

JAN 28 2026

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## SENATE 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 200,000 acres of  
3        land held in trust pursuant to the Hawaiian Homes Commission  
4        Act, 1920, as amended, and is responsible for issuing, managing,  
5        and enforcing homestead leases for native Hawaiian  
6        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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1        WHEREAS, the Office of the Auditor is authorized to conduct  
2 performance audits to evaluate the effectiveness, efficiency,  
3 and internal controls of government programs and operations,  
4 including compliance with applicable laws, rules, and trust  
5 responsibilities; and

6  
7        WHEREAS, a performance audit of the Department's undivided  
8 lease system would assist the Legislature, beneficiaries, and  
9 the public in assessing whether the system is functioning as  
10 intended and in accordance with the fiduciary obligations of the  
11 Hawaiian home lands trust; now, therefore,

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

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

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

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

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

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

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40                (5) Beneficiary impacts, including clarity of rights,  
41 obligations, expectations, and access to information while  
42 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 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:

SR SMO 2026-05

