

HAWAII NEWS

Federal funding for Hawaiian Home Lands on chopping block



By [Andrew Gomes](#)

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The gated entrance of Kulanakauhale.

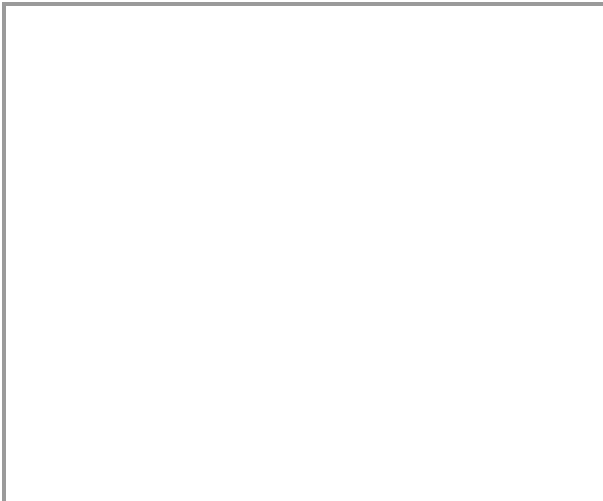


The state agency helping Native Hawaiians with housing needs is at risk again of a federal funding cutoff.

President Donald Trump is proposing to eliminate the Native Hawaiian Housing Block Grant program as part of a rough budget plan for the next federal fiscal year beginning Oct. 1

In a May 2 letter from Trump's Office of Management and Budget to the chair of the Senate Committee on Appropriations, OMB Director Russell Vought indicated that the federal grant funding for the state Department of Hawaiian Home Lands should be cut off in part because DHHL has an accumulation of unspent proceeds from prior years.

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“The program has large balances and only one grantee, which would be more appropriately funded by the State of Hawaii,” the letter said.

Annual funding from the program in each of the last three years has been about \$22 million.

However, such funding at times has been much lower, and got zeroed out during the Democratic administration of President Barack Obama in 2016 because DHHL had amassed a pile of unspent funding that drew the ire of some state leaders and DHHL beneficiaries.

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U.S. Rep. Jill Tokuda (D-Hawaii) disagrees with the proposed move by the Republican president, but also believes DHHL needs to be spending more of its past federal grant awards.

“Sadly these carryover balances, and these high annual re-appropriations that they have, kind of made it low-hanging fruit for the Trump Administration,” Tokuda said. “I know for beneficiaries it’s extremely frustrating because there’s so much need.”

Under the program, which is part of the 1996 Native American Housing Assistance and Self Determination Act also known as NAHASDA, DHHL has helped beneficiaries in ways that include homestead development, rent subsidies for low-income seniors, home loans, affordable-housing construction, land acquisition, emergency rent and utility payments, and financial literacy training.

Homestead development is the agency’s main mission and costliest endeavor. There are close to 30,000 DHHL beneficiaries waiting for homestead leases that cost \$1 a year but require recipients to buy or build their own homes.

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.

DHHL Director Kali Watson said in a statement that the agency fully supports Hawaii’s congressional delegation in efforts to educate and convince the current federal administration of the grant program’s value and importance.

“We are very appreciative of the recent increased funding over the last three years and are hopeful we can continue to receive the same level of funding,” Watson said.

Tokuda said DHHL has a \$53.6 million unspent grant funding balance from prior years, not including a \$22.3 million appropriation for the current fiscal year.

According to DHHL's most recent annual performance report for the federal program produced in September 2024, the agency's fund balance at that time was \$66.6 million, of which \$36.8 million was encumbered by contracts for spending and \$29.8 million was unencumbered.

The agency reported spending \$12 million in the 2024 fiscal year, which included \$3.2 million for capital improvement projects, \$1.9 million for home loans, \$1.8 million to assist seniors with rent, \$1.5 million for planning and administration, \$1.2 million for general homeowner assistance and \$875,000 for emergency rent and utility assistance.

DHHL's stockpile of federal funding coincides with an effort by the agency to encumber \$600 million appropriated by Hawaii lawmakers in 2022 before a June 30, 2026 deadline. Watson has said that the agency has pretty much done so, and earlier this year asked the Legislature for another \$600 million that he said could roughly double homestead deliveries. The Legislature did not approve the additional funding.

Tokuda is hard-pressed to understand why DHHL, which is using the state funding to produce more than 3,000 homesteads at 29 projects and used much of the \$600 million to buy land for longer-term homestead development, has not spent more of its federal funding.

"This was something that literally generations of members of Congress have fought for and protected," she said, "and now it's going to be very difficult to defend why we need this money when they're not spending it."

Tokuda vows to fight the proposed cutoff, in part because she said DHHL has committed to spend most of its federal funding from past years by the end of June.

She also said eliminating NAHASDA funding for DHHL disregards the federal trust responsibility to Hawaiians, and unfairly shifts the duty solely to the state, thus ignoring generations of legal, historical and moral obligations.

"DHHL must step up and the federal government must not walk away," Tokuda said.

Previously, DHHL has been able to ramp up spending of federal funds after drawing fire from federal and state leaders for amassing an even bigger stash of cash from the U.S. government.

In 2012, DHHL was holding \$75 million received under NAHASDA, which led to complaints that the agency was making poor use of the federal appropriations that had been around \$10 million a year during the preceding decade.

In 2016, during the last year of the Obama Administration, DHHL got no federal funding. And then from 2017 to 2021, which included Trump's first term and one year with Democratic President Joe Biden in office, funding for DHHL was \$2 million a year.

During a state budget briefing in 2016 for the administration of then-Gov. David Ige, members of Hawaii's Legislature including Tokuda and Sylvia Luke, who then was chair of the House Finance Committee and is now lieutenant governor, chastised DHHL for the hoard of unspent federal funds.

"NAHASDA money was no strings attached ... " Luke said during the briefing. "All that the federal government wanted us to do was was to spend the money. But what does DHHL do? They don't spend the money."

DHHL was at that time working to level-up spending federal dollars. From 2015 to 2018, the agency more than doubled such spending to around \$15 million per year during those four years. Spending subsided from 2019 to 2021 as federal appropriations stayed low, but then didn't rebound much in tandem with the big appropriation increases under President Biden from 2022 to 2024.

According to the most recent annual report from the U.S. Department of Housing and Urban Development, which oversees NAHASDA funding for DHHL, \$155 million of such funding has been spent by DHHL over 22 years through the 2023 fiscal year largely to help develop 693 homestead lots and to build, acquire or rehabilitate 765 affordable homes.

Some of the spending also was used to rehabilitate three community centers and provide 4,098 families with housing services that included financial literacy and home ownership education, self-help home repair training and rental assistance, the HUD report said.

Watson, in his statement, said continued federal funding is critical and needed to sustain a similar variety of help for beneficiaries.

”We will continue to be diligent and very active in the use of these funds, which have been instrumental in increasing our rental and homeownership housing opportunities for our DHHL beneficiaries,” he said.

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By the numbers

Federal spending by DHHL in the fiscal year ended June 30, 2024

\$3.2 million — capital improvement projects

\$1.9 million — home loans

\$1.5 million — planning and administration

\$1.2 million — homeowner assistance

\$985,000 — rent subsidies for seniors

\$875,000 — emergency rent and utility assistance

\$872,375 — housing conversion

\$830,000 — Waimanalo senior housing rent assistance

\$562,776 — water system improvements

\$25,500 — housing counseling

\$10,900 — property acquisition

Total — \$12 million

Source: DHHL

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