

STATE OF HAWAII  
DEPARTMENT OF HAWAIIAN HOME LANDS

June 16-17, 2024

To: Chairman and Members, Hawaiian Homes Commission  
From: Sharon Mendoza, Program Budget Analyst  
Subject: Approval of Fiscal Year 2025 Department of Hawaiian Home Lands Budget

**RECOMMENDED MOTION/ACTION**

That the Hawaiian Homes Commission (HHC) :

1. Approve the Department of Hawaiian Home Lands (DHHL) Operating Budget for Fiscal Year 2025 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 Chairman shall not exceed \$500,000; and
2. Approve the Department of Hawaiian Home Lands Development Budget for Fiscal Year 2025, allow for amounts not encumbered in FY 2024 to be encumbered in FY 2025, and authorize the Chairman to shift funding between cost elements which shall not exceed \$1,000,000

**DISCUSSION**

**Purpose 4: Administrative and Operating Costs**

Pursuant to HB 1800, CD1, the State Legislature appropriated \$16,796,100 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.

Fringe benefit costs are absorbed separately in a Department of Budget and Finance general fund appropriation which is consist with all other State general-funded programs.

Fiscal year 2025 general fund appropriation finances \$11,978,502 in base salaries for 181 of 200 authorized positions and \$4,817,598 for "Other Current Expenses." HB 1800, CD1, maintained position counts at 200 and funded 181 positions, which is the same as FY 2024.

The State Legislature, through HB 1800, CD1, also appropriated \$10 million in general funds to support existing homestead programs and services. Since fiscal year 2023, funds were used to:

- Leverage trust funds through the DHHL Community Development Grants Program by providing financial support to homestead associations' efforts to implement various services within their communities; and
- Repair and renovate community facilities such as Kalaniana'ole Hall on Molokai and Paukukalo Community Center on Maui.

The \$10 million general fund appropriation will be used to finance the same types of services in FY 2025.

Attachment A provides the means of financing recommended to fund the FY 2025 Administrative and Operating Budget.

### **Purpose 1: Lot Development**

The Development Budget addresses issues and priorities expressed by the Commission. The following principals guide the preparation of the development project list:

- The department's commitment to improve Undivided Interest Lots that have been awarded and complete other projects that have been initiated;
- Develop new homesteads for award, with particular emphasis on providing improved residential lots;
- Repair, maintain and upgrade aging infrastructure on Hawaiian home lands, statewide;
- Initiate planning and design of new homestead projects to establish an inventory for future development; and
- Design and construct projects that are financed with US Department of Agriculture, Rural Development loan and grant funds.

Primary funding sources include:

- General obligation bond financing appropriated by the State Legislature
- Hawaiian Home Operating Fund
- Hawaiian Home Lands Trust Fund
- Native Hawaiian Housing Block Grant, authorized by the Native American Housing and Self-Determination Act (NAHASDA) and administered by the U.S. Department of Housing and Urban Development; and
- Rural Utilities Service (RUS) and Rural Development (RD) grants and loans administered by the U.S. Department of Agriculture.

Through HB 1800, CD1, the State Legislature appropriated \$20 million in general obligation bond funds in fiscal year 2025 for the repair and maintenance of existing infrastructure on Hawaiian home lands, statewide. This general obligation bond fund appropriation finances a portion of the DHHL’s development budget.

Attachment B provides the means of financing recommended to fund projects which comprise the Fiscal Year 2025 Development Budget.

**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, financing provided by the Hawaiian Home Loan Fund and the Hawaiian Home General Loan Fund are affected. This budget serves as a basis to allot funds required for equity payments of cancelled or surrendered homestead lease improvements, new loan financing and insurance advances, real property tax advances and contingency reserves for loan guarantee and insurance programs.

Fiscal year 2025 Loan Program Budget sets forth the planned expenditures by cost elements:

**FY 2025 Loan Program**

	<b>(S-302-I) HH Loan Fund</b>	<b>(S-323-I) HH General Loan Fund</b>	<b>(T-917-I) HH Trust Fund</b>	<b>NAHASDA</b>	<b>Total</b>
Section 209, HHC Transactions	2,000,000	1,000,000			<b>3,000,000</b>
Direct Loan Financing		5,000,000		7,000,000	<b>12,000,000</b>
Real Property Taxes		100,000			<b>100,000</b>
Contingency-Guaranteed/Insured Loan Portfolio		2,400,000			<b>2,400,000</b>
Loans and Interest Receivable -Write-offs			1,200,000		<b>1,200,000</b>
Loan Adjustment		2,000,000			<b>2,000,000</b>
<b>Total Loans</b>	<b>\$2,000,000</b>	<b>\$10,500,000</b>	<b>\$1,200,000</b>	<b>\$7,000,000</b>	<b>\$20,700,000</b>

#### Cost Elements:

Section 209, HHCA Transactions – Equity payments of cancelled or surrendered homestead lease improvements. Equity payments include appraised value of the improvement less any indebtedness to the Department and taxes owed by the previous lessee. 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.

Act 88, SLH 2021, established a separate revolving loan fund for Native Hawaiian Housing Block Grant (NHHBG)-funded direct loans for FY 2022 and FY 2023. The State Legislature authorized annual \$7 million NHHBG-funded direct loans.

Real Property Tax Advances – Pursuant to Section 208(7), Hawaiian Homes Commission Act of 1920, as amended, the Department may advance payments on behalf of lessees to address real property tax delinquencies and place a lien on the asset as provided by Section 216, HHCA.

Contingency-Guaranteed/Insured Loan Portfolio – A reserve set aside to guarantee/insure repayment of defaulted loans to lenders.

Loans Receivable/Interest Receivable Write-downs/Write-offs – A book value reduction due to a decline in the asset's fair market value.

Loan Adjustment – Reimbursements to the Hawaiian Home Trust Fund for FHA 247 Insured Loan Reserve Account transactions that were deposited in the Hawaiian Home General Loan Fund.

#### **Purpose 3: Rehabilitation Projects**

Pursuant to Chapter 6.1 of Title 10 Hawaii Administrative Rules, the DHHL prepares the Native Hawaiian Development Program Plan (NHDPP) every two years for the Commission's 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."

Services to be provided through the NHDPP:

- Homesteading assistance which include homebuyer education, lease cancellation and foreclosure prevention services;
- Technical assistance for planned community associations;
- New DHHL grant opportunities including project implementation grants; and
- Technical assistance and grant support to existing grantees.

FY 2025 Rehabilitation projects by MOF:

**FY 2025 Rehabilitation Projects**

<b>Object Code</b>	<b>Rehabilitation Projects</b>	<b>FY 2025</b>
7110	Native Hawaiian Development Program and Plan	1,100,000
7110	Native Hawaiian Development Program Plan Update	150,000
7110	Beneficiary Capacity Building and Technical Assistance	200,000
	<b>Total</b> MOF: Native Hawaiian Rehabilitation Fund T 924 I	<b>\$1,450,000</b>
7110	Native Hawaiian Development Program and Plan MOF: General Fund G 001 I	<b>\$5,000,000</b>

**RECOMMENDATION**

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

**Department of Hawaiian Home Lands  
FY 2025 Executive Budget**

Administration and Operating Costs													
Object Code	Description	General Fund HHL 625	General Fund HHL 602	Administration Account	Operating Fund		Operating Fund		Native Hawaiian Rehabilitation Fund	Revenue Bond Special Fund	Hawaiian Home Lands Trust Fund	NAHASDA	TOTAL BUDGET
					Op Por	Dev Por	Op Por	Dev Por					
2000	Personnel Costs	11,978,502	0	0	0	0	0	0	0	0		1,225,340	13,203,842
2900	Other Personal Services	180,000	0	49,000	0	0	500,000	0	0	0		0	729,000
3010	Operating Supplies - Gas & Oil Supplies	85,032	0	0	10,000	0	45,348	0	0	0		0	140,380
3020	Operating Supplies - Fuel & Oil Other	3,050	0	0	4,500	0	30,000	0	0	0		0	37,550
3030	Operating Supplies - Janitorial	10,480	0	0	6,048	0	500	0	0	0		0	17,028
3040	Operating Supplies- Medical	0	0	0	0	0	0	0	0	0		0	0
3090	Operating Supplies - Others	17,880	0	0	7,925	0	15,509	0	0	0		0	41,314
3100	Maintenance Materials Supplies & Parts	5,600	0	0	0	0	101,000	0	0	0		0	106,600
3200	Office Supplies	45,150	0	0	0	0	74,300	0	0	0		0	119,450
3400	Other Supplies	11,366	0	0	2,500	0	8,000	0	0	0		0	21,866
3500	Dues and Subscriptions	3,262	0	2,000	0	0	11,500	0	0	0		0	16,762
3600	Freight and Delivery Charges	770	0	0	600	0	7,000	0	0	0		0	8,370
3700	Postage	139,740	0	0	550	0	56,250	0	0	0		0	196,540
3800	Telephone	130,610	0	0	600	0	0	0	0	0		0	131,210
3900	Printing and Binding	45,000	0	0	3,500	0	126,450	0	0	0		0	174,950
4000	Advertising	32,200	0	0	500	0	29,500	0	0	0		0	62,200
4100	Car Mileage	15,300	0	2,700	0	0	0	0	0	0		0	18,000
4200	Transportation, Intrastate	165,200	0	70,000	0	0	121,000	0	0	0		0	356,200
4300	Subsistence Allowance, Intra-State	78,970	0	103,500	0	0	4,000	0	0	0		0	186,470
4400	Transportation, Out of State	28,250	0	31,750	0	0	4,000	0	0	0		0	64,000
4500	Subsistence Allowance, Out of State	30,500	0	29,000	0	0	2,000	0	0	0		0	61,500
4600	Hire of Passenger Cars	31,100	0	44,850	0	0	3,000	0	0	0		0	78,950
5000	Electricity	119,554	0	951,946	149,100	0	408,100	0	0	0		0	1,628,700
5100	Gas	500	0	0	0	0	0	0	0	0		0	500
5200	Water	95,500	0	240,000	60,000	0	0	0	0	0		0	395,500
5200	Water - Subdivisions	0	0	100,000	0	0	0	0	0	0		0	100,000
5300	Sewer	0	0	0	0	0	0	0	0	0		0	0
5400	Other Utilities	0	0	0	0	0	0	0	0	0		0	0
5500	Rental of Land and Bldg.	0	0	0	0	0	0	0	0	0		0	0
5600	Rental of Equipment	93,650	0	0	4,500	0	1,000	0	0	0		0	99,150
5700	Other Rentals	1,774,500	0	0	0	0	0	0	0	0		0	1,774,500
5810	Repairs- Data Processing	14,000	0	0	0	0	0	0	0	0		0	14,000
5815	Maintenance - Data Processing	341,000	0	0	0	0	0	0	0	0		0	341,000
5820	Repairs- Equipment, Building, etc.	50,300	0	0	13,500	0	186,110	0	0	0		0	249,910
5825	Maintenance- Equipment, Building, etc.	158,600	5,000,000	0	198,050	0	85,972	0	0	0		0	5,442,622
5830	Repairs- Motor Vehicles	36,500	0	0	3,000	0	17,500	0	0	0		0	57,000
5835	Maintenance- Motor Vehicles	105,750	0	0	5,000	0	9,500	0	0	0		0	120,250
5840	Maintenance-Unencumbered Lands	0	0	661,840	160,225	0	50,000	0	0	0		0	872,065
5855	Maintenance-Subdivisions	0	0	0	0	0	650,000	0	0	0		0	650,000
5895	Maintenance-Other Miscellaneous	54,284	0	0	0	0	7,000	0	0	0		0	61,284
5900	Insurance	29,000	0	0	0	0	0	0	0	0		0	29,000
6120	Interest Payment--RGOB	0	0	0	0	0	0	0	0	0		0	0
6500	Other Grants in Aid	617,000	0	0	0	0	0	0	0	0		0	617,000
7110	Fee for Service	58,000	5,000,000	1,846,623	2,928,936	0	6,770,241	0	1,450,000	0		0	18,053,800
7710	Resource Development Initiative									4,200,000			

**Department of Hawaiian Home Lands  
FY 2025 Executive Budget**

<b>Administration and Operating Costs</b>													
<b>Object Code</b>	<b>Description</b>	<b>General Fund HHL 625</b>	<b>General Fund HHL 602</b>	<b>Administration Account</b>	<b>Operating Fund</b>		<b>Operating Fund</b>		<b>Native Hawaiian Rehabilitation Fund</b>	<b>Revenue Bond Special Fund</b>	<b>Hawaiian Home Lands Trust Fund</b>	<b>NAHASDA</b>	<b>TOTAL BUDGET</b>
					<b>Op Por</b>	<b>Dev Por</b>	<b>Op Por</b>	<b>Dev Por</b>					
7110	System Modernization Initiative										2,700,000		
7230	Training Costs	10,000	0	25,000	2,000	0	87,000	0	0	0		0	124,000
7290	Other Current Expenditures	200,000	0	500	22,000	0	24,950	0	0	0		22,901,391	23,148,841
6500	Grant-in-Aid	0	0	0	0	0	0	0	0	0		0	0
7700	Machinery and Equipment	0	0	606,000	157,500	0	155,092	0	0	0		0	918,592
7700	Motor Vehicle	0	0	60,000	0	0	100,000	0	0	0		0	160,000
7700	Furniture	0	0	0	0	0	0	0	0	0		0	0
7900	Construction in Progress	0	0	0	0	0	0	0	0	0		0	0
8020	Principal Payment--RGOB	0	0	0	0	0	0	0	0	0		0	0
6120/ 8020	Debt Service: Revenue Bond	0	0	0	0	0	0	0	0	3,200,000		0	3,200,000
8200	Loans Receivable	0	0	0	0	0	0	0	0	0		0	0
<b>Total - Current Expenditure &amp; Equipment</b>		<b>4,817,598</b>	<b>10,000,000</b>	<b>4,824,709</b>	<b>3,740,534</b>	<b>0</b>	<b>9,691,822</b>	<b>0</b>	<b>1,450,000</b>	<b>3,200,000</b>	<b>6,900,000</b>	<b>22,901,391</b>	<b>67,526,054</b>
<b>Total Personal Services and Current Expenditures</b>		<b>16,796,100</b>	<b>10,000,000</b>	<b>4,824,709</b>	<b>3,740,534</b>	<b>0</b>	<b>9,691,822</b>	<b>0</b>	<b>1,450,000</b>	<b>3,200,000</b>	<b>6,900,000</b>	<b>24,126,731</b>	<b>80,729,896</b>
	<b>A--Personnel Cost</b>	11,978,502	0	0	0	0	0	0	0	0		1,225,340	13,203,842
	<b>B --Current Expenditure</b>	4,817,598	10,000,000	4,158,709	3,583,034	0	9,436,730	0	1,450,000	3,200,000	6,900,000	22,901,391	66,447,462
	<b>C --Equipment</b>	0	0	606,000	157,500	0	155,092	0	0	0		0	918,592
	<b>M--Motor Vehicle</b>	0	0	60,000	0	0	100,000	0	0	0		0	160,000
	<b>Total</b>	<b>16,796,100</b>	<b>10,000,000</b>	<b>4,824,709</b>	<b>3,740,534</b>	<b>0</b>	<b>9,691,822</b>	<b>0</b>	<b>1,450,000</b>	<b>3,200,000</b>	<b>6,900,000</b>	<b>24,126,731</b>	<b>80,729,896</b>

Department of Hawaiian Home Lands									
Development Budget (FY 2025)									
(000's omitted)									
		FY 25 Carryover		FY 25 New Funds		FY 25 Budget Request			
Project / Description	New Lots	HHL Trust	Leg Appns	HHL Trust	Leg Appns	HHL Trust	Leg Appns	Act 279	Total
<b>PART A: Lot Development Projects (Addressing the homestead waiting list)</b>									
<u>OAHU</u>									
East Kapolei II-B Na Kupa'a Loan Payoff		2,300				2,300	-		2,300
East Kapolei II-A TOD and Telecom								1,000	1,000
East Kapolei II Backbone Infrastructure									-
East Kapolei IIE									-
East Kapolei IID									-
East Kapolei IIF									-
Kaupea, Phase 2								21,941	21,941
Maili Development									-
Ewa Beach (former NOAA site)	600								-
Waimanalo Residential & Agricultural Lots	119	1,750				1,750	-		1,750
Land Acquisition, Oahu						-	-	24,241	24,241
<u>MAUI</u>									
Keokea-Waiohuli, Phase 2B	61					-	-		-
Keokea-Waiohuli, Phase 3	76	500				500	-		500
Maui Development Fees (water, sewer, etc)		250				250	-		250
Lei Ali'i Phase 1B	75	500				500	-		500
Leialii 1B - Off-site Water									-
Lei Ali'i Highway and Access Improvements						-			-
Honokowai Subs Ag Ph 1	50					-	-		-
Pulehunui Development						-	-		-
Pu'unani Development (\$4 million = AHC)	161	4,000				4,000	-		4,000
Kahikinui Roadways		1,500				1,500	-		1,500
<u>LANAI</u>									
Lanai Residence Lots, Offsite Infrastructure						-	-		-
<u>MOLOKAI</u>									
Kalamaula Ag Lots (Acceleration)	45					-	-		-
Hoolehua Agricultural Lots- Naiwa Ag Subd	66					-	-	-	-
Hoolehua-Pala'au Scattered	12					-	-	3,500	3,500
<u>BIG ISLAND</u>									
HCC Home Project		325				325	-		325
Honomu Subsistence Ag Lots, Phase 2	40								-
Kaumana Subdivision Rehabilitation						-	-		-
Ka'ū Water System Improvements, Phs 2		91				91	-		91
Kau Water Filling Station		200				200	-		200
Ka'u Agricultural Lots (Pu'ueo)	25	3,000				3,000	-		3,000
Lalamilo Housing Phase 2A, Increment 1		1,000				1,000	-		1,000
Laiopua Village 2									-
Laiopua Village 1									-
Laiopua Water (site acquisition)						-	-		-
Laiopua 4								39,240	
Panaewa Residential Lots								1,000	
Makuu 2ac lots (pressure test, chloronation)		500				500			500



Department of Hawaiian Home Lands									
Development Budget (FY 2025)									
(000's omitted)									
Project / Description	New Lots	FY 25 Carryover		FY 25 New Funds		FY 25 Budget Request			
		HHL Trust	Leg Appns	HHL Trust	Leg Appns	HHL Trust	Leg Appns	Act 279	Total
<u>KAUAI</u>									
Hanapepe Residence Lots, Phase 2									-
Anahola Kuleana		250				250		5,000	5,250
Wailua Masterplan		1,000				1,000			1,000
<u>STATEWIDE PROJECTS</u>									
Scattered Lots Program (Statewide)		1				1		1,500	1,501
Acquisition Due Diligence		1,000				1,000		1,000	2,000
VOKA Payment		60				60			60
Federal Funds Reimbursements/Adjustments		1,000				1,000			1,000
Dispute Resolution		1				1			1
Land/Project Acquisition									-
Project Financing									-
Individual Assistance								2,000	
Contingencies								5,000	
<b>PART A SUBTOTAL</b>	<b>1,330</b>	<b>\$ 19,228</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 19,228</b>	<b>\$ -</b>	<b>\$ 105,422</b>	<b>\$ 77,410</b>

Department of Hawaiian Home Lands									
Development Budget (FY 2025)									
(000's omitted)									
		FY 25 Carryover		FY 25 New Funds		FY 25 Budget Request			
Project / Description	New Lots	HHL Trust	Leg Appns	HHL Trust	Leg Appns	HHL Trust	Leg Appns	Act 279	Total
<b>PART B: Repair, Maintenance, and Operating Costs (Promoting thriving, healthy communities)</b>									
<u>OAHU</u>									
Papakolea Sewer Remediation, Ph 2		4,750			6,800	4,750	6,800		11,550
Papakolea Infrastructure Remediation		1,000				1,000	-		1,000
Nānākuli Sewer Improvements, Ph 2		6,000				6,000	-		6,000
Waianae Sewer Improvements						-	-		-
Waimanalo Flood Control Channel						-	-		-
Waimānalo Sewer Improvements		18,000				18,000	-		18,000
Princess Kahanu Sewer Improvements						-	-		-
Kapolei Sewer Repairs						-	-		-
Nanakuli Drainage & Fencing, Ph 2						-	-		-
Rehabilitation of School Seawall, Nanakuli		403			4,500	403	4,500		4,903
Waianae Sidewalk & Storm Basin Repairs						-	-		-
Waimanalo Bell Street Drainage Improvements						-	-		-
Waimanalo Concrete Channel Relining		5,000				5,000	-		5,000
Waimanalo Waioleoa Street & Dirt Drainage						-	-		-
Waimanalo Sewer Repairs (Kumuhau, Kakaina)						-	-		-
Nanakuli Laterals Concrete Spall and Fencing					6,500	-	6,500		6,500
Waianae & Nanakuli Sidewalks & Storm Basin Repairs					2,200	-	2,200		2,200
Traffic Calming Islandwide		1,200				1,200			
<u>MOLOKAI</u>									
Kalamaula Drainage						-	-		-
Kapaakea-One Alii Drainage							-		-
<u>BIG ISLAND</u>									
Honokaia Non-potable Water System						-	-		-
Keaukaha Sewer Improvements Master Plan						-	-		-
Maku'u Site Remediation		200				200	-		200
K'au Water System						-	-		-
Lalamilo Ph 1, Kawaihae Road Channelization		100				100	-		100
Lalamilo Ph 1, Infrastructure Improvements		420				420	-		420
La'i 'Ōpua Brush Clearing & Maintenance		800				800	-		800
Puukapu Non-potable Water System						-	-		-
<u>KAUAI</u>									
Anahola Dam and Reservoir Add'l Improvements		1,500				1,500	-		1,500
<u>STATEWIDE PROJECTS</u>									
Engineering Services for Various Locations		1,250				1,250	-		1,250
R/M of Improvements on HHL, Statewide		1				1	-		1
R/M of Utilities in Existing Subdivisions		1				1	-		1
Environmental Mitigation/Remediation		1				1	-		1
<b>PART B SUBTOTAL</b>		<b>\$ 40,626</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 20,000</b>	<b>\$ 40,626</b>	<b>\$ 20,000</b>		<b>\$ 60,626</b>
<b>PART A + PART B</b>		<b>\$ 59,854</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 20,000</b>	<b>\$ 59,854</b>	<b>\$ 20,000</b>		<b>\$ 138,036</b>