**STATEMENT OF RODGER J. BOYD**

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**BEFORE THE COMMITTEE ON INDIAN AFFAIRS**

**UNITED STATES SENATE**

**Legislative Field Hearing, Honolulu, Hawaii**

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Mr. Chairman and Members of the Committee, it is a pleasure to appear before you this morning. My name is Rodger Boyd, and I am the Deputy Assistant Secretary for the Office of Native American Programs (ONAP) at the Department of Housing and Urban Development.

On behalf of Secretary Donovan and Assistant Secretary Henriquez, I would like to express my deep appreciation for your ongoing commitment to improving housing conditions for Native Hawaiian peoples. I also want to thank you for allowing HUD to provide comments on Senate Bill 65, the Hawaiian Homeownership Act of 2011.

Chairman Akaka, as you know, HUD’s Office of Native American Programs is responsible for the management, operation and oversight of HUD’s Native American and Native Hawaiian programs. These programs are available to 566 federally-recognized Indian tribes, 5 state-recognized Indian tribes formerly eligible under the United States Housing Act of 1937, and the State of Hawaii’s Department of Hawaiian Home Lands. We serve these entities directly, or through their tribally designated housing entities, by providing grants and loan guarantees designed to support affordable housing and community development activities.

*Native Hawaiian Housing Block Grant Program*

Title VIII of the Native American Housing Assistance and Self-Determination Act of 1996, as amended, or NAHASDA, establishes a block grant program, the Native Hawaiian Housing Block Grant (NHHBG),to carry out affordable housing activities for Native Hawaiian families eligible to reside on Hawaiian home lands. The Department of Hawaiian Home Lands (DHHL) is the sole recipient of this grant and administers the NHHBG program. DHHL is the department of government for the State of Hawaii responsible for the administration of the Hawaiian Homes Commission Act.

 To address critical housing issues such as affordability, overcrowding, structural quality, and availability, DHHL has targeted a significant amount of NHHBG funds to support:

* Site improvements and infrastructure for new construction of affordable housing;
* Financial assistance for homebuyers;
* Rehabilitation of existing affordable housing units;
* Homeownership counseling; and
* Technical assistance to prepare families for home purchase and ownership.

*NHHBG Program Funding and Accomplishments*

The first NHHBG grant was awarded in FY 2002 for $9.6 million. Over the last ten years, NHHBG grants have ranged from $8.3 million in FYs 2006 and 2007 to a high of $12.7 million in FYs 2010 and 2012.

In the last seven years, 461 affordable homes have been built, acquired, or rehabbed with NHHBG funds, and the program has provided the basic, critical infrastructure to support new construction throughout the Hawaiian home lands. In addition, the program has provided training and technical assistance to community housing providers, lenders, and low-income residents, including 233 Native Hawaiian families trained just last year in self-help home repair, financial literacy, and home buying. Over 840 families have participated in training over the life of the program.

 DHHL works with Native Hawaiian organizations, civic groups, and service agencies in the public, private, and government sectors. DHHL’s housing and community development partners include: Habitat for Humanity, the Council for Native Hawaiian Advancement, USDA Rural Development and the County of Hawaii.

Most of DHHL’s affordable housing projects are developed over several years. Currently, there are six NHHBG-funded housing projects in progress, all of which are at various stages of development, from design, to infrastructure installation, to home construction.

Here are a few examples:

*Kumuhau and Kakaina Subdivisions*

One hundred single-family homes are planned for construction on a 16-acre parcel in Waimanalo on the island of Oahu, of which, 28 lots are reserved for NHHBG-eligible families.

* $1.4 million in FY 2006 and $50,000 in FY 2007 NHHBG funds was used for on- and off-site infrastructure construction for the Kumuhau subdivision. Approximately 18 of the 52 lots (45 turnkey and 7 self-help lots) are reserved for NHHBG-eligible families.
* As of September 30, 2011, site work for Kumuhau was complete. The construction of 45 turnkey homes was underway, 22 of which were complete. Of the 22 completed homes, 3 were for NHHBG-eligible families.
* The Kakaina subdivision consists of 44 lots. This project is in the infrastructure phase. Approximately 10 of the 44 lots will be for NHHBG-eligible families.

*East Kapolei I (Kanehili)*

This project consists of the development of 400 single-family homes on a 92-acre parcel in Kapolei on the island of Oahu; approximately 72 of the homes will be for NHHBG-eligible families.

* $447,300 in FY 2002 NHHBG funds was applied toward the total cost of $2.5 million for project engineering and design, which was completed in March 2007.
* $1.7 million in FY 2006 NHHBG funds was used, in combination with DHHL trust funds, to pay for approximately 18 percent of the cost for mass grading and on- and off-site infrastructure construction in increment I of the subdivision.
* As of September 30, 2011, site work was complete for increment I phases 1 through 4, which includes 286 lots. House construction in increment I was ongoing, with 250 homes completed and occupied and another 30 homes under construction.

*Laiopua Villages 4 and 5*

Approximately 360 single-family homes are planned for construction on 2 parcels totaling 86 acres at Kealakehe in North Kona on the island of Hawaii. The homes are allocated between Village 4 (243) and Village 5 (117) of Laiopua. Seventy-two lots are reserved for NHHBG-eligible families.

* $3.8 million in FY 2003, 2004, 2005, and 2006 NHHBG funds was used for mass grading. Additional NHHBG funding will be used for infrastructure construction, house construction loans, or down payment assistance grants, and self-help technical assistance.
* $1.2 million in FY 2006 and 2007 and 2008 NHHBG funds is being used to install streets, sewer and utilities for Village 5.
* As of September 30, 2011, mass grading work was complete for Village 5 and Village 4. Installation of streets, sewer and utilities was 95 percent complete for Village 5. House construction for 45 homes in Village 5 was underway. Village 4 was in the design phase.

*East Kapolei II*

A total of 1,000 single-family residential lots are planned for construction on a 374-acre parcel in Kapolei on the island of Oahu, of which, approximately 200 lots will be reserved for NHHBG-eligible families.

* $53.9 million in FY 2007 and other NHHBG funds are planned to be used in combination with DHHL trust funds for on- and off-site infrastructure construction, consultant services, including engineers and architects, house construction loans or down payment assistance grants, self-help technical assistance, and utility fees.
* $3 million was used in FY 2010 to complete off-site sewer and drainage work.
* $4 million in Recovery Act funds is being used to do mass grading for East Kapolei II, increments B and C. As of September 30, 2011, this mass grading work was 90 percent complete.

Partnerships with Habitat for Humanity and other service organizations are making it possible for low-income Native Hawaiian families to achieve homeownership through the self-help method of construction in various projects on the islands of Kauai, Oahu, Maui, Molokai, and Hawaii. Partnerships have also been secured to implement a home rehabilitation grant program, a self-help home repair training program, and to provide homeownership counseling and training.

*Native Hawaiian Housing Loan Guarantee (Section 184A)*

The Section 184A Loan Guarantee for Native Hawaiian Housing program, known as Section 184A, was established by Section 514 of the American Homeownership and Economic Opportunity Act of 2000 (P.L. 106-569, approved December 27, 2000), which amended the Housing and Community Development Act of 1992 (12 U.S.C. 1715z-13b). The purpose of Section 184A is to provide access to sources of private mortgage financing to Native Hawaiian families who could not otherwise acquire housing financing because of the unique legal status of the Hawaiian home lands.

Eligible borrowers include Native Hawaiian families who are eligible to reside on Hawaiian home lands, the DHHL, the Office of Hawaiian Affairs, or private nonprofit organizations experienced in the planning and development of affordable housing for on Hawaiian home lands. Loans are used to construct, acquire, or rehabilitate eligible housing located on the Hawaiian home lands. The FY 2012 Appropriations Act authorized funding to be used for Section 184A refinancing.

*Section 184A Program Funding and Accomplishments*

In August 2005, DHHL closed on the first loan guaranteed under the Section 184A Loan Guarantee program. In May 2006, HUD executed a memorandum of agreement with DHHL that served as the foundation for subsequent loan activity. Prior to this agreement, DHHL was the only eligible participant in the program. Since 184A program activity began in FY 2005, 269 loans have been guaranteed. Given the recent authority to use the program for refinancing, and DHHL success in constructing new homes on Hawaiian home lands, HUD expects loan activity to significantly increase within the next year.

T*he Hawaiian Homeownership Act of 2011, Senate Bill 65*

 HUD supports The Hawaiian Homeownership Act of 2011 (Senate Bill 65) and its reauthorization and expansion of both NHHBG and Section 184A through 2015. DHHL is working effectively with community partners to not only increase housing opportunity on the Islands, but to build stronger, more economically vibrant and self-sufficient communities. DHHL understands the value of thoughtful planning as evidenced in its strategic plan, which includes elements of regional planning, energy efficiency and leveraging resources.

Expanding the 184A program to allow families to refinance will provide a perfect complement to the limited amount of financing options available for properties on Hawaiian home lands. The Section 184A program makes it possible for eligible Native Hawaiian families to refinance their homes at the current market rate of interest. The money saved on a monthly basis through refinancing is critical to families living in high-cost areas, and provides greater stability of Native Hawaiian communities.

And giving DHHL the ability to participate in the Title VI program will expand the leveraging capacity of federal funds, and at the same time, will decrease dependency on government dollars. Currently, only tribes or their tribally designated housing entities can participate in the Title VI program. This program is a powerful leveraging and development tool that encourages long-term projects and the leveraging of a variety of funding sources. Under Title VI, HUD can guarantee 95 percent of a loan for affordable housing activities covered under NAHASDA. Borrowers pledge a portion of their current and future housing block grant funds as security. This program has provided an incentive for lenders to get involved in the development of tribal housing.

*Conclusion*

In conclusion Chairman, through the reauthorization of both the Native Hawaiian Housing Block Grant and the Section 184A program we can work towards giving every Native Hawaiian family a fair shot at having a home.

 Thank you again for this opportunity to appear before you today. I would be happy to answer any questions you may have.