

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

January 9, 2026

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

25HD-108
Hawaii

Issuance of a Revocable Permit to Paradise Plants Home and Garden Center LLC, for Limited Industrial Uses Allowed Under the Current County of Hawaii Zoning Code Purposes, Waiakea, South Hilo, Hawaii, Tax Map Key: (3) 2-2-049:012.

Non-Action Item: First Public Hearing on Potential Issuance of New Direct Lease to Paradise Plants Home and Garden Center LLC for Limited Industrial Uses Allowed Under the Current County of Hawaii Zoning Code Purposes, Waiakea, South Hilo, Hawaii, Tax Map Key: (3) 2-2-049:012.

APPLICANT:

Paradise Plants Home and Garden Center LLC, a Hawaii limited liability company.

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, South Hilo, Hawaii, identified by Tax Map Key: (3) 2-2-049:012, as shown on the attached map labeled Exhibit A.

AREA:

15,999 square feet, more or less.

ZONING:

State Land Use District: Urban
County of Hawaii CZO: ML-20; limited industrial – 20,000sf minimum*

* It is to be noted that the existing parcel is 15,999 square feet and the current zoning requires a minimum 20,000 square foot lot size. The boundaries of the subject parcel were determined prior to the current County of Hawaii zoning and are accepted as a non-conforming size by the County.

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:

Encumbered by General Lease No. S-3593, Automotive Supply Center, Inc., Lessee, for industrial purposes. Lease to expire on 01/15/2026 and lessee is not requesting an extension of the term.

CHARACTER OF USE FOR REVOCABLE PERMIT AND DIRECT LEASE:

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

REVOCABLE PERMIT COMMENCEMENT DATE:

January 16, 2026.

REVOCABLE PERMIT MONTHLY RENTAL:

As an interim measure staff is recommending charging the same monthly rate of \$2,600.00 which the tenants have been paying as a sublessee.

COLLATERAL SECURITY DEPOSIT:

Twice the monthly rental amount.

DCCA VERIFICATION:

Paradise Plants Home and Garden Center LLC is in good standing with the Business Registration Division of the DCCA.

JUSTIFICATION FOR REVOCABLE PERMIT:

Use of a revocable permit in this instance is appropriate. The lease is expiring on 01/15/2026. The revocable permit is an interim measure to serve the time between the expiration of the existing lease and issuance of a new direct lease to Paradise Plants Home and Garden Center LLC (Paradise Plants), if approved. Paradise Plants has been operating its retail store on this site for 29 years as the sublessee of Automotive Supply Center, Inc. and in the Hilo area for 52 years. Staff finds it imperative to keep the building occupied to prevent vandalism and as not to displace a long-standing local business. To date, staff has received no inquiries from third parties as to the availability of the site for leasing.

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 10th, 20th and 30th 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.

DIRECT LEASE APPLICANT REQUIREMENTS :

Paradise Plants Home and Garden Center LLC shall be required to:

1. Close the onsite cesspool per Department of Health (HDOH) approved methods and install an HDOH approved alternative wastewater system within the first 6 months of the lease.

PROPERTY CHARACTERISTICS:

Utilities – Electric, water, telephone and internet.

Slope – 2-20%

Elevation – 60 feet

Rainfall – 135 inches per year

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

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

Encumbrances – Currently encumbered by GLS-3593; expires 01/15/2026.

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 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," and 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 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 revocable permit 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 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, the current use of the property provides for the betterment of Native Hawaiians, one of the public trust purposes under Section 5(f) of the Admissions Act. Furthermore, having a tenant occupying the property and paying rent not only generates revenue to support Department programs, 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 revenues currently support the Special Land and Development Fund (SLDF), with revenues coming primarily from leases 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.

The SLDF is a critical and increasingly important funding source for various

divisions within the Department to deal with emergency response to natural catastrophes such as fire, rockfall, flood or earthquake and hazard investigation and mitigation. The SLDF also is critical for staff support of various programs and funding conservation projects on all state lands. It has also become an important source of state match for federally funded endangered species and invasive species initiatives that otherwise would not go forward.

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.

BACKGROUND:

Under the provisions of the special disaster legislation (Act 4, First Session Law of Hawaii 1960), the subject property was encumbered by General Lease No. S-3593 (GLS-3593) issued to Automotive Supply Center, Ltd. (ASC) for a term of 55 years commencing on January 16, 1961 and expiring on January 15, 2016.

At its meeting of January 23, 1997, item D-9, the Board consented to a sublease under GLS-3593 to Lesley Hill dba Paradise Plants.

At its meeting of January 22, 2016, item D-9, the Board approved a 10-year extension of the lease, moving the expiration date to January 15, 2026.

Lesley Hill passed away in May 2017 and her daughters Loke M. Hill-Higgins and Maikalani Hill-Higgins are continuing the business as Paradise Plants Home and Garden Center LLC (Paradise Plants).

REMARKS:

A pre-exit inspection was performed on 05/21/2025 and the building and grounds were found to be in good condition with signs of normal wear and tear as to be expected (refer to attached Exhibit B). A final inspection will be scheduled prior to 01/15/2025.

Paradise Plants has been a local Hilo-based business since its opening in 1978 and on the subject premises since 1997. Started by Lesley Hill and being carried on by her daughters, Paradise Plants provides a large variety of plants, pots, statuary, furniture and home décor items to the Hilo community.

Paradise Plants also has a DLNR lease on an adjacent parcel which it uses for warehousing products and that lease has been approved for a 30-year extension.

In November 2025, Paradise Plants was informed by ASC that the lease on the subject property would be expiring in January 2026 and ASC would not be applying for an extension, the principals of Paradise Plants contacted the Hawaii District Land Office to inquire about the possibility of taking over the lease and applying for an extension.

The timing was too short to provide an application packet for the lease extension and therefore the best option is to issue a revocable permit and apply for a direct lease on the subject property.

Staff strongly recommends issuance of a revocable permit as an interim solution for the current situation. It is not in the best interest of the public trust to have this warehouse sitting vacant during the extensive public auction process. Currently vacant warehouses in the Hilo industrial area are being heavily vandalized. Securing such properties is costly and not very effective, resulting in reduced value of the 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 applicants have 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.

The proposed use has continued since 1997 and will continue throughout the revocable permit. Such use has resulted in no known significant impacts, whether immediate or cumulative, to the natural, environmental and/or cultural resources in the area. As such, staff believes that the proposed use would involve negligible or no expansion or change in use of the subject area beyond that previously existing.

Non-Action Item: First Public Hearing on Potential New Direct Lease to Paradise Plants Home and Garden Center LLC:

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 15,999 square feet, more or less, and Paradise Plants is proposing industrial uses in compliance with County of Hawaii zoning code for

general industrial use.

Act 114 also requires a showing that issuance of the direct lease would encourage competition within the relevant industry. Paradise Plants' proposal allows its continued commercial use, which has through its diverse offering of products provided an alternative option to the big box stores and serves to support the local economy. A new direct lease will allow Paradise Plants to continue current operations, resulting in continued competition within the local commercial/industrial community. Without a new direct lease, this business 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 Paradise Plants' request for final lease approval. Although not required by Act 114 or Section 171-59, HRS, staff will also prepare a public notice regarding the proposed disposition and publish it in the newspaper and post it on Land Division's webpage prior to the second meeting.

Finally, Paradise Plants is proposing to convert the existing cesspool to an individual wastewater system. The cesspool closure is required under both federal and state law and supports overall public health and safety. The impact resulting from these actions will be beneficial and in support of a clean and healthful environment.

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 as a de minimis activity.
3. Authorize the issuance of a revocable permits to Paradise Plants Home and Garden Center LLC covering the subject area for uses allowed under the current County of Hawaii Zoning Code, 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,

Candace Martin

Candace Martin
Land Agent

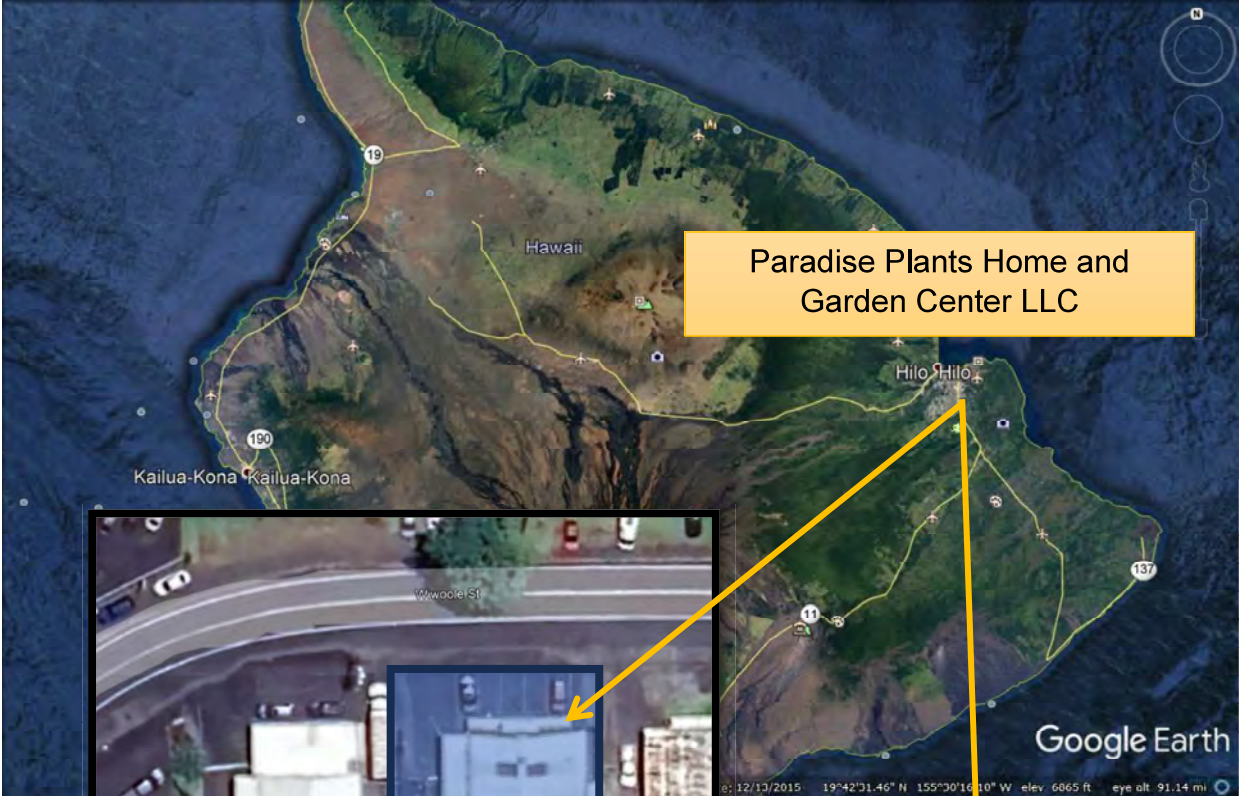
APPROVED FOR SUBMITTAL:



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Ryan K.P. Kanakaole, Acting Chairperson

EXHIBIT A



INSPECTION REPORT
Commercial/Industrial/Resort/Other Business**General Information**Document Number: GLS 3593 or RPS _____Character of Automotive SupplyInspection Date: 5/21/2025 Inspection Time: 11:00 amLand Agent: Pua Ishibashi**TENANT INFORMATION**Name: Automotive Supply Center, LimitedHome Phone: N/AAddress: 40 Wiwoole StBusiness Phone: 808/935-3767Hilo, Hawaii 96720Fax: N/AContact Person: DarenContact Phone: 808/935-3767**SITE INFORMATION**TMK: (3) 2-2-049:012Area: 15,999 sfSite Address: 40 Wiwoole St. Hilo, Hawaii 96720 (Paradise Plants Home and Garden Center)**FISCAL INFORMATION**

ITEM	N/A	CURRENT= COMPLIANCE	DEFAULT = NON-COMPLIANCE	COMMENTS
Rent		X		
Liability Insurance		X		
Fire Insurance		X		
Bond	X			Waived effective 8/27/1971
Property Taxes		X		

FIELD INSPECTION RESULTS (refer to Field Inspection Worksheet)

ITEM	N/A	COMPLIANCE	NONCOMPLIANCE	COMMENTS
Subleases		X		
Improvements		X		
Premises		X		
Character of Use		X		

Field Inspection Worksheet
Commercial/Industrial/Resort/Other Business

File Review

LICENSES/PERMITS/CONSENTS

ITEM	DLNR Approval Docs in File			COMMENTS/NOTES/LISTS
	N/A	YES	NO	
Subletting		X		Sublease of property to Paradise Plants
Improvement Construction Buildings		X		The original building of masonry and steel consisting of 5,200 sf was built in 1961.
Improvement Construction Other structures/misc.		X		Replaced building's front canopy and removed and replaced 15 linear feet of interior wood support beams in 2016.

Field Inspection

ITEM	SATISFACTORY?			COMMENTS/NOTES
	N/A	YES	NO	
SUBLEASES		X		Sublease of property to Paradise Plants, use adheres to lease purpose.
Consents approved		X		
Use adheres to lease purpose		X		
IMPROVEMENTS		X		General maintenance, fixing, replacing, and painting items in these areas as needed.
<u>Buildings/Residences:</u> roof		X		
paint		X		
exterior		X		
interior		X		
<u>Structures:</u> driveway		X		
walkways		X		Driveway, walkways and fence lines are well maintained and in very good condition.
fencelines		X		
others				Open areas with plants and outside covered areas with plants very well maintained.
PREMISES		X		Premises are very well maintained, clean and orderly. There are no hazardous materials on premises.
clean, sanitary, orderly appropriate storage/use of hazardous materials		X		
CHARACTER OF USE		X		
adheres to lease purpose				

ITEM	SATISFACTORY?			COMMENTS/NOTES
	N/A	YES	NO	
Other:				<p>Lessee states there are no issues with roof, plumbing, electrical, or flooring as confirmed by field inspection.</p> <p>In general, the property, building, and structures are very well maintained, clean, and in good order.</p>
Plumbing				
Roof Drainage				
Electrical				
Warehouse Floor				
Photos are attached				

Notes:

Lessee has not determined if they will pursue a lease extension at this time. However, Paradise Plants has expressed an interest to lease property should it become available. In any event, whether it is a lease extension, or a new lease, the lessee will be required to connect to a county sewer line or to install a new septic tank.

In general property, building, and structures appear to be well maintained and in good order. However, there is a need to mitigate current rust concerns and to prevent subsequent rust issues. Recommendations: To treat rust and paint rusted areas of roof, roof support beams, building support beams, and interior and exterior metal portions of building as needed.

Submitted by Pua Ishibashi 8/22/2025



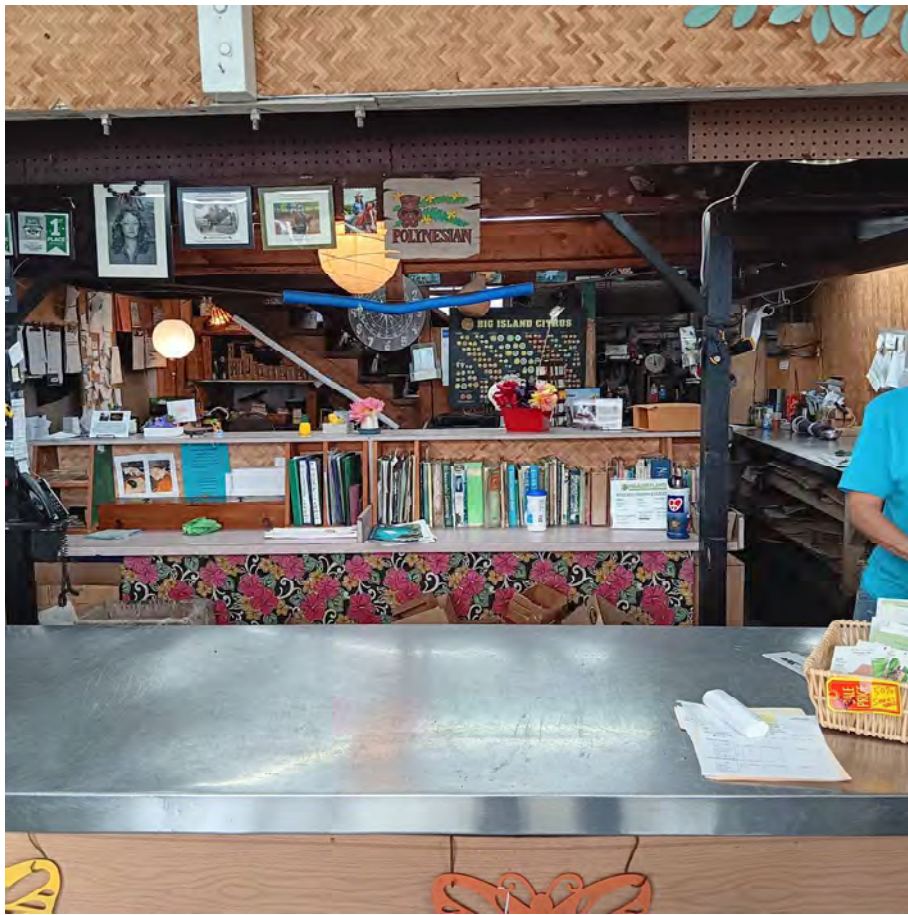
Front entrance area



Eastern side of building



Rear of building



Customer service area



Back-office area



Store area



Restrooms



Stairs to second floor



Upstairs office area



Upstairs storage area



Open ceiling area