

Part I – Reporting on the One-Year Native Hawaiian Housing Plan (NHHP)

[NOTE: A separate Part I (that includes Tables I and II) must be completed for each open grant.]

Is this the final APR for this grant?

Check one: ☐ Yes ☒ No

Each year, the DHHL develops goals and objectives in the NHHP that describe the use of NHHBG funds. At the end of the program year, a report on the progress made towards achievement of the goals and objectives is provided to the public and to HUD.

1. Report on each of the one-year goals and objectives identified in the NHHP for this reporting period on a table format developed by the DHHL. The table should include the following information: Goal, Objective and Task Identification Number; Description of Goal, Objective or Task; Budgeted Amount by Goal, Objective or Task; Expended Amount by Goal, Objective or Task; Project or Program Description; and Accomplishments during the Program Year. Provide an explanation for any cost overruns or delays in completing Goals, Objectives or Tasks.

Highlights of FY 2010 – 2011 (Program Year 6)

Goal 1. Increase the affordable housing inventory on HHL to meet the increasing or unmet demand for housing by low-income nH families.

Objective 1a. Increase the supply of affordable housing units through the construction of infrastructure improvements or single-family housing.

Task 1. Construct infrastructure improvements for at least one single-family residential subdivision on the island of O'ahu to serve at least 30 eligible families and one on an outer island to serve at least 30 eligible families.

During FY 2010 - 2011:

On the island of O'ahu, in Waimānalo, Kumuhau consists of 52 homes of which 45 are turn key and 7 will be either self help or vacant lots. Currently, the 45 turn key homes are under construction and 22 homes were completed and occupied as of June 30, 2011. Of the 22 homes built, three (3) were NHHBG units for Aukai, Gaspar, and Kalama. They received NHHBG mortgage loans (in lieu of RD mortgage loans due to lack of RD funds upon house completion). Construction of the 45 homes is financed with Trust funds and down payment assistance was not applied during the current fiscal year. Since these down payment assistance funds will be applied in the next fiscal year, they will also be counted in the next fiscal year for down payment assistance. DHHL anticipates approximately 17 of the 45 units to be reserved for NHHBG eligible families.

Note: Counted 3 for this fiscal year.

Kaka'ina, which is comparable to the second phase of this particular project, consists of approximately 44 homes and infrastructure construction will go to bid before the end of the calendar year and anticipated start of construction is during 2012. Approximately 10 of the units will be reserved for NHHBG eligible families.

Note: The three families assisted constitute a duplicate count in the following areas 1) house completion, 2) mortgage loans. DPA assistance will be counted next fiscal year.

In Kānehili, Kapolei, a total of 403 units are planned in two increments:

Increment 1 (286 homes):

- Phase 1 consists of 111 turn key homes and 6 owner builder/vacant lot – of which all turn key are occupied and 4 owner builder/vacant lots came back – the 4 owner builder/vacant lots that came back will be awarded to Habitat partner families
- Phase 2 consists of 139 turn key homes – of which all are occupied
- Phase 3 – consists of 10 Modified Self Help – under construction
- Phase 4 – consists of 20 Gentry Turn Key – under construction

Increment 2 (117 homes):

- Construction on hold, subject to completion of the adjacent Retention Basin and pre qualification requirements of the Undivided Interest¹ (UI) lessees.

Approximately 121 lots remain for UI families between Increments 1 & 2 to include: 4 Habitat (as noted above), 48 turn key (Gentry - Increment 2), and 69 lots that house construction will be subject to pending pre qualification of UI families.

Note: For house completion, 21 NHHBG homes will be counted this fiscal year in PY6. This will be a duplicate count with Down Payment Assistance for the same time period.

For East Kapolei II, the off site construction (sewer and drainage) is completed, punch list items are still pending county approval. Development of “backbone infrastructure” continues with the East-West Road, now under construction. This master planned community will consist of approximately 1,100 homes of which approximately 198 will be reserved for NAHASDA eligible families.

On the island of Hawai'i, the La'i 'Ōpua subdivision will provide approximately 360 homes of which approximately 72 are earmarked for NAHASDA eligible families. The homes will be divided between Village 4 (243) and Village 5 (117). For Village 5 house construction began this fiscal year for 45 homes. As of June 30, 2011, five (5) NHHBG eligible homes were completed and occupied.

For Village 4 – is currently in design phase.

For Village 2, although the Environmental Review Record² (ERR) has been completed and planning work is underway, the primary issue is the lack of water.

¹ Undivided Interest Lessees were awarded a “paper lease”, not tied to a specific lot, subject to DHHL’s preparation of the land for house construction and the lessee’s preparation of their financial situation for the purchase of a home.

² The Environmental Review Record is a compilation of Environmental Data, which typically includes the appropriate level of review given the actions being contemplated, in a HUD sanctioned format. In this case, an Environmental Assessment/Environmental Impact Statement was completed on March 17, 2009.

For this reason, the Finding of No Significant Impact (FONSI) will not be published until this can be resolved.

Also, on the island of Hawai'i, the Lālāmilo subdivision, Phase 1 consists of 37 homes of which approximately 12 will be for NAHASDA eligible families. This project faced some challenges when, in late 2007 early 2008, the developer filed for bankruptcy causing unexpected delays and additional costs. The NAHASDA portion of the infrastructure contract was expended in PY2 and last reported in the 2008 APR. Although 8 NHHBG families moved in and were reported for last fiscal year, the remaining two NHHBG families have yet to be identified. Currently, of the 37 lots five (5) lots are un-awarded vacant lots and two (2) lots have completed homes for which the original buyers have fallen out and these units remain to be filled. The challenge in selling these two units has been the lack of qualified buyers and, for NHHBG purposes, the sales price of these two homes that range from \$280,000 - \$300,000. DHHL is considering awarding at least two of the vacant lots to Habitat partner families or some other self help program that would be able to service NHHBG eligible households and identify/service the remaining two (2) NHHBG required households.

On the island of Kaua'i, homes in Pi'ilani Mai Ke Kai in Anahola are currently under construction. As of June 30, 2011, three (3) NHHBG eligible families moved in and were assisted with Down Payment Assistance (DPA).

Note: This will be a duplicate count with home completion and DPA.

Task 2. Provide funding for technical assistance for at least one affordable housing project that encourages the self-help (sweat equity) construction method to assist a minimum of 15 low-income families achieve homeownership.

During FY 10 – 11:

These Habitat affiliates completed the following homes:

Habitat for Humanity West Hawai'i has two open contracts. For their first contract, they completed one (1) home for B. Noeau for this reporting period and another home, the final home in this contract, is under construction. For their second contract, they have identified three families of which two homes are under construction with anticipated completion dates for the end of 2011 and the beginning of 2012. The ERR for the third family is currently in progress.

Moloka'i Habitat was contracted to construct five (5) homes on Moloka'i. Three (3) families assisted last fiscal year (Dudoit, Alonzo, and Stone) and one (1) family assisted this fiscal year (Kekalia). Construction for the final family began before the ERR was approved and will not be funded via this agreement. The new ED is planning to unencumber the balance of funds and close this contract since they have another contract in Program Year 7.

Habitat for Humanity Maui was contracted to construct 4 homes and to do 6 renovations or replacement homes on Maui. Although we reported last year that Maui Habitat completed one (1) home and that a second home was under construction, as a result of self monitoring it was identified that both home should have had a different level of environmental review conducted. As such, both homes

will not be counted/funded with NHHBG. Maui has identified two additional families one of which is under construction (Alo) and the other is pending a lease transfer (Purdy/Medrios).

Habitat for Humanity Leeward assisted one (1) family – Kalanui/Kealoha under a prior contract agreement and no new families under their current contract agreement. This affiliate may opt to cancel the new contract and build homes for DHHL via the Habitat for Humanity International, State Support Office's contract with DHHL.

Objective 1b. Provide direct assistance to potential qualified homeowners through down payment assistance and/or principal reduction subsidies, low interest rate loans, matching funds for Individual Development Accounts (IDA's), or other means/methods that become available.

Task. Offer appropriate 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, and low interest loans to at least 20 eligible native Hawaiian families.

During FY 10 – 11:

Alu Like assisted one (1) family with an Individual Development Account. This was the final family for the project.

Hawai'i First Federal Credit Union assisted five (5) families with Individual Development Accounts (matched savings at 3:1).

Twenty one (21) eligible households were assisted with a RD Participation Grants in Kānehili. NHHBG funds are used to leverage and prioritize RD funds for NAHASDA eligible households. Families receive a grant in the amount of 20% of the base price of the home.

Notes: All of the 21 homes are duplicate counts with home completion data.

Three (3) eligible households were assisted with a RD Participation Grant in Pi'ilani Mai Ke Kai, on the island of Kaua'i.

Note: All three (3) are duplicate count with home completion.

One (1) family was assisted with down payment assistance through Hawai'i Community Development Board's program Kau Hale Pono.

Five (5) families were assisted with Individual Development Accounts through CNHA's HIDA program.

Goal 2. Reduce the number of homes in need of repair or replacement that are occupied by low income native Hawaiian families.

Objective 2A. Assist in the preservation and revitalization of existing homes and communities on Hawaiian home lands.

The following services were contracted to facilitate work conducted under various other goals and objectives:

- Based Paint Risk Assessment, Estimates, and Clearance
- Appraisal Services

The families served via these contracts will NOT be counted separately because the primary functions of these contracts act as supplements to other existing contracts, predominantly for repair type services.

Task 1. Continue working with the City and County of Honolulu and the County of Hawai'i to provide lessees assistance with the rehabilitation of existing homes on Hawaiian home lands.

During FY 10 – 11:

DHHL faced challenges with implementing a repair program on Hawaiian home lands due to the Davis Bacon requirements that were being imposed. As such, as of July 20, 2010, DHHL, through Commission action, converted the existing County Repair Loan program to a Grant program in an attempt to encourage more eligible households to apply. Although there are no new contracts to reflect this change, DHHL felt it was important to note this in the APR.

Task 2. Provide low-interest or no-interest loans and/or grants to at least 25 eligible families to rehabilitate existing housing units.

During FY 10 – 11:

Moloka'i Community Services Council has a contract to repair 10 homes on the island of Moloka'i. Initial challenges for this program included turn over in staff and lack of related program expertise. Nonetheless, since the homes on Moloka'i are significantly older than many other areas, critical elements (such as Lead Based Paint requirements) needed to be addressed as well as the equity in the homes to substantiate the requested grant funds. The ERRs for all 10 families have been received (9 approved 1 pending), 4 homes required appraisals (2 completed, 1 pending, 1 canceled), and 7 homes required Lead Based Paint Risk Assessments (6 completed 1 canceled). All households referred to HOAP counselor for budget counseling and insurance education. Counseling schedule is anticipated to be completed in August 2011. In addition, it is anticipated that homes will be repaired by next fiscal year. Since this program was mirrored after the County Repair Loan program, it too was converted to a Grant program.

The City and County of Honolulu assisted six (6) families with repair grants and the County of Hawai'i assisted five (5) families with repair grants.

In addition, as a result of the nationwide financial crisis and delay in authorization of the federal budget, DHHL created a mortgage loan that would be made available to NHHBG eligible households that were at risk of delayed mortgage closing due to the lack of or delay in RD funding. As such, 19 mortgage loans were made in the Kaupuni Village (Waianae, O'ahu) and 3 loans were made in Kumuhau (Waimānalo, O'ahu).

Note: All 22 of these families assisted will be a duplicate count with house completion and the 19 Kaupuni families are also counted under DPA. Kumuhau will

not be counted in DPA until next fiscal year due to timing of application of DPA funds.

Goal 3. Promote safe communities on Hawaiian home lands through various methods of engaging and supporting communities that express interest and active levels of involvement in their respective communities.

Objective 3a. Assist homestead communities in assessing the viability of and planning for community centers that will further enhance community safety, homeownership education, and affordable housing activities that will serve applicants and residents of affordable housing.

Task 1. Support community initiatives directed at community level enhancements that promote safe communities or supplement other housing related activities.

During FY 10 – 11:

Papakōlea Community Development Corporation (PCDC) was contracted to develop a housing retention education program to address roles and responsibilities of family members in the process of homeownership. As of June 30, 2010, the curriculum is near completion and contract close out is expected by year end.

See Attachment 1 for status details of each Objective and Task.

2. Are you on schedule to complete the 5-year goals identified in your NHHP?

Check one: ☒ Yes ☐ No

3. If the answer to #2 is no, explain causes for delays and how you plan to modify your program to meet your 5-year goals and objectives. N/A
4. How would you change your programs in general as a result of your experience with the implementation of NAHASDA?

DHHL has expressed concern with the implications of imposing Davis Bacon wage requirements to individual low-income households when they utilize NHHBG funds for repairs or new construction. Although the intent of imposing Davis Bacon wage requirements for NHHBG funded construction is honorable, and may actually be feasible in larger planned communities in which economies of scale can be reached, it is clearly a burden to low-income families that seek to do individual repairs or build new homes. Most, if not all, of these contracts are directly between the beneficiary/lessee and their chosen contractor and NHHBG funds are used in the form of repair grants to enable low income households to obtain their needed repairs and ensure a safe and livable home. Further research on the Davis Bacon language suggests that the federal "intent" was to ensure that public projects (i.e. stemming out of the 1937 Public and Indian Housing Laws) complied with these wage requirements. However, as is found in the HOME and CDBG programs, a unit threshold may be more appropriate and applicable to NHHBG funds so that individual low-income families seeking to build or repair their homes are not forced to bear this burden of higher costs as they are the primary home owner and the State and Federal Governments are NOT.

In an attempt to reduce this burden to our low income native Hawaiian families, DHHL has changed our repair loan program to a repair grant program, as mentioned

earlier. For programs that utilize NHHBG funds for down payment assistance or other means to off set the principal in building a home (i.e. RD Participation grants for interim construction), DHHL has structured the program so that these down payment funds are not drawn down until it is required for to reduce the principal or cover closing costs of the take out financing. DHHL has also discontinued the use of NHHBG funds for interim construction financing for the same reason, except for programs that are predominantly volunteer based (i.e. Habitat for Humanity).

Sources of Funds (Table I)

Explains the sources of funds that are available to DHHL for the housing activities. The information should be provided in table format and include: Funding Sources, Planned Amount, and Funds Actually Awarded (See Attachment 1 for a sample).

Funding Sources – A list of the grants, loans and donations that DHHL received to use for housing activities. Sources could include the NHHBG, other HUD grant programs, program income generated from NHHBG funds and activities, other federal grant programs, state grant programs, and private or commercial funding.

Planned Amount – A list of the planned amounts anticipated by DHHL to be received in the NHHP.

NHHBG \$8,377,770

Funds Actually Awarded – A list of the amounts actually received by DHHL from the various funding sources.

NHHBG \$8,377,770 + Program Income \$562,340 = \$8,940,110 Total Available³

Narrative:

If funds actually received are different than planned amounts, explain why the planned amount was not realized and how planned activities are impacted.

Uses of NHHG Funds (Table II)

Compares the funds planned to be expended in the NHHP by planned allowable activities to the actual funds expended for allowable activities. The information should be presented in a table format and compares the planned number of units and the planned number of families to be assisted in the NHHP to the actual number of units started or completed and the actual number of families assisted during the reporting period and cumulatively. (See Attachment 2 for a sample)

Narrative:

Amount of NHHBG funds (principal only) invested as of this reporting period end date.

³ Note: Return of grant funds in the amount of \$21,199 will increase total amount available for expenditure from \$8,940,111 to \$8,961,310. (See Table I – Source of Funds). Variation of \$1 due to rounding.

GRANT NUMBER: 07HBGHI0001/2
DHHL FYE: 6/30/11

\$0

Table I - Sources of Funds

<u>Sources of Funds for NHHBG Activities</u>	<u>Planned Amount (from the NHHP)</u>	<u>Total Amount Actually Available</u>
1. HUD Resources		
a. Native Hawaiian Housing Block Grant	8,377,770	8,377,770
Planned Program Income	637,322	
b. Additional grant fund transferred from 08HBGHI0001 to 07HBGHI0001		28,971
b. Interest Income		24,972
b. P & I Repayments	413,075	
b. Gains from Investments in Govt. Securities	95,322	562,340
2. Other Federal Resources (Refund of prior year's grant funds expended)		
Return of loans not NHHBG funded	11,550	
Partial return of grant funds from Chai, Kalamau, Puaoi	2,953	
First Am. Title Refund (Jeremiah)	88	
Return of grant fund partial refund Donnie-Dian Pa	208	
Return of grant funds from HI First FCU (Napihaa), TDR 201219, 7/6/09	6,400	21,199
3. State Resources		0
4. Private Resources	0	0
5. Total Resources	<u>9,015,092</u>	<u>8,961,310</u>

Table IIa - Uses of NHHBG Funds

Activity (a)	Year-to-Date 7/1/2010 - 6/30/2011				Cumulative-to-Date ⁴		
	Budgeted NHHBG (b)	Budgeted Other Amounts (c)	Grant (NHHBG) Funds Expended (d)	Other Funds Expended (e)	Grant (NHHBG) Funds Expended (f)	Other Funds Expended (g)	% of NHHBG Funds Obligated (h)
1. Development	7,062,678	637,322	5,203,886	344,001	7,331,809	350,697	95.6%
a) Rental	0	0	0	0	0	0	0.0%
b) Homeownership - Construction	5,362,678	637,322	1,408,351	33,400	1,790,583	33,400	98.7%
Homeownership - Loans	1,000,000	0	2,260,425	41,698	2,349,230	41,698	95.6%
Homeownership - Grants	700,000	0	1,535,110	268,903	3,191,996	275,599	94.2%
2. Housing Services	500,000	0	193,196	33,183	506,017	33,183	100.0%
3. Housing Management Services	146,322	0	0	0	0	0	0.0%
4. Crime Prevention & Safety	150,000	0	15,161	0	18,661	0	100.0%
5. Model Activities	100,000	0	0	0	0	0	100.0%
6. Planning and Administration	418,770	0	244,177	41,000	309,543	41,000	90.4%
7. Total	8,377,770	637,322	5,656,420	418,184	8,166,030	424,880	96.0%

⁴ Note: Total Expended \$8,590,910 (\$8,166,030 + \$424,880) will NOT match total available (currently calculated at \$8,961,310) until the Program Year/Grant 07HBGHI0001/2 is closed out.

Table IIb - Uses of NHHBG Funds

Activity	Planned (from NHHF)		Units Completed				Families Assisted				
	Number of Units Planned	Number of Families Planned	Year to Date		Cumulative to Date		Year to Date		Cumulative to Date		
			Number of Units Completed	Number of Units Started, Not Completed	Number of Units Completed	Number of Units Started, Not Completed	Low Income native Hawaiian Families	Non Low Income native Hawaiian Families	Low Income native Hawaiian Families	Non Low Income native Hawaiian Families	Non Low Income native Hawaiian Families
(i)	(j)	(k)	(l)	(m)	(n)	(o)	(p)	(q)	(r)	(s)	(t)
1. Development											
a. Rental	Construction of New Units	0	0	0	0	0	0	0	0	0	0
	Acquisition	0	0	0	0	0	0	0	0	0	0
	Rehabilitation	0	0	0	0	0	0	0	0	0	0
b. Homeownership	Construction of New Units	75	55	409	61	409	55	0	0	61	0
	Acquisition	20	12	0	83	0	12	0	0	83	0
	Rehabilitation	20	11	0	8	0	11	0	0	8	0
2. Housing Services		0	0	0	0	0	6	0	0	37	0
3. Housing Management Services		0	0	0	0	0	0	0	0	0	0
4. Crime Prevention and Safety		NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
5. Model Activities (specify below)		NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
6. Planning and Administration		NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
7. Total	115	140	78	409	152	409	84	0	0	189	0

Acquisition includes down payment assistance, matched savings programs, subsidies, and subsidized Participation/Construction Loans

Started not Completed YTD = CTD based on start of infrastructure vs start of house construction

Acquisition one family assisted with RD participation grant in Kanehili

Started not Completed count is the net not completed units from PY5 as reported last fiscal year and is not a duplicate count.

Housing Services Families Assisted of 6 is a duplicate count with DPA (Hawaii First Federal Credit Union IDAs)

Construction: Kaupuni 19 + Kumuhau 3 + Kanehili 21 + V. 5 Laiohau 5 + Pūlani Mia Ke Kai 3 = 51 + Molokai HFH 2 + HFH W. HI 1 + HFH

Leeward 1 = 55

Acquisition: Hawaii First Federal Credit Union IDA 5 + Hawaii Community Development Board DPA 1 + Council for Native Hawaiian

Advancement 5 + Alu Like IDA 1 = 12

Rehabilitation: City & County of Honolulu 6 + HFH Molokai 1 + Hawaii County 5 = 11

Housing Services: Nanakuli Housing Corp.-Self Help Ed. 25 + Nanakuli Hsg. Corp. Literacy Training 208 = 233 families.

Part I – Reporting on the One-Year Native Hawaiian Housing Plan (NHHHP)

[NOTE: A separate Part I (that includes Tables I and II) must be completed for each open grant.]

Is this the final APR for this grant?

Check one: ☐ Yes ☒ No

Each year, the DHHL develops goals and objectives in the NHHHP that describe the use of NHHBG funds. At the end of the program year, a report on the progress made towards achievement of the goals and objectives is provided to the public and to HUD.

1. Report on each of the one-year goals and objectives identified in the NHHHP for this reporting period on a table format developed by the DHHL. The table should include the following information: Goal, Objective and Task Identification Number; Description of Goal, Objective or Task; Budgeted Amount by Goal, Objective or Task; Expended Amount by Goal, Objective or Task; Project or Program Description; and Accomplishments during the Program Year. Provide an explanation for any cost overruns or delays in completing Goals, Objectives or Tasks.

Highlights of FY 2010 – 2011 (Program Year 7)

Goal 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 for single-family housing.

Task 2. Provide funding for technical assistance for at least one affordable housing project that encourages the self-help (sweat equity) construction method to assist a minimum of 10 low-income families achieve homeownership.

During Fiscal Year 2010 – 2011:

Moloka'i Habitat for Humanity was contracted to provide technical assistance to 10 eligible NHHBG/Habitat families in the repair of their existing homes or the construction of new homes, to include energy upgrades, as applicable. As of June 30, 2011, two (2) families were assisted. The ERR for one family is complete and the ERR for another family is in progress. The primary challenge with this program was the use of NHHBG funds for direct, zero percent (0%) loans to Habitat partner families and the difficulty with establishing adequate escrow accounts on the island of Moloka'i. As a result, DHHL decided to utilize our own internal interim construction loan process, to include draw schedules, and execute a direct loan with the eligible NHHBG families, as applicable. In addition, turn over of the Executive Director of this Habitat affiliate has resulted in programmatic delays.

Hilo Habitat was contracted to provide technical assistance to one eligible NHHBG household in Hilo, on the island of Hawai'i. There are no new updates for this contract.

Honolulu Habitat was contracted to provide technical assistance to four (4) families. Two (2) families have been identified and construction has begun.

6. If the answer to #2 is no, explain causes for delays and how you plan to modify your program to meet your 5-year goals and objectives. N/A
7. How would you change your programs in general as a result of your experience with the implementation of NAHASDA?

DHHL has expressed concern with the implications of imposing Davis Bacon wage requirements to individual low-income households when they utilize NHHBG funds for repairs or new construction. Although the intent of imposing Davis Bacon wage requirements for NHHBG funded construction is honorable, and may actually be feasible in larger planned communities in which economies of scale can be reached, it is clearly a burden to low-income families that seek to do individual repairs or build new homes. Most, if not all, of these contracts are directly between the beneficiary/lessee and their chosen contractor and NHHBG funds are used in the form of repair grants to enable low income households to obtain their needed repairs and ensure a safe and livable home. Further research on the Davis Bacon language suggests that the federal "intent" was to ensure that public projects (i.e. stemming out of the 1937 Public and Indian Housing Laws) complied with these wage requirement. However, as is found in the HOME and CDBG programs, a unit threshold may be more appropriate and applicable to NHHBG funds so that individual low-income families seeking to build or repair their homes are not forced to bear this burden of higher costs as they are the primary home owner and the State and Federal Governments are NOT.

In an attempt to reduce this burden to our low income native Hawaiian families, DHHL has changed our repair loan program to a repair grant program, as mentioned earlier. For programs that utilize NHHBG funds for down payment assistance or other means to offset the principal in building a home (i.e. RD Participation grants for interim construction), DHHL has structured the program so that these down payment funds are not drawn down until it is required for to reduce the principal or cover closing costs of the take out financing. DHHL has also discontinued the use of NHHBG funds for interim construction financing for the same reason, except for programs that are predominantly volunteer based (i.e. Habitat for Humanity).

Sources of Funds (Table I)

Explains the sources of funds that are available to DHHL for the housing activities. The information should be provided in table format and include: Funding Sources, Planned Amount, and Funds Actually Awarded (See Attachment 1 for a sample).

Funding Sources – A list of the grants, loans and donations that DHHL received to use for housing activities. Sources could include the NHHBG, other HUD grant programs, program income generated from NHHBG funds and activities, other federal grant programs, state grant programs, and private or commercial funding.

Planned Amount – A list of the planned amounts anticipated by DHHL to be received in the NHHP.

NHHBG \$8,700,000

Funds Actually Awarded – A list of the amounts actually received by DHHL from the various funding sources.

NHHBG \$8,700,000⁵

Narrative:

If funds actually received are different than planned amounts, explain why the planned amount was not realized and how planned activities are impacted.

Uses of NHHG Funds (Table II)

Compares the funds planned to be expended in the NHHG by planned allowable activities to the actual funds expended for allowable activities. The information should be presented in a table format and compares the planned number of units and the planned number of families to be assisted in the NHHG to the actual number of units started or completed and the actual number of families assisted during the reporting period and cumulatively. (See Attachment 2 for a sample)

Narrative:

Amount of NHHBG funds (principal only) invested as of this reporting period end date.

\$0

⁵ Note: Program income of \$28,971 was applied to prior grant year upon return of funds to LOCCS.

Table I - Sources of Funds

<u>Sources of Funds for NHHBG Activities</u>	<u>Planned Amount (from the NHP)</u>	<u>Total Amount Actually Awarded</u>
1. HUD Resources		
a. Native Hawaiian Housing Block Grant	8,700,000	8,700,000
Planned Program Income	174,000	
b. Interest Income		19,219
b. Gains from Investments in Govt. Securities		9,751
		28,971
b. Less transfer of Program Income from 08HBGHI0001 TO 07HBGHI0001		(28,971)
2. Other Federal Resources (Refund of prior year's grant funds expended)		0
3. State Resources		0
4. Private Resources		0
5. Total Resources	<u>8,874,000</u>	<u>8,700,000</u>

cover closing costs of the take out financing. DHHL has also discontinued the use of NHHBG funds for interim construction financing for the same reason, except for programs that are predominantly volunteer based (i.e. Habitat for Humanity).

Sources of Funds (Table I)

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NHHBG \$8,377,770

Funds Actually Awarded – A list of the amounts actually received by DHHL from the various funding sources.

NHHBG \$8,377,770 + Program Income \$562,340 = \$8,940,110 Total Available³

Narrative:

If funds actually received are different than planned amounts, explain why the planned amount was not realized and how planned activities are impacted.

Uses of NHHG Funds (Table II)

Compares the funds planned to be expended in the NHP by planned allowable activities to the actual funds expended for allowable activities. The information should be presented in a table format and compares the planned number of units and the planned number of families to be assisted in the NHP to the actual number of units started or completed and the actual number of families assisted during the reporting period and cumulatively. (See Attachment 2 for a sample)

Narrative:

Amount of NHHBG funds (principal only) invested as of this reporting period end date.

\$0

³ Note: Return of grant funds in the amount of \$21,199 will increase total amount available for expenditure from \$8,940,111 to \$8,961,310. (See Table I -- Source of Funds). Variation of \$1 due to rounding.

Table I - Sources of Funds

<u>Sources of Funds for NHHBG Activities</u>	<u>Planned Amount (from the NHHP)</u>	<u>Total Amount Actually Available</u>
1. HUD Resources		
a. Native Hawaiian Housing Block Grant	8,377,770	8,377,770
Planned Program Income	637,322	
b. Additional grant fund transferred from 08HBGHI0001 to 07HBGHI0001		28,971
b. Interest Income		24,972
b. P & I Repayments		413,075
b. Gains from Investments in Govt. Securities		95,322
		562,340
2. Other Federal Resources (Refund of prior year's grant funds expended)		
Return of loans not NHHBG funded		11,550
Partial return of grant funds from Chai, Kalamau, Puaoi		2,953
First Am. Title Refund (Jeremiah)		88
Return of grant fund partial refund Donnie-Dian Pa		208
Return of grant funds from HI First FCU (Napihaa), TDR 201219, 7/6/09		6,400
		21,199
3. State Resources		0
4. Private Resources	0	0
5. Total Resources	<u>9,015,092</u>	<u>8,961,310</u>

Table 1a - Uses of NHHBG Funds

Activity (a)	Year-to-Date 7/1/2010 - 6/30/2011				Cumulative-to-Date ⁴		
	Budgeted NHHBG	Budgeted Other Amounts	Grant (NHHBG) Funds Expended	Other Funds Expended	Grant (NHHBG) Funds Expended	Other Funds Expended	% of NHHBG Funds Obligated
(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)
1. Development	7,062,678	637,322	5,203,886	344,001	7,331,809	350,697	95.6%
a) Rental	0	0	0	0	0	0	0.0%
b) Homeownership - Construction	5,362,678	637,322	1,408,351	33,400	1,790,583	33,400	98.7%
Homeownership - Loans	1,000,000	0	2,260,425	41,698	2,349,230	41,698	95.6%
Homeownership - Grants	700,000	0	1,535,110	268,903	3,191,996	275,599	94.2%
2. Housing Services	500,000	0	193,196	33,183	506,017	33,183	100.0%
3. Housing Management Services	146,322	0	0	0	0	0	0.0%
4. Crime Prevention & Safety	150,000	0	15,161	0	18,661	0	100.0%
5. Model Activities	100,000	0	0	0	0	0	100.0%
6. Planning and Administration	418,770	0	244,177	41,000	309,543	41,000	90.4%
7. Total	8,377,770	637,322	5,656,420	418,184	8,166,030	424,880	96.0%

⁴ Note: Total Expended \$8,590,910 (\$8,166,030 + \$424,880) will NOT match total available (currently calculated at \$8,961,310) until the Program Year/Grant 07HBGHI0001/2 is closed out.

Table IIb - Uses of NHHBG Funds

Activity	Planned (from NHP)		Units Completed				Families Assisted			
	Number of Units Planned	Number of Families Planned	Year to Date		Cumulative to Date		Year to Date		Cumulative to Date	
			Number of Units Completed	Number of Units Started, Not Completed	Number of Units Completed	Number of Units Started, Not Completed	Low Income Hawaiian Families	Non Low Income Hawaiian Families	Low Income native Hawaiian Families	Non Low Income native Hawaiian Families
(i)	(j)	(k)	(l)	(m)	(n)	(o)	(p)	(q)	(r)	(u)
1. Development										
a. Rental	0	0	0	0	0	0	0	0	0	0
	0	0	0	0	0	0	0	0	0	0
b. Homeownership	75	75	55	409	61	409	55	0	61	0
	20	20	12	0	83	0	12	0	83	0
	20	20	12	0	8	0	12	0	8	0
2. Housing Services	0	25	0	0	0	0	6	0	37	0
3. Housing Management Services	0	0	0	0	0	0	0	0	0	0
4. Crime Prevention and Safety	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
5. Model Activities (specify below)	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
6. Planning and Administration	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
7. Total	115	140	79	409	152	409	85	0	189	0

Acquisition includes down payment assistance, matched savings programs, subsidies, and subsidized Participation/Construction Loans

Started not Completed YTD = CTD based on start of infrastructure vs start of house construction

Acquisition one family assisted with RD participation grant in Kanehili

Started not Completed count is the net not completed units from PY5 as reported last fiscal year and is not a duplicate count.

Housing Services Families Assisted of 6 is a duplicate count with DPA (Hawaii First Federal Credit Union IDAs)

Construction: Kaupuni 19 + Kumuhau 3 + Kanehili 21 + V. 5 Laipua 5 + Pitilani Mia Ke Kai 3 = 51 + Molokai HFH 2 + HFH W. HI 1 + HFH

Leeward 1 = 55

Acquisition: Hawaii First Federal Credit Union IDA 5 + Hawaii Community Development Board DPA 1 + Council for Native Hawaiian

Advancement 5 + Alu Like IDA 1 = 12

Rehabilitation: City & County of Honolulu 6 + HFH Molokai 1 + Hawaii County 5 = 12

Housing Services: Nanakuli Housing Corp. Self Help Ed. 25 + Nanakuli Hsg. Corp. Literacy Training 208 = 233 families.

Part I – Reporting on the One-Year Native Hawaiian Housing Plan (NHP)

[NOTE: A separate Part I (that includes Tables I and II) must be completed for each open grant.]

Is this the final APR for this grant?

Check one:

☐ Yes

☒ No

Each year, the DHHL develops goals and objectives in the NHP that describe the use of NHHBG funds. At the end of the program year, a report on the progress made towards achievement of the goals and objectives is provided to the public and to HUD.

1. Report on each of the one-year goals and objectives identified in the NHP for this reporting period on a table format developed by the DHHL. The table should include the following information: Goal, Objective and Task Identification Number; Description of Goal, Objective or Task; Budgeted Amount by Goal, Objective or Task; Expended Amount by Goal, Objective or Task; Project or Program Description; and Accomplishments during the Program Year. Provide an explanation for any cost overruns or delays in completing Goals, Objectives or Tasks.

Highlights of FY 2010 – 2011 (Program Year 7)

Goal 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 for single-family housing.

Task 2. Provide funding for technical assistance for at least one affordable housing project that encourages the self-help (sweat equity) construction method to assist a minimum of 10 low-income families achieve homeownership.

During Fiscal Year 2010 – 2011:

Moloka'i Habitat for Humanity was contracted to provide technical assistance to 10 eligible NHHBG/Habitat families in the repair of their existing homes or the construction of new homes, to include energy upgrades, as applicable. As of June 30, 2011, two (2) families were assisted. The ERR for one family is complete and the ERR for another family is in progress. The primary challenge with this program was the use of NHHBG funds for direct, zero percent (0%) loans to Habitat partner families and the difficulty with establishing adequate escrow accounts on the island of Moloka'i. As a result, DHHL decided to utilize our own internal interim construction loan process, to include draw schedules, and execute a direct loan with the eligible NHHBG families, as applicable. In addition, turn over of the Executive Director of this Habitat affiliate has resulted in programmatic delays.

Hilo Habitat was contracted to provide technical assistance to one eligible NHHBG household in Hilo, on the island of Hawai'i. There are no new updates for this contract.

Honolulu Habitat was contracted to provide technical assistance to four (4) families. Two (2) families have been identified and construction has begun.

Goal 2. Reduce the number of homes in need of repair or replacement, or to relieve overcrowding in homes that are occupied by low-income native Hawaiian families.

Objective 2A. Assist in the preservation and revitalization of existing homes and communities on Hawaiian home lands.

Task 3. Initiate new partnerships and/or encourage the development of home repair and/or replacement programs for areas not currently being served by existing City and County partnerships.

During Fiscal Year 2010 – 2011:

Nānākuli Housing Corporation (NHC) was contracted to provide self help home repair education to 25 families and to provide down payment assistance to 2 families on the island of O'ahu. As of June 30, 2011, all 25 families have completed their repairs. NHC provided additional support/assistance for 6 families. Two families were identified for home replacement/new construction and are eligible for NHHBG down payment assistance. They are the Barrett & Manoha families. The ERR for Barrett is in progress and the Manoha family is waiting for a lot in Kānehili. Two additional families will receive USDA repair loan (Dunhour & Piliāloha).

Note: Counted 25 families as assisted for Housing Services. DPA will be counted next fiscal year, and will be a duplicate count.

Goal 4. Develop educational and training programs to address the housing and community needs for existing or potential beneficiaries on Hawaiian home lands.

Objective. Encourage the continuing development of and access to educational programs that assist native Hawaiian families with financial literacy and pre- and post-homebuyer education for applicant families, "Undivided Interest" families, or existing lessees, especially those who are delinquent on their mortgages.

Task. Continue to contract with private non-profit or for-profit organizations to provide homebuyer counseling services or financial literacy education to native Hawaiian families, which includes DHHL's Home Ownership Assistance Program (HOAP).

During fiscal year 2010 – 2011:

The Nānākuli Housing Corporation (NHC) was contracted to provide financial literacy classes and case management services for Level 1 and 2 of DHHL's Home Ownership Assistance Program (HOAP). This service includes determination of NHHBG income eligibility for various DHHL programs, as applicable. Five (5) families assisted via financial literacy class, Forty (40) families were certified NHHBG eligible for DPA assistance (Not counted as this service is part of DPA assistance), and Two Hundred Three (203) families were provided financial counseling.

Note: Only 5 from class and 203 from counseling counted under Housing Services because the DPA income verification is a required function of awarding the DPA.

5. Are you on schedule to complete the 5-year goals identified in your NHHP?

Check one: ☒ Yes ☐ No

6. If the answer to #2 is no, explain causes for delays and how you plan to modify your program to meet your 5-year goals and objectives. N/A
7. How would you change your programs in general as a result of your experience with the implementation of NAHASDA?

DHHL has expressed concern with the implications of imposing Davis Bacon wage requirements to individual low-income households when they utilize NHHBG funds for repairs or new construction. Although the intent of imposing Davis Bacon wage requirements for NHHBG funded construction is honorable, and may actually be feasible in larger planned communities in which economies of scale can be reached, it is clearly a burden to low-income families that seek to do individual repairs or build new homes. Most, if not all, of these contracts are directly between the beneficiary/lessee and their chosen contractor and NHHBG funds are used in the form of repair grants to enable low income households to obtain their needed repairs and ensure a safe and livable home. Further research on the Davis Bacon language suggests that the federal "intent" was to ensure that public projects (i.e. stemming out of the 1937 Public and Indian Housing Laws) complied with these wage requirement. However, as is found in the HOME and CDBG programs, a unit threshold may be more appropriate and applicable to NHHBG funds so that individual low-income families seeking to build or repair their homes are not forced to bear this burden of higher costs as they are the primary home owner and the State and Federal Governments are NOT.

In an attempt to reduce this burden to our low income native Hawaiian families, DHHL has changed our repair loan program to a repair grant program, as mentioned earlier. For programs that utilize NHHBG funds for down payment assistance or other means to offset the principal in building a home (i.e. RD Participation grants for interim construction), DHHL has structured the program so that these down payment funds are not drawn down until it is required for to reduce the principal or cover closing costs of the take out financing. DHHL has also discontinued the use of NHHBG funds for interim construction financing for the same reason, except for programs that are predominantly volunteer based (i.e. Habitat for Humanity).

Sources of Funds (Table I)

Explains the sources of funds that are available to DHHL for the housing activities. The information should be provided in table format and include: Funding Sources, Planned Amount, and Funds Actually Awarded (See Attachment 1 for a sample).

Funding Sources – A list of the grants, loans and donations that DHHL received to use for housing activities. Sources could include the NHHBG, other HUD grant programs, program income generated from NHHBG funds and activities, other federal grant programs, state grant programs, and private or commercial funding.

Planned Amount – A list of the planned amounts anticipated by DHHL to be received in the NHHP.

NHHBG \$8,700,000

Funds Actually Awarded – A list of the amounts actually received by DHHL from the various funding sources.

NHHBG \$8,700,000⁵

Narrative:

If funds actually received are different than planned amounts, explain why the planned amount was not realized and how planned activities are impacted.

Uses of NHHG Funds (Table II)

Compares the funds planned to be expended in the NHHP by planned allowable activities to the actual funds expended for allowable activities. The information should be presented in a table format and compares the planned number of units and the planned number of families to be assisted in the NHHP to the actual number of units started or completed and the actual number of families assisted during the reporting period and cumulatively. (See Attachment 2 for a sample)

Narrative:

Amount of NHHBG funds (principal only) invested as of this reporting period end date.

\$0

⁵ Note: Program income of \$28,971 was applied to prior grant year upon return of funds to LOCCS.

Table I - Sources of Funds

<u>Sources of Funds for NHHBG Activities</u>	<u>Planned Amount (from the NHHP)</u>	<u>Total Amount Actually Awarded</u>
1. HUD Resources		
a. Native Hawaiian Housing Block Grant	8,700,000	8,700,000
Planned Program Income	174,000	
b. Interest Income		19,219
b. Gains from Investments in Govt. Securities		9,751
		28,971
b. Less transfer of Program Income from 08HBGHI0001 TO 07HBGHI0001		(28,971)
2. Other Federal Resources (Refund of prior year's grant funds expended)		0
3. State Resources		0
4. Private Resources		0
5. Total Resources	<u>8,874,000</u>	<u>8,700,000</u>

Grant Number 08HBGHI0001/2
DHHL FYE: 6/30/11

Table 11a - Uses of NHHBG Funds

Activity	Year-to-Date 7/1/2010 - 6/30/2011					Cumulative-to-Date		
	Budgeted NHHBG (b)	Budgeted Other Amounts (c)	Grant (NHHBG) Funds Expended (d)	Other Funds Expended (e)	Grant (NHHBG) Funds Expended (f)	Other Funds Expended (g)	% of NHHBG Funds Obligated (h)	
(a)								
1. Development	7,540,000	174,000	58,569	0	58,569	0	7.5%	
a) Rental	0	0	0	0	0	0	0.0%	
b) Homeownership - Construction	5,000,000	174,000	0	0	0	0	0.0%	
Homeownership - Loans	1,000,000	0	0	0	0	0	12.5%	
Homeownership - Grants	1,540,000	0	58,569	0	58,569	0	0.7%	
2. Housing Services	575,000	0	352,433	0	405,236	0	111.3%	
3. Housing Management Services	0	0	0	0	0	0	0.0%	
4. Crime Prevention & Safety	50,000	0	0	0	0	0	0.0%	
5. Model Activities	100,000	0	0	0	0	0	0.0%	
6. Planning and Administration	435,000	0	0	0	0	0	8.7%	
7. Total	8,700,000	174,000	411,002	0	463,805	0	12.0%	

Table IIb – Uses of NHHBG Funds

Activity	Planned (from NHHF)		Units Completed				Families Assisted				
			Year to Date		Cumulative to Date		Year to Date		Cumulative to Date		
	Number of Units Planned	Number of Families Planned	Number of Units Completed	Number of Units Started, Not Completed	Number of Units Completed	Number of Units Started, Not Completed	Low Income Hawaiian Families	Non Low Income Hawaiian Families	Low Income native Hawaiian Families	Non Low Income native Hawaiian Families	Non Low Income native Hawaiian Families
(i)	(j)	(k)	(l)	(m)	(n)	(o)	(p)	(q)	(r)	(s)	(t)
1. Development											
a. Rental	Construction of New Units										
	0	0	0	0	0	0	0	0	0	0	0
	0	0	0	0	0	0	0	0	0	0	0
b. Homeownership	Rehabilitation										
	0	0	0	0	0	0	0	0	0	0	0
	0	0	0	0	0	0	0	0	0	0	0
2. Housing Services	Construction of New Units										
	50	50	0	0	0	0	0	0	0	0	0
	25	25	0	0	0	0	0	0	0	0	0
3. Housing Management Services	Rehabilitation										
	10	10	0	0	0	0	0	0	0	0	0
	25	25	0	0	0	0	233	0	233	0	0
4. Crime Prevention and Safety	Acquisition										
	0	0	0	0	0	0	0	0	0	0	0
	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
5. Model Activities (specify below)	Acquisition										
	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
6. Planning and Administration	Acquisition										
	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
7. Total	110	110	0	0	0	0	233	0	233	0	0

Acquisition includes down payment assistance, matched savings programs, subsidies, and subsidized Participation/Construction Loans
Planned Units based on NHHF.

Part I – Reporting on the One-Year Native Hawaiian Housing Plan (NHHP)

[NOTE: A separate Part I (that includes Tables I and II) must be completed for each open grant.]

Is this the final APR for this grant?

Check one:

☐ Yes

☒ No

Each year, the DHHL develops goals and objectives in the NHHP that describe the use of NHHBG funds. At the end of the program year, a report on the progress made towards achievement of the goals and objectives is provided to the public and to HUD.

1. Report on each of the one-year goals and objectives identified in the NHHP for this reporting period on a table format developed by the DHHL. The table should include the following information: Goal, Objective and Task Identification Number; Description of Goal, Objective or Task; Budgeted Amount by Goal, Objective or Task; Expended Amount by Goal, Objective or Task; Project or Program Description; and Accomplishments during the Program Year. Provide an explanation for any cost overruns or delays in completing Goals, Objectives or Tasks.

Highlights of FY 2010 - 2011

American Recovery and Reinvestment Act (ARRA)

From 2008 NHHP Amendment for ARRA:

Goal 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 for single-family housing.

Tasks and Activities:

- i. Construct infrastructure improvements for at least one single-family residential subdivision on the island of O'ahu to serve at least 20 eligible families and one on an outer island to serve at least 20 eligible families.

This goal, objective and task will not change as the ARRA funding will be focused on infrastructure development, specifically hard costs as per the ARRA regulations, in two different single-family residential subdivisions on O'ahu. The two projects targeted for the ARRA funding are Kaupuni Village, an 19⁶ unit development on the Leeward coast of O'ahu of which all 19 units will be reserved for NAHASDA eligible households, and East Kapolei II, a 1,000 unit master planned community located in the 'Ewa Plains of O'ahu. Approximately 20% of the 1,000 East Kapolei II units, or 200 units, will be reserved for NAHASDA eligible households. East Kapolei II is a multi-year, multi-increment development project and the ARRA funds will be focused on infrastructure improvements for East Kapolei II, increments B & C. House

⁶ Although the original ARRA Amendment to the 2008 NHHP indicates 18 units, the development was increased to accommodate 19 units.

construction for East Kapolei II is expected to begin in 2013 and should run through 2020⁷.

The Eligible Activity from the list provided is **(9) Site Improvements for Homeownership Housing**

Specific Tasks and Activities:

- i. Construct infrastructure improvements for one single-family residential subdivision on the island of O'ahu to serve at least 18 eligible families, when home construction is completed.
- ii. Begin infrastructure improvements for one single-family residential subdivision on the island of O'ahu to serve at least 47 eligible families, when home construction is completed.

During FY 2010 - 2011:

DHHL obligated \$10,200,000 in ARRA funds on three projects on the island of O'ahu. The status of each project is as follows:

Kaupuni Village (infrastructure) - includes grading and drainage, construction of roadway, sewer system, etc. This project is COMPLETE.

- Contractor: Royal Contracting Co., Ltd.
- Amount of contract: \$2,565,943.48
- Amount expended as of 6/30/2011: \$2,565,943.48
- Balance remaining as of 6/30/2011: \$0

Kaupuni Village (house construction) - NTP was given on 5/17/2010 and construction is COMPLETE and all families have moved in.

- Contractor: Hunt Building Co., Ltd.
- Amount of contract: \$3,558,320.02
- Amount expended as of 6/30/2011: \$3,558,320.02
- Balance remaining as of 6/30/2011: \$0

East Kapolei II (infrastructure) – focused on infrastructure improvements (mass grading) for East Kapolei II, increments B & C. NTP was given on 4/5/2010. Work is currently underway and is expected to be completed by December 2011.

- Contractor: Delta Construction Co.
- Amount of contract: \$4,075,736.50
- Amount expended as of 6/30/2011: \$2,970,799.64
- Balance remaining as of 6/30/2011: \$1,104,936.86

8. Are you on schedule to complete the 5-year goals identified in your NHHP?

Check one: ☒ Yes ☐ No

⁷ Although the original ARRA Amendment to the 2008 NHHP indicated an expectation for house construction to begin in 2011 and end in 2017, those dates have been revised accordingly and as noted here.

9. If the answer to #2 is no, explain causes for delays and how you plan to modify your program to meet your 5-year goals and objectives. N/A
10. How would you change your programs in general as a result of your experience with the implementation of NAHASDA?

Funds received through the American Recovery and Reinvestment Act (ARRA) will be used as specified by ARRA regulations and will not impact future implementation of NHHBG programs. However, since the ARRA funds are specific to infrastructure or house development, any funds that are received in the form of program income (i.e., from the sale of homes in Kaupuni) will be treated accordingly.

Sources of Funds (Table I)

Explains the sources of funds that are available to DHHL for the housing activities. The information should be provided in table format and include: Funding Sources, Planned Amount, and Funds Actually Awarded (See Attachment 1 for a sample).

Funding Sources – A list of the grants, loans and donations that DHHL received to use for housing activities. Sources could include the NHHBG, other HUD grant programs, program income generated from NHHBG funds and activities, other federal grant programs, state grant programs, and private or commercial funding.

Planned Amount – A list of the planned amounts anticipated by DHHL to be received in the NHHP.

ARRA/NHHBG \$10,200,000

Funds Actually Awarded – A list of the amounts actually received by DHHL from the various funding sources.

ARRA/NHHBG \$10,200,000

Narrative:

If funds actually received are different than planned amounts, explain why the planned amount was not realized and how planned activities are impacted.

Uses of NHHG Funds (Table II)

Compares the funds planned to be expended in the NHHP by planned allowable activities to the actual funds expended for allowable activities. The information should be presented in a table format and compares the planned number of units and the planned number of families to be assisted in the NHHP to the actual number of units started or completed and the actual number of families assisted during the reporting period and cumulatively. (See Attachment 2 for a sample)

Narrative:

Amount of NHHBG funds (principal only) invested as of this reporting period end date.

\$ 0.00

Table I - Sources of Funds

<u>Sources of Funds for NHHBG Activities</u>	<u>Planned Amount (from the NHP)</u>	<u>Total Amount Actually Awarded</u>
1. HUD Resources		
a. Native Hawaiian Housing Block Grant	\$10,200,000	\$10,200,000
2. Other Federal Resources (Refund of prior year's grant funds expended)		0
3. State Resources		0
4. Private Resources		0
5. Total Resources	\$10,200,000	\$10,200,000

Table IIb - Uses of NHHBG Funds

Activity		Planned (from NHHP)		Units Completed			Families Assisted						
		Number of Units Planned		Year to Date		Cumulative to Date		Year to Date				Cumulative to Date	
				Number of Units Completed	Number of Units Started, Not Completed	Number of Units Completed	Number of Units Started, Not Completed	Low Income native Hawaiian Families	Non Low Income native Hawaiian Families	Low Income native Hawaiian Families	Non Low Income native Hawaiian Families		
(i)	(j)	(k)	(l)	(m)	(n)	(o)	(p)	(q)	(r)	(s)	(t)	(u)	
1. Development													
	a. Rental	Construction of New Units	0	0	0	0	0	0	0	0	0	0	
		Acquisition	0	0	0	0	0	0	0	0	0	0	
	Rehabilitation	0	0	0	0	0	0	0	0	0	0	0	
b. Homeownership	Construction of New Units	12	12	0	12	0	12	0	0	12	0	0	
	Acquisition	0	0	0	0	0	0	0	0	0	0	0	
	Rehabilitation	0	0	0	0	0	0	0	0	0	0	0	
2. Housing Services		0	0	0	0	0	0	0	0	0	0	0	
3. Housing Management Services		0	0	0	0	0	0	0	0	0	0	0	
4. Crime Prevention and Safety		NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	
5. Model Activities (specify below)		NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	
6. Planning and Administration		NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	
7. Total		12	12	12	0	0	12	0	0	12	0	0	

Number of new construction units (12) based on actual prorated cost of house construction contract for Kaupuni, which is different from the 2008 ARRA Amendment which estimated 8 homes.

Part I – Reporting on the One-Year Native Hawaiian Housing Plan (NHHP)

[NOTE: A separate Part I (that includes Tables I and II) must be completed for each open grant.]

Is this the final APR for this grant?

Check one:

☐ Yes

☒ No

Each year, the DHHL develops goals and objectives in the NHHP that describe the use of NHHBG funds. At the end of the program year, a report on the progress made towards achievement of the goals and objectives is provided to the public and to HUD.

1. Report on each of the one-year goals and objectives identified in the NHHP for this reporting period on a table format developed by the DHHL. The table should include the following information: Goal, Objective and Task Identification Number; Description of Goal, Objective or Task; Budgeted Amount by Goal, Objective or Task; Expended Amount by Goal, Objective or Task; Project or Program Description; and Accomplishments during the Program Year. Provide an explanation for any cost overruns or delays in completing Goals, Objectives or Tasks.

Highlights of FY 2009 – 2010 (Program Year 8)

DHHL executed the grant agreement for NHHBG #09HBGHI0001 on September 4, 2009 and received notification that funds were available in LOCCS as of September 11, 2009.

2. Are you on schedule to complete the 5-year goals identified in your NHHP?

Check one:

☒ Yes

☐ No

3. If the answer to #2 is no, explain causes for delays and how you plan to modify your program to meet your 5-year goals and objectives. N/A
4. How would you change your programs in general as a result of your experience with the implementation of NAHASDA?

In order for DHHL to adequately administer the NHHBG funds, it is clear that adequate staffing is required. As soon as practicable, DHHL will follow the appropriate state procedures for approving and establishing NAHASDA specific staff positions to ensure that future program goals and objectives can be adequately implemented and monitored.

Once this is done, DHHL is considering moving up our NAHASDA Community Grant Cycle to better coincide with the actual NHHBG award date so that funds may be encumbered, and expended, in a more timely manner. Currently, the NAHASDA Community Grant Cycle is posted in March of the year following the grant award. For example, the 09HBGHI0001 grant was made available to DHHL on September 11, 2009, however, the Community Grant Cycle for the 2009 NHHP was posted in March 2010, it closed in May 2010, proposals were reviewed in June 2010, and recommendations/awards went to the HHL Chairman in August 2010. Applicants that are awarded have been notified, however, due to staffing shortages statewide

and statewide furloughs, the first 2010 NAHASDA Community Grant Cycle contract was not certified by DAGS until April 2011 with remaining contracts to follow. As of June 30, 2011, only 3 of the 8 contracts awarded were certified.

Sources of Funds (Table I)

Explains the sources of funds that are available to DHHL for the housing activities. The information should be provided in table format and include: Funding Sources, Planned Amount, and Funds Actually Awarded (See Attachment 1 for a sample).

Funding Sources – A list of the grants, loans and donations that DHHL received to use for housing activities. Sources could include the NHHBG, other HUD grant programs, program income generated from NHHBG funds and activities, other federal grant programs, state grant programs, and private or commercial funding.

Planned Amount – A list of the planned amounts anticipated by DHHL to be received in the NHHP.

NHHBG \$9,700,789

Funds Actually Awarded – A list of the amounts actually received by DHHL from the various funding sources.

NHHBG \$9,700,789

Narrative:

If funds actually received are different than planned amounts, explain why the planned amount was not realized and how planned activities are impacted.

Uses of NHHG Funds (Table II)

Compares the funds planned to be expended in the NHHP by planned allowable activities to the actual funds expended for allowable activities. The information should be presented in a table format and compares the planned number of units and the planned number of families to be assisted in the NHHP to the actual number of units started or completed and the actual number of families assisted during the reporting period and cumulatively. (See Attachment 2 for a sample)

Narrative:

Amount of NHHBG funds (principal only) invested as of this reporting period end date.

\$ 0.00

Table I - Sources of Funds

<u>Sources of Funds for NHHBG Activities</u>	<u>Planned Amount (from the NHHP)</u>	<u>Total Amount Actually Awarded</u>
1. HUD Resources		
a. Native Hawaiian Housing Block Grant	9,700,789	9,700,789
Planned Program Income	240,000	
b. Interest Income		0
b. P & I Repayments		0
2. Other Federal Resources (Refund of prior year's grant funds expended)		0
3. State Resources		0
4. Private Resources	0	0
5. Total Resources	<u>9,940,789</u>	<u>9,700,789</u>

Table IIa - Uses of NHHBG Funds

Activity	Year-to-Date					Cumulative-to-Date		
	7/1/2010 - 6/30/2011							
	Budgeted NHHBG	Budgeted Other Amounts	Grant (NHHBG) Funds Expended	Other Funds Expended	Grant (NHHBG) Funds Expended	Other Funds Expended	% of NHHBG Funds Obligated	
(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	
1. Development	8,260,000	240,000	0	0	0	0	1.6%	
a) Rental	0	0	0	0	0	0	0.0%	
b) Homeownership - Construction	5,760,000	240,000	0	0	0	0	0.0%	
Homeownership - Loans	1,500,000	0	0	0	0	0	0.0%	
Homeownership - Grants	1,000,000	0	0	0	0	0	13.9%	
2. Housing Services	450,000	0	0	0	26,612	0	84.6%	
3. Housing Management Services	0	0	0	0	0	0	0.0%	
4. Crime Prevention & Safety	25,000	0	0	0	0	0	0.0%	
5. Model Activities	25,000	0	0	0	0	0	0.0%	
6. Planning and Administration	940,789	0	0	0	0	0	0.0%	
7. Total	9,700,789	240,000	0	0	26,612	0	5.2%	

Table IIb - Uses of NHHBG Funds

Activity		Planned (from NHHF)		Units Completed				Families Assisted				
		Number of Units Planned	Number of Families Planned	Year to Date		Cumulative to Date		Year to Date		Cumulative to Date		
				Number of Units Completed	Number of Units Started, Not Completed	Number of Units Completed	Number of Units Started, Not Completed	Low Income Hawaiian Families	Non Low Income Hawaiian Families	Low Income Hawaiian Families	Non Low Income Hawaiian Families	Non Low Income Hawaiian Families
(i)		(j)	(k)	(l)	(m)	(n)	(o)	(p)	(q)	(r)	(s)	(t)
1. Development												
a. Rental	Construction of New Units	0	0	0	0	0	0	0	0	0	0	0
	Acquisition	0	0	0	0	0	0	0	0	0	0	0
	Rehabilitation	0	0	0	0	0	0	0	0	0	0	0
b. Homeownership	Construction of New Units	0	0	0	0	0	0	0	0	0	0	0
	Acquisition	0	0	0	0	0	0	0	0	0	0	0
	Rehabilitation	0	0	0	0	0	0	0	0	0	0	0
2. Housing Services		0	0	0	0	0	0	0	0	0	0	0
3. Housing Management Services		0	0	0	0	0	0	0	0	0	0	0
4. Crime Prevention and Safety		NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
5. Model Activities (specify below)		NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
6. Planning and Administration		NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
7. Total		0	0	0	0	0	0	0	0	0	0	0

Part I – Reporting on the One-Year Native Hawaiian Housing Plan (NHHP)

[NOTE: A separate Part I (that includes Tables I and II) must be completed for each open grant.]

Is this the final APR for this grant?

Check one: ☐ Yes ☒ No

Each year, the DHHL develops goals and objectives in the NHHP that describe the use of NHHBG funds. At the end of the program year, a report on the progress made towards achievement of the goals and objectives is provided to the public and to HUD.

1. Report on each of the one-year goals and objectives identified in the NHHP for this reporting period on a table format developed by the DHHL. The table should include the following information: Goal, Objective and Task Identification Number; Description of Goal, Objective or Task; Budgeted Amount by Goal, Objective or Task; Expended Amount by Goal, Objective or Task; Project or Program Description; and Accomplishments during the Program Year. Provide an explanation for any cost overruns or delays in completing Goals, Objectives or Tasks.

Highlights of FY 2009 – 2010 (Program Year 8)

DHHL executed the grant agreement for NHHBG #10HBGHI0001 on September 30, 2010 and received notification that funds were available in LOCCS as of August 26, 2010.

5. Are you on schedule to complete the 5-year goals identified in your NHHP?

Check one: ☒ Yes ☐ No

6. If the answer to #2 is no, explain causes for delays and how you plan to modify your program to meet your 5-year goals and objectives. N/A
7. How would you change your programs in general as a result of your experience with the implementation of NAHASDA?

In order for DHHL to adequately administer the NHHBG funds, it is clear that adequate staffing is required. As soon as practicable, DHHL will follow the appropriate state procedures for approving and establishing NAHASDA specific staff positions to ensure that future program goals and objectives can be adequately implemented and monitored.

Once this is done, DHHL is considering moving up our NAHASDA Community Grant Cycle to better coincide with the actual NHHBG award date so that funds may be encumbered, and expended, in a more timely manner. Currently, the NAHASDA Community Grant Cycle is posted in March of the year following the grant award.

For example, the 09HBGHI0001 grant was made available to DHHL on September 11, 2009, however, the Community Grant Cycle for the 2009 NHHP was posted in March 2010, it closed in May 2010, proposals were reviewed in June 2010, and recommendations/awards went to the HHL Chairman in August 2010. Applicants

that are awarded have been notified, however, due to staffing shortages statewide and statewide furloughs, the first 2010 NAHASDA Community Grant Cycle contract was not certified by DAGS until April 2011 with remaining contracts to follow. As of June 30, 2011, only 3 of the 8 contracts awarded were certified.

Sources of Funds (Table I)

Explains the sources of funds that are available to DHHL for the housing activities. The information should be provided in table format and include: Funding Sources, Planned Amount, and Funds Actually Awarded (See Attachment 1 for a sample).

Funding Sources – A list of the grants, loans and donations that DHHL received to use for housing activities. Sources could include the NHHBG, other HUD grant programs, program income generated from NHHBG funds and activities, other federal grant programs, state grant programs, and private or commercial funding.

Planned Amount – A list of the planned amounts anticipated by DHHL to be received in the NHHP.

NHHBG \$12,700,000

Funds Actually Awarded – A list of the amounts actually received by DHHL from the various funding sources.

NHHBG \$12,700,000 + \$180,000 Program Income = \$12,880,000

Narrative:

If funds actually received are different than planned amounts, explain why the planned amount was not realized and how planned activities are impacted.

Uses of NHHG Funds (Table II)

Compares the funds planned to be expended in the NHHP by planned allowable activities to the actual funds expended for allowable activities. The information should be presented in a table format and compares the planned number of units and the planned number of families to be assisted in the NHHP to the actual number of units started or completed and the actual number of families assisted during the reporting period and cumulatively. (See Attachment 2 for a sample)

Narrative:

Amount of NHHBG funds (principal only) invested as of this reporting period end date.

\$ 0.00

Table I - Sources of Funds

<u>Sources of Funds for NHHBG Activities</u>	<u>Planned Amount (from the NHHP)</u>	<u>Total Amount Actually Awarded</u>
1. HUD Resources		
a. Native Hawaiian Housing Block Grant	12,700,000	12,700,000
Planned Program Income	180,000	
b. Interest Income		0
b. P & I Repayments		0
2. Other Federal Resources (Refund of prior year's grant funds expended)		0
3. State Resources		0
4. Private Resources	0	0
5. Total Resources	<u>12,880,000</u>	<u>12,700,000</u>

Table Iia - Uses of NHHBG Funds

Activity (a)	Year-to-Date 7/1/2010 - 6/30/2011						Cumulative-to-Date		
	Budgeted NHHBG	Budgeted Other Amounts	Grant (NHHBG) Funds Expended	Other Funds Expended	Grant (NHHBG) Funds Expended	Other Funds Expended	% of NHHBG Funds Obligated		
	(b)	(c)	(d)	(e)	(f)	(g)	(h)		
1. Development	10,600,000	180,000	0	0	0	0	0.0%		
a) Rental	0	0	0	0	0	0	0.0%		
b) Homeownership - Construction	6,820,000	180,000	0	0	0	0	0.0%		
Homeownership - Loans	1,780,000	0	0	0	0	0	0.0%		
Homeownership - Grants	2,000,000	0	0	0	0	0	0.0%		
2. Housing Services	780,000	0	0	0	0	0	0.0%		
3. Housing Management Services	0	0	0	0	0	0	0.0%		
4. Crime Prevention & Safety	25,000	0	0	0	0	0	0.0%		
5. Model Activities	25,000	0	0	0	0	0	0.0%		
6. Planning and Administration	1,270,000	0	0	0	0	0	0.0%		
7. Total	12,700,000	180,000	0	0	0	0	0.0%		

Table IIb - Uses of NHHBG Funds

Activity	Planned (from NHHF)		Units Completed				Families Assisted					
	Number of Units Planned	Number of Families Planned	Year to Date		Cumulative to Date		Year to Date		Cumulative to Date		Non Low Income native Hawaiian Families	Non native Hawaiian Families
			Number of Units Completed	Number of Units Started, Not Completed	Number of Units Completed	Number of Units Started, Not Completed	Low Income native Hawaiian Families	Non Low Income native Hawaiian Families	Low Income native Hawaiian Families	Non Low Income native Hawaiian Families		
(i)	(j)	(k)	(l)	(m)	(n)	(o)	(p)	(q)	(r)	(s)	(t)	(u)
1. Development												
a. Rental												
	0	0	0	0	0	0	0	0	0	0	0	0
	0	0	0	0	0	0	0	0	0	0	0	0
b. Homeownership												
	0	0	0	0	0	0	0	0	0	0	0	0
	0	0	0	0	0	0	0	0	0	0	0	0
2. Housing Services												
3. Housing Management Services	0	0	0	0	0	0	0	0	0	0	0	0
4. Crime Prevention and Safety	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
5. Model Activities (specify below)	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
6. Planning and Administration	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
7. Total	0	0	0	0	0	0	0	0	0	0	0	0

Part II – Reporting on Program Year Accomplishments

[This Part is not grant specific. A single Part II consisting of Sections A through C (including the Inspection of Assisted Housing table), is to be prepared and submitted at the end of each fiscal year and will cover all open grants.]

SECTION A – ASSESSMENT

1. Self-Assessment: Sec. 819(b) of the NAHASDA requires the DHHL to annually review its activities and to include the results of this review in its APR. Under this section, provide a narrative briefly describing the activities monitored, the findings of the DHHL related to these activities, actions planned to address significant deficiencies, and any specific actions conducted to monitor sub-recipients.

Staff Shortage

Although HUD approved an increase in administrative funding for DHHL to implement NHHBG programs in 2008, the current predicament of the State of Hawai'i and the economy in general and the continued challenges that DHHL has had with receiving state approval for the creation of NAHASDA specific positions in this abysmal economic environment may impact DHHL's ability to adequately staff the NAHASDA positions needed as well as other DHHL positions.

Due to the vacancy of the administrative position for the NHHBG program, and the lack of authority at the state level to fill the said vacancy, the NAHASDA Resource Management Specialist has been the sole staff position available to accomplish the tasks required for each of the two positions, with support from a clerical position. ARRA placed an added burden on existing staff with the extensive reporting requirements at both the state and federal levels. Please note that all current NAHASDA positions are "borrowed" from the state and that no NAHASDA specific positions currently exist.

Although DHHL provided justification for establishing NAHASDA specific positions and had the positions approved by the state legislature last fiscal year, the positions were abolished during the state's attempt to reconcile the state budget. This resulted in a loss of most, if not all, vacant and newly created positions for DHHL. In addition, due to this recent economic down-turn and state budget crisis, all state workers, including those funded with federal dollars (such as the NAHASDA positions), were required to take a mandatory pay cut and two furlough days per month. This staff shortage impacts NAHASDA directly by limiting what DHHL can do to fill needed NAHASDA positions and indirectly by limiting what DHHL can provide in the way of non NAHASDA staff support.

DHHL is now required to re-create and re-establish, pending governor's approval, the needed NAHASDA positions. DHHL plans to begin this process again once the appropriate approvals have been received at the state level.

Contract Monitoring

DHHL monitors all contracts funded with NHHBG funds through the various departments that administer the specific activity of the contract. For example, contracts for development (site development or house development) are monitored by the appropriate Project Manager located in our Land Development Division. Contracts that are funded through the NAHASDA Community Grant Cycle (subrecipient agreements) or that are required for program implementation (i.e. Lead-Based Paint) are monitored by the NAHASDA Resource Management

Specialist. Contracts that are HOAP specific are monitored by the HOAP Manager. The NAHASDA Resource Management Specialist coordinates, as time permits, all various reports for HUD purposes. Although quarterly updates were provided to HUD in the past, this was not possible during this past fiscal year due to staff shortages.

Sub Recipient Monitoring

Although the implementation of regular site visits for all subrecipients were included in DHHL's self monitoring plan, no physical site visits were conducted during this fiscal year due to the staff shortages noted previously. Subrecipient monitoring was limited to the quarterly reports that are submitted to DHHL and phone calls.

Training

Currently, DHHL has 4 staff positions that are funded through NAHASDA. Two NAHASDA staff have completed Management Concepts' Grants Management Certificate Program for the Pass-Through Track, and one NAHASDA staff has completed the Recipient Track. Three of the four NAHASDA staff, as well as other DHHL staff, have completed the HUD sponsored Environmental Review Training, Davis Bacon Training, and Self Monitoring Training. DHHL is making every effort to ensure that all staff that utilize NHHBG funds (i.e. LDD, HOAP) receives adequate training, as applicable.

As a part of the DHHL's self monitoring plan, DHHL had several staff attend the HUD sponsored Self Monitoring Training and is either doing or considering the following:

1. Insurance for all NAHASDA assisted units – DHHL has implemented a tracking mechanism by adding the appropriate data fields to the existing DHHL data system. This will assist DHHL with the overall tracking of insurance and useful life requirements of NAHASDA. DHHL has outsourced department's loan servicing function and the vendor will be able to force place insurance for NHHBG funded loans. However, this vendor can not force place insurance for NHHBG grants – this would be a NHHBG assisted unit that does not have an outside or DHHL loan and must be tracked by DHHL. In this case, DHHL is formulating procedures that may likely include providing HOAP services (specific to insurance education and budgeting) to all potential recipients of NHHBG grants that will not have an existing loan in place at the time of assistance. Should the lessee fail to maintain their insurance during the useful life of the unit, DHHL may use loan funds to pay for insurance (once a vendor is on board) and the lessee will be required to repay the loan and can then be serviced by the loan services vendor.
2. Labor Standards Compliance – the DHHL currently has a Labor Compliance Specialist (that is not NAHASDA funded) that reviews all NAHASDA projects for compliance with the Davis Bacon wage requirements, as applicable. Although an assessment of this position indicated that an additional, NAHASDA specific, staff would be justified, DHHL has not been able to create or fill this position due to the staff issues noted above. Instead, DHHL has reassigned one additional staff, part time, to assist the existing Labor Compliance Specialist.
3. Environmental Review Records for NAHASDA projects – are currently reviewed by the NAHASDA Resource Management Specialist, as time permits. Several of the LDD staff attended the recent HUD sponsored Environmental Review Training and either the appropriate Project Manager or one of the LDD staff will be responsible for reviewing the ERR's that are completed by consultants.

4. Procurement - All procurement of services and goods are guided by the Hawai'i Public Procurement Code, Hawai'i Revised Statutes (HRS), Chapters 103D and 103F, in addition to 24 CFR Part 85.36. The DHHL Fiscal Office and/or the State Procurement Office reviews all contracts to ensure compliance. In addition to state resources as they pertain to procurement (i.e. online access), DHHL staff has created a Procurement Manual that is updated, as needed.
5. Subrecipient Monitoring – until staffing issues are resolved, subrecipient monitoring will be done through reports submitted to DHHL by the subrecipient and via phone. DHHL is considering contracting a vendor to provide this service.
6. Useful Life Tracking – DHHL has implemented a tracking mechanism by adding the appropriate data fields to the existing DHHL data system. This will assist DHHL with the overall tracking of insurance and useful life requirements of NAHASDA. DHHL has also implemented appropriate transfer procedures that will allow DHHL to ensure that units assisted with NHHBG funds are kept "affordable" for the useful life of the unit or that a pro-rated portion of the NHHBG funds originally used to assist the low income household are repaid in the event that the unit is transferred to a non-income eligible household. Although the oversight of this monitoring falls with the NAHASDA Resource Management Specialist, it takes a coordinated effort from staff in various DHHL departments to adequately monitor the NHHBG assisted units.
7. NHHBG Eligibility – Subrecipients are, for the most part, responsible for the determination of NHHBG eligibility, that is, NHHBG household income. When subrecipient monitoring resumes, subrecipients files will be spot-checked for completeness of income eligibility documents. For some subrecipients, usually the newer organizations or any organization that has shown inconsistent ability to verify income of potential NAHASDA eligible households, eligibility will be verified by a contractor through our HOAP program. Eligibility to reside on Hawaiian Home Lands is dictated by the Hawaiian Homes Commission Act and is implemented by DHHLs Application Branch.

Although self monitoring efforts may continue to be hampered during the next fiscal year due to staffing issues, all existing DHHL staff (even staff whose positions are not funded by NHHBG) are committed to fulfilling DHHLs obligations to ensure the continued funding of the NHHBG. DHHL hopes to put together a NAHASDA procedure/self-monitoring manual, as soon as practicable.

2. Assisted Housing Unit Inspection: Sec. 819(b)(2) specifies that self-assessment must include an on-site inspection of housing units assisted with NHHBG funds. A summary of the results of the assisted housing units inspected in this reporting period should be included in the APR in table format.

Rental Units - During this reporting period, there were no NAHASDA assisted rental units constructed on Hawaiian home lands; therefore, no rental inspections were conducted.

Single Family Homes - As a standard practice, and as required for all construction that is permitted (i.e. via county permitting process) in the State of Hawai'i, DHHL requires it's developers and individual lessees to comply with county building codes, standards, and processes. In general, county building codes require that the county conduct periodic inspections at key intervals during construction. The various county

codes may vary between county and typically cover plumbing, electrical, building, housing, land use, energy, and fire.

For example, the City and County of Honolulu conducts monitoring inspections for the building, land use, housing, and energy codes with a call in for final building code inspection. In addition, contractors or developers are required to call in for electrical, plumbing, and final building inspection. Electrical and plumbing call in (call in and schedule the inspection) is required at the various building stages of underground, rough in, fixture installation, and final inspections.

Although DHHL has always required our lessees and developers to comply with county building codes, we have not tracked this for HUD or other purposes. However, as a way of complying with HUD's requirement that all NHHBG assisted units be adequately inspected for the safety of the dwelling prior to occupancy, DHHL has begun to implement a process by which the county issued Certificate of Completion, Certificate of Occupancy, or other appropriate documentation (i.e. from county web sites or county offices) be collected and kept in the useful life file.

This process has been much easier to implement for projects that DHHL has direct control over (i.e. infrastructure/house construction projects) as opposed to Subrecipient Agreements that may not contain the appropriate language in the contract for DHHL to enforce the collection of these Certificates nor does DHHL have adequate staff to constantly monitor and remind Subrecipients of this requirement. In any case, to the extent practicable, DHHL has begun to work with Subrecipients in an attempt to satisfy this HUD requirement and ensure that all NHHBG assisted units have documentation of adequate inspection prior to occupancy.

Inspection of Assisted Housing (Table III)

Provide the information in table format summarizing the results of assisted housing unit inspection. The table should include the following information: Type of Housing; Total Number of Assisted Housing; Number of Units Inspected; Number of Units in Standard Condition; Number of Units Needing Moderate Rehabilitation (costing less than \$20,000); Number of Units Needing Substantial Rehabilitation (costing more than \$20,000); and Number of Units Needing Replacement (See Attachment 3 for a sample).

Table III – Inspection of Assisted Housing

Type of Housing	Total Number of Assisted Units	Units Inspected				
		Total Number of Units Inspected	Number of Units in Standard Condition	Number of Units Needing Moderate Rehabilitation (costing less than \$20,000)	Number of Units Needing Substantial Rehabilitation (more than \$20,000)	Number Units Needing Replacement
Homeownership (New Build)	54	40	40	0	0	0
Rental (NA)	0	0	0	0	0	0
Total	54	40	40	0	0	0

As noted in previous APR's, ALL units built on Hawaiian Home Lands are required to comply with the respective county building process to include permitting and compliance with applicable county building codes. As of this reporting period, DHHL has begun to

collect the county issued Certificate of Occupancy or similar document indicating that the unit has met applicable county inspection requirements. For DHHL infrastructure projects, DHHL collected 40 Certificates of Occupancy during FYE June 30, 2011, predominantly in Kaupuni (19 of 19 units assisted) and Kānehili (20 of 21 units assisted), and one (1) from the County Repair Program.

For La'i 'Ōpua (0 of the 5 units assisted), Piilani mai ke Kai (0 of 3 units assisted) and Kumuhau (0 of 3 units assisted), none of the Certificates have been collected and DHHL is working with the respective house construction contractors to make this request of the county and submit the applicable Certificates of Occupancy to DHHL accordingly. These house construction contracts are still underway and the contractor may be batching their requests to the county. In any case, as stated above, ALL units built on Hawaiian Home Lands are required to comply with the respective county building process and DHHL has agreed to collect the Certificate of Occupancy to address HUD's concern about inspection of units and to document the NHHBG assisted files accordingly. DHHL is confident that the homes under construction are being adequately inspected.

The ability of DHHL to collect the county Certificate of Occupancy for any unit assisted via our Subrecipient Agreements (i.e. Habitat or IDA programs) has proven a bit more challenging as those terms and conditions were not part of the applicable Subrecipient Agreement. In any case, every attempt is being made to work with the applicable Subrecipient and collect the applicable Certificate of Occupancy, although those numbers may not be reflected here.

SECTION B – PUBLIC ACCOUNTABILITY

Section 820(d) of NAHASDA requires the DHHL to make the APR available for public comment and to provide a summary of any comments received from beneficiaries with the submission to HUD.

On September 19, 2010, a draft of the APR for DHHL FYE 6/30/11 for Grant Numbers: 07HBGHI0001/2, 08HBGHI0001/2, 08SHGHI0001, 09HBGHI0001 and 10HBGHI0001 was sent (via either email or snail mail) to the following organizations and individuals for comment.

The leadership of the Hawaiian home communities and the Hui Kāko'o 'Āina Ho'opulapula (Hui Kāko'o), which represents the applicants on the DHHL waiting lists, as follows:

Island	Organization
Statewide	Hui Kāko'o 'Āina Ho'opulapula
	Sovereign Councils of Hawaiian Homelands Assembly
O'ahu	Papakōlea Community Development Corporation
	Kalāwahine Streamside Association
	Kānehili - East Kapolei 1 Undivided Interest
	Kapolei Community Development Corporation
	Kaupe'a Homestead Association
	Kewalo Hawaiian Homestead Community Assn.
O'ahu	Malu'ohai Residents Association
	Nānākuli Hawaiian Homestead Community Association
	Papakōlea Community Association
	Princess Kahanu Estates Hawaiian Homes Assoc.
	Wai'anae Kai Homestead Association
	Wai'anae Valley Homestead Association
	Waimānalo Hawaiian Homes Association
Moloka'i	Ahupua'a O Moloka'i
	Ho'olehua Homestead Agriculture Association
	Ho'olehua Homestead Association
	Kalama'ula Hawaiian Homestead Association
	Kalama'ula Mauka Homestead Association
	Kamiloloa-One Ali'i Homestead Association
	Kapa'akea Homesteaders Association
	Moloka'i Homestead Farmers Alliance
	Moloka'i Livestock Association
Maui	Ka 'Ohana O Kahikinui
	Kēōkea Homestead Farm Lots Association
	Paukūkalo Hawaiian Homestead Community Association
	Villages of Leiali'i Association
	Waiehu Kou Community Homestead Assn
	Waiehu Kou Phase 3 Association, Inc.
	Waiehu Kou Phase IV
	Waiehu Kou Residence Lots, Phase 2 Assn.
	Waiohuli Hawaiian Homesteaders, Inc.
Kaua'i	Anahola Hawaiian Homes Association
	Anahola Hawaiian Land Farm Lots Association
	Kekaha Hawaiian Homestead Association

	Pi'ilani Mai Ke Kai
Hawai'i-West	Kailapa Community Association
	Kaniohale at the Villages of La'i 'Ōpua
	Kawaihae Puaka'ilima Community Association
	La'i 'Ōpua 2020
	Waimea Hawaiian Homestead Association Inc.
Hawai'i-East	Kaumana Hawaiian Home Lands Assoc
	Keaukaha Community Association
	Keaukaha-Pana'ewa Farmers Association
	Maku'u Farmers Association
	Pana'ewa Hawaiian Home Lands Community Association
	Pi'ihonua Homestead Community Association

The Housing Directors in the State of Hawai'i as follows:

- 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)

The Hawaiian Service Institutions and Agencies (HSIA) as follows:

- 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.

Department of Hawaiian Home Lands Administrators as follows:

- Albert "Alapaki" Nahale-a, HHC Chairman
- Michelle Kauhane, Deputy to the HHC Chairman
- M. Wai'ale'ale Sarsona, Chief of Staff
- William (Kamana'o) Mills, Special Assistant, Hawaiian Home Land (HHL) Claims
- Rodney Lau, Administrative Services Officer
- James Pao, Fiscal Management Officer
- Darrell Yagodich, Planning Program Manager
- Dean Oshiro, Homestead Services Administrator
- Linda Chinn, Land Management Division Administrator
- Sandra S. Pfund, Land Development Division Administrator

Comments were received from the following individuals and incorporated into the APR, as applicable:

- Pamel Gorniak, community member
- Ben Henderson, Executive Director, Queen Lili'uokalani Children's Center