



U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
FISCAL YEAR 2012 PROGRAM AND BUDGET INITIATIVES
COMMUNITY INNOVATION IN INDIAN COUNTRY

In Fiscal Year 2012, HUD is requesting a total of \$782 million to fund programs that will support housing and development initiatives in American Indian, Alaska Native, and Native Hawaiian communities.

Housing and infrastructure needs in Indian Country are severe and widespread, and far exceed the funding currently provided to tribes and designated entities. Nationwide, the poverty rate for American Indians is more than twice the average for all non-Indians, making economic development particularly crucial in these communities. Through innovative programming, American Indian and Alaska Native tribal governments have worked to create sustainable and community-driven solutions. HUD recognizes the right of Indian self-determination and tribal self-governance, by allowing the recipients the flexibility to design and implement appropriate, place-based housing programs, according to local needs and customs. In addition, this total funding request will support over 6,000 jobs in areas where they are needed the most.



INDIAN HOUSING BLOCK GRANT PROGRAM (IHBG)

IHBG remains the single largest sources of funding for housing on Indian tribal lands today, where safe, decent, affordable housing is desperately needed. IHBG funds provide a formula grant for housing and housing related assistance, directly to eligible tribes or through their tribally designated housing entities. These funds are often leveraged and used as catalysts for community and economic development. The program substantially contributes to stabilizing neighborhoods and growing sustainable economies within American Indian and Alaska Native communities.



HUD's 2012 IHBG request of \$700 million is expected to be distributed to approximately 364 recipients, representing 555 tribes in 34 states. It is expected that grantees will use approximately 45 percent of those funds to **complete the construction, acquisition, and rehabilitation of 4,415 homeownership units and 1,380 rental units**. In addition, the program will support the essential activities of operating and maintaining almost 50,000 low-income housing units that were developed before IHBG was implemented. Other uses of the funds will include down payment assistance, housing counseling, revolving loan funds, energy auditing, crime prevention, transitional housing, and others.

INDIAN HOUSING LOAN GUARANTEE FUND (SECTION 184)

The Section 184 loan guarantee program addresses the special needs of Native Americans, making it possible to achieve homeownership with market-rate financing. In recent years, HUD has made substantial increases in the use of commitment authority and loan guarantees in the Section 184 program. Significant progress has been made in working with Ginnie Mae and the Federal Home Loan Bank of Chicago in opening their portfolios to purchase Section 184 loans. HUD has expanded outreach and is working with Community Development financial institutions and credit unions that serve Native American communities to increase access to borrowers at the grassroots level. From 2005 to 2010, the dollar volume associated with new Section 184 loan applications has increased from \$140.5 million to \$660 million, and the corresponding loan guarantee activity over the same period has increased from \$77 million to \$492 million. HUD expects loan guarantee activity to continue to grow and demonstrate stellar performance in the future.



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HUD's 2012 Section 184 request of \$7 million in credit subsidy is anticipated to support loan guarantee authority of \$479 million. This request **will assist 2,900 families by building, acquiring, or rehabilitating homeownership units or assisting families in their purchase.** Since 2002, the Section 184 program has become very popular in Native communities, a trend that can be traced to HUD's shift from a broad-based national outreach campaign to a more localized grassroots marketing approach. To achieve the desired result, HUD identified and targeted lenders, tribes, and markets that offered the greatest opportunity for immediate success.

NATIVE HAWAIIAN HOUSING BLOCK GRANTS (NHHBG)

The NHHBG program directly supports the stabilization of Native Hawaiian neighborhoods and the growth of sustainable economies on the Hawaiian Home Lands. Using NHHBG funds, the program's sole recipient, the (state) Department of Hawaiian Home Lands (DHHL), carries out affordable housing activities for Native Hawaiian families who are eligible to reside on the Hawaiian Home Lands. From 2005 thru 2009, 304 homes were built, acquired, or substantially rehabilitated using NHHBG funds.



HUD's 2012 NHHBG request of \$10 million is expected to be distributed to the DHHL toward the development of 65 homeownership units. In addition to development of units, NHHBG funds will also support the prevention of foreclosures and the promotion of responsible homeownership. Services funded include direct assistance to qualified homeowners through counseling programs, down payment assistance, subsidies, low-interest rate loans, and matching funds for individual development accounts.

NATIVE HAWAIIAN LOAN GUARANTEE FUND (SECTION 184A)

The Section 184A program makes possible the private financing of home mortgages by private financial institutions, which would otherwise not be feasible because of the unique legal status of Hawaiian Home Lands. Lenders are hesitant to provide home mortgage financing when legal title to the real property cannot be used as collateral. Through this program eligible Native Hawaiians can obtain a mortgage with a market rate of interest to purchase, acquire and rehabilitate or build a single-family home on Hawaiian Home Lands. In 2012, HUD is requesting no new funds for the Section 184A program, due to significant carryover funding from past appropriations. HUD is working with the DHHL and lenders to increase program activity. From 2005 to 2010, Section 184A assisted 124 homebuyers with a loan guarantee, and the program utilization rate is expected to increase significantly in the coming years, with an additional 125 loans anticipated in 2011. **In 2012, Section 184A is expected to assist 140 families in becoming homeowners.**

INDIAN COMMUNITY DEVELOPMENT BLOCK GRANT (ICDBG)

Since 1974, the Indian Community Development Block Grant (ICDBG) program has been the backbone of improvement efforts in many communities, providing a flexible source of grant funds for Federally-recognized tribes or eligible Indian entities nationwide. The program provides funds that they, with the participation of local citizens, can devote to a wide range of activities that best serve their development priorities, provided that these projects: benefit low-income families; prevent or eliminate slums or blight; or meet other urgent community development needs. Since 1978, approximately \$1 billion in ICDBG grants have been awarded to tribes across the country. **In Fiscal Year 2012, HUD is requesting \$65 million for the ICDBG program.**