

JAN 28 2026

SENATE CONCURRENT RESOLUTION

REQUESTING THE OFFICE OF THE AUDITOR TO CONDUCT A PERFORMANCE
AUDIT OF THE DEPARTMENT OF HAWAIIAN HOME LANDS' PAPER LEASE
SYSTEM.

1 WHEREAS, the Department of Hawaiian Home Lands ("DHHL" or
2 "the Department") administers approximately two hundred thousand
3 acres of land held in trust pursuant to the Hawaiian Homes
4 Commission Act, 1920, as amended, and is responsible for
5 issuing, managing, and enforcing homestead leases for native
6 Hawaiian beneficiaries; and

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8 WHEREAS, in addition to individual lot leases, DHHL
9 utilizes an undivided lease system, commonly referred to as
10 "paper leases" or "project leases," under which beneficiaries
11 are awarded leasehold interests in a larger parcel or project
12 area prior to the subdivision, surveying, or conveyance of
13 individual lots; and

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15 WHEREAS, under the undivided lease system, beneficiaries
16 may hold lease rights for extended periods without assignment to
17 a specific lot, dwelling, or legal description, pending project
18 development, infrastructure completion, or other administrative
19 actions; and

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21 WHEREAS, the undivided lease system is intended to
22 facilitate project planning, accelerate beneficiary awards, and
23 support future homestead development; however, the system may
24 also present challenges related to lease clarity, beneficiary
25 understanding, recordkeeping, accountability, and long-term
26 administration; and

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28 WHEREAS, concerns have been raised regarding the duration
29 of undivided lease status, the tracking and conversion of
30 undivided leases into subdivided lot leases, the consistency of
31 records, and the transparency of beneficiary rights and
32 obligations during the undivided lease period; and



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2 WHEREAS, the Office of the Auditor is authorized to conduct
3 performance audits to evaluate the effectiveness, efficiency,
4 and internal controls of government programs and operations,
5 including compliance with applicable laws, rules, and trust
6 responsibilities; and

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8 WHEREAS, a performance audit of the Department's undivided
9 lease system would assist the Legislature, beneficiaries, and
10 the public in assessing whether the system is functioning as
11 intended and in accordance with the fiduciary obligations of the
12 Hawaiian home lands trust; now, therefore,

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14 BE IT RESOLVED by the Senate of the Thirty-third
15 Legislature of the State of Hawaii, Regular Session of 2026, the
16 House of Representatives concurring, that the Office of the
17 Auditor is requested to conduct a performance audit of the
18 Department of Hawaiian Home Lands' undivided lease system,
19 commonly referred to as "paper leases" or "project leases,"; and

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21 BE IT FURTHER RESOLVED that the audit should include, but
22 not be limited to, an evaluation of the following:

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24 (1) Effectiveness of the undivided lease system in
25 advancing timely homestead development and transitioning
26 beneficiaries to subdivided, lot-specific leases;

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28 (2) Duration and management of undivided leases,
29 including the average length of time beneficiaries remain
30 in undivided lease status and factors contributing to
31 delays;

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33 (3) Administrative efficiency, including staffing,
34 workflows, and coordination among planning, land
35 management, and infrastructure functions;

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37 (4) Internal controls and record integrity, including
38 tracking of undivided leaseholders, project status, and
39 conversion to individual lot leases;



(5) Beneficiary impacts, including clarity of rights, obligations, expectations, and access to information while under an undivided lease;

(6) Compliance with applicable statutes, administrative rules, commission policies, and fiduciary obligations under the Hawaiian Homes Commission Act; and

(7) Alternatives and improvements, including best practices and the feasibility of statutory, administrative, or technological changes to improve transparency, accountability, and timeliness within the undivided lease system; and

BE IT FURTHER RESOLVED that the Office of the Auditor is requested to submit its findings and recommendations to the Legislature no later than twenty days prior to the convening of the Regular Session of 2027; and

BE IT FURTHER RESOLVED that certified copies of this Concurrent Resolution be transmitted to the Auditor, the Chairperson of the Hawaiian Homes Commission, the Director of the Department of Hawaiian Home Lands, and the Office of Hawaiian Affairs.

OFFERED BY:

SCR SMO 2026-05

