PROGRAM: Indian Housing Block Grant

FOR: All Tribal Government Leaders and Tribally Designated Housing Entities

FROM: Rodger J. Boyd, Deputy Assistant Secretary for Native American Programs, PN

TOPIC: Indian Housing Block Grant Model Activities

Purpose: The purpose of this guidance is to provide Indian Housing Block Grant (IHBG) recipients with information regarding model activities and the process to follow when requesting approval for such activities.

Background: Section 202(6) of the Native American Housing Assistance and Self-Determination Act (NAHASDA), enables recipients to undertake housing activities under model programs that carry out the purposes of NAHASDA. These model activities are affordable housing activities not explicitly listed elsewhere in Section 202 of the statute. Model activities must be approved by HUD prior to being carried out by the recipient.

Model Activities: All model activities must benefit residents of affordable housing which includes families residing in 1937 Act units, families receiving NAHASDA assistance for affordable housing and other units which meet the requirements of Title II of NAHASDA. Model activities may be proposed in an Indian Housing Plan (IHP), as an amendment to an IHP, or at any time as a separate request to the Area Office of Native American Programs (ONAP). HUD will review all proposals with the goal of approving the activities and encouraging the flexibility, discretion, and self-determination granted to Indian tribes under NAHASDA to formulate and operate innovative housing programs that meet the intent of NAHASDA.

Examples of Previously Approved Model Activities: Since the enactment of NAHASDA, HUD has approved many types of model activities upon finding that such proposed activities carry out the purposes of the statute. Examples of previously approved model activities include:
- New housing office buildings, including the rehabilitation of or additions to existing office space, based on a determination of need;
- Warehouse, maintenance, and storage space for housing materials, including the rehabilitation of or additions to existing warehouse, maintenance and storage space, based on a determination of need;
- Day Care Centers, including the rehabilitation of existing facilities to be used for day care, to the extent that the facility will be used by residents of affordable housing;
- Community buildings or centers, including the rehabilitation of existing facilities, to the extent they will be used for affordable housing activities;
- Master Plan Studies;
- Home loan revolving fund;
- Biomass wood space heating plant;
- Construction of student housing;
- Upgrade for a community generator system; and
- Water treatment system.

**Information to Include in Model Activity Requests:** All requests for model activities should be submitted to the applicable Area ONAP and should include the following information:

- **Project Description:** Include an overall description of the project or activity including the services to be provided. If the model activity is a building, include the square footage of the building and a schematic or sketch depicting the general layout of the facility. Describe what is new or innovative about the project/activity.

- **Anticipated Beneficiaries of the Model Activity:** If the model activity will serve the whole community, the request should state the total number of households in the community that will benefit from or use the model activity. The number of these households that are residents of affordable housing should also be identified. If a recipient proposes to use IHBG funds for a facility that will benefit all residents of the area, not just affordable housing residents, then the costs associated with the portion of the building that will be used for anything other than activities related to affordable housing (i.e. multi-use or community building), must be prorated based on space, beneficiaries, or percentage/time usage, unless otherwise approved by HUD. The request should document the proportion of space that will be used for affordable housing activities or the percentage of time the facility will be used for affordable housing activities.

- **Need for Project:** The request should address the need for the proposed project/activity and relate the need to the nature and scale of affordable housing activities delivered by the
recipient. Recipients should also identify all uses of the any facility proposed and describe how it will benefit residents of affordable housing.

- **Budget:** Recipients should submit a project budget including itemized costs of all components of the project. The request should identify other funds (tribal, Bureau of Indian Affairs, Indian Health Service, etc.) that will be used in the project/activity.

- **Map:** Recipients should submit a map of the project service area identifying the project location.

**Model Activity in IHP or IHP Amendment:** When submitting a request for a model activity in an IHP or as an amendment to an IHP/APR form, HUD 52737, recipients must complete Section 3, Program Description for the model activity. The program description should be summarized to include the type of project and what will be developed or planned. The eligible activity number for Line 1.3 is 22 Model Activities [202(d)] and Line 1.4 should include a specific measurable outcome that the recipient hopes to achieve.

**Review of the Proposed Model Activity:** Area ONAP Administrators may approve certain model activities that have previously been approved. The Headquarters Office of Grants Management may approve other proposals for model activities. HUD will consult with the recipient regarding the recipient’s model housing activity and will provide technical assistance to the recipient in amending and/or modifying the proposal if necessary.

HUD will review the model activity request and provide the recipient with approval or denial in writing within 60 days in accordance with 24 CFR §1000.114. If the request for the model activity was submitted as a stand-alone request, the approval letter will request the recipient to submit an IHP amendment that includes the model activity. If no decision is made by HUD within 60 calendar days of receipt, the proposed model activity is deemed to have been approved by HUD. In no instance, should recipients undertake model activities until such activities are approved by HUD.

**Disapproval of a Model Activity:** In accordance with 24 CFR §1000.118, if HUD disapproves a request for a model housing activity, the following steps may be taken:

- The recipient may request reconsideration of the decision within 30 calendar days of receiving HUD's denial. The request, which must be submitted in writing, must set forth justification for reconsideration.

- HUD will reconsider the recipient’s request for reconsideration within 20 calendar days of receipt of the request. HUD will either affirm or reverse its initial decision in writing, setting forth its reasons for the decision.

- The recipient may appeal any denial of reconsideration by filing an appeal with the Assistant Secretary for Public and Indian Housing within 20 calendar days of receiving the denial. The appeal should include the reasons why the recipient does not agree with HUD's decision and include justification for reconsideration.

- Within 20 calendar days of receipt of the appeal HUD will review the recipient's appeal and act on the appeal, setting forth the reasons for the decision. If the decision was made
by the Assistant Secretary for Public and Indian Housing, the decision will constitute final agency action.

**Conditions Upon Approval:** If approved, all model activities must comply with the provisions of NAHASDA, including, but not limited to, the following:

- An appropriate affordability period must be established through the execution of a binding commitment satisfactory to HUD to ensure the IHBG investment for the model activity is used for its approved purpose consistent with NAHASDA for a period of time that is satisfactory to HUD;

- Adequate insurance must be purchased to protect the IHBG investment in the approved model activity consistent with section 203(c) of NAHASDA. Pursuant to 2 CFR Part 225, Appendix B, Sections 18 and 22, costs may be disallowed if a loss occurs and adequate insurance was not obtained to protect the investment;

- Pursuant to 2 CFR Part 225, Appendix A, Section C(1), the costs for such model activities must be necessary and reasonable for proper and efficient performance and administration of the IHBG grant; and

- The costs or design standards for non-dwelling structures are limited, pursuant to 24 CFR 1000.160 to a design, size and with features or amenities that are reasonable and necessary to accomplish the purpose intended by the structure. The recipient must demonstrate and document that the structure meets the cost or design limitations of 24 CFR 1000.160 by using one of the methods described at 24 CFR Part 1000.162 (b) or (c).

If you have any questions regarding model activities, please contact your Area ONAP.