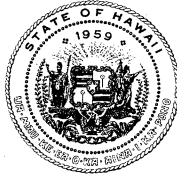


DAVID Y. IGE  
GOVERNOR  
STATE OF HAWAII

SHAN S. TSUTSUI  
LT. GOVERNOR  
STATE OF HAWAII



JOBIE M. K. MASAGATANI  
CHAIRMAN  
HAWAIIAN HOMES COMMISSION

WILLIAM J. AILA, JR.  
DEPUTY TO THE CHAIRMAN

**STATE OF HAWAII  
DEPARTMENT OF HAWAIIAN HOME LANDS**

P. O. BOX 1879  
HONOLULU, HAWAII 96805

JOBIE M. K. MASAGATANI, CHAIRMAN  
HAWAIIAN HOMES COMMISSION  
TO THE SENATE WAYS AND MEANS COMMITTEE

**FEDERAL GRANTS DRAW DOWN INFORMATIONAL BRIEFING**

November 5, 2015

Aloha Chairman and Members of the committee. Thank you for the opportunity to provide information regarding the Department of Hawaiian Home Lands NAHADSDA Grant balance.

Title VII of the Native American Housing & Self Determination Act provides block grant funding for housing activities to the Department of Hawaiian Home Lands. Since its implementation in 2002, housing activities identified in 24 CFR Part 1006.201, Subpart C include:

- Development
- Housing Services
- Housing Management Services
- Crime Prevention and Safety Activities
- Model Activities

There is no requirement for matching funds in this grant program.

The Department of Hawaiian Home Lands is responsible for the following duties in implementing Title VIII of the Native American Housing & Self-Determination Act:

- Screening applicants meeting the definition of native/Native Hawaiian under the Hawaiian Homes Commission Act of 1920, as amended;
- Screening applicants to meet the low/moderate income requirements as established by HUD;
- Submit an Annual Housing Plan by April 30<sup>th</sup> of every calendar year;
- Submit an Annual Performance Report by August 31<sup>st</sup> of every calendar year;

- Establish written policies for implementation of approved program activities;
- Must require adequate homeowner insurance coverage;
- Compliance with Davis-Bacon Act (40 U.S.C. 276a - 276a-5);
- Compliance with National Environmental Protection Act of 1969 (42 U.S.C. 4321 et seq.) (NEPA);
- Compliance with the Age Discrimination Act of 1975 (42 U.S.C. 6101-6107) and HUD's implementing regulations in 24 CFR part 146;
- Compliance with election 504 of the Rehabilitation Act of 1973 (29 U.S.C. 794 and HUD's regulations at 24 CFR part 8;
- Compliance with Title VI of the Civil Rights Act of 1964 (42 U.S.C. 2000d et seq.);
- Compliance with the Fair Housing Act (42 U.S.C. 3601 et seq.), to the extent that nothing in their requirements concerning discrimination on the basis of race shall be construed to prevent the provision of NHHBG assistance, (1) To the DHHL on the basis that the DHHL serves native Hawaiian; or (2) To an eligible family on the basis that the family is a native Hawaiian family.

Attached to this testimony as Attachment 1, is a table that represents a history of grant years and expenditures.

For the block grant balance that remains (approximately \$55 million), the Hawaiian Home Commission has approved the expenditures of the following projects. Because of federal rules governing draw down and the length of time to execute these expenditures, draw down is delayed until the requirements of 2 CFR Part 200 and 31 CFR Part 205.33, Subpart B, are met:

- Lai Opuua vertical financing, rent with option to purchase: 117 lots, \$ 15 million;
- Waiohuli infrastructure development, 40 lots, \$10 million;
- Packaged Homes Financing, 77 lots Kalamaula, Molokai, 33 lots Keaukaha, Hawaii, \$45 million;
- Home Repair program, 60 lots, Statewide, \$6 million;
- Water System Infrastructure Repair, USDA leverage Statewide, \$40 million.

The challenge for the Department of Hawaiian Home Lands and delay in draw down of NAHASDA funds is the requirement in 31 CFR Part 205.33, Subpart B, the actual draw down is limited to those projects with executed contracts. The lengthy delay for the Department to comply with HRS 103D, Procurement and 24 CFR Part 1006.350, Environmental Review means 9-12 months for these parts of the process. In the instances when the Department acts as a lender to owner/builder lessees, the Department must carry out individual

Environmental Review Records for each lot and review certified payrolls for compliance with 24 CFR Part 1006.345, Labor standards.

The Department has expended all of the backlog from Block Grants 08, 09, 10 and encumbered 99% of Block Grant 11. Attached as Attachment 2 is an October 26, 2015 letter to Governor Ige on behalf of Secretary Julian Castro by Erica L. Moritsugu, Assistant Secretary for Congressional and Intergovernmental Relations, U.S. Department of Housing and Urban Development, acknowledging the Department of Hawaiian Home Lands efforts and success in making substantial progress in increased expenditures of the NHHBG fund.

Thank you for the opportunity to provide testimony on this matter.

DHHL Program Year	State Fiscal Year	Grant Execution Date	Federal Award #	Amount Awarded	Status
PY 1	2002		02NHGHI0001	\$9,600,000	Expended and closed 6/30/06
PY 2	2003		03NHGHI0001	\$9,537,600	Expended and closed 3/31/08
PY 3	2004		04NH4HI0001	\$9,443,950	Expended and closed 8/31/08
PY 4	2005		05NH4HI0001	\$8,432,000	Expended and closed 4/30/09
PY 5	2006		06HBGHI0001	\$8,377,770	Expended and closed 5/31/10
PY 6	2007		07HBGHI0002	\$8,377,770	Expended and closed 9/30/11
PY 7	2008		08HBGHI0001	\$8,700,000	Expended and closed 1/31/2014
PY 8	2009	8/28/2009	09HBGHI0001	\$9,700,789	Expended and closed 4/30/2015
PY 9	2010	8/25/2010	10HBGHI0001	\$12,700,000	Expended and closed 9/30/2015
PY 10	2011	9/2/2011	11HBGHI0001	\$12,674,000	\$247,091 (1.95%) expended; 99.3% encumbered
PY 11	2012	9/5/2012	12HBGHI0001	\$12,700,000	Moved to investment account per authority under NAHASDA
PY 12	2013	9/3/2013	13HBGHI0001	\$12,035,714	Moved to investment account per authority under NAHASDA
PY 13	2014	6/16/2014	14HBGHI0001	\$9,700,000	Deadline to expend 2023 per authorization
PY 14	2015	7/7/2015	15HBGHI0001	\$8,700,000	Deadline to expend 2024 per authorization
PY 15	2016		16HBGHI0001		Appropriation under review.
			<b>Total NHHBG Funds</b>	<b>\$140,679,593</b>	
			<b>NHHBG Balance</b>	<b>\$55,485,452</b>	
ARRA	2008 w/ARRA Amendment		08SHGHI0001	\$10,200,000	Expended and closed 4/30/2012
			<b>Total (Including ARRA)</b>	<b>\$150,879,593</b>	

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Attachment 2



U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT  
WASHINGTON, DC 20410-1000

ASSISTANT SECRETARY FOR CONGRESSIONAL  
AND INTERGOVERNMENTAL RELATIONS

OCT 26 2015

The Honorable David Y. Ige  
Governor of Hawaii  
Executive Chambers  
State Capitol  
Honolulu, HI 96813-2425

Dear Governor Ige:

On behalf of Secretary Julián Castro, thank you for your letter expressing your strong support for funding the Native Hawaiian Housing Block Grant (NHHBG) in Fiscal Year 2017. The following information is from the Department of Housing and Urban Development's (HUD) Office of Public and Indian Housing.

The Department recognizes that there is a severe shortage of safe, decent, affordable housing for low-income Native Hawaiians in Hawaii, and the NHHBG program is among the most important resources available to address this crisis. In addition to need, HUD's recommendations to the Office of Management and Budget on funding levels are based, in part, on grantees' capacity to deliver assistance to the ultimate beneficiaries.

The Department is pleased to acknowledge that within the last year the Department of Hawaiian Home Lands (DHHL) has increased its expenditure rate of NHHBG funds, and has made substantial progress in meeting the housing needs of low-income Native Hawaiians. HUD will continue to monitor the progress of the DHHL, and will provide technical assistance to ensure that grant funds are spent responsibly and in a timely manner.

Thank you for your interest in the Department's programs. If I can be of further assistance, please let me know.

Sincerely,

A handwritten signature in black ink, appearing to read "Erika L. Moritsugu".

Erika L. Moritsugu  
Assistant Secretary for Congressional  
and Intergovernmental Relations