



HAWAIIAN HOME LANDS
HAWAIIAN HOMES COMMISSION
DEPARTMENT OF HAWAIIAN HOME LANDS

Beneficiary Consultation: Section 228 Rulemaking

Statewide
August 21 - 29, 2013

Agenda for tonight

- Beneficiary Consultation: Purpose & Goals
- What are general lease extensions?
- Why do we need this rule?
- What are Administrative Rules?
- What is the rulemaking process?
- Next steps

Beneficiary consultation



- Beneficiaries = DHHL applicants + DHHL lessees + native Hawaiians
- Consultation builds stronger relationships between DHHL and beneficiaries
- Consultation provides for educated and informed decisions

Purpose and goals

- To inform beneficiaries about:
 - General lease extensions
 - DHHL's administrative rules and the process to change these rules
 - How to provide comments on the draft rule language

What is a General Lease (GL)?

- General lease is a long term agreement for the use of Hawaiian home lands for non-homesteading purposes
- Rent is determined by a fair market value appraisal conducted by a licensed third party
- GL's are awarded through a public auction process pursuant to HHCA, Section 204

What are we asking from you?

- Attend meetings and be informed on the issue
- Share mana'o in writing by mail, email and/or dropping off a comment sheet to DHHL
- Check our website after September 30 for the consultation report and other updates
- Watch out for public notices in the newspaper and updates on our website for information on the formal rulemaking and public hearings
- We invite you to participate in the public hearings

Ground rules

- Everyone in attendance sign in
- Write out your questions/comments on the provided forms
- When speaking please identify yourself as a “DHHL lessee”, “DHHL applicant” or “native Hawaiian”

DHHL's mission

To manage the Hawaiian Home Lands trust effectively and to develop and deliver lands to native Hawaiians.

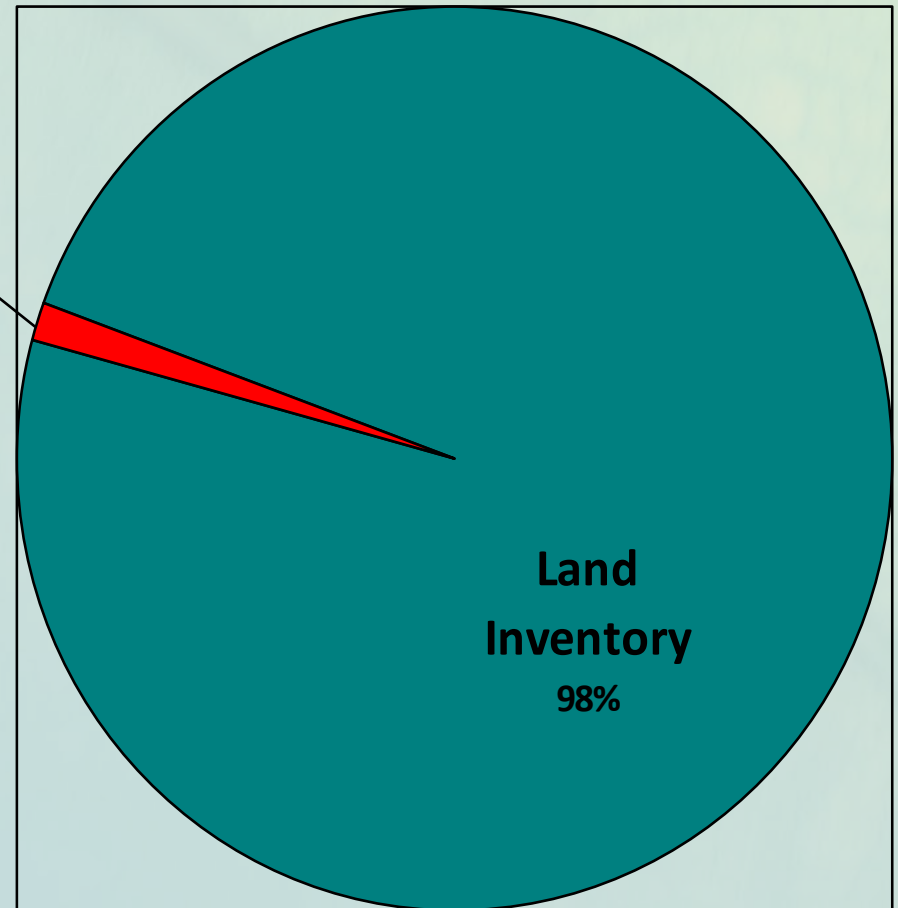
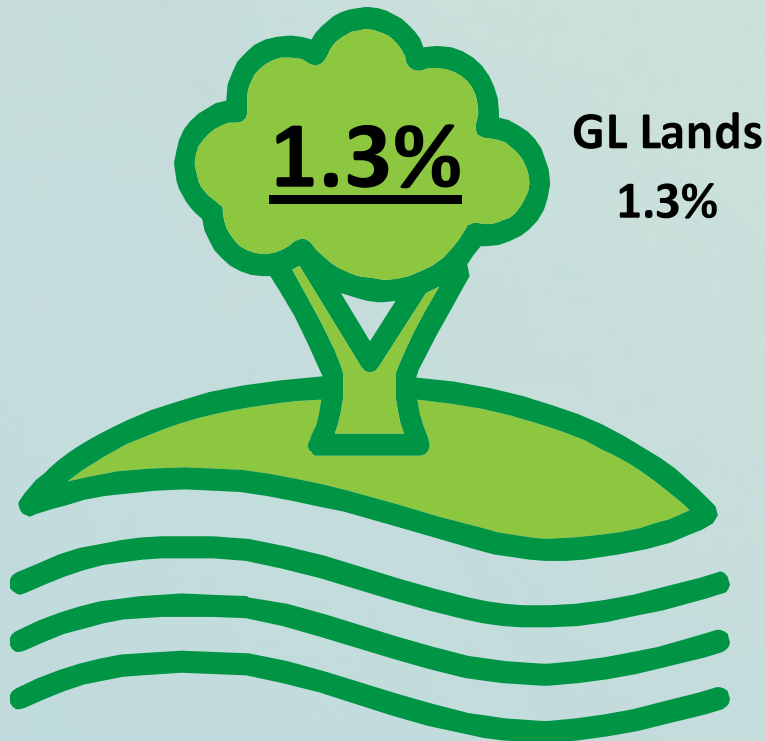
We will partner with others towards developing self-sufficient and healthy communities.

DHHL Today

- Total acreage: **203,500 acres** (statewide)
- Total no. of homestead leases: **9,849**
- Total no. of homestead applicants: **26,546**
- Non-homestead GL dispositions: **126**
 - Generates approximately \$10 M annually

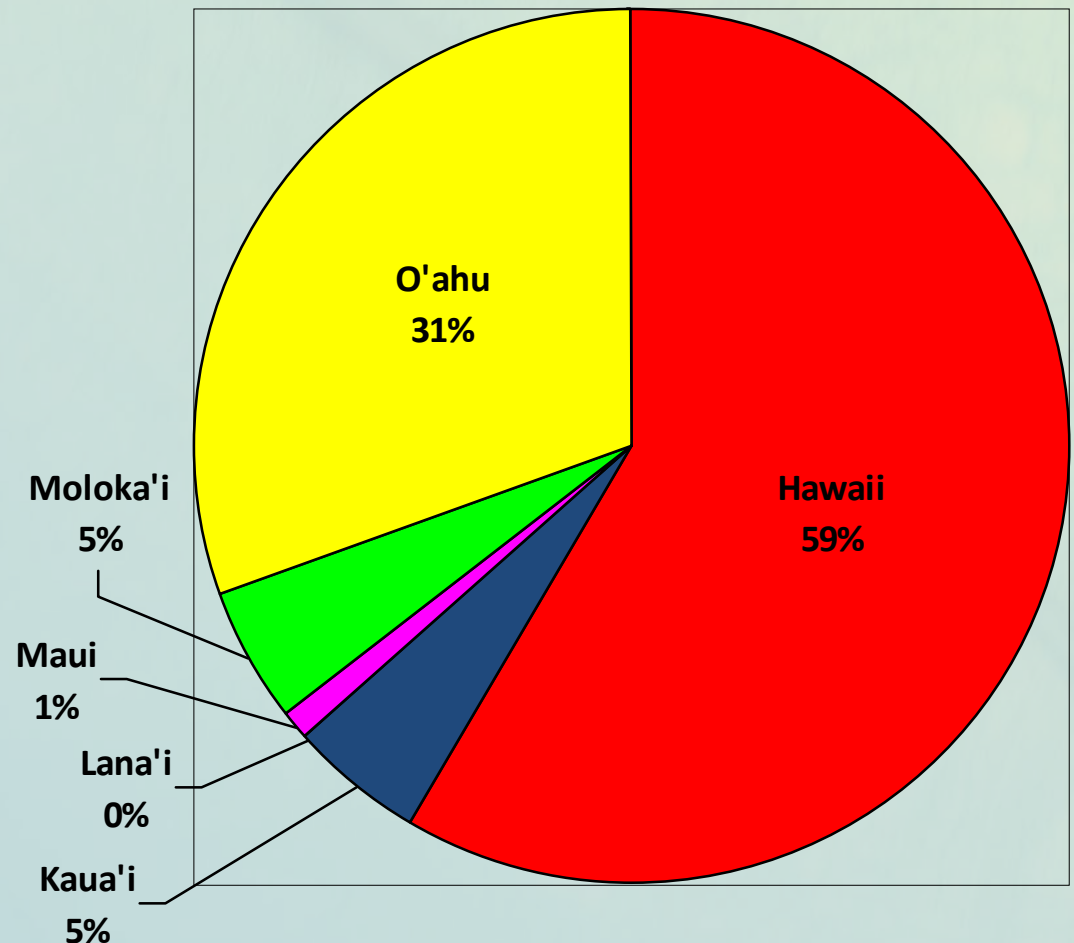
LMD - Land Management Division

- Covers approximately 1.3% of DHHL's 203,500 acres.



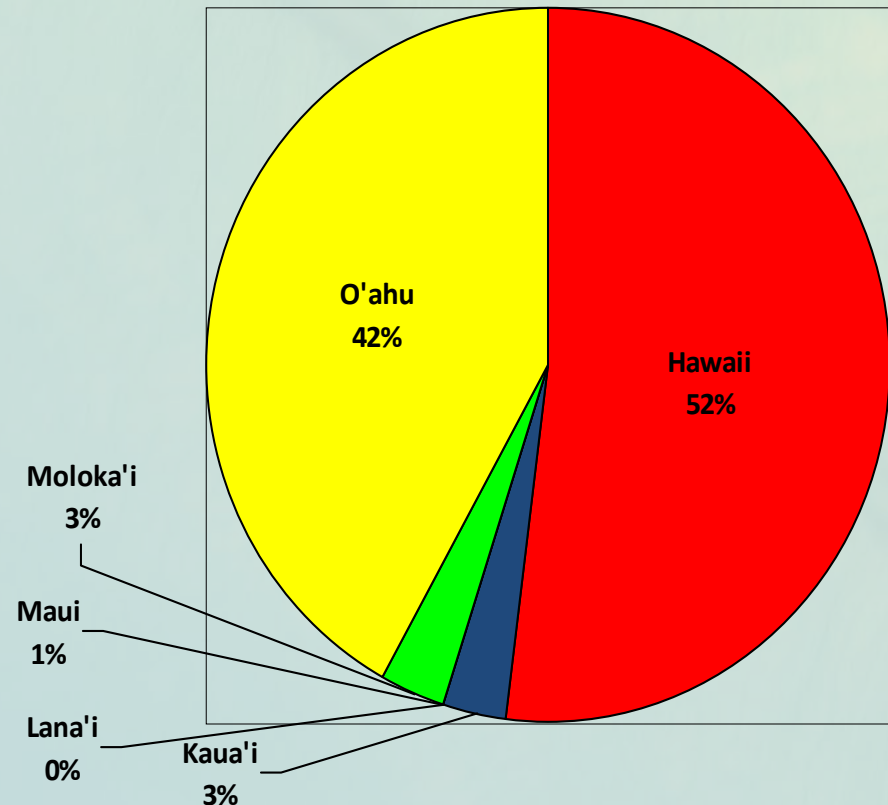
LMD - Land Management Division

- Manages 126 General Lease accounts



LMD - Land Management Division

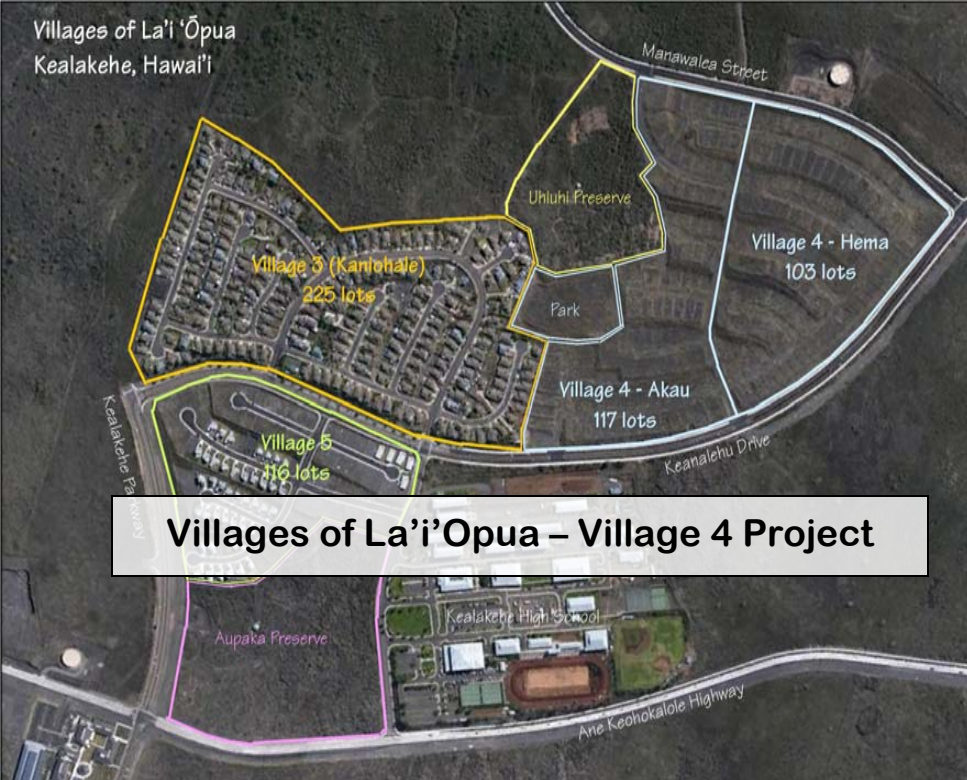
- Annual revenue from GL dispositions generate approximately \$10 M



General Lessees



Villages of La'i 'Ōpua
Kealakehe, Hawai'i



Villages of La'i 'Ōpua – Village 4 Project



Kakaina Subdivision Construction



**Lalamilo Housing, Phase 2A, Increment 1
South Kohala, Hawai'i**

What is this rulemaking about?

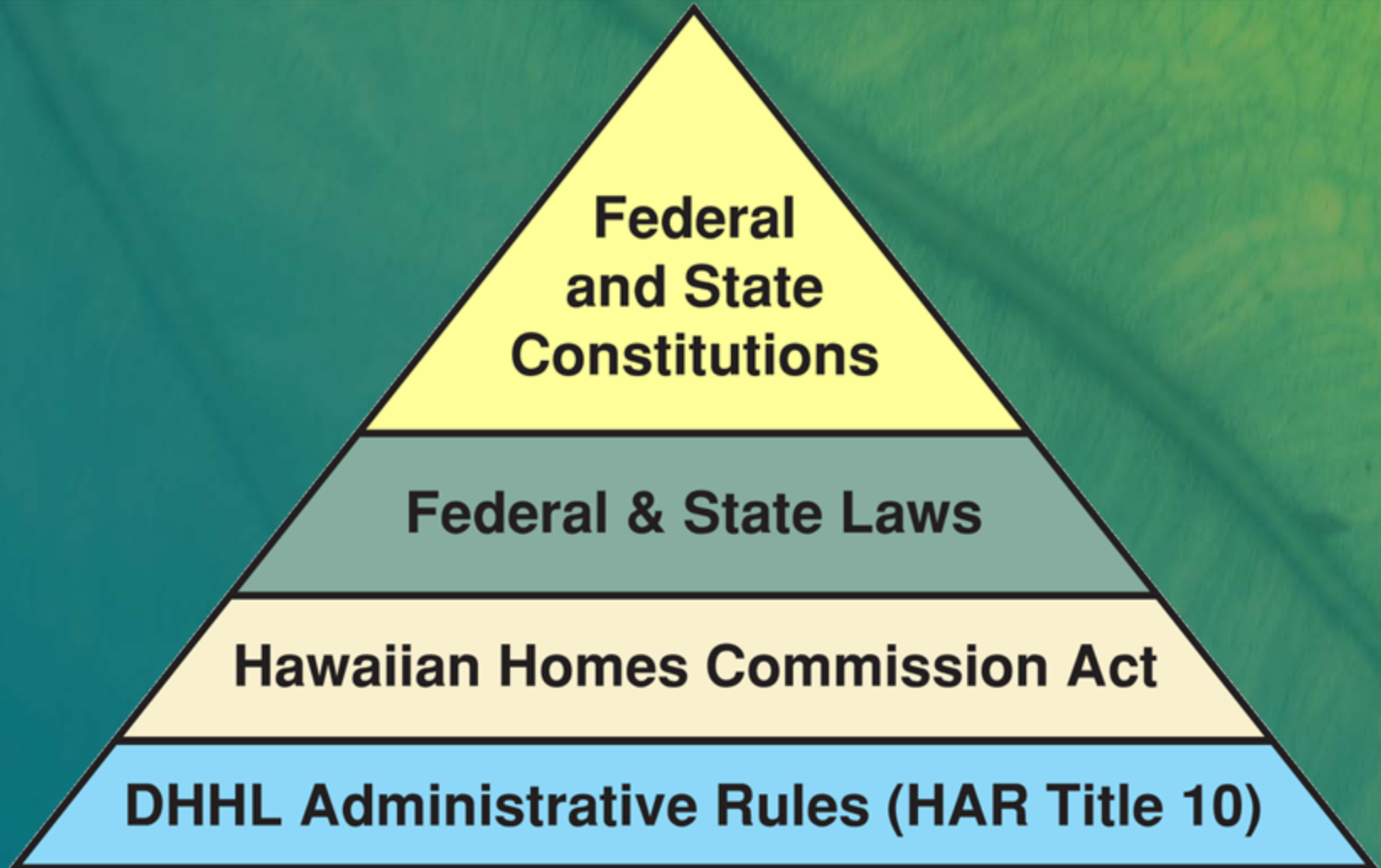
GENERAL LEASE EXTENSIONS

- Current general lease max. term = 65 years
- Under HHCA Section 228 a twenty (20)-year extension of term can only be granted once for commercial/industrial and multipurpose projects
- Law passed in 2010, added to HHCA as Section 228 in 2012, and now we are incorporating it into our Administrative Rule (HAR Title 10)
- Extensions allow general lessees reinvest in the property
- Rules are required to implement HHCA Section 228

What is a rule?

- An “Administrative Rule”:
 - Implements, interprets, or prescribes law or policy as it relates to DHHL
 - Describes DHHL’s organization, procedures and requirements

Hierarchy of rules



HHCA Section 228

Draft Rule Language

Hawaiian Homes Commission Act, 1920, As Amended, Section 228

§228. Commercial and multipurpose project leases: extension of term

Draft rule language under legislative guidance and authority of Hawaiian Homes Commission Act, Section 228:

(d) Before the written agreement is approved, the lessee, or the lessee and developer, shall submit to the department the plans and specifications for the proposed development. The department shall review

The commission shall adopt and publish a policy pursuant to chapter 91, Hawaii Revised Statutes, which shall be used to evaluate any request for a lease extension, including the terms of the lease, prospective payments, and renegotiation, and shall be used by the commission for any final determination on a lease extension request.

of the lands to be developed, as determined by an appraiser for the department, and percentage amount.

the plans, specifications

(1) Whether the priorities of

(2) The expected date

(3) The of the lands to be developed, as determined by the department, and percentage amount.

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e) The approval of any extension shall be subject to the following:

- 1) The demised premises are used in a manner substantially consistent with the use and purpose for which they were originally leased;
- 2) The rental shall not be less than the rental for the preceding term; and
- 3) Any additional terms and conditions set forth by the commission and deemed prudent and reasonable.

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priorities of the commission to justify an extension of the lease;

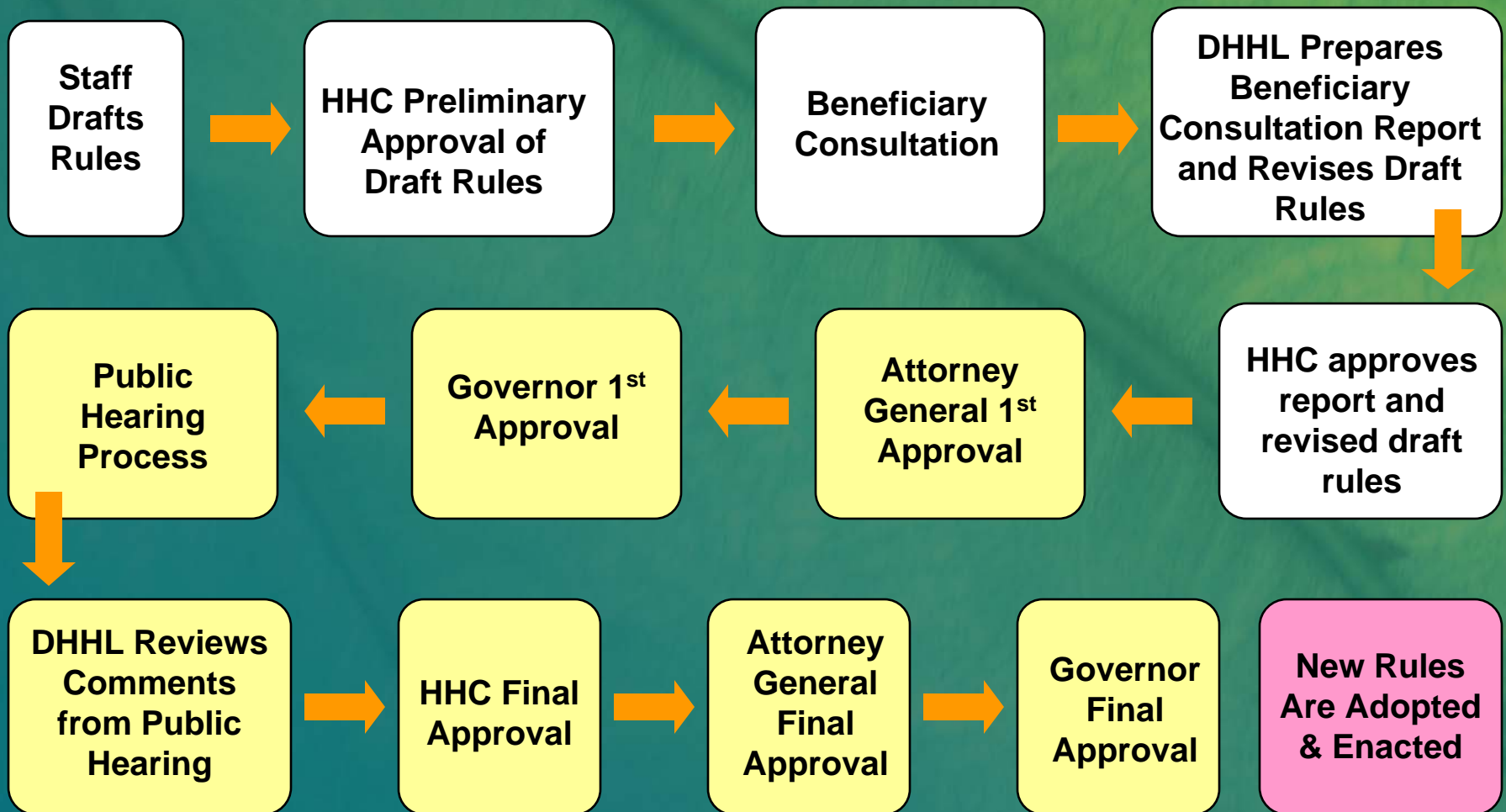
- 2) The estimated time needed to complete the improvements and expected date of completion of the improvements; and
- 3) The minimum revised annual rent based on the fair market value of the lands to be developed, as determined by an appraiser for the Department, and percentage rent where gross receipts exceed a specified amount.

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HAR Title 10 - Amendment Development Process



Next steps

- Review the draft rules and presentation information in the **Beneficiary Consultation** section of **dhhl.hawaii.gov**
- Please submit your comments, in writing to DHHL:
 - By mail: P.O. Box 1879, Honolulu, HI 96805
 - By e-mail: dhhl.lmd@hawaii.gov
 - In person: At any DHHL office
- Comments must be **received** by Sept. 30, 2013

In summary

- Check our website after September 30 for the consultation report and other updates
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Mahalo

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