

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

PUBLIC AND INDIAN HOUSING

NATIVE AMERICAN HOUSING BLOCK GRANTS

PROGRAM HIGHLIGHTS

	ACTUAL 2002	ESTIMATE 2003	ESTIMATE 2004	INCREASE + DECREASE - 2004 vs 2003
(Dollars in Thousands)				
<u>Budget Authority (Use):</u>				
Appropriations .....	\$648,570	\$646,600	\$646,600	...
Technical Assistance .....	[5,000]	[3,000]	[5,000]	[2,000]
Working Capital Fund .....	[3,000]	[600]	[2,720]	[2,120]
Carryover .....	187,235	138,688	138,688	...
Recaptures .....	<u>6,875</u>	...	...	...
Subtotal .....	842,680	785,288	785,288	...
<u>Title VI Subsidy</u>				
Credit Subsidy .....	5,987	2,000	1,000	-1,000
Loan Guarantee Limitation .....	<u>[52,726]</u>	<u>[16,658]</u>	<u>[8,049]</u>	<u>[-8,609]</u>
Subtotal .....	5,987	2,000	1,000	-1,000
<u>Title VI Adm. Expenses</u>				
Administrative Expenses				
Transfer to S&E .....	[150]	[156]	[150]	-6
Outlays .....	713,129	740,210	820,085	79,875

SUMMARY OF BUDGET ESTIMATES

The Budget proposes an appropriation of \$647 million for the Native American Housing Block Grant (NAHBG) program in fiscal year 2004. This program provides a formula grant, based on need and the number of HUD-funded units in management, for housing and housing-related assistance either directly to eligible Indian tribes or through their tribally designated housing entities (TDHEs). Beginning with fiscal year 1998, the first year of funding and continuing through the fiscal year 2001 appropriation, the total funding to the grant recipients during this 4-year period has been \$2.5 billion. During this time, on average, 58,000 Native American households received assistance with NAHBG funds. It is anticipated that there will be a 20 percent increase in the number of families served in fiscal year 2004.

The amount requested for fiscal year 2004 is the same as fiscal year 2003 request. The overall funding level is based on recognition of the low-income housing needs that exist in Indian Country. This request includes up to \$5 million for contract expertise, and training and technical assistance in the training, oversight and management of Indian housing and housing-related assistance.

This request includes \$1 million for credit subsidy to support loan guarantee authority of \$8 million for the Title VI Tribal housing activities Federal Guarantee program. A total of \$150,000 is requested for administrative expenses to carry out this guaranteed loan program, which will be transferred and merged with the Department's appropriation for Salaries and Expenses.

EXPLANATION OF INCREASES AND DECREASES

The increase of \$2 million in technical assistance is requested to cover the increased cost of inspections of physical inventory of Indian housing units, contract expertise, and training and technical assistance in the training, oversight and management of Indian housing and housing-related assistance. The decrease of \$1 million in credit subsidy for the Title VI program reflects that fact that there are sufficient funds currently in the account to meet program demand.

PROGRAM DESCRIPTION AND ACTIVITY

## Native American Housing Block Grants

In 1996, to recognize the unique nature and needs of American Indian and Alaska Native areas, Congress enacted the 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 funds to tribes or their tribally designated housing entities (TDHE) to meet their critical housing needs through housing block grants designed to maintain existing units previously developed with HUD funding and to develop new units. The NAHASDA stipulates that each eligible Indian tribe or its TDHE receive annually a single block grant to meet the housing and housing-related 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 Native American Block Grant program was evaluated according to guidelines established the Office of Management and Budget's (OMB) Program Assessment Rating Tool (PART) during fiscal year 2002. The assessment revealed that the purpose and design of the program is clear. However, the program did not provide a history of established and quantifiable performance goals, targets and timelines. As a result of that assessment the Department's Office of Native American Programs (ONAP) staff is in the process of reevaluating certain aspects of the Native American Housing Block Grant program to improve program delivery and track the effectiveness of the program. Grantees must indicate in the IHP that their first priority is the management and maintenance of existing dwelling units developed with HUD funds. If the IHP is found to be in compliance, the tribe receives funds through the annual formula allocation.

ONAP will also be focusing on expanding access to affordable housing by increasing the number of eligible households receiving housing assistance. This will be achieved through the accomplishment of program goals established under HUD's Annual Performance Plan. Examples of these goals include: the number of affordable housing units will be increased through the collaborative development of 10 mixed-financing projects; a series of hands-on user guides will be prepared and disseminated covering such subjects as explaining the advantages of leveraging and using Low-Income Housing Tax Credits with Native American Housing Block Grant funds. ONAP will participate in six training sessions to inform low-income Native Americans of the advantages of Earned Income Tax Credits and Individual Development Accounts as self-sufficient means of accumulating assets for housing. ONAP will continue to improve the monitoring of grant recipients to ensure compliance with the IHP objectives. Additionally, ONAP will develop short and long term goals to relieve overcrowding in Native American communities.

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, such as 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

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

Native American Housing Block Grants

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, and 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.

PROGRAM SET-ASIDES

Title VI Federal Guarantees for Financing for Tribal Housing Activities. The Budget includes a set-aside of \$1 million for the continuation of the Title VI Indian Federal Loan Guarantee program. The fiscal year 2004 Budget is \$1 million less than the fiscal year 2003 request due to the small number of loans guaranteed in fiscal year 2002. 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) in need of additional funds to engage in NAHASDA-eligible affordable housing activities. 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 \$5 million of the total NAHBG appropriation will be set aside for contract expertise, and training and technical assistance to engage in the management and oversight of eligible affordable housing activities.

National American Indian Housing Council (NAIHC). No funds are included as a set-aside under the NAHBG to NAIHC. There is \$2.2 million under the Community Development Block Grant program for the organization. Over the past several fiscal years, sufficient funding has been provided to allow the organization to perform training and technical assistance for Indian tribes, TDHES and regional housing associations. At present, a backlog of unexpended funding from previous fiscal years exists.

ADMINISTRATIVE EXPENSES

FTE/OBJECT CLASS	ACTUAL 2002	ESTIMATE 2003	ESTIMATE 2004
FTE			
Headquarters	22	22	22
Field	131	132	132
Total FTE	153	154	154
S&E Cost (Dollars in Thousands)			
Personal Services	\$13,320	\$13,784	\$14,156
Travel	286	272	272
Printing	37	41	42
Other Services	250	250	250
Supplies	7	7	7
Total S&E Cost	\$13,900	\$14,354	\$14,727