



HAWAIIAN HOME LANDS
HAWAIIAN HOMES COMMISSION
DEPARTMENT OF HAWAIIAN HOME LANDS

DHHL UPDATE

**Before the House Committee on Ocean,
Marine Resources & Hawaiian Affairs**

February 12, 2014

CONSTITUTIONAL OBLIGATION

- **Article XII, Section 1**

The legislature shall make sufficient sums available for the following purposes:

(1) development of home, agriculture, farm and ranch **lots**;

(2) home, agriculture, aquaculture, farm and ranch **loans**;

(3) **rehabilitation projects** to include, but not limited to, educational, economic, political, social and cultural processes by which the general welfare and conditions of native Hawaiians are thereby improved;

(4) **the administration and operating budget of the department of Hawaiian home lands**; in furtherance of

(1), (2), (3) and (4) herein, by appropriating the same in the manner provided by law.

ACT 14 (1995)

- **Settled past land claims**
- **Provided \$600 million to DHHL in \$30 million annual installments**
- **Last payment to be received June 2015**

FUND BALANCES

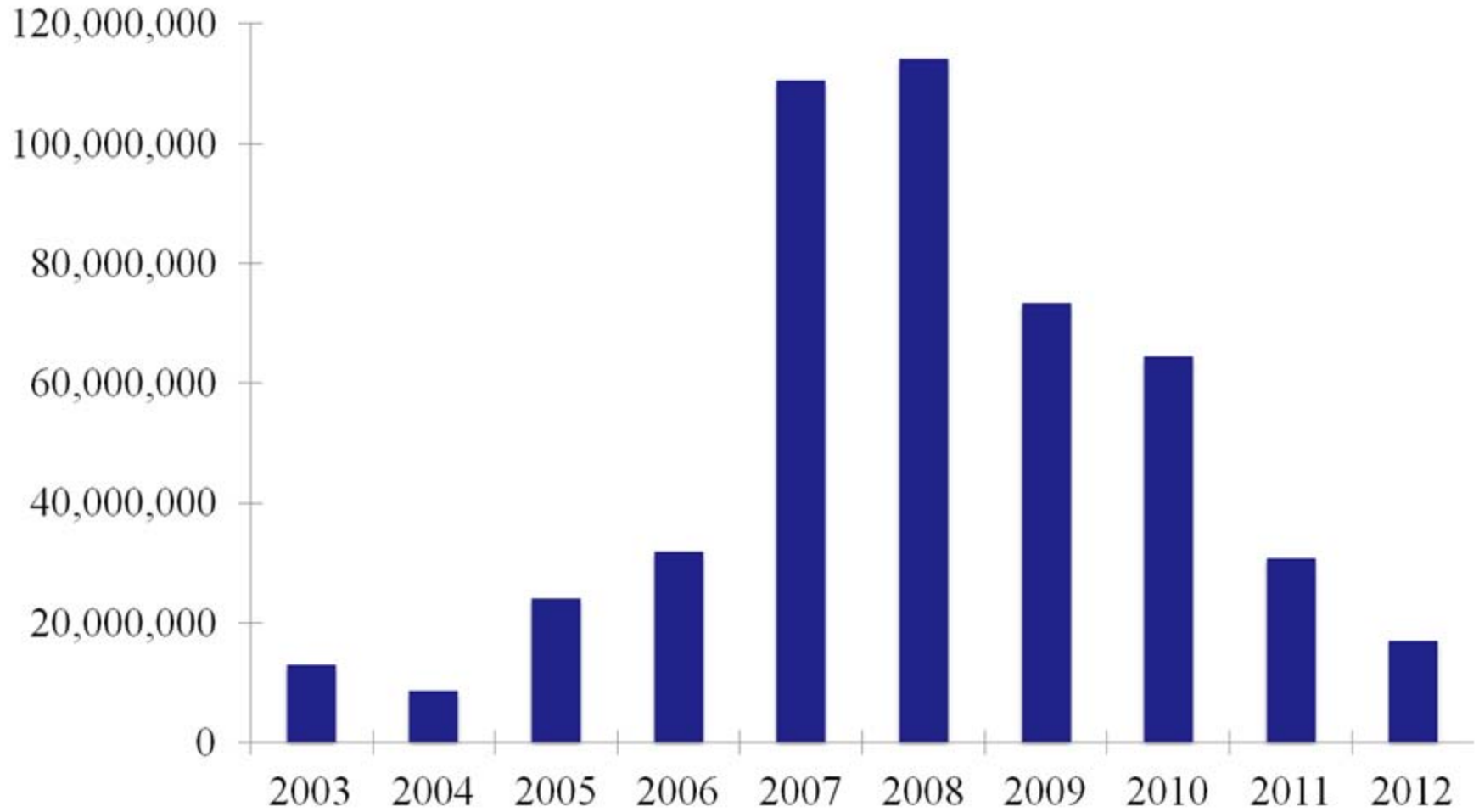
	Available Cash, FY2002	Available Cash, FY2012
Revolving Funds	\$20.3 M	\$13.7 M
Native Hawaiian Rehabilitation Fund	\$12.6 M	\$2.9 M
Hawaiian Home Lands Trust Fund	\$80.8 M	\$98.6 M
Other Trust Funds	\$22.3 M	\$19.6 M
Hawaiian Home Administration Acct.	\$7.5 M	\$18.1 M
DHHL Revenue Bond Special Fund	\$30.5 M	\$12.4 M
TOTAL BALANCES	\$174.1 M	\$165.3 M

LONG TERM OBLIGATIONS

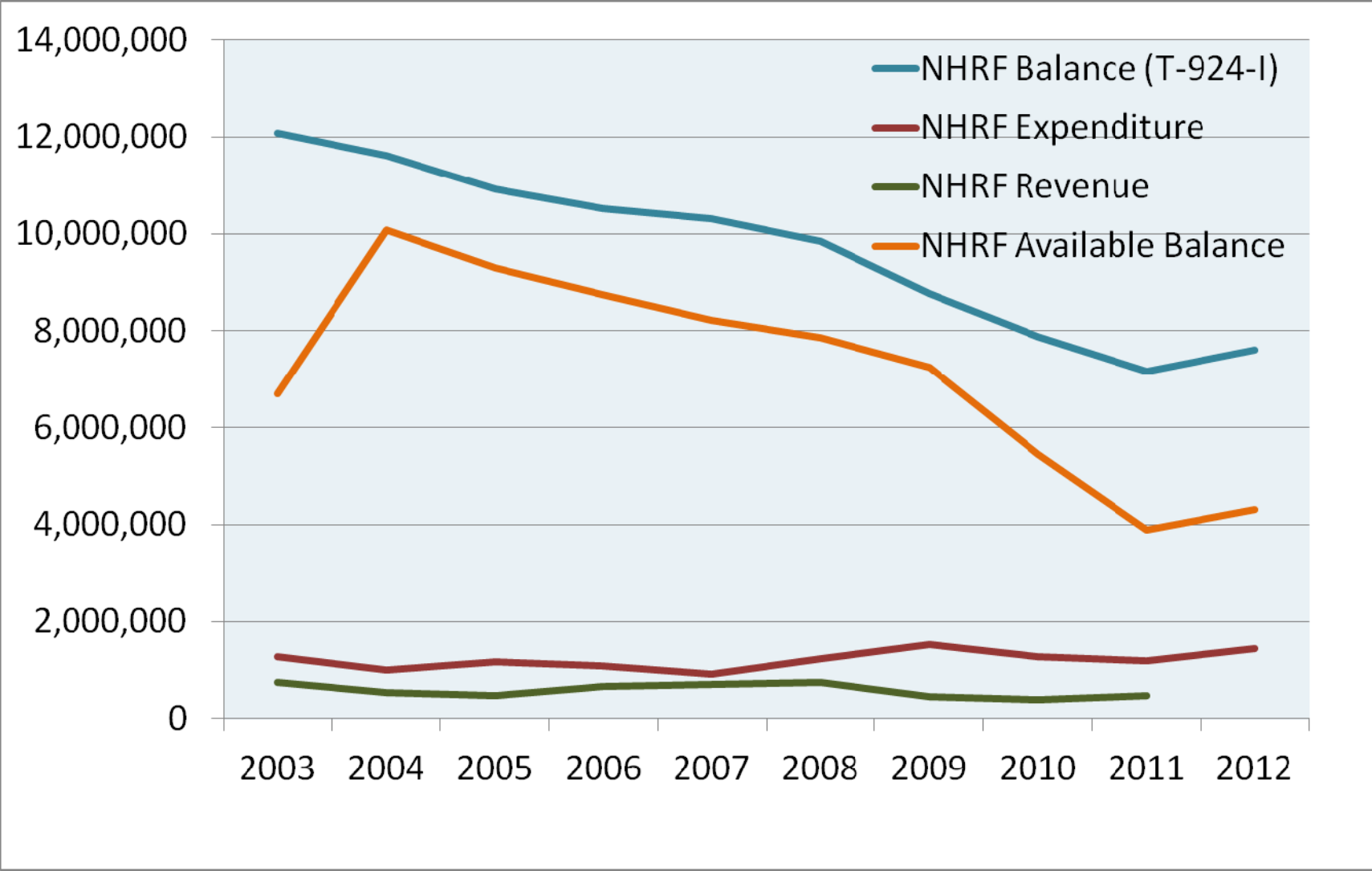
BALANCES

	FY2002	FY2012
Revenue Bonds	\$14.9 M	\$40.2 M
Notes Payable (HHFDC)	--	\$17.2 M
Capital Lease Obligation	--	\$22.5 M
TOTAL	\$14.9 M	\$79.9 M

HHL TRUST FUND EXPENDITURES



NATIVE HAWAII REHABILITATION FUND



ACTUAL EXPENDITURES

	FY2002	FY2012
Hawaiian Home Operating Fund	\$4.8 M	\$7.7 M
Native Hawaiian Rehabilitation Fund	\$2.0 M	\$1.5 M
Hawaiian Home Administration Acct.	\$4.5 M	\$7.6 M
TOTAL EXPENDITURES	\$11.3 M	\$16.8 M
Annual growth rate over 10 years		4.12%

FIXED PAYMENTS

	FY2002	FY2012
Revenue Bond Payments	\$1.7 M	\$3.0 M
Capital Lease Expense	--	\$1.7 M
Notes Payable	--	\$2.2 M
TOTAL	\$1.7 M	\$6.9 M
Increase over 10 years		313.6%
Expenditures + Fixed	\$12.9 M	\$23.7 M

REVENUE

(\$ IN 000)

	FY 2002	FY 2013
LAND DISPOSITIONS		
General leases	\$5,976	\$10,611
Licenses	\$628	\$841
Revocable permits, rights of entry	\$363	\$2,709
Subtotal	\$6,967	\$14,161
INTEREST EARNINGS & OTHER REVENUE		
From loans and note receivable	\$2,677	\$4,235
From short term cash investments	\$5,894	\$723
Intergovernmental revenues*	\$444	\$5,039
Subtotal	\$9,015	\$9,997
TOTAL	\$15,982	\$24,158

* Does not include Federal Grants or amounts received from OHA (approx. \$3M)

OVERVIEW OF HAWAIIAN HOME LANDS

- **HHCA Total: 203,500 acres**
 - **Lands under various homestead leases: 40,000 acres**
 - **Under the Land Management Division's management: 163,500 acres**

LAND MANAGEMENT DIVISION

Oversees:

- Lands under General Leases, licenses, revocable permits or rights-of-entry
- Areas requiring special attention, natural hazard areas, cliffs, drainage and open spaces,
- Conservation areas such as forest reserves, water sheds, endangered species habitats, sensitive historic or cultural sites
- Area pending sufficient funding for development

DISPOSITION	# OF ACCOUNTS	ACREAGE	% TO TOTAL HHL HOLDING 203,500 ACRES	REVENUE	% OF TOTAL REVENUE
Aina Mauna Legacy Program (Conservation – Preservation)	1	50,000	24.57%	\$300,000	2.07%
General Leases	127	2,779	1.37%	\$10,611,000	73.38%
Licenses	417	1,986	0.98%	\$841,060	5.82%
Revocable Permits (Short-term land management tool)	182	38,515	18.93%	\$2,709,000	18.73%
Other unencumbered lands (e.g., South Point 10,000+ acres, Waimanalo Cliffs 1,500+ acres, Waimea, Kauai 12,500+ acres)		70,220	34.5%	\$ none	0.00%
Total (as of June 30, 2013)		163,500 +/-		\$14,461,060	

GENERAL LEASING PROGRAM

- Purpose: Principally, to generate revenue for the purposes of the Act
- Of 127 general leases, 96 (76%) :
 - Are Industrial (85), Commercial (6), Resort (3), and Alternative energy (2)
 - Generate \$10.157 million
- Total annual revenue from general leases:
 - **\$10.611 million**



GOING FORWARD

MAXIMIZING EXISTING INFRASTRUCTURE INVESTMENT

- **Absorbing the existing lots**
 - Vacant residential lots (i.e., infrastructure, no house)
 - Increase use of agricultural lots
- **NAHASDA to assist 80% AMI families**

REVENUES

- **Enhancing our revenues using available lands**
 - Clarification of trust assets
 - Mineral rights (geothermal royalties)
 - Expedited leasing of improvements (e.g., warehouses) on a short-term basis
- **Alternative energy expertise contracted**
 - Hydropower, Kauai
 - Wind, Maui

REVENUES

- **General lease extensions for renovation**
 - E.g., Prince Kuhio Plaza in Hilo
 - Rulemaking in progress
- **Coordinated development with other state agencies**
 - Pulehunui, Maui (DHHL, DLNR, PSD)

REVENUES

- **“Sufficient” General Funds for operations and administration**
 - FY 2014 - \$9.6M
 - FY 2015 – Ask \$27.1M operating
- **Invest cash balance of HHL Trust Fund \$98M**
 - 5% Return = \$5M (approx.)
 - 6% Return = \$6M (approx.)

REDUCING OUR COSTS

- **Clarifying county role and DHHL role**
 - FY 2015, ask for repair and maintenance funding for Papakolea sewers (\$12M)
- **Reduce fixed cost expenses (\$867K savings annually)**
 - Refinance HHFDC Note (\$500K)
 - Lease out office space to State tenants (\$367K)

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2014 LEGISLATIVE PRIORITIES

SUFFICIENT SUMS REQUEST

FY 2015

(1) LOTS	\$98.8 M
CIP FOR EXISTING INFRASTRUCTURE (REPAIR AND MAINTENANCE)	\$36.3 M
(2) LOANS	\$72.9 M
(3) REHABILITATION PROJECTS	\$12.6 M
(4) ADMINISTRATION	\$27.1 M
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TOTAL:	\$247.7 M

GOVERNOR'S REQUEST

FY 2015, SUPPLEMENTAL

- OPERATING BUDGET \$15.0 M
- CIP BUDGET \$31.3 M
 - Repair/maintenance of existing infrastructure, lump sum \$8.3 M
 - Papakolea sewer remediation and slope stabilization projects \$13.0 M
 - Decommissioning and restoration of four dams in Anahola, Kauai \$6.0 M
 - Plans, design, and construction for Pulehunui site improvement \$4.0 M

2014 LEGISLATIVE PRIORITIES

HB 866	Clarifies counties' ownership of sewer systems on Hawaiian home lands	HWN/PSM, WAM
HB 2286	Continues affordable housing credits pilot program	OMH, HSG, FIN
HB 2287	Identifies specific content in homestead files that are to be kept confidential	OMH, JUD
HB 2288	Allows DHHL to lease space in a building on a short-term basis through direct negotiation	OMH/WAL, FIN
HB 2289	Repeals directive to amend HHCA in the Native Hawaiian Roll Commission Act	OMH, JUD
HB 2551	Allows DHHL to receive geothermal royalty payments from geothermal projects on its lands	OMH, FIN