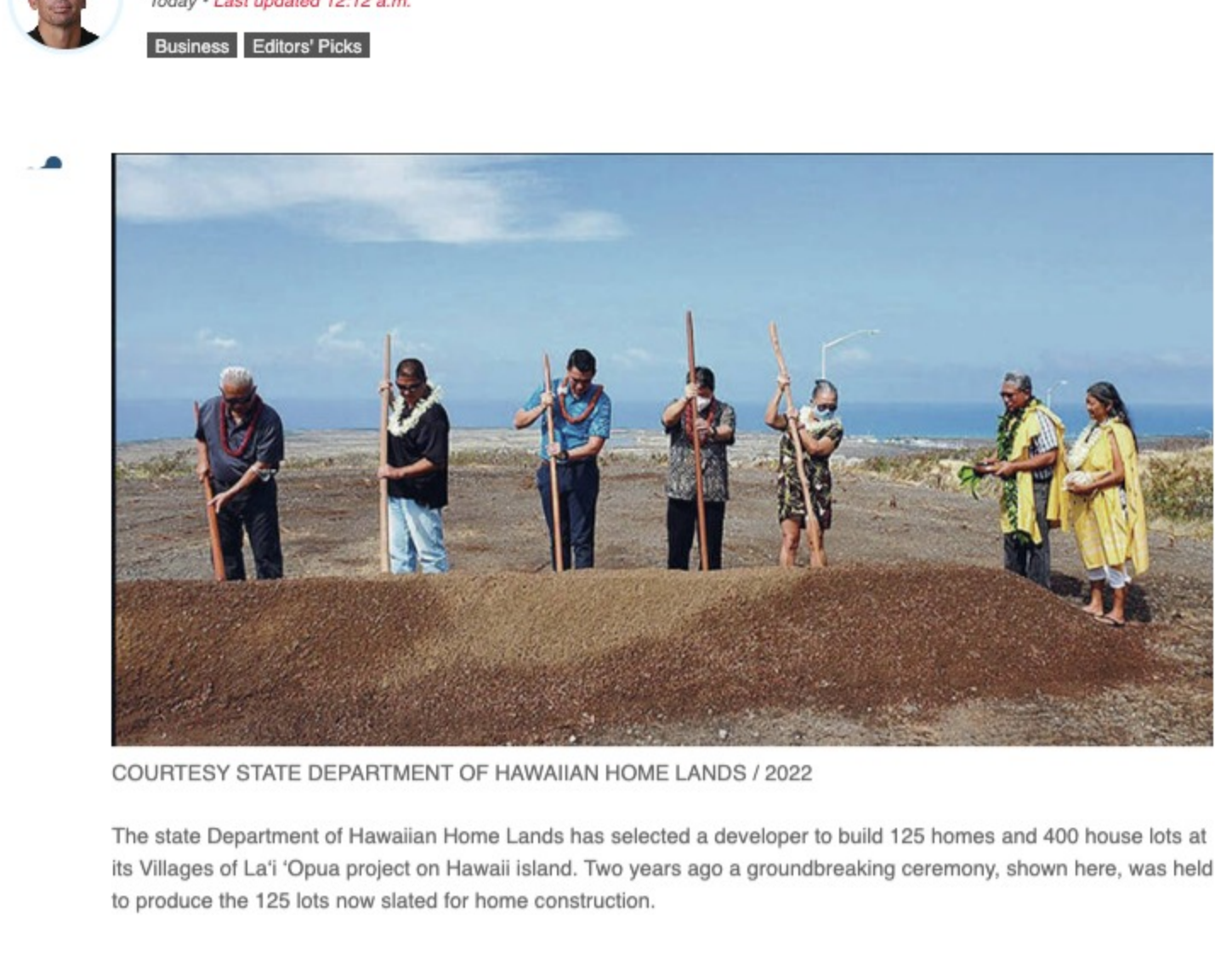


## DHHL project goes to developer with ties to the agency's leader



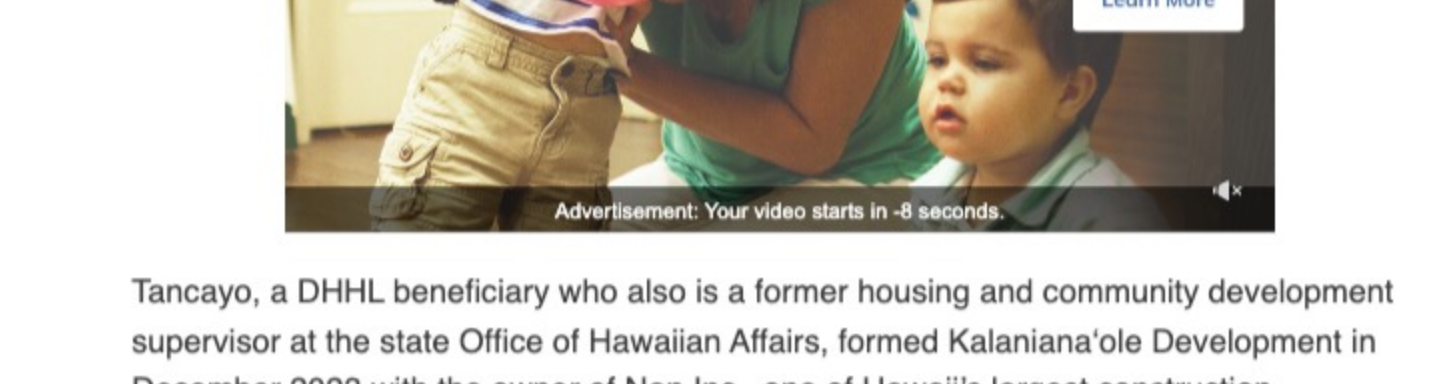
COURTESY STATE DEPARTMENT OF HAWAIIAN HOME LANDS / 2022

The state Department of Hawaiian Home Lands has selected a developer to build 125 homes and 400 house lots at its Villages of La'i 'Opua project on Hawaii island. Two years ago a groundbreaking ceremony, shown here, was held to produce the 125 lots now slated for home construction.

The state Department of Hawaiian Home Lands has selected a developer with ties to the agency's leader to build out a big part of a homestead community on Hawaii island.

Kalaniana'ole Development LLC is to build 125 homes and 400 house lots at DHHL's master-planned Villages of La'i 'Opua community in Kealahou near Kailua-Kona under a development agreement with the agency.

The work, estimated to cost around \$150 million, represents the first major project for the year-old company led by Patti Tancayo, who spent over two decades working with DHHL. Director Kaili Watson running a nonprofit affordable-housing development firm before Watson was appointed in early 2023 to head DHHL.



Tancayo, a DHHL beneficiary who also is a former housing and community development supervisor at the state Office of Hawaiian Affairs, formed Kalaniana'ole Development in December 2023 with the owner of Nan Inc., one of Hawaii's largest construction companies.

"Launching Kalaniana'ole Development with La'i 'Opua Villages as our first project is both a privilege and a profound responsibility," Tancayo said in a news release announcing the award. "We are committed to building homes that meet urgent needs while honoring the cultural values that define our communities."

Kalaniana'ole Development is expected to produce 125 homes representing the second of two phases at La'i 'Opua Village 4. The company plans to use new construction methods to produce custom modular homes that include an envisioned \$250,000 accessory dwelling unit that can also be a starter home, and larger single-family homes priced up to around \$600,000.

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Tancayo said her company aims for the homes to be at least 25% less expensive than comparable options.

"We're working to bring entry-level homes to a low \$250,000 price point, making homeownership more accessible while offering families the flexibility to grow their homes as their needs change," she said in the announcement.

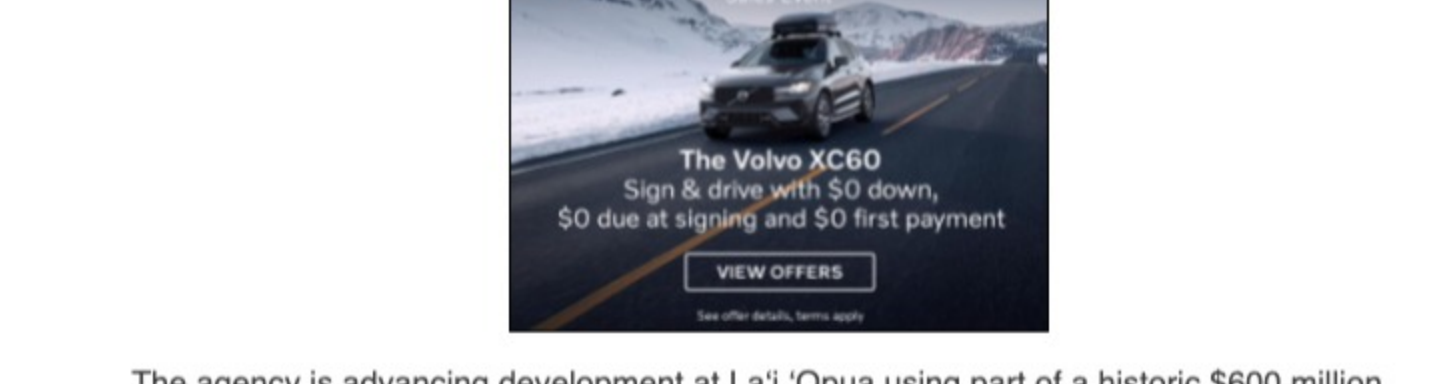
Under DHHL's homesteading program, beneficiaries receive renewable 99-year land leases for \$1 a year and must pay for their home. Kalaniana'ole Development will use private financing for home construction.

A second piece of work on La'i 'Opua to be carried out by Kalaniana'ole Development is infrastructure for almost half of the 200-lot Village 2. DHHL is committing \$39.2 million largely for the company to develop infrastructure for 90 lots in Village 2. The company also is to develop homes on those lots for beneficiaries using private financing.

Developing the other 110 lots in Village 2, slated for 200 lots, would be subject to additional funding from DHHL.

Kalaniana'ole Development also was selected to develop a water source needed for future parts of La'i 'Opua other than the second phase of Village 4. The company is receiving funding for site assessment, drilling and test work. Water system development is subject to additional funding not yet allocated by DHHL.

DHHL estimates that its total expense for Kalaniana'ole Development to do all the work for three villages could be around \$150 million under the development agreement.



The agency is advancing development at La'i 'Opua using part of a historic \$600 million appropriation from the state Legislature in 2022 largely intended to reduce a list of about 28,700 DHHL beneficiaries waiting for homestead leases.

An original master plan for La'i 'Opua was developed by a state affordable-housing agency more than 30 years ago, and envisioned roughly 4,100 homes in 14 villages along with schools, parks, a golf course and other commercial projects on about 1,000 acres of state land.

DHHL received 572 acres in 1997 but has been slow to develop its portion of the project comprising about seven villages after an initial 225-home Village 3 subdivision also known as Kanihale was finished in 1999. A 118-lot initial phase of Village 4 was developed for rent-to-own housing more recently along with part of Village 5.

In December 2023, DHHL published a request for interested developers to submit qualifications in a competitive selection process for the work on Villages 1, 2 and 4 with a target for homes to be affordable to households earning up to 80% of the median income on Hawaii island.

The income level equates to \$62,080 for a single person, \$70,960 for a couple and \$88,640 for a family of four.

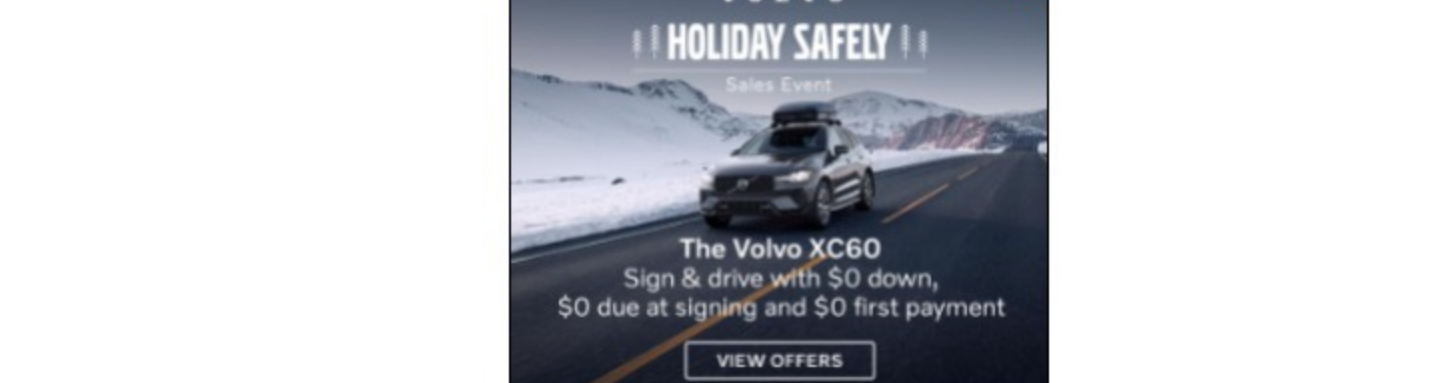
In a statement, DHHL said it is proud to partner with Kalaniana'ole Development to advance development at La'i 'Opua.

"Kalaniana'ole Development's principals are very capable developers," the agency said. "The department is fortunate Kalaniana'ole Development is willing to develop this project using their innovative approach, which will truly assist our beneficiaries in obtaining affordable housing."

The development firm describes its selection as groundbreaking because the company is led by a DHHL beneficiary who grew up on a family homestead on Molokai.

"I understand how it feels to be waiting to build your future, to build your life, on Hawaiian home lands," Tancayo said in a video on the company's website.

Tancayo also said she has experience developing more than 1,000 homes during a career that includes serving as senior vice president of the Hawaiian Community Development Board, a nonprofit affordable-housing development firm founded by Watson after he led DHHL from 1995 to 1998.



Tancayo and Watson worked together for over 20 years, and when Watson was appointed by Gov. Josh Green to head DHHL in March 2023, Tancayo became president and CEO of HCB. Later, she formed Kalaniana'ole Development with Nan Shin, founder and owner of Nan Inc.

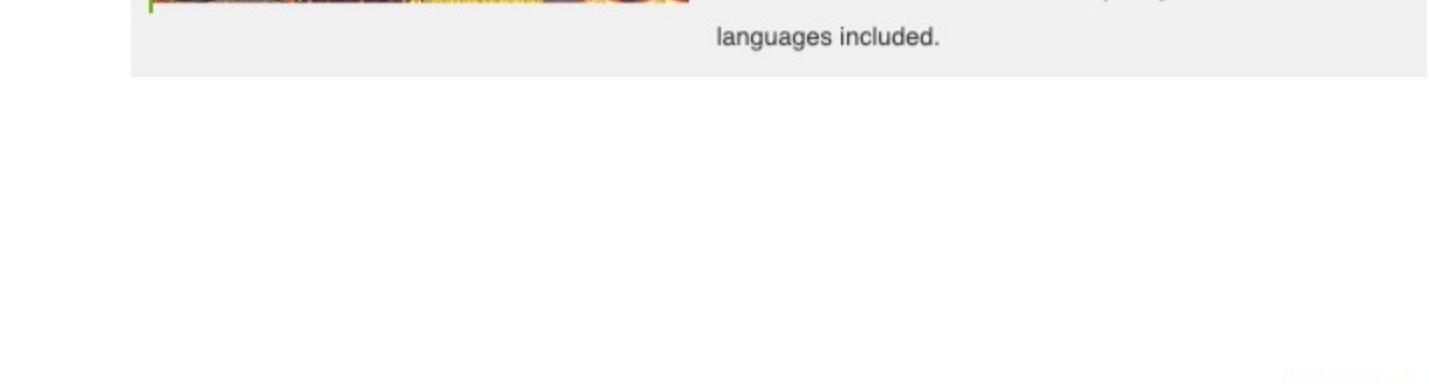
Shin serves as board chair for Kalaniana'ole Development, and Tancayo is president and CEO. The company plans to build model homes for La'i 'Opua near DHHL's headquarters in Kapolei, and anticipates delivering the first home at La'i 'Opua in about 12 months. Developing all 125 homes to finish Village 4 requires working with lot lessees and could take three years or more, according to the company.

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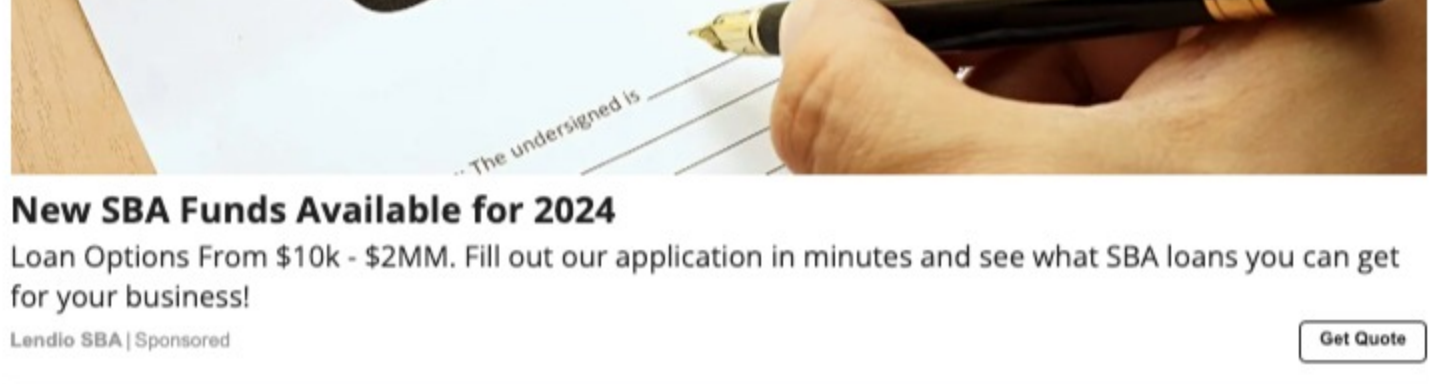
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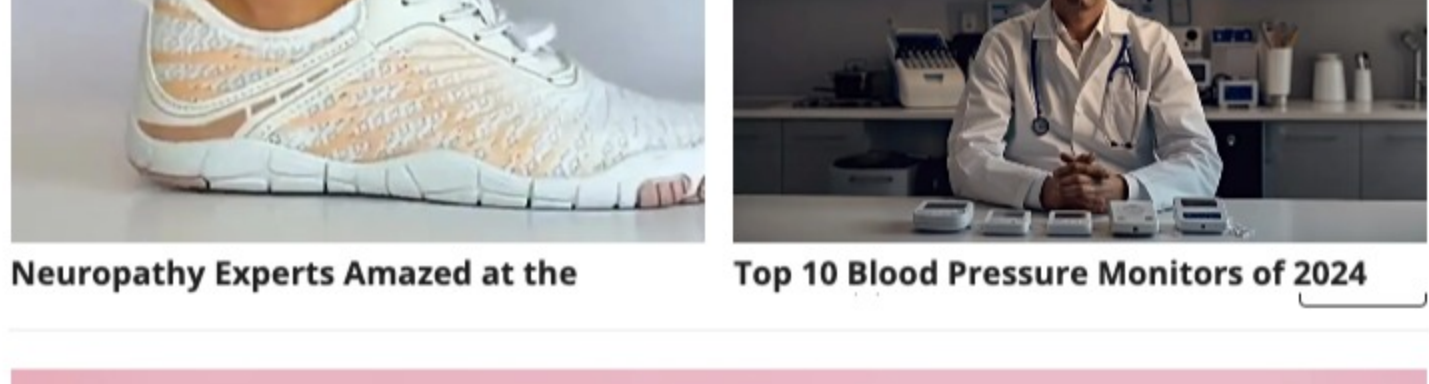
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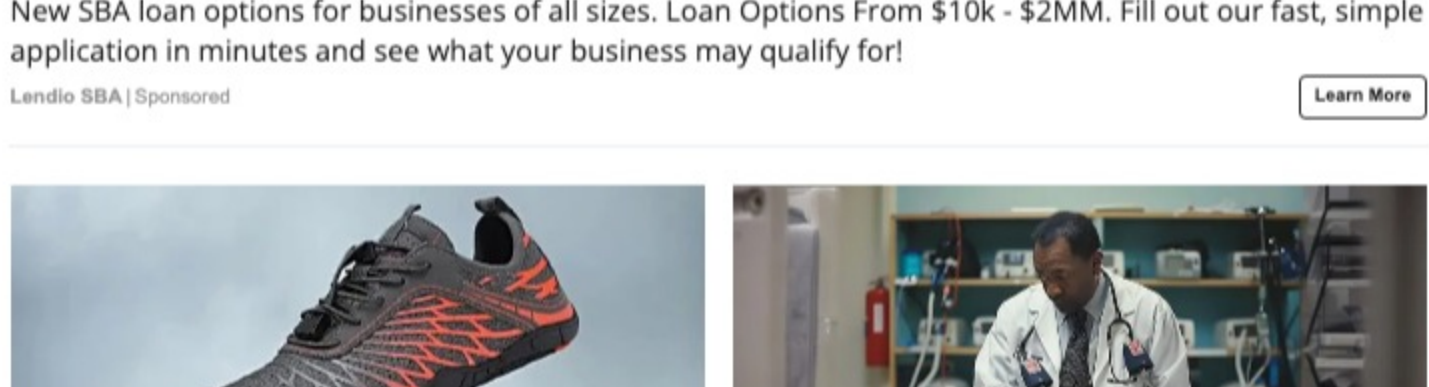
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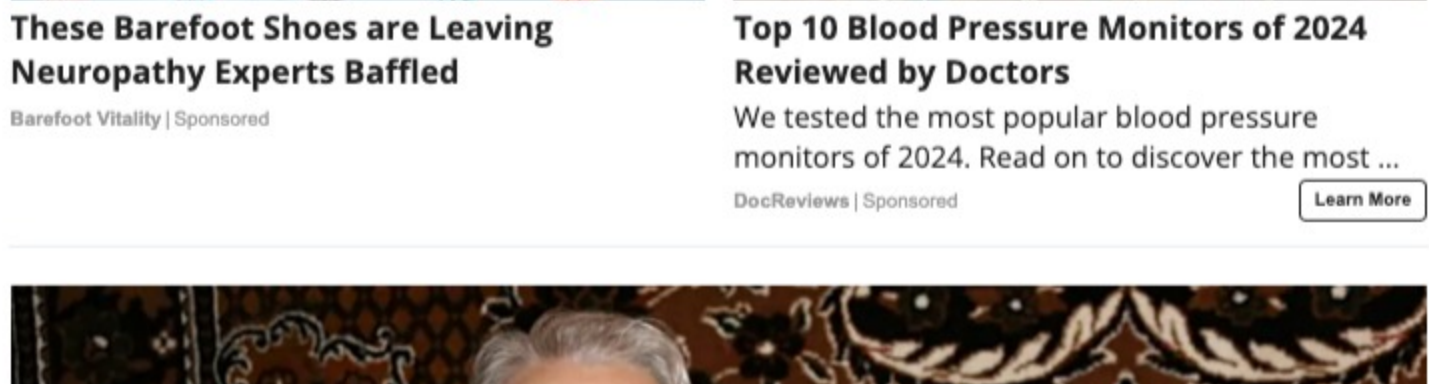
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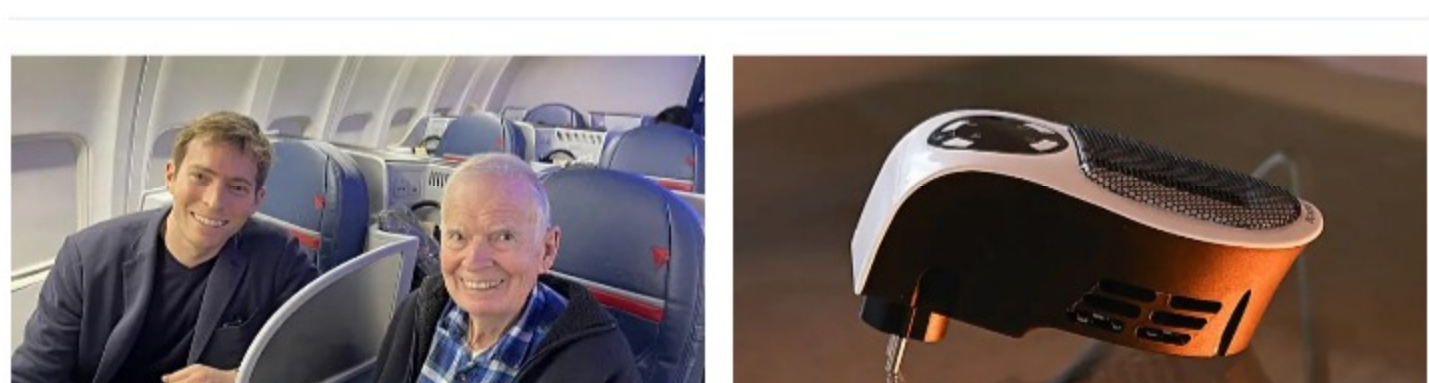
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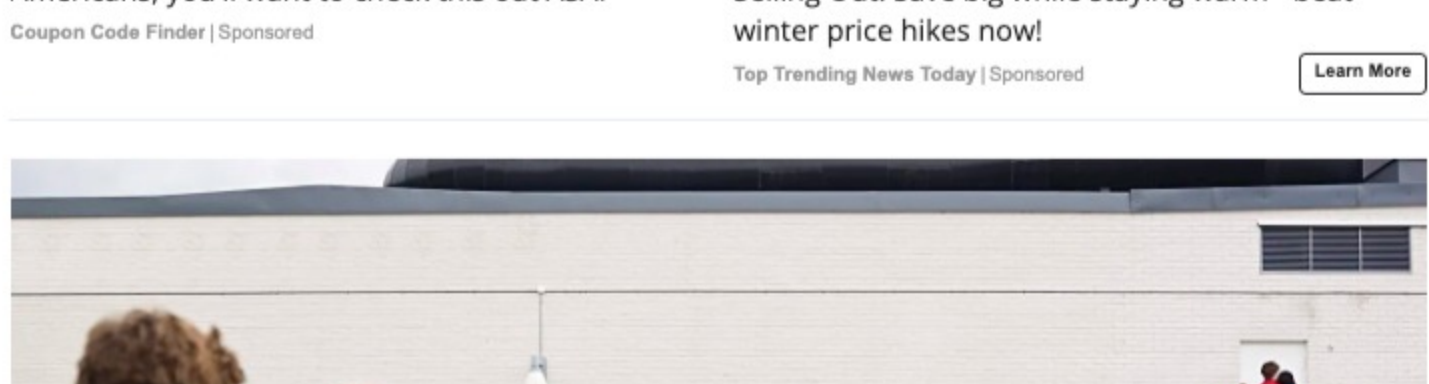
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