



# Ka Nūhou

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Department of Hawaiian Home Lands

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## Dedicating First Homes in West Maui



They were the second family to move into Leiali'i. (From left to right) Chris Galon, Gov. Linda Lingle, Davida Sambrano, Chad Sambrano and HHC Chairman Micah Kāne.

In April, the Department of Hawaiian Home Lands (DHHL) and Maui developer Dowling Co. dedicated the first Hawaiian Homes project in West Maui at the Villages of Leiali'i in Lahaina, a 104-unit single-family affordable housing development.

The housing project marks a historic step in a subdivision that had been stalled since the early 1990s. The project was revitalized in 2004 when parcels 1A and 1B of the Villages of Leiali'i were transferred to DHHL from the Housing and Community Development Corporation of Hawai'i, (HCDCH) now called the Hawai'i Housing Finance Development Corporation (HHFDC).

"It is really great to see this project come to life again and to see families moving into their new homes," Governor Lingle said about the state project that began during her term as Mayor of Maui County. "This is an affordable housing project for Maui's people. Many of the new homeowners are from the West side, and it is gratifying to know they will own their own homes in their hometown."

The State announced the sale of Phase 1A and 1B to DHHL in September of 2004 in a move that included

### DHHL's Need for Income Production

Infrastructure is expensive. Roads, waterlines, sewer lines, and electrical service for our residential projects cost the Department of Hawaiian Home Lands (DHHL) approximately \$100,000 per lot.

Normally, the cost of infrastructure is added to the price of the new home along with the cost of land; it can be one-third of the final price of the house and lot. In DHHL subdivisions, the new homeowner does not currently pay for the infrastructure; it is paid for by the department. With lease rent pegged at \$1.00 per year, the cost of land usage is minimal. The homeowner is basically responsible for the construction of the house.



Kukui tree planting led by Uncle Charlie Maxwell on the left. Others are: Jo Anne Johnson, West Maui Councilmember, HHC Chairman Micah Kāne, Gov. Linda Lingle and Everett Dowling, president of the Dowling Co.

the transfer of lands at Kapolei on O'ahu and La'i 'Ōpua in West Hawai'i for the development of residential housing for native Hawaiians.

Because the property would be developed for housing under the Hawaiian Homes Commission Act, the transfer was completed after the Office of Hawaiian Affairs (OHA) assured DHHL it would support the transfer despite the still unclear status of the ceded lands issue.

"This is the first residential development we have

A 100-lot subdivision such as Waiehu Kou 4 equals \$10 million in infrastructure costs. A 300-lot subdivision such as Kaupe'a equals \$30 million in infrastructure. In some instances, the cost of infrastructure is too high for homes to be developed.

So where does the department get money to pay for this infrastructure?

There are three main sources of funding: from a State of Hawai'i settlement that pays DHHL \$30 million annually for 20 years began in 1995. The second source of funding is the Native American Housing

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Leiali'i has 104 two-, three- and four-bedroom homes on 6,700 sq. ft. lots.

done on the West side and is the result of the cooperation between government agencies – Hawaiian Home Lands, HHFDC, the Office of Hawaiian Affairs, and a private developer, Dowling Co.," Micah Kāne, HHC Chairman, said. "Dowling Co. has been a great partner in developing homes for native Hawaiians. When the Villages of Leiali'i is completed, we will have built 422 homes with Dowling Co.," he added.

The two-, three- and four-bedroom single-family homes were available in six different models and prices ranged from \$145,000 to \$250,000. The average lot size is 6,700 sq. ft. and house size runs from 1,298 sq. ft. to 2,218 sq. ft.

After the development was blessed, a kukui nut tree was planted on the site to symbolize a growing, living community.

"It is one of the greatest sources of pride for our company when we develop homes for native Hawaiians," said Everett Dowling, president of Dowling Co. These projects represent our commitment to the Maui community to provide affordable housing."

Dowling Co. also developed the Waiehu Kou 2, 3 and 4 Hawaiian Homes subdivisions on Maui and is the single largest private developer of homes for native Hawaiians in the state.

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# Chairman's Message

## Aloha Kākou!

Last month along with Governor Linda Lingle, I had the opportunity to express strong support for S. 310, the Native Hawaiian Government Reorganization Act of 2007, or the Akaka Bill, before the U.S. Senate Committee on Indian Affairs.

I wanted to share some excerpts of my testimony addressing how federal recognition plays a critical role in sustaining the Hawaiian home lands program.

Currently, there are over 35,000 native Hawaiians living in 25 homestead communities throughout the State. Although unique and distinct, our communities are an integral part of the the state's economic, social, cultural and political fabric.

Passage of S. 310 will enable the Hawaiian Homes Commission to not only continue fulfilling the mission Congress entrusted to us, but to reach incredible successes that we are only starting to realize.

These five reasons are why we need this bill to be passed:

• **Our housing program benefits the entire state**--Today, the Department of Hawaiian Home Lands is the largest single-family residential developer in Hawai'i. In the past four years, we have provided more than 2,250 families a homeownership opportunity and are planning several thousand more over the next four years. Each home that we build represents one more affordable home in the open market or one less overcrowded home. Homeownership opportunities have also lead us to focus on financial literacy in order to ensure that our beneficiaries will be successful and responsible homeowners.

• **DHHL builds and maintains partnerships that benefit entire communities**--We think regionally in our developments and engage the whole community in our planning processes. Our plans incorporate people, organizations (e.g. schools, civic clubs, hospitals, homeownership associations), all levels of government and communities from the entire region--not only our beneficiaries. It is a realization of an important Hawaiian concept ahupua'a--in order for our Hawaiian communities to be healthy--the entire region must be healthy. This approach encourages a high level of cooperation, promotes respect among the community, and ensures that everyone understands how our developments are beneficial to neighboring communities and the region.

• **DHHL is becoming a self-sustaining economic engine**--Through our general lease program, we rent non-residential parcels to generate revenue for our development projects. Since 2003, the department has doubled its income through general lease dispositions. We have the ability to be self-sufficient. Revenue generation is the cornerstone to fulfilling our mission and ensuring the health of our trust.

• **Hawaiian communities foster Native Hawaiian leadership**--Multi-generational households are very common in our homestead communities. This lifestyle perpetuates our culture as knowledge and values are passed through successive generations. These values build strong leaders, and we are seeing more leaders rising from our homesteads and the Hawaiian community at-large. It is common to see Native Hawaiians in leadership positions in our state. Three members of Governor Lingle's cabinet are Hawaiian, as are almost one-fifth of our state legislators. Hawaiian communities grow Hawaiian leaders who make decisions for all of Hawai'i.



Chairman Micah A. Kāne

• **Hawaiian home lands have similiar legal authority as proposed under S. 310**--Because of our unique legal history, the Hawaiian Homes Commission exercises certain authority over Hawaiian home lands, subject to state and federal laws, similiar to that being proposed under S. 310.

The Commission excercises land use control over our public trust lands, but complies with state and county infrastructure and building standards. The Commission allocates land within its homestead communities for public and private schools, parks, churches, shopping centers, and industrial parks.

Amendments to the trust document, the Hawaiian Homes Commission Act, require state legislative approval and in some instances, congressional consent. Hawaiian home lands cannot be mortgaged, except with commission approval, and cannot be sold, except by land exchanges upon approval of the United States Secretary of the Interior.

The state and counties exercise criminal and civil jurisdiction on Hawaiian home lands. Gambling is not allowed and the Commission cannot levy taxes over Hawaiian home lands.

The Hawaiian Home Lands Trust and our homesteading program are part of the fabric of Hawai'i. It is part of the essence of Hawai'i. On behalf of the Hawaiian Homes Commission, I ask you to approve this bill so we can work toward recognition and continue doing good work

*Micah A. Kane*



## 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).



Helen Wai of Hawaiian Community Assets conducts a HOAP class on Moloka'i.

## HOAP Transitioning to DHHL

In 2004, the Department of Hawaiian Home Lands (DHHL) partnered with the Council for Native Hawaiian Advancement (CNHA) to design and develop a program to increase financial literacy and homebuyer education services in the Hawaiian community by local nonprofit providers, with a particular emphasis on beneficiaries of the Hawaiian Homes Commission Act. The result was launched in January of 2005, a new DHHL product called the Home Ownership Assistance Program or HOAP.

The purpose of HOAP is to help people manage their money so they can qualify for a mortgage and fulfill the dream of homeownership. There have been many successful stories about people

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# 2007 Legislative Report

The 2007 Hawai'i State Legislature appropriated funding to support the administrative and operating costs of the Department of Hawaiian Home Lands (DHHL)

for the fiscal biennium 2008 and 2009, to include \$1,169,104 from the general fund and \$9,417,240 from the Hawaiian Home Administration Account, a DHHL special

fund, for the fiscal year beginning July 1, 2007. These appropriations also include funding for DHHL's move to its new office building, which is scheduled for completion in early 2008.

## HOAP Transitioning to DHHL

Continued from page 2

adjusting their lifestyle to fit their income and then reaping the benefits of this adjustment.

Over a two-year period, HOAP responded to 5,894 contacts from around the state, coordinated 1,952 families attending homebuyer education classes, 2,548 enrolling in financial literacy counseling, and 2,155 completing financial assessments, down payment assistance programs, loan pre-qualification and closing home loans. A proven and effective program serving DHHL and its beneficiaries, HOAP will transition to the department and become a permanent program beginning on July 1, 2007.

With the success of HOAP's financial training, DHHL will be expanding the program to include job training and employment opportunities by the end of the year. Within a year, the department will also launch a family initiative plan under HOAP that will provide counseling and referral services for social needs.

The new HOAP contact information is as follows:

**Street address:**  
Department of Hawaiian Home Lands  
1099 Alakea Street, Suite 2000  
Honolulu, Hawai'i 96813

**Mailing address:**  
P.O. Box 1879  
Honolulu, Hawai'i 96805

**Toll Free Number:**  
1-866-512-HOAP (4627)

**Fax Number:** 808.586.3843

**E-Mail:** [hoap@hawaii.gov](mailto:hoap@hawaii.gov)

**Website:** <http://hawaii.gov/dhhl/hoap>



New HOAP Logo

The Legislature also continued to honor the State's commitment under Act 14, Special Session Laws of Hawai'i 1995, by providing \$50 million in FY 2008 and \$30 million in FY 2009. These funds are used by DHHL to fund infrastructure and other development costs related to providing homeownership opportunities to native Hawaiian families.

The appropriation includes a condition that any portion of the additional \$20 million provided for in FY 2008 that is used for the construction of East-West Collector Road in Kapolei will not count against the State's obligations under Act 14. The Legislature also called for the State Auditor to conduct an audit of the State's efforts to comply with the requirements of Act 14.

Other projects approved by the Legislature include grants for the La'i'opua 2020 Plan and for the design and construction of a community center by the Nānākuli Hawaiian Homestead Community Association. DHHL is designated the expending agency for these grants.

Action on these and other funding provisions contained in H.B. 500, relating to the State Budget, are currently pending the Governor's review and signature.

## Prince Kūhiō Federal Credit Union

The Prince Kūhiō Federal Credit Union is "up and running," announced Charlie Rose, immediate past president of the Association of Hawaiian Civic Clubs. He said that they have joined forces with an existing Federal Credit Union which is a "win-win situation for everyone."

Joining forces will help expand the existing credit union membership allowing for additional and better services that can be provided to the members. Membership is now open to all civic club members and their families and will provide immediate access to financial services not available to non-members.

All deposits have insurance protection and earn competitive interest rates. Additionally, all interest rates on loans are less than those available at other financial institutions.

Being that credit unions are membership owned, driven and operated, applications for membership need to be submitted. The membership application fee is \$5.00 with a \$1.00 dollar initiation fee.

The Prince Kūhiō Federal Credit Union has a three-person staff headed by Debra Nelson-Keli'i. Please contact them at 808-946-1904. They will respond to any questions that you may have and provide help in filling out the membership application. The credit union is located at 1773 S. King St., #202 in Honolulu. It is just past the Zippy's next to Washington Middle School.



## HCC Dedicates 40th Model Home

Students of the Hawai'i Community College in Hilo turned over the keys to this four-bedroom, two and one-half bath home in Pana'ewa to Deputy Director Ben Henderson on May 10, 2007.

The model home program provides vocational technical students an opportunity to obtain job skills through the construction of a house that will be sold to a native Hawaiian family as an affordable home. The cost of this year's home is \$157,401.

This is the 40th home to be built under this program which began in 1965. It is the 10th house built on Hawaiian home lands.

Under the current arrangement, the department provides a vacant lot on which HCC students develop their skills by designing the house during the school year and then build it during the following year.



Kihei Nahale-a blesses the newly-completed home at Kupuohi Place in Pana'ewa.



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# DHHL's Need for Income Production



Infrastructure includes the subdivision drainage system which is paid by the department.

Infrastructure cost averages about \$100,000 per lot. A 300-lot subdivision such as Kaupē'a equals \$30 million in infrastructure.

## Continued from page 1

Assistance and Self-Determination Act or NAHASDA program, funded annually through the U.S. Congress at a current annual level of \$8 million. The third source of funding comes from DHHL's commercial properties.

In 2015, the steady income stream of \$30 million a year into the Hawaiian Home Lands Trust Fund dries up as the 20th and final payment mandated by the DHHL Land Claims Settlement Bill (Act 14) is deposited into the fund.

In pre-settlement years, DHHL's infrastructure appropriations ranged from less than \$1 million in bad years up to \$13.8 million in good years.

Rather than having the Legislature and Congress control the rate of development on Hawaiian home lands, the Hawaiian Homes Commission in June 2003 approved a five-year Strategic Plan which further specified the department's goals, action and direction in the the short-term.

Included in the four goals laid out for the department in the Strategic Plan is the goal to pursue financial self-sufficiency by 2013 in an amount sufficient to replace the Act 14 financial settlement of \$30 million per year.

The Land Management Division (LMD) has been tasked to accomplish the goal

to generate significant non-governmental revenue in order to provide greater financial support towards fulfilling our mission to develop and deliver lands to native Hawaiians.

In its efforts to fulfill its goal, LMD has increased its revenue production from \$6.67 million in FY 2002 to \$8.79 million in FY 2006. At the close of FY 2007 on June 30, revenue production is expected to reach \$12 million.

The department is expecting to reach the \$30 million threshold in FY 2013. It is also the only source of funding controlled by the Hawaiian Homes Commission and not the state or federal government.

Without money for infrastructure, either the price of the new homes will increase by an average of \$100,000, or the department will not be able to build as many homes as is needed. Our mission is to put native Hawaiians on the land, so we have committed ourselves to increasing revenues from all sources and especially through our commercial properties.

Our commercial property development is the one area we control, that can give us financial independence from the politics of government and provide an upside of job creation and community improvement.