

HAWAIIAN HOMES COMMISSION
Minutes of June 17, 2019
Hale Pono`i, Kapolei Parkway, O`ahu, Hawai`i

Pursuant to proper call, the 712th Regular Meeting of the Hawaiian Homes Commission was held at Hale Pono`i, 91-5420 Kapolei Parkway, Kapolei, O`ahu, Hawai`i, beginning at 10:00 a.m.

PRESENT

William J. Aila Jr., Chairman
Randy K. Awo, Maui Commissioner
Zachary Z. Helm, Moloka`i Commissioner
David B. Ka`apu, West Hawai`i Commissioner
Michael P. Kahikina, O`ahu Commissioner
Pauline N. Namu`o, O`ahu Commissioner
Dennis L. Neves, Kauai Commissioner
Wren Wescoatt, O`ahu Commissioner

EXCUSED

Vacant East Hawai`i,

COUNSEL

Ryan Kanaka`ole, Deputy Attorney General

STAFF

Paula Aila, Director of Communications, Contract & Awards Division
Michelle Hitzeman, HALE Manager
Kahana Albinio, Acting Land Management Division Administrator
Dean Oshiro, Acting Homestead Services Division Administrator
Andrew Choy, Acting Planning Program Manager
Stewart Matsunaga, Acting Land Development Division Administrator
Leah Burrows-Nuuanu, Hawaiian Homes Commission Secretary
James Du Pont, West Hawai`i District Office Supervisor
Halealoha Ayau, Water Analyst
Cedric Duarte, Information & Community Relations Officer
Jamillia Epping, Information Specialist
Marjorie Adkins, Office Assistant
Debra Aliviado, Customer Service Manager
Allen Yanos, Property Development Agent
Gigi Cairel, Grant Specialist

ORDER OF BUSINESS

CALL TO ORDER

Chairman Aila called the meeting to order at 10:25 a.m.
Eight (8) members were present at roll call. The East Hawai`i seat was vacant.

APPROVAL OF AGENDA

MOTION/ACTION

Moved by Commissioner Helm, seconded by Commissioner Namu`o, to approve the agenda.
Motion carried unanimously.

APPROVAL OF MINUTES

Chairman Aila noted approval of Minutes for June 2018 would be deferred to the next meeting.

PUBLIC TESTIMONY ON AGENDIZED ITEMS

ITEM A-1 Ramona Clemente Re: Kalawahine Streamside

R. Clemente is a lessee of Kalawahine Streamside. Twenty-years ago when they selected their lots, residents understood that there would be a water reservoir installed. She stated that the Department of Water Supply (DWS) has been a good land owner and have done well in maintaining the areas where the reservoir will be built. Their issue is with DHHL's non-enforcement of abandoned cars, homeless shelters and drug dealings. She asked that the Commission discuss Item F-1 with the community before taking action. She asked how the Department enforced rules to lessees that are non-compliant. Chairman Aila asked if the additional time for presentation to the community is going to change any conditions. R. Clemente stated it would allow other people time to give their feedback on the easements and other problems.

ITEM A-2 Bo Kahui Re: Items H-1 and H-2, President of Villages of La'i `Opua

B. Kahui stated that monies transfer occurs for the Native Hawaiian Development Plan. Under this plan, DHHL can set aside funds for specific projects, inclusive of economic development, for the purpose of helping beneficiary non-profits. He is asking that when the Commission looks at the transfers of funds, it not only considers the needs of the Department, but also consider the needs of the homestead associations.

ITEM A-3 Kaulani Almeida Re: Item C-3

K. Almeida stated that she only went to one meeting in Keaukaha, so she is asking if there were any more meetings outside of the Keaukaha meeting regarding item C-3. She stated that her brother, niece and cousin live in different sections of Village 8 in Kapolei. Her family stated that they pay \$42 per month to the association, and if they don't pay their \$42 they can lose their lease. The family said DHHL is the one that told them. She asked what is the process to take back the lease if the \$42 is not paid? Chairman Aila said the process is a contested case. K. Almeida said she went to the Association and asked what has been done for the community of 70 homes for the past 16-years in the amount of \$586,481 (\$564,480). She said the money is going outside of the Department and not to the Department. Chairman Aila stated that when the Department obtained the deed for the parcels, it came with those covenants. The Department agreed, in acquiring the lands from HHFDC, that it would agree by the covenants in the DCCRs. Every lessee in the area, when they signed their lease documents, understood that it was a requirement. The monies that K. Almeida described, goes for maintaining the common areas.

ITEMS FOR DECISION MAKING

REGULAR AGENDA

OFFICE OF THE CHAIR

ITEM C-1 Adoption of Resolution No. 301 Honoring Michael P. Kahikina for His Service to the Hawaiian Homes Commission

RECOMMENDED MOTION/ACTION

NAHASDA Manager Niniau Simmons presented the following:

Motion that the Hawaiian Homes Commission adopt Resolution No. 301 honoring Michael P. Kahikina for his service to the Hawaiian Homes Commission.

MOTION

Moved by Commissioner Helm, seconded by Commissioner Namu`o, to approve the motion as stated in the submittal.

DISCUSSION

N. Simmons read the resolution to the Commission and those present.

ACTION

Motion carried unanimously.

ITEM C-2 Adoption of Resolution No. 302 Honoring Wren W. Wescoatt, III for His Service to the Hawaiian Homes Commission

RECOMMENDED MOTION/ACTION

NAHASDA Manager Niniau Simmons presented the following:

Motion that the Hawaiian Homes Commission adopt Resolution No. 302 honoring Wren W. Wescoatt, III for his service to the Hawaiian Homes Commission.

MOTION

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

DISCUSSION

N. Simmons read the resolution to the Commission and those present.

ACTION

Motion carried unanimously.

HOMESTEAD SERVICES DIVISION

CONSENT AGENDA

RECOMMENDED MOTION/ACTION

Acting Homestead Services Division Administrator Dean Oshiro presented the following:

Motion to approve the Consent Agenda as listed in the submittal.

DISCUSSION

Chairman Aila asked Commissioners if there were any Items from the Consent Agenda that they wanted to move to the Regular Agenda. Commissioner Ka`apu stated that he would like to move Item D-8, #5 to the Regular Agenda for discussion.

ITEM D-2 Ratification of Loan Approvals

ITEM D-3 Approval of Consent to Mortgage

ITEM D-4 Approval of Streamline Refinance of Loans

ITEM D-5 Approval to Schedule Loan Delinquency Contested Case Hearings

- ITEM D-6** Approval of Homestead Application / Cancellations
- ITEM D-7** Approval of Designation of Successors to Leasehold Interest and Designation of Persons to Receive the Net Proceeds
- ITEM D-9** Approval of Amendment of Leasehold Interest
- ITEM D-10** Approval to Issue Non-Exclusive Licenses for Rooftop Photovoltaic Systems for Certain Lessees
- ITEM D-13** Request to Schedule a Contested Case Hearing- Failure to Build and Occupy, Lease No. 1389, Lot No. 147, Keaukaha, Hawai'i – **Kawekiulani Swain**
- ITEM D-14** Request to Approve Third-Party Agreement – **Harry H. Y. Kawai**, Pastoral Lot Lease No. 02683, Lot No. 20, Nienie, Hawai'i
- ITEM D-16** Request to Hold a Contested Case Hearing – **George F. Rapozo**, Residential Lease No. 4342, Lot No.4, Anahola, Kauai, Hawai'i
- ITEM D-17** Cancellation of Lease – **John K. Reyes**, Residential Lease No. 6578, Lot No. 9, Anahola, Kaua'i

MOTION/ACTION

Moved by Commissioner Neves, seconded by Commissioner Helm, to approve the Consent Agenda Items except for Item D-8, #5. Motion carried unanimously.

REGULAR AGENDA

OFFICE OF THE CHAIRMAN

- ITEM C-3 Adoption of Proposed Hawai'i Administrative Rules Chapter 10-7, Entitled Planned Communities, Multi-Family Complexes, and Rental Housing**

RECOMMENDED MOTION/ACTION

Administrative Rules Officer Hokulei Lindsey presented the following:

Motion that the Hawaiian Homes Commission adopt the proposed Hawai'i Administrative Rules, Chapter 10-7, Entitled Planned Communities, Multi-Family Complexes, and Rental Housing.

MOTION

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

DISCUSSION

H. Lindsey stated that the changes recommended are based on comments received during the Chapter 91 public hearing process. The changes are administrative and intended to clarify what is written in the rules and what the rules address. One comment received was regarding the use of the word homestead in the original version of the draft. The suggestion was to define homestead. The staff passed on the suggestion to define homestead and replaced the word homestead with residential because the intent of the rules is residential development on Hawaiian Home Lands. It is not homesteaded in the sense of residential, pastoral and agricultural.

The second change is 10-7-2, the applicability of the chapter. The wording was changed to reflect the residential homestead.

The final change is 10-7-41, Rental Housing Offers. The language in subsection B was moved to subsection A to clarify the intent that as much information be provided to the prospective renters as early as possible.

H. Lindsey stated that she would like to make a change that was not listed in the submittal, Exhibit A on page 7-4, the second definition contains the word “mixed-use”, which should be taken out so that it is consistent with the residential homesteads. Commissioner Ka`apu stated that under “successorship,” 10-7-44, as long as the renter remains an applicant, their successors can succeed in the rental. H. Lindsey agreed.

Commissioner Ka`apu asked, then this would continue without any restriction because if someone can succeed to it, it seems somewhat more of a lease type of arrangement. If the person(s) renting passes away, he or she can pass it to their children as successors. The children can move in, continue renting it with the option to purchase, which is unlike a regular rental. Commissioner Ka`apu thinks it should be looked at; however he said he supports it and that he thinks the Commission should pass it.

ACTION

Motion carried unanimously.

LAND DEVELOPMENT DIVISION

ITEM E-1 Ratification of Acquisition of Pu'unani Homestead and Development Agreement, County of Maui, State of Hawaii, TMK: (2) 3-5-002, pursuant to Request for Proposals No: RFP-19-HHL- 004, Land Acquisition, Island of Maui, dated October 26, 2018

RECOMMENDED MOTION/ACTION

Acting Land Development Division Administrator Stewart Matsunaga presented the following: That he has two motions to present. But he needs to correct Item No. 15, the proposed turn-key prices show 131-lots, it should be 137-lots; and further in the paragraph, it is written as 30 improved lots, it should be 24 improved lots.

1. Motion is that the Hawaiian Homes Commission ratifies acquisition of 48-acres of land known as Pu`unani Homestead located in the County of Maui, State of Hawai`i, TMK: (2) 3-5-002, in exchange for 139 Affordable Housing Credits at escrow closing, and 161 Affordable Housing Credits upon substantial completion of 24 vacant improved lots, and upon occupancy of 137 turn-key houses, in response to RFP 19-HHL-004, Land Acquisition, Island of Maui, dated October 26, 2018.

2. Motion is that the Hawaiian Homes Commission ratifies the Development Agreement for the Pu`unani Homestead, including its project terms and conditions, including scope, budget, and schedule for proposed residential development in response to RFP 19-HHL-004, Land Acquisition, Island of Maui, dated October 26, 2018.

MOTION

Moved by Commissioner Kahikina, seconded by Commissioner Awo, to approve the motion as stated in the submittal.

DISCUSSION

S. Matsunaga stated that this was an opportunity to utilize the affordable housing credits that the Department had because it looked like the credits were going to sunset at the end of the year. Fortunately, the Legislature approved the 5-year extension of the credits. It is a great deal to provide 161 lots in the central Maui area where the Department currently has no lands.

Commissioner Wescoatt asked to clarify if ratifying the acquisition means the Commission is approving the purchase. S. Matsunaga replied, yes. Commissioner Wescoatt asked if the funds are in the carry forward 2019 funds. S. Matsunaga stated that there is \$1.5 million in the new 2020 budget. If additional funds become available, LDD will do a budget amendment to encumber additional funds for the project. S. Matsunaga stated the Department is receiving a parcel of land worth about \$10.7 million to \$12 million by the transfer of housing credits.

Chairman Aila acknowledged the City and County of Honolulu's Planning and Permitting because initially, they were not supportive of extending the affordable credits; however, a project like this demonstrated that we could utilize these credits. S. Matsunaga added that in prior transactions of credits, DHHL received \$4 million from the Waiehu Kou and Leiali'i developments. That \$4 million will be used to offset the development cost for this project. The funds need to be used within the County for which it was received.

ACTION

Motion carried unanimously.

ITEM C-4 Ratification of Loan Approvals (see exhibit)

RECOMMENDED MOTION/ACTION

Hale Manager Michelle Hitzeman stated a correction that Item C-4 is an approval of a lease awards and not a ratification of loan approval.

The recommended motion is that the Hawaiian Homes Commission approves the award of the Department of Hawaiian Home Lands residential Lot No. 138, Lease No. 12847 for Mabel Punzal for 99-years, subject to the purchase of the existing improvements on the lot by way of loan or cash.

MOTION/ACTION

Moved by Commissioner Kahikina, seconded by Commissioner Helm, to approve the motion as stated in the submittal. Motion carried unanimously.

ITEMS FOR INFORMATION/DISCUSSION

REGULAR AGENDA

PLANNING OFFICE

- ITEM G-1 For information only - Update on DHHL Efforts: Climate Change and Sea Level Rise Adaptation, Community Resilience, and Hazard Mitigation on Hawaiian Home Lands, Statewide.**

RECOMMENDED MOTION/ACTION

None. For information only.

DISCUSSION

Acting Planning Manager Andrew Choy introduced Lead Planner on Climate Change Nancy McPherson. N. McPherson stated that in April 2019, a Joint Declaration of a Commitment to Sustainability for Hawai'i was signed, which included climate change and resilience. The City and County of Honolulu's Office of Climate Change, Sustainability, and Resiliency (CCSR), which was established in 2016, conducted eleven Climate Action Plan (CAP) meetings across O'ahu from September 2018 to January 2019. A CAP is a community-specific strategy to combat climate change and eliminate fossil fuel emissions, the root cause of global warming. The CCSR released the first City and County of Honolulu Annual Sustainability Report on April 24, 2019. Subsequently, the CCSR issued the first Resiliency Plan for Honolulu on May 22, 2019. The Planning Office will be initiating an update to the DHHL General Plan in 2020. It is anticipated that community resilience planning, adaptation to climate change and sea-level rise, and disaster preparedness will be topics explored with beneficiaries.

Commissioner Awo asked that the Commissioners be invited to some of the conferences to participate in the discussions and be educated. He is concerned with the number of DHHL neighborhoods that will be affected by rising sea levels. Moloka'i, Nanakuli, Waianae, and Waimanalo will be affected.

ITEMS FOR DECISION MAKING

REGULAR AGENDA

HOMESTEAD SERVICES DIVISION

ITEM D-8 Approval of Assignment of Leasehold Interest

Note: this item removed from the consent agenda.

RECOMMENDED MOTION/ACTION

Acting Homestead Services Division Administrator Dean Oshiro presented the following: Recommends that the Hawaiian Homes Commission approve the assignment of the leasehold interest of Item D-8, #5

MOTION

Moved by Commissioner Wescoatt, seconded by Commissioner Awo, to approve the motion as stated in the submittal.

DISCUSSION

D. Oshiro stated that the parcel is a 100-acre pastoral lot. Commissioner Ka'apu stated it's transferred for \$200,000, and the improvements being listed are two utility sheds, a perimeter fence, and cross fencing for a corral. He stated that the Department needs to address the definition of improvements because two utility sheds do not qualify as improvements. The Department got clear indication from the beneficiaries that they opposed the transfer, and given the fact that there

are so many beneficiaries waiting for pastoral, this by-passes the whole waitlist. He asked this issue be taken up in the next round of the Department's Administrative Rules.

ACTION

Motion carried unanimously.

MOTION/ACTION

Moved by Commissioner Ka'apu, seconded by Commissioner Namu'o to convene in 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

12:27 P.M.

The Commission anticipates convening in 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 on these matters.

1. Impact of a possible change to residential mortgage availability through Homestreet Bank for DHHL lessees
2. Royal Contracting v. DHHL
3. Discussion of Section 10-4-21, Hawaii Administrative Rules, regarding rental rates and use of licensed lands

EXECUTIVE SESSION OUT

1:58 P.M.

ITEMS FOR INFORMATION/DISCUSSION

GENERAL AGENDA

REQUEST TO ADDRESS THE COMMISSION

ITEM J-1 Kimberly Balauro- Waiahole Lease Issues

K. Balauro testified as a Waiahole lessee and sat on the Waiahole-Waikane Community Association (WWCA) Board. She asked that the Commission allow an amendment to be made to her lease. K. Balauro said she did not know about the restrictive covenants until she applied for a refinance loan with Homestreet Mortgage. She stated that no one briefed her on the restrictive covenants; however, she was aware of the water service agreement with the Hawai'i Housing Finance Development Corporation (HHFDC). In 1995, a declaration of restrictive covenants from the HHFDC was recorded, designating subdivision lots for agricultural, residential, and other uses in the valley. In 1998, 20 lots totaling 18 acres was transferred to DHHL in which lot 23, 7,500 square feet subdivided as residential, was awarded to her. However, at that time, the restrictive covenants for the HHFDC lessees were not amended from the DHHL leases. The restrictive covenants do not apply to the 12 private homeowners in the valley and should not apply to the 20 DHHL lessees. The agreement applies to the HHFDC's 55-year agricultural leases. She is asking the Commission to remove the HHFDC restrictive covenant from her DHHL lease and any other DHHL lessees' lease in Waiahole Valley, who come forward asking for their leases be amended. She stated that she is also providing the Commission with two written and signed statements from

her brothers, Mike Farley and Chris Farley, Waiahole Valley lessees, asking permission for their leases be amended as well. She mentioned that HHFDC is going through a strategic planning for Waiahole Valley and is asking that DHHL be involved for the lessees.

Homestead District Supervisor Juan Garcia stated that the 17 lessees were given the opportunity to relocate to Waiahole Valley because the conditions of the Pahe'ehe'e Ridge lots were not conducive to agricultural activity due to the rocky terrain. A condition of the Waiahole lease included DCC&Rs, which requires the DHHL lessees to generate revenues from the homestead activities to be more than the majority of the lessee's income. J. Garcia stated that to his understanding Homestead Bank is unable to grant applicants a loan if the lessee is unable to demonstrate that 50% of their income is coming from the commercial activity of the lease.

Commissioner Wescoatt clarified that the lessees are on 7,500 square foot lots, and they are supposed to make half of their income from farming. J. Garcia said yes. Commissioner Awo asked how that is even possible. J. Garcia said that the Commission could look at changing the condition of the leases if the Commission so desires, but currently the leases have the requirements of the existing DCC&Rs.

Commissioner Ka'apu asked if the Commission can change the DCCR. Is it now in the power of DHHL, or will it create a legal issue to change the DCCR? Chairman Aila stated the first step is to determine how and if DHHL can get the DCCR restrictions removed from the HHFDC. Commissioner Wescoatt requested that the Commission get an update of this at next month's meeting.

ITEM J-2 Zak Shimose-Queen Kapiolani Canoe Replica Project (called, unable to attend)

ITEM J-3 Kau'ilani Almeida- Panaewa Hawaiian Home Lands Community Association

K. Almeida stated that she was elected on December 18, 2018, to serve as President of the Panaewa Hawaiian Home Lands Community Association (PHHLCA). She wants the Commission and DHHL to acknowledge that she is the new elected President. She stated that former President William Brown withdrew membership monies from the PHHLCA and put the monies into the non-profit. All the monies received on behalf of the community is going into the non-profit. The MOA was approved in 2013. Chairman Aila stated that it is left to the community to resolve their issue with the election; however, the Commission will discuss in executive session the impacts of PHHLCA not receiving its portion of the allotment. Commissioner Ka'apu asked if the Department is holding money that has not been distributed because of the dispute. K. Almeida said yes. Commissioner Ka'apu said that the Commission must make a determination because the Department is holding the money. Chairman Aila said there is a legal discussion that has to occur.

ITEM J-4 Daryl-Jean Kea - Residential Water Issue (no show)

ITEM J-5 Lane Lima - Property Tax Concerns

L. Lima stated that he recently found that his property taxes were delinquent when he inquired to install PV on his home, and his wife's name was not on the lease. His wife's name was listed on the lease in 2018. Now that it's been recorded with the City and County, they have a bill close to

\$3,000. Chairman Aila asked if L. Lima is the original lessee, and L. Lima stated that his wife is since 1997. Chairman Aila asked if she read on the lease that she has 7-years of tax exemption, and C. Lima replied yes. Chairman Aila said that would take you to 2004. C. Lima said yes, but on the City and County letter, it stated that after the 7-years the lessees are required to pay the property tax. C. Lima stated that she has a contract with her name on it and was confused why her name was not on the property.

C. Lima asked the Commission to help with the property tax bill. Chairman Aila asked if any property taxes were paid from 2004. C. Lima said she didn't because her name was not on the City and County of Honolulu tax. J. Garcia stated there was a failure or miscommunication between the Department and the City and County of Honolulu. Commencement day of release, the 7-year exemption would take the lease up to 2004, whereby at that time, property tax should have been assessed on the property. Due to the recent discovery, there is a bill that is due. L. Lima said about \$3000. It is the Department's position that C. Lima, as the lessee, is responsible for the real property taxes. C. Lima feels that DHHL should take responsibility for part or all of the bill. Commissioner Ka'apu stated that normally if you don't make your real property tax payments, they tack on interest and penalties, and that would be unfair to have you pay any penalties or interests because it wasn't your fault. But you did live on the property, you did get the advantage of whatever your real property taxes pay for, so understanding that there was a mistake, it seems obvious that your name should have been put on.

Commissioner Ka'apu agreed that the Department should take responsibility for that; however, you haven't been penalized, and there should be a solution if you can't pay it all at once. C. Lima said they received the first bill in January, and the City and County would defer up until August, so there won't be any interest assessed. Commissioner Wescoatt stated that he thinks the Limas are responsible for paying the full amount because they have been living on the property and were not paying property taxes. There was a mistake, and somebody is responsible, but they would have had to pay the money anyway.

ITEM J-6 Kekoa Enomoto and Bobby Pahia –Pa'upena Community Development Corporation Land Use Request Waiohuli/Keokea

K. Enomoto testified as the Chairman of PCDC. PCDC's goal is to help place beneficiaries on Hawaiian Home lands. In August 2019, the Commission will vote on PCDC's land use application for a 2-year due diligence right of entry to 4,128-acres in Waiohuli/Keokea.

Commissioner Awo stated that the first discussions involving Pa'upena were geared toward ag and pastoral uses. He expressed concerns that the plan has since evolved into something larger. The construction of 1200 homes, a world-class sports center, kupuna housing and more is new. He expressed further concerns about water and the financial costs required to support such a project. He suggested Pa'upena consider attainable first steps forward to achieve success.

Commissioner Ka'apu stated that PCDC should come with a plan that is manageable like 100-150 acres. They can show the Commission what PCDC can do, and that PCDC has the capacity to deal with that. The problem he sees is that the request is for the full 4,128-acres with very little to show other than saying give PCDC a chance. The Commission's fiduciary responsibility is to engender success.

ITEM J-7 Robin Danner Lease Concerns – Sovereign Council of Hawaiian Homestead Associations

R. Danner testified as the Chairman of the SCHHA. She is also the CEO of the SCHHA's non-profit, the Homestead Community Development Corporation (HCDC), which was created to create jobs on or near Hawaiian Home Lands and to produce affordable housing. The Office of Hawaiian Affairs (OHA) just awarded HCDC \$480,000 over 2-years, of which HCDC will be sub-granting \$200,000 directly to homestead beneficiaries for housing, tiny homes, ADUs and financial literacy. The HCDC has also been working on job creation by building community facilities, social enterprises and delivering a very successful micro-enterprise assistance program to help beneficiaries on the homesteads develop micro-businesses like food trucks, selling crafts, artisans, killing pigs for food, and other means to provide for the family. HCDC does not only do Kaua'i but is currently in pre-development of 3-acres, fee simple properties in Maili, O'ahu. Another area of HCDC is in Hawaiian lending and investments, and to get certified as a Community Development Financial Institution (CDFI). The loan fund that will be opening on January 1, 2020, will be specifically for farming and ranching. Some projects the SCHHA leaders and HCDC Board of Directors have been working on is how to engage the Hawaiian Homes Commission Act beneficiaries in contributing to solutions for homelessness, over-crowded beneficiary families on the homesteads, suicides, and moving Hawaiian Homes Commission Act beneficiaries off the waitlist. They can also address the lack of affordable housing rental. They launched a tiny homes ADU project for beneficiary ownership on homesteads. HCDC did a pilot home in Anahola, 480 sq. ft., using a modular building system, which took 32 days start to finish. HCDC is also working on starter homes for beneficiaries with vacant lots who cannot qualify for \$250,000 but can get into a smaller home for \$85,000. Conventional financing won't be needed with HCDC's loan fund and their partnership with CNHA; financing can be done at \$85,000 with monthly payments at \$653 for 15-years. That is what HCDC is trying to help get wait listers off the list and completely be able to meet the loan qualifying. R. Danner spoke of the Workforce Rental and Transitional Housing (WORTH) concept where rental housing projects are owned and operated by beneficiary organizations. The homestead associations came up with a 4-plex design, which is a 2-year micro-unit transitional housing, not permanent rental apartments. The 4-plex design was created for flexibility. Anahola would like to be the first pilot and do five modules of 4-plexes to create 20 units.

ITEM J-8 Bo Kahui – La'i `Opua 2020 and Villages of La'i `Opua (no show)

ITEM J-9 Princeslehuani Kumaewakainakaleomomona- Wait List

Princeslehuani talked about the change in Commissioners coming and going, and people on the waitlist as she has been waiting for 26-years. She asked for assistance getting on her homestead.

ITEMS FOR DECISION MAKING

REGULAR AGENDA

HOMESTEAD SERVICES DIVISION

RECOMMENDED MOTION/ACTION

Acting Homestead Services Division Administrator Dean Oshiro asked that Items D-11 and D-12 be deferred to the next HHC meeting.

- ITEM D-11** Commission Designation of Successor - **BENJAMIN K. KELIIHOLOKAI**, Residential Lease No. 1758, Lot No. 87, Waimanalo, Oahu
- ITEM D-12** Commission Designation of Successor - **JEANETTE M. HANAWAHINE**, Residential Lease No. 1758, Lot No. 87, Waimanalo, O`ahu
- ITEM D-15** Request to Schedule Contested Case Hearing - **IMOGENE K. MAIO** (Deceased), Residential Lease No. 3485, Lot No. 32, Paukukalo, Wailuku, Maui

RECOMMENDED MOTION/ACTION

Acting Homestead Services Division Administrator Dean Oshiro presented the following:
Motion that the Hawaiian Homes Commission deny the transfer.

MOTION

Moved by Commissioner Wescoatt, seconded by Commissioner Awo, to approve the motion as stated in the submittal.

DISCUSSION

Commissioner Awo commented that the possible outcome for this family could result in homelessness, but it is clear there were some missed opportunities in the situation where the lessee is deceased.

ACTION

Motion carried unanimously.

LAND MANAGEMENT DIVISION

- ITEM F-1** **Approval to Issue First Amendment to License Easement No. 484, Board of Water Supply, City and County of Honolulu, Kalawahine Streamside Subdivision, O`ahu, TMKS (1) 2-4-042:047,051 (por.), 052 (por.), 2-4-043:089 (por.), 090 (por.)**

Note: Chairman Aila stated that the Board of Water Supply staff needed more time to contemplate the discussion, so Item F-1 has been deferred to Tuesday.

RECESS

4:42 P.M.

HAWAIIAN HOMES COMMISSION
Minutes of June 18, 2019
Hale Pono`i, Kapolei Parkway, O`ahu, Hawai`i

PRESENT William J. Aila Jr., Chairman
Randy K. Awo, Commissioner, Maui
Zachary Z. Helm, Commissioner, Moloka`i
David B. Ka`apu, Commissioner, West Hawai`i
Michael P. Kahikina, Commissioner, O`ahu
Pauline N. Namu`o, Commissioner, O`ahu
Dennis L. Neves, Commissioner, Kauai
Wren Wescoatt, Commissioner, O`ahu

EXCUSED East Hawai`i, vacant

COUNSEL Ryan Kanaka`ole, Deputy Attorney General

STAFF Paula Aila, Director of Communications, Contract & Awards Division
Michelle Hitzeman, HALE Manager
Kahana Albinio, Acting Land Management Division Administrator
Dean Oshiro, Acting Homestead Services Division Administrator
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Leah Burrows-Nuuanu, Hawaiian Homes Commission Secretary
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Halealoha Ayau, Water Analyst
Cedric Duarte, Information & Community Relations Officer
Jamilla Epping, Information Specialist IV
Marjorie Adkins, Office Assistant IV
Debra Aliviado, Customer Service Manager
Allen Yanos, Property Development Agent
Gigi Cairel, Grant Specialist

ORDER OF BUSINESS

CALL TO ORDER

Chairman Aila called the meeting to order at 10:25 a.m.

Eight (8) members were present at roll call. The East Hawai`i seat was vacant.

PUBLIC TESTIMONY ON AGENDIZED ITEMS

No testimonies.

ITEMS FOR DECISION MAKING

REGULAR AGENDA

ADMINISTRATIVE SERVICES OFFICE

ITEM H-1 Approval of Fiscal Year 2020 Department of Hawaiian Home Lands Budget

RECOMMENDED MOTION/ACTION

Administrative Services Officer Rodney Lau presented the following:

Motion that the Hawaiian Homes Commission approve the FY 2020 Department of Hawaiian Home Lands Budget and authorize the Chairman to shift funding of expenditures between cost elements and funds as warranted, but not to exceed the total budget; and any shift in funding between cost elements by the Chairman shall not exceed \$500,000.

Motion to approve a two-year Development budget and allow for amounts not encumbered in FY 2020 to be encumbered in FY 2021. For the Development budget items, allow the Chairman's authority to shift funding between cost elements if not to exceed \$1,000,000.

Motion to approve to transfer \$15,000,000 from the Hawaiian Home Administration Account to the Hawaiian Home Operating Fund.

AMENDMENTS TO THE MOTION - DISCUSSION

R. Lau stated that the first motion is to break down the Training Cost, Object Code 7230 in the General Fund, between staff and the Hawaiian Homes Commission. So that cost will be separated and allocate \$53,000 to Staff Training and \$50,000 to the Hawaiian Homes Commission Training.

There are four (4) Object Codes with footing errors, the math was corrected, but the total budget remains unchanged. The total budget is not affected.

There is an amendment to the Development Budget. R. Lau said they are adding land acquisition appropriation into the budget, that was made by the Legislature for \$1,000,000, which was inadvertently missed.

DISCUSSION

Executive Assistant Jobie Masagatani stated that when staff ended the legislative budget process, there was this additional \$1,000,000 in the budget that was not requested, nor was the Department consulted. It was to purchase two specific parcels of property in Hawai'i Kai that were identified in the bill. Those properties are owned by Kamehameha Schools, and the DHHL has reached out to Kamehameha Schools to see if there is any interest in selling those parcels, so far, they have not been too receptive to that discussion. DHHL can go back and amend the properties identified. Staff wanted to make sure that was reflected in the budget. It was an oversight because it was not something that DHHL had requested, nor was it part of DHHL's core CIP program.

Commissioner Wescoatt asked if the legislation says it's only for those parcels. J. Masagatani said yes. Commissioner Ka'apu asked how big are the parcels. Lehua Kinilau-Cano HHL Legislative Analyst stated that it's preservation land in Hawai'i Kai and DHHL has entered into preliminary discussions with Bishop Estate. The understanding is Hawai'i Kai is a difficult community for Bishop Estate to develop. Their interest in housing development is more toward Kaka'ako and the Honolulu area. \$1 million for the parcels is not attractive to Kamehameha Schools. DHHL is hoping to identify sites and what amount of funding they are looking at, then go back to the Legislature and see if there is an opportunity. Commissioner Ka'apu said it would be nice to have a homestead out in Hawai'i Kai.

MOTION/ACTION

Commissioner Wescoatt moved that the Commission approves the staff's recommended motion as stated, with the amendments just discussed, seconded by Commissioner Awo. Motion carried unanimously.

ITEM H-2 Transfer of Hawaiian Home Receipt Moneys at the End of the Fourth Quarter, FY 2019

RECOMMENDED MOTION/ACTION

Administrative Services Officer Rodney Lau presented the following:
Motion that the Hawaiian Homes Commission approve the transfer of the entire receipts deposited in the Hawaiian Home Receipts Fund as of June 30, 2019, to the Hawaiian Home General Loan Fund

MOTION

Moved by Commissioner Wescoatt, seconded by Commissioner Kahikina, to approve the motion as stated in the submittal.

DISCUSSION

Commissioner Kahikina stated that he wanted to make sure that the fund transfer is in no way violating the purpose of the Hawaiian Homes Commission Act.

ACTION

Motion carried unanimously.

LAND MANAGEMENT DIVISION

ITEM F-1 Approval to Issue First Amendment to License Easement No. 484, Board of Water Supply, City & County of Honolulu, Kalawahine Streamside Subdivision, O`ahu, TMKS: (1) 2-4-042:047,051 (por.), 052 (por.), 2-4-043:089 (por.), 090 (por.)

RECOMMENDED MOTION/ACTION

Acting Land Management Division Administrator Kahana Albinio presented the following:
Motion that the Hawaiian Homes Commission issue First Amendment to License Easement No. 484, Board of Water Supply, City and County of Honolulu, Kalawahine Streamside Subdivision, O`ahu, TMKS: (I) 2-4-042:047,051 (por.), 052 (por.), 2-4-043:089 (por.), 090 (por.)

MOTION

Moved by Commissioner Wescoatt, seconded by Commissioner Awo, to approve the motion as stated in the submittal.

DISCUSSION

K. Albinio stated that the license is to add 12,965 square feet of land to the existing 3,138 square foot easement, which will total 16,103 square feet. Approval of the first amendment is subject, but not limited to the following conditions:

- The total amended license easement area shall consist of approximately 16,105 square feet (more or less)
- The licensee will pay the documentation and processing fee of \$150.00;
- With the exception of the current requested action, all of the terms, conditions, covenants, and provisions of License Easement No. 484 shall continue and remain in full force and effect.
- Such other terms and conditions as may be prescribed by the Hawaiian Homes Commission to best serve the interest of the Hawaiian Home Lands Trusts; and
- The amendment document shall be subject to the review and approval of the Department of the Attorney General.

K. Albinio stated that there were concerns about the maintenance of the roadways and the abandoned vehicles. DHHL owns the land; there is a resolution with the City and County that the City and County will maintain the roads. DHHL is in the process of drafting a letter to the City and County to help with addressing the concerns that were shared by Ms. Ramona Clemente in yesterday's public testimony portion of the agenda.

Dominic Diaz of The Board of Water Supply (BWS) stated that in terms of the project, the reservoir sits at a low elevation, so there's going to be a retaining wall to ensure there is no destabilization of any other lands upside of the tank, specifically Ha'alelea Place. It's part of that retaining wall that BWS will be drilling anchor-ties that go under the ground but extend under Ha'alelea Place. That's the easement that BWS is asking for; the right to extend the anchors under Ha'alelea Place to stabilize. BWS will not be encroaching on the surface portions of Ha'alelea Place but need the easement because the anchors extend under the right of way below ground.

Chairman Aila stated that there was concern that her husband works at nights and sleeps during the day. Are there any steps during construction? D. Diaz stated that in the special provisions trying to mitigate as many construction efforts as can in terms of the muffling of any vehicles that would be on site. Mitigation was aimed more at the normal business hours, the later start for the flow of traffic, and getting kids to school. D. Diaz said he could go back and see what kind of measures can be taken. BWS has tried to take every mitigative measures in terms of the construction project. Commissioner Ka'apu said he doesn't think BWS can anticipate everybody's schedule. Chairman Aila is grateful that they will consider it moving through.

ACTION

Motion carried unanimously.

ITEMS FOR INFORMATION/DISCUSSION

GENERAL AGENDA

REQUESTS TO ADDRESS THE COMMISSION

ITEM J-8 Bo Kahui – La'i `Opua 2020 and Villages of La'i `Opua

B. Kahui is the Executive Director for La'i `Opua 2020 and the Director of the Villages of La'i `Opua. He acknowledged and thanked Commissioners Wescoatt and Kahikina for their service. B. Kahui talked about the transfer of funds regarding \$1 million to the Native Hawaiian Development Program Plan that the Commission can set aside funds for economic

development and capacity building for homesteaders. He spoke for not only La'i 'Opua but all six of the other organizations that created their economic development non-profit. B. Kahui briefed the Commissioners of the Association fee delinquencies. He also spoke of the right of entry permits issued to non-beneficiaries totaling over 10,000 acres of pastoral lands. He is perplexed because he has been waiting for a long time for his pastoral land. He asked that the Department reinstitute its program for pastoral leases.

REGULAR AGENDA

HOMESTEAD SERVICES DIVISION

ITEM D-1 HSD Status Reports

- A – Homestead Lease and Application Totals and Monthly Activity Reports
- B – Delinquency Report

PLANNING OFFICE

ITEM G-2 Summary of Legislative Session 2019

RECOMMENDED MOTION/ACTION

None. For discussion only.

DISCUSSION

Acting Planning Program Manager Andrew Choy introduced Legislative Analyst Lehua Kinilau-Cano. L. Kinilau-Cano briefed the Commission on the Department's Sufficient Sums ask in terms of the Operating Budget and what the legislature funded. The Governor's packet included one bill related to the Affordable Housing Credits, which were set to expire June 30, 2019. The Department got a 5-year extension. The budget bills, as well as the Department's Administrative bill, were signed by the Governor.

ORDER OF BUSINESS

APPROVAL OF MINUTES

Chairman Aila asked if there were any amendments to the June 2018 Minutes. There were none.

MOTION/ACTION

Moved by Commissioner Helm, seconded by Commissioner Namu'o, to approve the Minutes of June 2018.

DISCUSSION

Commissioner Ka'apu stated that there still is an outstanding number of Minutes that need to be approved by the Commission. He is hoping that the Commission can move them so the Minutes can become current, and the beneficiaries can see the next month what we have been working on. He is making that as a comment and a suggestion to the Commission's new Chairman.

ACTION

Motion carried unanimously.

MOTION/ACTION

Moved by Commissioner Ka'apu, seconded by Commissioner Namu'o to convene in 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

11:01 A.M.

EXECUTIVE SESSION OUT

12:48 P.M.

ANNOUNCEMENTS AND ADJOURNMENT

NEXT MEETING

The next meeting will be held on July 15 & 16, 2019, in Kapolei, O'ahu, Hawai'i


MOTION/ACTION

Moved by Commissioner Wescoatt, seconded by Commissioner Awo, to adjourn the meeting. Motion carried unanimously.

ADJOURNMENT

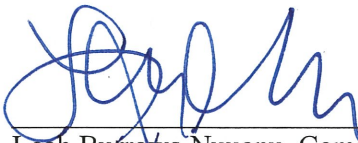
12:49 P.M.

Respectfully submitted:



William J. Aila Jr., Chairman
Hawaiian Homes Commission

Prepared by:



Leah Burrows-Nuuanu, Commission Secretary
Hawaiian Homes Commission

APPROVED BY:

The Hawaiian Homes Commission at its regular monthly meeting on:

October 22, 2019



William J. Aila Jr., Chairman