

STATE OF HAWAII  
DEPARTMENT OF LAND AND NATURAL RESOURCES  
Land Division  
Honolulu, Hawaii 96813

December 13, 2013

Ref. No.: GLS-5452

Board of Land and Natural Resources  
State of Hawaii  
Honolulu, Hawaii

HAWAII

Consent to Assign General Lease No. S-5452, Adeline K. Hauanio, Assignor, to Michael Keola Hauanio, Assignee, Kikala-Keokea, Puna, Hawaii, Tax Map Key: (3) 1-2-043:052.

APPLICANT:

Adeline K. Hauanio, as Assignor, to Michael Keola Hauanio, single, Tenant in Severalty, as Assignee.

LEGAL REFERENCE:

Section 171-36(a)(5), Hawaii Revised Statutes, as amended.

LOCATION:

Portion of Government lands of the Kikala-Keokea Residential Subdivision, Lot 10, Kalapana Section situated at Kikala-Keokea, Puna, Hawaii, identified by Tax Map Key: (3) 1-2-043:052, as shown on the attached map labeled Exhibit A.

AREA:

1.08 acres, more or less.

TRUST LAND STATUS:

Section 5(b) lands of the Hawaii Admission Act

DHHL 30% entitlement lands pursuant to the Hawaii State Constitution:

YES \_\_\_ NO   x  

CHARACTER OF USE:

The lessee shall use or allow the premises leased, to be used solely for residential purposes as the lessee's primary domicile, provided that the following additional uses shall be permitted:

1. Storage of boats, fish catch, fishing nets and other fishing related implements;
2. Raising and keeping of small livestock and poultry for subsistence purposes only, except that the raising of swine (also called hogs and pigs) on the leased premises shall be prohibited; and
3. Cultivation of farm and agricultural crops for subsistence purposes (for home consumption only and not for sale), including herbal plants.

TERM OF LEASE:

65 years, commencing on January 1, 1997 and expiring on December 31, 2061. First scheduled rental reopening is for January 1, 2022.

ANNUAL RENTAL:

\$132 per annum. Payable in advance, in semi-annual installments of \$66, on the First Day of January and July of each and every year.

CONSIDERATION:

Gratis

RECOMMENDED PREMIUM:

Not applicable as the lease does not allow for a premium.

DCCA VERIFICATION:

ASSIGNOR:

Not applicable. Assignor as an individual, is not required to register with DCCA.

ASSIGNEE:

Not applicable. Assignee as an individual, is not required to register with DCCA.

APPLICANT REQUIREMENTS:

Applicant shall be required to:

Provide evidence of homeowner's insurance acceptable to Land Division and the Department of the Attorney General prior to the execution of the Assignment.

REMARKS:

Pursuant to Act 314, Session Laws of Hawaii 1991, as amended by Act 172, Session Laws of Hawaii 1993 and Act 81, Session Laws of Hawaii 1994, the Legislature of the

State of Hawaii authorized the Department to negotiate and enter into long term residential leases to persons living in Kalapana who were dispossessed or displaced as a result of the volcanic eruptions on the island of Hawaii, which began January 3, 1983 and persons who meet the qualifications of Section 13D-3(b), Hawaii Revised Statutes.

At its meeting of December 16, 1994, Item F-3, the Board authorized the awarding of direct residential leases, pursuant to Act 314 at Kikala-Keokea, Puna, Hawaii.

At its meeting of November 17, 1995, Item F-9, the Board of Land and Natural Resources approved to amend its prior board action of December 16, 1994 (Item F-3) to revise or delete certain conditions contained in the lease form, relating to authorization to award direct residential leases pursuant to Act 314, Session Laws of Hawaii of 1991, as amended. These amendments included: 1) deletion of lease requirements regarding performance bond, fire insurance, and extended insurance; and 2) that designated successors of the lease be a spouse, son, daughter, father, mother, brother, sister, grandfather, grandmother, grandson, granddaughter of Lessee.

A drawing of lots was conducted on December 9, 1995, and Gilbert W. Hauanio Sr. and Adeline K. Hauanio, husband and wife, were awarded a 65-year residential lease under General Lease No. S-5452. Forty-seven other leases were also awarded at the drawing.

At its meeting of November 20, 1998, Item D-6, the Land Board authorized Land Division to instruct its Fiscal Office to stop rental billings of the 48 general leases and to amend the lease document to reflect a "new" commencement date.

At its meeting of September 8, 2006, Item D-5, the Board of Land and Natural Resources approved to amend the 48 general leases awarded for residential purposes by: 1) Authorizing Land Division to instruct its Fiscal Office to commence with billing of lease rents, effective January 1, 2007; and 2) Amend lease terms and conditions of the general leases awarded relating to revisions of rent, liability insurance, improvements, mortgage, construction requirement, and the Kikala-Keokea Residential Community Association.

At its meeting of April 11, 2008, Item D-2, the Land Board approved to amend the insurance requirement for the forty-eight Kikala-Keokea general leases awarded for residential purposes, by lowering the amount of coverage required from \$300,000 per occurrence and \$500,000 aggregate to \$100,000 per occurrence/aggregate.

By letter dated September 22, 2013, Adeline K. Hauanio, requested that the lease be assigned to her grandson, Michael Keola Hauanio. Mrs. Hauanio explains that ever since her husband, Gilbert W. Hauanio Sr. passed away on April 9, 2006, she has been experiencing difficulty in satisfying the lease obligations. Michael Hauanio, as the grandson of Adeline and Gilbert Hauanio, is a descendent of a survivor of the 1983 lava flow, thus a qualified Applicant/ Assignee under Act 314 for a Kikala-Keokea residential lease.

Staff reviewed the file and can report that in the past two (2) years, notices of default for failure to provide rents were issued on 2/3/12, 8/3/12, and 2/1/13. The rents were cured immediately after the Lessee received the notices. Notices for failure to provide the required insurance was sent in both 2012 and 2013. To date, no insurance has been provided. There is no bond requirements for this lease. In order to resolve the insurance requirement, staff is recommending that the Board require the Assignee to provide acceptable evidence of insurance to the satisfaction of Land Division and the Attorney General prior to the execution of the assignment. The Lessee has never been cited for any illegal or unlawful activity on the State property.

Michael Hauanio, as Assignee, has not had a lease, permit, easement or other disposition of State lands terminated within the last five years due to non-compliance with such terms and conditions.

The first rental reopening is scheduled for 1/01/2022. There is no outstanding rental reopening issues.

The Office of Hawaiian Affairs was not solicited for comments as this is not a new disposition or change in use.

**RECOMMENDATION:**

That the Board consent to the assignment of General Lease No. S-5452 from Adeline K. Hauanio, as Assignor, to Michael Keola Hauanio, as Assignee, subject to the following:

1. The standard terms and conditions of the most current consent to assignment form, as may be amended from time to time;
2. Assignee shall provide evidence of homeowner's insurance acceptable to Land Division and the Department of the Attorney General prior to the execution of the Assignment;
3. Review and approval by the Department of the Attorney General; and

4. Such other terms and conditions as may be prescribed by the Chairperson to best serve the interests of the State.

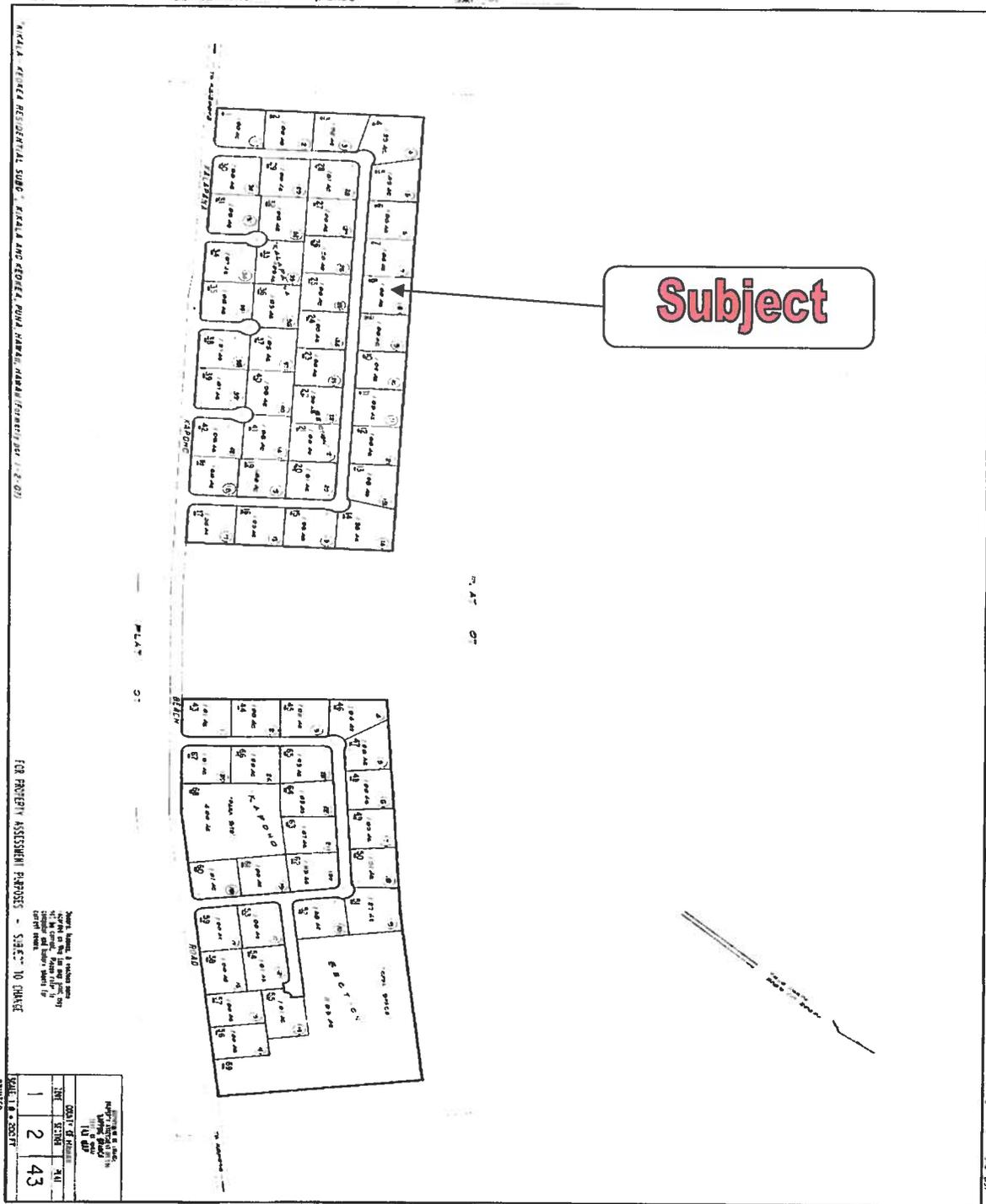
Respectfully Submitted,

  
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Wesley T. Matsunaga  
Land Agent

APPROVED FOR SUBMITTAL:

  
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William J. Aila, Jr., Chairperson





KALIA - CIVILIA RESIDENTIAL SUBD. - KALIA AND GOZEL, PUNA, MAHELE, MAHELE/FOURTH ST. (1-2-01)

FOR PROPERTY ASSESSMENT PURPOSES - SUBJECT TO CHANGE

Scale: 1" = 100' (Not to Scale)  
 1" = 100' (Not to Scale)  
 1" = 100' (Not to Scale)

NO.	DESCRIPTION	AMOUNT
1		2
2		43

1-2-043-052