



Ka Nūhou

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Department of Hawaiian Home Lands

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Largest Hawaiian Homes Project in History Breaks Ground

The project is called the catalyst of the region



Governor Linda Lingle, HHC Chairman Micah Kāne and Kahu David K. Kaupu untie the maile during the groundbreaking ceremony for East Kapolei I.

man and director of the department. “Beyond just building homes, we want to build great communities and have a positive impact for the entire region we are in.”

Governor Linda Lingle, who participated in the groundbreaking, echoed the importance of the project. “East Kapolei I will pull in higher education opportunities, provide more economic opportunities in the region and more affordable housing opportunities,” said the Governor. “This project is really the key to developing an entire region that is going to be a great place to live, and it will also have a significant impact on improving traffic. The project is going to be good for everyone.”



Turning of the soil with the ‘ō‘ō, led by Kahu David K. Kaupu; shown left to right: Darrel Ing, DHHL Project Manager; Francis Lum, HHC O‘ahu Commissioner; Calvin Say, Speaker of the House of Representatives; Governor Linda Lingle; Micah Kane, HHC Chairman; Todd Apo, City Council Member; David Hulihee, President, Royal Contracting Company; and Donald Chang, HHC O‘ahu Commissioner.

The Department of Hawaiian Home Lands (DHHL) broke ground in August for the largest residential development in the department’s history – the 403-unit East Kapolei I project.

Located at the end of Kapolei Parkway, the project follows what was then DHHL’s largest development, the 326-unit Kaupē‘a subdivision less than a quarter mile away. East Kapolei I is considered the catalyst for the development of the region.

The project requires the installation of major infrastructure and that infrastructure is designed to also provide service to DHHL’s East Kapolei II subdivision, the University of Hawai‘i’s West O‘ahu Campus, and D.R. Horton-Schuler Homes’ Ho‘opili subdivision.

“For all intents and purposes, East Kapolei I allowed us to realize the development of the ahupua‘a,” said Micah Kāne, Hawaiian Homes Commission chair-

Leases in the subdivision will be awarded as an Undivided Interest Award so the beneficiaries will be able to accept a lease award now but have two to three years to qualify for a home loan.

“The Undivided Interest lease award was designed to help those who have been on the wait list for a long time but have not been able to accept a lease award because they couldn’t qualify for a loan. It is usually one to three years before the house is built, so it provides people with time to prepare to financially qualify for a mortgage,” said Kāne.

While the project is being developed, DHHL will provide financial guidance under its Home Ownership Assistance Program (HOAP) to help correct credit problems, create savings accounts, and initiate debt reduction.

Kāne said more than a thousand people are currently in the HOAP program, and in less than a year, some have qualified for a mortgage and have been able to select a home.

East Kapolei I is a 97-acre parcel with lot size expected to average 5,000 square feet. On-site improvements, including construction of roadways, drainage, sewer, water and electrical systems are estimated to cost \$31.7 million. Offsite improvements including the Kapolei Parkway extension, a 4.0 million gallon water reservoir, water transmission, water mains and sewer trunk lines are estimated to cost another \$20 million for the development.



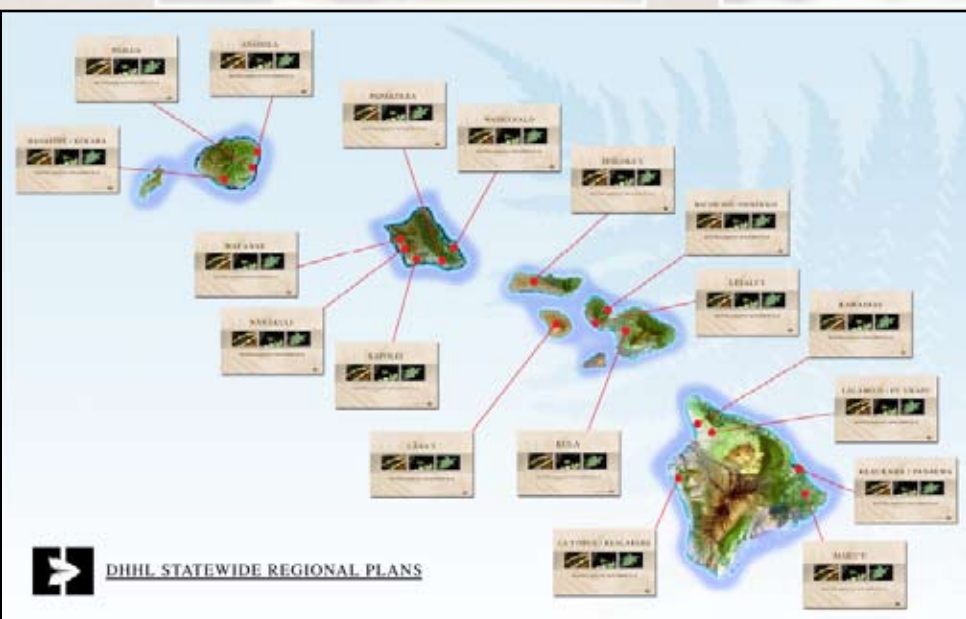
Regional Plans: Key to Strong and Vibrant Communities

In 2003, the department created a Strategic Plan that outlines the four goals of providing 6,000 leases in five years, holding the department accountable by addressing the Auditor’s Report, increasing self-sufficiency, and protecting the Hawaiian Homes Trust.

The department continues to make great strides in all areas and today, the first homes at Kaupē‘a on O‘ahu and Leiali‘i on Maui are visible. Ground has already broken in Kēōkea/Waiohuli on Maui and Pi‘ilani Mai Ke Kai in Anahola, Kaua‘i. Smaller projects in and around Hilo, Waimea, Moloka‘i and Lāna‘i are also in sight.

to cultivate strong, vibrant communities; but our responsibility must include the greater ahupua‘a.”

He added, “The health of our region, our ahupua‘a, is important to each person, each household and our native Hawaiian community will thrive in a healthy ahupua‘a.”



“We are building homes, and we now need to begin taking a larger role in improving the quality of life for our communities,” said Micah Kāne, Chairman, Hawaiian Homes Commission.

“The purpose of the Regional Plans is to make life better for everybody,” said Kāne. “We build homes for native Hawaiians, and we work

The Regional Plan is a comprehensive resource for the physical, social, and economical development of a particular region that puts DHHL in a leadership position in the community to help our beneficiaries.

Within the Regional Plans, there are priority projects for infrastructure such as roads, water, and sewers; and priority projects for public facilities such as schools and community centers.

The Regional Plan sets direction and identifies opportunities for collaboration with other key stakeholders (community, public and private sector) to develop DHHL lands for homesteading as well as improve the quality of life for the broader community.

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Chairman's Message

Aloha Kākou!

On August 22, 2006, we broke ground on our largest residential project to date, the 403-lot East Kapolei I subdivision. This site will also be the new home for the Department of Hawaiian Home Lands when we move from our downtown Honolulu offices at the end of 2007.

We have come a long way from a small, pocket developer to a major, master-planned developer and much of that is due to the work of our department staff and Hawaiian Homes Commissioners.

While the effort and commitment from our staff and commission is stronger than ever, and their ability to adapt and evolve into a master-planned developer has been phenomenal, we could not reach this point without the support of this administration.

Our largest residential projects, La'i 'Ōpua, Leiali'i, Kaupe'a, and East Kapolei are all lands that were recently transferred to the department at the direction of our Governor, Linda Lingle. I want to extend a heartfelt thank you to Governor Lingle for all the homes that our families will move into.

We are building homes and communities everywhere and we have been fortunate to be in a position to put more people on the land than ever before. While the building of homes and communities are set in motion, it is time for us to look at the greater ahupua'a



Chairman Micah Kāne

and begin realizing an opportunity to improve the entire region we live in.

The article on our Regional Plans is about our future and about our ability to build the future we want. That future is about all of Hawai'i and how important a role we as Hawaiians must play.

I encourage you to attend our Commission meetings so that you can be a part of the regional planning process in your community.

Let us see and create a future, with the best Hawaiian values, for all.

Aloha,

Micah

Changes in FHA-Insured Loan Program

In a new agreement signed by the U.S. Department of Housing and Urban Development (HUD) and the Department of Hawaiian Home Lands, the FHA 247 insured mortgage loan program has significant changes that should be noted.

The new loan agreement sets the ceiling for Loan to Value (LTV) ratios for refinanced loans at 75 percent. A Loan to Value ratio not exceeding 85 percent may be considered if the loan proceeds exceeding the payoff amount of the existing mortgage are for home renovations/improvements.

The loan program does not allow cash-out refinancing for debt consolidation.

The limitations are the result of an increasing number of FHA 247 loans being in default with lessees losing their homes. These lease cancellations are a concern to HUD and DHHL.

In 2005, FHA increased the LTV ratio to 95 percent to generate more volume for its loan programs. HUD has recognized the fact that the FHA 247 is a special one and did not necessarily fit with its other FHA loan products. The increase to 95 percent of the Loan to Value ratio made sense to their fee-simple mortgage loans but not to the FHA 247 loan program since land title is retained by DHHL. HUD realizes that the value of land has the most chance to appreciate in value when compared to improvement (home) value which normally depreciates.

As of June 30, 2006, 86 FHA 247 loans were 90 days or more delinquent. The delinquent loans amounted to approximately \$7.7 million.

While there are some limitations placed on the refinance aspect of the FHA 247 program, lessees who have satisfactory credit scores and the ability to repay their loan should still be able to use the equity in their home for whatever purpose they desire.

Lessees still have the possibility for higher LTV ratios with various local lenders who have approved programs that allow beneficiaries to refinance mortgages using conventional loan products. American Savings Bank has the Ho'olako Pono loan program and the Bank of Hawai'i has its Kāko'o Kaiāulu loan program. Both programs offer expanded financial options. Call a residential loan officer at either bank for more information.



Ka Nūhou

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DHHL logo created by Stacey Leong Mills. The lau and hōkū symbolize Papa and Wākea, the two cosmogonic creators of the Hawaiian people. Papa, Earth-Mother, is symbolized by the lau (kalo leaf). Wākea, Sky-Father, is symbolized by the hōkū (star).

Undivided Interest Awards

Many recipients transferring leases to the next generation



The first to select a Waimānalo Undivided Interest award was Allegra Kauo who was the proxy for her father Gaylord K. Kauo.

Hundreds of native Hawaiians gathered at the Kailua High School gymnasium in late July as the Department of Hawaiian Home Lands awarded 100 Undivided Interest residential leases for future homesteads at Kumuhau and Kakaina Streets in Waimānalo.

Chairman of the Hawaiian Homes Commission Micah Kāne said the project is being developed to coincide with the expansion of the Waimānalo Wastewater Treatment Facility. Additional funding for the sewage treatment facility was appropriated by the 2006 Legislature that allowed the department to proceed with the project.

“The Undivided Interest Award is a perfect match for this project. Because we know we will be doing this development, we can provide a lease today for a lot that will be developed in the next two to four years,” said Kāne. “There are no financial qualifications to receive an Undivided Lease Award and this also allows someone who has been on the waitlist a long time, to accept an award and move



Kēōkea/Waiohuli groundbreaking ceremony.

off the wait list. The two to four year time-frame before a house is built will allow lessees who need the time, to work on qualifying for mortgage.”

In addition to moving off the wait list, the lease award is transferable to a qualified family member and some of the kupuna accepting leases will be

transferring their Undivided Interest Award to a family member.

Several people on the wait list live in the kupuna housing project in Waimānalo, Kūlanakauhale Maluhia O Nā Kūpuna, and are planning to remain there, and transfer their award to a qualified child or grandchild.

“An important aspect of the Undivided Interest Award is that it can be passed to the next generation,” said Kāne. “In the past, if you couldn’t qualify financially, you would remain on the list and possibly pass away without your family ever receiving a homestead lease. This way, you can insure your family will not be left without a homestead lease.”

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Pi'ilani Mai Ke Kai groundbreaking ceremony.

Fire Validates Decision to Install Fiber Optic Cable Underground

During the severe brushfire on Maui that was brought under control in late September, many residents of Kahikinui were forced to evacuate their homes. Given this potentially life-threatening emergency and need to call for help, residents were thankful their telephone network survived the brushfire. Their service provider, Sandwich Isles Communications, Inc. (SIC) credits the underground infrastructure.

SIC is the phone service provider for newly developed areas on Hawaiian homestead lands statewide, and through the Rural Utilities Service loan program, is providing rural communities with modern, high speed telecommunication services comparable to urban core centers.

The SIC management and employees are grat-

ified that the telecommunications service helped homestead families deal with the disruption the fire caused. This event highlighted the value of SIC’s decision to underground its fiber network, which made it possible for residents of this remote community to maintain communications with emergency services and their families during the crisis.

SIC CEO Robert Kihune noted, “Although undergrounding fiber optic lines significantly increases the overall cost of the project, we made a policy decision early on to provide the most dependable facilities and service for our Hawaiian homestead communities. Many people have questioned this decision, but it has resulted in more reliable phone service in rural areas, particularly during emergencies. We believe the installation cost is more than offset by the assurance it provides our customers that they will have phone service when they need it the most. Clearly, phones are a life-line when an emergency arises and lack of phone service could have had disastrous consequences.”

Company technician U’ilani Beck, who personally assisted residents in evacuating their homes, said, “We’re thankful our network is working as planned. We see ourselves as the thread that connects the community to each other and the rest of the world.” Although only about a dozen families currently live in Kahikinui, this community takes nothing for granted as they have no electricity, water, and paved roads. The secure and reliable telephone infrastructure SIC has put in place will enable the telecommunications network on homestead lands to serve many generations of Hawaiians far into the future.

Changing your mailing address?

Don’t forget that you must notify (in writing) the Department of Hawaiian Home Lands of any changes in your mailing address in order to remain eligible for a Hawaiian home land award.

Complete the form below and mail it to:

State of Hawai’i
Department of Hawaiian Home Lands
P.O. Box 1879
Honolulu, Hawai’i 96805

We **must have** your **current** mailing address on file at all times. *All notifications, including lease offerings, are made through the mail.* After six months, the U.S. Postal Service will not forward mail to your new address. Please remember, it is your responsibility to notify us in writing of any changes.

Please check status: Applicant Lessee Both

Print Full Name: _____

Social Security Number: _____

New Mailing Address: _____

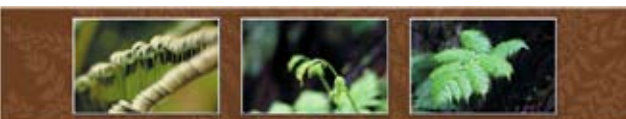
Signature & Date: _____

Telephone Nos.: Home _____ Bus. _____

If any of the information printed on the address label is incorrect, please correct the information by using this form.



Return Service Requested



Regional Plans

Continued from page 1

The Regional Plans are an ongoing, continually evolving document and your input is essential. Meetings are being held during the Hawaiian Homes Commission visits to each community and additional meetings will happen throughout the state. The community associations will be informed of the time and place for these meetings, so keep in contact with them.

While the plans stem from Hawaiian communities, the benefits received improve an entire region. "And that is the purpose," said Kāne. "What makes our communities and lives better is not restricted to what is happening just in our neighborhoods. It is what is happening in the entire region."

Kāne said, "If we truly believe that what is good for native Hawaiians is good for all of Hawai'i, then we need to lead that discussion."

Undivided Interest Awards

Continued from page 3

The Undivided Interest Award works with the department's new financial education training program called the Home Ownership Assistance Program (HOAP) which prepares people to become a new homeowner.

"The HOAP program is beginning to qualify people who never thought they would be in a position to own their own home and that is a significant step for our residents," said Governor Linda Lingle. "The HOAP program educates prospective homebuyers on how to manage their finances, and that is a life-long skill which can be passed on and instilled in future generations."

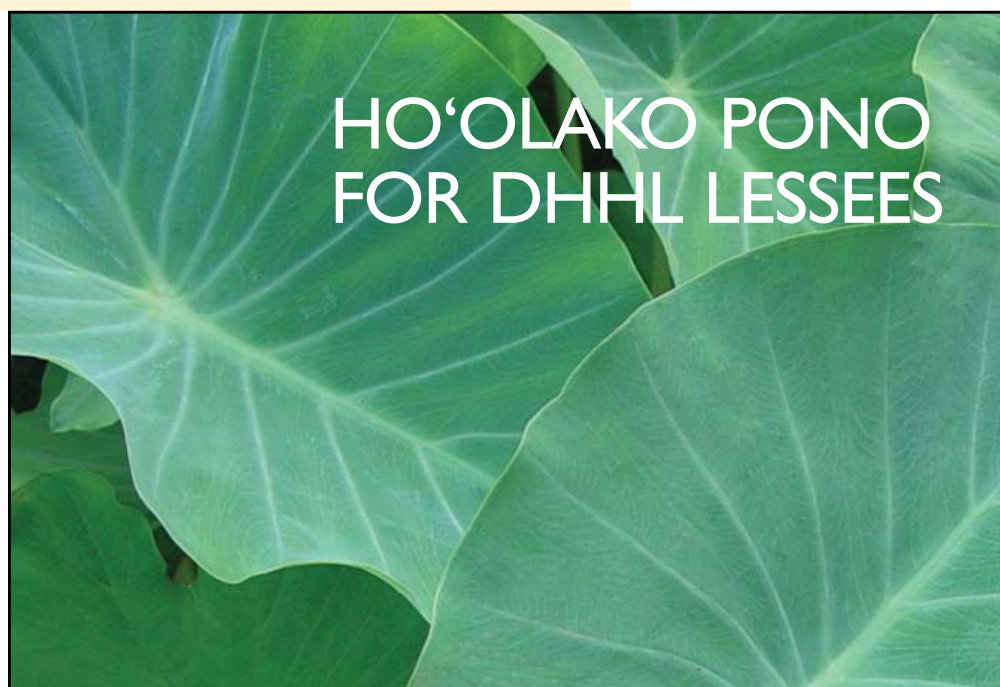
The Governor also emphasized the impact awarding homestead leases is having on affordable housing in the state.

"For every family that receives a lease award, it means one more family getting an affordable home and not competing in the housing marketplace, and that's good for everyone," she said.



Henry T. Kam, Jr. received the last Undivided Interest award in July for the Kumuhau and Kakaina Street Subdivision in Waimānalo.

Infrastructure is proposed to begin this year with completion of the Kumuhau Street property in mid 2007 and house construction to be completed in mid 2008. The Kakaina Street schedule has not been finalized yet.



HO'OLAKO PONO FOR DHHL LESSEES

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asbhawaii.com

American Savings Bank is privileged to offer the Ho'olako Pono loan program, which provides expanded financing options available to Department of Hawaiian Home Lands (DHHL) lessees.

Ho'olako Pono Loan Program Benefits:

- Conventional loans** up to \$625,500
103% financing available (some restrictions apply)
- Fixed interest rates:** Principal and interest payments will not change
- Cash out refinances** (some restrictions apply)
- Loans are serviced locally** – no need to call out of state with questions. A toll-free phone number is available for neighbor island borrowers
- One-time-close construction loan**

Speak to one of our loan officers today.



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