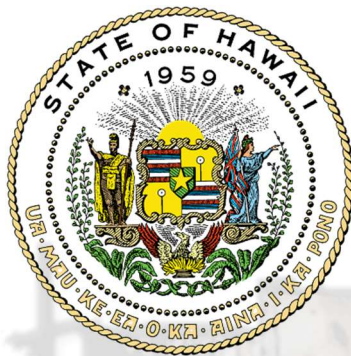


Hawai'i Brownfields Cleanup Revolving Loan Fund
ANNUAL REPORT TO THE THIRTY-SECOND LEGISLATURE
REGULAR SESSION OF 2024
for
CALENDAR YEAR 2023



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 2023

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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.

Prior to 2021, HBCRLF funds were strictly limited to loans for cleanup grants and cleanup-related activities. For a variety of reasons, the pool of eligible loan applicants has been small, with much greater interest in grants, rather than loans, for cleanups and site assessment activities. In 2021, Act 234, Session Laws of Hawai'i 2021 (SB 1054, SD2), was enacted, which allowed OPSD to use HBCRLF funds for cleanup grants and a range of brownfields site assessment activities that were previously not allowed under the HBCRLF program's statutory authority. The amendment aligns the use of HBCRLF funds with the much broader range of eligible use of funds permitted in the EPA Closeout Agreement, providing the program with flexibility to disburse grants for cleanup and a much broader set of brownfields activities to eligible sites and applicants.

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-2024, and a request for proposals for brownfields grant funding will be issued shortly thereafter. OPSD will continue to work with the Department of Health's Office of Hazard Evaluation and Emergency Response (HEER) in overseeing the conduct and completion of brownfields cleanup activities at recipient sites.

Future cleanup grant activity. OPSD has been working closely with City and County of Honolulu staff, who will be seeking cleanup grant funds for the City Pearlridge Shoreline Neighborhood Park 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 in the process of acquiring the site for park use and in discussion with the State Department of Land and Natural Resources on how State accreted land adjacent to the park parcel might complement the City's efforts to create this open space and recreational amenity for residents and visitors.

In addition to collaboration on the Pearlridge park project, HBCRLF program staff received inquiries and discussed potential HBCRLF funding opportunities with the HEER and the EPA on other potential sites, including:

- Hawai'i Public Housing Authority (HPHA) redevelopment projects, including two housing sites that are primary sites for redevelopment under the master development agreement executed with

Highridge Costa for the HPHA Ka Lei Momi statewide redevelopment initiative. HBCRLF program staff facilitated meetings between EPA, HEER, and HPHA staff to discuss potential EPA Technical Assistance and Targeted Brownfields Assessment applications for assistance with the redevelopment of Lanakila Homes in Hilo and Kahekili Terrace in Wailuku.

- County of Kaua'i inquiries regarding use of funds for the cleanup and remediation of the former Kekaha Sugar Mill and brownfields-related work to assist a local farmer.

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.

Table 1 below summarizes account information for the HBCRLF Special Fund, Appropriation Symbol, S 359 B, for Fiscal Years 2023 and 2024 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 (to date)
Beginning Cash Balance	\$ 1,535,233.33
Fees	0
Repayment of Principal	0
Interest on loans	0
Interest*	765.97
Expenditures	0
Ending Cash Balance	\$ 1,535,999.30

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 has 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 application for the project has been submitted to the County of Hawai'i. The anticipated timeframes for subdivision approval and site work are end of year 2023 and mid-2024, respectively.

HBCRLF program staff also collaborated with HEER on brownfields technical assistance that advances Transit-Oriented Development (TOD) projects, which included the completion of an EPA-conducted Phase 2 Environmental Site Assessment for the Samuel Mahelona Memorial Hospital (SMMH) facility at Kapa'a,

Kaua'i. 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. The Phase II work helps the Hawaii Health Systems Corporation determine which cleanup alternative will be pursued in facility redevelopment. The SMMH redevelopment project is featured by EPA in their marketing of land revitalization and brownfields programs. A revised master plan has been completed for the site, a programmatic Environmental Impact Statement is being prepared for the master plan, and funds have been appropriated for infrastructure improvements needed for implementation.

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	\$	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	\$	782,393.46
	Discount on Principal		(234,718.04)
2017	Loan Repayment		547,675.42
	Funds Available (S-359 Acct Balance)	\$	1,535,999.30
	Total Funds Repaid to HBCRLF	\$	2,317,675.42
	Total Amount Loaned	\$	2,752,393.46