

HAWAIIAN HOMES COMMISSION

Minutes of November 16 and 17, 2020, via Videoconference
DHHL Main Office, Hale Pono'i, Kapolei, O'ahu, Hawai'i

Pursuant to proper call, the meeting of the Hawaiian Homes Commission was held via teleconference, moderated by Chairman William Ailā Jr. and Commission Secretary Leah Burrows-Nuuanu, from Hale Pono'i, 91-5420 Kapolei Parkway, Kapolei, O'ahu, Hawai'i, beginning at 9:30 AM.

PRESENT

William J. Ailā Jr., Chairman
Randy K. Awo, Maui Commissioner (via videoconference)
Zachary Z. Helm, Moloka'i Commissioner (via videoconference)
David B. Ka'apu, West Hawai'i Commissioner (via videoconference)
Michael L. Kaleikini, East Hawai'i Commissioner (via videoconference)
Russell K. Ka'upu, O'ahu Commissioner (via videoconference)
Pauline N. Namu'o, O'ahu Commissioner (via videoconference)
Dennis L. Neves, Kauai Commissioner (via videoconference)
Patricia A. Teruya, O'ahu Commissioner (via videoconference)

COUNSEL

Jason Hirata, Deputy AG (via videoconference)
Ryan Kanaka'ole, Deputy AG (via videoconference)(left videoconference 10:30 AM)

STAFF

Tyler I. Gomes, Deputy to the Chairman
Leah Burrows-Nuuanu, Secretary to the Commission
Andrew Choy, Acting Planning Manager
Kahana Albinio, Acting Land Management Division Administrator
Juan Garcia, Homestead Services Division Administrator
Cedric Duarte, Information & Community Relations Officer
Stewart Matsunaga, Acting Land Development Division Administrator
Paula Ailā, CAD - Finance and Development Specialist
Jamilia Epping, Information Specialist
Michael Low, Information Specialist

ORDER OF BUSINESS

CALL TO ORDER

Chair Ailā called the meeting to order at 9:36 AM. Nine (9) members were present via videoconference at roll call.

Pursuant to the Governor's Sixteenth Proclamation, related to COVID-19 Emergency, Hawai'i Revised Statutes ("HRS") Chapter 92 regarding public agency meetings and records are currently suspended through December 31, 2020, to the extent necessary to enable boards to conduct business without holding meetings open to the public and to allow state agencies the ability to effectively and efficiently provide emergency relief and engage in emergency management functions.

APPROVAL OF AGENDA

Chair Ailā asked for a motion to amend the Agenda to include an update on Ulu Ke Kukui on Tuesday. The addition to the Agenda, if approved by two-thirds recorded votes for all members to which the Commission is entitled, is an information-only item.

MOTION TO AMEND THE AGENDA/ACTION

Moved by Commissioner Ka'apu, seconded by Commissioner Teruya, to approve an amendment to the Agenda to include an informational update on Ulu Ke Kukui on the Tuesday agenda.

| Commissioner | 1 | 2 | 'AE (YES) | A'OLE (NO) | KANALUA ABSTAIN | EXCUSED |
|---|---|---|--------------|---------------|--------------------|---------|
| Commissioner Awo | | | X | | | |
| Commissioner Helm | | | X | | | |
| Commissioner Ka'apu | X | | X | | | |
| Commissioner Kaleikini | | | X | | | |
| Commissioner Ka'upu | | | X | | | |
| Commissioner Namu'o | | | X | | | |
| Commissioner Neves | | | X | | | |
| Commissioner Teruya | | X | X | | | |
| Chairman Ailā | | | X | | | |
| TOTAL VOTE COUNT | | | 9 | | | |
| MOTION: <input checked="" type="checkbox"/> UNANIMOUS <input type="checkbox"/> PASSED <input type="checkbox"/> DEFERRED <input type="checkbox"/> FAILED | | | | | | |
| Motion passed unanimously- nine (9) Yes votes | | | | | | |

MOTION TO AMEND/ACTION

Moved by Commissioner Neves to move Item D-12 to the Consent Agenda, and Items J-3 and A-2 to executive session for discussion with legal counsel. Seconded by Commissioner Awo

| Commissioner | 1 | 2 | 'AE (YES) | A'OLE (NO) | KANALUA ABSTAIN | EXCUSED |
|---|---|---|--------------|---------------|--------------------|---------|
| Commissioner Awo | | X | X | | | |
| Commissioner Helm | | | X | | | |
| Commissioner Ka'apu | | | X | | | |
| Commissioner Kaleikini | | | X | | | |
| Commissioner Ka'upu | | | X | | | |
| Commissioner Namu'o | | | X | | | |
| Commissioner Neves | X | | X | | | |
| Commissioner Teruya | | | X | | | |
| Chairman Ailā | | | X | | | |
| TOTAL VOTE COUNT | | | 9 | | | |
| MOTION: <input checked="" type="checkbox"/> UNANIMOUS <input type="checkbox"/> PASSED <input type="checkbox"/> DEFERRED <input type="checkbox"/> FAILED | | | | | | |
| Motion passed unanimously- nine (9) Yes votes | | | | | | |

ACTION ON MOTION AS AMENDED

| Moved by Commissioner Neves to move Item D-12 to the Consent Agenda, and Items J-3 and A-2 to executive session for discussion with legal counsel. Seconded by Commissioner Awo | | | | | | |
|---|---|---|--------------|---------------|--------------------|---------|
| Commissioner | 1 | 2 | *AE (YES) | A'OLE (NO) | KANALUA ABSTAIN | EXCUSED |
| Commissioner Awo | | X | X | | | |
| Commissioner Helm | | | X | | | |
| Commissioner Ka'apu | | | X | | | |
| Commissioner Kaleikini | | | X | | | |
| Commissioner Ka'upu | | | X | | | |
| Commissioner Namu'o | | | X | | | |
| Commissioner Neves | X | | X | | | |
| Commissioner Teruya | | | X | | | |
| Chairman Ailā | | | X | | | |
| TOTAL VOTE COUNT | | | 9 | | | |
| MOTION: [X] UNANIMOUS [] PASSED [] DEFERRED [] FAILED Motion passed unanimously- nine (9) Yes votes | | | | | | |

Chair Ailā announced that all the F-Items would be deferred to the afternoon.

APPROVAL OF MINUTES - SEPTEMBER 30, 2020, AND OCTOBER 19 & 20, 2020

Commissioner Awo moved to amend the minutes to include edits he provided for Item E-1.

Commissioner Teruya seconded the motion with a correction on page 15 to the spelling of Kaupuni Park.

Commissioner Ka'apu stated on Item E-1, page 8, the question about the name of Pu'unani should be attributed to Commissioner Ka'upu.

Commissioner Ka'upu added that on page 46, 4th paragraph from the bottom, the correct word should be "form."

Although he did not attend the meeting, after reading the minutes, it sounds like the list is for communication purposes only; there is no real substance. He added that on page 5, Commissioners engaged in a discussion about medical cannabis, and the Deputy AG cut off the discussion. It was his understanding that the meeting was for information purposes, and he felt Commissioners should be able to ask the questions and get answers.

Commissioner Ka'upu referred to the October minutes where he offered corrections to the section where motions were made for both amending the agenda and amending the motion for the action to Item F-1. Chair Ailā noted the corrections.

Commissioner Ka'upu asked to follow up on the Waiāhole discussion where he asked whether the DCCRs could be changed. Chair Ailā stated it is not on the agenda because he needs staff to do a little more research on it.

MOTION/ACTION

| Moved by Commissioner Awo, to approve the September 30, 2020, and the October 19 & 20, 2020 minutes as amended. Seconded by Commissioner Teruya | | | | | | |
|---|---|---|---------------|---------------|--------------------|---------|
| Commissioner | 1 | 2 | A'AE (YES) | A'OLE (NO) | KANALUA ABSTAIN | EXCUSED |
| Commissioner Awo | X | | X | | | |
| Commissioner Helm | | | X | | | |
| Commissioner Ka'apu | | | X | | | |
| Commissioner Kaleikini | | | X | | | |
| Commissioner Ka'upu | | | X | | | |
| Commissioner Namu'o | | | X | | | |
| Commissioner Neves | | | X | | | |
| Commissioner Teruya | | X | X | | | |
| Chairman Ailā | | | X | | | |
| TOTAL VOTE COUNT | | | 9 | | | |
| MOTION: <input checked="" type="checkbox"/> UNANIMOUS <input type="checkbox"/> PASSED <input type="checkbox"/> DEFERRED <input type="checkbox"/> FAILED | | | | | | |
| Motion passed unanimously- nine (9) Yes votes | | | | | | |

PUBLIC TESTIMONY ON AGENDIZED ITEMS (via weblink only)

Testimony on agendized items was submitted in writing via the Department of Hawaiian Home Lands website at www.dhhl.hawaii.gov/hhc/hhc-contact.

- 1) Vanessa Iopa – Successorship
- 2) Eldon Masaoka – Chickens and non-occupancy

Note: Testimonies are attached.

ITEMS FOR DECISION MAKING

CONSENT AGENDA

HOMESTEAD SERVICES DIVISION

- ITEM D-2 Ratification of Loan Approvals (see exhibit)
- ITEM D-3 Approval of Consent to Mortgage (see exhibit)
- ITEM D-4 Approval of Streamline Refinance of Loans (see exhibit)
- ITEM D-5 Approval of Homestead Application Transfers/Cancellation (see exhibit)
- ITEM D-6 Commission Designation of Successors to Application Rights – 2017, 2018, 2019 (see exhibit)
- ITEM D-7 Approval of Designation of Successors to Leasehold Interest and Designation of Persons to Receive the Net Proceeds (see exhibit)
- ITEM D-8 Approval of Assignment of Leasehold Interest (see exhibit)
- ITEM D-9 Approval of Amendment of Leasehold Interest (see exhibit)
- ITEM D-10 Approval to Issue Non-Exclusive Licenses for Rooftop Photovoltaic Systems for Certain Lessees (see exhibit)
- ITEM D-11 Commission Designation of Successor – GEORGE B. FURTADO, Residential Lease No. 12121, Lot No. 16973, Kaupe'a, Oahu

RECOMMENDED MOTION/ACTION

Acting Homestead Services Division Administrator Juan Garcia presented the following: Motion to approve the Consent Agenda D-2 through D-11, as listed in the submittal. Item D-12 was moved to the Regular Agenda.

Commissioner Ka'apu asked what due diligence is done by the Department for Item D-6. He wondered if there should be more details about the certification process. J. Garcia stated Item D-6 is for applicants that did not designate a successor. Upon receiving the death certificates, the Department publishes a notice in November of the applicable year. The claims received are vetted to confirm qualification. The submittal is for approval for the claimant's interests to application rights.

Commissioner Ka'apu asked about Item D-11. J. Garcia stated the deceased lessee failed to designate a successor, and the notice was published pursuant to the rules; his wife, who has priority over all claimants, filed a claim. The request is to approve the wife as successor.

Chair Ailā stated there are two qualifications; that they meet the familial lineage and native Hawaiian qualification.

MOTION

Moved by Commissioner Teruya, seconded by Commissioner Awo to approve the Consent Agenda Items D-2 to D-11 as stated in the submittal.

DISCUSSION

Commissioner Ka'upu asked about when there is a successor designated, but they don't qualify; what happens in that situation? J. Garcia stated for applicants and lessees when the successor does not qualify, and the Department must publish a notice to qualified relatives to submit their claim for successorship to the application rights or to the lease rights.

Commissioner Ka'upu asked if the blood quantum has to be 50% or 25%. J. Garcia stated successorship to the application rights, the claimant must be 50%. Successorship to the lessee side, 25% applies to the wife, child, grandchild, and siblings; all the other relationships must be 50%.

Commissioner Ka'upu stated he does not think it is a conflict, but for Item D-5, Kauwailani K. Worthington is being removed from the list because she purchased a leasehold in Kapolei. Wailani is his niece. He is prepared to vote in approval and wanted to note it for the record.

Commissioner Awo commented on Item D-12 that there was not enough information as to why it is being moved towards a successorship cancellation after the Department had already approved it, at least twice, then reaffirmed it with a third letter. He would like more information so the Commissioners can make more informed decisions.

Chair Ailā stated that the AG familiar with this case would be signing off at 10:30 AM, and another AG will be taking his place.

MOTION/ACTION

| Moved by Commissioner Teruya to approve the Consent Agenda Items D-2 to D-11 as stated in the submittal. Seconded by Commissioner Awo. | | | | | | |
|--|---|---|--------------|---------------|--------------------|---------|
| Commissioner | 1 | 2 | ‘AE (YES) | A’OLE (NO) | KANALUA ABSTAIN | EXCUSED |
| Commissioner Awo | | X | X | | | |
| Commissioner Helm | | | X | | | |
| Commissioner Ka’apu | | | X | | | |
| Commissioner Kaleikini | | | X | | | |
| Commissioner Ka’upu | | | X | | | |
| Commissioner Namu’o | | | X | | | |
| Commissioner Neves | | | X | | | |
| Commissioner Teruya | X | | X | | | |
| Chairman Ailā | | | X | | | |
| TOTAL VOTE COUNT | | | 9 | | | |
| MOTION: [X] UNANIMOUS [] PASSED [] DEFERRED [] FAILED Motion passed unanimously- nine (9) Yes votes | | | | | | |

MOTION/ACTION

Moved by Commissioner Neves, seconded by Commissioner Teruya to convene in an executive session pursuant to Section 92-5(a)(4), HRS, to consult with its attorney on questions and issue pertaining to the Commission’s powers, duties, privileges, immunities, and liabilities. Motion carried unanimously.

EXECUTIVE SESSION IN 10:04 AM

The Commission anticipates convening an executive meeting pursuant to Section 92-5(a)(4), HRS, to consult with its attorney on questions and issues pertaining to the Commission’s powers, duties, privileges, immunities, and liabilities on these matters.

Item D-12, public testimony Items J-3 and A-2 for discussion with legal counsel.

EXECUTIVE SESSION OUT 11:07 AM

RECESS 11:11 AM

RECONVENE 11:18 AM

REGULAR AGENDA

OFFICE OF THE CHAIRMAN

ITEM C-1 Approval of Lease Award Lanai Residential Vacant Lot (see exhibit)

RECOMMENDED MOTION/ACTION

Hale Manager Michelle Hitzman presented the following:

Motion that the Hawaiian Homes Commission approve the award of the Department of Hawaiian Home Lands for residential lot leases to the applicants listed below for ninety-nine

(99) years, subject to the purchase of the existing improvements on the lot by way of a loan or cash.

MOTION/ACTION

| Moved by Commissioner Ka'apu, to approve the motion as stated in the submittal. Seconded by Commissioner Neves | | | | | | |
|---|---|---|--------------|---------------|--------------------|---------|
| Commissioner | 1 | 2 | *AE (YES) | A'OLE (NO) | KANALUA ABSTAIN | EXCUSED |
| Commissioner Awo | | | X | | | |
| Commissioner Helm | | | X | | | |
| Commissioner Ka'apu | X | | X | | | |
| Commissioner Kaleikini | | | X | | | |
| Commissioner Ka'upu | | | X | | | |
| Commissioner Namu'o | | | X | | | |
| Commissioner Neves | | X | X | | | |
| Commissioner Teruya | | | X | | | |
| Chairman Ailā | | | X | | | |
| TOTAL VOTE COUNT | | | 9 | | | |
| MOTION: [X] UNANIMOUS [] PASSED [] DEFERRED [] FAILED Motion passed unanimously- nine (9) Yes votes | | | | | | |

ITEM C-2 Approval of the 2021 Hawaiian Homes Commission Meeting Schedule

RECOMMENDED MOTION/ACTION

Deputy to Chairman Tyler Gomes presented the following:

Motion that the Hawaiian Homes Commission approve the 2021 Hawaiian Homes Commission Meeting Schedule

MOTION

Moved by Commissioner Helm, seconded by Commissioner Teruya to approve the 2021 Hawaiian Homes Commission Meeting Schedule.

DISCUSSION

Commissioner Ka'apu asked at what point would the Chairman make the decision to convert the HHC meeting back to live, and in what order will it be as far as the island meetings are concerned. Chair Ailā stated the decision would be based on the COVID situation and the current emergency proclamations, and each County's restrictions. Commissioner Ka'apu stated beneficiaries would want to have the meetings on their islands as they have lots of pressing issues.

Commissioner Teruya asked if live streaming will be available to watch the meeting. Chair Ailā stated live streaming is available now.

ACTION

| Moved by Commissioner Helm to approve the 2021 Hawaiian Homes Commission Meeting Schedule. Seconded by Commissioner Teruya | | | | | | |
|--|---|---|--------------|---------------|--------------------|---------|
| Commissioner | 1 | 2 | ‘AE (YES) | A‘OLE (NO) | KANALUA ABSTAIN | EXCUSED |
| Commissioner Awo | | | X | | | |
| Commissioner Helm | X | | X | | | |
| Commissioner Ka‘apu | | | X | | | |
| Commissioner Kaleikini | | | X | | | |
| Commissioner Ka‘upu | | | X | | | |
| Commissioner Namu‘o | | | X | | | |
| Commissioner Neves | | | X | | | |
| Commissioner Teruya | | X | X | | | |
| Chairman Ailā | | | X | | | |
| TOTAL VOTE COUNT | | | 9 | | | |
| MOTION: [X] UNANIMOUS [] PASSED [] DEFERRED [] FAILED Motion passed unanimously- nine (9) Yes votes | | | | | | |

Note: At 10:32 a.m. Commissioner Kaleikini stepped out, and the Deputy AG on the record is Jason Hirata.

ITEMS FOR INFORMATION/DISCUSSION

GENERAL AGENDA

REQUEST TO ADDRESS THE COMMISSION – In writing via weblink only; information below

- ITEM J-1 J. Kanani Pelekai Kihara - Waiāhole
- ITEM J-2 Germaine Meyers – Various Concerns
- ITEM J-3 Val Dean Castillo – Successorship Issues
- ITEM J-4 Velma Mariano – Paukūkalo Hawaiian Homestead
- ITEM J-5 Kalio Resep - Various
- ITEM J-6 Jojo Tanimoto – Kawaihae Issues

DISCUSSION

Chair Ailā asked if the Commissioners had any questions on the J-agenda items.

Commissioner Awo stated the Paukūkalo Hawaiian Homestead Association has a list of issues they want to be addressed. He suggested the association convene a meeting with the help of Department staff who could help answer their questions, it should be a virtual meeting, and he would sit in on the meeting. He asked that the Department entertain that possibility. Chair Ailā agreed to a virtual meeting.

Commissioner Neves asked for a copy to the Commissioners when the Department responds.

Commissioner Teruya stated she received an email from the Wai‘anae Valley Homestead (WVH) with concerns about the sewage upgrade improvements. They asked for a timeline for construction work and are concerned about the noise. WVH asked that the big machinery not park on the main road.

Acting Land Development Division Administrator Stewart Matsunaga stated the notice went out to WVH about conducting inspections within the roadways for sewer manholes and other sewer appurtenances. Based on the information, a schedule of what and when the construction work will occur. The homestead, as well as the Commission, will be informed. The consultants asked to move up the schedule; the letter stated December, but they will be going out to do the inspections this week.

Commissioner Awo referred to Item J-1, stating that he would like to refer Kanani Kihara to one of the O'ahu island Commissioners. Chair Ailā noted the Department is not inclined to revisit the question because, in the past, the community was overwhelmingly opposed to more DHHL homesteads in the area.

Commissioner Ka'apu stated he would like to get an update about J-6. J. Tanimoto's concern is for egress out of the subdivision. It is his understanding the bypass road is dead at this point. The other concern is if the DOH has decided to hold a hearing about the discharge permit. This was a concern at the public meeting. She stated the original lessee died and questioned the authority of the sublessee.

Acting Land Management Division Administrator Kahana Albinio stated General Lease 205 was issued to Kawaihae Mill Works. Kohala Coast Concrete and Pre-Cast have a sublease agreement in place. Commissioner Ka'apu asked when the Department is going to consider a new lease for the property. K. Albinio stated that it is to be determined. Chair Ailā asked that Andrew follow up with the dust and the gate questions, and once it's updated, provide a copy to J. Tanimoto and Commissioner Ka'apu.

WORKSHOPS

OFFICE OF THE CHAIRMAN

ITEM C-3 For information only – Financial Assistance to Residential Applicants to Purchase a Home

RECOMMENDED MOTION/ACTION

None. For information only. Executive Assistant Jobie Masagatani and Legislative Analyst Lehua Kinilau-Cano presented an informational presentation.

Note: Slide Presentation attached.

DISCUSSION

J. Masagatani stated the proposed program is being brought before the Commission in its early stages for input and direction.

There were five general purposes identified:

- Address the residential applicant waiting list
- Provide a mix of housing opportunities that reflect the needs and desires of native Hawaiian beneficiaries (DHHL General Plan)
- Opportunity to keep Hawai'i lands for native Hawaiians
- Grow the Hawaiian Home Lands Trust one property at a time
- New pilot program distinct from the existing homesteading program

J. Masagatani stated that the program would target those ready to purchase and those who need little help with a down-payment.

Commissioner Ka'apu asked if other funds are available on a going-forward basis, such as the Legislature or any other federal program that might provide funds. J. Masagatani stated the next possible funding source is the HHL (Hawaiian Home Lands) Trust Fund if the pilot proves to be popular. Another is the NHRF (Native Hawaiian Rehabilitation Fund) for those who meet the qualifications by income. There might be an appetite in the Legislature, but the hurdle would be this program addresses the "haves" on the waiting list. What is attractive is to facilitate ownership by residents. The Legislature wants to keep Hawaiian lands in local hands.

Commissioner Teruya asked if the pilot program could be used for the Isenberg project. Chair Ailā stated the Isenberg project is only rental. J. Masagatani stated the intent is to allow a family to buy a fee. In contrast, the Isenberg rentals will take on the characteristics of Hawaiian Home Lands and all of the constraints. The beneficiaries would take their name off the waitlist for the period that they own the fee simple property.

Commissioner Ka'apu asked how the waitlist removal would work. If they sell the property, do they go back on the list in the same position they came off? J. Masagatani stated no, they would go to the bottom of the list. Commissioner Ka'apu asked if there a possibility that the person does not come off the list because it seems that the Department is forcing people to choose between an award and taking advantage of the benefit of buying fee. He sees younger people using this benefit for a starter home. J. Masagatani stated the intention was to reduce the waiting list.

Commissioner Neves asked if there is an amount of residency required in Hawai'i because many people on the waitlist live on the mainland. J. Masagatani stated it is possible to afford the mainland applicants to come home. L. Kinilau-Cano stated the applicant would need to be on the DHHL waitlist for O'ahu to purchase Oahu.

Commissioner Neves asked if the purchased homes become a part of the lease program. J. Masagatani stated it would be up to the Commission to bring it into the HHL inventory as available home lands or treat it as real estate.

Commissioner Ka'apu stated leaseholds would be coming back to the Department because blood quantum will not be sufficient for successors to inherit them. A fee simple purchase, one is no longer restricted by the blood quantum, except for the initial requirement. One is not restricted to pass it on to a grandchild or a wife who is not Hawaiian at all. It would allow for succession planning and to get people off the list. He asked if existing lessees could take advantage of the program.

L. Kinilau-Cano asked Commissioners to weigh-in on:

- A. Can the benefit of the down payment be transferred to a member of the family.
- B. Should the program be limited to first-time homebuyers, or should applicants that already have a home be able to participate
- C. Can down payment be used for condo, townhouse, leasehold, coop residential, or be limited to single-family homes.
- D. What impact will the second mortgage DHHL funds have on the beneficiaries if they wanted to do future equity lines of credit or financing? Can it be deed-restricted? Can the beneficiary pay it back any time or be released only upon sale?

- E. Should there be additional considerations to limit risk to the trust if loans default? Loan to Value ratios of debt to value? Credit score qualification of the applicant?
- F. Percentage requested of the applicant, and if there should be a cap on the dollar amount?

Commissioners agreed that the benefit should be transferrable to family members and not limited to first-time home buyers. Most agreed that the down payment benefit could be used for condominiums and townhouses, but not for leaseholds or coops. Commission Kaleikini felt all options should be allowed.

There was a consensus that beneficiaries should be able to pay the benefit back at any time. Commissioner Ka'upu was in favor of deed restrictions but not sure what it would look like, and that the Department should rely on the lender in the first position to limit risk to the trust.

Regarding the applicant's percentage of contribution, Commissioners Ka'upu, Teruya, Helm, Awo, and Namu'o preferred 10%. Commissioner Neves felt 40-50% was more appropriate, and the cap would depend on how much funds are available.

Commissioner Awo asked what the average cost of a home was on O'ahu. L. Kinilau-Cano stated the median price of a single-family home is \$880,000, and condominiums are \$430,000. Commissioner Awo stated 10% is high for skin in the game. L. Kinilau-Cano stated it all depends on who finances the mortgage; they may only need to put 3%-5% down. How much should the buyer contribute in comparison to what DHHL subsidizes from the NHRF funds?

Commissioner Neves asked if the mortgage insurance covers the portion the Department donates. J. Masagatani stated there should be enough value to cover. Commissioner Neves stated his concern is the default if there was any way to get insurance to cover the default.

Commissioner Ka'upu stated when he mentioned 10%, it was the percentage of the down payment that is required. If it is a 20% down payment, the buyer must pay 10% of that 20% down payment.

Commissioner Kaleikini asked about the significance of the cap. L. Kinilau-Cano stated there is only \$1 million for the pilot, and if \$50,000 is used per applicant, the Department can only do 20 applicants before the funds are expended.

Commissioner Neves would like to see more dollars put in by the buyer because the Department is second in line if it goes upside down. He stated the credit rating comes into play when more money is put out. He asked who would administer the pilot program. Rules Officer Hokulei Lindsey stated there would be a need for a jack-of-all-trades in real estate. The real estate questions are significant and beyond what staff can provide. The Department would need a vendor who can answer the technical real estate questions and help design the program to help deploy it.

Commissioner Ka'upu stated the Department might want to put together a list of approved local lenders who understand the program and design their underwriting accordingly. Mortgage insurance will not cover the Department's piece. The Department may want to think about requiring mortgage insurance on the product when offered to the beneficiaries. The monthly payments would be more expensive, but the Department steps into the property free and clear if they default. It reduces the risk to the Department. Commissioner Ka'apu agreed and suggested working with credit unions.

Chair Ailā stated staff would take it back, analyze it, and come back at a future time.

LAND DEVELOPMENT DIVISION

ITEM E-1 For Information Only – Kauaʻi Projects Update

RECOMMENDED MOTION/ACTION

None. For information only.

Acting Land Development Division Administrator Stewart Matsunaga and Acting Planning Office Manager Andrew Choy presented the Kauaʻi Projects Update.

Note: Slide presentation attached.

| | |
|-----------|----------|
| RECESS | 12:49 PM |
| RECONVENE | 12:55 PM |

LAND MANAGEMENT DIVISION

ITEM F-1 Approval to Issue Right of Entry to Hawaiian Telecom, Makuʻu, Island of Hawaiʻi, TMKs: (3) 1-5-119:051, (3) 1-5-118:048, (3) 1-5-120:036, (3) 1-5-121:046

RECOMMENDED MOTION/ACTION

None. For information only.

Executive Assistant Jobie Masagatani and Acting Land Management Division Administrator Kahana Albinio presented the correlating slide presentation.

Note: Slide presentation attached.

DISCUSSION

Chair Ailā deferred Item F-1 to Tuesday after the Executive Session.

ITEM F-2 For Information Only – Revised Application and Review Process for New Revocable Permit Pilot Program

Commissioner Kaʻapu asked what the pilot parcel is used for currently. K. Albinio stated the permit is agricultural, but it is presently being used as a horse stable.

Commissioner Helm asked if a committee would determine who gets selected. J. Masagatani stated a committee would be needed to review the applications. K. Albinio stated once the scoring is done, selected applications would have to be presented to the Commission for approval.

Commissioner Kaʻapu stated that as long as you bid the upset rent, then you get the 10 points. If two people bid on the same parcel and one bid 100% more than the upset rent, both will still get 10 points. The highest best use would be the highest rent for most people, but the discussion is about the highest and best use. J. Masagatani stated the main objective for DHHL is land management. Some parcels are not poised for its highest and best use due to flooding and drainage problems. The scoring can be adjusted.

Commissioner Ka'upu asked if the discussion is about the economical highest and best use or a blended beneficiary consideration. K. Albinio stated it would be more economical because it is a longer-term of use. Chair Ailā stated the purpose would be for revenue generation.

Commission Ka'upu asked how it is decided that the maximum amount of money is sought for one parcel, but another parcel has wider considerations. J. Masagatani stated it is an evaluation that still must be worked through with the Commission.

Commissioner Teruya recommended vendors comply with the State of Hawai'i Compliance Express ("HCE"), which puts the DCCA, the tax clearance the Department of Labor all in place. She asked if applicants submit a business and financial plan and if a registered felon can apply for an ROE. J. Masagatani stated that would be something to confer with the Deputy Attorney General.

Chair Ailā stated in this pilot program if it is somebody that wants a place to keep their horses, a business plan may not be appropriate for the parcel.

Commissioner Teruya asked if the expired parcel in Kalaeloa used by Kali Watson is getting back to par and if the permit will be renewed. K. Albinio stated the permittee is working with a consultant to renovate the property. The license is expired, and the Department will reissue. Chair Ailā stated the permittee is doing the environmental compliance, and the Department does not want to let him off the hook until it is done.

Commissioner Ka'apu stated he still has problems with some of the criteria. Submitting two years of tax returns gives you so many points, and it appears that the quality of the tax return is not considered, just the fact that two years are submitted. A certificate of good standing leaves out people that are not Incorporated or not an LLC. The references and whether the applicant is an excellent tenant is more for non-native Hawaiian businesses than native Hawaiian businesses that are just starting up.

Commissioner Ka'apu talked of the general liability as also not looking into quality as well as proof of capability. Information on credit score shows how the applicant spent their money. Regarding benefits to native Hawaiians, he is not sure how this would work.

He would rather have a seen a pilot of a business and let it be up to the person bidding on it to determine what the business is. He wants to make sure the Department rolls out a solid product that is durable and will work.

Commissioner Neves reiterated that he does not think that permittees should automatically have a 50% discount. He recommended having restrictions and enforcement with the other listings like the rent terms. He was told that one would have to have experience within the state of Hawai'i. He doesn't think the Department should do that. Giving points for proof of insurance does not make sense because it is a requirement.

Commissioner Neves stated it is the Department's responsibility to determine the benefit to native Hawaiians by monetary return.

In 2013, LMD found a dramatic increase for land and insufficient resources to keep up with enforcement; short-term use has become long-term as permittees develop a sense of ownership and entitlement, unpermitted subleasing occurring along with other violations. External forces

usurp their management of the program; the program suffers from a perception of mismanagement, lax enforcement, and inconsistent application of the rules. The Department needs to manage and enforce permits. People do not follow the rules. He is not prepared to decide.

Commissioner Awo asked if the Department's capacity to enforce and manage the program has improved. J. Masagatani stated the internal capacity has not improved and invited Commissioners to suggest criteria.

Commissioner Ka'apu stated he would weigh in on language but is concerned that it is up for a vote tomorrow. Chair Ailā stated that Item F-2 would be deferred for further discussion.

Commissioner Neves asked if it would be appropriate to send comments to K. Albinio or bring it to tomorrow's meeting. Deputy AG Hirata suggested bringing comments to the next meeting to be read into the record.

Chair Ailā asked that Commissioners make sure they have the slide presentation and make suggestions to present in an open session tomorrow on the record.

PLANNING OFFICE

ITEM G-1 For Information Only – Quarterly Grants Status Report – End of 1st Quarter FY 2021

RECOMMENDED MOTION/ACTION

None. For information only.

Acting Planning Manager Andrew Choy presented the information.

and from Gigi Carter

DISCUSSION

Commissioner Teruya asked about Kanehili Park and if receiving GIA funds means the park is still private. Chair Ailā stated it is a private park as that disposition was given to the Kanehili Community Association. Their Homeowners Association is the one responsible for the care and up-keep. The \$300,000 may be a 2018 Pūwalu request.

Commissioner Ka'apu stated his concern of the Kailapa Community Association's balance of a little over \$170,000, and their Hawai'i Compliance Express is not in compliance. He asked that Gigi could let the Commission know what the status is.

Chair Ailā deferred Item G-1 as Gigi was not available.

RECESS

3:02 PM

HAWAIIAN HOMES COMMISSION
Minutes of November 17, 2020, via Videoconference
DHHL Main Office, Hale Pono'i, Kapolei, O'ahu, Hawai'i

Pursuant to proper call, the meeting of the Hawaiian Homes Commission was held via teleconference, moderated by Chairman William Ailā Jr., from Hale Pono'i, 91-5420 Kapolei Parkway, Kapolei, O'ahu, Hawai'i, beginning at 9:30 AM.

PRESENT William J. Ailā Jr., Chairman
Randy K. Awo, Maui Commissioner (via videoconference)
Zachary Z. Helm, Moloka'i Commissioner (via videoconference)
David B. Ka'apu, West Hawai'i Commissioner (via videoconference)
Michael L. Kaleikini, East Hawai'i Commissioner (via videoconference)(9:40 AM)
Russell K. Ka'upu, O'ahu Commissioner (via videoconference)
Pauline N. Namu'o, O'ahu Commissioner (via videoconference)
Dennis L. Neves, Kauai Commissioner (via videoconference)
Patricia A. Teruya, O'ahu Commissioner (via videoconference)

COUNSEL Ryan Kanaka'ole, Deputy AG (via videoconference)

STAFF Tyler I. Gomes, Deputy to the Chairman
Leah Burrows-Nuuanu, Secretary to the Commission
Andrew Choy, Acting Planning Manager
Kahana Albinio, Acting Land Management Division Administrator
Juan Garcia, Homestead Services Division Administrator
Cedric Duarte, Information & Community Relations Officer
Stewart Matsunaga, Acting Land Development Division Administrator
Jamilia Pacheco, Information Specialist
Michael Lowe, Information Specialist

ORDER OF BUSINESS

CALL TO ORDER

Chair called the meeting to order at 9:34 AM. Eight (8) members were present via videoconference at roll call.

check 15 Nov 16

Pursuant to the Governor's 15th Proclamation, related to COVID-19 Emergency, Hawai'i Revised Statutes ("HRS") Chapter 92 regarding public agency meetings and records are currently suspended through December 31, 2020, to the extent necessary to enable boards to conduct business without holding meetings open to the public and to allow state agencies the ability to effectively and efficiently provide emergency relief and engage in emergency management functions.

Chair Ailā reminded everyone that the Commission approved the amendment to today's Agenda to include an update on Ulu Ke Kukui, which will follow Item G-1.

ITEMS FOR INFORMATION/DISCUSSION

WORKSHOPS

PLANNING OFFICE

ITEM G-1 For Information Only – Quarterly Grants Status Report – End of 1st Quarter FY 2021

RECOMMENDED MOTION/ACTION

None. For information only.

Grants Specialist Gigi Cairel presented the following:

The quarterly grants status report for the end of the 1st Quarter FY 2021.

DISCUSSION

G. Cairel highlighted a grant proposal for the COVID-19 Relief Project, which is \$200,000 maximum per organization. The due date for new grants is December 9, 2020.

Recommendations should be ready for Commission approval by January 2021.

Commissioner Helm asked what the \$25,000 balance of Kalama‘ula Homestead Association’s Kiowea Park improvement was. G. Cairel stated she believes it is for the interior, finishing, and kitchen equipment.

Commissioner Awo stated the ‘Ahahui ‘Āina Ho‘opulapula O Waiohuli has been non-compliant; what is the process to keep the grant whole? G. Cairel stated it is Native Hawaiian Rehabilitation Funds (“NHRF”) funds, so the Department can hang on to it if it wants. Commissioner Awo asked about Ka Ohana O Kahikinui’s (“KOOK”) fog drip catchment system status. G. Cairel stated KOOK is waiting on the ROE’s finalization and the Chapter 343 exemption. Due diligence has to be done before installing the fog drip catchment system. So far, \$70,000 has been released, but nothing has been spent as they are still working on the due diligence.

Commissioner Teruya asked if the Kanehili Park request is a State or NHRF request. A. Choy stated that the request originated from the 2018 Pūwalu and is a CIP request from the Department to the Legislature. Commissioner Teruya reiterated her concern about Kanehili Park, a private park, having State funds. J. Masagatani stated the commitment to the participants of the 2018 Pūwalu was to include their requests in the Department’s ask.

Commissioner Kaleikini asked for documentation regarding the Pana‘ewa Community Alliance (“PCA”) Kamoleao planning and designing related to the 2018 Pūwalu. He also requested information on the balance of \$75,000 and a copy of the last communication regarding non-compliance. G. Cairel stated for DHHL grants, and the grantee must comply with HCE. Payment cannot be issued if the grantee is not in compliance. PCA is still doing their master planning and due diligence. G. Cairel stated the Department is processing a time extension for them. Chair Ailā asked G. Cairel to provide Commissioner Kaleikini with a copy of the grant.

Commissioner Namu‘o confirmed that the Papakōlea Community Development Corporation (“PCDC”) declined the \$5,000 grant. G. Cairel stated a letter was sent to the PCDC confirming their decline, and the Department closed out that grant. Commissioner Namu‘o asked if it meant that they also closed out the Papakōlea Civic Club. G. Cairel stated she would need to check with the AGs.

Commissioner Awo asked if there is a point of no return when the Department decides to use the NHRF funds elsewhere for other associations who are in need. G. Cairel stated after three years of struggling, or the grantee no longer wants the grant, the Department can use the NHRF funds to re-award.

Commissioner Helm asked if grantees are required to submit quarterly expenditure reports to monitor their spending and, if there are restrictions on how the funds are spent and if they are notified when red-flagged. G. Cairel stated a quarterly report is required, and it is one of the program's challenges. If the associations are behind on their reports, they will not be eligible.

Commissioner Ka'apu asked what percentage of the associations are behind on their quarterly reports. It might be helpful to note that the associations are up to date in their quarterly reports in her status report. G. Cairel stated it is less than 20%. Since implementing the rule of no reports-no eligibility, the numbers have dropped.

Commissioner Neves asked how long the restriction for no reports no eligibility is. G. Cairel stated the rule is if they submit all their reports and are caught up, they should be fine. If they miss the December 9 deadline and they try to submit a new application, it will be denied.

RECESS

10:44 AM

RECONVENE

10:50 AM

OFFICE OF THE CHAIRMAN

ITEM C-2 For Information Only – Update on Hale Makana O Uluwehi AKA Ulu Ke Kukui

RECOMMENDED MOTION/ACTION

None. For information only.

President and CEO of Hawaiian Community Development Board ("HCDB") Kali Watson and his team presented the update of Hale Makana O Uluwehi, also known as Ulu Ke Kukui. He introduced his development team members Vice President of HCDB Patti Barbie, her daughter Alicia, his partner Chris Flaherty of Ikenakea Development LLC, and his son Keegan Flaherty.

K. Watson stated that HCDB is a non-profit with 20-years in affordable housing development and a Board made up of Native Hawaiians, of which some are homesteaders.

The project started 13 years ago under Governor Lingle when Kaulana Park was the Chair for the Hawaiian Home Lands. The transitional housing got a 10-year lease from the Department of Hawaiian Home Lands with the option to extend. However, the Commission denied the extension to keep the use of the land for native Hawaiians. So HCDB is here to rehabilitate, renovate and make it a useable project for the Hawaiian Home Lands beneficiaries.

Note: Slide presentation is attached.

DISCUSSION

Commissioner Helm asked if solar or photovoltaics will be installed and if the electricity is included as part of the rent. C. Flaherty stated there is typically a utility allowance granted to each unit. However, the allowance may not be enough to cover 100% of the electrical cost. The solar will be used to offset the common area usage.

Commissioner Teruya stated that the Wai'anae Coast community is passionate about the Ulu Ke Kukui Project. She expressed that she used to do a Foodbank distribution on the premises, but she does not use the property anymore. So, there is no conflict, as was mentioned last year. K. Watson stated Catholic Charities because the COVID was provided additional funding, and it was fortunate for HCDB because of the delay of their financing. Catholic Charities will continue to take care of maintaining the site, service the homeless, and run some of the needed programs. Catholic Charities is a good interim caretaker for the site.

Commissioner Neves comment that the community hall would probably need two restrooms. P. Barbie stated it is modeled after the Hale Makana O Nānākuli project where there is one restroom.

Commissioner Teruya asked if the funding is not met, will there be a discussion for NAHASDA funds to help move the development forward. Chair Ailā stated the use of NAHASDA could be considered, except rental projects are not secured to the developers. They discussed this and the risk of not being able to collect rental fees. The Department would investigate other sources of financing available. }

HOMESTEAD SERVICES DIVISION

- ITEM D-1 HSD Status Reports**
A – Homestead Lease and Application Totals and Monthly Activity Reports
B – Delinquency Report
C- DHHL Guarantees for FHA Construction Loans

RECOMMENDED MOTION/ACTION

None. For information only. Homestead Services Division Administrator Juan Garcia was available for questions. There were none.

ITEM D-13 DHHL Loan Products Workshop

RECOMMENDED MOTION/ACTION

None. For information only. Loans Manager Dean Oshiro offered the presentation.

Note: Slide presentation is attached.

DISCUSSION

D. Oshiro stated the delinquency rate that HUD (Department of Housing and Urban Development) reported was 12-1/2%. DHHL has been averaging 2-3 loans reassigned per month. HUD has not been reassigning any in the last 10-11 months. When the moratorium lifts, DHHL expects to see at least 20+ claims reassigned to it. HUD is currently not reviewing any defaulted claims.

Commissioner Neves asked what the liability to the Department for deficient loans under the 184A program is. D. Oshiro stated it is hard to determine because an appraisal is not done

when the loan is brought back to the Department. They would need to review each loan. They are also figuring out a way when HSD comes to the Commission with a contested case hearing with a 184A account and incorporates it into the information provided to the Commissioners to help understand the potential exposure to the Department when making decisions.

Commissioner Ka'apu asked what is in the HUD savings account. Executive Assistant Jobie Masagatani stated the reserves that the Department holds for the FHA 247 is approximately \$10 million. For the mortgages that are FHA buybacks, the Department's accountant sets aside the principal payments to rebuild the savings account. Commissioner Ka'apu asked if the Department has regulators to check the reserve? J. Masagatani stated the Department does not, and it has not been able to find the appropriate expertise to assist.

Commissioner Awo asked for the projected liability to the Department once all the defaulted loans start showing up. D. Oshiro stated it is difficult to determine, but the money would come out of the FHA 247 checking account currently sitting at \$8 million. If the balance remains above the minimum of \$2 million, there would be no repercussion to the Department. If the defaulted loans exceed what is in the checking account balance, HUD will ask the Department for funds from the reserve account to replenish that checking account. The liability does not come into play unless the Commission cancels a lease. Chair Ailā stated if the asset is neutral or not too below market price, it will be reassigned to another lessee who qualifies, and the value of the asset would be added back to the savings account.

Commissioner Neves confirmed that the Department has one year to remedy the 184A buyback loans and asked if a workout plan is issued, does the year extend? D. Oshiro stated the year starts when the loan is back with the Department. Loan staff would service the loan as if it were in the Department's portfolio and pay HUD. Then a contested case hearing is requested. A year was thought to be enough time to get the case before the Commission.

Commissioner Kaleikini asked about the Waiāhole case. D. Oshiro stated they are still waiting for the Office of Native American Programs (ONAP) to decide whether they will allow the 184A program on agricultural and pastoral lease lots. Chair Ailā stated that it would be statewide and benefit all the lessees and those lessees that will be assigned subsistence ag lots.

ITEMS FOR DECISION MAKING

LAND MANAGEMENT DIVISION

Chair Ailā stated Item F-2 is deferred for additional input from Commissioners in terms of suggestions and recommendations so that staff can adjust for action in December.

ITEM F-2 Approval of Revised Application and Review Process for New Revocable Permit Pilot Program

RECOMMENDED MOTION/ACTION

Acting Land Management Division Administrator Kahana Albinio and Executive Assistant Jobie Masagatani presented the following:

J. Masagatani stated there would not be a recommendation motion, but a gathering of information from the Commissioners that have feedback to the revised application and review process for the New Revocable Permit Pilot Program.

DISCUSSION

Commissioner Ka'apu stated the Phase 1 application and scoring criteria, and the Phase 2 parcel list, is what the Commission wants: to get a methodology that reflects its priorities.

Regarding the criteria scoring guide, under A – he agreed with Commissioner Neves in taking it out because what is being looked at is whether the applicant has the capacity in that area.

Commissioner Ka'apu had a problem with the submittal of a business/personal resume and tax return. The application should give their proposed use and business plan that demonstrates the likelihood of success, and then the proof of work in such capacity that will demonstrate knowledge and experience in the specific field or area. The requirement for experience in Hawai'i should be removed and asked if two years is enough.

Commissioner Ka'apu would like to know their proposed investment in the business and the property. He stated there are commercial properties for which people can run a business, industrial property, agricultural property, and caretaking property. He stated that some of the questions for agricultural use might be slightly different from that of industrial or commercial use in which the Department will generate revenue.

Commissioner Ka'apu stated that it should not be limited to their history as a tenant for proof of history, but also look at their mortgage payment history, which tells if they can make their payments regularly. Rather than having the points pre-determined, i.e., tax return 5-points, etc., maybe it should be a sliding scale of 0 – 20 points or 0-10 points, then the Committee is reviewing the applicants assign points of their review of what has been submitted. He thinks it should be the Committee's analysis of the quality of what the applicants have submitted.

The credit score should be added along with the credit report. For people that do things in cash and don't report their incomes, etc., they may not be bad tenants, but for these people who apply and awarded the RP, then criteria should be required of them to file and submit their GET, file their tax returns as a condition of the RP. Suppose the applicant is unable to acquire a traditional credit report. In that case, some room should be given for the applicant to get a non-traditional credit report, which takes a little more work by the Committee because many might be self-employed. There are also those with professional references or trade references that can be checked to get evidence of their effective income over the past 2-years if they do not have the traditional GET. The credit report and the credit score tell how they paid their bills in the past.

The proof of funds that they can demonstrate by their investment into the business, their investment into the property shows that they have the funds to make the deposit and the first month's rent.

Commissioner Ka'apu stated he does not think that Chapter 343 is relevant to most of them and not sure that it should be put in. Do the applicants could bid on the upset rent. J. Masagatani stated it could be set any way the Commission wants. The Department enjoys a methodology to establish a fair upset rent. Commissioner Ka'apu stated that the rent is established in a normal commercial situation, so people know what they will be paying. Then some increases are built into commercial leases.

The Department should ask for bank information, creditors, business manager's name, and business license. There should also be something that provides a guarantee for the payments. For tax returns, ask for three years and any documents regarding a name change.

Where the applicant has to demonstrate in writing how it benefits native Hawaiians directly or indirectly, it should be expanded for training, employment, education, or for other opportunities so that the applicant understands what is meant by directly or indirectly.

Last is the time frame. The RP is a month-to-month, will there be a period that is longer than a year. How many renewals can they have before they need to reapply?

Commissioner Neves noted that the parcel list made two different statements; the list needs to be distinct and consistent. One statement says it is a non-homestead parcel suitable for disposition month-to-month, and the other says it needs to be developed in 20-years.

He is concerned about discounts off the fair market rent, especially at 50%. He reiterated that things like credit check, DCCA, security deposit plus the first month's rent, general liability insurance, are requirements.

In the scoring criteria under A, he wants to know where the person's experience is, if farming, where? What kind of experience and what groups have they worked with?

Commissioner Neves agreed to a sliding scale points system depending on the evaluator evaluating the applicants. Regarding the DCCA, he would eliminate that. The tenant history should be with written references from the landlord and the mortgage company for a minimum of 5-years. Chapter 343 should not be included in the process.

Commissioner Neves stated the benefit to native Hawaiians is the responsibility of the Department; anything else is subjective.

At the next presentation, he would like to see the actual language of a revocable permit. Commissioner Neves asked if he could follow up with his comments in writing. Chair Ailā stated that the comments have been made and are on the record, and Commissioners can follow up by forwarding their comments in writing.

Commissioner Kaleikini stated he supports the purpose of the pilot program. He shares similar concerns about large tracts being issued to non-beneficiaries and short-term use being held for long periods. He supports beneficiary participation and consideration for longer-term disposition. He understands that the pilot program evaluates and assesses what the next steps would be going forward. He would be submitting his comments in writing as well.

Commissioner Teruya stated that she supports Commissioner Ka'apu and Neves' recommendations. She would also like to see a business plan and a financial plan submitted for each application. It would make it easier for the vendor to ask for a State HHC compliance, which shows the tax clearance and DCCA good standing.

Commissioner Teruya asked about the initial test parcel in Waimānalo if it was Cook's Ranch. K. Albinio stated it is not. She asked if there was an interested party for the test parcel. K. Albinio agreed and added that they want to maintain it as a stable. Chair Ailā stated the Department is going through the process to allow for an RFP, and because it is in the preliminary stages, it is best not to share the identity.

Commissioner Teruya asked if Commissioners see the applications submitted for the test pilot parcel. K. Albinio stated after it is awarded, it is presented to the Commission identifying the awardee.

Commissioner Neves stated he had issues with past HHC actions that may affect how the current Commission manages the policy. He suggested adding it to the executive session to seek legal counsel. Chair Ailā stated if there is a legal basis or legal question regarding the impact of past Commission actions relative to the new program. It should be brought up in an executive session.

Chair Ailā stated once the Department can implement the new RP process, it can review all the existing RPs for ROEs.

RECESS 12:00 PM
RECONVENE 12:06 PM

MOTION/ACTION

Moved by Commissioner Namuʻo, seconded by Commissioner Awo to convene in an executive session pursuant to Section 92-5(a)(4), HRS, to consult with its attorney questions and issue pertaining to the Commission's powers, duties, privileges, immunities, and liabilities. Motion carried unanimously.

Commissioner Awo asked that members of the Enforcement Team ("E-Team") be present as he had procedural questions. Chair Ailā stated the E-Team did not prepare for that because the prepared report needed additional information. He would let the Commission know that the E-Team did not finalize the report, and the Chair asked that the E-Team gather more information regarding King's Landing.

EXECUTIVE SESSION IN 12:11 PM

The Commission anticipates convening an executive meeting pursuant to Section 92-5(a)(4), HRS, to consult with its attorney on questions and issues pertaining to the Commission's powers, duties, privileges, immunities, and liabilities on these matters.

1. Update on issues related to Telecommunication Services on Hawaiian Home Lands
2. Discussion on Right of Entry 294 to King's Landing, Keaukaha, Island of Hawai'i, TMK No. (3) 2-1-013:001 (por.)

EXECUTIVE SESSION OUT 2:33 PM

Note: Deputy AG Jason Hirata replaced deputy AG Ryan Kanaka'ole at 2:35 PM

LAND MANAGEMENT DIVISION

ITEM F-1 Approval to Issue Right of Entry to Hawaiian Telcom, Maku'u, Island of Hawai'i, TMKs: (3) 1-5-119:051, (3) 1-5-118:048, (3) 1-5-120:036, (3) 1-5-121:046

RECOMMENDED MOTION/ACTION

Acting Land Management Division Administrator Kahana Albinio presented the following: Motion that the Hawaiian Homes Commission approve the right of entry to Hawaiian Telcom to begin the repairs needed.

MOTION

Moved by Commissioner Helm, seconded by Commissioner Kaleikini to approve the motion as stated in the submittal.

DISCUSSION

K. Albinio introduced Director for Network Planning and Engineering Dan Masutomi from Hawaiian Telcom to answer questions.

D. Masutomi stated that Hawaiian Telcom wants to upgrade the facilities so the beneficiaries can get the high-speed internet service that they have been asking for. The approval will allow Hawaiian Telcom to start serving the beneficiaries immediately.

Commissioner Kaleikini asked what the timing was to service the lessees assuming approval is granted. D. Masutomi stated the majority would be able to get service within 30-days; however, some areas that require fiber extension will take a little longer.

ACTION

| Moved by Commissioner Helm, to approve the motion as stated in the submittal. Seconded by Commissioner Kaleikini | | | | | | |
|--|---|---|-------------|---------------|--------------------|---------|
| Commissioner | 1 | 2 | AE (YES) | A'OLE (NO) | KANALUA ABSTAIN | EXCUSED |
| Commissioner Awo | | | X | | | |
| Commissioner Helm | X | | X | | | |
| Commissioner Ka'apu | | | X | | | |
| Commissioner Kaleikini | | X | X | | | |
| Commissioner Ka'upu | | | X | | | |
| Commissioner Namu'o | | | X | | | |
| Commissioner Neves | | | X | | | |
| Commissioner Teruya | | | X | | | |
| Chairman Ailā | | | X | | | |
| TOTAL VOTE COUNT | | | 9 | | | |
| MOTION: [X] UNANIMOUS [] PASSED [] DEFERRED [] FAILED Motion passed unanimously- nine (9) Yes votes | | | | | | |

OFFICE OF THE CHAIR

RECOMMENDATION

Chair Ailā asked for a motion to establish a Permitted Interaction Group (PIG) comprised of Commissioners David Ka'apu, Michael Kaleikini, Randy Awo, and himself, Chair Ailā, for the purpose of identifying a path for a solution to King's Landing.

MOTION/ACTION

| Motion moved by Commissioner Ka'apu, to establish a Permissive Interaction Group (PIG) for the purpose of identifying a path for a solution to King's Landing. Motion passed unanimously. Seconded by Commissioner Helm | | | | | | |
|---|---|---|--------------|---------------|--------------------|---------|
| Commissioner | 1 | 2 | 'AE (YES) | A'OLE (NO) | KANALUA ABSTAIN | EXCUSED |
| Commissioner Awo | | | X | | | |
| Commissioner Helm | | X | X | | | |
| Commissioner Ka'apu | X | | X | | | |
| Commissioner Kaleikini | | | X | | | |
| Commissioner Ka'upu | | | X | | | |
| Commissioner Namu'o | | | X | | | |
| Commissioner Neves | | | X | | | |
| Commissioner Teruya | | | X | | | |
| Chairman Ailā | | | X | | | |
| TOTAL VOTE COUNT | | | 9 | | | |
| MOTION: [X] UNANIMOUS [] PASSED [] DEFERRED [] FAILED Motion passed unanimously- nine (9) Yes votes | | | | | | |

ANNOUNCEMENTS AND ADJOURNMENT

NEXT MEETING

The next meeting will be held on December 21 & 22, 2020, TBA

MOTION/ACTION

Moved by Commissioner Helm, seconded by Commissioner Awo, to adjourn the meeting.
Motion carried unanimously.

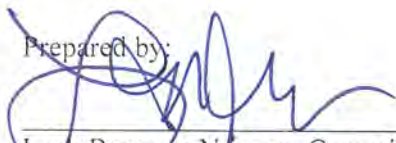
ADJOURNMENT

2:35 PM

Respectfully submitted:


William J. Ailā Jr., Chairman
Hawaiian Homes Commission

Prepared by:


Leah Burrows-Nuuanu, Commission Secretary
Hawaiian Homes Commission

APPROVED BY:

The Hawaiian Homes Commission at its regular monthly meeting on:

December 20, 2020



William J. Ailā Jr., Chairman

Attachments:

1. Public Testimony – Vanessa Iopa
2. Public Testimony - Eldon Masuoka
3. Slide Presentation – Item C-3
4. Slide Presentation – Item D-13
5. Slide Presentation – Item E-1
6. Slide Presentation – Item F-1
7. Slide Presentation – Hale Makana O Uluwehi AKA Ulu Ke Kukui

11/11/20

To: DHHL Commissioners
91-5420 Kapolei Parkway
Kapolei, Hi. 96707

RE: Violations in residential zoning: Roosters / fighting chickens

DHHL Commissioners,

My name is Eldon Masaoka. I am a 3rd generation Hawaiian Homes lessee. I currently reside in the Keaukaha Homestead on Hawaii Island and have lived at my residence for the last 17 years. This land was passed down from my grandparents to me where I currently raise my family with my wife. My mom and her siblings grew up on the same land. The reason I am writing to the commission is the repeated residential violation that has been occurring for over the past 3 years + with roosters on the adjacent property and lack of enforcement on the issue.

A brief history of the issue is as follows. In early 2017, the resident at 1238 Kalaniana'ole Ave began bringing roosters to the lot and leaving them there. All while no one was living at house. No one had been living legally at the residence for some time prior to this. In June of that year, I was able to talk to the individual who was bringing in and caring for the roosters and asked him to remove the roosters as they were bothersome to my family by crowing at all hours of the day and night, especially when no one was there to tend to them. Over the next few weeks more roosters were brought to the lot. At the first opportunity I also talked to the lessee, Joe Masuno. I shared my feelings about the roosters and nothing changed. In October of that year, the lessee, Mr. Masuno, approached me and accused me of calling Hawaii County and complaining of the roosters on the property. DHHL was notified at this point. The only reason I was accused is because he said "everyone else around here is his family, and they don't care about the roosters and you are the only one that complained to me." Even though I was not the person that complained to the county about the roosters, I reassured him that I didn't call the county and that some other neighbor (his "family") called to complain. Since I was accused, and he provided me with that information, I took it upon myself to contact Mark Iwamoto of the Hawaii County planning department, and the DHHL office, Nina Fisher, to follow up.

From that point to now (3+ years later), DHHL Hilo office, DHHL enforcement agents (David Hoke and Kip Akana), and the county planning dept. have been to the residence **numerous times** and informed both the resident and the lessee to remove the roosters and that it was a violation of residential property. The resident and lessee have been threatened with fines, non-transfer of the lease to their beneficiary, as well as possible loss of the lease. At one point the resident did remove the roosters, but after about 3 weeks, they brought the roosters back and then more chickens. At that point Mark at the planning dept. was contacted by me and told of the situation. I was told that the county has no jurisdiction over DHHL lands and that DHHL needs to enforce their rules, which are the same as private properties since DHHL and the county have a memorandum of agreement between the 2 agencies. I have attempted to keep in

contact and be informed from the DHHL Hilo office of the situation. I have documentation of all communication and attempts. At one point Nina stopped returning any of my numerous phone calls or emails. The next step was to reach out to Mona Kapaku on May 26, 2020, since there was no response from Nina in months. Since then, the situation has only gotten worse and now the resident has placed a majority of the roosters further away from his home and closer to my fence and home, probably in spite. So that is why I am contacting the commission to assist in resolving these issues.

My wife and I value our sleep. It is well documented the effects of sleep loss on cognitive performances, decision making and attentiveness. I am a Fire Captain for the county and I work 24-hour shifts. My job requires me to be attentive, to make sound, clear, quick decisions that deal with individual's lives in an emergency. My decisions, if done wrong can have major repercussions including death or injury to either my personnel, the public, or myself. Not getting a proper nights rest that I should be allowed to in my own home, can have serious issues in my line of work. With my sleep being interrupted at any hour of the night, being woken up way before I need to can and will be detrimental to myself and others. Even if I had a busy night at work, I am still unable to get a nap in during the day because the roosters are constantly squawking, crowing and making noise. Then as you can see, it just gets compounded to the next night of having my sleep interrupted by these roosters that should not be there. My wife is an elementary school teacher for the DOE. She has the same problem of getting a peaceful nights sleep as it is always interrupted with roosters crowing and various and multiple times of the night.

In closing, I am not asking the lessee to lose his lease. I am asking to have the roosters and chickens removed from this residential lot so that my neighbors, my family and myself can get a peaceful night of sleep. Being considerate of those around you goes a long way and we wouldn't have any of the problems that we have now. Should the lessee decide that he wants to lose his lease over some roosters that is totally their own decision. They were given 3+ years and multiple opportunities to comply, but ultimately have not.

I hope to get this issue resolved soon. If anyone from the commission have any questions or concerns feel free to reach out to me via my email at eldonmasaoka@yahoo.com. Mona Kapaku, Nina Fisher, David Hoke, Kip Akana, and Mark Iwamoto (planning dept.) should be all able to testify on behalf of this issue. If you need my notes of conversations, emails and phone calls over these years, feel free to request them and I will gladly provide what I have.

Sincerely,

Eldon Masaoka
351 Nahale'a Ave.
Hilo, Hi.

November 13, 2020

Dear Hawaiian Homes Commissioners:

My name is Vanessa Iopa, this letter is to address the "Successorship" of my brother Milton L. Iopa.

On May 20, 2019, I addressed Chairman Aila and the Hawaiian Homes Commissioners in Waimea. I submitted my letter for their review, so that they will understand as to what happen when our mother Mrs. Ida Iopa was alive and the lessee of the Pana'ewa Lot.

I strongly believe that I was not given the opportunity to explained myself and should I had been given that opportunity this Successorship process wouldn't have to be dragged out like this. I was told by Chairman Aila on that day in Waimea, that legal representation from the Attorney General's office was being conducted regarding Milton's case.

4 months had passed and still I received no answer. I than requested to be on the October 21, 2019 Hawaii Homes Commissioners agenda in Hilo, which I was able to once again address Chairman Aila and the Commissioners. Again, to be told the same response, legal representation was being conducted by the Attorney General.

A year now has passed, so did my husband. I stopped by the Hilo office about 3 months ago to find out if there was any new status on Milton's case, I was told no nothing yet. I am now pleading that my letter be addressed as to what the status of my brother Milton Iopa's Successorship is, so that I can move forward with my life.

I responded to a Public Notice in the newspaper about Milton's lease, realizing that he did not put a successor on his lease. Although I Vanessa, Lee Ann, and Milton who are first cousins, our grandmother Ida Iopa, who was the lessee of the Pana'ewa lot legally adopted us which we all became legally sister and brother.

I and Lee Ann was first adopted by our grandmother who we called mama at a young age, Milton was adopted later, I believe he was 50 years of age.

Long story short; I submitted all the needed documents to the Hilo office to claim Milton's lease, now I'm not sure what exactly legal representation conducted by the Attorney General was all about, no one explained that to me.

What I do know is being that we were legally adopted by our grandmother, that makes us sister and brother, I met the blood quantum and submitted all my documents. There are illegal squatters on my brothers' lot right now, who have no right to be there, they are not even native Hawaiians as the Hawaiian Homes Commission Act consist of, yet the Department of Hawaiian Home Lands allow them to occupy. I am sure reading this letter you can hear the frustration; I have endured and hope you are able to address this concern.

Vanessa Iopa



HAWAIIAN HOME LANDS

HAWAIIAN HOMES COMMISSION • DEPARTMENT OF HAWAIIAN HOME LANDS

C-3

FINANCIAL ASSISTANCE TO RESIDENTIAL APPLICANTS TO PURCHASE A HOME

November 16-17, 2020



Purpose

- Address the Residential Applicant Waiting List
- Provide a mix of housing opportunities that reflect the needs and desires of native Hawaiian beneficiaries (DHHL General Plan)
- Opportunity to keep Hawaii lands for native Hawaiians
- Grow the Hawaiian Home Lands Trust one property at a time
- New pilot program distinct from existing homesteading program



Proposed Pilot Program

- Down payment assistance provided to applicants on the waiting list to purchase residential property on Oahu for this pilot
- Beneficiary cannot reapply to DHHL as long as they own the property purchased with DHHL funds
- Amount of assistance TBD
- Assistance to be treated as a “second” to be paid back in full at any time or upon the sale of the residence
- DHHL retains “first right of refusal” to purchase property if placed for sale
- Recommend that beneficiary contribution to down payment be required



Considerations for Pilot Program

| ISSUE | RESPONSE |
|----------------------------|--|
| Funding | Consider a pilot program with \$1 million from NHRF for the program and additional funds for administrative costs. |
| Staff | Current hiring freeze will likely require program administered through fee for service. |
| Match requirement | The applicant should match any funding provided by NHRF with a cap on the amount per applicant. Amount of match is open to discussion (50/50, 60/40 or other amount) |
| Property requirements | Must be owner occupant able to qualify for financing. Pilot program limited to Oahu. Not intended for rentals. |
| Ready and able to purchase | Since fee simple transaction must show ability to purchase through loan prequalification, deadlines are rapid. |
| Deployment of the program | Applicants identify an interest in the program, meet criteria, and served based on date of application. |



Funding Considerations for Pilot Program

- Start with \$1 million of Native Hawaiian Rehabilitation Funds
- Number of families assisted depends on size of down payment provided to each family and beneficiary contribution

| | Single Family Home | Condo |
|---|--------------------|--------------|
| Median Price | \$880,000.00 | \$430,000.00 |
| Down Payment of 20% (no mortgage insurance) | \$176,000.00 | \$86,000.00 |
| Down Payment of 5% | \$44,000.00 | \$21,500.00 |
| Down Payment of 3% | \$26,400.00 | \$12,900.00 |



Issues for Discussion

- Can the beneficiary transfer the benefit of the down payment assistance to a member of their family (like a transfer of lease)?
- Should the program be limited to “first-time homebuyers” (often defined as not owning property for 3 years prior) or should applicants that currently own property have the opportunity to participate?
- Can down payment assistance be used for condo, town house, leasehold, coop residential purchases or should it be limited only to single family in this pilot?
- What impact will the second mortgage securing DHHL funds have on the beneficiary if they want to do future home equity lines of credit or financing? Can it be a deed restriction? Can the beneficiary pay it back at any time and be released from the obligation or only upon sale?
- Should there be additional considerations to limit risk to the trust if loans default? Minimum Loan to Value (LTV) ratios of debt to value? Credit score of applicant?



Next Steps

- HHC feedback incorporated via Budget Approval (estimated December 2020)
- Begin process to secure vendor to implement Pilot Program
- Following selection of vendor, brief the HHC on workplan and timeframe
- Require vendor to evaluate pilot program, recommend necessary steps to implement future program if warranted.

Mahalo



DEPARTMENT OF HAWAIIAN HOME LANDS

www.dhhl.hawaii.gov



HAWAIIAN HOME LANDS

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D-13

DHHL LOAN PRODUCTS

November 17, 2020



Lending on DHHL Lands

Hawaiian Homes Commission Act, 1920, as amended

§208. Conditions of Lease (6)

Notwithstanding the provisions of paragraph (5) the lessee, with the consent and approval of the commission, may mortgage or pledge the lessee's interest in the tract or improvements thereon to a recognized lending institution authorized to do business as a lending institution in either the State or elsewhere in the United States; provided the loan secured by a mortgage on the lessee's leasehold interest is insured or guaranteed by the Federal Housing Administration, Department of Veteran's Affairs, or any other federal agency and their respective successors and assigns, which are authorized to insure or guarantee such loans, or any acceptable private mortgage insurance as approved by the commission.



Lending on DHHL Lands

Hawaiian Homes Commission Act, 1920, as amended **(cont'd)**

§208. Conditions of Lease (6)

The mortgagee's interest in any such mortgage shall be freely assignable. Such mortgages, to be effective, must be consented to and approved by the commission and recorded with the department.



Lending on DHHL Lands

DHHL has a variety of different lending programs

- DHHL Direct loans and advances
 - Per HHCA, DHHL loans restricted to ½ of FHA County limit
- DHHL Guaranteed loans
 - *US Dept. of Agriculture - Rural Development*
 - *US Veterans Affairs*
 - *Office of Hawaiian Affairs*
 - *City & County of Honolulu*
 - *Hawaii Habitat for Humanity*
 - *US Small Business Administration (disaster loans)*
 - *Others (FCUs, other non-profits, & local government)*
- Conventional Loans (ASB, BOH, & HNB) w/Private Mortgage Insurance
- HUD's 184A guaranteed and FHA 247 insured loans

Total Portfolio: 4,800+ loans totaling ≈ \$611 million



Lending on DHHL Lands

FHA Mortgage Limits By County (as of 1/1/20):

- Hawaii - \$391,000
- Honolulu - \$721,050
- Kalawao - \$690,000
- Kauai - \$713,000
- Maui - \$690,000



Lending on DHHL Lands

HUD 184A Loans (created in May of 2006)

- Loans guaranteed by HUD-ONAP (Office of Native American Programs)
 - BOH, Homestreet, and Homebridge originate and service 184A loans
 - Bank2 and PennyMac only service 184A loans
- Lessee pays 1% guaranty fee



Lending on DHHL Lands

HUD 184A Loans (cont'd)

Loan-to-Value ratios:

- Purchase – 97.75%
- Cash out refinance – 85% LTV and limited to \$25,000 cash out to borrower (debt consolidation allowed)
- Streamline and/or Rate Term refinance – LTV ratios not applicable



Lending on DHHL Lands

HUD 184A Loans (cont'd)

Loans Outstanding (as of 6/30/20):

- Bank of Hawaii: 157 loans ~ \$35.5 million
- Bank2: 57 loans ~ \$11.9 million
- Homebridge: 8 loans ~ \$1.8 million
- Homestreet Bank: 106 loans ~ \$24.5 million
- PennyMac: 203 loans ~ \$42.7 million
- **TOTAL: 531 loans ~ \$116.4 million**



184A Loans

- Defaulted Loans
- If a loan is defaulted upon, servicing lender requests a “Demand for Payment” to HUD to honor the guaranty
- HUD then reassigns mortgage to DHHL for servicing/cancellation
- As of 10/31/20
- DHHL servicing 5 loans (~ \$1.4 million)



184A Buyback Loans

- MOU states DHHL has one (1) year from assignment of mortgage date to cancel lease.
- If the lease is cancelled, DHHL is to repay HUD the lesser of the outstanding balance or the appraised value with trust funds and DHHL is reimbursed with funds from the re-awarding of the lease (no contingent liability to DHHL)
- However, if the lease is not cancelled, DHHL is to repay HUD the entire amount paid to the lender and any additional accrued interest and fees (subsequent deficiency balance becomes a DHHL liability)



Lending on DHHH Lands

FHA 247 Insured Loans (created in July of 1987)

- Loans insured by HUD-FHA (Federal Housing Administration)
- Lessees pay 3.8% one-time upfront insurance premium
 - No monthly insurance premium
- Loans approved and serviced by participating lenders
 - Any FHA approved lender



Lending on DHHH Lands

FHA 247 Insured Loans (cont'd)

Loan-to-Value ratios:

- Purchase – 96.5% (can exceed 100% with Mortgage Insurance Premium being financed)
- Cash out refinance – 75% (debt consolidation not allowed)
- Home Improvement refinance – 85% (all proceeds in excess of existing payoff amount must be used for home repairs/renovations)
- Streamline and/or Rate Term refinance – LTV ratios not applicable



Lending on DHHL Lands

FHA 247 Loans (cont'd)

HUD report as of 8/31/20:

- Total Portfolio – 2,822 loans (36 loan servicers) for \$462.3 million
- Largest Servicers:
 - PennyMac Loan Services – 672 loans; \$117.5 million
 - Homestreet Bank – 522 loans; \$89.4 million
 - Guild Mortgage – 295 loans; \$64.2 million
 - Loancare LLC – 219 loans; \$42 million



Lending on DHHL Lands

FHA 247 Loans (cont'd)

HUD report as of 8/31/20:

- Delinquency
 - 352 loans ~ \$59.6 million delinquent (12.5%)
 - PennyMac Loan Services: 88 loans ~ \$17.9 million
 - Homestreet Bank: 59 loans ~ \$11.8 million
 - Nationstar Mortgage: 28 loans ~ \$2.9 million
 - Loancare LLC: 26 loans ~ \$5.3 million



FHA 247 Buyback Loans

- Defaulted Loans

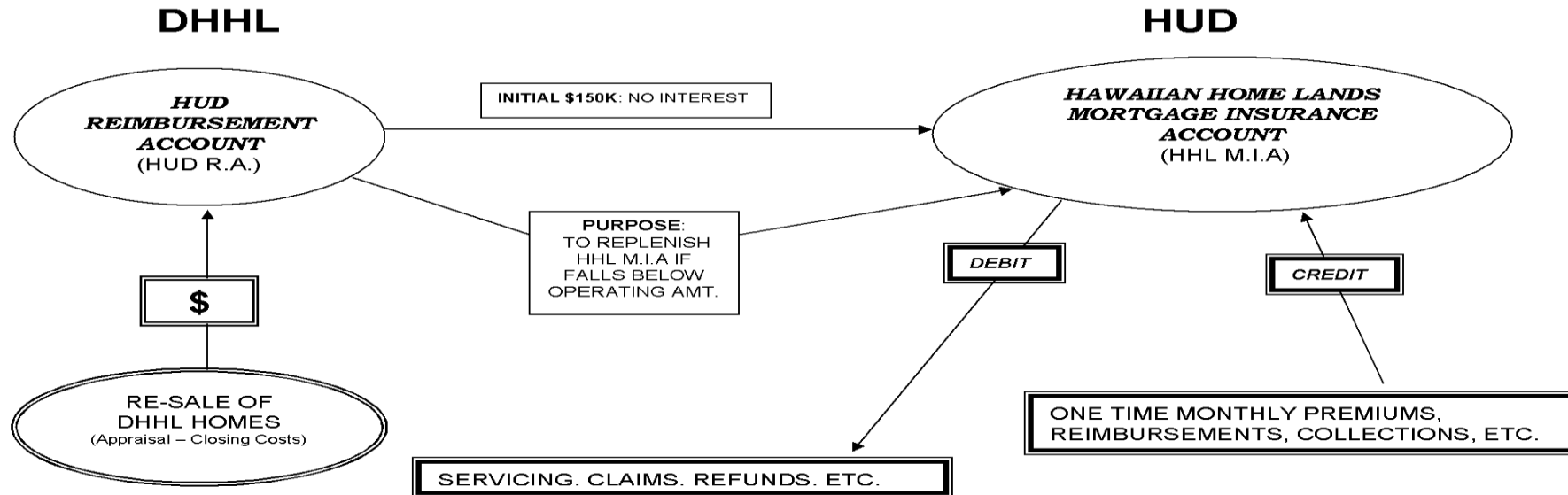
- If a loan is defaulted upon, servicing lender files an insurance claim with HUD
- HUD then reassigns mortgage to DHHL for servicing

- As of 9/30/20

- DHHL servicing 157 loans (~ \$19 million)
 - 125 loans ~ \$16.8 million are 180 days or more delinquent

Lending on DHHL Lands: FHA – How is it supposed to work?

HAWAIIAN HOME LANDS MORTGAGE INSURANCE ACCOUNT (HHL MIA)





Mahalo



DEPARTMENT OF HAWAIIAN HOME LANDS

www.dhhl.hawaii.gov



KAUAI ISLAND Project Updates

**JOINT
PLANNING OFFICE
LAND DEVELOPMENT DIVISION
Item E-1 Workshop
November 16, 2020**

Legend

- DHHL Property
- Exiting County Water Tank
- Existing Waterline
- Ditches
- Streams
- Reservoirs
- Piilani Mai Ke Kai

46 Farm Lots

Anahola Farm Ph 1

Anahola Farm Ph 2

Existing
Water
Tank

31 Bayview

Residence Lots

DHHL – USDA RD

Anahola

Anahola Farm Lots Water System Improvements

Kaneha
Reservoir

Mimino
Reservoir

Field 1 Kealia
Reservoir

Field 2 Kealia
Reservoir

Upper Anahola
Reservoir

Lower Anahola
Reservoir

0 1,500 3,000 6,000 Feet



FUNDS AWARDED BY USDA RD

(Accepted by HHC, Nov. 2018)

USDA 2016 FUNDING PACKAGE

| | |
|-------------------|--------------------|
| DHHL CONTRIBUTION | \$3,770,723 |
| USDA GRANT | <u>\$3,055,137</u> |
| SUBTOTAL | \$6,825,860 |

USDA 2018 FUNDING PACKAGE ADDS:

| | |
|------------|--------------------|
| USDA LOAN | \$4,100,000 |
| USDA GRANT | <u>\$1,999,946</u> |
| SUBTOTAL | \$6,099,946 |

GRAND TOTAL \$12,955,806



ANAHOLA FARM LOTS WATER SYSTEM IMPROVEMENTS

Phase 1:

Kaiwa Construction: \$3,196,408

- Replacement of transmission and distribution lines
- Improvement of pressure in mauka and makai lots
- Upgrades to meters and backflow preventers
- Upgrades to fire protection

Construction commencement: Feb. 2020

Expenditure to Date: est \$1.2M

Completion of Phase 1: est. May 2021



ANAHOLA FARM LOTS WATER SYSTEM IMPROVEMENTS

Phase 2:

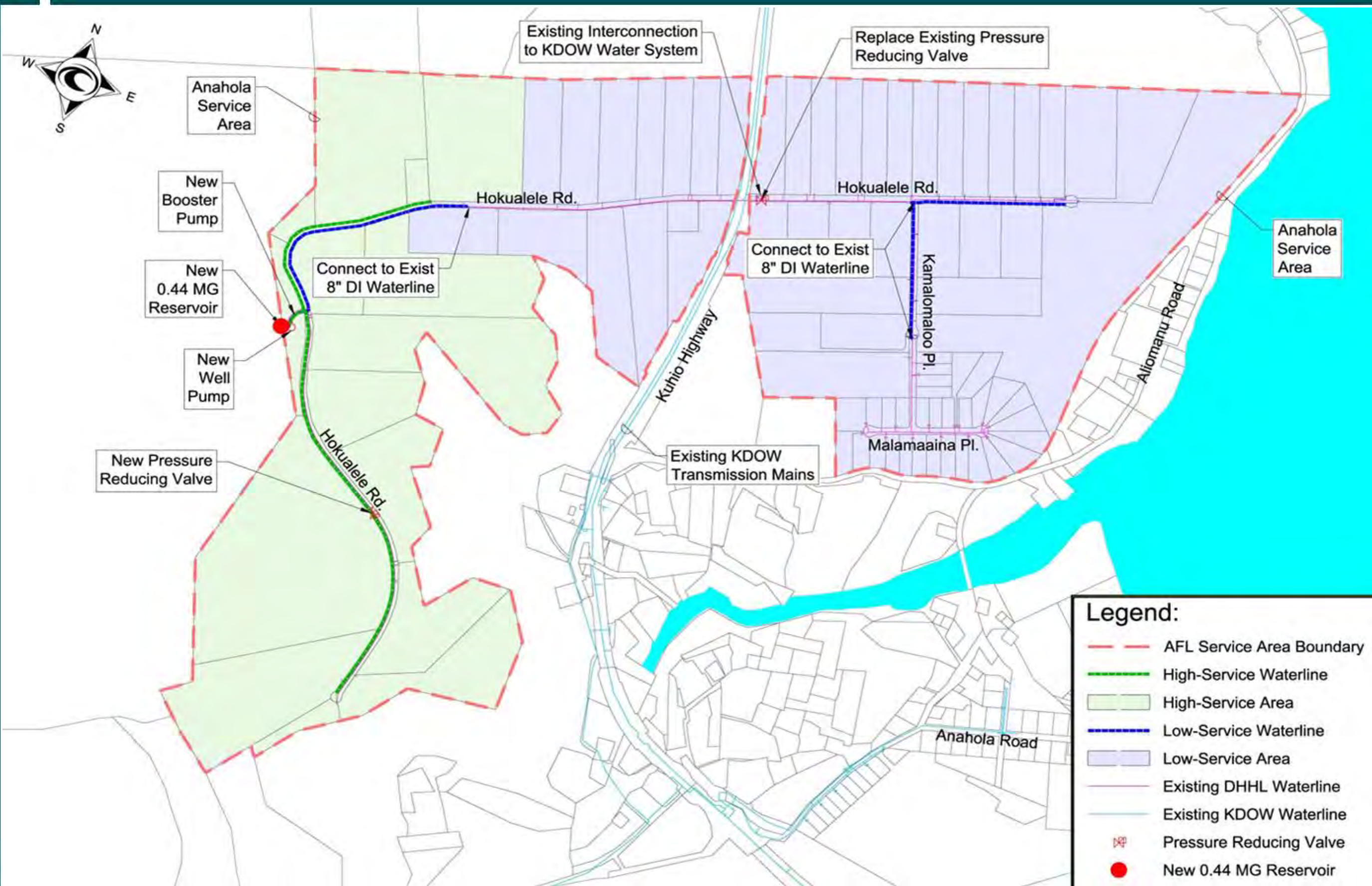
Kiewit Infrastructure West Co.: \$ 6,692,786

- New concrete water tank
- Pump station upgrades

Construction commencement: Dec. 2020

Completion of Phase 2: est. Nov. 2022

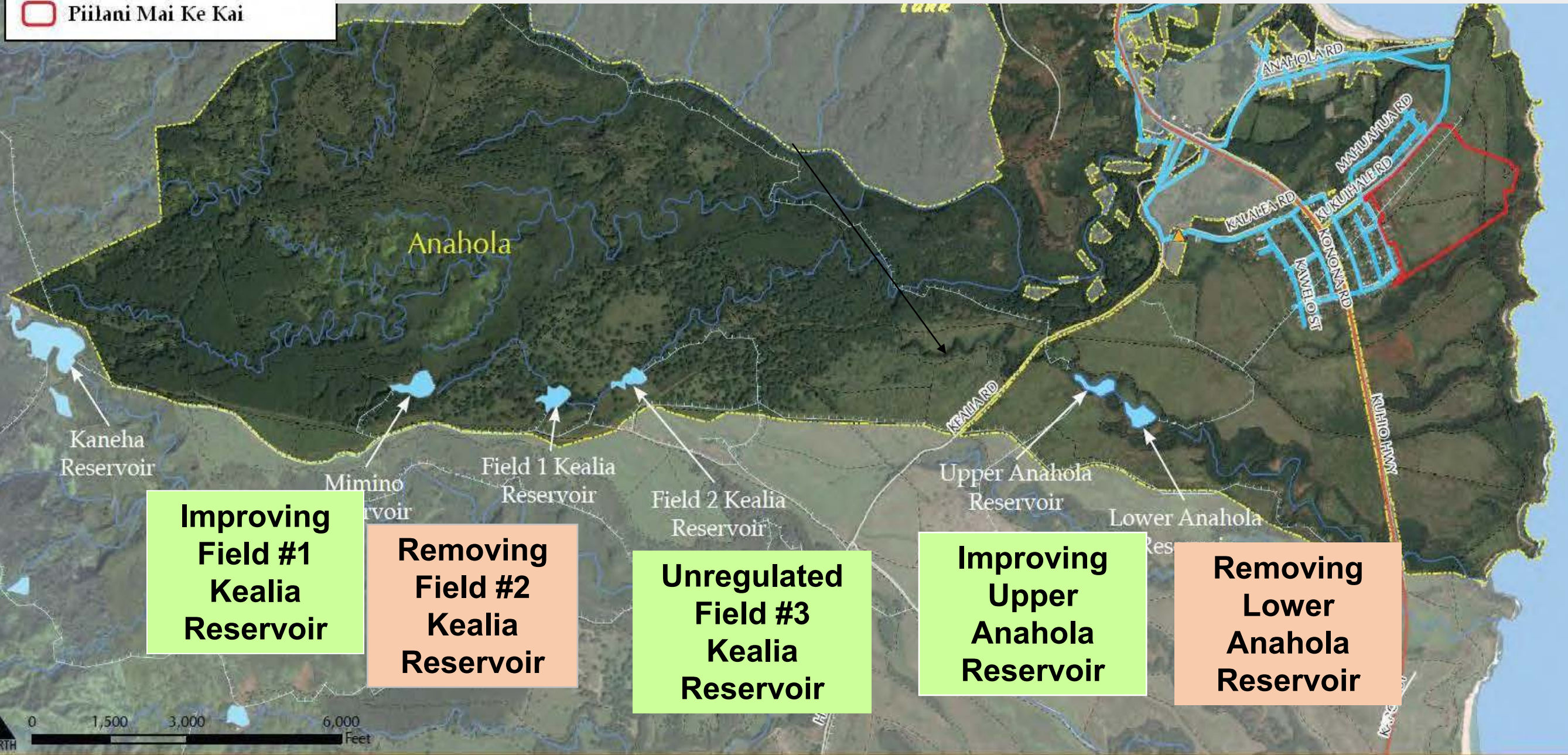
ANAHOLA FARM LOTS WATER SYSTEM





Anahola Dam & Reservoir Improvements

- \$3.0 Million Legislative Appropriation for Dam Improvements
- New design engineer procured in early 2019
- Demolition of Field #2 and Lower Anahola completed Nov. 2020



**Improving
Field #1
Kealia
Reservoir**

**Removing
Field #2
Kealia
Reservoir**

**Unregulated
Field #3
Kealia
Reservoir**

**Improving
Upper
Anahola
Reservoir**

**Removing
Lower
Anahola
Reservoir**

Anahola Kuleana Lot Settlement Plan

Legend

- DHHL Property
- Existing County Water Tank
- Existing Waterline
- Ditches
- Streams
- Reservoirs
- Piilani Mai Ke Kai

- Proposed Anahola Kuleana Pastoral and Subsistence Ag Lots
- Draft EA published May 2020;
- Assess Kealia Field #1 for Kuleana lots
- Reassess Upper Anahola improvements
- Additional design funds required for redesign for improvements or removal.
- Final EA anticipated to be completed 2nd Quarter 2021

Kuleana Lot Area Settlement Area

Improving
Field #1
Kealia
Reservoir

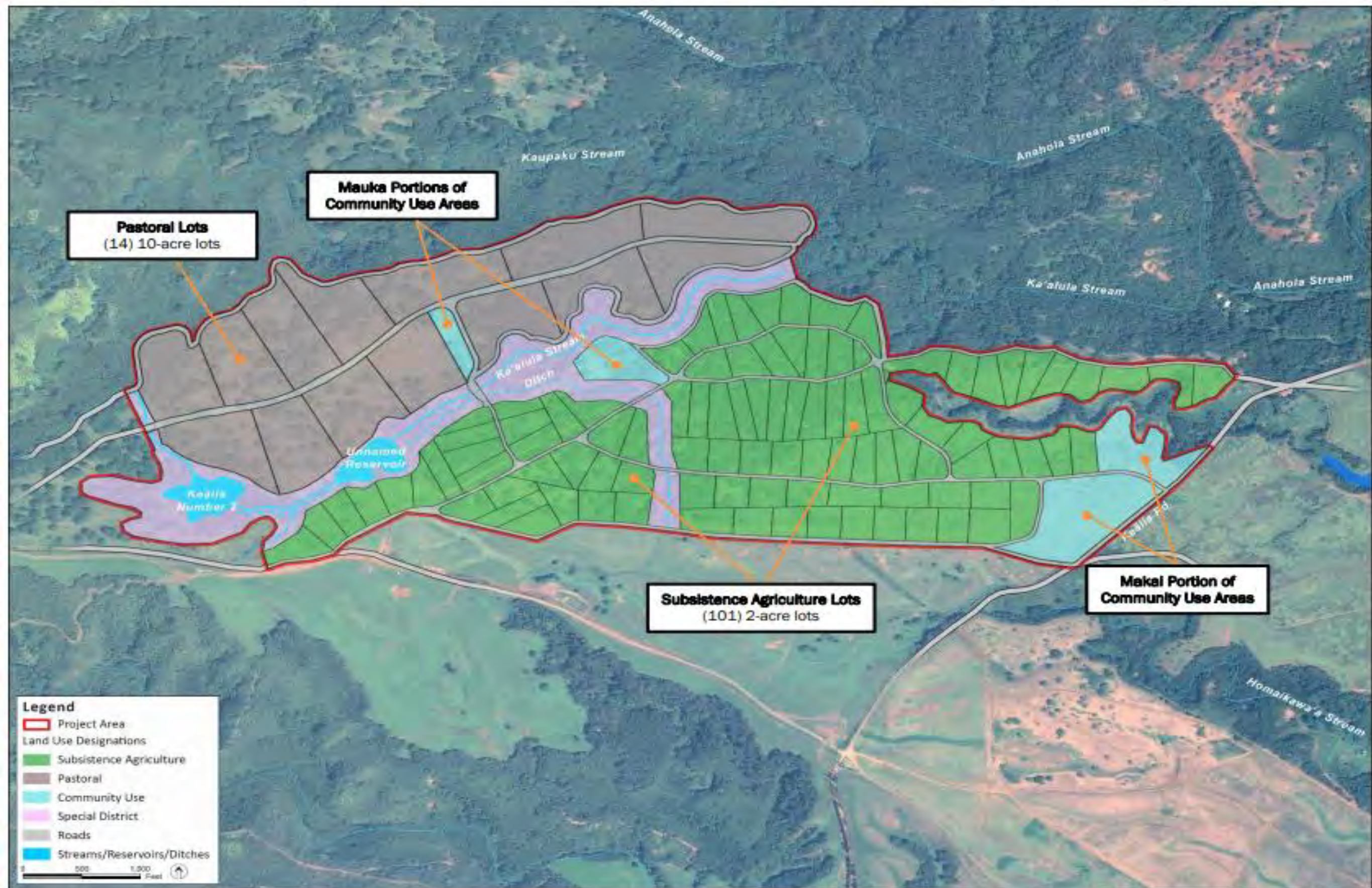
Removing
Field #2
Kealia
Reservoir

Unregulated
Field #3
Kealia
Reservoir

Improving
Upper
Anahola
Reservoir

Removing
Lower
Anahola
Reservoir

ANAHOLA KULEANA LOT SETTLEMENT





PI'ILANI MAI KE KAI

Pi'ilani Mai Ke Kai
Subdivision
Total 171 Lots

Phase 1: 80 Lots

Phase 2: 51 Lots

Phase 3: 40 Lots

Kukuihale Road

Kuhio Highway

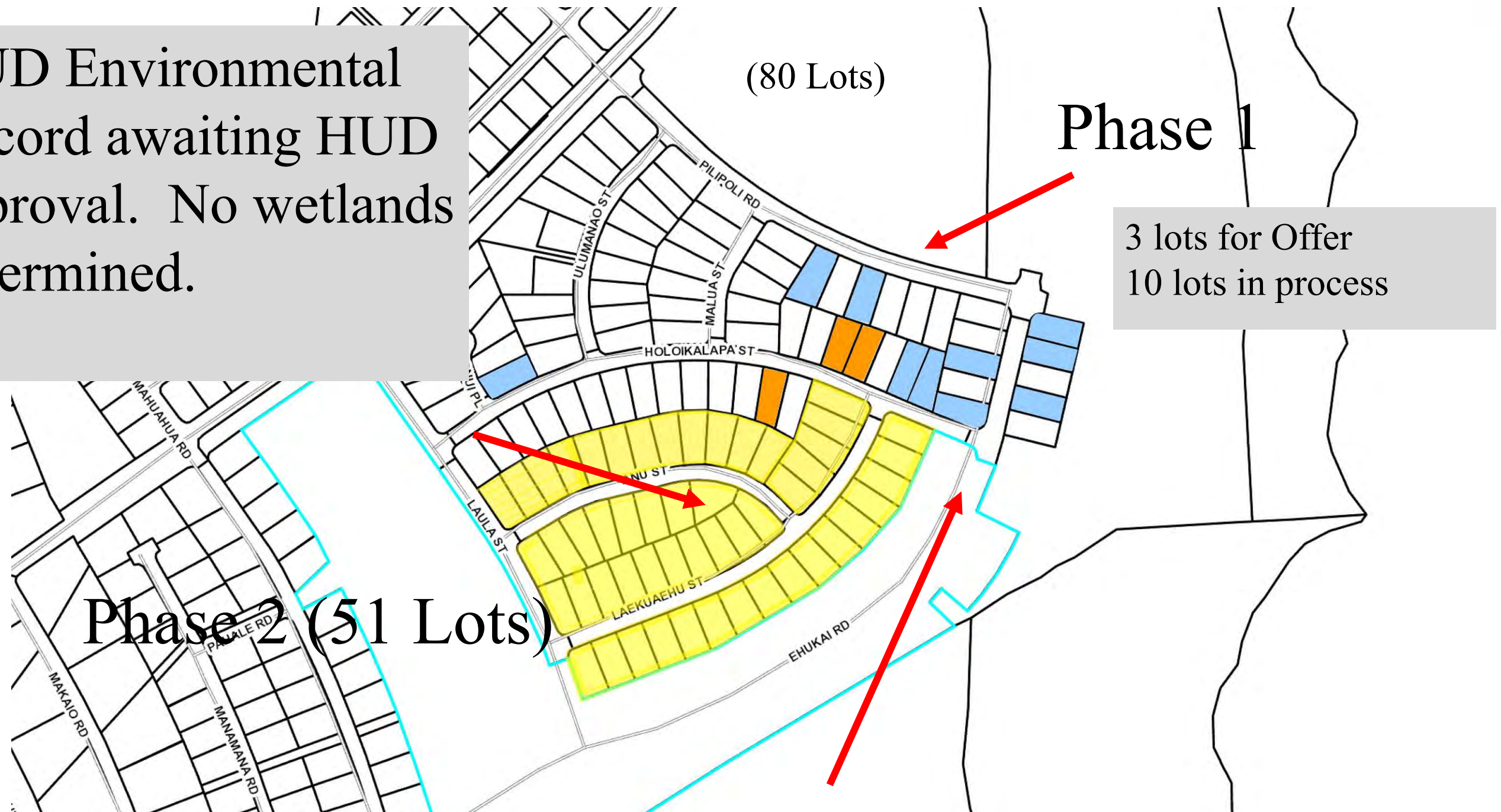
Kanuikapono Charter
School

Anahola, Kauai

Lot Assessment, Preparation for award & Offering in Progress

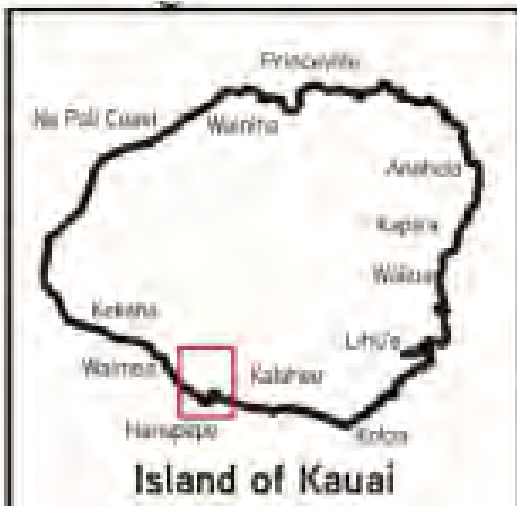
(Anahola – Piilani Mai Ke Kai Phases 1 & 2)

HUD Environmental
Record awaiting HUD
approval. No wetlands
determined.



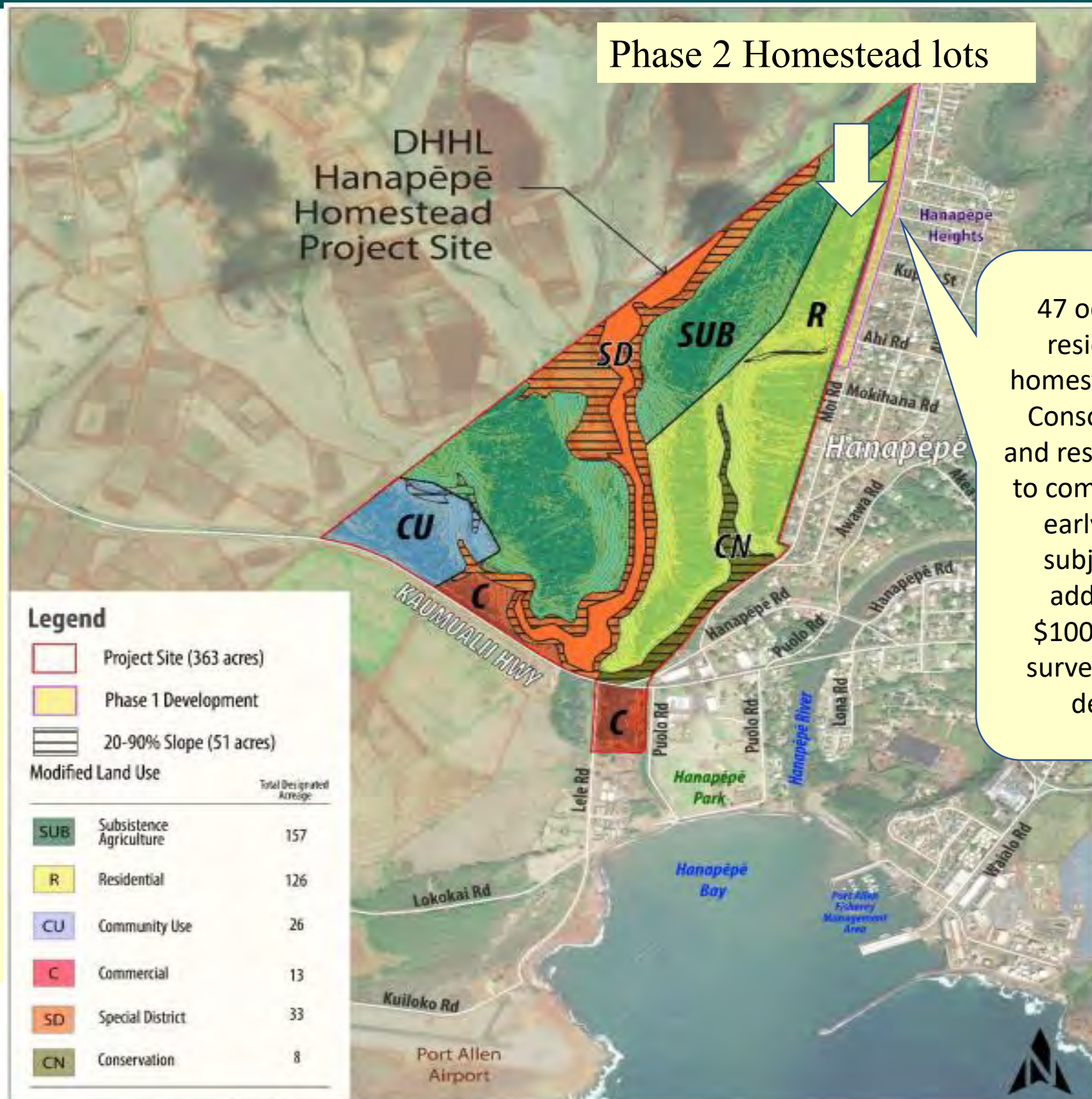
Phase 3 – Planned lots and roadway is impacted by
“wetlands determination” per USFAW

HANAPEPE MASTERPLAN AND ENVIRONMENTAL ASSESSMENT

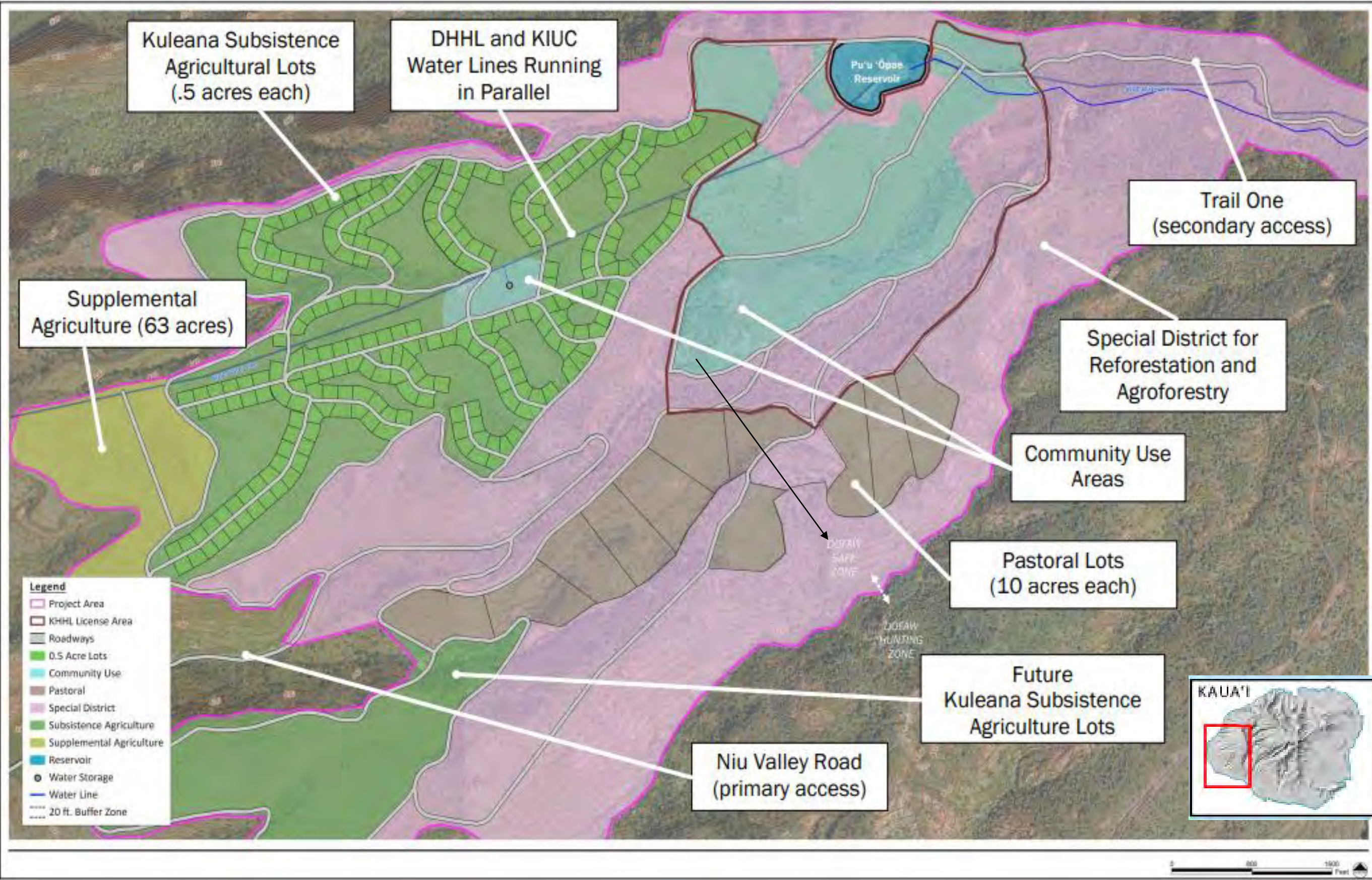


Legislative
Appropriation:
\$1,000,000
(Planning & Design)
Masterplan & EA
completed.

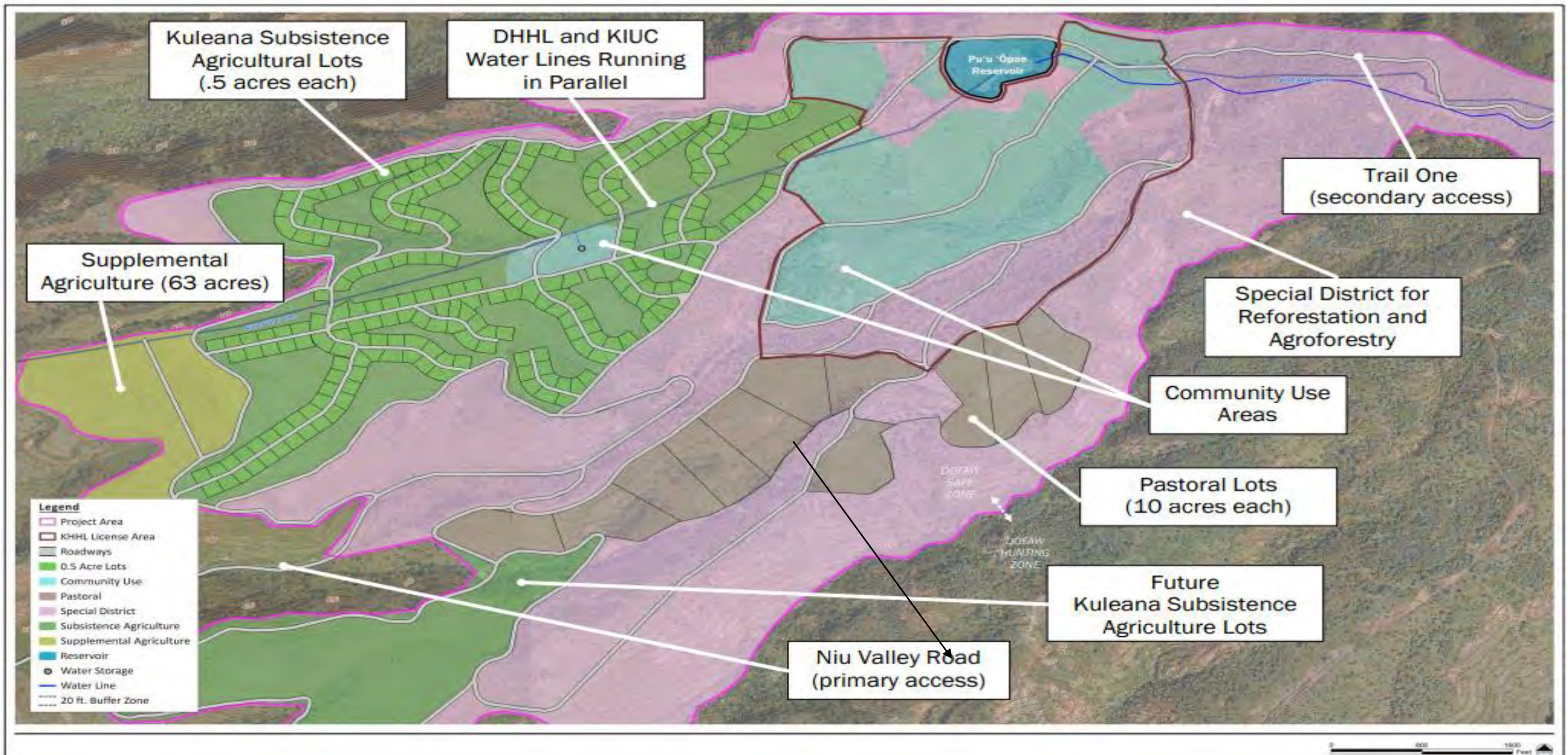
Phase 2, 75 new
residential lots onsite
infrastructure Design
funds of \$300,000
required




Pu'u 'Ōpae Kuleana Homestead Lots



Pu'u 'Ōpae Kuleana Homestead Lots



- Final EA approved by the HHC in July 2020
- KIUC has agreement with DHHL to make following improvements:
 - Ditch and transmission line improvements
 - Repair 3 existing reservoirs
 - Roadway improvements
- KIUC currently going through HRS 343 EA process



Hale Makana O Uluwehi

| | |
|--------------------------|--|
| Project Name: | Hale Makana O Uluwehi AKA: Ulu Ke Kukui |
| Proposed Action: | Repurposing of the Ulu Ke Kukui transitional apartments to meet the Department of Hawaiian Home Land's goal to provide rental housing opportunities to native Hawaiians on the waiting list to prepare them for permanent homestead ownership. |
| Location: | Maili, Wai'anae, Hawaii |
| Address: | 87-576 Kula'aupuni Street Waianae, HI 96792 |
| Lot Area: | 4.56 acres (198,817 SF) |
| Developer: | 'Ikenākea Development LLC |
| Owner: | Department of Hawaiian Home Lands |
| Contact: | Kali Watson (808) 529-0404 |
| Development Plan: | Renovation of the existing studios and two bedrooms into 40 spacious two-bedroom, two-bathroom units. There are five buildings and they will all contain 8 units each. |



'IKENĀKEA DEVELOPMENT

1188 Bishop St, Suite 907
Honolulu, HI 96813
T: (808) 529-0404
www.hawndev.org
www.3leafholdings.com

EXECUTIVE SUMMARY

This project has been planned in direct response to an RFP issued by DHHL, which has determined that transitional housing for non-Hawaiians is no longer an appropriate use for the trust property in terms of meeting DHHL's primary objective of providing affordable housing options for native Hawaiian families. By providing affordable rental housing for native Hawaiian families with incomes ranging from no more than 30% AMI to 60% AMI, coupled with homeownership education and assistance programs, Hale Makana O Uluwehi offers affordable housing to low-income native Hawaiian families who have been having a difficult time finding and accessing such housing on Oahu, while waiting for a DHHL award.

With over 28,000 beneficiaries on the DHHL waiting list, and with many part of the homeless population, Hale Makana O Uluwehi will appropriately serve as a stepping stone for native Hawaiians to prepare and financially qualify for permanent DHHL homesteads.

On an interim basis, the project site continues to be used as a transitional housing center for the homeless. Catholic Charities runs and maintains the five buildings, and runs service programs in the offices and cafeteria. Two child care organizations also provide services.

The \$18 million budget for redevelopment and renovation of the existing housing structures from 80 small transitional housing units to 40 more spacious and modern two bedroom two bathroom units requires leveraging DHHL assets to access State and Federal low-income housing tax credits, a Hula Mae bond, City funding and a permanent commercial loan. Being a very competitive process, the initial February 2020 attempt to secure funding from HHFDC was unsuccessful. We are now seeking federal HOME funds from the City to leverage and resubmit our funding request to HHFDC in January of 2021.



'IKENĀKEA DEVELOPMENT

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www.hawndev.org

UNIT MIX

| Restriction/Occupancy (AMGI=Average Median Gross Income) | 2 Bedroom Units (Original and Revised Mix) | |
|---|---|----|
| 30% | 4 | 4 |
| 40% | 4 | - |
| 50% | - | 8 |
| 60% | 27 | 27 |
| 80% | 2 | - |
| 100% | 2 | - |
| Manager's Unit | 1 | 1 |

SOURCES & BUDGET

| Sources | Amount |
|--------------------------------------|-------------------|
| Permanent Debt | 3,900,000 |
| Tax Credit Equity | 6,607,143 |
| HOME | 3,239,576 |
| Rental Housing Trust Fund | - |
| DHHL Buildings | 4,000,000 |
| Deferred Developer Fee (Contingency) | 386,640 |
| Total Sources | 18,133,359 |
| Budget | Amount |
| Construction | 13,182,429 |
| Soft Costs | 2,083,429 |
| Interest | 278,088 |
| Financing | 464,965 |
| Reserves | 174,448 |
| Total Developer Fee | 1,950,000 |
| Total Uses | 18,133,359 |



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