



Report to Congress

**Native Hawaiian Housing Block Grant Program
Section 184A Loan Guarantee Program for Native Hawaiians**

Fiscal Year 2022

U.S. Department of Housing and Urban Development
Office of Public and Indian Housing
Office of Native American Programs

REPORT to CONGRESS

on the

Native Hawaiian Housing Block Grant Program Section 184A Loan Guarantee Program for Native Hawaiians

Fiscal Year 2022

The following report is submitted to Congress pursuant to Section 823 of the Native American Housing Assistance and Self-Determination Act of 1996 (NAHASDA) (25 U.S.C. 4101 *et seq.*).

This report addresses two housing programs administered by the U.S. Department of Housing and Urban Development (HUD) through the Office of Native American Programs (ONAP) for the benefit of Native Hawaiians.

- The **Native Hawaiian Housing Block Grant** (NHHBG) program was established by Title VIII of NAHASDA. The sole recipient for this program is the [Department of Hawaiian Home Lands \(DHHL\)](#), which is the department of the government of the State of Hawaii responsible for the administration of the Hawaiian Homes Commission Act. HUD's regulations implementing NHHBG are found at 24 CFR part 1006. NHHBG funds are used to build and maintain housing for low-income families eligible to reside on the Hawaiian home lands. In addition, NHHBG funds can be used to provide rental assistance to eligible low-income Native Hawaiian families.
- The **Section 184A Loan Guarantee Program for Native Hawaiians** (Section 184A) program was established by Section 514 of the American Homeownership and Economic Opportunity Act of 2000 (Public Law 106-569, approved December 27, 2000), which amended the Housing and Community Development Act of 1992 (12 U.S.C. 1715z-13b). This program provides a 100-percent loan guarantee to lenders that make housing loans to Native Hawaiian borrowers who otherwise could likely face considerable constraints acquiring housing financing because of the unique legal status of the Hawaiian home lands or due to a lack of access to private financial markets.

In accordance with Section 823 of NAHASDA, this report contains:

- A description of the progress made in accomplishing the objectives of the NHHBG program;
- A summary of DHHL's use of NHHBG funds during fiscal year (FY) 2022; and
- A description of the aggregate outstanding loan guarantees under Section 184A of the Housing and Community Development Act of 1992.

Native Hawaiian Housing Block Grant Program

Funding Summary

In FY 2022, Congress appropriated \$22.3 million for the program. Since its inception in 2000, Congress has appropriated \$191.8 million for the program.

Federal Appropriations for the Native Hawaiian Housing Block Grant Program (FY 2015 through FY 2022)

(Dollars in Thousands)

	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
Grants	\$8,700	---	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000	22,300
Training and Technical Assistance	\$200	---	---	---	---	---	---	---
Travel	\$100	---	---	---	---	---	---	---
American Rescue Plan	--	--	--	---	---	---	\$5,000	---
Total	\$9,000	---	\$2,000	\$2,000	\$2,000	\$2,000	\$7,000	\$22,300

Progress

To address critical housing issues facing households residing on Hawaiian home lands, such as affordability, overcrowding, structural quality, and availability, DHHL has targeted a significant amount of NHHBG funds to support activities, such as:

- Site improvements and infrastructure for new construction of affordable housing;
- Financial assistance for homebuyers;
- Rehabilitation of existing affordable housing units;
- Housing counseling;
- Temporary homeowner assistance; and
- Rental housing assistance.

Most of DHHL’s affordable housing projects are planned and executed over multi-year timeframes. DHHL works with many Hawaiian organizations, civic groups, and service agencies in the public, private, and government sectors. Some of DHHL’s housing and community development partners are:

- Aloha United Way;
- Council for Native Hawaiian Advancement;
- Gentry Kapolei Development, LLC;
- Habitat for Humanity;
- Pacific Housing Oahu Corporation; and

- U.S. Department of Agriculture, Rural Development.

Use of NHHBG Funds

The following table reflects DHHL’s expenditure of NHHBG funds during its program year, which ran from July 1, 2021, to June 30, 2022.

FY 2022 Expenditures of NHHBG Grants

Activity	Amount
Homeowner financing to construct 5 new homes	\$1,405,175
Rental vouchers for temporary relocation assistance for 3 households	\$71,416
Emergency rental and utilities assistance for 231 households	\$1,516,612
Temporary homeowner assistance for 218 households	\$2,875,000
Funding for planning and administering the NHHBG program	\$271,946
Rental operating subsidy for 79 units	\$250,000
Rehabilitation of 2 affordable homes	\$561,136
Housing counseling services for 77 households	\$159,849
Engineering services for lot development and water infrastructure improvements	\$225,203
Site selection screening for property acquisition	\$18,113
TOTAL	\$7,354,450

Training and Technical Assistance

In FY 2022, DHHL requested training and technical assistance (T&TA) from TA providers with appropriate housing expertise, made possible through cooperative agreements with HUD. The following initiatives were started in FY 2022 and are ongoing:

- Create a tenant-based kupuna (elder) rental assistance program; and
- Create a down payment assistance / individual development account program.

DHHL staff also received T&TA from HUD personnel regarding NHHBG program requirements in the following areas:

- Model Activities; and
- Labor Standards.

Summary of DHHL Progress

Over the past 21 years (from FY 2002 to FY 2022), DHHL has:

- Expended \$152 million in NHHBG program funds (81 percent of all NHHBG funds awarded);
- Built, acquired, or rehabilitated 758 affordable homes using NHHBG funds;

- Improved approximately 693 lots with infrastructure development to support construction of new homeownership housing units;
- Rehabilitated three community centers to provide housing services to affordable housing residents; and
- Provided 3,520 families with housing services, such as pre- and post-home purchase education, financial literacy training, self-help home repair training, and rental assistance.

COVID-19 Response and American Rescue Plan (ARP) Funding Progress

- In FY 2021, DHHL received \$5 million in NHHBG-ARP funding and used it to provide emergency rental and utilities assistance to stabilize housing for Native Hawaiian families on and off the Hawaiian home lands. In FY 2022, DHHL fully expended its NHHBG-ARP funds and assisted 564 families with emergency rental and utilities assistance.
- Additionally, DHHL continues to use its regular NHHBG funds to provide emergency rental and utilities assistance. This program assists Native Hawaiian beneficiaries of the Hawaiian Home Lands Trust who are experiencing loss of employment or income related to the COVID-19 pandemic. In FY 2022, 231 families received emergency rental assistance under this program.

Section 184A Loan Guarantee Program for Native Hawaiians

The Section 184A Loan Guarantee program provides an additional opportunity for Native Hawaiians to become homeowners by providing a 100-percent guarantee to lenders that make housing loans to Native Hawaiian borrowers eligible to reside on the Hawaiian home lands.

- In FY 2022, HUD guaranteed **52** loans worth **\$14.2 million**.
- Since FY 2005 (when program activity began), HUD has guaranteed a total of **861** loans worth over **\$220 million**.
- In FY 2022, HUD paid no 184A assignment claims.
- At the end of FY 2022, the program’s overall default rate was three percent.
- Currently, the credit subsidy rate is negative, and the program does not require additional appropriations to operate.
- As of September 30, 2022, eleven loans were at least 30 days late, of which five loans were 30-days late, two loans were being considered for loss mitigation options, three loans were in process of an assignment claim being submitted, and one assignment claim was under review by HUD.

Additional Background on Hawaiian Housing Programs

Pursuant to NAHASDA, 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.

The 2017-2021 American Community Survey, which was conducted by the U.S. Census Bureau, estimated 382,273 “Native Hawaiians and other Pacific Islanders” living in Hawaii – about 26 percent of Hawaii’s total population of about 1.4 million.

DHHL maintains approximately 46,000 applications on its waiting list as of December 31, 2021, of which 23,600 are applications for residential homestead leases on the home lands; the rest are for agricultural and pastoral purposes. According to the 2020 DHHL Beneficiaries Study Applicant Report and the 2019 SMS Hawaii Housing Policy Study, there were nearly 54,000 Native Hawaiians in Hawaii residing and eligible to reside on the Hawaiian home lands, of which, more than 29,000 are low-income Native Hawaiian households eligible for assistance under the NHHBG program.

The Hawaiian home lands are scattered throughout various geographic areas of the islands, typically in rural areas. 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 home lands are composed of about 200,000 acres, or about 4.9 percent of the land surface of the State.

Some of the home lands are inaccessible, and unsuitable for productive development. Hawaiian home land areas, such as Kawaihae on the island of Hawaii, Kula on the island of Maui, and Kalamaula on the island of Molokai, are in areas that are remote, and located on steep, rocky terrain. The State of Hawaii’s isolated location in the Pacific Ocean results in higher construction costs compared to the continental United States because materials must be shipped to the Hawaiian Islands by boat. Significant distances from existing water and sewer facilities add to the normal costs of construction. A typical Hawaiian home lands infrastructure development project includes grubbing of the land, grading of the house lots, and installing drainage, roadways, water, sewer, and electric utilities.

According to 2021 American Community Survey 1-Year Experimental Data, the median value of an owner-occupied home in Hawaii was \$722,500, compared to \$281,400 nationwide, which is almost three times the nationwide average. According to DHHL, the average price for a developer-built turnkey home on Hawaiian home lands is \$350,000; nearly half the value of a median-priced home in Hawaii (due to no value being given to the land because it is held in the Hawaiian Home Lands trust), but approximately 24 percent higher than the nationwide average.

Recent Accomplishments



Figures 1 and 2: DHHL, in partnership with Honolulu Habitat for Humanity, celebrated completion of a new home build in DHHL’s Kewalo community in urban Honolulu

In August 2022, a home dedication ceremony was held for a Native Hawaiian family who received the keys to their new home in the Hawaiian home lands community of Kewalo, which is located in urban Honolulu on the island of Oahu. DHHL, in partnership with the Honolulu Habitat for Humanity, used NHHBG funds to assist the Kalaluhi family with the demolition and construction of a new home. The family also received temporary relocation rental assistance with NHHBG funds while their primary home was under construction. The new 6-bedroom, 2.5-bath home will house a three-generation household of eight. DHHL’s homeowner financing program provided the family an NHHBG-funded loan of \$380,000. The 30-year mortgage with a zero-percent interest rate makes the monthly payment only \$1,056. This is a superb example of DHHL’s utilization of NHHBG funds to provide affordable housing on Oahu where the median sales price of a single-family home is over \$1 million and the fair market rent for a studio apartment in urban Honolulu is \$1,552.



Figure 3: A family settling into their new home on the island of Molokai

This Native Hawaiian family received a \$418,000 NHHBG-funded loan to replace their substandard home and cesspool with a new 2-bedroom, 2-bath home and septic system in the homestead community of Hoolehua on the island of Molokai.



Figure 4: This home rehabilitation included replacing the roof



Figures 5 and 6: Home rehabilitation work in progress to replace kitchen cabinets, sink, and countertops



Figures 7 and 8: Kitchen rehabilitation work completed

A \$100,000 deferred, zero-payment NHHBG-funded loan allowed this family on the island of Molokai to make necessary home improvements including: electrical upgrade, new roof, ceiling repair, and replacement of kitchen cabinets, sink, countertops, and toilets.

These three examples demonstrate how DHHL is using NHHBG funds to address substandard and aging housing on the Hawaiian home lands so that Native Hawaiian families have a decent and safe home to live in.