



# 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)*

	<u>Page Number</u>
<b>5-YEAR PLAN</b>	
Mission Statement .....	<u>1</u>
Goals and Objectives .....	<u>1</u>
Activities Plan .....	<u>5</u>
<b>1-YEAR PLAN</b>	
Goals and Objectives .....	<u>6</u>
Statement of Needs .....	<u>9</u>
Financial Resources .....	<u>15</u>
Affordable Housing Resources including a description of:	
The characteristics of the housing market .....	<u>16</u>
The structure/coordination/cooperation with other entities .....	<u>20</u>
The manner in which housing needs will be addressed .....	<u>23</u>
Existing/anticipated homeownership/rental programs .....	<u>24</u>
Existing/anticipated housing rehabilitation programs .....	<u>25</u>
All other existing/anticipated housing assistance .....	<u>26</u>
Housing to be demolished or disposed of .....	<u>26</u>
Coordination with State welfare agencies .....	<u>26</u>
The manner in which safety and resident involvement will be promoted .....	<u>27</u>
Organizational capacity & key personnel that will carry out NHHP activities ...	<u>27</u>
Table 1 - Statement of Needs .....	<u>31</u>
Table 2 - Financial Resources .....	<u>33</u>
Other Submission Items .....	<u>35</u>
Standard Certification of Compliance .....	<u>36</u>

## 5-YEAR NATIVE HAWAIIAN HOUSING PLAN

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

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

*"With respect to NAHASDA funding and Section 184A resources, our mission is to increase the opportunities available for eligible native Hawaiian families to reside on Hawaiian home lands and to partner with others to develop self-sufficient and healthy communities."*

2. GOALS AND OBJECTIVES - A statement of the goals and objectives of the DHHL to enable the Department to serve the needs identified in the mission statement during the period.

**Goal No. 1: Increase the affordable housing inventory on Hawaiian home lands to meet the increasing or unmet demand for housing by low-income native Hawaiian families.**

Objective 1A: Enhance the supply of affordable housing units through the construction of infrastructure improvements or single-family, multi-family, rent-to-own, or rental housing.

Tasks and Activities:

- i. Continue assessing the needs of native Hawaiian families eligible for NAHASDA assistance and homestead opportunities.
- ii. Secure resources to develop necessary infrastructure in a logical and consistent manner.
- iii. Identify and initiate affordable housing development projects.
- iv. Promote the development of various housing tenure options.
- v. Partner with non-profit and for-profit organizations in the development of affordable housing units.
- vi. Coordinate with Federal, State and local resources that promote homeownership and rental opportunities for native Hawaiian families.

Objective 1B: Provide direct assistance to potential qualified homeowners through downpayment assistance and/or principal reduction subsidies, low interest rate loans, matching funds for Individual Development Accounts (IDAs), or other means/methods that become available.

Tasks and Activities:

- i. Ensure that procedures to evaluate household income of families and certification of eligibility are consistently followed.
- ii. Allocate a percentage of homes in new development areas to be earmarked specifically as NAHASDA eligible housing units as deemed feasible by DHHL.
- iii. Assist DHHL staff in determining a consistent means of establishing subsidy amount.
- iv. Procure the services of entities that are able to implement various programs that will assist potential eligible homeowners to save for rehabilitation/downpayment/closing costs (IDAs) and/or process loan applications for loans (including NHHBG loans).

**Goal No. 2: Reduce the number of homes in need of repair or replacement that are occupied by low income native Hawaiian families.**

Objective: Engage community partners, for-profit or non-profit entities to develop, implement, or expand existing programs that assist in the preservation and revitalization of existing homes and communities on Hawaiian home lands.

Tasks and Activities:

- i. Identify areas that have an abundance of older homes in need of repair or replacement.
- ii. Identify and engage potential community partners to develop and implement repair and/or replacement home projects.
- iii. Develop community capacity in technical areas (i.e. Environmental Review) to facilitate needed rehabilitation, repair, and replacement of existing homes.
- iv. Expand existing programs for the rehabilitation, repair, or replacement of existing homes on Hawaiian home lands.
- v. Coordinate with existing Federal, State, local private and/or non-profit programs to leverage NAHASDA grant dollars and revitalize Hawaiian home land communities through rehabilitation, repair, or replacement of existing homes.
- vi. Upgrade existing or install new infrastructure on Hawaiian home lands to revitalize existing communities or allow for the development of new projects within existing homestead communities.

**Goal No. 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: Support community-based initiatives that encourage safe communities and enhance public safety in the homestead communities.

Tasks and Activities:

- i. Partner with community and resident organizations to identify projects that enhance public safety within their communities.
- ii. Encourage participation of Federal, State, local, and private non-profit organizations, including law enforcement agencies, in implementing community safety and security programs.
- iii. Demolish unsafe structures and remove abandoned items and debris from the community in order to secure vacant lots or houses from vandalism and trespass, as warranted.

Objective 3B: Support community-based initiatives that consider the development of new or refurbishment of existing community centers for the betterment of the community, to ensure community safety, or to further promote homeownership activities.

Tasks and Activities:

- i. Assist homestead communities in planning and assessing the feasibility of developing new or refurbishing/enhancing existing community centers.
- ii. Provide funding, where deemed appropriate and affordable, for a portion of community center construction, refurbishment, or enhancement that meets with HUD's requirement for usage and the percentage of the community that is NAHASDA eligible.

**Goal No. 4: Develop educational and training programs to address the housing and community needs for existing or potential beneficiaries on Hawaiian home lands.**

Objective: Identify and partner with entities that have the capacity to develop, implement and provide access to educational programs that assist native Hawaiian families with financial literacy, homebuyer education, and continued financial planning for the long term maintenance of their homes.

Tasks and Activities:

- i. Partner with private non-profit and for-profit organizations to provide financial literacy education, homebuyer counseling services and credit counseling services to native Hawaiian families.
- ii. Develop partnerships that provide intervention assistance to existing homeowners who are experiencing financial difficulties in meeting their homeownership obligations.
- iii. Where partnerships are not feasible, procure for services that would include provision of financial literacy education, homebuyer counseling, credit counseling, and/or other educational or intervention assistance to potential and existing DHHL beneficiaries.

**Goal No. 5: Encourage self-determination within native Hawaiian communities located on Hawaiian home lands in resolving housing and community development issues.**

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

Tasks and Activities:

- i. Increase the capacity and capabilities of community resident organizations to plan for their community development, identify functions they wish to assume, and take on management functions within their communities, as feasible (e.g., property management of community facilities, land use planning for vacant parcels within the community, and community safety functions).
- ii. Assist community resident organizations to secure the resources necessary to assume greater self-determination (e.g., partnerships, grants, and professional assistance).

**Goal No. 6: Enhance the capacity of DHHL to implement NAHASDA and actively seek partnership opportunities with non-profit and for-profit housing and housing related service providers.**

Objective 6A: Provide sufficient administration and organizational capabilities to manage affordable housing programs, properties, and assets on Hawaiian home lands.

Tasks and Activities:

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

Objective 6B: Establish collaborative partnerships to address affordable housing needs.

Tasks and Activities:

- i. Provide outreach to communities and/or other potential partner organizations to educate them about NAHASDA.
- ii. Provide technical assistance to organizations about NAHASDA and encourage partnerships and joint planning for future activities.
- iii. Pursue opportunities to educate private lenders and encourage their participation in the Section 184A program or other financing programs that include NAHASDA funds.

3. ACTIVITIES PLAN - An overview of the activities planned during the period, including an

analysis of the manner in which the activities will enable the DHHL to meet its mission, goals, and objectives.

The activities planned during the period to enable the DHHL to meet its mission, goals, and objectives were identified in the previous section.

## 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 30 eligible 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 15 low-income families achieve homeownership.

Objective 1B: Provide direct assistance to potential qualified homeowners through downpayment 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.

Tasks and Activities:

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.

**Goal No. 2: Reduce the number of homes in need of repair or replacement that are occupied by low income native Hawaiian families.**

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

Tasks and Activities:

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

**Goal No. 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: Enhance public safety in the homestead communities and support community-based initiatives that encourage safe communities.

Tasks and Activities:

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

Objective 3B: 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.

Tasks and Activities:

- i. Support community initiatives directed at community level enhancements that promote safe communities or supplement other housing related activities.
- ii. Work with self identified communities that indicate an interest in the development of new or renovation of existing community centers to determine if the proposed usage of the center and community composition meets with NAHASDA regulations.
- iii. Refer communities with interest in accessing NAHASDA funds for community centers to appropriate alternative funding sources.

**Goal No. 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.

Tasks and Activities:

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).

**Goal No. 5: 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:

- i. Assist community resident organizations to secure the resources necessary to assume greater self-determination (e.g., partnerships, grants, and professional assistance).
- ii. Facilitate the networking of homestead organizations with for-profit or non-profit organizations to collaboratively resolve housing issues.

**Goal No. 6: Enhance the capacity of DHHL to implement NAHASDA and actively seek partnership opportunities with non-profit and for-profit housing and housing related service providers.**

Objective 6A: 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 6B: Establish collaborative partnerships to address affordable housing needs.

Tasks and Activities:

- i. Conduct community outreach as needed.
- 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 the DHHL, and the means by which such needs will be**

addressed during the period covered by the plan, including a description of:

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

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 Hawaiians (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.

In 2003, DHHL contracted with SMS Research & Marketing Services, Inc. (SMS) to update the Beneficiary Needs Survey conducted in 1995. In addition, in 2006 the DHHL participated with state and county housing agencies in the update of the Housing Policy Study conducted by SMS (SMS 2006 study) , which included data on native Hawaiian households. For purposes of this plan, data from the 2003 and 2006 SMS surveys is used and is supplemented with data from the 1995 HUD study. To identify the native Hawaiian subset (50% Hawaiian blood or such lower percentage as may be established in Sections 207, 208 and 209 of the Hawaiian Homes Commission Act of 1920, as amended) for the purpose of this plan, a population of 62,105 will be used. This amount reflects an additional subgroup of potential applicants based on the SMS 2006 study that was not available previously and was not included in previous housing plans. The breakdown is as follows:

6,410	Lessees residing on the DHHL lands - as of December 31, 2006 <sup>1</sup>
23,256	Applicants - Unduplicated wait list as of December 31, 2006
32,460	Estimated Potential Applicants based on SMS 2006 respondents <sup>2</sup>
<b>62,126</b>	<b>Total native Hawaiian individuals/households</b>

Data compiled from the 2006 SMS survey<sup>3</sup> indicated that approximately 69.2% of the households on Hawaiian home lands, 44.1% of applicant households, and 53.5% of potential DHHL applicant households (respondents of 50% or more Hawaiian ancestry who were not applicants or lessees at the time of the survey) were at or below 80% of area median income levels. For the DHHL lessee, this is an increase of about 69% from the HUD 1995 study which indicated that only 41% of the

---

1 Includes lessees residing on agricultural and pastoral lots in addition to residential lots.

2 The SMS 2006 Study included a category for native Hawaiians with at least 50% blood quantum and are not DHHL lessees or applicants.

3 SMS Hawai'i Housing Policy Study, 2006, Housing for Native Hawaiians, Table 2.

households on DHHL lands were at or below 80% of the area median<sup>4</sup>. Further, by applying the SMS 2006 percentage estimates, we anticipate the following NAHASDA eligible native Hawaiian households as follows:

4,436 Homeowners residing on the DHHL lands – 6,410 x 69.2%  
 10,256 Applicants – 23,256 x 44.1%  
 17,366 Potential Applicants – 32,460 x 53.5%

---

**32,058 Total native Hawaiian households eligible for NAHASDA**

In calendar Year 2006 the statewide application waiting list grew by 964 applicants from 22,292 to 23,256<sup>5</sup> and there were 721 new residential lease awards (433 on Oahu, 1 on Maui, 1 on Molokai, 62 on Hawai'i, 205 on Kauai, and 19 on Lanai)<sup>6</sup>. As of December 31, 2006, the number of homestead leases was 8,907 (7,409 residential, 1,100 agricultural and 398 pastoral)<sup>7</sup>.

### Geographical Distribution

According to the 2000 Census, 73% of the state's population resides on the island of Oahu. Likewise, approximately 63% of all Native Hawaiians<sup>8</sup>, 62% of all DHHL applicants, 64% of all DHHL potential applicants<sup>9</sup> in the state reside on the island of Oahu. Since the bulk of the home lands are found in rural areas such as the outer islands of Hawai'i, Maui, Molokai, Kauai and Lanai, the land distribution of Hawaiian home lands does not support the geographical distribution of Native Hawaiian households and their demands for residential leases. The lessee, wait list and actual acreage distribution are as follow:

Island	Residential Leases		Residential Wait List		Home Land Acreage as of 2006 Annual Report	
	Number	%	Number	%	Number	%
Oahu	3,560	48.05%	8,348	43.85%	7,328	3.61%
Hawai'i	1,680	22.68%	5,279	27.73%	117,477	57.87%
Maui	1,080	14.58%	3,248	17.06%	31,796	15.66%
Kauai	678	9.15%	1,404	7.38%	20,565	10.13%
Molokai	393	5.30%	691	3.63%	25,769	12.70%
Lanai	18	0.24%	66	0.35%	50	0.02%
Total	7,409	100.00%	19,036	100.00%	202,985	100.00%

Of the native Hawaiian households on Oahu, only 24% reside in the city of Honolulu, compared to 40% of non-native Hawaiian households. This may be due to the fact that the rural areas of Hawai'i tend to have lower housing costs.

4 The HUD 1995 Study did not provide estimates for applicants or potential applicants.

5 Taken from Unduplicated Applicant Distribution List as of 12/31/06

6 Taken from Lease Count Summary Range for 1/1/06 to 12/31/06

7 Taken from Lease Report for the month ending 12/31/06, it should be noted that not all residential leases/lots have homes on them.

8 Taken from Aloha Counts by County, Alu Like 2003

9 Taken from SMS 2006 Study

Although the DHHL has prioritized development and awards of new residential leases based on applicant preferences, it has not been able to keep up with the demand for residential parcels on the island of Oahu since the distribution of home lands does not follow the population and applicant distribution patterns. This issue has created additional challenges as needed resources are expended to acquire lands on Oahu to meet the stated demand. On the outer islands, where land is more remote and more costly to develop, additional costs are incurred in order to prepare the lands for residential use.

### **Low Income Housing Needs**

For low-income native Hawaiian households (those making less than 80% of area median income), housing needs are severe with 68% of these households experiencing some kind of housing problem such as affordability, overcrowding, structural quality, availability or some combination of these problems. For very low-income households (those making less than 50% of area median income) the needs are even more severe with nearly 75% of the households in this category facing some kind of housing problem. While housing needs are serious for the native Hawaiian population as a whole, the situation is even more critical for the low- and very low-income native Hawaiian households. The percentage of low-income native Hawaiian households that experience housing problems is more than double the percentage of native Hawaiian households as a whole with housing problems - 68% versus 27%. For very low-income native Hawaiian households, this percentage is almost triple - 75% versus 27%.

### **Addressing the Needs**

Given these housing needs, the DHHL will focus the use of the NHHBG funds on increasing the supply of affordable housing units or to rehabilitate existing units to relieve some of the overcrowding pressures and substandard living environments experienced in many low-income native Hawaiian households. In addition, the DHHL will support healthy and safe communities, empower resident organizations and promote self-sufficiency for native Hawaiian families. Likewise, the DHHL will focus on developing the capacity of resident organizations and partnering entities (i.e. non profit entities) in order for them to successfully apply for and administer NHHBG funds.

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. Additionally, in the event that an existing lessee family is in financial crisis, the DHHL refers them to HOAP for assistance in an effort to avoid foreclosure. As of March 31, 2007, at least 1,975 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 their finances for homeownership - sometimes requiring relocation and/or job changes. When the lot improvements are completed, lessees who are mortgage ready will purchase homes and move in.

The DHHL initially hoped to work in concert with other State and County agencies with regard to utilizing Section 8 vouchers for homeownership in homestead projects, however, this effort has not proven fruitful to date. Therefore, DHHL will not actively pursue the use of Section 8 vouchers in our projects. Should a beneficiary, who is holding a Section 8 voucher, have the opportunity to purchase a home on Hawaiian Home Lands, DHHL will actively work with the appropriate agency to assist the family.

**c. The estimated housing needs for all Native Hawaiian families to be served by the DHHL.**

In 1995, HUD conducted a study of the housing needs for the native Hawaiian population. This study, entitled Housing Problems and Needs of Native Hawaiians, represents the most comprehensive information on the topic of housing needs for native Hawaiians. The following information is pulled from this source unless noted otherwise. The SMS surveys done in 2003 and 2006 will be used to update the HUD study where data is available.

**Population**

Although Hawaiian home lands are found only in the State of Hawai’i, Native Hawaiians are found throughout the United States. In 2000, the population of Native Hawaiians, as reported by the U.S. Census, totaled more than 400,000. Approximately 239,655 Native Hawaiians, or almost 60%, reside in the State of Hawai’i.

As stated earlier, for the purposes of this plan, a population of 62,105 is used to represent the native Hawaiian population. This number reflects the number of existing lessee households residing on the DHHL lands as of December 31, 2006, applicants on the DHHL waitlist as of December 31, 2006, and potential applicants based on the SMS 2006 survey data (individuals who indicated that they were 50% or more native Hawaiian and were NOT a DHHL applicant or lessee).

**Age, Education, Size of Households**

According to the 2000 Census, formal education levels are lower for native Hawaiians with only 15% of native Hawaiians on home lands graduating from any level of college compared to 34.3% of the general population in the State. Likewise, nearly 20% of native Hawaiians on home lands do not have high school diplomas as

opposed to 15% of the general population of the state.

The 2000 Census also indicates that native Hawaiians residing on home lands are slightly younger and their families are slightly larger than the larger population in the State. The median age for native Hawaiians is 32 years as opposed to the larger population with a median age of 36 years. Also, about 64% of all lessee households had one or more children present according to the SMS 2006 survey data - 22% of these households had 2 to 3 children and 13% had 4 or more children. In contrast, only 25% of non-native households had children in the home. Based on special tabulations compiled by Alu Like, Inc. in 2003 (using 2000 Census data), the average DHHL native Hawaiian household size was 4.15 as compared to an average household size of 3 for the larger population in the State of Hawai'i<sup>10</sup>.

In addition, native Hawaiian households tend to include more than one family, often multigenerational. The SMS 2006 survey documents that this is particularly true on the home lands where 26.6% of the households include more than one family compared to 6.3% of non-native Hawaiian households in the State. In general, about 20% of all native Hawaiian households include multigenerational family members (19.5% for nH households below 80% median income and 18.6% for nH households over 80% median income) compared to about 7% for non-native households (6.3% and 7.2% respectively for similar income levels). Lessee households were also more likely to have 8 or more family members (14%) as opposed to applicant households (9%) or non-Hawaiian households (1%).

Furthermore, approximately 22.2% of native Hawaiian households at or below 80% of area median income levels are living in crowded conditions, more than 1.01 persons per room, vs. 8% of the non-native Hawaiian households at the same income levels. Likewise, 7.6% of native Hawaiian households at or below 80% of area median income levels are living in severely crowded conditions, more than 1.51 persons per room, vs. 4.4% of the non-native Hawaiian households at the same income levels.

### **Tenure and Housing Stock**

While homeownership rates in Hawai'i are typically lower than the U.S. as a whole, homeownership rates for native Hawaiians residing in urban Hawai'i are particularly low. Only 38% of native Hawaiians own their home in urban Honolulu, compared to 48% for non-native Hawaiians. This disparity continues in other urban areas of the State where 51% of native Hawaiians own their homes compared to 60% for non-natives.

The tenure rates are dramatically different on Hawaiian home lands where nearly 100% of the units are owner-occupied. However, according to the SMS 2006 study, approximately 44% of all native Hawaiian households in the state were renters as compared to approximately 37% of non-native Hawaiian households. However, of

---

<sup>10</sup> Alu Like Inc., "Profiles of Homestead Communities within the Hawaiian Home Lands", compiled in 2003

all **applicant** households at or below 80% area median income, approximately 63% were renters. Likewise, of all **potential applicant** households at or below 80% area median income, approximately 57% were renters. This is quite different from those households that were non-native Hawaiian at or below 80% area median income in which approximately half (49%) were renters. In any case, native Hawaiian households, and specifically low-income native Hawaiian households, are more likely to be renters and less likely to own their own homes.

Additionally, native Hawaiians are more likely to reside in older housing units. Approximately 30% of native Hawaiians reside in units built before 1960 compared to 26% of the non-native Hawaiian population in the State. For native Hawaiians residing in urban Honolulu, the difference is even more severe with 45% of native Hawaiians residing in units built before 1960 compared to 29% for non-natives. According to the SMS 2006 survey and with specific regard to the DHHL lessees, approximately 24.4% of native Hawaiian households at or below 80% of area median income levels are residing in homes built prior to 1960 (approximately 510 homes).

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

### **Income**

Native Hawaiian households are more likely to be very low-income than non-native Hawaiian households. Owner households on Hawaiian home lands are among the poorest of native Hawaiian households with approximately 25% having income lower than 50% of the area median compared to 14% of all native Hawaiian owner households.

According to the SMS 2006 study, approximately 31% of all native Hawaiian households have incomes less than 50% of the area median compared to 24% of non-native Hawaiian households. For those native Hawaiian households that occupy their homes without payment, approximately 89% have incomes less than 80% of the area median compared to 41% of non-native households.

Additionally, according to the State Department of Health's, Hawai'i Health Survey 2005, native Hawaiian households are more likely to be "poor" (below poverty levels) or "near poor" (100% to 199% of poverty levels) than non-native households. That is, approximately 9% of native Hawaiian households reside below poverty levels and approximately 19% reside at the near poor levels as compared to approximately 7% and 13% respectively for non-native households.

Likewise, shelter-to-income ratios are much higher for the native Hawaiian household in that approximately 45.5% of all native Hawaiian households at or below 80% of area median income levels pay over 40% of their monthly income toward their shelter costs. As would be expected, this percentage is significantly

lower for the DHHL lessee (same income levels) at 12.3% due to the affordable homeownership options available to them. Nonetheless, 43.1% and 48.9% of the DHHL applicant households and potential applicant households pay over 40% of their monthly income toward shelter costs. In contrast, only approximately 36.3% of non-native households at or below the 80% income threshold pay over 40% of their monthly income toward shelter costs.

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

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

**a. Operating Budget for NAHASDA**

Block Grant (Title VIII) Program	\$8,377,770.00
Program Income (Projected to 6/30/08)*	\$ 637,322.00
<b>Total Available:</b>	<b>\$9,015,092.00</b>

Development/loan programs	\$7,700,000.00
Housing Services	\$ 500,000.00
Housing Management	\$ 146,322.00
Crime Prevention & Safety	\$ 150,000.00
Model Activities	\$ 100,000.00
Administration & Planning	\$ 418,770.00
<b>Total</b>	<b>\$9,015,092.00</b>

**184A Loan Guarantee Program:** \$ 856,350.00  
(Loan Guarantee authority for \$35,714,290.00)

<b>Total NHHBG Appropriation:</b>	<b>\$9,234,120.00</b>
<b>+Program Income *</b>	<b>\$ 637,322.00</b>
	<b>\$9,871,442.00</b>

\*On October 20 and December 20, 2004; December 6, 2005; and December 1, 2006; DHHL received approval for ONAP to invest NHHBG funds for Grant Numbers 03NHGHI001, 04NH4HI0001, 05NH4HI0001, and 06HBGHI0001 respectively. Figure includes interest income and Principal and Interest repayment amounts for NAHASDA related loans.

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, which 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. Draft Guidelines were distributed to lenders in Spring 2007 and procedures should be in place by Summer 2007.

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

Block Grant (Title VIII) Program:

Development/Loan programs	\$7,700,000.00	(Goals 1 and 2)
Housing Services	\$500,000.00	(Goals 4 and 5)
Housing Management	\$146,322.00	(Goal 2)
Crime Prevention & Safety	\$150,000.00	(Goal 3)
Model Activities	\$100,000.00	(Goal 5)
<u>Administration &amp; Planning</u>	<u>\$418,770.00</u>	(Goal 6)
<b>Total Block Grant Obligation:</b>	<b>\$9,015,092.00</b>	

184A Loan Guarantee Program:

<u>184A Loan Guarantees</u>	<u>\$856,350.00</u>
<b>Total Loan Guarantee Obligation:</b>	<b>\$856,350.00</b>

**Total NAHASDA Obligation: \$9,871,442.00**

**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:**

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

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

A key characteristic in Hawai'i's housing market is the high prices. Hawai'i is one of the most expensive housing markets in the U.S. The median price for a single family home on Oahu for April 2007 was \$665,000, slightly lower than its peak of \$668,300 reached in May of 2006 (<http://hawaiianrealestate.com/news.htm>). Not only are housing prices high in Hawai'i, they have grown at a rapid pace in recent history as follows:

<u>Year</u>	<u>Oahu</u>	<u>Increase</u>	<u>Maui</u>	<u>Increase</u>	<u>Hawai'i</u>	<u>Increase</u>	<u>Kauai</u>	<u>Increase</u>
2003	\$380,000	NA	\$440,000	NA	NA	NA	NA	NA
2004	\$460,000	21%	\$550,000	25%	NA	NA	NA	NA
2005	\$590,000	28%	\$679,000	23%	\$390,000	NA	\$600,000	NA
2006	\$630,000	6.80%	\$693,000	2%	\$439,000	11.16%	\$740,000	18.92%
2007	\$665,000	5%	\$650,000	-7%	\$432,475	-1.51%	\$650,000	-13.85%

HUD is aware of these increases and, as of May 2, 2007, the FHA mortgage limits were \$544,185 for the Honolulu, Maui and Kauai counties and \$451,250 for the County of Hawai'i. According to the SMS 2006 Housing Policy Study, the average monthly mortgage in Hawai'i was \$1,550 and the average monthly rent was \$1,050.

Pressures on both the supply and demand of the market influence the high housing costs in Hawai'i. 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. On the supply side, the lack of available developable land and the high cost of materials and labor impact the cost of housing.

Despite the high cost of housing, wages remain relatively low in Hawai'i making housing affordability a major issue for residents of the state. Because wages remain relatively low, families living in Hawai'i often work more than one job to make ends meet. The SMS Study of 2006 indicated that 44% of all households in the state were at or below 80% of median income. However, the majority of DHHL lessees and potential applicants (50% or more blood quantum and not on DHHL wait lists) fared worse than the average state household in that approximately 69% of DHHL lessees and approximately 53% of potential applicants were at or below 80% area median income levels in 2006. Furthermore, according to the same report, even families with household incomes between 120% and 140% of median income in Hawai'i require affordable housing units given the high costs of housing.

Almost one fourth (22.7%) of all residents pay over 40% of their monthly household income toward their shelter costs and approximately one third (34%) pay over 30% of their monthly household income toward their shelter costs. However, when examined closer it is clear that those households with income levels below 80% of the area median income are more likely to be paying over 30% of their household

income toward shelter costs. More specifically, for all households in the state that are at or below 80% of area median income levels, about half (52.22%) pay over 30% of their monthly income toward shelter costs and approximately 38.33% pay over 40% of their monthly income toward shelter costs. As stated previously, shelter to income ratios are higher for native Hawaiian households in that 45.5% pay over 40% of their monthly household income toward their shelter costs whereas only 36.6% of non-native households pay over 40% of their monthly household income toward shelter costs.

### Population

Hawai'i's resident population increased at a slower rate than the U.S. Mainland, which grew by almost 12% from 1990 to 2000. Hawai'i's population grew by 8.5% to a total of 1,211,537. Growth in the Counties of Hawai'i, 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 Hawai'i. 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

Hawai'i's economy has experienced solid growth over the past few years. According to the State of Hawai'i's Department of Business, Economic Development & Tourism, Hawai'i's economy is expected to show "moderate growth" in 2007. It is expected that there will be improvement in visitor arrivals, continued job growth, growth in the non-residential construction, and ongoing federal military housing initiatives that will help to maintain the growth of the overall economy. Total wage and salary job growth is expected to be 1.8% in 2007 and 1.5% in 2008. Real personal income is expected to increase 1.9% in 2007 and 2.1% in 2008. (*Note: Personal income increased by .5% in 2006 due to a 5.9% rate of inflation, which was higher than expected.*)

Additionally, as of February 2007, Hawai'i's total civilian labor force increased by 1.4% from a year ago. Most sectors contributed to job growth, most notably Transportation, Warehousing and Utilities (7.3%); Natural Resources, Construction & Mining (5.9%); and Professional and Business Services (5.2%).

The seasonally adjusted unemployment rate in Hawai'i has held consistently below 3% since November of 2004 and, as of March 2007, is at 2.5%. According to the Bureau of Labor Statistics, Hawai'i's March 2007 unemployment rate was the second lowest in the nation (Montana's rate was 2.0%).

Although the tourism industry has shown a decline in total visitors to the state as of January 2007 (5.7% less than the same time last year), average daily spending rose 4.8% and spending per person rose 4.6%. Additionally, visitors who came to

Hawai'i to board cruise ships (or via cruise ships) rose 19.1% from last January. Growth in the visitor sector is expected to be "moderate" compared to the "phenomenal" growth of previous years.

#### 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, 2006, there were approximately 6,410 native Hawaiian households 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 were in the range of \$100,000 to \$300,000. Anticipated home costs for the coming year are as follows:

Oahu \$175,000 - \$300,000 (vs. private sector median price \$665,000)  
Maui \$200,000 - \$250,000 (vs. private sector median price \$650,804)  
Molokai \$100,000 - \$160,000 (vs. private sector median price \$415,000)  
Lanai \$100,000 - \$260,000 (vs. private sector median price \$472,000)  
Hawai'i \$105,000 - \$270,000 (vs. private sector median price \$432,475)  
Kauai \$125,000 - \$240,000 (vs. private sector median price \$650,000)

Eligible native Hawaiian families have the opportunity of owning a home at approximately half of the cost of similar single family 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 \$600 to \$1,800 per month (at 6% annual interest).

#### Influence of Housing Market Characteristics

The DHHL will continue to focus the use of NHHBG funds on the development of additional affordable units to provide homeownership opportunities for low-income native Hawaiian families and 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.

#### **c. The structure, coordination, and means of cooperation between the DHHL and**

**any other governmental entities in the development, submission, or implementation of the housing plan, including a description of the involvement of private, public, and nonprofit organizations and institutions; the use of loan guarantees under section 184A of the Housing and Community Development Act of 1992; and other housing assistance provided by the United States, including loans, grants, and mortgage insurance.**

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

On March 30, 2007, an informational survey was sent to the leadership of the Hawaiian home communities and the Hui Kako'o Aina Ho'opulapula (Hui Kako'o), which represents the applicant's on the DHHL waiting lists. These included representatives from each of the following:

- Aboriginal Native Hawaiian Association (East Hawai'i)
- Anahola Hawaiian Homes Association (Kauai)
- Anahola Hawaiian Land Farms Association (Kauai)
- Anahola Homestead Native Hawaiian Association (Kauai)
- Ha`ola Inc. (East Hawai'i)
- Hoolehua Homestead Agricultural Association (Molokai)
- Hoolehua Homestead Association (Molokai)
- Hui Ho`omau o Keaukaha Pana`ewa (East Hawai'i)
- Hui Kako'o Aina Ho'opulapula (Application Task Force Group)
- Ka `Ohana O Kahikinui, Inc. (Maui)
- Kailapa Community Association (West Hawai'i)
- Kalalea Farmers Association (Kauai)
- Kalama`ula Mauka Homestead Association (Molokai)
- Kalamaula Hawaiian Homestead Association (Molokai)
- Kalawahine Streamside Association (Oahu)
- Kamiloloa-One Ali`i Homesteaders Association (Molokai)
- Kaniohale at the Villages of La'i'opua Association (West Hawai'i)
- Kapaakea Homesteaders Association (Molokai)
- Kawaihae Puaka`ilima Community Association (West Hawai'i)
- Keaukaha Community Association (West Hawai'i)
- Keaukaha-Pana`ewa Farmers Association (West Hawai'i)
- Kekaha Hawaiian Home Mutual Self-Help Project (Kauai)
- Kekaha Hawaiian Homesteaders Association (Kauai)
- Keokea Hawaiian Homes Farmers Association (Maui)
- Kewalo Hawaiian Homestead Community Association (Oahu)
- Maku`u Farmers Association (East Hawai'i)
- Maluohai Residents Association (Oahu)

- Nanakuli Hawaiian Homestead Community Association (Oahu)
- Panaewa Hawaiian Home Lands Community Association (West Hawai'i)
- Papakolea Community Association (Oahu)
- Paukukalo Hawaiian Homestead Community Association, Inc. (Maui)
- Princess Kahanu Estates Hawaiian Homes Association (Oahu)
- State Council of Hawaiian Homestead Association Executive Board
- The Aged Hawaiians (West Hawai'i)
- Waianae Kai Homestead Association (Oahu)
- Waianae Valley Homestead Community Association (Oahu)
- Waiehu Kou Community Homestead Association (Maui)
- Waiehu Kou Phase 3 Association, Inc. (Maui)
- Waiehu Kou Residence Lots, Phase 2 Association (Maui)
- Waimanalo Hawaiian Homes Association (Oahu)
- Waimea Hawaiian Homestead Association, Inc. (West Hawai'i)
- Waiohuli Hawaiian Homesteaders, Inc. (Maui)

Fifteen responses were received representing the following communities: Kalama'ula Mauka (2), Waiohuli (1), Paukukalo (2), Keaukaha (1), Malu'ohai (1), Maui Nui a Kama (1), Waianae Valley (1), Papakolea (1), Princess Kahanu (1), Panaewa (1), Hui Kako'o (1), Anahola (1), and Ahupua'a o Molokai (1).

The survey asked participants to identify their community's level of familiarity with and interest in NAHASDA related activities. These responses were taken into consideration when developing this NHHP.

Although most respondents indicated personal familiarity with NAHASDA, they also indicated that their respective communities had little to no familiarity with NAHASDA and an overwhelming majority of respondents indicated an interest in learning more about NAHASDA at a community level. Likewise, the majority of respondents indicated a willingness to take an active role in developing and implementing NAHASDA related programs/activities and an interest in partnering with existing non-profits to meet community needs in this regard.

An overwhelming majority of respondents indicated an interest in Safety Enhancements (speed bumps, community center, gates, etc.) followed by a majority interest in Community Policing, Credit Counseling and/or Debt Management, and Home Maintenance and Repair, and Drug Awareness.

Because the State of Hawai'i 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 homeownership education and counseling, downpayment assistance, repair work and/or replacement homes, low-interest loans, 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 2007 NHHP has been provided to the Housing Directors in the State, listed below:

- Hawai'i's local HUD office
- United States, Department of Agriculture, Rural Development (RD)
- Hawai'i Housing Finance and Development Corporation of Hawai'i (HHFDC)
- Counties of Hawai'i, Kauai, Maui and City and County of Honolulu
- Office of Hawaiian Affairs (OHA).

A copy of the 2007 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 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 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 2007. 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. We have begun the process of implementation of the program and lenders are being engaged.

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

### Other Federal Housing Assistance

DHHL has been utilizing the FHA 247 loan program since 1987. Almost \$300 million 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 DHHL initially hoped to work in concert with other State and County agencies with regard to utilizing Section 8 vouchers for homeownership in homestead projects, however, this effort has not proven fruitful to date. Therefore, DHHL will not actively pursue the use of Section 8 vouchers in our projects. Should a beneficiary, who is holding a Section 8 voucher, have the opportunity to purchase a home on Hawaiian Home Lands, DHHL will actively work with the appropriate agency to assist the family.

**d. 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 or from surveys, 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, grant and loan programs to ensure that costs are affordable to participating families, and counseling and education programs to enhance our clients' ability to achieve and maintain homeownership.

**e. 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. The existing and anticipated housing assistance includes, but is not limited to:

- 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 for the cost of contracting plumbing, electrical, masonry and drywall services. The families obtain loans to purchase materials and some services. The family's 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.

- The provision of grants to private non-profit and for-profit entities to conduct educational and training programs that promote economic self-sufficiency for native Hawaiian families and that will assist native Hawaiian families in acquiring better life skills.

Additionally, the DHHL will continue to pursue housing that is consistent with the native Hawaiian preference for single-family dwellings and continue to enter into development agreements with developers to build large subdivisions. Based on the percentage of NHHBG funds utilized in the cost of the projects, a corresponding percentage of lots will be reserved for low-income families. In addition, funds may be set aside for downpayment assistance, subsidies and/or low-interest or no-interest loans to assist families in achieving their goal of homeownership.

To ensure that families receiving this assistance do not experience windfalls as a result of this assistance, lease amendments are required to document 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 if the new lessee is not income eligible at the time of transaction.

#### 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 Ho'olimalima 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.

- f. **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.

A rehabilitation loan program with the County of Hawai'i and the City and County of Honolulu is actively assisting families on Hawaiian home lands. The county's inspectors assist the families in determining necessary repairs and whether lead-based paint assessment/abatement is necessary. The family selects their own contractor and the construction contracts are reviewed for reasonableness of cost and scope by the county. 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.

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

The DHHL anticipates the continuation of these programs and the creation of new programs to address the repair and replacement needs of homes, especially homes in the older Hawaiian home land communities.

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

The DHHL provides grants through its Native Hawaiian Development (NHD) Program, which is funded by the DHHL Native Hawaiian Rehabilitation Fund (NHRF). These grants assist homestead communities develop community-based

projects that result in education, job preparation and training, recreational activities, health services, farming assistance or legal assistance. The 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 to elderly who are homeless or at-risk of homelessness. This project is designed for independent living. No NHHBG funds were used for this project.

Ho'olimalima 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 at the time of application. No NHHBG funds were used in this project.

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

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

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

The State of Hawai'i Department of Human Services (DHS) administers individual and family financial assistance programs that provide cash payments to help individuals and families meet their basic needs. The programs include Temporary Assistance to Needy Families (TANF), Temporary Assistance to Other Needy Families (TAONF), General Assistance (GA), Aid to the Aged, Blind and Disabled (AABD) and the Food Stamps program. Medical assistance is provided through the Hawai'i QUEST and Medicaid fee-for-services programs. Vocational rehabilitation services are provided to persons with disabilities. Whenever the DHHL staff is made aware of a lessee in need, the families are referred to DHS or to an appropriate 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.

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

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

Community meetings are held monthly. The Hawaiian Homes Commission meets with members of the community to inform and to provide the beneficiaries with the opportunity to voice their mana'o (concerns) to the Commission.

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

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

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

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

Currently, there are 150 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, Hawai'i; Lihue, Kauai; Wailuku, Maui; and Kalama'ula, 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)

The Office of the Chairman consists of the Chairman of the Hawaiian Homes

Commission, who is also the Director of Department of Hawaiian Home Lands, the Deputy Director, and other administrative support for a total of 12. The Planning and Development Coordinator, NAHASDA and NAHASDA Planner are members of the Chairman's Office and manage the NHHBG. The Enforcement and Compliance Office also falls within the OCH with an additional 7 staff members.

Administrative Services Office (ASO).

The Administrative Services Office consists of 8 staff members who 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 14 staff members and provides accounting support for DHHL. One accountant is dedicated to the NHHBG.

Planning Office (PO).

The Planning Office consists of 9 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 63 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 14 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 19 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 Hawai'i Commissioner  
Stuart Hanchett, Kauai Commissioner  
Fransis Lum, Oahu Commissioner  
Rose Marie "Billie" Baclig, East Hawai'i 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  
Kamanao 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  
Scottina Ruis, NAHASDA Planner  
Lloyd Yonenaka, Information and Community Relations Officer  
John Hirota, Homestead District Operations Manager  
Mona Kapaku, Acting East Hawai'i & Maui Homestead District Supervisor  
James Du Pont, West Hawai'i 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

**TABLE 1  
STATEMENT OF NEEDS**

DEPARTMENT OF HAWAIIAN HOMELANDS (DHHL)

Grant Number	
Federal Fiscal Year	2007
DHHL Program Year	July 1, 2007 to June 30, 2008
Housing Area	Hawaiian Home Lands

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

	On Hawaiian Home Lands		Applicants		Potential Applicants	
	All Income Levels	Low-Income	All Income Levels	Low-Income	All Income Levels	Low-Income
column a	column b	column c	column d	column e	column f	column g
1. Total Native Hawaiian Population (nH x 4.15 –average household size)	26,602	18,408	96,512	42,562	134,709	72,069
2. Number of native Hawaiian Families	6,410	4,436	23,256	10,256	32,460	17,366
3. Number of Elderly native Hawaiian Families	1,951	1,350	10,172	4,486	10,459	5,595
4. Number of Near-Elderly native Hawaiian Families	NA	NA	NA	NA	NA	NA
5. Number of native Hawaiian Families Living in Substandard Housing (2%)	128	89	465	205	649	347
6. Number of native Hawaiian Families Living in Over-Crowded Conditions	2,538	1,947	5,140	3,354	3,895	2,900
<p><i>NOTE: This table counts all household members as the Native Hawaiian population by multiplying average household size of 4.15 by the nH population which consists only of individuals with 50% blood quantum. Low income data is based on SMS survey data as follows: 69.2% of total lessees, 44.1% of applicants, and 53.5% of potential applicants. Elderly data is based on SMS survey data as follows: 30.44% of all lessees, 43.74% of all applicants, 32.22% of all potential applicants. Elderly data is based on presence of "seniors" in the household. Crowding estimated on SMS survey data as follows: 6b. 39.6% of all lessees (6,410 x .396 = 2,538) 6d. 22.1% of all applicants (23,256 x .221 = 5,140), 6f. 12% of all potential applicants (32,460 x .12 = 3,895), 6c. 43.9% of low-income lessees (4,436 x .439 = 1,947), 6e. 32.7% of low-income applicants (10,256 x .327 = 3,354), 16.7% of potential low-income applicants (17,366 x .167 = 2,900).</i></p>						

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	2,093	923
	b. Number of Units Needing Rehabilitation	0		
8. Homeowner Housing	a. Number of Units	6,410	20,930	9,230
	b. Number of Units Needing Rehabilitation	1,374	1,374	1,082
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 23,256 individuals as of 12/31/06; subtracting 10% for married couples who both have applications, DHHL estimates that 10% may require rental housing [(23,256 – 2,326) x 10%] = 2,093

7a.(column d) SMS 2006 Survey – 44.1% of native Hawaiian applicant households are at 80% or below median (2,093 X 44.1% = 923)

8a.(column b) 6,410 households on DHHL lands as of 12/31/06. Does not include rental units.

8a.(column c) DHHL waiting list as of 12/31/06 less 10% for married couples who both have applications.

8a.(column d) SMS 2006 Survey – 44.1% of native Hawaiians applicants are at 80% or below median (20,931 x 44.1% = 9,230)

8b. (column b) It is estimated that all housing units built prior to 1960 are in need of repair. SMS 2006 Survey estimates that 24.4% of all lessees below 80% median income have homes that were built prior to 1960 (4,436 x 24.4% = 1,082) and that 14.8% of all lessee above 80% median income have homes that were built prior to 1960 (1,974 x 14.8% = 292). Total homes in need of repair are 1,082+ 292 = 1,374.

8b. (column c) Assumes estimated need based on existing homes on DHHL lands. This estimate does not include applicant or potential applicant needs in this regard.

8b. (column d) SMS 2006 Survey estimates that 24.4% of all lessees below 80% median income have homes that were built prior to 1960 (4,436 x 24.4% = 1,082).

**TABLE 2  
FINANCIAL RESOURCES**

DEPARTMENT OF HAWAIIAN HOMELANDS

Grant Number \_\_\_\_\_  
 Federal Fiscal Year 2007  
 DHHL Program July 1, 2007 to June 30, 2008  
 Year \_\_\_\_\_  
 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 Block Grant	\$8,377,770.00
b. NHHBG Program Income	\$ 637,322.00
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>\$9,015,092.00</b>

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

Activity		Planned			
		Budgeted NHHBG Amount	Budgeted Other Amounts	Number of Units	Number of 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)	\$6,000,000.00		60	60
	2. Loan Programs	\$1,000,000.00			10
	3. Grants	\$ 700,000.00			25
2. Housing Services – Homeownership Education		\$ 500,000.00			50
3. Housing Management Services		\$ 146,322.00			15
4. Crime Prevention and Safety		\$ 150,000.00			
5. Model Activities (specify below)					
a. Community Planning Activities		\$ 100,000.00			
6. Planning and Administration		\$ 418,770.00			
7. Total		\$ 9,015,092.00			160

## OTHER SUBMISSION ITEMS

---

### 1. Useful Life

**Pursuant to Section 813(a)(2)(B), each assisted housing unit will remain affordable for such other period as the Secretary determines is the longest feasible period of time consistent with sound economics and the purposes of this title. The affordability period of each assisted housing unit in each development must be described. This information may be described here or in the affordable housing resources section of the 1-year plan.**

DHHL has established the following affordability periods to describe the term during which DHHL will keep the unit affordable:

<u>NHHBG Funds Invested</u>	<u>Affordability Period</u>
Up to \$15,000	5 years
\$15,001 to \$25,000	10 years
\$25,001 to \$40,000	15 years
Over \$40,000	20 years

The affordability period is based on the total amount of NHHBG funds invested in the development and/or rehabilitation of a housing unit. Resale and recapture provisions will be included as a condition of the Hawaiian homestead lease to enforce the affordability restriction for each assisted housing unit.

### 2. Model Housing Activities

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

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

### 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 BLOCK GRANT**

**NATIVE HAWAIIAN HOUSING PLAN CERTIFICATION OF COMPLIANCE**

---

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

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

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

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

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

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

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

---

Micah A. Kane  
CHAIRMAN, Hawaiian Homes Commission

---

Date