

STATE OF HAWAII  
DEPARTMENT OF LAND AND NATURAL RESOURCES  
Land Division  
Honolulu, Hawaii 96813

May 22, 2026

Board of Land and Natural Resources  
State of Hawaii  
Honolulu, Hawaii

**Hawaii**

Issuance of a Month-to-Month Revocable Permit to Yamada Transfer, Inc., and Require Lessee to Post a Removal Bond Covering the Cost of Removing all Improvements from the Premises at the end of the Revocable Permit in the Event the Board Elects such Removal, Waiakea House Lots, Waiakea, South Hilo, Hawaii, Tax Map Key: (3) 2-2-037:089.

Non-Action Item: First Public Hearing on Potential Issuance of New Direct Lease to Yamada Transfer, Inc. for General Industrial Uses Allowed Under the Current County of Hawaii Zoning Code Purposes, Waiakea, South Hilo, Hawaii, Tax Map Key: (3) 2-2-037:089.

**APPLICANT:**

Yamada Transfer, Inc., lessee, a Hawaii for-profit corporation.

**LEGAL REFERENCE:**

Sections 171-13, -55, and -59 Hawaii Revised Statutes (HRS), as amended and Act 114, Session Laws of Hawaii (SLH) 2024.

**LOCATION:**

Portion of Government lands of Waiakea House Lots situated at Waiakea, South Hilo, Hawaii, identified by Tax Map Key: (3) 2-2-037:089, and can be viewed at: <https://qpublic.schneidercorp.com/Application.aspx?AppID=1048&LayerID=23618&PageTypeID=1&PageID=9875&KeyValue=210050210000>

**AREA:**

4.82 acres, more or less.

ZONING:

State Land Use District: Urban  
County of Hawaii CZO: MG-1a (General Industrial – 1 acre min.)

DCCA VERIFICATION:

Place of business registration confirmed: YES  
Registered business name confirmed: YES  
Applicant in good standing confirmed: YES

CURRENT USE STATUS:

Encumbered by General Lease No. S-4302, Yamada Transfer, Inc., for general industrial purposes.

CURRENT LEASE TERM AND ANNUAL RENT:

Original term of 55 years, commencing on May 12, 1970 and expiring May 11, 2025. A reopening appraisal performed as of May 12, 2020 set the annual rent for the period May 12, 2020 through May 11, 2025 at \$166,340.00 payable in two semi-annual installments on the 12<sup>th</sup> day of May and November.

A one-year holdover was granted by the Board extending the expiration date to May 11, 2026 and holding the rent at the same rate.

REVOCABLE PERMIT COMMENCEMENT DATE:

May 12, 2026.

REVOCABLE PERMIT MONTHLY RENTAL:

As an interim measure staff is recommending charging \$14,278.00 per month (\$171,336 per year), which represents a 3% escalation of the current rental rate.

COLLATERAL SECURITY DEPOSIT:

Continuation of the current bond amount, which is \$332,680.00 with a current certificate good through February 04, 2027.

JUSTIFICATION FOR REVOCABLE PERMIT:

Use of a revocable permit in this instance is appropriate. The holdover expires on May 11, 2026. The revocable permit is an interim measure to serve the time

between the expiration of the holdover and issuance of a new direct lease to Yamada Transfer, Inc., if approved. Yamada Transfer, Inc. is the existing lessee and has utilized a majority of the property for its business operations. Staff finds it imperative to keep the property occupied to prevent vandalism and to allow a long-term local business to remain in place. To date, staff has received no inquiries from third parties regarding the availability of the site for leasing.

#### TRUST LAND STATUS:

Section 5(b) lands of the Hawaii Admission Act  
DHHL 30% entitlement lands pursuant to the Hawaii State Constitution: NO

#### CHAPTER 343 - ENVIRONMENTAL ASSESSMENT:

In accordance with Hawaii Administrative Rules (HAR) § 11-200.1-15 and the Exemption List for the Department of Land and Natural Resources reviewed and concurred on by the Environmental Council on November 10, 2020, the subject request is exempt from the preparation of an environmental assessment pursuant to:

**General Exemption Type 1:** Operations, repairs or maintenance of existing structures, facilities, equipment, or topographical features, involving negligible or no expansion or change of use beyond that previously existing.

**Part 1, Item 40:** Leases of State land involving negligible or no expansion of change of use beyond that previously existing.

The property is located within the existing and established Hilo Industrial area which is zoned urban and industrial and is currently used for those purposes. Given that the property and surrounding areas are already disturbed and heavily developed, the area is not considered to be located within a sensitive environment. Further, no new uses that are inconsistent with current and past uses will occur as a result of the issuance of the proposed RP and no significant adverse or cumulative impacts are anticipated.

The proposed issuance of a revocable permit covering lands previously under a long-term lease with existing improvements constitutes a de minimis action that will probably have minimal or no significant effect on the environment and should be declared exempt from the preparation of an environmental assessment and the requirements of § 11-200.1-17, HAR.

## PUBLIC TRUST ANALYSIS

The subject property is zoned Urban and Industrial and has been fully developed with existing improvements. Additionally, the surrounding properties are all developed and being used for commercial and industrial purposes. An unoccupied improved lot in the middle of other lots developed for industrial purposes is not a suitable site for public use and recreation. Therefore, it is not appropriate for this property to become vacant and unencumbered in order to facilitate the public to access, use and recreate on the property.

As the property is ceded land, a portion of the revenues generated by the rent from the RP is given to the Office of Hawaiian Affairs (OHA) which in turn provides for the betterment of Native Hawaiians, one of the public trust purposes under Section 5(f) of the Admissions Act.

Also, having a tenant occupying the property and paying rent not only generates revenue to support Department programs, but also alleviates the cost to manage a vacant property. This allows the Department to use its revenues and resources to manage public lands and provide lands for public use which is another public trust purpose under Section 5(f) of the Admissions Act.

The Department and the Board are responsible for managing approximately 1.3 million acres of public lands comprised of sensitive natural, cultural and recreational resources. The Department's responsibilities include managing and maintaining the State's coastal lands and waters, water resources, conservation and forestry lands, historical sites, small boat harbors, parks, and recreational facilities; performing public safety duties (e.g., flood and rockfall prevention); issuing and managing leases of public lands (agriculture, pasture, commercial, industrial, and resort leases); maintaining unencumbered public lands; and enforcing the Department's rules/regulations.

To properly perform these fiduciary duties, the Legislature and the Board determined that the Department should use a portion of the lands it manages to generate revenues to support the Department's operations and management of public lands/programs. Annual lease/permit revenues currently support the Special Land and Development Fund (SLDF), with revenues coming primarily from leases/permits for commercial, industrial, resort, geothermal and other renewable energy projects. The SLDF revenues collected by the Department's Land Division cover the entire annual operating budget for the Land Division, the Department's Office of Conservation and Coastal Lands, and the Dam Safety and Mineral Resources Programs of the Department. The revenues fund over 80 Department staff positions, including 5 positions within the Commission on Water Resource Management, and provide funding support to the Division of State Parks and various resource protection programs administered by the Division of Forestry and

Wildlife such as the protection of threatened and endangered species, removal of invasive species, wildland firefighting and lifeguard services.

Aside from the rent revenue and the unsuitability for public use, the issuance of a revocable permit is consistent with public trust obligations as it provides the permittee, as a long-standing locally owned small business, the opportunity to continue contributing to the economic wellbeing of the Hilo area and the State. Continued use of the property secures a State asset against vandalism and illegal uses of State property.

### BACKGROUND:

General Lease No. S-4302 (GLS-4302) was sold to Robert M. Yamada, Maile E. Chong, Ronald L. Yamada and Donald K. Yamada dba Yamada Transfer by way of public auction. The lease was issued for a term of 55 years commencing on May 12, 1970 and expiring May 11, 2025.

At its meeting of April 25, 1975, agenda item F-1-h, the Board approved an assignment of lease from the five individuals to their corporate successor, Yamada Transfer, Inc.

At its meeting of May 9, 2025, agenda item D-3, the Board approved a one-year holdover of the lease and required posting of a removal bond covering the cost of removing all improvements from the premises at the end of the holdover period if the Board elected such removal. The holdover was intended to allow the lessee and staff to work toward negotiating a new direct lease pursuant to Act 114, Session Laws of Hawaii 2024 (Act 114). The submittal may be viewed at: <https://dlnr.hawaii.gov/wp-content/uploads/2025/05/D-3.pdf>

### REMARKS:

The Lessee has worked on complying with all aspects required by the Board for an Act 114 direct lease on the subject property. It has acquired an appraisal of the existing improvements determining the value of the improvements at \$1,065,000.00. The required investment of 30% of this value in substantial improvements is determined to be a minimum of \$319,500.00.

Staff is currently reviewing the application package for the direct lease and requires more time to evaluate the proposed improvements. Therefore, staff is recommending the issuance of a month-to-month revocable permit (RP) to serve in the interim between expiration of the holdover and issuance of a new direct lease if eventually approved by the Board.

As part of the holdover approval, the Board required the lessee to post a removal bond covering the complete removal of the existing improvements at the end of the holdover period, in the event the Board elected to have them removed. Staff is recommending that the Board reserves its election to have the improvements removed until the termination of the RP and requires the continuance of the removal bond under the same terms and conditions as stated in the holdover. This will alleviate the State of the responsibility for removing improvements that have outlived their useful lives at its own cost, especially in the event the Lessee/Permittee does not obtain a new lease. At the end of the RP, the Board, in its sole discretion, shall decide whether to require the removal of improvements or allow them to remain on the premises under a new lease issued by direct negotiation or public auction.

RECOMMENDATION:

That the Board:

1. Determine whether the proposed revocable permit is consistent with the public trust. If the Board determines that this action is consistent with the public trust, then the Board is recommended to approve the following:
2. Declare that, after considering the potential effects of the proposed dispositions as provided by Chapter 343, HRS, and Chapter 11-200, HAR, this project will probably have minimal or no significant effect on the environment and is therefore exempt from the preparation of an environmental assessment as a de minimis activity.
3. Authorize the issuance of a month-to-month revocable permit to Yamada Transfer, Inc. under the terms and conditions cited above, which are by this reference incorporated herein and further subject to the following:
  - a. The standard terms and conditions of the most current holdover of lease form, as may be amended from time to time;
  - b. Review and approval by the Department of the Attorney General; and
  - c. Such other terms and conditions as may be prescribed by the Chairperson to best serve the interests of the State.
4. Require the Permittee to post a removal bond, in an amount acceptable to the Chairperson, to remove all improvements at the end of the revocable permit period, and pay all costs incurred by Lessor to remove said improvements, including any costs to procure a consultant to estimate the cost of removal.

**Non-Action Item: First Public Hearing on Potential New Direct Lease to Yamada Transfer, Inc.:**

Non-Action Item Information:

LEASE TERM: Thirty-five (35) years.

LEASE COMMENCEMENT DATE: As determined by the Chairperson.

LEASE ANNUAL RENT:

Fair market rent for land and improvements, excluding trade fixtures, to be determined by independent appraiser, subject to review and approval by the Chairperson.

LEASE METHOD OF PAYMENT: Semi-annual payments, in advance.

LEASE RENTAL REOPENINGS:

At the 10<sup>th</sup>, 20<sup>th</sup> and 30<sup>th</sup> years of the lease term, by staff or independent appraiser.

LEASE PERFORMANCE BOND:

Twice the annual fair market rent determined by appraisal in accordance with HRS 171-17. Performance bond to be posted upon execution of lease.

PROPERTY CHARACTERISTICS:

Utilities – Electric, water, telephone and internet.

Slope – 2-20%

Elevation – 35 feet

Rainfall – 135 inches per year

Legal access – Staff has verified legal access from Lanikaula Street.

Subdivision – Staff has verified the subject is a legally subdivided lot.

Encumbrances – Encumbered by GLS-4302; expires May 11, 2026.

REMARKS:

Pursuant to Act 114, SLH 2024 (Act 114), the Board now has authority to issue leases by direct negotiation for commercial and industrial uses (along with other uses allowed under Section 171-59, HRS prior to the adoption of Act 114), if the parcel proposed for lease has an area of 5 acres or less. Here, the subject parcel has an area of 4.82 acres, and Yamada Transfer, Inc. is proposing continued

industrial uses in compliance with County of Hawaii zoning code for general industrial use.

Act 114 also requires showing that issuance of the direct lease would encourage competition within the relevant industry. Yamada Transfer, Inc.'s proposal allows its continued industrial use, but also allows the continuance of its sublessee, Tony Chevrolet's, service and repair shop. A new direct lease will allow both businesses to continue current operations, resulting in continued competition within the local industrial community. Without a new direct lease, both businesses would be subject to possible relocation or closure.

Another requirement for issuing a lease under Act 114 is that two public hearings must be held before the Board can approve the disposition. Staff has prepared this submittal to serve as the basis for the first public hearing at today's meeting, making consideration of the lease issuance a non-action item. Depending on input from the Board and the public at the hearing, staff intends to return to the Board at a later meeting for a second public hearing prior to the Board's action on Yamada Transfer, Inc.'s request for direct lease approval.

Finally, Yamada Transfer, Inc. is proposing to make significant improvements in excess of \$600,000 to the premises. Some of these improvements are upgrades to its individual wastewater system, building renovations, and paving/repaving portions of the base yard areas. More detailed information shall be provided in the next board submittal for issuance of the direct lease pursuant to Act 114.

Respectfully Submitted,

*Candace Martin*

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Candace Martin  
Hawaii District Land Agent

APPROVED FOR SUBMITTAL:



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L.Y. Dawn N.S. Chang, Chairperson