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STATE OF HAWAII
DEPARTMENT OF HAWAIIAN HOME LANDS

Ka 'Oihana 'Aina Ho'opulapula Hawai'i

P. O. BOX 1879
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December 6, 2022

The Honorable Ronald D. Kouchi
President and Members of the Senate
31st Legislature, 2022
State Capitol, Room 409
Honolulu, Hawaii 96813

The Honorable Scott Saiki
President and Members of the
House of Representative
31st Legislature, 2022
State Capitol, Room 431
Honolulu, Hawaii 96813

Dear President Kouchi, Speaker Saiki, and Members of the Legislature:

On behalf of the Hawaiian Homes Commission and the Department of Hawaiian Home Lands, I am transmitting a copy of the Strategic Plan to Implement Act 279 (2022).

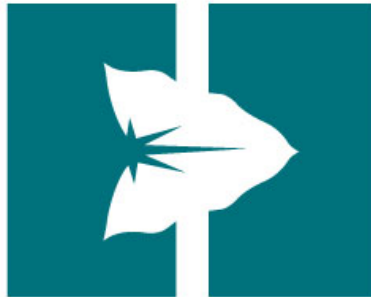
In accordance with Section 93-16, Hawaii Revised Statutes, I am also informing you that the report may be viewed online at <https://dhhl.hawaii.gov/act279>.

Sincerely,

William J. Ailā, Jr., Chairman
Hawaiian Homes Commission

Strategic Plan to Implement Act 279 of 2022

November 2022



HAWAIIAN HOME LANDS TRUST

Department of Hawaiian Home Lands

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Executive Summary

The purpose of this document is to communicate DHHL's broad strategy to utilize the \$600,000,000 (\$600M) in funds to implement Act 279 of 2022. The purpose of Act 279 as stated in the legislation is to provide a multi-pronged approach to reducing [the DHHL] waitlist. The \$600M will address the needs of those on the DHHL waitlist and those beneficiaries still waiting.

Given recent world events that have transpired over the previous two years such as the COVID-19 Pandemic and Ukrainian-Russia War, U.S. economic inflation and supply chain disruptions may impact costs of labor and construction materials. Therefore, to account for the current climate of price variability and uncertainty, new lot development identified in this document may change over time. DHHL will revise its budget outlook each fiscal year to accommodate for these uncertain factors over the three-year period of this Act. Updated budgets will be presented to the HHC for approval and to the Legislature as an informational progress report.

DHHL's preliminary strategy to utilize the \$600M is guided by three fundamental policy considerations:

1. The majority of resources provided under Act 279 should go to homeownership activities rather than rental activities.
2. Resources provided for homeownership activities should prioritize new homestead lot development.
3. Prioritization of homestead lot development projects should be based upon:
 - Timing/position in the DHHL "production pipeline";
 - Priority areas for new homestead development identified in DHHL Island Plans;
 - Waitlist demand on each island by applicants.

Lot Development

This document is organized around projects and programs that will provide homeownership or rental opportunities to waitlist beneficiaries. Lot development projects are further broken out by County.

Summary of Lot Development Projects Statewide	
County	Number of Lots
Hawai'i	440
Maui	572
City and County of Honolulu	1,525
Kaua'i	190
TOTAL	2,727

Land Acquisition

In addition to lot development projects, over the course of the implementation of Act 279, DHHL will entertain opportunities to acquire new lands with similar characteristics (i.e. close to existing infrastructure and suitable for residential use). DHHL may also entertain acquiring property needed for water source development in areas where DHHL lands do not have sufficient water for homestead development.

Individual Assistance Programs

Per the policy considerations discussed in the Introduction of this plan, the majority of funding will go to new homestead lot development. However, DHHL also plans to set-aside roughly 10 percent of Act 279 Funding for new and innovative programs that may be identified by beneficiaries and/or housing stakeholders that could help individual waitlist applicants address barriers to homeownership. Also mentioned previously, the actual cost to develop and construct new homestead lots may vary depending upon current and future world events. As such, the amount of potential funding that could be available for individual assistance programs is dependent upon actual construction costs and amount of available funds remaining.

Additional programmatic ideas from the beneficiary community to identify and address barriers to homeownership can be put forth by the community and housing assistance stakeholders for DHHL and the Hawaiian Homes Commission's consideration over the next 12-months.

Rental Opportunities

It is important to note that unlike the homeownership opportunities identified under the previous section that have programmatic actions to reduce the waiting list, *none of the rental opportunities identified in this document will immediately reduce the waitlist. Applicants who elect to participate in these rental opportunities will remain on the waitlist and keep their waitlist rank-order.* Nonetheless, DHHL felt it important to offer these rental opportunities to its waitlist applicants as it will offer more immediate housing security to these beneficiaries and may eventually enable these waitlist applicants to become homeowners. Currently, DHHL has plans for rentals on the island of O‘ahu.

Lastly, at this time, the determination whether new rental units will be rent-to-own, long-term rentals, or transitional housing has not been made. Those decisions will be made as the projects progress further through the production pipeline.

Proposed Legislation

Act 279 (2022) instructed DHHL to submit the strategic plan, including findings and recommendations of any proposed legislation that would help with the implementation of Act 279. DHHL recommends six legislative proposals that have been approved by the Hawaiian Homes Commission for hopeful enactment next legislative session:

1. **HHL-03(23) Relating to Housing.** This proposal exempts any development of homestead lots or housing for DHHL from general excise taxes.
2. **HHL-04(23) Relating to Historic Preservation Reviews.** This proposal allows the Department of Hawaiian Home Lands to assume review of the effect of any proposed project on historic properties or burial sites for lands under its jurisdiction.
3. **HHL-05(23) Relating to Interim Administrative Rules of DHHL.** This proposal creates a new section of the HRS that allows DHHL after consultation with beneficiaries and organizations representing beneficiaries to issue interim rules which shall be exempt from the public notice, public hearing, and gubernatorial approval requirements of Chapter 91 as long as the interim rules shall be effective for not more than eighteen months. The eighteen-month limitation on the life of the interim rules will further ensure that the Department has adequate time to adopt permanent rules through formal rulemaking procedures.
4. **HHL-08(23) Relating to Affordable Housing on Hawaiian Home Lands.** This proposal repeals the July 1, 2024, sunset of Act 141, Session Laws of Hawaii 2009, and the July 1, 2024, sunset of Act 98, Session Laws of Hawaii 2012, to make the affordable housing credit program permanent.
5. **HHL-09(23) Relating to School Impact Fees.** This proposal repeals the July 1, 2024, sunset of Act 197, Session Laws of Hawaii 2021, to make permanent the exclusion of housing developed by the Department of Hawaiian Home Lands from school impact fees.

6. **HHL-10(23) Relating to DHHL.** This proposal allows for the expenditure of funds appropriated in Act 279 Session Laws of Hawaii 2022 until June 30, 2025.

BACKGROUND AND PLAN ELEMENTS

On July 11, 2022, Governor David Ige signed Act 279 into law. The purpose of this Act, as stated in the legislation, is to provide a multi-pronged approach to eliminating the Department of Hawaiian Home Lands' waiting list. The Act also requires that the Department of Hawaiian Home Lands (DHHL) develop a strategic plan and identifies three requirements for this plan (consistent with Section 4(a), 4(b) and 4(c) of Act 279):

1. The plan shall address the following applicant preferences reflected in the 2020 Beneficiaries Study Applicant Report:
 - a. Seventy-six percent (76%) of individuals on DHHL's waiting list who prefer a lot with a single-family home or a vacant lot for a house; and
 - b. Sixteen percent (16%) of individuals on DHHL's waiting list who prefer to rent or rent-to-own a single-family home, duplex, apartment, or townhouse, with the option to buy in the future.
2. The plan shall be divided by county and include recommended waiting list policies detailing when homeowner-applicants receive mortgage or down payment assistance from DHHL and renter-applicants who opt to continue to reside in their existing rental housing or future rental housing developed for the DHHL.
3. The Plan should include findings, recommendations, and any proposed legislation.

Requirements (1) and (2), identified above, are addressed in Part I: Strategic Approach, while requirement (3) is addressed in Part II: Findings and Proposed Legislation.

Part I: Strategic Approach

In August 2022, the Hawaiian Homes Commission approved The Preliminary Strategic Approach (Strategic Approach) to Implement Act 279 of 2022 and authorized the Chairman to begin implementation of this Strategic Approach. The Strategic Approach is replicated in Part I of this Plan.

Part I lays out the framework and approach utilized by DHHL to determine the initial allocations of the historic funding provided by Act 279. It also highlights the need to be flexible during these uncertain times, and DHHL's desire to partner with beneficiaries, beneficiary organizations, and other affordable housing entities to meet Act 279's purpose.

To this end, Part I describes a set-aside of roughly ten percent (10%) of the Act 279 funding to support innovative ideas and creative programs identified by beneficiaries and housing stakeholders to help address the barriers to homeownership faced by individual waitlist applicants.

The details of how this funding will be deployed and what programs will be selected has yet to be defined. Therefore, although Act 279 requires identification of recommendations to adjust waiting list policies in response to proposed individual assistance programs, such recommendations may be premature at this time.

Part II: Findings and Proposed Legislation

Part II outlines six proposed legislative measures DHHL respectfully submits to the Legislature for its consideration. Part II also contains the Act 279 Implementation Budget for the current fiscal year (July 1, 2022 to June 20, 2023).

PART I: STRATEGIC APPROACH (APPROVED AUGUST 2022)

Purpose of This Document

The mission of the Department of Hawaiian Home Lands (DHHL) is to develop and deliver land to native Hawaiians. The trust, created by Congress through the Hawaiian Homes Commission Act (HHCA), set aside lands to be used for the benefit of native Hawaiians.

As required by the Admission Act and as a compact with the United States, the State of Hawai'i, and the people of Hawai'i adopted the HHCA as a provision of the Hawai'i State Constitution and agreed to faithfully carry out the spirit of the HHCA for the rehabilitation of the Hawaiian race. These trust responsibilities remain to this day.

The purpose of this document is to communicate DHHL's broad preliminary strategy to utilize the \$600,000,000 (\$600M) in funds to implement Act 279 of 2022. The purpose of Act 279 as stated in the legislation is to provide a multi-pronged approach to reducing [the DHHL] waitlist. The \$600M will address the needs of those on the DHHL waitlist and those beneficiaries still waiting to get on the land.

Framework of this Document

Section 4 of Act 279 identified two main waitlist applicant preferences from the 2020 DHHL Beneficiary Study Applicant Report:

1. Applicant Preference for Homeownership; and
2. Applicant Preference to continue Renting or access Rent with Option to Purchase Opportunities.

As such, this document is organized around projects and programs that will provide **homeownership** or **rental** opportunities for waitlist beneficiaries.

Act 279 also directs DHHL to organize its proposed actions to utilize the \$600M by County. Accordingly, new lot development projects are organized by County when applicable. Individual assistance programs in this document are meant to be statewide and span across multiple Counties.

Approach to Budgeting in Uncertain Times

Given recent world events that have transpired over the previous two years such as the COVID-19 Pandemic and Ukrainian-Russia War, U.S. economic inflation and supply chain disruptions may impact costs of labor and construction materials. Therefore, to

account for the current climate of price variability and uncertainty, new lot development identified in this document may change over time. DHHL will revise its budget outlook each fiscal year to accommodate for these uncertain factors over the three-year period of this Act. Updated budgets will be presented to the HHC for approval and to the Legislature as an informational progress report.

Policy Considerations to Allocate Resources

This document is the initial articulation of the preliminary strategic approach that the Hawaiian Homes Commission and DHHL will employ to allocate the resources provided by the Legislature to benefit waitlist applicants. The following core policy considerations were identified to guide decisions to allocate resources and guide spending.

Policy Consideration #1: The majority of resources provided under Act 279 should go to homeownership activities rather than rental activities.

Rationale

The 2020 DHHL Beneficiary Study Applicant Report reported that the majority of applicants prefer a lot with a single-family home or a vacant lot for a house (76 percent) vs. those applicants that preferred to rent or rent with the option to buy in the future a single-family home, duplex, apartment, or townhouse (16 percent). (See 2020 DHHL Beneficiary Survey pages 6-8)

Projects and programs that provide homeownership opportunities will reduce the waitlist more quickly than rental opportunities or programs because an Applicant who rents remains on the waitlist.

Policy Consideration #2: Resources provided for homeownership activities should prioritize new homestead lot development.

Rationale

New homestead lot development and award of new homestead leases are existing DHHL functions that DHHL is currently set-up to do.

There are more unknowns regarding individual assistance programs. Some of the individual assistance programs identified in Act 279 by the Legislature are forms of assistance that DHHL has not previously offered widely to waitlist applicants. Additionally, DHHL beneficiary communities may identify new and innovative programmatic ideas to address the waitlist over the course of the next 12-months. Therefore, DHHL should approach these new programs as “pilots” i.e. start small and scale-up over time.

Relatedly, it will take DHHL time to stand-up the individual assistance programs. New procedures, and applications need to be created and waitlist education and orientation products related to these programs need to be developed.

Criteria to help vet potential real estate acquisitions, including land and improved real estate, should be developed to streamline the process, given the limited time-frame in which DHHL is required to encumber these funds provided by the Legislature.

Policy Consideration #3: Prioritization of homestead lot development projects should be based upon: (1) timing/position in the DHHL "production pipeline"; (2) Priority areas for new homestead development identified in DHHL Island Plans; (3) Waitlist demand on each island.

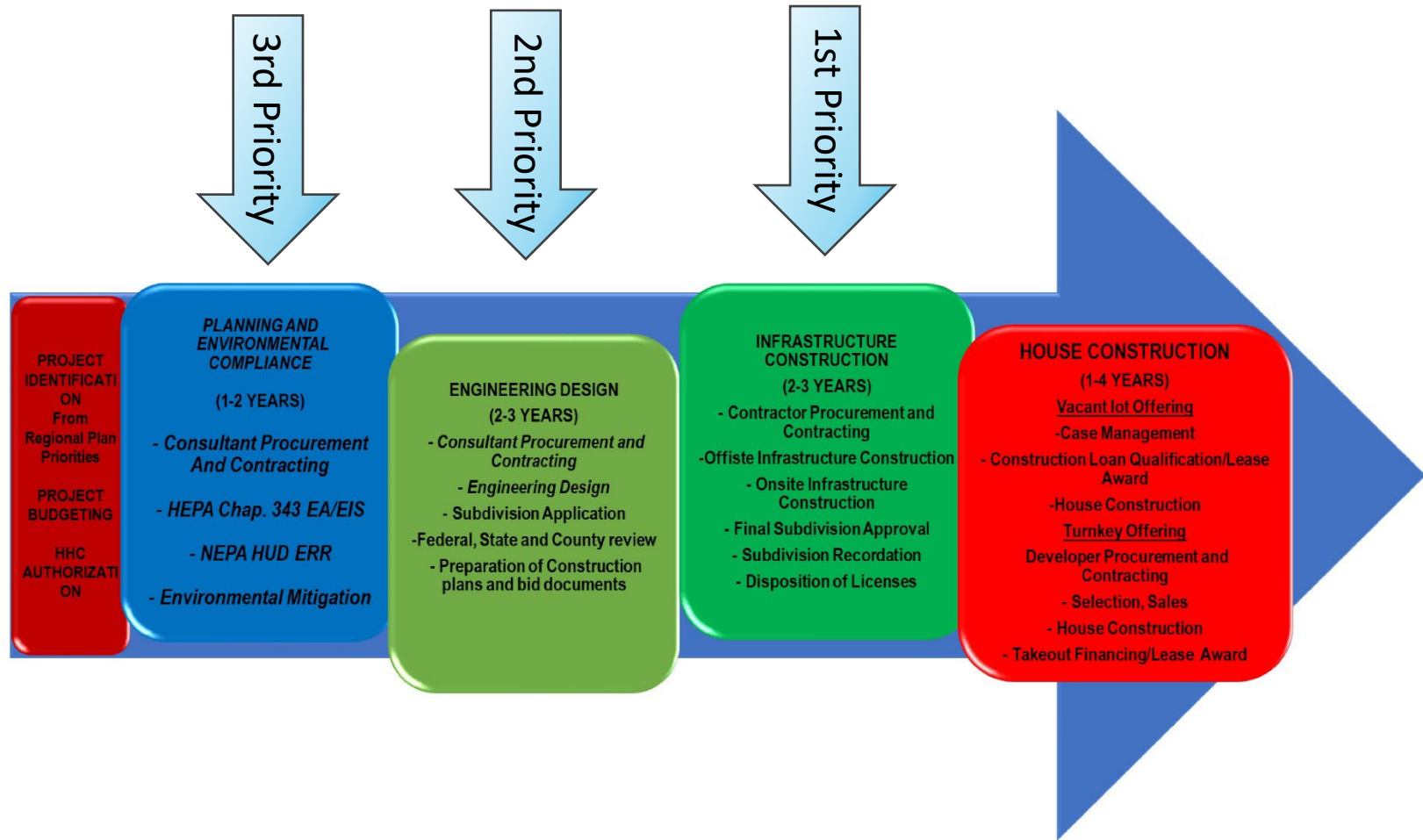
Rationale

Lot development projects that are further ahead in the DHHL production pipeline are closer to being shovel ready.

Land areas identified as priority areas for new homestead development were based on the Island Plans which reflect beneficiary priorities.

The island waitlists are indicators of beneficiary need and preference

Figure 1. DHHL Homestead Lot Production Pipeline Diagram



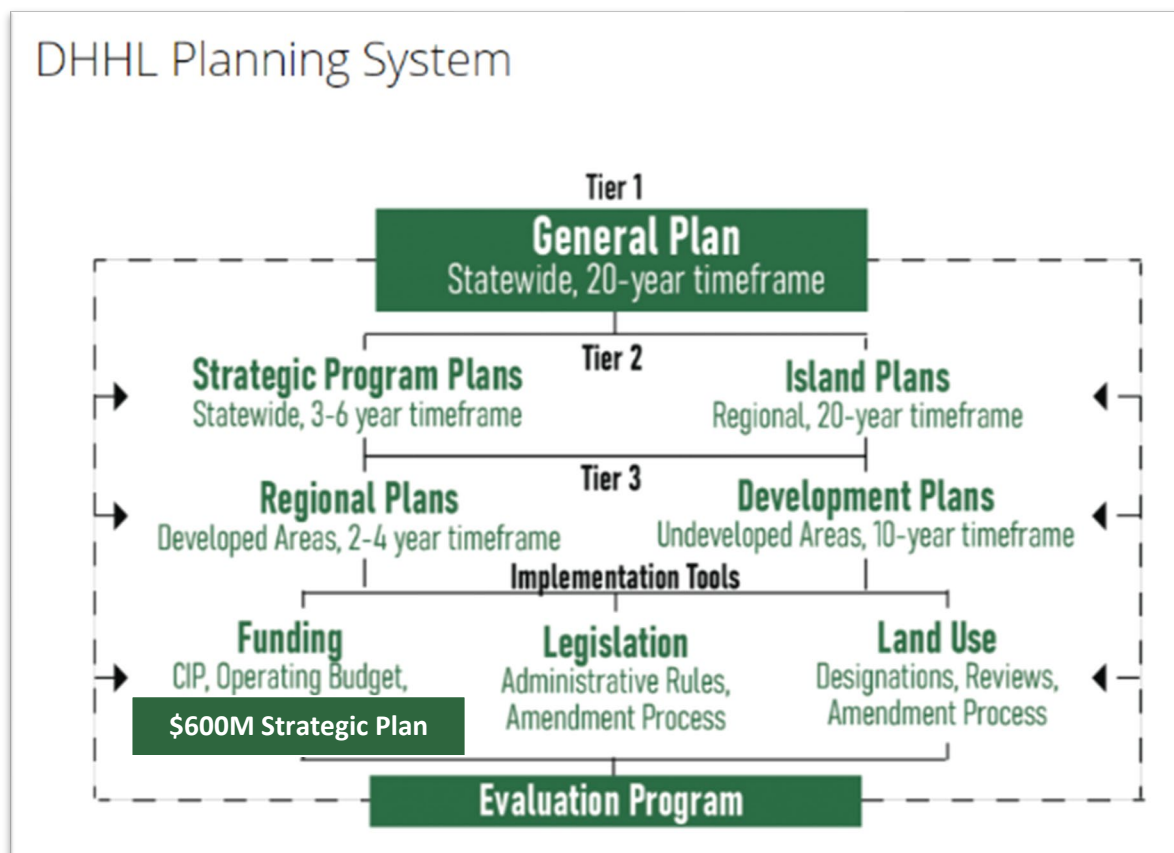
Beneficiary Input

Beneficiary input will be gathered from three sources to guide the utilization of the \$600M. These three sources of beneficiary input include:

1. Previous Beneficiary Consultations Conducted During the Development of Existing DHHL Plans;
2. 2020 DHHL Beneficiaries Study: Applicant Report; and
3. Future opportunities for beneficiaries and non-profits that serve beneficiaries to identify innovative programs for waitlist applicants.

Previous Beneficiary Consultations During the Development of Existing Plans

Per HAR 10-4-53, the DHHL Planning System consists of a three-tier hierarchy of plans. Tier One is the top tier consisting of the General Plan and shall establish overall policy. Tier Two and Tier Three are the lower tiers with increasing specificity on programs or geographic areas. The planning system also includes **implementation tools** that link with the plans. Figure 2 below provides an illustrative description of the DHHL Planning System.



During the development of each of the Tier One, Two, and Three Plans, multiple beneficiary consultation meetings were held to gather beneficiary input which ultimately guided recommendations found in these plans. This Strategic Plan document is at the Implementation Tier of the DHHL Planning System and is one of the **implementation tools** that will be used to fulfill the plan recommendations found in the higher tier plans. As such, this Strategic Plan is guided by the beneficiary input received during the beneficiary consultations held during development of existing DHHL plans.

2020 DHHL Beneficiary Study: Applicant Report

Act 279 directed DHHL to utilize the beneficiary input collected during the 2020 Beneficiary Study Applicant Report to guide DHHL utilization of the \$600M. The purpose of the 2020 Beneficiary Study was to assess the current condition and needs of DHHL beneficiaries. Data for the study was collected via survey of waitlist applicants. The applicant survey was designed to provide large-sample, statistically reliable data on all applicants who were applicants as of August 2020.

Future opportunities for beneficiaries and non-profits that serve beneficiaries to identify and also provide innovative programs for waitlist applicants

DHHL will provide opportunity for beneficiaries and beneficiary serving non-profits to suggest and provide new and innovative programs that will help waitlist applicants with homeownership or rental opportunities. The process to allow for this opportunity is still being developed as of this writing. However, once the process is developed, DHHL will provide adequate notice to beneficiaries and beneficiary serving non-profits regarding future opportunities to identify and provide unique and innovative services to waitlist applicants.

HOMEOWNERSHIP OPPORTUNITIES

The next section identifies the following allocation of resources to provide more homeownership opportunities to DHHL waitlist applicants:

1. New lot development;
2. Real estate acquisition; and
3. Homeownership individual assistance programs (preliminary considerations)

Lot development and land acquisitions are identified by County, while homeownership individual assistance programs are statewide initiatives and organized by program type.

New Homestead Lot Development

A **preliminary** listing of new homestead lot development projects by County is below. As previously noted, new lot development identified in this document may change over time due to uncertainty and variability in construction costs caused by current and potential future world events. For projects in the Engineering Design Phase, DHHL will explore **Design-Build contract agreements** utilizing **Developer Agreements** with private developers to expedite development timeframes. The Production Pipeline Status column indicates where the project currently is in the production pipeline.

At this time, the determination whether new lots will be turn-key, owner-builder, or self-help has not been made. Those decisions will be made as the projects progress further through the production pipeline prior to actual lease award.

Hawai'i County Lot Development Projects		
Project	Number of Lots	Production Pipeline Status
Honomū Subsistence Ag Lots, Phase 2	40	Engineering Design
La'i'ōpua Village 2 and Water Source Development	200	Planning & Environmental Compliance (Water Development) Engineering Design (Lot development)
La'i'ōpua Village 1	200	Engineering Design
TOTAL	440	---

Maui County Lot Development Projects		
Project	Number of Lots	Production Pipeline Status
Lānaʻi Residence Lots & Off-site infrastructure	75	Engineering Design
Molokaʻi Hoʻolehua Scattered Lots	20	Planning and Env. Compliance
Molokai Nāʻiwa Agriculture Subdivision	16	Planning and Env. Compliance
Maui Puʻunani Homestead Subdivision Phase 1	161	Engineering Design
Maui Honokōwai Subsistence Agriculture Phase 1	50	Engineering Design
Maui Leialiʻi 1B – Off-site Water Source Development	---	Planning and Env. Compliance
Maui Leialiʻi 1B - Subdivision	250	Engineering Design
TOTAL	572	---

City & County of Honolulu Lot Development Projects		
Project	Number of Lots	Production Pipeline Status
Kaupeʻa, Phase 2	60	Engineering Design
East Kapolei II Backbone Infrastructure	--	Engineering Design
East Kapolei IIA	300	Engineering Design
East Kapolei IID	124	Engineering Design
East Kapolei IIE	142	Engineering Design
East Kapolei IIF	155	Engineering Design
Māʻili Development	144	Engineering Design
Ewa Beach	600	Planning & Env. Compliance
TOTAL	1,525	---

Kaua‘i County Lot Development Projects		
Project	Number of Lots	Production Pipeline Status
Hanapēpē Residence Lots, Phase 2	75	Engineering Design
Anahola Kuleana Homestead Lease Agriculture & Pastoral	115	Engineering Design
TOTAL	190	---

Summary of Lot Development Projects Statewide	
County	Number of Lots
Hawai‘i	440
Maui	572
City and County of Honolulu	1,525
Kaua‘i	190
TOTAL	2,727

Island	Location Preference of Applicants (By Percent of Total) ¹		Lots to be Developed with Act 279 Funding	
	1 st Choice (% of Total)	2 nd Choice (% of Total)	Estimated Lots	% of Total
Hawai‘i	24.6	29.9	440	16.1
Maui	14.6	14.1	461	17.0
Moloka‘i	2.5	2.6	36	1.3
Lāna‘i	0.3	0.3	75	2.7
O‘ahu	51.7	48.0	1,525	56.0
Kaua‘i	6.0	5.2	190	6.9
TOTAL	100	100	2,727	100

¹ DHHL Beneficiary Study Applicant Report, 2020. Page 10, Table 4.

<https://dhhl.hawaii.gov/wp-content/uploads/2021/04/DHHL-Applicant-Report-FINAL-Revised-210426.pdf>

Land acquisition for homestead lot development or water source development

At present, DHHL is currently pursuing an acquisition of a 9-acre parcel in Kapolei next to DHHL's Kaupe'a homestead from the State Housing and Finance Development Corporation. The parcel is in an area that is surrounded by existing residential use and off-site infrastructure (sewer, water, telecommunication, electricity) is available. Over the course of the implementation of Act 279, DHHL will entertain opportunities to acquire new lands with similar characteristics (i.e. close to existing infrastructure and suitable for residential use).

DHHL may also entertain acquiring property needed for water source development in areas where DHHL lands do not have sufficient water for homestead development.

Homeownership Individual Assistance Program Preliminary Considerations

In addition to its traditional homestead lease program, Act 279 also authorized DHHL to explore new alternative individual assistance programs to assist waitlist beneficiaries with their housing needs. Per the policy considerations discussed in the Introduction of this plan, the majority of funding will go to new homestead lot development. However, DHHL also plans to set-aside roughly 10 percent of Act 279 Funding for new and innovative programs that may be identified by beneficiaries and/or housing stakeholders that could help individual waitlist applicants address barriers to homeownership. Also mentioned previously, the actual cost to develop and construct new homestead lots may vary depending upon current and future world events. As such, the amount of potential funding that could be available for individual assistance programs is dependent upon actual construction costs and amount of available funds remaining.

Participation in these potential future programs would be entirely voluntary and no change to an individual's DHHL application will occur if they choose not to participate.

Common barriers that may prevent beneficiary homeownership include:

- Lack of sufficient savings for a down payment;
- High debt;
- No credit history or low credit score;
- Periodic challenges with monthly mortgage payments and/or past due mortgage payments because of unemployment or other unfortunate circumstances affecting household income or household expenses.

Additional programmatic ideas from the beneficiary community to identify and address barriers to homeownership can be put forth by the community and housing assistance stakeholders for DHHL and the Hawaiian Homes Commission's consideration over the next 12-months.

A **preliminary** idea that would provide programmatic assistance to individual waitlist applicants currently being considered by DHHL staff is a Down Payment Assistance Program. A Down Payment Assistance Program could assist interested waitlist applicants who are first-time home buyers with the down payment required for the mortgage of a turn-key home or owner-builder project on a homestead lot. Program participants could be eligible to receive a "yet to be determined" amount for down payment assistance. However, program participants would be expected to make their own contributions to the down payments as well.

Innovative Partnerships

DHHL will also consider innovative partnerships with other county and state entities that could expedite development schedules for DHHL projects. An example could be upsizing an ongoing county off-site infrastructure project and sharing in the cost. Public private partnerships may also be considered, to the extent they do not violate any statute, regulation, or procurement code.

RENTAL OPPORTUNITIES

While the majority of waitlist applicants indicated a preference for homeownership opportunities compared to rentals, a portion of the waitlist applicant pool (16 percent of applicants) identified that they desired some form of rental housing as a stepping-stone to homeownership. The following section identifies the types of rental products DHHL intends to provide via the Act 279 funding. These rental products include:

1. New construction units for rental housing;
2. Renovation of existing units;
3. Rental assistance programs (preliminary considerations); and
4. Innovative financing.

It is important to note that unlike the homeownership opportunities identified under the previous section that have programmatic actions to reduce the waiting list, *none of the rental opportunities identified below will immediately reduce the waitlist. Applicants who elect to participate in these rental opportunities will remain on the waitlist and keep their waitlist rank-order.* Nonetheless, DHHL felt it important to offer these rental opportunities to its waitlist applicants as it will offer more immediate housing security to these beneficiaries and may eventually enable these waitlist applicants to become homeowners.

New Rental Unit and Renovated Unit Development

A listing of new rental unit development is below. At this time, only a portion of the Mā‘ili Development in Wai‘anae, O‘ahu is slated for rentals. In addition, there is a potential for a portion of other residential homestead lot development projects listed in the previous section to be considered for rental opportunities depending upon beneficiary preference. Also at this time, the determination whether new rental units will be rent-to-own, long-term rentals, or transitional housing has not been made. Those decisions will be made as the projects progress further through the production pipeline.

City & County of Honolulu Rental Unit Development Projects	
Project	Number of Units
Mā‘ili Multi-Family (Voice of America)	136
Coolidge Street	31
TOTAL	167*

Rental Assistance Program Preliminary Considerations

The following section provides a brief overview of preliminary considerations with regard to potential future rental assistance programs that could be offered by DHHL. As previously noted in the discussion of homeownership individual assistance programs, a small percentage of the Act 279 funding will be reserved for individual assistance programs with the majority of funding being utilized for new homestead lot development.

Common issues that impact beneficiaries who are currently renting include:

- Potential housing insecurity due to fluctuations in rental prices;
- Periodic challenges with monthly rent payments and/or past due rent payments because of unemployment or other unfortunate circumstances affecting household income or household expenses; and
- Access to personal finance training and education to build savings and wealth.

New and innovative ideas put forth by beneficiaries to address some of these rental housing barriers may be considered in the next 12-months by DHHL and the Hawaiian Homes Commission.

Housing counseling is a **preliminary** idea being considered by DHHL staff that would provide programmatic assistance to individual waitlist applicants that are currently renting. Through a housing counseling program, waitlist beneficiaries that are renting would be provided opportunities to work with a service provider that would mentor them on personal finance decisions and budgeting.

Innovative Financing for Rental Housing

Affordable rental housing is a critical need that faces our entire state. As a result, federal and state funding resources that affordable housing developers use to build affordable rental units, (e.g. Low Income Housing Tax Credits, Community Development Block Grant (CDBG) funds, etc.) are limited, coveted, and highly competitive. Because there are not enough financing dollars from these programs to allocate across all the project requests, very good affordable housing projects do not get funded and, therefore, do not move forward to construction.

For the projects that are selected, sometimes the income restrictions are set very low (in order to score well for project financing) excluding many families that earn slightly more but cannot afford market rents and are in need of decent, safe, and affordable housing.

Two DHHL projects currently under contract with developer partners, are facing these challenges: Ulu Ke Kukui on O‘ahu, and the future phases of the Rent with Option to Purchase project in La‘i‘ōpua, Kona, Hawai‘i. Innovative financing programs could address some of the challenges DHHL’s current partners are facing and ensure that the units proposed by the developer partners are built.

Further, an additional financing pot for affordable housing may attract worthy projects that are unsuccessful in securing financing through other existing affordable housing programs. If DHHL purchases the land under such projects, it provides the opportunity to grow the land base with “shovel-ready” affordable rental units.

Addendum A: Proposed Legislation

Act 279 (2022) instructed DHHL to submit the strategic plan, including findings, recommendations, and any proposed legislation, to the legislature no later than December 10, 2022. DHHL concurs with the findings in Act 279 (2022), which explains DHHL's mission, legislative history, and challenges. The appropriation of \$600 million and the Strategic Plan detailing the projected disbursement of these funds are aimed at fulfilling the purpose of Act 279 (2022), which is to reduce the DHHL waitlist. To buttress the Strategic Plan, DHHL recommends six legislative proposals approved by the Hawaiian Homes Commission be enacted next legislative session. The summaries as well as the proposed measures and justification are included below:

1. **HHL-03(23) Relating to Housing.** This proposal exempts any development of homestead lots or housing for DHHL from general excise taxes.
2. **HHL-04(23) Relating to Historic Preservation Reviews.** This proposal allows the Department of Hawaiian Home Lands to assume review of the effect of any proposed project on historic properties or burial sites for lands under its jurisdiction. Instead of requiring DHHL to consult with the DLNR regarding the effect of a project upon historic properties or burial sites, this proposal would streamline the process by allowing the Department of Hawaiian Home Lands to assume this review.
3. **HHL-05(23) Relating to Interim Administrative Rules of DHHL.** This proposal creates a new section of the HRS that allows DHHL after consultation with beneficiaries and organizations representing beneficiaries to issue interim rules which shall be exempt from the public notice, public hearing, and gubernatorial approval requirements of Chapter 91 as long as the interim rules shall be effective for not more than eighteen months. The department is currently authorized to adopt rules in accordance with Chapter 91, HRS, which can be a lengthy and time-consuming process when you factor in that the Department conducts consultation with beneficiaries and organizations representing beneficiaries prior to initiating the rule making process. This amendment will enable the Department to move quickly in issuing interim rules after consultation with beneficiaries and organizations representing beneficiaries on important programs and services, while preserving public access by ensuring that the interim rules will be made available on the website of the Office of Lieutenant Governor. The eighteen-month limitation on the life of the interim rules will further ensure that the Department has adequate time to adopt permanent rules through formal rulemaking procedures.
4. **HHL-08(23) Relating to Affordable Housing on Hawaiian Home Lands.** This proposal repeals the July 1, 2024, sunset of Act 141, Session Laws of Hawaii 2009, and the July 1, 2024, sunset of Act 98, Session Laws of Hawaii 2012, to make the affordable housing credit program permanent.

5. **HHL-09(23) Relating to School Impact Fees.** This proposal repeals the July 1, 2024, sunset of Act 197, Session Laws of Hawaii 2021, to make permanent the exclusion of housing developed by the Department of Hawaiian Home Lands from school impact fees.
6. **HHL-10(23) Relating to DHHL.** This proposal allows for the expenditure of funds appropriated in Act 279 Session Laws of Hawaii 2022 until June 30, 2025.

A full description of the proposed legislation and justification for the legislation is included in the following pages.

____.B. NO.____

____.B. NO.____

A BILL FOR AN ACT

RELATING TO HOUSING.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:

1 SECTION 1. The legislature finds that homestead lots or
2 housing developed for the department of Hawaiian home lands
3 awarded to native Hawaiians are offered at affordable rates when
4 compared to similar housing opportunities available in Hawaii.
5 The purpose of this Act is to exempt any development of
6 homestead lots or housing for the department of Hawaiian home
7 lands from general excise and use taxes.

8 SECTION 2. Chapter 237, Hawaii Revised Statutes, is
9 amended by adding a new section to be appropriately designated
10 and to read as follows:

_____.B. NO._____

1 "§237- Exemptions for any development of homestead lots
2 or housing for the department of Hawaiian home lands. (a) This
3 chapter shall not apply to gross proceeds of sale or gross
4 income arising from the planning, design, financing, or
5 construction of any development of homestead lots or housing,
6 including on- and off-site infrastructure and appurtenances, for
7 the department of Hawaiian home lands as provided in this
8 section.

9 (b) The exemption eligibility shall be approved by the
10 department of Hawaiian home lands and shall apply to the amounts
11 derived by any qualified person or firm from a newly constructed
12 or a moderately or substantially rehabilitated project that is
13 developed:

14 (1) For the department of Hawaiian home lands;

15 (2) Under a government assistance program approved by the
16 department of Hawaiian home lands;

17 (3) Under the sponsorship of a nonprofit organization
18 providing home rehabilitation or new homes for
19 qualified families in need of decent, low-cost
20 housing; or

_____.B. NO._____

1 (4) To provide affordable rental housing where at least
2 fifty per cent of the available units are for
3 households with incomes at or below eighty per cent of
4 the area median family income as determined by the
5 United States Department of Housing and Urban
6 Development.

7 (c) All claims for exemption under this section shall be
8 filed with and certified by the department of Hawaiian home
9 lands and forwarded to the department of taxation by the
10 claimant. Any claim for exemption that is filed and approved
11 shall not be considered a subsidy.

12 (d) The department of Hawaiian home lands may establish,
13 revise, charge, and collect a reasonable service fee in
14 connection with its approvals and certifications of the
15 exemption under this section. The fees shall be deposited into
16 the Hawaiian home operating fund.

17 (e) For purposes of this section:

18 "Homestead lot" means a lot of residential, agricultural,
19 or pastoral use to be awarded pursuant to the Hawaiian Homes
20 Commission Act, 1920, as amended, including but not limited to

____.B. NO.____

1 on- and off-site infrastructure requirements, appurtenances, and
2 dwelling units.

3 "Moderately rehabilitated" means:

4 (1) Rehabilitation to upgrade a dwelling unit to a
5 decent, safe, and sanitary condition; or

6 (2) Repair or replacement of major building systems or
7 components in danger of failure.

8 "Substantially rehabilitated" means the improvement of a
9 property to a decent, safe, and sanitary condition that requires
10 more than routine or minor repairs or improvements. It may
11 include but shall not be limited to:

12 (1) The gutting and extensive reconstruction of a dwelling
13 unit;

14 (2) Cosmetic improvements coupled with the curing of a
15 substantial accumulation of deferred maintenance; or

16 (3) The renovation, alteration, or remodeling to convert
17 or adapt structurally sound property to the design and
18 condition required for a specific use, such as
19 conversion of a hotel to housing for elders."

20 SECTION 3. Section 238-3, Hawaii Revised Statutes, is
21 amended by amending subsection (j) to read as follows:

BY REQUEST

____.B. NO.____

Report Title:

Department of Hawaiian Home Lands; General Excise Tax Exemption;
Use Tax Exemption

Description:

Exempts any development of homestead lots or housing for the
Department of Hawaiian Home Lands from general excise and use
taxes.

*The summary description of legislation appearing on this page is for informational purposes only and is
not legislation or evidence of legislative intent.*

JUSTIFICATION SHEET

DEPARTMENT: Hawaiian Home Lands

TITLE: A BILL FOR AN ACT RELATING TO HOUSING.

PURPOSE: To exempt any development of homestead lots or housing for the Department of Hawaiian Home Lands from general excise and use taxes.

MEANS: Add a new section to chapter 237 and amend section 238-3(j), Hawaii Revised Statutes.

JUSTIFICATION: The savings resulting from the exemption from general excise and use taxes that the Department of Hawaiian Home Lands can potentially accrue from this measure would be applied to the development of additional housing and associated infrastructure. This additional saving would allow the Department to more fully commit the funding received toward its mission, encouraging and enabling the production of more homestead lots or housing units for beneficiaries of the Hawaiian Homes Commission Act, 1920, as amended.

Impact on the public: This bill further protects the interest of beneficiaries of the Hawaiian Homes Commission Act, 1920, as amended, by exempting any development of homestead lots or housing, which includes moderately or substantially rehabilitated projects, for the Department of Hawaiian Home Lands from general excise and use taxes.

Impact on the department and other agencies:

More funding could be allocated toward the development of homestead lots or housing.

GENERAL FUND: \$1,000,000 is the estimated amount of lost tax revenue.

OTHER FUNDS: None.

PPBS PROGRAM

DESIGNATION: HHL 625.

OTHER AFFECTED

AGENCIES: None.

EFFECTIVE DATE: January 1, 2024.

____.B. NO.____

A BILL FOR AN ACT

RELATING TO HISTORIC PRESERVATION REVIEWS.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:

1 SECTION 1. The legislature finds that section 6E-8, Hawaii
2 Revised Statutes, plays an important role in the protection and
3 management of the State's historic properties and burial sites.
4 Section 6E-8(b) requires the department of Hawaiian home lands,
5 prior to any proposed project relating to lands under its
6 jurisdiction, to consult with the department of land and natural
7 resources regarding the effect of the project upon historic
8 property or a burial site. The purpose of this Act is to allow
9 the department of Hawaiian home lands to assume review of the
10 effect of any proposed project on historic properties or burial
11 sites for lands under its jurisdiction.

12 SECTION 2. Section 6E-8, Hawaii Revised Statutes, is
13 amended by amending subsection (b) to read as follows:

_____.B. NO._____

"(b) ~~[The]~~ Notwithstanding subsection (a), the department
of Hawaiian home lands~~[, prior to]~~ may assume review of any
proposed project relating to lands under its jurisdiction~~[,]~~
~~shall consult with the department regarding the effect of the~~
~~project upon historic property or a burial site.]~~ pursuant to
this section, and pursuant to any administrative rule adopted
thereunder; provided that the department of Hawaiian home lands
shall:

(1) Designate the review to a Hawaiian home lands
preservation officer who has professional competence
and experience in the field of historic preservation;
and

(2) Ensure that copies of all reports, maps, and
documents, including those reflecting the Hawaiian
home lands preservation official's comments,
recommendations, and decisions, are provided to the
department to be incorporated into the historic
preservation digital document management system and
library.

The department shall retain authority for review under this
section for projects affecting properties listed or nominated

____.B. NO.____

1 for inclusion in the Hawaii register of historic places or the
2 national register of historic places."

3 SECTION 3. Statutory material to be repealed is bracketed
4 and stricken. New statutory material is underscored.

5

_____.B. NO._____

1 SECTION 4. This Act shall take effect upon its approval.

2

3 INTRODUCED BY: _____

4 BY REQUEST

____.B. NO.____

Report Title:

Historic Preservation; Department of Hawaiian Home Lands;
Project Reviews of Proposed State Projects

Description:

Allows the Department of Hawaiian Home Lands to assume historic preservation review of the effect of any proposed project for lands under its jurisdiction except for projects affecting properties listed or nominated for inclusion in the Hawaii register of historic places or the national register of historic places.

The summary description of legislation appearing on this page is for informational purposes only and is not legislation or evidence of legislative intent.

JUSTIFICATION SHEET

DEPARTMENT: Hawaiian Home Lands

TITLE: A BILL FOR AN ACT RELATING TO HISTORIC PRESERVATION REVIEWS.

PURPOSE: To allow the Department of Hawaiian Home Lands to assume review of the effect of any proposed project for lands under its jurisdiction except for projects affecting properties listed or nominated for inclusion in the Hawaii register of historic places or the national register of historic places.

MEANS: Amend section 6E-8(b), Hawaii Revised Statutes.

JUSTIFICATION: Instead of requiring the Department of Hawaiian Home Lands to consult with the Department of Land and Natural Resources regarding the effect of a project upon historic properties or burial sites, this bill would streamline the process by allowing the Department of Hawaiian Home Lands to assume this review, which would allow for the ability to expedite the construction of proposed projects.

Impact on the public: This bill advances the interest of beneficiaries of the Hawaiian Homes Commission Act 1920, as amended, by streamlining the review process for any proposed project on Hawaiian Home Lands.

Impact on the department and other agencies:

The Department of Hawaiian Home Lands would assume this function for lands under its jurisdiction freeing up those resources for the Department of Land and Natural Resources to service other agencies.

GENERAL FUND: None.

OTHER FUNDS: None.

PPBS PROGRAM

DESIGNATION: HHL 625.

OTHER AFFECTED

AGENCIES: Department of Land and Natural Resources.

EFFECTIVE DATE: Upon approval.

____.B. NO.____

A BILL FOR AN ACT

RELATING TO INTERIM ADMINISTRATIVE RULES OF THE DEPARTMENT OF
HAWAIIAN HOME LANDS.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:

1 SECTION 1. The legislature finds that the department of
2 Hawaiian home lands conducts beneficiary consultation, defined
3 as the department of Hawaiian home lands' direct outreach to
4 lessees, applicants, and native Hawaiians as defined by the
5 Hawaiian Homes Commission Act, 1920, as amended, as part of the
6 department of Hawaiian home lands or Hawaiian homes commission's
7 decision-making process. Beneficiary consultation is conducted
8 prior to initiating the rulemaking process pursuant to chapter
9 91, Hawaii Revised Statutes. The rulemaking process lengthens
10 the time required to implement administrative rules. The
11 purpose of this Act is to allow the department of Hawaiian home
12 lands to issue interim rules, which shall be exempt from the
13 public notice, public hearing, and gubernatorial approval
14 requirements of chapter 91, Hawaii Revised Statutes, after

____.B. NO.____

1 beneficiary consultation is conducted as provided for in the
2 department of Hawaiian home lands' administrative rules and upon
3 approval by the Hawaiian homes commission. The interim rules
4 shall be effective for not more than eighteen months to allow
5 for interim rules to take effect while the department of
6 Hawaiian home lands undertakes the rulemaking process pursuant
7 to chapter 91, Hawaii Revised Statutes, to adopt permanent
8 rules.

9 SECTION 2. Chapter 91, Hawaii Revised Statutes, is amended
10 by adding a new section to be appropriately designated and to
11 read as follows:

12 **"§91- Interim rulemaking authority for the department**
13 **of Hawaiian home lands.** (a) Notwithstanding any other law in
14 this chapter to the contrary, the department of Hawaiian home
15 lands may issue interim rules after beneficiary consultation is
16 conducted. The rules shall become effective upon the approval
17 of the Hawaiian homes commission.

18 (b) The interim rules shall be exempt from the public
19 notice, public hearing, and gubernatorial approval requirements
20 of this chapter.

3 (d) For the purposes of this section, "Beneficiary
4 consultation" means the department of Hawaiian home lands'
5 direct outreach to lessees, applicants, and native Hawaiians as
6 defined by the Hawaiian Homes Commission Act, 1920, as amended,
7 as part of the department of Hawaiian home lands or Hawaiian
8 homes commission's decision-making process. "

10 SECTION 4. This Act shall take effect upon its approval.

12 INTRODUCED BY:

HHL-05 (23)

____.B. NO.____

Report Title:

Department of Hawaiian Home Lands; Interim rules

Description:

Allows the Department of Hawaiian Home Lands to issue interim rules that shall be exempt from the public notice, public hearing, and gubernatorial approval requirements of chapter 91, Hawaii Revised Statutes, after beneficiary consultation is conducted by the Department of Hawaiian Home Lands and upon approval by the Hawaiian Homes Commission. The interim rules shall be effective for not more than eighteen months.

The summary description of legislation appearing on this page is for informational purposes only and is not legislation or evidence of legislative intent.

JUSTIFICATION SHEET

DEPARTMENT: Hawaiian Home Lands

TITLE: A BILL FOR AN ACT RELATING TO INTERIM ADMINISTRATIVE RULES OF THE DEPARTMENT OF HAWAIIAN HOME LANDS.

PURPOSE: To allow the Department of Hawaiian Home Lands to issue interim rules that shall be exempt from the public notice, public hearing, and gubernatorial approval requirements of chapter 91, Hawaii Revised Statutes (HRS), after beneficiary consultation is conducted by the Department of Hawaiian Home Lands and upon approval by the Hawaiian Homes Commission. The interim rules shall not be effective for more than eighteen months.

MEANS: Add a new section to chapter 91, HRS.

JUSTIFICATION: The Department of Hawaiian Home Lands is currently authorized to adopt rules in accordance with chapter 91, HRS, which can be a lengthy process given that the Department conducts beneficiary consultation pursuant to its administrative rules prior to initiating the rulemaking process. This bill will enable the Department to issue interim administrative rules after beneficiary consultation is conducted and upon approval by the Hawaiian Homes Commission on important programs and services. The eighteen-month limitation on the life of the interim rules will ensure that the Department of Hawaiian Home Lands

has adequate time to adopt permanent rules through formal rulemaking procedures.

Impact on the public: This bill advances the interest of beneficiaries of the Hawaiian Homes Commission Act, 1920, as amended, by allowing the Department to issue interim rules on important programs and services that can be implemented soon after beneficiary consultation is conducted and upon approval by the Hawaiian Homes Commission, thereby improving the efficiency of these programs.

Impact on the department and other agencies:

Interim administrative rules will allow the Department of Hawaiian Home Lands to better serve its beneficiaries.

GENERAL FUND: None.

OTHER FUNDS: None.

PPBS PROGRAM

DESIGNATION: HHL 625.

OTHER AFFECTED

AGENCIES: None.

EFFECTIVE DATE: Upon approval.

____.B. NO.____

A BILL FOR AN ACT

RELATING TO AFFORDABLE HOUSING ON HAWAIIAN HOME LANDS.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:

1 SECTION 1. The legislature finds that affordable housing
2 credits have been utilized by the department of Hawaiian home
3 lands to provide affordable housing opportunities for its
4 beneficiaries at no cost to the State. This program allowed for
5 the purchase of additional land in a location that beneficiaries
6 are interested in but where the department has no land in the
7 area and resulted in a reduction in the price of housing units
8 offered by homebuilders on Hawaiians home lands. The purpose of
9 this Act is to make permanent the affordable housing credit
10 program for the department of Hawaiian home lands.

11 SECTION 2. Act 141, Session Laws of Hawaii 2009, as
12 amended by section 3 of Act 102, Session Laws of Hawaii 2015, as
13 amended by section 1 of Act 80, Session Laws of Hawaii 2019, is
14 amended by amending section 3 to read as follows:

____.B. NO.____

1

BY REQUEST

____.B. NO.____

Report Title:

Hawaiian Home Lands; Affordable Housing Credits

Description:

Makes permanent Act 141, Session Laws of Hawaii 2009, which requires the counties to issue affordable housing credits to the Department of Hawaiian Home Lands upon the department's request. Makes permanent Act 98, Session Laws of Hawaii 2012, which requires the counties to issue affordable housing credits for each residential unit developed by the Department of Hawaiian Home Lands.

The summary description of legislation appearing on this page is for informational purposes only and is not legislation or evidence of legislative intent.

JUSTIFICATION SHEET

DEPARTMENT: Hawaiian Home Lands

TITLE: A BILL FOR AN ACT RELATING TO AFFORDABLE HOUSING ON HAWAIIAN HOME LANDS.

PURPOSE: To repeal the July 1, 2024 sunset date of Act 141, Session Laws of Hawaii 2009, and the July 1, 2024, sunset date of Act 98, Session Laws of Hawaii 2012, to make the affordable housing credit program on Hawaiian home lands permanent.

MEANS: Amend section 3 of Act 141, Session Laws of Hawaii 2009, as amended by section 3 of Act 102, Session Laws of Hawaii 2015, as amended by section 1 of Act 80, Session Laws of Hawaii 2019, and amend section 3 of Act 98, Session Laws of Hawaii 2012, as amended by section 4 of Act 102, Session Laws of Hawaii 2015, as amended by section 50 of Act 55, Session Laws of Hawaii 2016, and section 2 of Act 80, Session Laws of Hawaii 2019.

JUSTIFICATION: Making permanent the affordable housing credit program on Hawaiian home lands will allow the Department of Hawaiian Home Lands to continue to provide incentive to private sector developers to build affordable homes on Hawaiian home lands. Since Act 141 was enacted in 2009, DHHL has worked with each county to request and acquire affordable housing credits for completed units in homestead communities. This program has resulted in successful private-public partnerships through the exchange of credits creating resources for DHHL to further develop homestead lots.

Impact on the public: There is a positive impact on the public as this proposal helps ensure that DHHL will have resources for programs for native Hawaiian lessees and applicants, including the development of homestead lots, loans, and other rehabilitation programs.

Impact on the department and other agencies:

This proposal allows DHHL to continue to access needed resources to support its programs without requiring general funds.

GENERAL FUND: None.

OTHER FUNDS: None.

PPBS PROGRAM

DESIGNATION: HHL 602.

OTHER AFFECTED

AGENCIES: None.

EFFECTIVE DATE: Upon approval.

____.B. NO.____

A BILL FOR AN ACT

RELATING TO SCHOOL IMPACT FEES.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:

1 SECTION 1. The legislature finds that exempting housing
2 developed by the department of Hawaiian home lands from school
3 impact fees allows for more homes to be developed for
4 beneficiaries. The department of Hawaiian home lands currently
5 leases educational facilities for public schools, public charter
6 schools, early learning facilities, and other similar facilities
7 at minimal to no cost. The purpose of this Act is to make
8 permanent the exemption of housing developed by the department
9 of Hawaiian home lands from school impact fees.

10 SECTION 2. Act 197, Session Laws of Hawaii 2021, is
11 amended by amending section 6 to read as follows:

12 "SECTION 6. This Act shall take effect upon its approval[+
13 ~~provided that on July 1, 2024, section 1 of this Act shall be~~
14 ~~repealed and section 302A-1603(b), Hawaii Revised Statutes,~~

____.B. NO.____

1 ~~shall be reenacted in the form in which it read on the day prior~~
2 ~~to the effective date of this Act]."~~

3 SECTION 2. Statutory material to be repealed is bracketed
4 and stricken.

5 SECTION 3. This Act shall take effect upon its approval.

6

7 INTRODUCED BY: _____

8

BY REQUEST

____.B. NO. _____

Report Title:

School Impact Fees; Housing; Department of Hawaiian Home Lands

Description:

Makes permanent Act 197, Session Laws of Hawaii 2021, which excludes housing developed by the Department of Hawaiian Home Lands from school impact fees.

The summary description of legislation appearing on this page is for informational purposes only and is not legislation or evidence of legislative intent.

JUSTIFICATION SHEET

DEPARTMENT: Hawaiian Home Lands

TITLE: A BILL FOR AN ACT RELATING TO SCHOOL IMPACT FEES.

PURPOSE: Repeals the July 1, 2024, sunset date of Act 197, Session Laws of Hawaii 2021, to make permanent the exemption of housing developed by the Department of Hawaiian Home Lands from school impact fees.

MEANS: Amend section 6 of Act 197, Session Laws of Hawaii 2021.

JUSTIFICATION: Making permanent the exemption of housing developed by the Department of Hawaiian Home Lands from school impact fees because exempting housing developed by the Department of Hawaiian Home Lands from school impact fees allows for more homes to be developed for beneficiaries. The Department of Hawaiian Home Lands currently leases educational facilities for public schools, public charter schools, early learning facilities, and other similar facilities at minimal to no cost.

Impact on the public: This bill will protect the interests of beneficiaries of the Hawaiian Homes Commission Act by making permanent the exclusion of housing developed by the Department of Hawaiian Home Lands from school impact fees.

Impact on the department and other agencies:

_____.B. NO._____

By exempting any housing developed by the Department of Hawaiian Home Lands from school impact fee requirements, that savings can be allocated toward developing more housing.

GENERAL FUND: None.

OTHER FUNDS: None.

PPBS PROGRAM

DESIGNATION: HHL 602.

OTHER AFFECTED

AGENCIES: Department of Education; School Facilities Authority

EFFECTIVE DATE: Upon approval.

____.B. NO.____

A BILL FOR AN ACT

RELATING TO THE DEPARTMENT OF HAWAIIAN HOME LANDS.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:

1 SECTION 1. The legislature finds that Act 279, Session
2 Laws of Hawaii 2022, appropriated out of the general revenues of
3 the State of Hawaii the sum of \$600,000,000 or so much thereof
4 as may be necessary for fiscal year 2021-2022 to provide a
5 multi-pronged approach to reducing the over 28,000 applicants on
6 the department of Hawaiian home lands waitlist.

7 The legislature further finds that Act 279, Session Laws of
8 Hawaii 2022, stipulated that any moneys not encumbered for
9 specific purposes shall lapse to the general fund on June 30,
10 2025. Article VII, section 11 of the State Constitution
11 provides that no appropriation shall be for a period exceeding
12 three years. This provision therefore permits the expenditure
13 of biennial appropriations one year beyond the biennial period,
14 so no later than June 30, 2024 for the fiscal biennium 2021-

.B. NO.

1 2023. Accordingly, the purpose of this Act is to allow for the
2 expenditure of these funds until June 30, 2025, as provided for
3 by the legislature in Act 279, Session Laws of Hawaii 2022.

4 SECTION 2. Act 279, Session Laws of Hawaii 2022, is
5 amended by amending section 6 to read as follows:

6 "SECTION 6. There is appropriated out of the general
7 revenues of the State of Hawaii the sum of \$600,000,000 or so
8 much there of as may be necessary for fiscal year [~~2021-2022~~]
9 2022-2023 and the same sum or so much thereof as may be
10 necessary for fiscal year 2023-2024 for the purposes of this
11 Act; provided that any moneys not encumbered for specific
12 purposes shall lapse to the general fund on June 30, 2025."

13 SECTION 3. If any provision of this Act, or the
14 application thereof to any person or circumstance, is held
15 invalid, the invalidity does not affect other provisions or
16 applications of the Act that can be given effect without the
17 invalid provision or application, and to this end the provisions
18 or this Act are severable.

19 SECTION 4. Statutory material to be repealed is bracketed
20 and stricken. New statutory material is underscored.

21 SECTION 5. This Act shall take effect upon its approval.

____.B. NO.____

1

2

INTRODUCED BY: _____

3

BY REQUEST

____.B. NO. _____

Report Title:

Department of Hawaiian Home Lands; Appropriation

Description:

Confirms the intent of the Legislature that funds appropriated in Act 279, Session Laws of Hawaii 2022, be available for expenditure until June 30, 2025.

The summary description of legislation appearing on this page is for informational purposes only and is not legislation or evidence of legislative intent.

JUSTIFICATION SHEET

DEPARTMENT: Hawaiian Home Lands

TITLE: A BILL FOR AN ACT RELATING TO THE DEPARTMENT
OF HAWAIIAN HOME LANDS.

PURPOSE: Allow for the expenditure of funds
appropriated in Act 279, Session Laws of
Hawaii 2022, until June 30, 2025.

MEANS: Amend Act 279, Session Laws of Hawaii 2022.

JUSTIFICATION: The Legislature intended that funds
appropriated in Act 279, Session Laws of

Hawaii 2022, be available for expenditure until June 30, 2025. This confirms the legislative intent.

Impact on the public: This proposal further protects the interest of beneficiaries of the Hawaiian Homes Commission Act by allowing for expenditure of funds appropriated in Act 279, Session Laws of Hawaii 2022 until June 30, 2025.

Impact on the department and other agencies:

This revision will allow the Department of Hawaiian Home Lands to expend funds by June 30, 2025 as intended by the Legislature instead of the year prior or June 30, 2024.

GENERAL FUND: None.

OTHER FUNDS: None.

PPBS PROGRAM

DESIGNATION: HHL 602.

OTHER AFFECTED

AGENCIES: None.

EFFECTIVE DATE: Upon approval.

Addendum B: Approval of Act 279 (SLH 2022) Implementation Budget for Fiscal Year 2022-2023


The following section provides a copy of the Act 279 Implementation Budget for Fiscal Year 2022-2023 that was approved by the Hawaiian Homes Commission at the Commission's August 25, 2022 Special Meeting. This section includes:

- DHHL budget recommendations to the Hawaiian Homes Commission
- Power Point Presentation on DHHL budget recommendations
- Meeting minutes from the August 25, 2022 Hawaiian Homes Commission

STATE OF HAWAII

DEPARTMENT OF HAWAIIAN HOME LANDS

AUGUST 15, 2022

TO: Chairman and Members, Hawaiian Homes Commission
FROM:  Rodney K. M. Lau, Administrative Services Officer
SUBJECT: Approval of Act 279 (SLH 2022) Implementation Budget
for Fiscal Year 2022-2023

RECOMMENDED MOTION/ACTION

That the Commission approve the Act 279 (SLH 2022) Implementation Budget for Fiscal Year 2022-2023 for the Department of Hawaiian Home Lands and authorize the Chairman to shift funding of expenditures between cost elements and funds as warranted but not to exceed the total budget.

DISCUSSION

On July 11, 2022, Governor David Ige signed into law Act 279, SLH 2022 (formerly HB 2511 HB2 SD2 CD1). Act 279, SLH 2022 appropriates \$600 million in general funds to provide a multi-pronged approach to reduce the Department of Hawaiian Home Lands (DHHL) waitlist. The \$600 million will address the needs of beneficiaries on the DHHL waitlist and those that are still waiting to get on the land.

On May 16, 2022 Chairman William Aila, Jr. established the Act 279 Permitted Interaction Group (f.k.a. the HB2511 HD2 SD2 CD1 "Waitlist Reduction Act" Permitted Interaction Group) ("Act 279 Committee") Recommendations from the Act 279 Committee were presented to the Commission at its July 2022 meeting with action on these recommendations identified as item C-4 on this month's agenda. If the Commission approves the "Preliminary Strategic Approach to Implement Act 279 of 2022" and authorizes the Chair to begin implementation, this Budget provides the needed funds for the current fiscal year, FY2022-2023.

The analysis and justification for the funding priorities for Act 279 are laid out in the "Preliminary Strategic Approach" document and are not discussed here. Instead, this submittal focuses on the allocation of funds.

A two-year CAPITAL PROJECTS ENCUMBRANCE PLAN ("PLAN") is included as Exhibit A. In addition to lot development and offsite infrastructure, the PLAN includes funding set aside for potential Land/Project Acquisition and Innovative Project Financing/Partnerships.

The ACT 279 IMPLEMENTATION BUDGET for FY 2022-2023 is included below in TABLE 1. Like the PLAN the Capital Projects Budget includes funding for potential Land/Project Acquisition and Innovative Project Financing/Partnerships.

TABLE 1
ACT 279 IMPLEMENTATION BUDGET FY 2022-2023

ACT 279 Capital Projects (SEE EXHIBIT B)	\$172,761,000
Individual Assistance Programs to Address Barriers to Homeownership and/or Address Housing Insecurity (ideas from beneficiary or housing stakeholder organizations)	\$ 60,000,000
TOTAL	\$232,761,000

Because the ACT 279 IMPLEMENTATION BUDGET for FY 2022-2023 is based on estimated costs, the department, with Chairman's approval, may need to shift funding of expenditures between cost elements and funds as warranted but in no event will any expenditure be funded if the total budget is exceeded.

The Commission's approval of the recommended motion is respectfully requested.

DEPARTMENT OF HAWAIIAN HOME LANDS
ACT 279, SLH 2022: CAPITAL PROJECTS - PROPOSED ENCUMBRANCE PLAN
FISCAL YEAR 2023 and 2024

			General Fund			
			FY 2023-2024	FY 2023	FY 2024	
Island	Subdivision/Project	Lots	Act 279, SLH 2022	Encumbrances	Encumbrances	Phase
	HAWAII COUNTY					
Hawaii	Honomu Subsistence Ag Lots, Phase 2	40	\$ 6,000,000		\$ 6,000,000	C
	Laiopua Village 2 (includes N Kona Water Development)	200	\$ 44,000,000	\$ 4,000,000	\$ 40,000,000	DA
	Laiopua Village 1	200	\$ 23,000,000		\$ 23,000,000	DA
	MAUI COUNTY					
Lanai	Lanai Residence Lots Offsite Infrastructure	75*	\$ 2,000,000	\$ 2,000,000		D
Molokai	Hoolehua Scattered Lots	20	\$ 3,500,000		\$ 3,500,000	C
	Naiwa Ag Subdivision	16	\$ 6,000,000		\$ 6,000,000	C
Maui	Pu'unani Homestead Subdivision, Phase 1	161	\$ 17,500,000	\$ 17,500,000		DA
	Honokowai Subistence Ag, Phase 1	50	\$ 5,000,000		\$ 5,000,000	C
	Leialii 1B Offsite Water		\$ 15,000,000	\$ 15,000,000		C
	Leialii 1B Subdivision	250	\$ 68,000,000		\$ 68,000,000	DA
	CITY AND COUNTY OF HONOLULU					
Oahu	Kaupea, Phase 2	60	\$ 23,000,000	\$ 8,250,000	\$ 14,750,000	DA
	East Kapolei II Backbone Infrastructure		\$ 50,000,000	\$ 3,000,000	\$ 47,000,000	D/C
	East Kapolei IIA	300	\$ 14,000,000	\$ 14,000,000		DA
	East Kapolei IID	124	\$ 18,000,000		\$ 18,000,000	DA
	East Kapolei IIE	142	\$ 21,000,000	\$ 21,000,000		DA
	East Kapolei IIF	155	\$ 23,000,000		\$ 23,000,000	DA
	Maili Development	280	\$ 60,000,000		\$ 60,000,000	DA
	Ewa Beach (former NOAA site)	600	\$ 48,000,000		\$ 48,000,000	DA
	KAUAI COUNTY					
Kauai	Hanapepe Residence Lots, Phase 2	75	\$ 23,000,000	\$ 23,000,000		C
	Anahola Kuleana Homestead Lease Agricultural and Pastoral	115	\$ 5,000,000		\$ 5,000,000	C
Statewide	Land/Project Acquisition	300**	\$ 35,000,000	\$ 35,000,000		L/DA
	Project Financing/Partnerships (Public/Public; Public/Private)		\$ 30,000,000	\$ 30,000,000		DA
	TOTAL	3,163**	\$ 540,000,000	\$ 172,750,000	\$ 367,250,000	
	Phase: D=Design; C=Construction; L=Land Acquisition; DA=Development Agreement					
	*Assumes construction funding is available after 2025					
	**Estimate					

DEPARTMENT OF HAWAIIAN HOME LANDS
ACT 279, SLH 2022: CAPITAL PROJECTS
FISCAL YEAR 2023 BUDGET

Island	Subdivision/Project	Lots	General Fund FY 2023 Encumbrances	Phase
HAWAII COUNTY				
Hawaii	Honomu Subsistence Ag Lots, Phase 2	40	\$ 1,000	C
	Laiopua Village 2 (includes N Kona Water Development)	200	\$ 4,000,000	DA
	Laiopua Village 1	200	\$ 1,000	DA
MAUI COUNTY				
Lanai	Lanai Residence Lots Offsite Infrastructure	75*	\$ 2,000,000	D
Molokai	Hoolehua Scattered Lots	20	\$ 1,000	C
	Naiwa Ag Subdivision	16	\$ 1,000	C
Maui	Pu'unani Homestead Subdivision, Phase 1	161	\$ 17,500,000	DA
	Honokowai Subistence Ag, Phase 1	50	\$ 1,000	C
	Leialii 1B Offsite Water		\$ 15,000,000	C
	Leialii 1B Subdivision	250	\$ 1,000	DA
CITY AND COUNTY OF HONOLULU				
Oahu	Kaupea, Phase 2	60	\$ 8,250,000	DA
	East Kapolei II Backbone Infrastructure		\$ 3,000,000	D/C
	East Kapolei IIA	300	\$ 14,000,000	DA
	East Kapolei IID	124	\$ 1,000	DA
	East Kapolei IIE	142	\$ 21,000,000	DA
	East Kapolei IIF	155	\$ 1,000	DA
	Mali Development	280	\$ 1,000	DA
	Ewa Beach (former NOAA site)	600	\$ 1,000	DA
KAUAI COUNTY				
Kauai	Hanapepe Residence Lots, Phase 2	75	\$ 23,000,000	C
	Anahola Kuleana Homestead Lease Agricultural and Pastoral	115	\$ 1,000	C
Statewide	Land/Project Acquisition	300**	\$ 35,000,000	L/DA
	Project Financing/Partnerships (Public/Public; Public/Private)		\$ 30,000,000	DA
TOTAL		3,163**	\$ 172,761,000	
Phase: D=Design; C=Construction; L=Land Acquisition; DA=Development Agreement				
*Assumes construction funding is available after 2025				
**Estimate				



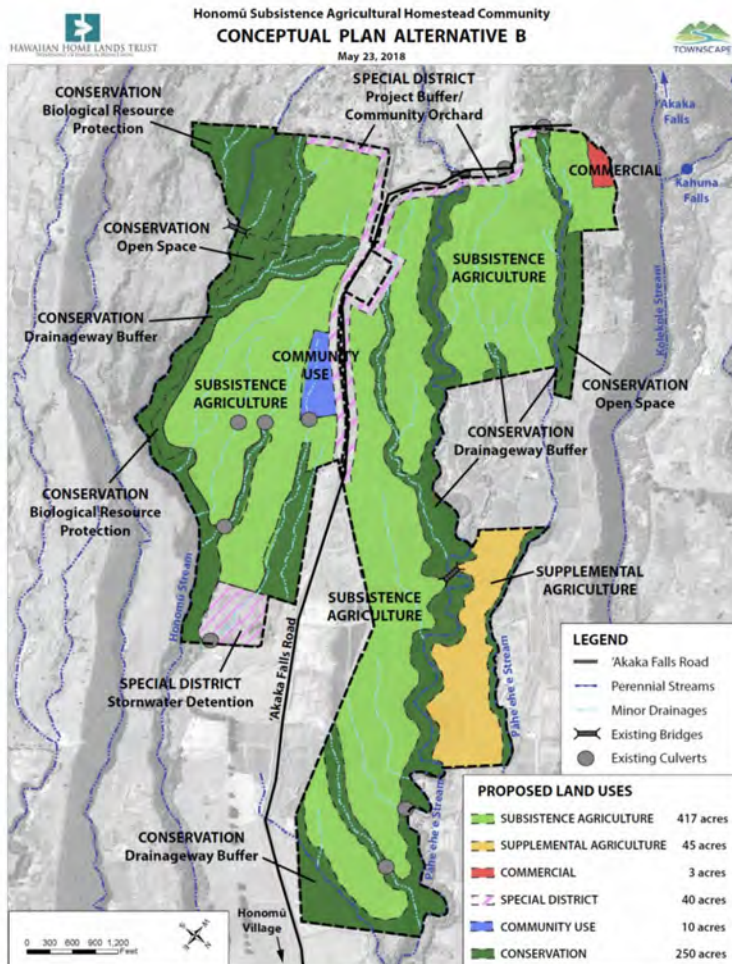
HAWAIIAN HOME LANDS

HAWAIIAN HOMES COMMISSION • DEPARTMENT OF HAWAIIAN HOME LANDS

Hawaiian Homes Commission Special Meeting
C-5 Act 279 Implementation Budget FY 2022-23
August 25, 2022

DEPARTMENT OF HAWAIIAN HOME LANDS - LAND DEVELOPMENT DIVISION

Honomu Subsistence Ag Lots, Hawaii



Phase 2 (40 lots)

Design in progress

Construction IFB FY24: \$6,000,000



Future La'i 'Ōpua Residential Development

La'i 'Ōpua Village 2

- Approximately 200 lots
- Includes N. Kona Water Development
- RFP Development Agreement FY23
- \$44,000,000

La'i 'Ōpua Village 1

- Approximately 200 lots
- RFP Development Agreement FY25
- \$23,000,000

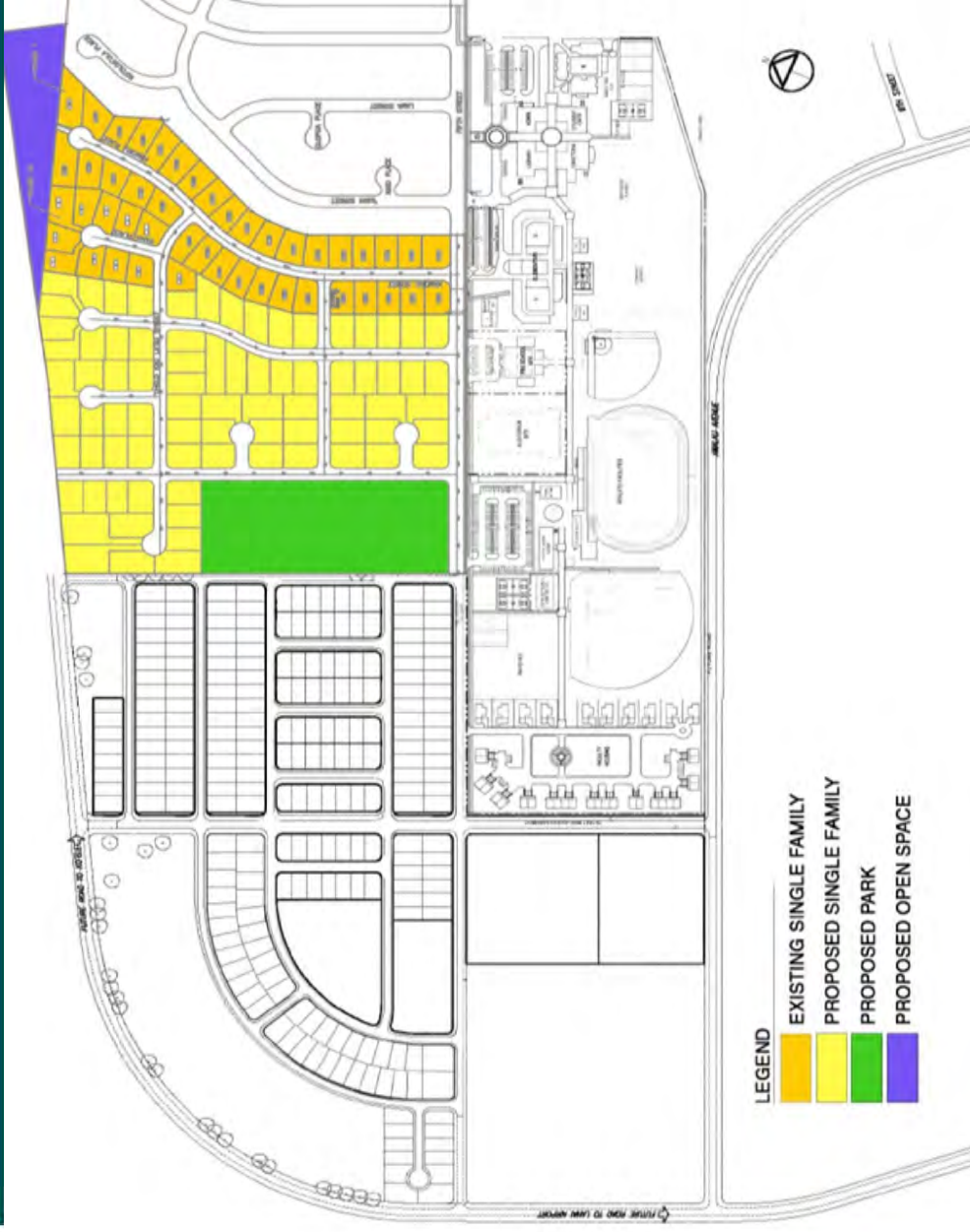




Lanai Residence Lots Future Buildout

Offsite infrastructure planning
and design for 75 new
residential lots

Design: \$2,000,000





Hoolehua Agricultural Lots



HO'OLEHUHA VACANT LOTS

DEPARTMENT OF HAWAIIAN HOME LANDS - LAND DEVELOPMENT DIVISION



Pu'unani Homestead Subdivision, Maui

PU'UNANI HOMESTEAD SUBDIVISION

TMK: (2) 3-5-002-002 Wailuku, Maui

Phase 1

137 Turnkey lots, 24 Vacant lots

Construction: \$17,500,000



Honokowai Subsistence Ag Lots Phase 1

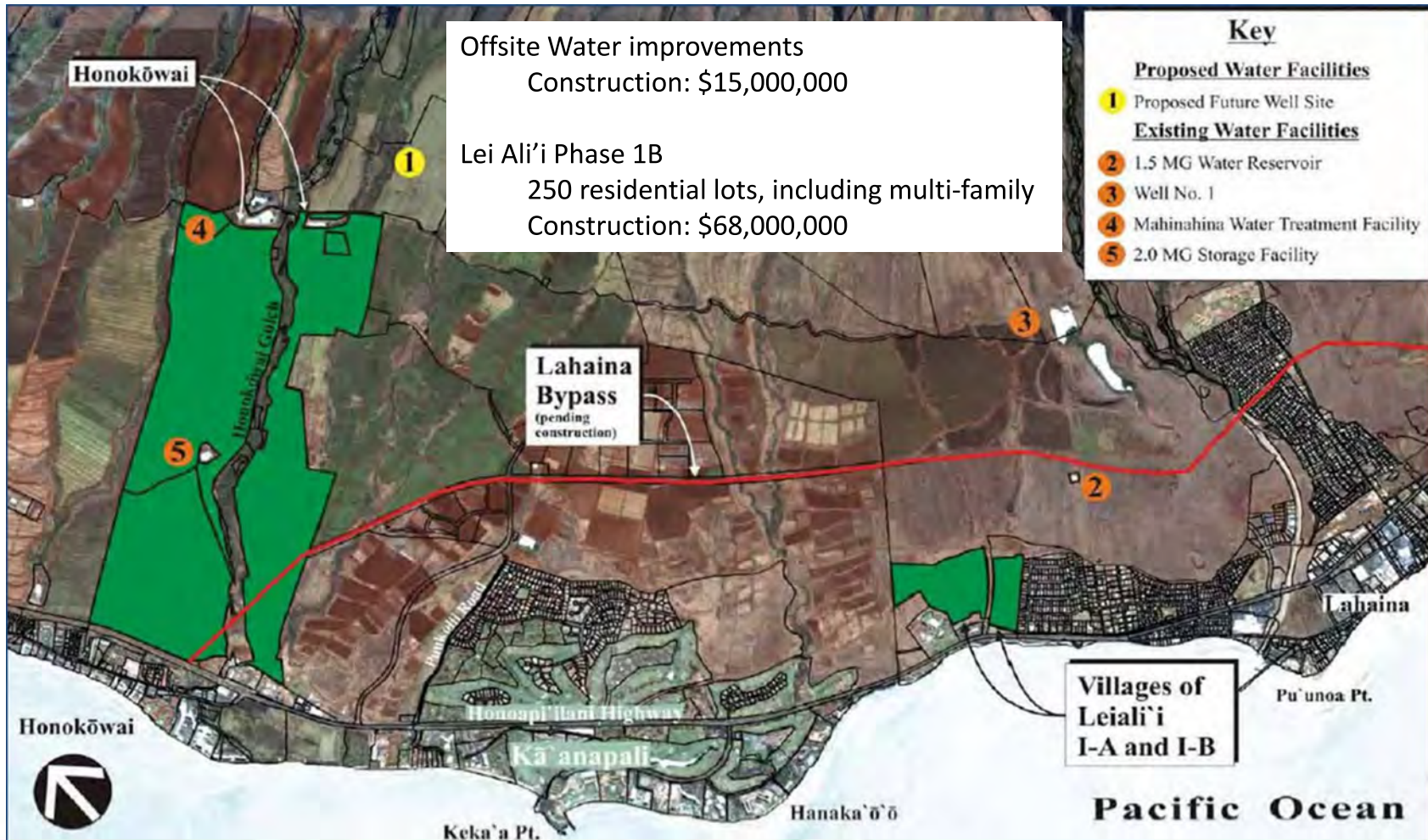
Honokōwai Beneficiary Community Master Plan

50 Sub Ag Lots
Construction:
\$5,000,000





Villages of Leialii 1B



Kaupea, Phase 2

9 Acres

Approximately 60 Lots

Acquisition: \$8,250,000

Construction: \$14,750,000





Kauluokahai Master-planned Community

Backbone Infrastructure

Design: \$3,000,000

Construction: \$47,000,000

Kauluokahai II-A (multi-family rentals)

Site-work Subsidy: \$14,000,000

Kauluokahai II-E (21.9 acres, 142 lots) \$21,000,000

Kauluokahai II-D (19.0 acres, 124 lots) \$18,000,000

Kauluokahai II-F (23.8 acres, 155 lots) \$23,000,000



DEPARTMENT OF HAWAIIAN HOME LANDS - LAND DEVELOPMENT DIVISION

Mā'ili Residential Development



Approximately 40 acres

290 units

154 single-family lots

136 multi-family townhouses

Construction: \$60,000,000

DEPARTMENT OF HAWAIIAN HOME LANDS - LAND DEVELOPMENT DIVISION



Former NOAA Site, Ewa Beach

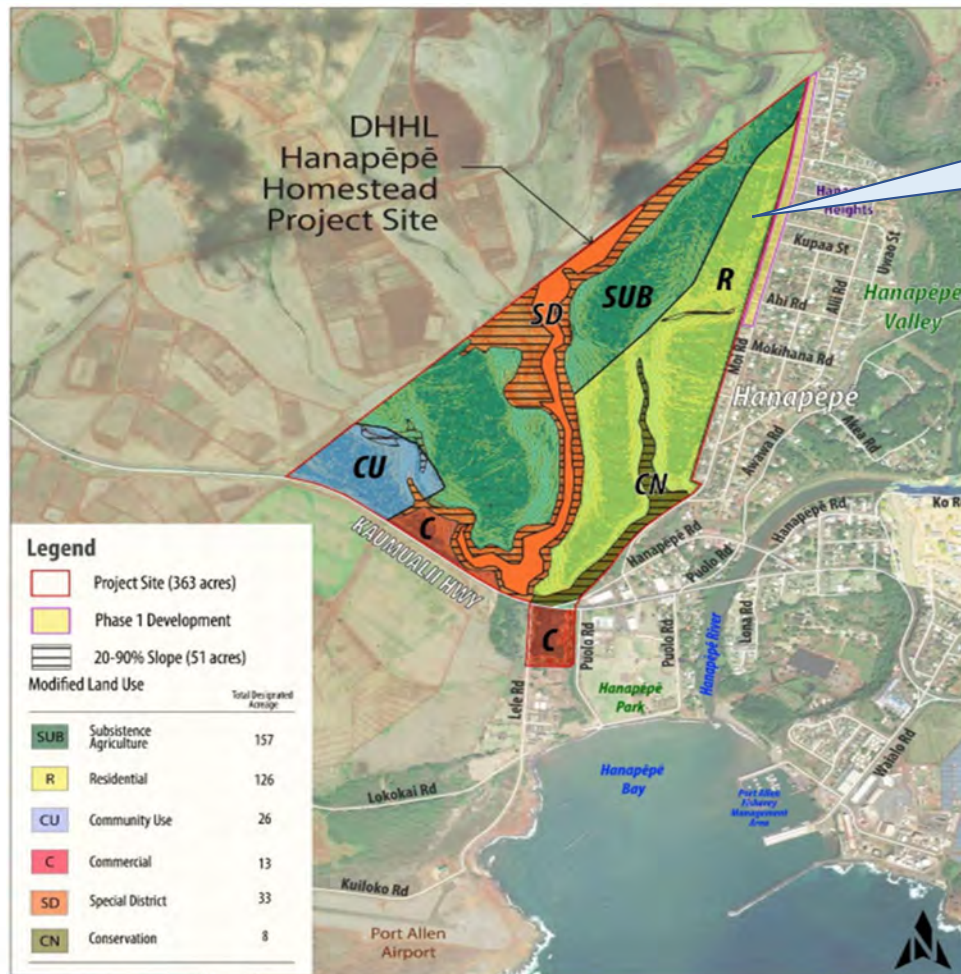
80 Acres
Approximately 600 Lots
Construction: \$48,000,000



Google Earth

DEPARTMENT OF HAWAIIAN HOME LANDS - LAND DEVELOPMENT DIVISION

Hanapepe Residence Lots, Phase 2



Phase 2
75 Residential
Homestead lots

Construction: \$23,000,000







Statewide

Land / Project Acquisition: \$35,000,000

Project Financing / Partnerships: \$30,000,000



HAWAIIAN HOME LANDS

HAWAIIAN HOMES COMMISSION • DEPARTMENT OF HAWAIIAN HOME LANDS

MAHALO

HAWAIIAN HOMES COMMISSION SPECIAL MEETING

Minutes of August 25, 2022

91-5420 Kapolei Parkway, Kapolei, O'ahu, Hawai'i
and Interactive Conferencing Technology (ICT)

Pursuant to proper call, the meeting of the Hawaiian Homes Commission was held both in person and via Interactive Conferencing Technology, beginning at 10:00 a.m.

PRESENT William J. Ailā Jr., Chairman
Randy K. Awo, Maui Commissioner
Zachary Z. Helm, Moloka'i Commissioner
Michael L. Kaleikini, East Hawai'i Commissioner (via ICT)
Pauline N. Namu'o, O'ahu Commissioner (via ICT)
Dennis L. Neves, Kauai Commissioner (via ICT)
Patricia A. Teruya, O'ahu Commissioner
Vacant seat, West Hawai'i Commissioner

EXCUSED Russell K. Ka'upu, O'ahu Commissioner

COUNSEL Katie L. Lambert, Deputy Attorney General

STAFF Tyler I. Gomes, Deputy to the Chairman
Leah Burrows-Nuuanu, Secretary to the Commission
Andrew Choy, Acting Planning Manager
Kahana Albinio, Acting Land Management Division Administrator
Juan Garcia, Homestead Services Division Administrator
Cedric Duarte, Information & Community Relations Officer
Stewart Matsunaga, Acting Land Development Division Administrator
Paula Ailā, Acting Contact and Awards Division Administrator
Jamilia Pacheco, Information Specialist
Michael Lowe, Information Specialist

ORDER OF BUSINESS

CALL TO ORDER

Chair Ailā called the meeting to order at 10:09 a.m. seven (7) members were present at the roll call, establishing a quorum. Four (4) in person, three (3) via ICT.

Pursuant to Act 220, Commissioners Awo, Helm, and Teruya were present. Commissioners Kaleikini, Namu'o, and Neves were on via ICT. The Commissioners, via remote, should keep their cameras on unless excusing themselves from the meeting. A quorum of Commissioners must be visible during the meeting. Since only four (4) people are in the room, at least one (1) Commissioner on Zoom must remain visible throughout. The Commission should be visible and audible to members and the public. No other participants are required to be visible during the meeting. All votes shall be unanimous unless the Commission goes to roll call.

Chair Aila stated public testimony on any item relevant to this agenda may be given at this time, or a testifier may wait to testify when the agenda item is called for discussion. Public testimony must be on an agendized item. Public testifiers are limited to 3-minutes per person. For those participants online, public testimony can occur at the beginning of the agenda or at the time the

item is being discussed. Pursuant to section 92-3, Hawai'i Revised Statutes, and section 10-2-11(c), Hawai'i Administrative Rules, the Chair of the Commission has the authority to impose reasonable conditions to ensure an orderly and efficient meeting.

APPROVAL OF AGENDA

MOTION/ACTION

Moved by Commissioner Neves, seconded by Commissioner Helm, to approve the agenda with the deferral. Motion carried unanimously.

Commissioner Teruya stated she wondered why an executive session was on the agenda because she thought the meeting was only to address Items C-4 and C-5. Chair Aila stated the items came up and thought the Commission would benefit from the additional information from Katie in the executive session.

PUBLIC TESTIMONY ON AGENDIZED ITEMS

PT-1 Jeff Gilbraith – Item C-4 Act 279

J. Gilbraith testified he is the Executive Director of Hawai'i Community Lending (HCL) and the former Executive Director of Hawai'i Community Assets (HCA), and a Board Member of the Council for Native Hawaiian Advancement (CNHA).

Regardless of how the money is spent, the need is to cut down the time for families to get into their homes. He shared key findings of a two-month listening tour hosted by their three organizations, HCL, HCA, and CNHA, in June. The listening tour identified solutions to streamline the process at DHHL in light of the \$600 million.

Their organizations hosted group listening sessions with beneficiaries, homestead leaders, HUD counselors, certified native DCFI, mortgage lenders, builders and developers, building suppliers, and government agencies. They conducted key stakeholder interviews that allowed them to dig deep into the issues and solutions. Following the listening sessions, they provided an evaluation for individuals to complete and share with their community. Throughout the process, they shared their preliminary results with the Director and Deputy Director to get actionable feedback for guidance and potential solutions. They are now finalizing the recommendations and hope to submit them to the Commission in September.

They identified three key themes that could help produce a timeline for getting families into their homes in an estimated time of 3-years.

- Communication and awareness – beneficial is the process from start to finish, from when the environmental assessment is completed to when the family gets into the home.
- Strengthening public and private partnerships – the community and industry folks are ready to help and need to know how.
- Invest in beneficiaries – bringing services and resources to beneficiaries so they can get into homes quicker

Commissioner Teruya stated she supports the training workshop process with partners, stakeholders, and other organizations involved in the discussions. She stated the RFQs would be faster and allows the Department to work with qualified developers, and it will support the qualified local developers.

Chair Aila stated the Department has been speaking with Jeff for a while, and some of the things he brought forth are being reviewed by staff now. The secondary review of the permit is not redundant, and staff ensures that the house is not placed on any easements for drainage, electrical, or anything like that. He thinks it gets turned around in less than a week. That is the primary purpose of the Department's review to avoid problems.

J. Gilbraith stated they shared draft findings with the Director and Deputy. They are still finalizing to submit the full package to the Commission. They must go through the process and ensure the community weighs in with each step. It is being kicked back and forth with the Director and Deputy to ensure we understand what is actionable versus putting recommendations that might sit on the shelf.

Commissioner Teruya stated that today's meeting would adopt the PIG's recommendation. The submittal from the PIG does not cover much of what J. Gilbraith expressed, which she would support, like the RFQ process.

Chair Aila stated most of the things J. Gilbraith has covered the \$60 million personal services type of activity. It has to be defined further, and it was made clear and the PIG level and the Commission table that there are more specifications to come as this move forward.

Commissioner Neves stated this was not provided to the PIG, but the PIG understood that the \$60 million is to look at these things and how it will help the Department move forward.

PT-2 Dayne Kahau – Papakolea

D. Kahau just wants to know about whatever pertains to his Papakolea issue. Chair Aila stated there was no update. The Department is in the investigative phase.

PT-3 Kali Watson – Item C-4 Act 279

K. Watson stated this is an opportunity for the Department and other entities to get together and develop an approach that will make an impact. He is here to provide constructive comments, and he stated he did submit his written testimony. He noted that the graph in his submittal, the 3800 units is in addition to what is proposed by the Department, which increases the count to over 6,000 units using the \$600 million.

He reviewed the recommendations submitted by the PIG, and one of the misunderstandings, he pointed out, is the value of the Low Income Housing Tax Credit (LIHTC) rent-to-own program. This is how private developers approach the funding of the projects because without these subsidies; it is almost impossible for the developers to build the units.

He stated some people could not qualify for the turn-key projects because they do not make enough income. The answer and solution to that is the LIHTC rent-to-own approach, as it will leverage and provide the funding from the LIHTC.

He stated he thinks that Ulu Ke Kukui is a wonderful project; they are the only ones who saw the challenges and are committed to it. He asked that the Department amend its budget and put the Uu Ke Kukui budget in there for \$11.377 million. They raised \$5.5 million, but that is not enough.

He stated that the RFQ process is excellent and a way to expedite selecting and identifying the qualified developers that can move things along and front the money for the pre-development instead of the Department.

Commissioner Teruya stated she would like the funding for Ulu Ke Kukui to move through for the beneficiaries. She asked about the Waianae/Kupuna Housing and if it is the property next to the Waianae Comprehensive Center. K. Watson stated it is on DHHL lands and has been working with Rich Bettini and Waianae Kai Homestead Association. The idea of doing kupuna housing adjacent to the Waianae Comprehensive Center is just what the kupuna needs. It is providing the services they need. K. Watson referenced a development project he was working on. He stated he would throw out the suggestion that the Department might want to buy that. It is a \$40 million project, and they will be finished with construction in February 2023. The location is right off the Bowl-O-Drome.

Commissioner Teruya asked there is only one kupuna housing on O`ahu. Chair Aila stated that is correct, and there is a reason for that as it requires heavily subsidized funding.

Commissioner Awo stated K. Watson has funding challenges according to his submittal. K. Watson stated that Ulu Ke Kukui is a renovation plan with qualified allocation criteria or scoring system. He stated they are skilled in acquiring those LIHTC funds and other developers.

K. Watson asked that the Commission and the Department allow him to bypass the permitting for Ulu Ke Kukui. Commissioner Awo stated that his concern on bypassing permitting is that substandard housing is built for the beneficiaries.

Chair Aila stated the Department is already implementing some of his suggestions. He stated the subject matter today is the first year and a half of the budget. There are still two more years which gives the Department time to acquire property and partner. He stated the Commission wants to get started, which is why it is presented.

ITEMS FOR DECISION MAKING

REGULAR AGENDA

OFFICE OF THE CHAIRMAN

ITEM C-4 Approval of the Act 279 Permitted Interaction Group Recommendations

RECOMMENDED MOTION/ACTION

Executive Assistant Jobie Masagatani presented the following:

Motion that the Hawaiian Homes Commission accept and approve the preliminary strategic approach to implement Act 279, the Strategic Approach Plan, which was attached as Exhibit A, and authorize the Chairman to begin implementation of such plan.

Chair Aila stated because the maker of the motion is not here today, to make it clearer, he would like a new motion to consider the staff's recommendation on Agenda Item C-4.

MOTION

Moved by Commissioner Neves, seconded by Commissioner Kaleikini, to approve the motion as stated in the submittal.

Executive Assistant Jobie Masagatani stated Act 279 is not like typical funding, it is a general fund appropriation provided through the Legislature, and there are specific expectations regarding its use. The intention is that it be used for individuals on the waiting list. There is a requirement to provide a strategic plan to the Legislature. A couple of elements need to be continued or brought back to the Commission regarding suggestions on Legislation that could be considered. Because it is General Funds, when Budget and Finance (B&F) deals with any funds made available to any state agency, how that funding is executed by the state agency is dictated by a Budget Execution Memorandum (BEM). B&F issues it every year, and it is available online. It looks like the expenditure of the money will require the Governor's approval through B&F.

Chair Aila established the Permitted Interactive Group (PIG) in May before the July signing date. A status report was presented to the Commission in June. The strategic approach was presented in August.

DISCUSSION

Commissioner Awo stated the purpose of the separate meeting was to give the Commission an opportunity for time and deliberation, as it was not afforded.

Commissioner Helm stated his concern is the staff is getting the job done on time. He mentioned that Peter Savio has been selling lots for farming and it would be a good idea for someone to approach him. He highly recommended hiring the proper staff.

Commissioner Kaleikini stated he looked at the status report and expressed his appreciation for the effort they put in. He stated he is in support of the plan.

Chair Aila stated all the Commissioners had felt the pressure of how to spend \$600 million in 2-years and 11 months from now. There is the ability to hire professional help to oversee the contracts and the process that will lead to contracts and encumbrances. The Department has two well-experienced employees that are not going anywhere soon, Stewart Matsunaga and Darrell Ing. In the last two years, they have mentored the junior staff who have stepped up. The Department is confident that it can get this done and need the Commission's assistance in helping this to move forward. The plan will change as things move forward, and figure out how the contracts for the \$60 million will work, what good offers come in, and how to build the ability to leverage these construction projects. If the Department can get someone to build it without any money, it can ideally use the money in other areas.

The Commission is looking at everything that is brought to its attention. He is sure there will be hiccups along the way but confident that the staff and the Administration that will follow this current Administration will see the immediacy and the historical importance in what this Commission is about to approve today and hope it will be flexible to move into the next year and the year after to encumber everything.

S. Matsunaga stated they have a rough idea of the lot sizes, which come from the Master Plan and the various environmental assessments that provide the size of the project and infrastructure requirements. He stated they are trying to maximize the quantity of land as they have had pushbacks on the size of the lots.

Commissioner Awo stated the Department does have the expertise, and bringing in additional developers as a possibility is to augment what the Department has in their skill sets. He thinks it is fair that the Department bring in additional help to accelerate housing creation for our

beneficiaries. The Commission should be moving with deliberate speed and not reckless abandonment. It is all about the deliverables.

Commissioner Teruya clarified that her comments earlier regarding creating a new division to implement Act 279 were not meant to criticize any body or that the staff does not do good work. Her concern was if the Department consider another division and did the Department have enough staff. She wants to say it for the minutes, the record, and the public.

Commissioner Namu`o stated she believes the recommendation to discuss this project was good. All input should be considered, and Jobie should look at what can be incorporated. The Commissioners understand this is a flexible document. The Commission needs to support the staff because they have done great work.

MOTION/ACTION

Moved by Commissioner Neves, seconded by Commissioner Kaleikini, to approve the motion as stated in the submittal.						
Commissioner	1	2	`AE (YES)	A`OLE (NO)	KANALUA ABSTAIN	EXCUSED
Commissioner Awo			X			
Commissioner Helm			X			
Commissioner Kaleikini		X	X			
Commissioner Ka`upu						X
Commissioner Namu`o			X			
Commissioner Neves	X		X			
Commissioner Teruya			X			
Chairman Aila			X			
TOTAL VOTE COUNT			7			1
MOTION: <input checked="" type="checkbox"/> UNANIMOUS <input type="checkbox"/> PASSED <input type="checkbox"/> DEFERRED <input type="checkbox"/> FAILED						
Motion passed unanimously. Seven (7) Yes votes.						

ITEM C-5 Approval of Act 279 Implementation Budget Fiscal Year 2022-2023

RECOMMENDED MOTION/ACTION

Executive Assistant Jobie Masagatani and Administrative Service Officer Rodney Lau presented the following:

Motion that the Hawaiian Homes Commission approve the Act 279 Implementation Budget Fiscal Year 2022-2023 for the Department of Hawaiian Home Lands; and authorize the Chairman to shift funding of expenditures between cost elements and funds as warranted but not to exceed the total budget.

J. Masagatani stated Item C-5 is the first year to implement the strategic approach. The plan anticipated 3-years of spending, but due to a technical glitch, the Department currently has only 2-years of authorization. The budget plan anticipates 2-years, and it is an aggressive expectation. Hopefully, the Legislature concurs with the recognition that it was a technical glitch and that the Department needs an additional third year. However, that will have to be secured through the Legislature's next session.

MOTION

Moved by Commissioner Helm, seconded by Commissioner Neves, to approve the motion as stated in the submittal.

J. Masagatani stated they presented the submittal to the Commission earlier last week. They also have the Development Budget that was approved in June. This is a significant portion of the development picture, but it is not the only work going on.

Chair Aila stated that the Development Budget allows the Commissioners to see the other \$79 million that is being used on other projects that are not on the \$600 million. The Commissioners can see all the projects that are in play and are being implemented.

DISCUSSION

Commissioner Teruya asked to go to the O'ahu, Exhibit A, the Ewa Beach NOAA project listed at \$600. Is the Department looking at environmental challenges on that surplus property, and would it take longer than expected?

Planning Manager Andrew Choy stated they would need to complete the HRS Chapter 343 and a federal environmental assessment for that property. A work plan and schedule have been finalized with the Consultant, and we are looking to finish the environmental assessment in October 2023. They will look at other potential environmental hazards, such as rising sea levels and hazardous materials. The National Oceanic and Atmospheric Administration have owned the property for several decades, and the previous owner was not military. It is hopeful that NOAA, who ran the Pacific Tsunami Warning Center, did not have the same impact that the military would have on the property. The way the preliminary strategic approach was drafted provides flexibility and re-examining what projects can be funded every year based on the planning that has gone into it.

Commissioner Teruya asked to point out the budget where Ulu Ke Kukui is so she can feel comfortable that the project will be in the budget to secure funding to move forward. J. Masagatani stated that Ulu Ke Kukui is contracted with a private partner developer with whom the Department went through a procurement process. As Kali Watson testified in his presentation, Ulu Ke Kukui is a renovation project and not scoring as high for the low-income housing tax credit resources.

In the submittal, in the first year's budget, under the project financing partnership's statewide project, \$30 million has been set aside.

The specific elements will have to be worked through and returned to the Commission before moving forward with implementation. Commissioner Teruya asked if it was premature to put it in the budget today. J. Masagatani stated she would not as the Department wants to talk to HHFDC. With respect to K. Watson, the project may need \$3 million and not \$11 million, which is unknown. The Department also wants to make sure that the due diligence goes on. She thinks it would risk the Department specifically outlining the money.

Commissioner Awo stated it is undetermined how innovative the Department can become. It is a work in progress.

ACTION

Moved by Commissioner Teruya, seconded by Commissioner Neves, to approve the motion as stated in the submittal.						
Commissioner	1	2	`AE (YES)	A'OLE (NO)	KANALUA ABSTAIN	EXCUSED
Commissioner Awo			X			
Commissioner Helm	X		X			
Commissioner Kaleikini			X			
Commissioner Ka'upu						X
Commissioner Namu'o			X			
Commissioner Neves		X	X			
Commissioner Teruya			X			
Chairman Aila			X			
TOTAL VOTE COUNT			7			1
MOTION: <input checked="" type="checkbox"/> UNANIMOUS <input type="checkbox"/> PASSED <input type="checkbox"/> DEFERRED <input type="checkbox"/> FAILED						
Motion passed unanimously. Seven (7) Yes votes.						

RECESS
RECONVENED

11:57 AM
12:20 pm

MOTION

Moved by Commissioner Neves, seconded by Commissioner Helm to convene in an executive session pursuant to Section 92-5(a)(4), HRS, to Consult with its attorney on questions and issues pertaining to the Commission's powers, duties, privileges, immunities, and liabilities. Motion carried unanimously.

EXECUTIVE SESSION IN

12:20 PM

The Commission anticipates convening an executive meeting pursuant to Section 92-5(a)(4), HRS, to Consult with its attorney on questions and issues pertaining to the Commission's powers, duties, privileges, immunities, and liabilities.

1. Briefing regarding fiduciary duties and responsibilities
2. Briefing on remand order – Janicki v. Hawaiian Homes Commission, et al., ICCV-22-0000025
3. Briefing on effect of March 31, 2017, amendment to sections 10-2-16(b) and (c), Hawai'i Administrative Rules

EXECUTIVE SESSION OUT

2:20 PM

ANNOUNCEMENTS AND ADJOURNMENT

NEXT MEETING

The next HHC meeting will be held on September 19 & 20, 2022, Monday & Tuesday, Waiola Church Hall, Lahaina, 535 Waine'e Street, Lahaina, Maui, Hawai'i 96761

MOTION/ACTION

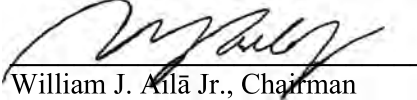
Moved by Commissioner Helm, seconded by Commissioner Awo, to adjourn the meeting.

Motion carried unanimously.

ADJOURNMENT


2:20 PM

Respectfully submitted:



William J. Ailā Jr., Chairman
Hawaiian Homes Commission

Prepared by:



Leah Burrows-Nuuanu, Commission Secretary
Hawaiian Homes Commission