

HAWAIIAN HOMES COMMISSION
Minutes of June 17 and 18, 2013
Meeting Held in Kapolei, Oahu

Pursuant to proper call, the 640th Regular Meeting of the Hawaiian Homes Commission was held at the Department of Hawaiian Home Lands, 91-5420 Kapolei Parkway, Kapolei, Hawaii, beginning 9:20 a.m.

PRESENT Jobie M. K. Masagatani, Chairman
 Perry O. Artates, Commissioner, Maui
 Leimana DaMate, Commissioner, West Hawaii
 Gene Ross K. Davis, Commissioner, Molokai
 J. Kama Hopkins, Commissioner, Oahu
 Michael P. Kahikina, Commissioner, Oahu (ar: 10:05)
 Ian B. Lee Loy, Commissioner, East Hawaii
 Renwick V. I. Tassill, Commissioner, Oahu

COUNSEL Craig Y. Iha, Deputy Attorney General
 Matt Dvonch, Deputy Attorney General

STAFF Darrell Young, Deputy to the Chairman
 Kamanao Mills, Claims Management, Office of the Chair
 Linda Chinn, Administrator, Land Management Division
 Rodney Lau, Administrative Services Officer
 Darrell Yagodich, Administrator, Planning Office
 Dean Oshiro, Acting Administrator, Homestead Services Division
 Sandra Pfund, Administrator, Land Development Division
 Niniau Simmons, NAHASDA Manager, Office of the Chair
 Norman Sakamoto, Land Development Specialist, Office of the Chair
 Juan Garcia, District Operations Supervisor, Homestead Services Division
 Kaleo Manuel, Planner, Planning Office
 Warren Kasashima, Accountant, NAHASDA
 Dre Kalili, Policy and Program Specialist, Office of the Chair
 Nancy McPherson, Planner, Planning Office
 Carolyn Darr, Land Agent, Land Management Division
 Shelly Carreira, Land Agent, Land Management Division
 Jenna Yamauchi, Program Budget Analyst, Administrative Services Office
 Sharon Mendoza, Loans Specialist, Homestead Services Division
 Michelle Hitzeman, NAHASDA Loans Assistant
 Mike Robinson, Land Agent, Land Management Division
 Kanai Kapeliela, Applications Officer, Homestead Services Division
 Elaine Searle, Secretary to the Commission

AGENDA Moved by Commissioner Hopkins, seconded by Commissioner Artates, to approve the agenda. Motion carried unanimously.

APPROVAL OF MINUTES

Moved by Commissioner Hopkins, seconded by Commissioner Artates, to approve regular agenda minutes of August 2012, September 2012, and October 2012. Motion carried unanimously.

MOTION/ACTION

Moved by Commissioner Hopkins, seconded by Commissioner Artates, to adjourn to executive session. Motion carried unanimously.

RECESS 9:22 a.m.

EXECUTIVE SESSION

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

1. Nelson Case: "Sufficient Sums" for DHHL Funding, Richard Nelson, III, Kaliko Chun, et al., vs HHC, Civil No. 09-1-161507
2. Fiscal Year 2013-2014 Operating Budget

MOTION/ACTION

Moved by Commissioner Lee Loy, seconded by Commissioner Tassill, to reconvene to regular session. Motion carried unanimously.

RECONVENE 10:38 a.m.

A - WORKSHOP PRESENTATIONS

ITEM NO. A-1

SUBJECT: Fiscal Year 2013-2014 Operating Budget and Interim Development Budget Briefing

Administrative Services Officer Rodney Lau circulated material regarding the department's operating budget as it relates to sufficient funding for the department. The first set pertains to the internal funding sources; the second set, the external funding sources.

Special Funds

Hawaiian Homes Administrative Account
DHHL Revenue Bond Special Funds

Trust Funds

Hawaiian Home Lands Trust Fund

Hawaiian Home Operating Fund:

- Operating, and
- Development Portions

Native Hawaiian Rehabilitation Fund

Hawaiian Home Trust Fund

Hawaiian Home Receipts Fund

Revolving Funds:

- Hawaiian Home Loan Fund, and
- Hawaiian Home General Loan Fund.

External Funding Sources

General Fund

General Obligation Bonds

Revenue Bonds

Federal Funds

R. Lau presented a narrative on each of the funding sources, such as where funds can be transferred, and how interest is earned.

Hawaiian Homes Administration Account - monies from available lands are kept in this fund, and include general leases, revocable permits, and rights-of-entry. This fund is used for administrative and operating costs.

DHHL Revenue Bond Special Funds - services debt service for revenue bonds that the department floats. The department floated \$42.5 million FY 2009. Annually, the debt service is near \$3 million.

Hawaiian Home Lands Trust Fund - created to accept the \$600 million settlement payments from the state; which began in 1995. Investments from this fund are deposited back into the Hawaiian Home Lands Trust Fund. Proceeds transferred from the Department of Budget and Finance (DAGS) are deposited here annually and currently used to fund DHHL's capital improvement program (CIP).

Hawaiian Home Operating Fund - Hawaiian Home Development Fund (1941) and Hawaiian Home Operating Fund (1948) funds were merged into one fund, the Hawaiian Home Operating Fund, in 1986. These funds were recognized in the Hawaii Admission Act (1959) and cannot be impaired without the consent of Congress. Each portion of the Operative Fund is managed separately to retain their characteristics. The operating portion may be used for revenue producing activity – Molokai Water System, Kawaihae Water System, and Anahola Farm Lot Water System. Expenditures include maintenance and management of hall rentals, such as Waimea Hall, Island of Hawaii. It covers appraisals and consulting services and exempt employees. Revenues are minimal. The development portion of the Operating Fund requires written approval by the Governor before use.

Native Hawaiian Rehabilitation Fund (NHRF) - created at the 1978 Constitutional Convention. Revenues are from 30% of state receipts derived from lands previously cultivated as sugar cane lands and water licenses. Expenditures are used for community-based projects and educational scholarship programs.

Hawaiian Home Trust Fund – funds transferred here may be applied for public purposes, to further the purpose of the Act (HHCA). Approximately \$8.5 million is retained and funds are utilized as a reserve account to service the FHA 247 loan program.

Hawaiian Home Receipts Fund – a clearing fund for loan interest and investment interest income. With commission approval, monies are transferred quarterly. In the absence of commission approval, there is a formula in the administrative rules that directs how monies are to be transferred.

Hawaiian Home Loan Fund – created in 1921 and used for re-award of cancelled and surrendered leases. This fund was subject to ceilings and the ceiling was reached (\$5 million) in 1965; funds were transferred into the fund in the 1980's.

Hawaiian Home General Loan Fund – a consolidation of many loan funds established since Hawaii Statehood. This fund is used for many purposes including construction loans, general repairs and farm loans.

Administrator R. Lau explained how funds are moved, managed, and utilized throughout the year. Commissioner Hopkins inquired about the \$30 million, Act 14 (1995) provision that the department receives annually from the state, which expires in 2015. The department will eventually look at options including downsizing and renting out its Kapolei building, to minimize costs, noted R. Lau. He expressed that the department is initiating a “proof of concept” project to image Homestead Services Division (HSD) documents. Once completed, staff will be able to access information more readily, and minimize retention of physical records. Commissioner Lee Loy said this is the kind of awareness the commission requires, to follow through with a project. He recommended having it come again before the commission for review. R. Lau pointed out that the initial contract is ready to proceed and is being subsidized by DAGS. Should the department decide to continue with the program, they will be required to fund it.

The 2014 Operating Budget included NAHASDA (Native American Housing Assistance Self-Determination Act) funding, and \$9.632 million in general funding; \$13.03 million for administration costs, and \$7.015 million for the operating portion of the Operating Fund, which was appropriated by the Legislature. Today's presentation is about the \$1.882 million in the operating portion of the Operating Fund; \$1.85 million in the Development portion; \$729,000 in NHRF (Native Hawaiian Rehabilitation Fund); \$3.2 million in Revenue Bonds (Special Fund); and \$46.59 million in NAHASDA, noted R. Lau.

Commissioner Tassill expressed how accommodating this information is in forecasting where the department stands. He encouraged support for Hawaii Community Assets, in its efforts to rehabilitate lessees. Commissioner Artates commended R. Lau for maintaining the financial

solvency of the department over the past 30-year duration, ensuring that Hawaiians continue to thrive on the lands. He envisions the department as a renewable energy developer.

Meetings are planned with Budget and Finance (F&F) to address discrepancies in the 2015 funding of the 30-year provisions of Act 14 (1995).

RECESS 12:10 p.m.

RECONVENE 12:35 p.m.

ITEM NO. A-2

SUBJECT: Aina Mauna Demonstration Game Management Project, Humuula, Hawaii

Land Agent Mike Robinson, Land Management Division, Hilo, presented a power point with a mission statement "Partnering with others towards developing self-sufficiency for healthy communities."

M. Robinson updated the commission on the Aina Mauna Legacy program, which was approved by the Hawaiian Homes Commission in 2009, encompassing over 56,000 acres of land in Humuula, Island of Hawaii. He reviewed its three primary goals:

1. Restore land productivity – mamani, milo, naio, iliahi. Technology in 1903 installed water pipes, to the upper regions, for cattle. Potential of restoring the lands' productivity still exists.
2. Economic self-sustainability – Restore koa forest and eventually sell and reinvest in the lands, for beneficiaries that plan to live there. DHHL had three successful koa sales.
3. Involve beneficiaries – Conservation project of the Kanakaolunui Bird Sanctuary covers over 500 acres. Beneficiaries, homestead associations, and charter schools collect seeds for reforestation.

Feral sheep have dramatically increased, over the past three years. With continuous management of the lands and the sheep, the department can provide a resource to the community. M. Robinson initiated an advisory group in 2012, made up of beneficiaries, to address recreation, restoration, research, and revenue. Recreation – managing the sheep herd by reducing the herd to 350 animals. Hunting ethics need to be restored – clean up the trash, be legal, remove as many of the animals as possible. Interested waitlist beneficiaries will require hunting classes and a license to qualify. Beneficiaries would be required to participate via a lottery for a chance to spend 20 days a year to hunt in Humuula.

Federal funding could aid in the process of restoring native plants. The Mauna Kea Watershed Alliance group has a core of youthful volunteers who can assist with the planting. Hunters can also participate with planting and fencing. Determining the amount of sheep the land can

support is a question yet to be determined. One plan is to select a better quality of sheep and enclose them in a paddock for 10 years to observe their habits, noted M. Robinson.

Kealoha Kinney, a Panaewa beneficiary, presented this workshop at an international conference in Washington D. C. Having him incorporate this research project, into the Aina Mauna Legacy project, demonstrates how this can develop into a tremendous asset for beneficiaries, said M. Robinson. Although conservation projects do not pay, they could generate enough revenue with proper balance. If the Aina Mauna Legacy project continues as planned, the next koa sale would generate funding within the next three years, said M. Robinson. He added that hiking, horse-back tours, a lunch wagon, and a grocery store are other possible considerations, as well as utilizing the former Humuula sheep station for lodging.

Waimea and Hilo beneficiaries are actively involved in this project and are excited for its success, expressed Commissioner DaMate. She thanked M. Robinson for his outstanding work in organizing this project. It is important to note that impacted beneficiaries have an opportunity to be informed, and weigh in on the project, said Chair. M. Robinson conveyed that it would likely require three years to evaluate this project.

ITEM NO. A-3

SUBJECT: 2013 – Native Hawaiian Housing Block Grant

A housing plan is submitted each year to HUD (US Department of Housing and Urban Development) as part of the Native Hawaiian Housing Block Grant (NHHBG), noted NAHASDA Manager Niniau Simmons. She calculated a table of what sufficient funds would represent, should the department receive sufficient funding through the federal government. A study, by SMS Research, calculated that 46% of applicants qualified as NAHASDA-eligible. On an average, a turn-key home costs \$350,000, and \$12 billion would fulfill the department's needs. To date, the department receives only 1% (\$12 million) of funding. The 2013 housing plan award for September is expected to receive \$12,035,714, which will be expended within the next two years. N. Simmons explained where these funds will be allocated, to include \$432,000.00 for program income projected to 6/30/14. She highlighted some of the goals which correlate with the previous year's housing plans.

Goal 1 - increase affordable housing inventory on Hawaiian home lands, to meet increasing or unmet demands for housing by eligible native Hawaiian households.

Goal 2 – Reduce number of homes occupied by eligible Hawaiian households that are in need of repair or replacement, to relieve substandard living conditions. Seven families were ineligible for FAA noise abatement; however, NAHASDA funding will assist in securing FAA funding.

Goal 3 – Increase alternative energy resources.

Goal 4— Promote and provide safe and healthy communities on Hawaiian home lands. A request was received for vests for a neighborhood watch program at one homestead community.

Goal 5 – increase access to educational or training programs that assist native Hawaiian families. Provide financial education and literacy training for both pre- and post-home ownership. This effort targets the undivided interest lessees, as many need credit repair. The program will assist 105 chronically delinquent lessees, with external financing or NAHASDA financing.

Goal 6—Increase administrative capacity of DHHL to implement and monitor NHHBG programs

B - PUBLIC TESTIMONY ON AGENDIZED ITEMS

B-1 Blossom Feiteira – President, Association of Hawaiians for Homestead Lands, Re: Item No. F-2,

B. Feiteira recommended that information for the new Kona Judiciary Complex project be provided. She indicated that the department generally winds up on the short end of the stick for State-swapped lands, and recommended a long-term lease arrangement with cash in hand, be arranged. **Re: Item No. H-1**, B. Feiteira said that today's presentation provided an analysis of the department's financial status. Transfer of funds from the receipts fund to the operating fund demonstrates that the operating fund would receive \$6.21 million and the loan fund \$1.1 million. Securing agriculture loan funds are a stretch for farmers, as many lack capital. B. Feiteira recommended that the department establish a system, providing agricultural funding, that can demonstrate the department's credibility and the ag lessee's success.

C - OFFICE OF THE CHAIRMAN

ITEM NO: C-1

SUBJECT: Ratification of Signed Memorandum of Understanding Between the United States Department of Housing and Urban Development (HUD) and the State of Hawaii Department of Hawaiian Home Lands (DHHL)

RECOMMENDATION

Policy and Program Specialist Dre Kalili recommended that the Commission ratify the signed Memorandum of Understanding (MOU) between HUD and DHHL regarding a household survey conducted as part of HUD's Study: Assessment of Native American, Alaska Native, and Native Hawaiian Housing needs.

MOTION/ACTION

Moved by Commissioner Artates, seconded by Commission DaMate. Motion carried unanimously.

ITEM NO. C-2

SUBJECT: 2014 Legislative Package – Recommendations for Proposals

MOTION/ACTION

None, For Information Only.

DISCUSSION

The department developed proposals for inclusion in the Legislative package for the 2014 Legislative Session, noted Policy and Program Specialist Dre Kalili. She requested to have the submittal available on the department's website by June 30, 2013, to afford the general public an opportunity to consider the recommendations during the following month of July. In order to present a bill package to the legislature by September, the proposed package will need to clear the commission's agenda by August 2013.

ITEM NO. C-3

SUBJECT: Approval of 2013 Native Hawaiian Housing Block Grant

MOTION

Moved by Commissioner Artates, seconded by Commissioner Hopkins.

DISCUSSION

Commissioner Hopkins spoke in favor of this proposal and commended staff for its diligence in accomplishing this difficult task.

ACTION

Motion carried unanimously.

ITEM NO. C-4

SUBJECT: Resolution of Appreciation, No. 271 – Imaikalani P. Aiu

RECOMMENDATION

Deputy to the Chair Darrell Young read Resolution No. 271, honoring Commissioner Imaikalani Patrick Aiu, who served as commissioner from 2011, and who consistently shared his values as

an architect and member of the County of Kauai's Planning Department. The commission members extended mahalo, for his dedication, devotion, and display of sincerity during his time while serving the people of Hawaii.

MOTION

Moved by Commissioner Hopkins, seconded by Commissioner Lee Loy.

DISCUSSION

The Chair said it was a pleasure serving with Commissioner Aiu, who displayed fairness in his deliberations, and who brought wise counsel from his experiences. She wished him well for services rendered and congratulated him on the forthcoming birth of his child.

ACTION

Motion carried unanimously.

ITEM NO. C-5

SUBJECT: Resolution of Appreciation, No. 272 – Ian B. Lee Loy

RECOMMENDATION

Deputy to the Chair Darrell Young read Resolution No. 272 honoring Commissioner Ian B. Lee Loy, who served as commissioner from 2011, and who consistently shared his perspective and values as a lifelong beneficiary of the community, a law-enforcement officer, and officer and member of the Panaewa-Keaukaha Farmers Association. The commission and staff extended their appreciation for the efforts displayed in proving his dedication and sincerity while serving the people of Hawaii.

Moved by Commissioner DaMate, seconded by Commissioner Hopkins.

DISCUSSION

Commissioner DaMate said that she and Commissioner Lee Loy shared duties of the Moku o Keawe, Island of Hawaii, and worked closely together, learning much from him about Waimea and Kawaihae. Commissioner Hopkins expressed gratitude to Commissioner Lee Loy, for his dedication to the beneficiaries of this Trust. Commissioner Tassill echoed his aloha, and said he was honored to have worked with the second generation of Lee Loy ohana. Commissioner Kahikina wished him fond aloha. Commissioner Artates expressed his mahalo and wished him well. Commissioner Davis extended his appreciation to Commissioner Lee Loy for the way he articulated matters presented before the commission. The Chair extended a mahalo to Commissioner Lee Loy for his dedication to addressing the many issues, especially with the discussions on Ag Moratorium and Game Management issues. These will be hallmarks of his time well-served as a commissioner.

ACTION

Motion carried unanimously.

DISCUSSION

Commissioner Lee Loy expressed what he has come to realize during his tenure as commissioner. He is thankful for the support and challenges he faced while serving the Trust. He is confident the commission will maintain its initiative to further the mission of the Trust in a positive way and to support its beneficiaries.

RECESS 2:20 p.m.

RECONVENE 2:33 p.m.

H – ADMINISTRATIVE SERVICES OFFICE

ITEM NO: H-1

SUBJECT: Approval of Fiscal Year 2014 Operating Budget for the Department of Hawaiian Home Lands

RECOMMENDATION

Administrative Services Officer Rodney Lau recommended:

- 1) That the Commission approve Fiscal Year 2014 Operating Budget for the Department of Hawaiian Home Lands, and authorize the Chairman, to shift funding of expenditures between cost elements and funds as warranted, but not to exceed the total budget;
- 2) That the Commission approve for transfer of \$4 million from the Hawaiian Home Administration Account to the Hawaiian Home Operating Fund.

MOTION

Moved by Commissioner DaMate, seconded by Commissioner Artates.

DISCUSSION

Commissioner Hopkins queried, if by statute, whether this commission is obligated to maintain the services of the Department of Attorney General. Deputy AG Matt Dvorch recommended adjournment to executive session, to discuss this matter further.

MOTION/ACTION

Moved by Commissioner Hopkins, seconded by Commissioner Lee Loy, to adjourn to executive session. Motion carried unanimously.

RECESS 2:40 p.m.

EXECUTIVE SESSION

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

MOTION/ACTION

Moved by Commissioner Hopkins, seconded by Commissioner Lee Loy, to reconvene to the regular session. Motion carried unanimously.

RECONVENE 2:58 p.m.

DISCUSSION

Discussion continued on methods to eliminate high electrical costs. One proposal included the installation of solar energy options. Another proposal was to consider renting the DHHL building to another state agency.

ACTION

Motion carried unanimously.

ITEM NO: H-2

SUBJECT: Approval of Fiscal Year 2014 Interim Development Budget for the Department of Hawaiian Home Lands

RECOMMENDATION

Administrative Services Officer Rodney Lau recommended that the Commission approve the Fiscal Year 2014 Interim Development Budget for DHHL and authorize the Chair to shift funding of expenditures between cost elements and funds as warranted, but not to exceed the total budget.

MOTION

Moved by Commissioner DaMate, seconded by Commissioner Artates.

DISCUSSION

The Chair noted that the full development budget is proposed to be addressed before the commission in July. The largest budget item is Laiopua Village 4, which consists of 117 lots. A

portion would be funded with USDA RD (U.S. Department of Agriculture Rural Development) funding, for a future project. Commissioner Hopkins requested clarification on how the program works. Land Development Administrator Sandra Pfund explained that there is approximately \$3 million from USDA RD funding for water and wastewater systems. Once the project commences, the loan funding is expended first, then, the grant money is tapped. S. Pfund conveyed that all Hawaii approvals for USDA RD funding are now directed to the national office for approval, after the local facilitator left in December. This approval process has generated a whole new type of problem as everything is now reviewed under new eyes, with different interpretations. Three other awards have been made; one for a water system in Makuu, on Hawaii Island; the Lai Opua Village 4 project on West Hawaii; and the East Kapolei IIB project. The next generation of USDA projects will focus on water systems alone that would allow for additional leverage in funding. The department had to demonstrate a need to qualify in a very complicated and laborious process, to ensure that the grant is justified.

ACTION

Motion carried unanimously.

ITEM NO: H-3

SUBJECT: Approval of the Fiscal Year 2014 Loan Program Budget for the Department of Hawaiian Home Lands

RECOMMENDATION

Administrative Services Officer R. Lau recommended that the commission approve FY 2014 Loan Program Budget for DHHL and authorize the Chair to shift funding of expenditures between cost elements and funds, as warranted, but not to exceed the total loan budget.

MOTION

Moved by Commissioner Hopkins, seconded by Commissioner Artates.

DISCUSSION

R. Lau expressed that the current loan balance in the Hawaiian Home General Loan Fund is \$12 million, and, that should the department spend down the loan budget, it may be necessary to come before the commission to seek additional resources.

ACTION

Motion carried unanimously.

ITEM NO: H-4

SUBJECT: Transfer of Hawaiian Home Receipts Money at the End of the Fourth Quarter, Fiscal Year 2014

RECOMMENDATION

R. Lau recommended that the commission approve the transfer of the entire receipts deposited in the Hawaiian Home Receipts Fund as of June 30, 2013 to the Hawaiian Home Operating Fund.

MOTION/ ACTION

Moved by Commissioner Hopkins, seconded by Commissioner DaMate. Motion carried unanimously.

ITEM NO: H-5

SUBJECT: Transfer of Moneys Deposited in the Hawaiian Home Trust Fund-Hawaiian Home Receipts Fund Account to the Hawaiian Home General Loan Fund and the Hawaiian Home Operating Fund

RECOMMENDATION

R. Lau recommended that the commission approve the transfer of the entire receipts deposited in the Hawaiian Home Trust Fund-Hawaiian Home Receipts Account equally; to the Hawaiian Home General Loan Fund and to the Hawaiian Home Operating Fund.

MOTION/ ACTION

Moved by Commissioner Hopkins, seconded by Commissioner Artates. Motion carried unanimously.

D - HOMESTEAD SERVICES DIVISION

ITEM NO: D-1

SUBJECT: HSD Status Reports

None, for information only.

Exhibits:

- A - Homestead Lease and Application Totals and Monthly Activity Reports
- B - Delinquency Report
- C - DHHL Guarantees for FHA Construction Loans

ITEM NO: D-2

SUBJECT: Ratification of Loan Approvals (see exhibit).

MOTION/ACTION

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

ITEM NO: D-3

SUBJECT: Approval of Consent to Mortgage (see exhibit)

MOTION

Moved by Commissioner Artates seconded by Commissioner Hopkins.

DISCUSSION

Acting Administrator D. Oshiro, Homestead Services Division, notified the commission that the department experienced a problem with a lender, whereby excessive solicitation towards kupuna homesteaders created some issues regarding the education in obtaining a loan, its process, and what it represents. Thus far, nothing illegal has been detected, and the company has volunteered that they no longer will work with the department. The Deputy AG and the Chair were informed of this situation.

The FHA (Federal Housing Administration) loan guidelines are determined by the federal government, and thus determine which lenders are approved for its program. Lenders are required to submit to the department a consent package, which includes an application, credit report, and a copy of the approval. The department has no direct role on who is designated to receive a loan approval, and any changes will require amendments to DHHL's MOU (Memorandum of Understanding) with HUD, noted D. Oshiro. The Chair shared that the Fiscal Office (FO) has been tracking this program to determine how information is received by the department. Working with the lender on loss mitigation efforts will need to be addressed. Chair noted that there is someone familiar with the FHA 247 program, in Washington D. C., who previously worked with the department on this project. Perhaps with some guidance, the department can address portions of the MOU. Commissioner Lee Loy recommended keeping these matters at the forefront, as loan defaults were one of the key concerns in the department's recent audit.

ACTION

Motion carried unanimously.

ITEM NO: D-4

**SUBJECT: Authorization to Schedule Loan Delinquency Contested Case Hearings
(see exhibit)**

MOTION/ACTION

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

ITEM NO: D-5

SUBJECT: Approval of Homestead Application Transfers/Cancellations (see exhibit)

MOTION/ACTION

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

ITEM NO. D-6

SUBJECT: Approval of Reinstatement of Deferred Application (see exhibit)

MOTION/ACTION

Moved by Commissioner Hopkins, seconded by Commissioner Artates. Motion carried unanimously.

ITEM NO. D-7

**SUBJECT: Cancellation of Deceased Application from Waiting List, Public Notice 2007
Singleton K. Keohokapu**

MOTION/ACTION

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

ITEM NO. D-8

**SUBJECT: Commission Designation of Successorship to Application Rights – Benjamin
Akana**

MOTION

Moved by Commissioner Hopkins, seconded by Commissioner Kahikina.

AMENDED AGENDA/ACTION

Moved by Commissioner Hopkins to amend the agenda, to correct the Successor's name and approve the Designation of Successorship to Application Rights for Benjamin Akana, seconded by Commissioner Kahikina. Motion carried unanimously.

ACTION

Motion carried unanimously, as amended.

ITEM NO. D-9

SUBJECT: Commission Designation of Successors to Application Rights – Public Notice 2007, 2009, 2010, 2011 (see exhibit)

MOTION/ACTION

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

ITEM NO. D-10

SUBJECT: Authorization to Make an Adjustment to the Application Residential Wait List – Nancy C. Kaupu

MOTION/ACTION

Moved by Commissioner Hopkins, seconded by Commissioner Artates. Motion carried unanimously.

ITEM NO. D-11

SUBJECT: Authorization to Make an Adjustment to the Application Residential Wait List – Maxine U. Navor

MOTION/ACTION

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

ITEM NO. D-12

SUBJECT: Cancellation of Applications from Oahu Waiting List (see exhibit)

MOTION/ACTION

Moved by Commissioner Hopkins seconded by Commissioner Kahikina. Motion carried unanimously.

ITEM NO. D-13

SUBJECT: Ratification of Designations of Successors to Leasehold Interest and Designation of Persons to Receive Net Proceeds (see exhibit)

MOTION/ACTION

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

ITEM NO. D-14

SUBJECT: Approval of Assignment of Leasehold Interest (see exhibit)

MOTION

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

ITEM NO. D-15

SUBJECT: Approval of Amendment of Leasehold Interest (see exhibit)

MOTION/ACTION

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

ITEM NO. D-16

SUBJECT: Commission Designation of Successor – James Elias DeWalker Keaulana Lui, Lease No. 8181, Waimanalo, Oahu

MOTION

Moved by Commissioner Hopkins, seconded by Commissioner Kahikina.

DISCUSSION

Acting Administrator D. Oshiro, Homestead Services Division, conveyed that albeit James Lui had not named a successor to his lease, his widow qualifies with the necessary blood quantum. Therefore, the department is appealing to bypass the public notice requirement. Inasmuch as an outstanding loan is attached to this lease, the department is requesting that the initial part of this lease be approved by naming his successor, prior to seeking resolution of the loan obligation.

ACTION

Motion carried unanimously.

ITEM NO. D-17

SUBJECT: Commission Designation of Successor – Arlene Kehaulani Kakalia, Lease No. 1609, Kapolei, Oahu

MOTION/ACTION

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

ITEM NO. D-18

SUBJECT: Commission Designation of Successor – Phillip Hiroshi Ikeda

MOTION/ACTION

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

AMENDED AGENDA/ACTION

Moved by Commissioner Hopkins, seconded by Commissioner Kahikina to convene with Item No. E-1, prior to Item No. D-19. Motion carried unanimously.

ITEM NO. E-1

SUBJECT: Approval of Various Lease Awards (see exhibit)

RECOMMENDATION

Land Development Administrator Sandy Pfund recommended approval of residence lot leases to three applicants listed, for 99 years, subject to purchase of the existing improvements of the lot by way of a loan or cash.

MOTION

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

ITEM NO: D-19

SUBJECT: Request to Set Aside Hawaiian Homes Commission's April 24, 2001, and February 16, 2002 Actions and Authorize the Amendment of Lease No. 3442, Lot No. 112A, Hoolehua, Molokai, Hawaii, Skylla Villanueva, Lessee

RECOMMENDATION

Acting Administrator D. Oshiro, Homestead Services Division recommended that the commission set aside the Hawaiian Homes Commission's April 24, 2001, (Item B-12), and February 26, 2002 actions and authorize the amendment of Lease No. 3442, Lot 112A, Hoolehua, Molokai, Hawaii, for Skylla Villanueva, lessee.

MOTION

Moved by Commissioner Hopkins, seconded by Commissioner Artates.

DISCUSSION

The parties submitted a joint recommendation in January 2013 of what they proposed to do, said Deputy AG Dvonch. The commission was then asked to rethink its decision which they proceeded to do, and Ms. Villanueva offered one of her own recommendations which was to have the commission allow a waiver on all interest to her loan. The department was not amenable to that request. She hired John Carroll as her counsel, and according to Deputy AG Dvonch, both Ms. Villanueva and her attorney were in agreement with today's recommendation, to acquire commission authorization to amend the lease, to demise Lot 112B, the 33-acre lot to Ms. Villanueva, within the 7-acre area she currently possesses. The house sits within the 33-acre parcel. In addition, Ms. Villanueva is required to come into compliance with her loan, on a shorter timetable than expected.

The Chair pointed out that Lot 112B is part of the 33.653 acres, as shown, in the attached Exhibit A. The description of the property will be changed from what it is now, to Lot 112B, noted Deputy AG Dvonch. The Chair read the additional terms and conditions of Lot 112B, which are subject to:

- a) designation of the existing access route over Lot 112B to Lot 27, as an easement, as outlined in Exhibit A;
- b) concurrent amendment of the Lease (Ms. Villanueva's current lease), to make it, subject to the current terms and conditions of homestead agricultural lot leases;
- c) compliance with the HHCA 1920, as amended, and the HAR (Hawaii Administrative Rules); and
- d) requirement that Ms. Villanueva execute the lease amendment document within 45 days of notification by the Department.

The Commission reviewed and asked for clarification on the easement to Lot 112B. According to D. Oshiro, a surveyor deemed all improvements completed on Lot 112B. Commissioner Davis expressed that Lot 112A ("toothbrush lot") was of significance to Ms. Villanueva, because

of its proximity to the original home. Deputy AG Dvonch noted that Ms. Villanueva, through her attorney, is amenable to accepting the Lot 112B (33.653 acres) as presented. The easement, located on Lot 112B, accommodates the lessee on Lot 27, and is conditional to Ms. Villanueva's lease. It was determined that the lease amendments, when drafted, include documentation of the easement allowance for Lot 27. The department considers this to be a fair solution, said Deputy AG Dvonch. Parcel 112A could then be awarded to another lessee.

RECESS 3:55 p.m.

RECONVENE 4:04 p.m.

DISCUSSION (cont.)

Commissioner Davis knows of the family and was apprised of their special circumstances. He visited the site, and mentioned that there was talk of splitting the lot in half; Ms. Villanueva would retain the home, while providing an easement to Lot 27. He deemed the family would have yielded the newer home for the old home site and rebuild there. Having to maintain the mortgage is another concern. Deputy AG Dvonch stated that Ms. Villanueva's counsel expressed that Ms. Villanueva is agreeable to the current plan. A roll call vote was taken.

AE (7)

EXCUSED (1)

Artates	Kahikina
DaMate	Lee Loy *
Davis	Masagatani
Hopkins*	* with reservation

Tassill

ACTION

Motion carried.

MOTION/ACTION

Moved by Commissioner Lee Loy, seconded by Commissioner Hopkins, to recess the meeting until tomorrow. Motion carried unanimously.

RECESS 5:25 p.m.

HAWAIIAN HOMES COMMISSION
Minutes of June 18, 2013
Meeting Held in Kapolei, Oahu

RECONVENE: 3:05 p.m.

PRESENT Jobie M. K. Masagatani, Chairman
Perry O. Artates, Commissioner, Maui
Gene Ross K. Davis, Commissioner, Molokai
J. Kama Hopkins, Commissioner, Oahu
Michael P. Kahikina, Commissioner, Oahu
Renwick V. I. Tassill, Commissioner, Oahu

EXCUSED Leimana DaMate, Commissioner, West Hawaii
Ian B. Lee Loy, Commissioner, East Hawaii

COUNSEL Craig Y. Iha, Deputy Attorney General

STAFF Darrell Young, Deputy to the Chair
Linda Chinn, Administrator, Land Management Division
Darrell Yagodich, Administrator, Planning Office
Nancy McPherson, Planner, Planning Division
Carolyn Darr, Land Agent, Land Management Division
Elaine Searle, Secretary to the Commission

ITEM NO. D-19 (cont.)

SUBJECT: Request to Set Aside Hawaiian Homes Commission's April 24, 2001, and February 16, 2002 Actions, and Authorize the Amendment of Lease No. 3442, Lot No. 112A, Hoolehua, Molokai, Hawaii, Skylla Villanueva, Lessee

AMENDED MOTION

Moved by Commissioner Hopkins, seconded by Commissioner Artates, to amend the prior action of yesterday, to include that the department purchase a new water meter for Lot No. 112-B and maintain the water meter from Lot 112-A for future usage.

DISCUSSION

According to Deputy AG Dvorch, preliminary assessments indicate there is a water meter on Lot 112-A and it is a simple matter of relocating the meter from Lot 112-A to Lot 112-B. The Molokai District Manager will check further, should it be necessary to move the water meter.

ACTION ON AMENDED MOTION

Motion carried unanimously, as amended.

ACTION ON ORIGINAL MOTION

Motion carried unanimously, as amended.

MOTION/ACTION

Moved by Commissioner Hopkins, seconded by Commissioner Artates, to allow further Public Testimony on Agendized Items. Motion carried unanimously.

PUBLIC TESTIMONY ON AGENDIZED ITEMS

Item B-2, Joseph Winchester, Re: Executive Session Item 2, Alexander Winchester,

Joseph Winchester and Thelma Asing, siblings of the late Alexander Winchester, appeared before the commission to articulate that HHC designated an illegal successor to their deceased brother's (Alexander) homestead lease in Waimanalo in 2007. The family informed the department that their brother passed away and his successor, though claiming to have been adopted by their parents, did not qualify. The successor-resident was notified of the mishap, and the department is currently taking action to address the situation. The family of Alexander Winchester was notified there is an existing loan balance which, as qualifying successors, obligates them to the outstanding loan. The Winchesters questioned the means by which their brother was able to qualify for a loan as he lacked the necessary income. Because of this, the family is refusing to accept Successorship to the lease. The Chair noted that this matter is being

addressed in today's executive session and no decision will be determined. Staff will research and confer with counsel on the issue. Information will be shared with the Winchesters once the information becomes available.

Item B-3, Matt Presti, Re: Item F-1

Matt LoPresti submitted testimony in support of the DeBartolo Development's lease extension in Kapolei. He is a former Ewa Neighborhood Board member and serves as a faculty member at Hawaii Pacific University (HPU). He spoke of a dire need for a commercial-retail shopping development in the Kapolei area, which is expanding quickly. He recommended that a labor-peace clause be included in the agreement, to protect from labor disputes that could result in strikes or picketing that may disrupt the community. Material presented is to be made a part of these minutes as Exhibit A for Item No F-1.

Item B-3, Alicia Maluafiti, Re: Item F-1

Alicia Maluafiti conveyed that her family was one of the first homesteaders in Papakolea. She demonstrated support for DHHL despite all the negative media reporting. She believes in the mission of the department, putting value in the work being done for all beneficiaries. She is motivated by the DeBartolo project which she avers this project will alleviate social and economic challenges for those living in West Oahu, by offering opportunities for generations to come.

F - LAND MANAGEMENT DIVISION

ITEM NO: F-1

SUBJECT: Request for Extension of Option Period, DeBartolo LLC, East Kapolei, Oahu

RECOMMENDATION

Administrator Linda Chinn appeared with DeBartolo representative Erin Ellis to request deferral of this submittal until August, 2013.

DISCUSSION

Commissioner Hopkins expressed dismay over the delay of this project. He understands the effects of the economic downturn, but believes nothing has been accomplished over the past several years. If asked to vote today, he would emphatically vote it down, to safeguard the Trust and its beneficiaries. Commissioner Artates emphasized to the DeBartolo representatives that the commission is anxiously waiting for this project to turn "dirt" and has viewed many who have testified in support of the development. Chair conveyed that other than non-refundable options, she has seen minimal action on this project. The allocation of \$30,000 out of the department's option for a community-based benefit is a diminishment of payment to the Trust to benefit communities that essentially are the customers. The adjustment to this proposal of 15% of the option payment or \$75,000, for community-based facilities in this area, is at least

noteworthy for this community. Even elected officials have expressed alarm on the transparency of this project. This department has seen more than enough publicity to take on at this time. It creates anxiety, especially when the legislature has to pass resolutions just to get information, and it is especially disconcerting as a potential landlord, said the Chair.

ITEM NO: F-2

SUBJECT: Approval to Issue Right-of-Entry to State of Hawaii, Department of Accounting and General Services, Villages of Laiopua, Kealakehe, Hawaii

MOTION/ACTION

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

ITEM NO: F-3

SUBJECT: Finding of No Significant Impact (FONSI), Kamehameha Schools Community Learning Center, Maili, Oahu

RECOMMENDATION

Land Management Administrator Linda Chinn recommended a determination for a FONSI for the Final Environmental Assessment (FEA) for the proposed Kamehameha Schools Community Learning Center at Maili, at the former Voice of America site. The FEA was prepared by PBR Hawaii and Associates, Inc. A correction was made to the size of the parcel, which should read 89.274 acres, not ~~89,274~~ acres.

MOTION

Moved by Commissioner Hopkins seconded by Commissioner Artates.

DISCUSSION

Kamehameha Schools (KS) was represented by Planner Samantha Hudson, Project Manager Maile Keliikoa, and KS Attorney Jack Wong. Commissioner Hopkins acknowledged PBR Hawaii and KS for its joint partnership and choosing to locate the project in Maili. Commissioner Kahikina expressed his appreciation with this decision.

ACTION

Motion carried unanimously.

ITEM NO: F-4

SUBJECT: Approval to Issue Right-of-Entry to Hawaii Community College, Keaukaha, Hawaii

MOTION/ACTION

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

ITEM NO: F-5

SUBJECT: Approval to Issue Right-of-Entry to State of Hawaii, Department of Agriculture for Temporary Storage, Waimea, Island of Hawaii,

MOTION/ACTION

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

ITEM NO: F-6

SUBJECT: Approval to Issue License to City and County of Honolulu for Waterline Easement, Haiku, Oahu

MOTION

Moved by Commissioner Tassill, seconded by Commissioner Kahikina.

DISCUSSION

Commissioner Hopkins inquired as to the future status of Samuel O Kamakau Charter School in Haiku. Principal Kamehailani Waiau responded that the school has a 25-year master plan and is currently in its fourth year of a five-year phase plan. The school anticipates expanding its student body to 250, to include a post-secondary program. Current enrollment is at 147 students which range from pre-school to 12th grade. The school recently received a 6th-year accreditation award. Native Hawaiians make up 95% of student enrollment, while 42% of teachers and 20% of families live on homestead lands. L. Chinn offered to provide an update of the area at a future meeting, to include nearby conservation sites.

ACTION

Motion carried unanimously.

ITEM NO: F-7

SUBJECT: Approval to Issue Easement to Kalaeloa Home Lands Solar, LLC, Kalaeloa, Oahu

This submittal was withdrawn.

ITEM NO: F-8

SUBJECT: Notices of Defaults/Revocations, Statewide

MOTION/ACTION

Moved by Commissioner Hopkins, seconded by Commissioner Artates. Motion carried unanimously.

Note: Commissioner Artates is excused from the meeting.

J – GENERAL AGENDA

ITEM NO. J-1

SUBJECT: Request to Address the Commission – Chad Soares, Soares Truck Rental

Attorney Randy Harakal represented Chad Soares, of Soares Truck Rental, and Tracy Aiwohi regarding a Notice to Vacate received in April 2013 based on police reports that C. Soares was sub-leasing to four businesses in his space. Attorney Harakal stated that the Paraquet family, who operated Family Towing Services, had permission to operate under C. Soares' location as a towing and stowing service, but later abandoned the business and moved to Las Vegas. In the meantime, KTM Towing, Inc. (KTM) appeared in January 2013, under Vincent Paraquet, a son of the Paraquets, to maneuver and take over the towing business. This was unacceptable to Chad Soares who later obtained a TRO (temporary restraining order) against them.

Three individuals, Peter Balfour, Rioki Lindo, and Jerry Giovanni, who were thought to be sub-lessees, appeared to testify that C. Soares did not sub-lease to them, said Attorney Harakal. If C. Soares needed to have work done, these individuals would work on contract with C. Soares, and vice versa. It was reported to HPD that vehicle identification numbers were altered and a Matson container was stolen. Home Land Security was notified and the Matson container was returned. According to Attorney Harakal, HPD received incorrect information about these incidences and realizes that this places DHHL in an embarrassing situation. He recommended that the department reconsider and grant C. Soares an opportunity to continue his lease.

Commissioner Hopkins queried as to what other matters need to be addressed in this case. Chair noted that due diligence and evaluation will need to be taken into consideration before any determination is done. Commissioner Hopkins thanked Attorney Harakal for his thoughts on the matter. C. Soares then shared that he is committed to helping other non-profit organizations. He maintains their lawns and premises, and services a building across Tamura Store at no cost to the department. He indicated that he has also assisted with water pipe breaks at night.

EXECUTIVE SESSION

The executive session was deferred due to a lack of quorum. The meeting was adjourned.

ADJOURNMENT 4:50 p.m.

ANNOUNCEMENTS AND ADJOURNMENT

NEXT MEETING

July 22, 2013, Lihue, Kauai

ANNOUNCEMENTS

Next community meeting will be held at Kapaa Elementary School
July 22, 2013 at 6:00 p.m.

ADJOURNMENT

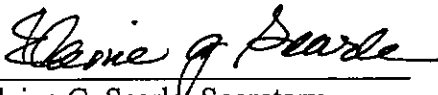
4:25 p.m.

Respectfully submitted,



Jobie M. K. Masagatani, Chairman
Hawaiian Homes Commission

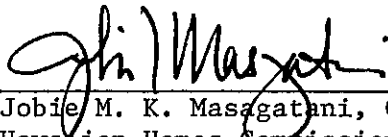
Prepared by:



Elaine G. Searle, Secretary
Hawaiian Homes Commission

APPROVED BY:

The Hawaiian Homes Commission
At Its Regular Monthly Meeting Of
August 19, 2014



Jobie M. K. Masagatani, Chairman
Hawaiian Homes Commission

HAWAIIAN HOMES COMMISSION

SIGN IN SHEET

TESTIMONY

Date & Time: JUN 17 2013
 Re: HHC Regular Mtg
 Location: 91-5420 Kapolei, Oahu

FULL NAME (PLEASE SIGN)	ADDRESS (STREET, CITY, ZIP)	Reference ITEM NO.	TELEPHONE
1. Blossom Feifaina	Aiea	F-2, H (all) A3	446-5572
2.			
3.			
4.			
5.			
6.			
7.			
8.			
9.			
10.			
11.			
12.			

HAWAIIAN HOMES COMMISSION

SIGN IN SHEET

TESTIMONY

Date & Time: JUN 18 2013
 Re: HHC Regular Nita
 Location: 91-5420 Kapolei, Oahu

FULL NAME (PLEASE SIGN)	ADDRESS (STREET, CITY, ZIP)	Reference ITEM NO.	TELEPHONE
1. <u>Mat Le Presti</u>	<u>91-1411 Keoneke Blvd. #2106</u>		<u>489-0487</u>
2. <u>Joseph Wincheste</u>	<u>1314 Victoria St #1201</u>	<u>#2</u>	<u>444-1919</u>
3. <u>THELMA M. ASING</u>	<u>17107 Tupelo Garden Circle</u>	<u>#2</u>	<u>347-3243</u>
4. <u>Aunohua Waiwale</u>	<u>1868 HOOKUPA ST REHT 96782</u>	<u>#2</u>	<u>455-2583 Home</u> <u>277-4744-Cell</u>
5. <u>Alicia Makuakiti</u>	<u>91-285 Fort Weaver Rd DeBakolo</u>		<u>221-3648</u>
6.			
7.			
8.			
9.			
10.			
11.			
12.			

**DEPARTMENT OF HAWAIIAN HOME LANDS
OPERATING AND INTERIM DEVELOPMENT BUDGET
FISCAL YEAR 2014**

Hawaiian Homes Commission Workshop on June 17, 2013

Discussion of the Funds below as it Relates to the Sufficient Funding of the
Department of Hawaiian Home Lands

- I. GENERAL FUND
- II. SPECIAL FUNDS
 - A. H.H. ADMINISTRATION ACCOUNT
 - B. DHHL REVENUE BOND SPECIAL FUND
- III. TRUST FUNDS
 - A. HHL TRUST FUND (Act 14, SpSLH 1995)
 - B. H.H. OPERATING FUND (Act 27, SLH 1998)
 - 1. OPERATING PORTION
 - 2. DEVELOPMENT PORTION
 - C. NATIVE HAWAIIAN REHABILITATION FUND (Act 27, SLH 1998)
 - D. H.H. TRUST FUND (Act 27, SLH 1998)
 - E. H.H. RECEIPTS FUND (Act 27, SLH 1998)
- IV. REVOLVING FUNDS
 - A. H.H. LOAN FUND
 - B. H.H. GENERAL LOAN FUND
- V. FEDERAL FUNDS
 - A. NAHASDA

HHC Item No. WKshp
Exhibit A-1
Date 6.17.13

BUDGET AND FUNDING SOURCES

Internal Funding Sources

→ 2 Special Funds

- H.H. Administration Account
- DHHL Revenue Bond Special Fund

→ 5 Trust Funds

- HHL Trust Fund (Act 14, SpSLH 1995)
- H.H. Operating Fund (Act 27, SLH 1998)
 - Operating Portion
 - Development Portion
- Native Hawaiian Rehabilitation Fund (Act 27, SLH 1998)
- HH Trust Fund (Act 27, SLH 1998)
- HH Receipts Fund (Act 27, SLH 1998)

→ 2 Revolving Funds

- HH Loan Fund
- HH General Loan Fund

External Funding Sources

→ General Fund

→ General Obligation Bonds

→ Revenue Bonds

→ Federal Funds

Department of Hawaiian Home Lands
Internal Funding Sources

Name of Fund: **Hawaiian Home Administration Account (S-325)**

Means of Financing: Special Fund

1. Description and Purpose of Fund (including revenue source):

In 1959, the Hawaii Admission Act (Act of March 18, 1959, Pub. L. 86-3, 73 Stat 4) provided that ownership of Hawaiian home lands (HHL) be transferred from the United States to the State of Hawaii. The Admission Act also provided that the HHL, as well as proceeds and income therefrom were to be held by the State in trust for native Hawaiians and administered in accordance with the Act, and that use of HHL for any other purpose would constitute a breach of trust for which suit may be brought by the United States.

Section 4 of the Hawaii Admissions Act, states in part:

"(3) that all proceeds and income from the "available lands" as defined by said Act, shall be used only in carrying out the provisions of said Act" (emphasis added).

Section 5(f) of the Hawaii Admissions Act, states in part:

"Such lands, proceeds, and income shall be managed and disposed of for one or more of the foregoing purposes in such manner as the constitution and laws of said State may provide, and their use for any other object shall constitute a breach of trust for which suit may be brought by the United States." (emphasis added).

REVENUE LINE ITEMS:

- 1) The entire receipts from any leasing or other dispositions of "available lands" are deposited into this account. Any interest or other earnings arising out of investments from this fund are to be credited to this fund.

Receipts of this fund are from general leases, licenses, revocable permits, rights of entry, and other dispositions of Hawaiian home lands. The Admission Act and the Constitution stipulate that all proceeds and income from "available lands," as defined by the HHCA, "shall be used only in carrying out the provisions of said Act."

EXPENDITURE LINE ITEMS:

- 1) The monies are to be expended by the department for salaries and all other administrative expenses of the department, excluding capital improvements, in the absence of general funds appropriated for operating and administrative costs.

Funds of the Administration Account must be incorporated in the Executive Budget and appropriated by the legislature before they can be used for salaries and operating costs.

OTHER CHANGES IN FUND BALANCE:

- 1) The HHCA provides that the excess of the receipts deposited into the Hawaiian Home Administration Account over the amount approved or made available by the legislature may be transferred to the Hawaiian Home Operating Fund.
- 2) All revenues from "available" lands are pledged to the repayment of DHHL revenue bonds. Monies in excess of the reserve and debt service requirements may be transferred back to the Administration Account upon Commission approval.

2. Statutory Basis of Fund:

Section 213(f), Hawaiian Homes Commission Act of 1920, as amended

Name of Fund: Department of Hawaiian Home Lands Revenue Bond Special Fund (S-350)

Means of Financing: Special Fund

1. Description and Purpose of Fund (including revenue source):

In 1959, the Hawaii Admission Act (Act of March 18, 1959, Pub. L. 86-3, 73 Stat 4) provided that ownership of Hawaiian home lands (HHL) be transferred from the United States to the State of Hawaii. The Admission Act also provided that the HHL, as well as proceeds and income therefrom were to be held by the State in trust for native Hawaiians and administered in accordance with the Act, and that use of HHL for any other purpose would constitute a breach of trust for which suit may be brought by the United States.

Section 4 of the Hawaii Admissions Act, states in part:

"(3) that all proceeds and income from the "available lands" as defined by said Act, shall be used only in carrying out the provisions of said Act" (emphasis added).

Section 5(f) of the Hawaii Admissions Act, states in part:

"Such lands, proceeds, and income shall be managed and disposed of for one or more of the foregoing purposes in such manner as the constitution and laws of said State may provide, and their use for any other object shall constitute a breach of trust for which suit may be brought by the United States." (emphasis added).

In 2009, DHHL issued \$42.5 million in revenue bonds. All revenues from "available" lands were pledged to the repayment of these bonds. Monies in excess of the reserve and

debt service requirements may be transferred back to the Administration Account upon Commission approval.

Pursuant to section 213.5 of the HHCA, the department is required to establish a Revenue Bond Special Fund for each undertaking financed by revenue bonds. A special fund was established for the revenue bonds issued in 1991. Sources of monies for this fund are:

1. Revenues committed for payment of debt service and maintenance of reserve accounts.
2. Interest from investments of reserve accounts.

The monies are primarily used to repay the debt service on the bonds and to maintain a reserve account as required by the bond resolution.

2. Statutory Basis of Fund:

Section 213.5, Hawaiian Homes Commission Act of 1920, as amended

Name of Fund: Hawaiian Home Lands Trust Fund (T-902)

Means of Financing: Trust Fund

1. Description and Purpose of Fund (including revenue source):

Act 14, Special Session 1995, (DHHL Land Claims Settlement Act) settles all claims made on behalf of the Hawaiian Home Lands Trust against the State between August 21, 1959 and July 1, 1988. It requires that the State make twenty annual deposits of \$30,000,000 or their discounted equivalent into the Hawaiian Home Lands Trust Fund. Proceeds of the fund may be used by DHHL for capital improvements and to meet the requirements of the Hawaiian Homes Commission Act of 1920, as amended.

2. Statutory Basis of Fund:

Section 213.6, Hawaiian Homes Commission Act of 1920, as amended

Name of Fund: Hawaiian Home Operating Fund (T-905, T-915)

Means of Financing: Trust Fund

1. Description and Purpose of Fund (including revenue source):

The Hawaiian Home-Development Fund, established in 1941 as a special fund, and the Hawaiian Home Operating Fund, established in 1948 as a revolving fund, were merged into one fund, the Hawaiian Home Operating Fund, in 1986. Section 4 of the Hawaii Admissions Act (Act of March 18, 1959, Pub. L. 86-3, 73 Stat 4) made the Hawaiian Homes Commission Act (HHCA) a State law by compact with the United States. Under this compact, the Hawaiian Home Development Fund and the Hawaiian Home Operating

Fund may not be the subject of amendments that impair or reduce them without the consent of Congress. Consequently, the Hawaiian Home Operating Fund is managed as two separate portions, the operating portion and the development portion, to retain the characteristics and substance of the predecessors of this fund.

Section 4 of the Hawaii Admissions Act, states in part:

"the Hawaiian home-loan fund, the Hawaiian home-operating fund, and the Hawaiian home-development fund shall not be reduced or impaired by any such amendment, whether made in the constitution or in the manner required for State legislation, and the encumbrances authorized to be placed on Hawaiian home lands by officers other than those charged with the administration of said Act, shall not be changed except with the consent of the United States" (emphasis added).

REVENUE LINE ITEMS:

- 1-2) Loan Interest/ Investment Interest - Pursuant to section 213(b) of the Hawaiian Homes Commission Act (HHCA), any interest or earnings arising out of investments from the Hawaiian Home Loan Fund are to be credited to and deposited into the Hawaiian Home Operating Fund.
- 3) Miscellaneous - Pursuant to section 213(e) of the HHCA, all moneys received by the department from any other source, other than those prescribed in other funds of the HHCA, are deposited into the Hawaiian Home Operating Fund. This includes receipts collected from the Molokai, Kawaihae and Anahola Water systems, hall rentals, and homestead lease payments.

EXPENDITURE LINE ITEMS:

Uses of the operating portion of the Hawaiian Home Operating Fund include:

1. Construction operation and maintenance of revenue-producing activities (such as the Molokai Water System, Kawaihae and the Anahola Farm Lots Water Systems) that are intended to serve principally occupants on Hawaiian home lands.
2. Purchase of goods and services to be resold, rented or furnished on a charge basis to occupants of Hawaiian home lands. The department operates a community hall in Waimea on the island of Hawaii.
3. Cost of appraisals, studies, consultant services or other staff services, including those in section 202(b) of the HHCA. Some of DHHL temporary exempt hires are funded from this portion of the Operating Fund.

The uses of the development portion of the Hawaiian Home Operating Fund, which require written approval of the Governor, include:

1. Improvement and development necessary to serve present and future occupants of Hawaiian home lands.
2. Improvements, additions, and repairs to all assets owned or leased by the department excluding structures or improvements that the department is obligated to acquire under Section 209 of the HHCA.
3. Engineering, architectural and planning services to maintain and develop properties.
4. For consultant services.
5. For purchase or lease of equipment.
6. For acquisition or lease of real property; and
7. Improvements constructed for the benefit of the beneficiaries of the HHCA and not otherwise permitted in the loan funds or Administration Account.

OTHER CHANGES IN FUND BALANCE:

- 1) The Hawaiian Homes Commission authorizes the quarterly transfer of moneys from the Hawaiian Home Receipts Fund to the Hawaiian Home Operating Fund.
- 2) Any amount in the Hawaiian Home Administration Account which is in excess of the amount approved by the State Legislature or made available for the fiscal period may be transferred to the Hawaiian Home Operating Fund.

2. Statutory Basis of Fund:

Section 213 (e), Hawaiian Homes Commission Act of 1920, as amended

Name of Fund: Native Hawaiian Rehabilitation Fund (T-924)

Means of Financing: Trust Fund

1. Description and Purpose of Fund (including revenue source):

The Native Hawaiian Rehabilitation Fund (NHRF) was created by the 1978 Constitutional Convention to finance various activities intended to exclusively benefit native Hawaiians. This includes, but is not limited to, educational, economic, political, social, and cultural processes by which the general welfare and conditions of native Hawaiians are improved and perpetuated. The specific sources of NHRF funds vary, but are primarily derived from certain lands labeled "ceded lands" which were conveyed from the federal government to the State when it was admitted into the Union.

REVENUE LINE ITEMS:

- 1) Thirty percent of the state receipts, derived from lands previously cultivated and cultivated as sugarcane lands and from water licenses, are deposited into this fund.
- 2) Any payments of principal, interest or other earnings arising out of the loan or investments from the fund are credited and deposited into this fund.

EXPENDITURE LINE ITEMS:

- 1) NHRF has also been involved in the financing of community based projects and an education scholarship program within the native Hawaiian community.

2. **Statutory Basis of Fund:**

Section 213(i), Hawaiian Homes Commission Act of 1920, as amended

Name of Fund: Hawaiian Home Trust Fund (T-917)

Means of Financing: Trust Fund

1. **Description and Purpose of Fund (including revenue source):**

Monies deposited into this fund are available for transfers into any other fund or account authorized by the Act or for any public purpose to further the purposes of the Act. Public purpose includes using the Hawaiian home trust fund as a reserve for loans insured or guaranteed by the Federal Housing Administration, Veteran Administration or any other federal agency authorized to insure or guarantee loans. A major deposit in the Hawaiian home-trust fund is the reserve for loans insured by the Federal Housing Administration.

2. **Statutory Basis of Fund:**

Section 213(h), Hawaiian Homes Commission Act of 1920, as amended

Name of Fund: Hawaiian Home Receipts Fund (T-916)

Means of Financing: Trust Fund

1. **Description and Purpose of Fund (including revenue source):**

All interest monies from loans or investments received by the department from any fund (except as provided in each fund) are deposited into this fund. In essence, the fund was to serve as a clearing fund at the end of each quarter, all monies in this fund may be transferred to the Hawaiian home-operating fund, the Hawaiian home-administration account, the Hawaiian home-trust fund or any loan fund in accordance with rules adopted by the department.

2. **Statutory Basis of Fund:**

Section 213 (g), Hawaiian Homes Commission Act of 1920, as amended

Name of Fund: Hawaiian Home Loan Fund (S-302)
Means of Financing: Revolving Fund

1. Description and Purpose of Fund (including revenue source):

The Hawaiian Home Loan Fund was established in 1921 as a revolving fund. Section 4 of the Hawaii Admissions Act (Act of March 18, 1959, Pub. L. 86-3, 73 Stat 4) made the Hawaiian Homes Commission Act (HHCA) a State law by compact with the United States. Under this compact, the Hawaiian Home Loan Fund may not be the subject of amendments that impair or reduce its powers and benefits without the consent of Congress.

Section 4 of the Hawaii Admissions Act, states in part:

"the Hawaiian home-loan fund, the Hawaiian home-operating fund, and the Hawaiian home-development fund shall not be reduced or impaired by any such amendment, whether made in the constitution or in the manner required for State legislation, and the encumbrances authorized to be placed on Hawaiian home lands by officers other than those charged with the administration of said Act, shall not be changed except with the consent of the United States" (emphasis added).

REVENUE LINE ITEMS:

Loan Principal Repayment - Pursuant to section 213(b) of the Hawaiian Homes Commission Act (HHCA), any principal repayment arising out of loans from the Hawaiian Home Loan Fund are to be credited to and deposited into the Hawaiian Home Loan Fund.

The Hawaiian Home Loan Fund is used principally to pay the net proceeds when a homestead lease is canceled or surrendered or when a lessee dies without leaving a qualified successor.

2. Statutory Basis of Fund:

Section 213 (b), Hawaiian Homes Commission Act of 1920, as amended

Name of Fund: Hawaiian Home General Loan Fund (S-323)
Means of Financing: Revolving Fund

1. Description and Purpose of Fund (including revenue source):

Act 249, passed by the 1986 State Legislature consolidated all remaining loan funds other than the Hawaiian home-loan fund into the Hawaiian home-general loan fund. These loan funds were established through various amendments to the Act since statehood. The major source of receipts for this fund is through principal repayment of loans.

The department can make loans from the revolving funds for the following purposes:

1. Repair, maintenance, purchase or erection of dwellings on any tract and any permanent improvements.
2. Purchase of livestock and farm equipment (including aquaculture).
3. Farm loans not to exceed \$200,000.

In addition, the department may:

4. Use money in the Hawaiian home-operating fund to secure matching funds from federal, state or county agencies.
5. Loan or guarantee the repayment of loans or otherwise underwrite any authorized loan or portion thereof to lessees in accordance with Section 215 of the HHCA.
6. Permit loans to lessees by government agencies or private lenders, where the department assures payment of such loans in case of default.
7. Secure, pledge, or otherwise guarantee the repayment of money borrowed by the department from government agencies or private lenders. Money borrowed by the department or on departmental guarantees of loan shall at no time exceed \$100,000,000.
8. Use available loan fund monies or other funds as cash guarantees when required by lenders.
9. Exercise the functions of a lender of money in all direct loans made by government agencies or private lenders to lessees of which repayment is guaranteed by the department.
10. Pledge receivables of loan accounts outstanding as collateral to secure loans made by government agencies or private lenders to the department, the proceeds of which shall be used to make new loans.
11. Transfer into the Hawaiian home-trust fund any available money from any loan fund, except the Hawaiian home-loan fund, for use as cash guarantees or reserves when required by a federal agency authorized to insure or guarantee loans to lessees.

2. Statutory Basis of Fund:

Section 213 (c), Hawaiian Homes Commission Act of 1920, as amended

**Review of House Bill 200, H.D. 1, S.D. 1, C.D. 1,
Operating and Capital Improvement Program Budget
Request for Fiscal Years 2014 and 2015**

For your information is a chronology of DHHL's budget request for Fiscal Years 2014 and 2015. This is reflected in the spreadsheet on Page 13.

Column 1 - DHHL Sufficient Fund Budget

October 23, 2012 HHC Meeting - Part I

DHHL submitted the first of a two part budget to the Hawaiian Homes Commission for approval. Part I relates to requesting general fund resources necessary to address all administrative and operating activities of the department. FY 2013 DHHL budget, adjusted to exclude purposes no. 1, 2, and 3 was used to develop a base.

Also included in Part I was additional administrative and operating costs necessary to operate DHHL with general funding sufficient sums. A CIP request addressing existing infrastructure projects with a long standing history of operational, maintenance and repair issues that have become capital improvement issues was also included as part of the budget request. Part I request was submitted to the Department of Budget and Finance for review on October 30, 2012.

November 9, 2012 HHC Meeting - Part II

DHHL submitted the second of a two part budget to the Hawaiian Homes Commission for approval. Part II relates to purposes numbers 1, 2, and 3 of Article XII, Section I, of the Hawaii State Constitution that states "The legislature shall make sufficient sums available for the following purposes: ... (1) development of home, agriculture, farm and ranch lots; (2) home, agriculture, aquaculture, farm and ranch loans; and (3) rehabilitation projects to include, but not limited to, educational, economic, political, social and cultural processes by which the general welfare and conditions of native Hawaiians are thereby improved..." DHHL request was sent to the Department of Budget and Finance on November 9, 2012. Part I and Part II was recapped in DHHL's request.

Column 2 - Governor's Budget

January 2013 - Governor Executive Budget

Governor's Executive Budget Request. HB 200 proposed general fund support in the amount of \$14,688,526 for Fiscal Years 2014 and 2015 to address the administrative and operating needs of the department. This figure was derived from FY 2012 actual administrative and operating encumbrances/expenditures (special and trust funds). Assumption that department's existing filled personnel positions (130 employees) would be general funded with fringe benefit costs financed from a separate general fund appropriation outside of DHHL's budget. In addition to the general fund request, the Executive budget request includes requests for \$7.67 million in special funds and \$23.2 million in NAHASDA Federal funds.

Column 3 - Legislature's General Fund Budget

April 26, 2013 - HB 200 CD1

HB 200 HD1 SD1 CD1 appropriates a non-recurring general fund lump-sum appropriation of \$9,632,000 for FY 2014 and FY 2015 that may be expended only for the administrative and operating costs of the DHHL.

The House Committee on Finance did not agree with changing the means of finance relating to the 130 filled permanent and exempt positions and 4 temporary positions from special/trust funding to general funding. Funding levels and position counts were depts. at Act 106, SLH 2012 levels. All positions, other than federal funds, were kept as DHHL special or trust funds.

The end result for the special and trust funds, HB 200 CD1 appropriates \$13,030,827 annually for the administrative and operating costs of the Hawaiian Home Administration Account and \$7,015,612 annually from the Hawaiian Home Operating Fund for personnel costs.

HB 200 CD1 appropriates \$1,000,000 in CIP general obligation bond financing for design costs and slope stabilization of the Papakolea Sewer System Improvements.

HB 200 CD1 appropriates general obligation bond financing for two (2) CIP grant in aid projects titled "Waimanalo Hawaiian Homestead Community Center, Oahu" (\$750,000) and "Kapolei Community Development Corporation, Oahu" (\$1,150,000).

Column 4 - DHHL's FY 2014 Budget

Operating Budget:

The Operating budget request totals \$83,939,381 and is reflected in Item no. H-1. \$46,590,808 of the Operating budget relates to the NAHASDA program. The net Operating budget, excluding the NAHASDA operating budget, totals \$37,348,573.

General Fund Budget:

There is no position count in the general fund appropriation, although the proviso stipulates that the moneys may be expended only for administrative and operating costs. DHHL will budget the general funds to reimburse the actual cost of filled civil service positions (51) and appointed exempt positions authorized by statute (4) to be funded from the Hawaiian Home Administration Account (\$4.23 million), costs that would ordinarily be financed through general funding in other general funded departments. Footnote A reduces the Hawaiian Home Administration Account personnel cost to reflect the \$4.23 million reimbursement from the General fund.

Development Budget:

An Interim Development budget request is submitted to reprogram FY 2013 development projects that may not have been able to meet the fiscal year 2013 contract encumbrance date but able to be encumbered at the beginning of Fiscal Year 2014. The Interim Development Budget totals \$15.454 million and is reflected in Item no. H-2.

A full year FY 2014 Development Budget request will be submitted to the Hawaiian Homes Commission in July 2013.

(A) - HB 200 CD1 appropriates a non-recurring general fund lump sum appropriation.

(B) - Interim Development Budget; a full year Development Budget for FY 2014 will be submitted in July 2013

2

Legislature's General Fund Budget ((HB)200(Ord))														
General Fund	Administration Account	NAVASA	Hawaiian Home Operating Fund (Operating Development Portion)	General Obligation Bond										
9,632,000	0	8,206,118	416,210	7,015,612		4,234,350	3,971,768	(A)	7,015,612	0	0	0	416,210	0
-	4,824,708	22,901,391	150,000,000			4,132,699	1,969,109		781,234	95,000	24,600	0	2,167,958	0
0	0	0	0	0		488,771	1,500		104,500	11,400	0	0	0	0
0	0	0	0	0		0	0		40,000	0	0	0	0	0
0	9,632,000	13,030,827	23,317,601	157,016,612	0	8,855,820	5,962,377	0	7,941,346	106,400	24,600	0	2,584,168	0
-	-	-	-	-	-	776,180	2,590,100	-	456,400	402,000	205,000	-	-	-
0,000		20,000,000		2,900,000									2,900,000	15,454,000
									300,000	150,000				
												6,236,640		
												120,000		
						150,000			200,000					
											3,200,000	7,150,000		
0,000	-	-	20,000,000	-	2,900,000	-	150,000	-	500,000	150,000	-	3,200,000	13,506,640	(B)
													500,000	
												15,000,000		
										100,000				
										100,000				
							4,000							
							20,000							
							20,000							
							50,000							
-	-	-	-	-	-	-	94,000	-	-	200,000	-	-	15,000,000	1,100,000
												6,000,000		
												9,500,000		
										500,000	500,000			
										200,000				
										300,000				
-	-	-	-	-	-	-	-	-	-	1,000,000	500,000	-	15,500,000	-
0,000	9,632,000	13,030,827	43,317,601	157,016,612	2,900,000	9,632,000	8,796,477	-	8,897,746	1,858,400	729,600	3,200,000	46,590,808	1,100,000

Department of Hawaiian Home Lands Budget FY 13 vs. FY 14			
	Fiscal Year 2013 Budget	Fiscal Year 2014 Budget	Adjust (+/-)
General Fund (G-001-I)	0	9,632,000	9,632,000
Administration Account (S-325-I)	12,784,660	8,795,277	(3,989,383)
Operating Fund - Operating Portion (T-905-I, T-906-I, T-915-I)	9,565,758	8,897,746	(668,012)
Operating Fund - Development Portion (T-915-I)	3,202,340	1,858,400	(1,343,940)
Native Hawaiian Rehabilitation Fund (T-924-I)	729,600	729,600	0
Hawaiian Home General Loan Fund (S-323-I)	7,500,000	7,500,000	0
TOTAL (does not include NAHASDA)	33,782,358	37,413,023	3,630,665
Native American Housing Assistance Self Determination Act (S-213-I)	22,541,503	46,174,598	23,633,095
GRAND TOTAL	56,323,861	83,587,621	27,263,760

**Department of Hawaiian Home Lands
Executive Budget for FY 2014**

Obj.		General	Administration	Operating Fund		NHRF	Rev. Bond	NAHASDA	TOTAL
Code		Fund	Account	Operating Portion	Development Portion		Special Fund		BUDGET
2000	Personnel Costs	0	8,206,118	7,015,612				416,210	15,637,940
2900	Other Personal Services	502,000	16,000	0	0	0	0	550,000	1,068,000
3010	Operating Supplies - Gas & Oil Supplies	38,250	12,220	15,000	0	0	0	0	65,470
3020	Operating Supplies - Fuel & Oil Other	0	2,700	5,580	0	0	0	0	8,280
3030	Operating Supplies - Janitorial	9,300	1,680	5,348	0	0	0	0	16,328
3040	Operating Supplies- Medical	0	0	584	0	0	0	0	584
3090	Operating Supplies - Others	2,520	6,030	16,500	0	0	0	0	25,050
3100	Maintenance Materials Supplies & Parts	1,400	2,600	0	0	0	0	0	4,000
3200	Office Supplies	68,480	56,125	900	0	0	0	1,000	126,505
3400	Other Supplies	3,550	5,216	500	0	0	0	0	9,266
3500	Dues and Subscriptions	3,847	7,400	0	0	0	0	5,000	16,247
3600	Freight and Delivery Charges	0	1,617	3,200	0	0	0	0	4,817
3700	Postage	126,780	76,028	3,150	0	0	0	0	205,958
3800	Telephone	115,000	0	400	0	0	0	24,000	139,400
3900	Printing and Binding	124,000	39,900	1,500	0	0	0	0	165,400
4000	Advertising	24,450	18,000	0	0	0	0	0	42,450
4100	Car Mileage	10,460	13,400	450	0	0	0	100	24,410
4200	Transportation, Intrastate	137,280	67,100	0	0	18,500	0	4,480	227,360
4300	Subsistence Allowance, Intra-State	67,850	20,285	0	0	0	0	5,110	93,245
4400	Transportation, Out of State	45,000	27,500	0	0	0	0	18,233	90,733
4500	Subsistence Allowance, Out of State	11,000	21,000	0	0	0	0	20,480	52,480
4600	Hire of Passenger Cars	27,600	10,100	0	0	1,300	0	1,000	40,000
5000	Electricity	317,000	193,000	594,000	0	0	0	0	1,104,000
5200	Water	61,000	201,700	8,800	0	0	0	0	271,500
5400	Other Utilities	0	500	0	0	0	0	0	500
5500	Rental of Land and Bldg.	0	19,252	0	0	4,800	0	24,000	48,052
5600	Rental of Equipment	70,000	1,500	0	0	0	0	2,400	73,900
5700	Other Rentals	1,720,500	3,200	0	0	0	0	0	1,723,700
5810	Repairs- Data Processing	14,000	0	0	0	0	0	0	14,000
5815	Maintenance - Data Processing	94,980	0	0	0	0	0	0	94,980
5820	Repairs- Equipment, Building, etc.	8,700	6,917	32,700	0	0	0	0	48,317
5825	Maintenance- Equipment, Building, etc.	386,500	32,653	71,822	0	0	0	0	490,975
5830	Repairs- Motor Vehicles	13,500	7,650	4,000	0	0	0	0	25,150
5835	Maintenance- Motor Vehicles	10,600	10,200	3,500	50,000	0	0	0	74,300
5840	Maintenance-Unencumbered Lands & Other	21,400	146,000	800	0	0	0	0	168,200
5895	Maintenance-Other Miscellaneous	4,000	15,500	6,500	0	0	0	0	26,000
5900	Insurance	75,000	0	0	0	0	0	0	75,000
6120	Interest Payment--RGOB	0	0	0	3,000	0	0	0	3,000
6500	Other Grants in Aid	0	0	0	0	0	0	6,000,000	6,000,000
7110	Services Fee Basis	776,180	2,834,100	956,400	1,752,000	705,000	0	6,356,640	13,380,320
7230	Training Costs	15,552	55,248	4,000	0	0	0	12,155	86,955
7290	Other Current Expenditures	4,235,550	890,888	2,000	0	0	0	0	5,128,438
7700	Equipment	488,771	1,500	104,500	11,400	0	0	0	605,171
7700	Motor Vehicle	0	0	40,000	0	0	0	0	40,000
7900	Construction in Progress	0	0	0	0	0	0	10,150,000	10,150,000
8020	Principal Payment--RGOB	0	0	0	42,000	0	0	0	42,000
6120/8020	Debt Service: Revenue Bond Payment	0	0	0	0	0	3,200,000	0	3,200,000
8201	Loans Receivable	0	0	0	0	0	0	23,000,000	23,000,000
Total - Current Expenditure & Equipment		9,632,000	4,824,709	1,882,134	1,858,400	729,600	3,200,000	46,174,598	68,301,441
Total		9,632,000	13,030,827	8,897,746	1,858,400	729,600	3,200,000	46,590,808	83,939,381
A--Personnel Cost		0	8,206,118	7,015,612	0	0	0	416,210	15,637,940
B --Current Expenditure		9,143,229	4,823,209	1,737,634	1,847,000	729,600	3,200,000	46,174,598	67,655,270
C --Equipment		488,771	1,500	104,500	11,400	0	0	0	605,171
M--Motor Vehicle		0	0	40,000	0	0	0	0	40,000
Total		9,632,000	13,030,827	8,897,746	1,858,400	729,600	3,200,000	46,590,808	83,939,381

H.B. NO. 200
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PROGRAM APPROPRIATIONS

ITEM NO.	PROG. ID	PROGRAM	EXPENDING AGENCY	APPROPRIATIONS			
				FISCAL YEAR 2013-2014	M O F	FISCAL YEAR 2014-2015	M O F
				7.00*		7.00*	
	OPERATING		HMS	16,624,102A		16,015,170A	
			HMS	626,906N		626,906N	
			HMS	2,366,839P		2,366,839P	
17.	HMS605	- COMMUNITY-BASED RESIDENTIAL SUPPORT					
	OPERATING		HMS	17,810,955A		17,810,955A	
18.	HMS401	- HEALTH CARE PAYMENTS					
	OPERATING		HMS	850,253,440A		899,194,650A	
			HMS	4,392,660B		3,392,660B	
			HMS	1,014,639,320N		1,056,043,163N	
			HMS	12,000,000U		12,000,000U	
			HMS	12,956,822P		13,216,034P	
19.	HMS236	- CASE MANAGEMENT FOR SELF-SUFFICIENCY					
	OPERATING		HMS	303.85*		303.85*	
			HMS	13,967,075A		13,873,075A	
				239.15*		239.15*	
			HMS	18,815,365N		18,815,365N	
			HMS	2,763P		2,763P	
20.	HMS238	- DISABILITY DETERMINATION					
	OPERATING		HMS	45.00*		45.00*	
			HMS	7,325,287N		7,325,287N	
21.	ATG500	- CHILD SUPPORT ENFORCEMENT SERVICES					
	OPERATING			74.80*		74.80*	
			ATG	4,175,902A		4,125,902A	
			ATG	2,231,224T		2,231,224T	
				145.20*		145.20*	
			ATG	14,518,035P		14,518,035P	
22.	HMS237	- EMPLOYMENT AND TRAINING					
	OPERATING		HMS	469,505A		469,505A	
			HMS	699,734N		699,734N	
✓ 23.	HHL602	- PLANNING AND DEVELOPMENT FOR HAWAIIAN HOMESTEADS					
	OPERATING		HHL	9,632,000A		9,632,000A	
				115.00*		115.00*	
			HHL	13,030,827B		13,030,827B	
				4.00*		4.00*	
			HHL	22,317,601N		22,317,601N	
				81.00*		81.00*	

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PROGRAM APPROPRIATIONS

ITEM NO.	PROG. ID	PROGRAM	EXPENDING AGENCY	APPROPRIATIONS			
				FISCAL YEAR 2013-2014	M O F	FISCAL YEAR 2014-2015	M O F
1	✓		HHL	157,015,612T		157,015,612T	
2		INVESTMENT CAPITAL	HHL	1,150,000C			C
3			HHL	1,750,000C			C
4			HHL	20,000,000N		20,000,000N	
5							
6		24. HTH904 - EXECUTIVE OFFICE ON AGING					
7				5.74*		5.74*	
8		OPERATING	HTH	8,133,402A		7,341,402A	
9				8.26*		8.26*	
10			HTH	7,010,240N		7,010,240N	
11			HTH	592,678P		592,678P	
12		INVESTMENT CAPITAL	HTH	280,000C			C
13							
14		25. HTH520 - DISABILITY AND COMMUNICATIONS ACCESS BOARD					
15				5.00*		5.00*	
16		OPERATING	HTH	1,230,625A		1,230,625A	
17			HTH	10,000B		10,000B	
18				2.00*		2.00*	
19			HTH	253,338U		253,338U	
20							
21		26. HMS902 - GENERAL SUPPORT FOR HEALTH CARE PAYMENTS					
22				128.75*		128.75*	
23		OPERATING	HMS	9,948,606A		9,141,648A	
24				0.56*		0.56*	
25			HMS	1,519,680B		1,539,357B	
26				136.44*		136.44*	
27			HMS	33,393,901N		26,536,630N	
28			HMS	717,484P		717,484P	
29							
30		27. HMS903 - GENERAL SUPPORT FOR SELF SUFFICIENCY SERVICES					
31				45.40*		45.40*	
32		OPERATING	HMS	39,628,739A		39,289,549A	
33				40.60*		40.60*	
34			HMS	63,638,915N		63,674,089N	
35			HMS	460P		460P	
36							
37		28. HMS904 - GENERAL ADMINISTRATION (DHS)					
38				133.90*		133.90*	
39		OPERATING	HMS	7,809,652A		7,832,458A	
40				26.10*		26.10*	
41			HMS	1,546,726N		1,546,726N	
42			HMS	604P		604P	
43		INVESTMENT CAPITAL	HMS	4,000,000C			C
44							



1 that the contract and State's duties and
2 responsibilities under the contract are consistent
3 with the office of information management technology's
4 business and information technology/infrastructure
5 resource management transformation plan;

6 (2) The department of health shall prepare a detailed
7 report on the expenditure and use of funds and
8 performance outcomes for the funds;

9 (3) No additional funds shall be provided until the report
10 is completed and received by the legislature; and.

11 (4) The department of health shall submit the report to
12 the legislature no later than thirty days prior to the
13 convening of the 2014 regular session.

14 SOCIAL SERVICES

15 SECTION 16. Provided that of the general fund
16 appropriation for child protective services (HMS301), the sum of
17 \$300,000 or so much thereof as may be necessary for fiscal year
18 2013-2014 and the sum of \$300,000 or so much thereof as may be
19 necessary for fiscal year 2014-2015 shall be expended to provide
20 neighborhood drop-in center services for Kauai.

21 ✓ SECTION 17. Provided that of the non-recurring, general
22 fund appropriation for planning and development for Hawaiian



1 homesteads (HHL 602), the sum of \$9,632,000 for fiscal year
2 2013-2014 and the sum of \$9,632,000 for fiscal year 2014-2015
3 shall be expended only to carry out the functions and duties of
4 the department as specified by and pursuant to the State
5 Constitution; provided further that these funds be expended only
6 for administrative and operating expenses of the department of
7 Hawaiian home lands; provided further that any unexpended funds
8 shall lapse to the general fund at the end of the fiscal year
9 for which it was appropriated; provided further that the
10 department of Hawaiian home lands shall prepare a detailed
11 report on the expenditure and use of funds from the general fund
12 appropriation of \$9,632,000 for operating expenses for fiscal
13 year 2013-2014 and fiscal year 2014-2015; and provided further
14 that the department of Hawaiian home lands shall submit the
15 report to the legislature no later than thirty days prior to the
16 convening of the 2014 and 2015 regular sessions.

17 FORMAL EDUCATION

18 SECTION 18. Provided that of the general fund
19 appropriation for school-based budgeting (EDN100), the sum of
20 \$535,423 or so much thereof as may be necessary for fiscal year
21 2013-2014 and the sum of \$535,423 or so much thereof as may be
22 necessary for fiscal year 2014-2015 shall be expended for the



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CAPITAL IMPROVEMENT PROJECTS

ITEM NO.	CAPITAL PROJECT NO.	TITLE	EXPENDING AGENCY	APPROPRIATIONS (IN 000'S)			
				FISCAL YEAR 2013-2014	M O F	FISCAL YEAR 2014-2015	M O F

1
2 HHL602 - PLANNING AND DEVELOPMENT FOR HAWAIIAN HOMESTEADS

3
4 ✓ 6. 14002 NAHASDA DEVELOPMENT PROJECTS,
5 STATEWIDE

6
7 PLANS, DESIGN AND CONSTRUCTION FOR
8 VARIOUS HAWAIIAN HOMESTEAD PROJECTS AND
9 IMPROVEMENTS STATEWIDE, PURSUANT TO THE
10 NATIVE AMERICAN HOUSING ASSISTANCE AND
11 SELF-DETERMINATION ACT, PUBLIC LAW 107-
12 73, 107TH CONGRESS. FUNDS NOT NEEDED IN A
13 COST ELEMENT MAY BE USED IN ANOTHER. THIS
14 PROJECT IS DEEMED NECESSARY TO QUALIFY
15 FOR FEDERAL AID FINANCING AND/OR
16 REIMBURSEMENT.

17 PLANS

1

1

18 DESIGN

1

1

19 CONSTRUCTION

19,998

19,998

20 TOTAL FUNDING

HHL

20,000 N

20,000 N

21
22 ✓ 7. P14001 PAPA KOLEA SEWER SYSTEM IMPROVEMENTS,
23 OAHU

24
25 DESIGN FOR SEWER SYSTEM IMPROVEMENTS
26 AND SLOPE STABILIZATION.

27 DESIGN

1,000

28 TOTAL FUNDING

HHL

1,000 C

C



H.B. NO. 200
H.D. 1
S.D. 1
C.D. 1

CAPITAL IMPROVEMENT PROJECTS

ITEM NO.	CAPITAL PROJECT NO.	TITLE	EXPENDING AGENCY	APPROPRIATIONS (IN 000'S)			
				FISCAL YEAR 2013-2014	M O F	FISCAL YEAR 2014-2015	M O F
8. ✓		WAIMANALO HAWAIIAN HOMESTEAD COMMUNITY CENTER, OAHU					
		DESIGN AND CONSTRUCTION FOR PHASE IV, THE COMMUNITY TECHNOLOGY, EDUCATION AND EMPLOYMENT CENTER (CTEEC) OF THE WAIMANALO HAWAIIAN HOMESTEAD COMMUNITY CENTER. THIS PROJECT QUALIFIES AS A GRANT, PURSUANT TO CHAPTER 42F, HRS.					
		DESIGN			1		
		CONSTRUCTION		749			
		TOTAL FUNDING	HHL	750 C			C
9. ✓		KAPOLEI COMMUNITY DEVELOPMENT CORPORATION, OAHU					
		CONSTRUCTION OF THE KAPOLEI COMMUNITY DEVELOPMENT CORPORATION HERITAGE CENTER MULTI-PURPOSE FACILITY. THIS PROJECT QUALIFIES AS A GRANT, PURSUANT TO CHAPTER 42F, HRS.					
		CONSTRUCTION		1,150			
		TOTAL FUNDING	HHL	1,150 C			C
		HTH904 - EXECUTIVE OFFICE ON AGING					
10.		LANAKILA PACIFIC, OAHU					
		CONSTRUCTION AND EQUIPMENT FOR LANAKILA PACIFIC'S CENTRAL FACILITY TO ADDRESS HEALTH, SAFETY AND CAPACITY ISSUES. THIS PROJECT QUALIFIES AS A GRANT, PURSUANT TO CHAPTER 42F, HRS.					
		CONSTRUCTION		279			
		EQUIPMENT		1			
		TOTAL FUNDING	HTH	280 C			C



H.B. NO. 200
H.D. 1
S.D. 1
C.D. 1

CAPITAL IMPROVEMENT PROJECTS

ITEM NO.	CAPITAL PROJECT NO.	TITLE	EXPENDING AGENCY	APPROPRIATIONS (IN 000'S)			
				FISCAL YEAR 2013-2014	M O F	FISCAL YEAR 2014-2015	M O F
1							
2		K. GOVERNMENT-WIDE SUPPORT					
3		GOV100 - OFFICE OF THE GOVERNOR					
4							
5	1. G01	PROJECT ADJUSTMENT FUND, STATEWIDE					
6							
7		PLANS FOR THE ESTABLISHMENT OF A					
8		CONTINGENCY FUND FOR PROJECT ADJUSTMENT					
9		PURPOSES SUBJECT TO THE PROVISIONS OF THE					
10		APPROPRIATIONS ACT.					
11		PLANS			1		1
12		TOTAL FUNDING	GOV		1 C		1 C
13							
14	BUF101 -	DEPARTMENTAL ADMINISTRATION AND BUDGET DIVISION					
15							
16	2. 00-01	HAWAIIAN HOMELANDS TRUST FUND,					
17		STATEWIDE					
18							
19		CONSTRUCTION TO AUTHORIZE THE					
20		TRANSFER OF GENERAL OBLIGATION BOND FUNDS					
21		TO THE HAWAIIAN HOMELANDS TRUST FUND TO					
22		SATISFY THE PROVISIONS OF ACT 14, SPSLH					
23		1995.					
24		CONSTRUCTION		30,000		10,000	
25		TOTAL FUNDING	BUF	30,000 C		10,000 C	
26							
27	3. 00-02	STATE EDUCATIONAL FACILITIES					
28		IMPROVEMENT FUND, STATEWIDE					
29							
30		CONSTRUCTION TO AUTHORIZE THE					
31		TRANSFER OF GENERAL OBLIGATION BOND FUNDS					
32		AND RE-AUTHORIZATION TO THE STATE					
33		EDUCATIONAL FACILITIES IMPROVEMENT					
34		SPECIAL FUND.					
35		CONSTRUCTION		53,000			
36		TOTAL FUNDING	BUF	53,000 C			C
37							
38							



1 taxes, fees or charges currently or hereafter derived from or
2 arising through the ownership, operation, and management of
3 highways and related facilities and the furnishing and supplying
4 of the services thereof. The expenses related to the issuance
5 of such highway revenue bonds, to the extent not paid from the
6 proceeds of such bonds, shall be paid from the state highway
7 fund.

8 The governor, in the governor's discretion, may use the
9 state highway fund to finance those projects authorized in
10 part II and listed in part IV of this Act where the method of
11 financing is designated to be by highway revenue bond funds; and
12 provided further that the governor shall submit a report to the
13 legislature of all uses of this authority for the previous
14 twelve month period from December 1 to November 30 no later than
15 thirty days prior to the convening of the 2014 and 2015 regular
16 sessions.

17 ✓ SECTION 65. HAWAIIAN HOME LANDS REVENUE BONDS. The
18 department of Hawaiian home lands may issue Hawaiian home lands
19 revenue bonds for Hawaiian home lands capital improvement
20 program projects authorized in part II and listed in part IV of
21 this Act and designated to be financed by revenue bond funds or
22 by general obligation bond funds with debt service cost to be



1 paid from special funds, in such principal amount as shall be
2 required to yield the amounts appropriated for such capital
3 improvements program projects, and, if so determined by the
4 department and approved by the governor, such additional
5 principal amount as may be deemed necessary by the department to
6 pay interest on such Hawaiian home lands revenue bonds during
7 the estimated period of construction of the capital improvements
8 program project for which such Hawaiian home lands revenue bonds
9 are issued, to establish, maintain, or increase reserves for the
10 Hawaiian home lands revenue bonds heretofore authorized (whether
11 authorized and issued or authorized and still unissued), and to
12 pay the expenses of issuance of such bonds. The aforementioned
13 Hawaiian home lands revenue bonds shall be issued pursuant to
14 the provisions of part III of chapter 39, Hawaii Revised
15 Statutes, as the same may be amended from time to time. The
16 principal of and interest on Hawaiian home lands revenue bonds,
17 to the extent not paid from the proceeds of such bonds, shall be
18 payable solely from and secured solely by the revenues from
19 Hawaiian home lands, revenues from available lands as defined in
20 section 203 of the Hawaiian Homes Commission Act, 1920, and
21 related facilities under the ownership of the State or operated
22 and managed by the department or such parts of either thereof as



1 the department may determine, including rents and other fees or
2 charges presently or hereafter derived from or arising through
3 the ownership, operation, and management of Hawaiian home lands,
4 available lands as defined in section 203 of the Hawaiian Homes
5 Commission Act, 1920, and related facilities. The expenses of
6 the issuance of such Hawaiian home lands revenue bonds, to the
7 extent not paid from the proceeds of such bonds, shall be paid
8 from the department of Hawaiian home lands revenue bond special
9 fund.

10 The governor, in the governor's discretion, may use the
11 department of Hawaiian home lands revenue bond special fund to
12 finance those projects authorized in part II and listed in
13 part IV of this Act where the method of financing is designated
14 to be by Hawaiian home lands revenue bond funds; and provided
15 further that the governor shall submit a report to the
16 legislature of all uses of this authority for the previous
17 twelve month period from December 1 to November 30 no later than
18 thirty days prior to the convening of the 2014 and 2015 regular
19 sessions.

20 SECTION 66. UNIVERSITY OF HAWAII REVENUE BONDS. The
21 University of Hawaii board of regents may issue revenue bonds
22 for capital improvement program projects authorized in part II



1 December 1 to November 30 no later than thirty days prior to the
2 convening of the 2014 and 2015 regular sessions.

✓ 3 SECTION 71. The governor may supplement funds for any cost
4 element for a capital improvement project authorized under this
5 Act by transferring such sums as may be needed from the funds
6 appropriated for other cost elements of the same project by this
7 Act or any other prior or future act that has not lapsed;
8 provided that the total expenditure of funds for all cost
9 elements shall not exceed the total appropriations for that
10 project; and provided further that the governor shall submit a
11 report to the legislature of all uses of this authority for the
12 previous twelve month period from December 1 to November 30 no
13 later than thirty days prior to the convening of the 2014 and
14 2015 regular sessions.

15 SECTION 72. After the objectives and purposes of
16 appropriations made in this Act from the general obligation bond
17 fund for capital improvement projects have been met, unrequired
18 balances, except those from University of Hawaii projects, shall
19 be transferred to the project adjustment fund appropriated in
20 part II and described in part IV of this Act, and shall be
21 considered a supplementary appropriation thereto; provided that
22 all other unrequired allotment balances, unrequired



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STATE OF HAWAII
DEPARTMENT OF HAWAIIAN HOME LANDS

June 17, 2013

TO: Chairman and Members, Hawaiian Homes Commission

FR: Niniau K. Simmons, NAHASDA Manager



SUBJECT: 2013 Native Hawaiian Housing Block Grant

FOR WORKSHOP & SUBSEQUENT ACTION

To approve the attached 2013 Native Hawaiian Housing Block Grant annual housing plan.

U.S. Department of Housing
and Urban Development
Office of Public and Indian Housing
Office of Native American Programs

**NATIVE HAWAIIAN HOUSING PLAN
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This form is for use by the DHHL to identify the location of the required elements of the Native Hawaiian Housing Plan (NHHP)

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The 1-Year Plan section of the Native Hawaiian Housing Plan must contain information relating to the fiscal year for which assistance is to be made available, including the following:

1. GOALS AND OBJECTIVES - A statement of the goals and objectives to be accomplished during the period.

Goal No. 1: Increase the affordable housing inventory on Hawaiian home lands to meet the increasing or unmet demand for housing by eligible native Hawaiian households¹.

Objective 1A: Increase the supply of affordable housing units through on-site and off-site development, to include but not limited to infrastructure, streets, utilities, and engineering, for single-family housing.

Tasks and Activities: Provide partial funding for on-site or off-site development improvements for residential DHHL developments statewide.

Objective 1B: Increase the supply of affordable housing units through self-help (sweat equity) projects.

Tasks and Activities: Provide funding for technical assistance to entities that utilize the self-help construction method to assist at least 20 eligible native Hawaiian households achieve homeownership.

Objective 1C: Reduce the price of housing by providing interim construction financing; downpayment assistance and/or principal reduction subsidies; low/no interest rate loans; and matching funds for Individual Development Accounts (IDAs).

Tasks and Activities:

- a. Provide funding for subsidies, such as downpayment assistance/principal reduction or matching funds for Individual Development Accounts (IDA), which may be recaptured during the useful life period, for at least 10 eligible native Hawaiian households.
- b. Provide low-interest or no-interest loans to at least 20 eligible native Hawaiian households.
- c. Provide interim construction financing for at least 5 eligible native Hawaiian households.

Objective 1D: Increase the supply of affordable housing units by providing funding for energy efficiency for single-family housing which may include solar water heating, photovoltaic panels, and/or other energy efficient features.

Tasks and Activities: Provide funding for at least one single-family residential subdivision on the island of Oahu to serve at 20 eligible families and one single family residential subdivision on the neighbor islands to serve 10 families.

¹ An "eligible native Hawaiian household" is 1) a household that is eligible to reside on Hawaiian home lands and 2) has household income (all working adults) at or below 80% of Area Median Income. All activities in this plan must serve "eligible native Hawaiian households".

Objective 1E: Utilizing existing data, work with other divisions to develop rent with option to purchase program.

Tasks and Activities:

- a. Identify potential homesteads and vacant lots that could utilize such a program.

Goal No. 2: Reduce the number of homes, occupied by eligible native Hawaiian households, that are in need of repair or replacement to relieve substandard living conditions, that are in need of renovation to relieve overcrowding, or to provide energy efficient renovations/upgrades.

Objective: Increase the number of programs and/or partnerships that provide assistance to eligible native Hawaiian households in the repair or replacement of their homes, to renovate their homes as a means to relieve over crowding, or to provide energy efficient renovations/upgrades.

Tasks and Activities:

- a. Provide low-interest or no-interest loans and/or grants to at least 20 eligible native Hawaiian households to repair/rehabilitate existing housing units to address substandard living conditions, to renovate existing housing units to address over crowding, or to provide energy efficient renovations/upgrades.
- b. Initiate new partnerships and/or encourage the development of programs that target areas or needs that are not currently being served by existing City and County, or other, partnerships/programs.

Goal No. 3: Increase alternative energy resources and/or programs that will benefit eligible native Hawaiian households.

Objective 3A: Provide funding to eligible entities to implement alternative energy resource programs for eligible native Hawaiian households as a means to reduce housing costs and in alignment with the DHHL energy policy.

Tasks and Activities:

- a. Provide funds, to include direct loans and/or grants to eligible beneficiaries, and/or implement a program, to install energy efficient devices to include solar water heating, photovoltaic panels, and/or other energy efficient features for eligible native Hawaiian households.

Goal No. 4: Promote and encourage safe and healthy communities on Hawaiian Home Lands.

Objective: Support community-based programs that enhance public safety and healthy initiatives through active community involvement.

Tasks and Activities:

- a. Assist homestead communities in addressing community safety needs, as warranted by the particular community, and in alignment with allowable activities for the NHHBG.
- b. Assist homestead communities with community policing activities, as warranted by the particular community, and in alignment with allowable activities for the NHHBG.
- c. Promote partnerships with existing providers and the police departments within each county to address public safety needs.
- d. Utilize the existing State Plan, Island Plan and Community Development Plan to coordinate model activities.
- e. Where available, utilize HUD-CDBG census tract determinations for homestead communities to determine NHHBG eligibility (at or below 80% AMI). For those homesteads outside of such identified census tracts, the department will assist in identifying NHHBG-assisted lots, infrastructure, loan products, etc. to calculate the determination.

Goal No. 5: Increase access to educational or training programs that assist native Hawaiian families.

Objective 5A: Develop, maintain, or improve educational and/or training programs to address financial, home repair, home maintenance, or other eligible needs for eligible native Hawaiian households.

Tasks and Activities:

- a. Continue to work with and/or fund eligible entities to provide financial literacy education and counseling, home buyer education, and foreclosure prevention to eligible native Hawaiian households including Undivided Interest Lessees, delinquent lessees, and any beneficiary utilizing NHHBG-funded activities.
- b. Continue to work with and/or fund eligible entities to provide home maintenance and/or self-help home repair training programs to eligible native Hawaiian households.
- c. Provide support or funding for other eligible educational or training programs to eligible native Hawaiian households.

Goal No. 6: Increase administrative capacity of DHHL to implement and monitor NHHBG programs.

Objective 6A: Comply with both state and federal requirements in the administration of the NHHBG and ensure adequate organizational capabilities to manage the various NHHBG programs, properties, and assets on Hawaiian home lands.

Tasks and Activities:

Exempt from OMB approval. 5 CFR 1320.3(4) (c).

- a. Ensure that NHHBG programs are adequately staffed.
- b. Work with ONAP staff to ensure appropriate training for DHHL staff and sub-recipients for the administration of NHHBG programs.

Objective 6B: Establish collaborative partnerships to address affordable housing needs.

Tasks and Activities:

- a. Engage local lenders to utilize the 184A guaranteed loan as another lending product.
- b. Work with identified agencies who received settlement monies from the Department of Treasury to assist our eligible beneficiaries.
- c. Continue to attend meetings of the Governor's Hawaii Interagency Council on Homelessness to maintain awareness of the homeless issue.

2. STATEMENT OF NEEDS - A statement of the housing needs of the low-income Native Hawaiian families served by the DHHL, and the means by which such needs will be addressed during the period covered by the plan, including a description of:

- a. **The estimated housing needs and the need for assistance for the low-income Native Hawaiian families to be served by the DHHL, including a description of the manner in which the geographical distribution of assistance is consistent with the geographical needs of those families, and the need for various categories of housing assistance.**

The Hawaiian Homes Commission Act of 1920, as amended, established the Hawaiian Home Lands Trust and defined the population eligible to reside on Hawaiian home lands as those native Hawaiians with at least 50% Hawaiian blood and their successors or assignees of less than 50% Hawaiian blood. With approximately 8,350 leases on homesteads stretching from Hawaii Island unto Kauai, the Department of Hawaiian Home Lands was created to assist the commission meet its fiduciary obligations.

In 2003 and 2008, DHHL contracted with SMS Research & Marketing Services, Inc. (SMS) to update the Beneficiary Needs Survey conducted in 1995. While a new study is being procured for later this year, for the purposes of this plan information will be utilized from the 2008 study which addresses both DHHL beneficiaries and applicants. The native Hawaiian subset for the purpose of this plan is determined as follows:

8,350	Lessees residing on the DHHL lands — as of November 1, 2012 ²
42,428	Applicants — Unduplicated wait list as of June 30, 2012 ³
50,778	Total native Hawaiian individuals/households

By applying the SMS 2008 Beneficiary/Applicant Study and the SMS 2006 Applicant Study percentage estimates, we anticipate the following NAHASDA eligible native Hawaiian households as follows:

4,259	Lessees residing on the DHHL Lands – 8,350 x 51%
19,517	Applicants – 42,428 x 46% (to determine 80% AMI)
<u>17,528</u>	<u>Potential Applicants – 32,460 (SMS 2006 Study) x 54%</u>
41,034	Total native Hawaiian households eligible for NAHASDA

If we extrapolate and say that the average DHHL turnkey home is \$350,000, then the sufficient funding amount for NAHASDA would look like this:

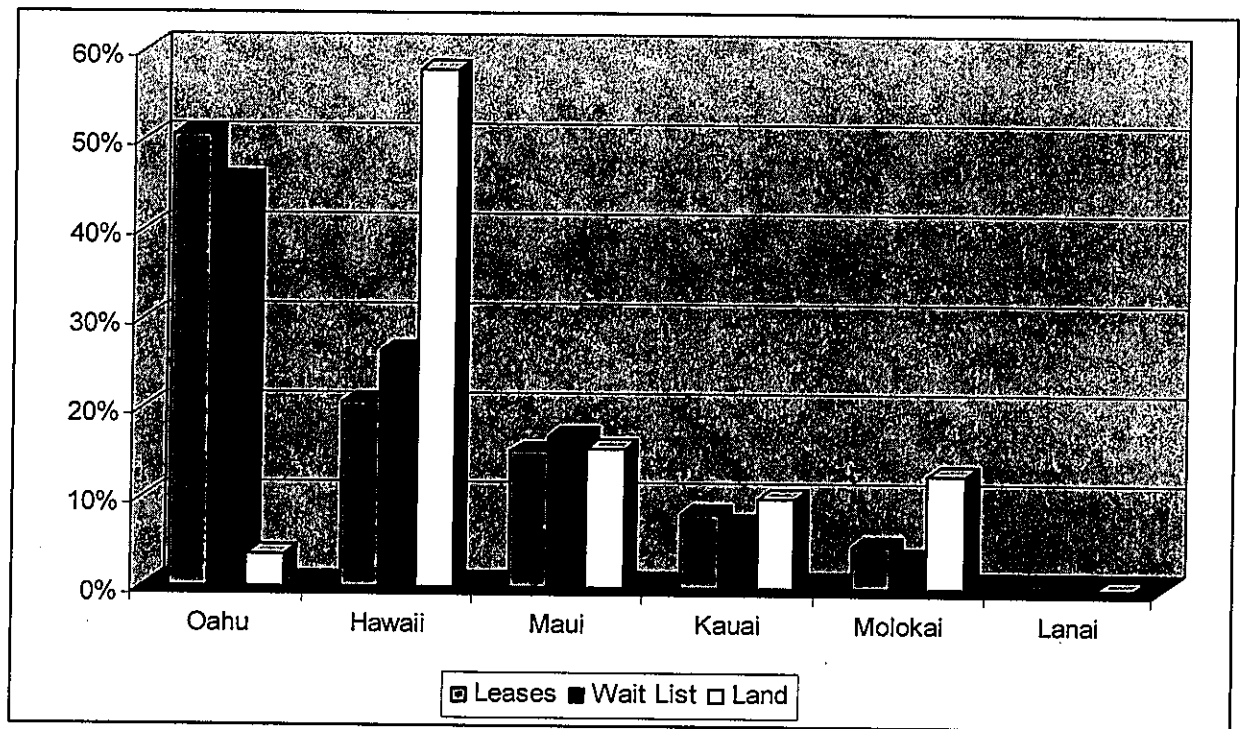
19,517	Applicants – 42,428 x 46%
<u>17,528</u>	<u>Potential Applicants – 32,460 (SMS 2006 Study) x 54%</u>
37,045	x \$350,000 =
\$12,965,750,000.00	sufficient funding from NAHASDA

² Includes lessees residing on residential, agricultural and pastoral lots, one lessee per lease, one house per lease/lot, as applicable.

³ DHHL website, PDF Applicant Wait List as of June 30, 2013.

Geographical Distribution

According to the 2000 Census, 73% of the state's population resides on the island of Oahu. Likewise, approximately 63% of all Native Hawaiians⁴, 62% of all DHHL applicants, 64% of all DHHL potential applicants⁵ in the state reside on the island of Oahu. Since the bulk of the home lands are found in rural areas such as the outer islands of Hawaii, Maui, Molokai, Kauai and Lanai, the land distribution of Hawaiian home lands does not support the geographical distribution of native Hawaiian households and their demands for residential leases. The lessee, wait list and actual acreage distribution are as follows:



Island	Residential Leases as of 11/01/2012		Residential Wait List as of 06/30/2012		Home Land Acreage as of 2012 Annual Report	
	Number	Percent	Number	Percent	Number	Percent
Oahu	4,196	50.4%	9,965	46.3%	7,495	3.69%
Hawaii	1,723	20.7%	5,584	26%	117,550	57.84%
Maui	1,279	15.4%	3,592	16.7%	31,796	15.65%
Kauai	697	8.4%	1,559	7.2%	20,565	10.12%
Molokai	396	4.8%	747	3.5%	25,769	12.68%
Lanai	29	0.3%	64	0.3%	50	0.02%
Total	8,320	100.00%	21,511	100.00%	203,225	100.00%

Although the DHHL has prioritized development and awards of new residential leases based on applicant preferences, it has not been able to keep up with the demand for residential parcels on the island of Oahu since the distribution of home lands does not follow the population and applicant distribution patterns. This issue has created

4 Taken from Aloha Counts by County, Alu Like 2003

5 Taken from SMS 2006 Study

additional challenges as needed resources are expended to acquire lands on Oahu to meet the stated demand. On the outer islands, where land is more remote and more costly to develop, additional costs are incurred in order to prepare the lands for residential use.

Low Income Housing Needs

For low-income native Hawaiian households (those making less than 80% of area median income), housing needs are severe with 68% of these households experiencing some kind of housing problem such as affordability, overcrowding, structural quality, availability or some combination of these problems. For very low-income households (those making less than 50% of area median income) the needs are even more severe with nearly 75% of the households in this category facing some kind of housing problem. While housing needs are serious for the native Hawaiian population as a whole, the situation is even more critical for the low- and very low-income native Hawaiian households. The percentage of low-income native Hawaiian households that experience housing problems is more than double the percentage of native Hawaiian households as a whole with housing problems — 68% versus 27%. For very low-income native Hawaiian households, this percentage is almost triple — 75% versus 27%.

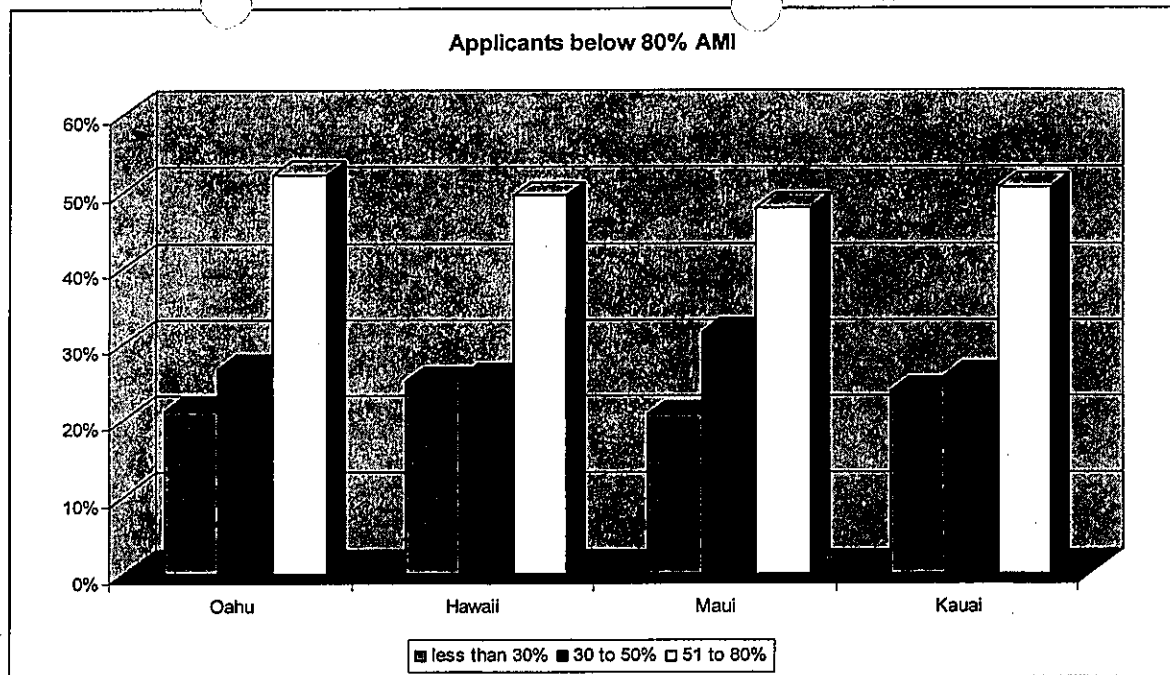
Addressing the Needs

Given these housing needs, the DHHL will focus the use of the NHHBG funds on increasing the supply of affordable housing units or to rehabilitate existing units to relieve some of the overcrowding pressures and substandard living environments experienced in many low-income native Hawaiian households. In addition, the DHHL will support healthy and safe communities, empower resident organizations and promote self-sufficiency for native Hawaiian families. Likewise, the DHHL will focus on developing the capacity of resident organizations and partnering entities (i.e. non-profit entities) in order for them to successfully apply for and administer NHHBG funds.

Based on SMS 2008 Applicant Study, at least half (50.8%) of all applicants that are at or below 80% AMI, fall in the 51% - 80% range, just under 30% fall in the 30% - 50% AMI range, and approximately 22% fall in the less than 30% AMI range.

Applicant Data

Income	Oahu	Hawaii	Maui	Kauai	Total
less than 30%	21.2%	25.0%	20.7%	23.7%	22.0%
30 to 50%	26.7%	25.6%	31.5%	25.8%	27.3%
51 to 80%	52.1%	49.5%	47.8%	50.5%	50.8%
Total 80% and below	100.0%	100.0%	100.0%	100.0%	100.0%



Recognizing the need to assist beneficiaries to prepare for homeownership, the DHHL is funding a program to prepare native Hawaiians on the waiting list for homeownership and to assist those already residing on Hawaiian home lands that are in financial crisis as of June 30, 2013. The program, modeled after the former Home Ownership Assistance Program, will offer pre-homeownership and foreclosure prevention services (financial literacy). Pre-homeownership services will include classes on the Hawaiian Homes Commission Act, Hawaiian genealogy, mortgages, budgeting and saving, and debt management. Case management will be provided for those individuals that require additional follow up and/or ongoing counseling services. For families that are in financial crisis, the new program will provide foreclosure prevention services that include individual case management, budget review and counseling, and credit counseling/debt consolidation assistance, as warranted. Initial targets include the Undivided Interest Lessees and 105 of the most chronic delinquent lessees. In terms of the latter target group, the goal is for these families to re-finance with an external lender within three years of beginning the program.

There are currently 6 undivided interest programs statewide with a total of 1,424 initial awards, in the following areas:

1. Waiohuli - Kula, Maui - 320 leases awarded June 2005.
2. La'i 'Ōpua Villages 4 & 5 - Kealahou, Hawai'i - 300 leases awarded October 2005.
3. Pi'ilani Mai Ke Kai - Anahola, Kauai - 160 leases awarded April 2006.
4. Kumuhau & Kaka'ina Streets - Waimānalo, Oahu - 99 leases awarded July 2006.
5. Kānehili (East Kapolei I) - Kapolei, Oahu - 349 leases awarded October 2006.
6. East Kapolei II - Kapolei, Oahu - 196 leases awarded January 2009.

b. The estimate of housing needs for all Native Hawaiian families to be served by the DHHL.

In 1995, HUD conducted a study of the housing needs for the native Hawaiian population. This study, entitled Housing Problems and Needs of Native Hawaiians, represents the most comprehensive information on the topic of housing needs for native Hawaiians. The following information is pulled from this source unless noted otherwise. The SMS surveys done in 2003, 2006 and 2008 will be used to update the HUD study where data is available.

Population

Although Hawaiian home lands are found only in the State of Hawai'i, Native Hawaiians are found throughout the United States. In 2000, the population of Native Hawaiians, as reported by the U.S. Census, totaled more than 400,000. Approximately 239,655 Native Hawaiians, or almost 60%, reside in the State of Hawai'i.

As stated earlier, for the purposes of this plan, a population of 50,778 is used to represent the native Hawaiian population. This number reflects the number of existing lessee households residing on the DHHL lands as of November 2012, applicants on the DHHL waitlist as of June 30, 2012, and potential applicants based on the SMS 2006 survey data (individuals who indicated that they were 50% or more native Hawaiian and were NOT a DHHL applicant or lessee).

Age, Education, Size of Households

According to the 2000 Census, formal education levels are lower for native Hawaiians with only 15% of native Hawaiians on home lands graduating from any level of college compared to 34.3% of the general population in the State. Likewise, nearly 20% of native Hawaiians on home lands do not have high school diplomas as opposed to 15% of the general population of the state.

According to the 2008 SMS Applicant Study, 16.6% of applicants that are below 80% AMI do not have high school diplomas and 47.8% have only a high school diploma. That is, more than half (64.4%) of DHHL applicants that are at or below 80% AMI have a high school diploma or lower. About one fourth (24.6%) of applicants at or below 80% AMI have some college experience and a mere 11% have a bachelors degree or higher (9% with BA, 1% with some post-grad education, and 1% with a Masters or PhD)

The 2000 Census also indicates that native Hawaiians residing on home lands are slightly younger and their families are slightly larger than the larger population in the State. The median age for native Hawaiians is 32 years as opposed to the larger population with a median age of 36 years. Also, about 64% of all lessee households had one or more children present according to the SMS 2006 survey data — 22% of these households had 2 to 3 children and 13% had 4 or more children. In contrast, only 25% of non-native households had children in the home. Based on special tabulations compiled by Alu Like, Inc. in 2003 (using 2000 Census data), the average DHHL native Hawaiian household size was 4.15 as compared to an average household size of 3 for the larger population in the State of Hawai'i⁶. More recent studies by SMS (Applicant/Beneficiary Study 2008)

⁶ Alu Like Inc., "Profiles of Homestead Communities within the Hawaiian Home Lands", compiled in 2003

suggest an average DHHL lessee household size of 4.26⁷ and applicant household size of 4.04⁷. Exempt from OMB approval. 5 CFR 1320.3(4) (c).

In addition, native Hawaiian households tend to include more than one family, often multigenerational. The SMS 2006 survey documents that this is particularly true on the home lands where 26.6% of the households include more than one family compared to 6.3% of non-native Hawaiian households in the State. In general, about 20% of all native Hawaiian households include multigenerational family members (19.5% for native Hawaiian households below 80% median income and 18.6% for native Hawaiian households over 80% median income) compared to about 7% for non-native households (6.3% and 7.2% respectively for similar income levels). Lessee households were also more likely to have 8 or more family members (14%) as opposed to applicant households (9%) or non-Hawaiian households (1%).

Furthermore, approximately 22.2% of native Hawaiian households at or below 80% of area median income levels are living in *crowded* conditions⁸ vs. 8% of the non-native Hawaiian households at the same income levels. Likewise, 7.6% of native Hawaiian households at or below 80% of area median income levels are living in *severely crowded* conditions⁹ vs. 4.4% of the non-native Hawaiian households at the same income levels.

Tenure and Housing Stock

While homeownership rates in Hawai'i are typically lower than the U.S. as a whole, homeownership rates for native Hawaiians residing in urban Hawai'i are particularly low. Only 38% of native Hawaiians own their home in urban Honolulu, compared to 48% for non-native Hawaiians. This disparity continues in other urban areas of the State where 51% of native Hawaiians own their homes compared to 60% for non-natives.

The tenure rates are dramatically different on Hawaiian home lands where nearly 100% of the units are owner-occupied. However, according to the SMS 2006 study, approximately 44% of all native Hawaiian households in the state were renters as compared to approximately 37% of non-native Hawaiian households. However, of all **applicant** households at or below 80% area median income, approximately 63% were renters. Likewise, of all **potential applicant** households at or below 80% area median income, approximately 57% were renters. This is quite different from those households that were non-native Hawaiian at or below 80% area median income in which approximately half (49%) were renters. In any case, native Hawaiian households, and specifically low-income native Hawaiian households, are more likely to be renters and less likely to own their own homes.

Additionally, native Hawaiians are more likely to reside in older housing units. Approximately 30% of native Hawaiians reside in units built before 1960 compared to 26% of the non-native Hawaiian population in the State. For native Hawaiians residing in urban Honolulu, the difference is even more severe with 45% of native Hawaiians residing in units built before 1960 compared to 29% for non-natives. According to the SMS 2006 survey and with specific regard to the DHHL lessees, approximately 24.4% of

⁷ These more recent household size averages were used for the purpose of this plan.

⁸ more than 1.01 persons per room

⁹ more than 1.59 persons per room

native Hawaiian households at or below 80% of area median income levels are residing in homes built prior to 1960 (approximately 510 homes). Exempt from OMB approval. 5 CFR 1320.3(4) (c).

In addition, native Hawaiian homeowners are more likely to live in single-family dwellings, 90% of native Hawaiian owners compared to 79% for non-native owners. This preference for single family homes is also true for native Hawaiian renters who tend to live in single-family dwellings at higher rates than non-natives.

Income

Native Hawaiian households are more likely to be very low-income than non-native Hawaiian households. Owner households on Hawaiian home lands are among the poorest of native Hawaiian households with approximately 25% having income at or below 50% of the area median. Applicant households fair no better with approximately 22% of all applicant households having income at or below 50% of the area median¹⁰.

Data compiled from the 2008 Beneficiary/Applicant Study¹¹ indicates that at least half (50.9%) of the households on Hawaiian home lands and just under half (46.4%) of applicant households were at or below 80% Area Median Income (AMI) levels, and data from the 2006 Housing Policy Study indicated that just over half (53.5%) of potential DHHL applicant households (respondents of 50% or more Hawaiian ancestry who were not applicants or lessees at the time of the survey) were at or below 80% of AMI levels.

	<u>Household Income</u>	<u>Honolulu</u>	<u>Hawaii</u>	<u>Kauai</u>	<u>Maui</u>	<u>State</u>
<u>Lessees</u>	less than 30%	12.2%	9.9%	9.1%	11.5%	10.9%
	30 - 50%	17.6%	18.4%	9.6%	14.2%	15.7%
	51 - 80%	23.7%	23.1%	25.1%	29.2%	24.3%
	Total Below 80% AMI	53.5%	51.4%	43.8%	54.9%	50.9%
	<u>Household Income</u>	<u>Honolulu</u>	<u>Hawaii</u>	<u>Kauai</u>	<u>Maui</u>	<u>State</u>
<u>Applicants</u>	less than 30%	9.8%	10.8%	10.6%	11.2%	10.2%
	30 - 50%	12.4%	11.0%	16.1%	12.1%	12.6%
	51 - 80%	24.1%	21.4%	24.5%	23.8%	23.6%
	Total Below 80% AMI	46.3%	43.2%	51.2%	47.1%	46.4%

For the DHHL lessee, this is a decrease from the 2006 Housing Policy Study that indicated approximately 69% of lessee households were at or below 80% of AMI in 2006.

This could be a result of the increase in new homes that are being built on Hawaiian Home Lands of which only an estimated 20% are occupied by NAHASDA eligible families. For the DHHL applicant, the 46.4% is comparable to the 44.1% reported previously suggesting minimal change in income levels for the applicant population.

According to the SMS 2006 study, approximately 31% of all native Hawaiian households have incomes less than 50% of the area median compared to 24% of non-native Hawaiian households. For those native Hawaiian households that occupy their homes without payment, approximately 89% have incomes less than 80% of the area median compared to

10 Applicant Data does not distinguish between owner vs. renter households.

11 SMS Special Tabulations run 5/31/2011, Income Data by County and by Status. Percentages consider non-respondent data in calculation method.

41% of non-native households. Of the households with seniors (62 years of age or older), 75.8% of DHHL lessees, 36.3 % of DHHL applicants, and 48.9% of potential applicants were at or below 80% AMI.

Additionally, according to the State Department of Health's, Hawai'i Health Survey 2005, native Hawaiian households are more likely to be "poor" (below poverty levels) or "near poor" (100% to 199% of poverty levels) than non-native households. That is, approximately 9% of native Hawaiian households reside below poverty levels and approximately 19% reside at the near poor levels as compared to approximately 7% and 13% respectively for non-native households.

Likewise, shelter-to-income ratios are much higher for the native Hawaiian household in that approximately 45.5% of all native Hawaiian households at or below 80% of area median income levels pay over 40% of their monthly income toward their shelter costs. As would be expected, this percentage is significantly lower for the DHHL lessee (same income levels) at 12.3% due to the affordable homeownership options available to them. Nonetheless, 43.1% and 48.9% of the DHHL applicant households and potential applicant households pay over 40% of their monthly income toward shelter costs. In contrast, only approximately 36.3% of non-native households at or below the 80% income threshold pay over 40% of their monthly income toward shelter costs.

3. FINANCIAL RESOURCES- An operating budget for the DHHL, including:

An identification and a description of the financial resources reasonably available to DHHL to carry out the purposes of the Hawaiian Homelands Homeownership Act of 2000 (HHHA), including an explanation of the manner in which amounts made available will be used to leverage additional resources; and DHHL trust funds will be used to augment all programs for beneficiaries who are not eligible for NAHASDA.

Operating Budget for NHHBG Programs:	
NHHBG Block Grant (Title VIII) Program	\$12,035,714.00
Program Income (Projected to 6/30/14)	\$432,000.00
Total Available	\$12,467,714.00
Development/Infrastructure	\$3,000,000.00
Loan Programs	\$1,899,172.00
Grants/Subsidies	\$2,000,000.00
Housing Services	\$1,000,000.00
Crime Prevention & Safety	\$75,000.00
Model Activities	\$2,000,000.00
Administration & Planning	\$2,493,542.00
Total Available	\$12,467,714.00

The following programs are utilized on Hawaiian home lands: private sector lending for interim construction and permanent mortgage financing; FHA Section 247 insured loans; Section 184A; Veterans Affairs direct loans; Rural Development (U.S. Department of Agriculture) programs; Community Development Block Grant funding; Habitat for Humanity; and other State, local and non-profit resources. DHHL continues to actively

seek opportunity to leverage NAHASDA funding with other Federal, State, County and private resources either through expanding programs that currently operate on Hawaiian home lands or by seeking new opportunities with different funding partners.

There are currently three approved lenders for the Section 184A loan program: Home Street Bank, Bank of Hawai'i and Bank2 (refinance of existing portfolio only).

The uses to which such resources will be committed, including eligible and required affordable housing activities, and administrative expenses.

NHHBG Block Grant (Title VIII) Program:

		<u>Goal Number</u>
Development/Infrastructure	\$3,000,000.00	Goal Number 1
Loan Programs	\$1,899,172.00	Goal Number 1, 2 & 3
Grants/Subsidies	\$2,000,000.00	Goal Number 1, 2, & 3
Housing Services	\$1,000,000.00	Goal Number 3, 4 & 5
Crime Prevention & Safety	\$75,000.00	Goal Number 4
Model Activities	\$2,000,000.00	Goal Number 4
<u>Administration and Planning</u>	<u>\$2,493,542.00</u>	<u>Goal Number 6</u>
Total Available	\$12,467,714.00	

4. AFFORDABLE HOUSING RESOURCES - A statement of the affordable housing resources currently available at the time of the submittal of the plan and to be made available during the period covered by the plan, including a description of:

- a. **The Significant Characteristics of the Housing Market in the State of Hawai'i, including the availability of housing from other public sources and private market housing; and the manner in which the characteristics influence the decision of the DHHL to use grant amounts to be provided under this Act for rental assistance, the production of new units, the acquisition of existing units, or the rehabilitation of units;**

High Cost of Housing

Wages remain relatively low in Hawai'i making housing affordability a major issue for residents of the state. Because wages remain low, families living in Hawai'i often work more than one job to make ends meet. The SMS Study of 2006 indicated that 44% of all households in the state were at or below 80% of median income. According to the same report, even families with household incomes between 120% and 140% of median income in Hawai'i require affordable housing units given the high costs of housing.

Almost one fourth (22.7%) of all Hawai'i residents pay over 40% of their monthly household income toward their shelter costs and approximately one third (34%) pay over 30% of their monthly household income toward their shelter costs. However, when examined closer it is clear that those households with income levels below 80% of the area median income are more likely to be paying over 30% of their household income toward shelter costs. More specifically, for all households in the state that are at or below 80% of area median income levels, about half (52.22%) pay over 30% of their monthly income toward shelter costs and approximately 38.33% pay over 40% of their monthly

income toward shelter costs. As stated previously, shelter income ratios are higher for native Hawaiian households in that 45.5% pay over 40% of their monthly household income toward their shelter costs whereas only 36.6% of non-native households pay over 40% of their monthly household income toward shelter costs.

The National Low Income Housing Coalition, in it's "Out of Reach 2007 – 2008" report, named Hawai'i as the most expensive state as ranked by the "two-bedroom housing wage rate", the wage required (\$29.02) in order for a two-bedroom unit to be affordable (30% or less of income). Additionally, it would require several wage earners at either the \$7.25 (state minimum wage) or the \$12.42 (average wage of a renter) in order to keep rental costs "affordable" (30% of income). Hawaii's state minimum wage has not increased since 2007.

Minimum Wage

Date	State	Federal
9/1/1997		\$5.15
1/1/2002	\$5.75	
1/1/2003	\$6.25	
1/1/2006	\$6.75	
1/1/2007	\$7.25	
7/24/2007		\$5.85
7/24/2008		\$6.55
7/24/2009		\$7.25

The following table is based on the Fair Market Rent for a two bedroom apartment and the wage required to maintain that level of rent and utilities without paying more that 30% of income on housing in Hawai'i. It should be noted that the number of hours required at both the "minimum wage" and the "average wage" assumes that earners work a 40 hour work week for 52 weeks per year.

	Fair Market	Wages Required for Affordability			Minimum Wage		Average Wage	
	2 bed room	Annual	Monthly	Hourly	# of Hours	# of Earners	# of Hours	# of Earners
State	\$1,509.00	\$60,355.00	\$5,029.58	\$29.02	160	4	93	2.3
Hawai'i	\$998.00	\$39,920.00	\$3,326.67	\$19.19	106	2.6	71	1.8
Maui	\$1,316.00	\$52,640.00	\$4,386.67	\$25.31	140	3.5	80	2
Oahu	\$1,630.00	\$65,200.00	\$5,433.33	\$31.35	173	4.3	98	2.5
Kauai	\$1,183.00	\$47,320.00	\$3,943.33	\$22.75	126	3.1	83	2.1

According to Universal Living Wage¹², the 2010 fair market rent for a 2 bedroom for Honolulu has increased as noted below, and as compared to the 2008 data provided above.

METROPOLITAN FMR AREAS	LIVING WAGE (\$/hour)		FAIR MARKET RENT (\$/month)				
	0 BR	1 BR	0 BR	1 BR	2 BR	3 BR	4 BR
Honolulu, HI MSA	\$22.90	\$26.87	\$1,191.00	\$1,397.00	\$1,704.00	\$2,473.00	\$2,767.00

NONMETROPOLITAN COUNTIES	LIVING WAGE (\$/hour)		FAIR MARKET RENT (\$/month)				
	0 BR	1 BR	0 BR	1 BR	2 BR	3 BR	4 BR
Hawaii County, HI	\$15.73	\$18.88	\$ 818.00	\$ 982.00	\$1,102.00	\$1,554.00	\$1,703.00
Kalawao County, HI	\$18.88	\$21.77	\$ 982.00	\$1,132.00	\$1,330.00	\$1,681.00	\$1,914.00
Kauai County, HI	\$18.13	\$20.42	\$ 943.00	\$1,062.00	\$1,399.00	\$1,756.00	\$1,911.00
Maui County, HI	\$23.21	\$25.71	\$1,207.00	\$1,337.00	\$1,555.00	\$2,081.00	\$2,228.00

Influence of Housing Market Characteristics

To offset the relatively high cost of housing (purchase or rental) in Hawai'i, the DHHL strives to provide housing at affordable prices. This situation has caused DHHL to put additional effort into alternative house construction methods (interim construction financing, Habitat, Modified-Self Help, etc.) to help reduce the housing costs to beneficiaries.

<u>Area</u>	<u>DHHL Min</u>	<u>DHHL Max</u>	<u>DHHL Average</u>	<u>Market¹³</u>	<u>Percent Less</u>
Oahu	\$197,500	\$360,000	\$278,750	\$592,750	53%
Maui	\$250,000	\$350,000	\$300,000	\$460,000	35%
Moloka'i	\$120,000	\$250,000	\$185,000	\$450,000	59%
Lana'i	\$140,000	\$310,000	\$225,000	\$268,000	16%
Hawai'i	\$145,000	\$325,000	\$235,000	\$255,000	8%
Kauai	\$150,000	\$270,000	\$210,000	\$475,000	56%
Statewide ¹⁴	\$167,083	\$310,833	\$238,958	\$416,792	43%

The DHHL will continue to focus the use of NHHBG funds on the development of additional affordable units to provide homeownership opportunities for eligible native Hawaiian families, to rehabilitate existing housing units for eligible native Hawaiian families, and to relieve overcrowding in eligible native Hawaiian households. In many cases, families that purchasing a home on Hawaiian home lands will be paying less in monthly mortgage payments than they currently pay for rent. In addition, by providing affordable housing units on Hawaiian home lands for eligible native Hawaiian families, other public sector housing units currently housing these families will be freed up for non-native families.

Currently, DHHL strives to offer a more affordable homeownership option to potential DHHL applicants than what the current market offers. However, as home prices drop

¹² www.universallivingwage.org

¹³ Market rates reflected for 2010

¹⁴ Statewide estimates are based on average amounts per each column

(resale of existing single family homes in the private sector/fee simple market) and the cost of building new homes increases for DHHL, the challenge for DHHL will be to continue to find affordable alternatives for our most needy families (30% - 50% below AMI). Current homeownership opportunities are available as owner-builder (vacant lot), turn key (developer built), or self-help units. Generally speaking, families between 50% AMI and 80% AMI, with good credit and steady income/repayment ability, will typically qualify for DHHL turn key products and families between 30% AMI and 50% AMI will typically qualify for DHHL self help products¹⁵. The DHHL will continue to offer NHHBG down payment assistance to eligible households in order to assist families with their home purchase in addition to creative financing products that will lower/defer principal and/or purchase for an identified period.

Composition of DHHL Applicants

The following data is based on the SMS 2008 Beneficiary/Applicant Study:

- Approximately 46.4% of all Applicants (42,428) are at or below 80% AMI - or an estimated 19,517 households.
- Of the 19,517 households, approximately 49.2% are currently renters - or an estimated 9,563 - all of whom are spread across the state. This data understates the actual amount of need due to the "marginally housed" individuals, families or individuals that are doubled up within, or on the outskirts of, the homes of other households/family members.
- Only a mere 4.4% of applicants below 80% AMI are interested in purchasing a townhome or condominium - approximately 1,697 individuals across the state.
- Approximately 67.1% of applicants below 80% AMI would prefer a turn-key single family home offered by DHHL vs. vacant lot with infrastructure improvements (16.8%), a townhome (2.5%), a condominium (1.9%), undivided interest (2.9%), or an apartment for seniors (2.1%)¹⁶.
- Approximately 59.8% of applicants below 80% AMI currently reside in single family detached homes,¹⁷ which may be why applicants, in general, prefer single family homes over apartments and condos, as offered by DHHL.
- At least three fourths (76.2%) of Applicants below 80% AMI indicate that they could not afford to qualify for their last offer; herein lies the disconnect between what people want and what people can afford. Also interesting to note that this data contradicts the "location" data above.

In summary, DHHL applicants that are NHHBG eligible are most interested in turn key single family homes however, there is insufficient data to assess the actual ability of these families to afford a turn key single family home based on their current financial situation and it is likely that whatever decision they make regarding a lease award on HHL, location is an important factor.

¹⁵ Please note that even though these families may "typically" be qualified to purchase the products referenced, the current economic climate that the state is facing is making it difficult to find qualified buyers for all products.

¹⁶ All options were "ownership" vs. "rental"

¹⁷ Distinction between rental single family home vs owned single family home not available.

- b. **The Structure, Coordination, and Means of Cooperation between the DHHL and any other governmental entities in the development, submission, or implementation of the housing plan, including a description of the involvement of private, public, and nonprofit organizations and institutions; the use of loan guarantees under section 184A of the Housing and Community Development Act of 1992; and other housing assistance provided by the United States, including loans, grants, and mortgage insurance;**

Due to time constraints, an informational survey was mailed to the members of the leadership groups that represent the Hawaiian homesteads and the organization representing applicants on the waitlist. As of this writing, no responses were received. However, extensive beneficiary consultation occurred during the development of the Island and Regional Plans (Oahu is ongoing) and information regarding community priorities was extracted from those plans to align with the goals and objectives in this plan.

It should also be noted that since the community organizations are grassroots based and operated strictly on a volunteer basis, very few community organizations have submitted grant applications to date. As a result, the DHHL intends to provide a more stream-lined application process in an effort to empower communities and increase community involvement in the development of the NHHP and implementation of NHHBG programs and/or look at other creative way to incorporate their suggestions into the NHHP.

Because the State of Hawai'i and County housing agencies have homeless programs, DHHL does not plan to duplicate these programs on Hawaiian home lands at this time. Instead, DHHL will concentrate on keeping homes affordable for ownership and utilizing the NHHBG to provide homeownership education, counseling, down payment assistance grants, rehabilitation and/or replacement homes, low-interest/no-interest loans, and IDAs, to provide opportunities for eligible native Hawaiian families to have affordable monthly mortgage payments.

A copy of the 2013 NHHP will be sent to the Housing Directors in the State, listed below:

- Hawai'i's local HUD office
- United States, Department of Agriculture, Rural Development (RD)
- Hawai'i Housing Finance and Development Corporation of Hawai'i (HHFDC)
- Counties of Hawai'i, Kauai, Maui and City and County of Honolulu
- Office of Hawaiian Affairs (OHA)

A copy of the 2013 NHHP will also be sent to the Hawaiian Service Institutions and Agencies (HSIA). Members of the organization are:

- Queen Liliuokalani Children's Center – A private, non-profit social service organization for Hawaiian orphan and destitute children;
- Lunalilo Home – A trust that strives to respect each resident's dignity, while providing them a high quality of elderly care services in a loving, family home environment;
- Queen Emma Foundation – A non-profit organization whose mission is to support and advance health care in Hawai'i, primarily through The Queen's Medical Center;

- ALULIKE, Inc. – A private, non-profit, community-based multi-service organization serving Native Hawaiians in their efforts to achieve social and economic self-sufficiency;
- Kamehameha Schools – A trust that exists to carry out in perpetuity the wishes of Princess Bernice Pauahi Bishop to educate children and youth of Hawaiian ancestry;
- Office of Hawaiian Affairs (OHA) – A trust whose mission it is to protect Hawai'i's people and environmental resources and OHA's assets, toward ensuring the perpetuation of the culture, the enhancement of lifestyle and the protection of entitlements of Native Hawaiians, while enabling the building of a strong and healthy Hawaiian people and nation, recognized nationally and internationally;
- Bernice Pauahi Bishop Museum – The State Museum on Natural and Cultural History; its mission is to record, preserve and tell the stories of Hawai'i and the Pacific, inspiring its guests to embrace and experience Hawai'i's natural and cultural world; and
- Papa Ola Lōkahi—A non-profit organization formed to address the health care needs of the Native Hawaiian people.

Additionally, the 2013 NHHP will be provided to DHHL Administrators for review and input as well as posted on the DHHL website for the public to view and comment.

Section 184A Loan Guarantee Program

The Section 184A Loan Guarantee Program, which is similar to the Section 184 Loan Guarantee Program giving Native Americans access to private mortgage financing by providing loan guarantees to lenders, was implemented in 2007. Currently, Home Street Bank and Bank of Hawai'i are approved lenders for the Section 184 A loan program.

Other Federal Housing Assistance

DHHL has been utilizing the FHA 247 loan program since 1987. Almost \$390 million in mortgage loans are outstanding through the FHA 247 loan program to lessees on Hawaiian home lands. Also available is the FHA 203K program for rehabilitation of homes. The Veterans Affairs direct loan, Rural Development (U.S. Department of Agriculture) loan programs, Federal Home Loan Bank (Seattle) Affordable Housing Program grants and low-income housing tax credits are other financing options and tools utilized on Hawaiian home lands.

In addition to these federal loan products, the DHHL has entered into agreements with Hawai'i banks for conventional loan products on Hawaiian Home Lands.

c. The Manner in Which Plan Meets Needs section in paragraph 2 above.

The proposed activities include new construction to increase the supply of affordable housing; housing rehabilitation, repair, or renovation to alleviate substandard conditions, overcrowding and/or address energy efficient technology; homeownership counseling and education programs that accommodate a wide spectrum of income levels, credit worthiness, mortgage readiness, and home repair and maintenance needs; grant and loan programs to ensure that mortgage closing costs are manageable, that down payment needs and requirements are met, and that principal reduction for new construction or replacement homes result in affordable monthly payments to participating families.

- d. **Any Existing and Anticipated Homeownership Programs and rental programs to be carried out during the period, and the requirements and assistance available under such programs.**

Existing and Anticipated Housing Assistance

DHHL's mission is to manage the Hawaiian Home Lands trust effectively and to develop and deliver lands to native Hawaiians. This is accomplished through the construction of off-site and on-site improvements to enable the development of residential, agricultural and pastoral lots for homesteading. The existing and anticipated housing assistance includes, but is not limited to:

- Self-help construction of homes, usually in partnership with Habitat for Humanity and their affiliates. This method requires the participating family to partner with the Habitat affiliate and make a commitment of up to 700 hours, depending on the affiliate, of sweat-equity. The majority of the labor is provided by volunteers. This method allows families that are between 30% and 50% of the AMI, with good credit, to qualify for a new home. The average house price is approximately \$130,000.
- Turn key homes that are subsidized with down payment grants in partnership with USDA Rural Development. This method allows families that are earning between 50% and 80% of the Area Median Income level, with good credit, to qualify for a new developer built home. The average house price is approximately \$280,000.
- Grants to private non-profit and for-profit entities for the development of community based programs (IDA's, financial literacy/counseling, self help home repair, etc.) that are designed to assist low income native Hawaiian households achieve and maintain homeownership.
- Programs to assist existing lessees with early intervention and/or preventative measures such as budgeting, counseling, or temporary mortgage assistance to avoid foreclosure and to keep eligible beneficiaries in their homes.

Additionally, the DHHL will continue to pursue housing that is consistent with the native Hawaiian preference for single-family dwellings and continue to enter into development agreements with developers to build large subdivisions. Based on the percentage of NHHBG funds utilized in the cost of the projects, a corresponding percentage of lots will be reserved for low-income families. In addition, funds may be set aside for down payment assistance, subsidies and/or low-interest or no-interest loans to assist families in achieving their goal of homeownership.

To ensure that families receiving this assistance do not experience windfalls as a result of this assistance, lease amendments are required to document the affordability (retention) period. In the event the lessee terminates the lease, transfers the lease or refinances the loan for an amount greater than the original loan amount for reasons other than capital improvement to the property, a portion of the grant must be repaid if the new lessee is not income eligible at the time of the transaction. However, in the event the original lessee dies, the affordability period may terminate.

Existing Rental Projects

There are two existing rental projects in DHHL's inventory. One is an elderly rental project called Kūlanakauhale Maluhia O Nā Kūpuna in Waimānalo, Oahu, consisting of 84 one-bedroom, one-bath units. The project utilized low-income housing tax credits was developed by Pacific Housing Assistance Corporation and is managed by Prudential Locations. Rent is set at the HUD guideline of 30% of household income and the DHHL provides additional subsidies, and priority, for elderly native Hawaiians that are homeless or at-risk of homelessness. This project is designed for independent living. No NHHBG funds were used in this project.

The other rental project is a 70 unit Rent-to-Own project called Ho'olimalima in Kapolei, Oahu. The project was developed in 2001 using Low Income Housing Tax Credits and is managed by Mark Development, Inc. This project targets families with total household income at or below 60% of Area Median Income (AMI). Twenty Eight (28) units were set aside for families below 60% AMI and 42 units were set aside for families below 50% AMI. It is a single-family housing project in which families only pay 30% of their household income in rent for 15 years. At the end of the 15th year, existing tenants have the opportunity to purchase the home at a reduced price (estimated at approximately \$70,000). The project is in its 12th rental year and homes are expected to be conveyed to eligible participants in 2016. No NHHBG funds were used in this project.

The DHHL is currently in the process of conducting a housing survey of which a portion will be dedicated to assessing the rental housing needs of DHHL waitlist applicants. This will help DHHL to assess the existing level of supply and demand for such housing and to better assess DHHL's role in providing rental housing for eligible native Hawaiian households, if any.

- e. **Any Existing and Anticipated Housing Rehabilitation Programs necessary to ensure the long-term viability of the housing to be carried out during the period covered by the plan, and the requirements and assistance available under such programs.**

Existing and Anticipated Housing Rehabilitation Programs

Currently, DHHL provides direct loans for rehabilitation of homes. These loans have a maximum threshold of \$100,000 and are fixed at 0-6% per annum. Although direct DHHL repair loans are available, these loans are usually utilized on re-awards that are in need of repairs and DHHL is seen as a "lender of last resort" in that applicants must be denied outside lending opportunities in order to be eligible. At this time, no new applicants are being considered until the 25+ families inherited from the C&C of Honolulu have been serviced.

The NHHBG repair program was originally established as a loan program with a loan threshold of \$100,000 and interest rates between zero percent (0%) and three percent (3%). Lessees that were elderly (62+) and at or below 50% AMI were provided zero percent (0%) no payment loans that were forgiven at the end of the retention period (comparable to a grant). Repayment was required for all other program participants. Since many of the homes were in such disrepair, and due to the increased costs resulting from Davis Bacon requirements, the original funding threshold of \$50,000 was often

The DHHL anticipates the continuation of these programs and the creation of new programs to address the repair and replacement needs of homes, especially homes in the older Hawaiian home land communities. Those new programs will consider the genealogy of the homesteads in the awarding of repair/replacement homes in the community.

- f. **All Other Existing or Anticipated Housing Assistance provided by the DHHL during the period, including transitional housing, homeless housing, college housing, and supportive housing services; and the requirements and assistance available under such programs.**

The DHHL provides supportive housing services through its Native Hawaiian Development (NHD) Program, which is funded by the DHHL Native Hawaiian Rehabilitation Fund (NHRF). These grants are available to assist homestead communities develop community-based projects that result in education, job preparation and training, recreational activities, health services, farming assistance or legal assistance. Program services are designed to help beneficiary organizations achieve community driven goals and to build organizational capacity at the community level. Additionally, opportunities are provided for individuals to obtain the knowledge and skills necessary to help their organization become self-sufficient.

- g. **Any Housing to be Demolished or Disposed of; a timetable for such demolition or disposition; and any other information required by the Secretary with respect to such demolition or disposition.**

There are no 1937 Act housing on Hawaiian home lands. Other than the two rental projects identified above, all homes are owned by the occupants. The DHHL does not anticipate demolishing any units funded by the NHHBG.

- h. **Coordination with Welfare Agencies in the State of Hawai'i to ensure that residents of the affordable housing will be provided with access to resources to assist in obtaining employment and achieving self-sufficiency.**

The State of Hawai'i Department of Human Services (DHS) administers individual and family financial assistance programs that provide cash payments to help individuals and families meet their basic needs. The programs include Temporary Assistance to Needy Families (TANF), Temporary Assistance to Other Needy Families (TAONF), General Assistance (GA), Aid to the Aged, Blind and Disabled (AABD) and the Food Stamps program. Medical assistance is provided through the Hawai'i QUEST and Medicaid fee-for-services programs. Vocational rehabilitation services are provided to persons with disabilities. Whenever the DHHL staff is made aware of a lessee in need, the families are referred to DHS or to an appropriate non-profit service provider.

- i. **The requirements established by the DHHL to promote the Safety of Residents of the affordable housing; facilitate the undertaking of crime prevention measures; allow resident input and involvement, including the establishment of resident organizations; and allow for the coordination of crime prevention activities between the DHHL and local law enforcement officials.**

The DHHL continues to coordinate efforts with the Police Narcotics Division, the Sheriff's Office and the Attorney General's Office—Investigative Division to do surveillance and to evict the offending occupants whenever there is evidence of drug problems or other crimes in the homestead areas. If investigation results in a conviction, the lessee is taken to a contested case hearing for lease cancellation.

Community meetings are held monthly across the state and in coordination with the Hawaiian Homes Commission meetings. This provides the members of the community to be informed and to provide to voice their concerns to the Commission.

- j. **The entities that will carry out the activities under the plan, including the Organizational Capacity and key personnel of the entities.**

The DHHL was created by the State Legislature in 1960 to administer the Hawaiian home lands program and manage the Hawaiian home lands trust. The DHHL is one of eighteen principal agencies of the Executive Branch of the State of Hawai'i.

The DHHL serves native Hawaiians or individuals of at least 50% Hawaiian blood, as defined by the Hawaiian Homes Commission Act of 1920, as amended, and their successors and assigns. These native Hawaiians are the beneficiaries of the Hawaiian home lands trust consisting of a land trust of over 200,000 acres, settlement monies from the State for the mismanagement of trust lands, funds received from the State general fund for a portion of its operating costs, and revenues and earnings from the land leasing program.

The DHHL is governed by a nine-member board of commissioners headed by the Chairman, who also serves as the executive officer of the DHHL. The Governor of the State of Hawai'i appoints each commissioner and Chairman to a four-year term. The terms of the commissioners are staggered.

Currently, there are 135 full time employees in DHHL with six offices statewide. DHHL's main administrative office is located in Kapolei, Oahu and the five (5) district offices are located on neighbor islands. There are two (2) district offices on the Big Island, one in Hilo (East Hawai'i) and one in Waimea (West Hawai'i), Hawai'i; one (1) district office in Līhu'e, Kauai; one (1) district office in Wailuku, Maui; and one (1) district office in Kalama'ula, Moloka'i. DHHL is organized into five offices and three divisions under the Hawaiian Homes Commission and Office of the Chairman. The various offices and divisions are described as follows:

Office of the Chairman (OCH) — 15 staff members

The Office of the Chairman consists of the Chairman of the Hawaiian Homes Commission, who is also the Director of Department of Hawaiian Home Lands; the

NAHASDA Manager, NAHASDA Program Specialist; and other administrative and support staff. The Enforcement and Compliance Office also fall within the OCH. Exempt from OMB approval. 5 CFR 1320.3(4) (c).

Administrative Services Office (ASO) – 7 staff members

The Administrative Services Office provides DHHL staff support in the areas of personnel, budgeting, program evaluation, information and communication systems, risk management, facilities management, clerical services and other administrative services. This office also provides support services in preparation of legislative proposals and testimonies, coordinates the preparation of reports to the legislature and facilitates the rule-making process.

Fiscal Office (FO) – 14 staff members

The Fiscal Office provides accounting support for DHHL. One accountant is dedicated to the NHHBG.

Planning Office (PO) - 6 staff members

The Planning Office conducts research and planning studies required in the development of policies, programs, and projects to benefit native Hawaiians. The PO coordinates and develops the Regional Plans, administers the Native Hawaiian Development Program, provides capacity building training for homestead organizations, and provides community based grants for the implementation of Regional priority projects, community based economic development, and membership development.

Information and Community Relations Office (ICRO) – 3 staff members

The Information and Community Relations Office disseminates information to the public on Department issues, oversees community relations with the various homestead communities and coordinates DHHL's ceremonies. They also publish DHHL's annual reports to the State Legislature.

Homestead Services Division (HSD) – 53 staff members

HSD is composed of three branches: 1) Homestead Applications, 2) District Operations, 3) Loan Services—one staff person is dedicated to loan applicants that are NHHBG eligible, and 4) Housing Project—awards leases. HSD is the largest division in DHHL, has staff on all islands, and services more than 20,000 applicants and 7,000 lessees on five islands. Also included are the NAHASDA Mortgage Loan Specialist and NAHASDA Mortgage Loan Assistant.

Land Management Division (LMD) – 16 staff members

LMD is responsible for managing Hawaiian home lands that are not used for homestead purposes. Unencumbered lands are managed and disposed of for long and short term uses in order to generate revenues and keep the lands productive while minimizing the occurrence of vegetative overgrowth, squatting or illegal dumping. LMD is responsible for properly managing the lands in DHHL's inventory.

Land Development Division (LDD) – 21 staff members

LDD is charged with the responsibility of developing trust lands for homesteading and income-producing purposes. This is accomplished through the development of properties for residential, agricultural, pastoral, and economic development uses. LDD has two operating branches: 1) Design and Construction – concentrating on the design and

Exempt from OMB approval. 5 CFR 1320.3(4) (c).
construction of off-site and on-site improvements for the various subdivisions; and 2) Master-Planned Community – expediting the construction of housing options through partnerships with private sector and exploring other housing opportunities.

The following is a listing of the key personnel responsible for the implementation of DHHL and NAHASDA assisted programs:

Hawaiian Homes Commission (HHC)

Jobie M.K. Masagatani, Chairman
Leiman DaMate, West Hawai'i Commissioner
Ian B. Lee Loy, East Hawai'i Commissioner
Perry O. Artates, Maui Commissioner
Gene Ross Davis, Moloka'i Commissioner
J. "Kama" Hopkins, Oahu Commissioner
Michael P. Kahikina, Oahu Commissioner
Renwick Tassill, Oahu Commissioner
Vacant, Kauai Commissioner

Department of Hawaiian Home Lands

Jobie M. K. Masagatani, HHC Chairman HHC
Darrell Young, Deputy to the HHC Chairman
Derek Kimura, HHL Executive Assistant
Kamana'o Mills, Special Assistant
Rodney Lau, Administrative Services Officer
James Pao, Fiscal Management Officer
Warren Kasashima, HHL Accountant III (NAHASDA)
Darrell Yagodich, Planning Program Manager
Francis Apoliona, HHL Compliance and Community Relations Officer
Niniau Simmons, Manager (NAHASDA)
Trisha Paul, Program Specialist (NAHASDA)
Dawnelle Forsythe, Compliance Specialist (NAHASDA)
Juan Garcia, Homestead Services District Supervisor III
Louis Hao, East Hawai'i Homestead District Supervisor
James Du Pont, West Hawai'i Homestead District Supervisor II
Halealoha Ayau, Moloka'i Homestead District Supervisor II
Isaac Takahashi, Homestead Housing Specialist VI
Dean Oshiro, Housing Services Division Administrator
Sharon Mendoza, HHL Mortgage Loan Specialist (NAHASDA)
Michele Hitzeman, HHL Mortgage Loan Assistant (NAHASDA)
Linda Chinn, Land Management Division Administrator
Sandra S. Pfund, Land Development Division Administrator

TABLE 1 STATEMENT OF NEEDS

PART I: PROFILE FOR NATIVE HAWAIIAN AREA

DEPARTMENT OF HAWAIIAN HOMELANDS (DHHL)

Grant Number _____
 Federal Fiscal Year 2013
 DHHL Program Year July 1, 2013 to June 30, 2014
 Housing Area Hawaiian Home Lands

PART I: PROFILE FOR NATIVE HAWAIIAN HOUSING AREA						
column a	column b	Column c	column d	column e	column f	column g
1. Total Native Hawaiian Population (nH x average household size)	41,982	21,410	106,599	49,461	131,138	70,159
2. Number of native Hawaiian Families	9,855	5,026	26,386	12,243	32,460	17,366
3. Number of Elderly native Hawaiian Families	2,999	1,530	11,541	5,355	10,459	5,595
4. Number of Near-Elderly native Hawaiian Families	NA	NA	NA	NA	NA	NA
5. Number of native Hawaiian Families Living in Substandard Housing (2%)	197	100	528	245	649	347
6. Number of native Hawaiian Families Living in Over-Crowded Conditions	3,902	2,206	5,831	4,003	3,895	2,900
<p><i>NOTE: This table counts all household members as the Native Hawaiian population by multiplying average household size of 4.26 for lessees and 4.04 for applicants and potential applicants by the nH population which consists only of individuals with 50% blood quantum. Based on SMS 2008 survey data: 50.9% (7,560 x .509 = 3,848) of total lessees, 46.4% (25,937 x 46.4 = 12,035) of applicants, and 53.5% (32,460 x .535 = 17,366) of potential applicants are estimated to be at or below 80% AMI; 30.44% (7,560 x .3044 = 2,301) of lessees, 43.74% (25,937 x .4374 = 11,345) of applicants, and 32.22% (32,460 x .3222 = 10,459) of potential applicants are estimated to be "elderly"; 43.9% of lessees (3,848 x .439 = 1,689), 32.7% of applicants (12,035 x .327 = 3,935), and 16.7% of potential applicants (17,366 x .167 = 2,900) that are below 80% are estimated to be living in over crowded conditions; and 39.6% of all lessees (7,560 x .396 = 2,994), 22.1% of applicants (25,937 x .221 = 5,732) and 12% of potential applicants (32,460 x .12 = 3,895) are estimated to be living in over crowded conditions.</i></p>						

PART II: CURRENT STATUS AND FUTURE NEEDS

column a		column b	column c	column d
7. Rental Housing	a. Number of Units	155	3,818	19,517
	b. Number of Units Needing Rehabilitation	0		
8. Homeowner Housing	a. Number of Units	8,350	38,186	19,169
	b. Number of Units Needing Rehabilitation	1,026	3,837	421
9. Supportive Service Housing (# of units)		0	NA	NA
10. College Housing (# of units)		0	NA	NA
11. Transitional Housing (# of units)		0	NA	NA
12. Homeless Housing (# of beds)		0	NA	NA

Data Source:

7a.(column b) Waimanalo Kupuna Project (85 units) + Maluohai Rent to Own (70)

7a.(column c) DHHL waiting list has 42,428 individuals as of 06/30/12; subtracting 10% for married couples who both have applications, DHHL estimates that 10.2% (households below 30% AMI) may require rental housing $[(42,428 - 4,242) \times 10\%] = 3,818$

7a.(column d) SMS 2008 Survey – 46.4% of native Hawaiian applicant households are at 80% or below median $(42,428 \times 46.4\% = 19,517)$

8a. (column b) 8,350 households on DHHL lands as of 11/01/12. Does not include rental units.

8a. (column c) Unduplicated DHHL waiting list as of 06/30/12 (42,428) less 10% for married couples who both have applications.

8a. (column d) SMS 2008 Survey – 46.4% of native Hawaiians applicants are at 80% or below median $(42,428 \times 46.4\% = 19,169)$.

8b. (column b) It is estimated that all housing units built prior to 1960 are in need of repair. SMS 2006 Survey estimates that 24.4% of all lessees below 80% median income have homes that were built prior to 1960 $(1,756 \times 24.4\% = 421)$ and that 14.8% of all lessee above 80% median income have homes that were built prior to 1960 $(4,091 \times 14.8\% = 605)$. Total homes in need of repair are $421 + 605 = 1,026$.

8b. (column c) Assumes estimated need based on existing homes on DHHL lands built prior to 1960. This estimate does not include applicant or potential applicant needs in this regard.

8b. (column d) SMS 2006 Survey estimates that 24.4% of all lessees below 80% median income have homes that were built prior to 1960 $(1,756 \times 24.4\% = 421)$.

TABLE 2
FINANCIAL RESOURCES

DEPARTMENT OF HAWAIIAN HOMELANDS

Grant Number	<u>13HBGHI0001</u>
Federal Fiscal Year	<u>2013</u>
DHHL Program Year	<u>July 1, 2013 to June 30, 2014</u>
Original Submission	<u>X</u> Amended Submission

PART I: SOURCES OF FUNDS FOR NATIVE HAWAIIAN BLOCK GRANT (NHHBG) ACTIVITIES	
Sources of Funds	Planned Amount
column a	column b
1. HUD Resources	
a. Native Hawaiian Block Grant	\$12,035,714.00
b. NHHBG Program Income	\$432,000.00
c. Other HUD Programs	
2. Other Federal Resources	
a.	
b.	
c.	
3. State Resources	
a.	
b.	
c.	
4. Private Resources	
a.	
b.	
c.	
5. Total Resources	\$12,467,714.00

PART II: ALLOCATION OF FUNDS FOR NHHBG ACTIVITIES

Activity		Planned			
		Budgeted NHHBG Amount	Budgeted Other Amounts	Number of Units	Number of Families
column a		column b	column c	column d	column e
1. Development					
a. Rental	1. Construction of new units				
	2. Acquisition				
	3. Rehabilitation				
b. Homeownership	1. Construction of new units (infrastructure, site development)	\$3,000,000		20	20
	2. Loan Programs	\$1,899,172		20	20
	3. Grants/Subsidies	\$2,000,000		20	20
2. Housing Services		\$1,000,000			20
3. Housing Management Services		0			
4. Crime Prevention and Safety		\$75,000			
5. Model Activities (specify below)					
a. Yet to be determined		\$2,000,000			
6. Planning and Administration		\$2,493,542			
7. Total		\$12,467,714		60	80

OTHER SUBMISSION ITEMS

1. Useful Life

Section 813(a)(2) requires that housing remain affordable. The DHHL will determine the "useful life" period for its units. The useful life of each assisted housing unit in each development must be described. This information may be described here or in the affordable housing resources section of the 1-year plan.

DHHL has established the following affordability periods to describe the term during which DHHL will keep the unit affordable:

<u>NHHBG Funds Invested</u>	<u>Affordability Period</u>
Up to \$15,000	5 years
\$15,001 to \$30,000	10 years
\$30,001 to \$45,000	15 years
Over \$45,000	20 years

The affordability period is based on the total amount of NHHBG funds invested in the development and/or rehabilitation of a housing unit. Resale and recapture provisions will be included as a condition of the Hawaiian homestead lease to enforce the affordability restriction for each assisted housing unit.

2. Model Housing Activities

The DHHL is required to submit proposals to operate model housing activities. If a model housing activity is to be undertaken during the 1-year plan period, proposals may be included here, in the affordable housing resources section of the 1-year plan, or as a separate submission. All proposals must be approved by the Secretary prior to beginning any model housing activity.

DHHL will submit proposals for model housing activities prior to implementation.

3. Planning and Administration

In accordance with the Interim Rule, state the percentage of annual grant funds that will be used for planning and administrative purposes.

Although DHHL has historically used 5% of the NHHBG funds for planning and administration purposes, the increase in NHHBG lots over time has increased compliance requirements. In October 2008, DHHL received approval from HUD to increase administrative costs from 5% to 20% to address the administrative and monitoring needs associated with the program as it grew and to be in alignment with other NAHASDA programs. At this time, DHHL anticipates a need to allocate 20% of the NHHBG funds for planning and administration purposes.

NATIVE HAWAIIAN HOUSING BLOCK GRANT**STANDARD CERTIFICATION OF COMPLIANCE**

This certification is for use with the Native Hawaiian Housing Plan. In accordance with the applicable statutes, the Department of Hawaiian Home Lands certifies that:

(A) it will comply with title VI of the Civil Rights Act of 1964 (42 U.S.C. 2000d et seq.) or with title VIII of the Act popularly known as the 'Civil Rights Act of 1968' (42 U.S.C. 3601 et seq.) in carrying out this Act, to the extent that such title is applicable, and other applicable Federal statutes;

The following certifications will only apply where applicable based on program activities:

 X (B) it will require adequate insurance coverage for housing units that are owned and operated or assisted with grant amounts provided under the Hawaiian Homelands Homeownership Act of 2000, in compliance with such requirements as may be established by the Secretary;

 X (C) policies are in effect and are available for review by the Secretary and the public governing the eligibility, admission, and occupancy of families for housing assisted with grant amounts provided under this Act;

 X (D) policies are in effect and are available for review by the Secretary and the public governing rents charged, including the methods by which such rents or homebuyer payments are determined, for housing assisted with grant amounts provided under this Act; and

 X (E) policies are in effect and are available for review by the Secretary and the public governing the management and maintenance of housing assisted with grant amounts provided under this Act.

Signature of Authorized Official
Jobie M. K. Masagatani, Chairman
Hawaiian Homes Commission

Date

June 18, 2013

To Whom It May Concern:

I am writing in support of approving DeBartolo's lease extension.

As a homeowner and resident of Ewa Beach with a growing family, I can attest to the dire need for a large commercial retail area, as proposed by the DeBartolo plan. As you know, the final build out will result in Ka Makana Ali'i becoming the third largest shopping area in the City and County of Honolulu. What is more, it will serve the historically underserved and fastest growing community in the entire state.

In addition to our great beach and open park spaces in the Kapolei and Ewa areas we need centers of commerce like this to help serve as key gathering places for our community, for shopping, office, entertainment, and two kam a'aina hotels. The hotels for local families and visiting relatives, who visit for the purposes of family rather than tourism, are to me the most valuable aspects of this development. Hawaii is consistently rated as the most expensive place to vacation, but it does not have to be the most expensive place to visit family. Otherwise, we lose the opportunities to nurture and enrich our lives with our ohana when our families cannot afford to come and spend time with our local families celebrating graduations, weddings, and the like.

As consumers, some of our most frequent, non-work-related trips into town are to go to either Pearl Ridge or Ala Moana malls for shopping and quality dining. With the lease extension for DeBartolo, we know that we will soon be able to cut down on adding to traffic into town for these frequently needed services and opportunities.

I am also excited about the plan to include a new cinema, which is badly needed. Our only cinema for the Leeward coast, if I am not mistaken, is in Kapolei and it is at best run down, filthy and poorly maintained. I recently took my daughter there for a movie: the screen was stained and bathroom swe were in such a horrendous state that I vowed to never take my kids or myself there again.

The location and convenience of this planned development is perfect. With new homes all around, UH West Oahu and the Kroc Center up the street, a nearby rail station and the master planned Ho'opili community to follow, the use of this land for the Ka Makana Ali'i development is a thoughtful addition to the Ewa Plain and will serve our people well. Furthermore, as you know, revenues from the KMA master lease will finance the building of thousands of more Hawaiian homes adjacent to the center for Hawaiian homesteaders, in addition to other homesteading opportunities.

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Exhibit
Date 6.18.13

Finally, not only do working families need job opportunities closer to home but our youth also need good service jobs near home to learn responsibility and a good work ethic. At present, opportunities for youth employment in Ewa Beach are rare. Our growing children need to develop work experience close to home in Ewa (or what has recently been more and more referred to as "East Kapolei") and many of the planned retail shops and restaurants will need and be able to provide employment opportunities for our communities current and future employment needs.

All of these benefits are well worth the wait for the larger first phase of development, and therefore I ask you to please approve DeBartolo's lease extension for our community.

Sincerely,

Matt LoPresti, Ph.D.
Ewa Beach

The Pacific Resource
PARTNERSHIP



June 18, 2013

Jobie Masagatani, Chair
Hawaiian Homes Commission
Department of Hawaiian Home Lands
PO Box 1879
Honolulu, HI 96805

Re: Support – Request for an Extension of Option Period, DeBartolo, LLC, East Kapolei, Oahu

Aloha Chair Masagatani and members of the Hawaiian Homes Commission,

The Pacific Resource Partnership (PRP) serves as the critical link between Hawaii's top contractors and the largest construction union in the state, the Hawaii Regional Council of Carpenters. As an advocate for unionized construction and an influential resource for management, PRP is able to bridge these traditional divides to successfully lead efforts that sustain the robust health of the building industry. Working with its extensive network of public and private developers and contractors, and the unionized carpenters who help drive Hawaii's third largest industry, PRP has advanced initiatives that improve labor-management relationships, increase workplace safety, enhance efficiency, and reduce construction costs. A respected and recognized community leader, PRP uses its influence and resources to increase opportunities throughout the state that create jobs, support education and encourage long-term sustainability.

PRP supports the approval of DeBartolo's lease extension and Ka Makana Ali'i's (KMA) development on 67 acres of land from the State Department of Hawaiian Homelands (DHHL) for the following reasons:

Ka Makana Ali'i is consistent with and contributes to the long-term vision for East Kapolei. With over 80,000 new homes projected by 2025, the area is experiencing high growth, and this mixed-use regional center is much needed. The project will provide shopping, office, entertainment and hotel space in a location that is convenient to UH West Oahu, the Kroc Center and thousands of existing and planned homes.

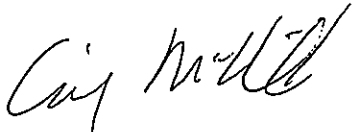
There is growing public demand for housing that is affordable, and Ka Makana Ali'i will help address this critical community need. Revenues from the KMA master lease will finance the building of thousands of homes adjacent to the center for Hawaiian homesteaders and provide other homesteading opportunities.

The proposed project will generate positive short- and long-term economic impacts associated with construction spending and employment. The construction of the KMA will generate an estimated 21,000 construction jobs over four years, and the mall at full build-out will create more than 7,000 permanent full-time jobs for residents.

With Hawaii's construction industry suffering the effects of the global credit crunch, Hawaii has an ample supply of trained and skilled workers willing to contribute to our island economy. With many carpenters statewide unemployed, a project such as the Ka Makana Ali'i, would help aid our local workers, their families and our economy.

Thank you for the opportunity to voice our opinion. We hope for a favorable approval on your decision.

Sincerely,

A handwritten signature in black ink, appearing to read "Cindy McMillan", written in a cursive style.

Cindy McMillan
External Affairs Director

June 18, 2013

Hawaiian Homes Commission
91-5420 Kapolei Parkway
Kapolei, Hawaii 96707

SUBJECT: Testimony of West O`ahu Economic Development Association
on the DeBartolo Ka Makana Ali`i Regional Center

Aloha Chairman and members of the board:

I am Georgette Stevens, representing the West Oahu Economic Development Association, also known as WOEDA.

Our association is made up of business, community and government leaders dedicated to supporting the economic growth of West O`ahu. As you know, our area is the fastest growing population and business base in the state, with the number of businesses here doubling in the past 10 years and many more expected in the future as Kapolei builds out.

The Ka Makana Ali`i regional center will become a major employment center in the region, bringing in new businesses and job opportunities for the residents of West O`ahu. Thousands of new jobs will be created by the retail, restaurant and entertainment establishments, office space, kama`aina hotel and other operational and administrative positions at the shopping center. This will give residents an opportunity to work where they live and reduce the amount of traffic and stress on our highways heading to and from Honolulu.

We strongly support the DeBartolo Ka Makana Ali`i regional center which brings new shopping, dining, lodging, business and employment opportunities to West Oahu, and helps to complete the vision for the new city of Kapolei.

Mahalo for allowing me to testify today.

Georgette Stevens

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Kapolei Community Development Corporation

Ho'ihi i ka wa hala, ka'i i ka wa mua

(Respecting the past, leading the future)

June 18, 2013

Aloha Chair Masagatani and Commission:

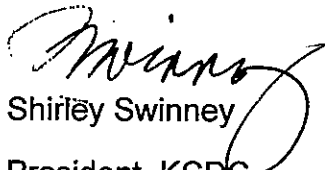
Kapolei Community Development Corporation (KCDC) serves the Kapolei beneficiaries. KCDC submits testimony for item F1:

Support with Reservation and have DeBartolo continue to be engaged with the surrounding beneficiary community:

- Clearly spell out responsibilities, benefits, or amenities in order to achieve clarity and predictability.
- Benefits should be enduring in order to bring more trust, equity and integrity to a collaborative process meant to sustain social (Beneficiary) and economic (DeBartolo) needs.
- Aim for a win-win condition.

Mahalo for the opportunity to present testimony as it serves to empower your beneficiaries by having a clear voice in the process.

Owau me ka ha'a ha'a,


Shirley Swinney
President, KCDC

*Testimony
6.18.13 F-1*

18 June 2013

Chair Masagatani
Hawaiian Homes Commission
State of Hawaii
Department of Hawaiian Home Lands
91-5420 Kapolei Parkway
Kapolei, Hawaii 96707

Reference: Request for Extension of Option Period

Chair and Commission Members,

As a long time resident on the Leeward Coast of O'ahu, my name is Rich Hargrave and I would like to offer a testimony expressing my support to the Ka Makana Alii (KMA) development. Over the past few decades, I have seen and enjoyed many warranted changes to the West side of O'ahu. Changes, which impacted the growth of our communities, provided new birth for the next generation, O'ahu's young energized job seekers. They will require housing for their families and safe economic benefits for their communities. Projects like the KMA development will be viewed as a gift, from their parents, who envisioned their future to improve sustainable life styles.

KMA is a key project for the Leeward Coast of O'ahu. With over 25,000 jobs to be generated, this project will not only boost the need for our future generations, it will provide positions in the hotel and entertainment industries, including other emerging businesses. KMA is a convenient location to all surrounding neighbors, schools and will serve many visitors arriving through the JR Kalaeloa Airfield, continuing with growth on the West side of O'ahu.

The development of UH West O'ahu campus, the Salvation Army's Kroc Center, and the long awaited construction of the Rail System, coupled with current and continued affordable housing, the construction of KMA will allow residents the availability to; shop, play, work and socialize within their communities for years to come.

I respectfully request your support for DeBartolo's Ka Makana Alii development project. Thank you for this opportunity & your support.

Rich Hargrave
Resident, Ewa Beach, Hawaii

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Exhibit _____
Date 6.18.13

Chair,
State Land Use Commission
Department of Business, Economic Development & Tourism
State of Hawaii
P.O. Box 2359, Honolulu, Hawaii 96804-2359

Reference: Land Use Commission Meeting
A06-771 D.R. Horton – Schuler Homes, LLC, (Oahu)

Chair and Commissioners,

On different occasions, I have offered my testimony in support of the Ho'opili Project, being developed in West O'ahu to support the continued growth needed for young families and for the future of generations to come.

Change for many is hard to accept. We get stuck in our comfort zones and take on the attitude of; not moving forward to improve anything that may interrupt our current lifestyle. Coming here today, I took note of the number of changes we all take for granted. All of these changes are a direct result of someone's idea to improve our sustainable lifestyles.

Part of the City's Urban Growth & Master Plan for Kapolei and West O'ahu, included projects such as; University of Hawaii's West O'ahu Campus, Hawaiian Home Land's Housing Development, Salvation Army's Kroc Center, Honolulu's Rail System and Ho'opili's Housing Development. These projects have been planned for over 20 years. Development of the 2nd City has generated additional growth interest. Currently under construction are; the FBI Facilities and the Solar Energy Farm, with other planned developments in the future.

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Being a long time Ewa Beach resident for over 30 years, I support the Ho'opili Housing Project. The projected use of lands offers a well thought out plan for future growth of our new communities.

Respectively request your honest deliberation and continued support of Ho'opili Housing project, to enhance our way of life.

Sincerely,

**Rich Hargrave
Resident, Ewa Beach, Hawaii**

June 18, 2013

Hawaiian Homes Commission
91-5420 Kapolei Parkway
Kapolei, Hawaii 96707

SUBJECT: Testimony of West O`ahu Economic Development Association
on the DeBartolo Ka Makana Ali`i Regional Center

Aloha Chairman and members of the board:

I am Georgette Stevens, representing the West Oahu Economic Development Association, also known as WOEDA.

Our association is made up of business, community and government leaders dedicated to supporting the economic growth of West O`ahu. As you know, our area is the fastest growing population and business base in the state, with the number of businesses here doubling in the past 10 years and many more expected in the future as Kapolei builds out.

The Ka Makana Ali`i regional center will become a major employment center in the region, bringing in new businesses and job opportunities for the residents of West O`ahu. Thousands of new jobs will be created by the retail, restaurant and entertainment establishments, office space, kama`aina hotel and other operational and administrative positions at the shopping center. This will give residents an opportunity to work where they live and reduce the amount of traffic and stress on our highways heading to and from Honolulu.

We strongly support the DeBartolo Ka Makana Ali`i regional center which brings new shopping, dining, lodging, business and employment opportunities to West Oahu, and helps to complete the vision for the new city of Kapolei.

Mahalo for allowing me to testify today.

Georgette Stevens

Testimony
F-1 6.18.13

The Pacific Resource
PARTNERSHIP



June 18, 2013

Jobie Masagatani, Chair
Hawaiian Homes Commission
Department of Hawaiian Home Lands
PO Box 1879
Honolulu, HI 96805

Re: Support – Request for an Extension of Option Period, DeBartolo, LLC, East Kapolei, Oahu

Aloha Chair Masagatani and members of the Hawaiian Homes Commission,

The Pacific Resource Partnership (PRP) serves as the critical link between Hawaii's top contractors and the largest construction union in the state, the Hawaii Regional Council of Carpenters. As an advocate for unionized construction and an influential resource for management, PRP is able to bridge these traditional divides to successfully lead efforts that sustain the robust health of the building industry. Working with its extensive network of public and private developers and contractors, and the unionized carpenters who help drive Hawaii's third largest industry, PRP has advanced initiatives that improve labor-management relationships, increase workplace safety, enhance efficiency, and reduce construction costs. A respected and recognized community leader, PRP uses its influence and resources to increase opportunities throughout the state that create jobs, support education and encourage long-term sustainability.

PRP supports the approval of DeBartolo's lease extension and Ka Makana Ali'i's (KMA) development on 67 acres of land from the State Department of Hawaiian Homelands (DHHL) for the following reasons:

Ka Makana Ali'i is consistent with and contributes to the long-term vision for East Kapolei. With over 80,000 new homes projected by 2025, the area is experiencing high growth, and this mixed-use regional center is much needed. The project will provide shopping, office, entertainment and hotel space in a location that is convenient to UH West Oahu, the Kroc Center and thousands of existing and planned homes.

There is growing public demand for housing that is affordable, and Ka Makana Ali'i will help address this critical community need. Revenues from the KMA master lease will finance the building of thousands of homes adjacent to the center for Hawaiian homesteaders and provide other homesteading opportunities.

The proposed project will generate positive short- and long-term economic impacts associated with construction spending and employment. The construction of the KMA will generate an estimated 21,000 construction jobs over four years, and the mall at full build-out will create more than 7,000 permanent full-time jobs for residents.

June 18, 2013

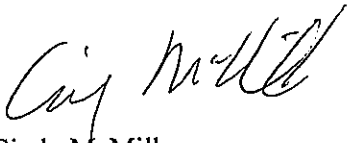
PRP Testimony Supporting DeBartolo, LLC

Page 2

With Hawaii's construction industry suffering the effects of the global credit crunch, Hawaii has an ample supply of trained and skilled workers willing to contribute to our island economy. With many carpenters statewide unemployed, a project such as the Ka Makana Ali'i, would help aid our local workers, their families and our economy.

Thank you for the opportunity to voice our opinion. We hope for a favorable approval on your decision.

Sincerely,

A handwritten signature in black ink, appearing to read "Cindy McMillan". The signature is fluid and cursive, with the first name "Cindy" written in a larger, more prominent script than the last name "McMillan".

Cindy McMillan
External Affairs Director

June 18, 2013

Hawaiian Homes Commission
91-5420 Kapolei Parkway
Kapolei, Hawaii 96707

SUBJECT: Testimony of West O`ahu Economic Development Association
on the DeBartolo Ka Makana Ali`i Regional Center

Aloha Chairman and members of the board:

I am Georgette Stevens, representing the West Oahu Economic Development Association, also known as WOEDA.

Our association is made up of business, community and government leaders dedicated to supporting the economic growth of West O`ahu. As you know, our area is the fastest growing population and business base in the state, with the number of businesses here doubling in the past 10 years and many more expected in the future as Kapolei builds out.

The Ka Makana Ali`i regional center will become a major employment center in the region, bringing in new businesses and job opportunities for the residents of West O`ahu. Thousands of new jobs will be created by the retail, restaurant and entertainment establishments, office space, kama`aina hotel and other operational and administrative positions at the shopping center. This will give residents an opportunity to work where they live and reduce the amount of traffic and stress on our highways heading to and from Honolulu.

We strongly support the DeBartolo Ka Makana Ali`i regional center which brings new shopping, dining, lodging, business and employment opportunities to West Oahu, and helps to complete the vision for the new city of Kapolei.

Mahalo for allowing me to testify today.

Georgette Stevens

Testimony
F-1 6.18.13

Kapolei Community Development Corporation

Ho'ihi i ka wa'hala, ka'i i ka wa mua

(Respecting the past, leading the future)

June 18, 2013

Aloha Chair Masagatani and Commission:

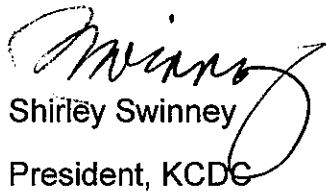
Kapolei Community Development Corporation (KCDC) serves the Kapolei beneficiaries. KCDC submits testimony for item F1:

Support with Reservation and have DeBartolo continue to be engaged with the surrounding beneficiary community:

- Clearly spell out responsibilities, benefits, or amenities in order to achieve clarity and predictability.
- Benefits should be enduring in order to bring more trust, equity and integrity to a collaborative process meant to sustain social (Beneficiary) and economic (DeBartolo) needs.
- Aim for a win-win condition.

Mahalo for the opportunity to present testimony as it serves to empower your beneficiaries by having a clear voice in the process.

Owau me ka ha'a ha'a,


Shirley Swinney
President, KCDC

*Testimony
6.18.13 F-1*

18 June 2013

Chair Masagatani
Hawaiian Homes Commission
State of Hawaii
Department of Hawaiian Home Lands
91-5420 Kapolei Parkway
Kapolei, Hawaii 96707

Reference: Request for Extension of Option Period

Chair and Commission Members,

As a long time resident on the Leeward Coast of O'ahu, my name is Rich Hargrave and I would like to offer a testimony expressing my support to the Ka Makana Alii (KMA) development. Over the past few decades, I have seen and enjoyed many warranted changes to the West side of O'ahu. Changes, which impacted the growth of our communities, provided new birth for the next generation, O'ahu's young energized job seekers. They will require housing for their families and safe economic benefits for their communities. Projects like the KMA development will be viewed as a gift, from their parents, who envisioned their future to improve sustainable life styles.

KMA is a key project for the Leeward Coast of O'ahu. With over 25,000 jobs to be generated, this project will not only boost the need for our future generations, it will provide positions in the hotel and entertainment industries, including other emerging businesses. KMA is a convenient location to all surrounding neighbors, schools and will serve many visitors arriving through the JR Kalaeloa Airfield, continuing with growth on the West side of O'ahu.

The development of UH West O'ahu campus, the Salvation Army's Kroc Center, and the long awaited construction of the Rail System, coupled with current and continued affordable housing, the construction of KMA will allow residents the availability to; shop, play, work and socialize within their communities for years to come.

I respectfully request your support for DeBartolo's Ka Makana Alii development project. Thank you for this opportunity & your support.

Rich Hargrave
Resident, Ewa Beach, Hawaii

F-1
HHC Item No. Public Testimony
Exhibit
Date 6.18.13

Chair,
State Land Use Commission
Department of Business, Economic Development & Tourism
State of Hawaii
P.O. Box 2359, Honolulu, Hawaii 96804-2359

Reference: Land Use Commission Meeting
A06-771 D.R. Horton – Schuler Homes, LLC, (Oahu)

Chair and Commissioners,

On different occasions, I have offered my testimony in support of the Ho'opili Project, being developed in West O'ahu to support the continued growth needed for young families and for the future of generations to come.

Change for many is hard to accept. We get stuck in our comfort zones and take on the attitude of; not moving forward to improve anything that may interrupt our current lifestyle. Coming here today, I took note of the number of changes we all take for granted. All of these changes are a direct result of someone's idea to improve our sustainable lifestyles.

Part of the City's Urban Growth & Master Plan for Kapolei and West O'ahu, included projects such as; University of Hawaii's West O'ahu Campus, Hawaiian Home Land's Housing Development, Salvation Army's Kroc Center, Honolulu's Rail System and Ho'opili's Housing Development. These projects have been planned for over 20 years. Development of the 2nd City has generated additional growth interest. Currently under construction are; the FBI Facilities and the Solar Energy Farm, with other planned developments in the future.

F-1
HHC Item No. Public Testimon
Exhibit _____
Date 6.18.13

Being a long time Ewa Beach resident for over 30 years, I support the Ho'opili Housing Project. The projected use of lands offers a well thought out plan for future growth of our new communities.

Respectively request your honest deliberation and continued support of Ho'opili Housing project, to enhance our way of life.

Sincerely,

**Rich Hargrave
Resident, Ewa Beach, Hawaii**



To: Soares Truck Rental
Re: Donated Public Service

To whom it may concern,

We at Bears Trucking, Inc. would like to send you a big Mahalo for your generous donation of top soil material to help with the beautification of TRCC track located in the Kalaeloa district. Again Much Mahalos and if there are any questions please feel free to contact me at your convenience.

Thank You,
Terrence Vincent

TESTIMONY
HHC Item No. J-1
Exhibit _____
Date 6.18.13

NEIL ABERCROMBIE
GOVERNOR



KATHRYN S. MATAYOSHI
SUPERINTENDENT

ELDEN ESMERALDA
PRINCIPAL

STATE OF HAWAII
DEPARTMENT OF EDUCATION
KAPOLEI HIGH SCHOOL
91-5007 KAPOLEI PARKWAY
KAPOLEI, HAWAII 96707
Phone: (808) 692-8200
Fax: (808) 692-8255

June 17, 2013

To Whom It May Concern:

RE: Chad Soares, Soares Truck Rental

I am writing on behalf of Chad Soares. As the principal of Kapolei High School I am always looking for individuals who want to partner with our school. I was very fortunate to be introduced to Mr. Soares about a year and a half ago. He came and visited our off campus educational site. While we were talking story he recognized we were having trouble controlling the weeds on our property. He offered his service. Since then he has come to our location to help get rid of the unwanted vegetation.

I realize that in all partnerships, there should be a balance between the parties. Hopefully we will be able to reciprocate his generosity. By providing the service he helps to keep the area looking presentable, while allowing our students to concentrate on their studies. I, along with the students truly appreciate his work. If you would like to speak with me regarding Chad, please feel free to call me at 808-692-8200 EXT 2228.

Sincerely,

A handwritten signature in black ink, appearing to read "Elden Esmeralda".

Elden Esmeralda
Principal
Kapolei High School

Testimony
HHC Item No. J-1
Exhibit _____
Date 6.18.13



Waianae Community Outreach

P.O. Box 1912, Waianae, Hi 96792

Hope for a New Beginning Shelter

Bldg 50 Belleau Woods, Kapolei, Hi 96707

Ph: (808) 682-4673 Fax: (808) 682-4670

Partnerships in Building Community

"I put my hand in your hand, what I cannot do alone, we will do together"

June 18, 2013

SOARES TRUCKING RENTAL

2177 AUPAKA STREET

PEARL CITY HAWAII 96782

Dear Chad Soares

It is with great appreciation that Waianae Community Outreach has acknowledge your contribution given to our membership. Your act of kindness is directly related to your commitment to impact the community in a positive manner.

On the behalf of the organization, the community at large and most importantly, the children who are the recipients of your gracious donation. Thank -you !!!

Tanya Tehotu -Program Director

Mission

Provide Comprehensive services with Aloha to people in need so they can become Self-Sufficient

Vision

Healthy Self-Sufficient Resilient Families

Values

Respect
Responsibility
Compassion
Understanding
Honesty & Integrity

Testimony
HHC Item No. J-1
Exhibit _____
Date 6.18.13

MidWeek

COMMUNITY > West > News

Volunteers Team Up To Make Kalaeloa Beautiful

Wednesday - August 01, 2007

By Kerry Miller

[E-mail this story](#) | [Print this page](#) | [Comments \(0\)](#) | [Archive](#) | [RSS](#) | [Share](#) 0 [Delicio.us](#)

About 50 community volunteers gathered July 18 to improve the entrance to Kalaeloa (fronting the intersection of Fort Barrette Road and Roosevelt Avenue) for the benefit of the community.

"It has been such an amazing project," said Pearlyn Fukuba of the Hawaii Community Development Authority. "Volunteers transformed the main entrance to our community. We're on track to complete every component of the original design and more, due to the hard work of dedicated volunteers and generous donations from area businesses.

"The beautification project's finishing touches will include curb painting, lighting and design of a new entrance sign."

Participants in the Kalaeloa Beautification Project worked from 8:30 a.m. to 2 p.m. doing landscaping work, such as planting, laying down mulch and rocks, removing graffiti and unused poles, painting, putting up new signs and irrigation work. Additional work was performed throughout July to continue the beautification of the area.

Project materials were donated by various community organizations including Kapolei High School, Kalaeloa Rental Homes, Makakilo Nursery, Grace Pacific, Soares Truck Rental/Quality Top Soil, Avalon Services, American Tradition, Wesley Ward and the state Department of Transportation.

The project was organized by the Kalaeloa Community Network, which was established in November 2006 as part of the HCDA's community outreach efforts. Twenty-one Kalaeloa stakeholders belong to KCN, including landowners, businesses, elected officials and service providers.

For more information on the Kalaeloa Beautification Project, visit hcdaweb.org/kalaeloa-entry-way-beautification-project

Testimony
HHC Item No. J-1
Exhibit _____
Date 6.18.13

Peter & Tiana Belford
T.P.A. Diesel & Automotive Repair Services, LLC
PO BOX 833
Waianae, HI 96792

Chad Soares
Soares Truck Rentals

Dear Chad Soares:

On behalf of the management of T.P.A Diesel & Auto Repair Services, LLC, it is with a sense of pleasure and delight that I write this letter of appreciation to you. The main essence of this letter is to convey our deep sense of gratitude and appreciation at your impressive show of support in our efforts to build our family company.

Apart from the fact that you allow us to use space to do repairs free of charge, you refer business our way to further help our company. For these reasons and more, we say thank you. It is our sincere hope that our business relationship will continue to grow stronger.

Sincerely,

Peter & Tiana Belford-T.P.A. Diesel & Automotive Repair Services, LLC

Testimony
HHC Item No. J-1
Exhibit _____
Date 6.18.13



FCS, INC.
PO Box 75346
808-853-4267 fax 808-356-1932
floyd@fcshawaii.com

June 17, 2013

Department of Hawaiian Homelands
91-5420 Kapolei Parkway
Kapolei, HI 96707

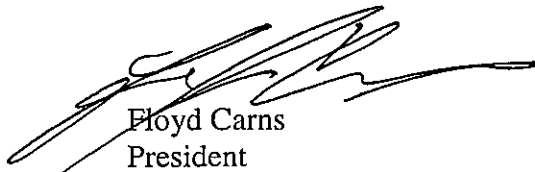
Re: Chad Soares
Soares Truck Rental

To whom it may concern,

FCS, Inc & Soares Truck Rental have had many contracts when we have teamed our companies together to fulfill the contracts. We have done this for the past 2 years & we are currently looking for more contracts where we can further our relations with Chad Soares & Soares Truck Rental.

We will vouch for & recommend Soares Truck Rental for any ventures or business with us or anyone that inquires about them. Please contact me with any questions you may have.

Sincerely,



Floyd Carns
President
FCS, Inc

Testimony
HHC Item No. J-1
Exhibit _____
Date 6.18.13

HOUSE OF BLESSING

November 3, 2012

Soares Truck Rental
Kapolei Hi 96707

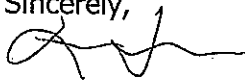
RE: Halloween Donations

Dear Mr Soares,

House of Blessing would like to take the time to thank you for your contribution of \$200.00 towards our Haunted House fundraiser. Our Haunted House was a big success and everyone had a lot of fun holding this event. Your donation allowed us to buy halloween decorations to create our real life haunted house which had a great impact on the Westside.

We thank you for your generosity and greatly appreciated all of your help.

Sincerely,



Kim Tripp
Office Manager

91-1629 Kaukolu Street, Ewa Beach, Hi 96706

Testimony

HHC Item No. J-1
Exhibit _____
Date 6.18.13

HOUSE OF BLESSING

December 30, 2012

Soares Truck Rental
Kapolei HI 96707

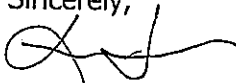
RE: Christmas toys for our children

Dear Mr Soares,

The women and children from House of Blessing want to express their gratitude and commend you for your generous and kind act of providing Christmas presents to the less fortunate children in the Waianae area.

We were blessed with many gifts for our children, which put smiles on many faces including the adults. We truly appreciated all of your gifts, you have made this a wonderful Christmas for us. Thank you very much.

Sincerely,



Kim Tripp
Office Manager

91-1629 Kaukolu Street, Ewa Beach, HI 96706

Testimony
HHC Item No. F-1
Exhibit _____
Date 6.18.13



Aiwahi Bros. Inc.

June 18, 2013

To whom it may concern:

Letter of Reference for Chad Soares and Soares Truck Rental

I would like for you to consider my letter of recommendation for our good friend and colleague Mr. Chad Soares and his company Soares Truck Rental. We have been doing business alongside and with Mr. Soares for over 15 years and he has proved to be a very honest business associate and a man of integrity. He has been a part of many community outreach programs and actively donates his time and energy to help others. He is a family man and holds very strong business ethics that we see personally and in business. We hope that you will consider to take this recommendation to heart and continue doing business with him and his company.

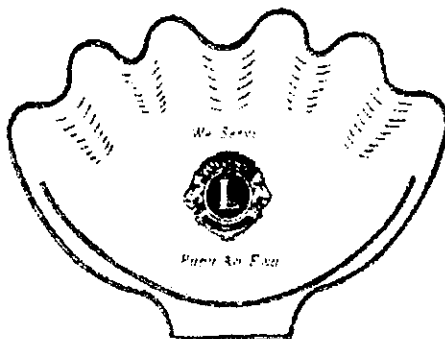
Mahalo

Angel Aiwahi

President – Aiwahi Bros. Inc

Testimony
HHC Item No. 57
Exhibit _____
Date 6.18.13

Ewa Beach
P.O. BOX 2044



Lions Club
EWA BEACH, HAWAII 96706

Lion Kurt Fevella
President

Ewa Beach Lions Club
P.O. Box 2044, Ewa Beach, Hawaii 96706
Ph: 864-4634; Email: fevellak001@hawaii.rr.com
District 50 - Chartered April 29, 1965

June 15, 2013

Re: Chad Soares

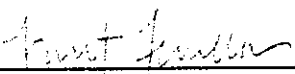
To whom it may concern:

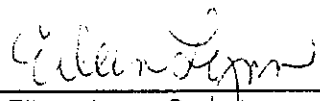
Let it be known that Chad Soares has been very active in providing outstanding community service within the Ewa Beach Community since November 2012. Because of Chad, the 2012 Drive Safe 4 Ewa (holiday anti-drinking and driving campaign) was successful. Chad donated two trailers to display the wrecked vehicles. Additionally, Chad picked up the wrecked vehicles and delivered the trailers holding the wrecked vehicles to their designated sites. Also, Chad has been a leading volunteer in helping with the Memorial to Pioneers Cemetery Clean Ups.

During Chad's months serving the Ewa Beach Community and Ewa Beach Lions Club, he has always been professional and performed all his tasks with great ability and correctness. Chad stays on task, while at the same time he is able to take instruction, as well as, constructive criticism. Additionally, Chad has proved himself to the Ewa Beach Lions Club to be a self starter by participating effectively without a lot of instruction.

The Ewa Beach Lions Club recommends and believes Chad is an outstanding citizen and dedicated worker.

Sincerely yours,


Lion Kurt Fevella, President


Lion Eileen Lynn, Secretary

Testimony
HHC Item No. J-1
Exhibit _____
Date 6.18.13

DCCA State of Hawaii

Downloaded on June 17, 2013.

The information provided below is not a certification of good standing and does not constitute any other certification by the State.

Website URL: <http://hbe.ehawaii.gov/documents>

Business Information

MASTER NAME	KTM TOWING AND HAULING LLC
BUSINESS TYPE	Domestic Limited Liability Company (LLC)
FILE NUMBER	102510 C5
STATUS	Active
PLACE INCORPORATED	Hawaii UNITED STATES
REGISTRATION DATE	Jan 25, 2013
MAILING ADDRESS	P O BOX 701027 KAPOLEI, Hawaii 96709 UNITED STATES
PARTNER TERMS	AT-WILL
AGENT NAME	VINCENT PARENGIT
AGENT ADDRESS	91-1041 MIDWAY RD #D KAPOLEI, Hawaii 96707 UNITED STATES

Officers

NAME	OFFICE	DATE
PARENGIT VINCENT	MEM	Jan 25, 2013

HHC Item No. J-1
Exhibit B
Date 6.18.13



Hawai'i State Judiciary Ho'ohiki

Hawai'i State Judiciary's Public Access to Court Information

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Court Minutes Text

Case Title: CHAD C SOARES VS VINCENT PARENGIT JR ET AL

1SS13-1-000381

Div.: 1D1B SP DATE: 04-24-2013A

Time: 0830A

Priority: 0 Judge I.D.: JANY

Video No.:

Audio No.:

Minutes: P.WONG: POPACA CD 8:47 10:24

PETITIONER CHAD C. SOARES PRESENT WITH ATTY.
RANDALL HAKAKAL. RESPONDENT VINCENT PARENGIT
PRESENT WITH ATTY. RICHARD HOKE. CHAMBERS
CONFERENCE HAD. AFTER CONFERENCE, PARTIES
AGREED TO A MUTUAL TRO ORDER FOR 3 YEARS WITH
SPECIAL CONDITIONS. COPIES OF ORDER HANDED TO
PARTIES IN OPEN COURT. BY ORDER OF THE COURT,
CASE IS CONTINUED FOR SERVICE OF TRO AS TO
VICTOR PARENGIT AND VINNIE PARENGIT TO: 6/4/13
AT 8:30 A.M. #10B.

