

## **EXHIBIT 17**

### **UNDIVIDED INTEREST AWARDS, HOAP, & NAHASDA**

#### **Undivided Interest Awards and HOAP**

The Undivided Interest Award is a new type of lease award that was developed to help people who have been on the DHHL Residential Waiting List for a long period of time. This type of lease award is an award to a group of individuals for a parcel of land that has not yet been subdivided into individual residential lots. The award has no financial qualification requirements until individual lots and house models have been determined and priced. Undivided Interest awardees have one to four years to qualify for a home loan.

The Department of Hawaiian Home Lands recognized that while homes can be built, beneficiaries must be prepared to financially qualify, including those on the waiting list for the longest period of time who have had the greatest challenge in qualifying for a loan. Recognizing the needs of its beneficiaries, DHHL created the Home Ownership Assistance Program (HOAP), which is designed to work with the Undivided Interest Awardees by providing financial literacy training and addressing credit and savings issues needed to financially qualify for a loan.

Kēōkea-Waiohuli Development Phase I is an example of a project that combines the Undivided Interest Program with the HOAP Program.

Each Undivided Interest Awardee is a homestead lessee and is granted most of the rights and conditions afforded to existing lessees. Each Awardee is required to participate in the HOAP. The HOAP completes a financial assessment of each lessee and provides DHHL with valuable financial data. The financial data allows DHHL to define a housing program with prices specific to the Undivided Interest group.

DHHL also recognizes that there are beneficiaries who may be better suited to other types of housing options. Kēōkea-Waiohuli Development Phase I is therefore additionally planned to have vacant (owner - builder lots) and self-help lots.

## **NAHASDA**

The Native American Housing and Self-Determination Act (NAHASDA) was passed in 1996. NAHASDA transformed the way that American Indians and Alaska Natives provided affordable housing on rural Indian reservations and Alaska Native villages and opened the door for increased partnerships with financial institutions, and most importantly, enabled the Federal policy of self-determination to be extended to affordable housing. NAHASDA provides the mechanism for native people to receive Block Grants based on need and population.

In 2000, Congress amended NAHASDA by adding Title VIII, which provides similar funding for native Hawaiian families on Hawaiian home lands. DHHL is the designated recipient for annual NAHASDA Block Grants. This Congressional amendment is the first time in history of the Hawaiian Homes Commission Act of 1920, as amended, that the Federal government has provided any significant level of financial investment into the Hawaiian home lands program for affordable housing activities.

To implement Title VIII of the Native American Housing Assistance and Self-Determination Act of 1996 (NAHASDA), interim rules were published on June 13, 2002. The Grant funds can only be used to assist eligible native Hawaiian families, whose adjusted gross income does not exceed 80% of the median income for the area, and for housing activities on Hawaiian home lands.

NAHASDA requires each Block Grant recipient to develop five-year and one-year plans for each annual Block Grant allocation. The Native Hawaiian Housing Plan identifies DHHL's goals for the use of the funds and the activities to accomplish the goals. The grant funds are currently being used for 20% of the infrastructure cost of Kēōkea-Waiohuli Development Phase I. In addition, funds will be available to assist in the marketing and sales of homes. The amount required should be indicated in section D. Financing Plan of the proposal. It is DHHL's intent that the Block Grant be used for down payment assistance for eligible families, but Offerors may provide alternative uses in their Proposals as part of their Marketing Plan. The use of the grant funds restricts the use of the assisted lots to families who are at or below 80% of the HUD area median for 20 years. Therefore, it is imperative that the grant funds are used to effectively market these lots—there must be incentive for purchasers to accept this 20 - year requirement. A list of regulations and eligible activities relative to the scope of this RFP is as follows:

## **THE NATIVE HAWAIIAN HOUSING BLOCK GRANT REGULATIONS FOR KĒŌKEA-WAIOHULI DEVELOPMENT PHASE I**

- 20% of Phase1 Development or 20 of the lots (NAHASDA Lots) shall be for native Hawaiian families, whose adjusted gross income does not exceed 80% of the median income for the area. (Note: Self-help Homes meet this NAHASDA Lot regulation)
- Each native Hawaiian family receiving a NAHASDA Lot or any NAHASDA Block Grant funds must have an adjusted gross income that does not exceed 80% of the median income for the area. The Marketing Plan should specify the specific stage and how a family will be qualified to meet this requirement.
- Any transfer of a NAHASDA Lot, within a period of 20 years from the execution of the lease, must be to a native Hawaiian family, whose adjusted gross income does not exceed 80% of the median income for the area.
- Contractors must pay Davis Bacon wages for the construction of homes should NAHASDA Block Grant funds be used toward the construction or the financing of the construction of homes.

## **ELIGIBLE DEVELOPMENT ACTIVITIES USING THE NATIVE HAWAIIAN HOUSING BLOCK GRANT**

- Real property acquisition
- Acquisition of affordable housing
- Financing acquisition of affordable housing by homebuyers through:
  - Down payment assistance
  - Closing cost assistance
  - Direct lending
  - Interest subsidies or other financial assistance
- New construction of affordable housing
- Reconstruction of affordable housing
- Moderate rehabilitation of affordable housing, including but not limited to:
  - Lead-based paint hazards elimination or reduction
  - Improvements to provide physical accessibility for disabled persons
  - Energy-related improvements
- Site improvement, including recreational areas and playgrounds for use by residents of affordable housing and on-site streets and sidewalks
- Development of utilities and utility services
- Conversion
- Demolition
- Administration and planning
- Other related activities, such as environmental review and architectural and engineering plans for the affordable housing project.