

STATE OF HAWAII

DEPARTMENT OF HAWAIIAN HOME LANDS

June 22, 2021

TO: Chairman and Members, Hawaiian Homes Commission
FROM: Rodney K. M. Lau, Administrative Services Officer
SUBJECT: Approval of Fiscal Year 2022 Department of Hawaiian Home Lands Budget



RECOMMENDED MOTION/ACTION

1. Approval of the Fiscal Year 2022 Department of Hawaiian Home Lands Budget and authorize the Chairman to shift funding of expenditures between cost elements and funds as warranted but not to exceed the total budget and any shift in funding between cost elements by the chair shall not exceed \$500,000.
2. Approval of Fiscal Year 2022 Development budget and allow for amounts not encumbered in FY 2021 to be encumbered in FY 2022. For the Development budget items, allow the Chair's authority to shift funding between cost elements if not to exceed \$1,000,000.
3. Approval to transfer \$15,000,000 from the Hawaiian Home Administration Account to the Hawaiian Home Operating Fund.

DISCUSSION

Purpose 4: Administrative and Operating Costs

Pursuant to HB 200 HB1 SD1 CD1, the State Legislature appropriated \$14,751,668 in general funds, \$4,824,709 in special funds (Hawaiian Home Administration Account), and \$3,740,534 in trust funds (Hawaiian Home Operating Fund) to finance DHHL's administrative and operating (A&O) costs.

General fund fringe benefit costs are absorbed separately in a Department of Budget and Finance appropriation, consistent with all other State general funded programs.

"Personal Services" costs (\$9,884,810 in FY 2022) is comprised of funding base salaries of 160 positions with a position count of 200 positions. General fund financing "Other Current Expenses" total \$4,866,858.

HB 200 HB1 SD1 CD1 kept the general fund position count of 200 positions intact but funded only 160 of the 200 general funded positions.

Attachment "A" provides the means of financing recommended to fund the Administrative and Operating Budget for fiscal year 2022.

Purpose 1: Lot Development

Attachment "B" provides the means of financing for the projects recommended to fund the Lot Development Budget for fiscal year 2022.

The Development Budget responds to issues and priorities expressed by the Commission. In addition, the following principles guided the preparation of the list of projects:

- The department's commitment to providing improvements for the Undivided Interest Lots that have been awarded, and to completing other projects that have been initiated;
- The development of new homesteads for award, with particular emphasis on providing improved residential lots;
- The need to repair, maintenance and upgrade of aging infrastructure on Hawaiian home lands; and
- The need to initiate the planning and design of new homestead projects to provide an inventory for future development.
- Design and construction of projects that are awarded USDA Rural Development loan/grant funds. These projects leverage federal funding resources to reduce the amount of funds needed from the Trust Fund for projects.

The primary sources of financing are from general obligation bond financing from the State Legislature, the Hawaiian Home Operating Fund (HHOF), the Hawaiian Home Lands

Trust Fund (HHLTF), the Native American Housing and Self-Determination Act (NAHASDA), a U.S. Housing and Urban Development program and the United States Department of Agriculture Rural Development program (USDA-RD).

Pursuant to HB 200 HB1 SD1 CD1 (see Attachment B: CIP Appropriations Fiscal Biennium 2021-2023), the State Legislature appropriated \$77.8 million in general obligation bonds to finance two (2) CIP lump-sum projects (\$60 million) and two (2) separate CIP appropriation projects (\$18,000,000) on Hawaiian home lands.

Purpose 2: Loans

Pursuant to Act 11, SpSLH 1995, all special and revolving funds are subject to the State allotment process. For the DHHL's loan program, this affects the financing provided by the Hawaiian Home Loan Fund and the Hawaiian Home General Loan Fund. This budget will serve as a basis to allot funds necessary for equity payments of cancelled or surrendered homestead lease improvements, new loan financing and insurance advances, property tax advances, and contingency reserve for loan guarantee and insurance programs.

Fiscal year 2022 Loan Program Budget, as shown below, sets forth the planned expenditures by cost elements as follows:

	<i>Loans: Fiscal Year 2022</i>	Total	(S-302-I) HH Loan Fund	(S-323-I) HH General Loan Fund	(T-917-I) HH Trust Fund	(T-902-I) HHL Trust Fund	NAHASDA
A.	Section 209 HHC Transaction	3,000,000	2,000,000	1,000,000	0	0	
B.	Direct Loan Financing	11,000,000		3,000,000	0	0	7,000,000
C.	Real Property Taxes	100,000		100,000	0	0	
D.	Contingency-Guaranteed/Insured Loan Portfolio	2,400,000		1,200,000	1,200,000	0	
E.	Loans Receivable/Interest Receivable Write-offs/Write downs	1,200,000		0	0	1,200,000	
	Total Loans	16,700,000	2,000,000	5,300,000	1,200,000	1,200,000	7,000,000

Explanation of Cost Elements:

Section 209, HHCA Transactions - Equity payments of cancelled or surrendered homestead lease improvements. Includes the appraised value of the improvement less any indebtedness to the department and taxes owed by the previous lessee. The payments are advanced from the loan funds and repaid by the subsequent purchaser of the improvements.

Direct Loan Financing and Advances - Includes loan refinancing, replacement home loans, repair loans, new home construction, farm loans and loan insurance advances. HB 200, CD1 established by budget proviso a separate revolving loan fund for the NAHASDA direct loans for FY 2022 and FY 2023. The Legislature authorized \$7M annually for NAHASDA (federal fund) direct loans.

Real Property Tax Advances - Pursuant to section 208(7) of the HHCA, the department may advance payments on behalf of lessees to address real property tax delinquencies and have a lien placed as provided by section 216 of the Act.

Contingency - Guaranteed/Insured Loan Portfolio - A reserve set aside to address loans to lessees where the department guarantees or insures repayment to lenders in the event of loan default.

Loans Receivable/Interest Receivable Write-downs/Write-offs - of asset accounts due to decline in value of assets.

Purpose 3: Rehabilitation Projects

Pursuant to Chapter 6.1 of Title 10 Hawaii Administrative Rules, DHHL prepares the Native Hawaiian Development Program Plan (NHDPP) every two years for HHC review and approval. The goal of the NHDPP is to "increase the self-sufficiency and self-determination of native Hawaiian individuals and native Hawaiian communities." This is accomplished through the NHDPP by "improve(ing) the general welfare and conditions of native Hawaiians through educational, economic, political, social, cultural, and other programs."

In this upcoming Fiscal Year, DHHL plans to implement the following components in the NHDPP:

- a) Homesteading Opportunities Assistance Program (HOAP), including homebuyer education, lease cancellation, and foreclosure prevention services.
- b) Continue technical assistance for Planned Community Associations on the new Hawaii Administrative Rules.
- c) Continue to administer and provide technical assistance to the existing 25 grantees.
- d) Provide \$1,000,000 in new DHHL grants, including offering project implementation grants.
- e) provide limited technical assistance for grant support for grantees.

The rehabilitation projects below are financed from the Native Hawaiian Rehabilitation Fund in FY 2022.

Rehabilitation Projects		
7110	Native Hawaiian Development Program and Plan	\$1,000,000
7110	Beneficiary Capacity Building and Technical Assistance	\$400,000
	Total	\$1,400,000

The Commission's approval of above recommended motion is respectfully requested.

**Department of Hawaiian Home Lands
Executive Budget for FY 2022**

Object Code	General Fund	Administration and Operating Costs						NHRF	Rev. Bond Special Fund	NAHASDA	TOTAL BUDGET
		Administration Account		Operating Fund		Operating Fund (Non App)					
		Operating Portion	Development Portion	Operating Portion	Development Portion	Operating Portion	Development Portion				
2000	Personnel Costs	9,884,810	0	0	0	0	0	0	0	0	9,884,810
2900	Other Personal Services	680,000	249,000	28,000	0	0	0	0	0	0	957,000
3010	Operating Supplies - Gas & Oil Supplies	69,500	0	34,500	0	0	0	0	0	0	104,000
3020	Operating Supplies - Fuel & Oil Other	2,950	0	1,548	0	0	0	0	0	0	4,498
3030	Operating Supplies - Janitorial	10,380	0	0	0	0	0	0	0	0	10,380
3040	Operating Supplies- Medical	0	0	22,434	0	0	0	0	0	0	22,434
3090	Operating Supplies - Others	25,500	3,000	100,000	0	0	0	0	0	0	128,500
3100	Maintenance Materials Supplies & Parts	7,600	0	800	0	0	0	0	0	0	8,400
3200	Office Supplies	117,150	0	1,500	0	0	0	0	0	0	118,650
3400	Other Supplies	21,866	0	300	0	0	0	0	0	0	22,166
3500	Dues and Subscriptions	15,762	2,000	4,600	0	0	0	0	0	0	22,362
3600	Freight and Delivery Charges	4,770	0	4,550	0	0	0	0	0	0	9,320
3700	Postage	166,990	0	600	0	0	0	0	0	0	167,590
3800	Telephone	130,610	0	0	0	0	0	0	0	0	130,610
3900	Printing and Binding	94,950	0	500	0	0	0	0	0	0	95,450
4000	Advertising	62,700	0	0	0	0	0	0	0	0	62,700
4100	Car Mileage	0	20,500	7,000	0	0	0	0	0	0	27,500
4200	Transportation, Intrastate	4,000	333,220	4,000	0	0	0	0	0	0	341,220
4300	Subsistence Allowance, Intra-State	2,000	178,070	0	0	0	0	0	0	0	180,070
4400	Transportation, Out of State	0	28,750	0	0	0	0	0	0	0	28,750
4500	Subsistence Allowance, Out of State	0	27,000	3,000	0	0	0	0	0	0	30,000
4600	Hire of Passenger Cars	750	55,075	510,200	0	0	0	0	0	0	566,025
5000	Electricity	402,000	225,000	0	0	500,000	0	0	0	0	1,127,000
5200	Water	124,700	201,000	229,800	0	40,000	0	0	0	0	595,500
5200	Water - Subdivisions	0	0	0	0	100,000	0	0	0	0	100,000
5300	Sewer	0	0	0	0	0	0	0	0	0	0
5400	Other Utilities	0	0	0	0	0	0	0	0	0	0
5500	Rental of Land and Bldg.	10,000	0	0	0	0	0	0	0	0	10,000
5600	Rental of Equipment	90,150	4,000	1,500	0	0	0	0	0	0	95,650
5700	Other Rentals	1,723,500	0	0	0	0	0	0	0	0	1,723,500
5810	Repairs- Data Processing	14,000	0	0	0	0	0	0	0	0	14,000
5815	Maintenance - Data Processing	320,000	0	0	0	0	0	0	0	0	320,000
5820	Repairs- Equipment, Building, etc.	77,410	0	27,500	0	0	0	0	0	0	104,910
5825	Maintenance- Equipment, Building, etc.	314,100	304,000	60,277	0	14,245	0	0	0	0	692,622
5830	Repairs- Motor Vehicles	43,000	0	13,000	0	0	0	0	0	0	56,000
5835	Maintenance- Motor Vehicles	30,250	0	10,000	0	0	0	0	0	0	40,250

**Department of Hawaiian Home Lands
Executive Budget for FY 2022**

Object Code	General Fund	Administration and Operating Costs						NHRF	Rev. Bond Special Fund	NAHASDA	TOTAL BUDGET
		Administration Account		Operating Fund		Operating Fund (Non App)					
		Operating Portion	Development Portion	Operating Portion	Development Portion	Operating Portion	Development Portion				
5840	0	205,000	120,225	0	500,000	0	0	0	0	825,225	
5895	79,934	0	5,000	0	650,000	0	0	0	0	734,934	
5900	75,000	0	0	0	0	0	0	0	0	75,000	
6120	0	0	0	0	0	0	0	0	0	0	
6500	0	0	0	0	0	0	0	0	0	0	
7110	0	2,129,200	2,474,000	0	3,928,200	0	1,400,000	0	23,318,527	33,249,927	
7230	122,000	0	18,700	0	0	0	0	0	0	140,700	
7290	23,336	98,128	4,500	0	0	0	0	0	0	125,964	
6500	0	661,366	52,500	0	0	0	0	0	0	713,866	
7700	0	100,000	0	0	0	0	0	0	0	100,000	
7900	0	0	0	0	0	0	0	0	0	0	
8020	0	0	0	0	0	0	0	0	0	0	
6120/8020	0	0	0	0	0	0	0	0	3,200,000	3,200,000	
8200	0	0	0	0	0	0	0	0	0	7,000,000	
Total - Current Expenditure & Equipment	4,866,858	4,824,309	3,740,534	0	5,732,445	0	1,400,000	3,200,000	30,318,527	54,082,673	
Total	14,751,668	4,824,309	3,740,534	0	5,732,445	0	1,400,000	3,200,000	30,318,527	63,967,483	
A--Personnel Cost	9,884,810	0	0	0	0	0	0	0	0	9,884,810	
B --Current Expenditure	4,866,858	4,063,343	3,688,034	0	0	0	1,400,000	3,200,000	30,318,527	47,536,762	
C --Equipment	0	661,366	52,500	0	5,732,445	0	0	0	0	6,446,311	
M--Motor Vehicle	0	100,000	0	0	0	0	0	0	0	100,000	
Total	14,751,668	4,824,709	3,740,534	0	0	0	1,400,000	3,200,000	30,318,527	63,967,883	
HB 200 HD 1 SD 1 CD1	14,751,668	4,824,709	3,740,534	0	0	0	1,400,000	3,200,000	30,318,527	63,967,883	

Department of Hawaiian Home Lands											
Development Budget (FY 2022)											
(000's omitted)											
Project / Description	New Lots	FY 22 Carryover		FY 22 New Funds			FY 22 Proposed Budget				Leg Appns ID Act/Year, Item
		HHL Trust	Leg Appns	HHL Trust	AHC	Leg Appns	HHL Trust	AHC	Leg Appns	Total	
PART A: Lot Development Projects (Addressing the homestead waiting list)											
OAHU											
East Kapolei II-B Na Kupa'a Loan Payoff		2,300					2,300		-	2,300	
East Kapolei II-C Site Construction (Leg)	130		7,000			4,400	-		11,400	11,400	6/20, F-7; /21 proviso
East Kapolei II-C Site Construction (Trust))		8,700					8,700		-	8,700	
East Kapolei II-A TOD and Telecom						5,132	-		5,132	5,132	/21 proviso
East Kapolei II-E, Engineering	156			1,500			1,500		-	1,500	
Voice of America Phase I Infrastructure	72	696					696		-	696	
Waimanalo Agricultural and Residential Lots (Wong Farm)	75		1,200				-		1,200	1,200	6/20, F-7
Land Acquisition, Oahu			1,000			1,000	-		2,000	2,000	40/19, F-9; /21, F-6
MAUI											
Keokea-Waiohuli, Phase 1 - 4		1					1		-	1	
Keokea-Waiohuli, Phase 2B and 3	76		2,935			15,166	-		18,101	18,101	40/19, F-7; /21 proviso
Maui Development Fees (water, sewer, etc)		47		53			100		-	100	
Lei Ali'i Phase 1B	75	505					505		-	505	
Lei Ali'i Highway and Access Improvements			9,000				-		9,000	9,000	6/20, F-9.1
Scattered lot improvements for UI relocations		100					100		-	100	
Pulehunui Development						17,000	-		17,000	17,000	/21, F-5
Kahikinui Roadways		556		444			1,000		-	1,000	
Pu'unani Development	161		14,424		4,000		-	4,000	14,424	18,424	40/19, F-7; 6/20, F-7
Honokowai Subs Ag Ph 1	25			500			500		-	500	
LANAI											
Lanai Residence Lots, Phase 2B	40			750			750		-	750	
MOLOKAI											
Hoolehua Scattered Ag Lots	12		1,150				-		1,150	1,150	9/20, F-3
BIG ISLAND											
HCC Home Project				275			275		-	275	
Keaukaha Scattered Lots		500					500		-	500	
Kaunama Subdivision Rehabilitation			285				-		285	285	6/20, F-1
Honomu, Phase 2	25					2,000	-		2,000	2,000	/21 proviso
Ka'u Agricultural Lots (Pu'ueo)	25	70		30			100		-	100	
Lalamilo Housing Phase 2A, Increment 1		1,000					1,000		-	1,000	
Laiopua Villages Construction Contingency		500					500		-	500	
KAUAI											
Kauai Scattered Lots		300		500			800		-	800	
Hanapepe Residential Subdivision Phase 2	75			500			500		-	500	
STATEWIDE PROJECTS											
Scattered Lots program (Statewide)		10		1,000			1,010		-	1,010	
Lot Development, Statewide						3,302			3,302	3,302	/21, F-7
Acquisition Due Diligence		1					1		-	1	
VOKA Payment				60			60		-	60	
Federal Funds Reimbursements/Adjustments		1					1		-	1	
Dispute Resolution		1					1		-	1	
										-	
PART A SUBTOTAL	947	15,288	36,994	5,612	4,000	48,000	20,900	4,000	84,994	109,894	
			52,282			57,612					

Department of Hawaiian Home Lands											
Development Budget (FY 2022)											
(000's omitted)											
Project / Description	New Lots	FY 22 Carryover		FY 22 New Funds			FY 22 Proposed Budget				Leg Appns ID Act/Year, Item
		HHL Trust	Leg Appns	HHL Trust	AHC	Leg Appns	HHL Trust	AHC	Leg Appns	Total	
PART B: Repair, Maintenance, and Operating Costs (Promoting thriving, healthy communities)											
OAHU											
Papakolea Infrastructure Remediation		1,071	2,800				1,071		2,800	3,871	6/20, F-8
R/M of Improvements on HHL, Oahu				1,000			1,000		-	1,000	
Drainage Basins and Other Areas				500			500		-	500	
Oahu Sewer Improvements		21		1,000			1,021		-	1,021	40/19, F-8
Nanakuli Traffic Mitigation			1,000				-		1,000	1,000	40/19, F-8
Oahu Traffic Mitigation						1,000	-		1,000	1,000	_/21 proviso
Waianae Sewer Improvements			1,080				-		1,080	1,080	9/20, F-6
Nanakuli Cemetery Restoration / Repairs						400	-		400	400	_/21 proviso
Waimanalo Concrete Flood Control Channel			2,242				-		4,484	4,484	40/19, F-8; /21 proviso
Waimanalo Speed Abatement, Pedestrian Safety			800				-		800	800	6/20, F-9.2
Kapolei Parkway Safety Wall			50				-		50	50	6/20, F-9.3
MAUI											
R/M of Improvements on HHL, Maui				500			500		-	500	
Archaeological Pres, Keokea-Waiohuli			900				-		900	900	9/20, F-5
LANAI											
R/M of Improvements on HHL, Lanai				25			25		-	25	
MOLOKAI											
Molokai Water System (USDA project)			760			1,350	-		2,110	2,110	6/20, F-8; /21 proviso
R/M of Improvements on HHL, Molokai		209					209		-	209	
BIG ISLAND											
Honokaia Non-potable Water System		1					1		-	1	
Maku'u Site Remediation		200					200		-	200	
Lalamilo Ph 1, Kawaihae Road Channelization		50					50		-	50	
Lalamilo Ph 1, Infrastructure Improvements		430					430		-	430	
Puukapu Pastoral Lots Road Improvements		110					110		-	110	
R/M of Improvements on HHL, Hawaii		717					717		-	717	
KAUAI											
Anahola Dam and Reservoir Additional Improvements		618					618		-	618	
Anahola Farm Lots Water System				500			500		-	500	
Drainage Basins, Ditches Repairs and Upgrades		191					191		-	191	
R/M of Improvements on HHL, Kauai				500			500		-	500	
STATEWIDE PROJECTS											
Engineering Services for Various Locations				500			500		-	500	
R/M of Improvements on HHL, Statewide				2,000			2,000		-	2,000	
R/M of Utilities in Existing Subdivisions			940				-		940	940	6/20, F-8
Environmental Mitigation/Remediation		109					109		-	109	
PART B SUBTOTAL		3,726	10,572	6,525	-	4,992	10,251	-	15,564	25,815	
			14,298			11,517					
BUDGET SUBTOTAL BY SOF		19,014	47,566	12,137	4,000	52,992	31,151	4,000	100,558	135,709	
BUDGET TOTAL			66,580			69,129					
			Carryover			New					