

**PUBLIC AND INDIAN HOUSING
NATIVE AMERICAN HOUSING BLOCK GRANTS
2011 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>
2009 Appropriation	\$645,000	\$137,240 ^a	\$507,450 ^b	\$1,289,690	\$1,149,188	\$643,007
2010 Appropriation/Request	700,000	140,502	...	840,502	836,502	878,000
2011 Request	<u>580,000</u> ^c	<u>4,000</u>	...	<u>584,000</u>	<u>574,000</u>	<u>721,000</u>
Program Improvements/Offsets	-120,000	-136,502	...	-256,502	-262,502	-157,000

a/ Includes permanent indefinite authority of \$393 thousand for Title VI Loan Guarantee upward re-estimate.

b/ Includes supplemental funds under the American Recovery and Reinvestment Act, 2009 (Recovery Act).

c/ Includes \$5.8 million to be transferred to the Department's Transformation Initiative program.

Summary Statement

The Budget proposes an appropriation of \$580 million for the Native American Housing Block Grant (NAHBG), also known as the Indian Housing Block Grant (IHBG) program, in fiscal year 2011. This 2011 request represents a decrease of \$120 million from the 2010 enacted level. In fiscal year 2009, NAHBG received \$510 million under the American Recovery and Reinvestment Act of 2009 (Recovery Act). These funds were allocated in accordance with the appropriation language, where \$255 million was distributed under the NAHBG formula for the purpose of new construction, acquisition, and rehabilitation, including energy efficiency and conservation, and infrastructure development. Also, NAHBG made \$242.2 million available through competition, where priority was given to projects that spur construction and rehabilitation and create employment opportunities for low-income and unemployed persons. Out of the \$510 million appropriated, 2 percent (\$10.2 million) was set aside for Native Hawaiian Housing Block Grant program. As of September 30, 2009, the program obligated Recovery Act funding of approximately \$500 million, leaving a carryover of only \$7.8 million into fiscal year 2010.

This level of funding will assist 3,970 homeowners by either building, acquiring, or substantially rehabilitating their homes. It will also assist renters, including 1,241 families by either building, acquiring, or substantially rehabilitating their homes. It will build 1,350 new units (rental and homeownership units) to relieve overcrowding in tribal communities. This program provides a formula grant, based on need and the number of HUD-funded units developed under the U.S. Housing Act of 1937, for housing and housing-related assistance. Funds are provided either directly to eligible Indian tribes or through their tribally designated housing entities (TDHEs).

Several studies on the extent of housing needs in Indian Country have been conducted in the past, but were limited in their scope. However, they all agree that the Indian community is in critical need of improved housing conditions. A study conducted by HUD and the Urban Institute in 1996 found that there was a need for more than 90,000 affordable housing units in Indian Country. HUD has also determined, using 2000 Census data, that 273,658 American Indian/Alaska Native households, out of 965,684, have "severe housing needs." This is defined as a lack of basic plumbing or kitchen facilities, having more than 1.01 persons per room, or having a housing cost burden of over 50 percent of income. On tribal lands, 28 percent of Indian households were found to be overcrowded or to lack

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adequate plumbing and kitchen facilities, compared to 5.4 percent of national households. A 2003 U.S. Commission on Civil Rights study, "A Quiet Crisis: Federal Funding and Unmet Needs in Indian Country," estimated nearly 200,000 housing units are immediately needed to provide adequate housing in tribal areas.

In fiscal year 2009, NAHBG assisted approximately 5,936 homeowners by either building, acquiring, or substantially rehabilitating their homes. This program also assisted renters including more than 1,410 families by either building, acquiring, or substantially rehabilitating rental homes. It built 1,938 new units (rental and homeownership units) to relieve overcrowding in tribal communities. For additional information about the population this program serves, see the table entered at the end of this section entitled, *Demographics on Office of Native American Programs (ONAP)*.

Also funded under this account is the Title VI Loan Guarantee program, which promotes homeownership opportunities via a public/private partnership. As of September 30, 2009, 2,075 affordable housing units or the supporting infrastructure has been financed with Title VI funding. This request includes \$2 million for credit subsidy to support loan guarantee authority of \$20 million, based on a subsidy rate of 10.2 percent for the Title VI Tribal Housing Activities Loan Guarantee program. Title VI loan activity is expected to increase due to expanded marketing and outreach efforts aimed at potential borrowers and lenders.

Transforming Native American Housing Block Grant

Building on transformation efforts initiated in fiscal year 2010, HUD is devising new methods for producing and preserving affordable housing, greening the nation's housing stock, and promoting sustainable growth in metropolitan areas. This transformation will be based on rigorous research, program evaluations, and demonstrations measuring the effectiveness of new initiatives.

HUD requests Congress authorize an agencywide HUD Transformation Initiative (TI) Fund equal to up to 1 percent of the agency's total budget to be funded by transfers from program accounts. HUD proposes to use these funds for four complementary purposes: Research, Evaluation and Performance Metrics; Program Demonstrations; Technical Assistance and Capacity Building; and next-generation Information Technology. For fiscal year 2011, the following activities and initiatives are essential to the efficient operation of ONAP. Most will require financial resources to implement.

New Needs Study. The top priority for the Office of Native American Programs under the Transformation Initiatives is to continue the on-going comprehensive study to be conducted on housing needs in Indian Country, including native communities in Alaska and Hawaii. A reliable and current study is necessary to justify annual funding of Indian housing programs, and to quantify the results of long-term Federal funding for Indian housing. Such a study would also improve program delivery by identifying areas of special or chronic need, which could then be targeted for remediation. The study will provide data on Indian housing that can inform all programs within HUD, and will be used throughout the Department as a reliable resource. The study will encompass all efforts, both public and private, and how those efforts have impacted the housing conditions on Indian reservations, Alaska Native villages, the Hawaiian Home Lands, and in other traditional Indian areas. Other Federal agencies and entities will also find it a useful tool to quantify their efforts. Literature searches by ONAP done under contract have uncovered the fact that there is no other comprehensive study in existence, other than the one commissioned by HUD that was completed in 1996, *Assessment of American Indian Housing Needs and Programs, and Housing Problems and Needs of Native Hawaiians*, prepared by the Urban Institute for HUD, which comprehensively addressed these issues. This study, although more than 13 years old, is still being used.

Congressional appropriators, HUD managers, and the public have raised many questions about the true housing needs of these populations, and current sources are lacking or are out of date. U.S. Census reports are somewhat useful, but are more generalized and not sufficient for a thorough understanding of the housing conditions experienced by ONAP's program beneficiaries. Advance planning in conjunction with the Office of the Assistant Secretary for Policy Development and Research in fiscal year 2010 will ensure that once the formal study begins, it will include input from all stakeholders.

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Assessment of HUD's Native American Programs. Section 4 of the HUD Act of 1965, as amended, requires that all programs of the Department relating to American Indian and Alaska Native housing and community development be coordinated through ONAP. There are several programs that fall into this category that are not managed directly by the ONAP. For example, the Rural Housing and Economic Development program, which provides housing and economic development services to Indians, is administered by the Deputy Assistant Secretary for Community Planning and Development. The FHA Section 247 program, Insured Mortgages on Hawaiian Home Lands, is similar to ONAP's Section 184A loan guarantee program, and FHA's Section 248 program, Insured Mortgages on Indian Land, is similar to ONAP's Section 184 program. The Assistant Secretary for Policy Development and Research administers the grant funds to help tribal, Alaska Native, and Native Hawaiian colleges and universities build, expand, renovate, and equip their facilities. The Department will improve coordination between ONAP and other offices within HUD that serve Native Americans. A necessary first step in this process is to establish regular, on-going meetings among the various program offices responsible for these programs. Once established, better coordination and collaboration will result. The expected results include consolidation of efforts where feasible, the potential pooling of resources, and more efficient use of staff. Steps towards this goal can begin immediately.

Automation/ Data Collection. ONAP's current data collection system for its two main grant programs, the Indian Housing Block Grant (IHBG), and the Indian Community Development Block Grant (ICDBG) is not adequate. ONAP's six regional offices across the country currently compile performance data into a series of Excel databases, from which national figures on performance are drawn. This system, the Performance Tracking Database, or "PTD," is beginning to fail, mostly because of the volume and complexity of the data. Some examples of the type of data collected include: grantee name; name of tribally designated housing entity (if applicable); identifying information about the grantee and Tribal Designated Housing Entities (TDHE), such as address, and officials' names and titles; amount of annual awards; dates of award; dates the grantee's Indian Housing Plan and Annual Performance Report were received and approved; name of ONAP specialist assigned to that grantee; date audits are received; dates audits are due; number of rental and homeownership units built, acquired, and rehabilitated; amounts spent on each of the six eligible housing activities; amounts spent on planning and administration; number of onsite monitoring reviews conducted; number of loans guaranteed; amounts associated with those loans; funds leveraged with Title VI loans; and the number of community buildings built with ICDBG funds.

In the past, ONAP has asked for funding to meet this critical need, but other technology initiatives were given higher priority. Now the current system is at a breaking point, and ONAP needs a reliable data collection system that is capable of processing a large volume of complex data. A new data collection tool needs to be implemented as soon as possible. The enhanced system will indicate program successes and results, as well as identify issues and problems with the program, such as a grantee's lack of capacity. A reliable, up-to-date performance database will allow ONAP to identify and plan for changes in the needs of its grantees, and make informed decisions about managing and administering the program. Other Federal agencies that provide assistance to Native Americans could benefit from this information. Overall, better data drives more accurate needs assessments, and thus, more precise budget requests.

Increased Interagency Collaboration on Serving American Indians and Alaska Natives. There are many programs outside of HUD that fund social and economic development for Indians, such as health and education. Although short- and/or long-term cost savings are impossible to project at this time, economies of scale should result from enhanced coordination and collaboration. Of the many Federal programs that are specifically targeted towards Native Americans, most often work in their own silos with limited interagency collaboration. Increased collaboration between and within agencies would help ensure that Native Americans are truly receiving the support they need from Federal programs.

ONAP can and should play a central role in increasing collaboration on programs that affect Native Americans. ONAP has extensive expertise on housing and community development matters, and also has partnerships with other Federal agencies to work on specific Native American related projects, such as the Infrastructure Task Force, an interagency group working on basic infrastructure projects in Indian Country.

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Also, ONAP continues to collaborate with the Bureau of Indian Affairs (BIA) to streamline its Title Status Report (TSR) process. Lengthy delays in obtaining a TSR from BIA have hampered the Section 184 Loan Guarantee program, and a new system to efficiently and effectively issue TSRs would dramatically increase HUD's Section 184 activity on trust lands.

Other Federal agencies that play an essential part in providing funding and services within Indian Country are the Department of Agriculture, the Bureau of Indian Affairs of the Department of the Interior, the Indian Health Service of the Department of Health and Human Services, and the Environmental Protection Agency. HUD's Office of Native American Programs maintains regular contact with elements of all these agencies; it is time to take the next steps to improve interagency collaboration and promote more efficient service to American Indians and Alaska natives.

Increasing Economic Viability in Indian Country by Building Capacity. Housing and infrastructure needs in Indian Country are immense and far exceed the funding currently provided to tribes. Across the Federal Government, funding increases for Native American programs lag behind increases for other programs. Meanwhile, the poverty rate for American Indians is more than twice the average for all non-Indians. As the U.S. Commission on Civil Rights study, "A Quiet Crisis: Federal Funding and Unmet Needs in Indian Country" stated: The Federal Government, through laws, treaties, and policies established over hundreds of years, is obligated to ensure that funding is adequate to meet these needs. Moreover, the government must work diligently to elevate the standard of living among Native Americans to that of other Americans by ensuring that Federal agencies create attainable resource-driven goals toward this end.

ONAP is uniquely positioned to play a critical role in increasing economic viability in Indian Country. ONAP has working relationships with tribes across the country and has staff on the ground working directly with tribes to meet housing needs. In addition, through the Loan Guarantee programs, ONAP has fostered relationships with lenders and increased services provided to tribes.

ONAP and other agencies will continue to focus on building the capacity of tribes to work as entrepreneurs to meet their needs. As the Department has found with Public Housing Authorities, an increase in development activity requires additional support from the Department, including training, technical assistance, and monitoring. These needs should be addressed at the same time as HUD works on the TSR process and will require additional resources. Investing in these proposals will reap long-term benefits, which will greatly outweigh the costs.

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The Indian Housing Block Grant program helps American Indian (AI) and Alaska Native (AN) tribal governments administer housing programs for their low-income members. The Indian Housing Loan Guarantee (Section 184) program serves the same population except it is not limited to low-income persons. The table below depicts demographic information for this population.

Demographics on Office of Native American Programs (ONAP)			
<p>Regional Breakdown^{a/}</p> <p>Number of American Indians and Alaska Natives in IHBG Formula Areas by ONAP Area</p> <p>Total: 1,437,936</p>	<p>Median Age (years)</p> <p>Both Sexes 29.7</p> <p>Male 28.8</p> <p>Female 30.7</p>	<p>States with Largest AI/AN Population</p> <p>California 15.0%</p> <p>Oklahoma 9.0%</p> <p>Arizona 7.0%</p> <p>New Mexico 4.0%</p> <p>Others 65.0%</p>	<p>Average Block Grant^{a/}</p> <p>\$1,022,779</p>
	<p>Disabled HoH</p> <p>24.3%</p>	<p>Major Tribes</p> <p>Cherokee 17.7%</p> <p>Navajo 7.2%</p> <p>Latin AI 4.4%</p> <p>Choctaw 3.9%</p> <p>Sioux 3.7%</p> <p>Chippewa 3.6%</p> <p>Apache 2.4%</p> <p>Blackfeet 2.1%</p> <p>Others 55.0%</p>	<p>Income Status^{a/}</p> <p>Extremely Low-Income (?30% AMI)^{c/} 37%</p> <p>Very Low-Income (?50% AMI)^{f/} 27%</p> <p>Low-Income (?80% AMI)^{f/} 36%</p>
<p>Average Family Size^{a/}</p> <p>5.3</p>		<p>Poverty Rate</p> <p>American Indian/Alaska Native 25.3%</p> <p>Black 24.7%</p> <p>Hispanic origin 22.0%</p> <p>Asian 10.9%</p> <p>White 10.6%</p> <p>Others 6.5%</p>	<p>Average Rent</p> <p>N/A</p>
			<p>Average Gross Income</p> <p>N/A</p>

Source: U.S. Census Bureau unless specified

a/ Source: IHBG Formula Database

b/ Source: ONAP/OLG Database

c/ AMI is Area Median Income

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Summary of Resources by Program
(Dollars in Thousands)**

Budget Activity	2009 Budget Authority	2008 Carryover Into 2009	2009 Total Resources	2009 Obligations	2010 Budget Authority/ Request	2009 Carryover Into 2010	2010 Total Resources	2011 Request
Formula Grants	\$1,142,700	\$124,904	\$1,267,604	\$1,140,625	\$690,250	\$126,979	\$817,229	\$572,200
Loan Guarantee - Title VI (Credit Subsidy) ..	2,000	3,107	5,107	1,371	2,000	3,736	5,736	2,000
Technical Assistance ..	4,250	9,229	13,479	3,692	4,250	9,787	14,037	...
National American Indian Housing Council	3,500	...	3,500	3,500	3,500	...	3,500	...
Transformation Initiative (transfer)	...	...	...	...	...	...	...	<u>5,800</u>
Total	1,152,450	137,240	1,289,690	1,149,188	700,000	140,502	840,502	580,000

FTE	2009 Actual	2010 Estimate	2011 Estimate
Headquarters	30	31	31
Field	<u>118</u>	<u>128</u>	<u>128</u>
Total	148	159	159

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Program Offsets
(Dollars in Thousands)**

Formula Grants	<u>Amount</u>
2009 Appropriation	\$1,142,700
2010 Appropriation/Request	690,250
2011 Request	<u>572,200</u>
Program Improvements/Offsets	-118,050

Proposed Actions

In fiscal year 2011, the Department proposes an appropriation of \$580 million for NAHBG purposes, with \$572 million for formula grants.

The Native American Housing Assistance and Self-Determination Act of 1996 (NAHASDA, 25 U.S.C. 4101 *et seq.*) was enacted by Congress to recognize the unique nature and needs of American Indians and Alaska Natives, and better assist Native American people and their communities. The Native American Housing Block Grant (NAHBG), also known as the Indian Housing Block Grant, or IHBG program, provides funds to tribes or their Tribally Designated Housing Entities (TDHE), to meet their critical housing needs through block grants designed to maintain existing units previously developed with HUD funding; to develop, acquire, 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.

Several studies on housing needs in Indian Country have been conducted in the past, but were limited in their scope. However, all agree that the Indian community is in critical need of improved housing conditions. A study conducted by HUD and the Urban Institute in 1996 found that there was a need for more than 90,000 affordable housing units in Indian Country. HUD has also determined, using 2000 Census data, that 273,658 American Indian/Alaska Native households, out of 965,684, have “severe housing needs.” This is defined as a lack of basic plumbing or kitchen facilities, having more than 1.01 persons per room, or having a housing cost burden of over 50 percent of income. On tribal lands, 28 percent of Indian households were found to be overcrowded or to lack adequate plumbing and kitchen facilities, compared to 5.4 percent of national households. A 2003 U.S. Commission on Civil Rights study, “A Quiet Crisis: Federal Funding and Unmet Needs in Indian Country,” estimated nearly 200,000 housing units are immediately needed to provide adequate housing in tribal areas.

During fiscal year 2009, the Native American community received an additional \$520 million in assistance from the American Recovery and Reinvestment Act of 2009 (Recovery Act) including the Indian Community Development Block Grant (ICDBG) funds. The Recovery Act provided a \$255 million supplement to the 2008 Native American Housing Block Grant (NAHBG) program, and in March 2009, these funds were allocated in accordance with the NAHBG formula, specifically for the purpose of new construction, acquisition, and rehabilitation including energy efficiency and conservation, and infrastructure development.

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

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Development. The acquisition, new construction, reconstruction, or moderate or substantial rehabilitation of affordable housing, which may include real property acquisition, site improvement, development of utilities and utility services, conversion, demolition, financing, administration and planning, improvement to achieve greater energy efficiency, and other related activities.

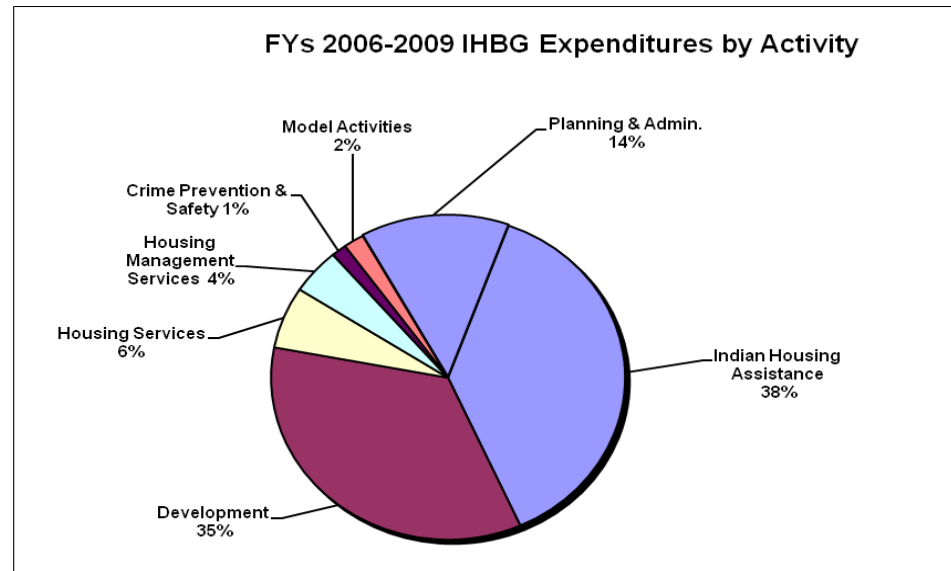
- From fiscal year 2006 through fiscal year 2009, IHBG recipients expended approximately \$805.8 million on activities in this category, or an average of \$201.4 million each year.
- This activity averaged 35 percent of total expenditures.
- During this time, almost 8,000 affordable homes were built, more than 3,500 were acquired, and more than 17,500 were substantially rehabilitated.

Indian Housing Assistance. The provision of modernization or operating assistance for housing previously developed or operated pursuant to a contract between the Secretary and an Indian housing authority. Indian Housing Assistance refers to the operation and maintenance of “pre-NAHASDA” HUD units.

- From fiscal years 2006 through 2009, IHBG recipients expended approximately \$876.8 million on activities in this category, or an average of \$219 million each year.
- This activity averaged about 38 percent of total expenditures.
- Recipients continue to maintain a substantial inventory of “HUD units” that were constructed before NAHASDA’s programs were implemented in 1998. In fiscal year 2009, this included more than 54,000 units built under the Low-Rent, Mutual Help, and Turnkey programs; and another 3,600 units managed in a manner similar to the Section 8 program.

Housing Services. Funds 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.

- From fiscal years 2006 through 2009, IHBG recipients expended approximately \$143 million on activities in this category, or an average of \$35.8 million each year.
- This activity averaged about 6 percent of total expenditures.



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Housing Management Services. The provision of management services for affordable housing, including preparation of work specifications, loan processing, inspections, tenant selection, management of tenant-based rental assistance, and management of affordable housing projects.

- From fiscal years 2006 through 2009, IHBG recipients expended approximately \$106 million on activities in this category, or an average of \$26.5 million each year.
- This activity averaged about 4 percent of total expenditures.

Crime Prevention and Safety Activities. Funding provided for safety, security, and law enforcement measures with activities appropriate to protect resident of affordable housing from crime.

- From fiscal year 2006 through fiscal year 2009, IHBG recipients expended approximately \$32.3 million on activities in this category, or an average of \$8.1 million each year.
- This activity averaged only about 1 percent of expenditures.

Model Activities. The Department may approve housing activities under model programs that are designed to carry out the purposes of the Act and are specifically approved by the Secretary as appropriate for such purpose.

- From fiscal year 2006 through fiscal year 2009, IHBG recipients expended approximately \$43.6 million on activities in this category, or an average of \$10.9 million each year.
- This activity averaged about 2 percent of expenditures each year.
- Examples of model activities include: renovating a homeless facility in the community, providing rental subsidy for units developed under the low-income housing tax credits program, and developing a neighborhood park to be used primarily by low-income residents.

In addition, recipients may expend funds for planning and administration. Almost \$315 million was expended over the 4 years, fiscal year 2006 through fiscal year 2009, or an average of \$78.7 million per year. Planning and administrative expenses averaged about 14 percent of total expenditures each year. [24 CFR § 1000.236 defines eligible administrative and planning expenses under NAHASDA.] They are activities such as administrative management, evaluation and monitoring, preparation of the Indian Housing Plan and Annual Performance Report, staff and overhead costs directly related to carrying out affordable housing activities. [24 CFR § 1000.238 limits recipients to 20 percent of their grant for planning and administrative purposes.]

The IHBG recipients made significant accomplishments, some of which are highlighted below:

The Choctaw Nation of Oklahoma consists of 10½ counties in southeastern Oklahoma, and has about 45,000 members. The Choctaw Nation has more than 800 Mutual Help units and has developed 160 homeownership units under IHBG. It also operates 130 low-rent units and has developed 55 affordable rental units for elders. These units are always occupied, and there is a lack of additional affordable housing in the service area. The Choctaw Nation received approximately \$11.8 million in IHBG funds in fiscal year 2008. It uses the IHBG funds to provide a variety of affordable housing services, including an emergency assistance

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program, and provides tenant-based rental assistance to more than 400 households per year to try to increase the affordability of private-market units. The Choctaw Nation wants to focus on developing new rental and homeownership housing, although staff note that their ability to develop new housing has been affected by the rise in costs for materials, labor, and fuel, as well as land costs. The Choctaw Nation's Housing Authority created the non-profit Choctaw Home Finance Corporation as a sub-recipient of IHBG funds to provide down payment assistance, mortgage assistance, closing cost assistance, direct loans, and homebuyer education for clients to acquire or construct housing units. About 60 households have received assistance through Choctaw Home Finance, and it is a self-sustaining corporation. The housing authority also developed a modular homeowner program that includes two modular manufacturing plants to build affordable homeownership units for tribal members. Eligible tribal members only pay for the material, license of trades, and utility connections to the home; the labor is subsidized by the housing authority. About 40 households receive assistance through this program each year, and the Choctaw Nation expects to build about 24 homes per year. IHBG funds are also used for a homeowner rehab assistance program, which serves more than 300 households each year.

The Tohono O'odham Nation's four reservations are located in three counties in southern Arizona. Approximately 19,000 people currently live there, and there is a severe shortage of affordable housing. A recent population and housing survey identified 1,120 substandard housing units, 492 homes needing accommodations for residents with a disability, 348 families living in overcrowded conditions, and nearly 200 homeless community members on reservation lands. The general



condition of the Nation's housing stock is fair to poor. There is a lack of adequate infrastructure for emergency services, waste water systems, and flood control. There are 878 homes with no running water. Much of the tribal land is remote. Properties are difficult to develop because of environmental constraints. The housing authority estimates that it needs an additional 1,633 units to meet the current demand for rental and homeownership units. The Tohono O'odham Nation received just over \$6 million in IHBG funding in fiscal year 2008. This funding was used to manage nearly 600 units of housing, including approximately 450 Mutual Help units and 130 rental units. These units are being rehabbed in phases over several years. The housing authority has developed 30 lease-to-own units under IHBG. There are plans to develop additional rental units for elders. IHBG funds are also used to provide emergency housing and crime prevention activities through the Boys and Girls Clubs.

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The Pine Ridge Indian Reservation, in South Dakota, is home to the Oglala Sioux Tribe. It is 3,500 square miles, larger than Delaware and Rhode Island combined, and is home to some 16,000 people. The unemployment rate on Pine Ridge is about 86 percent. There is a lack of affordable housing, and much of the existing housing is in disrepair. Overcrowding is particularly acute on Pine Ridge, which has led to high rates of domestic violence and other crime. Also prevalent in Pine Ridge housing are unsafe structures, flooding and leaks, rodent infestations, mold, lack of heating and cooling systems, lack of cooking facilities, and inadequate plumbing, all of which can lead to community health issues. The Oglala Tribe received about \$11 million in IHBG funds in fiscal year 2008. The IHBG funds five housing programs on Pine Ridge, including homeownership programs, rental programs and a utility assistance program. There are approximately 1,100 HUD-assisted rental units. Nearly 400 households are assisted each year through Mutual Help or lease-to-own units developed with IHBGs. More than 1,000 households with elders or persons with disabilities receive help each year through the utility assistance program. The Tribe has also leveraged its IHBG funds with the Indian Health Service, Department of the Interior, for the expansion of a sewer lagoon to serve low-income housing in the community.



Based on the ONAP Performance Tracking Database (PTD), in fiscal year 2009, 588 tribes or tribal organizations were eligible to participate in the IHBG program. In addition to federally recognized tribes, several non-Federally recognized Indian tribes with Indian housing authorities are eligible to participate in NAHASDA programs because they entered into a contract and received funding from HUD pursuant to the U. S. Housing Act of 1937, prior to the passage of NAHASDA. In addition, tribally designated housing entities, such as Alaska's 14 Regional Housing Authorities that administer IHBG funds on behalf of tribes, are also eligible. However, not all eligible tribes actually participate in the IHBG program. A few tribes choose not to participate or do not qualify for various reasons. In fiscal year 2009, 364 compliant Indian Housing Plans were submitted, representing 555 tribes, resulting in 94 percent of tribes being funded. Funds were reserved as follows:

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Indian Housing Block Grant Program

Area	Number of Recipients 2009	Amounts Reserved 2009
Alaska, Anchorage	60	\$97,896,870
Eastern/Woodlands, Chicago	55	\$85,603,304
Northern Plains, Denver	33	\$91,898,496
Northwest, Seattle	42	\$58,122,696
Southern Plains, Oklahoma City	45	\$96,233,417
Southwest, Phoenix	129	\$201,270,703
Totals	364	\$631,025,486

Fiscal year	Number of tribes in formula	Number of compliant IHPs	Number of tribes represented in IHPs received
2004	580	373	529
2005	581	372	550
2006	535	359	530
2007	558	365	525
2008	582	358	543
2009	588	364	555

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

Loan Guarantee - Title VI (Credit Subsidy)	Amount
2009 Appropriation	\$2,000
2010 Appropriation/Request	2,000
2011 Request	<u>2,000</u>
Program Improvements/offsets .....	...

Title VI Housing Loan Guarantee - Summary of Loan Activity	Actual <u>2009</u>	Estimate <u>2010</u>	Estimate <u>2011</u>
Number of Loan Commitments	18	18	18
Number of Loans Endorsed	6	10	10
Average Loan Size of Endorsed Loans	\$2,137	\$1,800	\$2,000
Number of Loans in Delinquent Status at end of fiscal year	0	0	0
Number of Loans that Defaulted in fiscal year	0	0	0
Total Number of Loans in Default	1	1	1
Loan Guarantee Commitment Limitation	\$7,922 <i>a/</i>	\$18,000	\$20,000
Subsidy Rate	12.34	11.18	10.20

a/ This is the amount of guaranteed loan commitments made; fiscal year 2009 loan guarantee commitment limitation is \$17 million.

Proposed Actions

The Budget includes a set-aside of \$2 million in credit subsidy for the continuation of the Title VI Loan Guarantee program. The loan guarantees made under this program guarantee repayment of 95 percent of the unpaid principal and interest due on the obligations guaranteed. The Title VI program is authorized by Public Law 104-330, as amended, and the regulations are found in 24 CFR PART 1000, Subpart E. This request will support loan guarantee authority of \$20 million based on a subsidy rate of 10.20 percent for the Title VI program. The program provides loan guarantees for NAHBG recipients (Indian tribes and TDHEs) 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.

Native American Housing Block Grants

The program began with two Title VI loan guarantees issued for approximately \$7 million in fiscal year 2000. As of September 30, 2009, cumulative loan guarantees of approximately \$136 million have been issued, and 2,075 affordable housing units or the supporting infrastructure has been financed with Title VI funding. In fiscal year 2009, 6 loans totaling \$12.8 million were guaranteed.

Limited resources require tribes to explore leveraging options when planning development projects. This limitation makes it necessary for tribes to combine funding from multiple sources with different application and timing cycles. As a result, Title VI projects have long implementation time lines. During the planning process tribe/TDHE and other funding sources need assurance that Title VI funding will be available. Through September of 2009, 6 guarantees (expenditures) of \$12.8 million were issued. Preliminary letters of acceptance for five additional loans totaling \$7.2 million received approval to proceed. Ten additional projects are in the planning stages, totaling \$15.9 million, which brings the current pipeline of active Title VI loans to \$23.2 million.

The Office of Loan Guarantee is working closely with the six area ONAP offices to strengthen the relationship between Title VI lenders and tribes. The emphasis is on engaging lenders during the planning process to benefit from their financial expertise in structuring the project. ONAP is providing technical assistance and outreach to enhance tribal capacity in the planning and implementation process.

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

Technical Assistance	<u>Amount</u>
2009 Appropriation	\$4,250
2010 Appropriation/Request	4,250
2011 Request	<u>---</u>
Program Improvements/Offsets	-4,250

Proposed Actions

In fiscal year 2011, technical assistance activities will be funded through the Department's Transformation Initiatives.

In fiscal year 2009, IHBG training and technical assistance funds were used to train and consult with program participants, as well as provide technical support for the program. Procurement training reviewed the program's requirements for purchasing goods and services related to tribal housing, including the Indian preference requirements. Environmental Review training included an introduction to the environmental review process as well as a comprehensive examination of and instruction in this process. NAHASDA Essentials training included a comprehensive introduction to the Native American Housing Assistance and Self-Determination Act of 1996. Circular A-133 Audit Training: one session was held in fiscal year 2009. "Faith-Based Training": one session was held in Denver, in September 2009. Technical assistance was provided to the Shoshone Tribe, including four site visits, with training on finance, procurement, self-monitoring, occupancy, and program expertise.

Native American Housing Block Grants

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

National American Indian Housing Council	<u>Amount</u>
2009 Appropriation	\$3,500
2010 Appropriation/Request	3,500
2011 Request	<u> </u>
Program Improvements/Offsets	-3,500

Proposed Actions

The Department does not request a set-aside for a national organization providing technical assistance in fiscal year 2011. Currently, there is only one national organization that serves as a public interest group for Native American housing efforts. Technical assistance funding has been provided through Congressional set-asides for the National American Indian Housing Council (NAIHC). NAIHC uses the funds to provide training to tribes and tribally designated housing entities in areas such as Methamphetamine Awareness & Abatement or Emergency Preparedness. NAIHC also provides on-site technical assistance to NAHBG grantees when requested. NAIHC uses these funds to support two national conferences each year, their Annual Convention and a Legal Symposium, and provides scholarships for training for housing staff, which covers tuition, if applicable, and travel costs. Currently, the NAIHC has unexpended funds that are sufficient to continue its activities without additional appropriations. There are also regional Native American housing organizations that could provide more locally focused training and technical assistance if the authorization for appropriations of the funding was expanded to include those entities.

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

Transformation Initiative (transfer)	<u>Amount</u>
2009 Appropriation .....	...
2010 Appropriation/Request .....	...
2011 Request	<u>\$5,800</u>
Program Improvements/Offsets	+5,800

The Transformation Initiative allows the Secretary the necessary flexibility to undertake an integrated and balanced effort to improve program performance and test innovative ideas. HUD requests Congress authorize an agencywide HUD Transformation Initiative (TI) Fund equal to up to 1 percent of the agency's total budget to be funded by transfers from program accounts. HUD proposes to use these funds for four complementary purposes: Research, Evaluation and Performance Metrics; Program Demonstrations; Technical Assistance and Capacity Building; and next-generation Information Technology.

Examples of projects that could be undertaken with Transformation Initiative funding with respect to the NAHBG account, include support of tribal consultation, and technical assistance and training to tribes and tribally designated housing entities (TDHEs) on programmatic/functional requirements and formula maintenance. These activities are considered to be an inherent part of the NAHBG program responsibilities and are maintained on an on-going basis in support of the intent and operation of the program. Additionally, improving the efficiency of the Title VI program within NAHBG, by developing a program-specific credit subsidy modeling program to addresses Title VI's unique characteristics is an important initiative that responds to current market reality.

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

The fiscal year 2011 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.), [~~\$700,000,000~~] *\$580,000,000*, 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, \$3,500,000 shall be contracted for assistance for a national organization representing Native American housing interest for providing training and technical assistance to Indian housing authorities and tribally designated housing entities as authorized under NAHASDA; and \$4,250,000 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:] Provided further, That of the amount provided under this heading, \$2,000,000 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 [~~\$18,000,000~~] *\$20,000,000*.

Explanation of Changes

Technical assistance will be funded through the Transformation Initiative.

Native American Housing Block Grants

**PUBLIC AND INDIAN HOUSING
NATIVE AMERICAN HOUSING BLOCK GRANTS
Crosswalk of 2009 Availability
(Dollars in Thousands)**

<u>Budget Activity</u>	<u>2009 Enacted</u>	<u>Supplemental/ Rescission</u>	<u>Approved Reprogrammings</u>	<u>Transfers</u>	<u>Carryover</u>	<u>Total 2009 Resources</u>
Formula Grants	\$635,250	\$507,450	...	...	\$124,904	\$1,267,604
Loan Guarantee - Title VI (Credit Subsidy)	2,000	...	...	...	3,107	5,107
Technical Assistance	4,250	...	...	...	9,229	13,479
National American Indian Housing Council	3,500	...	...	...	...	3,500
Transformation Initiative (transfer)	...	...	...	...	...	...
Total	645,000	507,450	...	...	137,240	1,289,690

Native American Housing Block Grants

**PUBLIC AND INDIAN HOUSING
NATIVE AMERICAN HOUSING BLOCK GRANTS
Crosswalk of 2010 Changes
(Dollars in Thousands)**

<u>Budget Activity</u>	<u>2010 President's Budget Request</u>	<u>Congressional Appropriations Action on 2010 Request</u>	<u>2010 Supplemental/ Rescission</u>	<u>Reprogrammings</u>	<u>Carryover</u>	<u>Total 2010 Resources</u>
Formula Grants	\$643,000	\$690,250	...	...	\$126,979	\$817,229
Loan Guarantee - Title VI (Credit Subsidy)	2,000	2,000	...	...	3,736	5,736
Technical Assistance .....	...	4,250	...	...	9,787	14,037
National American Indian Housing Council .....	...	3,500	...	...	...	3,500
Transformation Initiative (transfer)	...	...	...	...	...	...
Total	645,000	700,000	...	...	140,502	840,502