

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

PUBLIC AND INDIAN HOUSING

NATIVE AMERICAN HOUSING BLOCK GRANTS

PROGRAM HIGHLIGHTS

	ACTUAL 2001	ENACTED 2002	ESTIMATE 2003	INCREASE + DECREASE - 2003 vs 2002
(Dollars in Thousands)				
<u>Budget Authority (Use):</u>				
Appropriations	\$650,000	\$648,570	\$646,600	-\$1,970
Rescission	-\$1,430	...	...	...
Budget Authority (net)	\$648,570	\$648,570	\$646,600	-\$1,970
Carryover	<u>\$174,731</u>	<u>\$187,235</u>	...	<u>-\$187,235</u>
Subtotal	\$1,471,871	\$1,484,375	\$1,293,200	-\$191,175
<u>Title VI Subsidy</u>				
Credit Subsidy	[\$6,000]	[\$5,987]	[\$2,000]	[-\$3,987]
Rescission	[-\$13]	...	...	...
Loan Guarantee Limitation	<u>\$54,600</u>	<u>\$52,726</u>	<u>\$16,658</u>	<u>-\$36,068</u>
Subtotal	\$54,600	\$52,726	\$16,658	-\$36,068
<u>Title VI Adm. Expenses</u>				
Administrative Expenses	[\$150]	[\$150]	[\$156]	[\$+6]
<u>Outlays</u>				
Outlays (net)	\$684,098	\$711,167	\$740,110	+\$28,943

SUMMARY OF BUDGET ESTIMATES

The Budget proposes an appropriation of \$647 million for the Native American Housing Block Grants (NAHBG) program in fiscal year 2003. This program provides a needs-based formula grant for housing and housing-related assistance either directly to eligible Indian tribes or through their tribally designated housing entities (TDHEs). This request includes up to \$3 million to support the inspection of physical inventory of Indian housing units, contract expertise, and training and technical assistance in the training, oversight and management of Indian housing and tenant-based assistance, including up to \$300,000 for related travel. Up to \$600,000 will be used for development of and modifications to information technology systems, which serve or are related to those program or activities under this account. In addition, included in the total is \$2.2 million for the National American Indian Housing Council.

Also included in this request is \$2 million in credit subsidy for the Title VI Indian Federal Guarantees program. For Title VI administrative expenses to carry out this guaranteed loan program, \$156,000 of the credit subsidy amount will be transferred and merged with the Department's appropriation for Salaries and Expenses. Funds will be used for travel related to marketing the program, on-site monitoring, and other training, for the Title VI program.

EXPLANATION OF INCREASES AND DECREASES

The funds requested for fiscal year 2003 reflect decrease of \$2 million from fiscal year 2002. This represents a change in the way the Department funds the Working Capital

Native American Housing Block Grants

Fund (WCF). In fiscal year 2002, the NAHBG program's contribution to the WCF was appropriated in the account and subsequently transferred to the WCF. Beginning in fiscal year 2003, the appropriation request for this program will be reduced by the amount of the contribution and that amount will be included in a direct appropriation to the WCF. Outlays are expected to increase by \$29 million. The request of \$2 million in credit subsidy for the Title VI program is \$4 million lower than the 2002 Budget. There are sufficient resources currently in the account to fund loan guarantees; therefore, the Department is only requesting \$2 million for fiscal year 2003.

PROGRAM DESCRIPTION AND ACTIVITY

In 1996, to recognize the unique nature and needs of American Indian and Alaska Native areas, the Congress enacted Native American Housing Assistance and Self-Determination Act (NAHASDA, P.L. 104-330) to better assist Native American people and their communities. The NAHBG program provides the funds that are needed to allow tribal housing organizations both to maintain existing units and to begin development of new units to meet their critical housing needs. The NAHASDA stipulates that each eligible Indian tribe or its TDHE receive annually a single block grant to meet the housing needs within their community. The tribe or TDHE must submit 1-year and 5-year Indian Housing Plan (IHP), consisting of a mission statement, goals and objectives, needs statement, statement of financial and affordable housing resources, and proposed activities designed to meet the housing needs identified in the Plan.

The Department's Office of Native American Programs (ONAP) staff monitors the tribe or TDHE to ensure compliance with the objectives of the IHP. To receive the Department's approval of the IHP, grantees must indicate that their first priority is the management and maintenance of existing dwelling units developed with HUD funds. Once approved, the tribe is eligible to receive funds through the annual formula allocation.

The NAHBG allows grant recipients to develop and support affordable rental and homeownership housing and provide housing services through the following eligible activities:

Development

Grant funds may be used to support acquisition, new construction, reconstruction, and the moderate or substantial rehabilitation of affordable housing, and may include real property acquisition, site improvement, development of utilities and utility services, conversion of a project to homeownership, demolition, financing, administration and planning, and other related activities.

Indian Housing Assistance

Indian housing assistance provides for modernization and operating assistance for housing previously developed or operated under a contract between the Department and an Indian Housing Authority, currently the tribe or TDHE.

Housing Services

Funds may be 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.

Housing Management Services

Grant funds may be used to provide management services for affordable housing that may include preparation of work specifications, loan processing, inspections, tenant selection, management of tenant-based rental assistance, and management of affordable housing projects.

Crime Prevention and Safety Activities

Native American Housing Block Grants

Funding may be provided for safety, security, and law enforcement measures with activities appropriate to protect residents of affordable housing from crime.

Model Activities

The Department may approve housing activities under model programs that are designed to develop and support affordable housing. This complies with the mandate that new housing opportunities be developed, utilizing a wide variety of creative approaches, and among other things, establishing partnerships, leveraging other public and private funds. This ensures long-term viability by implementing ideas that supplement limited Federal grant funds with other sources of capital, loans, buy-downs, and other financing mechanisms.

Inspection of Physical Inventory. With the enactment of the NAHASDA, affordable housing funded through the United States Housing Act of 1937 was no longer subject to the requirements of the 1937 Act. NAHASDA requires that the owners of housing developed with 1937 Act funds regularly inspect such housing and provide for the housing units' management and operation costs during their useful life. For fiscal year 2001, 254 housing owners (tribal governments or their designees) reported current assisted stock of 75,863 housing units representing 3,170 separate projects. Additionally, there are 3,544 housing units in the development stage.

One of the critical missions of the Department is to assure housing assisted with HUD funds is kept in decent and safe condition and that they will be maintained for a reasonably expected period of time. Several years ago, the Department established the Real Estate Assessment Center (REAC) whose primary function is to assess the effectiveness of management programs of housing providers, Public Housing Agencies (PHAs), and Indian housing entities. During the initial set-up period, REAC established a physical inspection program for housing owners and PHAs. This program will identify problems in the physical condition of housing units assisted with HUD funds. It provides a warning to both the housing owners and the Department so actions may be initiated to improve housing conditions and maintain them adequately.

Because of the relative newness of NAHASDA programs and REAC, Indian housing programs have not yet been incorporated into the physical inspection process. During fiscal year 2003, it is both desirable and necessary that HUD begins assessing the condition of housing stock assisted with HUD funds.

PROGRAM SET-ASIDES

Title VI Federal Guarantees for Financing for Tribal Housing Activities. The Budget includes a set-aside of \$2 million for the continuation of the Title VI Indian Federal Loan Guarantee program. The fiscal year 2003 Budget request is \$4 million less than the fiscal year 2002 request due to the low number of loans in fiscal year 2001. Since the credit subsidy carries over to the next fiscal year, anticipated needs for fiscal year 2003 will be met with \$2 million. This program is authorized by section 601 of NAHASDA, Public Law 104-330. The program provides loan guarantees for Native American Housing Block Grant recipients (Indian tribes and Tribally Designated Housing Entities) who need additional funds to engage in NAHASDA-eligible affordable housing activities, but is unable to borrow from other private financial sources without the Federal guarantee. The program provides a mechanism for grant recipients to leverage funds by pledging future block grants, along with additional security as required, to collateralize notes and other obligations.

Training and Technical Assistance. Up to \$3 million of the total NAHBG appropriation will be set-aside to support the inspection of Indian housing units, contract expertise, and training and technical assistance to engage in the management and oversight of Indian housing or tenant-based assistance. Up to \$150,000 of the total set-aside appropriation will support contract expertise, training and technical assistance to engage in the management and oversight of the Title VI program. These activities include, but are not limited to, training and technical assistance for tribal and TDHE staff and data collection and analysis.

Native American Housing Block Grants

National American Indian Housing Council (NAIHC). This Budget includes a set-aside of \$2.2 million to NAIHC to perform technical assistance and training to the many tribal housing entities, including Indian Housing Authorities (IHAs), tribal housing agencies and regional housing associations. In fiscal year 2003, NAIHC will continue to provide direct support to regional housing associations, IHAs, and tribal housing groups in areas such as Low-Income Housing Tax Credits, homebuyer counseling, the HUD Section 184 Loan Program, the leveraging of funds, and in meeting the monitoring and other requirements outlined in the Native American Housing Assistance and Self Determination Act (NAHASDA). NAIHC's training efforts will continue to be directed at assisting IHAs/TDHEs in understanding and utilizing the NAHASDA. NAIHC will also undertake at least two research projects in areas concerning housing and community development in tribal areas, and will develop and collect materials for the Native American Housing Resource Center.

STRATEGIC GOALS AND OBJECTIVES: RESOURCES REQUESTED (\$ AND FTE) AND RESULTS

The Native American Housing Block Grants program is essential to achieve HUD's Strategic Goal 2: Help Families Move From Rental Housing to Homeownership, and specifically, Strategic Objective 2.3, to increase the availability of affordable rental housing. This program also supports Strategic Goal 8: Support Community and Economic Development Efforts, and specifically, Strategic Objective 8.2, to help communities find easy access to revitalization resources in order to become more livable.

SELECTED PERFORMANCE MEASURES

NOTE: Targets are preliminary and may be revised with the submission of the full APP document.

STRATEGIC GOAL/OBJECTIVE	ACTUAL 2001	ENACTED 2002	ESTIMATE 2003
Strategic Goal 2: Help families move from rental housing to homeownership.			
Discretionary BA (Dollars in Thousands)	\$648,570	\$648,570	\$646,600
FTE			
Headquarters	20	26	26
Field	134	134	134
Subtotal	154	160	160
Strategic Objective 2.3: Increase the availability of affordable rental housing.			
The number of households receiving housing assistance with CDBG, HOME, HOPWA, NAHBG and NHHBG increases.	20,000	19,800	19,967
Strategic Goal 8: Support community and economic development efforts.			
Discretionary BA (Dollars in Thousands)	...	...	...
FTE			
Headquarters	...	...	...
Field	...	...	...
Subtotal	...	...	...

Native American Housing Block Grants

STRATEGIC GOAL/OBJECTIVE	ACTUAL 2001	ENACTED 2002	ESTIMATE 2003
Strategic Objective 8.2: Help communities more readily access revitalization resources to become more livable.			
FTE Total	154	160	160