U.S. Department of Housing and Urban Development
WASHINGTON, DC 20410-5000

Title VI Loan Guarantee Program
The Power of Leveraging

Similar to a family leveraging its income to buy a car, tribes/TDHEs leverage their annual income by using a Title VI loan to increase the amount of housing they can build. In the following example, two tribes have made a decision to use the $500,000 “need portion” of their annual Indian Housing Block Grant for housing construction. Tribe A chose not to leverage its funds, while Tribe B chose to leverage its funds using a Title VI loan.

With $500,000 in need, and $125,000 per unit construction costs, Tribe A is limited to constructing four homes. It would take Tribe A more than 6 years to build 24 homes due to inflation, which increases material and labor costs.

In comparison, Tribe B could construct 24 homes immediately by leveraging its funds using its maximum Title VI loan amount, which is five times the need portion of its annual Indian Housing Block Grant. In fact, the larger project may reduce the cost per unit enough for Tribe B to build one or two additional homes. Also, Tribe B could continue to use its need funds to build even more homes.

Item	Tribe A Without Leveraging	Tribe B With Leveraging
IHBG Annual Allocation of Need	$ 500,000	$ 500,000
Leveraged Funds (five times the need)	$ 0	$2,500,000
Total Funding	$ 500,000	$3,000,000
Average Cost per Unit	$ 125,000	$125,000
Number of Units	4	24