

PUBLIC AND INDIAN HOUSING  
 NATIVE HAWAIIAN LOAN GUARANTEE FUND (SECTION 184A)  
 2006 Summary Statement and Initiatives  
 (Dollars in Thousands)

NATIVE HAWAIIAN LOAN GUARANTEE	<u>Enacted/ Request</u>	<u>Carryover</u>	<u>Supplemental/ Rescission</u>	<u>Total Resources</u>	<u>Obligations</u>	<u>Outlays</u>
2004 Appropriation .....	\$1,035	\$1,958	-\$6	\$2,987	\$35	\$35
2005 Appropriation .....	1,000	2,953	-8	3,945	1,957	1,495
2006 Request .....	<u>882</u>	<u>1,987</u>	<u>...</u>	<u>2,869</u>	<u>1,457</u>	<u>1,472</u>
Program Improvements/Offsets .....	-118	-966	+8	-1,076	-500	-23

**Summary Statement**

The Department is requesting \$882 thousand for the Native Hawaiian Loan Guarantee Fund (Section 184A). The fiscal year 2006 budget proposes an appropriation of \$882 thousand in credit subsidy to support loan guarantee authority of \$35 million based on a subsidy rate of 2.42 percent. Included in this request is \$35 thousand for administrative expenses that will be transferred and merged with the Department's appropriation for Salaries and Expenses.

This budget request is approximately the same funding and loan level as enacted in fiscal year 2005.

**Initiatives**

In fiscal year 2006, the Department is not proposing any new initiatives.

Native Hawaiian Loan Guarantee Fund (Section 184A)

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 Summary of Resources by Program  
 (Dollars in Thousands)

<u>Budget Activity</u>	<u>2004 Budget Authority</u>	<u>2003 Carryover Into 2004</u>	<u>2004 Total Resources</u>	<u>2004 Obligations</u>	<u>2005 Budget Authority</u>	<u>2004 Carryover Into 2005</u>	<u>2005 Total Resources</u>	<u>2006 Request</u>
Loan Guarantee Credit								
Subsidy .....	\$994	\$1,958	\$2,952	...	\$957	\$2,953	\$3,910	\$847
Administrative Expenses	<u>35</u>	...	<u>35</u>	<u>\$35</u>	<u>35</u>	...	<u>35</u>	<u>35</u>
Total Native Hawaiian Loan Guarantee .....	1,029	1,958	2,987	35	992	2,953	3,945	882

<u>FTE</u>	<u>2004 Actual</u>	<u>2005 Estimate</u>	<u>2006 Estimate</u>
Headquarters .....	1	1	1
Field .....	...	...	...
Total .....	1	1	1

Native Hawaiian Loan Guarantee Fund (Section 184A)

PUBLIC AND INDIAN HOUSING  
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 Program Offsets  
 (Dollars in Thousands)

Loan Guarantee Credit Subsidy	<u>Amount</u>
2004 Appropriation .....	\$994
2005 Appropriation .....	957
2006 Request .....	<u>847</u>
Program Improvements/Offsets .....	-110

Native Hawaiian Loan Guarantee - Summary of Loan Activity	<u>Actual</u> <u>2004</u>	Estimate <u>2005</u>	Estimate <u>2006</u>
		(Dollars in Thousands)	
Number of Loan Commitments .....	0	20	40
Number of Loans Endorsed .....	0	10	20
Average Loan Size of Endorsed Loans .....	0	\$118	\$118
Number of Loans in Delinquent Status at End of Fiscal Year .....	0	0	0
Number of Loans that Defaulted in Fiscal Year .....	0	0	0
Total Number of Loans in Default .....	0	0	0
Loan Guarantee Commitment Limitation .....	\$39,712	37,403	35,000
Subsidy Rate .....	2.73	2.58	2.42

**Proposed Actions**

The Department proposes \$847 thousand for loan guarantees for Native Hawaiian housing to support loan guarantee authority of \$35 million based on a subsidy rate of 2.42 percent.

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 (DHHL), 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.

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 for eligible Native Hawaiian families who wish to 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 acquisition costs while Federal dollars are used only to guarantee payment in the event of a default.

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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.

The final regulations implementing the Native Hawaiian Loan Guarantee program became effective on December 29, 2003. To make the program more effective, it requires additional marketing and outreach to Native Hawaiians who are eligible to reside in the Hawaiian Homelands. The Office of Native American Programs plans to work with the Department of Hawaiian Home Lands and lenders to increase program activity. An emphasis is being placed on using the program for larger projects, for site and infrastructure development, and in conjunction with other Federal and private programs and funding sources.

DHHL has initiated discussions with a number of banks to finance an affordable housing project on Waiohuli in Maui using the Section 184A loan guarantee program. A total of 17 houses will be built with DHHL as the borrower. DHHL would then enter into homebuyer agreements with families who would otherwise find it difficult to obtain mortgage financing. A loan amount of up to \$3 million is expected. Fannie Mae has indicated a willingness to purchase the loan upon completion.

Work has been completed at Waiakea 6 (Hawaii) to develop infrastructure for 40 single family units. The sites will be leased to low-income Native Hawaiians from the Department of Hawaiian Homelands waiting list to construct their own homes. It is anticipated that Section 184A loan guarantees will be used for the construction of homes in this development.

Work has been completed at Waiehu Kou (Maui) to develop infrastructure for 115 single family units. The sites will be leased to low-income Native Hawaiians from the Department of Hawaiian Homelands waiting list to construct their own homes. It is anticipated that Section 184A loan guarantees will be used for the construction of homes in this development.

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PUBLIC AND INDIAN HOUSING  
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Program Offsets  
(Dollars in Thousands)

<b>Administrative Expenses</b>	<u>Amount</u>
2004 Appropriation .....	\$35
2005 Appropriation .....	35
2006 Request .....	<u>35</u>
Program Improvements/Offsets .....	...

**Proposed Actions**

The Department proposes \$35 thousand for administrative expenses in fiscal year 2006 to carry out the Native Hawaiian Loan Guarantee program. Administrative expense funds will be transferred to and merged with the Department's appropriation for Salaries and Expenses.

Native Hawaiian Loan Guarantee Fund (Section 184A)

**PUBLIC AND INDIAN HOUSING  
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Performance Measurement Table**

Program Name: NATIVE HAWAIIAN LOAN GUARANTEE FUND (SECTION 184A)					
Program Mission: This program is authorized by subtitle B of Title V of the Hawaiian Homelands Homeownership Act of 2000 (P.L. 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.					
Performance Indicators	Data Sources	Performance Report		Performance Plan	
		2004 Plan	2004 Actual	2005 Plan	2006 Plan
Issue new guarantees for Native Hawaiian homeowners through the Section 184A mortgage financing program.	PIH Office Of Native American Programs Administrative Data derived from Access Database and LOCCS System	20	0	20	40

**Explanation of Indicators**

The Native Hawaiian Loan Guarantee (Section 184A) program is directed toward meeting the President's goal of increasing minority homeownership. Also this program directly supports the strategic goal to increase homeownership opportunities. In addition, it also supports the President and Secretary's goal of adding 5.5 million minority homebuyers by the end of the decade.

The Office of Loan Guarantee will compile the data on the number of loan guarantee certificates to be issued. The Director of the Office of Loan Guarantee validates the data on a monthly basis. The Public and Indian Housing Budget office verifies this count.

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**PUBLIC AND INDIAN HOUSING  
NATIVE HAWAIIAN LOAN GUARANTEE FUND (SECTION 184A)  
Justification of Proposed Changes in Appropriations Language**

The 2006 President's Budget includes proposed changes in the appropriations language listed and explained below. New language is italicized and underlined, and language proposed for deletion is bracketed.

For the cost of guaranteed loans, as authorized by section 184A of the Housing and Community Development Act of 1992 (12 U.S.C. 1715z-13b), [\$1,000,000] \$882,000 to remain available until expended: Provided, That such costs, including the costs of modifying such loans, shall be as defined in section 502 of the Congressional Budget Act of 1974, as amended: Provided further, That these funds are available to subsidize total loan principal, any part of which is to be guaranteed, not to exceed [\$37,403,000] \$35,000,000.

In addition, for administrative expenses to carry out the guaranteed loan program, up to \$35,000 from amounts in the first paragraph, which shall be transferred to and merged with the appropriation for "Salaries and expenses", to be used only for the administrative costs of these guarantees:

**Explanation of Changes**

There are no proposed changes to the appropriation language.

Native Hawaiian Loan Guarantee Fund (Section 184A)

PUBLIC AND INDIAN HOUSING  
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 Crosswalk of 2004 Availability  
 (Dollars in Thousands)

<u>Budget Activity</u>	<u>2004 Enacted</u>	<u>Supplemental/ Rescission</u>	<u>Approved Reprogrammings</u>	<u>Transfers</u>	<u>Carryover</u>	<u>Total 2004 Resources</u>
Loan Guarantee Credit Subsidy .....	\$1,000	-\$6	...	...	\$1,958	\$2,952
Administrative Expenses .....	<u>35</u>	<u>...</u>	<u>...</u>	<u>...</u>	<u>...</u>	<u>35</u>
Total .....	1,035	-6	...	...	1,958	2,987

Transfers to Other Accounts

As authorized by Section 184A of the HCD Act of 1992, \$35 thousand has been transferred to and merged with the appropriation for Salaries and Expenses to be used only for the administrative costs of the Native Hawaiian Loan Guarantee Fund.

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PUBLIC AND INDIAN HOUSING  
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 Crosswalk of 2005 Changes  
 (Dollars in Thousands)

<u>Budget Authority</u>	2005 President's Budget <u>Request</u>	Congressional Appropriations Action on 2005 <u>Request</u>	2005 Supplemental/ <u>Rescission</u>	<u>Reprogrammings</u>	<u>Carryover</u>	Total 2005 <u>Resources</u>
Loan Guarantee Credit Subsidy .....	\$965	\$965	-\$8	...	\$2,953	\$3,910
Administrative Expenses .....	<u>35</u>	<u>35</u>	<u>...</u>	<u>...</u>	<u>...</u>	<u>35</u>
Total Changes .....	1,000	1,000	-8	...	2,953	3,945

Transfers to Other Accounts

As authorized by Section 184A of the HCD Act of 1992, \$35 thousand shall be transferred to and merged with the appropriation for Salaries and Expenses to be used only for the administrative costs of the Native Hawaiian Loan Guarantee Fund.