

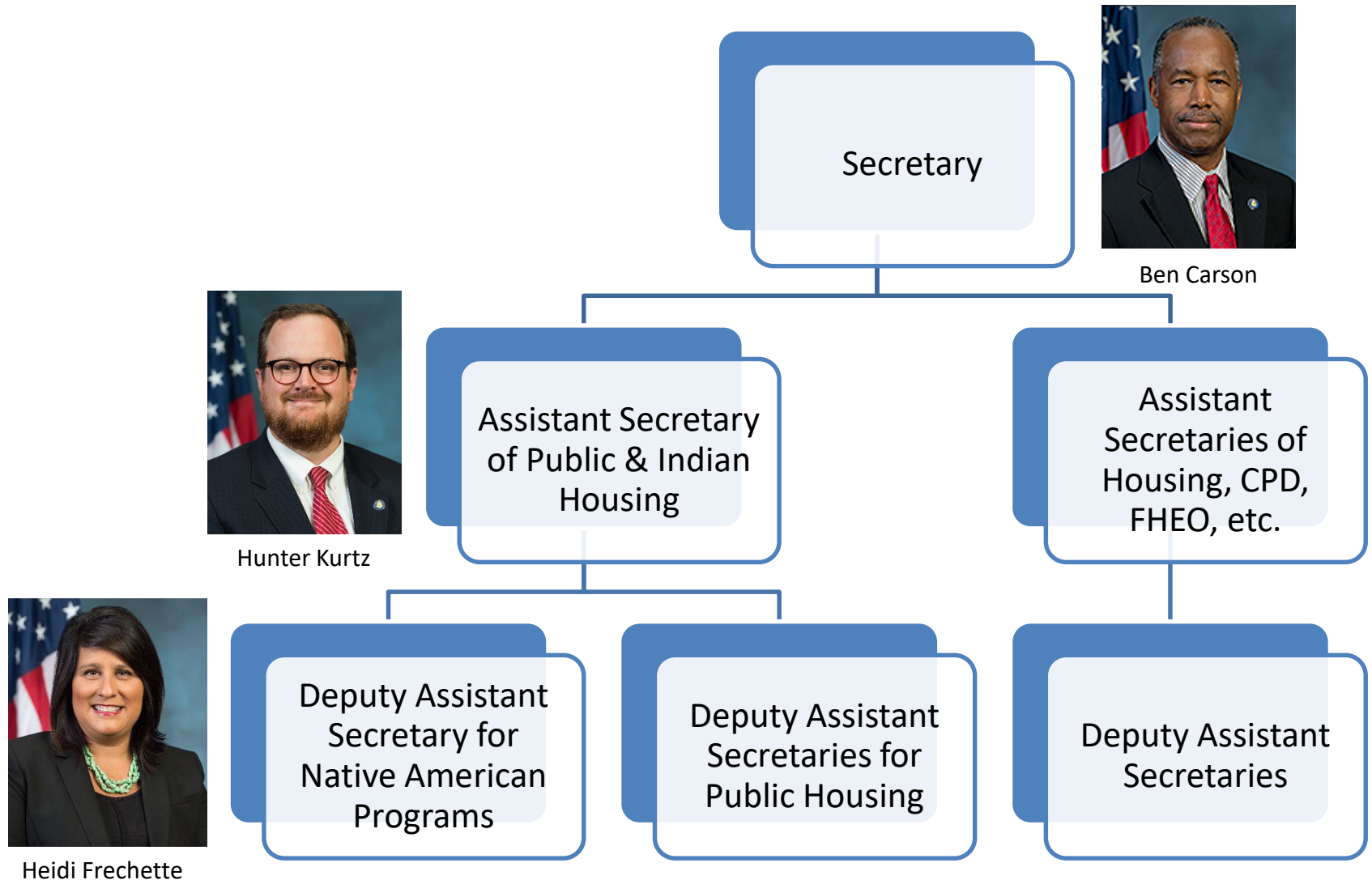
HUD

Native Hawaiian

Housing Programs



HUD Office of Native American Programs (ONAP)



HUD Office of Native American Programs (ONAP)

Deputy Assistant Secretary for Native American Programs
(includes Native Hawaiian Programs)

Directors for...Headquarters Operations;
Field Operations; Grants Management;
Grants Evaluation; Performance and
Planning

Director for Office of Loan Guarantee
(includes Sections 184 & 184A
and Title VI programs)

Administrator Eastern Woodlands AONAP
(Chicago, IL) – IHBG & ICDBG

Administrator Southern Plains AONAP (Oklahoma City, OK) – IHBG & ICDBG

Administrator Northern Plains AONAP (Denver, CO) – IHBG & ICDBG

Administrator Southwest AONAP (Phoenix, AZ) – IHBG & ICDBG

Administrator Northwest AONAP (Seattle, WA) – IHBG & ICDBG

Administrator Alaska Area ONAP (Anchorage, AK) – IHBG & ICDBG



Native American Programs

Native American Housing Assistance and Self-Determination Act (NAHASDA) of 1996

❖ Indian Housing Block Grant (IHBG)

- Formula grant to Federally recognized Indian Tribes to provide affordable housing opportunities for low-income Native Americans and Alaska Natives

❖ Title VI Loan Guarantee for IHBG Recipients

- Leverages IHBG to finance affordable housing activities

Other Programs that provide housing assistance for Native Americans and Alaska Natives

❖ Indian Community Development Block Grant (ICDBG)

- Competitive grant to Indian Tribes, Bands, Nations & Alaska Native Villages for Housing, Community Facilities, and Economic Development

❖ Section 184 Native American Housing Loan Guarantee

- Homeownership loan for Indian Tribal Members and Alaska Natives
- On Indian Reservation or Designated Indian Operating Areas = “Indian Area”

Native Hawaiian Programs



Native American Housing Assistance and Self-Determination Act (NAHASDA) of 1996

Amended in 2000 to add Title VIII – Housing Assistance for Native Hawaiians

❖ Native Hawaiian Housing Block Grant (NHHBG)

- Provides affordable housing opportunities to low-income Native Hawaiian families eligible to reside on Hawaiian home lands

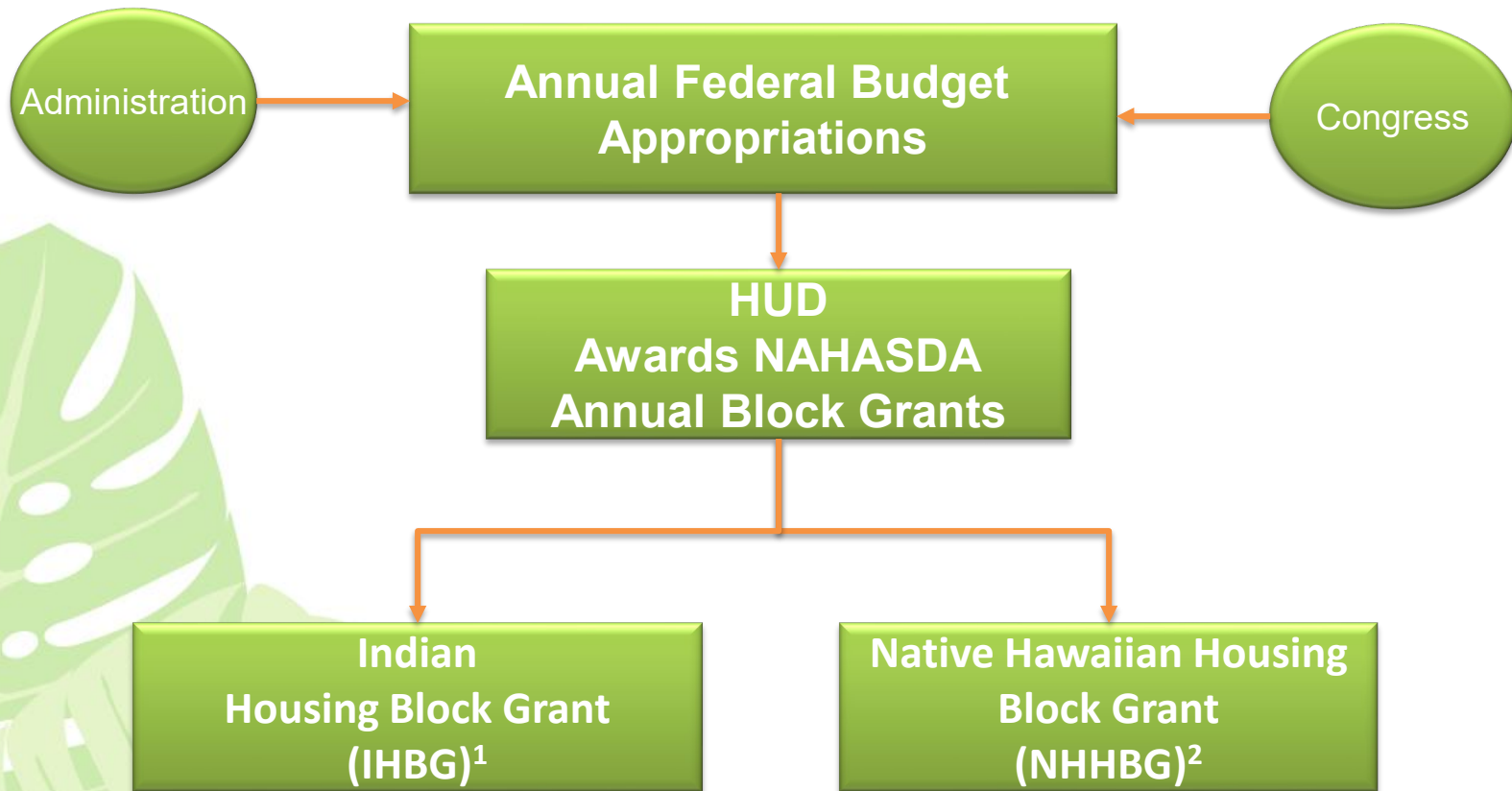
Housing & Community Development Act (HCDA) of 1992

Amended in 2000 to add Section 184A - Loan Guarantees for Native Hawaiian Housing

❖ Section 184A Native Hawaiian Housing Loan Guarantee

- Homeownership loan for Native Hawaiians on Hawaiian home lands

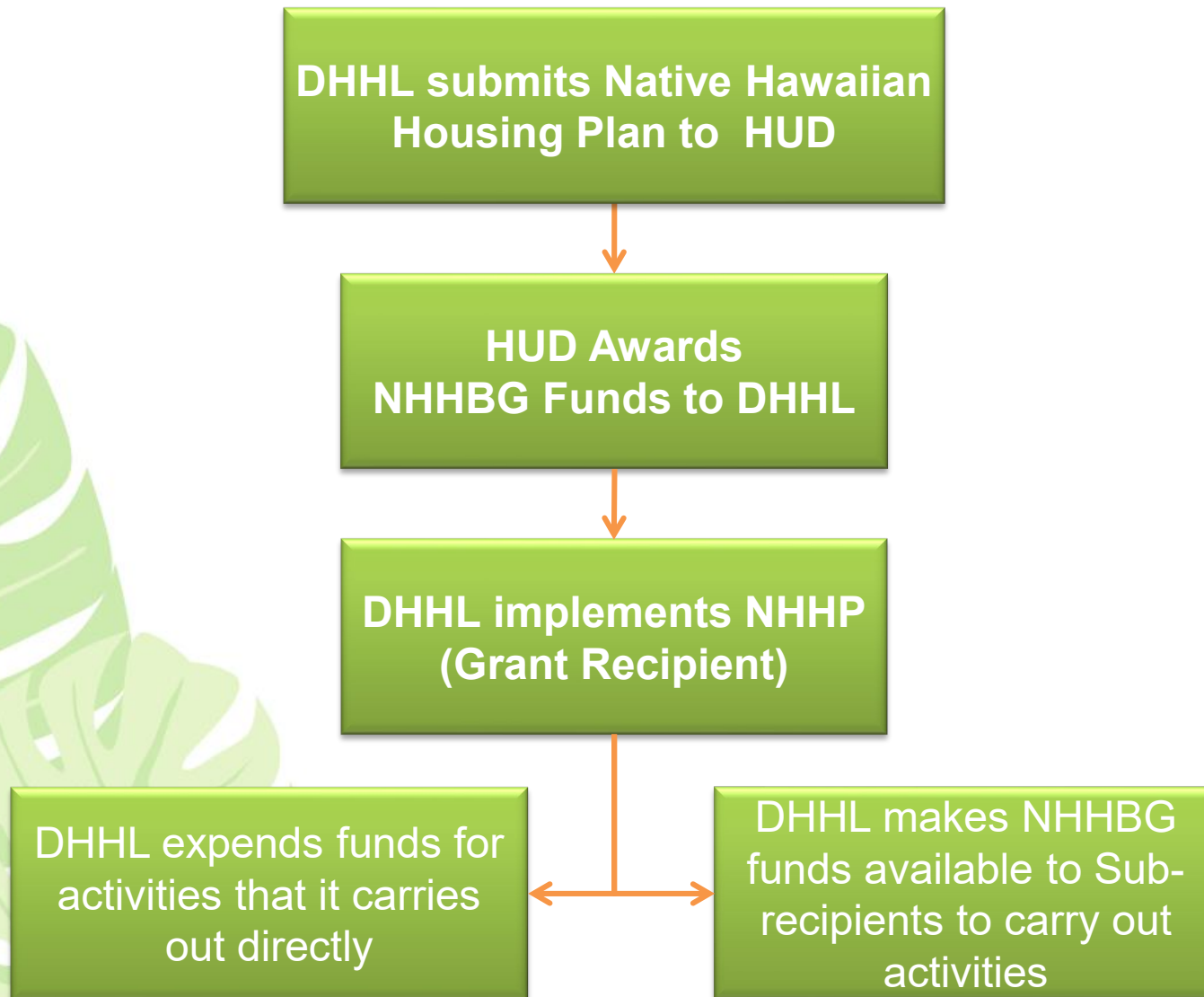
Appropriation to Grant Process



¹Entire Allocation divided among & directed to Tribes based on formula

² Entire Allocation directed to DHHL

Appropriation to Grant Process



Native Hawaiian Housing Block Grant (NHHBG)

NHHBG provides *affordable housing* opportunities to *low-income Native Hawaiian families* eligible to reside *on Hawaiian home lands*

- **Affordable Housing:** housing that is developed or assisted with NAHASDA; housing that meets the requirements of NAHASDA.
- **Low-income:** not exceeding 80% of the median income for the area.
- **Native Hawaiian Families:** DHHL determines eligibility to reside on Hawaiian home lands pursuant to the Hawaiian Homes Commission Act.
- **Housing Area:** on Hawaiian home lands for homeownership; on and off Hawaiian home lands for rental assistance (per 2018-2020 appropriation language).

NHHBG Eligible Activities

- ❖ **NHHBG must be used for eligible activities consistent with the Native Hawaiian Housing Plan**
 - **DEVELOPMENT**—The acquisition, new construction, reconstruction, or moderate or substantial rehabilitation of affordable housing
 - **HOUSING SERVICES**—The provision of housing-related services for affordable housing
 - **HOUSING MANAGEMENT SERVICES**—The provision of management services for affordable housing
 - **CRIME PREVENTION AND SAFETY ACTIVITIES**—The provision of safety, security, and law enforcement measures and activities appropriate to protect residents of affordable housing from crime
 - **MODEL ACTIVITIES**—Housing activities under model programs that are designed to carry out the purposes of NAHASDA; and *specifically approved by the Secretary*

Native Hawaiian Housing Plan

- ❖ **NHHBG must be used for eligible activities consistent with the Native Hawaiian Housing Plan**
 - **DHHL must submit a housing plan for each Federal fiscal year**
 - **Five-year Plan:**
 - ✓ Mission statement
 - ✓ Goals and objectives
 - ✓ Activities plan
 - **One-year Plan:**
 - ✓ Goals and objectives
 - ✓ Statement of needs/Planned fiscal year activities
 - ✓ Financial resources/Budget – sources & uses of funding
 - ✓ Affordable housing resources
 - ✓ Other: Useful life affordability period; Model activities
 - ✓ Certifications of compliance
 - **DHHL must submit any amendment to the 1-year plan for HUD review before undertaking new activities not included in the current plan**
 - **HUD will review Housing Plan to determine compliance with NAHASDA**

Administrative Expenses

❖ Up to such amount authorized by HUD

- **HUD authorizes DHHL** to budget and expend up to 20% of each grant award for reasonable administrative and planning expenses
- **ADMINISTRATIVE & PLANNING COSTS**—Related to carrying out NAHASDA and activities assisted with NHHBG funds
 - ✓ Wages and related costs of DHHL staff
 - ✓ Travel costs related to carrying out NHHBG program
 - ✓ Administrative services performed under third-party contracts – e.g., audit services; preparation of housing plan and reports; monitoring activities, etc.
 - ✓ Goods and services required for administration of program – e.g., rental/purchase of equipment, insurance, utilities, office supplies, rental and maintenance of office space

NHHBG Requirements

❖ DHHL and all Sub-recipients must comply with statutory and regulatory requirements

- **Statute:** Title VIII of the Native American Housing Assistance and Self-Determination Act (NAHASDA)
- **Regulation:** 24 CFR Part 1006 and other federal regulations and requirements:
 - Eligible Activities
 - Native Hawaiian Housing Plan
 - Monitoring
 - Annual Performance Report
 - Federal Financial Report
 - Annual Audit Report
 - Eligible Families
 - Affordability Restriction and Binding Commitments

NHHBG Requirements

❖ DHHL and all Sub-recipients must comply with statutory and regulatory requirements (continued)

- Insurance Coverage – assisted units; contractor activities
- Program Income
- Labor Standards (Davis-Bacon wage rates and related Acts)
- Environmental Review
- Nondiscrimination
- Administrative Requirements / Cost Principles / Procurement / Conflict of Interest / Audit Requirements – 2 CFR Part 200
- Lead-Based Paint – 24 CFR Part 35
- Drug-Free Workplace – Drug Free Workplace Act of 1988
- Displacement and Relocation – 49 CFR Part 24
- Housing Counseling – Section 106 of the HUD Act of 1968
- Employment, Contracting & Training Opportunities – Section 3 of the HUD Act of 1968

NHHBG Requirements

- **One Primary Objective of Title VIII of NAHASDA** is to assist and promote affordable housing activities to develop, maintain, and operate affordable housing in safe and healthy environments for occupancy by **low-income** Native Hawaiian families. [Section 809 of NAHASDA]
- **Eligible Families – Section 809(a)(2) NAHASDA; § 1006.301**
 - ▶ Generally limited to low-income Native Hawaiian families who are eligible to reside on Hawaiian home lands
 - ▶ Exception to low-income requirement:
 - ✓ Homeownership assistance to **non low-income** NH families, as approved by HUD to address a need for housing that cannot be reasonably met without that assistance;
 - ✓ Assistance to **non low-income and non-NH** okay *if* DHHL determines that the presence of the family in the housing involved is essential to the well-being of NH families and the need for housing of such family cannot be reasonably met without the assistance.

Example of essential family: Medical Practitioner, Police Officer, etc.

Affordability Period and Binding Commitments

- The use of NHHBG funds on a property is an investment made for low-income families in the community.
- The return on that NHHBG investment is the period of time that the unit will be available for continued future use by low-income families = Affordability Period or “useful life” for that property.
- A useful life/affordability period must be established when NHHBG funds are used on a lot, housing unit, or provided to a family for the following activities:
 - ✓ Construction/Rehabilitation
 - ✓ Acquisition/Down payment/Closing costs
 - ✓ Financing
 - ✓ Regardless of whether assistance is a grant or loan

Affordability Period and Binding Commitments

- The affordability period must be enforced with a binding commitment that includes remedies for breach of the commitment.
- DHHL must track each affordable unit and keep records of all use restrictions.

❖ **DHHL must make a concerted effort to accurately estimate how many NHHBG affordable units will result when planning a multi-unit project**

- If 50% of the housing units are expected to be occupied by low-income families, then NHHBG should be used to pay only 50% of the project cost.
- It is not acceptable to purposely front-load project costs with NHHBG funds and just pay it back later!

NHHBG Requirements

- **Insurance Coverage – Section 811(c) NAHASDA and § 1006.330**
 - Adequate insurance coverage required for housing units owned, operated, or assisted with more than \$5,000 of NHHBG funds (including loans).
 - Contractors and subcontractors shall provide insurance covering their activities in the contract.
- **Program Income – Section 805(a) NAHASDA and § 1006.340**
 - Income generated from the use of NHHBG (including payments of principal and interest on loans made with NHHBG) totaling more than \$25,000 in one fiscal year.
 - Must be used for affordable housing activities in accordance with NAHASDA and 24 CFR Part 1006 *before* disbursing additional NHHBG funds.
- **Labor Standards – Section 805(b) NAHASDA and § 1006.345**
 - Any contract or agreement for assistance, sale, or lease must require prevailing wage rates under the Davis-Bacon Act to be paid to laborers and mechanics employed in the development of the affordable housing involved.

NHHBG Requirements

- **Labor Standards (cont'd) – Section 805(b) NAHASDA and § 1006.345**
 - Any contract or agreement for assistance, sale, or lease must require prevailing wage rates, as determined by HUD, to be paid to architects, technical engineers, draftsmen, and technicians employed in the development; and all maintenance laborers and mechanics employed in the operation of the affordable housing involved.
 - When NHHBG is only used to assist homebuyers to acquire single family housing, Davis-Bacon wages rates apply to the construction of the housing if there is a written agreement with the housing owner or developer that NHHBG will be used to assist homebuyers to buy the housing.
 - Prime contracts not in excess of \$2,000 are exempt from Davis-Bacon wage rates.
 - Volunteer labor (including sweat equity) is exempt from Davis-Bacon and HUD-determined wage rates.
 - Contracts in excess of \$100,000 to which Davis-Bacon or HUD-determined wage rates apply are subject to the overtime provisions of the Contract Work Hours and Safety Standards Act.

Environmental Review Basics

24 CFR Part 58 – NHHBG Recipient (DHHL) assumes responsibility for environmental review

Every penny of NHHBG funds must be covered by an environmental review.

If DHHL intends to use HUD funds for any activity in a project, DHHL must complete the environmental review process under 24 CFR Part 58 for all planned activities in that project BEFORE committing HUD and non-HUD funds for any activity in that project.

Exempt activities and some categorically excluded activities do not require a request for release of funds (RROF) and HUD approval of the release of funds.

- ✓ In those instances, DHHL must document its determination and comply with applicable requirements in 58.6 before the funds are committed and expended for the activity.

Environmental Review Basics

(Cont'd)

Limits on Activities Prior to Clearance

§ 58.22 Neither a recipient nor any participant in the development process may commit HUD funds and non-HUD funds on any activity or project until HUD has approved the Recipient's RROF and the related certification from the RE (unless the activity is exempt or categorically excluded not subject to §58.5).

"Participant" includes public or private non-profit or for-profit entities, or any of their contractors.

NOTE: Requesting a bid for work is not necessarily a choice limiting action as long as the bid allows the responsible entity to cancel /reject the project if the environmental review reveals the site is not suitable for the use intended.

NHHBG Requirements

- **Audits – § 1006.375(d) & 2 CFR Part 200 Subpart F**

- Non-Federal entities that expend \$750,000 or more in a year in Federal awards (includes recipients and subrecipients) must have a single or program-specific audit conducted for that year and submit it to the Federal Audit Clearinghouse.

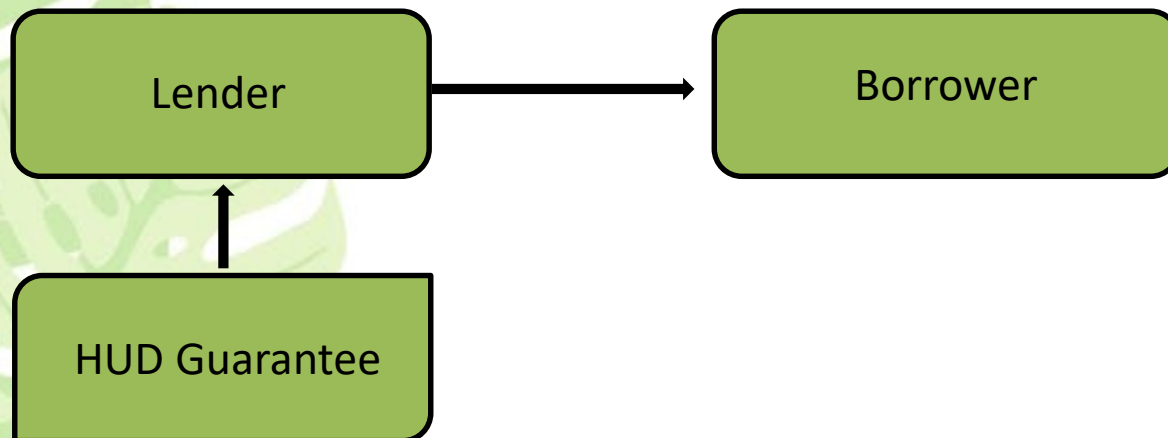
- **Housing Counseling - § 1006.375(e)**

- Effective August 1, 2020: Housing counseling that is funded with or provided in connection with HUD programs (including NHHBG) must be provided by certified housing counselors who work for organizations approved to participate in HUD's Housing Counseling Program – Section 106 HUD Act of 1968.
- *Housing Counseling (§ 5.100)*: independent, expert advice customized to the need of the consumer to address the consumer's housing barriers and to help achieve their housing goals and must include the following processes: Intake; financial and housing affordability analysis; an action plan, except for reverse mortgage counseling; and a reasonable effort to have follow-up communication with the client when possible.

Section 184A Native Hawaiian Housing Loan Guarantee

184A provides access to sources of private financing for homes located on Hawaiian home lands

- Hawaiian home lands are inalienable, cannot be foreclosed by lenders.
- Allows HUD to guarantee up to 100% of unpaid principal and interest due on an eligible loan.



Section 184A Native Hawaiian Housing Loan Guarantee

184A loan highlights:

- Purchase, Rehabilitation, New Construction, Refinance
- 30-year, fixed rate loan
- Market interest rate
- Minimum 2.25% down payment
- 41% Debt-to-income ratio
- 1% guarantee fee, financeable
- Assumable



**Family built home with sweat equity
in Maluohai - Kapolei, Oahu**



Interior of self-help home - Anahola, Kauai



**Kaupea infrastructure work
Kapolei, Oahu**



Waiakea infrastructure – Hilo, Hawaii



**New single-family homeownership units built in Kaupea
Kapolei, Oahu**



The Amano family is congratulated by Secretary Donovan and Senator Inouye on their NHHBG-assisted home purchase in Kanehili Kapolei, Oahu



85 1032

Kaupuni Village - LEED Platinum Certified single-family homes built with ARRA funds
Waianae, Oahu



**Interior of a Kaupuni Village home
Waianae, Oahu**

NHHBG home replacement Hoolehua, Molokai

BEFORE



AFTER



Kalamaula, Molokai

BEFORE



AFTER





Papakolea Community Center Model Activity - Oahu





Nanakuli Housing Corporation: NHHBG subrecipient doing homebuyer education and self-help home repair training

First-time homebuyer: received NHHBG down payment grant, Section 8 homeownership assistance, USDA RD Loan, and housing counseling through DHHL's Home Ownership Assistance Program



SUCCESS STORY – LOT DEVELOPMENT IN WAIOHULI



- The future home for 46 Hawaiian Home Lands beneficiaries and their families in the first phase of the Keokea-Waiohuli subdivision in Kula, Maui was celebrated during a groundbreaking ceremony in 2016.
- NAHASDA funds were used to focus on construction drainage improvements such as ditches, swales, and earth berms; and will also include grading and other access improvements.



SUCCESS STORY – OLSEN `OHANA

- Casey Olsen and his 'ohana receive the keys to their 3-bedroom, 2-bathroom home in the Kanehili subdivision of Kapolei.
- The home was built in partnership with Habitat for Humanity Leeward Oahu utilizing NAHASDA funds.



SUCCESS STORY – SANTOS `OHANA

- Kinohi and Rusty Santos were joined by their extended `ohana to break ground for construction on their new home in Kumuhau in Waimanalo.
- Once complete, the Santos 'Ohana will be moving into a 5-bedroom, 2-bathroom home, made possible through a unique collaboration among several partners.
- The Santos' will be paying \$600 a month for mortgage, compared to \$900 in rent per month on a 2-bedroom home.



SUCCESS STORY – JOHNSON `OHANA

- Vernon Johnson and his 'ohana receive the keys to their 6-bedroom, 3-bathroom home in Waimanalo.
- The home was built through a partnership between DHHL and Honolulu Habitat for Humanity and was funded through a zero-interest loan made possible by NAHASDA.
- More than 500 local volunteers helped complete the Puha Street project, totaling over 4,000 volunteer hours.



SUCCESS STORY – 6 FAMILIES RECEIVE KEYS TO NEW HOMES

- The Ah Yee, Gomes, Joseph, Kam, Kane, and Lai 'ohana were joined by Honolulu Habitat for Humanity, Habitat for Humanity Leeward Oahu, DHHL, and dozens of volunteers who all had a hand in the completion of these 6 homes.
- The homes range in size and price from a 2-bedroom, 1-bathroom home for \$167,472 to a 4-bedroom, 2-bathroom home for \$197,472, with an estimated monthly mortgage payment ranging from \$465 to \$548.



SUCCESS STORY – HO'OLIMALIMA

- With funding from NAHASDA, 30 families were able to convert from rental to home ownership.
- The purchase price on these homes ranged from \$64,939 to \$78,810 with an average monthly mortgage of \$300 per month.
- The tax credits earned over the life of the 15-year project raised over \$6.7 million in equity, which was passed onto the native Hawaiian renters who exercised the purchase option offered to them.



SUCCESS STORY – REBUILD FOR DARLEEN KANIHO

- Aging infrastructure and a reluctance to leave a lifetime of memories behind had homesteader Darleen Kaniho living in uninhabitable conditions for several years in her childhood home in Papakolea.



- With the help of NAHASDA and Honolulu Habitat for Humanity, Darleen was able to rebuild a 2-bedroom, 1-bathroom home.



SUCCESS STORY – PACKAGE HOMES ON MOLOKAI

- Happy Kaleikini, 53, originally received his homestead lease in 1985, but was unable to afford the cost of construction.
- Conrad Aquino, 58, spent the last 10 years living in a tent in Molokai, this opportunity to build a home closer to his family, was one he could not refuse.



- Both homesteaders will be paying approximately \$400 a month for their mortgage on a 2-bedroom, 2-bathroom packaged home.





Mahalo

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