

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

PUBLIC AND INDIAN HOUSING

NATIVE HAWAIIAN LOAN GUARANTEE FUND (Section 184A)

PROGRAM HIGHLIGHTS

	ESTIMATE 2001	ENACTED 2002	ESTIMATE 2003	INCREASE + DECREASE - 2003 vs 2002
(Dollars in Thousands)				
<u>Enacted:</u>				
Budget Authority	\$1,000	\$1,000	...
<u>Loan Guarantee Limitation</u>				
Loan Guarantee Limitation	[...]	[\$40,000]	[\$39,712]	[-\$288]
<u>Administrative Expenses</u>				
Administrative Expenses	[...]	[\$35]	[\$35]	[...]
<u>Budget Outlay</u>				
Budget Outlays	\$1,000	+\$1,000

SUMMARY OF BUDGET ESTIMATES

The fiscal year 2003 Budget proposes an appropriation of \$1 million in credit subsidy to support loan guarantee authority of \$40 million, based on a subsidy rate of 2.43 percent. Included in this request is \$35,000 for administrative expenses that will be transferred and merged with the Department's appropriation for Salaries and Expenses.

EXPLANATION OF INCREASES AND DECREASES

There is no increase in funding sought in fiscal year 2003 from the amount enacted in fiscal year 2002.

PROGRAM DESCRIPTION AND ACTIVITY

This program is authorized by subtitle B of Title V of the Hawaiian Homelands Homeownership Act of 2000 (Public Law 106-569) enacted December 27, 2000. Funding for this program provides loan guarantees for Native Hawaiian individuals and families, the Department of Hawaiian Home Lands, the Office of Hawaiian Affairs, and private nonprofit organizations experienced in the planning and development of affordable housing for Native Hawaiians. The loans may be used to purchase, construct and/or rehabilitate single-family homes on Hawaiian Home Lands. It makes possible the private financing of home mortgages by private financial institutions, which would otherwise not be possible because of the unique legal status of Hawaiian Home Lands.

Due to the unique legal status of Hawaiian Home Lands, lenders are hesitant to provide home mortgage financing where legal title to the real property cannot be used as collateral. Through this program, private financing will be used to cover construction or purchase costs while Federal dollars are used only to guarantee payment in the event of a default.

This program is not restricted to low-income families; rather, it provides opportunities for income-eligible families currently living in subsidized units to afford a market-rate home mortgage, thus freeing up assisted housing units for use by other lower-income families.

STRATEGIC GOALS AND OBJECTIVES: RESOURCES REQUESTED (\$ AND FTE) AND RESULTS

The Native Hawaiian Housing Loan Guarantee Fund is essential to achieve HUD's Strategic Goal 2: Help Families Move from Rental Housing to Homeownership, and specifically, Strategic Objective 2.2, to expand homeownership opportunities for minorities and persons with disabilities.

Native Hawaiian Loan Guarantee Fund

SELECTED PERFORMANCE MEASURES

NOTE: Targets are preliminary and may be revised with the submission of the full APP document.

STRATEGIC GOAL/OBJECTIVE	ESTIMATE 2001	ENACTED 2002	ESTIMATE 2003
Strategic Goal 2: Help families move from rental housing to homeownership.			
Discretionary BA (Dollars in Thousands)	\$0	\$1,000	\$1,000
FTE			
Headquarters	0	1	1
Field	0	0	0
Subtotal	...	1	1
Strategic Objective 2.2: Expand homeownership opportunities for minorities and persons with disabilities.			
FTE Total	...	1	1