

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

June 26, 2026

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

PSF No.: 26HD-036

HAWAII

Issuance of a Month-to-Month Revocable Permit to Hiroshi & Naoe Matsubara, for Limited Industrial Uses Allowed Under the Current County of Hawaii Zoning Code, ML-20 Purposes, Waiakea House Lots Extension, Waiakea, South Hilo, Hawaii, Tax Map Key: (3) 2-2-050:095.

APPLICANT:

Hiroshi & Naoe Matsubara, husband and wife, tenants by the entirety.

LEGAL REFERENCE:

Sections 171-13 and -55, Hawaii Revised Statutes (HRS), as amended.

LOCATION:

Portion of Government lands of Waiakea House Lots Extension situated at South Hilo, Island of Hawaii, whose address is 30 Holomua Street and further identified by Tax Map Key: (3) 2-2-050:095. A location map of the property can be viewed at the following: [qPublic - Hawai'i County, HI - Map](#)

AREA:

13,932 sq. ft., more or less.

ZONING:

State Land Use District: Urban
County of Hawaii CZO: ML-20 (Limited Industrial, minimum 20,000sf.)¹

¹ Lot was subdivided into current size prior to current County of Hawaii Zoning Code. Lot is legal but non-conforming to current County Zoning Code.

TRUST LAND STATUS:

Section 5(b) lands of the Hawaii Admission Act

DHHL 30% entitlement lands pursuant to the Hawaii State Constitution: NO

CURRENT USE STATUS:

Unencumbered.

Formerly encumbered by General Lease No. S-3622 to Hiroshi & Naoe Matsubara for fish cake manufacturing purposes. Lease expired on March 19, 2026.

CHARACTER OF USE:

Limited industrial uses allowed under the current County of Hawaii Zoning Code, ML-20 purposes.

COMMENCEMENT DATE:

March 20, 2026

MONTHLY RENTAL:

As an interim measure staff is recommending charging \$1,468.00 per month. Lease rent for the last 10 years has been \$1,091.67 per month. Using a 3% per year escalation rate would result in a ~30% increase overall.

COLLATERAL SECURITY DEPOSIT:

Twice the monthly rental.

DCCA VERIFICATION:

Applicants as individuals are not required to register with DCCA .

JUSTIFICATION FOR REVOCABLE PERMIT:

The issuance of a revocable permit (RP) is appropriate in this situation as the lease recently expired and the RP is to serve as an interim measure between the lease expiration and the negotiations, preparation, and processing of a new direct lease to Hiroshi & Naoe Matsubara pursuant to Act 114, Session Laws of Hawaii 2024 (Act 114) and/or public auction of a lease of the premises.

The applicants have been operating Amano Fishcake, Inc. since the former lease was assigned to them in 1999. Staff recommends against displacing a reputable tenant and longstanding local business and also finds it imperative that the premises remain occupied to prevent squatting, vandalism and/or any sort of unauthorized entry. To date, staff has not received any inquiries from third parties regarding the availability of the site for leasing.

APPLICANT REQUIREMENTS:

None.

Staff notes that unlike other Applicants who are going through the same process, Hiroshi & Naoe Mastubara have submitted their application for a new direct lease which is currently being reviewed by the Division. Further, the subject property is one of the few State properties within this particular area that does not need to close an existing cesspool and convert to an individual wastewater system.

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, staff proposes that the subject request is exempt from the preparation of an environmental assessment pursuant to:

Exemption Class No. 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 51: Permits, licenses, registrations, and rights-of-entry issued by the Department that are routine in nature, involving negligible impacts beyond that previously existing.

The property is located within the existing and established Kanoelehua Industrial Area (KIA) which is zoned 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. Therefore, staff believes that any impact from this action can be considered de minimis 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 located in Hilo's Kanoiehua Industrial Area (KIA) and is located within an urban area zoned Industrial. It 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 which is one of the public trust purposes under Section 5(f) of the Admissions Act.

Further, having a tenant occupy the property and pay rent not only generates revenue to support Department programs through the Special Land and Development Fund (SLDF), it 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.

Aside from the rent revenue and the unsuitability for public use, Staff believes that 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.

BACKGROUND:

Under the provisions of the special disaster legislation (Act 4, First Special Session Laws of Hawaii 1960), which provided for direct issuance of leases to natural disaster victims who were affected by the 1960 tsunami that struck Hilo and other areas of the State, the subject property became encumbered by General Lease No. S-3622 (GLS-3622) issued to Satoru Amano dba Amano Fish Cake Factory for a term of 55 years commencing on March 20, 1961 and expiring on March 19, 2016.

Within the first year of the lease, the Lessee was required to complete construction of improvements at a total cost or value not less than \$10,000.00. The improvements were completed in 1962 and included a 2,304 square foot masonry and steel utility shed.

At its meeting of August 27, 1999, under agenda item D-10, the Board approved the assignment of GLS-3622 from Mr. Satoru Amano, dba Amano Fish Cake Factory, as Assignor, to Hiroshi Matsubara and Naoe Matsubara, husband and wife, tenants by the entirety, as Assignee.

At its meeting of June 12, 2025, under agenda item D-2, the Board approved, as amended, a ten (10) year extension of GLS-3622 to Hiroshi Matsubara and Naoe Matsubara, commencing on March 20, 2016, and expiring on March 19, 2026, and an amendment of the terms and conditions regarding the Assignment and Sublease provisions for GLS-3622 to update them with the current language.

A site inspection was performed on May 21, 2025, where the buildings and grounds were found to be in good condition with signs of normal wear and tear as to be expected.

The Hawaii District Land Office (HDLO) sent a letter to the lessees, dated July 22, 2025, to inquire if they were interested in an extension of the lease pursuant to Act 149, Session Laws of Hawaii 2018 (Act 149) and to inform them that they were required to submit a completed application with necessary documents² no later than 120 days prior to the expiration of the lease.

REMARKS:

The lessee was unable to submit a completed application and plans and proposal for the required improvements by the deadline. HDLO has since proposed that the lessee apply for a direct lease pursuant to Act 114, Session Laws of Hawaii 2024.

On March 24, 2026, HDLO received an application from the subject applicant for a new direct lease and staff is currently reviewing the application. Staff is recommending the issuance of an RP to serve as a temporary tenancy for the subject property until the application can be vetted and any proposed improvements and development plan can be negotiated. Unlike many of the other recent lease extensions or new direct leases in Hilo's industrial area, the subject property does not require cesspool conversion to an individual wastewater system as it is currently connected to the County sewer system.

Once a complete proposal and development plan has been drafted, Staff will return to the Board with a recommendation for issuance of a new direct lease or offering a new lease at public auction.

² For Act 149 lease extensions, lessees are required to submit an appraisal of the existing improvements with plans, specifications and proposal for substantial improvements with a cost equal to at least 30% of the value of the existing improvements as appraised.

Staff strongly recommends the issuance of an RP to the applicants at this time as an interim solution for the current situation. It is not in the best interest of the public trust for this property to sit vacant during the lengthy public auction process. Currently vacant properties in Hilo's industrial area are being heavily vandalized. Securing such properties is costly and not very effective, resulting in reduced value of the property. There have been no other requests from the public for use of this property.

Further, with the instability of the economy, the existing business would suffer severe losses if required to relocate in the current market; potentially resulting in failure.

No agency or community comments were solicited as this request would be a continuation of the prior use.

The applicant has not had a lease, permit, easement or other disposition of State lands terminated within the last five years due to non-compliance with such terms and conditions.

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 disposition as provided by Chapter 343, HRS, and Chapter 11-200.1, 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.
3. Authorize the issuance of a revocable permit to Hiroshi & Naoe Matsubara covering the subject area for limited industrial uses allowed under the current County of Hawaii Zoning Code, ML-20 purposes 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 revocable permit 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.

Respectfully Submitted,

Dan Gushiken

Dan K. Gushiken
Land Agent

CMM

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APPROVED FOR SUBMITTAL:

R.K.K.

Ryan K.P. Kanakaole, Acting Chairperson