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ECONOMIC DEVELOPMENT & TOURISM**
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December 20, 2024

The Honorable Ronald D. Kouchi,
President and Members
of the Senate
Thirty-Third State Legislature
State Capitol, Room 409
Honolulu, Hawaii 96813

The Honorable Nadine K. Nakamura,
Speaker and Members of the
House of Representatives
Thirty-Third State Legislature
State Capitol, Room 431
Honolulu, Hawaii 96813

Dear President Kouchi, Speaker Nakamura, and Members of the Legislature:

For your information and consideration, I am transmitting a copy of the Hawai'i Brownfields Cleanup Revolving Loan Fund Annual Report to the Legislature, as required by Section 201-18(e), Hawaii Revised Statutes.

In accordance with Section 93-16, Hawaii Revised Statutes, I am also informing you that the report may be viewed electronically at:

<http://dbedt.hawaii.gov/overview/annual-reports-reports-to-the-legislature/>.

Sincerely,

James Kunane Tokioka
DBEDT Director

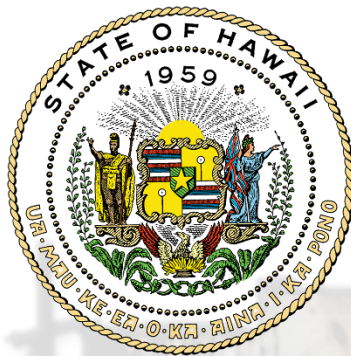
Enclosure

c: Legislative Reference Bureau

Hawai'i Brownfields Cleanup Revolving Loan Fund

ANNUAL REPORT TO THE THIRTY-THIRD LEGISLATURE REGULAR SESSION OF 2025

**for
CALENDAR YEAR 2024**



Prepared by

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

Pursuant to Hawai'i Revised Statutes, Section 201-18(e)

Honolulu, Hawai'i
December 2024

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Hawai'i Brownfields Cleanup Revolving Loan Fund

Hawai'i Revised Statutes (HRS) Section 201-18(e) requires the preparation of an annual report on the Hawai'i Brownfields Cleanup Revolving Loan Fund (HBCRLF) for submittal to the Governor and the Legislature. The HBCRLF special fund and program was capitalized with a \$2 million grant from the U.S. Environmental Protection Agency (EPA) in 2002. The HBCRLF special fund and program was established that same year by Act 173, Session Laws of Hawai'i (SLH) 2002, codified as HRS Section 201-18(e). The HBCRLF funds are intended to facilitate assessment, cleanup, and redevelopment of contaminated property, pursuant to EPA guidance.

The Office of Planning and Sustainable Development (OPSD) Land Use Division provides program and administrative support to the HBCRLF program on behalf of the Department of Business, Economic Development and Tourism (DBEDT) pursuant to the original EPA grant award. The HBCRLF program provides low- and no-interest loans to eligible public and private entities to clean up and redevelop brownfields sites where contamination hinders reuse and redevelopment of impaired properties. The program operates under an EPA closeout agreement that was reauthorized in November 2023, which governs the type of brownfields activities eligible for HBCRLF funding and eligibility requirements for borrowers and sub-grant recipients, including non-profit entities.

Rule Amendments for Sub-grants. Program staff are working on draft amendments to the HBCRLF Program administrative rules to allow for sub-grants and other brownfields site assessment activities. The new rules should be in place by mid-2025, and a request for proposals for brownfields grant funding will be issued shortly thereafter. OPSD will continue to work with the State Department of Health's (DOH) Office of Hazard Evaluation and Emergency Response (HEER) in overseeing the conduct and completion of brownfields cleanup activities at recipient sites.

Future Cleanup Grant Opportunities. HBCRLF program staff received inquiries and discussed potential HBCRLF funding opportunities with the HEER and the EPA on potential sites for cleanup sub-grants, including:

- Pearlridge Shoreline Neighborhood Park, City and County of Honolulu (City). OPSD has been working closely with City staff, who will be seeking cleanup subgrant funds for the City project situated at the convergence of the Pearl Harbor Historic Trail, Pearl Harbor shoreline, and the Skyline's Kalauao Rail Station at Pearlridge. The City is working with the State Department of Land and Natural Resources on how State accreted land adjacent to the park parcel might be incorporated into the City property to create an open space and recreational amenity for residents and visitors. The City is currently preparing a revised cleanup plan for the project; the preliminary cost estimate is likely to be \$800,000 or more.
- County of Kaua'i Brownfields Site Assessment Grant sites, including former Kekaha Sugar Mill parcels. OPSD consulted with the Kaua'i Project Manager regarding identifying potential landowners and sites for grant-funded site assessments. OPSD assisted in setting up a meeting with the new landowner of a parcel at the former Kekaha Sugar Mill regarding interest in use of Kaua'i grant funds for site assessments of the parcel, which is proposed for agricultural worker housing. OPSD also assisted the County with engaging the State Agricultural Development Corporation in exploring a potential role for ADC in the site assessment and cleanup work for the Kekaha Sugar Mill properties.

- Kūwili Station Redevelopment Area, City and County of Honolulu. OPSD staff participated in a Center for Creative Land Recycling (CCLR) workshop hosted by the City in August 2024 to assess the redevelopment potential and barriers to redevelopment of City parcels in the Kūwili Rail Station area. This will be a transformative transit-oriented development (TOD) project in the downtown Honolulu area. OPSD assisted the Governor's Office and City with the preparation of an application for \$2 million in Federal Transit Administration (FTA) TOD Pilot Planning funds for Kūwili Station redevelopment area master planning, which will include examining site contamination and cleanup needs for City parcels in the area. The City was awarded the FTA grant. OPSD also awarded the City \$700,000 in State FY 2025 TOD CIP Planning grant funds for the master planning effort. The City may request HBCRLF funds for some of the brownfields-related work for this project.

Other Activities. During the reporting period, OPSD also consulted with the State Department of Education (DOE) as to the use of HBCLRF funds for site improvements for a temporary alternative learning center at a former gas station in Wahiawa, O'ahu. DOE needed grant funds immediately, so HBCRLF funding was ruled out. OPSD consulted with the non-profit, Maui United Way, on the startup of their EPA brownfields assessment grant, reviewing potential sites and providing tips and contact information for entities that could identify technical consultants with work experience on Maui.

HBCLRF staff continue to collaborate with HEER and EPA to identify potential sites and property owners for HBCRLF loans and grants, participating in outreach activities to promote brownfields assessments and cleanups statewide, and supporting State and county agency brownfields initiatives.

Fund Status. Table 1 below summarizes account information for the HBCRLF Special Fund, Appropriation Symbol, S 359 B, for Fiscal Years 2024 and 2025 to date. The fund is now accruing Interest on account funds in compliance with the EPA Closeout Agreement.

Table 1. HBCRLF Special Fund, S-359, Account Summary

	FY 2024	FY 2025 (to Dec 2024)
Beginning Cash Balance	\$ 1,535,999.30	\$ 1,549,268.64
Fees	0	0
Repayment of Principal	0	0
Interest on loans	0	0
Interest	13,269.34	15,894.91
Expenditures	0	0
Ending Cash Balance	\$ 1,549,268.64	\$ 1,565,163.55

Updates on Accomplishments. As seen in Table 2 below, HBCRLF loans have funded the cleanup of a former pesticide mixing and loading facility site on Department of Hawaiian Home Lands (DHHL) property in East Kapolei, O'ahu, and the cleanup of a pesticide mixing and loading facility site on lands being developed by the Hawai'i Island Community Development Corporation (HICDC), a non-profit housing developer, in Hāwī, Hawai'i.

The DHHL site is planned to be a passive five-acre neighborhood park within DHHL's Increment II-E of its Kauluokahai Master Planned Community in East Kapolei. Infrastructure planning, design, and construction for this and two other increments have been funded. Backbone roadways have received tentative

subdivision approval and construction plans are being processed. DHHL recently issued a Request for Qualifications for a master developer for Increment II-E, inclusive of park development.

The self-help housing component of the HICDC’s Kumakua Affordable Housing project is progressing after a pause during COVID. Consultants have been engaged for pre-development activities: an initial grading plan was completed, and a subdivision code variance and Change of Zone extension were approved by the County Council. HICDC submitted a request for an Individual Wastewater System variance from DOH; a response from DOH is pending.

OPSD program staff sits on the implementation committee for the Samuel Mahelona Memorial Hospital (SMMH), Kapa‘a, Kaua‘i, master plan. This TOD project seeks to transform and modernize the hospital facility to serve as an anchor for a future mixed-use, TOD wellness community on the SMMH property. A programmatic Environmental Impact Statement is being prepared for the master plan, and funds have been appropriated for infrastructure improvements needed for implementation. OPSD assisted in securing EPA Targeted Brownfields assistance for the completion of a Phase 2 Environmental Site Assessment for the Hawai‘i Health Systems Corporation, which led to recommendations for addressing asbestos removal in facility redevelopment.

Table 2 below summarizes cumulative fund activity and illustrates the cost savings borrowers were able to realize through the discounts on loan principal available to eligible borrowers under the HBCRLF program.

Table 2. HBCRLF Program and Fund Activity To-Date

Loan/Borrower		Fund Transactions	
		To-Date	
2005 Prg Start	Initial grant funds available for loans	\$	1,970,000.00
HBCRLF 09-01	DHHL East Kapolei PML Site, Oahu		
2009	Loan Obligation (0% interest, 20% discount)	\$	1,970,000.00
	Discount on Principal		(200,000.00)
2014	Loan Repayment		1,770,000.00
HBCRLF 14-02	HICDC Kohala Sugar Co. PML Site, Hawaii		
2015	Loan Obligation (0% interest, 30% discount)	\$	782,393.46
	Discount on Principal		(234,718.04)
	Loan Repayment		547,675.42
Program Expenditures		\$	48.63
Interest Income*		\$	29,930.22
Funds Available (S-359 Acct Balance)		\$	1,565,163.55
Total Funds Repaid to HBCRLF		\$	2,317,675.42
Total Amount Loaned		\$	2,752,393.46