

Department of Hawaiian Home Lands
Agricultural Task Force Report

*Discussions and Recommendations
for Administering
DHHL Agricultural Lands*

Prepared by
DHHL Agricultural Task Force

Compiled by
Department of Hawaiian Home Lands
Planning Division
February 2000

Contents

Executive Summary

Introduction

Task Force Composition and Methodology

Background to the Task Force's Findings

Vision Statement

Land Use

Issues and Background Information Related to Land Use

Desired Outcomes

Recommended Implementing Actions

Farm Support Services

Issues and Background Information Related to Farm Support Services

Desired Outcomes

Recommended Implementing Actions

Infrastructure

Issues and Background Information Related to Infrastructure

Desired Outcomes

Recommended Implementing Actions

Value-Added Products & Marketing Support

Issues and Background Information Related to Value-Added Products & Marketing
Support

Desired Outcomes

Recommended Implementing Actions

Appendices

A. Hawaiian Homes Commission Resolution

B. Glossary

Introduction

The Department of Hawaiian Home Lands (DHHL) has 1,057 agricultural homestead leases in effect at this time. These leases encompass about 12,402 acres of land. The Department has expended significant financial resources and staff time to develop the agricultural infrastructure to support these farm lots. Yet, current estimates indicate that less than five percent of these leases are in farm production. This leaves a considerable amount of agricultural land unproductive. It is of great concern to the Hawaiian Homes Commission (HHC) that ninety-five percent of the native Hawaiian families who have received an agricultural homestead lease do not farm.

In response to this alarming statistic, on July 21, 1998, the Commission passed a resolution authorizing the creation of the Hawaiian Homes Agricultural Task Force. In creating this task force, the Commission noted the past successes of farming on homestead land and the substantial potential market for Hawaii-grown produce to replace imported produce. These two facts support the notion that farming is a viable economic activity. With this understanding, the task force was charged with the creation of a strategic plan for the successful farming of Hawaiian Home Lands agricultural lots.

The task force agreed that farming is a viable economic activity for homesteaders. They focused their discussions on the issues of why people are not farming, how to address this condition, and how best to support the farming efforts of homesteaders. This report relates the ideas discussed, issues raised, and recommendations offered by the Agricultural Task Force with regard to these concerns.

This report is premised on the belief that DHHL has a responsibility to effectively manage the Hawaiian Home Lands agricultural lands for the benefit of all native Hawaiians by supporting the efforts of today's farmers and preserving the agricultural resource intact for future generations. The task force believes that achieving the vision of a successful native Hawaiian farming community on Hawaiian Home Lands requires that both the native Hawaiian beneficiaries and the Hawaiian Homes Commission consider revolutionary and substantive changes to how our agricultural lands are administered and used.

Task Force Composition and Methodology

The task force consists of 22 members. The task force members were selected to provide beneficiary representation, agricultural agency representation, and DHHL representation. There are 11 beneficiaries on the task force, nine of whom are successful farmers and two of whom are applicants for agricultural homestead land. Together, these individuals have ties to many of the agricultural homestead areas. The farmers were selected for their expertise and experience in farming, recognition in the community as a successful farmer, and ability to focus on the “big picture” of homestead farming.

The agency representatives include agricultural specialists from the University of Hawaii, College of Tropical Agriculture and Human Resources, the State Department of Agriculture, and the U.S. Department of Agriculture. DHHL is represented by the Commissioner from Molokai and staff from the Chairman’s office, the planning office, and four DHHL district managers. The task force was aided by five Cooperative Extension Service agents providing technical expertise and two DHHL support staff. Following is a list of the task force members and support staff.

DHHL Beneficiaries

Gordean Bailey – Maui
Kennard Hicks – Oahu
Roen Hufford – Waimea
Robert Lindsey – Waimea
Melissa Moniz – Panaewa
Mele Spencer – Panaewa

Luana Beck – Makuu
Richard Hanchett – Hoolehua
Tasha Kama – Keokea
George Mokuau – Hoolehua
John Pia – Kauai

DHHL Representative

Karen Holt – Commissioner
Ben Henderson – Executive Assistant
Darrell Yagodich – Planning Office Administrator

Ed Andrade – East Hawaii District Manager
Jim Dupont – West Hawaii District Manager
Greg Helm – Molokai District Manager
Roland Licon – Kauai District Manager

Agency Representatives

Ken Kaneshiro/Larry Yamamoto – US Department of Agriculture
Paul Matsuo – State Department of Agriculture
Charlotte Nakamura – University of Hawaii College of Tropical Agriculture and
Human Resources (CTAHR)
Larry Shinshiro – US Department of Agriculture, Natural Resources Conservation
Service

Technical and Support Staff

Kali Arce – UH CTAHR, Cooperative Extension Service – Molokai
Alton Arakaki – UH CTAHR, Cooperative Extension Service – Molokai
Kelly Gooding – UH CTAHR, Cooperative Extension Service – Kauai
Andrew Kawabata – UH CTAHR, Cooperative Extension Service – Hawaii
Glenn Teves – UH CTAHR, Cooperative Extension Service – Molokai
Bob Freitas – DHHL Planning Office
Christine Valles – DHHL Planning Office

The planning approach used by the task force began with the identification of the value and importance of farming in the minds of the task force members. This discussion led to the creation of a vision statement. The vision statement provides the overarching focus of DHHL's strategy for successful farming. Concrete issues were then generated through an analysis of strengths, weaknesses, opportunities, and threats (SWOT analysis) related to homestead farming. The task force used this SWOT analysis to develop the major issue areas and form recommendations for DHHL's agricultural strategy.

In addition to their own discussions, task force members hosted small community gatherings to hear ideas and concerns from agricultural lessees and applicants in DHHL

agricultural communities. About 60 beneficiaries took part in these meetings. The meetings were informal and structured in ways that worked best for each island. In general, the same questions were explored at each gathering. Since the purpose of the gatherings was to gain insight from current and future farmers about what would help them to be successful, the questions focused on understanding barriers to farming and ways to support farmers. The following questions were explored in these gatherings.

1. Why did you select an agricultural lease?
2. In your opinion, what is the purpose of an agricultural lot?
3. In your opinion, what is farming?
4. Why are you farming? Or not farming (depending on the case)?
5. What can we (everyone) do to create a strong, healthy farming community?
6. What can DHHL do to help you farm?
7. What is needed to successfully farm?
8. What are the strengths, weaknesses, opportunities, and threats that effect the ability to farm?

The lengthy and in-depth discussions that took place in the task force meetings and the community gatherings resulted in an extensive array of identified problems, potential solutions, and policy issues to be addressed. These can be grouped into four major topics areas:

1. Land Use
2. Farm Support Services
3. Infrastructure
4. Value-added Products & Marketing Support

Each of these topic areas addresses the opportunities and barriers to farming from a different perspective. Combined they provide a comprehensive approach to strengthening the farming potential of agricultural homestead lessees. These four topic areas provide the organization for the findings of the task force.

The issues raised and recommendations offered in this report are intended to serve as the catalyst for written policies and budgeted strategies to support agricultural homesteading. In addition to serving as a guidepost for focusing the Department's efforts, this report also serves to provide agricultural homestead lessees with a picture of their obligations and the expectations that they must meet as homesteaders. Above all, this report is intended to facilitate successful farming and the most productive use of Hawaiian Home Lands agricultural lands.

Background to the Task Force's Findings

The task force members believe that the success of agricultural homesteading is dependent on an array of factors, including:

1. a strong partnership between the Department and each lessee;
2. adequate infrastructure to support farming and the marketing of crops;
3. a certain degree of skill and commitment among the farmers; and
4. adequate financing.

This belief shaped the findings and recommendations contained in this report. Throughout their discussions, the task force members sought to define ways that DHHL could support farmers, as well as how farmers could live up to the ideals of the Act and the conditions of their lease. At the heart of their recommendations is the desire to see agricultural activity continue on homestead land and the opportunity for native Hawaiians who truly wish to farm to have that chance.

The strategies and recommendations contained in this report are based on several assumptions. These assumptions constitute the “big picture” in which the task force examined the issue of how to administer DHHL’s agricultural lands. These assumptions are that:

1. Agriculture is a viable economic activity.
2. There is a desire to maintain a rural, agricultural lifestyle in the current agricultural homestead areas.

3. The Department's approach toward agricultural homesteading has not kept pace with changing circumstances and the local and global economic environment.
4. The Hawaiian Homes Commission Act (HHCA) and the Department's Rules and Regulations, which govern what can be done on agricultural land, can be changed to accommodate new, creative approaches to agriculture.
5. Settlements with the state and federal governments are bringing new lands into our inventory that have agricultural potential.
6. The nature of agricultural homesteads changed after the rules were changed to allow lessees to construct a house on their lots and dual water systems were installed.
7. The desire to farm is not always the primary reason why native Hawaiians apply for an agricultural lease.
8. Subsistence farming is as legitimate an agricultural goal as commercial farming.

The task force based its analysis of the issues related to homestead farming on anecdotal information, existing research, and personal knowledge. Several documents in the DHHL library, including *Land Aspects of the Hawaiian Homes Program* (Allan A. Spitz, Legislative Reference Bureau Report No 1b, 1964) and *The Molokai Agricultural Plan: A Strategy for Administering DHHL Agricultural Lands* (DHHL, 1984), provide historical data to support the findings of the task force. While these documents may be dated, the facts are still relevant and support the issues raised by the task force members.

The task force's findings are presented according to four major topic areas – land use, farm support services, infrastructure, and value-added products and marketing support. Each topic includes a statement of the issues with some background information, desired outcomes, and recommended implementing actions.

The task force members recognize that some of their recommendations require further analysis to determine if they can be implemented. The task force has framed their recommendations with an “out of the box” mentality unrestricted by current rules or constraints of the Hawaiian Homes Commission Act.

Vision Statement

One of the first tasks undertaken by the task force was the development of a vision statement. The vision statement grew out of a discussion on the importance and value of farming. The following comments made by task force members reflect the positive values embodied in successful farming.

- Independence
- Nourishing for family and community (nurturing)
- Healing
- Sharing
- Wholesome, especially for kids
- Creative
- Rural lifestyle
- Pride and satisfaction
- Honest living
- Courageous thing to do
- Commitment and obligation
- Kupuna traditions
- Relationship with plants and the land
- Rewards of a good product
- Legacy for children
- Character building
- Integrity and credibility
- Culture
- Self-sufficiency
- Economic security and business expertise
- Resiliency and perseverance
- Versatility (jack of all trades)
- Ability to stay focused
- Need to be adaptable and flexible
- Preserves open space, ecological balance
- Stewardship for the land
- Moral responsibility (to live up to the Act)
- Entrepreneurship
- Self-starters
- Aloha 'aina and malama 'aina
- Hard-working and industrious
- Pride and gratitude in being a homesteaders and fulfilling Kuhio's vision

As an extension of these values, the task force described the following picture of what agricultural homesteads would look like if the barriers to farming were somehow eliminated.

- There is a unity of purpose among the homestead farmers.
- The homestead agricultural economy is vertically integrated, with homesteaders in control of all aspects of commercial farming, “from the dirt to the bank.” Homesteaders would grow the crops, add value to them, and market them.
- One hundred percent of the agricultural land is being productively used.
- The native Hawaiian community is self-sufficient.
- The homestead community shares and works cooperatively.
- Families are happy, self-reliant, and proud of themselves.
- Agriculture is the base of healthy, productive families.
- Agriculture is the community’s core economic base.
- Youth are self-motivated and have self-esteem.
- Homesteaders feel they are empowered.
- Community values and achievements continue to grow better.
- Homestead farmers are the majority players in Hawaii agriculture.
- The homestead community is flourishing.

The task force members created the following vision statement by incorporating the values and images of successful farming listed above.

<p>Note to Reader: Three versions of a vision statement were suggested by task force members. Since a final decision was not made, they are all presented in this draft.</p>
--

Version #1

Native Hawaiians are a proud, courageous and hard-working people, immersed in traditions and a heritage and culture of aloha 'aina and malama 'aina. We wish to perpetuate this heritage by using our homestead lands productively and working cooperatively to form agricultural communities in control of all aspects of taking our products from the land to the market. We envision all our lands being used not only for the cultivation, processing and marketing of our crops, but also for the growing of self-sufficient, healthy and morally responsible families. We see kupuna teaching makua, teaching keiki. We see a flourishing homestead community.

Version #1a (This is a modification of version #1)

Hawaiians are a people immersed in a heritage and culture of aloha 'aina and malama 'aina. We perpetuate this heritage by using our lands productively and cooperatively to form agricultural communities. We will control all aspects of the production from the land to the marketplace. We envision all our lands being used for the development and growth of self-sufficient, healthy, and thriving families. We see na kupuna teaching na makua, teaching na keiki. We see a successful community as envisioned by our beloved Prince Kuhio Kalaniana'ole.

Version #2

Ours is a vision of self-sufficient communities on homestead lands pursuing a variety of agricultural and horticultural goals. We see hardworking, healthy and responsible families carrying on the legacy of their ancestors and Prince Kuhio, wise stewards of the land. We expect to fulfill the terms of our leases and to be met with complimentary technical support, assistance, and consistent planning and policy making for the good and success of the Hawaiian farmer.

The vision of perpetuating a tradition tied to the land and the holistic relationship of successful farming, strong families and self-sufficient communities mirrors the philosophy of Kuhio. In constructing this statement the task force members acknowledged that farming is hard work and the challenges inherent in farming are not for everyone. Underlying this vision is the belief that both DHHL and the farm lessee have a responsibility to make agricultural activities on homestead land successful.

Findings Related to Land Use

The topic of land use includes matters related to the allowable uses of agricultural homestead lots, agricultural homestead lots that are not being farmed, non-compliance with lease conditions, the loss of large tracts of agricultural lands due to subdividing of parcels, and the urbanization of agricultural homestead areas. The task force's discussions regarding land use centered on how best to govern the activity on agricultural lands while accommodating the expectations of current and future agricultural lessees. The task force presumed that the overarching strategy for land use should be to preserve as much farmable land as possible for agricultural use.

Issues and Background Information Related to Land Use

DHHL staff estimates that approximately five percent of the current agricultural lessees are farming. There are a variety of reasons why the remaining 95% are not farming. From their personal observation and information provided by DHHL staff, the task force members believe that some of the predominate reasons for not farming are:

1. Lack of infrastructure to support farming.
2. Difficult growing conditions.
3. Inability to farm due to lack of farming knowledge, old age, or disability.
4. Lack of financing.
5. Lack of interest.

Table 1 provides a summary of the infrastructure and physical condition of the homestead areas across the state. The information on the number of leases is taken from the December 1999

lease report prepared by DHHL's Homestead Services Division. The data on acreage come from the Land Assessment Studies prepared by PBR Hawaii in 1993. The information on the infrastructure and condition of the land is from DHHL's land development division staff.

Hawaiian Home Lands Agricultural Areas
Data as of December 31, 1999

Location	Leases	Acreage	Infrastructure	Physical Condition
OAHU				
Lualualei	57	235.685	Potable water and electricity under design. Limited access by dirt road.	Very steep and rocky; small farmable area per lot; intended for subsistence farming.
MAUI				
Kula/Keokea	66	122	Potable water system under design.	Rocky, sloping, good climate. 2 and 3-acre lots good for subsistence or small-scale farming.
MOLOKAI				
Hoolehua Palaau	320	8505.223	Most lots have agricultural water and electricity, about 50% have potable water. Additional potable water system being designed for area near the airport.	Good growing conditions. Large lots designed for commercial production. Aging lessees.
Kalamaula	80	160.72	No infrastructure	Good, warm, sunny growing conditions. Very rocky, poor soil. 2 - 4 acre lots.
HAWAII				
Kaohe-Makuu	126	799.517	Subdivision completed. Standard road. Potable waterlines are in. Connection to well on hold until the highway is widened.	Poor soil, mostly lava. 5-acre and 2-acre lots intended primarily for subsistence and small-scale farming. Best suited to nursery and orchard farming.
Keaukaha Panaewa	244	1620.597	Paved roads, domestic water system, electricity.	Poor soil, mostly lava. 5-acre lots intended primarily for subsistence and small-scale farming. Best suited to nursery and orchard farming.
Puukapu	106	695.998	Dual water system, full infrastructure, paved roads, subdivision completed.	Excellent growing conditions, good soil. Good for intensive farming of fruits, vegetables, and flowers.
Kamaoa-Puueo	12	26	No infrastructure, no plans for infrastructure in the near future.	Test well produced brackish water. Remote location.
KAUAI				
Anahola Kamalomaloo	47	235.818	Paved roads, potable water, electricity.	Fair growing conditions. 3 to 16-acre lots. Good for small-scale or commercial production of flowers, bananas, papayas, taro.
TOTAL	1058	12401.558		

It is clear from the information in Table 1 that there are some areas where farming is not practical at this time. Because of difficult growing conditions and small lot size, some areas are simply not suitable for commercial production, even on a small scale. However, even in areas with poor soil, such as Makuu and Kalamaula, nursery farming and orchards are viable.

Through observation, the task force finds that some agricultural parcels are being used for non-agricultural purposes in violation of the lessee's lease agreement. There is also an apparent emerging pattern of agricultural parcels being subdivided for primarily residential purposes. While this is most common with land that is not being farmed, it also occurs with land under cultivation. The non-agricultural uses and subdividing practices are potential threats to the viability of an agriculture-based economy in agricultural homestead areas. These practices also result in increased urbanization and non-compatible use patterns. The task force members speculate that with the threat to agricultural land in general, Hawaiian Home Lands may be the only place where agriculture survives in the state. Therefore, finding solutions that reduce the negative impacts of non-agricultural uses, lease violations, and subdividing is important.

The task force is concerned that as agricultural areas become more residential and non-agricultural uses increase some farm practices, such as pesticide spraying or raising livestock, may be viewed as a nuisance by non-farmers. If such an attitude develops it is likely that pressure will be placed on farmers to limit or modify their farm practices. Thus, it is important to consider how such practices may support or hinder successful farming.

While non-compliance and subdividing were major issues that emerged, the task force identified many other land use issues as well. The following is a list of the land use related issues they identified.

1. Some people select agricultural lots because they can get more land, not because they want to farm.
2. Some agricultural lessees are not residing on the island where their agricultural parcel is located. Molokai agricultural extension agents estimate that at least 50% of homesteaders with new agricultural leases in Hoolehua live on other islands.
3. Many lessees approach farming primarily as a hobby or for subsistence rather than as a business.
4. There are some legitimate reasons why some lessees are not farming such as, old age, poor health, lack of water, lack of financing, or lack of skill. There is a need to develop ways to help these lessees make productive use of their parcel.
5. Even with infrastructure available, there are limits to what farmers can accomplish on poor land.
6. Although some of the agricultural areas have excellent farming potential, (e.g. the land is fertile, there is sufficient rainfall, adequate access to agricultural water, and a good climate for certain types of crops) a considerable amount of the agricultural land is marginal, has rough terrain, and lacks water.
7. The Commission emphasizes housing over agriculture. As a result, a limited amount of resources are being directed to support agricultural activities.

8. It is hard to encourage people to farm when they see other lessees making a good living off of non-conforming uses such as radio stations, towing services, junk yards, etc.
9. The department's policies toward agricultural leases are inconsistent. For example, there is a lack of enforcement of rules, there is no encouragement to farm, and lessees are sent mixed signals about the department's expectations.
10. There is no standard for the farm plan and no system for checking up on compliance. There is no requirement that the resources to carry out the farm plan be in place before a lease is awarded.
11. The lease requirement for a farm plan isn't being taken seriously by DHHL or the lessees. In many cases, farm plans are not being kept up-to-date or not being implemented. The "requirements to farm" are not clear.
12. It is hard to crack down on lessees who have non-agricultural businesses (non-conforming uses) on their agricultural lots when they are making productive use of the land, generating income and, in some cases, employing people.
13. There are situations when people who are farming may also need to engage in other non-agricultural activities on their land to supplement their income.
14. There are situations when non-agricultural uses are approved by the Commission in conflict with the desires of the community.
15. Allowing housing on agricultural land makes it easier for lessees to manage their farms, however, it also opens the door for people to treat an agricultural parcel as a residential parcel.

16. Issues of health and safety arise when housing increases in agricultural areas. Dust and the use of pesticides and insecticides become potential problems.
17. Some lessees look upon their agricultural homestead as a legacy they can pass on to their children. Whether they are farming or not, they expect to be able to subdivide the land to distribute it among the family members.
18. Subdividing agricultural lands is taking the pressure off of the residential waiting list, however, it also circumvents the waiting list.
19. Policy and regulatory restrictions make it difficult to match land to people. We are limited to taking people from the waiting list in order, which makes it hard to match farm skills and motivation with quality land. As a result good agricultural land sometimes ends up in the hands of people who have no commitment or skills to farm.

Desired Outcomes Related to Land Use

One of the goals of DHHL's agricultural program is to preserve as much farmable land as possible for agricultural use. The task force believes this goal can be achieved through land use policies and practices that (1) support active farming, (2) discourage non-agricultural related uses of farm land, and (3) maintain contiguous parcels of agricultural lands whenever possible.

Ideally, all agricultural parcels that are conducive to farming should be under cultivation. The type of cultivation should be commensurate with the size and condition of a lessee's parcel. For example, subsistence farming is acceptable on a two-acre parcel, but not on a 20-acre parcel. The aim is for agricultural homestead parcels to be used to their best agricultural advantage.

Lessees on farmable parcels who are unable or unwilling to engage in an agricultural activity should be provided with alternatives that allow them to benefit from a homestead lease, while making the farmable parcel available for a native Hawaiian who does want to farm. To achieve this may require relocation to a residential lot, subdividing out a small portion of their parcel for residential use, third-party agreements with native Hawaiians willing to farm the land, or similar arrangements that do not penalize a lessee for not farming, but also do not allow them to hold onto a large parcel of land without using it.

Given the uncertain nature of farming, farmers need a diversity of income generating activities to provide an adequate income and cover them when crops fail. It is important to accommodate these diverse activities but not at the cost of agricultural production. An acceptable balance of activities can be reached by the Department establishing a positive relationship with lessees that includes flexibility in lease conditions, periodic inspections, and clear, specific regulations.

To maintain the integrity of agricultural areas, it is necessary to enforce the agricultural lease provisions. It is also critical that the lease enforcement be consistent across all agricultural areas. The aim of enforcement should be to facilitate farming, not penalize lessees. Rather than forcing lessees to close non-agricultural businesses (non-complying activities), an effort should be made to relocate them to suitable industrial or commercial areas.

Recommended Implementing Actions Related to Land Use

The task force based its land use recommendations on the basic farming principle that recognizes agriculture as the central activity. Under this principle, agricultural businesses that are directly related to agricultural production would be allowed. Agricultural activities could range from subsistence to commercial farming to the production of value-added products such as processed foods and leis. In general, non-agricultural uses would not be allowed or only allowed on a limited, controlled scale as a supplement to the agricultural activities.

The task force members recognize the need for farmers to have alternative income sources so, some flexibility with regard to non-agricultural activities is advised. The task force suggests that an assessment of the non-agricultural activities occurring on agricultural homestead lands be based on whether the non-agricultural activities are dependent or supportive of farming, not the other way around.

The task force member believe that the traditional leases (residential, agricultural, and pastoral) are outdated mechanisms. DHHL staff estimate that 90% of the people on the waiting list simply want a house. In today's housing market, a homestead lease may be the only opportunity they will have for homeownership. While a homestead lease works well for residential purposes, it is not an ideal method of awarding agricultural land. An agricultural homestead lease locks up land for a very long time and it cannot be used as collateral for financing. When a lessee fails to use their land, the process for canceling their lease is long and cumbersome.

The task force recommends creating a generic homestead lease for awarding small parcels of land for residential, subsistence agriculture, and subsistence pastoral uses. This type of lease could keep land in a family for generations without any special requirements. A more flexible mechanism that allows the department to manage the lands easier and opens up financing options for lessees should be created to award more sizable parcels of agricultural land for commercial farming. This mechanism would be subject to use and lease rent requirements based on a farm plan proposal. This type of mechanism could also allow DHHL to match a farmer's skills and farming objective to prime agricultural lands.

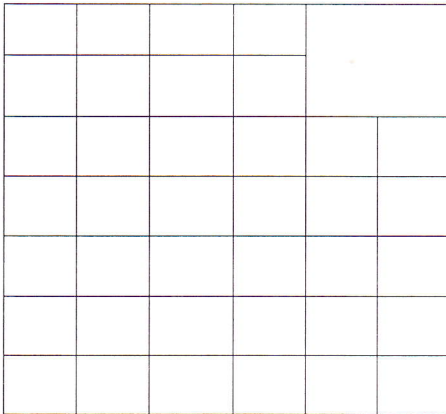
The task force made the following specific recommendations.

1. Institute a moratorium on awarding new agricultural leases until a strategy/plan for future agricultural activities is in place. This plan should be required to be in place within three years of the date of the task force's report.
2. Limit the size of agricultural homestead awards to 2 – 5 acres. These awards are intended to provide for subsistence farming. A farm plan should be required. Only one residence should be allowed and subdividing should be prohibited.
3. Create an agricultural land use plan that:
 - Establishes a zoning system to govern land-use patterns and control activities on agricultural homestead land. The system should establish a basis for deciding minimum lot size, accommodate residential use, and accommodate compatible non-agricultural uses in appropriate locations within the agricultural areas while still preserving good farmland.
 - Includes an inventory of DHHL agricultural lands identifying accessibility, type of land (rock, dirt, craters, ash, etc.) and resources available (water, etc.).
 - Establishes a minimum lot size based on the amount of land needed to sustain some viable level of agricultural activity. If subdividing is to be allowed, a minimum lot size would help to preserve a viable lot size and mitigate urbanization of agricultural lands.
 - Establishes commercial agricultural areas.

4. Create a mechanism to support commercial level farming by native Hawaiians, for example, with land dispositions where terms are negotiable, mortgagable, assignable, at below market rents, of various acreage, for various lengths of time (similar to the Department of Agriculture's agricultural parks).
5. Enforce lease compliance, but be sensitive and flexible when dealing with each case since the commission has allowed the violations to occur.
6. Require existing lessees to update and secure DHHL's approval for their farm plans. Require implementation of the farm plan within six months of approval. Terminate the leases of those who do not implement their farm plan.
7. Define farming as compliance with a DHHL-approved farm plan. DHHL would need to monitor this compliance.
8. Provide options and alternatives for those who are violating their leases by operating non-agricultural related businesses. For example, commercial districts could be created to relocate these businesses.
9. Establish a procedure for existing agricultural lessees who do not wish to farm to relinquish their agricultural lands without sacrificing their opportunity to have a home and a homestead lease.
10. Maintain the moratorium on subdividing agricultural land until the Planning Office completes land use plans covering each homestead area.

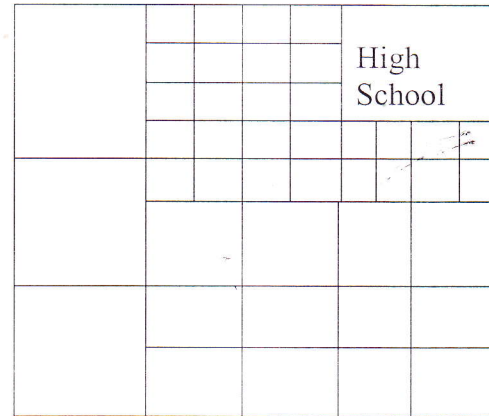
The task force recommends the Department use a more creative land use pattern that accommodates residential lots and various scales of farming in a rural land use environment. The diagram below, using Hoolehua as an example, illustrates such a pattern. Clustered small lots for residential use are laid-out around the high school where the infrastructure is already developed. Medium and large lots strictly for farming are situated away from the town center (represented in the diagram by the high school).

Traditional Layout



Consists of agricultural lots of generally the same size.

Alternative Layout



Small residential lots; medium size agricultural lifestyle or subsistence farming lots w/house allowed; large lots for commercial agriculture or agriculture related business under general lease.

The alternative layout provides various size parcels that are more in-line with what people are interested in doing. The residential parcels would be big enough to maintain the sense of a rural area (avoiding the feeling of urbanization), while the medium and large parcels would accommodate people who are serious about farming.

Findings Related to Farm Support Services

Farm support services encompass a variety of mechanisms to help farmers make the best use of their land. Included under this topic are training programs, cooperatives, equipment, financing methods, and technical assistance. As previously mentioned, the task force identified the lack of farming knowledge, old age or disability, and the lack of financing as some of the reasons why many agricultural lessees are not farming. This section covers the issues and recommendations related to these barriers discussed by the task force. The overarching goal for farm support services is to increase successful farm production. To this end, the task force members focused on ways to stimulate non-farmers and enhance the efforts of current farmers.

Issues Related to Farm Support Services

Agriculture is an integral part of the rehabilitation objective of the Hawaiian Homes Commission Act. The creation of the Hawaiian Home Lands program was premised on the idea of returning native Hawaiians to a farming life. Indeed, it could be said that farming was seen as the salvation of the Hawaiian race. However, the focus switched from agriculture to housing almost immediately after the Act was passed, when the 1923 amendments added provisions for residential leases. Over the years, the Commission has continued to support agriculture, although this support has come second to residential development.

Currently, the Department supports agricultural homesteading in an indirect manner with technical assistance through the University of Hawaii Cooperative Extension Service (CES) and an agricultural loan program. Over the years, the Department and CES have shifted the focus of

technical assistance from helping those who are farming to motivating non-farmers. The CES agents often find that the lessees who are not farming lack basic agricultural skills such as soil preparation, planting techniques, and the proper use of fertilizers, insecticides, and herbicides. In addition, the CES agents have found that many of the lessees they work with are first generation farmers.

Without the necessary skills or a farming tradition to rely on, it is a challenge to motivate and assist the non-farming lessees. These lessees require intensive, long-term personal assistance. The level of assistance currently being provided is inadequate to meet this kind of need. The task force members think that increased training and technical support are necessary to insure that agricultural lessees are prepared to effectively farm their lands according to their lease agreements.

The task force members agreed that a variety of training methods and technical services are needed to meet the needs of non-farming lessees. Among the methods suggested were cohort training programs, one-on-one assistance, mentorship arrangements and hands-on workshops. The various methods could be structured to take place on special training farms, individual homestead parcels, or agricultural parks. It was estimated that a cohort-training program would cost about \$1,500/acre in non-personal cost. Estimates for the costs of other models were not calculated.

For the most part, the extension services now being offered are most suitable for lessees who are already farming. In order to provide appropriate and adequate support for both farming

and non-farming lessees, it is necessary to assess the skills and interests of lessees. Currently, there are no procedures for assessing the skills or farming interests of lessees.

The task force suggested that screening procedures be created for applicants to determine if they have the necessary skills to farm. Screening procedures and farming qualification guidelines could be used to match the skills and expectations of the applicants with a suitable homestead award. This type of screening could also serve as a process for identifying those families that are ready to farm and those who may be interested in participating in training initiatives. The task force members think that this approach would also help to reinforce the expectation that an agricultural lease is meant to be farmed.

While having some basic farming knowledge is important to becoming a successful farmer, having financial resources and access to the proper equipment are essential. All the training in the world is useless without the resources to plant a crop. The task force estimates that it takes about \$100,000 for a new farmer to get started. Agricultural lessees have access to loans through the state and federal department's of agriculture, the DHHL loan program, and the Office of Hawaiian Affairs - Native Hawaiian Revolving Loan Fund.

DHHL will loan or guarantee up to \$50,000 for farm operations. The current DHHL agricultural loan portfolio includes 61 loans made by the Department totaling a principal balance of \$1,120,712 (as of February 29, 2000). The oldest loan in the DHHL portfolio was made in 1973 and the most recent one was made in September 1999. Twenty-eight (46%) of the 61 loans are currently delinquent; nearly all of them are more than 120 days delinquent. In addition to

direct loans, the Department guarantees loans made by the state Department of Agriculture (DOA). In January 2000 one such loan was paid off and in February 2000 one new DOA loan was guaranteed by the Department.

As illustrated by the low loan volume and high loan default rate, it is very difficult for homestead farmers to manage a farm loan. Other types of financial support are very limited. The U.S. Department of Agriculture's natural Resource Conservation Service (NRCS) provides funding through a cost-sharing program for the preservation and protection of natural resources. This can include planting trees for soil conservation and erosion prevention, protection of wetlands, control of noxious weeds, and implementing water conservation techniques. Aside from loans or federal assistance, farmers must rely on personal income, savings, and loans from family and friends. All of these options place burdens on the farmers and put them at risk. Farming skill, technical assistance, good land, and supportive policies become even more critical once a farmer takes on debt to get their operations going.

Part of the cost of operations can be reduced if the farmer receives assistance with land clearing and planting. The need for access to was mentioned several times in the community gatherings held during the early stages of the task force's work. The Cooperative Extension Service Agents mentioned that they often advise homestead farmers not to buy equipment because it is expensive. As an alternative to incurring debt by purchasing large equipment such as tractors and trucks, the task force suggested that DHHL help farmer cooperatives to purchase equipment that can be shared.

The following issues related to farm support services were identified by the task force.

1. Many lessees lack the skills or knowledge to farm.
2. Many lessees have farm plans that are out of date or cursory plans done simply to meet the requirement to obtain the lease.
3. There is a lack of training programs to help farmers gain the skills they need; this is true for both new farmers and existing farmers wishing to learn new techniques or diversify their crops.
4. Some lessees lack the commitment to farm, the willingness to learn, or the willingness to use available assistance and resources.
5. There is a lack of supportive resources such as equipment that can be borrowed, technical expertise, and financing.
6. DHHL does not have an in-house agriculture support program to do proactive planning, coordinate support services, or advocate for agricultural homestead needs.
7. Farm labor costs are high.
8. There is limited information available about future market demand to help farmers plan their crops.
9. Operating costs and barriers to farming are increasing, e.g. water rates are going up, farm equipment is costly, transportation schedules are being reduced, water rights are diminishing, drought conditions and the introduction of diseases and pests are increasing.
10. There is a general lack of state support for agriculture.

11. Apprenticeship and mentorship are critical in the field of farming; they are part of the farming tradition. Successful homestead farmers can serve as role models, information resources, and motivation for new farmers.
12. Once crops are being successfully grown it is important to have a system of marketing and financing support in place to keep the cycle of production going.
13. The agricultural community is fragmented.
14. Homesteaders are not using the resources outside of the homestead areas.
15. Homestead farmers need to change their thinking and explore new technologies and crop diversification.
16. There is a lack of access to high-risk capital to start farms and maintain operations.

Desired Outcomes Related to Farm Support Services

There were several issues raised regarding indicators for successful farming. Comments centered on how to measure success, i.e. by pounds produced, acres farmed, percentage of parcel under cultivation, number of people farming, or how much change is reasonable or should be expected. These are complex measures and there are many things to be considered in establishing criteria of success.

Recommended Implementing Actions Related to Farm Support Services

If agricultural homestead land is to be used productively, there needs to be a clear picture of what the Commission wants to accomplish through agriculture and through the Department's assistance to lessees. The task force believes that many of the current lessees need more support

than what is being provided. In particular, lessees who are not farming at all need intensive and sustained training, monitoring, and financial assistance to start their farming operations.

Task force members felt strongly that the Commission not give up on people who are not farming. Given the many obstacles farmers encounter, the task force thinks the Commission should take a proactive approach that provides a variety of options and types of assistance to help lessees.

Because farming is very demanding and complex, especially for people without an agricultural background, the task force members looked at ways support could be approached in small steps. The task force believes that providing farm support services is key to facilitating successful farming on homestead land. They recommend a multi-pronged strategy of education, technical assistance, and assistance obtaining equipment and financing as a way of increasing the productivity of agricultural homestead land. To have a significant and sustained impact, the task force believes that this strategy must be targeted at current and potential agricultural lessees, as well as homestead youth.

The task force members believe that for support services to be effective they must be coordinated and sustained over a long-period of time. To make this happen, they believe it is necessary for the Department to establish an agricultural management division, or at minimum an agriculture specialist position devoted to facilitating agricultural activities on homestead land.

The following list provides specific recommendations for facilitating successful farming.

1. Create an Agricultural Resources Management Division to develop, manage, and coordinate agricultural resources and support services for leases and to monitor and enforce agricultural lease provisions.
2. Create agricultural training programs for new farmers. Cohort training programs and mentorship programs that provide new farmers with sustained and in-depth information about all phases of farm production are recommended over the workshop approach.
3. Strengthen the University of Hawaii Cooperative Extension Service (CES) programs and provide lessees with information to make them aware of its existence. Produce an introductory video of farm practices in each region and establish farm demonstration sites.
4. Develop a mechanism to ensure that new lessees are capable of using an agricultural award to its full potential. Possible mechanisms might include:
 - Providing information to potential lessees on the realities of farming on DHHL land, the lease requirements, agricultural background qualifications, and the farm plan requirements so that they are fully aware of what is expected of them. Do not encourage people to take an agricultural lease when a residential lot may be what they are really looking for.
 - Developing a certification process that documents the farming qualifications of lessees. This certification would be used to verify that a potential lessee has the skills and commitment to warrant receiving an agricultural lot.
 - Establishing minimum agricultural education requirements for receiving an agricultural lease. Incorporate training or certification into the lease award process to insure that those receiving agricultural lots are serious and prepared to farm.
5. Establish standards for an acceptable farm plan. It may be necessary to provide assistance to lessees to create a good farm plan.
6. Require all agricultural lots to have a conservation plan approved by the area Soil and Water Conservation Districts.
7. Establish a systematic process for working with lessees to review and update their farm plans on a regular basis. These reviews would be designed to insure that lessees are implementing their plans, that the farm operations are progressing, and to identify any assistance they need. This process should include regular visits by DHHL staff or representatives.
8. Make major farm equipment such as tractors, tillers, and rippers available for land clearing and prepping so that the farmers don't have to purchase their own. This equipment could be made available through a co-op or by contracting with an equipment operator. A cost-effectiveness analysis should be done to determine the best mechanism for making the equipment available.

9. Establish cost sharing programs for costly practices such as the implementation conservation plans and land preparation.
10. Facilitate and support the formation of cooperatives or farming Hui's that help homesteaders to pool their resources, land, and abilities to keep their land in production.
11. Establish partnership agreements with external lending sources to create a pool of financial resources for homestead farmers. Possible partners include the USDA-Rural Develop, the state and county agriculture departments, and OHA.
12. Actively pursue special funds, especially federal monies, to support agricultural activities.
13. Review DHHL's current agricultural loan policies to determine if they meet the needs of agricultural lessees. The review should look at the loan application process, staff requirements, and loan limits. Appropriate changes should be made to support homestead agriculture.
14. Review county ordinances to determine if they create barriers to farming. Work with the counties to remove any barriers that exist.
15. Establish a long-term advisory committee to regularly review issues related to homestead farming. This group would monitor agricultural issues and advocate for DHHL farming needs such as water, funding for infrastructure development, financing programs, and marketing support.
16. Increase the number of native Hawaiians on advisory and policy boards that have influence over agricultural matters so that homesteader concerns are represented.

Findings Related to Infrastructure

Issues and Background Information Related to Infrastructure

1. Some agricultural homestead areas lack water, utilities, and access to enable lessees to farm.
2. We have invested millions of dollars in infrastructure in some agricultural areas and people are still not farming.
3. Funding for infrastructure is limited and the agricultural areas must compete with demands for housing.
4. In some areas where water is available it is expensive; there is a need to develop less expensive, alternative water systems such as surface water.
5. In some areas the amount of water that is available is inadequate for the amount of leased agricultural land.
6. The State Department of Agriculture is under pressure to become more self-sufficient. To do so they are raising the rates on the water systems.
7. Planned infrastructure improvements (e.g. transportation improvements, new sources of water) will open up new markets and access to DHHL lands.
8. Because most lessees expect to be able to build a house on the agricultural lot, there is an expectation that agricultural areas will have a dual water system and other utilities.

The state Department of Agriculture has been mandated to create a Statewide Agriculture Water Use and Management Plan. This plan must be completed by the end 2000.

Desired Outcomes Related to Infrastructure

Recommended Implementing Actions Related to Infrastructure

1. Provide adequate funding to implement the task force's recommendations.
2. Determine water needs for each agricultural area and acquire the needed water.
3. Ensure adequate water is available to each homestead. Suggestions for achieving this include:
 - Developing agreements with appropriate agencies to do experimental drilling as part of their studies. After their studies are complete the wells could be turned over to the department.
 - Working with the State Department of Agriculture to develop water resources and delivery systems and to investigate alternative sources.
 - Participate in the State Department of Agriculture's water resource planning.

Findings Related to Value-Added Products and Market Support

Issues and Background Data Related to Value-Added Products and Market Support

In the past, agriculture in Hawaii has centered on growing bulk commodities such as sugar and pineapple. The decline of these crops has required a restructuring of agriculture throughout the state. The current economic times demand a more value-added approach based on diversified crops. With the major agricultural landholders getting into other fields, Hawaiian homesteaders are well positioned to be leaders in this type of agricultural market.

1. There are many possibilities for agriculture-related business.
2. There is a demand for locally produced farm products.
3. There are a variety of market venues and opportunities (e.g. farmers markets, stores, restaurants, produce distributors.)
4. Political and policy barriers, such as the Jones Act, irradiation, quarantine, foreign imports, affect distribution and limit access to potential markets.
5. Homestead areas are in excellent proximity to established local markets and transportation.
6. Neighbor island farmers face difficult market conditions with high transportation costs, limited or no direct access to mainland markets, limited on island markets.
7. It is difficult for homestead farmers to access the complex and competitive Honolulu market.
8. Most farmers lack the marketing and business skills that are needed to making farming an economic success.
9. The State Department of Agriculture and the University of Hawaii Cooperative Extension Service have historically stayed away from the marketing end of

agriculture business. They are now beginning to look at marketing as part of their role in supporting agriculture in the state.

10. There are increasing niche markets for specialty crops such as gourmet foods, organic foods, and nutraceuticals.
11. The departure of sugar and other large crops is freeing up land for diversified agriculture in areas such as Ewa on Oahu that are more convenient to the major markets making it harder for neighbor island farmers to compete.
12. Homestead farmers have a competitive advantage because they have no land costs.

The State Department of Agriculture (DOA) is beginning to incorporate marketing and market development into their strategy for supporting agriculture. Among the things they are doing is trying to remove regulatory barriers so that our market is larger, more global. The DOA sees itself serving in the role of the “corporation” in much the same way that Dole was. The DOA’s focus is on research and development and marketing support for diversified agriculture.

Desired Outcomes Related to Value-Added Products and Marketing Support

Recommended Implementing Actions Related to Value-Added Products and Marketing Support

1. Develop a commercial agriculture management team to assist commercial homestead farmers with marketing, business planning, transportation, storage, and links to each other.
2. Develop partnership agreements to provide business planning and marketing assistance to farmers.
3. Establish a marketing working group with allied agencies and lessees that can identify, develop, and expand market share of homestead products. It is important to have a person (or group) who is specifically trained to deal with wholesalers, shippers, and secondary producers and knows the market demand and pricing to take care of this side of the business so that farmers can concentrate on their crops.
4. Provide land for farmers markets, cooperatives, cooling plants, marshalling yards, etc.
5. Support the formation and operation of community-based farmers markets for homesteaders.
6. Create support facilities such as marshalling yards, processing plants, and shipping facilities so that farmers can combine their products to compete with larger mainland and Oahu growers.
7. Identify suitable crops for all agricultural homestead lands that can provide guidance to potential and existing lessees in creating their farm plans.
8. Develop a data base of product demand and production patterns that will help homestead farmers plan their crops to meet market opportunities. It was stated

that a caveat of farming is that you have to have your crop sold before you put it in the ground.

