

**PUBLIC AND INDIAN HOUSING
NATIVE AMERICAN HOUSING BLOCK GRANTS
2016 Summary Statement and Initiatives
(Dollars in Thousands)**

NATIVE AMERICAN HOUSING BLOCK GRANTS	<u>Enacted/ Request</u>	<u>Carryover</u>	<u>Supplemental/ Rescission</u>	<u>Total Resources</u>	<u>Obligations</u>	<u>Outlays</u>
2014 Appropriation	\$650,000	\$43,940	...	\$693,940 ^a	\$665,398	\$747,378
2015 Appropriation	650,000	32,542	...	682,542 ^b	672,542	712,852
2016 Request	<u>660,000</u>	<u>10,000</u>	<u>...</u>	<u>670,000</u> ^c	<u>662,000</u>	<u>721,400</u>
Program Improvements/Offsets	+10,000	-22,542	...	-12,542	-10,542	+8,548

a/ Includes permanent indefinite authority of \$1.4 million for the Title VI program for upward re-estimates, and \$4.0 million in recaptures realized in fiscal year 2014.

b/ Includes permanent indefinite authority of \$4.0 million for the Title VI program for upward re-estimates.

c/ Includes an estimated Transformation Initiative (TI) transfer that may be up to 0.5 percent or \$5 million, whichever is less, of Budget Authority.

1. What is this request?

The Department requests \$660 million for the two programs authorized by the Native American Housing Assistance and Self-Determination Act of 1996 (NAHASDA), which are the Indian Housing Block Grant program and the Federal Guarantees for Financing Tribal Housing Activities program, also known as the "Title VI" loan guarantee program:

- \$658 million for the Indian Housing Block Grant, which is the primary program authorized by NAHASDA, and
- \$2 million for the Title VI loan guarantee program to be used as credit subsidy in support of loan guarantees.

This request is approximately 1.5 percent more than the fiscal year 2015 request of \$650 million. The increase will ensure that the current level of assistance can be maintained, and low-income American Indian and Alaska Native families will not be put at risk of losing safe, decent, affordable housing. Despite the program's consistent successes, the demand for affordable housing in Indian Country has increased year after year. Meanwhile, due to a number of years at level or decreased funding, inflation has steadily eroded the buying power of the block grants, making new development less feasible. Instead of constructing new homes, many

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recipients are choosing to use their scarce funds to operate and maintain their current, aging stock, including "HUD homes" that were funded before IHBG was implemented (funded by the U.S. Housing Act of 1937).

This level of funding will support the following outcomes:

- Provide \$658 million in block grant funds to approximately 362 recipients representing 551 tribal entities in 34 States.
- Construct, acquire, or rehabilitate 4,415 homeownership units and 1,380 rental units (5,795 total units). This level of funding will also allow grantees to operate and maintain low-income "HUD units," funded before NAHASDA was enacted, which numbered approximately 48,766 in fiscal year 2014. It will also provide other housing services through the eligible activities recognized by NAHASDA.
- Guarantee up to \$17.5 million in loans with the \$2 million in requested credit subsidy for the Title VI loan guarantee program. IHBG recipients may use this program to borrow funds from private lenders to develop larger housing developments.

Key outcomes of the IHBG program are:

- Increases in quantity, quality, and energy efficiency of affordable homes in Indian Country;
- A greater number of large-scale housing developments using the Title VI program to borrow funds at market rates;
- Greater capacity of tribal housing entities to administer housing programs; and
- Enhanced sustainability of Native American communities.

2. What is this program?

The Indian Housing Block Grant (IHBG) program and the Federal Guarantees for Financing Tribal Housing Activities program are two programs authorized by the Native American Housing Assistance and Self-Determination Act of 1996 (P.L. 104-330, 25 U.S.C. 4101 *et seq.* "NAHASDA"). NAHASDA was reauthorized in 2008 through fiscal year 2013 (P.L. 110-411). The program is the principal means by which the United States fulfills its trust obligations to low-income American Indian and Alaska Natives to provide safe, decent, and sanitary housing. Further, IHBGs are the main source of funding for housing assistance in Indian Country.

IHBG is an annual formula grant that provides housing and housing-related assistance to low-income American Indians and Alaska Natives who live on Indian reservations or in other traditional Indian areas. The actual IHBG grant recipients are eligible tribal entities or their designated housing entities, which in turn deliver housing assistance to families in need. In addition to 566 federally recognized Indian tribes, five non-federally recognized Indian tribes with Indian housing authorities are eligible to

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participate in NAHASDA programs because they entered into contracts and received funding from HUD pursuant to the U.S. Housing Act of 1937, prior to the enactment of NAHASDA. These five state-recognized tribes were “grandfathered” into the IHBG program.

IHBG recipients have the flexibility to design and implement appropriate, place-based housing programs, according to local needs and customs. This fundamental provision of IHBG has proved to be extremely effective in Indian Country, where local conditions, needs, and cultures vary widely. Local control has empowered Indian community planners to strategically consider long-term housing development that makes sense for their particular circumstances, taking into consideration climate, geography, and their population’s needs and preferences. IHBG recipients also have the flexibility to leverage their federal dollars to access other sources of funds, which spurs further community and economic development.

Fundamentally, NAHASDA programs (the IHBG and the Title VI Guarantee program), recognize the rights of tribal self-determination and self-governance, and the unique relationship between the federal government and the governments of Indian tribes, established by long-standing treaties, court decision, statutes, Executive Orders, and the United States Constitution. The foundation of HUD’s partnership with federally recognized tribes is its government-to-government consultation policy, which includes a commitment to engage in formal negotiated rulemaking when appropriate, as when developing federal policies that have tribal implications.

IHBG Eligible Activities: The program allows grant recipients to develop and support affordable housing and provide housing services through the following seven eligible activities:

1. Development. The acquisition, new construction, reconstruction, or moderate or substantial rehabilitation of affordable housing, which may include real property acquisition, site improvement, development and rehabilitation of utilities, necessary infrastructure and utility services, conversion, demolition, financing, administration and planning, improvement to achieve greater energy efficiency, mold remediation, and other related activities.
2. Indian Housing Assistance. The provision of modernization or operating assistance for housing previously developed or operated pursuant to a contract between the Secretary and an Indian housing authority. “Indian Housing Assistance” refers to the operation and maintenance of “pre-NAHASDA,” or “1937 Act” HUD units.
3. Housing Services. Funds used to provide housing counseling for rental or homeownership assistance;; establishment and support of resident management organizations; energy auditing; supportive and self-sufficiency services; and other related services assisting owners, residents, contractors, and other entities participating or seeking to participate in eligible housing activities.

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4. Housing Management Services. The provision of management services for affordable housing, including preparation of work specifications, loan processing, inspections, tenant selection, management of tenant-based rental assistance, the costs of operation and maintenance of units developed with funds provided by NAHASDA, and management of affordable housing projects.
5. Crime Prevention and Safety. Funding provided for safety, security, and law enforcement measures with activities appropriate to protect residents of affordable housing from crime.
6. Model Activities. The Department may approve housing activities under model programs that are designed to carry out the purposes of the Act and are specifically approved by the Secretary as appropriate for such purpose. Examples of model activities include: renovating a homeless facility in the community, providing rental subsidy for units developed under the low-income housing tax credits program, and developing a neighborhood park to be used primarily by low-income residents.
7. Administrative Expenses. Recipients may expend up to 20 percent of their grant funds for planning and administration, or 30 percent, if the annual IHBG is \$50,000 or less (24 CFR § 1000.238). Activities include administrative management, evaluation and monitoring, preparation of the Indian Housing Plan and Annual Performance Report, and staff and overhead costs directly related to carrying out affordable housing activities.

Title VI Program and Eligible Activities: Title VI of NAHASDA, "Federal Guarantees for Financing Tribal Housing Activities," established a loan guarantee program for IHBG recipients. Regulations are at 24 CFR PART 1000, Subpart E. The program guarantees repayment of 95 percent of unpaid principal and interest due on obligations. These guaranteed loans are for the IHBG recipients (Indian tribes and their tribally designated housing entities (TDHE)) that are in need of additional funds for housing activities.

The tribe or TDHE pledges future IHBG grant funds as security for repayment of the loan obligation to a private lender or investor who then provides lump sum project financing. HUD provides a guarantee to the lender or investor to repay all or a portion of the unpaid principal balance and accrued interest if a borrower fails to repay the debt and a default is declared.

The target for fiscal years 2015 and 2016 is to guarantee five loans each year. As of September 30, 2014, 80 guarantees for approximately \$207 million had been issued over the 15-year life of the program. Almost 3,000 affordable housing units or the supporting infrastructure have been financed with this funding. In fiscal year 2013, six loans were guaranteed, for a total of \$19.48 million. In fiscal year 2014, five loans were guaranteed, for \$14.42 million.

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The White House Council on Native American Affairs includes more than 30 federal departments and agencies, and coordinates the Administration's engagement with tribal governments. The President's national policy initiative advances the Administration's concerted efforts to restore and heal relations with Native Americans and strengthen the nation-to-nation relationship between the United States and tribal governments, bolstering the federal policies of self-determination and self-governance that will help American Indian and Alaska Native leaders build and sustain their own communities. As part of the President's commitment to Native Americans, HUD's Office of Native American Programs frequently collaborates with other federal agencies as well as state, local, non-profit, and for-profit entities that serve Indian Country. HUD has worked with such entities to address disaster recovery efforts in Indian Country and the lack of access to safe drinking water and basic sanitation.

3. Why is this program necessary and what will we get for the funds?

The lack of housing and infrastructure in Indian Country is severe and widespread, and far exceeds the funding currently provided to tribes. Access to financing and credit to develop affordable housing in Indian Country is often difficult to obtain.

The request will assist grantees in the construction, acquisition, and rehabilitation of at least 4,415 homeownership units and 1,380 rental units; and fund the operation and maintenance of approximately 48,000 HUD-funded housing units. The Title VI program will guarantee approximately five loans to develop affordable housing projects.

Since its first funding year in 1998, through fiscal year 2014, the IHBG program distributed about \$10.7 billion to approximately 360 recipients representing more than 550 tribal governments. Recipients have used those funds over the last 16 years to build or acquire more than 36,000 affordable homes, and rehabilitate more than 71,000 (in addition to other housing assistance activities, such as operation and maintenance); however, experts in the late 1990s estimated that Indian Country was in immediate need of 90,000 to 200,000 new affordable units. While IHBG is an effective program, it is able to address less than half of the immediate need.

Among the 566 federally recognized tribes, economic conditions vary widely; however most tribes suffer from high poverty rates. The IHBG formula shows, in the last 11 years (2003-2014):

- the number of low-income families in the IHBG formula areas grew by 39 percent, from 224,461 families, to 311,019 families;
- the number of overcrowded households, or households without adequate kitchens or plumbing, grew by 18 percent, from 91,032 households to 107,695 households; and
- the number of families with severe housing costs grew by 51 percent, from 42,401 families, to 64,235 families.

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The table below shows examples of the disproportion between the increases in development costs compared to the increases in the Indian Housing Block Grant over an 11-year period. The total development costs (TDCs) shown are for a modest 3-bedroom home. The NAHASDA appropriation for fiscal year 2003 was \$649 million. In fiscal year 2014, it was \$650 million. The 1.5 percent increase in fiscal year 2016 will ensure that the current level of assistance can be maintained for the pre-NAHASDA units, maintain the level of housing units, and the level of housing-related assistance to low-income American Indians and Alaska Natives who live on Indian reservations or in other traditional Indian areas in Indian Country.

Recipient/Tribe	2003 TDC	2014 TDC	% TDC Changed	2003 IHBG	2014 IHBG	% IHBG Changed
Navajo (AZ)	\$156,219	\$314,213	101%	\$92,530,695	\$85,990,708	-7.07%
Cherokee (OK)	\$130,576	\$256,598	97%	\$30,152,266	\$28,697,052	-4.83%
Cook Inlet (AK)	\$243,822	\$492,291	102%	\$14,778,007	\$15,702,500	6.26%
Pine Ridge (SD)	\$149,369	\$291,137	95%	\$9,915,277	\$11,499,720	15.98%
Blackfeet (MT)	\$150,343	\$315,296	110%	\$6,273,002	\$6,961,162	10.97%
Puyallup (WA)	\$189,848	\$372,059	96%	\$2,300,477	\$2,423,743	5.36%
Menominee (WI)	\$170,953	\$354,517	107%	\$2,631,825	\$2,620,899	-0.42%
Aroostook (ME)	\$156,920	\$299,392	91%	\$641,067	\$606,546	-5.4%

The U.S. Census American Community Survey 2006-2010 reports:

- 26.4 percent of American Indians and Alaska Natives live below the poverty level, compared to 13.8 percent of the national population.
- Of the American Indian and Alaska Native persons living on Indian lands, 11.6 percent live in overcrowded housing.

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- In selected American Indian counties in Arizona-New Mexico, there is a 16 percent overcrowding rate; in that same area, almost 10 percent of AIAN households have incomplete plumbing, and about 9 percent lack complete kitchen facilities.
 1. In selected Alaska Native counties in Alaska, there is a 22 percent overcrowding rate. In that same area, 18 percent of households lack complete plumbing, and 15 percent of households lack complete kitchens.

Overcrowding has negative effects on a families' health, especially children's health, and tends to exacerbate domestic violence, substance abuse, truancy, and poor performance in school. Homes suffer more wear and tear when they are overcrowded, and the over use of appliances coupled with poor ventilation can lead to conditions that promote mold growth.

Native American Housing Needs Study: In fiscal year 2014, HUD continued the ongoing comprehensive study on housing needs in Indian Country, including native communities in Alaska and Hawaii. This study, the *Assessment of Native American, Alaska Native and Native Hawaiian Housing Needs*, was mandated by Congress under the Consolidated Appropriations Act, 2010. It is being conducted by HUD's Office of Policy Development and Research and the Urban Institute. The Department budgeted \$4.0 million for the study, but that was increased to \$5.447 million in order to add a household survey in Hawaii and additional consultations.

The study, which has been underway since fiscal year 2011, examines housing needs through several approaches, including: reviewing data from the 2000 and 2010 Decennial Censuses, and from the American Community Survey, conducting interviews with tribal leaders and with staff at the tribally designated housing entities, surveying Native American households, and analyzing the impact of the IHBG program. Another component of the study will be a separate report on Native Hawaiian housing issues. An ongoing commitment to the comprehensive and scientific research of housing conditions in Indian Country will be necessary to accurately measure and analyze the effects of this program. The study's final report is expected to be published in August 2015.

4. How do we know this program works?

Program Evaluations: A comprehensive, independent evaluation of the IHBG program was conducted in fiscal year 2009. The evaluators (ACKCO and Abt Associates) concluded that the program addresses the primary housing needs in Indian Country. However, the evaluators pointed out that, "It is clear that for most tribes, the magnitude of housing problems dwarfs the resources available from IHBG." The final report noted that, in fiscal year 2008, about two-thirds of tribes received grants of less than \$500,000. When the researchers asked tribal housing administrators about the ability of the IHBG program to address local housing needs, all 28 respondents were consistent in their response. They praised the program, saying that the structure of the program is good and offers sufficient flexibility for addressing a variety of housing needs.

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A comprehensive, independent evaluation of the Title VI Loan Guarantee program was conducted in fiscal year 2008. The evaluators (ACKCO and Abt Associates) concluded, "Overall, the impact of the Title VI loan guarantee program on tribal members, tribes, and surrounding communities has been significant. Tribal members have greater access to affordable housing opportunities, which has engendered a sense of pride and independence among tribal members. Among tribes, the program addressed their most pressing housing conditions, provided critical learning opportunities to understand the housing development process, and created access to private financing markets that otherwise would not have been available to tribes. The program has also affected surrounding communities by improving the community's aesthetics and increasing the community's skill base."

In February 2010, the Government Accountability Office (GAO) published its Report to Congressional Committees on Native American Housing. That report stated: "Most grantees that we [GAO] surveyed and interviewed view NAHASDA as effective, largely because it emphasizes tribal self-determination. Grantees feel the program has helped to improve housing conditions and increase access to affordable housing . . . The concept of tribal self-determination is fundamental to the administration of this program, and its practice has resulted in efficient and effective uses of funds that are appropriate for each community. The somewhat paternalistic programs of the past, in which a national HUD office mandated how much, where, and what types of housing assistance should be provided, were primarily designed for urban areas, and generally did not work well in Indian Country. In contrast, applying the concepts of local control and tribal self-determination to the block grant program has been warmly received by tribal officials and has resulted in well run, innovative housing programs."

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The chart illustrates the number of affordable housing units built, acquired, and rehabilitated since fiscal year 2007 (figures for fiscal years 2015 and 2016 represent targets for those years):

Fiscal Year	Number of Units Built or Acquired	Units Rehabilitated	Total Units
FY 2016 (target estimated based on \$660 m request)	1,874	3,921	5,795
FY 2015 (target estimated based on \$650 m request)	1,874	3,921	5,795
FY 2014	971	3,716	4,687
FY 2013	1,359	4,128	5,487
FY 2012	2,290	4,576	6,866
FY 2011	2,140	5,537	7,677
FY 2010	2,082	3,485	5,567
FY 2009	2,849	4,942	7,791
FY 2008	2,715	3,859	6,574
FY 2007	2,683	3,974	6,657

*data was current as of October 28, 2014

Training and Technical Assistance for Program Recipients: Technical assistance and training are particularly necessary in most Indian communities due to many factors, including the complexity of financing when trust land is involved, and issues related to sparse, low-income populations, remote locations, and intergovernmental considerations. HUD highlights and promotes best practices that support development in Indian Country, and encourages innovative methods of construction, management, and finance. Training and technical assistance are provided to tribes and tribally designated housing entities to build their capacity to deliver affordable housing programs. Training and technical assistance are provided to residents of low-income housing to increase their self-sufficiency and life skills. Efforts include supporting green building, energy efficiency efforts, resource conservation, mold prevention and remediation, and responsible homeownership. In fiscal year 2016, it is anticipated that HUD will offer training related to these

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programs, including overall development and financial planning, housing services, and the advantages of leveraging NAHASDA funds with other homeownership programs. In fiscal year 2014, HUD provided training to more than 640 persons at 23 events, covering topics essential to program administration: Procurement, Environmental Review, NAHASDA Essentials, Title VI Loan Guarantee, Board of Commissioners training, Indian Housing Planning, and Annual Performance Reporting.

In addition to the training classes, 65 tribes received customized, on-site technical assistance in fiscal year 2014—about twice as many as received technical assistance the year before. Topics included transitional housing, self-monitoring, tribally determined wage rates, environmental review, contracts, housing directors, strategic planning, procurement, financial management, administration, mold/moisture, NAHASDA, Indian Housing Plan, audits, rehabilitation, long-term planning, policies/procedures, admissions, occupancy, construction, low-income tax credits, and grant writing.

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**PUBLIC AND INDIAN HOUSING
NATIVE AMERICAN HOUSING BLOCK GRANTS
Summary of Resources by Program
(Dollars in Thousands)**

<u>Budget Activity</u>	<u>2014 Budget Authority</u>	<u>2013 Carryover Into 2014</u>	<u>2014 Total Resources</u>	<u>2014 Obligations</u>	<u>2015 Budget Authority</u>	<u>2014 Carryover Into 2015</u>	<u>2015 Total Resources</u>	<u>2016 Request</u>
Formula Grants	\$643,000	\$29,709	\$672,709	\$651,396	\$642,500	\$21,651	\$664,151	\$658,000
Loan Guarantee - Title VI (Credit Subsidy) ..	2,000	5,212	7,212	1,440	2,000	5,772	7,772	2,000
Technical Assistance ..	2,000	7,124	9,124	7,667	2,000	224	2,224	...
National or Regional Organization	3,000	1,895	4,895	4,895	3,500	4,895	8,395	...
Transformation Initiative (transfer)	[5,016]
Total	650,000	43,940	693,940	665,398	650,000	32,542	682,542	660,000

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PUBLIC AND INDIAN HOUSING NATIVE AMERICAN HOUSING BLOCK GRANT Appropriations Language

The fiscal year 2016 President's Budget includes proposed changes in the appropriation language listed and explained below. New language is italicized and underlined, and language proposed for deletion is bracketed.

For the Native American Housing Block Grants program, as authorized under title I of the Native American Housing Assistance and Self-Determination Act of 1996 (NAHASDA) (25 U.S.C. 4111 et seq.), [~~\$650,000,000~~] *\$660,000,000*, to remain available until September 30, [2019] *2020*: *Provided*, That, notwithstanding the Native American Housing Assistance and Self-Determination Act of 1996, to determine the amount of the allocation under title I of such Act for each Indian tribe, the Secretary shall apply the formula under section 302 of such Act with the need component based on single-race census data and with the need component based on multi-race census data, and the amount of the allocation for each Indian tribe shall be the greater of the two resulting allocation amounts: [*Provided further*, That of the amounts made available under this heading, \$3,500,000 shall be contracted for assistance for national or regional organizations representing Native American housing interests for providing training and technical assistance to Indian housing authorities and tribally designated housing entities as authorized under NAHASDA: *Provided further*, That of the funds made available under the previous proviso, not less than \$2,000,000 shall be made available for a national organization as authorized under section 703 of NAHASDA (25 U.S.C. 4212): *Provided further*, That of the amounts made available under this heading, \$2,000,000 shall be to support the inspection of Indian housing units, contract expertise, training, and technical assistance in the training, oversight, and management of such Indian housing and tenant-based assistance, including up to \$300,000 for related travel:] *Provided further*, That of the amount provided under this heading, \$2,000,000 shall be made available for the cost of guaranteed notes and other obligations, as authorized by title VI of NAHASDA: *Provided further*, That such costs, including the costs of modifying such notes and other obligations, shall be as defined in section 502 of the Congressional Budget Act of 1974, as amended: *Provided further*, That these funds are available to subsidize the total principal amount of any notes and other obligations, any part of which is to be guaranteed, not to exceed [~~\$16,530,000~~] *\$17,452,007* [: *Provided further*, That the Department will notify grantees of their formula allocation within 60 days of the date of enactment of this Act]. (*Department of Housing and Urban Development Appropriations Act, 2015.*)