

**PUBLIC AND INDIAN HOUSING
NATIVE HAWAIIAN HOUSING BLOCK GRANTS
2019 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> |
|--------------------------------------|-----------------------------|------------------|-------------------------------------|----------------------------|--------------------|----------------|
| 2017 Appropriation | \$2,000 | \$527 | ... | \$2,527 | \$1 | \$6,097 |
| 2018 Annualized CR | 2,000 | 2,527 | -\$14 ^a | 4,513 | 1,986 | 13,903 |
| 2019 Request | ... | <u>2,000</u> | ... | <u>2,000</u> | ... | <u>10,001</u> |
| Change from 2018 | -2,000 | -527 | +14 | -2,513 | -1,986 | -3,902 |

a/ Public Law 115-56 requires a reduction of 0.6791 percent from the fiscal year 2017 enacted budget authority.

1. Program Purpose and Fiscal Year 2019 Budget Overview

The Native Hawaiian Housing Block Grant program supports the construction, acquisition, or rehabilitation of affordable housing units and their related infrastructure on the Hawaiian home lands. In fiscal year 2019, the program’s balances of prior years’ budget authority are sufficient to support these goals; therefore, the Department does not request any new appropriations.

2. Request

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 Hawaiian home lands. Current and planned activities include the following:

- Infrastructure development to support future construction of new homeownership and rental housing units.
- Housing counseling and training services to prepare families for homeownership and to prevent foreclosure.
- Home rehabilitation to improve substandard units.

The NHHBG provides funding to DHHL to provide affordable housing activities on Hawaiian home lands to eligible Native Hawaiian families. The term, “Hawaiian home lands” means lands that have the status as Hawaiian home lands under section

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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.

3. Justification

The Hawaiian home lands are in various geographic areas of the islands, typically in rural areas. Under this program, DHHL can develop raw, vacant Hawaiian homelands, which are set aside for Native Hawaiian families, into master-planned communities. As a rule, these communities are not located in prime resort locations, and in fact, are often in less desirable areas with steep terrain that is difficult to access and develop. The difficulties involved in developing this raw land add to the already high cost of providing housing. A significant amount of program funds is used to support site improvements and infrastructure for new construction of affordable housing. Project development is a lengthy process, and usually includes 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 home construction. 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.

In the 2010 census, 290,000 people identified as Native Hawaiian and were living in Hawaii (about 21 percent of Hawaii's population). Of these, 30,858 lived on the home lands. There is significant need for affordable housing among this population. A 2017 report¹ indicates that:

- Native Hawaiians have lower incomes, higher poverty rates, and lower educational attainment rates than other residents of Hawaii.
- Native Hawaiian households experience higher rates of overcrowding (15 percent) compared with other Hawaiian households (8 percent).

¹ *Housing Needs of Native Hawaiians, A Report from the Assessment of American Indian, Alaska Native, and Native Hawaiian Housing Needs.* May 2017. <https://www.huduser.gov/portal/publications/housing-needs-native-hawaiians.html>

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- Native Hawaiians are overrepresented in Hawaii's homeless population. In 2015, Native Hawaiians and other Pacific Islanders accounted for only 10 percent of the state's population, but they accounted for 39 percent of the 7,620 people experiencing literal homelessness in Hawaii.

DHHL has provided housing services through the following eligible activities:

- **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. Over the life of the program, more than 80 percent of NHHBG funds have been spent on activities in this category.
- **Housing Services and Model Activities.** 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.
- **Planning and Administration:** Eligible administrative and planning expenses include, but are not limited to, administrative management, evaluation and monitoring, preparation of annual plans and reports required by HUD, and staff and overhead costs directly related to carrying out affordable housing activities. HUD authorizes DHHL to use up to 20 percent of its grant for planning and administrative purposes.

In 16 years of program activity (2002-2017), DHHL built, acquired, or rehabilitated 656 affordable homes using NHHBG funds. Approximately 693 lots have been improved with infrastructure to support construction of affordable homes. Three community centers have been rehabilitated to provide housing services to affordable housing residents. Housing services, such as pre- and post-homebuyer education, financial literacy training, and/or self-help home repair training to sustain safe, decent, occupant-owned housing have been provided to more than 2,000 individuals and families.

DHHL routinely leverages NHHBG funding to maximize its impact on the Native Hawaiian community. NHHBG carryover will be used for providing affordable housing opportunities to Native Hawaiian families. All the technical assistance set-aside carryover is expected to be used for training and technical assistance.

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Summary of Resources by Program
(Dollars in Thousands)**

| <u>Budget Activity</u> | <u>2017 Budget Authority</u> | <u>2016 Carryover Into 2017</u> | <u>2017 Total Resources</u> | <u>2017 Obligations</u> | <u>2018 Annualized CR</u> | <u>2017 Carryover Into 2018</u> | <u>2018 Total Resources</u> | <u>2019 Request</u> |
|--|------------------------------|---------------------------------|-----------------------------|-------------------------|---------------------------|---------------------------------|-----------------------------|---------------------|
| Grants | \$2,000 | ... | \$2,000 | ... | \$1,986 | \$2,000 | \$3,986 | ... |
| Technical Assistance .. | ... | \$527 | 527 | \$1 | ... | 527 | 527 | ... |
| Research and Technology (transfer) | ... | ... | ... | ... | ... | ... | ... | ... |
| Total | 2,000 | 527 | 2,527 | 1 | 1,986 | 2,527 | 4,513 | ... |