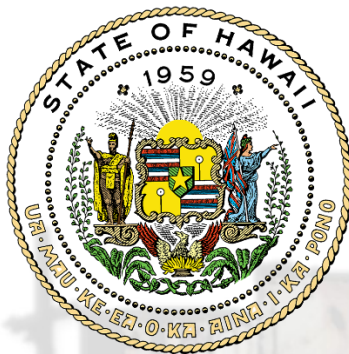


Hawai'i Brownfields Cleanup Revolving Loan Fund

ANNUAL REPORT TO THE THIRTY-THIRD LEGISLATURE
REGULAR SESSION OF 2026
for
CALENDAR YEAR 2025



Prepared by

OFFICE OF PLANNING AND SUSTAINABLE DEVELOPMENT
STATE OF HAWAII

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

Honolulu, Hawai'i
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2025 Annual Report for the 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 is authorized to provide low- and no-interest loans to eligible public and private entities and sub-grants to eligible public and non-profit 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 proposed 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-2026, 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 continues to work 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 remains in contact with the Kaua'i Project Manager regarding potential cleanup planning and cleanup activities for projects for which site assessments were completed under the County BF grant. Other sites discussed included a site in Hanapepe to be developed into a memorial by the County and a site adjacent to Waimea Town that is proposed for affordable housing.

- Kūwili Station Redevelopment Area, City and County of Honolulu. OPSD is working with the City on the potential for using HBCRLF funds for cleanup planning and other cleanup-related activities for lands within the City’s Kūwili Station Redevelopment Area. The City has kicked off its Kūwili Station Redevelopment Area Master Plan project—funded by \$2 million in Federal Transit Administration (FTA) TOD Pilot Planning funds, \$700,000 in State FY 2025 TOD CIP Planning grant funds, and additional City funds—for master planning the transformation of the Iwilei area into a vibrant transit-oriented development neighborhood in the downtown Honolulu area. The funding request for this work will need to be determined.

Other Activities. During the reporting period, OPSD also received and responded to an inquiry from State legislative staff as to the eligibility of HCBRLF funds for cleanup activities at Lake Wilson Dam and Reservoir in Wahiawā, O’ahu. OPSD also met regularly with EPA program staff to discuss brownfields assessment and cleanup needs and sites being identified by county EPA grant recipient programs that could benefit from HBCRLF cleanup sub-grants. HBCRLF staff continue to collaborate with HEER and EPA to support 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 2025 and 2026 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 2025	FY 2026 (Jul-Dec 2025)
Beginning Cash Balance	\$1,553,526.31	\$1,596,099.42
Fees	0	0
Repayment of Principal	0	0
Interest on loans	0	0
Interest	42,573.11	14,694.81
Expenditures	0	0
Ending Cash Balance	\$1,596,099.42	\$1,610,794.23

Updates to 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.

The self-help housing component of the HICDC’s Kumakua Affordable Housing project is currently being re-evaluated in light of the reduced level of federal housing funds. Consultants have been engaged for pre-development activities: an initial grading plan was completed, and a subdivision code variance and Change of Zone extension is pending approval by the County Council. HICDC will submit a variance application to

the Department of Health for the use of septic systems for the project. HICDC is exploring financing options—self-help or turnkey—for site work and vertical construction..

OPSD program staff sits on the implementation committee for the Samuel Mahelona Memorial Hospital (SMMH), Kapa‘a, Kaua‘i, master plan. The EPA Targeted Brownfields assistance program prepared a Phase 2 Environmental Site Assessment for the Hawai‘i Health Systems Corporation for the hospital campus. Under the SMMH TOD master plan, the hospital facility will be modernized to serve as an anchor for a mixed-use, TOD wellness community on the SMMH campus and adjacent State lands. The Draft Programmatic Environmental Impact Statement (EIS) for the master plan is currently under review and is scheduled for completion in Spring 2026. The Final EIS will streamline pre-development work for a number of projects that are moving forward, including design and construction of new hospital facilities and medical workforce housing, affordable housing projects, a pre-school facility, a new public library, and renovation of a former physician’s home onsite to accommodate an existing Easter Seals program being relocated to free up that site for other master plan uses. Funds have been appropriated for infrastructure improvements, including wastewater system projects, needed to support proposed development at the site.

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
	Draws/Disbursements		
	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)
2017	Loan Repayment		547,675.42
Program Expenditures		\$	48.63
Interest Income*		\$	75,560.90
Funds Available (S-359 Acct Balance)		\$	1,610,794.23
Total Funds Repaid to HBCRLF		\$	2,317,675.42
Total Amount Loaned		\$	2,752,393.46

Plans for 2026. As noted earlier, upon approval of the rule amendments for sub-grants, OPSD will issue an RFP for cleanup sub-grants from eligible entities, including the City. OPSD anticipates the City will be the first sub-grant applicant as they are actively seeking funds for brownfields cleanup-related work needed to advance their projects at the Kalauao and Kūwili Skyline Stations.

