

STATE OF HAWAII

DEPARTMENT OF HAWAIIAN HOME LANDS

June 20-21, 2022

TO: Members, Hawaiian Homes Commission

FROM: Jobie Masagatani, Executive Assistant
Office of the Chairman

SUBJECT: Status Report of the “Waitlist Reduction Act” (HB2511 HD2 SD2 CD1)
Permitted Interaction Group

RECOMMENDED MOTION/ACTION:

None. For information only.

DISCUSSION:

This submittal is intended to provide an update to the Hawaiian Homes Commission (Commission) on the activities of the Waitlist Reduction Act Permitted Interaction Group (Committee) since its appointment on May 16, 2022. The purpose of the Committee is to participate in the preparation of the strategic plan required by HB2511 HD2 SD2 CD1, enclosed herewith as Exhibit “A”, informally titled the “Waitlist Reduction Act”. The Committee is working to ensure that the program elements in this strategic plan are in line with the legislative intent of the bill and the Commission’s trust responsibilities and obligations. Its members include Commissioners Pauline Namuo, Russell Kaupu, Dennis Neves, and Chairman William Aila.

The Committee has met three times since May 16, 2022: on May 31, 2022, June 9, 2022, and June 15, 2022. During these meetings, extensive discussions were held on the elements of the strategic plan required by the bill, which will outline a multi-pronged approach to reduce the waiting list, including new innovative programs to address the housing needs of beneficiaries on the waiting list. Although the strategic plan is still under development and critical steps (such as developing the details of the new programs with the assistance of legal counsel) are still required, this report is provided by staff on behalf of the Committee to keep the Commission apprised of the Committee’s progress.

KEY ELEMENTS:

The framework of the strategic plan is organized around projects and programs that will provide homeownership or rental opportunities for waitlist beneficiaries, consistent with Section 4 of the bill and preferences articulated by 2020 Beneficiary Study Applicant Report. Homeownership opportunities are supported in the plan with 3 proposed strategies:

1. New lot development;
2. Land acquisition; and
3. Homeownership assistance programs.

Currently the strategic plan includes 2 proposed homeownership assistance programs: a down payment assistance program and a mortgage subsidy program. Rental opportunities are supported in the plan with 2 proposed strategies:

1. New lot development for rental housing; and
2. Rental subsidy program.

LOT DEVELOPMENT AND LAND ACQUISITION:

Development of new homestead lots on Hawaiian Home Lands is typically dependent on planning, design, and construction funding. Usually, DHHL will develop its projects in phases as funding becomes available. HB 2511's historic investment to address the housing needs of native Hawaiians allows DHHL to expedite the development of over 2,000 new homestead lots across 14 development projects throughout the state. The development of these projects would otherwise be stretched over the next ten to fifteen years without this one-time infusion of capital. These 2,000 new lots will add to the state's limited supply of affordable housing and enhance the value of state-owned public lands. DHHL staff and the Committee members are reviewing an initial list of projects, attached as "Exhibit B", totaling at least \$400 million (combined) of: (i) infrastructure and housing development costs, and (ii) new land acquisition costs.

NEW INNOVATIVE PROGRAMS:

The details of the 3 new innovative programs are currently in development and under discussion with the Committee. Since these are brand new programs that are funded with general funds, the Committee is proceeding with prudence to ensure that the proposed programs are in line with the legal, regulatory, and state policy requirements that surround the use of general funds. Committee discussions around these programs have been robust. It's the Committee's intention to at least have the major elements of these programs included in its next report back to the Commission.

A BILL FOR AN ACT

RELATING TO THE DEPARTMENT OF HAWAIIAN HOME LANDS.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:

1 SECTION 1. The legislature finds that the mission of the
2 department of Hawaiian home lands is to develop and deliver land
3 to native Hawaiians. The trust, created by Congress through the
4 Hawaiian Homes Commission Act, 1920, as amended (HHCA), set
5 aside lands to be used for the benefit of native Hawaiians.

6 As required by the Admission Act and as a compact with the
7 United States, the State of Hawaii and the people of Hawaii
8 adopted the HHCA as a provision of the Hawaii State Constitution
9 and agreed to faithfully carry out the spirit of the HHCA for
10 the rehabilitation of the Hawaiian race. These trust
11 responsibilities remain to this day.

12 The legislature also finds that today, the department of
13 Hawaiian home lands is responsible for the management of 203,500
14 acres of trust lands, 9,959 homestead leases statewide, and
15 44,096 lease applications. However, over 28,700 applicants
16 remain on the waitlist for residential, agricultural, or
17 pastoral leases.



1 The challenges faced by the department of Hawaiian home
2 lands in fulfilling its mission are multi-faceted, and include
3 but are not limited to:

4 (1) Availability of beneficiary-preferred land. The
5 greatest demand, and subsequently, the longest waiting
6 list, is for residential property on Oahu. However,
7 the department of Hawaiian home lands' land holdings
8 on Oahu represent only three per cent of its total
9 lands;

10 (2) Cost of infrastructure. Preparing the department's
11 lands for homesteading with adequate roads, water,
12 sewer drainage, electrical, and other necessities
13 requires a steady source of funding to ensure that
14 environmental compliance, planning, design, and
15 construction phases are coordinated; and

16 (3) Capital for mortgage financing. With one of the
17 highest costs of living in the nation, department of
18 Hawaiian home lands beneficiaries also face the
19 challenging issue of obtaining capital for mortgages
20 to build homes and reside on trust lands.



1 The legislature further finds that the revenues collected
2 by the State as of fiscal year 2021 provide an unprecedented
3 opportunity to ensure critical long term access to adequate
4 funding for the department of Hawaiian home lands to meet its
5 challenges. Accordingly, the purpose of this Act is to provide
6 a multi-pronged approach to eliminating its waitlist.

7 SECTION 2. The department of Hawaiian home lands may
8 expend the funds appropriated pursuant to section 6 of this Act
9 to:

- 10 (1) Develop lots or units;
- 11 (2) Purchase available land or units;
- 12 (3) Provide funding for an applicant on the waiting list
13 or a qualified relative of the applicant similar to
14 the qualified relative of a lessee as referenced in
15 section 208(5) of the Hawaiian Home Commission Act of
16 1920, as amended, who does not own a principal
17 residence to purchase;
- 18 (4) Provide a mortgage or rental subsidy to the applicant
19 on the waiting list for the applicant's principal
20 residence in the State; and



1 (5) Other services as necessary to address the waiting
2 list.

3 SECTION 3. The department of Hawaiian home lands is
4 authorized to prioritize and determine the amount of assistance
5 under this Act according to the income or receipt of other funds
6 by the applicant or qualified relative, including wages,
7 litigation settlement proceeds, and other moneys received by the
8 applicant or qualified relative.

9 SECTION 4. (a) The department of Hawaiian home lands
10 shall develop a strategic plan to address the following
11 applicant preferences reflected in the 2020 Beneficiaries Study
12 Applicant Report:

13 (1) Seventy-six per cent of individuals on the department
14 of Hawaiian home lands waiting list who prefer a lot
15 with a single-family home or a vacant lot for a house;
16 and

17 (2) Sixteen per cent of individuals on the department of
18 Hawaiian home lands waiting list who prefer to rent or
19 rent-to-own a single-family home, duplex, apartment,
20 or townhouse, with the option to buy in the future.



1 (b) The strategic plan shall be divided by county and
2 include recommended waiting list policies detailing when
3 homeowner-applicants receive mortgage or down payment assistance
4 from the department of Hawaiian home lands and renter-applicants
5 who opt to continue to reside in their existing rental housing
6 or future rental housing developed for the department of
7 Hawaiian home lands.

8 (c) The department of Hawaiian home lands shall submit the
9 strategic plan, including findings, recommendations, and any
10 proposed legislation, to the legislature no later than
11 December 10, 2022.

12 SECTION 5. The department of Hawaiian home lands shall
13 submit an annual report to the legislature on the first day of
14 each regular session that includes:

15 (1) An accounting of the expenditures for the purposes of
16 this Act in the previous fiscal year; and

17 (2) The number of applicants on the waiting list assisted.

18 SECTION 6. There is appropriated out of the general
19 revenues of the State of Hawaii the sum of \$600,000,000 or so
20 much there of as may be necessary for fiscal year 2021-2022 for
21 the purposes of this Act; provided that any moneys not



1 encumbered for specific purposes shall lapse to the general fund
2 on June 30, 2025.

3 The sum appropriated shall be expended by the department of
4 Hawaiian home lands for the purposes of this Act.

5 SECTION 7. The expenditure of funds, and programs to
6 expend funds, under this Act shall be exempt from any rulemaking
7 requirements of chapter 91, Hawaii Revised Statutes.

8 SECTION 8. If any provision of this Act, or the
9 application thereof to any person or circumstance, is held
10 invalid, the invalidity does not affect other provisions or
11 applications of the Act that can be given effect without the
12 invalid provision or application, and to this end the provisions
13 of this Act are severable.

14 SECTION 9. This Act shall take effect upon its approval.



H.B. NO. 2511
H.D. 2
S.D. 2
C.D. 1

Report Title:

DHHL; Report; Appropriation

Description:

Provides funds to the department of Hawaiian home lands to pursue a multi-pronged approach to eliminating its waitlist. Requires the department of Hawaiian home lands to develop a strategic plan to address applicant preferences. Requires an annual report. (CD1)

The summary description of legislation appearing on this page is for informational purposes only and is not legislation or evidence of legislative intent.



WAITLIST REDUCTION ACT CAPITAL PROJECTS		
Island	SUBDIVISION/PROJECT	Lots
Hawaii	Honomu Subsistence Ag Lots, Phase 2	40
	Laiopua Village 2 and Water Dev	200
	Laiopua Village 1	200
Kauai	Hanapepe Residence Lots, Phase 2	75
	Anahola Kuleana Phase 1 Pastoral	20
	Piilani Mai Ke Kai Ph 3	41
Lanai	Lanai Residence Lots Offsite Infrastructure (75 Lots)	
Maui	Pu'unani Homestead Subdivision, Phase 1	161
	Honokowai Subsistence Ag Phase 1	50
	Leialii 1B - Off-site Water	
	Leialii 1B - Subdivision	250
Molokai	Hoolehua Scattered Lots	20
	Naiwa Ag Subdivision	16
Oahu	Kaupea, Phase 2	60
	East Kapolei II Backbone Infrastructure (421 lots)	
	East Kapolei IIE	142
	East Kapolei IID	124
	East Kapolei IIF	155
	Maili Development	280
Statewide	Land Acquisition	300
	Total	2,134

Exhibit B