

STATE OF HAWAI'I

DEPARTMENT OF ACCOUNTING AND GENERAL SERVICES

PROGRESS REPORT ON THE

IMPLEMENTATION OF ACT 219, SLH 2021

DECEMBER 2025

SUBMITTED TO

THE THIRTY-THIRD STATE LEGISLATURE

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December 3, 2025

INTRODUCTION / BACKGROUND

Act 219, Session Laws of Hawai'i (SLH) 2021 (SB 1015 SD2 HD1 CD1), **requires that "the comptroller shall reduce the total square footage of space leased by the State as of July 1, 2021, by ten percent no later than July 1, 2026."** The revised total amount of office space leased by the Department of Accounting and General Services (DAGS) as of July 2021 (Figure 1) was 506,971 square feet (SF), therefore the target reduction amount for DAGS is at least 50,697 SF.ⁱ

Figure 1: Office Leases as of July 2021 (Baseline)

ISLAND	SF
Hawai'i	114,461
Kaua'i	16,226
Lāna'i	2,161
Maui	65,561
Moloka'i	0
O'ahu	308,562
TOTAL	506,971

The total square footage of offices in leased space as of June 30, 2025 (Figure 2) was 492,406 SF which is a decrease of 14,565 SF (2.9%) from July 2021. The reduction based on the 2021 baseline leases would be 56,445 SF (11.1%), however it is offset by 40,341 SF in leases for newly created offices or offices previously not in leased space. The changes occurred on all islands except for Lāna'i.

For Hawai'i Island, there is a net decrease of 8,753 SF from the 2021 baseline. The temporary lease space for the Department of Human Services (DHS) was terminated when staff were able to move back into State space after renovations were completed. The Department of Health (DOH) on the island implemented teleworking and downsized the space requirements for three different offices; however, new lease space in Hilo was required due to the closing and demolition of the DOH's Keawe Health Center and Hilo Adult Mental Health Clinic.

For Kaua'i, there is a net decrease of 46 SF from the 2021 baseline. The Department of Agriculture & Biosecurity (DAB) terminated a lease; however, the Department of Corrections and Rehabilitation (DCR), formerly the Department of Public Safety, required a larger lease space.

For Maui, there is a net increase of 347 SF from the 2021 baseline. The Department of Commerce and Consumer Affairs (DCCA) terminated its lease. The DOH implemented teleworking to downsize an office but also required lease space for a new office.

For O‘ahu, there is a net decrease of 6,113 SF from the 2021 baseline. Reductions totaling 50,599 SF have occurred to date resulting from cancellations (Department of Budget and Finance (DBF), and DHS) and downsizing of offices due to relocating staff from lease to State space or changes in staffing (DHS). Increases due to expansion of existing offices in leased space (Office of the Attorney General (AG), Department of Education (DOE), and DCR) and to new leases (AG, Department of Law Enforcement (DLE), and DOH) were 5,412 SF and 35,775 SF, respectively. Of the new leases, 22,842 SF is attributable to the DLE, which was established under Act 278, SLH 2022. There also is an additional 1,760 SF for new leases for DOH, however this is temporary until the new Wahiawā Civic Center is built and staff are relocated there.

Figure 2: Office Leases as of June 30, 2025

ISLAND	SF	Change
Hawai‘i	105,708	-8,753
Kaua‘i	16,180	-46
Lāna‘i	2,161	0
Maui	65,908	347
Moloka‘i	0	0
O‘ahu	302,449	-6,113
TOTAL	492,406	-14,565

(-2.9%)

Compared to the 2021 baseline, the total square footage of space that DAGS leases could be reduced by an estimated 82,468 SF (16.2%) in the next 10 years resulting from efforts completed to date, as well as several ongoing efforts; details are below. This estimate is subject to change, depending on funding for the implementation.

Figure 3: 10-year Projection from Baseline

ISLAND	SF
Hawai‘i	-15,734
Kaua‘i	-46
Lāna‘i	0
Maui	-49,589
Moloka‘i	0
O‘ahu	-17,099
TOTAL	-82,468

(-16.2%)

STRATEGIC PLAN

The Department of Accounting and General Services strategic plan to reduce the lease costs generally falls into short-term, intermediate, and long-term efforts which are summarized below.

1. Short-Term (0 – 3 years):

- a. Reduce short-term leases. Programs request short-term leases for a variety of reasons, such as temporarily relocating staff to accommodate renovation of existing office space or to house seasonal / temporary staff to perform a specified function for a designated window of time (e.g., COVID pandemic response). DAGS' first option is to use space in State office buildings, if available, before leasing privately owned office space.
- b. Completion of on-going planning efforts in progress. DAGS initiated several State Office Building renovation projects which would create office space to house programs currently in lease space and is working with other offices who initiated planning efforts to optimize how they utilize their existing spaces.
- c. Implementation of Revised Office Standards (ROS) when programs submit requests for new or additional space, or when purchasing modular furniture. The ROS generally is 20 percent lower than the office standards used prior to 2017, and actual application is dependent on a cost-benefit analysis to determine the value of the related investment.
- d. Voluntary Program Space Reduction. Several programs have taken the initiative to reduce the amount of space leased by the programs. They shifted the work from paper to electronic files and initiated teleworking.

2. Intermediate (4 – 10 years):

- a. Continue to assess the feasibility for implementation of the ROS on a wider basis, which includes right-sizing offices in existing spaces and renovation to optimize use of space in State office buildings.
- b. Assess the feasibility and implement the planning, design, and construction of new facilities to accommodate relocation of offices currently in lease space.
- c. Assess the feasibility and implement the purchase of existing buildings. Due to changes in demographics, clusters of programs can be located to now populous areas where state services are needed, and there are no State Office Buildings nearby, or the existing State buildings do not have capacity to house additional programs.

3. Long-Term (over 10 years):

- a. Full implementation of ROS. Apply ROS to all State programs and reduce office footprints as applicable.
- b. Construction of New State Buildings.
- c. Acquisition of one or more existing buildings to convert into state offices.

DETAILS OF DAGS' EFFORTS TO REDUCE THE AMOUNT OF LEASED SPACE**HAWAI'I****Short-Term:**

The DOH is in the process of relocating one of its offices from lease space to the remaining vacant space in the Hilo State Office Building. This lease, involving 2,981 SF of space, is anticipated to end on or about October 31, 2025. No other permanent solutions are available in the short term.

Intermediate / Long-Term:

The Keākealani Building has approximately 9,000 SF of space due to the Judiciary's relocation to its new building in Kailua-Kona. DAGS' newly created West Hawai'i District Office will require some of this space to expand its existing office due to hiring additional staff. Portions of the space require renovation from courtrooms to office space before they can be fully used. In addition, the Keākealani Building is a two-story wood frame structure built around 1939 that has had minimal improvements since its conversion from a hospital to an office building and courthouse in the mid-1980s. DAGS intends to include a request in the 2027-2029 fiscal biennium to fund renovations for health and safety improvements, including optimizing the space for potential relocation of offices from leased space.

In the interim, the Kona Pacific Public Charter School is temporarily using some of this space as a classroom for students and offices for staff. Approximately 4,000 SF of space remains available, however the intent is to use it as swing space to implement a phased renovation to optimize space in the facility, which would reduce the need for temporary lease space for the current occupants.

Many of the State programs occupying leased spaces on the West side of the island have migrated to Kailua-Kona to be closer to the population center to better serve clients. Many offices provide services related to those of the Judiciary's Keahuolū Courthouse facility in Kailua-Kona as well. DAGS does not manage any facilities or State properties in Kailua-Kona. Currently, DAGS is collaborating with the County of Hawai'i on a site selection study for the colocation of a new Kailua-Kona civic center, which would include a new state office building and parking, with a new transit hub.

KAUA'I**Short-Term:**

Due to the limited inventory of State space, no solutions are available in the short term.

Intermediate / Long-Term:

DAGS engaged the services of the University of Hawai'i's Community Design Center to undertake a proof-of-concept study for the Līhu'e Civic Center aimed at optimizing use of properties under DAGS' control in the area, including the former Līhu'e Police Station property. While the proof-of-concept effort looked at a mix of uses, including housing,

office space, commercial space, and parking, additional planning would be required to further determine the project's feasibility including the potential amount of reduction in office space leased by DAGS.

LĀNAʻI

There are no DAGS managed office buildings on the island of Lānaʻi. It would not be feasible to build and operate a facility to provide accommodation for the offices leasing space on the island.

MAUI

Short-Term:

Due to the limited inventory of State space, no solutions are available in the short term.

Intermediate / Long-Term:

- DAGS is partnering with the Hawaiʻi Housing Finance and Development Corporation (HHFDC) for mixed-use development that includes affordable housing, office space to support relocation of State offices from private leased space, a parking structure, and possible integration of a new preschool within the Kahului Civic Center. Management and control of this property was transferred from DAGS to HHFDC. HHFDC hired a planning consultant to develop a programmatic master plan and Environmental Impact Statement (EIS). The Final Environmental Assessment/Finding of No Significant Impact was published in the May 8, 2022, issue of The Environmental Notice. Funding for additional planning and the design of the Civic Center portion of the property was appropriated to DAGS under Act 164, SLH 2023. It is estimated that this could result in reducing office space leased by DAGS by 48,700 SF. DAGS intends to include a request in the 2027-2029 fiscal biennium to fund the construction of the facility.
- DAGS will be exploring redevelopment of both the State's existing Wailuku Civic Center property and the former post office site that DAGS anticipates leasing from the County of Maui to address space shortfalls for state offices and the Judiciary in the area. The amount of reduction in office space leased by DAGS resulting from this effort is still to be determined. Planning funds to begin this effort have been appropriated and DAGS is in the process of initiating a project.

OʻAHU

Short-Term:

- DHS-Benefit, Employment and Support Services Division's (BESSD) Kailua First-to-Work unit currently leases 4,414 SF of space and is anticipated to relocate to the Kāneʻohe Civic Center after renovations are completed, estimated to be in 2026. BESSD Processing Center staff currently in the Kāneʻohe Civic Center have consolidated with other Processing Center staff in an existing lease space in Kailua. It is not anticipated that additional lease space will be required for the

consolidation. This effort will result in a reduction of 4,414 SF of space leased by DAGS.

- DHS-BESSD Staff Development Office and DHS Social Services Division (SSD) Training Office in Honolulu currently lease 13,212 SF of space. BESSD is exploring options to relocate to state office space in the Kamāmalu and/or Kākuhihewa Buildings, with SSD planning to remain in Honolulu. The space planning process has been initiated between BESSD and DAGS. The amount of reduction in office space leased by DAGS resulting from this effort is still being determined.
- DHS Med-Quest's office in Kapolei leases 7,644 SF of space. This office will move to the Kākuhihewa Building after renovations are completed to facilitate the relocation. It is estimated DHS will implement relocation starting the first half of 2026. This effort will result in a reduction of 7,644 SF of office space leased by DAGS.
- The existing Wahiawā Civic Center site is in the process of full redevelopment. The existing state office building was demolished, and two new buildings are being constructed in its place: a new court facility for the Judiciary's Wahiawā District Court, and a new state office building to provide office space for State agencies and the City and County of Honolulu. Occupancy is estimated in late 2026 / early 2027. While an estimated 1,760 SF of temporary office space was needed for offices displaced by the demolition of the existing facility that could not find alternatives in State space, the new facility will allow for a permanent reduction of 6,793 SF of space leased by DAGS overall.
- DAGS plans to initiate efforts to re-evaluate the space needs and develop conceptual plans to optimize the space layouts of offices in three largest State Office Buildings on O'ahu: Kalanimoku, Ke'elikōlani, and Kākuhihewa Buildings. DAGS intends to use a portion of the funds appropriated in FY2026 to begin working on these initiatives. DAGS anticipates including a request for additional funding in the 2027-2029 fiscal biennium to complete these efforts.

Intermediate:

- DAGS initiated a project to plan for the rehabilitation of the State Capitol Building. This work includes identification and evaluation of State and private sector options which could be renovated or redeveloped to temporarily relocate occupants and functions from the State Capitol Building, as well as their subsequent re-use. The possibility of the State increasing its inventory of State office space could reduce the amount of office space currently being leased.

Long-Term:

- DAGS is partnering with the HHFDC to plan for a mixed-use development (affordable housing, office space to support relocation of State offices from private leased space, some commercial, and parking structure) within DAGS' Liliha Civic Center property. The Final Environmental Impact Statement for the Iwilei Infrastructure Improvement Master Plan and Liliha Civic Center Master Plan was published on March 23, 2025, and accepted by Governor Green on July 23, 2025.

CHALLENGES

While DAGS recognizes that Act 219 provides for oversight of all state leased space, DAGS continues to maintain our focus on DAGS-managed lease space. Even as we have begun working to reduce the total square footage of space leased by DAGS, we have several challenges; one is the ever-changing staffing levels of the State. The establishment of the DLE generated the need for approximately 23,000 SF of office space which cannot be housed in any State Office Building. Also, creating new positions in existing offices which do not have the space to house the additional employees poses another challenge. The need to immediately accommodate these positions shifts the immediate and long-term planning to optimize State offices.

Another challenge is the deteriorating conditions of some of the older facilities and lack of sufficient funding to keep up with their repair and maintenance, as well as renovations and upgrades needed to modernize the facilities to ensure they remain suitable to the needs of occupants. As an example, the DOH is in the process of vacating Kīna'u Hale and will require an estimated 70,000 SF of additional lease space. This is due to the physical condition of the facility as well as DOH having outgrown the space available, both of which have an impact on DOH's operations.

There is a staff shortage due to long-standing and increased vacancies which hampers our ability to provide services to the programs in order to implement our plans. We have been challenged to identify and hire qualified applicants to fill architectural and engineering jobs within DAGS. Some of these positions have been filled and we are working on bringing the new staff up to speed on projects as well as policies and procedures.

The current Public Works Division organization places an excessive burden on the Planning Branch to assist with space planning in addition to DAGS' capital improvement program (CIP) planning projects and administration of the department's CIP budget. To address this bifurcation of duties and increase DAGS' capacity to achieve Act 219's goals, we are expanding our Leasing Services Branch which will include additional staffing to focus the combined services of space management and leasing services into one cohesive unit with its own Architect, Drafting Technicians, and an Account Clerk. One out of the two drafting technician positions and the account clerk position have been filled, and we are working on bringing these staff up to speed. We anticipate needing to add additional positions to provide adequate services.

Funding is another hindrance. Funds are needed for the planning, design, and construction of renovation work necessary to renovate and optimize office space in existing facilities; relocation costs for programs both out of and into spaces targeted for renovation, as well as from leased space into state space; and possibly, as appropriate, funds for furniture and other miscellaneous equipment.

Lastly, while teleworking can reduce space by staff using docking stations rather than individual workstations, adoption of this strategy is an operational decision to be made by each affected program's department and is outside of DAGS' purview or influence.

¹ Corrected baseline and target reduction amount. Prior reports erroneously included a small number of leases where DAGS is the lessor.