



OFFICE OF PUBLIC AND INDIAN HOUSING

U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
WASHINGTON, DC 20410-5000

Date: July 30, 2024

Dear Lender Letter 2024-06

To: All Section 184A Approved Lenders
Department of Hawaiian Home Lands

Subject Section 184A Native Hawaiian Housing Loan Guarantee Program
Properties Located within the Boundaries of the Waikoloa Maneuver Area
Formerly Used Defense Site (WMA FUDS) on the Island of Hawaii.

Purpose The purpose of this Dear Lender Letter (DLL) is to inform Section 184A
Native Hawaiian Housing Loan Guarantee Fund (Section 184A) Lenders of
an update regarding Section 184A loan applications for certain properties
located in the boundaries of the WMA FUDS.

Effective Date This DLL is effective for Section 184A Case Numbers issued on or after the
publication date of this DLL.

Public Feedback The Office of Native American Programs (ONAP) welcomes feedback from
interested parties for a period of 30 calendar days from the date of issuance.
To provide feedback on this policy document, please send feedback to
ONAP at Section184Comments@HUD.gov. ONAP will consider the
feedback in determining the need for future updates.

Affected Programs This DLL applies to the Section 184A program. This DLL supplements
Notices [PIH 2017-25](#), [CPD-19-07](#), and [CPD-2023-09](#).

Background The WMA FUDS is located on approximately 180,000 acres of land on the northwest side of the Island of Hawaii. U.S. Navy training operations on the site from 1943 to 1946 resulted in the presence of unexploded ordnance (UXO) within the area, which is still capable of exploding if disturbed. Since the U.S. Navy's disposition of the land, the U.S. Army Corps of Engineers (USACE) is the lead agency responsible for clean-up and monitoring operations of the WMA FUDS, including UXO remediation. As the USACE completes its remediation of a particular property within the WMA FUDS, it issues a Remedial Action Report, which is then reviewed by the State of Hawaii Department of Health (HDOH). HDOH is responsible for reviewing these reports and deciding acceptable risk for use of the subject properties. If HDOH determines that the Remedial Action Report is acceptable, HDOH will issue a site closure letter for the particular property. Site closure letters are written statements that no further remedial action is required, and the property is safe for its intended use.

On January 18, 2017, the U.S. Department of Housing and Urban Development (HUD) published [Notice SD-2017-01](#), which outlines HUD's policies for HUD-assisted properties in the WMA FUDS. The Notice established minimum requirements for existing and proposed HUD-assisted properties located within the WMA FUDS that are subject to environmental review requirements. On November 30, 2017, ONAP published [Notice PIH-2017-25](#), which informed the State of Hawaii Department of Hawaiian Home Lands and all HUD-approved Section 184A Lenders of program specific requirements for the Section 184A program¹ and that Notice PIH-2017-25 is applicable to the Section 184A program for properties located in the WMA FUDS.

The National Environmental Policy Act of 1969 (NEPA) (42 U.S.C. 4321) requires Federal agencies to incorporate environmental considerations in their planning and decision-making to avoid and mitigate negative impacts to human health and the environment. HUD's regulations implementing NEPA require environmental reviews to be prepared under either 24 CFR Part 50 or 24 CFR Part 58. Part 50 applies when HUD conducts the environmental review and Part 58 applies when a Responsible Entity (RE),

¹ The Section 184A program, regulated under 24 CFR Part 1007, is designed to offer home ownership, property rehabilitation, and new construction opportunities for eligible Native Hawaiian individuals and families wanting to own a home on Hawaiian Home Lands. 12 USC 1715z-13b(k)(2)(B)(i) and 24 CFR 1007.20(b)(2)(i) require that homes be decent and safe to receive a Section 184A loan guarantee.

a unit of general local government, State, or Tribal government, conducts the environmental review. HUD’s site contamination policy is included in these regulations and states that “all property proposed for use in HUD programs be free of hazardous materials, contamination, toxic chemicals and gasses, and radioactive substances, where a hazard could affect the health and safety of occupants or conflict with the intended utilization of the property” (24 CFR 50.3(i); similar language in 24 CFR 58.5(i)(2)). HUD and REs rely on a State or Federal environmental remediation regulatory oversight agency site closure letter, typically called a Conditional No Further Action (CNFA) letter with Institutional Controls (IC) or a No Further Action (NFA) letter, to document compliance with the regulations at 24 CFR 50.3(i) and 58.5(i)(2) as it relates to potential munitions and explosives of concern hazards.

On August 21, 2019, HUD published [Notice CPD-19-07](#), which discussed requirements that must be met by CNFA letters issued by the HDOH for properties located in the WMA FUDS. On October 5, 2023, HUD published [Notice CPD-2023-09](#), which revisits environmental review requirements and allowances for proposed HUD-funded projects in the WMA FUDS and the requirements for CNFA letters for sites of HUD projects located in the WMA FUDS.

Section 184A approved Lenders are encouraged to become familiar with the four Notices identified above. The information provided in these Notices will help determine whether the Lender may originate a Section 184A loan for a property located in the WMA FUDS.

Summary of Changes

Section 184A loan applications for construction or ground-disturbing rehabilitation may now be considered for certain properties located within the boundaries of the WMA FUDS.

Section 184A Program Available for Certain Properties

On October 31, 2023, the HDOH issued a CNFA letter with IC for a 180.49-acre portion of a Hawaiian Home Lands parcel referred to as Lalamilo Phase 2, which is located within the boundaries of the WMA FUDS. On behalf of property owner, the Department of Hawaiian Home Lands, the Chairman of the Hawaiian Homes Commission acknowledged receipt of the CNFA letter with IC on December 13, 2023.

Section 184A approved Lenders may consider 184A loan applications for properties located in the 180.49-acre parcel identified in the [October 31, 2023, CNFA letter](#) provided the project meets the conditions in Section IV of Notice [CPD-2023-09](#).

On December 15, 2023, HDOH issued a NFA letter for 507 parcels within the Puukapu and Kuhio Village Hawaiian Home Land communities, which are also located in the boundaries of the WMA FUDS. All 507 parcels identified by Tax Map Key (TMK) number, confirmed as of October 27, 2023, on a list enclosed with the NFA letter, have unrestricted NFA status with respect to potential munitions and explosives of concern hazards.

Section 184A approved Lenders may consider 184A loan applications for the 507 parcels identified by TMK number in the [December 15, 2023, NFA letter](#). These 507 properties comply with HUD's site contamination policy with respect to potential munitions and explosives of concern hazards only. Lenders must still ensure that the property being financed meets the Section 184A eligible housing criteria discussed in [24 CFR 1007.20](#).

Questions

Any questions regarding this DLL may be directed to 184A@hud.gov.

Signature

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For Public and Indian Housing