

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

PUBLIC AND INDIAN HOUSING

NATIVE HAWAIIAN LOAN GUARANTEE FUND (Section 184A)

PROGRAM HIGHLIGHTS

	ESTIMATE 2002	ESTIMATE 2003	ESTIMATE 2004	INCREASE + DECREASE - 2004 vs 2003
	(Dollars in Thousands)			
<u>Enacted:</u>				
Budget Authority	\$1,000	\$1,000	\$1,000	...
Loan Guarantee Limitation	40,000	39,712	35,348	-4,364
Administrative Expenses	35	35	35	...
Budget Outlays	35	1,000	1,000	...

SUMMARY OF BUDGET ESTIMATES

The fiscal year 2004 Budget proposes an appropriation of \$1 million in credit subsidy to support loan guarantee authority of \$35 million, based on a subsidy rate of 2.73 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 2004 from the amount requested in fiscal year 2003.

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. This program provides access to sources of private financing to eligible Native Hawaiian families who reside on Hawaiian Home Lands and who otherwise could not acquire private financing because of the unique legal status of the Hawaiian Home Lands. 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. It provides opportunities for income-eligible families currently living in subsidized units to afford a market-rate home mortgage, and thus frees up assisted housing units for use by other lower-income families.

Native Hawaiian Loan Guarantee Fund (Section 184A)

ADMINISTRATIVE EXPENSES

FTE/OBJECT CLASS	ESTIMATE 2002	ESTIMATE 2003	ESTIMATE 2004
FTE			
Headquarters	1	1	1
Field
Total FTE	1	1	1
S&E Cost (Dollars in Thousands)			
Personal Services	\$94	\$97	\$100
Travel	5	10	10
Supplies	1	1	1
Total S&E Cost	\$100	\$108	\$111