

Hawaii News »

Leases for future Hawaiian homestead lots set for awarding

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The state Department of Hawaiian Home Lands broke ground in July 2023 on infrastructure for 127 homestead lots in the II-C increment of the Ka'uluokaha'i East Kapolei II master-planned community. Today, 665 "undivided interest" leases will be awarded. Above, a view of the land owned by DHHL.

Andrew Gomes | Star-Advertiser

More than 650 Native Hawaiian households are slated to receive advance homestead leases today for as-yet-undeveloped house lots in Kapolei.

The state Department of Hawaiian Home Lands intends to award 665 “undivided interest” leases this morning for future house lots in the agency’s Ka’uluokaha’i and Kaupe’a communities.

The event at the Salvation Army Kroc Center represents the first time DHHL has awarded such leases since the 2000s.

Awarding what are sometimes referred to as “paper leases” is in part intended to allow awardees to prepare themselves financially to become homeowners. Such leases also can be transferred to a successor who would not qualify to receive a lease directly from DHHL, because of blood quantum requirements, if the awardee dies before an actual lot lease is issued.

Under DHHL rules, beneficiaries must be at least half Hawaiian and can pass on a homestead lease to an approved successor who is at least a quarter Hawaiian.

At least 2,100 DHHL beneficiaries have died while on the agency’s waitlist. The agency has a recent waitlist of 29,543 applicants seeking homesteads. Under the program, beneficiaries receive a homestead lease for \$1 a year but must buy or build their own home.

DHHL Director Kali Watson said in 2024 that he intended to issue nearly 3,700 paper leases at numerous envisioned homestead projects, including some with uncertain funding prospects and development timetables.

During a state House of Representatives briefing in January 2024, Watson said undivided interest award recipients can look at model homes for an existing phase and see house lots on plans that they might like.

“They also can have the assurance that they’ll have a lease, and should the unfortunate situation arise (of a paper leaseholder dying), they at least have an opportunity for the successor to take over,” he said.

Receiving paper leases, however, comes with some uncertainty over when a lot lease will follow.

In one prior big push that involved awarding 1,434 undivided interest leases in 2005 and 2006, about half of the paper leases had not been converted to homestead leases with beneficiaries moved into new homes 16 years later.

At today's event DHHL plans to award 605 paper leases for Ka'uluokaha'i and 60 for Kaupe'a.

DHHL received \$600 million from the Legislature in 2022 to accelerate homestead lot development, and the agency indicated earlier this year that it intends to use \$141 million to produce 450 lots at Ka'uluokaha'i. A second phase with 250 lots is projected to cost another \$68 million and is subject to DHHL acquiring additional funding.

DHHL also plans to use \$22 million of its 2022 appropriation to develop 60 lots next to its existing Kaupe'a subdivision, using \$8 million to buy land for the additional phase and \$14 million to develop the 60 lots.

Overall, DHHL anticipates being able to produce 2,180 lots with its \$600 million appropriation, and seeks more funding from the Legislature this year.