NATIVE HAWAIIAN HOUSING PLAN
COVER SHEET

Department of Hawaiian Home Lands (DHHL)

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2012 NHHP
# NATIVE HAWAIIAN HOUSING PLAN

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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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The 5-Year Plan section of the Native Hawaiian Housing Plan must contain information relating to the five year period beginning with the fiscal year for which the plans is submitted, the following information:

1. MISSION STATEMENT - A general statement of the mission of the DHHHL to serve the needs of the low-income families to be served by the Department.

   To increase the opportunities available for eligible native Hawaiian families to reside on Hawaiian home lands. We will accomplish this by partnering with others to develop and maintain safe, self-sufficient and healthy communities.

2. GOALS AND OBJECTIVES - A statement of the goals and objectives of the DHHHL to enable the Department to serve the needs identified in the mission statement 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 low-income native Hawaiian families.

   Objective 1A: Increase the supply of affordable housing units through the construction of infrastructure improvements and diverse homesteading opportunities (that may include but are not limited to single-family housing, multi-family housing, self-help housing (sweat equity), rental housing, elderly housing and supportive housing).

Tasks and Activities:
   i. Assess the needs of native Hawaiian families eligible for NAHASDA assistance and homestead opportunities to determine market demand for various housing options.
   ii. Secure resources to develop infrastructure and housing in a logical and consistent manner to leverage NHHBG funds.
   iii. Identify and initiate affordable housing development projects.
   iv. Promote the development of various housing tenure options.
   v. Partner with non-profit and for-profit organizations in the development of affordable housing units.
   vi. Coordinate with Federal, State and local resources that promote homeownership and rental opportunities for native Hawaiian families.
   vii. Support Self help housing providers with technical assistance resources
   viii. Develop the administrative and management rules and regulations necessary to implement affordable options for elderly housing, multi-family housing, rental housing, and supportive housing should the projects be deemed feasible.
   ix. Allocate a percentage of homes in new development areas to be earmarked specifically as NAHASDA eligible housing units as deemed feasible by DHHHL.
Objective 1B: Increase the supply of affordable housing units through acquisition of land and/or housing units to be included in DHHL’s inventory of for eligible native Hawaiian families.

Tasks and Activities:
   i. Identify and acquire properties suitable to create an array of affordable housing opportunities.
   ii. Research and locate vacant land and/or housing in areas to create homesteading opportunities where they are currently unavailable.

Goal No. 2: Provide direct assistance and supplemental services to support eligible native Hawaiian families in accessing and sustaining affordable housing opportunities available on Hawaiian Home Lands.

Objective 2A: Provide down payment assistance and/or principal reduction subsidies, low interest loans, Individual Development Accounts (IDAs), and other services or programs as deemed necessary.

Tasks and Activities:
   i. Develop and implement standardized processes to evaluate family household income and eligibility certification for consistency throughout DHHL and among NAHSDA grant sub recipients assisting with delivery of assistance programs.
   ii. Assist DHHL staff in determining a consistent means of establishing subsidy amounts.
   iii. Identify and procure the services of housing counseling agencies and Native CDFI’s that are able to implement programs to assist potential homeowners to save for down payment/closing costs, IDA’s, and process loan applications for appropriate supplemental loan products and mortgage loans (including NHHBG loans).
   iv. Continue to develop and implement supplemental products and/or services as needed to bring necessary solutions to the unmet housing needs of eligible native Hawaiian families.

Objective 2B: Capitalize a revolving loan fund that will provide financing to assist native Hawaiian NAHASDA eligible families with affordable mortgage financing options to achieve and sustain homeownership on Hawaiian Home Lands.

Tasks and Activities:
   i. Promote and secure partnerships with native CDFI’s to deliver diverse home loan products to assist eligible families achieve and sustain home ownership.
   ii. Develop and deliver loan products to be originated and funded by DHHL directly to address specific needs of eligible families.

Objective 2C: Provide educational and training programs to address the housing and community needs for existing or potential beneficiaries on Hawaiian Home Lands.

Tasks and Activities:
   i. Partner with private non-profit and for-profit organizations to provide financial literacy education, homebuyer counseling services and credit counseling services to native Hawaiian families.
   ii. Develop partnerships that provide intervention assistance to existing homeowners
who are experiencing financial difficulties in meeting their homeownership obligations.

iii. Where partnerships are not feasible, procure for services that would include provision of financial literacy education, homebuyer counseling, credit counseling, and/or other education or intervention assistance to potential and existing DHHL beneficiaries.

iv. Partner with non-profit organizations to provide post-purchase homeownership training programs that will address foreclosure prevention, financial management, small repair and maintenance education, and continued financial planning for the long term maintenance of their homes.

**Goal No. 3: Increase the number of energy efficient homes occupied by NAHASDA eligible families on Hawaiian Home Lands.**

**Objective 3A:** Increase alternative energy resources and/or programs that benefit eligible native Hawaiian households.

**Tasks and Activities:**

i. Provide funding for energy efficiency programs that retrofit existing homes with solar water heating, PV, or other energy efficiency features that result in reduced monthly electricity costs to eligible families.

ii. Identify potential energy efficient "green" funding sources to leverage NHHBG funds.

iii. Update the DHHL energy policy to support overall energy efficiency goals.

iv. Prioritize energy efficiency as a standard requirement for homes built on Hawaiian Home Lands.

**Goal No. 4: Reduce the number of homes in need of repair or replacement that are occupied by eligible native Hawaiian families.**

**Objective:** Offer home repair and replacement programs that assist in the preservation and revitalization of existing homes and communities on Hawaiian Home Lands.

**Tasks and Activities:**

i. Identify and inventory areas with an abundance of older homes in need of repair or replacement.

ii. Identify and engage potential community partners to develop and implement repair and/or replacement home projects.

iii. Develop community capacity in technical areas (i.e. Environmental Review) to facilitate needed rehabilitation, repair, and replacement of existing homes.

iv. Expand and/or improve existing programs for the rehabilitation, repair, or replacement of existing homes on Hawaiian home lands.

v. Coordinate with existing Federal, State, local Private and/or non-profit programs to leverage NAHASDA grant dollars and revitalize Hawaiian home land communities through rehabilitation, repair, or replacement of existing homes.

vi. Upgrade existing or install new infrastructure on Hawaiian Home Lands to revitalize existing communities or allow for the development of new projects within existing homestead communities.
vii. Explore the feasibility of developing a home repair branch within the Department that will assist with addressing the needs rehabilitation/renovation activities.

**Goal No. 5: Promote and encourage safe and healthy communities on Hawaiian Home Lands.**

**Objective 5A:** Support community-based programs that enhance public safety and healthy initiatives through active community involvement.

**Tasks and Activities:**

i. Partner with community and resident organizations to identify projects that enhance public safety within their communities.

ii. Encourage participation of Federal, State, local, and private non-profit organizations, including law enforcement agencies, in implementing community safety and security programs.

iii. Demolish unsafe structures and remove abandoned items and debris from the community in order to secure vacant lots or houses from vandalism and trespass, as warranted.

iv. Develop partnerships with existing service providers and the police departments within each county to assist communities with the development of plans to address public health and safety needs specific to their communities.

v. 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.

vi. Identify neighborhood safety and healthy lifestyle initiatives as a funding priority among the NAHASDA community grants program.

**Objective 5B:** Support community-based initiatives that consider the development of new or refurbishment of existing community centers for the betterment of the community, to ensure community safety, or to further promote homeownership activities.

**Tasks and Activities:**

i. Assist homestead communities in planning and assessing the feasibility of developing new or refurbishing/enhancing existing community centers.

ii. Provide funding, where deemed appropriate, and affordable, for a portion of community center construction, refurbishment, or enhancement that meets with HUD’s requirement for usage and the percentage of the community that is NAHASDA eligible.

**Goal No. 6: Increase access to educational or training programs that assist native Hawaiian families.**

**Objective 6A:** Develop, maintain, or improve educational and/or training programs to address financial, home repair, home maintenance, or other needs for eligible native Hawaiian households.
Tasks and Activities:

i. Continue to work with and/or fund eligible entities, to provide financial literacy education and counseling, home buyer education, and foreclosure prevention to eligible native Hawaiian households.

ii. 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.

iii. Provide support or funding for other eligible educational or training programs to eligible native Hawaiian households.

Goal No. 7: Encourage self-determination within communities on Hawaiian Home Lands.

Objective 7A: Equip and empower community resident organizations to become active partners in developing solutions to meet the housing and community development needs within their communities.

Tasks and Activities:

i. Increase the capacity and capabilities of community resident organizations to plan for their community development, identify functions they wish to assume, and take on management functions within their communities, as feasible (e.g. property management of community facilities, land use planning for vacant parcels within the community, and community safety functions)

ii. Provide funding for needs assessments to be conducted by beneficiary organizations.

Objective 7B: Establish strategic partnerships with local, state, federal and private resources to access other funding sources that will allow for the leveraging of NAHASDA funds to sustain homeownership and promote self-determination through community based economic initiatives.

Tasks and Activities:

i. Assist community resident organizations to secure the resources necessary to assume greater self-determination (e.g., partnerships, grants, and professional assistance).

Goal No. 8: Enhance the capacity of DHHL to implement NAHASDA

Objective 8A: Provide sufficient administration and organizational capabilities to manage affordable housing programs, properties, and assets on Hawaiian home lands.

Tasks and Activities:

i. Provide continuing support for staff resources to DHHL and appropriate sub-recipient organizations to administer and manage the NAHASDA program.

ii. Enhance the available lending capacity.

Objective 8B: Establish collaborative partnerships to address affordable housing needs.

Tasks and Activities:

i. Provide outreach to communities and/or other potential partner organizations to educate them about NAHASDA.
ii. Provide technical assistance to organizations about NAHASDA and encourage partnerships and joint planning for future activities.

iii. Pursue opportunities to educate private lenders and encourage their participation in the Section 184A program or other financing programs that include NAHASDA funds.

Objective 8C: Establish a comprehensive data base/gathering/tracking system within DHHL to assist in the delivery of affordable housing opportunities to eligible families to include but not limited to the gathering of information that will include income, family size, housing needs, employment and services needed.

3. ACTIVITIES PLAN – An overview of the activities planned during the period, including an analysis of the manner in which the activities will enable the DHHL to meet its mission, goals, and objectives.

Activities developed and outlined in the Annual Native Hawaiian Housing Plan identifies clear and measurable outcomes in fulfilling the Goals and Objectives outlined above.

Each stated Goal and its respective Objectives will provide DHHL with a road map to deliver diverse housing opportunities to eligible native Hawaiian families in a timely and efficient manner, and is in keeping with DHHL strategic plan.

The tasks and activities planned are listed following each goal and specific objectives. Annual housing plans will be more detailed with clear and measurable outcomes.
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 households.

   **Objective 1A:** Increase the supply of affordable housing units through on-site and off-site development, to include but not limited to infrastructure, streets, utilities, and engineering, for single-family housing.

   **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:** Partner with non-profit organizations with the ability to provide self help housing with technical assistance for at least 20 eligible native Hawaiian households.

   **Objective 1C:** Increase the supply of affordable housing units by providing funding for house construction for single-family housing.

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

   **Objective 1D:** 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.

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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: Increase the supply of affordable housing units through acquisition of land and/or housing units to be included in DHHL’s inventory of affordable housing for eligible native Hawaiian families.

Tasks and Activities
a. Identify and purchase properties suitable to create an array of affordable housing opportunities for eligible native Hawaiians.
b. Research and locate vacant land and/or housing in areas to create homesteading opportunities where they are currently unavailable.

Objective 1F: Assess the demand for rental housing 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 DHHL applicants.
b. Explore the feasibility of implementing a rental program for DHHL applicants on HHL given the Hawaiian Homes Commission Act requirements vs. the feasibility of assisting partners (i.e. ali‘i trusts, private or public sector) in developing rental properties on HHL.
c. Identify land for the implementation and construction of an affordable housing program to serve eligible elderly and nearly lessees and applicants on Oahu and one neighbor island.
d. As applicable, establish Administrative Rules and Operational Policies should it be deemed feasible and necessary to implement a rental program for DHHL applicants on HHL.

Objective 1G: Identify alternative housing options that provide more cost efficient building methods and materials.

Tasks and Activities:

a. Explore alternative building materials and/or models with the potential to develop more affordable housing stock (i.e. bamboo, container homes, etc).
b. Identify potential partners to develop a pilot project using an alternative method and/or material in an effort to reduce housing costs.

Goal No. 2: Provide direct assistance and supplemental services to support eligible native Hawaiian families in accessing and sustaining affordable housing opportunities available on Hawaiian Home Lands.

Objective 2A: 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 down payment assistance/principal reduction or matching funds for Individual Development Accounts (IDA), which may be recaptured during the useful life period, for at least 20% of the households in each of the residential
subdivisions developed by DHHL.

b. Provide low-interest or no-interest loans to at least 20 eligible native Hawaiian households.

Objective 2B: Capitalize a revolving loan fund that will provide financing to assist native Hawaiian NAHASDA eligible families with affordable mortgage financing options to achieve and sustain homeownership on Hawaiian Home Lands.

Tasks and Activities:

a. Secure a partnership with at least one native CDFI to deliver diverse mortgage loan products that assist eligible families achieve home ownership.

b. Secure a partnership with at least one native CDFI to deliver alternative mortgage financing products in an effort to prevent lease cancellation and provide an opportunity for stable housing among eligible native Hawaiians.

Goal No. 3: Increase the number of energy efficient homes occupied by NAHASDA eligible families on Hawaiian Home Lands.

Objective 3A: Increase alternative energy resources and/or programs that benefit eligible native Hawaiian households.

Tasks and Activities:

a. Prioritize energy efficiency retrofits and alternative energy programs to be funded by the NAHASDA grant cycle.

b. Develop partnerships to outreach and retrofit at least 50 eligible households with solar water heaters, PV panels, energy efficient light bulbs and/or appliances, or other means of reducing household energy costs.

Goal No. 4: Reduce the number of homes in need of repair or replacement that are occupied by eligible native Hawaiian families.

Objective 4A: Offer home repair and replacement programs that assist in the preservation and revitalization of existing homes and communities on Hawaiian Home Lands.

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 to rehabilitate at least 20 homes with emphasis on areas or needs that are not currently being served by existing County, or other, partnerships/programs.

c. Explore the feasibility of the development of a home repair branch within the Department that will assist in supporting the efforts of our partners by addressing critical needs in the construction activities for the rehabilitation/renovation of existing homes on Hawaiian home lands to include but not limited to: environmental reviews, necessary inspections, lead based paint testing and abatement.
Goal No. 5: Promote and encourage safe and healthy communities on Hawaiian Home Lands.

Objective 5A: Support community-based programs that enhance public safety and healthy initiatives through active community involvement.

Tasks and Activities:
- Partner with homestead communities to assist in determining the number/percentage of their residents that are NHHBG eligible (at or below 80% AMI).
- Assist homestead communities in addressing community safety needs, as warranted by the particular community, and in alignment with allowable activities for the NHHBG.
- Encourage and assist homestead communities with community policing activities and healthy living initiatives as warranted by the particular community, and encourage applicants for these activities in the NAHASDA grant cycle.
- Promote partnerships with existing service providers and the police departments within each county to assist communities with the development of plans to address public health and safety needs specific to their communities.
- 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.

Objective 5B: Support community based initiatives that consider the development of new or refurbishment of existing community centers for the betterment of the community to ensure community health and safety or to further promote homeownership activities.

Tasks and Activities:
- Support partnerships to conduct needs assessment of communities interested in refurbishing or developing community centers.
- Provide NAHASDA resources as a leverage where deemed appropriate, and affordable, for a portion of community center construction, refurbishment, or enhancement that meets with HUD requirements.

Goal No. 6: Increase access to educational or training programs that assist native Hawaiian families.

Objective 6A: Develop, maintain, or improve educational and/or training programs to address financial, home repair, home maintenance, or other needs for eligible native Hawaiian households.

Tasks and Activities:
- Continue to work with and/or fund eligible entities, to provide financial literacy education and counseling, home buyer education, and foreclosure prevention to eligible native Hawaiian households.
- 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.
- Provide support or funding for other eligible educational or training programs to eligible native Hawaiian households.
Goal No. 7: Support self-determination within communities on Hawaiian Home Lands.

Objective 7A: Equip and empower community resident organizations to become active partners in developing solutions to meet the housing and community development needs within their communities.

Tasks and Activities:
  a. Provide training and technical assistance to increase the capacity of homestead associations to plan for their community development, identify management functions they wish to assume within their communities as feasible (i.e. grounds maintenance, community facilities, etc.)
  b. Partner with homestead associations and provide NHHBG resources to leverage other local, state, federal, and private resources to sustain homeownership and promote community based economic initiatives.

Goal No. 8: Enhance DHHL’s capacity to implement NAHASDA.

Objective 8A: Provide administration and organizational capabilities to manage affordable housing programs, properties, and assets on Hawaiian Home Lands.

Tasks and Activities:
  a. Work with ONAP staff to provide at least two training opportunities to support staff and sub-recipients with compliance and management of NHHBG funds.
  b. Fill the vacant NAHASDA positions created to expand the program’s reach throughout DHHL and our homestead communities.

Objective 8B: 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. Partner with ONAP to conduct informational sessions that encourage local lenders to utilize the 184A loan guarantee program.

2. STATEMENT OF NEED - 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.

Residing throughout the State, Native Hawaiians are the indigenous peoples of Hawaii, and make up 289,970 of the state’s 1,360,301 residents – approximately 21.32%. Statistically, Native Hawaiians rank among the poorest, most ill-educated people with the highest rates of diabetes, heart disease, and other life threatening health issues in the state. In addition, according to the 2011 Office of Hawaiian Affairs (OHA) Native Hawaiian Data Book, Native Hawaiians represented 36% of the people served
by Temporary Aid to Needy Families (TANF) program, and while the statewide average unemployment rate in 2010 was 6.9%, it was 9.7% among Native Hawaiians. These and other disparities, contribute to the struggles faced by these families in securing and sustaining stable housing.

In 1920, the Territory of Hawaii’s Congressional Delegate, Prince Jonah Kuhio Kalanianaole, former heir to the throne before the overthrow of the Native government, ensured that Congress recognized the absolute dire condition of his Native Hawaiian people as a result of being pushed from their land and passed the Hawaiian Homes Commission Act into law. Modeled after the Native Allotment Act of 1906, the Act set aside over 200,000 acres of trust land scattered throughout the state to be issued in long term leases to Native Hawaiian adults of 50% or more blood quantum.

Because the Native government was destroyed in an illegal overthrow, Native Hawaiians do not have a recognized Native government, and therefore much of the federal trust obligation to Native Hawaiians is carried out by state agencies, nonprofit organizations, and private trusts. Since statehood in 1959, the State of Hawaii has managed the Hawaiian Home Lands Program, created in the Act, through the State Department of Hawaiian Home Lands (DHHL) as a public trust. For the purposes of this plan, DHHL seeks to serve eligible Native Hawaiian families residing on, and eligible to receive, Hawaiian Home Lands throughout the state. Estimates of the population range from approximately 45,000 to 70,000, although this number remains difficult to measure.

In light of the economic downturn, 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 the native Hawaiian Households this plan seeks to serve. This additional survey by SMS Research, re-assess the native Hawaiian community as a follow up to the surveys done in 2008 and 2003. As was expected, information gathered showed a distinctive impact on the beneficiary community. Of particular note and interest for this plan, the 2011 survey showed the economic downturn directly affected beneficiary families in terms of capacity to qualify for a mortgage loan. Namely, the 2011 study showed that 30% of the beneficiaries surveyed had $5,000 or less for a down payment compared to 47% in 2008; a decrease of 17%.

The 2011 survey showed the following:

Household sizes increased due to overcrowding and doubling up, an average of 2% on Hawaii Island to 7% on Oahu with a statewide average increase of 6%. Although the statistics show a decrease in overcrowding from 2003, these numbers show the increase in numbers from 2006 to present.

The survey also showed that 14% of those surveyed who were grandparents, were now raising their grandchildren fulltime. Previous surveys did not show this particular anomaly, as this phenomenon has only been made part of the housing landscape in the last 5 years.

With the decrease in income, the statistics for homeownership also decreased. While the desire to own their own home is still prevalent, the ability to purchase and meet the underwriting criteria for loan qualification has also decreased. Survey responses showed the majority of those surveyed did not believe they would be able to qualify for a loan due to lack of down payment, insufficient income and lack of credit.

While difficult to compare the statistics gathered in 2008 to the information gathered in 2011, the primary indicators of housing needs are the same.
As compared to 2008, in 2011, 41% of beneficiaries are homeowners compared to the state of Hawaii at 57%;

48% of beneficiary families have at least 1 child as compared to the state of Hawaii at 22%;

48% of beneficiaries reported either over crowding, doubling up, or both as compared to the state at 21%;

12% of beneficiaries surveyed reported having at least 2 people per room as compared to the state at 4%;

43% of beneficiaries reported they are at risk for homelessness as compared to the state at 35%.

Due to the differences in surveys between 2011 and 2008, it is important to note the following from the 2008 survey completed for the Department of Hawaiian Home Lands by SMS. This survey was used to update a like survey conducted in 2003, and was inclusive of both lessees and applicants.

The survey clearly identified the need for further housing assistance for native Hawaiians, particularly for those that are at or below the 80% AMI. The results of the survey showed that when compared to the state population in general, disparities continue to exist in relation to housing and homeownership. The results of the survey showed:

While the state had 50% of the households at 100% of the HUD median income, 50% of all applicants for Hawaiian Home Lands are at 80% of the HUD median income level;

Homeownership by native Hawaiians decreased from 53% in 2003 to 43% in 2008 as compared to the State at 60%;

The average rent paid by applicant households are comparable to mortgage payment ($700 – $1,700). Yet, while they may have the capacity to pay, they may not have the capacity to qualify for a mortgage;

69% of applicant households cited a need for information to prepare for receiving an award;

59% of applicant households cited need for information on mortgage qualification;

A majority of the applicants surveyed indicated their desired housing option choice was a turnkey lot with their second choice an improved vacant lot; none of the applicants surveyed chose an apartment or condominium as a first or second choice. However, when asked if choosing such an option meant getting into a home faster, those surveyed indicated they would consider the option.

The Lessee survey provided that:

51% of lessees are 80% or below of the AMI;

The median income of lessees was $48,731 as compared to the state which was at $63,746;

40% of the recent lessees (five years of less) were at or below 80% AMI;
60% of lessees who were older (20+ years) were at or below 80% AMI;

45% of lessees required major repairs to their homes (structural, roof, electric, plumbing)

55% required minor repairs (walls, paint, floors)

50% of lessees who needed repairs could not afford to pay for repairs;

Of the 1,700 lessees who indicated they needed assistance with paying for repairs, 67% of lessees would qualify for federal assistance;

In surveying conditions of the communities, lessees cited enforcement of community rules, crime and violence and drug related activity as major challenges and priorities in their communities, with recreational and educational facilities, including playgrounds, community centers, job training facilities and programs as priorities for improving their communities.

Demographic statistics gathered in the 2011 and 2008 surveys were reiterated during a series of community meetings held statewide to gather input in the formation of the 2012-2017 NHHP.

A total of eight community meetings were held with approximately 53 attendees including lessees, applicants, DHHL staff and community organizations. Comments and discussions presented some key findings; the recommendations from each community along with priorities were:

**New Construction** of single family homes needs to include other methods and models to increase affordability. Recommendations ranged from affordable rentals, rent-to-own, more self-help, mobile homes and mobile home parks, manufactured homes, multi-unit dwellings.

**Elderly Housing.** As the lessee population ages, more needs to be done to assist the elderly homeowners including the development of affordable elderly housing for both applicants and lessees including supportive housing for elderly and near elderly.

**Rehabilitation and Renovations.** Attention and priority needed to be given to the older homestead communities in Keaukaha, Hawaii, Pauukalo, Maui, Papakolea and Nanakuli Oahu, Kapaakea and One Alii, Molokai, and Anahola, Kauai.

**Communication and information.** Communities wanted access and information on NAHASDA funding programs in their communities to take advantage of services.

**Education and Information.** Participants felt that if applicants had an opportunity to participate in programs like rent-to-own that included education and training on homeownership, they would have a better chance of qualifying for a mortgage to purchase their home. They further recommended that more training needed to be made available to that more families would have an opportunity to prepare for a lease award.

To estimate actual numbers for housing need and the need for assistance by eligible low income families to be served, data from the 2011 and 2008 surveys were used. 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:
9,855  Lessees residing on the DHHL lands — as of December 31, 2011  
26,386  Applicants — Unduplicated wait list as of December 31, 2011  
32,460  Estimated Potential Applicants based on SMS 2006 respondents  
68,701  Total native Hawaiian individuals/households

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

5,026  Lessees residing on the DHHL lands – 9,855 x 51%  
12,137  Applicants – 26,386 x 46%  
17,528  Potential Applicants – 32,460 x 54%  
34,691  Total native Hawaiian households eligible for NAHASDA

Geographical Distribution
According to the 2010 Census, 70% of the state’s population resides on the island of O‘ahu. Likewise, approximately 63% of all Native Hawaiians, 62% of all DHHL applicants, 64% of all DHHL potential applicants 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 Lana‘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:

<table>
<thead>
<tr>
<th>Island</th>
<th>Residential Leases as of 12/31/2011</th>
<th>Residential Wait List as of 12/31/2011</th>
<th>Home Land Acreage as of June 2012 Base on GIS Land Inventory</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Number</td>
<td>Percent</td>
<td>Number</td>
</tr>
<tr>
<td>O‘ahu</td>
<td>4,231</td>
<td>50.70%</td>
<td>9,551</td>
</tr>
<tr>
<td>Hawai‘i</td>
<td>1,711</td>
<td>20.50%</td>
<td>5,622</td>
</tr>
<tr>
<td>Maui</td>
<td>1,279</td>
<td>15.32%</td>
<td>3,635</td>
</tr>
<tr>
<td>Kaua‘i</td>
<td>700</td>
<td>8.38%</td>
<td>1,556</td>
</tr>
<tr>
<td>Moloka‘i</td>
<td>396</td>
<td>4.75%</td>
<td>756</td>
</tr>
<tr>
<td>Lana‘i</td>
<td>29</td>
<td>.35%</td>
<td>73</td>
</tr>
<tr>
<td>Total</td>
<td>8,345</td>
<td>100.00%</td>
<td>21,193</td>
</tr>
</tbody>
</table>

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

2 Includes lessees residing on residential, agricultural and pastoral lots, one lessee per lease, one house per lease/lot, as applicable.
3 Applicant Type Distribution report on 01/23/2012, unduplicated count of all lease types (residential, agricultural, and pastoral) as of 12/31/2011.
4 The SMS 2006 Survey included a category for native Hawaiians with at least 50% blood quantum and are not DHHL lessees or applicants.
5 Taken from Aloha Counts by County, Alu Like 2003
6 Taken from SMS 2011 Study
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.

<table>
<thead>
<tr>
<th>Income</th>
<th>Oahu</th>
<th>Hawaii</th>
<th>Maui</th>
<th>Kauai</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>less than 30%</td>
<td>21.2%</td>
<td>25.0%</td>
<td>20.7%</td>
<td>23.7%</td>
<td>22.0%</td>
</tr>
<tr>
<td>30 to 50%</td>
<td>26.7%</td>
<td>25.6%</td>
<td>31.5%</td>
<td>25.8%</td>
<td>27.3%</td>
</tr>
<tr>
<td>51 to 80%</td>
<td>32.1%</td>
<td>49.5%</td>
<td>47.8%</td>
<td>50.5%</td>
<td>50.8%</td>
</tr>
<tr>
<td><strong>Total 80% and below</strong></td>
<td>100.0%</td>
<td>100.0%</td>
<td>100.0%</td>
<td>100.0%</td>
<td>100.0%</td>
</tr>
</tbody>
</table>
Recognizing the need to assist beneficiaries to prepare for homeownership, the DHHL created a program to prepare native Hawaiians on the waiting list for homeownership and to assist those already residing on Hawaiian home lands that are in financial crisis in October 2004. The Home Ownership Assistance Program (HOAP) became operative in early 2005. HOAP offers pre-homeownership and foreclosure prevention services (financial literacy). Pre-purchase 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.

As of December 2011, HOAP had over 4,000 participants being served by community based organizations who partner with the DHHL to deliver services in both pre and post purchase services.

In addition to the HOAP, the DHHL is focused on partnering with local community based organizations to increase the number of homes available through self-help housing to develop affordable solutions to meet the needs of the lowest income families. There is a focus on increasing the number of homes developed under the self help methodology to reduce the cost of homes being built.

The DHHL is also working with Community Development Financial institutions to develop and deliver loan products using NHHBG funds that allow low income families to access housing by offering affordable loan products with patient capital that supports home purchases and stable housing situations.
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, 2008 and 2011 will be used to update the HUD study where data is available.

Population
Although Hawaiian Home Lands are found only in the State of Hawai‘i, Native Hawaiians are found throughout the United States. In 2010, the population of Native Hawaiians, as reported by the U.S. Census living in Hawaii, was 289,970.

As stated earlier, for the purposes of this plan, a population of 82,565 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, 2011, applicants on the DHHL waitlist as of December 31, 2011, 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‘i. More recent studies by SMS (Applicant/Beneficiary Study 2008) suggest an average DHHL lessee household

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7 Alu Like Inc., “Profiles of Homestead Communities within the Hawaiian Home Lands”, compiled in 2003
size of 4.26 and applicant household size of 4.04\textsuperscript{8}.

**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 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 median\textsuperscript{9}.

\textsuperscript{8} These more recent household size averages were used for the purpose of this plan.

\textsuperscript{9} Applicant Data does not distinguish between owner vs. renter households.
Data compiled from the 2008 Beneficiary/Applicant Study\(^\text{10}\) 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.

<table>
<thead>
<tr>
<th>Household Income</th>
<th>Honolulu</th>
<th>Hawaii</th>
<th>Kauai</th>
<th>Maui</th>
<th>State</th>
</tr>
</thead>
<tbody>
<tr>
<td>less than 30%</td>
<td>12.2%</td>
<td>9.9%</td>
<td>9.1%</td>
<td>11.5%</td>
<td>10.9%</td>
</tr>
<tr>
<td>30 - 50%</td>
<td>17.6%</td>
<td>18.4%</td>
<td>9.6%</td>
<td>14.2%</td>
<td>15.7%</td>
</tr>
<tr>
<td>51 - 80%</td>
<td>23.7%</td>
<td>23.1%</td>
<td>25.1%</td>
<td>29.2%</td>
<td>24.3%</td>
</tr>
<tr>
<td>Total Below 80%</td>
<td>AMI 53.5%</td>
<td>51.4%</td>
<td>43.8%</td>
<td>54.9%</td>
<td>50.9%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Household Income</th>
<th>Honolulu</th>
<th>Hawaii</th>
<th>Kauai</th>
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<td>24.1%</td>
<td>21.4%</td>
<td>24.5%</td>
<td>23.8%</td>
<td>23.6%</td>
</tr>
<tr>
<td>Total Below 80%</td>
<td>AMI 46.3%</td>
<td>43.2%</td>
<td>51.2%</td>
<td>47.1%</td>
<td>46.4%</td>
</tr>
</tbody>
</table>

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 Survey\(^\text{11}\) data that indicates at least 9.4\% of the households on HHL are living below the poverty level.

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

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\(^{10}\) SMS Special Tabulations run 5/31/2011, Income Data by County and by Status. Percentages consider non-respondent data in calculation method.

\(^{11}\) SMS special Tabulations of ACS Data 2005 – 2009, run 5/11/11
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.

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.

<table>
<thead>
<tr>
<th>Operating Budget for NHHBG Programs:</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>NHHBG Block Grant (Title VIII) Program</td>
<td>$13,000,000.00</td>
</tr>
<tr>
<td>Program Income (Projected to 6/30/12)</td>
<td>$426,000.00</td>
</tr>
<tr>
<td><strong>Total Available</strong></td>
<td><strong>$13,426,000.00</strong></td>
</tr>
<tr>
<td>Development/Infrastructure</td>
<td>$6,544,700.00</td>
</tr>
<tr>
<td>Loan Programs</td>
<td>$2,000,000.00</td>
</tr>
<tr>
<td>Grants/Subsidies</td>
<td>$2,000,000.00</td>
</tr>
<tr>
<td>Housing Services</td>
<td>$1,500,000.00</td>
</tr>
<tr>
<td>Crime Prevention &amp; Safety</td>
<td>$100,000.00</td>
</tr>
<tr>
<td>Model Activities</td>
<td>$760,000.00</td>
</tr>
<tr>
<td>Administration &amp; Planning</td>
<td>$1,426,000.00</td>
</tr>
<tr>
<td><strong>Total Available</strong></td>
<td><strong>$13,426,000.00</strong></td>
</tr>
<tr>
<td>184A Loan Guarantee Program</td>
<td>$1,042,000.00</td>
</tr>
</tbody>
</table>

12 $1,042,000 would leverage about $41,000,000 in mortgage loan guarantee authority.
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:

<table>
<thead>
<tr>
<th>Activity</th>
<th>Goal Number</th>
</tr>
</thead>
<tbody>
<tr>
<td>Development/Infrastructure</td>
<td>$6,544,700.00</td>
</tr>
<tr>
<td>Loan Programs</td>
<td>$2,000,000.00</td>
</tr>
<tr>
<td>Grants/Subsidies</td>
<td>$2,000,000.00</td>
</tr>
<tr>
<td>Housing Services</td>
<td>$1,500,000.00</td>
</tr>
<tr>
<td>Crime Prevention &amp; Safety</td>
<td>$100,000.00</td>
</tr>
<tr>
<td>Model Activities</td>
<td>$760,000.00</td>
</tr>
<tr>
<td>Administration and Planning</td>
<td>$1,426,000.00</td>
</tr>
<tr>
<td>Total Available</td>
<td>$13,426,000.00</td>
</tr>
</tbody>
</table>

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;

Housing Market
Hawaii’s housing market has been cyclical over the last 35 years. Very generally, Hawaii has had three major market expansions followed by periods of post expansion adjustment. The cyclical nature of sales is definitely a feature of Hawaii’s housing market and there is no indication that the underlying factors responsible for those cycles will change significantly in the future. Therefore, housing forecasts continue with that pattern (Hawaii Housing Planning Study, 2011).

The Hawaii housing market has seen slower home and condo sales and a drop in the tourist industry in 2012, which is likely to contribute to the most critical decline in real estate prices in generations. Home prices are slowly declining in most of Hawaii although we still have one of the highest housing costs nationally.

The expiration of the federal tax credit for buyers and tougher mortgage lending requirements had a direct negative impact on the real estate market in Honolulu, where few new construction projects are underway. The market is transforming into a new reality with fewer residential transactions and less buyers. Consumer confidence is low despite historically low mortgage interest rates and sluggish sales have put a drag on the local economy. At a glance, 2012 has seen an overall decrease in home sales across the state. Honolulu forecasts a total decrease in 2012 of 7.3%, Hilo – 8.2% decrease, Kauai with a 7.6% decrease and Maui projects a 6.8% decrease (Housing Predictor, Real Estate News & Forecasts).
High Cost of Housing

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.

The following table is based on the Fair Market Rent for a two bedroom apartment and the wages required to maintaining that level of rent and utilities without paying more that 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.

<table>
<thead>
<tr>
<th></th>
<th>Fair Market</th>
<th>Wages Required for Affordability</th>
<th>Minimum Wage</th>
<th>Average Wage</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2 bed room</td>
<td>Annual</td>
<td>Monthly</td>
<td>Hourly</td>
</tr>
<tr>
<td>State</td>
<td>$1,509.00</td>
<td>$60,355.00</td>
<td>$5,029.58</td>
<td>$29.02</td>
</tr>
<tr>
<td>Hawai‘i</td>
<td>$998.00</td>
<td>$39,920.00</td>
<td>$3,326.67</td>
<td>$19.19</td>
</tr>
<tr>
<td>Maui</td>
<td>$1,316.00</td>
<td>$52,640.00</td>
<td>$4,386.67</td>
<td>$25.31</td>
</tr>
<tr>
<td>O‘ahu</td>
<td>$1,630.00</td>
<td>$65,200.00</td>
<td>$5,433.33</td>
<td>$31.35</td>
</tr>
<tr>
<td>Kaua‘i</td>
<td>$1,183.00</td>
<td>$47,320.00</td>
<td>$3,943.33</td>
<td>$22.75</td>
</tr>
</tbody>
</table>
According to Universal Living Wage\textsuperscript{13}, 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.

<table>
<thead>
<tr>
<th>METROPOLITAN FMR AREAS</th>
<th>LIVING WAGE ($/hour)</th>
<th>FAIR MARKET RENT ($/month)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>0 BR</td>
<td>1 BR</td>
</tr>
<tr>
<td>Honolulu, HI MSA</td>
<td>$22.90</td>
<td>$26.87</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>NONMETROPOLITAN COUNTIES</th>
<th>LIVING WAGE ($/hour)</th>
<th>FAIR MARKET RENT ($/month)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>0 BR</td>
<td>1 BR</td>
</tr>
<tr>
<td>Hawaii County, HI</td>
<td>$15.73</td>
<td>$18.88</td>
</tr>
<tr>
<td>Kalawao County, HI</td>
<td>$18.88</td>
<td>$21.77</td>
</tr>
<tr>
<td>Kauai County, HI</td>
<td>$18.13</td>
<td>$20.42</td>
</tr>
<tr>
<td>Maui County, HI</td>
<td>$23.21</td>
<td>$25.71</td>
</tr>
</tbody>
</table>

**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:

<table>
<thead>
<tr>
<th>Area</th>
<th>DHHL Range</th>
<th>Market Single Family\textsuperscript{14}</th>
<th>Market Condominium</th>
</tr>
</thead>
<tbody>
<tr>
<td>O'ahu</td>
<td>$197,500 - $360,000</td>
<td>$548,500</td>
<td>$310,000</td>
</tr>
<tr>
<td>Maui</td>
<td>$250,000 - $350,000</td>
<td>$450,000</td>
<td>$450,000</td>
</tr>
<tr>
<td>Moloka'i</td>
<td>$120,000 - $250,000</td>
<td>$412,500</td>
<td>$144,000</td>
</tr>
<tr>
<td>Lana'i</td>
<td>$140,000 - $310,000</td>
<td>$270,000</td>
<td>$460,000</td>
</tr>
<tr>
<td>Hawai'i</td>
<td>$145,000 - $325,000</td>
<td>$240,000</td>
<td>$270,000</td>
</tr>
<tr>
<td>Kaua'i</td>
<td>$150,000 - $270,000</td>
<td>$455,000</td>
<td>$287,500</td>
</tr>
</tbody>
</table>

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 market\textsuperscript{15}. As noted in the table above, the current market median sales price of single family homes and condominiums are

\textsuperscript{13} www.universallivingwage.org
\textsuperscript{14} Single Family and Condominium market values listed are based on the first quarter of 2011.
\textsuperscript{15} 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.
currently below the anticipated house cost/price on HHL. This situation, and the economic challenges that are facing DHHL Hawaii island beneficiaries, have caused DHHL to put additional effort into alternative house construction methods (Habitat, Modified-Self Help, etc.) to help reduce the housing costs to beneficiaries.

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

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 payments.

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

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

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

Currently, DHHL is still able to offer a more affordable homeownership option to

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16 Market rates reflected for 2010
17 Statewide estimates are based on average amounts per each column
18 Figures are based on 6% annual interest and 2009 maximum income thresholds for a family of four and assumes limited to no debt and good credit.
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 products\(^{19}\). 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 is unable to fill kupuna rental housing in Waimanalo 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%)\(^{20}\).
- Approximately 59.8% of applicants below 80% AMI currently reside in single family detached homes\(^{21}\) - 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.

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\(^{19}\) 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.

\(^{20}\) All options were "ownership" vs. "rental"

\(^{21}\) Distinction between rental single family home vs owned single family home not available.
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.

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 operate strictly on a volunteer basis, there has been low participation from community organizations in submitting comments for the NHHP. Nevertheless, the DHHL will continue to communicate, encourage, and assist the community organizations, to the extent practicable, 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 ways to incorporate their suggestions into the NHHP.

In the past, DHHL has solicited community input for the NHHP through the distribution of informational surveys throughout the state to 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. The responses were taken into consideration when developing this NHHP and were considered during program development and implementation. The response from the community in regards to the survey has continued to be very low. DHHL did not distribute the surveys for input to the 2012 NHHP. The organizations were contacted and invited to participate in Beneficiary Consultation Meetings for the five year and 2012 NHHP.

During the month of April DHHL utilized an independent contractor to conduct seven (7) Beneficiary Consultation meetings statewide. The meetings were held to receive input from the community for the 2012 NHHP the 5-year and 1-year plans. Prior to the meetings, invitees were provided an overview of the NAHASDA program and the agenda. The agenda included an introduction to NAHASDA and a review of the 5-year and 1-year approved Goals, Objectives and Activities from previous housing plans. The floor was then opened for discussion to answer questions members of the community may have had regarding NAHASDA. Most importantly, suggestions were received from the meeting attendees for new activities that could be included in the 2012 NHHP 5-yr. and 1-yr. plans. Attendees were also asked what housing concerns
they have for their communities and what types of assistance should be offered in their island communities. Contact information was received from the attendees and the final 2012 NHHP will be posted with notification going to the attendees to access the plan on line.

Attendees of the meetings were encouraged to submit any additional thoughts or comments that they might have concerning the 2012 Housing Plan to DHHL via email or by mail by June 30, 2012. Comments were received from several members of the DHHL staff, Paul Richards of Waimanalo Hawaiian Homes Association, Bo Kahui of Lai'Opua 2020, and Ronal Kodani of Piinohua Homestead and Jeff Gilbreath of Hawaiian Community Assets. Comments that were received at the meeting and by email were used, as applicable, in the creation of the 2012 NHHP. Contact information was received from the attendees and the final 2012 NHHP will be posted with notification going to the attendees to access the plan on line.

The following organizations were contacted for the Beneficiary Consultation meetings:

<p>| BENEFICIARY CONSULTATION MEETING |
| CONTACT LIST                      |</p>
<table>
<thead>
<tr>
<th>Island</th>
<th>Organization</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hawai‘i-East</td>
<td>Kaumana Hawaiian Home Lands Assoc</td>
</tr>
<tr>
<td></td>
<td>Keaukaha Community Association</td>
</tr>
<tr>
<td></td>
<td>Keaukaha-Pana’ewa Farmers Association</td>
</tr>
<tr>
<td></td>
<td>Maku‘u Farmers Association</td>
</tr>
<tr>
<td></td>
<td>Pana’ewa Hawaiian Home Lands Community Association</td>
</tr>
<tr>
<td></td>
<td>Pi‘ihonua Homestead Community Association</td>
</tr>
<tr>
<td>Hawai‘i-West</td>
<td>Kailapa Community Association</td>
</tr>
<tr>
<td></td>
<td>Kaniohale at the Villages of La‘i ‘Opua</td>
</tr>
<tr>
<td></td>
<td>Kawaihae Paaka’ilima Community Association</td>
</tr>
<tr>
<td></td>
<td>La‘i ‘Opua 2020</td>
</tr>
<tr>
<td></td>
<td>Lalamilo Community Association</td>
</tr>
<tr>
<td></td>
<td>Waimea Hawaiian Homestead Association Inc.</td>
</tr>
<tr>
<td>Kauai</td>
<td>Anahola Hawaiian Homes Association</td>
</tr>
<tr>
<td></td>
<td>Anahola Hawaiian Land Farm Lots Association</td>
</tr>
<tr>
<td></td>
<td>Ke Aloha O Ko Kakou Aina</td>
</tr>
<tr>
<td></td>
<td>Kekaha Hawaiian Homestead Association</td>
</tr>
<tr>
<td></td>
<td>Pi’ilani Mai Ke Kai</td>
</tr>
<tr>
<td>Lana‘i</td>
<td>Lana‘i Community Association</td>
</tr>
<tr>
<td>Maui</td>
<td>Ka ‘Ohana O Kahikinui</td>
</tr>
<tr>
<td></td>
<td>Keokea Homestead Farm Lots Association</td>
</tr>
<tr>
<td></td>
<td>Paukukalo Hawaiian Homestead Community Association</td>
</tr>
<tr>
<td></td>
<td>Villages of Leiali‘i Association</td>
</tr>
<tr>
<td></td>
<td>Waiehu Kou Community Homestead Association</td>
</tr>
<tr>
<td></td>
<td>Waiehu Kou Phase 3 Association, Inc.</td>
</tr>
<tr>
<td></td>
<td>Waiehu Kou Phase IV</td>
</tr>
<tr>
<td>Waiehu Kou Residence Lots, Phase 2 Assn.</td>
<td>Waiohuli Hawaiian Homesteaders, Inc.</td>
</tr>
<tr>
<td>----------------------------------------</td>
<td>---------------------------------------</td>
</tr>
<tr>
<td>Ahupua'a O Moloka'i</td>
<td></td>
</tr>
<tr>
<td>Hoʻolehua Homestead Agriculture Association</td>
<td></td>
</tr>
<tr>
<td>Hoolehua Homestead Association</td>
<td></td>
</tr>
<tr>
<td>Kalamaʻula Hawaiian Homestead Association</td>
<td></td>
</tr>
<tr>
<td>Kalamaʻula Mauka Homestead Association</td>
<td></td>
</tr>
<tr>
<td>Kamiloloa-One Aliʻi Homestead Association</td>
<td></td>
</tr>
<tr>
<td>Kapaakea Homesteaders Association</td>
<td></td>
</tr>
<tr>
<td>Molokai Homestead Farmers Alliance</td>
<td></td>
</tr>
<tr>
<td>Molokai Livestock Association</td>
<td></td>
</tr>
<tr>
<td>East Kapolei 2</td>
<td></td>
</tr>
<tr>
<td>Kakaʻina</td>
<td></td>
</tr>
<tr>
<td>Kalawahine Streamside Association</td>
<td></td>
</tr>
<tr>
<td>Kanehili homestead</td>
<td></td>
</tr>
<tr>
<td>Kapolei Community Development Corporation</td>
<td></td>
</tr>
<tr>
<td>Kaupeʻa Homestead Association</td>
<td></td>
</tr>
<tr>
<td>Kaupuni</td>
<td></td>
</tr>
<tr>
<td>Kewalo Hawaiian Homestead Community Assn.</td>
<td></td>
</tr>
<tr>
<td>Kumuhau</td>
<td></td>
</tr>
<tr>
<td>Maluʻohai Residents Association</td>
<td></td>
</tr>
<tr>
<td>Nanakuli Hawaiian Homestead Community Assoc</td>
<td></td>
</tr>
<tr>
<td>Papakolea Community Association</td>
<td></td>
</tr>
<tr>
<td>Papakolea Community Development Corporation</td>
<td></td>
</tr>
<tr>
<td>Princess Kahanu Estates Hawaiian Homes Assoc.</td>
<td></td>
</tr>
<tr>
<td>Waiʻanae Kai Homestead Association</td>
<td></td>
</tr>
<tr>
<td>Waiʻanae Valley Homestead Association</td>
<td></td>
</tr>
<tr>
<td>Waimanalo Hawaiian Homes Association</td>
<td></td>
</tr>
<tr>
<td>Hui Kakoʻo ʻAina Hoʻopulapula</td>
<td></td>
</tr>
</tbody>
</table>

In addition, the draft 2012 NHHP was provided to DHHL Administrators for review and input as well. Finally, the draft 2012 NHHP was presented and reviewed at the Hawaiian Homes Commission Meeting on June 19, 2012 so staff, beneficiaries and the public at large would have the opportunity at the public meeting to testify and or comment on the draft plan.

The final 2012 NHHP will be posted on line and sent upon request after notification 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)
In addition, DHHL will send the final 2012 NHHP upon request and notification to Hawaiian Service Institutions and Agencies (HSIA) who are interested in partnering with DHHL to realize the plan. 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.

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.

**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, 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. However, over the last few years as a result of the mortgage meltdown nationally, the conventional loan products have dwindled away.

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 is currently happening in partnership with Habitat for Humanity and their affiliates as well as the Homestead Self Help Program through the Council for Native Hawaiian Advancement (CNHA). Both program methods require the participating families to commit to time and labor in contributing sweat equity to the home construction. These methods allow families to afford home prices. Habitat homes are able to reach families between 30% and 50% of the AMI, while CNHA’s program has helped to serve families who are at 80% or below the AMI

- 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 11th 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 is 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 or last resort” in that applicants must
be denied outside lending opportunities in order to be eligible.

The DHHL also has a rehabilitation program with the County of Hawai‘i. In October,
the City and County of Honolulu notified DHHL it would no longer provide services
for the NAHASDA funded home repair program. The County returned 27
applications to DHHL. DHHL staff has been implementing procedures to assist the
families in their home repair needs. Currently there are 25 families that are in various
stages of the approval/repair process. DHHL is seeking alternatives to replace the
County as a provider. DHHL has also been in discussions with the county of Kauai to
develop a similar program, but 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 necessary. 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, which ever is higher. In
addition, lead based paint costs may be covered in addition to the $50,000 but not in

22 Per SMS 2006 Study, 24.4% of all DHHL homes were built before 1960
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, 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 and are therefore, 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 (NHDP) 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.

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 nonprofit 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 Sherriff’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.

Community meetings are held monthly across the state and in coordination with the Hawaiian Homes Commission meetings. This provides the members of the community to be informed and to provide 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 State of Hawai'i appoints each commissioner and Chairman to a four-year term. The terms of the commissioners are staggered.

Currently, there are 132 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 Wai'alea (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 Kālama'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) — 22 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 Deputy to the Chairman, the NAHASDA Administrator (vacant), the NAHASDA Grant Specialist, and other administrative and support staff. The Enforcement and Compliance Office and HOAP also fall within the OCH.

Administrative Services Office (ASO) – 8 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) - 7 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) – 5 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 Nāhau newsletters and annual reports to the State Legislature.

Homestead Services Division (HSD) – 38 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) – 10 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) – 9 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)**
Jobie M. K. Masagatani, Chairman Designate
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
Michael P. Kahikina, O‘ahu Commissioner
Renwick Tassill, O‘ahu Commissioner
Imaikalani P. Aiu, Kaua‘i Commissioner

**Department of Hawaiian Home Lands**
Jobie M. K. Masagatani, HHC Chairman Designate HHC
Michelle K. Kauhane, Deputy to the Chairman HHC
Derek T. Kimura, HL Executive Assistant
William (Kama‘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
Trisha Paul, HHL Grant Specialist (NAHASDA)
Crystal L. Kua, Information and Community Relations Officer
Mona Kapaku, Homestead District Supervisor
Juan Garcia, Homestead Services District Supervisor III
Louis Hao, East Hawai‘i Acting Homestead District Supervisor
James Du Pont, West Hawai'i Homestead District Supervisor II
Edward “Halealoha” Ayau, Moloka'i Acting 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)**

<table>
<thead>
<tr>
<th>Grant Number</th>
<th>Federal Fiscal Year</th>
<th>DHHL Program Year</th>
<th>Housing Area</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2012</td>
<td>July 1, 2012 to June 30, 2013</td>
<td>Hawaiian Home Lands</td>
</tr>
</tbody>
</table>

### PART I: PROFILE FOR NATIVE HAWAIIAN HOUSING AREA

<table>
<thead>
<tr>
<th></th>
<th>On Hawaiian Home Lands</th>
<th>Applicants</th>
<th>Potential Applicants</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>All Income Levels</td>
<td>Low-Income</td>
<td>All Income Levels</td>
</tr>
<tr>
<td></td>
<td>column a</td>
<td>column b</td>
<td>column c</td>
</tr>
<tr>
<td>1. Total Native Hawaiian Population (nH x average household size)</td>
<td>41,982</td>
<td>21,410</td>
<td>106,599</td>
</tr>
<tr>
<td>2. Number of native Hawaiian Families</td>
<td>9,855</td>
<td>5,026</td>
<td>26,386</td>
</tr>
<tr>
<td>3. Number of Elderly native Hawaiian Families</td>
<td>2,999</td>
<td>1530</td>
<td>11,541</td>
</tr>
<tr>
<td>4. Number of Near-Elderly native Hawaiian Families</td>
<td>NA</td>
<td>NA</td>
<td>NA</td>
</tr>
<tr>
<td>5. Number of native Hawaiian Families Living in Substandard Housing (2%)</td>
<td>197</td>
<td>100</td>
<td>528</td>
</tr>
<tr>
<td>6. Number of native Hawaiian Families Living in Over-Crowded Conditions</td>
<td>3,902</td>
<td>2,206</td>
<td>5,831</td>
</tr>
</tbody>
</table>

**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: 51% (9,855 x .51 = 5,026) of total lessees, 46.4% (26,386 x 46.4 = 12,243) 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% (9,855 x .3044 = 2,999) of lessees, 43.74% (26,386 x .4374 = 11,541) of applicants, and 32.22% (32,460 x .3222 = 10,459) of potential applicants are estimated to be "elderly"; 43.9% of lessees (5,026 x .439 = 2,206), 32.7% of applicants (12,243 x .327 = 4003), 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 (9,855 x .396 = 3,902), 22.1% of applicants (26,386 x .221 = 5,831) and 12% of potential applicants (32,460 x .12 = 3,895) are estimated to be living in over crowded conditions.
### PART II: CURRENT STATUS AND FUTURE NEEDS

<table>
<thead>
<tr>
<th>Type of Housing</th>
<th>Existing Housing</th>
<th>Unmet Needs for All native Hawaiian Families</th>
<th>Unmet Needs for Low-Income native Hawaiian Families</th>
</tr>
</thead>
<tbody>
<tr>
<td>column a</td>
<td>column b</td>
<td>column c</td>
<td>column d</td>
</tr>
<tr>
<td>7. Rental Housing</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>a. Number of Units</td>
<td>155</td>
<td>2,374</td>
<td>1,101</td>
</tr>
<tr>
<td>b. Number of Units</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Needing Rehabilitation</td>
<td>0</td>
<td></td>
<td></td>
</tr>
<tr>
<td>8. Homeowner Housing</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>a. Number of Units</td>
<td>9,855</td>
<td>23,747</td>
<td>11,018</td>
</tr>
<tr>
<td>b. Number of Units</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Needing Rehabilitation</td>
<td>1,940</td>
<td>1,940</td>
<td>1,226</td>
</tr>
<tr>
<td>9. Supportive Service Housing (# of units)</td>
<td>0</td>
<td>NA</td>
<td>NA</td>
</tr>
<tr>
<td>10. College Housing (# of units)</td>
<td>0</td>
<td>NA</td>
<td>NA</td>
</tr>
<tr>
<td>11. Transitional Housing (# of units)</td>
<td>0</td>
<td>NA</td>
<td>NA</td>
</tr>
<tr>
<td>12. Homeless Housing (# of beds)</td>
<td>0</td>
<td>NA</td>
<td>NA</td>
</tr>
</tbody>
</table>

Data Source:
7a. (column b) Waimanalo Kupuna Project (85 units) + Maluohai Rent to Own (70)
7a. (column c) DHHL waiting list has 26,386 individuals as of 12/31/11; subtracting 10% for married couples who both have applications, DHHL estimates that 10.2% (households below 30% AMI) may require rental housing [(26,386 - 2,639) x 10%] = 2,374
7a. (column d) SMS 2008 Survey – 46% of native Hawaiian applicant households are at 80% or below median ( 2,374 x 46.4% = 1,101)
8a. (column b) 9,855 households on DHHL lands as of 12/31/11. Does not include rental units.
8a. (column c) Unduplicated DHHL waiting list as of 12/31/11 (26,386) less 10% for married couples who both have applications.
8a. (column d) SMS 2008 Survey – 46.4% of native Hawaiians applicants are at 80% or below median (23,747 x 46.4% = 11,018).
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 (5,026 x 24.4% = 1,226) and that 14.8% of all lessee above 80% median income have homes that were built prior to 1960 (4,829 x 14.8% = 714). Total homes in need of repair are 1,226 + 714 = 1,940
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.
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 (5,026 x 24.4% =1,226).
# TABLE 2

### FINANCIAL RESOURCES

**DEPARTMENT OF HAWAIIAN HOMELANDS**

<table>
<thead>
<tr>
<th>Grant Number</th>
<th>Federal Fiscal Year</th>
<th>DHHL Program Year</th>
<th>Original Submission</th>
<th>Amended Submission</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2012</td>
<td>July 1, 2012 to June 30, 2013</td>
<td>X</td>
<td></td>
</tr>
</tbody>
</table>

## PART 1: SOURCES OF FUNDS FOR NATIVE HAWAIIAN BLOCK GRANT (NHHBG) ACTIVITIES

<table>
<thead>
<tr>
<th>Sources of Funds</th>
<th>Planned Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>column a</td>
<td>column b</td>
</tr>
</tbody>
</table>

1. **HUD Resources**
   - a. Native Hawaiian Block Grant
     - $13,000,000.00
   - b. NHHBG Program Income
     - $426,000.00
   - 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**
   - $13,426,000.00
## ART II: ALLOCATION OF FUNDS FOR NHHBG ACTIVITIES

<table>
<thead>
<tr>
<th>Activity</th>
<th>Planned</th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Budgeted NHBBG Amount</td>
<td>Budgeted Other Amounts</td>
<td>Number of Units</td>
<td>Number of Families</td>
<td></td>
</tr>
<tr>
<td>--------------------------------</td>
<td>---------------------------------</td>
<td>--------------------------</td>
<td>----------------</td>
<td>------------------</td>
<td></td>
</tr>
<tr>
<td>column a</td>
<td>column b</td>
<td>column c</td>
<td>column d</td>
<td>column e</td>
<td></td>
</tr>
</tbody>
</table>

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 | $1,500,000 |             | 20

3. Housing Management Services | 0 |             |             |             |

4. Crime Prevention and Safety | $100,000 |             |             |             |

5. Model Activities (specify below)

a. Yet to be determined | $760,000 |             |             |             |

6. Planning and Administration | $1,426,000 |             |             |             |

7. Total | $13,426,000 | 80 | 100 |
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:

<table>
<thead>
<tr>
<th>NHHBG Funds Invested</th>
<th>Affordability Period</th>
</tr>
</thead>
<tbody>
<tr>
<td>Up to $15,000</td>
<td>5 years</td>
</tr>
<tr>
<td>$15,001 to $30,000</td>
<td>10 years</td>
</tr>
<tr>
<td>$30,001 to $45,000</td>
<td>15 years</td>
</tr>
<tr>
<td>Over $45,000</td>
<td>20 years</td>
</tr>
</tbody>
</table>

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. Activities under consideration for the island of Molokai will be submitted to the Secretary for approval.

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 administrative purposes.
NATIVE HAWAIIAN HOUSING BLOCK GRANT

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
Jobie M. K. Masagatani, Chairman Designate
Hawaiian Homes Commission

Date
NATIVE HAWAIIAN HOUSING PLAN
COVER SHEET

Department of Hawaiian Home Lands (DHHL)

DHHL Contact Person  Trisha Paul, Grant Specialist  Telephone Number With Area Code (808) 620-9285

P.O. Box 1879, Honolulu, Hawai‘i 96805

Address

Original Submission

Amended Submission

Federal Fiscal Year

Grant Number

Estimated Grant Amount

Actual Grant Amount

Date and time Native Hawaiian Housing Plan received by HUD