



CONGRESSIONAL BUDGET OFFICE
COST ESTIMATE

October 23, 2012

S. 65
Hawaiian Homeownership Opportunity Act of 2011

*As ordered reported by the Senate Committee on Indian Affairs
on September 20, 2012*

SUMMARY

S. 65 would reauthorize the Native Hawaiian Housing Block Grant and Loan Guarantee programs and would authorize the appropriation of such sums as necessary for those programs for each fiscal year through 2015. In addition, the bill would authorize loans provided under title VI of the Native American Housing Assistance and Self-Determination Act of 1996 for each fiscal year through 2015 and would expand eligibility for that program to include the Department of Hawaiian Home Lands (DHHL).

CBO estimates that appropriation of the amounts necessary to implement S. 65 would result in outlays of \$33 million over the 2013-2017 period. Enacting the bill would not affect direct spending or revenues; therefore, pay-as-you-go procedures do not apply.

The bill contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act (UMRA).

ESTIMATED COST TO THE FEDERAL GOVERNMENT

The estimated budgetary impact of S. 65 is shown in the following table. The costs of this legislation fall within budget functions 600 (income security) and 370 (commerce and housing credit).

	By Fiscal Year, in Millions of Dollars					2013- 2017
	2013	2014	2015	2016	2017	
CHANGES IN SPENDING SUBJECT TO APPROPRIATION						
Native Hawaiian Housing Block Grants						
Estimated Authorization Level	13	13	14	0	0	40
Estimated Outlays	1	4	7	8	8	28
Native Hawaiian Housing Loan Guarantees						
Estimated Authorization Level	*	*	*	0	0	1
Estimated Outlays	*	*	*	0	0	1
Title VI Loan Guarantees						
Estimated Authorization Level	0	2	2	0	0	4
Estimated Outlays	0	2	2	0	0	4
Total Changes						
Estimated Authorization Level	13	15	16	0	0	45
Estimated Outlays	1	6	9	8	8	33

Note: * = less than \$500,000.

BASIS OF ESTIMATE

For this estimate, CBO assumes that S. 65 will be enacted by the end of calendar year 2012, that necessary amounts will be appropriated for each year, and that spending will follow historical spending patterns.

Native Hawaiian Housing Block Grants

Section 2 would authorize the appropriation of such sums as necessary for the Native Hawaiian Housing Block Grant program for each year through 2015. Under this program, grants are used to assist native Hawaiian families with low income obtain affordable housing. In 2012, \$13 million was appropriated for this program. Assuming appropriation of similar amounts (and adjusting for anticipated inflation), CBO estimates that implementing this section would cost \$28 million thorough 2017.

Native Hawaiian Housing Loan Guarantees

Section 3 would authorize the appropriation of such sums as necessary for the Native Hawaiian Housing Loan Guarantee program for each year through 2015. This program

guarantees loans made to eligible native Hawaiian families who reside on the Hawaiian Home Lands and who otherwise could not acquire private financing because of the unique legal status of the Hawaiian Home Lands. In 2012, \$386,000 was appropriated for this program. Assuming appropriation of similar amounts (and adjusting for anticipated inflation), CBO estimates that implementing this section would cost roughly \$1 million through 2017.

Title VI Loan Guarantees

Section 4 would extend the authorization of the title VI loan guarantee program through 2015 and expand eligibility to include the DHHL (the program is currently authorized through 2013). Such guarantees allow those who receive funding under the Native American Block Grant program to leverage their funding by pledging future grants as security for the repayment of a loan. A private lender provides the financing and the Department of Housing and Urban Development (HUD) provides a 95 percent guarantee of the principal and interest due in the case of a default. HUD estimates that this program currently has a subsidy rate of about 11 percent. In 2012, \$2 million was appropriated for the program's subsidy costs, which supported about \$20 million in loans. Assuming appropriation of similar amounts and adjusting for the expansion of eligibility to include DHHL, CBO estimates that implementing this section would cost \$4 million through 2017.

PAY-AS-YOU-GO CONSIDERATIONS: None.

INTERGOVERNMENTAL AND PRIVATE-SECTOR IMPACT

S. 65 contains no intergovernmental or private-sector mandates as defined in UMRA and would benefit the state of Hawaii. Any costs to the state to provide housing assistance authorized by the bill would be incurred voluntarily as a condition of federal assistance.

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