

**PUBLIC AND INDIAN HOUSING  
NATIVE HAWAIIAN HOUSING BLOCK GRANTS  
2013 Summary Statement and Initiatives  
(Dollars in Thousands)**

NATIVE HAWAIIAN HOUSING BLOCK GRANTS	<u>Enacted/ Request</u>	<u>Carryover</u>	<u>Supplemental/ Rescission</u>	<u>Total Resources</u>	<u>Obligations</u>	<u>Outlays</u>
2011 Appropriation .....	\$13,000	\$16,454	-\$26	\$29,428	\$28,802	\$6,097
2012 Appropriation/Request .....	13,000	626	...	13,626	13,626	10,000
2013 Request .....	<u>13,000</u>	<u>...</u>	<u>...</u>	<u>13,000<sup>a</sup></u>	<u>13,000</u>	<u>12,000</u>
Program Improvements/Offsets .....	...	-626	...	-626	-626	+2,000

a/ Includes an estimated Transformation Initiative (TI) transfer of \$65 thousand in fiscal year 2013; the TI transfer may be up to 0.5 percent of Budget Authority.

**1. What is this request?**

The request is \$13 million for fiscal year 2013 for the Native Hawaiian Housing Block Grant (NHHBG) account. The amount of this request is identical to the appropriations enacted in both fiscal years 2011 and 2012. Of this amount, the Department is requesting \$300 thousand as a set-aside for training, technical assistance, and related travel in fiscal year 2013 (same as in fiscal years 2011 and 2012). This request is sufficient to continue the affordable housing activities that the grantee, the State of Hawaii’s Department of Hawaiian Home Lands, has planned.

The program will develop 65 affordable housing units and the related infrastructure with this level of funding. Without this level of funding, program activity would be severely disrupted and low-income native Hawaiian families would be denied greatly needed housing assistance. NHHBG funding is vital to ensure that the State of Hawaii can continue to develop decent, affordable housing for its income eligible native citizens. Cuts to NHHBG would significantly reduce, and in some cases, halt, program activity. A disruption to the stream of funding for NHHBG would have a dire impact on dozens of on-going development projects that will benefit low-income native Hawaiian families eligible to reside on Hawaiian home lands. More than 90 percent of NHHBG funds are used to develop new affordable homeownership housing units and the infrastructure to support them in the State that has one of the highest construction costs in the Nation. NHHBG funds relieve overcrowding and homelessness by developing and acquiring new units and rehabilitating older units to make them safe and sanitary. NHHBG funds are also used to assist communities with implementing alternative energy resources to reduce housing costs for low-income families. The NHHBG grantee has invested significantly in infrastructure for the last few years, making steady progress toward its long-term goals. A disruption in

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the NHHBG funding stream would be a serious detriment to the Department of Hawaiian Home Lands' ability to continue and complete these projects and provide affordable housing to native Hawaiian families.

In fiscal year 2013, the Department renews its request for the Transformation Initiative, which provides the Secretary the flexibility to undertake an integrated and balanced effort to improve program performance and test innovative ideas. Up to 0.5 percent of the funds appropriated for this account may be transferred to the Transformation Initiative Fund account for the following purposes: research, evaluations, and program metrics; program demonstrations; technical assistance; capacity building and information technology. Department wide, no more than \$120 million is estimated to be transferred to the Transformation Initiative Fund account in fiscal year 2013, although transfers could potentially total up to \$214.8 million. More details on the overall Transformation Initiative and these projects are provided in the justification for the Transformation Initiative Fund account.

All Technical Assistance set-aside carryover is expected to be utilized for providing training and technical assistance activities. Some technical assistance funds were not obligated in fiscal year 2011, as the technical nature and complexity of the Office Native American Programs (ONAP) procurement actions requires thorough reviews of contracts prior to an award.

### **2. What is this program?**

The Hawaiian Homelands Homeownership Act of 2000, originally part of the Omnibus Indian Advancement Act, became part of the American Homeownership and Economic Opportunity Act of 2000, and was signed into law on December 27, 2000. Title V, Subtitle B, section 513, amended the Native American Housing Assistance and Self-Determination Act of 1996 (NAHASDA) by creating a new title VIII (25 U.S.C. 4221 et seq.), Housing Assistance for Native Hawaiians, which authorized the Native Hawaiian Housing Block Grant (NHHBG) program. Regulations are at 24 CFR part 1006.

This program provides affordable housing opportunities and activities to low-income native Hawaiians eligible to reside on the Hawaiian home lands. Eligible activities include new construction, rehabilitation, acquisition, infrastructure, and various housing support services such as housing counseling.

The Hawaiian home lands are located in various geographic areas of the islands, typically in rural areas, and some with terrain that is difficult and costly to develop. The term "Hawaiian home lands" means lands that have the status as Hawaiian home lands under section 204 of the Hawaiian Homes Commission Act, 1920 (42 Stat. 110); or are acquired pursuant to that Act. The term "native Hawaiian" means any individual who is a citizen of the United States, and is a descendant of the aboriginal people, who, prior to 1778, occupied and exercised sovereignty in the area that currently constitutes the State of Hawaii, as evidenced by genealogical records; verification by kupuna (elders) or kama'aina (long-term community residents); or birth records of the State of Hawaii.

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Section 802 of NAHASDA states that the NHHBG program's sole grant recipient, the (State) Department of Hawaiian Home Lands (DHHL), shall carry out affordable housing activities for low-income native Hawaiian families who are eligible to reside on the Hawaiian home lands.

DHHL must provide HUD with an annual housing plan describing its goals and objectives and the activities for which NHHBG funds will be used. DHHL must also provide HUD an annual performance report describing its progress and accomplishments in achieving the goals and objectives in the housing plan.

DHHL provides NHHBG sub-recipient grants to local entities (approximately 11) that are considered indirect partners with HUD in providing assistance to native Hawaiian families. These sub-recipients have included the Habitat for Humanity; the Council for Native Hawaiian Advancement; Hawaiian Community Assets; Alu Like; the Hawaii Community Development Board; County of Hawaii; City and County of Honolulu; Molokai Community Service Council; Nanakuli Housing Corporation; Hawaii First Federal Credit Union; and the Papakolea Community Development Corporation.

NHHBG funds relieve overcrowding and homelessness by developing and acquiring new units and rehabilitating older units to make them safe and sanitary.

The grantee develops raw, vacant Hawaiian home lands set aside for homesteading purposes into master-planned communities. A significant amount of program funds are used to support site improvements and infrastructure for new construction of affordable housing. Funds are used to provide financial assistance for homebuyers; to rehabilitate existing affordable housing; and to assist communities with implementing alternative energy resources to reduce utility costs for low-income families. To prevent foreclosures and promote responsible homeownership, direct assistance is provided to qualified homeowners through counseling programs, down payment assistance, subsidies, low-interest rate loans, and matching funds for individual development accounts.

DHHL created the Home Ownership Assistance Program (HOAP), to provide classes on finances, budgeting, saving, and debt management. Case management is provided to families needing follow up and ongoing counseling. DHHL partners with various service organizations equipped to help families with financial literacy, job training, social services, and foreclosure prevention. At least 5,443 individuals have participated in HOAP since its inception in 2005 and approximately 75 percent of all HOAP participants are estimated to be eligible for NHHBG assistance.

As of September 2011, DHHL had six NHHBG-funded housing projects in various stages of development. Program funding enables the DHHL to continue developing these master-planned communities, which includes installing infrastructure and constructing homes. This process includes lengthy environmental reviews, procurement of construction contracts, compliance with local building permitting requirements, mass grading of raw land, installation of streets, drainage, water, sewer and utilities, and house

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construction. Additionally, these activities must be properly aligned with DHHL’s limited funding resources for creating homeownership opportunities for the eligible native Hawaiian families. DHHL routinely leverages NHHBG funding to maximize its impact on the native Hawaiian community.

### Staffing

<u>FTE</u>	<u>2011 Actual</u>	<u>2012 Estimate</u>	<u>2013 Estimate</u>
Headquarters .....	1	1	1
Field .....	...	...	...
Total .....	1	1	1

The program is managed by the Office of Native American Programs (ONAP) under the jurisdiction of the Assistant Secretary for Public and Indian Housing. A full-time Native Hawaiian Program Specialist is out stationed in HUD’s Hawaii State Office in Honolulu. To support the NHHBG program, ONAP has (1) FTE that is dedicated in assisting DHHL with fund expenditures, grant monitoring and evaluation of the Hawaiian Housing Plan. Key workload drivers include applications for loans and grants; monitoring requirements; consultation requirements; annual appropriations requirements, the need to provide technical assistance and training, etc..

Without dedicated resources to assist DHHL, fund obligation will be severally diminished, thus hindering affordable housing to eligible Native Hawaiians. Another aspect that our Hawaiian based ONAP staff conduct is training and technical assistance to DHHL and eligible Native Hawaiians. This training is important to Native Hawaiians so they can learn about the many Native Hawaiian programs that exist that could benefit their respective villages.

### **Eligible Activities**

The program allows the grant recipient to develop and support affordable housing and provide housing services through the following five eligible activities (section 810 of NAHASDA):

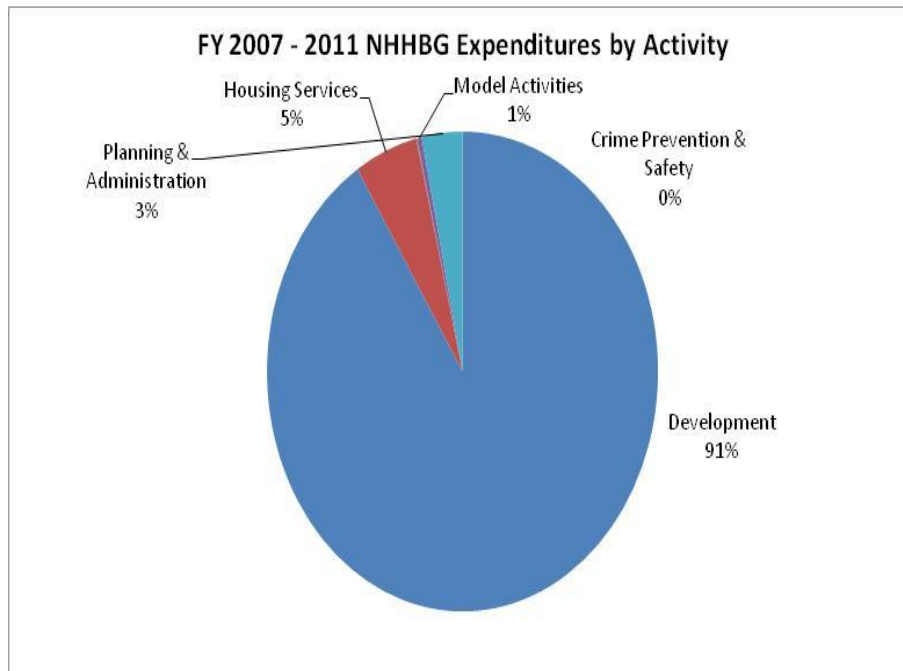
1. Development. The acquisition, new construction, reconstruction, or moderate or substantial rehabilitation of affordable housing, which may include real property acquisition, site improvement, development of utilities and utility services, conversion, demolition, financing, administration and planning, and other related activities.
  - From fiscal years 2007 through 2011, the recipient expended approximately \$44 million on activities in this category, or an average of nearly \$9 million each year.
  - Over 5 years, development averaged 91 percent of total expenditures.

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- During this time, approximately 366 affordable homes were either built, acquired, or substantially rehabilitated.

2. Housing Services. Funds used to provide housing counseling for rental or homeownership assistance, establishment and support of resident management organizations, energy auditing, supportive and self-sufficiency services, and other related services assisting owners, residents, contractors, and other entities participating or seeking to participate in eligible housing activities.

- From fiscal years 2007 through 2011, the recipient expended approximately \$2.3 million on activities in this category, or an average of \$462,889 each year.
- This activity averaged about 5 percent of total expenditures.



3. Housing Management Services. The provision of management services for affordable housing, including preparation of work specifications, loan processing, inspections, tenant selection, management of tenant-based rental assistance, and management of affordable housing projects. The grantee has not expended program funds on this activity.

4. Crime Prevention and Safety. Funding provided for safety, security, and law enforcement measures with activities appropriate to protect residents of affordable housing from crime. From fiscal years 2007 through 2011, \$18,661 was spent on this activity.

5. Model Activities. The Department may approve housing activities under model programs that are designed to carry out the purposes of the Act and are specifically approved by the Secretary as appropriate for such purpose. From fiscal years 2007 through 2011, the recipient expended \$186,543 on activities in this category, or an average of \$37,308 each year.

In addition, the recipient may expend funds for planning and administration. Approximately \$1,480,000 was expended from fiscal years 2007 through 2011, or an average of \$296,000 per year. Planning and administrative expenses averaged about 3 percent of

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total expenditures each year. (24 CFR § 1006.230 defines eligible administrative and planning expenses under NAHASDA.) Eligible administrative and planning expenses include, but are not limited to, administrative management, evaluation and monitoring, preparation of the Native Hawaiian Housing Plan and Annual Performance Report, staff and overhead costs directly related to carrying out affordable housing activities. HUD authorizes DHHL to use up to 20 percent of their grant for planning and administrative purposes.

### **3. Why is this program necessary and what will we get from the funds?**

#### Housing Needs of Native Hawaiians

In 1996, HUD issued a report indicating that native Hawaiians have the highest percentage of housing problems (49 percent) of any group in the United States. Also, native Hawaiians experience the worst housing conditions of any group in the State of Hawaii and constitute approximately 30 percent of Hawaii's homeless population. Although HUD's report on native Hawaiian housing conditions is 16 years old, it is still relevant because it is the only extant study of its type, and it detailed the significant housing needs of native Hawaiians in Hawaii.

Sixty-eight percent of low-income native Hawaiian households experience some kind of housing problem such as affordability, overcrowding, structural quality, availability, or some combination of these problems. For very low-income native Hawaiian households (not exceeding 50 percent of area median income), the needs are more severe, with 75 percent of households in this category facing some kind of housing problem.

The Housing Policy Study, conducted by the Department of Hawaiian Home Lands in 2006, and a Beneficiary Needs Survey conducted in 2008, estimated that there are more than 33,200 low-income native Hawaiian households that are eligible for assistance under the NHHBG program. More than 12,000 of these eligible households are currently on waiting lists.

According to the grantee's Native Hawaiian Housing Plan, there are 7,560 native Hawaiian families living on Hawaiian home lands; 25,937 applicants on the waiting list to reside on the home lands; and an estimated 32,460 potential native Hawaiian applicants. More than 33,200 households are considered low-income and eligible for NHHBG assistance.

#### According to the U.S. Census, American Community Survey for 2005-2009:

- 447,591 people reported being native Hawaiian or other Pacific Islander (one race) in the United States. This was 0.15 percent of the total, national population (in 2009) of 301,461,533.

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- 112,940 people reported being native Hawaiian or other Pacific Islander (one race) in the State of Hawaii. This was 8.82 percent of the total population in the State of Hawaii (in 2009) of 1,280,241. Another 278,000 people in the State of Hawaii reported being two or more races.
- 17.4 percent of native Hawaiians (and other Pacific Islanders) live below the poverty level in the State of Hawaii, compared to 9.4 percent of the total population in Hawaii.
- 21.6 percent of native Hawaiian (and other Pacific Islander) households in the State of Hawaii are overcrowded, compared to 3.21 percent of White households in the State of Hawaii, and 8.72 percent of all households in the State of Hawaii.
- \$19,478 is the per capita income for native Hawaiians (and other Pacific Islanders) in the State of Hawaii; compared to \$38,650 for Whites in the State of Hawaii, and \$28,662 for the total population of Hawaii.

### Assessment of Housing Needs of Native Hawaiians – A Departmental Transformation Initiative:

In fiscal year 2013, HUD will continue the on-going comprehensive study of housing needs in Indian Country, including native communities in Alaska and Hawaii, which was mandated by Congress and begun in 2011. The assessment will be conducted by the Urban Institute, and will be managed by HUD's Office of Policy Development and Research. The project is expected to be completed by 2014 and has been budgeted at \$4 million, to include research not only of native Hawaiians in Hawaii, but also of American Indians and Alaska Natives throughout the United States. The results of the study will allow HUD to broaden its efforts, in collaboration with its Federal partners, to address other barriers to building economically sustainable communities in Indian Country and on the Hawaiian home lands. This comprehensive assessment will look at housing and other factors important to long-term economic stability, including access to quality health care, schools, transportation, and employment.

To date, the only comprehensive study of housing needs of Native Americans is HUD's 1996 *Assessment of American Indian Housing Needs and Programs, and Housing Problems and Needs of Native Hawaiians*. This study is still being used, despite being more than 15 years old and predating the Native Hawaiian Housing Block Grant program. U.S. Census reports offer useful data, but given their more general perspective, typically fail to provide a thorough understanding of the housing conditions experienced by HUD's program beneficiaries.

The comprehensive housing needs study will update Census data to include information from the 2000 and 2010 Decennial Censuses and the American Community Survey. It will consist of several components, including interviews with state government leaders, staff at the Department of Hawaiian Home Lands, and other community leaders and stakeholders. Because the previous 1996 study was published before the NHHBG program began, the comprehensive study will also undertake an examination of the program's impact since its implementation.

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### Presidential Initiatives and Interagency Partnerships

On October 14, 2009, President Obama signed the Executive Order reestablishing the White House Initiative on Asian Americans and Pacific Islanders (Initiative). The Initiative, co-chaired by U.S. Department of Education and the U.S. Department of Commerce, is housed within the U.S. Department of Education. The Initiative works to improve the quality of life and opportunities for Asian Americans and Pacific Islanders by facilitating increased access to and participation in Federal programs where they remain underserved. This historic Executive Order initiates another avenue of access to the Federal Government for Asian American and Pacific Islander communities and affirms President Obama's commitment to these communities.

The Initiative works collaboratively with the White House Office of Public Engagement and the designated agencies to increase Asian American and Pacific Islander participation in programs in education, commerce, business, health, human services, housing, environment, arts, agriculture, labor and employment, transportation, justice, veterans affairs, and economic and community development.

The Initiative seeks to highlight both the tremendous unmet needs in the Asian American and Pacific Islander communities as well as the dynamic community assets that can be leveraged to meet many of those needs. The Initiative focuses on cross-cutting priority areas that may reach across all issue areas and agencies, including, for example, advancing research, data collection, analysis and dissemination for Asian Americans, Native Hawaiians and Pacific Islanders, and ensuring access, especially linguistic access and cultural competence, for Asian Americans and Pacific Islanders and encouraging Asian American and Pacific Islander involvement in public service and civic engagement opportunities.

#### **4. How do we know this program works?**

##### Performance Indicators and Program Outcomes

The primary indicators of performance are the number of affordable housing units built, acquired, and rehabilitated each year. These verifiable outputs reflect a major use of funds, and are good indicators of the overall performance and strength of the program. However, these development activities tend to be long-term and require confidence in a steady stream of funding.

The intended outcomes of the program are:

- An increase in the quantity and quality of affordable homes on the Hawaiian home lands.
- The development and improvement of housing infrastructure on the Hawaiian home lands.



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- Residents of affordable housing on the Hawaiian home lands who are financially literate and responsible homeowners.

### HUD's Coordinated Response to Native American Housing Needs

Section 902 of the Housing and Community Development Act of 1992 created HUD's Office of Native American Programs (ONAP), located in the Office of Public and Indian Housing. ONAP works with tribal, state, and local governments, including Hawaii's Department of Hawaiian Home Lands, Federal agencies, community organizations, and the private sector to provide a coordinated and comprehensive response to Native Americans' housing and community development needs.

ONAP's mission is to ensure that safe, decent, and affordable housing is available to low- and middle-income American Indian, Alaska Native, and native Hawaiian families; to create economic opportunities for tribes and Native American individuals; to help develop their communities; and to ensure fiscal integrity in the operation of the programs.

### Performance History and Projections

Fiscal year 2002 was the first funding year for the program. Funding levels have averaged about \$10 million each year for 11 years. An additional \$10.2 million was awarded under the Recovery Act, bringing the total amount awarded to date for NHHBG to about \$120.4 million.

The NHHBG program is all about homeownership. The program's goal for several years has been, and will be in fiscal year 2013, to assist at least 65 families annually by building, acquiring, or substantially rehabilitating their homes. This target is based on average accomplishments over the last several years. This grantee uses a significant amount of grant funds to develop and install basic infrastructure before homes can be constructed.

Since 2005 (through fiscal year 2011), the program has provided 461 native Hawaiian families with affordable housing on the Hawaiian home lands by constructing or acquiring a home, or by substantially rehabilitating a family's existing home. New construction included the development and installation of basic housing infrastructure.

In fiscal year 2011, 55 homes were built, 12 homes were acquired, and 12 homes were rehabilitated for a total of 79 affordable homes that were made available to low-income native Hawaiian families. DHHL uses an average of about 90 percent of program funds to build homes and install the related supportive infrastructure.

In fiscal year 2010, 51 homes were built, 25 homes were acquired, and 2 homes were rehabilitated for a total of 78 affordable homes that were made available to low-income native Hawaiian families.

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In fiscal year 2009, in addition to infrastructure development, program funds were used to complete construction on 34 new homes, acquire 14 homes, and rehabilitate 1.

DHHL's price estimates for homes it built on the island of Oahu in 2011 range from \$197,500 to \$360,000, for an average of \$278,750 per home. Hawaii ranks first in the United States for median home value at \$560,200, compared to the national average of \$197,600 in 2008 (U.S. Census Bureau: the 2011 Statistical Abstract; Table 991. Owner-Occupied Housing Units—Value and costs by State: 2008; [http://www.census.gov/compendia/statab/cats/construction\\_housing.htm](http://www.census.gov/compendia/statab/cats/construction_housing.htm)).

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**PUBLIC AND INDIAN HOUSING  
NATIVE HAWAIIAN HOUSING BLOCK GRANTS  
Summary of Resources by Program  
(Dollars in Thousands)**

<u>Budget Activity</u>	<u>2011 Budget Authority</u>	<u>2010 Carryover Into 2011</u>	<u>2011 Total Resources</u>	<u>2011 Obligations</u>	<u>2012 Budget Authority/ Request</u>	<u>2011 Carryover Into 2012</u>	<u>2012 Total Resources</u>	<u>2013 Request</u>
Grants .....	\$12,675	\$16,121	\$28,796	\$28,795	\$12,700	...	\$12,700	\$12,700
Technical Assistance ..	<u>299</u>	<u>333</u>	<u>632</u>	<u>7</u>	<u>300</u>	<u>\$626</u>	<u>926</u>	<u>300</u>
Total .....	12,974	16,454	29,428	28,802	13,000	626	13,626	13,000

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### **PUBLIC AND INDIAN HOUSING NATIVE HAWAIIAN HOUSING BLOCK GRANTS Appropriations Language**

The fiscal 2013 President's Budget include proposed changes in the appropriation language listed and explained below. New language is italicized and underlined, and language proposed for deletion is bracketed.

For the Native American Housing Block Grants program, as authorized under title I of the Native American Housing Assistance and Self-Determination Act of 1996 (NAHASDA) (25 U.S.C. 4111 et seq.), \$650,000,000, to remain available until September 30, [2016] 2017: Provided, That, notwithstanding the Native American Housing Assistance and Self-Determination Act of 1996, to determine the amount of the allocation under title I of such Act for each Indian tribe, the Secretary shall apply the formula under section 302 of such Act with the need component based on single-race census data and with the need component based on multi-race census data, and the amount of the allocation for each Indian tribe shall be the greater of the two resulting allocation amounts: [Provided further, That of the amounts made available under this heading, \$2,000,000 shall be contracted for assistance for national or regional organizations representing Native American housing interests for providing training and technical assistance to Indian housing authorities and tribally designated housing entities and \$2,000,000 shall be to support the inspection of Indian housing units, contract expertise, training, and technical assistance in the training, oversight, and management of such Indian housing and tenant-based assistance, including up to \$200,000 for related travel:] Provided further, That of the amount provided under this heading, \$2,000,000 shall be made available for the cost of guaranteed notes and other obligations, as authorized by title VI of NAHASDA: Provided further, That such costs, including the costs of modifying such notes and other obligations, 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 the total principal amount of any notes and other obligations, any part of which is to be guaranteed, not to exceed [\$20,000,000: Provided further, That the Department will notify grantees of their formula allocation within 60 days of enactment of this Act] \$18,332,000. (Department of Housing and Urban Development Appropriations Act, 2012.)

#### Changes from 2012 Appropriations

Eliminates funds contracted for organizations representing Native American housing interests and to support the inspection of Indian housing units.