

# Hawaiian Home Lands looks to factory-built housing for projects



By [Andrew Gomes](#)

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Fading West built modular homes for FEMA to house Maui wildfire survivors.







The state Department of Hawaiian Home Lands wants to start up a modular housing factory on Oahu to produce homes more quickly and at less cost for beneficiaries. DHHL is exploring the initiative in an effort to be more innovative in trying to fulfill its main mission to return Native Hawaiians to ancestral lands, which historically has been slow, expensive and resulted in 29,543 beneficiaries on a waitlist for homesteads.

Typically, the agency produces homestead lots and arranges for private developers to build and sell homes to beneficiaries or allows beneficiaries to build their own homes.

Kali Watson, who became DHHL's director in 2023 and more than two decades ago tried to produce factory-built homes for Hawaiians in partnership with the state Office of Hawaiian Affairs, is seeking help from Hawaii lawmakers to acquire a World War II-era airplane hangar at Kalaeloa Airport for the new endeavor.

"It's ridiculously high — the cost of housing in Hawaii — and so we got to look for ways to get the price down, and this is our attempt," Watson told the Senate Committee on Hawaiian Affairs during a Feb. 4 hearing on [Senate Bill 1553](#)  
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SB 1553 proposes to force the University of Hawaii to sell the hangar site to DHHL and to provide an unspecified appropriation for the purchase.

The city for property tax purposes values the property at \$4.4 million, and Watson

told the Senate committee that he estimates it would cost at least \$4.8 million initially to make necessary improvements to the building.

Watson told the committee that DHHL is interested in collaborating with Colorado-based modular housing company Fading West to establish the envisioned factory in Kalaeloa that could produce 40 homes per month, with possible additional units delivered from the company's Colorado factory.

Fading West, according to Watson, is producing some homes for a DHHL project on Maui with Habitat for Humanity, and could ship units from Colorado for more DHHL projects until a local factory can be established.

### Homestead backlog

Over the past century, about 10,000 homesteads have been created, or 100 per year on average, under the Hawaiian Homes Commission Act created in 1921 by Congress and administered by the state since 1959.

Under the homestead program, DHHL beneficiaries, who must be at least 50% Hawaiian, can receive residential, agricultural or pastoral land leases from the agency for \$1 a year.

At least 2,100 DHHL beneficiaries have died while on the agency's waitlist.

In 2023, DHHL received \$600 million from the Legislature mainly to accelerate production of homestead lots, and the agency currently is seeking an additional \$600 million appropriation. With \$1.2 billion, Watson has estimated that DHHL could produce 6,000 lots.

Watson said at the initial hearing on SB 1553 that the local construction industry's labor constraints have drawn out some DHHL development projects. A modular housing factory, he said, could speed up housing construction and produce high-quality homes at a lower cost.

"It may be kind of our go-to approach if we find that the savings are tremendous," he told the committee.

Watson did not describe expected cost savings to the committee, and DHHL was not able to provide such information in response to a Honolulu Star-Advertiser request.

Fading West did not respond to requests for cost estimates and other information about supplying DHHL with factory-built homes.

The company last year produced 82 homes for a 167-unit Maui wildfire relief housing project called Kilohana for the Federal Emergency Management Agency. FEMA said one-bedroom units with 480 square feet of living space cost \$164,938 while three-bedroom units with 980 square feet of living space cost \$227,396. Some additional work on site was necessary, including partial roof installation and construction of foundations, decks and stairs.

According to [a Feb. 21 article](#)

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in the Ark Valley Voice, a Colorado online news publication, Fading West is producing homes for a project in that state at prices starting at \$280,000 for a one--bedroom unit with 650 square feet of living space and about \$410,000 for a three-bedroom unit with 1,264 square feet of living space.

### Prior endeavor

More than two decades ago, Watson pursued a similar endeavor without success after serving as DHHL's director from 1995 to 1998.

In 2002, as CEO of the nonprofit development firm Hawaiian Community Development Board, Watson helped start Quality Homes of the Pacific in partnership with experienced mainland modular home producer Karsten Co. and a \$500,000 investment from the Office of Hawaiian Affairs.

The company leased a Kalaeloa Airport hangar from the state Department of Transportation and planned to produce and sell 100 homes over an initial 18-month period, including 45 homes for a DHHL project in Kapolei.

However, Quality Homes of the Pacific encountered difficulties with production financing and finding lenders willing to issue mortgages to buyers of such homes. The mortgage issue was overcome, but funding for construction faltered and the company in 2003 liquidated assets in bankruptcy after selling three homes to an affiliated developer for an average of \$50,000 each.

Following last month's hearing, the Senate Hawaiian Affairs Committee voted 4-1 to advance the hangar acquisition bill. The dissenting vote was from Sen. Samantha DeCorte (R, Nanakuli-Waianae-Makaha), who questioned whether DHHL beneficiaries want to buy factory-built homes.

"Is this something that the beneficiaries want?" she asked Watson.

Watson said there has been no beneficiary consultation to size up demand but emphasized that many beneficiaries can't afford traditional homes and, thus, cannot accept lot lease awards.

### UH position

The University of Hawaii has declined to say whether it is willing to sell the hangar property, which it received from the federal Department of Education in 2000, a year after the Navy closed Barbers Point Naval Air Station and began transferring parts of the former roughly 3,700-acre base largely to state and city agencies along with a private developer that renovated housing projects for the Navy in return.

UH turned the 105,000- square-foot Hangar 111 into the Pacific Aerospace Training Center where Honolulu Community College ran flight and maintenance training programs for more than a decade until 2016.

The hangar later spent several years empty, in part due to a federal condition limiting

use of the property to education and research purposes. In 2020, UH paid the federal government \$11.2 million to excise the condition.

Currently, UH is leasing the hangar to the Honolulu Police Department and the Honolulu Fire Department for helicopter parking and crew housing. Watson told the Senate committee that HPD and HFD uses are temporary until they move into hangars in the Honolulu airport area.

On Feb. 19, the Senate Ways and Means Committee overseeing budget appropriations voted 13-0 to advance SB 1553. The full 25-member Senate is scheduled to vote on the bill Tuesday, and if it gets passed it would be delivered to the state House of Representatives for consideration.

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5 minutes ago

Sounds like a good plan. Watson is doing his best to creatively resolve housing for Hawaiians issues. More so than any of the other previous DHHL agencies. We are lucky to have him. I hope that the unions and OHA are cooperating and not getting in the way. UH should also cooperate to move requests forward.

2 hours ago

UH should sell the hangar for \$1.00

Beggars can't be choosers, design of homes, take it or leave it.