



U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
WASHINGTON, DC 20410-5000

OFFICE OF PUBLIC AND INDIAN HOUSING

September 6, 2017

Dear Tribal Leader:

I am writing to provide important information on your Tribe's Fiscal Year (FY) 2018 Indian Housing Block Grant (IHBG) allocation estimate. HUD is required to provide this information annually to Indian tribes and their tribally designated housing entities (TDHE). Enclosed you will find the following:

- FY 2018 Formula Response Form (FRF) including Appendices A through D.
- Calendar of Critical Deadlines and Frequently Asked Questions related to the IHBG Formula Allocation Process.
- FY 2018 Correction/Challenge Log showing changes to the IHBG database between May 26, 2017, and July 28, 2017.
- The American Community Survey (ACS) Implementation Analysis spreadsheet.

The **FRF** contains the data used to compute your Tribe's estimated allocation for FY 2018. The last page of the FRF lists your Tribe's estimated FY 2018 IHBG allocation and includes any repayments for tribes that have entered into repayment agreements with HUD for previous year over-funding, or that are owed funds due to data or programming errors.

Please review this document very carefully and report any discrepancies to the IHBG Formula Customer Service Center within the timeframes outlined on the FRF. In accordance with 24 CFR 1000.315, all changes to information related to the IHBG formula must be reported on the FRF. Detailed instructions have been included to provide guidance on reporting discrepancies and to facilitate the data correction process. Use Appendix A1 to report changes due to conveyance eligibility and conveyances; Appendix A2 to report changes to Date of Full Availability (DOFA); Appendix A3 to report changes due to conversions; Appendix A4 to report demolished and rebuilt units; and Appendix A5 to report all other Formula Current Assisted Stock (FCAS) changes.

In accordance with Section 302(b)(1) of the *Native American Housing Assistance and Self-Determination Act (NAHASDA)*, 25 U.S.C. § 4152(b)(1), Mutual Help and Turnkey III units developed under the United States Housing Act of 1937 that are conveyed or eligible to be conveyed prior to October 1 of the calendar year immediately preceding the FY for which funds are provided cease to be eligible as FCAS beginning that FY unless the tribe can demonstrate that the unit has not been conveyed for reasons beyond its control. By the terms of their Mutual Help and Occupancy Agreements, such units are eligible for conveyance no later than 25 years from the inception of those agreements, which generally corresponds to the DOFA.

Accordingly, all units in any project that reached its DOFA in FY 1989 or 1992 can no longer be considered as FCAS and HUD is removing them from its FCAS data for the Tribe as shown in the FCAS section of the FRF. If your Tribe believes that any of these units are still eligible as FCAS, please identify the project and unit number and provide the necessary information in accordance with the FRF as follows:

1. If the unit was converted to and is currently managed as a Low Rent unit, provide the information required on Appendix A3.
2. If there is a subsequent homebuyer, or the unit is still within the term of its lease-to-own agreement, please provide the information required on Appendix A5, including the date that the current agreement was signed and the termination date of the agreement.

Section 1000.319 of the IHBG regulations assigns responsibility to the IHBG recipients for verifying and reporting changes to their FCAS on the FRF. If a tribe/TDHE does not or fails to report changes on the FRF in a timely manner and received an over-payment based on ineligible units, the tribe is required to repay the funds within 5 FYs. A tribe will not receive back-funding for any units that the tribe failed to report in a timely manner.

HUD based the estimated IHBG formula allocation on the President's FY 2018 budget request of \$600,000,000, of which approximately \$598,000,000 would be available for the formula. Please keep in mind that the actual appropriation may differ, thus affecting your tribe's final FY 2018 formula allocation. In addition, your final FY 2018 formula allocation may vary from this estimate resulting from your tribe's or other tribes' pending corrections and/or challenges, and corrections on the data reported on the FRF.

Beginning in FY 2018, in accordance with Section 1000.330 of the IHBG regulations, the source of data used to determine the American Indian and Alaska Native persons' variable is the 2010 Decennial Census, adjusted for any statistically significant undercount and aged using Census Bureau county level population estimates. The data source of the remaining six Needs variables is the ACS 5-year data. In FY 2018, the source of data used to determine the remaining six Needs variables is the 2009-2013 ACS data. To mitigate fluctuations in the IHBG grant allocation resulting solely from the introduction of the 2010 Decennial Census and the ACS sources, Section 1000.331 adds the following volatility control language:

- “(a) To minimize the impact of funding changes based on the introduction of a new data source under § 1000.330, in fiscal year 2018 and each year thereafter, if, solely as a direct result of the introduction of a new data source, an Indian tribe's allocation under the Need component of the formula is less than 90 percent of the amount it received under the Need component in the immediate previous fiscal year, the Indian tribe's Need allocation shall be adjusted up to an amount equal to 90 percent of the previous year's Need allocation.
- (b) Nothing in this section shall impact other adjustments under this part, including minimum funding, census challenges, formula area changes, or an increase in the total amount of funds available under the Need component.
- (c) In the event of a decrease in the total amount of funds available under the Need component, an Indian tribe's adjusted allocation under paragraph (a) of this section shall be reduced by an amount proportionate to the reduced amount available for distribution under the Need component of the formula.

(d) Adjustments under paragraph (b) or (c) of this section shall be made to a tribe's Need allocation after adjusting that allocation under paragraph (a) of this section.”

As in prior years, the Needs component of the formula was estimated using single-race and multi-race Census data. The amount of each Indian tribe's allocation was estimated based on the greater of the two, pursuant to the language in the President's Budget. The Needs section of your Tribe's FRF indicates which data were used.

These allocations incorporate a minimum Needs funding for tribes that have previously participated in the IHBG program. In accordance with §1000.328, tribes receiving less than \$200,000 under the FCAS component of the formula and that demonstrate the presence of any households at or below 80 percent of median income are eligible to receive the minimum allocation in any FY under the IHBG Needs component. The minimum funding will equal 0.007826 percent of the available appropriations for that FY, after set-asides. In the FY 2018 estimate, this amount is \$46,799.

The IHBG regulations at Section 1000.329 establish a minimum grant when there are carryover funds. Since it is unknown if there will be carryover for the FY 2018 allocation, a minimum grant is not included in the estimate, but will be implemented in the final allocation provided there is carryover. In addition, §1000.342 adds a new Undisbursed Funds Factor (UDFF) in the formula. The UDFF provides allocation formula calculations specific to tribes with an initial allocation of \$5 million or more, and with undisbursed IHBG funds in the Line of Credit Control System (LOCCS) on October 1 in an amount greater than the sum of the prior 3 years' initial allocation calculations. Since the amount of undisbursed funds remaining in LOCCS on October 1 is not yet known, this provision is not implemented in the estimate, however this factor will be applied in the final allocation.

The **IHBG Formula Allocation Critical Deadlines and Frequently Asked Questions** lists important deadlines, contact information for customer service, and a summary of frequently asked questions. All corrections to FCAS, Tribal Enrollment, and Formula Area must be submitted by **November 6, 2017**, to be considered for FY 2018 allocations. Census challenges must be submitted by March 30, 2018, to be considered for FY 2018 and FY 2019 allocations. This year, tribes/TDHEs will be notified of the Needs data used to compute their FY 2018 allocations by September 6, 2017, which is after the March 30, 2017, deadline to submit challenges for FY 2018. In an effort to provide tribes/TDHEs with a similar amount of time as they had in prior FYs to review their data, the General Deputy Assistant Secretary has issued a waiver extending the deadline for submitting challenges to the FY 2018 Needs data to March 30, 2018.

The **IHBG Correction/Challenge Log** shows the status of requests for correcting or challenging IHBG data that HUD has received between May 26, 2017, and July 28, 2017, the last time the data was changed before the IHBG formula allocations were calculated.

The **ACS Implementation Analysis** illustrates the amount of grant funding change that is attributable to the implementation of the new regulations vs. the amount of changes based upon the estimated available funding level. Section 1000.331 of the IHBG regulations require

HUD to isolate the impact of the new data source from all other formula variables including funding levels, this spreadsheet does that.

The Office of Native American Programs looks forward to continuing its work with tribes and TDHEs in FY 2018. Should you have any additional comments, please contact the IHBG Formula Customer Service Center at:

1025 Connecticut Ave, NW, Suite 214
Washington, DC 20036
Phone: 800-410-8808
Fax: 202-393-6411
E-Mail: IHBGformula@firstpic.org

Sincerely,

A handwritten signature in black ink, appearing to read "Heidi J. Frechette", with a long horizontal flourish extending to the right.

Heidi J. Frechette
Deputy Assistant Secretary
for Native American Programs

Enclosures