

HAWAII NEWS

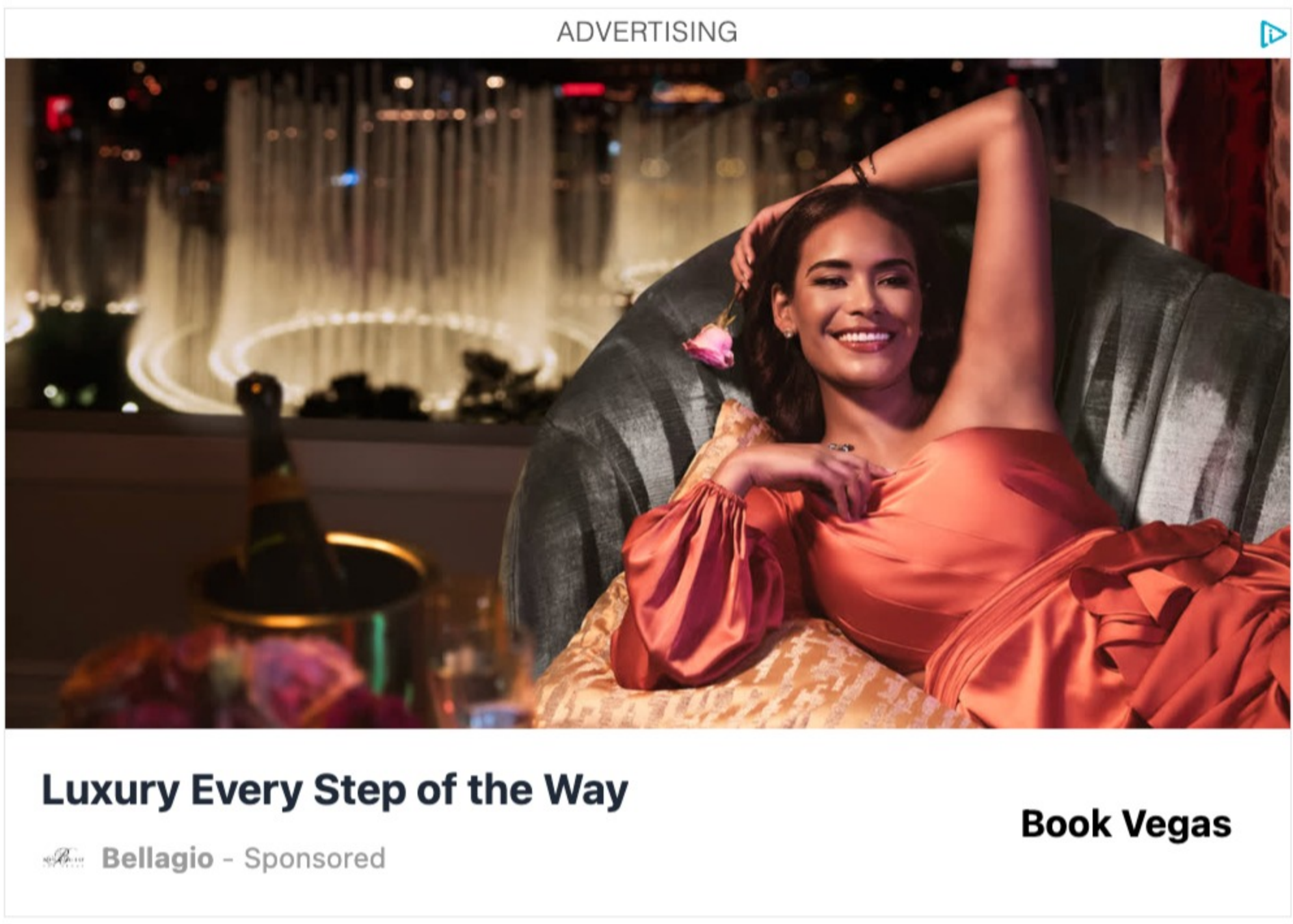
Hawaiian homestead agency amps up ‘paper lease’ program

By [Andrew Gomes](#)
Today • Last updated 11:18 p.m.

The state Department of Hawaiian Home Lands plans to award more than 1,000 leases for future homesteads on Maui later this year, representing the agency’s biggest move yet to provide beneficiaries with residential lots using a historic 2022 legislative appropriation.

But hundreds of the lots may not be developed until 2030 or beyond, with some subject to funding beyond \$600 million appropriated by the Legislature three years ago.

DHHL on Saturday held an informational meeting for beneficiaries seeking residential homesteads on Maui in preparation for awarding 1,157 leases on Nov. 8 and Dec. 6. at four planned subdivisions on the Valley Isle.



The leases are not for house lots at the envisioned subdivisions, but are “project leases” that can be converted into lot leases when the subdivisions have been developed.

Such leases are also known as “paper leases” or “undivided interest” leases that are tied to DHHL land that has yet to be developed into subdivisions with lots and infrastructure.

At Saturday’s meeting on Maui, DHHL officials emphasized that one major benefit of project leases is that they can be immediately transferred to an applicant’s successor who doesn’t meet the blood quantum requirement to receive a lot lease directly from DHHL.

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“You are the builders of a new chapter in the Hawaiian homesteading program,” DHHL Director Kali Watson told meeting attendees. “You carry not just the dreams of your ancestors, but the hopes of your children and their children.”

Under the federal Hawaiian Homes Commission Act, beneficiaries must be at least 50% Hawaiian to receive a lot lease from DHHL. Once a lot lease is awarded, a lessee can pass the lease to a family member with least 25% Hawaiian blood if the lessee dies. Such successors also can inherit paper leases, but can't get on DHHL's waitlist in place of a beneficiary relative who dies with no lease.

In the decades since the program was created by Congress in 1921 to return Hawaiians to their ancestral lands after the United States annexed the islands, at least 2,100 beneficiaries have died before receiving a lease. During the same time, about 10,000 homestead lots have been developed, and close to 30,000 beneficiaries are on the waitlist.

“Our goal was to decrease that waitlist and ensure that the legacy of your family continues on,” Michelle Hitzeman, DHHL housing development manager, told attendees at Saturday’s event.

There are more than 3,900 applicants seeking residential homesteads on Maui within DHHL’s waitlist for residential, agricultural and pastoral lots statewide.

Beneficiaries on this list who attended Saturday’s event received information about the four projects, the process for obtaining a lot lease and other things. At the November and December project lease award events, selected applicants essentially will pick which subdivision at which they would like to have a homestead, but not specific lots.

If DHHL is successful in converting the 1,157 Maui project leases into homestead leases, it would increase the number of homesteads in Hawaii by about 10%.

The agency also awarded 1,033 project leases earlier this year at two projects on Oahu and two on Hawaii island.

Last year, DHHL announced that it was going to issue paper leases for the first time in about two decades. Watson told some lawmakers last year that he aimed to issue nearly 3,700 such leases for numerous envisioned projects, including many with uncertain funding prospects and development timetables.

Now, DHHL’s goal is to award more than 6,000 project leases in the next two years. The agency projects that it can develop about 2,300 lots using the \$600 million appropriation, some of which has been used to buy land better suited for development than land DHHL already owns.

DHHL’s previous endeavor with project leases about two decades ago was criticized at the time by some observers as a way to artificially reduce the embarrassing size of the agency’s waitlist, which around 2005 had about 22,000 applicants.

Since then, close to half of roughly 1,400 paper leases issued under the earlier effort have not been converted to leased lots occupied by Hawaiians.

The agency now is in a better position financially to convert paper leases to lot leases, though some skepticism remains about delivery timetables.

Of the four Maui projects where paper leases are to be awarded, the largest is Kamalani with 400 planned lots in Kihei.

DHHL expects to start construction on Kamalani in 2026 and begin delivering lots in 2028. But DHHL is using \$35 million of its 2022 appropriation to deliver only 200 of Kamalani’s 400 lots. The remainder lacks funding after a request earlier this year to the Legislature for an additional \$600 million was denied.

Kalani Fronda, DHHL land development division administrator, said at Saturday’s event that the timetable for finishing Kamalani is to be determined. “We don’t know,” he said.

The next-biggest of the four Maui projects is Waiehu Mauka in Wailuku where 398 lots are planned using \$95 million in 2022 funding. Previously, DHHL envisioned shifting \$60 million away from Waiehu Mauka so it could buy land in Kunia on Oahu for quicker homestead lot development, but later abandoned that plan. DHHL now expects that all of Waiehu Mauka will be completed from 2030 to 2033 after construction commences in 2027.

A 155-lot subdivision in Lahaina is slated to be the first of the four Maui projects with finished lots. This project, Leialii phase 1B, is projected to start construction in 2026 and produce finished lots from 2028 to 2030 at a cost of \$128 million from DHHL’s 2022 appropriation.

The fourth Maui project, Wailuku Single-Family, is slated for 204 lots to be delivered from 2029 to 2030 with \$45 million from the historic appropriation.

Under DHHL’s homestead program, beneficiaries receive renewable 99-year lot leases for \$1 a year, and lessees must pay for or build their own home.

Maui development firm Dowling Co. is developing lots for DHHL at three of the four Maui projects, including Wailuku Single-Family, where the company also will finance and build 173 homes for beneficiaries to buy. This project also includes 31 lots on which lessees can build their own homes. Honolulu-based Gentry Homes is developing Kamalani.

In addition to the successorship benefit, issuing project leases allows beneficiaries time to improve their finances to qualify for a home loan. Hitzeman also said applicants for project leases allow developers of each project to gauge what kind of homes potential future homestead leaseholders want.

“This is the beginning of a long journey,” Watson said at the event Saturday, which he called a historic day. “It’s not every day that we get to witness a new generation of Hawaiian families taking root on their ancestral lands.”

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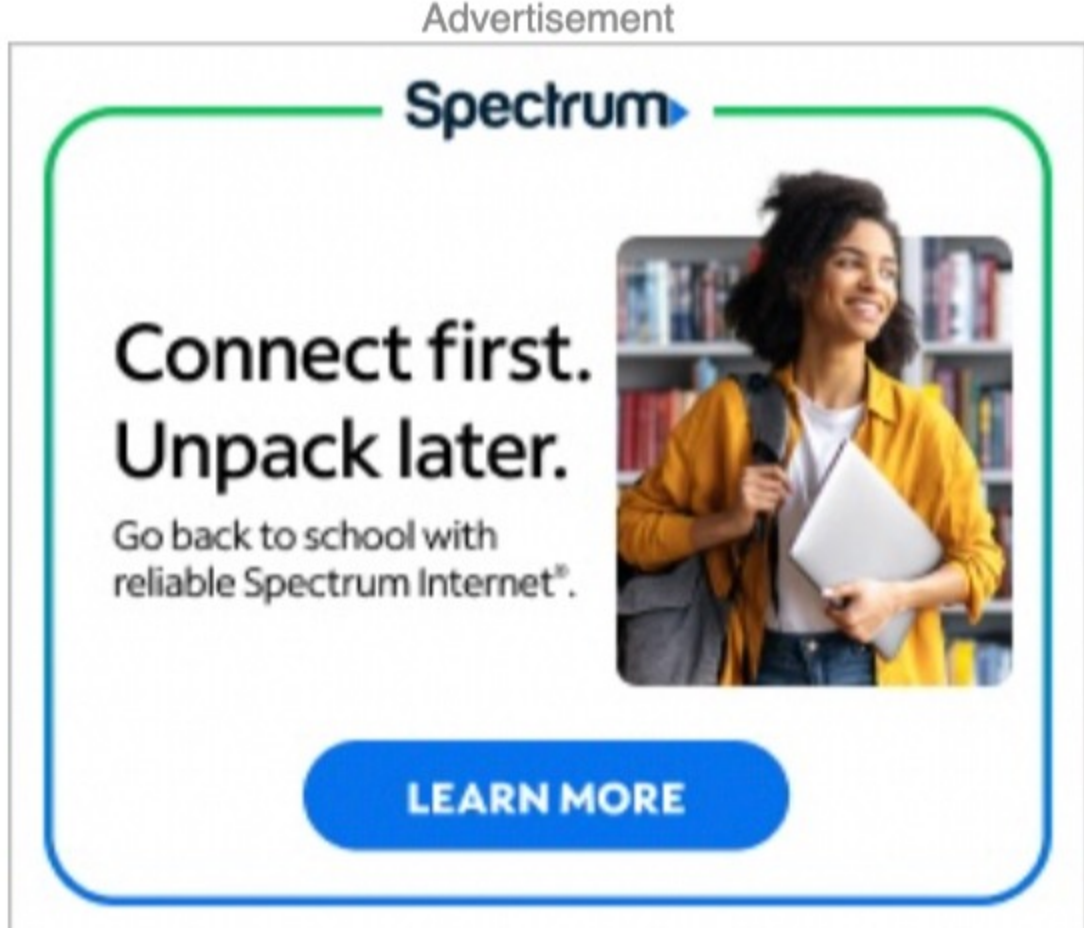
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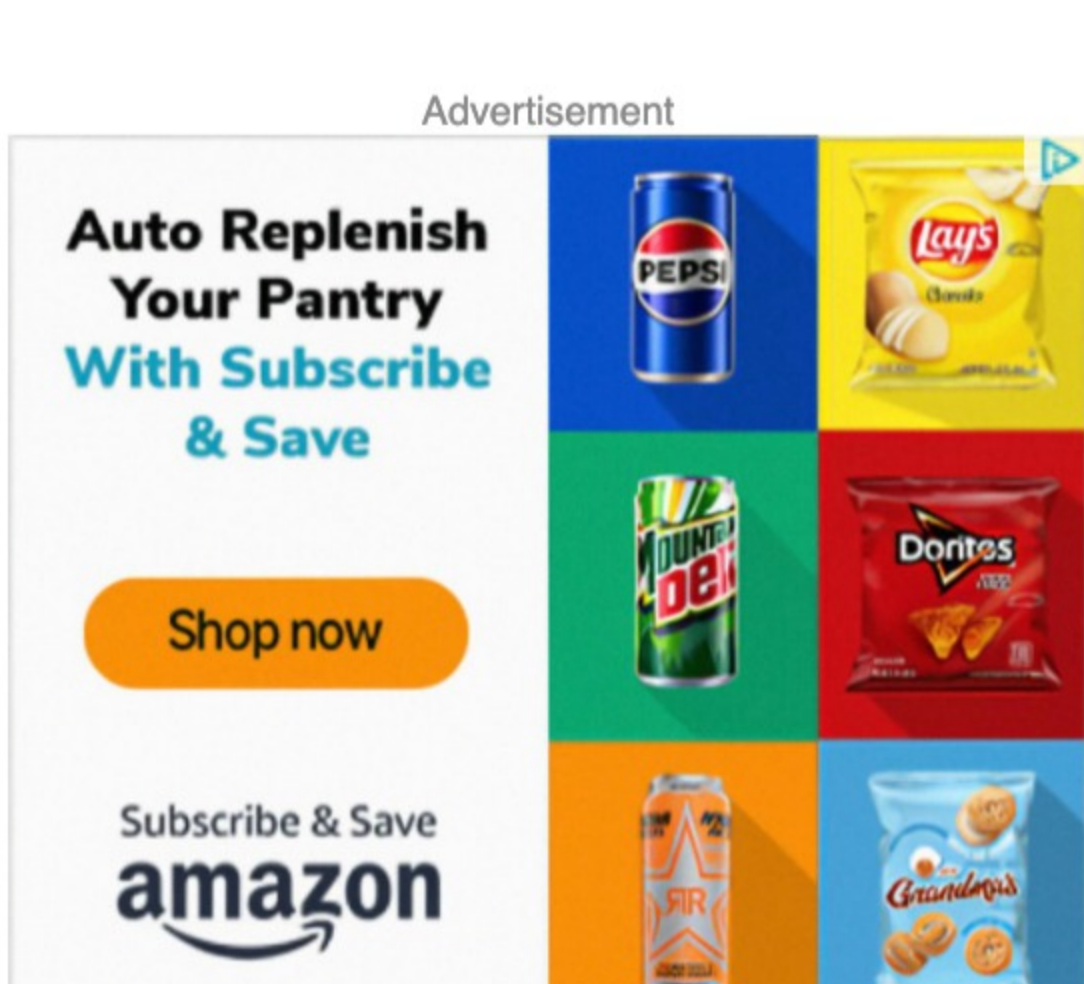
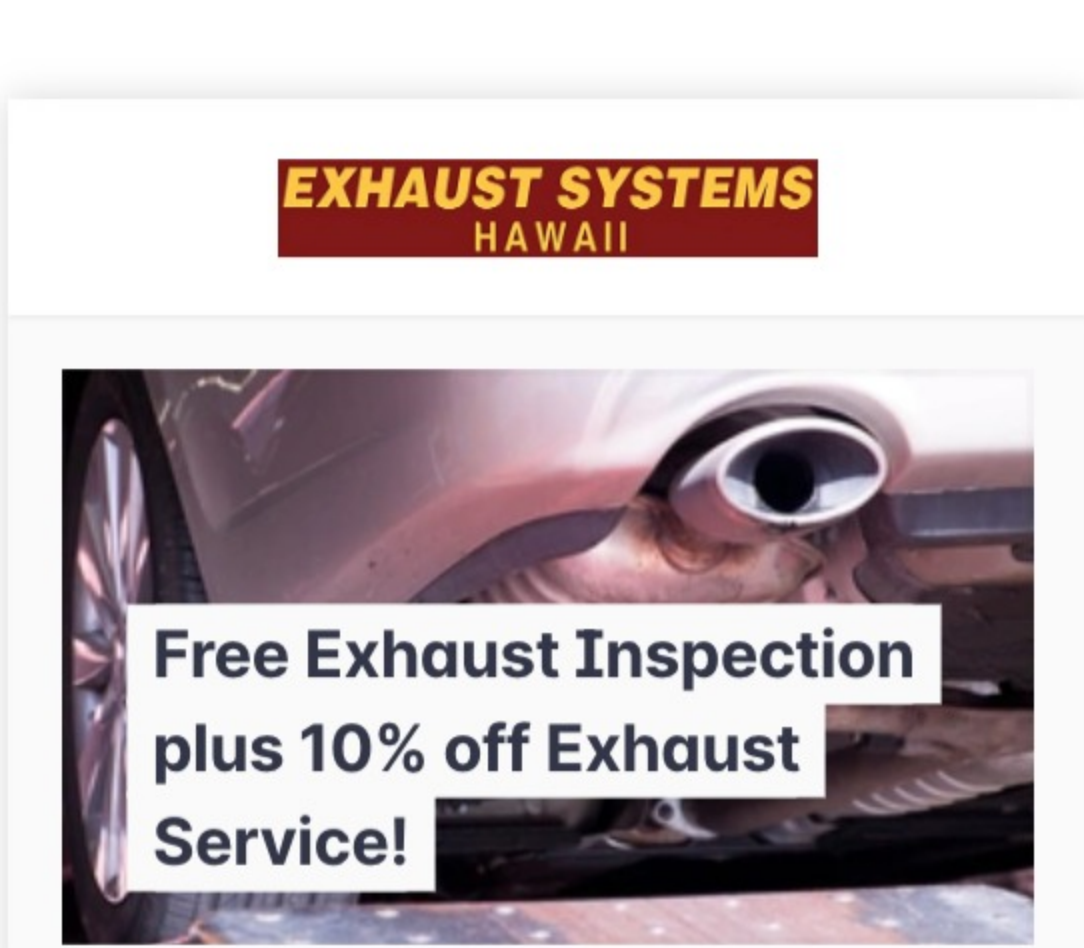
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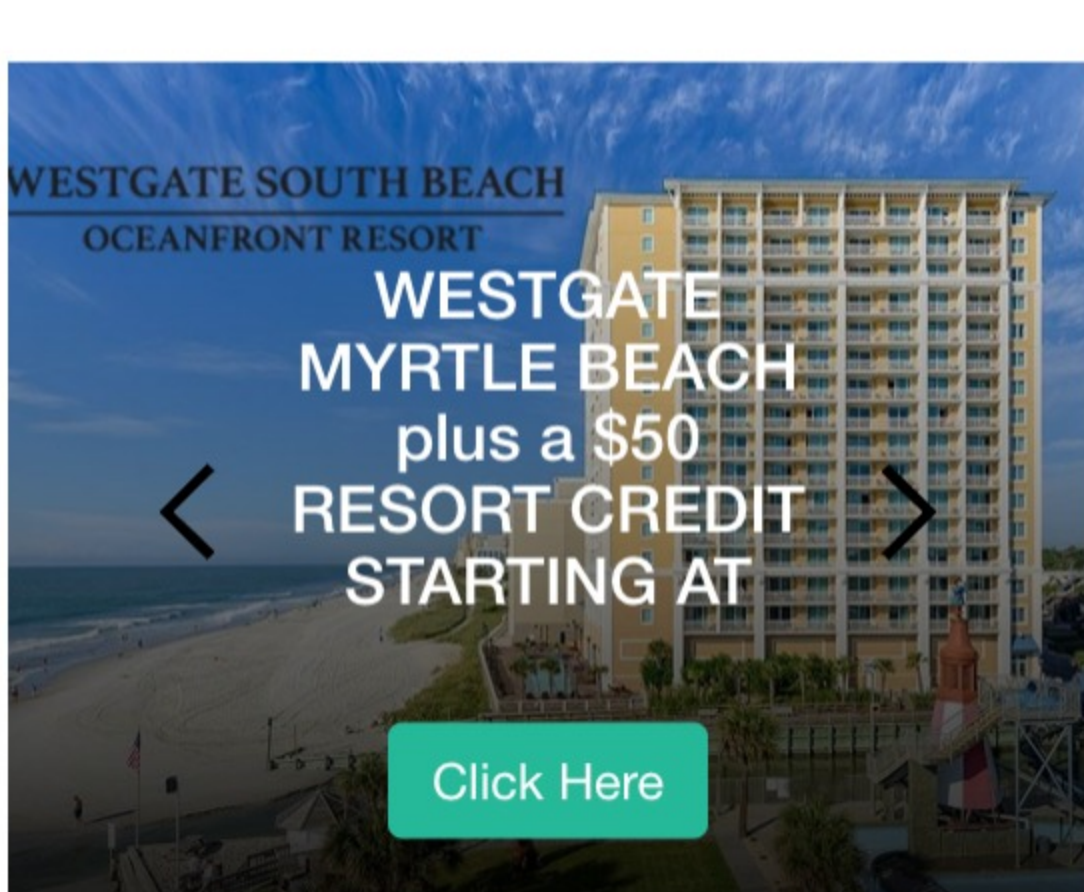
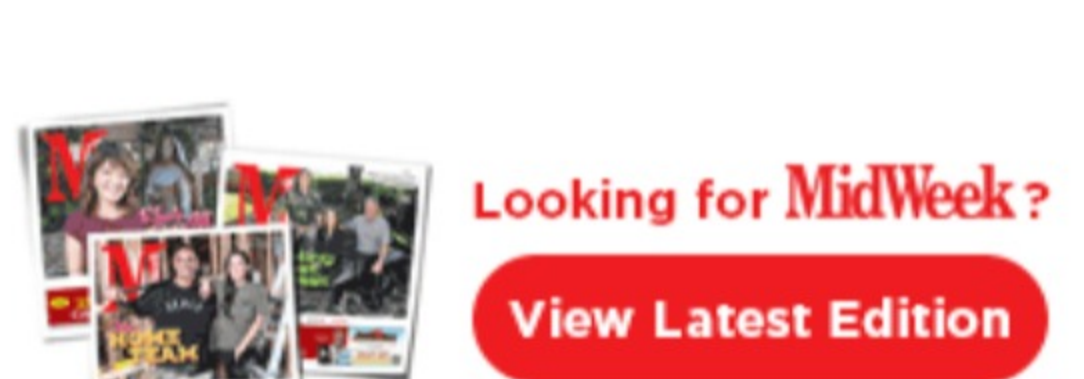
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