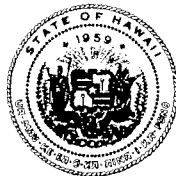


NEIL ABERCROMBIE
GOVERNOR
STATE OF HAWAII



ALBERT "ALAPAKI" NAHALE-A
CHAIRMAN
HAWAIIAN HOMES COMMISSION

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DEPUTY TO THE CHAIRMAN

STATE OF HAWAII
DEPARTMENT OF HAWAIIAN HOME LANDS

P.O. BOX 1879
HONOLULU, HAWAII 96805

June 28, 2011

Mr. Rodger J. Boyd
Deputy Assistant Secretary for
Native American Programs
Department of Housing and Urban Development
451 Seventh St. SW, Room 4126
Washington, DC 20410

Dear Mr. Boyd:

Subject: Native Hawaiian Housing Block Grant Program
2011 Native Hawaiian Housing Plan

In accordance with the Interim and Final Rules for the Native Hawaiian Housing Block Grant (NHHBG) Program, which became effective on July 15, 2002 and December 29, 2003, respectively, specifically, 24 CFR Part 1006.101, the Department of Hawaiian Home Lands (DHHL) is submitting the Native Hawaiian Housing Plan (NHHP) for 2011.

We appreciate the opportunities that the NHHBG Program provides DHHL in developing affordable housing and associated programs for Native Hawaiians on Hawaiian home lands.

If you have any questions or need additional information, please contact Scottina Malia Ruis, Resource Management Specialist (NHHBG), at (808) 620-9513, email scottina.ruis@hawaii.gov.

Aloha and mahalo,

A handwritten signature in black ink, appearing to read "Albert Nahale-a".

Albert "Alapaki" Nahale-a
Hawaiian Homes Commission

Enclosure

c: Claudine Allen, Native Hawaiian Program Specialist

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

NATIVE HAWAIIAN HOUSING PLAN TABLE OF CONTENTS

This form is for use by the DHHL to identify the location of the required elements of the Native Hawaiian Housing Plan (NHHP)

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1-YEAR NATIVE HAWAIIAN HOUSING PLAN

The 1-Year Plan section of the Native Hawaiian Housing Plan must contain information relating to the fiscal year for which assistance is to be made available, including the following:

1. GOALS AND OBJECTIVES - A statement of the goals and objectives to be accomplished during the period.

Goal No. 1: Increase the affordable housing inventory on Hawaiian home lands to meet the increasing or unmet demand for housing by eligible native Hawaiian households¹.

Objective 1A: Increase the supply of affordable housing units through on-site and off-site development, to include infrastructure development such as mass grading, streets, utilities.

Tasks and Activities: Provide funding for on-site or off-site development improvements for at least one single-family residential subdivision on the island of O‘ahu to serve at least 20 eligible native Hawaiian households and one on an outer island to serve at least 10 eligible native Hawaiian households.

Objective 1B: Increase the supply of affordable housing units through self-help (sweat equity) projects.

Tasks and Activities: Provide funding for technical assistance for at least one affordable housing project that utilizes the self-help construction method to assist at least 20 eligible native Hawaiian households achieve homeownership.

Objective 1C: Reduce the price of housing by providing direct assistance to eligible native Hawaiian homebuyers through down payment assistance and/or principal reduction subsidies, low/no interest rate loans, matching funds for Individual Development Accounts (IDAs), or other means/methods that become available.

Tasks and Activities:

- a. Provide funding for subsidies, such as downpayment assistance/principal reduction or matching funds for Individual Development Accounts (IDA), which may be recaptured during the useful life period, for at least 10 eligible native Hawaiian households.
- b. Provide low-interest or no-interest loans to at least 20 eligible native Hawaiian households.

Objective 1D: Increase the supply of affordable housing units by providing funding for house construction for single-family housing which may include solar water heating, photovoltaic panels, and/or other energy efficient features.

Tasks and Activities: Provide funding for at least one single-family residential subdivision on the island of O‘ahu to serve at 20 eligible families and one single family residential subdivision on the neighbor islands to serve 10 families.

¹ An “eligible native Hawaiian household” is 1) a household that is eligible to reside on Hawaiian home lands and 2) has household income (all working adults) at or below 80% of Area Median Income. All activities in this plan must serve “eligible native Hawaiian households”.

Objective 1E: Assess the demand for alternative housing options (i.e. rental housing, assisted living, or other housing options) on Hawaiian Home Lands and implement programs as applicable.

Tasks and Activities:

- a. Complete a data assessment/analysis of the demand for rental housing on HHL by current and potential DHHL applicants.
- b. As feasible, include data collection from existing lessees that may have marginally housed individuals² residing in their homes.
- c. Explore the feasibility of implementing a rental program on HHL given the Hawaiian Homes Commission Act requirements as compared to the feasibility of assisting partners (i.e. other ali'i trusts, private or public sector) in developing and managing rental properties on HHL.
- d. As applicable, establish Administrative Rules and Operational Policies should it be deemed feasible and necessary to implement alternative housing options on HHL.
- e. As applicable, partner with other entities to provide alternative housing options to eligible beneficiaries.

Objective 1F: Increase the supply of affordable housing inventory by subdividing lots or relocating homes, as practicable.

Tasks and Activities:

- a. Subdivide lots returned to DHHL's inventory, as practicable, and re-award to eligible native Hawaiian households.
- b. Relocate existing homes on lots returned to DHHL to facilitate subdivision of said lot, as practicable.

Goal No. 2: Reduce the number of homes, occupied by eligible native Hawaiian households, that are in need of repair or replacement to relieve substandard living conditions, that are in need of renovation to relieve overcrowding, or to provide energy efficient renovations/upgrades.

Objective: Increase the number of programs and/or partnerships that provide assistance to eligible native Hawaiian households in the repair or replacement of their homes, to renovate their homes as a means to relieve over crowding, or to provide energy efficient renovations/upgrades.

Tasks and Activities:

- a. Provide low-interest or no-interest loans and/or grants to at least 10 eligible native Hawaiian households to repair/rehabilitate existing housing units to address substandard living conditions, to renovate existing housing units to address over crowding, or to provide energy efficient renovations/upgrades.
- b. Initiate new partnerships and/or encourage the development of programs that target areas or

² Marginally housed individuals are at risk of being homeless and/or would otherwise be homeless if not for their opportunity to reside with, or on the outskirts of, a family member's, or other individual's, home.

needs that are not currently being served by existing City and County, or other, partnerships/programs.

Goal No. 3: Increase alternative energy resources and/or programs that will benefit eligible native Hawaiian households.

Objective 3A: Provide funding to eligible entities to implement alternative energy resource programs for eligible native Hawaiian households as a means to reduce housing costs and in alignment with the DHHL energy policy.

Tasks and Activities:

Provide funds, to include direct loans and/or grants to eligible beneficiaries, and/or implement a program, to install energy efficient devices to include, solar water heating, photovoltaic panels, and/or other energy efficient features for eligible native Hawaiian households.

Goal No. 4: Increase community access to NHHBG resources to address public safety needs, organizational needs, community policing needs, or eligible “model” activity needs.

Objective: Support communities on Hawaiian Home Lands to assess the viability of developing and implementing eligible NHHBG programs and activities that will benefit their communities such as, but not limited to, safety enhancements, organizational support, community policing, or eligible “model” activities.

Tasks and Activities:

- a. Provide resources for homestead communities to determine the number/percentage of their residents that are NHHBG eligible (at or below 80% AMI).
- b. Assist homestead communities in addressing community safety needs, as warranted by the particular community, and in alignment with allowable activities for the NHHBG.
- c. Assist homestead communities with community policing activities, as warranted by the particular community, and in alignment with allowable activities for the NHHBG.
- d. Promote partnerships with existing providers and the police departments within each county to address public safety needs.
- e. Assist homestead communities and affiliated organizations by working in coordination with the community/organization and HUD in determining what types of “model activities” DHHL may consider for NHHBG funding that include elements such as social, educational, cultural, recreational, or medical related activities for a more holistic approach to housing than just providing shelter.

Goal No. 5: Increase access to educational or training programs that assist native Hawaiian families.

Objective 5A: Develop, maintain, or improve educational and/or training programs to address financial, home repair, home maintenance, or other eligible needs for eligible native Hawaiian households.

Tasks and Activities:

- a. Continue to work with and/or fund eligible entities, including DHHL's Home Ownership Assistance Program (HOAP), to provide financial literacy education and counseling, home buyer education, and foreclosure prevention to eligible native Hawaiian households.
- b. Continue to work with and/or fund eligible entities to provide home maintenance and/or self-help home repair training programs to eligible native Hawaiian households.
- c. Provide support or funding for other eligible educational or training programs to eligible native Hawaiian households.

Goal No. 6: Increase administrative capacity of DHHL to implement and monitor NHHBG programs.

Objective 6A: Comply with both state and federal requirements in the administration of the NHHBG and ensure adequate organizational capabilities to manage the various NHHBG programs, properties, and assets on Hawaiian home lands.

Tasks and Activities:

- a. Ensure that NHHBG programs are adequately staffed.
- b. Work with ONAP staff to ensure appropriate training for DHHL staff and sub-recipients for the administration of NHHBG programs.

Objective 6B: Establish collaborative partnerships to address affordable housing needs.

Tasks and Activities:

- a. Conduct community outreach and education, as needed, to address community interest in NAHASDA, the NHHP, and the DHHL's NAHASDA Community Grant Program.
- b. Engage local lenders to utilize the 184A guaranteed loan as another lending product.

2. STATEMENT OF NEEDS - A statement of the housing needs of the low-income Native Hawaiian families served by the DHHL, and the means by which such needs will be addressed during the period covered by the plan, including a description of:

- a. The estimated housing needs and the need for assistance for the low-income Native Hawaiian families to be served by the DHHL, including a description of the manner in which the geographical distribution of assistance is consistent with the geographical needs of those families, and the need for various categories of housing assistance.**

The Hawaiian Homes Commission Act of 1920, as amended, a Federal act, established the Hawaiian home lands trust and defined the population eligible to reside on Hawaiian home lands as those native Hawaiians with at least 50% Hawaiian blood and their successors or assignees of less than 50% Hawaiian blood. For the purposes of this plan, this population is referred to as native Hawaiians (native spelt with a small n instead of capital N). Estimates of the native Hawaiian population, a subset of the Native Hawaiian population, range from approximately 45,000 to 70,000, although this number remains difficult to measure.

In 2003 and 2008, DHHL contracted with SMS Research & Marketing Services, Inc. (SMS) to update the Beneficiary Needs Survey conducted in 1995. This survey addresses both DHHL beneficiaries and applicants. In addition, in 2006 the DHHL participated with state and county housing agencies to update the Housing Policy Study conducted by SMS (SMS 2006 study), which also included data on native Hawaiian households.

For purposes of this plan, data from the 2008 and 2006 SMS surveys is used and is supplemented with data from the 1995 HUD study, as applicable. The native Hawaiian subset (50% Hawaiian blood or such lower percentage as may be established in Sections 207, 208 and 209 of the Hawaiian Homes Commission Act of 1920, as amended) for the purpose of this plan is determined as follows:

7,560	Lessees residing on the DHHL lands — as of December 31, 2010 ³
25,937	Applicants — Unduplicated wait list as of December 31, 2010 ⁴
32,460	Estimated Potential Applicants based on SMS 2006 respondents ⁵
65,957	Total native Hawaiian individuals/households

By applying the SMS 2008 Beneficiary/Applicant Study and the SMS 2006 Housing Policy Study percentage estimates, we anticipate the following NAHASDA eligible native Hawaiian households as follows:

3,848	Lessees residing on the DHHL lands — 7,560 x 50.9%
12,034	Applicants — 25,937 x 46.4%
17,366	Potential Applicants — 32,460 x 53.5%
33,248	Total native Hawaiian households eligible for NAHASDA

³ Includes lessees residing on residential, agricultural and pastoral lots, one lessee per lease, one house per lease/lot, as applicable.

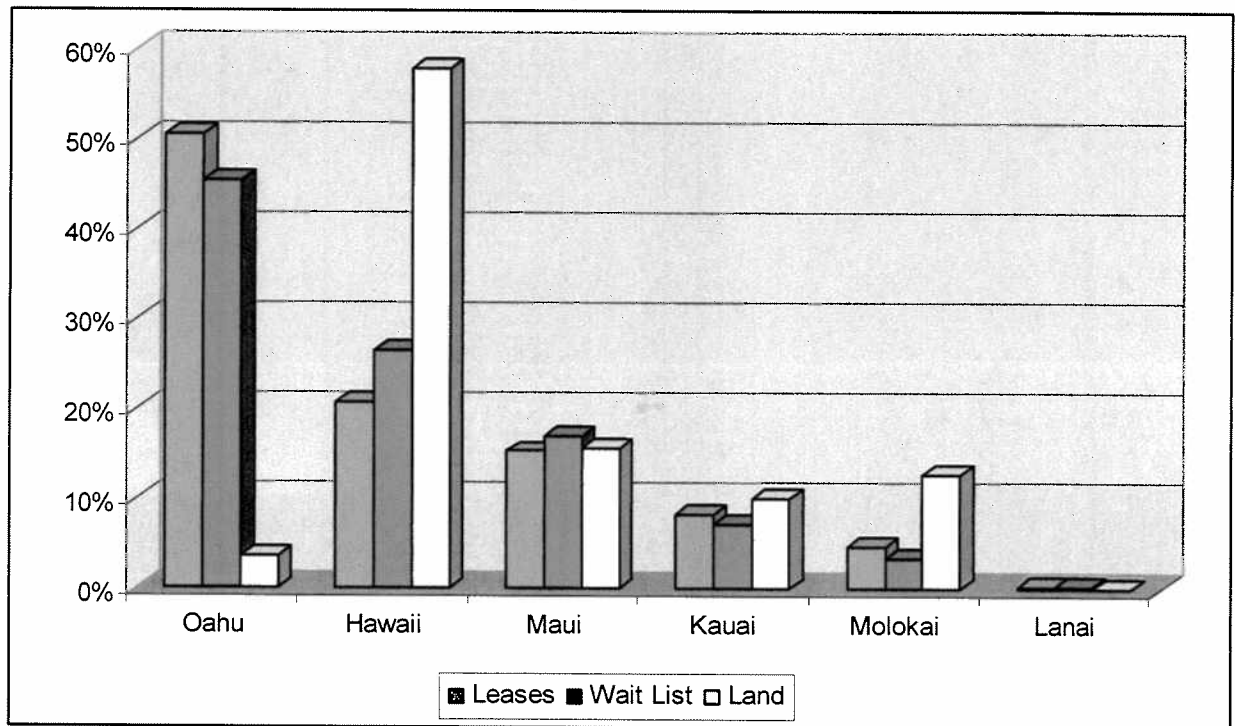
⁴ Applicant Type Distribution B report on 5/23/2011, unduplicated count of all lease types (residential, agricultural, and pastoral) as of 12/31/2010.

⁵ The SMS 2006 Housing Policy Study included a category for native Hawaiians with at least 50% blood quantum and are not DHHL lessees or applicants.

In Calendar Year 2010 the statewide application waiting list grew by 681 applicants from 25,244 to 25,925⁶. As of December 31, 2010, the number of homestead leases was 9,919 (8,411 residential, 1,101 agricultural and 407 pastoral)⁷.

Geographical Distribution

According to the 2000 Census, 73% of the state's population resides on the island of O'ahu. Likewise, approximately 63% of all Native Hawaiians⁸, 62% of all DHHL applicants, 64% of all DHHL potential applicants⁹ in the state reside on the island of O'ahu. Since the bulk of the home lands are found in rural areas such as the outer islands of Hawai'i, Maui, Moloka'i, Kaua'i and Lāna'i, the land distribution of Hawaiian home lands does not support the geographical distribution of native Hawaiian households and their demands for residential leases. The lessee, wait list and actual acreage distribution are as follows:



Island	Residential Leases as of 12/31/2010		Residential Wait List as of 12/31/2010		Home Land Acreage as of 2008 Annual Report	
	Number	Percent	Number	Percent	Number	Percent
O'ahu	4,254	50.58%	9,539	45.42%	7,495	3.69%
Hawai'i	1,739	20.68%	5,572	26.53%	117,550	57.84%
Maui	1,288	15.31%	3,570	17.00%	31,796	15.65%
Kaua'i	705	8.38%	1,524	7.26%	20,565	10.12%
Moloka'i	396	4.71%	730	3.48%	25,769	12.68%
Lāna'i	29	0.34%	65	0.31%	50	0.02%
Total	8,411	100.00%	21,000	100.00%	203,225	100.00%

6 Taken from Applicant Type Distribution B as of 12/31/10

7 Taken from Lease Report for the month ending 12/31/10, it should be noted that not all residential leases/lots currently have homes on them.

8 Taken from Aloha Counts by County, Alu Like 2003

9 Taken from SMS 2006 Study

Although the DHHL has prioritized development and awards of new residential leases based on applicant preferences, it has not been able to keep up with the demand for residential parcels on the island of O‘ahu since the distribution of home lands does not follow the population and applicant distribution patterns. This issue has created additional challenges as needed resources are expended to acquire lands on O‘ahu to meet the stated demand. On the outer islands, where land is more remote and more costly to develop, additional costs are incurred in order to prepare the lands for residential use.

Low Income Housing Needs

For low-income native Hawaiian households (those making less than 80% of area median income), housing needs are severe with 68% of these households experiencing some kind of housing problem such as affordability, overcrowding, structural quality, availability or some combination of these problems. For very low-income households (those making less than 50% of area median income) the needs are even more severe with nearly 75% of the households in this category facing some kind of housing problem. While housing needs are serious for the native Hawaiian population as a whole, the situation is even more critical for the low- and very low-income native Hawaiian households. The percentage of low-income native Hawaiian households that experience housing problems is more than double the percentage of native Hawaiian households as a whole with housing problems — 68% versus 27%. For very low-income native Hawaiian households, this percentage is almost triple — 75% versus 27%.

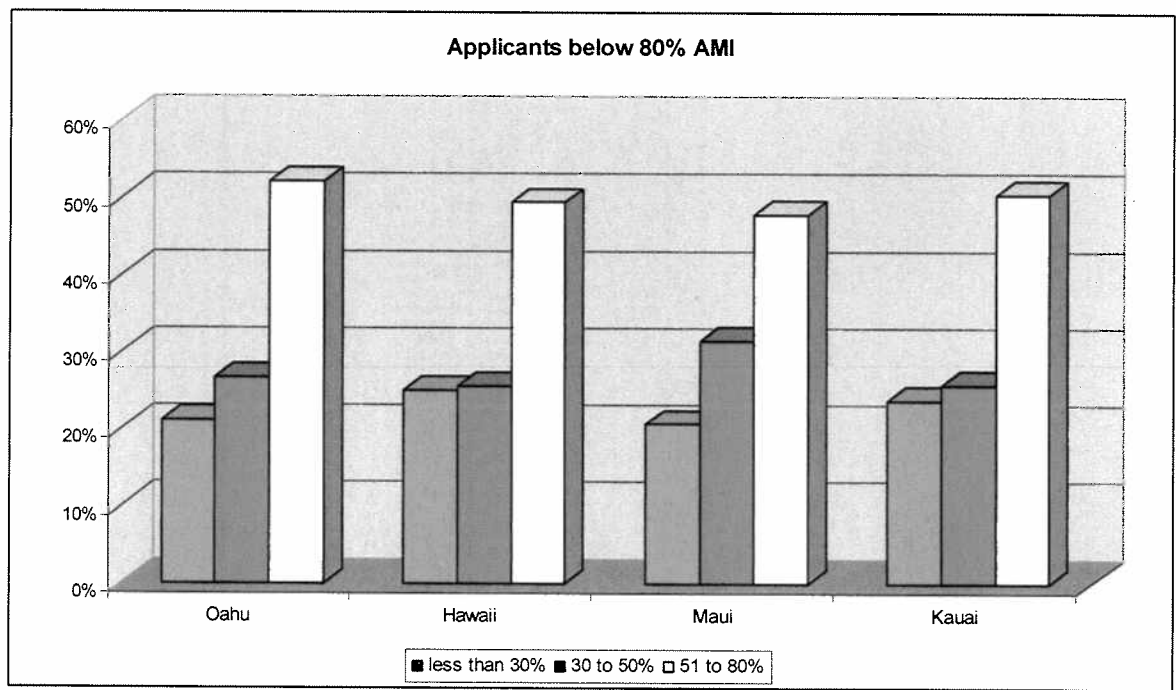
Addressing the Needs

Given these housing needs, the DHHL will focus the use of the NHHBG funds on increasing the supply of affordable housing units or to rehabilitate existing units to relieve some of the overcrowding pressures and substandard living environments experienced in many low-income native Hawaiian households. In addition, the DHHL will support healthy and safe communities, empower resident organizations and promote self-sufficiency for native Hawaiian families. Likewise, the DHHL will focus on developing the capacity of resident organizations and partnering entities (i.e. non-profit entities) in order for them to successfully apply for and administer NHHBG funds.

Based on SMS 2008 Applicant Study, at least half (50.8%) of all applicants that are at or below 80% AMI, fall in the 51% - 80% range, just under 30% fall in the 30% - 50% AMI range, and approximately 22% fall in the less than 30% AMI range.

Applicant Data

Income	O‘ahu	Hawai‘i	Maui	Kaua‘i	Total
less than 30%	21.2%	25.0%	20.7%	23.7%	22.0%
30 to 50%	26.7%	25.6%	31.5%	25.8%	27.3%
51 to 80%	52.1%	49.5%	47.8%	50.5%	50.8%
Total 80% and below	100.0%	100.0%	100.0%	100.0%	100.0%



Recognizing the need to assist beneficiaries to prepare for homeownership, the DHHL initiated the Home Ownership Assistance Program (HOAP) in 2004, and HOAP became operative in early 2005. This program is designed to 1) prepare DHHL applicants for homeownership, and 2) assist those already residing on Hawaiian home lands remain in their homes. HOAP offers pre-homeownership and foreclosure prevention services (financial literacy), insurance education and budgeting, employment services, and drug counseling services. DHHL is looking into adding a maintenance and repair element to the HOAP curriculum to further assist existing lessees.

Pre-homeownership services include classes on the Hawaiian Homes Commission Act, Hawaiian genealogy, mortgages, budgeting and saving, and debt management. Case management is provided for those individuals that require additional follow up and/or ongoing counseling services. For families that are in financial crisis, HOAP provides foreclosure prevention services that include individual case management, budget review and counseling, and credit counseling/debt consolidation assistance, as warranted.

For NHHBG assisted units that have allowed their insurance to lapse or for NHHBG households that are seeking repair grants¹⁰, HOAP counselors are made available to assist the family in understanding the importance of maintaining homeowner's insurance and to assist the family with budgeting for homeowner's insurance. HOAP also provides employment and drug counseling services. Employment services include job placement assistance and ongoing supportive counseling for a 12 month period. All individuals currently enrolled in employment services have since been employed. To date, no families have accessed the HOAP drug counseling services.

¹⁰ Homeowner's insurance is a lease requirement and a NAHASDA requirement for all units assisted with more than \$5,000 in NHHBG funds.

As of May 27, 2011, HOAP had 3,947 participants of which 2,966 are enrolled in pre-homeownership courses, 233 are enrolled in employment services and 748 are enrolled in foreclosure prevention services.

Approximately 77% of HOAP participants with income and household data¹¹ are estimated to be at or below 80% AMI. The following table reflects the percentage of HOAP participants, inception to date, from each island and the percent of HOAP participants from each island that are at or below 80% AMI:

<u>Island</u>	<u>Percent of HOAP Participants from Island</u>	<u>Percent of HOAP Participants from Island at or below 80% AMI</u>
HAWAI'I	18.93%	72.64%
KAUA'I	5.37%	78.36%
MAUI	12.03%	66.58%
O'AHU	59.56%	81.08%
MAINLAND	1.79%	50.88%
MOLOKA'I	2.30%	90.54%
	100.00%	

Note: All comparisons to AMI were based on residence address. Households with mainland addresses were compared with Honolulu Area Median Income Levels. Household income based on most recent tax returns, as filed with IRS, and may not accurately reflect total household members.

Another method for preparing beneficiaries for homeownership is the DHHL's "Undivided Interest" program called Ho'opaepae. Applicants on the waiting list are offered an undivided interest in a large undeveloped lot. Leases are issued and these "lessees" are offered homeownership education through HOAP. Over the next one to three years, DHHL will improve and subdivide the large lot, usually in phases, and may contract with a developer to construct homes. This method provides lessees time to prepare their finances for homeownership — sometimes requiring relocation and/or job changes. When the lot improvements are completed, lessees who are financially ready will purchase homes and move in.

As of December 2010, there were 6 undivided interest programs statewide with a total of 1,424 initial awards, 15 rescinded¹², 1 surrendered, 7 relocated, 159 homes purchased, and 1,256 lessees are preparing for homeownership in the following areas:

1. Waiohuli - Kula, Maui - 320 leases awarded June 2005, construction pending completion of ERR.

¹¹ Income and Household data is available for 3,837 HOAP participants.

¹² Families that rescind resume their original rank on the wait list.

2. La'i 'Ōpua Villages 4 & 5 - Kealakehe, Hawai'i - 300 leases awarded October 2005, 45 homes are under construction but families have not moved in as of 12/31/2010 (first homes to be occupied in June 2011).
3. Pi'ilani Mai Ke Kai - Anahola, Kaua'i - 160 leases awarded April 2006, as of 12/31/10 homes were under construction and 37 families moved in.
4. Kumuhau & Kaka'ina Streets - Waimānalo, O'ahu - 99 leases awarded July 2006 – 45 homes are under construction but families have not moved in as of 12/31/10 (first homes were occupied in January 2011), 1 lessee relocated to Waimānalo.
5. Kānehili (East Kapolei I) - Kapolei, O'ahu - 349 leases awarded October 2006, as of 12/31/10, 254 homes were constructed and are currently occupied, however, due to financial situation of the families, 132 homes were awarded to wait list applicants instead of undivided interest applicants. The balance of 219 families are either preparing for homeownership or reconsidering their ability to be financially ready and may opt to rescind.
6. East Kapolei II – Kapolei, O'ahu – 196 leases awarded January 2009, infrastructure construction is still in progress and families continue to prepare for homeownership.

Undivided Interest as of 12/31/2010

	<u>Awarded</u>	<u>Rescinded</u>	<u>Surrendered</u>	<u>Relocated¹³</u>	<u>Purchased Home</u>	<u>Preparing for Homeownership</u>
Waiohuli	320	2	0	0	0	318
Pi'ilani Mai Ke Kai	160	1	0	6	37	128
La'i 'Ōpua	300	4	1	0	0	295
Kānehili	349	8	0	0	122	219
East Kapolei II	196	0	0	0	0	196
Waimānalo	99	0	0	1	0	100
Total	1,424	15	1	7	159	1,256

Additionally, the DHHL has become aware of undivided interest lessees that hold Section 8 vouchers. Likewise, efforts have begun to initiate communication between the DHHL, the City and County of Honolulu, and the State's Section 8 voucher programs as beneficiaries who hold Section 8 vouchers are identified.

b. The estimated housing needs for all Native Hawaiian families to be served by the DHHL.

In 1995, HUD conducted a study of the housing needs for the native Hawaiian population. This study, entitled Housing Problems and Needs of Native Hawaiians, represents the most comprehensive information on the topic of housing needs for native Hawaiians. The following information is pulled from this source unless noted otherwise. The SMS surveys done in 2003, 2006 and 2008 will be used to update the HUD study where data is available.

¹³ Relocated lessees *increase* the UI Awarded count, all other columns *decrease* the UI Awarded count

Population

Although Hawaiian home lands are found only in the State of Hawai‘i, Native Hawaiians are found throughout the United States. In 2000, the population of Native Hawaiians, as reported by the U.S. Census, totaled more than 400,000. Approximately 239,655 Native Hawaiians, or almost 60%, reside in the State of Hawai‘i.

As stated earlier, for the purposes of this plan, a population of 65,975 is used to represent the native Hawaiian population. This number reflects the number of existing lessee households residing on the DHHL lands as of December 31, 2010, applicants on the DHHL waitlist as of December 31, 2010, and potential applicants based on the SMS 2006 survey data (individuals who indicated that they were 50% or more native Hawaiian and were NOT a DHHL applicant or lessee).

Age, Education, Size of Households

According to the 2000 Census, formal education levels are lower for native Hawaiians with only 15% of native Hawaiians on home lands graduating from any level of college compared to 34.3% of the general population in the State. Likewise, nearly 20% of native Hawaiians on home lands do not have high school diplomas as opposed to 15% of the general population of the state.

According to the 2008 SMS Applicant Study, 16.6% of applicants that are below 80% AMI do not have high school diplomas and 47.8% have only a high school diploma. That is, more than half (64.4%) of DHHL applicants that are at or below 80% AMI have a high school diploma or lower. About one fourth (24.6%) of applicants at or below 80% AMI have some college experience and a mere 11% have a bachelors degree or higher (9% with BA, 1% with some post-grad education, and 1% with a Masters or PhD)

The 2000 Census also indicates that native Hawaiians residing on home lands are slightly younger and their families are slightly larger than the larger population in the State. The median age for native Hawaiians is 32 years as opposed to the larger population with a median age of 36 years. Also, about 64% of all lessee households had one or more children present according to the SMS 2006 survey data — 22% of these households had 2 to 3 children and 13% had 4 or more children. In contrast, only 25% of non-native households had children in the home. Based on special tabulations compiled by Alu Like, Inc. in 2003 (using 2000 Census data), the average DHHL native Hawaiian household size was 4.15 as compared to an average household size of 3 for the larger population in the State of Hawai‘i¹⁴. More recent studies by SMS (Applicant/Beneficiary Study 2008) suggest an average DHHL lessee household size of 4.26 and applicant household size of 4.04¹⁵.

In addition, native Hawaiian households tend to include more than one family, often multigenerational. The SMS 2006 survey documents that this is particularly true on the home lands where 26.6% of the households include more than one family compared to 6.3% of non-native Hawaiian households in the State. In general, about 20% of all native Hawaiian households include multigenerational family members (19.5% for native Hawaiian households below 80% median income and 18.6% for native Hawaiian households over 80% median

¹⁴ Alu Like Inc., “Profiles of Homestead Communities within the Hawaiian Home Lands”, compiled in 2003

¹⁵ These more recent household size averages were used for the purpose of this plan.

income) compared to about 7% for non-native households (6.3% and 7.2% respectively for similar income levels). Lessee households were also more likely to have 8 or more family members (14%) as opposed to applicant households (9%) or non-Hawaiian households (1%).

Furthermore, approximately 22.2% of native Hawaiian households at or below 80% of area median income levels are living in ***crowded*** conditions¹⁶ vs. 8% of the non-native Hawaiian households at the same income levels. Likewise, 7.6% of native Hawaiian households at or below 80% of area median income levels are living in ***severely crowded*** conditions¹⁷ vs. 4.4% of the non-native Hawaiian households at the same income levels.

Tenure and Housing Stock

While homeownership rates in Hawai'i are typically lower than the U.S. as a whole, homeownership rates for native Hawaiians residing in urban Hawai'i are particularly low. Only 38% of native Hawaiians own their home in urban Honolulu, compared to 48% for non-native Hawaiians. This disparity continues in other urban areas of the State where 51% of native Hawaiians own their homes compared to 60% for non-natives.

The tenure rates are dramatically different on Hawaiian home lands where nearly 100% of the units are owner-occupied. However, according to the SMS 2006 study, approximately 44% of all native Hawaiian households in the state were renters as compared to approximately 37% of non-native Hawaiian households. However, of all **applicant** households at or below 80% area median income, approximately 63% were renters. Likewise, of all **potential applicant** households at or below 80% area median income, approximately 57% were renters. This is quite different from those households that were non-native Hawaiian at or below 80% area median income in which approximately half (49%) were renters. In any case, native Hawaiian households, and specifically low-income native Hawaiian households, are more likely to be renters and less likely to own their own homes.

Additionally, native Hawaiians are more likely to reside in older housing units. Approximately 30% of native Hawaiians reside in units built before 1960 compared to 26% of the non-native Hawaiian population in the State. For native Hawaiians residing in urban Honolulu, the difference is even more severe with 45% of native Hawaiians residing in units built before 1960 compared to 29% for non-natives. According to the SMS 2006 survey and with specific regard to the DHHL lessees, approximately 24.4% of native Hawaiian households at or below 80% of area median income levels are residing in homes built prior to 1960 (approximately 510 homes).

In addition, native Hawaiian homeowners are more likely to live in single-family dwellings, 90% of native Hawaiian owners compared to 79% for non-native owners. This preference for single family homes is also true for native Hawaiian renters who tend to live in single-family dwellings at higher rates than non-natives.

Income

Native Hawaiian households are more likely to be very low-income than non-native Hawaiian households. Owner households on Hawaiian home lands are among the poorest of native

¹⁶ more than 1.01 persons per room

¹⁷ more than 1.59 persons per room

Hawaiian households with approximately 25% having income at or below 50% of the area median. Applicant households fair no better with approximately 22% of all applicant households having income at or below 50% of the area median¹⁸.

Data compiled from the 2008 Beneficiary/Applicant Study¹⁹ indicates that at least half (50.9%) of the households on Hawaiian home lands and just under half (46.4%) of applicant households were at or below 80% Area Median Income (AMI) levels, and data from the 2006 Housing Policy Study indicated that just over half (53.5%) of potential DHHL applicant households (respondents of 50% or more Hawaiian ancestry who were not applicants or lessees at the time of the survey) were at or below 80% of AMI levels.

	<u>Household Income</u>	<u>Honolulu</u>	<u>Hawai'i</u>	<u>Kaua'i</u>	<u>Maui</u>	<u>State</u>
<u>Lessees</u>	less than 30%	12.2%	9.9%	9.1%	11.5%	10.9%
	30 - 50%	17.6%	18.4%	9.6%	14.2%	15.7%
	51 - 80%	23.7%	23.1%	25.1%	29.2%	24.3%
	Total Below 80% AMI	53.5%	51.4%	43.8%	54.9%	50.9%
	<u>Household Income</u>	<u>Honolulu</u>	<u>Hawai'i</u>	<u>Kaua'i</u>	<u>Maui</u>	<u>State</u>
<u>Applicants</u>	less than 30%	9.8%	10.8%	10.6%	11.2%	10.2%
	30 - 50%	12.4%	11.0%	16.1%	12.1%	12.6%
	51 - 80%	24.1%	21.4%	24.5%	23.8%	23.6%
	Total Below 80% AMI	46.3%	43.2%	51.2%	47.1%	46.4%

For the DHHL lessee, this is a decrease from the 2006 Housing Policy Study that indicated approximately 69% of lessee households were at or below 80% of AMI in 2006. This could be a result of the increase in new homes that are being built on Hawaiian Home Lands of which only an estimated 20% are occupied by NAHASDA eligible families. For the DHHL applicant, the 46.4% is comparable to the 44.1% reported previously suggesting minimal change in income levels for the applicant population.

As noted in the table above, approximately one fourth or 25% of all Lessee and Applicant households have total household income that is between 51% and 80% AMI and at least 10% of all Lessee and Applicant households have total household income that is below 30% AMI. This corresponds with American Community Survey²⁰ data that indicates at least 9.4% of the households on HHL are living below the poverty level (see poverty table on next page).

According to the SMS 2006 study, approximately 31% of all native Hawaiian households have incomes less than 50% of the area median compared to 24% of non-native Hawaiian households. For those native Hawaiian households that occupy their homes without payment, approximately 89% have incomes less than 80% of the area median compared to 41% of non-native households. Of the households with seniors (62 years of age or older), 75.8% of DHHL

18 Applicant Data does not distinguish between owner vs. renter households.

19 SMS Special Tabulations run 5/31/2011, Income Data by County and by Status. Percentages consider non-respondent data in calculation method.

20 SMS special Tabulations of ACS Data 2005 – 2009, run 5/11/11

lessees, 36.3 % of DHHL applicants, and 48.9% of potential applicants were at or below 80% AMI.

Additionally, according to the State Department of Health's, Hawai'i Health Survey 2005, native Hawaiian households are more likely to be "poor" (below poverty levels) or "near poor" (100% to 199% of poverty levels) than non-native households. That is, approximately 9% of native Hawaiian households reside below poverty levels and approximately 19% reside at the near poor levels as compared to approximately 7% and 13% respectively for non-native households.

The following table reflects the poverty guidelines and HUD income guidelines for Hawai'i in 2009:

2009 Poverty Guidelines		2009 HUD Income Guidelines	
<u>Persons in family</u>	<u>Poverty guideline</u>	<u>30% of AMI</u>	<u>50% of AMI</u>
1	\$ 12,460.00	\$ 15,950.00	\$ 26,600.00
2	\$ 16,760.00	\$ 18,250.00	\$ 30,400.00
3	\$ 21,060.00	\$ 20,500.00	\$ 34,200.00
4	\$ 25,360.00	\$ 22,800.00	\$ 38,000.00
5	\$ 29,660.00	\$ 24,600.00	\$ 41,050.00
6	\$ 33,960.00	\$ 26,450.00	\$ 44,100.00
7	\$ 38,260.00	\$ 28,250.00	\$ 47,100.00
8	\$ 42,560.00	\$ 30,100.00	\$ 50,150.00

Likewise, shelter-to-income ratios are much higher for the native Hawaiian household in that approximately 45.5% of all native Hawaiian households at or below 80% of area median income levels pay over 40% of their monthly income toward their shelter costs. As would be expected, this percentage is significantly lower for the DHHL lessee (same income levels) at 12.3% due to the affordable homeownership options available to them. Nonetheless, 43.1% and 48.9% of the DHHL applicant households and potential applicant households pay over 40% of their monthly income toward shelter costs. In contrast, only approximately 36.3% of non-native households at or below the 80% income threshold pay over 40% of their monthly income toward shelter costs.

3. FINANCIAL RESOURCES- An operating budget for the DHHL, including:

An identification and a description of the financial resources reasonably available to DHHL to carry out the purposes of the Hawaiian Homelands Homeownership Act of 2000 (HHHA), including an explanation of the manner in which amounts made available will be used to leverage additional resources; and DHHL trust funds will be used to augment all programs for beneficiaries who are not eligible for NAHASDA.

Operating Budget for NHHBG Programs:

NHHBG Block Grant (Title VIII) Program	\$12,675,000.00
Program Income (Projected to 6/30/12)	\$208,000.00

Total Available	\$12,883,000.00
Development/Infrastructure	\$6,544,700.00
Loan Programs	\$2,000,000.00
Grants/Subsidies	\$2,000,000.00
Housing Services	\$1,000,000.00
Crime Prevention & Safety	\$25,000.00
Model Activities	\$25,000.00
Administration & Planning	\$1,288,300.00
Total Available	\$12,883,000.00

184A Loan Guarantee Program \$1,042,000.00²¹

The following programs are utilized on Hawaiian home lands: private sector lending for interim construction and permanent mortgage financing, FHA Section 247 insured loans, Section 184A, Veterans Affairs direct loans, Rural Development (U.S. Department of Agriculture) programs, Community Development Block Grant funding, Federal Home Loan Bank of Seattle grants, Habitat for Humanity, and other State, local and non-profit resources. DHHL continues to actively seek opportunities to leverage NAHASDA funding with other Federal, State, County and private resources either through expanding programs that currently operate on Hawaiian home lands or by seeking new opportunities with different funding partners.

There are currently three approved lenders for the Section 184A loan program, Home Street Bank, Bank of Hawai'i and Hawai'i Community Lending. The first Section 184A loan was closed in December 2007 and a total of 202 have been guaranteed from December 2007 thru May 31, 2011. The total loan amount of 184A loans guaranteed for this same period is \$50,680,198 .00

The uses to which such resources will be committed, including eligible and required affordable housing activities, and administrative expenses.

NHHBG Block Grant (Title VIII) Program:

		<u>Goal Number</u>
Development/Infrastructure	\$6,544,700.00	Goal Number 1
Loan Programs	\$2,000,000.00	Goal Number 1, 2 & 3
Grants/Subsidies	\$2,000,000.00	Goal Number 1, 2, & 3
Housing Services	\$1,000,000.00	Goal Number 3, 4 & 5
Crime Prevention & Safety	\$25,000.00	Goal Number 4
Model Activities	\$25,000.00	Goal Number 4
Administration and Planning	\$1,288,300.00	Goal Number 6
Total Available	\$12,883,000.00	

²¹ \$1,042,000 would leverage about \$41,000,000 in mortgage loan guarantee authority.

4. AFFORDABLE HOUSING RESOURCES - A statement of the affordable housing resources currently available at the time of the submittal of the plan and to be made available during the period covered by the plan, including a description of:

- a. **The Significant Characteristics of the Housing Market in the State of Hawai'i, including the availability of housing from other public sources and private market housing; and the manner in which the characteristics influence the decision of the DHHL to use grant amounts to be provided under this Act for rental assistance, the production of new units, the acquisition of existing units, or the rehabilitation of units;**

Economy

Despite the traumatic earthquake and tsunami in Japan in March 2011, local economists at the State of Hawai'i, Department of Business, Economic Development and Tourism (DBEDT) are projecting positive growth for the rest of 2011 based on their second quarter report. Likewise, the Hawai'i Tourism Authority reports total expenditures by visitors who came to Hawai'i in between January and April 2011 rose 17.8% compared to the same period last year. In addition, visitor days increased 10.9% and arrivals grew 8.9%. Increases were due in part to other major market areas that were able to offset the decreased numbers from Japan.

According to the DBEDT, the State of Hawai'i began to feel the effects of economic recovery during the first quarter of 2010 and subsequent reports by the Hawai'i Tourism Authority suggest 12 straight months of economic upturn. However, the first quarter 2011 economic indicators were mixed. Although visitor arrivals and expenditures were up, private building permits and government contracts awarded decreased as did State general fund tax revenues. In construction, the value of permits and government awards decreased, construction jobs also decreased.

According to the United States Department of Labor, Bureau of Labor Statistics, the seasonally adjusted unemployment rate for the State of Hawai'i continues to hover around the 6% mark (6.1% as of April 2011), comparable to the same time last year (6.7%). The State of Hawai'i has not seen unemployment rates this high since February 1978 when the seasonally adjusted unemployment rate was 7.1%, the historic high for Hawai'i's unemployment rate was in January 1976 at 9.9% and the historic low was in December 2006 at 2.3%. Based on preliminary data, Hawai'i has the 9th lowest unemployment rate in the nation (along with Virginia at the same rate) as of April 2011. North Dakota continues to have the lowest unemployment rate at 3.3%, a reduction from 3.8% last year, Nevada has the highest unemployment rate at 12.5% and the national unemployment rate is 9.0%, also a reduction from 9.9% last year, for the same period.

The US Bureau of Labor also reports on alternative measures of labor underutilization in addition to the unemployment rate. These additional five measures provide a more narrow (U-1 and U-2) or broad (U-4 through U-6²²) concept of unemployment based on the definitions below:

- U-1, persons unemployed 15 weeks or longer, as a percent of the civilian labor force;

²² U-3 is the official definition used for unemployment statistics.

- U-2, job losers and persons who completed temporary jobs, as a percent of the civilian labor force;
- U-3, total unemployed, as a percent of the civilian labor force (**this is the definition used for the official unemployment rate**);
- U-4, total unemployed plus discouraged workers, as a percent of the civilian labor force plus discouraged workers;
- U-5, total unemployed, plus discouraged workers, plus all other marginally attached workers, as a percent of the civilian labor force plus all marginally attached workers; and
- U-6, total unemployed, plus all marginally attached workers, plus total employed part time for economic reasons, as a percent of the civilian labor force plus all marginally attached workers.

Hawai'i's percentage rate, vs. the National percentage rates, for each of the categories above for the second quarter of 2010 through the first quarter of 2011 are as follows:

	<u>U-1</u>	<u>U-2</u>	<u>U-3</u>	<u>U-4</u>	<u>U-5</u>	<u>U-6</u>
Hawai'i	3.9	3.8	7	7.9	8.9	16.9
National	5.7	6	9.6	10.3	11.1	16.7

Again, the category U-3 utilizes the standard definition for the official unemployment rate. In general, the percentage rates for each of the categories increases from U-1 to U-6 and differences between the categories have certain implications. For example, the difference between U-3 and U-4 reflect degrees of would-be-job-seeker discouragement, the higher the difference, the greater the amount of discouragement. The difference between U-5 and U-6 reflect degrees of "underemployment", again, the higher the number the higher the incidence of "underemployment".

Despite Hawai'i's relatively low unemployment rate as compared to the national rate, Hawai'i ranks 46th out of the 50 states and the District of Columbia in job seeker discouragement with a difference between U-3 and U-4 of +.9 indicating a high incidence of job seeker discouragement. Hawai'i also ranks 50th out of the 50 states and the District of Columbia in "underemployment" with a difference of +8 indicating a high degree of "underemployment", almost the highest in the nation, next to California with a difference of +8.1. The national difference is +.7 and +5.6 for job seeker discouragement and "underemployment" respectively²³.

High Cost of Housing

The following tables reflect the annual median sales price for single family homes and condominiums from 2003 thru 2010 and include a glimpse of the sales trends for the first quarter of 2011.

Historical annual median sales prices for **single family homes** in Hawai'i are as follows²⁴:

23 Additional information on Alternative Measures of Labor Underutilization can be found at <http://data.bls.gov/cgi-bin/print.pl/lau/stalt.htm>

24 Data for both Single Family and Condominiums are from Honolulu Board of Realtors web site historical data (O'ahu), Maui Board of Realtors web site (Maui), Hawai'i Information Services (Kaua'i & Hawai'i). 2011 figures are for the first quarter. Maui data includes Moloka'i, Lana'i. and all of Maui County.

Single Family Median Sales Prices

<u>Year</u>	<u>O'ahu</u>	<u>Percent Change</u>	<u>Maui</u>	<u>Percent Change</u>	<u>Hawai'i</u>	<u>Percent Change</u>	<u>Kaua'i</u>	<u>Percent Change</u>	<u>Moloka'i</u>	<u>Percent Change</u>	<u>Lāna'i</u>	<u>Percent Change</u>
2003	\$380,000	NA	\$440,000	NA	\$235,000	NA	\$366,375	NA	\$979,950	NA	\$182,500	NA
2004	\$460,000	17%	\$550,000	20%	\$290,000	19%	\$499,000	27%	\$285,000	-244%	\$400,000	54%
2005	\$590,000	28%	\$679,000	23%	\$385,000	25%	\$639,000	22%	\$737,500	61%	\$382,500	-5%
2006	\$630,000	6%	\$693,000	2%	\$421,000	9%	\$675,000	5%	\$477,500	-35%	\$405,000	6%
2007	\$643,500	2%	\$630,069	-9%	\$395,000	-6%	\$650,000	-4%	\$415,000	-13%	\$425,000	5%
2008	\$624,000	-3%	\$577,867	-8%	\$345,000	-13%	\$615,000	-5%	\$430,000	4%	\$443,500	4%
2009	\$575,000	-8%	\$498,106	-14%	\$278,000	-19%	\$470,000	-24%	\$285,000	-34%	\$291,850	-34%
2010	\$592,750	3%	\$460,000	-8%	\$255,000	-8%	\$475,000	1%	\$450,000	58%	\$268,000	-9%
2011	\$548,500	-8%	\$450,000	-2%	\$240,000	-6%	\$455,000	-4%	\$412,500	-8%	\$270,000	1%

The above data reflects a general increase from 2003 to 2006. Items in **bold** reflect the “peak” for that island. Lāna‘i and Moloka‘i data do not necessarily follow the trend in 2003 and 2004, however, this is likely due to the limited number of sales data collected at that time by this data source. It is also important to note that median sales prices continue to decrease for Maui, Hawai‘i, and Lāna‘i but have increased for O‘ahu , Kaua‘i , and Moloka‘i for 2010. For Maui and Hawai‘i, this downward trend continues into the first quarter of 2011.

Historical annual median sales prices for **condominiums** in Hawai‘i are as follows:

Condo Median Sales Prices

<u>Year</u>	<u>O'ahu</u>	<u>Percent Change</u>	<u>Maui</u>	<u>Percent Change</u>	<u>Hawai'i</u>	<u>Percent Change</u>	<u>Kaua'i</u>	<u>Percent Change</u>	<u>Moloka'i</u>	<u>Percent Change</u>	<u>Lāna'i</u>	<u>Percent Change</u>
2003	\$175,000	NA	\$240,622	NA	\$185,000	NA	\$287,000	NA	NA	NA	\$922,500	NA
2004	\$208,500	16%	\$310,000	22%	\$275,000	33%	\$375,000	23%	\$177,500	NA	\$1,557,500	41%
2005	\$269,000	22%	\$390,000	21%	\$369,500	26%	\$435,000	14%	\$243,000	27%	\$1,474,500	6%
2006	\$310,000	13%	\$505,000	23%	\$425,867	13%	\$405,000	-7%	\$340,000	29%	\$2,384,800	38%
2007	\$325,000	5%	\$550,000	8%	\$394,950	-7%	\$565,000	28%	\$307,000	-10%	\$2,279,663	-4%
2008	\$325,000	0%	\$549,500	0%	\$370,000	-6%	\$545,000	-4%	\$155,000	-50%	\$1,975,000	-13%
2009	\$302,000	-7%	\$465,000	-15%	\$276,500	-25%	\$330,000	-39%	\$215,000	39%	\$1,875,000	-5%
2010	\$305,000	1%	\$450,000	-3%	\$270,000	-2%	\$344,500	4%	\$134,950	-37%	\$1,155,000	-38%
2011	\$315,000	3%	\$377,500	-16%	\$238,500	-12%	\$270,000	-22%	\$130,000	-4%	\$1,022,700	-11%

Like the single family data provided previously, condominium data for the same time period also reflects a general increase in median sales prices from 2003 to 2006 and a subsequent decrease from 2006 (or peak year as identified in **bold**) to 2010). Also similar to the single family data, we see an increase in median sales price from 2009 to 2010 for the islands of O‘ahu and Kaua‘i (but not Moloka‘i), and a decrease for Maui, Hawai‘i, Moloka‘i and Lāna‘i. For all islands but O‘ahu , this downward trend in median sales price for condominiums continue for the first quarter of 2011.

In general, although median sales prices continue to decrease from each island’s respective peak year for both single family homes and condominiums, we see that median sales prices for

2010 are still higher than they were in 2003. The following table reflects the percentage change between each islands median sales price during their respective peak year and comparable data for 2010, and the percentage change between 2003 and 2010, respectively.

Percentage Change between "peak" year and 2010

	O'ahu	Maui	Hawai'i	Kaua'i	Moloka'i	Lāna'i
Single Family	-8%	-34%	-39%	-30%	-39%	-37%
Condominium	-6%	-18%	-37%	-39%	-60%	-52%

Percentage Change between 2003 and 2010

	O'ahu	Maui	Hawai'i	Kaua'i	Moloka'i	Lāna'i
Single Family	36%	4%	8%	23%	-118%	32%
Condominium	43%	47%	31%	17%	-32%	20%

Although O'ahu median sales data for 2010 suggest a possible turn around in the states economy, this is not yet a trend we are seeing across the board with all islands.

Wages remain relatively low in Hawai'i making housing affordability a major issue for residents of the state. Because wages remain low, families living in Hawai'i often work more than one job to make ends meet. The SMS Study of 2006 indicated that 44% of all households in the state were at or below 80% of median income. According to the same report, even families with household incomes between 120% and 140% of median income in Hawai'i require affordable housing units given the high costs of housing.

Almost one fourth (22.7%) of all Hawai'i residents pay over 40% of their monthly household income toward their shelter costs and approximately one third (34%) pay over 30% of their monthly household income toward their shelter costs. However, when examined closer it is clear that those households with income levels below 80% of the area median income are more likely to be paying over 30% of their household income toward shelter costs. More specifically, for all households in the state that are at or below 80% of area median income levels, about half (52.22%) pay over 30% of their monthly income toward shelter costs and approximately 38.33% pay over 40% of their monthly income toward shelter costs. As stated previously, shelter to income ratios are higher for native Hawaiian households in that 45.5% pay over 40% of their monthly household income toward their shelter costs whereas only 36.6% of non-native households pay over 40% of their monthly household income toward shelter costs.

The National Low Income Housing Coalition, in it's "Out of Reach 2007 – 2008" report, named Hawai'i as the most expensive state as ranked by the "two-bedroom housing wage rate", the wage required (\$29.02) in order for a two-bedroom unit to be affordable (30% or less of income). Additionally, it would require several wage earners at either the \$7.25 (state minimum wage) or the \$12.42 (average wage of a renter) in order to keep rental costs "affordable" (30% of income). Hawai'i's state minimum wage has not increased since 2007.

Minimum Wage

<u>Date</u>	<u>State</u>	<u>Federal</u>
9/1/1997		\$5.15
1/1/2002	\$5.75	
1/1/2003	\$6.25	
1/1/2006	\$6.75	
1/1/2007	\$7.25	
7/24/2007		\$5.85
7/24/2008		\$6.55
7/24/2009		\$7.25

The following table is based on the Fair Market Rent for a two bedroom apartment and the wage required to maintain that level of rent and utilities without paying more than 30% of income on housing in Hawai'i. It should be noted that the number of hours required at both the "minimum wage" and the "average wage" assumes that earners work a 40 hour work week for 52 weeks per year.

	Fair Market	Wages Required for Affordability			Minimum Wage		Average Wage	
	<u>2 bed room</u>	<u>Annual</u>	<u>Monthly</u>	<u>Hourly</u>	<u># of Hours</u>	<u># of Earners</u>	<u># of Hours</u>	<u># of Earners</u>
State	\$1,509.00	\$60,355.00	\$5,029.58	\$29.02	160	4	93	2.3
Hawai'i	\$998.00	\$39,920.00	\$3,326.67	\$19.19	106	2.6	71	1.8
Maui	\$1,316.00	\$52,640.00	\$4,386.67	\$25.31	140	3.5	80	2
O'ahu	\$1,630.00	\$65,200.00	\$5,433.33	\$31.35	173	4.3	98	2.5
Kaua'i	\$1,183.00	\$47,320.00	\$3,943.33	\$22.75	126	3.1	83	2.1

According to Universal Living Wage²⁵, the 2010 fair market rent for a 2 bedroom for Honolulu has increased as noted below, and as compared to the 2008 data provided above.

METROPOLITAN FMR AREAS	LIVING WAGE (\$/hour)		FAIR MARKET RENT (\$/month)				
	0 BR	1 BR	0 BR	1 BR	2 BR	3 BR	4 BR
Honolulu, HI MSA	\$22.90	\$26.87	\$1,191.00	\$1,397.00	\$1,704.00	\$2,473.00	\$2,767.00

NONMETROPOLITAN COUNTIES	LIVING WAGE (\$/hour)		FAIR MARKET RENT (\$/month)				
	0 BR	1 BR	0 BR	1 BR	2 BR	3 BR	4 BR
Hawai'i County, HI	\$15.73	\$18.88	\$ 818.00	\$ 982.00	\$1,102.00	\$1,554.00	\$1,703.00
Kalawao County, HI	\$18.88	\$21.77	\$ 982.00	\$1,132.00	\$1,330.00	\$1,681.00	\$1,914.00
Kaua'i County, HI	\$18.13	\$20.42	\$ 943.00	\$1,062.00	\$1,399.00	\$1,756.00	\$1,911.00
Maui County, HI	\$23.21	\$25.71	\$1,207.00	\$1,337.00	\$1,555.00	\$2,081.00	\$2,228.00

Influence of Housing Market Characteristics

The DHHL anticipates no changes to house construction costs for the next fiscal year. The following reflects a comparison between the anticipated cost/price of a single family turn key home on HHL to market products:

²⁵ www.universallivingwage.org

<u>Area</u>	<u>DHHL Range</u>	<u>Market Single Family</u> ²⁶	<u>Market Condominium</u>
O'ahu	\$197,500 - \$360,000	\$548,500	\$310,000
Maui	\$250,000 - \$350,000	\$450,000	\$450,000
Moloka'i	\$120,000 - \$250,000	\$412,500	\$144,000
Lāna'i	\$140,000 - \$310,000	\$270,000	\$460,000
Hawai'i	\$145,000 - \$325,000	\$240,000	\$270,000
Kaua'i	\$150,000 - \$270,000	\$455,000	\$287,500

To offset the relatively high cost of housing (purchase or rental) in Hawai'i, the DHHL strives to provide housing at affordable prices. Homes offered to applicants on the DHHL wait list are well under the median sales price of a single family home for the state during the same time period. Based on projected house costs for 2011 (again, no change from 2010), eligible native Hawaiian families have the opportunity of owning a home at about 43% of the cost for single family homes in the private sector. This allows DHHL beneficiaries to purchase a home for a monthly mortgage payment of \$660 to \$1,900 per month (at 6% annual interest), this is often less than the cost of similar sized rental units in the current market²⁷. As noted in the table above, the current market median sales price of single family homes and condominiums are currently below the anticipated house cost/price on HHL. This situation, and the economic challenges that are facing DHHL Hawai'i island beneficiaries, has caused DHHL to put additional effort into alternative house construction methods (Habitat, Modified-Self Help, etc.) to help reduce the housing costs to beneficiaries.

<u>Area</u>	<u>DHHL Min</u>	<u>DHHL Max</u>	<u>DHHL Average</u>	<u>Market</u> ²⁸	<u>Percent Less</u>
O'ahu	\$197,500	\$360,000	\$278,750	\$592,750	53%
Maui	\$250,000	\$350,000	\$300,000	\$460,000	35%
Moloka'i	\$120,000	\$250,000	\$185,000	\$450,000	59%
Lāna'i	\$140,000	\$310,000	\$225,000	\$268,000	16%
Hawai'i	\$145,000	\$325,000	\$235,000	\$255,000	8%
Kaua'i	\$150,000	\$270,000	\$210,000	\$475,000	56%
Statewide ²⁹	\$167,083	\$310,833	\$238,958	\$416,792	43%

The DHHL will continue to focus the use of NHHBG funds on the development of additional affordable units to provide homeownership opportunities for eligible native Hawaiian families, to rehabilitate existing housing units for eligible native Hawaiian families, and to relieve overcrowding in eligible native Hawaiian households. In many cases, families that purchasing a home on Hawaiian home lands will be paying less in monthly mortgage payments than they currently pay for rent. In addition, by providing affordable housing units on Hawaiian home lands for eligible native Hawaiian families, other public sector housing units currently housing these families will be freed up for non-native families.

The DHHL estimates that an eligible NHHBG applicant would qualify for the following approximate loan amounts and subsequent estimated monthly payments³⁰.

26 Single Family and Condominium market values listed are based on the first quarter of 2011.

27 According to the National Low Income Housing Coalition, the 2008 Fair Market Rent for two, three and four bedroom units in Hawai'i is \$1,509, \$2,168 and \$2,514 respectively.

28 Market rates reflected for 2010

29 Statewide estimates are based on average amounts per each column

30 Figures are based on 6% annual interest and 2009 maximum income thresholds for a family of four and assumes limited to

<u>County</u>	<u>80% AMI</u>	<u>Estimated Max Loan</u>	<u>Estimated Monthly Payments</u>
Honolulu County	\$76,100	\$283,181	\$1,699
Hawai'i County	\$60,800	\$221,556	\$1,329
Kaua'i County	\$61,450	\$224,174	\$1,345
Maui County	\$68,300	\$251,764	\$1,511

<u>County</u>	<u>50% AMI</u>	<u>Estimated Max Loan</u>	<u>Estimated Monthly Payments</u>
Honolulu County	\$47,550	\$168,188	\$1,009
Hawai'i County	\$33,750	\$112,604	\$676
Kaua'i County	\$38,400	\$131,333	\$788
Maui County	\$42,700	\$148,653	\$892

<u>County</u>	<u>30% AMI</u>	<u>Estimated Max Loan</u>	<u>Estimated Monthly Payments</u>
Honolulu County	\$28,550	\$91,660	\$550
Hawai'i County	\$20,250	\$58,229	\$349
Kaua'i County	\$23,050	\$69,507	\$417
Maui County	\$25,600	\$79,778	\$479

Currently, DHHL is still able to offer a more affordable homeownership option to potential DHHL applicants (for most areas) than what the current market offers. However, as home prices drop (resale of existing single family homes in the private sector/fee simple market) and the cost of building new homes increases for DHHL, the challenge for DHHL will be to continue to find affordable alternatives for our most needy families (30% - 50% below AMI). Current homeownership opportunities are available as owner-builder (vacant lot), turn key (developer built), or self-help units. Generally speaking, families between 50% AMI and 80% AMI, with good credit and steady income/repayment ability, will typically qualify for DHHL turn key products and families between 30% AMI and 50% AMI will typically qualify for DHHL self help products³¹. The DHHL will continue to offer NHHBG down payment assistance to eligible households in order to assist families with their home purchase.

Composition of DHHL Applicants

The following data is based on the SMS 2008 Beneficiary/Applicant Study:

- Approximately 46.4% of all Applicants (25,937 as of 12/31/2010) are at or below 80% AMI - or an estimated 12,034 households.
- Of the 12,034 households, approximately 49.2% are currently renters - or an estimated 5,920 - all of whom are spread across the state. This data understates the actual amount of need due to the "marginally housed" individuals, families or individuals that are doubled up within, or on the outskirts of, the homes of other households/family members.
- Only a mere 4.4% of applicants below 80% AMI are interested in purchasing a townhome or condominium - approximately 529 individuals across the state
- Only a mere 2.1% of applicants below 80% AMI are interested in apartments for seniors - approximately 252 individuals across the state (yet at the same time, DHHL

no debt and good credit.

31 Please note that even though these families may "typically" be qualified to purchase the products referenced, the current economic climate that the state is facing is making it difficult to find qualified buyers for all products.

is unable to fill kupuna rental housing in Waimānalo with applicants and have opened that project up to other senior Hawaiians).

- Approximately 28.7% of applicants below 80% AMI have turned down an award due to location (NOT financing) - approximately 3,453 individuals across the state.
- Approximately 67.1% of applicants below 80% AMI would prefer a turn-key single family home offered by DHHL vs. vacant lot with infrastructure improvements (16.8%), a townhome (2.5%), a condominium (1.9%), undivided interest (2.9%), or an apartment for seniors (2.1%)³².
- Approximately 59.8% of applicants below 80% AMI currently reside in single family detached homes³³ - approximately 7,196 individuals state wide - which may be why applicants, in general, prefer single family homes over apartments and condos, as offered by DHHL.
- At least three fourths (76.2%) of Applicants below 80% AMI indicate that they could not afford to qualify for their last offer - or approximately 9,169 individuals across the state - herein lies the disconnect between what people want and what people can afford. Also interesting to note that this data contradicts the "location" data above.

In summary, DHHL applicants that are NHHBG eligible are most interested in turn key single family homes however, there is insufficient data to assess the actual ability of these families to afford a turn key single family home based on their current financial situation and it is likely that what ever decision they make regarding a lease award on HHL, location is an important factor.

- b. **The Structure, Coordination, and Means of Cooperation between the DHHL and any other governmental entities in the development, submission, or implementation of the housing plan, including a description of the involvement of private, public, and nonprofit organizations and institutions; the use of loan guarantees under section 184A of the Housing and Community Development Act of 1992; and other housing assistance provided by the United States, including loans, grants, and mortgage insurance;**

DHHL staff, homestead associations, community groups, government officials, private sector developers, private non-profit and for-profit organizations play a major role in the development of programs and services depicted in the Native Hawaiian Housing Plan.

On May 17, 2011, an informational survey was mailed to the members of the leadership groups that represent the Hawaiian home communities and to the leadership group of Hui Kāko‘o ‘Āina Ho‘opulapula, which represents the applicants on the DHHL waiting lists. Due to time constraints and the lack of a gathering of all of the applicable organizations, the only distribution of surveys and solicitation for input was done through the mail (email or snail mail), and only for those individuals that have current email and street addresses on file with DHHL as of May 17, 2011. Response via email or hard copy was acceptable. Fifty Seven (57) surveys were distributed via email or snail mail five (5) surveys/responses, or approximately 9%, were completed and returned, representing the following communities:

³² All options were "ownership" vs. "rental"

³³ Distinction between rental single family home vs owned single family home not available.

<u>Island</u>	<u>Organization</u>	<u>Response Received</u>
Hawai'i-East	Kaūmana Hawaiian Home Lands Assoc	
	Keaukaha Community Association	
	Keaukaha-Pana'ewa Farmers Association	
	Maku'u Farmers Association	
	Pana'ewa Hawaiian Home Lands Community Association	
	Pi'ihonua Homestead Community Association	
Hawai'i-West	Kailapa Community Association	
	Kaniohale at the Villages of La'i 'Opua	
	Kawaihae Puaka'ilima Community Association	
	La'i 'Opua 2020	X
	Lalamilo Community Association	
	Waimea Hawaiian Homestead Association Inc.	
Kaua'i	Anahola Hawaiian Homes Association	
	Anahola Hawaiian Land Farm Lots Association	
	Ke Aloha O Ko Kākou 'Āina	
	Kekaha Hawaiian Homestead Association	
	Pi'ilani Mai Ke Kai	
Lāna'i	Lāna'i Community Association	
Maui	Ka 'Ohana O Kahikinui	
	Kēōkea Homestead Farm Lots Association	
	Paukūkalo Hawaiian Homestead Community Association	X
	Villages of Leiali'i Association	
	Waiehu Kou Community Homestead Association	
	Waiehu Kou Phase 3 Association, Inc.	
	Waiehu Kou Phase IV	
	Waiehu Kou Residence Lots, Phase 2 Assn.	
	Waiohuli Hawaiian Homesteaders, Inc.	
Moloka'i	Ahupua'a O Moloka'i	
	Ho'olehua Homestead Agriculture Association	
	Ho'olehua Homestead Association	
	Kalama'ula Hawaiian Homestead Association	
	Kalama'ula Mauka Homestead Association	
	Kamiloloa-One Ali'i Homestead Association	
	Kapa'akea Homesteaders Association	
	Moloka'i Homestead Farmers Alliance	
	Moloka'i Livestock Association	
O'ahu	East Kapolei 2	
	Kaka'ina	
	Kalāwahine Streamside Association	
	Kānehili homestead	
	Kapolei Community Development Corporation	X
	Kaupe'a Homestead Association	
	Kaupuni	
	Kewalo Hawaiian Homestead Community Assn.	

	Kumuhau	
	Malu'ohai Residents Association	
	Nānākuli Hawaiian Homestead Community Assoc	
	Papakōlea Community Association	X
	Papakōlea Community Development Corporation	
	Princess Kahanu Estates Hawaiian Homes Assoc.	
	Wai'anae Kai Homestead Association	
	Wai'anae Valley Homestead Association	
	Waimānalo Hawaiian Homes Association	X
Statewide	Association of Hawaiians for Homestead Lands	
	Homestead Community Development Corporation	
	Hui Kako'o 'Āina Ho'opulapula	
	Sovereign Councils of Hawaiian Homelands Assembly	

The survey asked participants to identify their community's level of familiarity with and interest in NAHASDA related activities. These responses were taken into consideration when developing this NHHP and will be considered during program development and implementation.

The majority of the respondents (80%) indicated that they had a lot of familiarity with NAHASDA that their community had little familiarity (60%) with NAHASDA or that the respondent was not sure about the level of familiarity. 100% of respondents indicated interest in learning more about NAHASDA and having a community presentation in this regard. 100% of respondents also expressed some level of interest in assistance with determining NAHASDA eligibility of residents, support for their organization, community policing activities (to include personnel and equipment), and credit counseling or debt management services for their community. 100% of respondents expressed strong interest in home maintenance and repair and community safety enhancements.

In addition to those items noted above, 75% of respondents indicated additional interest in assistance with home maintenance and repairs to include 1) safety fencing, 2) substandard housing, 3) hurricane retrofit maintenance and 4) assistance with finding contractors that can provide necessary repairs pursuant to the county NHHBG repair program. One request was made to provide funding for social infrastructure to include social, educational, cultural, recreational, medical services as model activities in the NHHP. One request was made to develop homestead "maintenance teams" that could assist homeowners with repairs such as exterior painting and other services and commended DHHL's HOAP program and asked that this type of support continue to be made available to homesteaders who may encounter difficulties as a result of the economic down turn.

Each year the DHHL considers community responses in the development of the NHHP, however, it should be noted that since the community organizations are grassroots based and operated strictly on a volunteer basis, very few community organizations have submitted grant applications to date. Nevertheless, the DHHL will continue to communicate, encourage, and assist the community organizations, to the extent practicable given the staff shortage, in an effort to empower communities and increase community involvement in the development of the NHHP and implementation of NHHBG programs and/or look at other creative way to incorporate their suggestions into the NHHP.

Because the State of Hawai‘i and County housing agencies have homeless programs, DHHL does not plan to duplicate these programs on Hawaiian home lands at this time. Instead, DHHL will concentrate on keeping homes affordable for ownership and utilizing the NHHBG to provide homeownership education, counseling, down payment assistance grants, rehabilitation and/or replacement homes, low-interest/no-interest loans, and IDAs, to provide opportunities for eligible native Hawaiian families to have affordable monthly mortgage payments.

A draft of the 2011 NHHP was sent to the Housing Directors in the State, listed below:

- Hawai‘i’s local HUD office
- United States, Department of Agriculture, Rural Development (RD)
- Hawai‘i Housing Finance and Development Corporation of Hawai‘i (HHFDC)
- Counties of Hawai‘i, Kaua‘i, Maui and City and County of Honolulu
- Office of Hawaiian Affairs (OHA)

A draft of the 2011 NHHP was sent to the Hawaiian Service Institutions and Agencies (HSIA). Members of the organization are:

- Queen Lili‘uokalani Children’s Center – A private, non-profit social service organization for Hawaiian orphan and destitute children;
- Lunalilo Home – A trust that strives to respect each resident’s dignity, while providing them a high quality of elderly care services in a loving, family home environment;
- Queen Emma Foundation – A non-profit organization whose mission is to support and advance health care in Hawai‘i, primarily through The Queen’s Medical Center;
- ALU LIKE, Inc. – A private, non-profit, community-based multi-service organization serving Native Hawaiians in their efforts to achieve social and economic self-sufficiency;
- Kamehameha Schools – A trust that exists to carry out in perpetuity the wishes of Princess Bernice Pauahi Bishop to educate children and youth of Hawaiian ancestry;
- Office of Hawaiian Affairs (OHA) – A trust whose mission it is to protect Hawai‘i’s people and environmental resources and OHA’s assets, toward ensuring the perpetuation of the culture, the enhancement of lifestyle and the protection of entitlements of Native Hawaiians, while enabling the building of a strong and healthy Hawaiian people and nation, recognized nationally and internationally;
- Bernice Pauahi Bishop Museum – The State Museum on Natural and Cultural History; its mission is to record, preserve and tell the stories of Hawai‘i and the Pacific, inspiring its guests to embrace and experience Hawai‘i’s natural and cultural world; and
- Papa Ola Lōkahi—A non-profit organization formed to address the health care needs of the Native Hawaiian people.

Additionally, the 2011 NHHP was provided to DHHL Administrators and current subrecipients for review and input. The 2011 NHHP was also posted on the DHHL website for the public to view and comment.

Comments were received from several DHHL staff and the following organizations Waimānalo Hawaiian Homes Association, Papakōlea Community Association, La‘i ‘Ōpua, Hawai‘i Community Development Corporation, Nānākuli Housing Corporation, and Kamehameha Schools.

Comments were used, as applicable, in the creation of the 2011 NHHP.

Section 184A Loan Guarantee Program

The Section 184A Loan Guarantee Program, which is similar to the Section 184 Loan Guarantee Program giving Native Americans access to private mortgage financing by providing loan guarantees to lenders, was implemented in 2007. Currently, Home Street Bank, Hawai'i Community Lending, and Bank of Hawai'i are approved lenders for the Section 184 A loan program.

Other Federal Housing Assistance

DHHL has been utilizing the FHA 247 loan program since 1987. Almost \$390 million in mortgage loans are outstanding through the FHA 247 loan program to lessees on Hawaiian home lands. Also available is the FHA 203K program for rehabilitation of homes. The Veterans Affairs direct loan, Rural Development (U.S. Department of Agriculture) loan programs, Federal Home Loan Bank (Seattle) Affordable Housing Program grants and low-income housing tax credits are other financing options and tools utilized on Hawaiian home lands.

In addition to these federal loan products, the DHHL has entered into agreements with Hawai'i banks for conventional loan products on Hawaiian Home Lands. Currently \$87.7 million in loans are in these banks' portfolios.

The DHHL continues efforts to work with State and County agencies with regard to utilizing Section 8 vouchers in homestead projects. As stated previously, the DHHL has become aware of undivided interest lessees that hold Section 8 vouchers and have begun efforts to initiate communication between the DHHL, the City and County of Honolulu, and the State's Section 8 voucher programs. Should a beneficiary who is holding a Section 8 voucher have the opportunity to purchase a home on Hawaiian Home Lands, DHHL will actively work with the appropriate agency to assist the family.

c. **The Manner in Which Plan Meets Needs section in paragraph 2 above.**

Based on information gathered at community meetings or from surveys, commissioners and representatives of wait list applicants, the DHHL established goals and objectives in the NHHP to address the needs and priorities of native Hawaiians. The proposed activities include new construction to increase the supply of affordable housing; housing rehabilitation, repair, or renovation to alleviate substandard conditions, overcrowding and/or address energy efficient technology; homeownership counseling and education programs that accommodate a wide spectrum of income levels, credit worthiness, mortgage readiness, and home repair and maintenance needs; grant and loan programs to ensure that mortgage closing costs are manageable, that down payment needs and requirements are met, and that principal reduction for new construction or replacement homes result in affordable monthly payments to participating families.

d. **Any Existing and Anticipated Homeownership Programs and rental programs to be carried out during the period, and the requirements and assistance available under such programs.**

Existing and Anticipated Housing Assistance

DHHL's mission is to manage the Hawaiian Home Lands trust effectively and to develop and deliver lands to native Hawaiians. This is accomplished through the construction of off-site and on-site improvements to enable the development of residential, agricultural and pastoral lots for homesteading. The existing and anticipated housing assistance includes, but is not limited to:

- Self-help construction of homes, usually in partnership with Habitat for Humanity and their affiliates. This method requires the participating family to partner with the Habitat affiliate and make a commitment of up to 700 hours, depending on the affiliate, of sweat-equity. The majority of the labor is provided by volunteers. This method allows families that are between 30% and 50% of the AMI, with good credit, to qualify for a new home. The average house price is approximately \$100,000.
- Turn key homes that are subsidized with down payment grants in partnership with USDA Rural Development. This method allows families that are earning between 50% and 80% of the Area Median Income level, with good credit, to qualify for a new developer built home. The average house price is approximately \$250,000.
- Grants to private non-profit and for-profit entities for the development of community based programs (IDA's, financial literacy/counseling, self help home repair, etc.) that are designed to assist low income native Hawaiian households achieve and maintain homeownership.
- Programs to assist existing lessees with early intervention and/or preventative measures such as budgeting, counseling, or temporary mortgage assistance to avoid foreclosure and to keep eligible beneficiaries in their homes.

Additionally, the DHHL will continue to pursue housing that is consistent with the native Hawaiian preference for single-family dwellings and continue to enter into development agreements with developers to build large subdivisions. Based on the percentage of NHHBG funds utilized in the cost of the projects, a corresponding percentage of lots will be reserved for low-income families. In addition, funds may be set aside for down payment assistance, subsidies and/or low-interest or no-interest loans to assist families in achieving their goal of homeownership.

To ensure that families receiving this assistance do not experience windfalls as a result of this assistance, lease amendments are required to document the affordability (retention) period. In the event the lessee terminates the lease, transfers the lease or refinances the loan for an amount greater than the original loan amount for reasons other than capital improvement to the property, a portion of the grant must be repaid if the new lessee is not income eligible at the time of the transaction. However, in the event the original lessee dies, the affordability period may terminate.

Existing Rental Projects

There are two existing rental projects in DHHL's inventory. One is an elderly rental project called Kūlanakauhale Maluhia O Nā Kūpuna in Waimānalo, O'ahu, consisting of 84 one-bedroom, one-bath units. The project utilized low-income housing tax credits was developed by Pacific Housing Assistance Corporation and is managed by Prudential Locations. Rent is set at the HUD guideline of 30% of household income and the DHHL provides additional

subsidies, and priority, for elderly native Hawaiians that are homeless or at-risk of homelessness. This project is designed for independent living. No NHHBG funds were used in this project.

The other rental project is a 70 unit Rent-to-Own project called Ho'olimalima in Kapolei, O'ahu. The project was developed in 2001 using Low Income Housing Tax Credits and is managed by Mark Development, Inc. This project targets families with total household income at or below 60% of Area Median Income (AMI). Twenty Eight (28) units were set aside for families below 60% AMI and 42 units were set aside for families below 50% AMI. It is a single-family housing project in which families only pay 30% of their household income in rent for 15 years. At the end of the 15th year, existing tenants have the opportunity to purchase the home at a reduced price (estimated at approximately \$70,000). The project is in its 10th rental year and homes are expected to be conveyed to eligible participants in 2016. No NHHBG funds were used in this project.

During the writing of the 2009 NHHP, the DHHL received several requests from community members and service providers to explore the possibility of providing rental housing and/or rental housing assistance with NHHBG funds. The DHHL is currently in the process of working with the various state and county housing directors to conduct a housing survey of which a portion will be dedicated to assessing the rental housing needs of DHHL waitlist applicants. This will help DHHL to assess the existing level of supply and demand for such housing and to better assess DHHL's role in providing rental housing for eligible native Hawaiian households, if any.

- e. **Any Existing and Anticipated Housing Rehabilitation Programs necessary to ensure the long-term viability of the housing to be carried out during the period covered by the plan, and the requirements and assistance available under such programs.**

Existing and Anticipated Housing Rehabilitation Programs

Currently, DHHL provides direct loans for rehabilitation of homes. These loans have a maximum threshold of \$50,000 and are fixed at 6% per annum. Although direct DHHL repair loans are available, these loans are usually utilized on re-awards that are in need of repairs and DHHL is seen as a "lender of last resort" in that applicants must be denied outside lending opportunities in order to be eligible.

The DHHL also has rehabilitation programs with the County of Hawai'i and the City and County of Honolulu. Although DHHL has been in discussions with the county of Kaua'i to develop a similar program, no program is in place to date. The NHHBG county repair program was originally established as a loan program with a loan threshold of \$50,000 and interest rates between zero percent (0%) and three percent (3%). Lessees that were elderly (62+) and at or below 50% AMI were provided zero percent (0%) no payment loans that were forgiven at the end of the retention period (comparable to a grant). Repayment was required for all other program participants. Since many of the homes were in such disrepair, and due to the increased costs resulting from Davis Bacon requirements, \$50,000 was often insufficient.

In July 2010, the DHHL Commission approved the conversion of this loan program to a grant program that is administered by each respective county. The county's inspectors assist the families in determining necessary repairs and whether lead-based paint assessment/abatement

is necessary³⁴. The family selects their own contractor and the construction contracts are reviewed for reasonableness of cost and scope by the county.

The program allows an eligible lessee to receive a \$50,000 repair grant, within the parameters of each county's existing repair program, for necessary repairs or to reduce overcrowding. To be eligible for the maximum \$50,000, the total liens against the home, including the repair grant, can not exceed 100% of the real property tax value as determined by the county or a cost based appraisal value, whichever is higher. In addition, lead based paint costs may be covered in addition to the \$50,000 but not in excess of the value of the home.

Additionally, two subrecipients have developed rehabilitation programs in the homestead communities. The Nānākuli Housing Corporation developed a mobile self-help rehabilitation program in which classes are conducted in plumbing, electrical, painting, window repairs and other small repair projects. Families are also taught in the classroom, and then take their learning to their homes to make these repairs themselves. Volunteers assist the families in making the needed repairs. In the event the rehabilitation is substantial and exceeds the nature of a self help repair, the families are referred to the county rehabilitation loan program or other existing programs based on the level of needed repairs. On the island of Moloka'i, the Moloka'i Community Services Council (MCSC) has developed a rehabilitation program that will target ten (10) elderly households and provide home repairs via a \$50,000 grant, comparable to the county repair programs.

More recently, the Habitat for Humanity affiliates have begun to initiate rehabilitation work into their existing new construction models. This is an exciting model because the bulk of the labor is provided by volunteers who are exempt from Davis Bacon requirements thereby allowing the repairs to be done very affordably for our low income native Hawaiian families. In addition, NHHBG funds have been set aside in some instances for 0% interest loans, comparable to the existing Habitat model, which will allow the Habitat affiliates to reach more families on Hawaiian Home Lands.

The DHHL anticipates the continuation of these programs and the creation of new programs to address the repair and replacement needs of homes, especially homes in the older Hawaiian home land communities.

f. All Other Existing or Anticipated Housing Assistance provided by the DHHL during the period, including transitional housing, homeless housing, college housing, and supportive housing services; and the requirements and assistance available under such programs.

The DHHL provides supportive housing services through its Native Hawaiian Development (NHD) Program, which is funded by the DHHL Native Hawaiian Rehabilitation Fund (NHRF). These grants are available to assist homestead communities develop community-based projects that result in education, job preparation and training, recreational activities, health services, farming assistance or legal assistance. Program services are designed to help beneficiary organizations achieve community driven goals and to build organizational capacity at the community level. Additionally, opportunities are provided for individuals to obtain the knowledge and skills necessary to help their organization become self-sufficient.

34 Per SMS 2006 Study, 24.4% of all DHHL homes were built before 1960

- g. **Any Housing to be Demolished or Disposed of; a timetable for such demolition or disposition; and any other information required by the Secretary with respect to such demolition or disposition.**

There are no 1937 Act housing on Hawaiian home lands. Other than the two rental projects identified above, all homes are owned by the occupants. The DHHL does not anticipate demolishing any units funded by the NHHBG.

- h. **Coordination with Welfare Agencies in the State of Hawai'i to ensure that residents of the affordable housing will be provided with access to resources to assist in obtaining employment and achieving self-sufficiency.**

The State of Hawai'i Department of Human Services (DHS) administers individual and family financial assistance programs that provide cash payments to help individuals and families meet their basic needs. The programs include Temporary Assistance to Needy Families (TANF), Temporary Assistance to Other Needy Families (TAONF), General Assistance (GA), Aid to the Aged, Blind and Disabled (AABD) and the Food Stamps program. Medical assistance is provided through the Hawai'i QUEST and Medicaid fee-for-services programs. Vocational rehabilitation services are provided to persons with disabilities. Whenever the DHHL staff is made aware of a lessee in need, the families are referred to DHS or to an appropriate non-profit service provider.

- i. **The requirements established by the DHHL to promote the Safety of Residents of the affordable housing; facilitate the undertaking of crime prevention measures; allow resident input and involvement, including the establishment of resident organizations; and allow for the coordination of crime prevention activities between the DHHL and local law enforcement officials.**

The DHHL continues to coordinate efforts with the Police Narcotics Division, the Sheriff's Office and the Attorney General's Office—Investigative Division to do surveillance and to evict the offending occupants whenever there is evidence of drug problems or other crimes in the homestead areas. If investigation results in a conviction, the lessee is taken to a contested case hearing for lease cancellation.

Commission meetings are held monthly at various sites across the state. This allows the members of the community to be informed and to voice their mana'o (concerns) to the Commission.

- j. **The entities that will carry out the activities under the plan, including the Organizational Capacity and key personnel of the entities.**

The DHHL was created by the State Legislature in 1960 to administer the Hawaiian home lands program and manage the Hawaiian home lands trust. The DHHL is one of eighteen principal agencies of the Executive Branch of the State of Hawai'i.

The DHHL serves native Hawaiians or individuals of at least 50% Hawaiian blood, as defined by the Hawaiian Homes Commission Act of 1920, as amended, and their successors and

assigns. These native Hawaiians are the beneficiaries of the Hawaiian home lands trust consisting of a land trust of over 200,000 acres, settlement monies from the State for the mismanagement of trust lands, funds received from the State general fund for a portion of its operating costs, and revenues and earnings from the land leasing program.

The DHHL is governed by a nine-member board of commissioners headed by the Chairman, who also serves as the executive officer of the DHHL. The Governor of the State of Hawai'i appoints each commissioner and Chairman to a four-year term. The terms of the commissioners are staggered.

As of May 12, 2011, there were 135 full time employees in DHHL with six offices statewide. DHHL's main administrative office is located in Kapolei, O'ahu and the five (5) district offices are located on neighbor islands. There are two (2) district offices on the Big Island, one in Hilo (East Hawai'i) and one in Waimea (West Hawai'i), Hawai'i; one (1) district office in Līhu'e, Kaua'i; one (1) district office in Wailuku, Maui; and one (1) district office in Kalama'ula, Moloka'i. DHHL is organized into five offices and three divisions under the Hawaiian Homes Commission and Office of the Chairman. The various offices and divisions are described as follows:

Office of the Chairman (OCH) — 15 staff members

The Office of the Chairman consists of the Chairman of the Hawaiian Homes Commission, who is also the Director of Department of Hawaiian Home Lands, the NAHASDA Administrator (vacant), the NAHASDA Resource Management Specialist, the NAHASDA Clerk and other administrative and support staff. The Enforcement and Compliance Office and HOAP also fall within the OCH.

Administrative Services Office (ASO) – 7 staff members

The Administrative Services Office provides DHHL staff support in the areas of personnel, budgeting, program evaluation, information and communication systems, risk management, facilities management, clerical services and other administrative services. This office also provides support services in preparation of legislative proposals and testimonies, coordinates the preparation of reports to the legislature and facilitates the rule-making process.

Fiscal Office (FO) – 14 staff members

The Fiscal Office provides accounting support for DHHL. One accountant is dedicated to the NHHBG.

Planning Office (PO) - 6 staff members

The Planning Office conducts research and planning studies required in the development of policies, programs, and projects to benefit native Hawaiians. The PO coordinates and develops the Regional Plans, administers the Native Hawaiian Development Program, provides capacity building training for homestead organizations, and provides community based grants for the implementation of Regional priority projects, community based economic development, and membership development.

Information and Community Relations Office (ICRO) – 3 staff members

The Information and Community Relations Office disseminates information to the public on Department issues, oversees community relations with the various homestead communities

and coordinates DHHL's ceremonies. They also publish DHHL's Ka Nūhou newsletters and annual reports to the State Legislature.

Homestead Services Division (HSD) – 53 staff members

HSD is composed of three branches: 1) Homestead Applications, 2) District Operations, 3) Loan Services—one staff person is dedicated to loan applicants that are NHHBG eligible, and 4) Housing Project—awards leases. HSD is the largest division in DHHL, has staff on all islands, and services more than 20,000 applicants and 7,000 lessees on five islands.

Land Management Division (LMD) – 16 staff members

LMD is responsible for managing Hawaiian home lands that are not used for homestead purposes. Unencumbered lands are managed and disposed of for long and short term uses in order to generate revenues and keep the lands productive while minimizing the occurrence of vegetative overgrowth, squatting or illegal dumping. LMD is responsible for properly managing the lands in DHHL's inventory.

Land Development Division (LDD) – 21 staff members

LDD is charged with the responsibility of developing trust lands for homesteading and income-producing purposes. This is accomplished through the development of properties for residential, agricultural, pastoral, and economic development uses. LDD has two operating branches: 1) Design and Construction – concentrating on the design and construction of off-site and on-site improvements for the various subdivisions; and 2) Master-Planned Community – expediting the construction of housing options through partnerships with private sector and exploring other housing opportunities.

The following is a listing of the key personnel responsible for the implementation of DHHL and NAHASDA assisted programs:

Hawaiian Homes Commission (HHC)

Albert "Alapaki" Nahale-a, Chairman
 Leimana DaMate , West Hawai'i Commissioner
 Ian B. Lee Loy, East Hawai'i Commissioner
 Perry O. Artates, Maui Commissioner
 Henry Tancayo, Moloka'i Commissioner
 J. "Kama" Hopkins, O'ahu Commissioner
 Donnald S.M. Chang, O'ahu Commissioner (thru 2011)
 Michael P. Kahikina, O'ahu Commissioner (effective July 1, 2011)
 Renwick Tassill, O'ahu Commissioner (effective July 1, 2011)
 Imaikalani P. Aiu, Kaua'i Commissioner

Department of Hawaiian Home Lands

Albert "Alapaki" Nahale-a, HHC Chairman HHC
 Michelle Kauhane, Deputy to the HHC Chairman (effective July 1, 2011)
 M. Wai'ale'ale Sarsona, Chief of Staff
 William (Kamana'o) Mills, Special Assistant, Hawaiian Home Land (HHL) Claims
 Rodney Lau, Administrative Services Officer
 James Pao, Fiscal Management Officer
 Warren Kasashima, HHL Accountant III (NAHASDA)
 Darrell Yagodich, Planning Program Manager

Francis Apoliona, HHL Compliance and Community Relations Officer
Scottina Malia Ruis, Resource Management Specialist (NAHASDA)
Trisha Paul, HHL Clerk Typist III (NAHASDA)
Crystal L. Kua, Information and Community Relations Officer
Dan F. Keli'i, Homestead Services Administrator
Mona Kapaku, Homestead District Operations Manager
Juan Garcia, Homestead Services District Supervisor III
William (Bill) Davis, East Hawai'i Homestead District Supervisor
James Du Pont, West Hawai'i Homestead District Supervisor II
Isaac Takahashi, Homestead Housing Specialist VI
Dean Oshiro, Homestead Loans Services Manager
Sharon Mendoza, HHL Mortgage Loan Specialist (NAHASDA)
Linda Chinn, Land Management Division Administrator
Sandra S. Pfund, Land Development Division Administrator

TABLE 1
STATEMENT OF NEEDS

PART I: PROFILE FOR NATIVE HAWAIIAN AREA

DEPARTMENT OF HAWAIIAN HOMELANDS (DHHL)

Grant Number	
Federal Fiscal Year	2011
DHHL Program Year	July 1, 2011 to June 30, 2012
Housing Area	Hawaiian Home Lands

PART I: PROFILE FOR NATIVE HAWAIIAN HOUSING AREA						
	On Hawaiian Home Lands		Applicants		Potential Applicants	
	All Income Levels	Low-Income	All Income Levels	Low-Income	All Income Levels	Low-Income
column a	column b	column c	column d	column e	column f	column g
1. Total Native Hawaiian Population (nH x average household size)	32,206	16,393	104,785	48,620	131,138	70,159
2. Number of native Hawaiian Families	7,560	3,848	25,937	12,035	32,460	17,366
3. Number of Elderly native Hawaiian Families	2,301	1,171	11,345	5,264	10,459	5,595
4. Number of Near-Elderly native Hawaiian Families	NA	NA	NA	NA	NA	NA
5. Number of native Hawaiian Families Living in Substandard Housing (2%)	151	77	519	241	649	347
6. Number of native Hawaiian Families Living in Over-Crowded Conditions	2,994	1,689	5,732	3,935	3,895	2,900
<p><i>NOTE: This table counts all household members as the Native Hawaiian population by multiplying average household size of 4.26 for lessees and 4.04 for applicants and potential applicants by the nH population which consists only of individuals with 50% blood quantum. Based on SMS 2008 survey data: 50.9% (7,560 x .509 = 3,848) of total lessees, 46.4% (25,937 x 46.4 = 12,035) of applicants, and 53.5% (32,460 x .535 = 17,366) of potential applicants are estimated to be at or below 80% AMI; 30.44% (7,560 x .3044 = 2,301) of lessees, 43.74% (25,937 x .4374 = 11,345) of applicants, and 32.22% (32,460 x .3222 = 10,459) of potential applicants are estimated to be "elderly"; 43.9% of lessees (3,848 x .439 = 1,689), 32.7% of applicants (12,035 x .327 = 3,935), and 16.7% of potential applicants (17,366 x .167 = 2,900) that are below 80% are estimated to be living in over crowded conditions; and 39.6% of all lessees (7,560 x .396 = 2,994), 22.1% of applicants (25,937 x .221 = 5,732) and 12% of potential applicants (32,460 x .12 = 3,895) are estimated to be living in over crowded conditions.</i></p>						

PART II: CURRENT STATUS AND FUTURE NEEDS				
Type of Housing		Existing Housing	Unmet Needs for All native Hawaiian Families	Unmet Needs for Low-Income native Hawaiian Families
column a		column b	column c	column d
7. Rental Housing	a. Number of Units	155	2,334	1083
	b. Number of Units Needing Rehabilitation	0		
8. Homeowner Housing	a. Number of Units	7,560	23,343	10,831
	b. Number of Units Needing Rehabilitation	1,488	1,488	939
9. Supportive Service Housing (# of units)		0	NA	NA
10. College Housing (# of units)		0	NA	NA
11. Transitional Housing (# of units)		0	NA	NA
12. Homeless Housing (# of beds)		0	NA	NA
<p>Data Source:</p> <p>7a.(column b) Waimānalo Kupuna Project (85 units) + Malu'ohai Rent to Own (70)</p> <p>7a.(column c) DHHL waiting list has 25,937 individuals as of 12/31/10; subtracting 10% for married couples who both have applications, DHHL estimates that 10.2% (households below 30% AMI) may require rental housing $[(25,937 - 2,594) \times 10\%] = 2,334$</p> <p>7a.(column d) SMS 2008 Survey – 46.4% of native Hawaiian applicant households are at 80% or below median $(2,334 \times 46.4\% = 1,083)$</p> <p>8a. (column b) 7,560 households on DHHL lands as of 12/31/10. Does not include rental units.</p> <p>8a. (column c) Unduplicated DHHL waiting list as of 12/31/10 (25,937) less 10% for married couples who both have applications.</p> <p>8a. (column d) SMS 2008 Survey – 46.4% of native Hawaiians applicants are at 80% or below median $(23,343 \times 46.4\% = 10,831)$.</p> <p>8b. (column b) It is estimated that all housing units built prior to 1960 are in need of repair. SMS 2006 Survey estimates that 24.4% of all lessees below 80% median income have homes that were built prior to 1960 $(3,848 \times 24.4\% = 939)$ and that 14.8% of all lessee above 80% median income have homes that were built prior to 1960 $(3,712 \times 14.8\% = 549)$. Total homes in need of repair are $939 + 549 = 1,488$.</p> <p>8b. (column c) Assumes estimated need based on existing homes on DHHL lands. This estimate does not include applicant or potential applicant needs in this regard.</p> <p>8b. (column d) SMS 2006 Survey estimates that 24.4% of all lessees below 80% median income have homes that were built prior to 1960 $(3,848 \times 24.4\% = 939)$.</p>				

TABLE 2
FINANCIAL RESOURCES

DEPARTMENT OF HAWAIIAN HOMELANDS

Grant Number _____
 Federal Fiscal Year 2011
 DHHL Program Year July 1, 2011 to June 30, 2012
 Original Submission X Amended Submission _____

PART I: SOURCES OF FUNDS FOR NATIVE HAWAIIAN BLOCK GRANT (NHHBG) ACTIVITIES	
Sources of Funds	Planned Amount
column a	column b
1. HUD Resources	
a. Native Hawaiian Block Grant	\$12,675,000.00
b. NHHBG Program Income	\$208,000.00
c. Other HUD Programs	
2. Other Federal Resources	
a.	
b.	
c.	
3. State Resources	
a.	
b.	
c.	
4. Private Resources	
a.	
b.	
c.	
5. Total Resources	\$12,883,000.00

PART II: ALLOCATION OF FUNDS FOR NHHBG ACTIVITIES					
Activity		Planned			
		Budgeted NHHBG Amount	Budgeted Other Amounts	Number of Units	Number of Families
column a		column b	column c	column d	column e
1. Development					
a. Rental	1. Construction of new units				
	2. Acquisition				
	3. Rehabilitation				
b. Homeownership	1. Construction of new units (infrastructure, site development)	\$6,544,700		30	30
	2. Loan Programs	\$2,000,000		20	20
	3. Grants/Subsidies	\$2,000,000		30	30
2. Housing Services		\$1,000,000			20
3. Housing Management Services		0			
4. Crime Prevention and Safety		\$25,000			
5. Model Activities (specify below)					
a. Yet to be determined		\$25,000			
6. Planning and Administration		\$1,288,300			
7. Total		\$12,883,000		80	100

OTHER SUBMISSION ITEMS

1. Useful Life

Section 813(a)(2) requires that housing remain affordable. The DHHL will determine the "useful life" period for its units. The useful life of each assisted housing unit in each development must be described. This information may be described here or in the affordable housing resources section of the 1-year plan.

DHHL has established the following affordability periods to describe the term during which DHHL will keep the unit affordable:

<u>NHHBG Funds Invested</u>	<u>Affordability Period</u>
Up to \$15,000	5 years
\$15,001 to \$30,000	10 years
\$30,001 to \$45,000	15 years
Over \$45,000	20 years

The affordability period is based on the total amount of NHHBG funds invested in the development and/or rehabilitation of a housing unit. Resale and recapture provisions will be included as a condition of the Hawaiian homestead lease to enforce the affordability restriction for each assisted housing unit.

2. Model Housing Activities

The DHHL is required to submit proposals to operate model housing activities. If a model housing activity is to be undertaken during the 1-year plan period, proposals may be included here, in the affordable housing resources section of the 1-year plan, or as a separate submission. All proposals must be approved by the Secretary prior to beginning any model housing activity.

DHHL will submit proposals for model housing activities prior to implementation.

3. Planning and Administration

In accordance with the Interim Rule, state the percentage of annual grant funds that will be used for planning and administrative purposes.

Although DHHL has historically used 5% of the NHHBG funds for planning and administration purposes, the increase in NHHBG lots over time has increased compliance requirements. In October 2008, DHHL received approval from HUD to increase administrative costs from 5% to 20% to address the administrative and monitoring needs associated with the program as it grew and to be in alignment with other NAHASDA programs. At this time, DHHL anticipates a need to allocate 10% of the NHHBG funds for planning and administration purposes.

STANDARD CERTIFICATION OF COMPLIANCE

This certification is for use with the Native Hawaiian Housing Plan. In accordance with the applicable statutes, the Department of Hawaiian Home Lands certifies that:

(A) it will comply with title VI of the Civil Rights Act of 1964 (42 U.S.C. 2000d et seq.) or with title VIII of the Act popularly known as the 'Civil Rights Act of 1968' (42 U.S.C. 3601 et seq.) in carrying out this Act, to the extent that such title is applicable, and other applicable Federal statutes;

The following certifications will only apply where applicable based on program activities:

X (B) it will require adequate insurance coverage for housing units that are owned and operated or assisted with grant amounts provided under the Hawaiian Homelands Homeownership Act of 2000, in compliance with such requirements as may be established by the Secretary;

X (C) policies are in effect and are available for review by the Secretary and the public governing the eligibility, admission, and occupancy of families for housing assisted with grant amounts provided under this Act;

X (D) policies are in effect and are available for review by the Secretary and the public governing rents charged, including the methods by which such rents or homebuyer payments are determined, for housing assisted with grant amounts provided under this Act; and

X (E) policies are in effect and are available for review by the Secretary and the public governing the management and maintenance of housing assisted with grant amounts provided under this Act.



Signature of Authorized Official
Albert "Alapaki" Nahale-a, Chairman
Hawaiian Homes Commission



Date