


STATE OF HAWAII

DEPARTMENT OF HAWAIIAN HOME LANDS

December 18-19, 2023

To: Chairman and Members, Hawaiian Homes Commission

From: Stewart Matsunaga, Administrator  
Land Development Division 

Subject: For Information Only  
Implementation Progress Report for Act 279, Session Laws of Hawaii 2022, as of  
December 12, 2023

RECOMMENDED MOTION/ACTION

None, for information only.

BACKGROUND

Act 279 enacted in Regular Session of 2022 of the 31<sup>st</sup> Legislature appropriated \$600,000,000 in general funds to provide a multi-pronged approach to reducing the DHHL waitlist. The \$600,000,000 will address the needs of those on the waitlist and those beneficiaries still waiting. (Excerpt from “Strategic Plan to Implement Act 279 of 2022 dated November 2022)

On August 16, 2022, The Hawaiian Homes Commission (HHC) approved the Strategic Approach to Implement Act 279 - August 2022. Further, on November 22, 2022 the HHC approved the Strategic Plan to Implement Act 279 of 2022.

Pursuant to Section 4(c), Act 279, DHHL shall submit the strategic plan, including findings, recommendations, and any proposed legislation, to the Legislature, no later than December 10, 2022. On December 6, 2022 copies of the Strategic Plan to Implement Act 279, SLH 2022 was transmitted to the Senate President and members of the Senate and President of the House and members of the House of Representatives, pursuant to Section 4(c), Act 279.

Procurement and implementation of approved Strategic Plan projects using State funds are authorized under:

- a. Section 220.5(a) using the Request for Proposals (RFP) procurement method, or competitive sealed proposals when project specifics are pre-determined, or
- b. Section 220.5(b) using the Request for Qualifications (RFQ) procurement method, similar to Professional Services, to procure a qualified developer for a project when projects specifics are not pre-determined.

An example of Section 220.5(a) would be the posting of a RFP for Kaupea 2 in which DHHL determined a minimum of 60 single family homes and construction of a traffic signal. Interested developers would provide Sealed Proposals to DHHL for evaluation by an internal

Review/Selection Committee. In the RFP process the lowest cost of infrastructure provided by developer would result in highest scoring. The award of the development agreement contract would be on basis of competitive scoring pre-established criteria.

An example of Section 220.5(b) would be the posting of a RFQ for Kauluokahai Masterplanned Community involving the full infrastructure development and house construction of unplanned East Kapolei Parcels II-D, II-E, and II-F, along with house construction of East Kapolei II-C. In this process DHHL review committee evaluates the developers past like-experience, development team strength, and current capacity and financial ability to complete developments. The developer describes its project approach and solutions to implement the homestead development project. After qualified developers are ranked, then Chair authorizes the Selection Committee to negotiate project infrastructure costs, housing components, and schedule for development. Should negotiations fail with the first ranked developer then Selection Committee is authorized to negotiate with the next ranked developer.

DISCUSSION ON FY 2024 IMPLEMENTATION

Project highlights from November 14, 2023 to December 12, 2023:

Request for Release of Act 279 funds to encumber the following:

Red text indicates updates from November 2023 status report.

Island	Subdivision/ Project	Lots	Phase	Estimated Pending Encumbrances	Status
Lanai	Lanai Residence Lots Offsite Infrastructure	75	Planning/Design	\$ 2,000,000	Contract executed Act 279 funds allotted 11/8/23. <b>Contract certified December 2023.</b>
Oahu	Kaupea, Phase 2	60	Dev Agree	\$ <b>13,692,000</b>	Awarded to Mark Development Negotiating Development Agreement. <b>AG review</b>
Oahu	East Kapolei II Master Developer	<b>700</b>	Dev Agree	\$ 204,513,000	RFQ released 8/7/23; <b>548 lot development</b> Awarded to Gentry Negotiating Development Agreement; <b>additional 152 lots, total 700 lots; AG review</b>
<u>Land/Project Acquisition RFP 1</u>					
Oahu	Waialua (Mill Camp)	92	Dev Agree	\$ <b>20,754,000</b>	Awarded to Mark Development

					Negotiating Development Agreement; <b>AG review</b>
Oahu	Ewa Villages Pilina Homes	142	Dev Agree	<b>0</b>	Developer drafting purchase agreement; Negotiating infrastructure fees. <b>Fee structure not acceptable.</b>
Statewide	RFP#2		Acquisition/Dev Agree		5 offers under consideration. Potential \$59 million acquisition Requires Amendment to Act 279 Strategic Plan and Budget
	<b>TOTAL</b>			<b>\$ 240,959,000</b>	<b>\$175,000,000 A-19 Allotment approved 11/8/23.</b> <b>Additional Allotment of \$65,959,000 required, say \$70,000,000, inclusive of contingency.</b>

Act 279 Implementation Status as of December 12, 2023 is attached as “Exhibit A”.

Land Acquisition and Development Project offers from second Request for Proposals is under review and will be submitted to HHC in coming months.

Request for Proposals for new land and project acquisition proposed subject to HHC approval of Permitted Interaction Group recommendations.

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None—for information only.



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ACT 279 IMPLEMENTATION										
Project Status as of Dec. 12, 2023										
				Act 279 Implementation Budget (Strategic Plan 2022)		Encumbrance Status as of Dec. 12, 2023				
Island	FY23 Subdivision/Project	Lots	Phase	FY 2023	FY 2024	Encumbered FY23	Encumbered FY24 to date	Projected Encumbrance FY24	Projected Encumbrance FY25	Status
Hawaii	Laiopua Villages 1 and 2, and N. Kona Water Development	400	Acq/ Dev Agrmt	\$ 4,000,000	\$ 63,000,000			\$ 67,000,000		Chair directs Request for Qualifications development agreement to include Villages 1 and 2 (400 lots), house construction in Village 4 Hema (125 homes). <b>Developer Qualifications deadline is January 5, 2024.</b> Village 5 unencumbered lots (55 lots) to be offered with homes in early 2024. Leg appropriation Act 88, SLH 2021 proviso for \$12.2M for water development and subdivision improvements "Encumbered" site appraisal and acquisition in progress.
Hawaii	Honomu Subsistence Ag Lots, Phase 2	40	Design/		\$ 6,000,000				\$ 6,000,000	Designs in process; IFB scheduled for <b>April 2024</b> .
Lanai	Lanai Residence Lots Offsite Infrastructure	75	Design	\$ 2,000,000			\$ 2,000,000			Contract with Bowers+Kubota executed, awaiting release of funds for contract certification. Schedule meeting with B+K and Pulama Lana, upon contract certification. Request to Release Act 279 funds submitted to B&F and Gov in September 2023. On October 19, 2023, Gov released \$65M and \$110M in Act 279 funds for 2nd and 3rd Quarters FY24, respectively. Discuss project collaboration with Pulama Lanai and County of Maui. <b>Contract certified on Dec. 1, 2023.</b>
Molokai	Hoolehua Scattered Lots	20	Construction		\$ 3,500,000			\$ 3,500,000		Draft EA in process, Cultural Impact Analysis in process. <b>IFB scheduled for April 2024.</b>
Molokai	Naiwa Ag Subdivision	16	Construction		\$ 6,000,000			\$ 6,000,000		FONSI approval and Final EA publication rescheduled to November or December 2023. Designs in process for 66 lots; construction bid scheduled for 1st Quarter 2024. 16 new subsistence agriculture lots qualify for Act 279 funding for infrastructure. Requires amending FY25 Sufficient Sums Purpose 1 budget request by \$25M for construction of site improvements for 50 existing agriculture lots awarded in the mid-1980's. <b>IFB scheduled for April 2024.</b>
Maui	Pu'unani Homestead Subdivision	161	Construction	\$ 17,500,000		\$ 17,171,944				Construction Contract Awarded to Maui Kupono Builders; \$17,171,944. Notice to proceed effective May 15, 2023. Groundbreaking May 24, 2023. Site work in progress. <b>House construction tentatively starting in Summer 2024.</b>
Maui	Pu'unani Homestead Subdivision (Offsite Water Tank)		Design/ Construction			\$ 5,509,000				Developer preparing plans and specifications for IFB in Fall 2023, subject to County DWS approval of construction plans and storage agreements. New estimate for construction = \$6.5M, due to changes in site plan improvements. Seek Stainless Steel tank as alternative construction method to reduce cost.
Maui	Leialii 1B Offsite Water (includes new DHHL Honokowai Well)		Construction	\$ 15,000,000				\$ 15,000,000		Honokowai Water Draft EA pending resolution of SHPD issues and Cultural Impact Analysis. <b>On Dec. 8, 2023, LDD posts</b> RFQ to include Leialii Offsite water, highway improvements and Leialii 1B subdivision, total 181 single family lots. <b>Existing County of Maui's Offsite water tank services lots under 130' elevation. A booster pump, transmission and new offsite water tank</b> needed to provide potable water and fire protection to Leialii 1B Inc. 2; 95 single family lots. <b>In addition to Act 279 funding,</b> Cost is exclusive of \$9,000,000 CIP appropriation for Honoapiilani highway improvements, for which SMA is in process and HHFDC DURF funding \$10,000,000 for Honokowai Water Well development.
Maui	Leialii 1B - Subdivision	181	Dev Agrmt		\$ 68,000,000			\$ 68,000,000		FONSI approved by HHC on October 16, 2023 and Final EA to be published in November 2023. <b>On Dec. 8, 2023, LDD posts</b> RFQ to include Leialii Offsite water, highway improvements and Leialii 1B subdivision, total 181 single family lots. <b>Existing County of Maui's Wahikuli water tank services lots under 130' elevation and can provide potable water to 86 lots in Village 1B, Inc. 1.</b> A booster pump, transmission and new offsite water tank needed to provide potable water and fire protection to Leialii 1B Inc. 2; 95 single family lots. In addition to Act 279 funding, construction cost is exclusive of \$9,000,000 CIP appropriation for Honoapiilani highway improvements, for which SMA is in process. Leialii 1B Increment 1 (86 single family lots) designs in process; coordinate Lahaina Civic Center booster pump and Wahikuli tank operations with County of Maui.
Maui	Honokowai Subsistence Ag Ph. 1	50	Design		\$ 5,000,000	\$ 1,470,000			\$ 3,530,000	Survey and design in process. Continuing design work on R-1 water easements and engineering. Amending scope of work to include access from Honoapiilani Highway, and establishment of sewer manholes at Honokowai makai boundary.



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Oahu	Kaupea, Phase 2		Acq	\$ 8,250,000		\$ 8,250,000				Acquisition completed.
Oahu	Kaupea, Phase 2	60	Dev Agrmt		\$ 14,750,000			\$ 13,692,000		Development Agreement awarded to Mark Development. Negotiations in progress; amount subject to change. Request to Release Act 279 funds submitted to B&F and Gov in September 2023. On October 19, 2023, Gov released \$65M and \$110M in Act 279 funds for 2nd and 3rd Quarters FY24, respectively. <b>Development Agreement with Deputy AG for review. Contract certification (encumbrance projected for January 2024. Mark Development proposes to include cluster box consolidation and two playground areas for community use. Developer proposes 30 turnkey homes and 30 homes funded with Low Income Housing Tax Credits under a 15-year Rent with Option to Purchase program.</b>
Oahu	East Kapolei II Master-planned Community	548	Design	\$ 24,000,000	\$ 88,000,000	\$ 33,080		\$ 204,513,000		RFQ issued 8/7/23 incorporating backbone infrastructure, East Kapolei II-C, II-D, II-E, and II-F. Responses due 9/8/23. Responses received; undergoing internal review for recommendation to Chair. Request to Release Act 279 funds submitted to B&F and Gov in September 2023. On October 19, 2023, Gov released \$65M and \$110M in Act 279 funds for 2nd and 3rd Quarters FY24, respectively. <b>Original unit count of 421 lots at II-D, II-E, and II-F plus 127 Lots at II-C based on 2009 East Kapolei Masterplan = 548. Gentry proposes to add 152 lots, totalling 700 lots. Development Agreement with Deputy AG for preliminary review.</b>
Oahu	East Kapolei IIA	300	Dev Agrmt	\$ 14,000,000						Deleted from Act 279 project list. <b>Priority on EK II-C, D, E, F</b>
Oahu	Mali Development	280	Dev Agrmt		\$ 60,000,000				\$ 60,000,000	FONSI and Final EA pending. Designs in process; bid scheduled for 2nd Quarter 2024, <b>subject State Historic Preservation Division recommendations. Modified grading plan may be required; review project feasibility.</b>
Oahu	Ewa Beach (former NOAA site)	600	Dev Agrmt		\$ 48,000,000				\$ 48,000,000	RFQ in 3rd Quarter FY24. Access, sewer, drainage and traffic issues need to be addressed. <b>Chapter 343 and HUD ER compliance required. Consider RFQ for Developer to plan, design, construct infrastructure and housing.</b>
Kauai	Hanapepe Residence Lots, Phase 2	82	Construction	\$ 23,000,000		\$ 17,800,126				Bids open on 12/21/22. Contract awarded to Hawaiian Dredging on 12/29/22. Groundbreaking August 23. Supply chain issues; start <b>site construction</b> in 1st Quarter 2024. On October 6, 2023 issued RFQ for <b>architectural</b> design, construction, financing and marketing of 82 houses. Pre-submittal conference on October 13, 2023. Submittal of Qualifications due Nov. 3, 2023. Mark Development, sole submittal of qualifications to be awarded; Development Agreement negotiations have commenced.
Kauai	Anahola Kuleana Phase 1 Pastoral	115	Construction		\$ 5,000,000				\$ 5,000,000	<b>Road and drainage concepts in process. Access to lots will require grading and drainage culverts. Consultant to provide Rough order of magnitude. Tentative subdivision plat in 1st quarter 2024. Review Dam Safety requirements for Upper Anahola and Kealia Field 1 and review development of non-potable water source for subsistence ag and pasture leases. Reservoirs funded by Act 122, SLH 2014; \$3M.</b>
Statewide	Land/Project Acquisition		Professional Services			\$ 1,500,000				Project management contract with Bowers+Kubota; researching Villages of Leialii acquisition. HHC authorized Chair to negotiate and acquire 400+ acres from HHFDC.
Statewide	Land/Project Acquisition		Acq/ Dev Agrmt	\$ 35,000,000						RFP let in November 2022. Eight offers received. Five proposals accepted; details below, <b>award subject to negotiations.</b>



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Oahu	Ewa Villages (Haseko) Pilina Homes	142	Acq/ Dev Agrmt							Acquisition: \$17,646,772 Source: NAHASDA Development: \$20,239,443 Source: Act 279 Acquisition and development agreement negotiations in progress; amount subject to change. Request to Release Act 279 funds submitted to B&F and Gov in September 2023. On October 19, 2023, Gov released \$65M and \$110M in Act 279 funds for 2nd and 3rd Quarters FY24, respectively. <b>Negotiated onsite infrastructure development costs are considered excessive for the type of project and the number of units proposed. LDD recommends to Chair to terminate negotiations. Alloted funds to be used for other Act 279 development projects.</b>
Maui	Wailuku (DDC2 LLC)	207	Acq/ Dev Agrmt			\$ 45,038,800				Acquisition: \$5,200,000 Source: Act 279 Development: \$39,838,800 Source: Act 279 Development Agreement executed, funds encumbered.
Hawaii	Kaumana (Avalon Development)	168	Acq			\$ 2,000,000				Proposal acceptable for acquisition only. Sale closed 3/31/23; transaction completed. <b>Funds encumbered.</b>
Maui	Waiehu (DDC3 LLC)	366	Acq/ Dev Agrmt			\$ 93,868,417				Acquisition: \$12,240,000 Source: Act 279 Development: \$81,628,417 Source: Act 279 Development Agreement executed, funds encumbered.
Oahu	Waialua (Mill Camp Development Group, LLC)	92	Acq/ Dev Agrmt					\$ 20,754,000		<b>Original Proposal:</b> Acquisition: \$1,990,000 Development: \$12,368,633 Source: Act 279 Negotiating Development Agreement' amount increased. Request to Release Act 279 funds submitted to B&F and Gov in September 2023. On October 19, 2023, Gov released \$65M and \$110M in Act 279 funds for 2nd and 3rd Quarters FY24, respectively. <b>Development Agreement with Deputy AG for review.</b>
Statewide	Project Contingencies							\$ 5,248,240		Project contingency amounts for encumbered projects in FY 23. On October 19, 2023, Gov released \$65M and \$110M in Act 279 funds for 2nd and 3rd Quarters FY24, respectively.
Statewide	Land/Project Acquisition		Acq/ Dev Agrmt							RFP <b>No. 2</b> let in May 2023. Eighteen offers received. Five proposals under consideration; but premature to provide specific details at this time.
Statewide	Project Financing/Partnerships			\$ 30,000,000				\$ 100,000,000		Interim house construction financing in order to reduce house pricing. Providing no interest loans to developments would result in \$15,00 to \$20,000 reduction in house price.
Statewide	Individual Assistance							\$ 60,000,000		Individual down payment or other assistance/subsidy
Statewide	Project Management Staffing									<b>\$5,000,000 proposed for Staffing to implement Act 279 projects. Requires proposal by Permitted interaction group and approval of full HHC.</b>
	<b>Total</b>	<b>3,903</b>		<b>\$ 172,750,000</b>	<b>\$ 367,250,000</b>	<b>\$ 192,641,367</b>	<b>\$ 2,000,000</b>	<b>\$ 563,707,240</b>	<b>\$ 122,530,000</b>	11/17/22 \$172.75M Allotment released by Governor. 6/27/23 \$21.0M Allotment released by Governor. <b>Total released to date: \$193.75M</b> Request to release \$175 M submitted to B&F and Gov on September 13, 2023; approved October 19, 2023.
	<b>Total Estimated Encumbrances</b>						<b>\$ 194,641,367</b>	<b>\$ 758,348,607</b>	<b>\$ 880,878,607</b>	