON FEBRUARY 10, 2026 AT 1:00PM IN CR 224**

SB 1112, RELATING TO THE HAWAII COMMUNITY DEVELOPMENT AUTHORITY

February 10, 2026

Aloha Chairs Richards and Lee, Vice Chairs Lamosao and Inouye, and Members of the Committees:

The Department of Hawaiian Home Lands (DHHL) **supports** this bill which amends the membership of the Hawaii Community Development Authority to include the Chairperson of the Hawaiian Homes Commission or the Chairperson's designee.

This legislative proposal was approved by the Hawaiian Homes Commission (HHC) and would allow the HHC Chairperson/designee to serve as a voting member for matters affecting the Kalaeloa community development district and the Kaka'ako community development district.

In 2023, the Hawai'i State Ethics Commission issued an Opinion confirming that a state code of ethics conflict of interest would not be established if the HHC Chairperson were to serve on another state board or commission (see attachment).

On December 15, 2025, the HHC approved Item C-1 to authorize the HHC Chairperson to enter negotiations with the Office of Hawaiian Affairs pertaining to the development of Kaka'ako Makai Lot I (see attachment). On December 29, 2025, DHHL hosted a blessing ceremony to commemorate the completion of DHHL's first federally funded transitional housing facility located in Kalaeloa for houseless beneficiaries. This transitional housing facility is known as Hale o Kumumamo. Please see DHHL media release linked here [Department of Hawaiian Home Lands | DEPARTMENT OF HAWAIIAN HOME LANDS COMMEMORATES COMPLETION OF FIRST TRANSITIONAL HOUSING FACILITY](#).

These are a few examples of the kinds of projects that DHHL has completed or plans to initiate and develop in the areas of Kalaeloa and Kaka'ako. More importantly, these projects reflect the importance of having the HHC Chairperson/designee as a voting member in service to the Kalaeloa and Kaka'ako community development districts.

Thank you for your consideration of our testimony.



HAWAI'I STATE ETHICS COMMISSION

State of Hawai'i · Bishop Square, 1001 Bishop Street, ASB Tower 970 · Honolulu, Hawai'i 96813

December 18, 2023

Via Email: kali.watson@hawaii.gov
oriana.a.leao@hawaii.gov

Mr. Kali Watson
Chair
Hawaiian Homes Commission
Department of Hawaiian Homelands
P.O. Box 1879
Honolulu, Hawai'i 96805

Re: *Request for an Ethics Opinion (AOD-2023-1174)*

Aloha Chair Watson,

This letter is in response to a request for advice from you. You provided three draft legislative bill drafts proposing to place the Hawaiian Homes Commission ("HHC") Chairperson, or their designee, as a voting member on the Commission on Water Resource Management, the Hawai'i Housing Finance and Development Corporation, and the Hawai'i Community Development Authority. You asked, if those bills were to become law, whether the State Ethics Code, Hawai'i Revised Statutes Chapter 84, would prohibit the HHC Chair or their designee from voting on matters related to the Department of Hawaiian Homelands due to a conflict of interest.

I. Application of the State Ethics Code

A. Conflicts of Interest

The state conflicts of interest section (Haw. Rev. Stat. § 84-14) prohibits conflicts between public employment and private financial interests. For example, Haw. Rev. Stat. § 84-14(b) prohibits state employees from acquiring financial interests in businesses subject to their official action so that conflicts between their duties to the State and their own, personal financial interests do not arise.

Under the proposed legislative bill drafts, the HHC Chairperson would not acquire a financial interest in an outside, private business. Rather, the HHC Chairperson would be expected to continue acting in the State of Hawaii's best interests (regardless

of which state position that person fills). Accordingly, no conflict of interest can be established under the state ethics code. *See, e.g.,* Haw. Eth. Adv. Op. 1979-378 (April 2, 1979) (stating a conflict of interest, under Haw. Rev. Stat. § 84-14, cannot arise without “a financial interest in a business or undertaking”).

While all state employees are required to act in the State of Hawaii’s best interests, the Ethics Commission previously noted it may be natural for a state employee with two positions to “support a program whose goals and budget [they] had helped to articulate.” *See id.* Accordingly, assuming the Legislature places the HHC Chair as a voting member on another board or commission, it is anticipated that the HHC Chair would likely champion HHC issues. This, presumably, is a policy decision for the Legislature to make.

B. Fair Treatment and Confidential Information

It should be noted that the fair treatment and confidential information portions of the state ethics code may come into play if the HHC Chair were serving in two different roles. The fair treatment section, Haw. Rev. Stat. § 84-13, prohibits the use of an official position to provide unwarranted benefits or advantages to oneself or others. There may be fact situations where the fair treatment law could be applicable. The HHC Chair should be cautious about using one position if it could be perceived to unreasonably benefit another entity. If in doubt, the HHC Chair should consult with the Ethics Commission.

Similarly, the confidential information section, Haw. Rev. Stat. § 84-12, prohibits the disclosure of information – not otherwise available to the public – obtained in the course of a state employee’s duties “for the benefit of anyone. . . .” There may be situations where the HHC Chair obtains information in one role that they could not disclose or use in another capacity.

II. Conclusion

A state code of ethics conflict of interest would not be established if the HHC Chair were to serve on another **state** board or commission. Accordingly, there would be no requirement under the ethics code for the HHC Chair to recuse themselves from a decision involving HHC or DHHL while serving on another board or commission.

I hope this advice is helpful to you. If I have misstated any of the facts, then please inform me as soon as possible as this may affect the advice given. The advice in this letter concerns only the application of the state ethics code. Other laws may also apply to these situations. For this reason, you should also consult with your counsel.

Mr. Kali Watson
December 18, 2023
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If you have any further questions, please do not hesitate to contact me.

With Warm Aloha,

A handwritten signature in black ink, appearing to read "RDH", written in a cursive style.

Robert D. Harris
Executive Director & General Counsel

RDH/ls

STATE OF HAWAII
DEPARTMENT OF HAWAIIAN HOME LANDS

December 15 - 16, 2025

To: Chairperson and Members, Hawaiian Homes Commission

Through: Kalani Fronda, Acting Administrator *AF*
Land Development Division

From: Carlyle Handley, Land Agent *CH*
Land Management Division

Subject: Approval to authorize the Chairperson to enter into negotiations with the Office of Hawaiian Affairs (OHA) pertaining to the development of Kaka'ako Makai Lot-I, Oahu, TMK No. (1)2-1-015:061

RECOMMENDED MOTION/ACTION:

That the Hawaiian Homes Commission delegate its authority to its Chairperson to negotiate the terms and conditions of the proposed Memorandum of Understanding (MOU) pertaining to the development of Kaka'ako Makai Lot-I with the Office of Hawaiian Affairs (OHA), consistent with the policy direction provided in this action, and to return to the Commission for final approval of all negotiated terms.

Upon approval of this item, DHHL shall perform the following:

- (1) Negotiate the terms of a Memorandum of Understanding (MOU) for the development of Lot-I in partnership with OHA, and
- (2) Negotiate the terms for DHHL site access of Lot-I to perform due diligence.

BACKGROUND/DISCUSSION:

OHA plans to build a vibrant mixed-use community in the Kakaako district on the island of Oahu but has not been able to implement these plans using the 29 acres they own in the "Makai Area" of this district. Land use restrictions and limited commercial land uses have resulted in an underserved and underutilized section of the Honolulu urban core.

OHA is open to exploring an alternative path to traditional development. Lot-I (Exhibit "A") is situated at the corner of Forrest Avenue and Ala Moana Boulevard in the Makai Area and represents 3.336-acres. OHA is interested in collaborating with DHHL due to DHHL's potential to activate tracts of land and a shared mission to benefit Native Hawaiians. Through this partnership, DHHL shall explore unlocking the full potential of both the property and the surrounding area, fostering economic growth and community benefit in the process.

At its November 12th 2025 meeting, the Committee on Investment and Land Management (ILM) for the Office of Hawaiian Affairs approved the OHA entering into negotiations with the DHHL for the development of Kaka'ako Makai Lot-I, Oahu, TMK No. (1)2-1-015:061 (Exhibit "B").

RECOMMENDATION:

DHHL staff respectfully requests approval of the motion as stated.

EXHIBIT A

Kaka'ako Makai



Parcels on which **OHA WOULD LIKE TO** consider residential uses

Parcels on which **OHA WILL NOT** seek to develop residential uses

Kaka'ako Makai Revenues		
20% gross to OHA Grants to benefit Native Hawaiians (FY21 \$883,804)	50% of net to mālama Legacy Lands (FY21 \$1.5 million)	50% of net for Kaka'ako Makai operations (FY21 \$1.5 million)

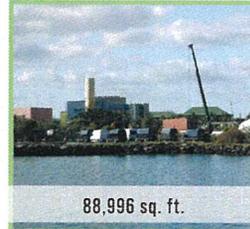
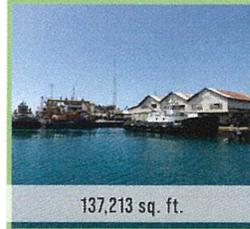
A - 1011 Ala Moana Blvd. and Kewalo Basin

B - 123 Ahui St. and 113 Ahui St.

C - 59 Ahui St.

D - 45 Ahui St. and 53 Ahui St.

E - 919 Ala Moana Blvd. (AAFES)



F - 160 Ahui St.

G - 160 Koula St.

I - Ala Moana Blvd.

K - 40 Ahui St (Point Panic)

L - End of Keawe St.

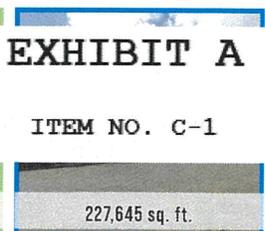
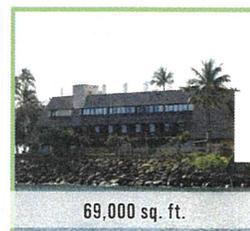
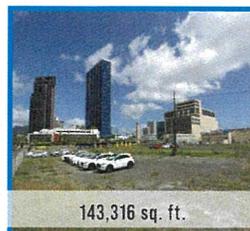
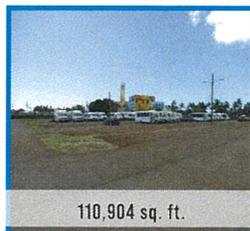


EXHIBIT A

ITEM NO. C-1

APPROVED on
December 3, 2025

III. NEW BUSINESS

C. Action Item ILM #25-14– Approval of OHA Management Policy for Investment Lands

No testifiers.

Chair Souza recognizes Senior Director of Peregrine Realty Partners Paul Quintiliani.

Director Quintiliani summarized: Core components include preparation of an SOP manual, performance reporting with benchmarks, and the use of third-party vendors to enhance staff capacity. Additional measures include creating a profit-enhancement team to identify short-term, high-impact opportunities, conducting annual portfolio evaluations to assess value appreciation, preparing asset plans, and shifting development risk to external partners rather than retaining it internally. The division also emphasized the need for staff and executive training programs focused on debt management, environmental risk management, and monitoring practices. The division recommends adoption of the policy as presented.

Chair moves to approve Action Item ILM #25-14.

No further discussion.

Chair Souza calls for VOTE.

							1:27 PM
TRUSTEE	1	2	'AE (YES)	A'OLE (NO)	KANALUA (ABSTAIN)		EXCUSED
DAN AHUNA			X				
KALEIHIKINA AKAKA			X				
KELI'I AKINA							X
LUANA ALAPA							
BRICKWOOD GALUTERIA			X				
KAIALII KAHELE			X				
CARMEN HULU LINDSEY			X				
VICE-CHAIR JOHN WAIHE'E			X				
CHAIR J. KEONI SOUZA	1		X				
TOTAL VOTE COUNT			7	0	0		1

VOTE: [] UNANIMOUS [7] PASSED [] DEFERRED [] FAILED

III. NEW BUSINESS

D. Action Item ILM #25-15– Approval for OHA to enter into negotiations with the Department of Hawaiian Homelands (DHHL) pertaining to the development of Kaka'ako Makai Lot I, O'ahu, TMK No. (1) 2-1-015:061.

E. Amend the ILM Committee recommendation on Action Item ILM #25-04 – Approval to undertake Due Diligence Phase 2 activities for a proposed land transfer of the Ahupua'a 'O Kahana parcels, Kahana, O'ahu to the Office of Hawaiian Affairs.

Chair takes public testimony on these two items before entering Executive Session.
No testifiers. No objections.

EXHIBIT B

Chair moves to enter into Executive Session.

ITEM NO. C-1

ILM COMMITTEE MEETING

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Minutes for 11/12/2025

Chair Souza calls for **VOTE**.

							1:32 PM
TRUSTEE		1	2	'AE (YES)	A'OLE (NO)	KANALUA (ABSTAIN)	EXCUSED
DAN	AHUNA			X			
KALEIHIKINA	AKAKA			X			
KELI'I	AKINA						X
LUANA	ALAPA						
BRICKWOOD	GALUTERIA			X			
KAIALII	KAHELE			X			
CARMEN HULU	LINDSEY			X			
VICE-CHAIR JOHN	WAIHE'E			X			
CHAIR J. KEONI	SOUZA	1		X			
TOTAL VOTE COUNT				7	0	0	1

VOTE: [] UNANIMOUS [7] PASSED [] DEFERRED [] FAILED

Chair announces return to Open Session at 2:45 PM.

Chair Souza reports the Board approved Executive Session Minutes from April 2, 2025, and September 17, 2025. He reports they discussed the Deliberation and consultation regarding negotiations with the Department of Hawaiian Homelands (DHHL) pertaining to the development of Kaka'ako Makai Lot I, O'ahu, TMK No. (1) 2-1-015:061.

Chair Souza reports the Board also discussed the Deliberation and consultation regarding Due Diligence Phase 2 activities for a proposed land transfer of the Ahupua'a 'O Kahana parcels, Kahana, O'ahu to the Office of Hawaiian Affairs, O'ahu.

Chair motions to approve Action Item ILM #25-15.

No discussion.

Chair Souza calls for **VOTE**.

							2:53 PM
TRUSTEE		1	2	'AE (YES)	A'OLE (NO)	KANALUA (ABSTAIN)	EXCUSED
DAN	AHUNA			X			
KALEIHIKINA	AKAKA			X			
KELI'I	AKINA						X
LUANA	ALAPA			X			
BRICKWOOD	GALUTERIA			X			
KAIALII	KAHELE			X			
CARMEN HULU	LINDSEY			X			
VICE-CHAIR JOHN	WAIHE'E			X			
CHAIR J. KEONI	SOUZA	1		X			
TOTAL VOTE COUNT				8	0	0	1

VOTE: [] UNANIMOUS [7] PASSED [] DEFERRED [] FAILED

Trustee Lindsey moves to rescind the ILM Committee prior recommendation to the Board of Trustees (BOT) on Action Item ILM #25-04 – Approval to undertake Due Diligence activities for a proposed land transfer of the Ahupua'a 'O Kahana parcels, Kahana, Office of Hawaiian Affairs. To discontinue all further due diligence work re

EXHIBIT B

ITEM NO. C-1