

HAWAIIAN HOMES COMMISSION
Minutes of September 21 and 22, 2015
Meeting Held at DHHL East Hawai'i District Office, Hilo, Hawai'i,

Pursuant to proper call, the 667th Regular Meeting of the Hawaiian Homes Commission was held at the Department of Hawaiian Home Lands, East Hawai'i District Office, Hilo, Hawai'i, beginning at 9:17 a.m.

PRESENT Jobie M. K. Masagatani, Chair
Doreen N. Canto, Commissioner, Maui
Gene Ross K. Davis, Commissioner, Moloka'i
Wallace A. Ishibashi, Commissioner, East Hawai'i
David B. Ka'apu, Commissioner, West Hawai'i
Michael P. Kahikina, Commissioner, O'ahu
William K. Richardson, Commissioner, O'ahu
Renwick V. I. Tassill, Commissioner, O'ahu

EXCUSED Kathleen P. Chin, Commissioner, Kaua'i

COUNSEL Craig Y. Iha, Deputy Attorney General

STAFF William J. Aila Jr., Deputy to the Chairman
Niniau Simmons, NAHASDA Manager, Office of the Chair
Paula Aila, Hale Manager, Office of the Chair
Hokulei Lindsey, Administrative Rules Officer, Office of the Chair
Leah Burrows-Nuuanu, Secretary to the Commission, Office of the Chair
Kip Akana, Compliance Officer, Office of the Chair
Dean Oshiro, Acting Homestead Services Division Manager
Norman Sakamoto, Development Officer, Land Development
P. Kahana Albinio, Acting Property Dev. Mgr., Income Property Branch
Kaleo Manuel, Acting Planning Mgr., Planning Division
Andrew Choy, Planner, Planning Division
Nancy McPherson, Planner, Planning Division
John Peiper, Land Agent/Enforcement Officer, Office of the Chair
Ku'uwehi Hiraishi, Info. Specialist, Information and Community Relations
Mona Kapaku, District Supervisor Maui

AGENDA Chair Masagatani sought approval of the agenda. The minutes and item G-4 were deferred to the October HHC regular meeting.

Moved by Commissioner Canto, seconded by Commissioner Davis, to approve the agenda as amended. Motion carried unanimously.

A – PUBLIC TESTIMONY ON AGENDIZED ITEMS

Item A-1, Craig Bo Kahui, Executive Director La'i'opua 2020 Re: Agenda Item B-1, G-1, D-1 and F-19.

B. Kahui submitted the following testimony: B-1 Beneficiary Consultation on Propose Amendment to Title 10 Hawaii Administrative Rules: DHHL Beneficiary Consultation Policy must recognize native Hawaiian beneficiary organizations with specific criteria. For example, nonprofit homestead association, and native nonprofit organizations such as La'i'opua 2020 and other community development corporations serving Hawaiian homestead communities are acknowledged and receive

beneficiary consultation notices. Current DHHL beneficiary consultation policy does not include beneficiary organizations.

G-1 Procedure for Approving Water Wells on Homestead Lands

L2020 request that a mechanism for applying for water allocations and credits based on the development of wells on homestead land, private lands or state lands. The policy for a mechanism for water development and distribution is important if the DHHL Commission is to exercise its water reservation rights. The State Commission on Water Resource Management recent approval of a 3.9 mgd reservation for Hawaiian home lands for the Kona region lacked specificity as to the mechanism to draw on this resource. L2020 would be interested in working with and establishing a mechanism with the Department.

F-1 Demonstration Game Management Project

Our Villages of La'i'opua and La'i'opua 2020 continues to support the Game Management Project up on Mauna Kea. The Āina Mauna project has produced beef and sheep for our families. Villages of La'i'ōpua has established a community network to bring volunteers to the management area to take sheep for consumption.

D-19 Commission Designation of Successor Alan Miller, lease 9396, lot 83.

Village of La'i'opua Board requests that the successorship request for Alan Miller be denied until the delinquency of Alan Miller for \$1738.91 is paid.

Item A-3, Ian Lee Loy Re: Agenda Item B-3.

I. Lee Loy provided written testimony and read part of the testimony orally.

B-3 Pana'ewa agriculture subdivision: he strongly supports the thoughtful planning and development of homesteads that considers the long-term health and prosperity of the community it serves. He learned of the proposed 80-lot development from the environmental assessment (EA) that was posted on the State Department of Health, Office of Environmental Quality Control (OEQC) website. He asked leaders of the Maku'u, Keaukaha-Pana'ewa Farmers, Pana'ewa Homestead and Keaukaha Homestead Associations if they knew about the environmental assessment, which was submitted to the OEQC. Responses varied in detail, but the consistent comment was nothing was set in stone. He checked the DHHL website and found no information or link to the EA submittal. He studied the EA and found areas of concern in the planning, specifically:

- i. Lacked traffic and crime studies
- ii. No secondary access
- iii. Probable environmental issues from illegal dumping from neighboring tenants and leaching from the neighboring County landfill. Contingency plans?
- iv. Disparity between the County agriculture lot sizes in the area and the proposed subdivision;
- v. Prospective beneficiaries feel 1 acre is too small, agree 2 acres is suitable for "subsistence farming".
- vi. The subdivision reached into and changed the community approved regional plan. No beneficiary consultation had occurred.

The community finds itself at wits-end and frustrated with DHHL. We've reached out to DHHL for information, coordinating meetings so that community and DHHL collaboration can occur, and concerns can be addressed, to only be dismissed by administrative procedure.

I. Lee Loy strongly objected to the Pana'ewa agriculture subdivision EA process because he believed the 60-day extension would be granted. He was not informed of the Director's refusal to

extend the deadline until too late. He strongly objected to any further action toward the agricultural subdivision by DHHL until DHHL conducts beneficiary consultation with the Pana'ewa community. Historically, DHHL and the HHC, by and through its Chairman and its Attorney General, have made errors in procedure and actions resulting in beneficiaries having no other recourse but to bring legal action for remedy, such as the Nelson lawsuit. The HHC can fix this disastrous EA process by ordering the DHHL to meet with the community. He asked to defer the EA's finding of no significant impact (FONSI), which will be presented during the October HHC meeting; and

- a) Either approve a special meeting to occur in Hilo during the month of October 2015: to address the Pana'ewa Regional Plan and the Pana'ewa agriculture lot subdivision; or
- b) Direct DHHL to conduct a beneficiary consultation in October 2015 with the Keaukaha, Pana'ewa residential, Keaukaha-Pana'ewa Farmers and Maku'u Farmers to resolve the concerns we have with the EA and the agriculture subdivision.

Item A-3, Alan Murakami Re: Agenda Item D-22 and B-3.

A. Murakami asked that accommodations be made to allow the Akiona family to address the Commission regarding the designation of successors issue for their dad James P. Akiona Sr. Chair Masagatani stated the item was listed in open session for action erroneously and should have only been listed in executive session. The Commission will not take action at today's meeting. She will allow time after the executive session discussion to hear new information from those present. A. Murakami stated he will be available for questions during that portion of the agenda.

Regarding B-3 and the previous testimony, he supported I. Lee Loy in that the minimum lot size for agricultural lots under the State Land Use Commission is 1-acre. Although the Commission has the right to use homestead land as it sees fit, there would be the inconsistency with that particular statute.

Item A-4, Lilia Kapuniai, Executive Director, Papakōlea Community Development Corporation. Re: Agenda Items F-6

L. Kapuniai spoke in support of agenda item F-6. The PCDC has 14-acres with no structures. They hired a consultant to help with planning. The request for a 12-month extension is to accommodate the need for additional time to fundraise for the environmental assessment.

Item A-4, Lilian Nani Kaeha, Secretary, Pana'ewa Community Alliance and Pana'ewa Hawaiian Home Lands Community Association Re: Agenda Items F-6

L. Kaeha stated she is testifying on her niece's behalf regarding Lot 63 in Pana'ewa. The original lease was awarded to Gregory and Esther Kuamo'o, who passed on the lease to their son, Bernard Kuamo'o. Bernard transferred the lot to Damien and Elizabeth Kuamo'o, who then sold it to his sister Miriam Kuamo'o Victorino for \$30,000.00. Miriam paid \$15,000.00 and \$300.00 a month until she passed away in October 1991. Damien Kuamo'o passed away and his wife passed the lot to her sister knowing that the lot was sold to Miriam. The issued has been passed from one staff person to the next with no resolution. The family would like to nullify or extend the eviction notice until the problem is corrected. The families went through arbitration which concluded that the lot belongs to Miriam.

Chair Masagatani thanked L. Kaeha for testifying and asked that the chronology in writing be submitted to the Department for assignment to staff for follow up.

Item A-5, Sue Lee Loy, Re: Agenda Items B-3 and G-1

S. Lee Loy stated she has 20 years of planning experience and understands the process well. With regard to Item B-3 -Pana'ewa agriculture subdivision, her first reaction was that the plan called for several lots which would cause a lot of traffic. The DOT asked for a traffic analysis, but none was done. Due to DHHL's unique zoning authority, there is very little opportunity for surrounding property owners to engage in the process. There is no zoning change application, special permit application, or planning commission process to have concerns heard. A 60-day extension seemed reasonable considering the amount of time that was left after the community found out about the EA. The consultants did a phenomenal job in coming to the community to answer some of the residents' questions. Some of the concerns that were not resolved included alternative access and traffic. The project was also not part of the regional plan for the area. The community was told that it could voice concerns at the regional plan update meeting which is scheduled for after the approval of the FONSI. The process frustrated the community. She stated she spoke with the consultants and there are alternatives if DHHL would just engage with the community.

S. Lee Loy stated she sits on the County Water Board and has comments about Item G-1. Helping design a process on the well permit is warranted. Drilling of wells takes a lot of logistical planning as well as annual reporting. The process is cumbersome and she hopes DHHL will develop a mechanism to work with beneficiaries in making it sustainable and healthy.

Item A-6, Kanani Kapuniai, Beneficiary Re: Agenda Items C-1

K. Kapuniai thanked DHHL Rules Officer Hokulei Lindsey for her work in preparing the proposed rule amendments. The information provided was thorough and well organized.

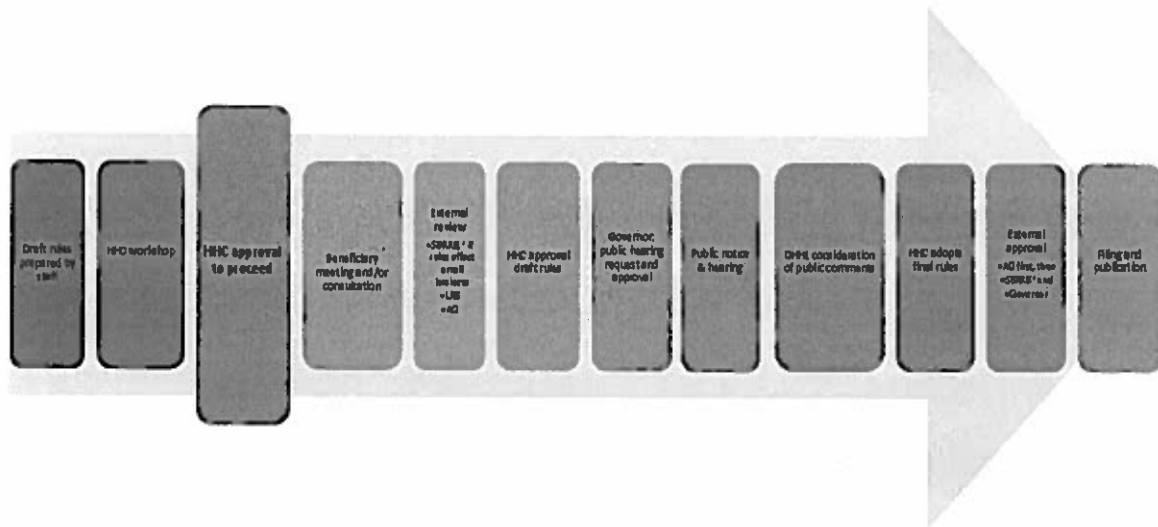
1. Exhibit A - Process, missing DHHL consideration of Beneficiary Consultation comments.
2. "Data collected in support of proposed rule changes ...2001 HHL Task Force, 2014 Advisory Task Force. No rules drafted, moratorium of 3 years not observed, defined weaknesses not corrected
3. 2009 agriculture matrix- no rules drafted
4. Lease Transfer/10-3-36 Limits - lessee's right to value his asset, the lease document.
5. 10-5 -Incomplete - Does not cover DHHL responsibilities to the respondent
6. "Consultation Process" has yet to be reviewed and revised

B – WORKSHOP PRESENTATIONS

ITEM B-1 Presentation of Item C-1 – For Information Only – Approval to Proceed with Beneficiary Consultation Regarding Proposed Amendments to Title 10, Hawai'i Administrative Rules.

DHHL Rules Officer Hokulei Lindsey provided a slide show presentation of the consultation process and the proposed amendments to Title 10, HAR. She explained the process required of all agencies when rules are amended, and the additional steps DHHL has included in its rule amendment process.

TITLE 10, HAWAII ADMINISTRATIVE RULES
DEVELOPMENT, REVIEW, AND AMENDMENT PROCESS



*Small Business Regulatory Review Board

ITEM NO. C-1
Exhibit "A"

Commissioner Kahikina stated he has heard that beneficiaries would like to be involved in the process sooner. They want to be involved in what rules are changed from their perspective. The consultation H. Lindsey stated the proposed rules are a culmination of housekeeping issues as well as beneficiary surveys going back many years. The beneficiaries have asked for these changes but the Department has been slow at proposing rule changes. The proposed rules are based on what the Department has heard from the community. In essence, they are involved in from the beginning in that the proposed rules are based on the changes they've asked for. Chair Masagatani added that the Commission is given the courtesy of seeing the proposed rules before they are taken to the community, but nothing is approved beforehand.

Commissioner Ishibashi stated staff is framing the issues before taking it to the community. Then the consultation process occurs. H. Lindsey stated it would be difficult to do consultation any sooner in the process. Everything on the table is up for discussion and the Commission has not had any input until this point.

Note: Staff Presenters for Item B-2 were not present in the room. Chair Masagatani moved on to the next agenda item in anticipation of their arrival.

ITEM B-3 Status Update on Pana'ewa Subdivision for Potential Maku'u Relocation and/or Future Agriculture Award

NAHASA Manager Niniau Simmons and Consultants Dennis Lee and Roy Takemoto did a slide show presentation.

Introduction: Purpose and need for Project

- Relocation of Maku'u lessees threatened by lava flow
- Relocation of other lessees with UXO risks
- Hawaiian Homes Commission Agenda Items:

- January 21, 2015- UXO Workshop: Affected Trust Lands
- March 17, 2015- Draft UXO Policy
- May 18, 2015-Approval of UXO Policy
- Remaining lots awarded to Wait List
- Prime location with available infrastructure in proximity to jobs, schools, shopping

Project Description:

- Establishment of 80 subsistence lots (1/2 acre).
- Individual wastewater system (interim), water, communication, and power services to all lots.
- Road improvements to new subdivisions.
- Possible relocation of existing homes to new subdivision.

Project Coordination with County

Meeting with mayor and his cabinet on March 18, 2015:

- Require County Planning assistance with subdivision processing (50 acres and 80 lots).
- Require County DEM assistance with Green Waste disposal.
- Require County Public Works assistance with Grading Permit.
- Require County DWS assistance with drinking water services.
- Require County assistance with disaster funding (dwelling relocation, road development, land clearing, etc.)

Status Report

- Draft EA public review period July 23 to August 25, 2015, but comments accepted to HHC FONSI determination.
- HHC FONSI determination:
October 19, 2015
- NEPA FONSI and Notice to Request Release of Funds
- Comment Period ends: October 22, 2015
- Pana'ewa Regional Plan scoping meeting with community: October 2015
- Mahiai Lot 185 Subdivision start construction: January 2016
- Auwae Lots start construction:
 - clearing & topo- January 2016;
 - construction August 2016

Issues

- Green waste disposal
- Wastewater requirements
- Phase 1 study findings
- Traffic and crime analysis
- Integration with Regional Plan Update

Clearing and Grubbing and Green Waste Disposal (Auwae Rd.)

MET WITH DEM DIRECTOR ON MARCH 31, 2015:

- 40 Acres of large trees and brush in the proposed site.
- County green waste site might be too small to accommodate the entire amount of green waste.

- Disposal requirements will be expensive and timely to do (hauling, sizing, tipping fee, staging, etc.)
- Process green waste on site.
- Cost estimated at over \$1 million

Wastewater Requirements

- Pana'ewa Lots 6, 7, 47, & 48 Subdivision (Auwae Road) requires sewer connection to the County wastewater system.
- Regional Plan update would affect collection system sizing.
- Proposing interim individual septic system with dry sewers
- Dry sewers estimated cost is between \$1M - \$2M.
- Clearing and grubbing is required before engineering design starts.
- DHHL is looking at different Federal funding sources for this project.

Toxics Contamination Potential (Phase 1 Study)

Auwae lots

- Adjacent property at 485 Railroad Avenue operated as a vehicle salvage and recycler of non-hazardous solid waste (e.g. cardboard) until 2009. Several violations were issued at the property by the Hawaii Department of Health. No impacts expected. Follow-up verification inspection prior to clearing and grubbing.
- Keaukaha Military Reservation historically extended into Site. However, research indicates no contamination associated with historical military activities at the Site.
- South Hilo Sanitary Landfill is an unlined landfill owned and operated by the County of Hawaii. Landfill is located down gradient/cross gradient of the Site, and therefore is expected to have no impact.

Mahiai lot

- Unknown source of fill material. However, not listed in state hazardous waste lists, so no impact expected.
- Animal kennels waste flowed directly onto the ground. However, no impacts expected.

Consultation

Previous Consultation

- Mayor's Meeting- March 18, 2015: Informational meeting and project coordination for Keaukaha and Pana'ewa projects
- Keaukaha Community Association - March 18, 2015: Keaukaha Infrastructure and Lot I improvement project updates
- Pana'ewa Community Association -March 21, 2015: Pana'ewa Subdivision projects at Mahiai Street and Auwae Road.
- Keaukaha Pana'ewa Farmers Association -April 4, 2015: Pana'ewa Subdivision projects at Mahiai Street and Auwae Road
- Keaukaha Pana'ewa Farmers Association -August 21, 2015: Pana'ewa Subdivision projects at Mahiai St. & Auwae Rd.
- Ongoing EA
 - Pre-Assessment consultation
 - Public review period
 - HHC FONSI determination
 - NEPA legal notice FONSI

- Proposed Future Consultation
Island Plan Amendment beneficiary consultation

Island Plan (2002)

- Auwae Lots
 - Currently: Commercial (zoned Industrial)
 - Amendment: Subsistence Agricultural (proposing zoning to Residential-Agricultural)
- Mahiai Lot
 - Currently: Supplemental Agricultural (zoned Agricultural)
 - Amendment: Subsistence Agricultural (proposed zoning to Residential-Agricultural)
- Pana'ewa Regional Plan (2009)
 - Auwae Lots: Industrial/Commercial (amend per Island Plan)
 - Mahiai Lot; Farm Lots (no change)

TIAR

- Develop alternative vehicular and pedestrian circulation plans as part of island plan amendment process
- Conduct traffic impact analysis (TIAR)
- Implement circulation improvements through capital budgeting process
- Crime Prevention
- Crime Impact Statement (CIS) is a report that identifies, predicts, evaluates, and mitigates the crime and disorder effects of a development early in the design process.
- Include CIS as part of island plan amendment process to address crime, disorder and fear of crime and incorporate preventive measures to the extent possible.
- Cost of the report ranges from \$50 to \$100 per lot or about \$4,000 to \$8,000. The report takes about 2 months to complete.

Regional/Island Plan Amendment Process

- Mobilize and scope the update process
- Conduct background studies (e.g., TIAR, infrastructure)
- Develop Plan
- Alternative land use plans
- Infrastructure requirements
- Participatory beneficiary consultation
- Present to HHC for decision

Next Steps

- Finalize 343 & NEPA EA to enable use of State and Federal funds
- Update Regional & Island Plans
- Clear and grub; inspect for potential contamination from neighbor (Auwae Lots)
- Design and bid
- Construct
- Relocate or award leases

Commissioner Davis asked how many of the Maku'u residents still wish to relocate. N. Simmons stated that many of the lessees don't actually reside in Maku'u and many that do, do not want to leave. It is not a forced relocation, but a good faith proactive offer to those affected by the lava flow and UXO. Once the offer is made to those impacted, any remaining lots can be offered to

those on the waitlist. The average age of those on the waitlist is 54 years old, so in the next decade the number of half-blooded beneficiaries could fall below 10,000. It was an attempt to provide more affordable housing with infrastructure close to town.

Commissioner Kahikina asked for the department's understanding of the NAHASDA's self-determination clause. N. Simmons stated when she first started she sought clarity from HUD to understand the self-determination part in NAHASDA. Coming from the County where they have CDBGs (Community Development Block Grants), which is the funding HUD sends to individual counties to provide monies for community development. HUD explained the self-determination in NAHASDA allows the department to have the authority as the responsible entity to determine how to design or carry out programs to carry out the activities in Title 8, which is the Native Hawaiian Housing Block Grant. Comparing that to CDBG land where HUD has explicit rules on how to carry out certain activities DHHL designed the housing plan to utilize self-determination to say this is our plan and how we will carry out the activities in Title 8. After the Commission's review, it is submitted to HUD.

Commissioner Kahikina stated lessees can only borrow against 80% of their home's equity when everyone else can use 110% of their equity. That issue never got moved and it is part of NAHASDA. He stated there are two credit unions listed as financing organizations but there are two organizations lending money to Hawaiians that are not listed. N. Simmons stated in the housing plan from two years ago they put in that designation because they were looking for entities that are federally regulated. Commissioner Kahikina stated the two entities he is referring to are owned and operated by native Hawaiians, which is true self-determination. He asked to keep it open and not designate only credit unions. Staff's interpretation of self-determination is different than his own.

Chair Masagatani stated testimony earlier in the meeting referred to the denial of the 60-day extension for public comment on the EA. She asked N. Simmons to talk about the decision and how it came about. N. Simmons stated the issue about holding off on the recommendation for the FONSI was about process and being consistent with the other communities across the state. The department is trying to achieve the designation to close the loop on the federal process for the NEPA requirements. We want to go in to see what is under the 40 acres of trees. It is hard to make a recommendation for the island plan update because DHHL does not know what lies beneath the trees. Depending on the outcome, DHHL might do 64 lots or nothing at all. R. Takemoto stated the federal Section 106 consultation process ends at the end of September. Chair Masagatani stated if there were concerns from the community, it could be made part of the section 106 process.

The department's recommendation is to allow the EA so that survey work can be done which may revise the proposed subdivision plan. If the volcano doesn't start erupting again, DHHL could hold off on finalizing the plan for this subdivision for submission to the county for approval until the regional planning process or further dialog goes on. D. Lee stated the community input will help to define the development. It is not set in stone. Changing the lots from ½ acre to 1-acre would change everything.

Chair Masagatani stated there are 46 active lessees and only three would like to move. The rest want to stay. The Maku'u families are facing challenges because of the label placed on the land as unexploded ordnance (UXO) and lava flow prone. The younger generation cannot get financing because the banks don't want to lend money for homes within the designated area.

Chair Masagatani stated Commissioners would move into executive session to discuss Item D-17.

MOTION

Moved by Commissioner Tassill, seconded by Commissioner Ishibashi, to recuse the Commission into Executive Session pursuant to section 92-5 (a) (4), HRS. Motion carried unanimously.

EXECUTIVE SESSION IN

12:32 PM

The Commission convened in executive session pursuant to section 92-5 (a) (4), HRS, to consult with its legal counsel on questions and issues pertaining to the Commission's powers, duties, privileges, immunities, and liabilities.

1. Designation of Successor to Leasehold Interest – JAMES P. AKIONA, SR., Lease No. 9043, Lot Nos. 1-5, Honokaia, Hawai'i and Lease No. 10155, Lot No. 1, Honokaia, Hawai'i

EXECUTIVE SESSION OUT

1:37 PM

Chair Masagatani thanked everyone for their patience while the Commission deliberated in executive session. There were many questions for counsel regarding the rights and responsibilities for DHHL and the lessee.

ITEM D-22 Ratification of Designation of Successor to Leasehold Interest – JAMES P. AKIONA, SR., Lease No. 9043, Lot Nos. 1-5, Honokaia, Hawai'i and Lease No. 10155, Lot No. 1, Honokaia, Hawai'i

RECOMMENDATION

None: For Information only.

Chair Masagatani noted the presence of Alan Murakami of the Native Hawaiian Legal Corporation, Neddie De Jesus, daughter of James P. Akiona Sr., and TJ Akiona, grandson of James P. Akiona Sr. She reported that the Commission deliberated and counsel provided guidance regarding additional information that has come to light. In the end, staff has been assigned to further investigate whether or not the last designation of successorship form is valid. A third-party, not associated with the department, will be contacting the interested parties for additional information regarding this case. Following the investigation a recommendation will be brought forth to the Commission.

A. Murakami was concerned about what could potentially happen with the health status of Neddie De Jesus, who they believe is the appropriate designate. Ms. De Jesus' intentions are to transfer the lease to her son TJ Akiona. TJ Akiona is the one who will carry on the ranching legacy of his grandfather James P. Akiona Sr. Behind all of the machinations about what was signed and what was requested, it is what was intended.

N. De Jesus affirmed that her intentions are that the land will be worked and managed by her son TJ Akiona, because he has the vision and mana'o of her father. She knows her dad's final wish was that TJ would malama the 'āina for TJ's generation.

A. Murakami stated the family welcomes the inquiry and intends to assist wherever needed. Chair Masagatani stated that documentation to confirm what is being expressed would be very helpful. T.J. Akiona stated his only question is why the power of attorney document was considered not valid when it was clearly meant to assist with his grandfather's wishes.

ITEM B-2 DHHL Supplemental Budget Requests for Fiscal Year 2016-2017 (Sufficient Funds Budget)

Administrative Services Officer Rodney Lau provided an overview of the Sufficient Funds Budget being presented to the Governor via the Department of Budget and Finance. DHHL just completed its biennium budget process whereby Act 119 appropriated funds for fiscal year 2016 and 2017.

DHHL Sufficient Fund Biennium Budget - FB 2015-2017

September 23, 2014 HHC Meeting

DHHL submitted a two-part budget to the Hawaiian Homes Commission for approval. Part I related to requesting general fund resources necessary to address all administrative and operating activities of the department (Purpose 4), consistent with the Hawaii Supreme Court decision that these costs could be judicially determined. The four purposes are as follows:

- 1) Lot Development
- 2) Loans
- 3) Rehabilitation Projects
- 4) Administrative and Operating Costs

The State Supreme Court ruled that purposes 1, 2 and 3 fall under the political doctrine clause. They also ruled that purpose #4 may be judicially determined by the courts.

DHHL Supplemental Budget Requests - Fiscal Year 2016-2017

Operating Budget:

The operating budget general fund request totals \$28,478,966 and reflects the administrative and operating costs necessary to carry out the purposes of the HHCA. This request is tied to DHHL's biennium "sufficient sums" request (FY 2016 and FY 2017) that was submitted to the Director of Finance in October 2014.

Act 119, SLH 2015, provided no general funded position counts in the general fund appropriation for FY 2017. DHHL proposes general funding position counts and full general funding for all non-federally funded positions.

Act 119, SLH 2015 provided a position count of 196 FTE (full time equivalent) positions and 9 temporary positions from DHHL's special and trust funds. In addition, to sufficiently meet program needs, DHHL is requesting an additional 64 positions to be general funded along with the 196 existing FTE positions to increase the total general fund position count to 260.

Current Authorized Positions	200.00	(P)	11.00	(T)
Federal Fund Positions	(4.00)	(P)	(2.00)	(T)
Authorized Non-Federal Fund Positions	196.00	(P)	9.00	(T)
Sufficient Sums Additional Positions Request	64.00	(P)	0.00	(T)
Total General Fund Positions Request	260.00	(P)	9.00	(T)
(P) = Included in Position Ceiling				
(T) = Not Included in Position Ceiling				

R. Lau stated there are 196 FTE positions that are funded with trust or special funds. We added 64 positions to run our programs sufficiently. The count is approved in the special and trust funds, the change is moving those positions to the general fund request. Commissioner Kahikina asked if the department gets the funding it is requesting, would it be able to fill the positions.

Chair Masagatani stated staff is working toward filling vacant positions. DHHL is understaffed, it'll be a matter of finding and hiring qualified people for the positions.

Capital Improvement Program (CIP) Budget:

The department separated the capital improvement projects (CIP) requests between ongoing maintenance and repair projects for existing infrastructure and new capital projects.

The repair projects for existing infrastructure have a long history of deferred maintenance, resulting in repair issues that have become capital improvement issues. The existing infrastructure projects are aligned with purpose no. 4 of Article XII, Section I of the Hawaii State Constitution that states "The legislature shall make sufficient sums available for the following purposes: ... (4) the administration and operating budget of the department of Hawaiian home lands;". Many of these maintenance and repair costs are typically covered by the counties off of Hawaiian home lands. Therefore, clarifying the line of responsibility between the DHHL and the counties as it relates to emergency repair CIP projects is a critical area to address moving forward.

Chair Masagatani stated this is the beginning of the budget process, which ends in May when the Legislature makes the final determination. Many of our beneficiaries asked to be more involved in this process and the department intends to engage them. This will be the basis of what we testify to at the Legislature.

R. Lau stated if the funding comes through the only changes will be to reverse the source of funding to general funds.

Chair Masagatani stated the Commission will vote on this item tomorrow. Staff will be available to answer questions in the interim.

ITEM G-1 For Information Only- Procedures for Approving Water Wells on Homestead Lots

Acting Planning Manager Kaleo Manuel and consultant Dr. Jonathan Likeke Scheuer presented the following Informational Briefing on Draft Procedures for Approving Water Wells on Homestead Lots:

Overview

1. Background & Definitions
2. Need to be Served
3. Policy and Legal Issues
4. Proposed Procedures & Lease Addenda

I. Background & Definitions

- Background
 - Previous Requests
- “Domestic” water – HRS 174CR3
- “Homesteading” water use – HHCA §221

II. Need to be Served

An individual water well may be the best or only option for some lessees if:

- County or other water meters or rates may be uneconomical for agricultural or other homestead uses
- Use restrictions are in place (landscaping)
- No other source is available+

III. Policy Issues

- Water Policy Plan (WPP) adopted July 2014
- Four Priority Goals
- Nineteen Additional Goals
- Goal 14 – Support the drilling of wells by beneficiaries for their own use on lots where appropriate.

III. Legal Issues

- Environmental Review (HRS 343)
- Use of “state land” generally triggers review
- Agencies may propose “exemption lists”
 - Previous DHHL List was from October 1982
- Planning Office worked with Env. Council
- New DHHL Exemption List passed June 30, 2015 (Exhibit C)
 - Exemption for “Construction of new structures on DHHL lands . . . including domes(c water source development for homesteading purposes, with required permits”
- Water Permitting (HRS 174 C)
- Well Construction Permits (Exhibit A)
- Pump Installation Permits (Exhibit A)
- Water Use Permits (in designated areas) (Exhibit B)
- All require landowner signature

III. Proposed Procedures

- Draft Procedures (Exhibit D)
- Ensure
 - Coordination within Department
 - Communication with lessee
 - All Water Commission forms completed
 - All Water Commission process completed
- Drilling
- Use reporting
- Abandonment

III. Lease Addenda

- Draft Lease Addendum (Exhibit E)
- Ensures infrastructure and obligations run with parcel

Next Steps

- HHC Comments
- AG Review
- Submittal for Action

K. Manuel asked for a timeframe of when the Commission would like to see the action item return for consideration. Chair Masagatani stated it should come to the table whenever the AG’s office is comfortable with its review.

ITEMS FOR DECISION MAKING

C - OFFICE OF THE CHAIRMAN

ITEM C-1 Approval to Proceed with Beneficiary Consultation Regarding Proposed Amendments to Title 10, Hawaii Administrative Rules.

RECOMMENDATION

DHHL Rules Officer Hokulei Lindsey presented the following:

To authorize the Department of Hawaiian Home Lands ("DHHL" or "Department") to proceed with statewide beneficiary consultation regarding the proposed amendments to Title 10, Hawaii Administrative Rules.

MOTION

Moved by Commissioner Davis, seconded by Commissioner Canto.

DISCUSSION:

At the July 20-21, 2015 meeting of the Hawaiian Homes Commission ("HHC"), the DHHL presented a workshop on proposed administrative rule changes. The workshop detailed various policy considerations and presented data collected in support of proposed rule changes for three main topic areas: Genetic Testing, Subsistence Agricultural Lots, and the Transfer of Homestead Leases. At that same meeting, the HHC approved the "Title 10, Hawaii Administrative Rules Development, Review, and Amendment Process," which added beneficiary consultation before Commission approval of any amended language and before the process required by state law under Chapter 91, Hawaii Revised Statutes (See Exhibit "A").

Having drafted proposed amendments and presented a workshop to the HHC, pursuant to the approved development, review, and amendment process, the Department now requests authorization to proceed with statewide beneficiary consultation regarding the proposed rule amendments.

OVERVIEW OF PROPOSED AMENDMENTS

Proposed amendments to Chapter 1 (all those numbered 10-1) are primarily "housekeeping" in nature and would update the physical and mailing addresses for department offices and edit for technical, stylistic, and grammatical improvements and readability. In addition, several new definitions are proposed for terms that apply to department programs and practices.

Proposed amendments to Chapter 2 (10-2) fall largely into the housekeeping category and would serve similar functions as proposed amendments to Chapter 1 as well as make revisions to conform to current state law. Also included in the proposed amendments for Chapter 2 are improvements to departmental efficiencies that would eliminate unnecessary delays caused by waiting for commission action on items that are routine or previously approved.

Items in Chapter 3 (10-3) include the three main topic areas—Genetic Testing, Subsistence Agricultural Lots, and the Transfer of Homestead Leases. Each of these proposals has a larger context and underlying policy, and is supported by data presented to the Commission in July. Some of the issues addressed and innovations contained within the proposals originated from beneficiary comments, concerns, and feedback over the years.

- Proposed sections 10-3-2 through 10-3-3 .1 and 10-3-6 (a) are aimed at bringing added clarity and understandability to the application process, and addresses the issue of genetic testing.
- Sections 10-3-24(c) and (d), 10-3-25, 10-3-26, and 10-3-39 (a) propose amendments that would make the subsistence agricultural lot award possible and would begin implementation of a larger agricultural program.

- Section 10-3-36 proposes amendments to the rules that address the transfer of homestead leases. Originally submitted at the August meeting with five proposed variations, this submittal has been revised to include only one proposal. The language proposed would address the sale of undivided interests, and leases to lots that are vacant or undeveloped.

The remaining proposed amendments to Chapter 3 would improve department communication practices, efficiencies, and protections. Proposed amendments to Chapter 5 include technical, grammatical, and stylistic edits to improve readability. Also included are proposals to improve efficiencies.

RECOMMENDATION:

Staff recommendation is proceed with statewide beneficiary consultation regarding proposed amendments to Title 10, Hawaii Administrative Rules.

Commissioner Kahikina stated a number of his constituents have issues with the proposed amendment dealing with the selling of leases. He proposed an amendment to the motion to defer the proposed language that addresses the sale of undivided interests, and leases to lots that are vacant or undeveloped.

MOTION TO AMEND/ACTION

Moved by Commissioner Kahikina, seconded by Commissioner Tassill to amend the motion to authorize the Department of Hawaiian Home Lands ("DHHL" or "Department") to proceed with statewide beneficiary consultation regarding the proposed amendments to Title 10, Hawai'i Administrative Rules, but to defer the proposed language that addresses the sale of undivided interests, and leases to lots that are vacant or undeveloped.

Chair Masagatani asked for a roll call vote.

Moved by Commissioner Kahikina, to amend the motion to to authorize the Department of Hawaiian Home Lands ("DHHL" or "Department") to proceed with statewide beneficiary consultation regarding the proposed amendments to Title 10, Hawai'i Administrative Rules, but to defer the proposed language that addresses the sale of undivided interests, and leases to lots that are vacant or undeveloped.						
Seconded by Commissioner Tassill						
Commissioner	1	2	'AE (YES)	A'OLE (NO)	KANALU A ABSTAIN	EXCUSE D
Commissioner Canto			X			
Commissioner Chin						X
Commissioner Davis				X		
Commissioner Ishibashi			X			
Commissioner Ka'apu				X		
Commissioner Kahikina	X		X			
Commissioner Richardson				X		
Commissioner Tassill		X	X			
Chair Masagatani				X		
TOTAL VOTE COUNT			4	4		1
MOTION: [] UNANIMOUS [] PASSED [] DEFERRED [X] FAILED						
Motion failed by a vote of four (4) Yes, four (4) No and one (1) Excused.						

Chair

Masagatani noted the motion to amend failed which leaves the original motion intact. She asked if there was any further discussion.

Commissioner Kahikina asked for a roll call on the original motion.

Moved by Commissioner Davis, to authorize the Department of Hawaiian Home Lands ("DHHL" or "Department") to proceed with statewide beneficiary consultation regarding the proposed amendments to Title 10, Hawai'i Administrative Rules.						
Seconded by Commissioner Canto						
Commissioner	1	2	'AE (YES)	A'OLE (NO)	KANALU A ABSTAIN	EXCUSED
Commissioner Canto		X	X			
Commissioner Chin						X
Commissioner Davis	X		X			
Commissioner Ishibashi			X			
Commissioner Ka'apu			X			
Commissioner Kahikina				X		
Commissioner Richardson			X			
Commissioner Tassill				X		
Chair Masagatani			X			
TOTAL VOTE COUNT			6	2		1
MOTION: [] UNANIMOUS [X] PASSED [] DEFERRED [] FAILED						
Motion passed by a vote of six (6) Yes, two (2) No and one (1) Excused.						

F – LAND MANAGEMENT DIVISION

ITEM F-6 Approval to Extend Right of Entry No. 448, Papakōlea Community Development Corporation, Pūowaina, O'ahu, TMK: (1) 2-2-005:035

RECOMMENDATION

Acting Land Management Administrator Peter "Kahana" Albinio recommended the following: That the Hawaiian Homes Commission (HHC) grant its approval to extend the term of Right of Entry No. 448 (ROE 448) to Papakōlea Community Development Corporation (PCDC) for the purpose of continuing the due diligence process related to master planning and surveying the parcel of Hawaiian home lands identified on City and County of Honolulu tax maps as Punchbowl, Oahu, TMK: (1) 2-2-05:035, as shown in Exhibit "A".

Approval of this right of entry permit is subject to the following conditions:

1. The term of the right of entry permit shall be month to month for up to twelve (12) months, commencing on September 1, 2015;
2. PERMITTEE shall pay a non-refundable processing and documentation fee of \$175.00;
3. Except as amended herein, all of the terms, conditions, covenants, and provisions of Right of Entry No. 448 shall continue and remain in full force and effect;
4. The Right of Entry document is subject to the review and approval of the Office of the Attorney General, State of Hawaii;, and

5. Upon approval of the Hawaiian Homes Commission, the Chairman shall be authorized to issue the Right of Entry permit and to set forth any additional terms and conditions deemed prudent and necessary.

DISCUSSION

PCDC is requesting an extension to the term of ROE 448 so they may continue their due diligence related to site development. The initial term of the right of entry was for a three year period with an option for a two year extension. However, pursuant to Chapter 171-55, Hawaii Revised Statutes, approval to the extension will be on a month to month basis with a period not to exceed one year. The extension will be for one year and further extensions will be brought to the Commission if more time is needed.

MOTION

Moved by Commissioner Kahikina, seconded by Commissioner Canto. Motion carried unanimously as stated.

G - PLANNING OFFICE

ITEM G-3 Declare a Finding of No Significant Impact (FONSI) for Final Environmental Assessment (FEA) Kanakaloloa Cemetery, Ho'olehua, Moloka'i, TMK (2) 5-2-017: 003 (por.)

RECOMMENDATION

Acting Planning Program Manager Kaleo Manuel recommended the following:

That the Hawaiian Homes Commission declare a Finding of No Significant Impact (FONSI) based on the information contained in the Final Environmental Assessment (FEA) for the Kanakaloloa Cemetery Project.

MOTION

Moved by Commissioner Davis, seconded by Commissioner Canto.

DISCUSSION

The proposed Kanakaloloa Cemetery improvements have been under consideration by DHHL for several years. Problems reported at the cemetery include: erosion of unpaved roadways with potential deterioration of the cemetery site, lack of improved parking, littering, loitering, vandalism, and unauthorized use of water. The Molokai District Office, in coordination with the DHHL Land Development Division, has endeavored to initiate a project that will hopefully prevent or minimize negative impacts to the Kanakaloloa Cemetery caused by those who may not be showing the proper respect due a cemetery. The project will also improve access and aesthetics, and increase the comfort of beneficiaries and others who are attending graveside services and/or visiting the grave sites of loved ones.

The Land Development Division contracted with the consulting firm Group 70 to assist in development of the project design and preparation of a Draft Environmental Assessment (DEA) for the project. The project includes paved roadways and a parking area within the cemetery, a perimeter stacked basalt rock wall, an ADA-accessible sidewalk and pad designed as the site for a future pavilion, water lines and landscaping. See Fig. 2-3 on Page 2-5 in Exhibit A, "Kanakaloloa Cemetery Project Final Environmental Assessment".

A community meeting to present the project to beneficiaries and gather their mana'o was held at Lanikeha Center in Ho'olehua in the spring of 2014. Beneficiaries in attendance were supportive of the project, as reported by the Molokai Acting District Manager, Halealoha Ayau.

Based on the data, analysis, studies, responses to comments, and the revised narrative in the Final Environmental Assessment; and application of the thirteen criteria for determining the significance level of potential effect a project may have on the environment, staff concludes that the Kanakaloloa Cemetery Project will not have any significant environmental impacts on the project area or surrounding environment.

ACTION

Motion carried unanimously, as stated.

ITEM C-2 Approval of 2015 Native Hawaiian Housing Block Grant Annual Performance Report

RECOMMENDATION

NAHASDA Manager Niniau Simmons recommended the following:
To approve the 2015 Native Hawaiian Housing Annual Performance Report (APR).

DISCUSSION:

Each year, the department must provide an annual report on eligible activities undertaken with funds from the Native Hawaiian Housing Block Grant under Title VIII of the Native American Housing and Self Determination Act (NAHASDA). The APR was released for thirty days of public comment on August 17, 2015 and will be submitted to the U.S. Department of Housing and Urban Development on or before September 30, 2015.

Highlights of the past year include:

- Expending over \$13 million to close out 09HGGH1001 and half of 10HBGH10001
- Creation of the Package Home Financing for Keaukaha and Kalamaula
- HALE servicing of lessees in homebuyer education and lease cancellation prevention
- Increased environmental compliance with statewide contract
- No public comments received as of this writing

MOTION/ACTION

Moved by Commissioner Davis, seconded by Commissioner Ishibashi. Motion carried.
Commissioner Kahikina voted Yes with Reservations.

ITEM C-3 Approval to Expand Package Home Loan Product to Accelerated, Vacant Lot Lessees in Kawaihae, Hawaii, Ho'olehua, Molokai & Anahola, Kaua'i

RECOMMENDATION

NAHASDA Manager Niniau Simmons recommended the following:
To approve the expansion of the Package Home Loan Product to Accelerated, Vacant Lot Lessees in Kawaihae, Hawaii (49); Ho'olehua, Molokai (22); & Anahola, Kauai (5) using funds from the Native Hawaiian Housing Block Grant (NHHBG).

DISCUSSION:

The package home loan product was developed to provide lessees with vacant lots with an affordable financing product that could assist them with building a home. Initially, this program was limited to vacant lot lessees in Kalama'ula (79 lessees) and Keaukaha (39), the two oldest homesteads in the Trust's inventory. This financing has been available since August 18, 2014. Since that time, 31 lessees in both eligible communities have applied for the program. Lessees in other accelerated lot communities have expressed interest and a desire to participate since the program's rollout. Therefore, to broaden the number of eligible communities, staff is

recommending the program's expansion to include three additional accelerated lot communities: Kawaihae, Hawaii (49); Ho'olehua, Molokai (22); and Anahola, Kauai (5). These vacant lots represent that last of those leases awarded under acceleration that are still undeveloped.

Eligibility Criteria

1. 80% Area Median Income as defined by the US Office of Housing and Urban Development; and,
2. A beneficiary as determined by the Hawaiian Homes Commission Act; and,
3. Be the lessee of record for a vacant lot in the Keaukaha or Kalama'ula homesteads; and,
4. Be enrolled/willing to enroll, and successfully complete, financial literacy education prior to move in; and,
5. Be willing to enroll, and successfully complete, post homeownership training for a period of at least two years from home completion.

NHHBG Package Home Loan Product

The criteria above will be used to qualify families for the following homeowner financing: The package home cost, including shipping, would be covered as a second mortgage that requires no payment for thirty years (affordability period) and then forgiven. The lessee will qualify on the actual construction cost (first mortgage) and the term of loan shall not exceed sixty (60) years.

Example:

This is based on 2 bedroom / 2 bath (824 sf)

NHHBG Financing (Kalama'ula)

Total Aggregate Cost:	\$311,000
First Mortgage (40%):	\$124,400
Second Mortgage (60%):	\$186,600*
Loan Term:	360 Months
Interest:	1% per annum
Principal & Int.:	\$401.00
Est. RPT/Ins:	\$100.00
Total Monthly Payment:	\$501.00

NHHBG Financing (Keaukaha)

Total Aggregate Cost:	\$250,000
First Mortgage (40%):	\$100,000
Second Mortgage (60%):	\$150,000*
Loan Term:	360 Months
Interest:	1% per annum
Principal & Int.:	\$322.00
Est. RPT/Ins:	\$100.00
Total Monthly Payment:	\$422.00

*Deferred/No Payment/Forgiven at end of loan term.

MOTION/ACTION

Moved by Commissioner Davis, seconded by Commissioner Ka'apu. Motion carried.

ITEM C-4 Approval to Expand Home Assistance Program to Former Keaukaha Lessees Residing on Pohai, Pilipaa, Ohuohu, Paipai and Noeau Streets in Pana'ewa, Hawai'i

RECOMMENDATION

NAHASDA Manager Niniau Simmons recommended the following:

To approve the expansion of the Native Hawaiian Housing Block Grant (NHHBG) Home Assistance Program to Former Keaukaha Lessees residing on Pohai, Pilipaa, Ohuohu, Paipai and Noeau Streets in Pana'ewa, Hawaii.

DISCUSSION:

The program was approved by the HHC on July 22, 2013 and is a broad title intending to cover NHHBG funded programs such as home replacement (demolition & construction); energy retrofit; building code compliance; and home repair. Since that submittal, a total of 20 families have received home repair loans under this program. 40 families are in the process of applying and obtaining quotes for necessary repairs. During this past year, the Pana'ewa community notified the Department that some former Keaukaha lessees, who were moved to make way for the expansion of Hilo Airport and who were the first residents of Pana'ewa, needed home repair assistance. This submittal will directly address the priority established in the July 2013 HAP submittal by considering those first lessees of Pana'ewa as lessees of Keaukaha for the purpose of priority to home repair assistance.

MOTION/ACTION

Moved by Commissioner Ka'apu, seconded by Commissioner Canto. Motion carried unanimously.

ITEM C-5 Approval to Increase Home Assistance Program Home Repair Amount to \$200,000

Note: This item was deferred to the Tuesday agenda.

D - HOMESTEAD SERVICES DIVISION

ITEM D-1 HSD Status Reports

Exhibits:

A - Homestead Lease and Application Totals and Monthly Activity Reports

B - Delinquency Report

ITEM D-2 Ratification of Loan Approval (see exhibit)

RECOMMENDATION

Acting Homestead Services Division Administrator Dean Oshiro recommended the following: To ratify the approval of the following loan previously approved by the Chairman, pursuant to section 10-2-17, ratification of chairman's action, of the Department of Hawaiian Home Lands Administrative Rules.

MOTION/ACTION

Moved by Commissioner Davis, seconded by Commissioner Canto. Motion carried unanimously.

ITEM D-3 Approval of Consent to Mortgage (see exhibit)

RECOMMENDATION

Acting Homestead Services Division Administrator Dean Oshiro recommended the following: To approve the list of consents to mortgages for Federal Housing Administration (FHA) insured loans, Department of Veterans Affairs (VA) loans, United States Department of Agriculture,

Rural Development (USDA, RD) guaranteed loans, United States Housing and Urban Development (BUD 184A) guaranteed loans and Conventional (CON) loans insured by private mortgage insurers.

MOTION/ACTION

Moved by Commissioner Davis, seconded by Commissioner Ishibashi. Motion carried unanimously.

ITEM D-4 Approval of Streamline Refinance of Loans (see exhibit)

RECOMMENDATION

Acting Homestead Services Division Administrator Dean Oshiro recommended the following: To approve the refinancing of loans from the Hawaiian Home General Loan Fund.

MOTION/ACTION

Moved by Commissioner Davis, seconded by Commissioner Ishibashi. Motion carried unanimously.

ITEM D-5 Approval to Schedule Loan Delinquency Contested Case Hearings (see exhibit)

RECOMMENDATION

Acting Homestead Services Division Administrator Dean Oshiro recommended the following: To authorize the scheduling of the following loan delinquency contested case hearings as shown in the attachment.

MOTION/ACTION

Moved by Commissioner Davis, seconded by Commissioner Canto. Motion carried unanimously.

ITEM D-6 Approval of Homestead Application Transfers / Cancellations (see exhibit)

RECOMMENDATION

Acting Homestead Services Division Administrator Dean Oshiro recommended the following: To approve the transfers and cancellations of applications from the Application Waiting Lists for reasons described:

MOTION/ACTION

Moved by Commissioner Davis, seconded by Commissioner Ishibashi. Motion carried unanimously.

ITEM D-7 Commission Designation of Successors to Application Rights – Public Notice 2014 (see exhibit)

RECOMMENDATION

Acting Homestead Services Division Administrator Dean Oshiro recommended the following: To designate the following individuals as successors to the application rights of deceased applicants who did not name qualified successors.

MOTION/ACTION

Moved by Commissioner Davis, seconded by Commissioner Canto. Motion carried unanimously.

ITEM D-8 Ratification of Designations of Successors to Leasehold Interest and Designation of Persons to Receive Net Proceeds (see exhibit)

RECOMMENDATION

Acting Homestead Services Division Administrator Dean Oshiro recommended the following: To ratify the approval of the designation of successor to the leasehold interest and person to receive the net proceeds, pursuant to Section 209, Hawaiian Homes Commission Act, 1920, as amended. This designation was previously approved by the Chairman.

MOTION/ACTION

Moved by Commissioner Davis, seconded by Commissioner Ishibashi. Motion carried unanimously.

ITEM D-9 Approval of Assignment of Leasehold Interest (see exhibit)

RECOMMENDATION

Acting Homestead Services Division Administrator Dean Oshiro recommended the following: To approve the assignment of the leasehold interest, pursuant to Section 208, Hawaiian Homes Commission Act, 1920, as amended, and subject to any applicable terms and conditions of the assignment, including but not limited to the approval of a loan.

MOTION/ACTION

Moved by Commissioner Davis, seconded by Commissioner Ishibashi. Motion carried unanimously.

ITEM D-10 Approval of Amendment of Leasehold Interest (see exhibit)

RECOMMENDATION

Acting Homestead Services Division Administrator Dean Oshiro recommended the following: To approve the amendment of the leasehold interest listed in the attachment.

MOTION/ACTION

Moved by Commissioner Canto, seconded by Commissioner Davis. Motion carried unanimously.

ITEM D-11 Approval to Issue Non-Exclusive Licenses for Rooftop Photovoltaic Systems for Certain Lessees (see exhibit)

RECOMMENDATION

Acting Homestead Services Division Administrator Dean Oshiro recommended the following: To approve the issuance of a non-exclusive license to allow the Permittee to provide adequate services related to the installation, maintenance, and operation of a photovoltaic system on the premises leased by the respective Lessees.

MOTION/ACTION

Moved by Commissioner Davis, seconded by Commissioner Ishibashi. Motion carried unanimously.

ITEM D-12 Cancellation of Lease – SAMUEL K.K. KAUNAMANO, Lease No. 11724, Lot No. UNDV181, Kapolei, O‘ahu

RECOMMENDATION

Acting Homestead Services Division Administrator Dean Oshiro recommended the following:

1. To approve the cancellation of Lease No. 11724, Lot No. UNDV181 Kapolei, Oahu, pursuant to the Hawaiian Homes Commission Act of 1920, as amended, as there is no qualified successor to the Lease interest; and
2. To approve the refund of the lease rent in the amount of \$89.00.

MOTION/ACTION

Moved by Commissioner Davis, seconded by Commissioner Canto. Motion carried unanimously.

ITEM D-13 Cancellation of Lease – MARIE P. CADENA, Lease No. 12167, Lot No. 1H, Kaūmana, Hawai‘i

RECOMMENDATION

Acting Homestead Services Division Administrator Dean Oshiro recommended the following:

1. To approve the cancellation of Lease No. 12167, Lot No. 1H, Kaumana, Hawaii, pursuant to the Hawaiian Homes Commission Act of 1920, as amended, as there is no qualified successor to the Lease interest; and
2. To approve the refund of the lease rent in the amount of \$91.00.

MOTION/ACTION

Moved by Commissioner Davis, seconded by Commissioner Canto. Motion carried unanimously.

ITEM D-14 Commission Designation of Successor – HARRIS K. AKI, SR., Lease No. 12267, Lot No. 64, Wai‘ehu Kou IV, Maui

RECOMMENDATION

Acting Homestead Services Division Administrator Dean Oshiro recommended the following:

To approve the designation of Donna-May Kauinohea Aki (Donna-May), as successor to Residential Lease No. 12267, Lot No. 64, Wai‘ehu Kou IV, Maui, for the remaining term of the lease.

MOTION/ACTION

Moved by Commissioner Canto, seconded by Commissioner Davis. Motion carried unanimously.

ITEM D-15 Commission Designation of Successor – GAIL SCHMIDT, Lease No. 1816, Lot No. 244A, Nānākuli, O‘ahu

RECOMMENDATION

Acting Homestead Services Division Administrator Dean Oshiro recommended the following:

1. To approve the designation of Candace Kaiula Bumanglag-Schmidt (Candace) and Ohaialii Kainoa Bumanglag-Schmidt (Ohaialii), as successors to Residential Lease No. 1816, Lot No. 244-A, Nānākuli, Oahu, for the remaining term of the lease, subject to payment to the Department within 90 days from the execution of the lease for the unpaid balance owing on the Department Loan No. 16967.

MOTION/ACTION

Moved by Commissioner Davis, seconded by Commissioner Kahikina. Motion carried unanimously.

ITEM D-16 Commission Designation of Successor – VELDALYNN K. TOLENTINO, Lease No. 4898, Lot No. 24B 1, Kuhio Village, Hawai'i

RECOMMENDATION

Acting Homestead Services Division Administrator Dean Oshiro recommended the following: To approve the designation of Kuni M. L. M. Tolentino (Kuni), successor to her late mother's Residential Lease No. 4898, Lot No. 24B 1, for the remaining term of the lease, subject to Kuni obtaining a loan to pay off Department Contract of Loan No. 17398 within 90 days of the completion of the lease successorship.

MOTION/ACTION

Moved by Commissioner Davis, seconded by Commissioner Kahikina. Motion carried unanimously. Commissioner Tassill not present during vote.

ITEM D-17 Commission Designation of Successor – HAPPY L.A. KANAHELE, Lease No. 4676, Lot No. 49, Kekaha, Kaua'i

RECOMMENDATION

Acting Homestead Services Division Administrator Dean Oshiro recommended the following: To approve the designation of Rose Mabel K. Kanahele (Rose Mabel), successor to her late husband's Residential Lease No. 4676, Lot No. 49, for the remaining term of the lease.

MOTION/ACTION

Moved by Commissioner Davis, seconded by Commissioner Kahikina. Motion carried unanimously.

ITEM D-18 Commission Designation of Successor – CHARITY STEWARD, Lease No. 1107, Lot No. 66, Keaukaha, Hawai'i

RECOMMENDATION

Acting Homestead Services Division Administrator Dean Oshiro recommended the following: To approve the designation of Beni-Jo N. Kuamoo (Beni-Jo), successor to her late aunt's Residential Lease No. 1107, Lot No. 66, for the remaining term of the lease.

MOTION/ACTION

Moved by Commissioner Davis, seconded by Commissioner Kahikina. Motion carried unanimously.

ITEM D-19 Commission Designation of Successor – ALAN K. MILLER, Lease No. 9396, Lot No. 83, Kaniohale, Hawai'i

RECOMMENDATION

Acting Homestead Services Division Administrator Dean Oshiro recommended the following: To approve the designation of Walter K. Miller, as successor to Residential Lot Lease No. 9396, Lot No. 83, Kaniohale, La'i'opua, Kailua-Kana, Hawai'i., for the remaining term of the lease.

MOTION

Moved by Commissioner Davis, seconded by Commissioner Ishibashi. Motion carried unanimously. Commissioner Tassill not present during vote.

Chair Masagatani stated Mr. Bo Kahui testified on this matter. D. Oshiro stated the amounts in arrears are not owed to DHHL but to the Association and to the County. The amounts owed become an obligation of the successor.

MOTION

Moved by Commissioner Davis, seconded by Commissioner Canto, to recuse the Commission into Executive Session. Motion carried unanimously.

EXECUTIVE SESSION IN

3:48 PM

The Commission convened in executive session pursuant to section 92-5 (a) (4), HRS, to consult with its legal counsel on questions and issues pertaining to the Commission's powers, duties, privileges, immunities, and liabilities on the above-stated matter.

EXECUTIVE SESSION OUT

4:17 PM

Chair Masagatani reported the item will be deferred pending further investigation.

ITEM D-20 Approval for Payment of Net Proceeds – CHAD G.A. DEPONTE, Residential Lot Lease No. 11902, Lot No. 139, Wai'anae, O'ahu

RECOMMENDATION

Acting Homestead Services Division Administrator Dean Oshiro recommended the following: 1) Accept the following appraisal, 2) approve following purchase of improvements, and 3) authorize the following payment of net proceeds.

Lessee Name:	Chad G.A. DePonte
Lease Date:	November 27, 2007
Residential Lease No./Lot No.:	11902/139
Area/Island:	Waianae, Oahu
Date of Surrender:	May 19, 2014
Date of Appraisal/Amount:	April 18, 2014/\$317,500
American Savings Bank Loan:	\$263,434.90
The Queens FCU PV Loan:	\$ 23,082.07
Expenses to Prepare for Re-award, Outstanding RPT, Lease Rent, Etc.:	\$ 2,006.90
Total Indebtedness Amount:	\$288,523.87
Total Net Proceeds:	\$ 28,976.13
Advance Net Proceeds Received on October 15, 2014:	\$ 15,000.00
Approx. Net Proceeds Balance:	\$ 13,976.13

Residential Lot was re-awarded on July 31, 2015.

MOTION/ACTION

Moved by Commissioner Davis, seconded by Commissioner Ishibashi. Motion carried unanimously. Commissioner Tassill not present during vote.

ITEM D-21 Request to Approve Third Party Agreement – EDGAR L.P. SPENCER, Pastoral Lot Lease No. 2705-A, Lot No. 4-B, Pu'ukapu, Kamuela, Hawai'i

RECOMMENDATION

Acting Homestead Services Division Administrator Dean Oshiro recommended the following:

To approve a request for a Third Party Agreement for Pastoral Lot Lease No. 2705-A, Lot No. 4-B situated at Pu'ukapu, Kamuela, Hawaii for Edgar L. P. Spencer.

MOTION/ACTION

Moved by Commissioner Davis, seconded by Commissioner Ishibashi. Motion carried unanimously. Commissioner Tassill not present during vote.

F – LAND MANAGEMENT DIVISION

ITEM F-3 Issuance of License to Pana'ewa Hawaiian Home Lands Community Association and Pana'ewa Community Alliance as co-licensees, Pana'ewa, Hawaii, TMK: (3)2-2-047:075

RECOMMENDATION

Acting Land Management Division Administrator Peter "Kahana" Albinio recommended the following: That the Hawaiian Homes Commission (HHC) approve the issuance of a benefit license to the PANAWEA HAWAIIAN HOME LANDS COMMUNITY ASSOCIATION ("PHHLCA"), a Hawaii domestic non-profit corporation, hereinafter referred to as "PHHLCA" and PANAWEA COMMUNITY ALLIANCE ("PCA"), a Hawai'i domestic non-profit corporation, hereinafter referred to as "CoLicensees" for the right and privilege to enter and use that certain Hawaiian home lands parcel identified as TMK No. (3)2-2-047:075, further identified as Lot 3-B-2, containing an area of 12.774 acres for purposes of developing, managing, using, maintaining and protecting such premises as a community center.

Approval and issuance of this benefit license shall be subject to the following basic terms and conditions:

1. LICENSEE shall develop the subject parcel as a community center, incorporating development of the Kamoleao Laulima Community Resource Center with other community related services and for no other purpose whatsoever.
2. The license will be issued for a term of thirty (30) years, to commence effectively upon the date that the license is fully executed by the LICENSOR and LICENSEE.
3. Fee for the licensed area shall be established at a nominal rate of \$20.00 per month for the initial five years of the term. Fees for the remaining term shall be subject to LICENSOR'S review of LICENSEE'S site development progress which shall be reviewed at five-year intervals from the date that the license is fully executed. However, for the trust, LICENSOR reserves the right to make appropriate adjustments to the fee that is deemed necessary.
4. LICENSEE shall at its own expense, as part of the development comply with Chapter 343 of the Hawaii Revised Statutes, as amended which requires assessing the impacts of its development will have on the surrounding community prior to construction activities.
5. LICENSEE agrees to accept the parcel "as is". LICENSEE shall pay for all infrastructure costs associated with its planned development, including utilities, connections and services. LICENSEE shall be responsible for mitigating any impacts, such as dust, noise, etc. that this project may have on anyone in the neighboring vicinity.
6. LICENSEE may apply for available DHHL grants but issuance of the license agreement confers no preference in such funding. The lack of DHHL financial support shall not be used as a reason for not completing project.
7. LICENSEE shall not undertake any construction whatsoever on the licensed premises until LICENSOR has reviewed and approved the plans in writing (which approval shall not be unreasonably withheld or delayed);
8. LICENSEE'S work shall conform to federal, state and county (government agencies) standards. LICENSEE shall obtain all applicable governmental permits and all construction

- shall comply with Federal, State, or County laws, regulations, codes, and ordinances prior to the commencement of any work on the property that requires such permits and approvals.
9. LICENSEE shall procure and provide proof of and keep in full force a general liability insurance policy of no less than \$2,000,000.00, including fire coverage on the premises and name the Department of Hawaiian Home Lands (DHHL) as additional insured on the policy;
 10. LICENSEE will exercise due care and diligence to prevent injury to persons and damages to or destruction of property belonging to DHHL;
 11. LICENSEE shall keep and maintain the Premises and any and all equipment and personal properties of LICENSEE upon the Premises in a strictly clean, neat, orderly and sanitary condition, free of waste, rubbish and debris and shall provide for the safe and sanitary handling and disposal of all trash, garbage and other refuse resulting from its activities on the Premises;
 12. NO RESIDENTIAL USE SHALL BE PERMITTED, including temporary, overnight occupancy of the premises;
 13. The license shall NOT be assignable to a third party. LICENSOR reserves the right to set additional conditions such as but not limited to the following: a) Changes in Articles and Bylaws; b) Change in Board Composition; c) Change in corporate status; d) Submit DCCA & HCE compliance certificate; and e) Change in relationship between PHHLCA and PCA, as part of any consideration to grant its consent for the LICENSEE to use the property for any other purpose.
 14. The processing and documentation fee (\$275.00) shall be waived.
 15. LICENSEE shall comply with all applicable governmental laws, rules, regulations, and procedures relating to the operation and activities under this LICENSE; and
 16. The license document will contain the standard terms and conditions of similar licenses issued by DHHL and shall be subject to other terms and conditions deemed prudent and necessary by the Chairman of the Hawaiian Homes Commission and/or the Hawaiian Homes Commission and shall further be subject to review and approval by the Office of the Department of the Attorney General, State of Hawaii.

MOTION/ACTION

Moved by Commissioner Davis, seconded by Commissioner Ishibashi. Motion carried unanimously.

ITEM F-4 Approval to Issue Right of Entry Permit, D.R. Horton – Hawai'i Division, East Kapolei II, O'ahu, TMK: (1)9-1-017:110 (Portion)

RECOMMENDATION

Acting Land Management Division Administrator Kahana Albinio recommended the following: That the Hawaiian Homes Commission (HHC) authorizes approval to issue a Right-of-Entry permit (ROE) to D.R. HORTON - HAWAII DIVISION, to use a portion of Hawaiian Home Lands covering approximately 3.0 acres situated at East Kapolei II, Island of Oahu, identified more specifically by TMK No.: (1) 9-1-017: 110. The ROE will allow D.R. Horton – Hawai'i Division to utilize the site as a parking area for their workers during construction of the Ko'oloaula Affordable Rental Project, Phase 2 on the adjacent parcel, and to utilize the maintenance road as an alternate access to the work site. This approval is subject, but not limited to the conditions stated in the August 17 & 18, 2015 submittal (exhibit A) for an annual fee of \$22,752.00 per year.

DISCUSSION

Barring the residential land use classification, LMD re-determined the proposed annual fee by adjusting an increase of its standard market return rate value from 8.0% to 50.0%, which when applied towards the tax assessed value per acre of \$61,000 the fee value per sf is derived at

\$0.70 (\$30,500.00/acre). The reasonable annual fee as re-determined at \$22,752.00 has direct benefit to the trust for temporary use of its lands.

MOTION/ACTION

Moved by Commissioner Davis, seconded by Commissioner Ishibashi. Motion carried unanimously.

ITEM F-5 Approval to Issue Right of Entry Permit, University of Hawai'i for its Hawai'i Community College, Hilo, Hawai'i, TMK: (3)2-1-020:101 (Portion)

RECOMMENDATION

Acting Land Management Division Administrator Kahana Albinio recommended the following: That the Hawaiian Homes Commission (HHC) authorize approval to issue a Right-of-Entry permit (ROE) to the UNIVERSITY OF HAWAII for its HAWAII COMMUNITY COLLEGE (UH-HCC), to enter a portion of Hawaiian home lands containing approximately 10,500 sq. ft. situated at Keaukaha, Island of Hawaii. The land will be Lot 108-B-2, a portion of Lot 108-B, pending subdivision approval, and identified as TMK No.3rd/2-1-020:101 (por.), as delineated by the shaded area on the attached plat map labeled Exhibit "A" hereto. The ROE will allow for UH-HCC students, under the supervision and direction of its Applied Technical Education Division, to construct a 3-bedroom, 2-bath home for its Annual Model Home Program. This approval is subject, but not limited to the conditions in the submittal.

DISCUSSION

Commissioner Richardson stated his recusal from the vote.

MOTION/ACTION

Moved by Commissioner Davis, seconded by Commissioner Ishibashi. Motion carried unanimously. Commissioner Richardson recused.

G - PLANNING OFFICE

ITEM G-2 Declare a Finding of No Significant Impact (FONSI) for Final Environmental Assessment (FEA) Waiohuli Community Center Masterplan, Waiohuli, Maui, TMK (2) 2-2-028: 052

RECOMMENDATION

Acting Planning Program Manager Kaleo Manuel recommended the following: That the Hawaiian Homes Commission declare a Finding of No Significant Impact (FONSI) based on the information contained in the Final Environmental Assessment (FEA) for the Waiohuli Community Center Master Plan.

MOTION/ACTION

Moved by Commissioner Canto, seconded by Commissioner Davis. Motion carried unanimously.

ITEM G-4 Accept the Beneficiary Consultation Report for the NEXTERA Kahikinui Wind Project, Kahikinui, Maui, TMK (2) 1-9-001: 003

Note: This item was deferred.

H – ADMINISTRATIVE SERVICES DIVISION

ITEM H-2 Approval of Request to Transfer Hawaiian Home Receipts Money at the End of the First Quarter, Fiscal Year 2016

RECOMMENDATION

Administrative Services Officer Rodney Lau recommended the following:

That the Commission approve the transfer of the entire receipts deposited in the Hawaiian Home Receipts Fund as of September 30, 2015 to the Hawaiian Home General Loan Fund.

MOTION/ACTION

Moved by Commissioner Davis, seconded by Commissioner Richardson. Motion carried unanimously.

ITEMS FOR INFORMATION

C - OFFICE OF THE CHAIRMAN

ITEM C-6 FOR INFORMATION ONLY – HALE Program review & updates

RECOMMENDATION

None; FOR INFORMATION ONLY

DISCUSSION:

Hale Manager Paula Aila provided the following report:

HALE PROGRAM:

The department started HALE as a pilot program in August 2013, with the creation of the Native Hawaiian Housing Block Grant (NHHBG) Loan Review Committee, which identified barriers to loan approval and developed risk mitigation efforts to address/remove those barriers. Part of those efforts include financial education; budgeting; and credit repair utilizing free services by the 5 agencies awarded National Mortgage Settlement monies distributed by the Hawaii Attorney General's office. HALE provides enhanced services beyond the free services offered by the 5 agencies to lessees and waitlist applicants.

HALE's mission is to provide financial literacy services that enhance and protect the quality of life for beneficiaries served through the Department of Hawaiian Home Lands.

Purpose:

To aid beneficiaries with financial literacy services for homeownership and foreclosure prevention/lease cancellation.

HALE Program Review - 2013 to 2015 Foreclosure Prevention & Lease Cancellation (FP&LC)

Since 2013, HALE's focus has been on foreclosure prevention and lease cancellation services.

A. Funding:

HALE was financed through NAHASDA funds with a total of \$612,457 awarded to service providers for FP&LC counseling and case management.

B. Case management:

Since 2013, service providers were to assist up to 225 lessees who were unable to pay their mortgage because of financial hardship. As of July 31, 2015, the program assisted a total of 151 lessees or 67% of target.

- Of the 151 lessees,
 - o 60 cases have been closed

- o 91 cases remain active as beneficiaries continue to work with service providers.
- *Of the 91 active cases, 14* were reassigned back to the service provider due to extenuating circumstances or because the Hawaiian Homes Commission requested continuance of services for the lessee.
- *Of the 60 closed cases, 6 families* were non-compliant meaning they did not respond to the service provider and/or they started a workout plan and failed to complete it.

The good news is the majority of cases are moving in a positive direction whereby lessees either are engaged in a workout plan to resolve delinquencies or are no longer delinquent.

A sampling of cases revealed some lessees might go through financial counseling assistance up to three times. In some instances, this may be a redundancy of costs only to reap the same outcome of recurring delinquencies.

C. Delinquency reasons:

The top three reasons for delinquency as stated by the lessee's are:

- Loss/reduction of household income
- Illness of a household family member
- Marital difficulties

Other reasons include death of lessee or household member, excessive obligations, business failure, and other reasons (including drug use, incarceration, problems with lenders).

D. Areas served:

The majority of lessees serviced are located on Oahu (90), Maui (27), Hawaii Island (25), Kauai (4) and Molokai (5).

E. Customer satisfaction:

In 2015, the HALE team conducted telephone surveys and was able to reach 43 lessees. Of the 43, 18 lessees responded to the following questions:

1. Did (service provider) respond to your needs in a timely manner? (response time)
2. When you met with (service provider) did you feel (service provider) clearly understood your situation. (*Needs assessment*)
3. Did (service provider) provide you with relevant solutions to help you through a difficult financial time? (*Actionable solutions*)
4. Are you still following the guidance and tools (service provider) suggested? (*outcome*)
5. Was (service provider) professional? (*service quality*)
6. Was (service provider) compassionate towards your situation? (*empathy*)
7. How would you rate the overall service you received from (service provider)?

Questions were rated on a scale of 1-5. 1 = lowest rating & 5 = highest rating

Overall satisfaction scores were very favorable with an overall rating of 5. Beneficiary comments were also very favorable.

Since 2013, Hawaiian Community Assets and Helen Wai, LLC have provided FPLC services to beneficiaries.

HALE Program FPLC contracts 2013 – 2015 Contracts Extension

Helen wai, LLC

Hawaiian Community Assets

As of July 31, 2015, Service provider performance reviews are as follows:

A. Hawaiian Community Assets (HCA):

HCA was awarded \$312,457 to assist up to 75 lessees. The 75 cases were to be split evenly in two areas 1) foreclosure/lease cancellation prevention and 2) debt reduction assistance. The contract is

at its midpoint and will expire in 2016. In the area of FP&LC services, HCA assisted 22 families or 58% of the targeted goal of 38. Average caseload was 1 case per month.

B. Helen Wai, LLC:

Helen Wai, LLC was awarded \$300,000 to assist up to 150 families. Helen assisted a total of 129 families or 86% of the targeted goal. Average caseload was 5 cases per month. The contract expired in July 2015.

2013-2015 Lessons Learned:

There is an opportunity to streamline HALE processes and vendor contracts in the areas of scope of work and contract pricing. That work started in 2015.

2016 workshop schedule to be determined

Homebuyer Education (HBE) workshops started in May 2015. Currently, HALE yields a 10% response rate to outreach campaigns that include letters and phone calls.

Response rates:

Typically, direct mail response rates are 3-4%* of a mailing. A 10% rate appears to be good in comparison to direct mail industry rates. This rate can also change over time as responses trickle in at different intervals. For example, some people will respond to the third letter instead of the first letter. Other factors affecting response rates include the content of the message, number of touches throughout a campaign and the quality of the mailing list.

Despite a 10% response rate, the rate needs to be even higher because homes will be available in 2016.

Following are assumptions as to reasons why lessees may not be responding at a faster rate.

1. Over the years, the department has touched these same beneficiaries multiple times and may have exhausted the beneficiaries' engagement with the department.
2. Applicant beneficiaries have attended HBE workshops before and do not understand why they have to attend another class.
3. Applicant beneficiaries are older (55+**) than the last time offerings were awarded. These beneficiaries either can no longer afford to purchase a home or are unwilling to take on a mortgage at this age.
4. Applicant beneficiaries are choosing to transfer their lease to a family member successor who can potentially afford to take on a mortgage. The successors are usually young adults and unsure of the kuleana of homeownership.

The HALE Program Manager is reviewing processes and exploring other outreach tactics to increase response rates and attendance at workshops.

Objective #3 - Financial Education Plan:

1. Increase number of service providers
2. Work with external lenders on:
 - Reporting deliverables
 - Re-educate lenders on DHHL uniqueness
 - Review existing and future MOU's
3. Streamline services:
 - Develop consistent contract terms and conditions for all service providers.
 - Monitoring of service providers*.
 - Monitoring of *quality* of services delivered to beneficiaries*

*Monitoring will include periodic reviews by the HALE team and information from CounselorMax.
4. Flexibility for DHHL

- Using more service providers on a statewide basis will provide flexibility for DHHL to offer services to beneficiaries immediately.
- HALE will have the flexibility to transfer a beneficiary to another service provider due to dissatisfaction with the current provider.

Note: The Executive Session discussion was taken earlier in the day.

RECESS

6:23 PM

HAWAIIAN HOMES COMMISSION
Minutes of September 21 and 22, 2015
Meeting Held at DHHL East Hawai'i District Office, Hilo, Hawai'i,

The 667th Regular Meeting of the Hawaiian Homes Commission was held at the Department of Hawaiian Home Lands, East Hawai'i District Office, Hilo, Hawai'i, beginning at 9:17 a.m.

PRESENT Jobie M. K. Masagatani, Chair
Doreen N. Canto, Commissioner, Maui
Gene Ross K. Davis, Commissioner, Moloka'i
Wallace A. Ishibashi, Commissioner, East Hawai'i
David B. Ka'apu, Commissioner, West Hawai'i
Michael P. Kahikina, Commissioner, O'ahu
William K. Richardson, Commissioner, O'ahu
Renwick V. I. Tassill, Commissioner, O'ahu

EXCUSED Kathleen P. Chin, Commissioner, Kaua'i

COUNSEL Craig Y. Iha, Deputy Attorney General

STAFF William J. Aila Jr., Deputy to the Chairman
Niniau Simmons, NAHASDA Manager, Office of the Chair
Paula Aila, Hale Manager, Office of the Chair
Hokulei Lindsey, Administrative Rules Officer, Office of the Chair
Leah Burrows-Nuuanu, Secretary to the Commission, Office of the Chair
Kip Akana, Compliance Officer, Office of the Chair
Dean Oshiro, Acting Homestead Services Division Manager
Norman Sakamoto, Development Officer, Land Development
P. Kahana Albinio, Acting Property Dev. Mgr., Income Property Branch
Kaleo Manuel, Acting Planning Mgr., Planning Division
Andrew Choy, Planner, Planning Division
Nancy McPherson, Planner, Planning Division
John Peiper, Land Agent/Enforcement Officer, Office of the Chair
Ku'uwehi Hiraishi, Info. Specialist, Information and Community Relations
Mona Kapaku, District Supervisor Maui

A – PUBLIC TESTIMONY ON AGENDIZED ITEMS

Item A-1, Richard Ha, Re: Agenda Item H-1.

R. Ha spoke about the Hawai'i Island Energy Coop and how it might affect DHHL beneficiaries. When NextEra announced its intentions of purchasing Hawaiian Electric Company, a group of Hawai'i island residents got together to try to form a cooperative similar to the one on Kaua'i. They invited the Kaua'i folks to do a talk to a group that turned out to number more than 60 people. As a result of the discussion an Advisory Group was formed consisting of nine members. The group decided to form and incorporate the coop. The first step was to raise money to get into the docket. If chosen to participate, the group would put forth a credible proposal to the Public Utilities Commission. This part cost the KIUC \$250K twelve years ago. The amount is almost covered. HELCO is worth around 700 million. KIUC was 100% financed and the group looks to do something similar with Hawai'i Island.

Chair Masagatani stated the question for DHHL is whether its opportunities with the Coop would be better than the opportunities with the utility company. R. Ha stated he believes so because the Coop is locally run by a board of directors who are industry experts that live on Hawai'i Island. People are uneasy about decisions being made by a company that is thousands of miles away.

Commissioner Richardson asked if it is better to be on the generation or distribution side of the equation. R. Ha stated it would be better to own both sides.

Chair Masagatani thanked R. Ha for his testimony.

ITEMS FOR DECISION MAKING

E – LAND DEVELOPMENT DIVISION

ITEM E-1 Approval of Lease Award – Sharronlee E. Joseph

RECOMMENDATION

Acting Land Development Division Administrator Norman Sakamoto recommended the following: That the Commission approve the award of Department of Hawaiian Home Lands Residence Lot Lease to the applicant listed below for 99 years, subject to the purchase of the existing improvements on the lot by way of loan or cash.

KULA RESIDENCE LOTS UNIT 1, WAIOHULI, MAKAWAO, MAUI (PRE-OWNED)

<u>NAME</u>	<u>APPL DATE</u>	<u>LOT NO TAX MAP KEY</u>	<u>LEASE NO</u>
Joseph, Sharronlee E.	07/18/06	47 2-2-2-028:021	12738

With the execution of the foregoing lease, 1 single family home award has been completed. The lease listed above was previously approved at the HHC meeting on January 20, 2015 (EXHIBIT A), however, the previous selectee of Lot No. 47 withdrew her selection for personal reasons and the lot was offered to the next qualified applicant. Lease No. 12738 will now be assigned to the above listed applicant once all the conditions of the lease award are met.

MOTION/ACTION

Moved by Commissioner Canto, seconded by Commissioner Davis. Motion carried unanimously.

E – LAND DEVELOPMENT DIVISION

ITEM E-2 For Information Only - Correction to Previous Approval of Lease Award – Genai U. Keliikuli

MOTION/ACTION

None, for information only.

Chair Masagatani asked if Commissioners had any questions for Acting Land Development Division Administrator Norman Sakamoto. Commissioners had no questions.

ITEM E-3 For Information Only - Change in Selected Lot Number to Previous Approval of Amendment to Leasehold Interest – Thomasyna L.A. Bungula (Lease No. 1143) and Kaleo-O-Kalani J. Lopez (Lease No. 11-45)

MOTION/ACTION

None, for information only.

Chair Masagatani asked if Commissioners had any questions for Acting Land Development Division Administrator Norman Sakamoto. Commissioners had no questions.

H – ADMINISTRATIVE SERVICES DIVISION

ITEM H-1 Approval of DHHL Supplemental Budget Requests for Fiscal Year 2016-2017

RECOMMENDATION

Administrative Services Officer Rodney Lau recommended the following: That the Commission approve the FY 2016-2017 Supplemental Operating and Capital Improvement Program (CIP) budget presented below for submittal to the Governor for consideration in the Administration's Executive Budget requests to the 2016 Legislature and to authorize the Chairman to adjust the Operating and CIP budget as appropriate before it is incorporated into the Administration's Executive Budget.

MOTION/ACTION

Moved by Commissioner Canto, seconded by Commissioner Davis. Motion carried unanimously.

C – OFFICE OF THE CHAIRMAN

ITEM C-5 Approval to Increase Home Assistance Program Home Repair Amount to \$200,000

RECOMMENDATION

NAHASDA Manager Niniau Simmons recommended the following:
To approve the increase of the Native Hawaiian Housing Block Grant (NHHBG) Home Assistance Program (HAP) from \$100,000 to \$200,000 with amounts exceeding \$100,000 to be subject to a 1% loan payable over a term determined at loan origination.

DISCUSSION:

The program was approved by the HHC on July 22, 2013 and is a broad title intended to cover NHHBG funded programs such as home replacement (demolition & construction); energy retrofit; building code compliance; and home repair. Since that submittal, a total of 20 families have received home repair loans under this program. 40 families are in the process of applying and obtaining quotes for necessary repairs. However, some homes do not meet demolition criteria set forth by the U.S. Office of Housing & Urban Development and instead, must be rehabilitated. Environmental conditions have varied but extra costs for retaining wall mitigation; flood mitigation; or water rot have raised costs above the \$100,000 threshold. Labor costs related to the mandatory compliance with Davis-Bacon requirements also make up a significant portion of the loan amount. As a result, the department realizes some repairs will exceed the original \$100,000 HAP cap. This submittal would allow for any amount in excess of \$100,000 to be subject to a loan repayment term, set at loan origination, at 1% per annum. Eligible lessees for the program would comply with the requirements set forth in the original HAP Commission submittal.

Eligibility Criteria:

- 80% Area Median Income as defined by the US Office of Housing and Urban Development; and,
- A beneficiary as determined by the Hawaiian Homes Commission Act; and,

- Be the lessee of record; and,
- Be enrolled/willing to enroll, and successfully complete, financial literacy education.

Chair Masagatani asked if any of the original 60 slots are still available. N. Simmons stated they are working incrementally to keep from overwhelming the single staff person

MOTION/ACTION

Moved by Commissioner Davis, seconded by Commissioner Ishibashi. Motion carried unanimously.

J - GENERAL AGENDA

ITEM J-1 CALVIN E. KAIA, Pu'ukapu Lessee, Lot #22

MOTION/ACTION

None, for information only.

C. Kaia stated his reason for meeting with the Commission is to seek help in removing his sister from being a successor to his mother's homestead lot in Pu'ukapu. His mother's name is Mrs. Kaehukai Edsman. His sister Laurel Maile K. Bailey took his mother to the West Hawai'i District Office on October 14, 2011, to add her name as a successor. He believes it is unfair because he was told by James Dupont that the paper work would not go through because C. Kaia had Power of Attorney documents for his mother since April of 2011. He would like the Commission's help in removing his sister from the lease as a successor. He stated his sister has not lived in Hawai'i for over forty years.

Chair Masagatani stated she would have staff look into the matter for the facts and see what options are available. Someone will follow up with C. Kaia by letter. C. Kaia thanked the Commission for its time.

ITEM J-2 Request to Address the Commission -- KAHILIHWA KIPAPA & MALIA KIPAPA, Kula, Maui, Lessee #7610

MOTION/ACTION

None, for information only.

M. Kipapa read a letter submitted by Kahilihiwa Kipapa. M. Kipapa is the niece of Kahilihiwa Kipapa. The letter reads:

My name is Kahilihiwa Kaaukai Kipapa and I am a Department of Hawaiian Home Lands (DHHL) lessee from Maui. I have a residential lease in Kula, Maui, Lot Lease No. 7610. I would like to take this opportunity to acknowledge the commission and the department for addressing my concerns related to my lease agreement.

I am grateful and sincerely appreciative for the overwhelming response and resources that has been provided to me by the department. Working with Deputy William Aila in looking at means of how to modify my co-lease agreement has been very rewarding. From May of 2015 to this present day, he along with the homeland security division has been very instrumental in helping me to create a tenancy in common agreement in which will now allow me to designate a successor for 50% of my share of my current lease.

I currently still share a lease with my grandnephew Joseph Kamua Toko Kamekona Kipapa and understand that this shared lease will exist until we can determine an option where I can eventually remove him off my lease entirely. Taking this process one step at a time and working with DHHL to address my concerns in its fullness I will continue to work towards this goal until it's completely been resolved.

In closing I would like to Mahalo the commission and department again for their support with this matter and I look forward to a successful outcome in the near future.

M. Kipapa asked if there was an update as to where the amendment was in the process. Chair Masagatani stated she will ask staff to check on the progress of the document.

ITEM J-3 JANEEN OLDS, President & CEO Sandwich Isles Communications, Inc.

MOTION/ACTION

None, for information only.

J. Olds stated she was following up on her commitment to keep the department updated on SIC. SIC is fully committed to servicing Hawaiian home lands pursuant to its license agreement. SIC is working on structuring the organization. In particular, Albert Hee will be stepping away from any management responsibility or involvement in SIC. SIC is taking the necessary steps to ensure that it continue to remain financially solvent, they are providing periodic updates, and any other updates as requested by the commission on the chair. They are also providing support to the Department including contributing to the job training and scholarship program envisioned in the license agreement.

With regard to the USAC audit, there continues to be requests from and dialog with the USAC auditors. SIC has provided over 2 gigs or roughly 40,000 pages of accounting transactions and documentation from 2002 – 2015. Neither USAC, nor the FCC has released any interim findings or conclusions at this time. To their knowledge, the audit remains on track to be concluded by the end of the calendar year. While they continue to hope that the FCC will soon lift the hold on High Cost Funding, to date the hold on the USF High Cost Support payment has not had a material impact on SIC's day to day operations. There has been a lot of scrutiny over SIC and a lot of misinformation. She has provided a current Fact Sheet on SICs background, network, and some of the benefits they've worked jointly with the Department to provide to the beneficiaries.

They have much more to accomplish in partnership with the department, including its commitment to job training and education. SIC will continue to fulfill its obligations to the Department and the beneficiaries.

Chair Masagatani stated as fiduciaries, if the Commission wanted to look at the assets of SIC, would there be cooperation from SIC. J. Olds stated SIC would work in collaboration with the Department.

Chair Masagatani stated she has a question for Counsel Iha. She asked for a motion to convene in executive session.

MOTION

Moved by Commissioner Canto, seconded by Commissioner Davis, to recuse the Commission into Executive Session.

EXECUTIVE SESSION IN

11:42 PM

The Commission convened in executive session pursuant to section 92-5 (a) (4), HRS, to consult with its legal counsel on questions and issues pertaining to the Commission's powers, duties, privileges, immunities, and liabilities on the above-stated matter.

EXECUTIVE SESSION OUT

11:58 PM

ITEM J-4 AARON FALK & ALLEN FALK, Kawaihae Lessees #7198, Lot 182**MOTION/ACTION**

None, for information only.

A. Falk stated the lease was awarded to his mother in 1986. In 1998 they moved from O'ahu to build on the lot. In 2003, his mother asked for a relocation because of her concern regarding flooding on the lot. The lot sits below a ravine and any heavy rainfall could cause an overflow onto the property. From 2005-2008 they waited while the Department looked into solving the problem. The decision was to build a retaining wall to divert the water away from the property. From 2008 – 2011, they waited for the wall to be built. After the wall was built, the neighbors in the adjoining lot stated that the water still runs right over the wall when it rains. The Department says it's going to take another 2 years to fix the problem. The family is asking for a lot transfer. There are many vacant lots in the area and they'd just like a lot to start building. The process has taken more than 20 years. They feel the property is dangerous and that no one should build a home there.

Chair Masagatani asked if the opportunity arises, if the family is willing to take a lot in Kawaihae. A. Falk stated they live in Waimea so anywhere in Waimea or Kawaihae is good for them.

Chair Masagatani called on consultant Dennis Lee of Wesley R. Segawa & Associates, the firm contracted by the department to look at flood mitigation options for the lot. They did a topographic survey and design. They plan to meet with the Public Works Department in October. Chair Masagatani asked how many lots are impacted. D. Lee stated just the one lot. There is an unlined drainage ditch that captures the water and continues to the ocean. The problem is the ditch overflows with larger storms. A. Falk stated there is a sharp angle to the ditch at the bottom of a 100 yard slope. When the water comes down the hill, there is not a lot that can stop it.

D. Lee stated one option is to make a drainage line several lots above so the water doesn't go to the lot at all. Another option is to make that ditch run underground via culvert pipe. Chair Masagatani asked how much the options would cost. D. Lee stated it could cost up to \$100,000, depending on which design is approved by the Public Works Department. Chair Masagatani asked A. Falk to talk with Deputy Director William Aila Jr. for follow up.

ITEM J-5 KIHEI AHUNA, Lease**MOTION/ACTION**

None, for information only.

K. Ahuna provided a letter to Commissioners, parts are included below.

FOR THE RECORD:

The members and farmers of KPFA are our main focus in all facets of all that they possess, maintain, concerns and challenges which they have been, continue to be and will continue to

endure in the future with administrations that continues to and will continue to as history repeats itself to observe from the outside in thru 3 hand messages and information as to devise remedies thru programs and administrative opportunities that trickles into the understanding of each beneficiary.

Subject Matter #1. DHHL Pana'ewa Land Management Protocol

In recent months there has been a lot of informational meetings that I as the President of KPFA has been present and a lot of meetings that I delegated amongst the executive board to keep us aware and updated of what will impact the livelihood of our people. These subjects has come on our radar that are of concern to the board and relative to some of the discussions you have heard in earlier testimonies.

In the discussion and planning of the lots at the end of Mahiai Street and the 4-10 acre parcels alongside and behind our KPFA farmers market earmarked for NAHASDA appointed planned rezoned and contingent subsistence farming As the President of KPFA, I speak in behalf of beneficiaries in situations of these magnitudes after we have heard what we feel of the most importance especially those that will impact our community with dire condition. I'm here to convey to you that when messages come to us in a private focal group of community leaders, that doesn't mean that just because we have heard of plans that are given to us in such a manner that we agree with your plans. In fact I regret that it was the implication of such.

I do not give authority or blessings to any entity which will have an impact upon those (Ag beneficiaries) that will be directly affected. If the organization of which I am President at this time is the connecting link of the chain that the DHHL recognize. Without allowing them (Beneficiaries) an opportunity to come forth and give their mana'o for a collective due process for consideration and agreement in a united vote and voice of what we would have upon the land is a living tragedy. I take seriously and stand in place for them (Beneficiaries) as a mouth piece after we have done our due diligence in presenting the thoughts of those few who are the reason for the existence of this trust.

1. We propose that all expenses that DHHL have exhausted in this effort thus far to cease, and that the department and HHC will evaluate its responsibility to the trust and its protocol and policies and not allow the policies of any federal program to dictate or mandate rules that justifies their own protocol which serves the purposes of only an administrative departmental victory.
2. Cease in doing services that appears to generate personal resumes for future hierarchy. The beneficiary's demands genuine assistance in services.
3. Last to this concern is; Listen to the beneficiaries and not honor God #2 who pays you the paper paycheck. Like I said, I am going to say the truth because of my being in this system all of my life and because of it, I shall not lie to my conscience. If you do this a lot of your major concerns will lessen and in my mind will improve much more nicely.

Subject matter #2 The Farmers Status and Responsibility of Both Beneficiary and DHHL:

The concern I have in this situation is that many of our lessees aren't aware of this program and I really have to be honest, this is like the first issue that I shared about protocol. Your fiduciary duties as managers and commissioners to me would be much more favorable and effective if you would visit each beneficiary if that's what it will take to know them personally rather than making educated assumptions from surveys of a percentile of returned letters to justify spending funds on creating programs that doesn't work because there is no true connection between beneficiary and program.

Providing programs and products makes beneficiaries stop in their personal whereabouts. It may be gratifying to those that are determined to follow the programs that are available because they are the ones that takes advantage of the opportunity based on their personal preference. We see this in our education center at our Hawaiian Homelands Farmers Market. It is said that this education center is visited and taken advantage by lots of outsiders and not Hawaiians in our community.

Just a side note on that observation: There was a high percentage of Lessees, Hawaiians on the wait list that attended and completed the course available at no cost receiving certificates of completions. All recipients contribute a percentage of their crops grown there back to the market for value added sales.

Those that are determined to do and follow thru with a program of their own must come in their own time when their personal circumstances will allow them that privilege. Giving time restrictions to produce agriculture production for them to justify their existence on the land hinders a person's ability to produce without majority of the resources needed to complete it.

He is here to testify to make this statement and claim that we at KPFA along with majority of the board of directors took it upon ourselves to make personal visits and got to nearly 100% of our farmers in the land and had found that what appears to not be happening looking from the outside in, is in fact slanderous and disrespectful to these lessees. I personally visited over half of all our lessees and found that they are doing something. At least 90% are growing gardens and utilizing the natural habitat and resources that are on the land already to support and rehabilitate their families. Some more than others who are accessible to more resources.

This is our recommendation to the DHHL:

1. DHHL find and designate a machine or couple of machines for land clearing like Waimea or why is it that we can't utilize those equipment, isn't it all DHHL.
2. DHHL allows KPFA more ROE of our existing Hawaiian Farmers Market Place to build a storage facility when the equipment is in maintenance.
3. KPFA members and farmers to create a program for DHHL consideration that can generate crops for future added value sales.
4. KPFA to work closely with DHHL with ongoing progress on the land.
5. Last of all I would that this commission that serves us at this time to put on record and call a relax on the time frames that contributes to stress to lessees for a period of the next 10 administrations to come, to help them, help us.
6. Cease spending in developing programs that doesn't connect with them.
7. Invite you to take the time to visit each of them physically. So you can feel of their spirits knowing that they are and desiring to comply with all of what is expected of them.

Beneficiaries are doing the very basic in some cases, few of them don't have the resource as of yet but again I am here in behalf of all of them and exhort you to;
These land were entrusted with strict governance for those qualifying to be beneficiaries by virtue of each generational sustained bloodline to rehabilitate, amongst themselves for a sustainable way of life, not lucrative. Key word again is, REHABILITATE!!!!

Commissioner Ishibashi thanked Mr. Ahuna for his testimony because it is important that the commission knows the Pana'ewa farmers are planting and using their land. The farmers need equipment.

Chair Masagatani thanked Mr. Ahuna for testifying and called for a 10-minute recess.

RECESS**12:49 PM – 12:55 PM****ITEM J-6 HERCULES FREITAS, Kurtistown Lessee****MOTION/ACTION**

None, for information only.

H. Freitas and his attorney Paul Hamano, Esq., submit a packet of material related to his Kurtistown lease. P. Hamano stated the issue has been going on for more than ten years and the Commission must do something to remedy the situation. The access violated the fire code as well as county code.

H. Freitas stated this is his third time before the Commissioner requesting immediate action to authorize the removal of six steel pipes, one wooden electrical pole, and a chain link fence and pipes that obstructs reasonable access to his DHHL residential leased property. The obstructions are on an adjacent DHHL residential leased property held by Yvette Masaoka Perez. The obstructions have precluded fire department, emergency responders, and septic tank sewage removal trucks from entering his property which negatively and dangerously affects the safety, health, and welfare of H. Freitas and his family, who reside with him.

The Commission approved Ms. Perez's request for a relocation, and despite DHHL's numerous offers of different relocation sites, Ms. Perez has declined to accept any relocation site. The intent of the Commission's action was to relocate Ms. Perez so that DHHL could reconfigure the lots to provide reasonable access and utility easements for both properties. Ms. Perez's one year delay has stifled the Commission's intention of timely correcting this serious and hazardous access issue, which H. Freitas noted, is a violation of the 1920 Act and amendments that all lessees have fair and reasonable access to their leased property.

Commissioner Ishibashi stated the Commission is very familiar with the case and if there is no additional or new information, he has a question for Counsel Iha. Chair Masagatani asked for a motion to convene in executive session.

P. Hamano stated there is no reason why the Commission cannot act to remedy the situation that would benefit both lots. The neighbor is in violation of the county code and fire code, so the department has the authority and obligation to remedy it. The process is taking too long.

H. Freitas read a letter which listed twenty-two points as the basis for his request for immediate action. He added that his grandson had to be taken to the fire station because the ambulance could not come on to the property. It is a matter of public safety and he has the right to have access to emergency services. He cited several letters from the fire department and Councilman D. Paleka Jr., urging DHHL to assure access.

MOTION/ACTION

Moved by Commissioner Ishibashi, seconded by Commissioner Davis, to recuse the Commission into Executive Session. Motion carried unanimously.

EXECUTIVE SESSION IN**1:15 PM**

The Commission convened in executive session pursuant to section 92-5 (a) (4), HRS, to consult with its legal counsel on questions and issues pertaining to the Commission's powers, duties, privileges, immunities, and liabilities on the above-stated matter.

EXECUTIVE SESSION OUT

1:51 PM

ITEM J-7 IAN B. LEELOY, Lessee

MOTION/ACTION

None, for information only.

I. Lee Loy stated he wanted to provide testimony in support of Item G-1 regarding the water policy and water management division within DHHL. It will provide the framework to initiate water services for homesteaders. The homestead associations will be able to support the Department to promote the idea.

Regarding the sale of leases, his personal feeling is that there should be no sale of undeveloped leases. If the lessee does not want the lease, they should return the lease to the Department so the Department can release it to the next person in line on the waitlist. He supports the Commission placing a moratorium on the sale of undeveloped leases.

He encouraged the Department to transfer land designated as conservation land to another Department who is better equipped to handle land in need of conservation and preservation, in exchange for land that is better for pastoral or agricultural use. DLNR has lands in Wai'ōhinu that are more conducive to agriculture or pastoral uses.

I. Lee Loy revisits the Pana'ewa situation from the prior day's meeting stating he knows there is a solution that can make everyone happy. The community wants to be at the table to discuss the options available. As it is, the community is not supportive of the present plan.

Chair Masagatani asked if the community is more concerned about the size of the lots or the traffic and secondary access. I. Lee Loy stated access is a problem in the area that needs to be addressed before any more lots are added.

ITEM J-8 JERYL MAUHILI, Revocable Permit #404

MOTION/ACTION

None, for information only.

J. Mauhili provided background regarding his genealogy and his history as a third generation DHHL lessee. His request is to seek resolution of the controversial "Revocable Permit #404". He would like to request transition over to the newly orchestrated "Right of Entry" Permit/License as he would like to continue to over-see and coordinate agricultural activities and animal husbandry practices on the 167 acres.

III. Agricultural Practices form NRCS (Conservation):

Programs such as EQUIP & CREP, require 2 to 5 year leases for plant production, and up to 30 years for construction of buildings and some operations. No one will consider a 30-day revocable permit arrangement. That's a program set-up for failure. No loans can be made to him based on a 30-day revocable permit.

Michael Dupont from CTAHR accompanied J. Mauhili. He explained how much goes into creating and maintaining a zero-waste sustainable farm. M. Dupont stated Mr. Mauhili came to CTAHR for help with his projects. There is an opportunity for people like Mr. Mauhili to compete in a market that is very favorable, but only if they can keep production costs down. Without a long-term lease, he cannot be profitable in anything he does. It can be something all homesteaders can benefit from, but the farming technique takes at least 2 years to start. A long-term lease is required to implement it in the homestead. He urged DHHL to provide long term leases to farmers, and invited the Commissioners to the natural farming expo being held in the coming week to show them how the technique works

Albert Haa urged DHHL to do something about the revocable permit system. It hard to base your life on 30-day cycles. He supports his cousin who is taking care of the land. No one will pay for infrastructure if the land can be taken away in 30 days.

ITEM J-9 RONALD T. KODANI, President- Pi'ihonua Hawaiian Homestead Community Association.

MOTION/ACTION

None, for information only.

R. Kodani is the President of the Pi'ihonua Hawaiian Homes Community Association. His concern is regarding the long wait list of Hawaiians waiting for a homestead lease. It is a passion of his to help DHHL find other options to provide truly low-income housing for these waitlisters, specifically the needs of the kupuna

DHHL can take the lead and develop alternative housing programs for the various income and demographic population on the wait list. The commission should try to create affordable housing program for the kupuna who are on the list the longest but currently cannot qualify due to insufficient income.

Options to consider besides mobile homes include:

1. FABMAC HOMES- This company builds modular homes that is fabricated off site and delivered to the lot upon completion. This company has plans from 497 sq. ft., which has a 1 bedroom and 1 ½ bath. Its basic cost is \$121,000.00.
2. MODULAR LIFESTYLES-This Company specializes in smaller homes primarily for seniors. To address the cost and living needs of seniors, they try to reduce the home price as well as electrical costs. They are a modular home manufacturer on the mainland and the office that he was dealing with is out of California.
3. INTERNATIONAL HOME EXPORTS-For those seniors who are still active and healthy, or with those with large 'ohana, he proposed a third option: affordable steel kit homes. They sell kits to businesses and governments on a "bulk buy" purchase. They will sell no less than 25 kits that meet architecturally approved standards. They also have homes that can withstand 160-mile winds. They do not build the homes but will provide teachers as to how they home needs to be assembled.

R. Kodani states it may be feasible to convince one of the manufacturers to build a plant here in Hilo in the Kanoiehua industrial area. DHHL can offer them very low rent for the first 7 years to cover the cost of building their manufacturing plant here. Most of their employees would come from the homestead or the waitlist persons. 85 percent of the containers go back empty so DHHL should be able to negotiate a good tariff rate from Young Brothers for these

modular/manufactured homes to ship these finished homes to Maui, Molokai, Kauai, and of course, Oahu.

He and his wife are very happy where they live now on Hawaiian home lands. Unfortunately, he feels for the many that cannot afford the current inventory of homes and lands available. Hawaii has become so unaffordable.

ANNOUNCEMENTS

Chair Masagatani thanked everyone for coming out to the meeting. The Commission will be back on island probably in May 2016. The next scheduled meeting is on October 19 & 20, 2015, Lihu'e, Kaua'i.

ANNOUNCEMENT The next community meeting will be held on October 20, 2015, on Kaua'i.

ADJOURNMENT 2:53PM

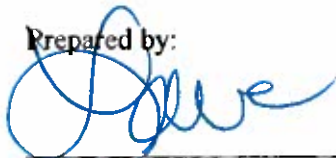
Moved by Commissioner Ishibashi, seconded by Commissioner Davis, to adjourn the meeting. Motion carried unanimously.

Respectfully submitted:



Jobie M. K. Masagatani, Chair
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
Tuesday December 20, 2016

Jobie M. K. Masagatani, Chairman
Hawaiian Homes Commission