

PUBLIC AND INDIAN HOUSING  
 NATIVE AMERICAN HOUSING BLOCK GRANTS  
 2007 Summary Statement and Initiatives  
 (Dollars in Thousands)

NATIVE AMERICAN HOUSING BLOCK GRANTS	<u>Enacted/ Request</u>	<u>Carryover</u>	<u>Supplemental/ Rescission</u>	<u>Total Resources</u>	<u>Obligations</u>	<u>Outlays</u>
2005 Appropriation .....	\$627,000	\$118,824 <sup>a</sup>	-\$26,016	\$719,808	\$659,264	\$683,654 <sup>b</sup>
2006 Appropriation/Request .....	630,000	62,090 <sup>c</sup>	-6,300	685,790	624,500	716,400 <sup>b</sup>
2007 Request .....	<u>625,680</u>	<u>61,290</u>	<u>...</u>	<u>686,970</u>	<u>626,400</u>	<u>702,400</u>
Program Improvements/Offsets .....	-4,320	-800	+6,300	+1,180	+1,900	-14,000

- a/ Includes \$728 thousand in recaptures and \$4.3 million in permanent indefinite authority for Title VI Loan Guarantee upward re-estimate.
- b/ Does not include \$4.3 million in fiscal year 2005 and \$1.5 million in fiscal year 2006 of permanent indefinite authority.
- c/ Includes \$1.5 million in permanent indefinite authority for Title VI Loan Guarantee upward re-estimate.

**Summary Statement**

The Budget proposes an appropriation of \$625.7 million for the Native American Housing Block Grant (NAHBG) program in fiscal year 2007. The funding level recognizes the low-income housing needs that exist in Indian country. 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 in fiscal year 1998, the first year of funding, and continuing through fiscal year 2005 appropriation, the total funding to the grant recipients during this 8-year period has been approximately \$5.03 billion.

The Title VI program promotes homeownership opportunities via a public/private partnership. Through August 19, 2005, the program has directly financed or funded infrastructure for 955 homeownership units. This request includes \$2 million for credit subsidy to support loan guarantee authority of \$14.9 million, based on a subsidy rate of 11.99 percent for the Title VI Tribal Housing Activities Loan Guarantee program. Of the \$1.98 million requested for credit subsidy, a total of \$149 thousand is requested for administrative expenses to carry out the costs associated with the guaranteed loan program, which will be transferred to and merged with the Department's appropriation for Salaries and Expenses.

No funds are included for the National American Indian Housing Council (NAIHC). Currently, the NAIHC has approximately \$7 million in unspent funds from prior Federal appropriations. This request also includes up to \$3.47 million for HUD training and technical assistance in the training, oversight and management of Indian housing and housing-related assistance.

**Initiatives**

In fiscal year 2007, the Department is not proposing any new initiatives in this program.

Native American Housing Block Grants

PUBLIC AND INDIAN HOUSING  
 NATIVE AMERICAN HOUSING BLOCK GRANTS  
 Summary of Resources by Program  
 (Dollars in Thousands)

<u>Budget Activity</u>	<u>2005 Budget Authority</u>	<u>2004 Carryover Into 2005</u>	<u>2005 Total Resources</u>	<u>2005 Obligations</u>	<u>2006 Budget Authority/ Request</u>	<u>2005 Carryover Into 2006</u>	<u>2006 Total Resources</u>	<u>2007 Request</u>
Formula Grants .....	\$610,774	\$84,182	\$694,956	\$642,149	\$616,275	\$52,809	\$669,084	\$620,235
Loan Guarantee - Title VI (Credit Subsidy) ..	-19,165	27,133	7,968	4,730	1,831	4,783	6,614	1,831
Administrative Expenses	149	...	149	149	149	...	149	149
Technical Assistance ..	4,464	7,509	11,973	7,475	4,455	4,498	8,953	3,465
National American Indian Housing Council	2,183	...	2,183	2,182	990	...	990	...
Working Capital Fund ..	<u>2,579</u>	<u>...</u>	<u>2,579</u>	<u>2,579</u>	<u>...</u>	<u>...</u>	<u>...</u>	<u>...</u>
Total .....	600,984	118,824	719,808	659,264	623,700	62,090	685,790	625,680

<u>FTE</u>	<u>2005 Actual</u>	<u>2006 Estimate</u>	<u>2007 Estimate</u>
Headquarters .....	26	25	24
Field .....	<u>113</u>	<u>114</u>	<u>111</u>
Total .....	139	139	135

Native American Housing Block Grants

**PUBLIC AND INDIAN HOUSING  
NATIVE AMERICAN HOUSING BLOCK GRANTS  
Program Offsets  
(Dollars in Thousands)**

<b>Formula Grants</b>	<u>Amount</u>
2005 Appropriation .....	\$610,774
2006 Appropriation/Request .....	616,275
2007 Request .....	<u>620,235</u>
Program Improvements/Offsets .....	+3,960

**Proposed Actions**

In fiscal year 2007, the Department proposes an appropriation of \$625.7 million for NAHBG purposes. In 1996, to recognize the unique nature and needs of American Indians and Alaska Natives, Congress enacted the Native American Housing Assistance and Self-Determination Act of 1996 (NAHASDA, P.L. 104-330) to better assist Native American people and their communities. The Native American Housing Block Grant (NAHBG) program provides funds to tribes or their tribally designated housing entities (TDHEs) to meet their critical housing needs through Indian housing block grants designed to maintain existing units previously developed with HUD funding, to develop and rehabilitate units and for other affordable housing activities such as interest rate buy downs, down payment assistance, loans, and housing services, as defined in Section 202 of the Act. NAHASDA stipulates that each Indian tribe or its TDHE is eligible to receive an annual block grant to meet the housing and housing-related needs within their community if a tribe submits a compliant Indian Housing Plan (IHP). The tribe or TDHE must submit a 1-year and 5-year 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. Grantees must indicate in the IHP that they will continue to manage and maintain 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.

Performance measures were established to respond to the program evaluations that are designed to improve the efficiency and effectiveness of the program. The fiscal years 2005 and 2006 performance goals are:

- The minimum number of households receiving assistance with NAHBG in each of the fiscal years 2005 and 2006 will be 8,655.
- Build, acquire, or rehabilitate 2,415 affordable rental units in each of the fiscal years 2005 and 2006.
- Build, acquire, or rehabilitate 6,240 homeownership units in each of the fiscal years 2005 and 2006.
- By September 2010, reduce overcrowded Indian households by 10 percent from Census 2000 levels.
- Guarantee 10 Title VI loans in fiscal year 2005, for a cumulative total of 31, and 10 more in fiscal year 2006, for a cumulative total of 41.

The Office of Native American Programs (ONAP) has developed statistical profiles for several tribes and statistical indicators of need have been developed for each eligible NAHBG recipient using 2000 Census information, which the Department believes are the most objective and reliable data provided. Annual and long-term performance measures for ONAP programs and operations have been developed, along with an automated database system to support collection and reporting. These performance measures support the Department's strategic goals.

## Native American Housing Block Grants

For example, to promote homeownership, ONAP set the ambitious goal in fiscal year 2005 to build or acquire 1,274 homeownership units using IHBG funds. As of August 2005, ONAP has already met this goal and exceeded it by 11 percent, resulting in building or acquiring 1,415 homeownership units. These new housing units will contribute to the reduction in overcrowded conditions in Indian Country, which is the long-term goal of the program.

In response to the evaluation conducted by the Program Assessment Rating Tool (PART), ONAP will simplify reporting requirements and revise reporting instruments to collect program output data. Part of the revision process involves consultation with tribes and TDHEs; at least eight formal consultation sessions were held in fiscal years 2004 and 2005. ONAP is seeking support to more accurately track reductions in overcrowding.

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.

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. 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.

Native American Housing Block Grants

**PUBLIC AND INDIAN HOUSING  
NATIVE AMERICAN HOUSING BLOCK GRANTS  
Program Offsets  
(Dollars in Thousands)**

<b>Loan Guarantee - Title VI (Credit Subsidy)</b>	<u>Amount</u>
2005 Appropriation .....	-\$19,165
2006 Appropriation/Request .....	1,831
2007 Request .....	<u>1,831</u>
Program Improvements/Offsets .....	...

<b>Title VI Housing Loan Guarantee - Summary of Loan Activity</b>	<u>Actual 2005</u>	<u>Estimate 2006</u>	<u>Estimate 2007</u>
Number of Loan Commitments.....	10	10	20
Number of Loans Endorsed .....	10	10	18
Average Loan Size of Endorsed Loans .....	\$2,650	\$2,635	\$1,896
Number of Loans in Delinquent Status at end of fiscal year .....	0	0	0
Number of Loans that Defaulted in fiscal year .....	1	0	0
Total Number of Loans in Default .....	1	1	1
Loan Guarantee Commitment Limitation .....	\$17,926	\$17,926	14,939
Subsidy Rate .....	10.32	12.26	11.99

**Proposed Actions**

Title VI Federal Guarantees for Financing for Tribal Housing Activities. The Budget includes a set-aside of \$1.8 million for the continuation of the Title VI Indian Housing Federal Loan Guarantee Program. The loan guarantees made under this program shall guarantee repayment of 95 percent of the unpaid principal and interest due on the obligations guaranteed. This program is authorized by Section 601 of NAHASDA, Public Law 104-330, as amended. This request will support loan guarantee authority of \$14.9 million, based on a subsidy rate of 11.99 percent for the Title VI Tribal Housing Activities Loan Guarantee program. 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. The Title VI program received a PART rating of "Adequate" in fiscal year 2005.

Although program activity began slowly, with the first two Title VI loan guarantees issued for approximately \$7 million in fiscal year 2000, Indian tribes and their TDHEs are now partnering with HUD and the public and private sector, resulting in a greater number of loans being underwritten. As of the end of August 2005, cumulative loan guarantees of \$87.8 million have been issued since the program's inception. Over two-thirds of this activity occurred since 2002. Most borrowers include leveraged funds from other sources in the projects funded with Title VI guarantees, reducing their dependence on Federal grant funds. In total, 1,359 affordable housing units or the supporting infrastructure has been financed with Title VI funding. The program scored well during the PART Assessment for its ability to collaborate and coordinate effectively with related programs. Since inception of the program, the 24 Title VI loans have attracted funding from 11 different public and private sources to bring an addition \$39.6 million dollars into the projects. More

## Native American Housing Block Grants

aggressive marketing and outreach efforts to potential borrowers and lenders by the six Area Offices of Native American Programs and the Office of Loan Guarantee have resulted in increases in both inquiries and loan guarantees, as tribes and TDHEs become more familiar with the program and recognize its usefulness.

### Initiatives

The Office of Loan Guarantee performed an internal review of the Title VI program in preparation for the PART Assessment. Several inefficiencies were identified and the process for applying for Title VI loan was revised. The new process emphasizes project planning, which has resulted in better quality applications and thus reduces processing time. As of August 2005, 2 loans totaling \$3 million have been guaranteed, 3 Firm Commitments totaling \$1.8 million have been issued, with closings pending, and there are 4 loans in underwriting totaling \$6.7 million. The Title VI is on target to reach its goal of 10 loans guaranteed in fiscal year 2005.

Native American Housing Block Grants

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Program Offsets  
(Dollars in Thousands)

<b>Administrative Expenses</b>	<b><u>Amount</u></b>
2005 Appropriation .....	\$149
2006 Appropriation/Request .....	149
2007 Request .....	<u>149</u>
Program Improvements/Offsets .....	...

**Proposed Actions**

The Department proposes \$149 thousand for Administrative Expenses in fiscal year 2007 to carry out the guaranteed loan program. These funds will be transferred to and merged with the appropriation for Salaries and Expenses to be used only for the administrative costs of the Title VI Tribal Housing Activities Loan Guarantee program.

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PUBLIC AND INDIAN HOUSING  
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 Program Offsets  
 (Dollars in Thousands)

<b>Technical Assistance</b>	<u>Amount</u>
2005 Appropriation .....	\$4,464
2006 Appropriation/Request .....	4,455
2007 Request .....	<u>3,465</u>
Program Improvements/Offsets .....	-990

**Proposed Actions**

Up to \$3.47 million of the total NAHBG appropriation will be set aside for training and technical assistance to engage in the management and oversight of eligible affordable housing activities. These funds will be used for activities such as the management of the NAHBG formula, support for tribal consultation activities (including negotiated rulemaking) training and outreach for the Title VI program, extensive technical assistance and training activities to address programmatic requirements, functional training for grantees, and data collection for measuring performance and outcomes for OMB's Program Assessment Rating Tool evaluations. Technical assistance activities are wide-ranging, including on-site expertise in identifying the causes of mold in affected housing units and assistance in crime prevention activities. Funds may also be used to support negotiated rulemaking activities as required by section 106(b)(2) of the Native American Housing Assistance and Self-Determination Act of 1996, as amended.



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 Program Offsets  
 (Dollars in Thousands)

<b>National American Indian Housing Council</b>	<u>Amount</u>
2005 Appropriation .....	\$2,183
2006 Appropriation/Request .....	990
2007 Request .....	<u>...</u>
Program Improvements/Offsets .....	-990

**Proposed Actions**

No funds are included as a set-aside under the NAHBG for the National American Indian Housing Council (NAIHC). 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 Indian housing associations. A total of approximately \$7 million in unspent funds remains available to NAIHC.

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Program Offsets  
(Dollars in Thousands)

<b>Working Capital Fund</b>	<b><u>Amount</u></b>
2005 Appropriation .....	\$2,579
2006 Appropriation/Request .....	...
2007 Request .....	<u>...</u>
Program Improvements/Offsets .....	...

**Proposed Actions**

No funds are included as a set-aside under the NAHBG for the Working Capital Fund. Sufficient carryover is available to meet the needs of the program.

Native American Housing Block Grants

**PUBLIC AND INDIAN HOUSING  
NATIVE AMERICAN HOUSING BLOCK GRANTS  
Performance Measurement Table**

Program Name: <b>NATIVE AMERICAN HOUSING BLOCK GRANTS</b>					
Program Mission: 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. 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.					
Performance Indicators	Data Sources	Performance Report		Performance Plan	
		2005 Plan	2005 Actual	2006 Plan	2007 Plan
The Native American Housing Block Grant program will assist 6,240 families with homeownership activities.	PIH Office of Native American Programs Administrative Data derived from Access Database and LOCCS System	6,240	5,455	6240	6240
The Native American Housing Block Grant program will assist 2,415 families with rental activities.	PIH Office of Native American Programs Administrative Data derived from Access Database and LOCCS System	2,415	1,050	2,415	2,415
Overcrowded households in Indian country shall be reduced by 1 percent.	Administrative Reports	467	1,902	446	472

**NATIVE AMERICAN HOUSING BLOCK GRANT PROGRAM**

In March 2005, the indicator measuring number of Native American families served was modified. The outputs now being counted are families who have received a newly built home, a newly acquired home, or have had their home rehabilitated. The target goals for fiscal years 2005 through 2007 remain the same, to serve 8,655 Native American families—2,415 with rental units and 6,240 with homeownership units. The sum of the six individual rental and homeownership goals, when combined, is the overall goal stated of the number of families assisted with NAHBG funds.

## Native American Housing Block Grants

In fiscal year 2005, the Native American Housing Block Grant Program assisted 6,011 families with homeowner activities and 1,304 with rental activities. While the Department did not meet its goals in fiscal year 2005 due to economic conditions in Indian country, the housing conditions in Indian country were greatly improved and many families have acquired better living conditions due to the activities funded through the Native American Block Grant. The Office of Native American Programs will regularly monitor grantees and provide specialized training and technical assistance to the grantees to assure that the goals will be reached in fiscal years 2006 and 2007.

ONAP's long-term goal is to reduce overcrowded Indian households by 1 percent each year over the next 10 fiscal years. ONAP and tribal representatives established a baseline in 2003 of 47,169 overcrowded Indian households. The goal each year is to reduce this number by at least 472 or 1 percent. In fiscal year 2005, the goal for reducing the number of households living in overcrowded conditions was exceeded by 1,435 households. This represents an overall reduction of households living in overcrowded conditions of 4 percent. In fiscal years 2006 and 2007, ONAP continues its efforts to reduce overcrowding by 1 percent each fiscal year.

Native American Housing Block Grants

**PUBLIC AND INDIAN HOUSING  
NATIVE AMERICAN HOUSING BLOCK GRANTS  
Justification of Proposed Changes in Appropriations Language**

The 2007 President's Budget includes proposed changes in the appropriations language listed and explained below. New language is italicized and underlined, and language proposed for deletion is bracketed.

For the Native American Housing Block Grants program, as authorized under title I of the Native American Housing Assistance and Self-Determination Act of 1996 (NAHASDA) (25 U.S.C. 4111 et seq.), [~~\$630,000,000~~] \$625,680,000, to remain available until expended: Provided, That, notwithstanding the Native American Housing Assistance and Self-Determination Act of 1996, to determine the amount of the allocation under title I of such Act for each Indian tribe, the Secretary shall apply the formula under section 302 of such Act with the need component based on single-race Census data and with the need component based on multi-race Census data, and the amount of the allocation for each Indian tribe shall be the greater of the two resulting allocation amounts: Provided further, That of the amounts made available under this heading, [~~\$1,000,000~~] shall be contracted through the Secretary as technical assistance and capacity building to be used by the National American Indian Housing Council in support of the implementation of NAHASDA: \$4,500,000] \$3,465,000 shall be to support the inspection of Indian housing units, contract expertise, training, and technical assistance in the training, oversight, and management of such Indian housing and tenant-based assistance, including up to \$300,000 for related travel[; up to \$4,000,000 may be used for emergencies that constitute imminent threats to health and safety, notwithstanding any other provision of law (including section 305 of this Act): Provided further, That of the amount provided under this heading, [~~\$2,000,000~~] \$1,980,000 shall be made available for the cost of guaranteed notes and other obligations, as authorized by title VI of NAHASDA: Provided further, That such costs, including the costs of modifying such notes and other obligations, shall be as defined in section 502 of the Congressional Budget Act of 1974, as amended: Provided further, That these funds are available to subsidize the total principal amount of any notes and other obligations, any part of which is to be guaranteed, not to exceed [~~\$17,926,000~~] \$14,938,825: Provided further, That for administrative expenses to carry out the guaranteed loan program, up to [~~\$150,000~~] \$148,500 from amounts in the third proviso, which shall be transferred to and merged with the appropriation for "Salaries and Expenses".

**Explanation of Changes**

No change in the appropriation language is requested.

Native American Housing Block Grants

PUBLIC AND INDIAN HOUSING  
NATIVE AMERICAN HOUSING BLOCK GRANTS  
Crosswalk of 2005 Availability  
(Dollars in Thousands)

<u>Budget Activity</u>	<u>2005 Enacted</u>	<u>Supplemental/ Rescission</u>	<u>Approved Reprogrammings</u>	<u>Transfers</u>	<u>Carryover</u>	<u>Total 2005 Resources</u>
Formula Grants .....	\$615,700	-\$4,926	...	...	\$84,182	\$694,956
Loan Guarantee - Title VI (Credit Subsidy) .....	1,850	-21,015	...	...	27,133	7,968
Administrative Expenses .....	150	-1	...	...	...	149
Technical Assistance .....	4,500	-36	...	...	7,509	11,973
National American Indian Housing Council .....	2,200	-17	...	...	...	2,183
Working Capital Fund .....	<u>2,600</u>	<u>-21</u>	<u>...</u>	<u>...</u>	<u>...</u>	<u>2,579</u>
Total .....	627,000	-26,016	...	...	118,824	719,808

Transfers to Other Accounts

For administrative expenses, \$149 thousand was transferred to the Salaries and Expenses account to be used for the administrative cost of the Title VI Tribal Housing Activities Federal Loan Guarantee program.

Native American Housing Block Grants

PUBLIC AND INDIAN HOUSING  
 NATIVE AMERICAN HOUSING BLOCK GRANTS  
 Crosswalk of 2006 Changes  
 (Dollars in Thousands)

<u>Budget Activity</u>	<u>2006 President's Budget Request</u>	<u>Congressional Appropriations Action on 2006 Request</u>	<u>2006 Supplemental/ Rescission</u>	<u>Reprogrammings</u>	<u>Carryover</u>	<u>Total 2006 Resources</u>
Formula Grants .....	\$575,492	\$622,500	-\$6,225	...	\$52,809	\$669,084
Loan Guarantee - Title VI (Credit Subsidy) .....	4,650	1,850	-19	...	4,783	6,614
Administrative Expenses .....	150	150	-1	...	...	149
Technical Assistance .....	2,308	4,500	-45	...	4,498	8,953
National American Indian Housing Council .....	...	1,000	-10	...	...	990
Working Capital Fund .....	...	...	...	...	...	...
Total .....	582,600	630,000	-6,300	...	62,090	685,790

Transfers to Other Accounts

For administrative expenses, \$149 thousand will be transferred to the Salaries and Expenses account to be used for the administrative cost of the Title VI Tribal Housing Activities Federal Loan Guarantee program.