

**NATIVE HAWAIIAN HOUSING PLAN  
COVER SHEET**

**Department of Hawaiian Home Lands (DHHL)**

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X  Original Submission   Amended Submission

2006  Federal Fiscal Year   Grant Number

\$8,377,770  Estimated Grant Amount   Actual Grant Amount

June 28, 2006   
Date and time Native Hawaiian Housing Plan received by HUD

## NATIVE HAWAIIAN HOUSING PLAN

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

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## **1-YEAR NATIVE HAWAIIAN HOUSING PLAN**

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

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

Goal No. 1.: Increase the affordable housing inventory on Hawaiian home lands to meet the increasing or unmet demand for housing by 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 Oahu to serve at least 30 eligible families and one on an outer island to serve at least 25 families.
- ii. 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 ten (10) low-income families achieve homeownership.
- iii. Offer appropriate subsidies, such as downpayment 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.

Objective 1B: Assist in the preservation and revitalization of existing homes and communities on Hawaiian home lands.

- i. Continue working with the City and County of Honolulu and the County of Hawaii to provide lessees assistance with the rehabilitation of existing homes on Hawaiian home lands.
- ii. Provide low-interest or no interest loans and/or grants to at least 20 eligible families to rehabilitate existing housing units.

Goal No. 2: Support the development and maintenance of healthy and safe communities on Hawaiian home lands.

Objective 2A: Support community-based initiatives which encourage “healthy” communities.

Tasks and Activities:

- i. Select an existing community facility which can be renovated to provide adequate space for NAHASDA-eligible services for affordable housing residents within at least one homestead community.
- ii. Assist community in coordinating the facets of renovation: design, budget, procurement, scheduling, and construction.

Objective 2B: Enhance public safety in the homestead communities.

Tasks and Activities: Continue to encourage and assist community and resident organizations to develop projects that address drug abuse, family abuse, community policing and traffic. Promote partnerships with existing providers and the police departments within each county.

Goal No. 3: Encourage self-determination within native Hawaiian communities located on Hawaiian home lands in resolving housing and community development issues.

Objective: Equip and empower community organizations to become active partners in resolving housing and community development issues within their communities.

Tasks and Activities: Work with a targeted community and resident organization to develop and implement a home rehabilitation program to be done by community members and volunteers with qualified supervision.

Goal No. 4: Continue educational and training programs to address the housing and community needs 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, especially where new subdivisions have been or will be constructed.

Tasks and Activities: Contract with private non-profit or for-profit organizations to provide homebuyer counseling services or financial literacy education to native Hawaiian families, especially those who are delinquent on their mortgages or those readying to purchase a home.

Goal No. 5: Enhance the capacity to implement NAHASDA and actively seek partnership opportunities with non-profit and for-profit housing and housing related service providers.

Objective 5A: Provide sufficient administration and organizational capabilities to manage affordable housing programs, properties, and assets on Hawaiian home lands.

Tasks and Activities: Work with ONAP staff to provide training to Department of Hawaiian Home Lands staff, other government agency staff and non-profit or for-profit organizations on Federal requirements when utilizing Native Hawaiian Housing Block Grant (NHHBG) funds.

Objective 5B: Implement Section 184A Loan Program.

Tasks and Activities:

- i. Assist ONAP in documenting underwriting guidelines and procedures for lenders when submitting loans for guarantee and when servicing 184A loans for individuals.
- ii. Engage local lenders to utilize the 184A guaranteed loan as another lending product.

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

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

The Hawaiian Homes Commission Act of 1920, as amended, a Federal act, established the Hawaiian Home Lands Trust and defined the population eligible to reside on Hawaiian home lands as those native Hawaiians with at least 50% Hawaiian blood and their successors or assignees of less than 50% Hawaiian blood. For the purposes of this plan, this population is referred to as native Hawaiian (“native” spelt with a small “n” instead of capital “N”). Estimates of the native Hawaiian population, a subset of the Native Hawaiian population, range from approximately 45,000 to 70,000, although this number remains difficult to measure. Therefore, to identify this subset of native Hawaiians (50% Hawaiian blood or such lower percentage as may be established in Sections 207, 208 and 209 of the Hawaiian Homes Commission Act of 1920, as amended) for the purpose of this plan, a population of 48,655 will be used. This reflects the number of individuals currently living on Hawaiian home lands (22,539) per the 2000 Census, the number of occupants who subsequently moved onto Hawaiian home lands since the Census (3,824) and the number of applicants on the DHHL waiting lists as of December 31, 2005 (22,292).

In 2003, DHHL contracted with SMS Research & Marketing Services, Inc. (SMS) to update the Beneficiary Needs Survey conducted in 1995. The 2003 survey documented an increase in need from the 1995 Beneficiary Needs Survey and the 1995 HUD study. For purposes of this plan, data from the 2003 SMS survey will be used and supplemented with data from the 1995 HUD study.

The data within the 1995 HUD study indicated that 41% of residents on the home lands were at 80% or below the area median income. The 2003 SMS survey states that 62% of the households on Hawaiian home lands and 56% of applicants on the waiting list are below the HUD 80% of median guide. Applying that data to the number of individuals on the home lands and applicants on the waiting lists, the number of NAHASDA eligible individuals is approximately 28,838.

In Calendar Year 2005, the application waiting list grew by 874 applicants (from 21,418 to 22, 292) and there were 761 new residential lease awards (Oahu - 26, Maui - 428, Molokai - 14, Hawaii - 293). The number of homestead leases (residential, agricultural and pastoral) was 8,197 as of December 31, 2005.

#### Geographical Distribution

Native Hawaiian households in the State are more likely than their non-native counterparts to reside on islands other than Oahu. Of those native Hawaiian households on Oahu, only 24% reside in the city of Honolulu, compared to 40% of non-native Hawaiian households. The land distribution of Hawaiian home lands supports this geographical distribution of native Hawaiian households. The bulk of the home lands are found on the outer islands of Hawaii, Maui, Molokai, Kauai and Lanai. Although lands on Oahu represent less than 5% of the total Hawaiian home lands inventory, 47% of residential leases are located on Oahu, 24% on the island of Hawaii, 16% on the island of Maui, 7% on the island of Kauai, and 6% on the island of Molokai. The distribution of applications for Hawaiian home lands is 30% for Oahu, 35% for Hawaii, 19% for Maui, 10% for Kauai, 5% for Molokai and less than 1% for Lanai (this is a new waiting list created in 2004 for lands gifted to the program).

#### Low Income Housing Needs

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

than double the percentage of native Hawaiian households as a whole with housing problems – 68% versus 27%. For very low-income native Hawaiian households, this percentage is almost triple – 75% versus 27%.

#### Addressing the Needs

Given these housing needs, DHHL will focus the use of the NHHBG funds on increasing the supply of affordable housing units or to rehabilitate existing units to relieve some of the overcrowding pressures experienced in native Hawaiian households. In concert with other State and County agencies, DHHL will continue to promote the use of Section 8 vouchers for homeownership in homestead projects. In addition, DHHL will support healthy and safe communities, empower resident organizations and promote self-sufficiency for native Hawaiian families.

The DHHL created a program to ready native Hawaiians on the waiting lists for homeownership and to assist those already residing on Hawaiian home lands that are in financial crisis. The Home Ownership Assistance Program (HOAP) was created in October 2004 and became operative in early 2005. Classes on the Hawaiian Homes Commission Act, Hawaiian genealogy, mortgages, budgeting and saving, and debt management are conducted and case management is provided. In the event a family is in financial crisis, DHHL refers them to HOAP for assistance in an effort to avoid foreclosure. Since inception, more than 1,000 individuals have participated in the program.

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

**b. The estimated housing needs for all native Hawaiian families to be served by DHHL.**

In 1995, HUD conducted a study of the housing needs for the native Hawaiian population. This study, entitled Housing Problems and Needs of Native Hawaiians represents the most comprehensive information on the topic of housing needs for native Hawaiians. The SMS survey done in 2003 will be used to update the HUD study where data is available.

#### Population

Although Hawaiian home lands are found only in the State of Hawaii, Native Hawaiians are found throughout the United States. In 2000, the population of

Native Hawaiians, as reported by the U.S. Census, totaled more than 400,000. Approximately 239,655 or almost 60% reside in the State of Hawaii.

Because the Census numbers reflect “Native Hawaiians and other Pacific Islanders”, which is a number far greater than the population served by DHHL, for purposes of this plan a population of 48,655 is used. According to the 2000 Census, 22,539 native Hawaiians lived on Hawaiian home lands. Since the Census, approximately 3,824 more individuals have moved onto Hawaiian home lands. In addition, there are 22,292 applicants on DHHL’s waiting lists as of December 31, 2005. This is the population for this plan.

#### Age, Education, Size of Households

Native Hawaiians residing in Hawaii are considerably younger than the non-native population in the State. About 63% of all lessee households had one or more children present in 2003—20% of these households had 3 to 4 children and 6% had between 5 and 10 children. In addition, native Hawaiian households tend to be larger and more likely to include more than one family. The SMS survey documents that this is particularly true on the home lands where 24% of the households include more than one family compared to 9% of non-native Hawaiian households in the State. Most DHHL lessee households consist of 3 to 7 people (a mean household size of 4.0) as compared to households of 2.9 for other ethnic groups.

Formal education levels are lower for native Hawaiians, with only 9% of native Hawaiians graduating from college compared to 24% of the non-native Hawaiian population in the State.

#### Tenure and Housing Stock

While homeownership rates in Hawaii are typically lower than the U.S. as a whole, homeownership rates for native Hawaiians residing in urban Hawaii are particularly low. Only 38% of native Hawaiians own their homes in urban Honolulu, compared to 48% for non-native Hawaiians. This disparity continues in other urban areas of the State where 51% of native Hawaiians own their homes compared to 60% for non-natives. The tenure rates are dramatically different on Hawaiian home lands where nearly 100% of the units are owner-occupied.

Generally, native Hawaiians are more likely to reside in older housing. Approximately 30% of native Hawaiians reside in units built before 1960 compared to 26% of the non-native population in the State. For native Hawaiians residing in urban Honolulu, the difference is even more severe with 45% of native Hawaiians residing in units built before 1960 compared to 29% for non-natives. About half of the housing units occupied by DHHL lessees in 2003 were more than 23 years old and 46.6% of these older units were reported to be in need of some repair.

In addition, native Hawaiian owners are more likely to live in single-family

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

Income

Native Hawaiian households are more likely to be very-low-income than non-native Hawaiian households. Approximately 27% of all native Hawaiian households have incomes less than 50% of the area median compared to 23% of non-native households. For renter households, over 40% of native Hawaiian renter households have incomes less than 50% of the area median compared to 36% of non-native households.

Owner households on Hawaiian home lands are amongst the poorest of native Hawaiian households with approximately 25% having income lower than 50% of the area median compared to 14% of all native Hawaiian owner households.

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

An identification and a description of the financial resources reasonably available to DHHL to carry out the purposes of the Hawaiian Homelands Homeownership Act of 2000 (HHHA), including an explanation of the manner in which amounts made available will be used to leverage additional resources.

**a. Operating Budget for NAHASDA**

Block Grant (Title VIII) Program	\$8,377,770.00
Program Income (Projected to 6/30/06)*	100,000.00
<b>Total Available:</b>	<b>\$8,477,770.00</b>

Development/loan programs	\$7,100,000.00
Housing Services	\$ 500,000.00
Housing Management	\$ 150,000.00
Crime Prevention & Safety	\$ 150,000.00
Model Activities	\$ 159,000.00
Administration & Planning	\$ 418,770.00
<b>Total</b>	<b>\$8,477,770.00</b>

**184A Loan Guarantee Program: \$ 856,000.00**  
(Loan Guarantee authority for \$35,714,000.00)

<b>Total NHHBG Appropriation:</b>	<b>\$9,233,770.00</b>
<b>+Program Income *</b>	<b>\$ 100,000.00</b>
	<b>\$9,333,770.00</b>

\*On October 20 and December 20, 2004 and December 6, 2005, DHHL received approval for ONAP to invest NHHBG funds for Grant Numbers 03NHGHI001, 04NH4HI0001 and 05NH4HI0001, respectively.

Funds made available to DHHL will be used to implement the NAHASDA program on Hawaiian home lands. In addition, DHHL trust funds will be used to augment all programs for beneficiaries who are not eligible for NAHASDA.

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

In May 2006, an agreement was executed by HUD Assistant Secretary Orlando Cabrera and Chairman Micah Kane. This agreement documents the responsibilities of DHHL and HUD and is the first step in implementing the Section 184A Guaranteed Loan Program for individuals residing on Hawaiian home lands. Procedures should be in place by Summer 2006.

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

Block Grant (Title VIII) Program	\$8,377,770.00
Program Income	<u>\$ 100,000.00</u>
Total Available	\$8,477,770.00
Development/loan programs	\$7,100,000.00 (Obj. 1A and 1B)
Housing Services	\$ 500,000.00 (Obj. 3 and 4)
Housing Management	\$ 150,000.00 (Obj. 1A and 1B)
Crime Prevention & Safety	\$ 150,000.00 (Obj. 2B)
Model Activities	\$ 159,000.00 (Obj. 2A)
Administration & Planning	<u>\$ 418,770.00 (Obj. 5A and 5B)</u>
<b>Total</b>	<b>\$8,477,770.00</b>
<b>184A Loan Guarantee Program:</b>	<b>\$ 856,000.00</b>
(Loan Guarantee authority for \$35,714,000.00)	
<b>Total NHHBG Appropriation:</b>	<b>\$9,233,770.00</b>
<b>+Program Income</b>	<b><u>\$ 100,000.00</u></b>
	<b>\$9,233,770.00</b>

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

- a. The significant characteristics of the housing market in the State of Hawaii, including the availability of housing from other sources and private market housing; and the manner in which the characteristics influence the decision of the DHHL to use grant amounts to be provided under this Act for the production of new units, the acquisition of existing units, or the rehabilitation of units.**

The housing market in Hawaii is influenced by a number of factors including population, economic conditions and the cost of housing.

A key characteristic in Hawaii's housing market is the high prices. Hawaii is one of the most expensive housing markets in the U.S. In the City and County of Honolulu, the second quarter of 2006 showed the median sales price for a single-family house was \$615,000 and the median price of a condominium was \$296,500 (Honolulu Board of Realtors). Not only are housing prices high, they have grown at a rapid pace in recent history. In the City and County of Honolulu, the median sales price for a single-family home in the second quarter of 2005 was \$525,000 and in 2004 it was \$435,000. This represents an increase of almost 29% in a 24-month period (\$435,000 TO \$615,000).

The housing market on the neighbor islands is no different. It was reported in the Pacific Business News, May 9, 2006, that Maui's median purchase price for a single-family home was \$690,000 (last year it was \$674,000), Kauai's was \$740,000 (last year it was \$600,000), and the Big Island's was \$439,000 (last year it was \$390,000).

HUD is aware of these increases. Recently, the FHA mortgage limits were raised to \$544,185 for the islands of Oahu, Maui and Kauai and \$426,000 for the island of Hawaii.

Pressures on both the supply and demand of the market influence the high housing costs in Hawaii. The lack of available developable land and the high cost of materials and labor impact the cost of housing. On the demand side, income growth, lower interest rates, increase in household formation due to a relatively young age structure, and the demand for housing by in-migration from the U.S. Mainland and by off-shore investors enhance the demand for housing, driving up prices.

Despite the high cost of housing, wages remain relatively low in Hawaii making housing affordability a major issue for residents of the state. Because wages remain relatively low, families living in Hawaii often work more than one job to make ends meet.

### Population

Hawaii's resident population increased at a slower rate than the U.S. Mainland, which grew by almost 12% from 1990 to 2000. Hawaii's population grew by 8.5% to a total of 1,211,537. Growth in the Counties of Hawaii, Kauai, and Maui outpaced the most populated county, the City and County of Honolulu.

The 2000 Census reported that there were more than 400,000 Native Hawaiians in the nation and of that number 239,655, or almost 60%, resided in Hawaii. Because the 2000 Census numbers reflect "Native Hawaiians and other Pacific Islanders", it is difficult to determine the population growth for native Hawaiians between the 1990 and 2000 Census.

### Economy

Hawaii's economy has experienced solid growth. Unemployment rate has been the lowest since 1990. In March 2006, at 2.5%, Hawaii had the lowest unemployment rate in the nation. Hawaii's total civilian labor force increased by more than 3% between 2005 and first quarter of 2006. All private non-agricultural sectors contributed to job growth, most notably Natural Resources, Construction & Mining, Professional and Business Services and Transportation and Utilities. (State of Hawaii, Department of Business and Economic Development)

Compared to 2004, total personal income was up 7.0% in 2005.

The construction industry has been robust. There has been an increase in the number of building permits issued; indicating increased building activity for 2006 and 2007.

Although visitor arrivals have been lower in early 2006 than 2005, it is anticipated to increase during the summer and fall. All indicators predict a strong visitor count in 2006.

### Cost of Housing

According to the 2000 Census, of the approximately 403,240 occupied housing units in the State, about 18,213, or 5% were occupied by native Hawaiians. Special tabulations from the Census identified 5,609 households, or 31% of native Hawaiian households resided on Hawaiian home lands. Close review of these statistics indicate that the count included housing units in Kalaupapa (137), which is a historic site on Hawaiian home lands; however, the residents are not Hawaiian home lands lessees.

As of December 31, 2005, there were 6701 residential leases statewide. Since the 2000 Census, almost 1,000 housing units have been constructed on Hawaiian home lands.

The most common housing problem of residents in the State is affordability and overcrowding is the largest housing problem for native Hawaiians. DHHL strives to provide housing at affordable prices. In the last year, most homes offered to applicants on the waiting lists ranged in price from \$150,000 to \$250,000, less than half of the cost of homes in the private sector. This is possible because the cost of land acquisition and infrastructure is not passed on to the native Hawaiian family. Only the cost to construct the dwelling unit is paid by the native Hawaiian family. This practice enables a family to purchase a home for a monthly mortgage payment of \$900 to \$1,500 per month (at 6% annual interest).

#### Influence of Housing Market Characteristics

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

- b. The structure, coordination and means of cooperation between the DHHL and any other governmental entities in the development, submission, or implementation of the housing plan, including a description of the involvement of private, public and non-profit organizations and institutions; the use of loan guarantees under Section 184A of the Housing and Community Development Act of 1992; and other housing assistance provided by the United States, including loans, grants, and mortgage insurance.**

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

On February 18, 2006, the leadership of Hawaiian home lands' communities and the Hui Kako'o Aina Ho'opulapula (Hui Kako'o), which represents the applicant's on the DHHL waiting lists, were asked to identify activities utilizing the NHHBG funds 2006. Their desires were taken into consideration when developing this NHHP. Present at this meeting were:

- SCHHA Executive Board members
- Maku'u Farmers Association (East Hawaii)
- Kawaihae Puaka'ilima Community Association (West Hawaii)
- Aboriginal Native Hawaiian Association
- Waimea Hawaiian Homesteaders Association (West Hawaii)
- Kaniohale Homestead Association (West Hawaii)
- Anahola Hawaiian Homes Association (Kauai)

- Anahola Hawaiian Land Farms Association (Kauai)
- Ka`ohana O Kahikinui (Maui)
- Paukukalo Hawaiian Homestead Community Association, Inc. (Maui)
- Waiohuli Hawaiian Homesteaders, Inc. (Maui)
- Hoolehua Homestead Association (Molokai)
- Hoolehua Homestead Agricultural Association (Molokai)
- Kapaakea Homestead Association (Molokai)
- Kamiloloa-One Alii Homesteaders Association (Molokai)
- Kalamaula Mauka Homestead Association (Molokai)
- Maluohai Residents Association (Oahu)
- Nanakuli Hawaiian Homestead Community Association (Oahu)
- Waianae Kai Hawaiian Homestead Association (Oahu)
- Waianae Valley Homestead Community Association (Oahu)
- Papakolea Community Association (Oahu)
- Princess Kahanu Estates Hawaiian Homes Association (Oahu)
- Waimanalo Hawaiian Homes Association (Oahu)
- Hui Kako`o Aina Ho`opulapula (Application Task Force Group)

The Maluohai Residents Association requested inclusion of activities addressing overcrowding, debt management, home retention, home repair, community policing and homeless solutions. With the exception of homeless solutions, all activities are addressed in this NHHP.

The Kawaihae Puaka`ilima Community Association requested kupuna (elderly) housing, homeless shelters, debt management, self-help housing, downpayment programs, community center and water for Mauka Kawaihae. With the exception of homeless shelters and water, all activities are addressed in this NHHP.

Because the State of Hawaii and County housing agencies have homeless programs, DHHL will not duplicate these programs on Hawaiian home lands. Instead, DHHL will concentrate on keeping homes affordable and utilizing the NHHBG to provide education and counseling, downpayment assistance, IDAs, and subsidies to provide affordable monthly mortgage payments for eligible native Hawaiian families. Hopefully, these programs will allow the elderly and homeless families the ability to own their own homes.

Meetings were held with DHHL administrators and staff to discuss and prioritize the housing and community development needs of the native Hawaiian communities served by DHHL.

A copy of the 2006 NHHP has been provided to the Housing Directors in the State, listed below:

- Hawaii's local HUD office
- United States, Department of Agriculture, Rural Development (RD)
- State Housing and Community Development Corporation of Hawaii

(HCDCH)

- Counties of Hawaii, Kauai, Maui and City and County of Honolulu
- Office of Hawaiian Affairs (OHA).

A copy of the 2006 NHHP was sent to the Hawaiian Service Institutions and Agencies (HSIA). Members of the organization are:

- Queen Liliuokalani 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 Hawaii, 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 Hawaii'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 Hawaii's natural and cultural world; and
- Papa Ola Lokahi—A non-profit organization formed to address the health care needs of the Native Hawaiian people.

The NHHP is posted on the DHHL website for the public to view and comment.

#### Section 184A Loan Guarantee Program

The Section 184A Loan Guarantee Program, which is similar to the Section 184 Loan Guarantee Program giving Native Americans access to private mortgage financing by providing loan guarantees to lenders, will be implemented in 2006. An agreement was executed by Assistant Secretary Orlando Cabrera and DHHL Chairman Micah Kane in May 2006 to enable individuals residing on Hawaiian home lands to utilize this loan program. Procedures are being established and lenders are engaged. Initiation of the program is expected in Summer 2006.

Infrastructure projects currently under construction would be eligible projects for this loan program. DHHL will work actively with the Honolulu ONAP to utilize this loan product.

#### Other Federal Housing Assistance

DHHL has been utilizing the FHA 247 loan program since 1987. Approximately \$250,000,000 of mortgages have been provided to lessees on Hawaiian home lands. This program has recently been revised to address concerns of both HUD and DHHL. Also available is the FHA 203K program for rehabilitation of homes. The Veterans Affairs direct loan, Rural Development (U.S. Department of Agriculture) loan programs, Federal Home Loan Bank (Seattle) Affordable Housing Program grants and low-income housing tax credits are other financing options and tools utilized on Hawaiian home lands.

The Housing and Community Development Corporation of Hawaii (HCDC), a state housing agency, promulgated rules for the use of Section 8 Vouchers for homeownership; the County of Kauai and the City and County of Honolulu have also promulgated rules. DHHL is aware of applicants on the waiting list who are currently holding Section 8 Vouchers and will endeavor to utilize this program to assist these families achieve homeownership.

**c. The manner in which the plan will address the needs identified pursuant to the Statement of Needs section in paragraph 2 above.**

Based on information gathered at community meetings, commissioners and representatives of waiting list applicants, the DHHL established goals and objectives in the NHHP to address the needs and priorities of native Hawaiians. The proposed activities include new construction to increase the supply of affordable housing, housing rehabilitation to alleviate substandard conditions and overcrowding, homeownership programs to accommodate a wide spectrum of income levels, grants and loan programs to ensure that costs are affordable to participating families, and counseling and education programs to enhance our clients' ability to achieve homeownership.

**d. Any existing and anticipated homeownership programs and rental programs to be carried out during the period, and the requirements and assistance available under such programs.**

#### Existing and Anticipated Housing Assistance

DHHL's mission is to develop and deliver land to native Hawaiians eligible to occupy Hawaiian home lands. This is accomplished through the construction of off-site and on-site improvements to enable the development of residential, agricultural and pastoral lots for homesteading. DHHL will continue to pursue housing that is consistent with the native Hawaiian preference for single-family dwellings.

- The mutual self-help method of constructing houses is instrumental in providing low-income families affordable homes. A group of 7 to 10 families work together with supervision to construct their homes. Families are required to work a minimum number of hours per week, usually on weekends.

The self-help entity, which provides the supervision, obtains a grant for their services and sometimes the cost of contracting for plumbing, electrical, masonry and drywall. The families obtain loans to purchase materials and some services. Their labor is their sweat-equity in the home. Many times, this type of house construction will cut the cost of the home in half, which results in the family achieving homeownership at a monthly cost of about \$500.

- DHHL will continue to work with the counties and non-profit organizations to provide assistance to families for rehabilitation of aging homes.
- Grants to private non-profit and for-profit to conduct educational and training programs that promote economic self-sufficiency for native Hawaiian families will assist families in acquiring better life skills.

DHHL will continue to enter into development agreements with developers to build large subdivisions. Based on the percentage of NHHBG funds utilized in the cost of the projects, a number of lots will be reserved for low-income families. In addition, funds may be set aside for downpayment assistance, subsidies and/or low-interest or no-interest loans to assist families achieve homeownership.

To ensure that families receiving this assistance do not experience windfalls from this assistance, lease amendments are required to document a retention period. In the event the lessee terminates the lease, transfers the lease or refinances the loan for an amount greater than the original loan amount for reasons other than capital improvement to the property, a portion of the grant must be repaid.

#### Existing Rental Projects

There are two existing rental projects in DHHL's inventory. One is an elderly rental project called Kulanakauhale Malu-hia O Na Kupuna in Waimanalo, Oahu, consisting of 85 one-bedroom, one-bath units. The project utilized low-income housing tax credits and was developed and is managed by Pacific Housing Assistance Corporation. No NHHBG funds were used in this project.

The other rental project is a Rent-to-Own project called Hoolimalima in Kapolei, Oahu, consisting of 70 single-family homes. This project was developed and is managed by Mark Development, Inc. No NHHBG funds were used in this project.

- e. Any existing and anticipated housing rehabilitation programs necessary to ensure the long-term viability of the housing to be carried out during the period covered by the plan and the requirements and assistance available**

**under such programs.**

Existing and Anticipated Housing Rehabilitation Programs

Currently, DHHL provides direct loans for rehabilitation of homes.

In addition, a rehabilitation loan program with the County of Hawaii and the City and County of Honolulu has been implemented in which the lessees apply at the county, the county has inspectors assist the families in determining necessary repairs and whether lead-based paint assessment/abatement is necessary. Construction contracts are reviewed for reasonableness of cost and scope. Loan funds are provided to the eligible native Hawaiian family from the NHHBG. In the event the family is very-low-income and elderly, a no-interest, no-payment loan is possible depending on their income level. In any event, the loans are provided at no more than 3% per annum to eligible families.

Nanakuli Housing Corporation is a subrecipient that has developed a self-help rehabilitation program. Classes are conducted in plumbing, electrical, painting, window repairs and other small repair projects. Families are taught in the classroom, then take their learning to their homes to make the repairs. Volunteers have assisted the families in making repairs. In the event the rehabilitation is substantial, the families are referred to the county rehabilitation loan program.

DHHL anticipates the continuation of these programs and the creation of new programs with the communities.

**f. All other existing or anticipated housing assistance provided by DHHL during the period, including transitional housing, homeless housing, college housing, and supportive services housing; and the requirements and assistance available under such programs.**

DHHL provides grants through its Native Hawaiian Development (NHD) Program, which is funded by the DHHL Native Hawaiian Rehabilitation Fund (NHRF), to assist homestead communities develop community-based projects that result in education, job preparation and training, recreational activities, health services, farming assistance or legal assistance. DHHL also offers homestead communities and applicant groups organizational support for capacity building.

The Waimanalo Kupuna project on Hawaiian home lands has a homeless component which set aside 20 units for which preference is given for elderly who are homeless or at-risk homeless. This project is for independent living. No NHHBG funds were used for this project.

Hoolimalima in Kapolei, Oahu, consisting of 70 single-family homes, developed and managed by Mark Development, Inc., is a Rent-to-Own project. It was completed in 2002 and will be sold to the occupants after 15 years. To be eligible, families needed to be at or below 60% of the area median income. No NHHBG funds were used in this project.

- g. Any housing to be demolished or disposed of, a timetable for such demolition or disposition and any other information required by the Secretary with respect to such demolition or disposition.**

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

- h. The manner in which the DHHL will coordinate with welfare agencies in the State of Hawaii to ensure that residents of affordable housing will be provided with access to resources to assist in obtaining employment and achieving self-sufficiency.**

The State of Hawaii Department of Human Services (DHS) administers individual and family financial assistance programs that provide cash payments to help individuals and families receive basic essentials. The programs include Temporary Assistance to Needy Families (TANF), Temporary Assistance to Other Needy Families (TAONF), General Assistance (GA), Aid to the Aged, Blind and Disabled (AABD) and the Food Stamps program. Medical assistance is provided through the Hawaii QUEST and Medicaid fee-for-services programs. Vocational rehabilitation services are provided to persons with disabilities.

Whenever staff is made aware of a lessee in need, the families are referred to DHS or to a non-profit service provider.

In connection with the Hawaiian Community Development Board project for replacement homes, the Consuelo Alger Foundation assists families in need in developing life skills. Many families are living in unsafe conditions, are unemployed, or disabled. Consuelo Alger Foundation provides family counseling and assists family members by paying for education and even dental work to improve the member's appearance to make them more employable.

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

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

DHHL holds quarterly meetings with the leadership of homestead and applicant organizations to provide briefings on DHHL initiatives and opportunities.

Financial support is provided to these organizations to enable representatives to attend training conferences.

These activities and assistance will continue.

**j. The entities that will carry out the activities under the plan, including the organizational capacity and key personnel of the entities.**

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

DHHL serves native Hawaiians or individuals of at least 50% Hawaiian blood, as defined by the Hawaiian Homes Commission Act of 1920, as amended, and their successors and assigns. These native Hawaiians are the beneficiaries of the Hawaiian home lands trust consisting of a land trust of over 200,000 acres, settlement monies from the State for the mismanagement of trust lands, funds received from the State general fund for a portion of its operating costs, and revenues and earnings from the land leasing program.

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

Currently, there are 138 full time employees in DHHL with six offices statewide. DHHL's main administrative offices are located in downtown Honolulu. Additionally, there are district offices in Hilo and Waimea, Hawaii; Lihue, Kauai; Wailuku, Maui; and Kalamaula, Molokai. DHHL is organized into four offices and three divisions under the Hawaiian Homes Commission and Office of the Chairman. The various offices and divisions are described as follows:

Office of the Chairman (OCH)

Consists of the Chairman of the Hawaiian Homes Commission, who is also the Director of Department of Hawaiian Home Lands, Deputy Director, and other administrative support for a total of 13. The Planning and Development Coordinator, NAHASDA, is a member of the Chairman's Office and manages the NHHBG. The Enforcement and Compliance Office also falls within the OCH with an additional 7 staff members.

Administrative Services Office (ASO).

ASO's 7 staff members provide DHHL staff support in the areas of personnel, budgeting, program evaluation, information and communication systems, risk management, facilities management, clerical services and other administrative services. This office also provides support services in preparation of legislative proposals and testimonies, coordinates the preparation of reports to the legislature and facilitates the rule-making process.

Fiscal Office (FO).

The Fiscal Office consists of 12 staff members and provides accounting support for DHHL. One accountant is dedicated to the NHHBG.

Planning Office (PO).

The Planning Office consists of 6 staff members and conducts research and planning studies required in the development of policies, programs, and projects to benefit native Hawaiians. The PO also administers the Native Hawaiian Development Program.

Information and Community Relations Office (ICRO).

The Information and Community Relations Office disseminates information to the public on Department issues, oversees community relations with the various homestead communities and coordinates DHHL's ceremonies. ICRO's 4 staff members also publish DHHL's Ka Nuhou newsletters and annual reports to the State Legislature.

Homestead Services Division (HSD).

HSD plays a vital role in DHHL's ability to determine the sentiments and concerns of its beneficiaries which, in effect, helps shape its programs and policies. HSD is composed of three branches: 1) Homestead Applications, 2) District Operations, 3) Loan Services--one staff person is dedicated to NHHBG eligible applicants, and 4) Housing Project—awards leases. HSD is the largest division in DHHL with a staff of 62 servicing more than 20,000 applicants and 7,000 lessees on five islands.

Land Management Division (LMD).

LMD is responsible for managing Hawaiian home lands that are not used for homestead purposes. Unencumbered lands are managed and disposed of for long and short term uses in order to generate revenues and keep the lands productive while minimizing the occurrence of vegetative overgrowth, squatting or illegal dumping. LMD consists of the Land Management Branch, Technical Services Branch, and Enforcement and Maintenance Section. LMD's 12 personnel members are responsible for properly managing the lands in DHHL's inventory.

Land Development Division (LDD). LDD is charged with the responsibility of developing trust lands for homesteading and income-producing purposes. This is accomplished through the development of properties for residential, agricultural, pastoral, and economic development uses. LDD's 13 staff members carry out its responsibilities through two operating branches: 1) Design and Construction – concentrating on the design and construction of off-site and on-site improvements for the various subdivisions; and 2) Master-Planned Community – expediting the construction of housing options through partnerships with private sector and exploring other housing opportunities.

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

Hawaiian Homes Commission

Micah A. Kane, Chairman  
Trish Morikawa, Oahu Commissioner  
Malia Kamaka, West Hawaii Commissioner  
Stuart Hanchett, Kauai Commissioner  
Quentin Kawanakoa, Oahu Commissioner (Appointment ends 6/30/06)  
Rose Marie “Billie” Baclig, East Hawaii Commissioner  
Milton Pa, Molokai Commissioner  
Mahina Martin, Maui Commissioner  
Donald Chang, Oahu Commissioner

Department of Hawaiian Home Lands

Micah A. Kane, Director  
Ben Henderson, Deputy Director  
Kaulana Park, HHL Executive Assistant  
Kamao Mills, Special Assistant  
Rodney Lau, Administrative Services Officer  
James Pao, Fiscal Management Officer  
Darrell Yagodich, Planning Officer  
Francis Apoliona, HHL Compliance and Community Relations Officer  
Sandra Asato, Planning and Development Coordinator, NAHASDA  
Lloyd Yonenaka, Information and Community Relations Officer  
John Hirota, Homestead District Operations Manager  
Mona Kapaku, Acting East Hawaii Homestead District Supervisor  
James Du Pont, West Hawaii Homestead District Supervisor  
Vanessa Medeiros, Maui Homestead District Supervisor  
Roland Licon, Kauai Homestead District Supervisor  
George Maioho, Molokai Homestead District Supervisor  
Linda Chinn, Land Management Division Administrator  
Larry Sumida, Land Development Division Administrator  
Robert Hall, Acting Homestead Services Division Administrator  
Ken Harada, Project Manager  
Isaac Takahashi, Homestead Housing Specialist  
Christine Valles, HHL Grants Specialist

**TABLE 1**  
**STATEMENT OF NEEDS**

**DEPARTMENT OF HAWAIIAN HOMELANDS (DHHL)**

**Grant Number** \_\_\_\_\_  
**Federal Fiscal Year** 2006  
**DHHL Program Year** July 1, 2006 to June 30, 2007  
**Housing Area** Hawaiian Home Lands

**PART I: PROFILE FOR NATIVE HAWAIIAN AREA**

	All Native Hawaiians in the Housing Area	
	All Income Levels	Low-Income
Column a	Column b	Column c
1. Total Native Hawaiian Population	26,313	16,345*
2. Number of Native Hawaiian Families	6,591**	4,086
3. Number of Elderly & Near Elderly Native Hawaiian Families	2,504***	1,553
4. Number of Native Hawaiian Families Living in Substandard Housing	130****	80
5. Number of Native Hawaiian Families Living in Over-Crowded Conditions	1,427*****	885

\*2003 SMS Survey indicates that 62% of Hawaiian home lands households have income at or below 80% of the HUD median area income.

\*\*2003 SMS Survey indicates that Lessee households average 4

\*\*\*2003 SMS Survey indicates that 38% of lessees were 61 and older.

\*\*\*\*2000 Census T5.1 states that 2% of Native Hawaiian families live in substandard conditions and the 2003 SMS Survey indicates that 62% Hawaiian home lands households are at or below 80% of median.

\*\*\*\*\*2003 SMS Survey indicates that 22% of lessee households are doubled up, however, since new units added, this number was not increased.

PART II: CURRENT STATUS AND FUTURE NEEDS

Type of Housing		Existing Housing	Unmet Needs for All Native Hawaiian Families	Unmet Needs for Low-Income Native Hawaiian Families
column a		column b	column c	column d
7. Rental Housing	a. Number of Units	155	2,006	1,123
	b. Number of Units Needing Rehabilitation	0		
8. Homeowner Housing	a. Number of Units	6,565	20,063	11,235
	b. Number of Units Needing Rehabilitation	1,505		
9. Supportive Service Housing (# of units)		0	NA	NA
10. College Housing (# of units)		0	NA	NA
11. Transitional Housing (# of units)		0	NA	NA
12. Homeless Housing (# of beds)		0	NA	NA

Data Source:

7a.(column b) Waimanalo Kupuna Project (85 units) + Maluohai Rent to Own (70)

7a.(column c) DHHL waiting list has 22,292 individuals as of 12/31/05; subtracting 10% for married couples who both have applications, DHHL estimates that 10% may require rental housing

7a.(column d) SMS 2003 Survey - 56% of native Hawaiian applicant households are at 80% or below median (2,006 X 56% = 1,123)

8a.(column b) 2000 Census (GCTH5&6) 5,609 + 956 units completed since 2000 Census

8a.(column c) DHHL waiting list as of 12/31/05 less 10% for married couples who both have applications

8a.(column d) SMS 2003 Survey - 56% of native Hawaiians applicants are at 80% or below median (20,063 x 56% = 11,235)

8b.(column b) SMS 2003 Survey indicates that 50% of units are more than 23 years old and 46.6% of these older units are in need of some repair—since all added units were new, did not increase this number.

9-12. Currently no data available to estimate demand as DHHL typically does homeownership.

TABLE 2  
 FINANCIAL RESOURCES

DEPARTMENT OF HAWAIIAN HOMELANDS

Grant Number \_\_\_\_\_  
 Federal Fiscal Year 2006  
 DHHL Program Year 7/1/06 to 6/30/07  
 Original Submission x Amended Submission \_\_\_\_\_

<b>PART I: SOURCES OF FUNDS FOR NATIVE HAWAIIAN BLOCK GRANT (NHHBG) ACTIVITIES</b>	
<b>Sources of Funds</b>	<b>Planned Amount</b>
column a	column b
<b>1. HUD Resources</b>	
a. Native Hawaiian Housing Block Grant	\$ 8,377,770
b. NHHBG Program Income (Projected to 6/30/06)	\$ 100,000
c. Other HUD Programs	
<b>2. Other Federal Resources</b>	
a.	
b.	
c.	
<b>3. State Resources</b>	
a.	
b.	
c.	
<b>4. Private Resources</b>	
a.	
b.	
c.	
<b>5. Total Resources</b>	<b>\$ 8,477,770</b>

**PART II: ALLOCATION OF FUNDS FOR NHHBG ACTIVITIES**

Activity		Planned			
		Budgeted NHHBG Amount	Budgeted Other Amounts	Number of Units	No. of NAHASDA Families
column a		Column b	column c	column d	column e
1. Development					
a. Rental	1. Construction of new units				
	2. Acquisition				
	3. Rehabilitation				
b. Homeownership	1. Construction of new units (infrastructure development)	\$6,000,000		480	55
	2. Loan Programs	\$1,100,000			40
	3. Grants				
2. Housing Services – Homeownership Education, Community Development & Capacity Building		\$ 500,000			50
3. Housing Management Services-- Technical Assistance for Self-Help Housing, Loan Servicing		\$ 150,000			10
4. Crime Prevention and Safety		\$ 150,000			
5. Model Activities (specify below)					
a. Homestead Community Center Remodel		\$ 159,000			
6. Planning and Administration		\$ 418,770			
7. Total		\$8,477,770		480	155

OTHER SUBMISSION ITEMS

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1. **Useful Life**

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

DHHL intends to establish useful life periods as follows:

<u>NHHBG Funds Invested</u>	<u>Useful Life</u>
Up to \$15,000	5 years
\$15,001 to \$40,000	10 years
Over \$40,000	15 years
New construction/acquisition	20 years

2. **Model Housing Activities**

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

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

3. **Planning and Administration**

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

DHHL will use 5% of the NHHBG funds for planning and administration.

NATIVE HAWAIIAN HOUSING PLAN CERTIFICATION OF COMPLIANCE

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

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

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

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

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

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

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

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MICAH A. KANE  
CHAIRMAN, Hawaiian Homes Commission

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Date