

FISCAL YEAR 2024

**REPORT TO CONGRESS ON
NATIVE HAWAIIAN HOUSING BLOCK GRANT
PROGRAM**



April 2025

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

I. Background

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.*) to provide a summary of the use of funds available during the preceding fiscal year and loan guarantees.

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.

II. Introduction

- 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 Native Hawaiian Housing Loan Guarantee** (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) 2024; and
- A description of the aggregate outstanding loan guarantees under Section 184A of the Housing and Community Development Act of 1992.

Message from Heidi J. Frechette, General Deputy Assistant Secretary

I am pleased to present the annual report to Congress for Fiscal Year 2024, showcasing HUD's commitment to ensuring that the Native Hawaiian Housing Block Grant (NHHBG) program and the Section 184A Native Hawaiian Housing Loan Guarantee (Section 184A) program are administered efficiently and in a manner that upholds the will of Congress.

Over the past year, we have worked closely with the Department of Hawaiian Home Lands to achieve these goals. We have prioritized enhancing training and technical assistance to ensure that DHHL can carry out its mission well and in a manner that safeguards taxpayer dollars.

Congress provides annual funding for these programs to support housing opportunities on the Hawaiian home lands and to expand homeownership. At HUD, we are committed to administering these programs effectively.

In closing, I express my gratitude and commendation to all those involved in ensuring that these programs are administered with integrity.



Sincerely,



Heidi J. Frechette
General Deputy Assistant Secretary
Office of Public and Indian Housing

III. Analysis

A. Funding Summary

In FY 2024, Congress appropriated \$22.3 million for the program. Since its inception in 2000, Congress has appropriated \$236.4 million for the program.

Federal Appropriations for the Native Hawaiian Housing Block Grant Program (FY 2017 through FY 2024)

(Dollars in Thousands)

	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024
Grants	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000	\$22,300	\$21,300	\$21,300
Training and Technical Assistance	---	---	---	---	---	---	Up to \$1,000	Up to \$1,000
American Rescue Plan	--	---	---	---	\$5,000	---	---	---
Total	\$2,000	\$2,000	\$2,000	\$2,000	\$7,000	\$22,300	\$22,300	\$22,300

B. 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:

- Council for Native Hawaiian Advancement;
- Hawaiian Community Assets;
- Hawaiian Dredging Construction Company;
- Habitat for Humanity;
- Pacific Housing Oahu Corporation; and
- U.S. Department of Agriculture, Rural Development.

C. Use of NHHBG Funds

The following table reflects DHHL's expenditure of NHHBG funds during its program year, which ran from July 1, 2023, to June 30, 2024.

FY 2023 Expenditures of NHHBG Grants

Activity	Amount
Engineering services for lot development and water infrastructure improvements	\$3,775,251
Homeowner financing to construct 4 new homes	\$1,929,855
Temporary homeowner assistance for 114 households	\$1,150,653
Emergency rental and utilities assistance for 140 households	\$875,000
Rental Assistance for 83 Kupuna households (elders)	\$985,000
Rental operating subsidy for 81 units	\$830,000
Housing counseling services for 157 households	\$25,500
Renovation to convert an existing structure to transitional housing for homeless Native Hawaiians	\$872,375
Site selection screening for property acquisition	\$10,900
Funding for planning and administering the NHHBG program	\$1,505,917
TOTAL	\$11,960,451

D. Training and Technical Assistance

In FY 2024, DHHL requested training and technical assistance (T&TA) from TA providers with appropriate housing expertise, made possible through cooperative agreements with HUD on the following initiatives:

- How to leverage NHHBG with Low-Income Housing Tax Credits (LIHTC);
- Replacement Cost Approach Appraisals;
- Project-Based Management and Supportive Services;
- Relocation Assistance; and
- Useful Life Requirements for Buildings.

TA for leveraging NHHBG with LIHTC began in FY 2024 and will continue in FY 2025. Specifically, DHHL and private developers seek to better understand how to demonstrate compliance with tenant eligibility and occupancy requirements to satisfy both NHHBG and LIHTC program requirements.

DHHL obtains property appraisals to determine loan amounts for its Homeowner Financing Program. DHHL requested TA to help analyze why appraisals of these homes on Hawaiian home lands tend to be lower than contractor bid proposals. TA for replacement cost approach appraisals began in FY 2024 and will continue in FY 2025.

TA for project-based management and supportive services, relocation assistance, and useful life requirements for buildings is anticipated to begin in FY 2025.

T&TA for creating a Down Payment Assistance Program was initiated in FY 2023 and completed in FY 2024 resulting in DHHL finalizing written policies to implement this new program.

DHHL staff also received training from HUD personnel regarding NHHBG program requirements on the following topics:

- NHHBG Essentials;
- Eligible Families and Determining Income Eligibility;
- Calculating Annual Income;
- Useful Life Affordability Requirements;
- HUD Environmental Review Process;
- Uniform Relocation Assistance; and
- NHHBG Regulatory Changes that went into effect on March 13, 2024.

E. Summary of DHHL Progress

Over the past 23 years (from FY 2002 to FY 2024), DHHL has:

- Expended \$165 million in NHHBG program funds (71 percent of all NHHBG funds awarded);
- Built, acquired, or rehabilitated 769 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 5,237 families with housing services, such as pre- and post-home purchase education, financial literacy training, self-help home repair training, and rental assistance.

F. Section 184A Native Hawaiian Housing Loan Guarantee Program

The Section 184A Native Hawaiian Housing 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 2024, HUD guaranteed 6 loans worth **\$2 million**.
- Since FY 2005 (when program activity began), HUD has guaranteed a total of 883 loans worth over **\$227 million**.
- In FY 2024, HUD paid one 184A assignment claim.
- At the end of FY 2024, 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, 2024, eleven loans were at least 30 days late. Four loans were 30-days late, two were 60-days late, one was 120-days late, and four assignment claims were under review by HUD.

G. Maui Wildfire Response

On August 10, 2023, a Presidentially Declared Major Disaster Area (PDMDA) declaration was issued for the areas in Maui County devastated by wildfires. No NHHBG-assisted housing units were impacted. However, there are three active Section 184A loans in Lahaina and 27 active loans in Kula. After taking time to research and design a relief program that would work in coordination but not duplicate sources of other disaster assistance, DHHL partnered with the Council for Native Hawaiian Advancement to launch the DHHL Wildfire Relief Program in March 2024. This NHHBG-funded program offers emergency rent and utility assistance to help Native Hawaiian families regain stability and rebuild their lives following the devastating wildfires on Maui.

HUD imposed an automatic 90-day foreclosure moratorium for Section 184A loans beginning on the date the PDMDA declaration was issued. The moratorium applies to lender-initiation of 184A mortgage assignments to HUD and 184A mortgage assignments already in process. Due to the extent of the devastation from the wildfires and the unique geographic location of Maui, which makes recovery more difficult, HUD issued a number of extensions to the foreclosure moratorium. This extension allowed more time for borrowers to be considered for loss mitigation options, to access Federal, State, or local housing resources, and to consult with HUD-approved housing counselors.

H. 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 150,797 “Native Hawaiians and other Pacific Islanders” living in Hawaii – about 10 percent of Hawaii’s total population of about 1.4 million.

Based on DHHL’s FY 2024 Native Hawaiian Housing Plan, there are approximately 24,000 Native Hawaiians on the Hawaiian home lands waitlist. According to the 2020 DHHL Beneficiary Survey and the 2019 SMS Hawaii Housing Policy Study, there were approximately 54,000 Native Hawaiians 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 the 2024 Hawaii Housing Factbook (issued by the Economic Research Organization at the University of Hawaii), the median price of a single-family home in the state of Hawaii is \$875,000 - more than double the national median price of a home. According to DHHL, the average price for a developer-built turnkey home on Hawaiian home lands is \$400,000; less than 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), and approximately five percent less than the nationwide median.

I. Recent Accomplishments



Figure 1: DHHL awards 24 rental units at Villages of Lai Opua

In August 2023, DHHL held a ceremony to award 24 rent-with-option-to-purchase units at the Villages of Lai Opua on the island of Hawaii.

The development at Lai Opua Village 4 Akau serves Hawaiian Home Land beneficiaries who meet area median income limits. This project allows beneficiaries to have affordable, controlled rent with the option to purchase after 15 years. Renters moved into their homes between August 2023 and October 2023. Tenants will receive homeownership education and support throughout the rental period. After the 15 years, the tenant may exercise the right to purchase the home and enter into a 99-year homestead lease with the Department of Hawaiian Home Lands.

Financing for the project used, in part, Federal and State low-income housing tax credit equity secured by Hunt Capital Partners, in collaboration with Ikaika Ohana and Urban Housing Communities. NHHBG funds were used to pay a portion of the infrastructure development costs for this housing project.



Figure 2: Flores family home dedication ceremony

DHHL in partnership with Habitat for Humanity provided an NHHBG-funded loan to construct a new home for the Flores family. Ms. Flores was awarded a homestead lot in the Kakaina subdivision in Waimanalo in 2023 after being on the Hawaiian Home Lands wait list for over 30 years. Four generations of her family will live together in the new home. Her adult son has been a longtime volunteer with the Honolulu Habitat for Humanity while he rented a room to live in. The Flores family matriarch also rented a room while other family members lived with other *ohana* (Hawaiian word for “family”) rent free. Combined, the rooms they rented had a monthly payment of \$1,550. Now they are paying less than \$800 a month for the mortgage on their new 4-bedroom, 2-bath home. The Flores family is very happy to finally be united under one roof as homeowners!



Figure 3: The Lenchanko-Andrade Family

The Lenchanko-Andrade family realized their dreams of homeownership when they received the keys to their new home in a ceremony on June 4, 2024. Through a partnership with DHHL and the Honolulu Habitat for Humanity, the Lenchanko-Andrade family are now the owners of a new 4-bedroom, 2-bath home in Waimanalo on the island of Oahu. The family was able to get a mortgage loan from DHHL's Homeowner Financing program, which the NHHBG program funds. Their monthly payment is under \$800, which is well below the fair market rent of \$2,950 for the area.



Figures 4 and 5: Ms. Rodrigues and her new home

On June 21, 2024, a celebration was held to honor Ms. Rodrigues and present her with the keys to her new home in the Hawaiian homestead community of Kauluokahi on the island of Oahu. Ms. Rodrigues credits working with her housing counselor for gaining a better understanding of how to establish a budget and make the right financial decisions and sacrifices to help her achieve her goal of homeownership. Ms. Rodrigues also contributed her time and sweat equity to working with the Habitat for Humanity and many of its volunteers who helped to build her 2-bedroom, 2-bath home. Ms. Rodrigues was able to get a mortgage loan from DHHL's Homeowner Financing program, which the NHHBG program funds. Her monthly payment is under \$900, which is well below the fair market rent of \$2,900 for this neighborhood.

IV. Conclusion

Given the information provided in this report on the Native Hawaiian Housing Block Grant and Section 184A Native Hawaiian Housing Loan Guarantee programs, HUD believes it has satisfied this Congressional directive.