

DHHL expects to meet deadline to spend \$600M

By Andrew Gomes
agomes@staradvertiser.com

The state Department of Hawaiian Home Lands anticipates meeting a June 30 deadline to fully use \$600 million appropriated in mid-2022 by the Legislature mainly to develop homestead lots for beneficiaries.

DHHL officials informed a state House of Representatives oversight panel on Monday that they expect to have \$589 million encumbered, or obligated for use, by the end of this year followed by the remaining \$11 million by March 1.

Full encumbrance of the

funds by the June 30 deadline, which lawmakers previously extended by one year, would help demonstrate that the agency can put to use additional funding that it has sought from the Legislature after the historic 2022 appropriation but failed to obtain last year via proposed legislation.

During Monday's briefing, DHHL representatives floated the idea of \$800 million in additional funding spread equally over eight years to produce close to 6,000 homestead lots.

Members of the House panel expressed general support for additional state funding, and plan to produce

an interim report on DHHL's progress using the \$600 million appropriation before the 2026 legislative session begins Jan. 21. A final report is planned before the start of the 2027 session.

"You have a huge task in front of you, and I appreciate the work that you have done to spend down \$600 million in what I think is mostly wise ways," Rep. Luke Evslin, chair of the panel known as the Act 279 Working Group, said during the briefing. "And (what) becomes just more and more clear, with every Act 279 Working Group meeting that we've had, is the need for lots more funding."



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Kalani Fronda:

The DHHL official said the agency will deliver 2,472 homestead lots with appropriated funds

Kalani Fronda, DHHL land development division administrator, told the panel that the agency expects to deliver 2,472 homestead lots using most of the \$600 million appropriation, though DHHL Director Kali Watson noted that lot construction at 28 projects across the state will take multiple years to complete.

Because of this, the Legislature's deadline was tied to encumbering, not spending, the \$600 million. DHHL estimates that by the end of this year it will have spent \$120 million of the 2022 appropriation.

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DHHL presented panel members with a 44-page booklet on the agency's development project pipeline, which Fronda said accounts for where the \$600 million has been committed along with lot development progress.

The agency also showed a short video from an Aug. 25 ceremony on Maui welcoming initial homeowners to the first new subdivision funded by Act 279, Pu'uhona Homestead in Waikapu.

"We're very, very blessed and we're very fortunate to be here," Aysia Kahooohanohano, one of the new homeowners, said in the video.

DHHL used \$5.5 million from Act 279 to buy the Pu'uhona site and spent \$17 million more to create the 161-lot subdivision. Development firm Dowling Co. is building the homes using private financing and selling the homes to beneficiaries.

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

The lot leases cost \$1 a year, and beneficiaries must pay for or build their own home.

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 DHHL land base not well-suited for residential development. The Legislature passed Act 279, also known as the Waitlist Reduction Act, for DHHL to dramatically boost lot development and reduce its list of close to 30,000 beneficiaries waiting for leases.

Last year, the 51-member House near-unanimously endorsed a bill proposing another \$600 million in funding for DHHL. But the measure, House Bill 606, encountered resistance in the Senate and failed to emerge



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Darius Kila:

The state representative said the Legislature's 2022 appropriation should be viewed as a right and entitlement for the Department of Hawaiian Home Lands, not as a handout

from a House-Senate conference committee formed to work out differences. That bill potentially could be reconsidered next year.

On Monday, Fronda told the House panel that DHHL could use \$871 million in additional funding to produce 6,285 lots statewide at projects that include some started with Act 279 funding.

"If we have something that's consistent each year, we can plan ahead accordingly," Fronda said, adding that \$100 million a year for eight years would about cover the estimated cost for what DHHL refers to as "Phase 2" of its new development pipeline.

Evslin (D, Wailua-Lihue) acknowledged that a dedicated funding source would help DHHL fulfill its plans.

Another panel member, Rep. Darius Kila (D, Nanakuli-Maili), lamented that the Legislature's historic 2022 appropriation wasn't made 20 years earlier, and said that helping DHHL further should be seen as a right and entitlement instead of a handout.

Rep. Diamond Garcia (R, Ewa-Kapolei) also thanked Watson and Fronda for the update, and said he expects it will go a long way to inform colleagues about the progress and needs of DHHL.

"I think going through this next session, I'm sure the discussion will come up again about more funding," Garcia said.