

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

Office of Public and Indian Housing

Native Hawaiian Loan Guarantee Fund (Section 184A)

SUMMARY OF RESOURCES

(Dollars in Thousands)

	Enacted/ Requested	Carry over	Supplemental/ Rescission	Total Resources	Obligations	Net Outlays
2023 Appropriation	-	-	-	-	-	-
2024 Annualized CR	-	-	-	-	-	-
2025 President's Budget	-	-	-	-	-	-
Change from 2024	-	-	-	-	-	-

Note: The table above reflects only discretionary budget authority; mandatory budget authority for upward re-estimates and interest is excluded.

PROGRAM PURPOSE

The Native Hawaiian Housing Loan Guarantee Fund (also known as the Section 184A program) offers Native Hawaiians homeownership, property rehabilitation, and new construction opportunities on Hawaiian home lands. By incentivizing private lenders with a 100-percent guarantee in the event of a loan default, the Section 184A program increases access to private financing for Native Hawaiians.

BUDGET OVERVIEW

The 2025 President's Budget requests no funding in credit subsidy for the Section 184A program, which is equal to the 2024 Annualized CR level. This is due, in large part, to the strong performance of the program, sound lender underwriting, and proactive housing counseling by Tribes to keep families in their homes. The 2025 President's Budget requests \$21 million in loan guarantee commitment authority and continued refinance authority.

This program aligns to HUD 2022-2026 Strategic Objectives 3A: *Advance Sustainable Homeownership* and 3B: *Create a More Accessible and Inclusive Housing Finance System*. The Section 184A program provides an incentive for private lenders to make home mortgages available to Native Hawaiians by guaranteeing 100 percent of the unpaid principal and interest due in the event of a loan default.

JUSTIFICATION

The Section 184A program helps make the dream of homeownership possible for Native Hawaiians, a historically underserved population. This investment helps further equity for Native Hawaiians by increasing the production of and access to affordable housing, as well as addressing the needs identified in the 2017 HUD report, *Housing Needs of Native Hawaiians*.¹ According to the report, Native Hawaiians and other Pacific Islanders account for 39 percent of the State's overall homeless population despite only representing 10 percent of the State's population. The study also indicates that Native Hawaiian beneficiaries on the Hawaiian home lands waiting list experience a higher rate of housing problems than Native Hawaiians overall and other residents of Hawaii. For example, 10 percent of Native Hawaiian beneficiaries on the waiting list lack complete plumbing facilities,

¹ <https://www.huduser.gov/portal/pdredge/pdr-edge-research-072417.html>

38 percent experience overcrowding, and 46 percent experience cost burden by paying more than 30 percent of their income on housing costs.

The existence of the Hawaiian home lands is a distinctive feature of the housing situation for members of the Native Hawaiian community. The home lands are managed by the State of Hawaii's Department of Hawaiian Home Lands (DHHL) with oversight provided by the U.S. Department of the Interior. In 1921, the Congress enacted the Hawaiian Homes Commission Act, which established the Hawaiian home lands and created a homesteading program to support the self-sufficiency and well-being of Native Hawaiians. These public trust lands are meant to be leased to eligible Native Hawaiian beneficiaries for residential, agricultural, and pastoral purposes in homestead communities. However, the trust status of the land prevented most lenders from providing mortgages, as trust lands are inalienable and cannot be used as collateral. The Section 184A program established a vehicle through which financing could be provided to Native Hawaiians wishing to own a home on trust lands.

Private financing is used to cover construction or acquisition costs, while Federal funding is used only to guarantee payment in the event of a default. Eligible borrowers include Native Hawaiian families who are eligible to reside on the Hawaiian home lands, DHHL, the Office of Hawaiian Affairs, and organizations experienced in the planning and development of affordable housing for Native Hawaiians. Since 2005, when program activity began, HUD has guaranteed more than 870 Section 184A loans, in turn making homeownership a reality for Native Hawaiian families.

Without the mortgage resources available through the Section 184A program, Native Hawaiian families are at risk of not being able to obtain financing to allow them to purchase their homes or reduce their housing costs by refinancing their mortgage. It is commonly held that homeownership increases the well-being and health of the homeowners. Accordingly, by providing increased homeownership opportunities to Native Hawaiians, the Section 184A program contributes to the well-being and health of Native Hawaiian families.

Equity

This investment helps increase equity for Native Hawaiians families by increasing the production of and access to affordable and quality housing. By guaranteeing loans, the Section 184A program expands the market for private lenders, ensures access to private-market mortgages, and increases homeownership opportunities for Native Hawaiian families, who have been a traditionally underserved population.

Key Assumptions

HUD expects the strong performance of the program to continue in 2025. HUD estimates that it will operate at a negative credit subsidy rate and will not require discretionary appropriations to continue to operate and meet program demand.

Stakeholders

Stakeholders include Native Hawaiian borrowers, DHHL, and Section 184A-approved lenders. The Office of Native American Programs (ONAP) works with financial institutions to encourage private lending, which allows Native Hawaiian families to become homeowners.

Operational Improvements

HUD continues to make progress towards modernizing the Section 184A program, which will help reduce potential risk to the Federal Government. Under the Office of the Chief Information Officer's

leadership, the Office of Public and Indian Housing (PIH) is developing *Native Advantage*, which is a multi-year information technology modernization initiative. HUD will continue to provide the Congress with progress updates on the development of the system.

SUMMARY OF RESOURCES BY PROGRAM

(Dollars in Thousands)

Budget Activity	2023 Budget Authority	2022 Carry over Into 2023	2023 Total Resources	2023 Obligations	2024 Annualized CR	2023 Carry over Into 2024	2024 Total Resources	2025 President's Budget
	-	-	-	-	-	-	-	-
Total	-	-	-	-	-	-	-	-

LEGISLATIVE PROPOSALS AND GENERAL PROVISIONS

Legislative Proposals

The 2025 Budget supports the following legislative proposals and will seek changes through the authorization process:

- **Direct Endorsement Authority and Indemnification Authority:** This proposal would allow HUD to delegate to eligible lenders the authority to directly endorse loans. HUD also requests authority to include indemnification of HUD from lenders participating in the Section 184A program. Indemnification authority would permit HUD to require the lender to accept the loss rather than the taxpayers when the lender closes noncompliant loans in the Section 184A program.
- **40-Year Mortgages:** This proposal would authorize HUD to guarantee mortgages up to 40 years in length, when seeking to modify a loan to avoid foreclosure. The proposal will align Section 184A loss mitigation options with those offered by the Federal Housing Administration (FHA).
- **Prohibition of Property Assessed Clean Energy (PACE) Priming:** This proposal would extend the existing FHA proposal to prohibit PACE priming to the Section 184A program without prior consent from HUD.

APPROPRIATIONS LANGUAGE

The 2025 President’s Budget includes the appropriations language listed below.

New commitments to guarantee loans, as authorized by section 184A of the Housing and Community Development Act of 1992 (12 U.S.C. 1715z–13b), any part of which is to be guaranteed, shall not exceed \$21,000,000 in total loan principal, to remain available until September 30, 2026: Provided, That the Secretary may enter into commitments to guarantee loans used for refinancing.

Note.--A full-year 2024 appropriation for this account was not enacted at the time the Budget was prepared; therefore, the Budget assumes this account is operating under the Continuing Appropriations Act, 2024 and Other Extensions Act (Division A of Public Law 118-15, as amended). The amounts included for 2024 reflect the annualized level provided by the continuing resolution.