

STRATEGIC APPROACH TO IMPLEMENT ACT 279 OF 2022

Revised in December 2025



HAWAIIAN HOMES COMMISSION ACT

On July 9, 1921, President Warren G. Harding signed the Hawaiian Homes Commission Act, 1920 as amended; an effort spearheaded by Prince Jonah Kūhiō Kalaniana'ole and a group of advocates.

Through its passage, the United States set aside approximately 200,000 acres of land to establish a permanent homeland for native Hawaiians - who were identified as a "landless and dying" people as the result of disease, intermarriage, and loss of lands.

The Hawaiian Homes Commission Act's intent is to return native Hawaiians to the land while encouraging them to become self-sufficient homesteaders on the leased parcels of trust land.

Department of Hawaiian Home Lands



Prince Jonah Kūhiō Kalaniana'ole

The Department of Hawaiian Home Lands carries out Prince Kūhiō's vision of rehabilitating native Hawaiians by returning them to the land. The Hawaiian homesteading program run by the department includes the management of the 200,000 acres of land statewide set aside by the Hawaiian Homes Commission Act with the specific purpose of developing and delivering homesteading.

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INTRODUCTION

Purpose of This Document

The mission of the Department of Hawaiian Home Lands (DHHL) is to develop and deliver land to native Hawaiians. The trust, created by Congress through the Hawaiian Homes Commission Act (HHCA), set aside lands to be used for the benefit of native Hawaiians.

As required by the Admission Act and as a compact with the United States, the State of Hawai'i, and the people of Hawai'i adopted the HHCA as a provision of the Hawai'i State Constitution and agreed to faithfully carry out the spirit of the HHCA for the rehabilitation of the Hawaiian race. These trust responsibilities remain to this day.

The purpose of this document is to communicate the progress of DHHL's broad preliminary strategy to utilize the \$600,000,000 (\$600M) in funds to implement Act 279 of 2022. The purpose of Act 279 as stated in the legislation is to provide a multi-pronged approach to reducing [the DHHL] waitlist. The \$600M will address the needs of those on the DHHL waitlist and those beneficiaries still waiting to get on the land.

This update to Act 279 (SLH 2022) provides a clear status on the deployment, commitments, and planned outcomes of the \$600 million appropriation. It includes an overview of expenditures, encumbrances, and projected commitments; status updates on homestead lot development, infrastructure improvements, land acquisitions, and housing initiatives; and the key accomplishments and challenges encountered during implementation. The report also outlines where projects are advancing through design and construction, where strategic adjustments are being made, and provides updated timelines for delivery and anticipated beneficiary impacts.



DHHL remains committed to transparency, accountability, and timely delivery on the responsibilities entrusted to the department through Act 279, ensuring these resources translate into lasting benefits for Hawaiian Home Lands beneficiaries and the broader community.

‘Ōlelo No‘eau: “Ma ka hana ka ‘ike.”
In working, one learns.

Meaning: Knowledge and insight come through action.

Framework of This Document

Section 4 of Act 279 identified two main waitlist applicant preferences from the 2020 DHHL Beneficiary Study Applicant Report:

1. Applicant Preference for Homeownership; and
2. Applicant Preference to continue Renting or access Rent with Option to Purchase Opportunities.

As such, this document is organized around projects and programs that will provide homeownership or rental opportunities for waitlist beneficiaries.

Act 279 also directs DHHL to organize its proposed actions to utilize the \$600M by County. Accordingly, new lot development projects are organized by County when applicable. Individual assistance programs in this document are meant to be statewide and span across multiple Counties.

Approach to Budgeting in Uncertain Times

Given recent world events that have transpired over the previous two years such as the COVID-19 Pandemic and Ukrainian-Russia War, U.S. economic inflation, current tariffs, and supply chain disruptions may impact costs of labor and construction materials. Therefore, to account for the current climate of price variability and uncertainty, new lot development identified in this document may change over time. DHHL will revise its budget outlook each fiscal year to accommodate for these uncertain factors over the three-year period of this Act. Updated budgets will be presented to the HHC for approval and to the Legislature as an informational progress report.



Combined, project costs in 2025 are double compared to 5 years ago

COVID-19 Increases
Higher Interest Rates 36%
Historic Costs over National Average 23%
State/ Federal Regulations 7%



Housing Construction Costs



Policy Considerations to Allocate Resources

This document is the initial articulation of the preliminary strategic approach that the Hawaiian Homes Commission and DHHL will employ to allocate the resources provided by the Legislature to benefit waitlist applicants. The following core policy considerations were identified to guide decisions to allocate resources and guide spending.

Policy Consideration #1: The majority of resources provided under Act 279 should go to homeownership activities rather than rental activities.

Rationale

The 2020 DHHL Beneficiary Study Applicant Report reported that the majority of applicants prefer a lot with a single-family home or a vacant lot for a house (76 percent) vs. those applicants that preferred to rent or rent with the option to buy in the future a single-family home, duplex, apartment, or townhouse (16 percent). (See 2020 DHHL Beneficiary Survey pages 6-8)

The Department's earlier position was that projects and programs focused on homeownership would reduce the waitlist more quickly than rental options, since applicants who rent remain on the waitlist. In reality, however, the Department does not have a full understanding of the financial capacity of every beneficiary. To address this, the new strategy is to restructure the development program by aligning vertical construction with the financial ability of each beneficiary. This approach ensures that beneficiaries are not passed over simply because they do not qualify for a turnkey home or an owner-build option of homeownership."

NEW APPROACH



- Transforming Development to Better Serve Our Beneficiaries

- We are moving toward a new approach. Instead of building homes first and then trying to get beneficiaries to prequalify, we will issue project leases. This gives our 50% qualified beneficiaries the option to pass the lease to a 25% transferee or name a 25% successor.
- From the start, DHHL and our service providers will walk with each project lessee to see what they can qualify for.
- If financial literacy or credit support is needed, we will provide it.
- The developer will then use those assessments to design the vertical build based on what the project lessees can truly afford. This means homes will be built around their actual capacity – not the other way around.

Policy Consideration #2: Resources provided for homeownership activities should prioritize new homestead lot development.

Rationale

New homestead lot development and the award of new homestead leases are established DHHL functions that the Department is already structured to deliver.

This strength provides DHHL with an immediate pathway to advance lot development and lease awards without the need for entirely new systems. To maximize this advantage, DHHL should continue to prioritize homestead lot development as a proven and reliable method for reducing the waitlist.

By comparison, individual assistance programs present more uncertainty. Some of the programs identified in Act 279 by the Legislature represent forms of assistance that DHHL has not previously offered widely to waitlist applicants.

Establishing these programs will require DHHL to create new procedures, develop applications, and produce waitlist education and orientation materials. To expedite implementation, DHHL should outsource services to vendors who can conduct financial assessments, deliver financial literacy programs, and utilize Salesforce to process and manage data, seamlessly integrating with DHHL's systems. In parallel, criteria for vetting potential real estate acquisitions—including both land and improved properties—should be developed to support timely decision-making. Fast-tracking these efforts is critical, given the limited timeframe in which DHHL has committed to make a bigger impact in reducing the waitlist.

Policy Consideration #3: Prioritization of homestead lot development projects should be based upon: (1) timing/position in the DHHL "production pipeline"; (2) Priority areas for new homestead development identified in DHHL Island Plans; (3) Waitlist demand on each island.

Rationale

The projects further down the pipeline – does that mean they're closer to being ready to build?

Yes. Priority lands for new homestead development were selected based on the availability or near-completion of essential infrastructure as well as proximity to educational institutions, healthcare facilities, and other critical community services.

The island waitlists are indicators of beneficiary need and preference.

Through targeted acquisitions, land swaps, and developer partnerships, DHHL is aligning efforts to support housing and agriculture near essential infrastructure.



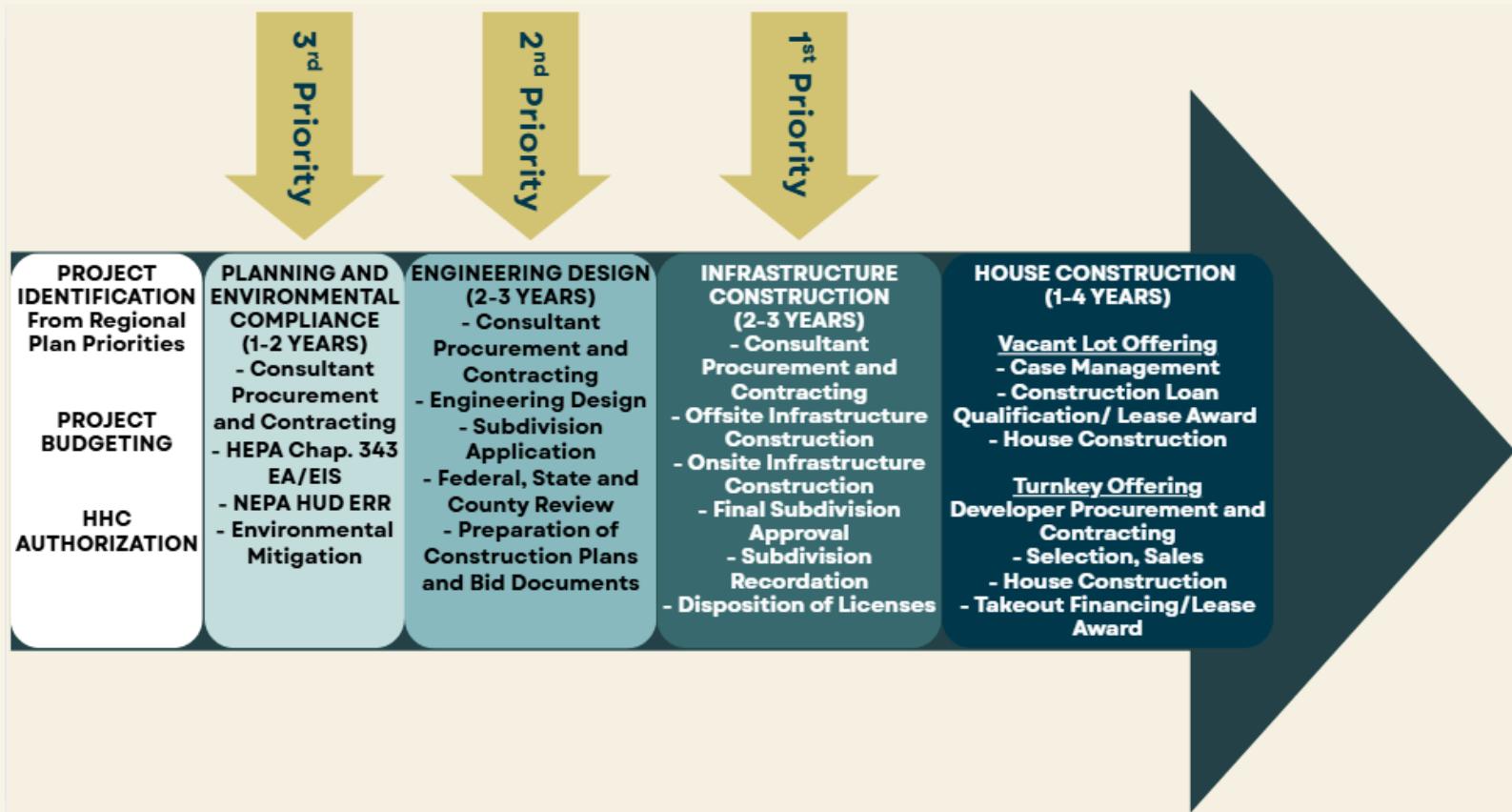


Figure 1. DHHL Homestead Lot Production Pipeline Diagram

Beneficiary Input

Beneficiary input was gathered from three sources to guide the utilization of the \$600M. These three sources of beneficiary input include:

1. Previous Beneficiary Consultations Conducted During the Development of Existing DHHL Plans;
2. 2020 DHHL Beneficiaries Study: Applicant Report; and
3. Future opportunities for beneficiaries and non-profits that serve beneficiaries to identify innovative programs for waitlist applicants.



Previous Beneficiary Consultations During the Development of Existing Plans

Per HAR 10-4-53, the DHHL Planning System consists of a three-tier hierarchy of plans. Tier One is the top tier consisting of the General Plan and shall establish overall policy. Tier Two and Tier Three are the lower tiers with increasing specificity on programs or geographic areas. The planning system also includes implementation tools that link with the plans. Figure 2 below provides an illustrative description of the DHHL Planning System.

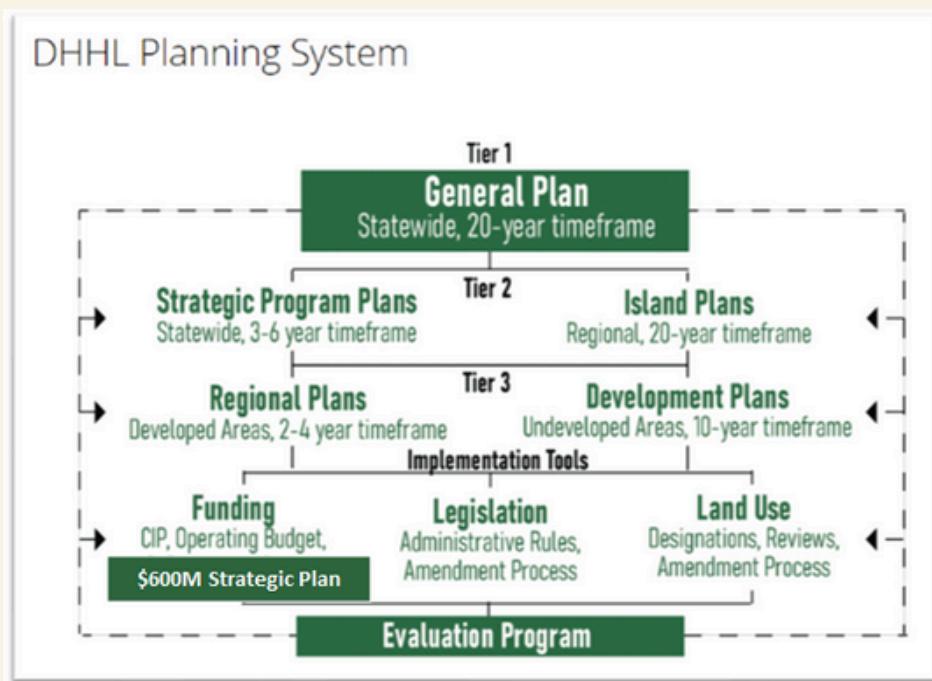


Figure 2. DHHL Planning System

During the development of each of the Tier One, Two, and Three Plans, multiple beneficiary consultation meetings were held to gather beneficiary input which ultimately guided recommendations found in these plans. This Strategic Plan document is at the Implementation Tier of the DHHL Planning System and is one of the implementation tools that will be used to fulfill the plan recommendations found in the higher tier plans. As such, this Strategic Plan is guided by the beneficiary input received during the beneficiary consultations held during development of existing DHHL plans.

2020 DHHL Beneficiary Study: Applicant Report

Act 279 directed DHHL to utilize the beneficiary input collected during the 2020 Beneficiary Study Applicant Report to guide DHHL utilization of the \$600M. The purpose of the 2020 Beneficiary Study was to assess the current condition and needs of DHHL beneficiaries. Data for the study was collected via a survey of waitlist applicants, with a typical 20% responding to the survey. The applicant survey was designed to provide large-sample, statistically reliable data on all applicants who were on the waitlist as of August 2020.

Future opportunities for beneficiaries and non-profits that serve beneficiaries to identify and also provide innovative programs for waitlist applicants

DHHL will provide opportunities for beneficiaries and beneficiary-serving non-profits to propose and deliver new and innovative programs that assist waitlist applicants with homeownership or rental opportunities. To address the uncertainty of individual assistance programs and expedite progress, DHHL can leverage programs that have already proven effective elsewhere. To implement these efficiently, DHHL should outsource services to contract vendors capable of conducting financial assessments and delivering financial literacy programs. These vendors should also utilize customer relationship management software to process and manage the resulting data, ensuring seamless integration with DHHL's systems to streamline processing and improve efficiency. Establishing these programs will require DHHL to create new procedures, develop applications, and produce waitlist education and orientation materials. The process to allow for this opportunity is still being developed; however, once finalized, DHHL will provide adequate notice to beneficiaries and beneficiary-serving non-profits regarding future opportunities to identify and provide unique and innovative services to waitlist applicants.

HOME OWNERSHIP OPPORTUNITIES

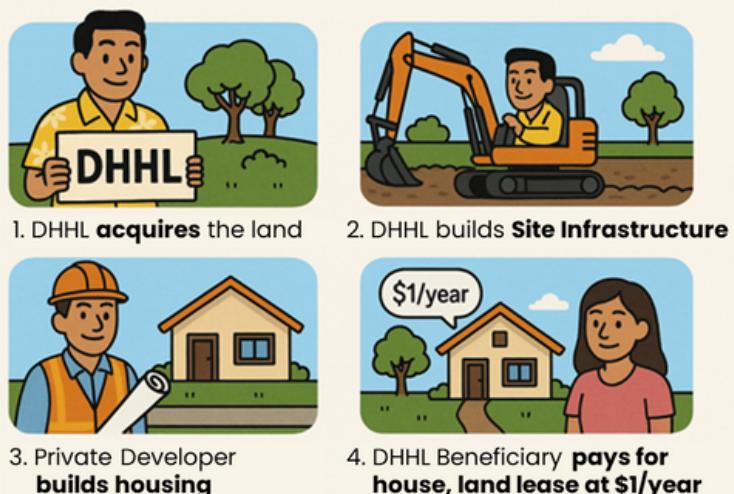
The next section identifies the following allocation of resources to provide more homeownership opportunities to DHHL waitlist applicants:

1. New lot development;
2. Real estate acquisition; and
3. Homeownership individual assistance programs (preliminary considerations)

Lot development and land acquisitions are identified by County, while homeownership individual assistance programs are statewide initiatives and organized by program type.

New Homestead Lot Development

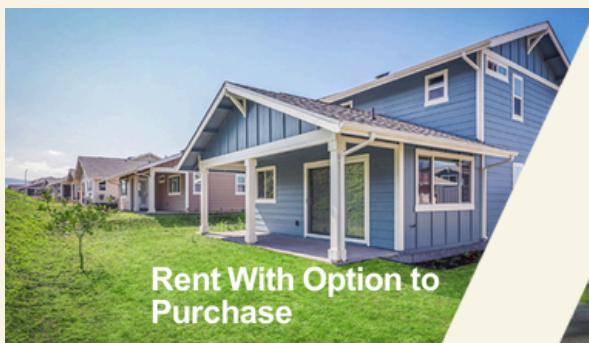
A preliminary listing of new homestead lot development projects by County was noted below. As previously noted, new lot development identified in this document may change over time due to uncertainty and variability in construction costs caused by current and potential future world events. Therefore, a revised project listed is noted herebelow. For Residential Waitlist projects in the Engineering Design



Phase, DHHL will explore Design-Build contract agreements utilizing Developer Agreements with private developers to expedite development timeframes. The Production Pipeline Status column indicates where the project currently is in the production pipeline.



At this time, a determination has not yet been made regarding whether new lots will be turnkey, owner-builder, self-help, or rent-with-option-to-purchase. To address this, the Department's new strategy is to restructure the development program by aligning vertical construction with the financial ability of each beneficiary. This approach ensures that beneficiaries are not passed over simply because they do not qualify for a turnkey home or an owner-build option, while also exploring a range of options—such as self-help and rent-with-option-to-purchase—to meet diverse needs and financial capacities.”



Housing Options

Creating Pathways of Choice
for Our Beneficiaries

Statewide Lot Development Projects Leases

County	2022 Leases	2024 HHC	2025 Completed
Hawai'i	440	1,684	408
Maui	572	1,514	1,212
Honolulu	1,520	1,790	725
Kauai	190	1,297	82
Scattered Lots Statewide	0	107	45
TOTAL	2,722	6,392	2,472

*\$600M encumbered by 12/31/2025. Currently \$120M expended.



DHHL COMMISSION APPROVED BUDGET

‘Ōlelo No‘eau: “A‘ohe hana nui ka alu‘ia.”
No task is too big when done together..

Meaning: United we stand, divided we fall.

Location/Site	Project	Cost	Total Leases	Total Lots	Construction (FY)		Occupancy (FY)		Fiscal Year																			
					Start	End	Start	End	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	
Hawaii County	Sub-Total	6	\$52M	1,684	280																							
	La‘i ‘Opua Villages	Residential Subdivision	\$39.2M	580	280	2022	2028	2026	2028																			
	Honomu	Subsistence Agricultural Lots		40	0	2025	2026	2028	2028																			
	Kaumana	Land Acquisition	\$2.0M	168	n/a	2026	2030	2030	2030																			
	Honokaa	Land Acquisition	\$8.8M	n/a	n/a	2026	2031	n/a	n/a																			
	Panaewa	Residential Subdivision	\$1.3M	200	0	2026	2031	2029	2031																			
Maui County	Sub-Total	12	\$297.6M	1,514	1,139																							
	Lāna‘i	Residence Lots	\$2.0M	75	0	2026	2028	2028	2028																			
	Hoolehua	Scattered Agricultural Lots	\$3.5M	20	20	2025	2027	2027	2027																			
	Nā‘īwa	Agricultural Lots	\$6.0M	16	16	2025	2027	2027	2027																			
	Pu‘uhonua	Water Tank	\$5.5M	n/a	n/a	2023	2026	n/a	n/a																			
	Honokōwai	Subsistence Agricultural Lots	\$1.5M	50	0	2025	2027	2027	2027																			
	Leialii	Offsite Water Development	\$15.0M	n/a	n/a	2024	2026	n/a	n/a																			
	Wailuku	Residential Subdivision	\$68.0M	181	181	2025	2029	2027	2029																			
	Waiehu Mauka	Residential Subdivision	\$39.5M	207	207	2026	2031	2029	2031																			
	Kamalani	Land Acquisition	\$93.9M	404	404	2027	2032	2030	2032																			
	Sub-Total	5	\$169M	1,190	380																							
City and County of Honolulu	Kaupe‘a	Acquisition	\$8.3M	n/a	n/a	2024	2025	n/a	n/a																			
	Kaupe‘a	Residential Subdivision	\$13.7M	60	0	2026	2030	2028	2030																			
	East Kapolei	Mixed-Use Subdivision	\$1.0M	350	0	2026	2031	2026	2031																			
	East Kapolei	Residential Subdivision	\$143.2M	700	380	2026	2031	2029	2031																			
	Maunalua	Land Acquisition & Multifamily Units	\$2.5M	80	0	2026	2027	2027	2027																			
Kauai County	Sub-Total	4	\$43.5M	1,297	197																							
	Hanapēpē	Residential Subdivision	\$17.8M	82	82	2022	2027	2026	2027																			
	Anahola	Agricultural Lots	\$5.0M	115	115	2025	2027	2027	2027																			
	Lihū‘e	Land Acquisition	\$20.7M	n/a	n/a	2024	2025	n/a	n/a																			
	Sub-Total	1	\$38M	107	107																							
	Scattered Lots	Residential Subdivision	\$2.0M	107	107	2024	2026	2025	2026																			
	Other	Residential Subdivision	\$36.0M	107	107	2024	2026	2025	2026																			

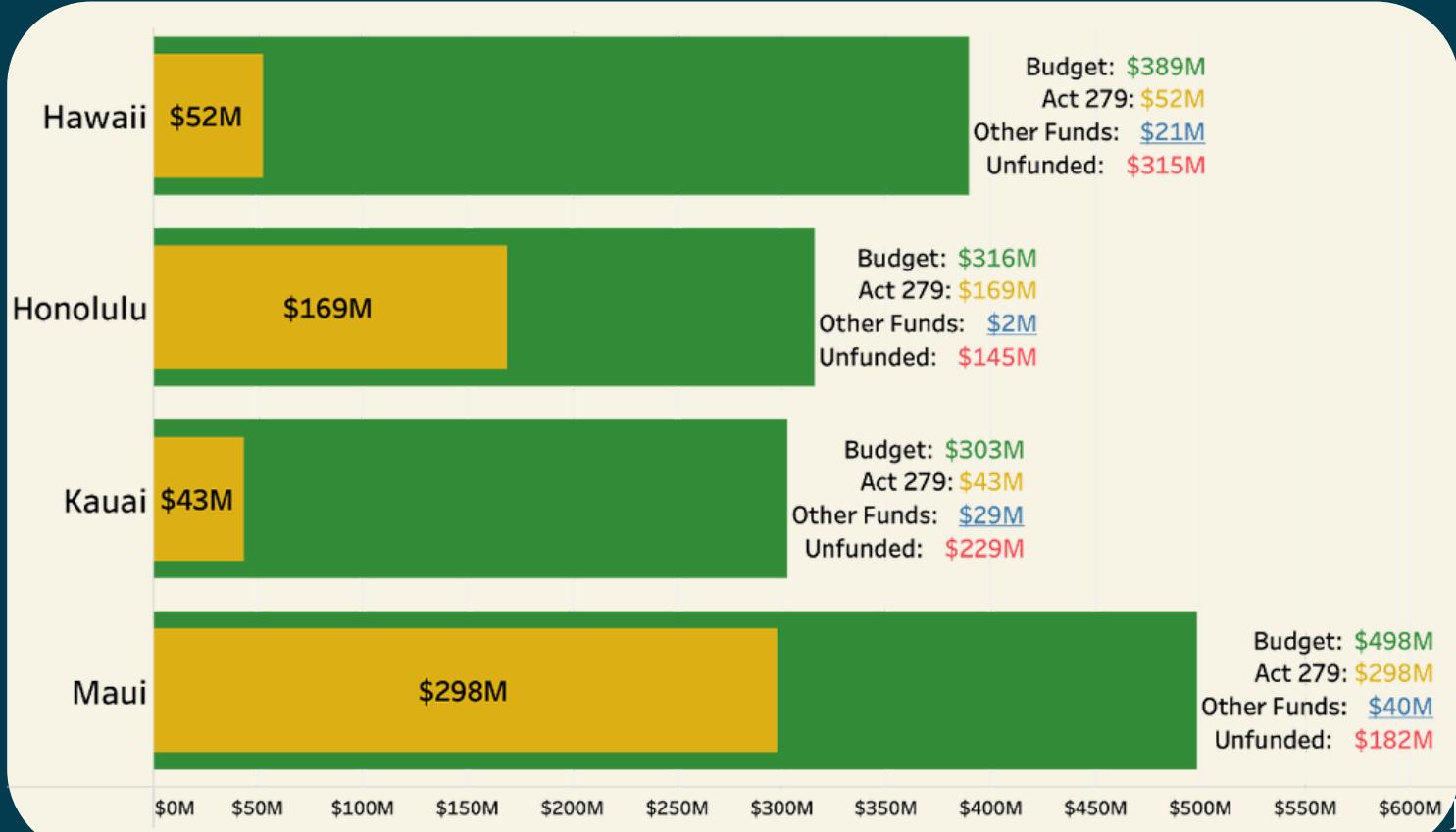
Breakdown of \$600M Encumbered

- Infrastructure: \$511.2M
- Acquisition: \$52.8M (new acreage: 555.94ac)
- Financing & Beneficiary Services: \$36M

Act 279 Spending by Island



Act 279 Spending by County



Hawaii County

Hawai'i County Lot Development Projects				
Project	2022 Leases	2024 HHC	Production Pipeline Status	New Project Leases
Honomū Subsistence Ag Lots, Phase 2	40	40	Engineering Design	40
La'i'ōpua Village 1, 2 and Water Source Development	400	580	Planning & Environmental Compliance (Water Development) Engineering Design (Lot development)	368
Kaumana*		168	Acquisition	N/A
Honoka'a Residential Subdivision*		296	Acquisition Planning & Environmental Compliance (Water Development)	Q4 2026
Pana'ewa Residence Lots		600	Planning & Environmental Compliance (Water Development)	Q1 2026
TOTAL	440	1,684	---	---

*Acquisitions

Hawai'i County: Lot Development Projects

Hawai'i Island represents one of DHHL's greatest opportunities – and one of our most significant responsibilities. With expansive land areas, diverse climates, and deeply rooted beneficiary communities, Hawai'i County requires a development approach that is bold, strategic, and grounded in genuine partnership.

This page highlights the island's Act 279 investments alongside private vertical development, reflecting a shared effort to bring new homestead communities to life. The infrastructure needs across Hawai'i Island are substantial: water transmission upgrades, roadway construction, wastewater improvements, and electrical capacity expansion. These foundational systems form the backbone that enables everything else – from single-family lots to affordable rentals.

When infrastructure is delivered, Hawai‘i Island grows. And when Hawai‘i Island grows, Native Hawaiian families come home.

Advanced Water Credits: A Game-Changing Partnership

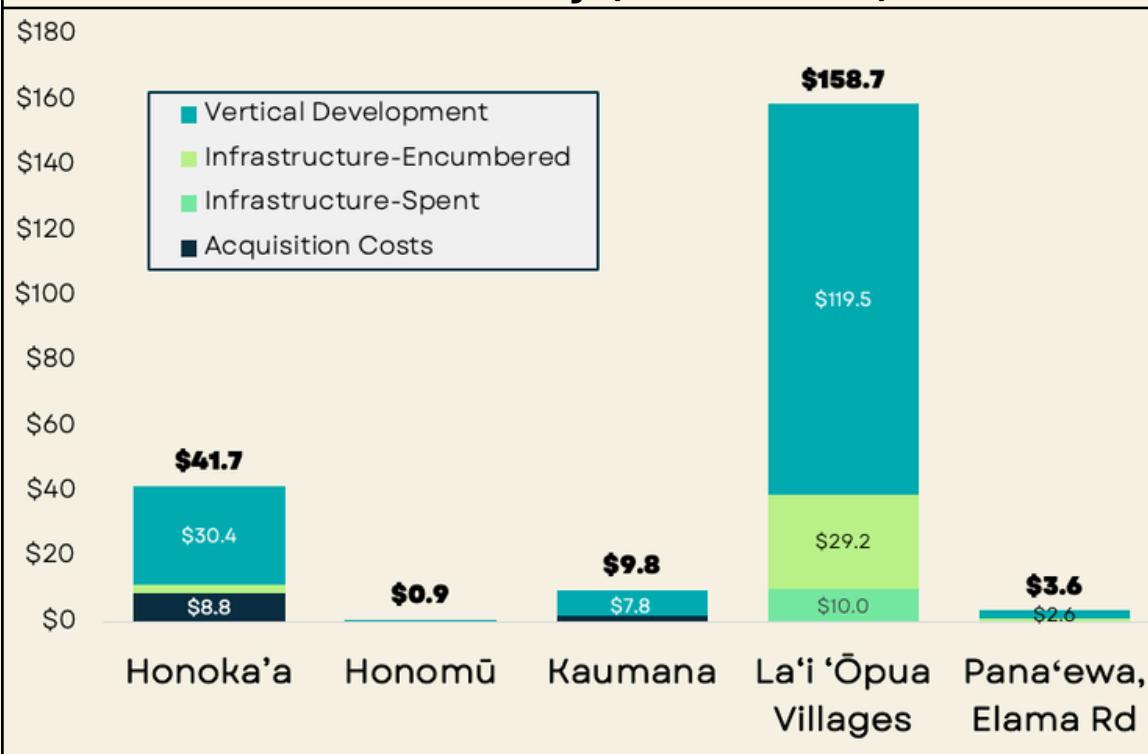
Hawai‘i County has taken a historic and strategic step by granting DHHL advanced water credits. This decision allows DHHL to proceed with horizontal development before well construction is fully completed – a privilege rarely extended to developers.

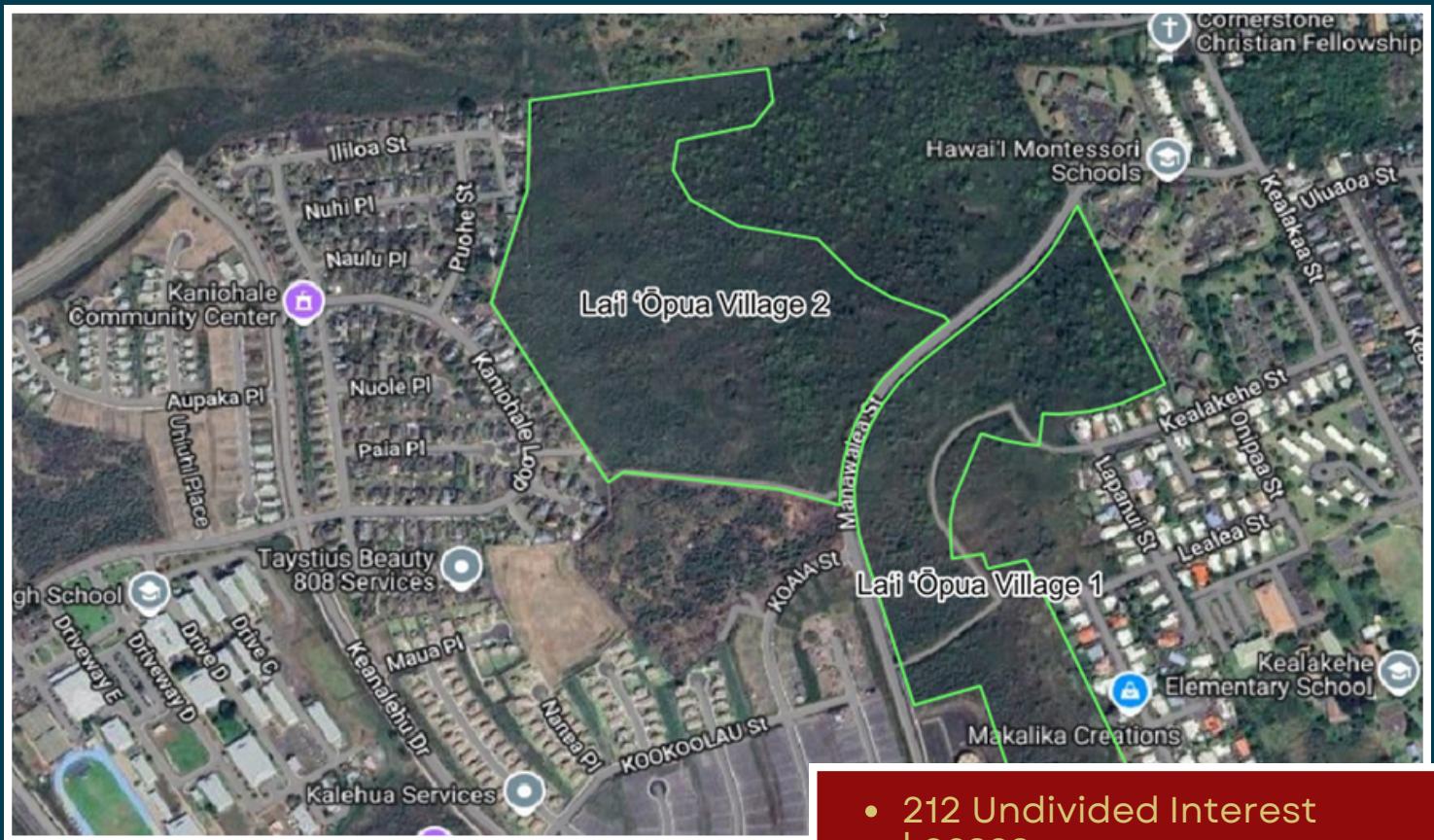
DHHL is providing funding for two new county-serving wells, and in return, the County has enabled our homestead projects to move forward on expedited timelines. This partnership directly accelerates lot delivery, reduces construction delays, and creates long-term water security for both DHHL beneficiaries and county residents.

This collaboration demonstrates the power of strategic alignment:

When a county recognizes and supports the urgency of Native Hawaiian housing, the entire island benefits.

Act 279 & Private Vertical Development Spending Hawaii County (in \$millions)



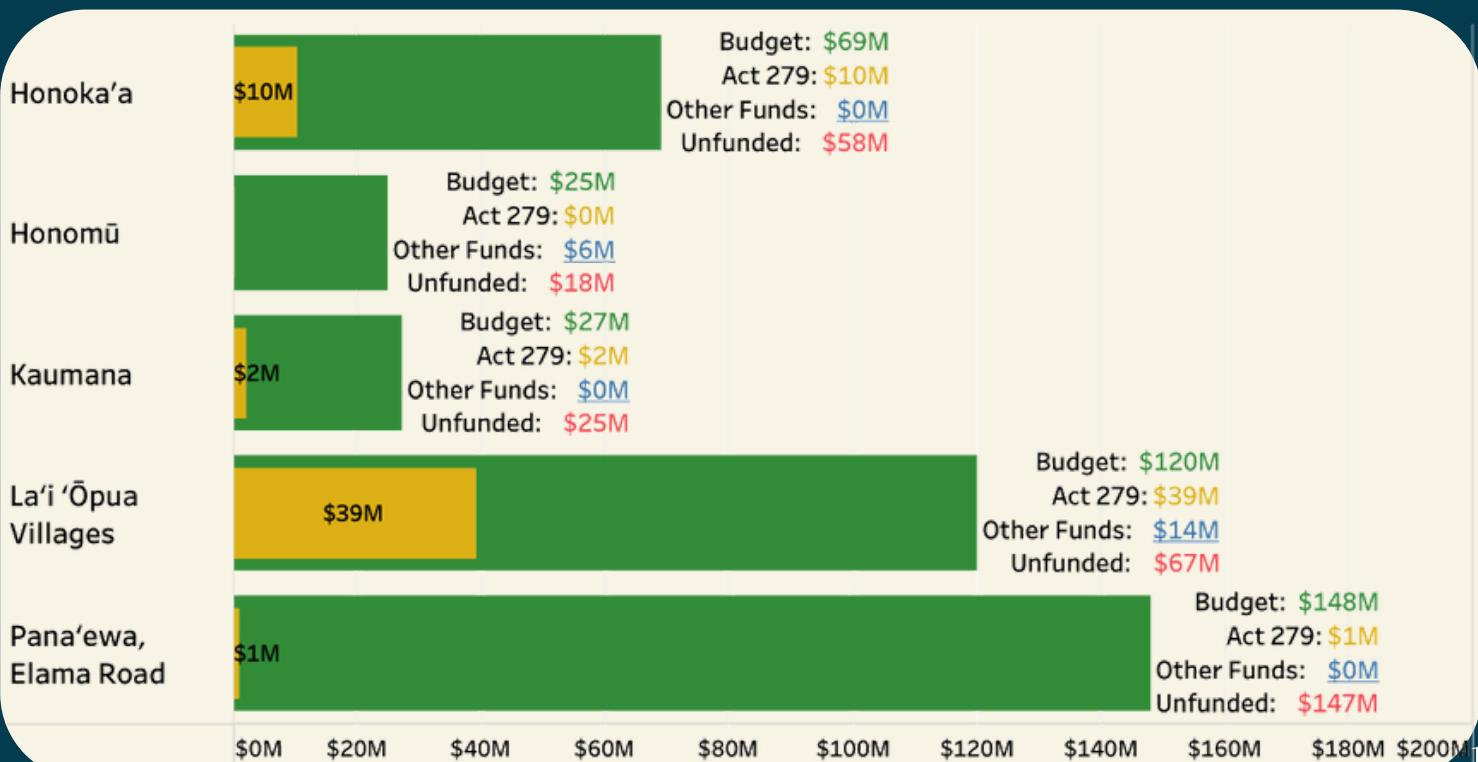


KALANIANA'OLE DEVELOPMENT

636 Laumaka Street • Honolulu, Hawai'i 96813
 Email: info@kalanidev.com | Tel. 808.464.7084 | www.kalanianaoledevelopment.org

- 212 Undivided Interest Leases
- 368 Project Leases awarded
- Awarded 30 LIHTC
- Secured 200 advanced water credits for new development

Hawaii County



County of Maui

Maui County Lot Development Projects				
Project	2022 Leases	2024 HHC	Production Pipeline Status	New Project Leases
Lāna'i Residence Lots & Off- Site Infrastructure	75	75	Engineering Design	Q4 2025
Ho'olehua Scattered Lots	20	20	Planning and Env. Compliance	Q3 2026
Nā'iwa Agriculture Subdivision	16	16		Q3 2026
Pu'uhona (Pu'unani) Homestead Subdivision & Water Tank	161	161	Engineering Design	161
Honokōwai Subsistence Agriculture	50	50		50
Maui Leialī'i 1B – Residential Subdivision & Off-Site Water Source Development	250	181	Planning and Env. Compliance Engineering Design	Q4 2025
Wailuku Single Family Residential Subdivision		207		Q4 2025
Waiehu Mauka Residential Subdivision		55		55
Waiehu Mauka Residential Subdivision		349		Q4 2025
Kamalani Residential Subdivision*		400		Q4 2025
TOTAL	572	1,514	---	---

*Acquisitions

Maui County: Maui, Moloka'i, Lāna'i Act 279 Spending

Maui County presents a uniquely diverse planning landscape. With three islands – Maui, Moloka'i, and Lāna'i – each with its own constraints, opportunities, and cultural fabric, DHHL's work must be adaptive and community-centered.

On Maui, high construction costs and market volatility have heightened the urgency for affordable housing. Act 279 is helping DHHL advance critical infrastructure projects that will deliver long-awaited homesteads across the island.

On Moloka'i, water system limitations have slowed development for decades. DHHL's federal funding pursuit under USDA's Water & Environmental Program aims to address these structural challenges and unlock future homestead opportunities.

On Lāna'i, limited land availability and unique ownership conditions require creative pathways such as land exchanges and interagency coordination to restore homesteading rights for beneficiaries.

Strengthening Maui's housing supply for Native Hawaiian families while supporting county infrastructure for generations to come.

Maui County GET Set-Aside: A First in the State

One of the most meaningful actions detailed on this page is the Maui County Council's leadership in establishing a dedicated General Excise Tax (GET) set-aside for DHHL. This is unprecedented.

By 2030, this fund is projected to accumulate approximately \$90 million, directly supporting DHHL's mission to provide affordable housing to Native Hawaiian beneficiaries. These dollars will multiply the impact of Act 279 funding by accelerating infrastructure, reducing project delays, and strengthening county-state collaboration.

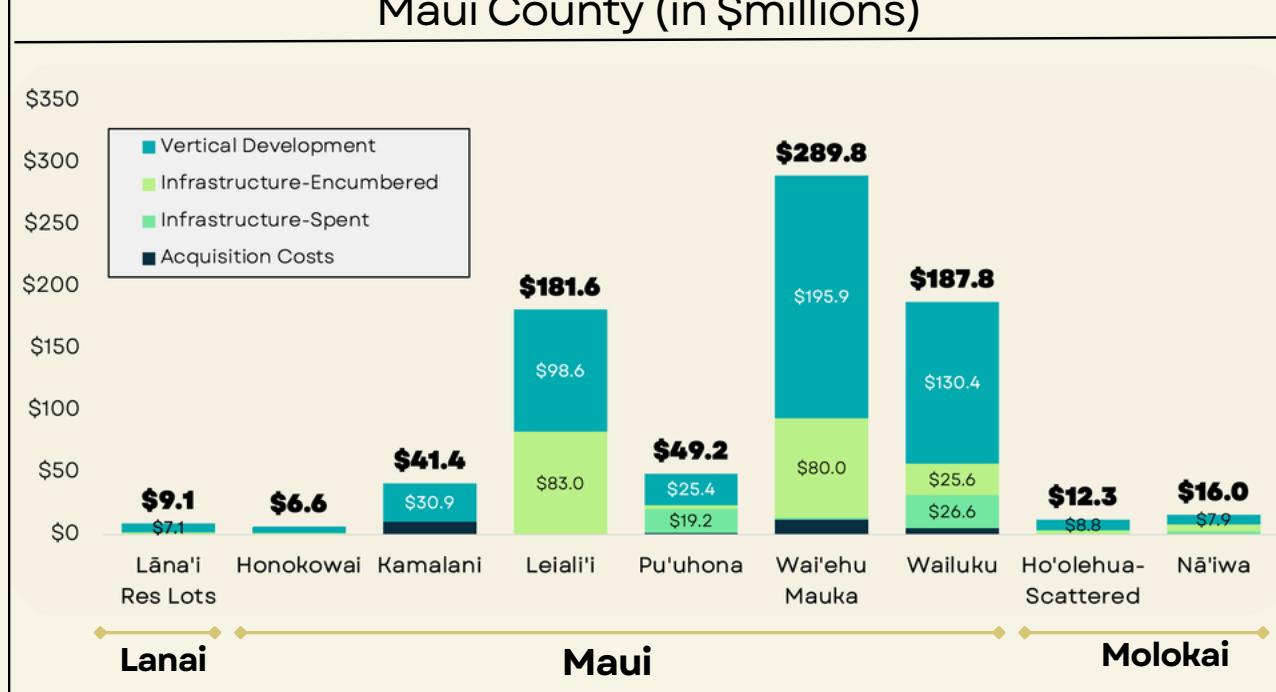
Water Credit Collaboration in Maui County

Just as on Hawai'i Island, DHHL is now actively working with Maui County to establish similar advanced water-credit agreements across multiple regions:

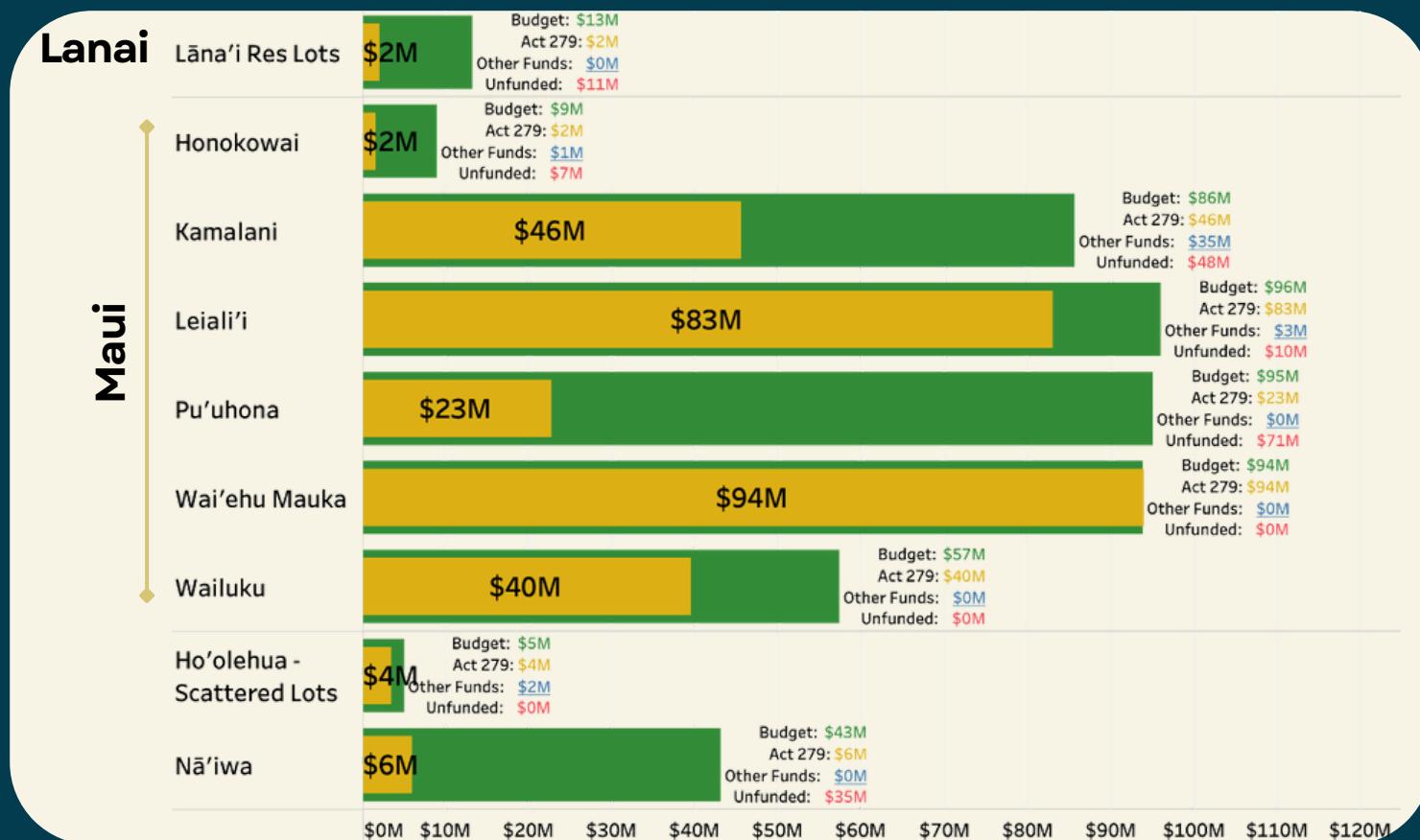
- Upcountry Maui
- Central Maui
- South Maui

Securing advanced water allocations or priority commitments in these regions will allow DHHL to begin development earlier, while simultaneously investing in future well infrastructure that benefits both beneficiaries and the broader county system.

Act 279 & Private Vertical Development Spending Maui County (in \$millions)



Maui County



- 43 Project Leases awarded
- Pursuing shared infrastructure development with the County of Maui
- Used Emergency Proclamation to contract same developer as the County of Maui for their adjacent affordable housing project.

**DOWLING
COMPANY, INC.**

BUILDING IN BALANCE®

- 137 lots awarded
- 25 houses occupied
- Completion in FY2027 Q2
- 24 will be submitted for LIHTC



City and County of Honolulu

City & County of Honolulu Lot Development Projects				
Project	2022 Leases	2024 HHC	Production Pipeline Status	New Project Leases
Kaupea Residential Subdivision*	60	60		60
East Kapolei Mixed-Use and Residential Subdivision	721	1050	Engineering Design	665
Maunalua (Marina 10A) Land Acquisition & Multifamily Units*		80	Planning & Env. Compliance	Q4 2026
Ma'ili Residential Subdivision	144		Engineering Design	N/A
Ewa Beach Residential Subdivision	600	600	Planning & Env. Compliance	Q3 2026
TOTAL	1,525	1,790	---	---

*Acquisitions

Honolulu County

Honolulu County remains DHHL's most dense, complex, and capacity-constrained housing market – and it carries the largest concentration of beneficiaries on the waitlist statewide. O'ahu alone represents the majority of those waiting for homesteads, many of whom have spent decades hoping for the opportunity to return to their ancestral communities.

This reality places extraordinary responsibility on DHHL. In an environment where land is scarce, property values are the highest in the state, and developable acreage is limited, traditional single-family subdivisions cannot meet the scale of need. To serve beneficiaries on O'ahu, DHHL must be strategic, bold, and innovative in how we deliver homestead opportunities.

Density is Not a Preference – It Is a Necessity

Because O'ahu's land inventory is constrained, DHHL must increasingly rely on more dense housing products, such as:

- Mid-rise and high-rise vertical construction
- Transit-oriented development (TOD) communities
- Mixed-use and mixed-income models
- Affordable rentals and kūpuna housing
- Stacked flats and multi-family options

These products not only expand housing supply but also maximize the limited land DHHL controls on the island. They represent a shift toward creative solutions that meet the scale of O'ahu's waitlist while embracing community character and beneficiary needs.

O'ahu's waitlist is the largest, and the urgency is the highest. To meet the scale of demand, DHHL must be innovative, dense, and forward-thinking – building upward when we cannot build outward.

Infrastructure Drives Everything

The infrastructure work required here – sewer capacity upgrades, waterline improvements, roadway expansions, and electrical system coordination – often precedes any vertical construction by years. Without these foundational upgrades, vertical housing cannot proceed.

Act 279 plays a critical role here by enabling DHHL to accelerate off-site improvements and make TOD and vertical projects viable sooner. This funding helps DHHL address bottlenecks that have historically slowed progress across O'ahu.

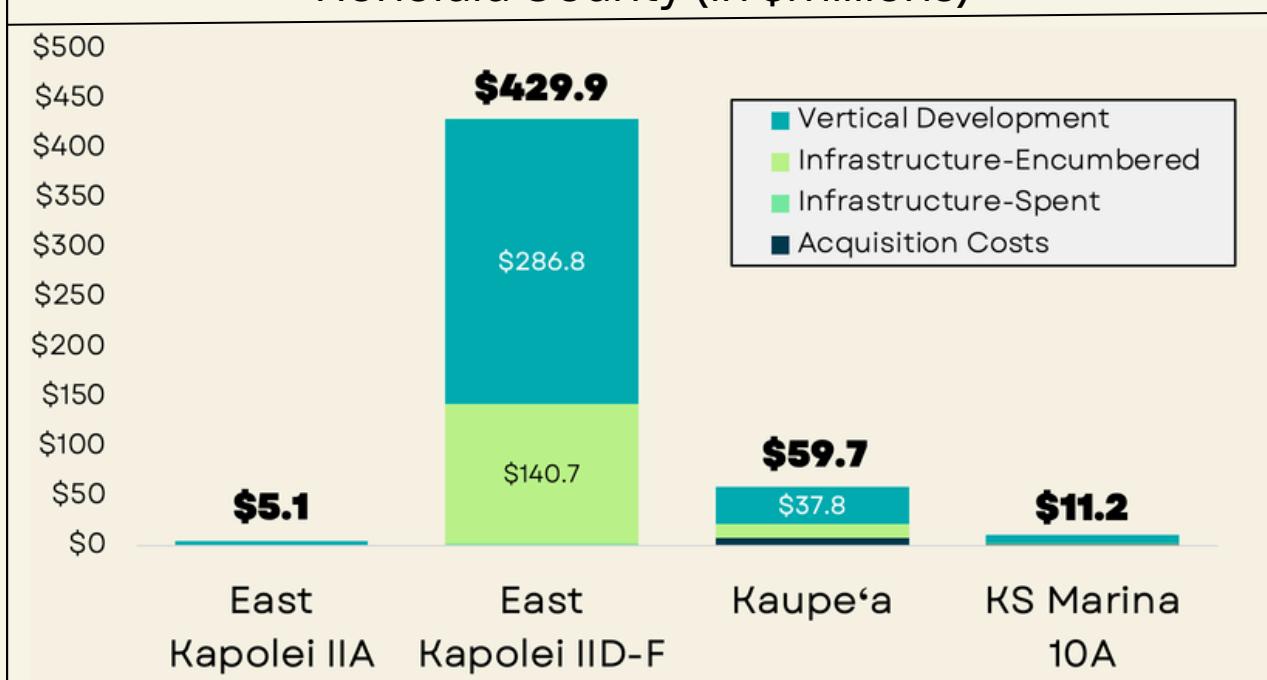
Innovation Under Constraint

O'ahu is the island where innovation is mandatory. We must create housing solutions that fit within the physical, regulatory, and cost constraints of the county while still honoring the mission of returning Native Hawaiians to their 'āina.

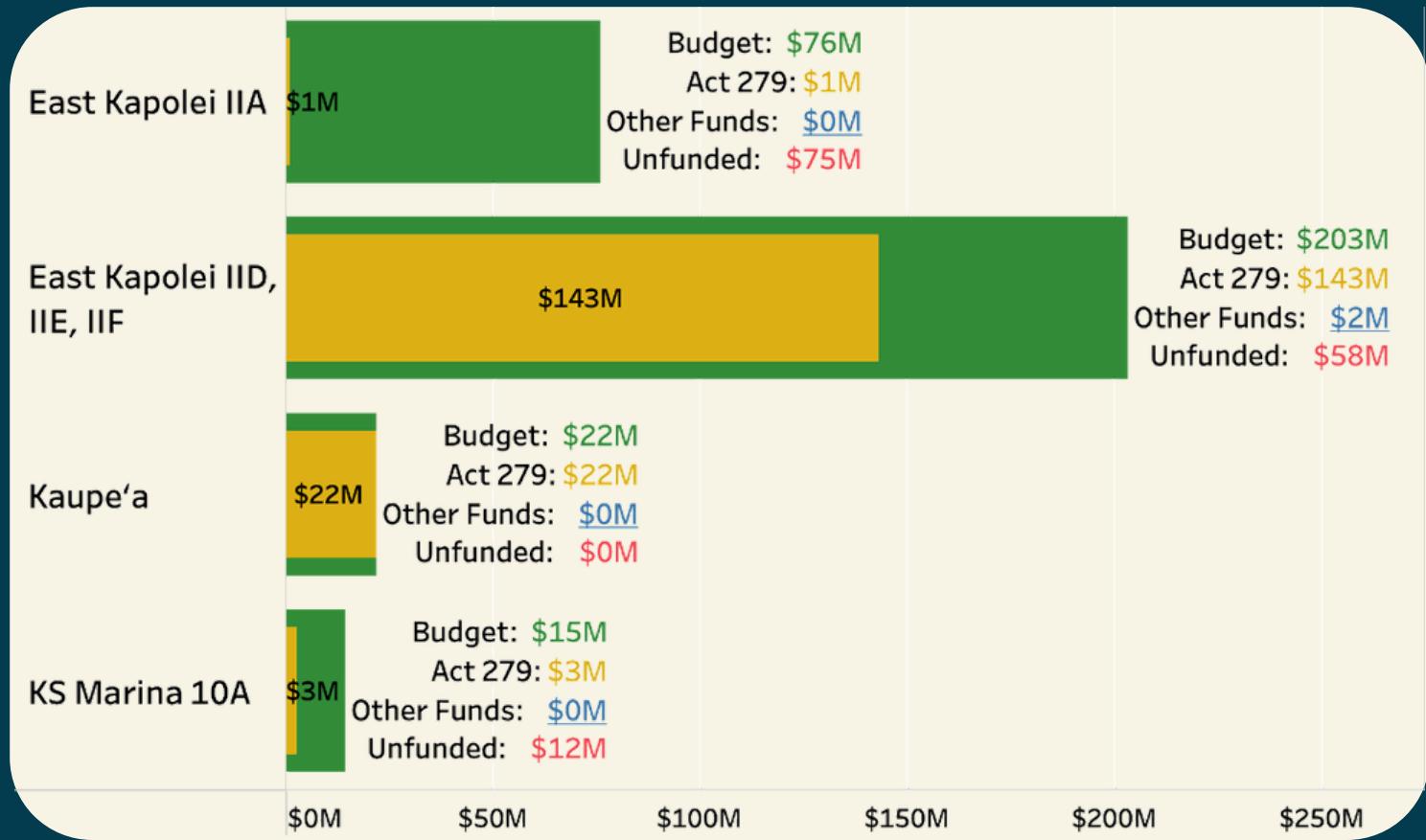
Vertical solutions, TOD integration, layered financing tools (including LIHTC, tax credits, and developer equity), and new partnership models are not optional – they are essential if we are going to deliver homesteads on the island where the need is greatest.

Act 279 & Private Vertical Development Spending

Honolulu County (in \$millions)



City and County of Honolulu



- 550 new houses
- Partnering with Service Provider to conduct financial assessments by Dec 31, 2025.
- Largest development project using the new approach

County of Kauai

Kaua'i County Lot Development Projects				
Project	2022 Leases	2024 HHC	Production Pipeline Status	New Project Leases
Hanapēpē Residence Lots, Phase 2	75	82	Engineering Design	Q1 2026 (30) Q3 2026 (52)
Anahola Kuleana Homestead Lease Agriculture & Pastoral	115	115		Q4 2026
Līhu'e (Grove Farm Isenberg) Residential Subdivision*		1,100	Planning & Env. Compliance	Q4 2026
TOTAL	190	1,297	---	---

*Acquisitions

Kaua'i County

Kaua'i's homestead efforts require a sensitive and strategic approach, one that honors the island's rural character while addressing decades of unmet beneficiary demand. The island's landscapes are marked by environmental sensitivity – wetlands, marshlands, steep slopes, and treasured cultural sites – all of which require careful planning and deep consultation with local communities.

In Kaua'i County, development is uniquely challenging. Contractor availability is limited. Material costs can be higher due to transport logistics. And in several regions, existing water and wastewater systems are operating at or near capacity. Yet these very challenges make each DHHL project more impactful, because every homestead delivered on Kaua'i carries disproportionate meaning for families who have waited generations.

Modernizing Infrastructure Through Act 279

Act 279 is enabling DHHL to modernize the systems that have historically slowed progress on Kaua'i. Funding is being used to:

- Increase water system capacity
- Improve transmission and distribution lines
- Strengthen roadway and drainage infrastructure
- Prepare new homestead-ready land for subdivision

These investments create the foundation for communities that can thrive long into the future.

Potential County Partnerships in Līhu'e

A key opportunity emerging on Kaua'i is in Līhu'e, where DHHL is exploring partnerships with the County of Kaua'i to accelerate the development timeline for water and wastewater infrastructure. The Līhu'e region presents unique advantages:

- It is centrally located
- Existing county facilities may be expandable
- Demand from beneficiaries in surrounding communities is high

Kaua‘i is ready for forward movement, and DHHL is committed to accelerating that momentum through collaboration, planning, and strategic investment.

DHHL is in early-stage discussions with county officials about aligning long-term planning for water source development, storage, distribution system upgrades, and wastewater treatment capacity with DHHL’s upcoming homestead projects.

By coordinating closely with Kaua‘i County’s Department of Water and its wastewater division, DHHL can:

- Reduce redundant infrastructure investments
- Access shared off-site improvements
- Secure earlier capacity commitments
- Shorten environmental review timelines
- Accelerate construction schedules

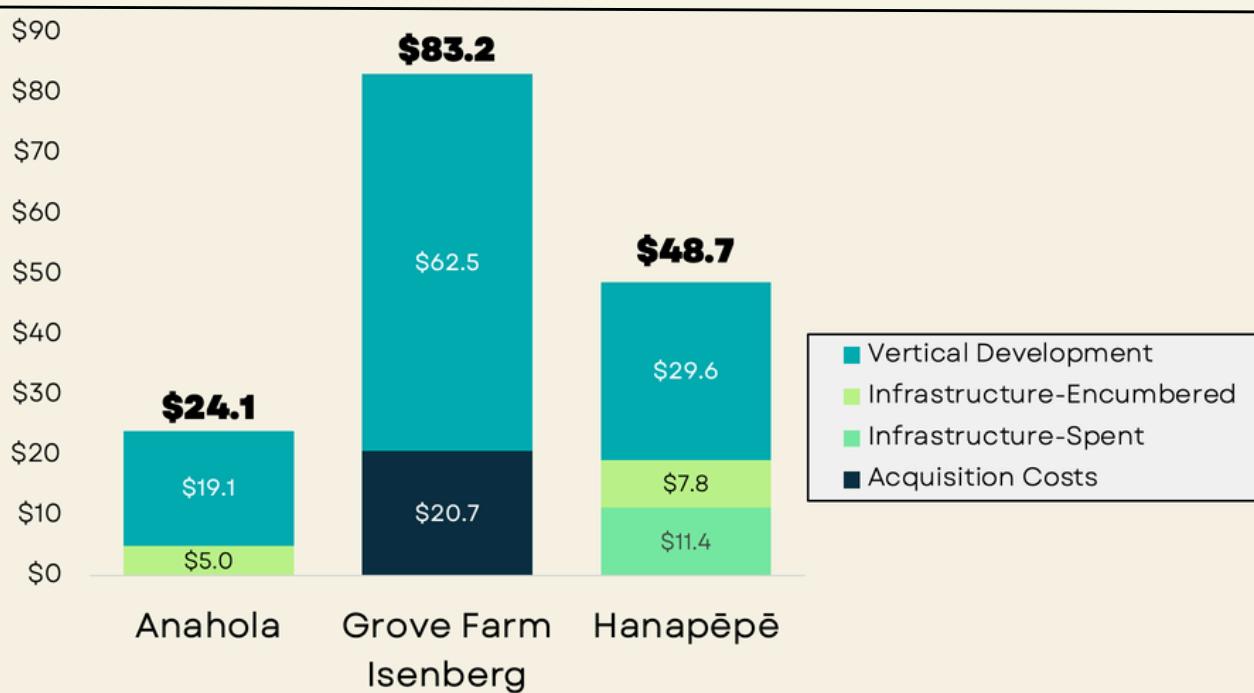
This type of partnership mirrors the successful water-credit collaboration under way in Hawai‘i Island and Maui County. If executed, it could significantly compress DHHL’s delivery timeline for new homestead lots in the Līhu‘e region and beyond.

A Commitment to Kaua‘i Beneficiaries

Kaua‘i’s Native Hawaiian families have waited a long time for meaningful movement. These partnerships – coupled with Act 279 investments – demonstrate DHHL’s commitment to expanding homestead opportunities across the island, honoring rural character, and doing so in a way that strengthens Kaua‘i’s long-term water, wastewater, and infrastructure resilience.

Act 279 & Private Vertical Development Spending

Kauai County (in \$millions)





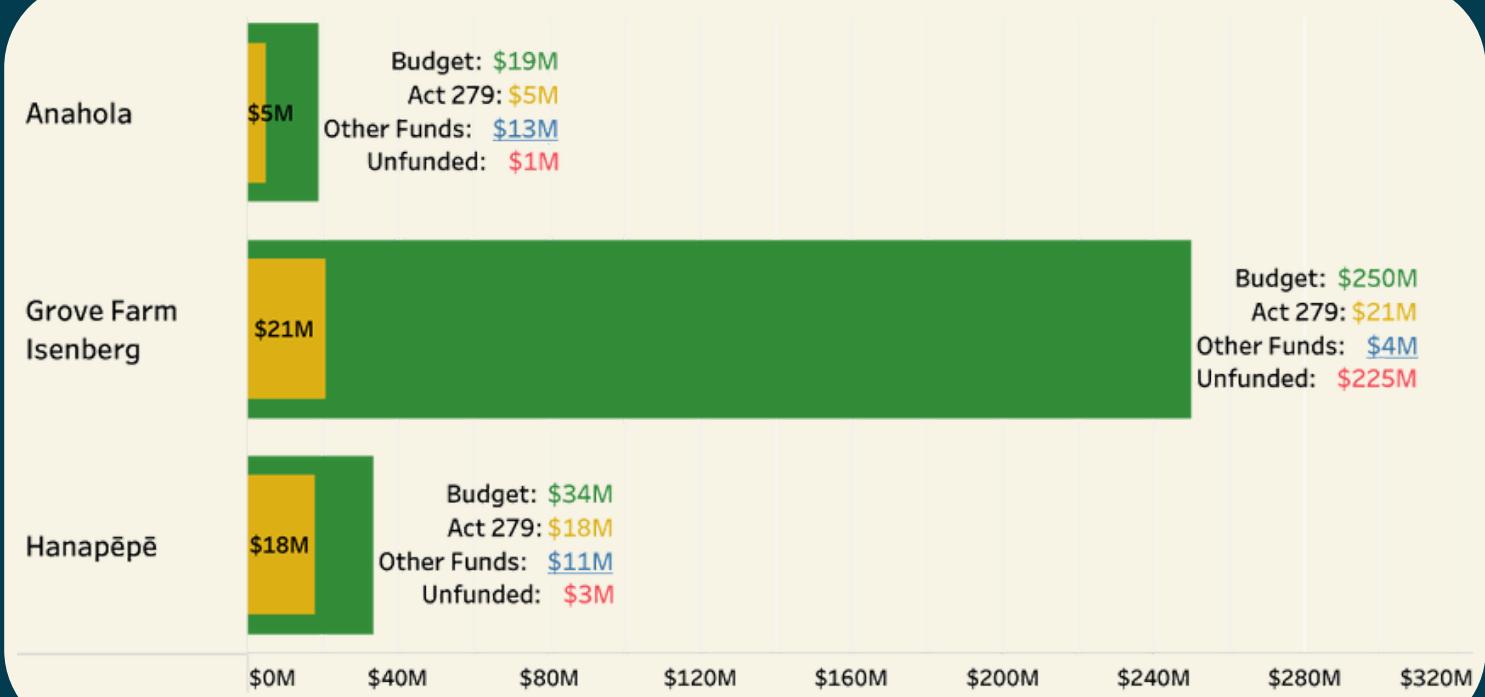
- 30 LIHTC Houses
- 52 Turnkey Houses



- 82 multi-family units
- Fully occupied by December 2026



Kauai County



Innovative Funding

DHHL's funding strategy uses a mix of public- and private-sector mechanisms to amplify every dollar—leveraging federal grants as accelerators and maximizing the GET exemption to stretch resources.

Through this strategic approach, we achieved an impressive \$6 million in savings in FY2025, followed by a projected \$9 million in savings in FY2026.

Combined with the County of Maui's \$90 million GET Set-Aside through 2030 for housing infrastructure and homestead development, this forward-looking model demonstrates how innovative financial stewardship can unlock transformative support for beneficiaries.

June 2025

- USDOT – Regional Infrastructure Accelerator Program
- \$2M for East Kapolei

September 2025

- USDA – Rural and Tribal Assistance Pilot Program
- \$2.5M for Maui projects
- \$2.5M for East Kapolei TOD

September 2025

- USDA – Water and Environmental Program Application
- \$5M for Moloka'i water

October 2025

- USDOT – Innovative Finance & Asset Concession Grant Program
- \$2M for East Kapolei

Land Acquisition for Homestead Lot Development or Water Source Development

DHHL has invested \$52.8 million—8.8% of all Act 279 expenditures—toward acquiring new lands suitable for future homestead development (555.9352 acres). These acquisitions strategically strengthen DHHL’s land inventory in locations that already have core infrastructure and offer close proximity to educational and health facilities, ensuring that future homesteads are well-positioned to support families and long-term community wellbeing.

Recent acquisitions include:

- Kaumana – 168 lots acquired from Avalon Development; closed 3/31/23.
- Honoka'a Properties – Acquired for \$8.75M; closed 9/13/24. Includes single-family and subsistence ag lots, with a future HPHA acquisition anticipated to support kūpuna housing.
- Kamalani Increments 2 & 3 – Purchased for \$10.5M from Kamalani Ventures LLC; closed 7/3/24. Provides approximately 400 single-family units.
- Kaupe'a Phase II – Acquired from HHFDC for \$8.25M via quitclaim deed dated 12/28/22; includes 60 single-family units.
- Hawai'i Kai Lands – \$2.5M purchase from Kamehameha Schools for 80 multifamily units.
- Līhu'e Acquisition – \$20.68M acquisition from Grove Farm Company, Incorporated and Haupu Land Company LLC for 1,000 single-family lots and 100 subsistence ag lots.

Collectively, these investments reaffirm DHHL’s commitment to expanding homestead opportunities statewide and leveraging Act 279 resources to create communities with strong access to services, infrastructure, and long-term growth potential.

In addition, 3% of expenditures have been allocated to properties needed for new water source development in areas where DHHL lands lack sufficient supply to support homestead projects.

Homeownership Individual Assistance Program Preliminary Considerations

In addition to its traditional homestead lease program, Act 279 also authorized DHHL to explore new alternative individual assistance programs to assist waitlist beneficiaries



with their housing needs. Per the policy considerations discussed in the Introduction of this plan, the majority of funding will go to new homestead lot development. However, DHHL also plans to set-aside roughly 10 percent of Act 279 Funding for new and innovative programs that may be identified by beneficiaries and/or housing stakeholders that could help individual waitlist applicants address barriers to homeownership. Also mentioned previously, the actual cost to develop and construct new homestead lots may vary depending upon current and future world events. As such, the amount of potential funding that could be available for individual assistance programs is dependent upon actual construction costs and amount of available funds remaining.

Participation in these potential future programs would be entirely voluntary and no change to an individual's DHHL application will occur if they choose not to participate.

Common barriers that may prevent beneficiary homeownership include:

- Lack of sufficient savings for a down payment;
- High debt;
- No credit history or low credit score;
- Periodic challenges with monthly mortgage payments and/or past due mortgage payments because of unemployment or other unfortunate circumstances affecting household income or household expenses.

Additional programmatic ideas from the beneficiary community to identify and address barriers to homeownership can be put forth by the community and housing assistance stakeholders for DHHL and the Hawaiian Homes Commission's consideration over the next 12-months.

A preliminary idea that would provide programmatic assistance to individual waitlist applicants currently being considered by DHHL staff is a Down Payment Assistance Program. A Down Payment Assistance Program could assist interested waitlist applicants who are first-time home buyers with the down payment required for the mortgage of a turn-key home or owner-builder project on a homestead lot. Program participants could be eligible to receive a "yet to be determined" amount for down payment assistance. However, program participants would be expected to make their own contributions to the down payments as well.

Awardee Testimony (Sheldean Dudoit)

Sheldean Dudoit, a resident of Makawao, Maui, is a beneficiary of the Department of Hawaiian Home Lands' Pu'uhona Phase II project. She has been on the Hawaiian Home Lands waitlist since 2004. After more than two decades of waiting, she was awarded a homestead lot — a milestone that she describes as both life-changing and deeply affirming.

As a single mother of four children, Ms. Dudoit has faced significant personal and financial challenges. Following the death of her children's father, she made the difficult decision to move in with her parents, prioritizing stability for her family while continuing to work toward independent homeownership.

The opportunity to receive a homestead has had a profound impact on her and her family. "It's very exciting — not only for me, but for my children," she shared. "This is going to be for them." Three of her children currently live with her, while her eldest son, who is attending college, will soon return home to a place that is now their own.

Ms. Dudoit described the moment she signed her homestead documents as surreal. "I still get butterflies," she said. "It's hard to believe, but I know it's real — because I signed the papers. I'm really relieved, blessed and thankful."

Reflecting on her journey, Ms. Dudoit acknowledged the emotional toll of the wait. There were times "I was giving up hope," she said. "But my sister was like you're gonna get something, just hang in there, so I just had to keep the faith. And she was right — it all paid off."

Today, she describes herself as grateful and hopeful for the future. "I've been through a lot of obstacles in my life but now I see the end and there's the bright light at the end of the tunnel." This home represents not just a place to live, but a new beginning for her and her family.



Awardee Testimony (Tina Leikaha)

Tina Leikaha, a longtime resident of Kahului, Maui, is a beneficiary of the Department of Hawaiian Home Lands' Pu'uhona Phase II project. She has been on the waitlist for 20 years, since 2005, and was recently awarded a homestead lot — a moment she describes as exciting, emotional, and long-awaited.

For Tina and her 'ohana, the journey to homeownership has been marked by years of uncertainty, patience, and perseverance. "I was nervous, and being patient," she recalled. "But when they called my name, I was like, ohmygosh! I just said chee hoo!"

Before receiving her lot, Tina and her family had been renting, and always hoping for the day they could settle into a home of their own. "I just wanted my own house already," she shared. "I kept wondering how long it was going to take, but I'm happy today is the day." The award carries deep significance for her family, especially her children and grandchildren, many of whom have moved to the mainland. "Now they can come home," she said. "Our own space, a new home for the kids; a family house where everybody can come and have dinner. Just family time."

Tina remembers the moment she received her letter in the mail with a mix of disbelief and joy. "I was waiting, waiting, waiting" ... and then it came. "I was so excited. I said yes, yes! No hesitation at all. We work hard for this."

Today, Tina describes herself as grateful, relieved, and full of hope for what lies ahead. "To have our own space... a place for the kids, a place our grandkids can come home to— I'm appreciative."



Partnerships



DHHL will also consider innovative partnerships with other county and state entities that could expedite development schedules for DHHL projects. An example could be upsizing an ongoing county off-site infrastructure project and sharing in the cost. Public private partnerships may also be considered, to the extent they do not violate any statute, regulation, or procurement code.



Partnerships multiply funding.



DHHL's housing strategy requires a diversified financial toolkit – no single source is enough – and success will come through the blend of state and county appropriations, federal grants, developer financing, private capital, LIHTC, and future revenue bonds. The Maui GET Set-Aside stands as a model of shared responsibility, and revenue bonds offer a powerful path to scale homestead development by leveraging future project revenues to fund infrastructure today.

LEVERAGING PILINA



IMPORTANCE OF RELATIONSHIPS

Pilina is the foundation that allows our partnerships with HCA, Helen Wai LLC, and the Hawai'i HomeOwnership Center to thrive, ensuring **7,000 beneficiaries** receive trusted financial assessments, homebuyer education, and financial literacy that strengthen their path to housing.

Through Act 279, our investment in infrastructure unlocks more than **\$2 billion in vertical development**, as private developers bring the full capital stack needed to actually build homes

In parallel, the **\$41 million revolving loan fund** with Hawai'i Community Lending empowers beneficiaries on owner-built vacant lots to finance construction and turn opportunity into reality.



Innovative Partnership

Partnerships with County and State Entities

- Purpose: expedite development schedules for DHHL projects
- Example:
 - shared infrastructure
 - upsizing an ongoing county off-site infrastructure project and sharing in the cost

Public and Private Partnerships

- Financial assessments, financial literacy, and homebuyer education
- Leverage compensation of access easements in return for shared Infrastructure with neighboring landowners and developers

Innovative Efforts

Exploring Alternative Construction Methods

- 3D-printed homes
- Structurally Insulated Panels (SIPs)
- Prefabricated homes
- On-site prefabrication
- Modular construction
- Mass Timber

Purpose of Exploration

- Address persistent challenges in housing delivery
- Reduce construction time
- Lower overall project costs
- Enhance build quality
- Maximize the use of local labor and resources

Ultimate Goal

- Accelerate home development for beneficiaries
- Improve long-term housing outcomes across DHHL programs



ACQUISITION ALTERNATIVES

Instead of spending limited funds to purchase land with existing infrastructure, we are exploring smarter acquisition alternatives that place beneficiaries closer to schools, health facilities, and essential services. By exchanging parcels with counties and state agencies – including leveraging Act 14 to bring whole the acreage still owed to DHHL – we can reposition our inventory to serve our people better, pursue federal surplus lands, and even monetize our 2,300 affordable housing credits to acquire private lands. This approach allows us to build capacity without depleting funding, while stewarding our trust assets with strategy and purpose.

EXCHANGE OF STATE LANDS 50k acres



EXCHANGE OF COUNTIES LANDS 250 acres



MONETIZING AFFORDABLE HOUSING CREDITS 2,300



EXCHANGE OF FEDERAL LANDS 1,040 acres



These strategies diversify DHHL's future land base and ensure sustainable long-term development.

RENTAL OPPORTUNITIES

While the majority of waitlist applicants indicated a preference for homeownership opportunities compared to rentals, a portion of the waitlist applicant pool (16 percent of applicants) identified that they desired some form of rental housing as a stepping-stone to homeownership. The following section identifies the types of rental products DHHL intends to provide via the Act 279 funding. These rental products include:

1. New construction units for rental housing;
2. Renovation of existing units;
3. Rental assistance programs (preliminary considerations); and
4. Innovative financing.

It is important to note that unlike the homeownership opportunities identified under the previous section that have programmatic actions to reduce the waiting list, none of the rental opportunities identified below will immediately reduce the waitlist.

Applicants who elect to participate in these rental opportunities will remain on the waitlist and keep their waitlist rank-order. Nonetheless, DHHL felt it important to offer these rental opportunities to its waitlist applicants as it will offer more immediate housing security to these beneficiaries and may eventually enable these waitlist applicants to become homeowners.

New Rental Unit and Renovated Unit Development

A listing of new rental unit development is below. At this time, only a portion of the Mā'ili Development in Wai'anae, O'ahu is slated for rentals. In addition, there is a potential for a portion of other residential homestead lot development projects listed in the previous section to be considered for rental opportunities depending upon beneficiary preference. Also at this time, the determination whether new rental units will be rent-to-own, long-term rentals, or transitional housing has not been made. Those decisions will be made as the projects progress further through the production pipeline.



City and County of Honolulu Rental Unit Development Projects		
Project	Number of Units (2022)	Number of Units (2025)
Mā'ili Multi-Family (Voice of America)	136	40
Hale Mō'ili'iili	31	271
Total	167	311

Rental Assistance Program Preliminary Considerations

The following section provides a brief overview of preliminary considerations with regard to potential future rental assistance programs that could be offered by DHHL. As previously noted in the discussion of homeownership individual assistance programs, a small percentage of the Act 279 funding will be reserved for individual assistance programs with the majority of funding being utilized for new homestead lot development.

Common issues that impact beneficiaries who are currently renting include:

- Potential housing insecurity due to fluctuations in rental prices;
- Periodic challenges with monthly rent payments and/or past due rent payments because of unemployment or other unfortunate circumstances affecting household income or household expenses; and
- Access to personal finance training and education to build savings and wealth.

New and innovative ideas put forth by beneficiaries to address some of these rental housing barriers may be considered in the next 12-months by DHHL and the Hawaiian Homes Commission.

Housing counseling is a preliminary idea being considered by DHHL staff that would provide programmatic assistance to individual waitlist applicants that are currently renting. Through a housing counseling program, waitlist beneficiaries that are renting would be provided opportunities to work with a service provider that would mentor them on personal finance decisions and budgeting.

Innovative Financing for Rental Housing

Affordable rental housing is a critical need that faces our entire state. As a result, federal and state funding resources that affordable housing developers use to build affordable rental units, (e.g. Low Income Housing Tax Credits, Community Development Block Grant (CDBG) funds, etc.) are limited, coveted, and highly competitive. Because there are not enough financing dollars from these programs to allocate across all the project requests, very good affordable housing projects do not get funded and, therefore, do not move forward to construction.

For the projects that are selected, sometimes the income restrictions are set very low (in order to score well for project financing) excluding many families that earn slightly more but cannot afford market rents and are in need of decent, safe, and affordable housing.

Two DHHL projects currently under contract with developer partners, are facing these challenges: Ulu Ke Kukui on O'ahu, and the future phases of the Rent with Option to Purchase project in La'i'ōpua, Kona, Hawai'i. Innovative financing programs could address some of the challenges DHHL's current partners are facing and ensure that the units proposed by the developer partners are built.

Further, an additional financing pot for affordable housing may attract worthy projects that are unsuccessful in securing financing through other existing affordable housing programs. If DHHL purchases the land under such projects, it provides the opportunity to grow the land base with "shovel-ready" affordable rental units.

The Low-Income Housing Tax Credit (LIHTC) program significantly amplifies the impact of Department of Hawaiian Home Lands (DHHL) investments, converting every \$1.00 of infrastructure funding into \$5.53 in total development value across recent projects.

Demonstrated through two developments delivering 60 units for Native Hawaiian beneficiaries, DHHL land serves as a high-leverage asset that attracts substantial federal, state, and private capital—unlocking \$41.9 million in LIHTC equity from just \$10.5 million in DHHL investment. Together, these projects showcase a repeatable, high-performing financing model that consistently achieves 5.48x–5.58x leverage through strategic capital stack optimization.

Led by Hanapepe RLP 2 Ekahi, LLC and V4 Hema LP, the portfolio reflects strong developer execution, with each team delivering 30-unit LIHTC projects that maximize tax credit value and total development output.

PROJECT PORTFOLIO BREAKDOWN

Project Name	Developer	FY	Units	DHHL LAND (\$175K/LOT)	TOTAL DEV COST	Leverage	LIHTC VALUE (FED + STATE)
MARK DEVELOPMENT (1 Project, 30 Units)							
Hanapepe Residence Lots - IIA	Hanapepe RLP 2 Ekahi, LLC	2024	30	\$5,250,000	\$29,271,150	5.58x	\$21,000,000
KALANIANA'OLE DEVELOPMENT (1 Project, 30 Units)							
Lai Opua V4 Hema RP	V4 Hema LP	2025	30	\$5,250,000	\$28,787,021	5.48x	\$20,939,625
PORTFOLIO TOTAL			60	\$10,500,000	\$58,058,171	5.53x	\$41,939,625

ANNUAL LIHTC AWARDS

Project Name	ANNUAL FEDERAL LIHTC	ANNUAL STATE LIHTC	10-YEAR FED CREDITS	5-YEAR STATE CREDITS	TOTAL LIHTC VALUE
Hanapepe Residence Lots - IIA (2024)	\$1,400,000	\$1,400,000	\$14,000,000	\$7,000,000	\$21,000,000
Lai Opua V4 Hema RP (2025)	\$1,395,975	\$1,395,975	\$13,959,750	\$6,979,875	\$20,939,625
TOTAL	\$2,795,975	\$2,795,975	\$27,959,750	\$13,979,875	\$41,939,625

CLOSING STATEMENT

‘Ōlelo No‘eau: “Kulia i ka Nu‘u.” *Strive for the summit.*

Homestead development has never been simple, and today it is slowed by escalating costs, labor shortages, and complex approval processes that stretch across years. These challenges limit how many homes we can build and how quickly families can return to their ‘āina – and they reflect systemic pressures felt across Hawai‘i’s entire housing landscape.

What is often overlooked is this: when DHHL succeeds, Hawai‘i succeeds.

Every home DHHL develops reduces demand on county and state housing programs, eases pressure on infrastructure and social services, and allows other agencies to focus on their most vulnerable populations. DHHL is not just responding to need – it is helping carry Hawai‘i’s housing burden and remains a critical part of the statewide solution.

In closing, the ACT 279 updates reflect a focused and steady commitment to maximizing the \$600 million investment and advancing real progress in addressing Hawai‘i’s housing crisis. Strategic, sustained planning is strengthening DHHL’s capacity, reducing costly rushed spending, and supporting consistent delivery of homes, infrastructure, and services. At the same time, urgency remains. We must accelerate our efforts, work closely with service providers to ensure homes align with what beneficiaries can afford, and continue partnering with the development community whose \$2 billion in vertical capacity expands our reach.

With flexibility as needs evolve and a long-term focus on generational outcomes, we are advancing sustainable progress toward reducing waitlists and fulfilling our trust obligations. Ultimately, it will take all of us – every partner and every shared commitment – to turn this momentum into lasting change and ensure Native Hawaiian families have access to housing, stronger communities, and enduring opportunity.

THE URGENCY OF DHHL HOUSING

Awardee Testimony – Auntie Esther

Mo'olelo: "Ke Kumu o ka 'Ike – The Roots of Understanding"

Auntie Esther often tells the story of her father, who submitted his DHHL application in the 1950s. She remembers him sitting at the kitchen table every December, his hands rough from plantation work, marking another year passed.

"Maybe next year," he would say, offering a hopeful smile to his children, even though hope had grown thin. Her father passed before ever receiving a homestead. Now in her seventies, Auntie Esther stands before us as both a beneficiary and a voice for thousands. Her mo'olelo is not unique –rather, it echoes across generations of Native Hawaiian families. It is a reminder that DHHL is not merely a housing program; it is a promise of return, stability, and the ability for our people to thrive on their own 'āina.

Today, more than **29,000 beneficiaries and qualified applicants** wait on the list–numbers that continue to grow every year. Over **90% are over the age of 40**, and **half are kūpuna over age 65**. Their stories mirror that of Auntie Esther's father: decades of patience, perseverance, and longing.



The urgency is not theoretical. It is human. It is lived. And the longer the delays, the more of our kūpuna leave this world before their names are ever called.

Value of Dedicated Funding for Advancing DHHL Goals

Strategic Planning & Stability

Enables long-term project design and alignment with DHHL's mission.

Efficiency & Cost Savings

Reduces the need for rushed spending cycles that drive up costs.

Capacity Building

Provides time and resources to strengthen staff, systems, and partnerships.

Community Impact

Supports consistent delivery of housing, infrastructure, and services to beneficiaries.

Resilience & Flexibility

Allows DHHL to adjust priorities as needs evolve without losing funding.

Generational Outcomes

Ensures sustainable progress toward reducing waitlists and fulfilling trust obligations.

