### PUBLIC AND INDIAN HOUSING

**NATIVE HAWAIIAN HOUSING BLOCK GRANTS**

*2012 Summary Statement and Initiatives*

*(Dollars in Thousands)*

<table>
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<tr>
<th>NATIVE HAWAIIAN HOUSING BLOCK GRANTS</th>
<th>Enacted/Request</th>
<th>Carryover</th>
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^a/ Includes $16.1 million in offsetting collections (refunds) from the Department of Hawaiian Home Lands (DHHL), and $666 thousand in carryover funds. After the initial period of investment of 2 years expires, the funds must be returned to HUD as per statutory and regulatory requirements.

**Summary Statement**

The fiscal year 2012 Budget requests $10 million for the Native Hawaiian Housing Block Grant (NHHBG) account, $3 million less than the amount enacted in fiscal year 2010. This program directly supports HUD’s mission to create strong, sustainable, inclusive communities and quality affordable housing by stabilizing Native Hawaiian neighborhoods and promoting the growth of sustainable economies on the Hawaiian Home Lands.

The authorizing legislation for this program, the Hawaiian Homelands Homeownership Act of 2000 (25 U.S.C. 4221 et seq.), was signed on December 27, 2000. It created a new Title VIII in the Native American Housing Assistance and Self-Determination Act (NAHASDA), establishing the NHHBG program. Section 802 of NAHASDA states that the program’s sole grant recipient, the (state) Department of Hawaiian Home Lands (DHHL), shall carry out affordable housing activities for Native Hawaiian families who are eligible to reside on the Hawaiian Home Lands. The NHHBG program is managed by the Office of Native American Programs (ONAP), under the jurisdiction of the Assistant Secretary for Public and Indian Housing. A full-time Native Hawaiian Program Specialist is stationed in HUD’s Hawaii State Office.

In 1995, HUD issued a report indicating that Native Hawaiians have the highest percentage of housing problems (49 percent) of any group in the United States. Native Hawaiians experience the worst housing conditions of any group in the State of Hawaii and constitute approximately 30 percent of Hawaii’s homeless population. Overcrowding in these households exceeds 36 percent, as compared to 6 percent of households throughout the Nation. Sixty-eight percent of low-income Native Hawaiian households experience some kind of housing problem such as affordability, overcrowding, availability, or some combination of these problems. For very low-income Native Hawaiian households (not exceeding 50 percent of area median income), the needs are more severe, with 75 percent of households in this category facing some kind of housing problem. The Housing Policy Study, conducted by DHHL in 2006, and a Beneficiary Needs Survey...
Native Hawaiian Housing Block Grants

conducted in 2003, estimated that there are more than 33,500 low-income Native Hawaiian households that are eligible for assistance under the NHHBG program. More than 11,000 of these eligible households are currently on DHHL’s waiting lists.

The program’s goal for several years has been to assist at least 65 families each year by building, acquiring, or substantially rehabilitating their homes. In fiscal year 2008, NHHBG funding enabled 65 homes to be built, 26 to be acquired, and 4 to be rehabilitated. In fiscal year 2009, 34 homes were built, 14 were acquired, and one was rehabilitated. From fiscal year 2006 to fiscal year 2010, NHHBG funding allowed 309 homes to be built, acquired, or substantially rehabilitated.

These efforts are addressing the high demand for affordable housing in an area with extremely high construction costs. DHHL’s price estimates for homes it will build in 2011 will range from $224,000 to $323,000, for an average of $274,000. An average of about 90 percent of NHHBG funds are used to build homes and install the related supportive infrastructure.

DHHL has invested heavily in infrastructure for the last few years, making steady progress toward its long-term goals. As of September 2010, DHHL had eight new housing projects in various stages of development. Program funding enables the DHHL to continue developing these master-planned communities, which includes installing infrastructure and constructing homes. This process includes lengthy 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 house construction. Additionally, it must be properly aligned with DHHL’s limited funding resources for creating homeownership opportunities for the eligible Native Hawaiian families. NHHBG funds relieve overcrowding and homelessness by developing and acquiring new units and rehabilitating older units to make them safe and sanitary. The funds are also used to assist communities with implementing alternative energy resources to reduce housing costs for low-income families.

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. DHHL created the Home Ownership Assistance Program (HOAP), to provide classes on finances, budgeting, saving, and debt management. Case management is provided to families needing follow up and ongoing counseling. DHHL partners with various service organizations equipped to help families with financial literacy, job training, social services, and foreclosure prevention. At least 5,443 individuals have participated in HOAP since its inception in 2005 and approximately 75 percent of all HOAP participants are estimated to be eligible for NHHBG assistance.

DHHL spends its NHHBG funds in a timely fashion and in accordance with its plans. The funds have been used efficiently and effectively to accomplish DHHL’s long-term infrastructure and construction projects, converting unimproved lands into communities. It took DHHL approximately 5 years to spend down its fiscal year 2002 and fiscal year 2003 NHHBGs, and approximately 4 years to spend down its fiscal year 2004 and fiscal year 2005 NHHBGs. The fiscal year 2006 NHHBG was completely expended by May 2010. As of September 2010, the fiscal year 2007 NHHBG was 45 percent expended. These are predictable and acceptable expenditure rates for the types of construction and infrastructure projects that DHHL has accomplished. NHHBG funding is vital to ensure that the State of Hawaii can continue to develop decent, affordable housing for its Native citizens.

Before new NHHBG funds are used, the NHHBG funded through the American Recovery and Reinvestment Act (Recovery Act) ($10.2 million), must be expended. All Recovery Act funds were obligated by the statutory deadline, and as of September 30, 2010, 62 percent of Recovery Act funds had already been expended. Recovery Act funds are being used to develop 13 new affordable homes, and construct infrastructure improvements for 146 lots in three new, single family residential subdivisions on the island of Oahu. This investment in infrastructure development is expected to provide long-term economic and social benefits to Native Hawaiian families through affordable homeownership opportunities and livable communities while preserving and creating jobs and promoting economic recovery.
Native Hawaiian Housing Block Grants

**Housing Needs Study.** In fiscal year 2012, HUD will continue the ongoing comprehensive study of housing needs in Indian Country, including native communities in Alaska and Hawaii, which was mandated by Congress in a 2010 House Conference Report. The assessment will be conducted by a contractor and will be managed by HUD’s Office of Policy Development and Research (PD&R). The project is expected to be completed by 2013 and has been budgeted at $4 million. The results of the study will allow HUD to broaden its efforts, in collaboration with its Federal partners, to address other barriers to building economically sustainable communities in Indian Country. This comprehensive assessment will look at housing and other factors important to long-term economic stability, including access to quality health care, schools, transportation, and employment.

To date, the only comprehensive study of housing needs among Native Americans and Native Hawaiians is HUD’s 1996 Assessment of American Indian Housing Needs and Programs, and Housing Problems and Needs of Native Hawaiians. This study is still being used, despite being more than 14 years old and predating the Indian Housing Block Grant (IHBG) program, which began in 1998. U.S. Census reports offer useful data, but given their more general perspective typically fail to provide a thorough understanding of the housing conditions experienced by HUD’s program beneficiaries.

The comprehensive housing needs study will update Census data to include information from the 2000 and 2010 Decennial Censuses and the American Community Survey. It will consist of several components, including interviews with tribal leaders, staff at tribally designated housing entities, and other community leaders and stakeholders. It will also include a household survey at a sample (not yet selected) of tribal areas. Because the previous 1996 study was published before the IHBG program began, the comprehensive study will also undertake an examination of the program’s impact since 1998 and the issues resulting from its implementation. In addition, the study will provide a separate report on Native Hawaiian housing issues.

**Program’s Relationship to Strategic Plan Goal 1 and Subgoals:**

The NHHBG program directly supports Strategic Plan Goal 1, “Strengthen the Nation’s Housing Market to Bolster the Economy and Protect Consumers,” and impacts Subgoal 1C, “Create financially sustainable homeownership opportunities.”

**Subgoal 1C: Create financially sustainable homeownership opportunities**

DHHL (the sole recipient) is developing neighborhoods and communities by building new homeownership units and acquiring existing units, for the benefit of low-income Native Hawaiians eligible to reside on the Hawaiian Home Lands. The verifiable outputs reflect a major use of funds, and are good indicators of the overall performance and strength of the program. The NHHBG program is all about homeownership. By September 2010, 51 homes had been built, 25 homes had been acquired, and 2 homes had been rehabilitated for a total of 78 affordable homes made available to Native American families. Infrastructure development is complete and home construction is underway for the following projects: Kanehili (271 lots, of which 48 are NAHASDA lots); Kaupuni Village (all 18 lots are NAHASDA lots), and Kumuhau (45 lots, of which 8 are NAHASDA lots). DHHL uses an average of about 90 percent of program funds to build homes and install the related supportive infrastructure.
Native Hawaiian Housing Block Grants

In fiscal year 2012, the program is expected to develop 65 homeownership units. From fiscal years 2006 through 2010, an average of 62 homes each year were built, acquired, and rehabilitated. This includes the development and construction of new units, and the acquisition of existing units. In fiscal year 2010, the program contributed 78 units to this goal, exceeding the target of 65 units. For fiscal years 2011 and 2012, the annual goal remains at 65 units. DHHL’s price estimates for homes it will build in 2011 range from $224,000 to $323,000, for an average of $274,000 per home.

Subgoal 2A: End homelessness and substantially reduce the number of families and individuals with severe housing needs

DHHL strives to end homelessness by building, acquiring, and rehabilitating affordable housing units, and by operating other housing assistance programs that are appropriate for its local population.

Subgoal 3A: Utilize HUD assistance to improve educational outcomes and early learning and development

This goal is indirectly supported by the program in the sense that the addition of sufficient safe, decent, and affordable housing to a community can be directed to have the long-term effect of improving educational outcomes.

Subgoal 3B: Utilize HUD assistance to improve health outcomes

This goal is indirectly supported by the program in the sense that the addition of sufficient safe, decent, and affordable housing to a community can be directed to have the long-term effect of improving health outcomes. The comprehensive needs assessment that HUD will conduct in fiscal year 2011 will examine housing and other factors important to long-term economic stability including access to quality health care.

Subgoal 3C: Utilize HUD assistance to increase economic security and self-sufficiency

This goal is indirectly supported by the program in the sense that the addition of sufficient safe, decent, and affordable housing to a community can be directed to have the long-term effect of improving the economic security and self-sufficiency of residents.

Subgoal 3D: Utilize HUD assistance to improve housing stability through supportive services for vulnerable populations, including the elderly, people with disabilities, homeless people, and those individuals and families at risk of becoming homeless

The recipient (DHHL) may choose to use a portion of its program funds to provide supportive services to its vulnerable populations.

Subgoal 3E: Utilize HUD assistance to improve public safety

This goal is indirectly supported by the program in the sense that the addition of sufficient safe, decent, and affordable housing to a community can be directed to have the long-term effect of improving public safety.

Subgoal 4B: Promote energy-efficient buildings and location-efficient communities that are healthy, affordable, and diverse

The recipient (DHHL) is encouraged to promote energy-efficient buildings and location-efficient communities that are healthy and affordable through HUD-provided trainings and technical assistance.
Native Hawaiian Housing Block Grants

**Subgoal 4D: Facilitate disaster preparedness, recovery, and resiliency**

The recipient (DHHL) is encouraged to promote disaster preparedness, recovery, and resiliency through HUD-provided trainings and technical assistance.

**Subgoal 4E: Build the capacity of local, state, and regional public and private organizations**

The recipient (DHHL) is encouraged to build the capacity of local, state, and regional public and private organizations through HUD-provided trainings and technical assistance.

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#### PUBLIC AND INDIAN HOUSING
#### NATIVE HAWAIIAN HOUSING BLOCK GRANTS

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

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Native Hawaiian Housing Block Grants

PUBLIC AND INDIAN HOUSING
NATIVE HAWAIIAN HOUSING BLOCK GRANTS
Program Offsets
(Dollars in Thousands)

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Proposed Actions

The Department requests $9.7 million for NHHBG in fiscal year 2012 to provide grants for housing and housing-related assistance to eligible Native Hawaiian families through the Department of Hawaiian Home Lands (DHHL).

This program provides funds to assist and promote the development, maintenance, and operation of affordable housing for eligible low-income Native Hawaiian families. Grants are provided to DHHL for housing and housing-related assistance, pursuant to an annual housing plan within the area in which DHHL is authorized to provide that assistance. DHHL uses performance measures and benchmarks that are consistent with the national goals of the program, but it can base these measures on the needs and priorities that it establishes in its 1- and 5-year housing plans. ONAP staff monitors the DHHL to ensure compliance with the objectives of the housing plan.

The following eligible activities are authorized in Section 810 of the Native American Housing Assistance and Self-Determination Act of 1996 (NAHASDA), as amended:

Development.  Grant funds used to support 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 housing-related activities.

- From fiscal years 2006 through fiscal year 2010, the NHHBG recipient (DHHL) expended approximately $35 million on activities in this category, for an average of $7 million each year.
- Over 5 years, development averaged 91 percent of total expenditures.
- During this time, approximately 309 affordable homes were either built, acquired, or substantially rehabilitated.
Native Hawaiian Housing Block Grants

**Housing Services.** Grant funds used to support housing-related services, including housing counseling in connection with rental or homeownership assistance; the establishment of resident management corporations; energy auditing; activities related to the provision of self-sufficiency and other services; and other services related to assisting owners, tenants, contractors, and other entities participating or seeking to participate in other housing activities.

- From fiscal years 2006 through 2010, approximately $1.8 million in NHHBG funds were expended on activities in this category, for an average of $367,603 each year.
- Provision of housing services averaged approximately 5 percent of total expenditures.

**Housing Management Services.** Grant funds used to support management services for affordable housing, including the preparation of work specifications, loan processing, inspections, tenant selection, management of tenant-based rental assistance, and management of affordable housing projects.

**Crime Prevention and Safety Activities.** Grant funds used to support safety, security, and law enforcement measures, and activities appropriate to protecting residents of affordable housing from crime. From fiscal years 2006 through 2010, $3,500 was spent on this activity.

**Model Activities.** The Department may approve housing activities under model programs that are designed to develop and support affordable housing.

- From fiscal years 2006 through fiscal year 2010, approximately $199,000 in NHHBG funds were expended on model activities, for an average of $39,808 each year.
- Model activities averaged less than 1 percent of total expenditures each year.
- Examples of model activities funded from fiscal years 2006 through fiscal year 2010 include:

  **Waimanalo Community Center** – NHHBG funds were used to leverage other sources of funding to construct portions of a community center facility that will be used to provide homeownership training, drug education, meeting space for resident organizations, and greater police protection.

  **Papakolea Community Center** – NHHBG funds were used to leverage other funding sources to complete renovations of a community center that included enhanced safety features to protect the facility and ensure the safety and well-being of its affordable housing clients. The community center will be used to provide homeownership and home rehabilitation training, self-help programs, meeting space for affordable housing residents, and drug awareness and education programs.
Native Hawaiian Housing Block Grants

*Anahola Community Center* – NHHBG funds were used to renovate existing space for the community center and to provide support services for affordable housing residents, including homebuyer education training and resources.

In addition, the recipient (DHHL) may expend funds for planning and administration. Approximately $1,244,000 in NHHBG funds was expended over fiscal years, 2006-2010, for an average of $248,775 each year for planning and administration. Planning and administrative expenses averaged 3 percent of total expenditures each year.
Native Hawaiian Housing Block Grants

**PUBLIC AND INDIAN HOUSING**

**NATIVE HAWAIIAN HOUSING BLOCK GRANTS**

**Program Offsets**

*(Dollars in Thousands)*

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**Proposed Actions**

The Department is requesting $300 thousand in fiscal year 2012 for technical assistance to support management and oversight of eligible affordable housing activities in the Hawaiian Homelands.

In fiscal year 2010, training and technical assistance funds were used to support management and oversight of eligible affordable housing activities in the Hawaiian Homelands. A series of training sessions were provided for NHHBG program participants. Two, 3-day comprehensive training sessions on environmental review and self-monitoring requirements were delivered to DHHL staff and NHHBG subrecipients to enhance capacity for program implementation and compliance. In addition, five, 1-day training sessions were conducted on the islands of Oahu, Maui, Hawaii, and Molokai on the NHHBG program essentials and the NHHBG subrecipient application process. A total of 87 individuals attended the training sessions.
Proposed Actions

In fiscal year 2012, the Department renews its request for the Transformation Initiative, which provides the Secretary the flexibility to undertake an integrated and balanced effort to improve program performance and test innovative ideas. Up to 0.5 percent of the funds appropriated for this account may be transferred to the Transformation Initiative Fund account for the following purposes: research, evaluations, and program metrics; program demonstrations; and technical assistance and capacity building. Departmentwide, no more than $120 million will be transferred to the Transformation Initiative Fund account in fiscal year 2012. More details on the overall Transformation Initiative and these projects are provided in the justification for the Transformation Initiative Fund account.
For the Native Hawaiian Housing Block Grant program, as authorized under title VIII of the Native American Housing Assistance and Self-Determination Act of 1996 (25 U.S.C. 4111 et seq.), $10,000,000, to remain available until expended.
### Native Hawaiian Housing Block Grants

**PUBLIC AND INDIAN HOUSING**

**NATIVE HAWAIIAN HOUSING BLOCK GRANTS**

Crosswalk of 2010 Availability

(Dollars in Thousands)

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<th>Supplemental/Recission</th>
<th>Approved Reprogrammings</th>
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## Native Hawaiian Housing Block Grants

### PUBLIC AND INDIAN HOUSING

**NATIVE HAWAIIAN HOUSING BLOCK GRANTS**

*Crosswalk of 2011 Changes*

*(Dollars in Thousands)*

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