



NHHBG 2014-02
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PROGRAM GUIDANCE

PROGRAM: Native Hawaiian Housing Block Grant (NHHBG)

FOR: Department of Hawaiian Home Lands (DHHL)

RJB

FROM: Rodger J. Boyd, Deputy Assistant Secretary for Native American Programs, PN

TOPIC: Native Hawaiian Housing Block Grant Model Activities

Purpose: The purpose of this guidance is to provide information regarding Native Hawaiian Housing Block Grant (NHHBG)-funded model activities and the process to follow when requesting approval for such activities.

Background: Section 810(b)(5) of the Native American Housing Assistance and Self-Determination Act (NAHASDA), enables the Department of Hawaiian Home Lands (DHHL) to undertake housing activities under model programs that carry out the purposes of NAHASDA. These model activities are affordable housing activities not explicitly listed elsewhere in Section 810 of the statute. Model activities must be approved by HUD prior to being carried out by the DHHL or one of its subrecipients.

Model Activities: All model activities must benefit residents of affordable housing, which includes families receiving NAHASDA assistance for affordable housing and residents of other housing units which meet the requirements of Title VIII of NAHASDA. Model activities may be proposed in a Native Hawaiian Housing Plan (NHHP), as an amendment to a NHHP, or at any time as a separate request to the Office of Native American Programs (ONAP). HUD will review all proposals with the goal of approving the activities and encouraging the flexibility, discretion, and self-determination granted to DHHL under NAHASDA to formulate and operate innovative housing programs that meet the intent of NAHASDA.

Examples of Previously Approved Model Activities: Since the enactment of NAHASDA, HUD has approved many types of model activities upon finding that such proposed activities carry out the purposes of the statute. Examples of previously approved model activities include:

- New housing office buildings, including the rehabilitation of or additions to existing office space, based on a determination of need;
- Warehouse, maintenance, and storage space for housing materials, including the rehabilitation of or additions to existing warehouse, maintenance and storage space, based on a determination of need;
- Day Care Centers, including the rehabilitation of existing facilities to be used for day care, to the extent that the facility will be used by residents of affordable housing;
- Community buildings or centers, including the rehabilitation of existing facilities, to the extent they will be used for affordable housing activities;
- Master Plan Studies;
- Home loan revolving fund;
- Biomass wood space heating plant;
- Construction of student housing;
- Upgrade for a community generator system; and
- Water treatment system.

Information to Include in Model Activity Requests: All requests for model activities must be submitted to the ONAP and should include the following information:

- **Project Description:** Include an overall description of the project or activity including the services to be provided. If the model activity is a building, include the square footage of the building and a schematic or sketch depicting the general layout of the facility. Describe what is new or innovative about the project/activity.
- **Anticipated Beneficiaries of the Model Activity:** If the model activity will serve the whole community, the request should state the total number of households in the community that will benefit from or use the model activity. The number of these households that are residents of affordable housing should also be identified. If the proposal is to use NHHBG funds for a facility that will benefit all residents of the area, not just affordable housing residents, then the costs associated with the portion of the building that will be used for anything other than activities related to affordable housing (i.e., multi-use or community building), must be prorated based on space, beneficiaries, or percentage/time usage, unless otherwise approved by HUD. The request should document the proportion of space that will be used for affordable housing activities or the percentage of time the facility will be used for affordable housing activities.
- **Need for Project:** The request should address the need for the proposed project/activity and relate the need to the nature and scale of affordable housing activities delivered by DHHL.

DHHL should also identify all uses of any facility proposed and describe how it will benefit residents of affordable housing.

- **Affordability or Use Period:** The DHHL should propose a specific period of time that the proposed project/activity will be used for its proposed purpose (e.g. how long it will benefit low-income residents of affordable housing). HUD will consider this proposed affordability/use period in its decision to approve the model activity. The period must be satisfactory to HUD.
- **Budget:** DHHL should submit a project budget including itemized costs of all components of the project. The request should also identify all other funding sources that will be used in the project/activity.
- **Map:** DHHL should submit a map of the project service area identifying the project location.

Model Activity in NHHP or NHHP Amendment: When submitting a request for a model activity in a NHHP or as an amendment to a NHHP/APR form, HUD-50090, DHHL must complete Section 3, Program Description for the model activity. The program description should be summarized to include the type of project and what will be developed or planned. The eligible activity number for Line 1.3 is 22 Model Activities [810(b)(5)] and Line 1.4 should include a specific measurable outcome that the recipient hopes to achieve.

Review of the Proposed Model Activity: The ONAP Headquarters Office of Grants Management will make a determination on the request for approval of the proposed model activity. HUD will consult with DHHL regarding the model housing activity and will provide technical assistance in amending and/or modifying the proposal, if necessary.

HUD will review the model activity request and provide DHHL with approval or denial in writing. If the request for the model activity was submitted as a stand-alone request, the approval letter will request DHHL to submit a NHHP amendment that includes the model activity. In no instance, should DHHL and subrecipients undertake model activities until such activities are approved by HUD.

Disapproval of a Model Activity: If HUD disapproves a request for a model housing activity, the following steps may be taken:

- DHHL may request reconsideration of the decision within 30 calendar days of receiving HUD's denial. The request, which must be submitted in writing, must set forth justification for reconsideration.
- HUD will reconsider DHHL's request for reconsideration within 20 calendar days of receipt of the request. HUD will either affirm or reverse its initial decision in writing, setting forth its reasons for the decision.
- DHHL may appeal any denial of reconsideration by filing an appeal with the Assistant Secretary for Public and Indian Housing within 20 calendar days of receiving the denial. The appeal should include the reasons why the recipient does not agree with HUD's decision and include justification for reconsideration.

- Within 20 calendar days of receipt of the appeal, HUD will review DHHL's appeal and act on the appeal, setting forth the reasons for the decision. If the decision was made by the Assistant Secretary for Public and Indian Housing, the decision will constitute final agency action.

Conditions of Approval: Before approving a model activity, HUD will ensure that DHHL will meet certain conditions, including but not limited to the following:

- An appropriate affordability or use period to ensure the NHHBG investment for the model activity is used for its approved purpose consistent with NAHASDA for a period of time that is satisfactory to HUD;
- If applicable, adequate insurance must be purchased to protect the NHHBG investment in the approved model activity. Adequate insurance should be in an amount to cover replacement cost; to indemnify against loss from fire, weather, and liability claims; and contractors/subcontractors shall provide insurance covering their activities or negotiate adequate indemnification coverage. Pursuant to 2 CFR Part 225, Appendix B, Sections 18 and 22, costs may be disallowed if a loss occurs and adequate insurance was not obtained to protect the investment;
- Pursuant to 2 CFR Part 225, Appendix A, Section C, the costs for such model activities must be necessary and reasonable for proper and efficient performance and administration of the NHHBG grant;
- Pursuant to 24 CFR § 1006.350, no funds may be committed to a NHHBG grant activity or project before completion of the environmental review and ONAP approval of the request for release of funds and related certification required by sections 806 (b) and (c) of NAHASDA, except as authorized by 24 CFR Part 58; and
- DHHL must also comply with all applicable labor standards under NAHASDA.

If you have any questions regarding model activities, please contact Claudine Allen, Native Hawaiian Program Specialist, at (808) 457-4674 or by email at claudine.c.allen@hud.gov.