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HAWAII CONVENTION CENTER

2-year repair closure risks millions in revenue

By Allison Schaefer
aschaefer@staradvertiser.com

The planned closure of the Hawai'i Convention Center in 2026 for \$64 million in repairs to the rooftop terrace deck is now expected to extend into 2027, putting at risk millions of dollars in

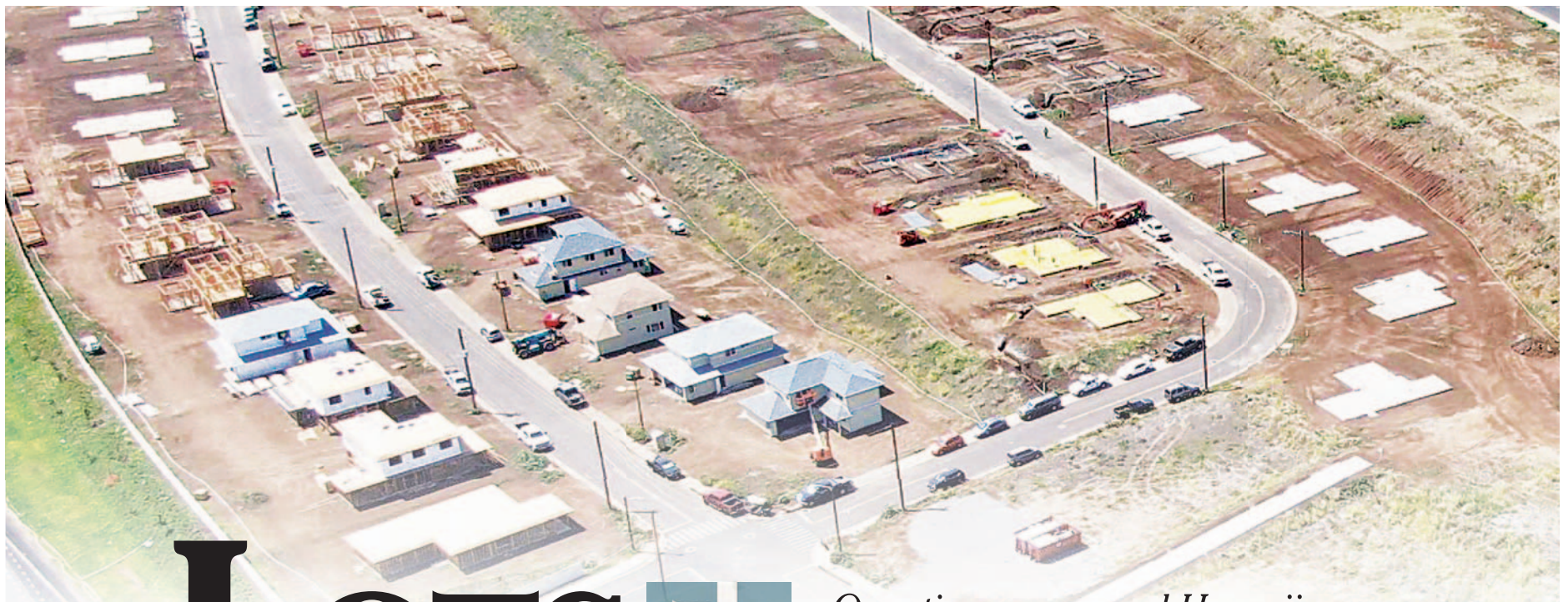
group tourism bookings. Teri Orton, general manager of the convention center, said it was originally anticipated that construction would run from January to November 2026, which would close the facility in 2026 to "citywides," the industry term for events with at least

1,000 guests who are booked at two or more hotels and plan to use center space. But Orton said that only two contractors responded to the center's request for proposals, and both said the project was a two-year job due to the discovery of more extensive corrosion

and rust from deferred maintenance. She said contractors also pointed out that demolition and debris removal of the center's fourth-floor roof would take longer than anticipated because it has residential neighbors on one side. Orton said the center

canceled its original request for proposals and issued a new one Tuesday with a construction timeline that runs from Jan. 1, 2026, to Nov. 30, 2027. She said the new proposals are due May 12 and the center is expected to select a contractor and then issue a

notice to proceed May 26. The Hawai'i Tourism Authority has pledged to keep the center's 125 employees on the payroll during construction, although some of their duties may change, according to Orton. Please see CLOSURE, A8



LOTS of UNCERTAINTY

Questions surround Hawaiian homestead development plans amid a new funding request

By Andrew Gomes
agomes@staradvertiser.com

On July 11, 2022, a historic bill to reduce the number of Native Hawaiians waiting for homesteads became law, but nearly three years later it can be hard to grasp how many homesteads will be produced from the

\$600 million Waitlist Reduction Act. A somewhat nebulous picture of homestead production by the state Department of Hawaiian Home Lands using the appropriation may be jeopardizing an effort by the agency to obtain another \$600 million from the Legislature this year despite heavy backing in the House of Representatives. "You are asking us to just blindly

trust the department," Sen. Samantha DeCorte (R, Nanakuli-Waianae-Makaha) told DHHL leaders during a March 11 hearing on House Bill 606, intended to make the additional \$600 million appropriation. "I need proof on what you guys have already done." After the hearing, Senate committees on Hawaiian Affairs and Housing recommended that an additional

appropriation be \$50 million instead of \$600 million. On Thursday, the Senate Ways and Means Committee amended the bill to provide DHHL with \$25 million for "mercantile" projects including retail stores, and \$25 million for repair and maintenance. Part of DHHL's difficulty showing Please see DHHL, A10

Above, the 161-lot Pu'uhona homestead project on Maui was made possible by \$600 million appropriated to the Department of Hawaiian Home Lands in 2022. On Saturday, DHHL awarded 91 leases to beneficiaries after making 52 lease awards in June for Pu'uhona, where completion is expected next year.

COURTESY DEPARTMENT OF HAWAIIAN HOME LANDS



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DHHL

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how many beneficiaries will come off its waitlist due to the 2022 funding, which Gov. Josh Green signed into law as Act 279, is that much of the money is being spent on backbone utility and road infrastructure supporting homestead lot construction dependent on additional funding.

Other portions of Act 279 funding have gone to buy land for lot development also subject to more funding, while some of the current funding is being used to produce lots at existing DHHL homestead projects.

“The 279 funding does more than just put people on the land,” DHHL Director Kali Watson said in an interview. “It’s a long process. It’s not something that happens overnight.”

Watson said some of the \$600 million is being invested in real estate because it will lead to less-costly lot development that should help deliver more homesteads to beneficiaries in the long run compared with pursuing more costly near-term projects serving fewer beneficiaries.

Big goals

Over the next 10 years, the agency expects to move about 6,000 beneficiaries off its waitlist by providing homestead leases.

But DHHL leaders haven’t always presented clear information at legislative meetings when describing planned lot production at specific projects funded by Act 279.

DHHL spending plans have been hard to follow in part because the agency has repeatedly shifted gears over the last three years, adding some new projects and putting off others after the Hawaiian Homes



JAMM AQUINO / FEB. 6

Signage and fencing are posted outside a plot of land owned by the state Department of Hawaiian Home Lands in Kapolei. DHHL broke ground in July 2023 on infrastructure for homestead lots in the II-C increment of Ka’uluokaha’i East Kapolei II master planned community.

Commission approved an original strategic plan in 2022.

Watson, who led DHHL from 1995 to 1998 and later headed a nonprofit affordable-housing development company, said he has tried to take advantage of new opportunities to expand DHHL’s lot development pipeline.

“As a developer, I think I know what I’m doing,” he said. “I’m always pivoting depending on the situation. It’s not like we’re spending money inappropriately. ... I want to use (Act 279 funding) in the most effective way.”

At a March 25 rally at the state Capitol, Watson said DHHL is working on 29 projects involving more than 3,000 homesteads. A list of projects provided by the agency since then projects delivering 2,283 lots using Act 279 funding.

DHHL received the 2022 appropriation to mainly help reduce its list of nearly 30,000 beneficiaries waiting for homesteads. Initially, the

agency estimated it could produce 2,727 lots largely in already planned or partially developed subdivisions using most of the \$600 million under its strategic plan.

Act 279 provided DHHL wide spending latitude without legislative control, though the agency was required to return any portion of the appropriation not encumbered, or obligated for use, within three years. This deadline was later extended by a year to June 30, 2026.

Moving targets

DHHL leaders have briefed lawmakers on Act 279 spending plans several times over the last three years but haven’t always been clear about what the money will produce.

During an August presentation to a House working group established in 2023 to monitor implementation of Act 279, DHHL officials couldn’t clearly answer a question about what \$39 million from the agency’s Act 279 budget was going to

be used for at an existing multi-phased project on Hawaii island called Villages of La’i ‘Opua.

In printed materials, the agency suggested the \$39 million was for 635 La’i ‘Opua lots. But when asked by one working group member what exactly the \$39 million was for, Watson didn’t give a precise answer.

More recently, DHHL has estimated the cost to produce 580 lots at La’i ‘Opua at \$120 million to \$150 million, while \$39 million from Act 279 would fund a portion of that.

Another project where spending plans have been difficult to follow is Waiehu Mauka on Maui, where DHHL used \$12 million in Act 279 funding to buy land and said in early 2024 that it expected to spend another \$82 million to produce 161 lots, followed by a 150-lot second phase subject to additional funding.

DHHL later indicated that all 311 Waiehu Mauka lots would be produced with the \$82 million.



COURTESY DEPARTMENT OF HAWAIIAN HOME LANDS

State Department of Hawaiian Home Lands beneficiaries were awarded 655 leases for future lots at two homestead projects in Kapolei on Oahu during a ceremony in March. Some lots at one of the projects, Ka’uluokaha’i, are being funded by \$600 million appropriated by the Legislature in 2022, but others are dependent on additional funding.

More recently, DHHL reallocated \$59 million from the Waiehu Mauka project to buy land in Kunia positioned for faster lot development if additional funding can be obtained.

Sen. Troy Hashimoto (D, Wailuku-Kahului-Waihee) criticized DHHL leaders for the funding shift during the March 11 hearing on HB 606.

“I know you guys are trying to play around with the money,” Hashimoto said. “If there’s a strategic plan, we should be following the strategic plan.”

Watson said in an interview that developing the 311 Waiehu Mauka lots was expected to take 10 years because of heavy infrastructure needs, and that development there shouldn’t slow if DHHL can obtain additional funding.

A significant amount of Act 279 funding under Watson’s leadership has been used to buy land for developing homestead lots with future funding. This includes \$2 million for a 168-lot project site on Hawaii island, \$2 million for a 108-lot project site on Oahu, \$8.8 million for a 296-lot project site on Hawaii island, \$12.3 million for a 207-lot project site on Maui and \$20.7 million for a 1,100-lot project site on Kauai.

The Kauai project, according to Watson, is far off because a sewage treatment plant needs relocation. But he said the site is great because it borders urban parts of Lihue. DHHL anticipates being able to develop an initial 250 lots there with \$120 million in additional funding.

‘Paper lease’ awards

Although many lots in DHHL’s development pipeline are subject to future funding, the agency has begun to award leases to beneficiaries for some of those sites.

Such leases give beneficiaries an “undivided interest” in land that has yet to be subdivided into lots.

On March 22, the agency held a ceremony to award 665 such “paper leases” for two projects on Oahu at least partially funded by Act 279.

At one of the projects, Ka’uluokaha’i in Kapolei, slated for 700 lots, DHHL intends to use \$143 million of Act 279 funding to produce 500 lots between 2026 and 2031, while another 200 lots are subject to \$60 million in additional funding. At the ceremony, 605 paper leases for Ka’uluokaha’i were awarded.

Herman Mahelona, 80, received one of those leases. But his son, Dave, who accompanied his father to the event, said no one explained when an actual lot might be ready.

Diamond Badajos, a DHHL spokesperson, said this depends on how many lease recipients who have been on the waitlist longer than Mahelona opt to receive one of the 500 initial lots. Some paper lease recipients may not be ready to accept a lot lease, which costs \$1 a year but requires that a beneficiary pay for or build their own home.

Dave Mahelona said his father typically doesn’t show much emotion but was grateful.

“I seen his smile,” he said.

“Yeah, he finally get one place to call home. He was really, really happy.”

The homestead program was established in 1921 by Congress to return Hawaiians to their ancestral lands after the U.S. annexed the islands. The program, administered by the state since 1959, offers residential, agricultural or pastoral land leases to DHHL beneficiaries, who must be at least 50% Hawaiian.

Over the past century, about 10,000 homesteads have been created, or 100 per year on average, largely due to meager funding and a large land base not well-suited for residential development.

One reason why DHHL has begun to issue paper leases is so that a recipient can pass a paper lease to a successor who is at least 25% Hawaiian. A beneficiary who dies on the waitlist cannot have a successor take their place unless the successor is at least 50% Hawaiian.

At least 2,100 DHHL beneficiaries have died while on the agency’s waitlist, which recently reached 29,543 applicants.

Watson said his goal is to award a minimum of 7,500 paper leases, which promise a lot lease at specified projects and remove a recipient from the waitlist.

DHHL also has awarded some lot leases for homesteads nearing completion under Act 279.

In June, the agency made 52 lease awards for a 161-lot project called Pu’uhona on Maui where 137 of the lots will have homes sold to beneficiaries. On Saturday, DHHL awarded 91 more leases for Pu’uhona, the agency’s first project delivered with Act 279 funding.

DHHL used \$5.5 million from Act 279 to buy the Pu’uhona site and is spending \$17 million more to create the subdivision. A developer is building the homes using private financing. Several of the homes are close to being finished, and completion of Pu’uhona is expected next year.

Sen. Tim Richards, chair of the Senate Hawaiian Affairs Committee, said he has confidence in DHHL leadership and would like to see the agency receive another \$600 million for homestead development. But Richards (D, North Hilo-Waimea-North Kona) also said the uncertain financial outlook for the state this year makes such an appropriation difficult.

Rep. Luke Evslin, who helped introduce HB 606, acknowledged that the agency’s plans can be confusing. But he said DHHL is doing a good job balancing near- and long-term homestead production for an overwhelming need.

“Any way that you dice the numbers, I think to me the general takeaway is that the need is so great, and essentially we need to figure out a way to get them as much money as possible,” said Evslin (D, Wailua-Lihue). “I don’t judge them on the way that they have tried to straddle investing in the future ... at the same time as investing in infrastructure necessary to hand over (lots) to beneficiaries.”



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