

**PUBLIC AND INDIAN HOUSING
NATIVE AMERICAN HOUSING BLOCK GRANTS
2015 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>
2013 Appropriation	\$650,000	\$49,509	-\$33,999	\$665,510 ^a	\$627,062	\$727,884
2014 Appropriation/Request	650,000	38,448	...	688,448	679,448	653,910
2015 Request	<u>650,000^b</u>	<u>9,000</u>	<u>...</u>	<u>659,000</u>	<u>652,933</u>	<u>587,174</u>
Program Improvements/Offsets .....	...	-29,448	...	-29,448	-26,515	-66,736

a/ Includes permanent indefinite authority of \$1.7 million for the Title VI program for upward re-estimates, and \$436 thousand in offsetting collections.

b/ This number includes an estimated Transformation Initiative (TI) transfer that may be up to 0.5 percent or \$15 million, whichever is less, of Budget Authority.

1. What is this request?

The Department requests \$650 million for the two programs authorized by the Native American Housing Assistance and Self-Determination Act of 1996 (NAHASDA), which are the Native American Housing Block Grant (NAHBG), (also known as the Indian Housing Block Grant (IHBG) program), and the Federal Guarantees for Financing Tribal Housing Activities program (also known as the Title VI Loan Guarantee program). The request is equal to the fiscal year 2014 enacted level.

The bulk of this request, \$648 million, would fund the NAHBG program, the primary program under NAHASDA. The remaining \$2 million is requested for credit subsidy in support of NAHASDA's Title VI loan guarantee program. With this funding, the following accomplishments are expected:

- Distribute \$648 million in Block Grant funds to approximately 369 recipients, representing more than 566 tribes in 34 States.
- Construct, acquire, or rehabilitate 4,415 homeownership units and 1,380 rental units (5,795 total units). (This level of funding will also allow grantees to operate and maintain low-income "HUD units," funded before NAHASDA was enacted, which numbered approximately 51,000 in fiscal year 2013. It will also provide housing services through the seven eligible activities recognized by the Native American Housing Assistance and Self-Determination Act of 1996).

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- Guarantee up to \$16.5 million in loans with the \$2 million in requested credit subsidy for the Title VI loan guarantee program. IHBG recipients may use this program to borrow from private lenders up to five times the amount of the “need portion” of their annual IHBG award to fund larger, longer term housing developments. (Part of the annual grant is based on need, and part is based on the amount of stock in a recipient’s inventory that was funded under the U.S. Housing Act of 1937.) About five loans each year are guaranteed, but the size of the projects, and the loans, varies widely from tribe to tribe.

Effective administration of the IHBG program is dependent on the operating resources requested in the Salaries and Expenses justification. For fiscal year 2015, \$20.9 million is requested to operate this program account, an increase of \$0.6 million. The following is a breakout of Salaries and Expenses for the program:

- Personnel Services – \$20.3 million.
- Non-Personnel Services – \$.6 million.
- FTE – 150

PIH has 12 functional areas to which employees devote their time. The primary functions to which PIH employees report in support of the IHBG program include but are not limited to Indian Housing Operations & Monitoring; Resource Formulation, Allocation and Financial Management; Native American and Native Hawaiian Homeownership.

Key outcomes of the IHBG program are:

- an increase in quantity, quality, and energy efficiency of affordable homes in Indian Country;
- a greater number of large-scale housing developments using the Title VI program to borrow funds at market rates;
- greater capacity of tribal housing entities to administer housing programs; and
- improved self-sufficiency of affordable housing residents.

Legislative Proposal Summaries

- Authority to Address Unexpended IHBG Funds
- Authority to Increase Homeownership and Allocate Funds According to Need

2. What is this program?

The Indian Housing Block Grant (IHBG) program and the Federal Guarantees for Financing Tribal Housing Activities program are two programs authorized by the Native American Housing Assistance and Self-Determination Act of 1996 (P.L. 104-330, 25 U.S.C. 4101 *et seq.* "NAHASDA"). NAHASDA was reauthorized in 2008 through fiscal year 2013 (P.L. 110-411). The program is the principal means by which the United States fulfills its trust obligations to low-income American Indian and Alaska Natives to provide safe, decent, and sanitary housing. Further, IHBGs are the main source of funding for housing assistance in Indian Country.

IHBG is an annual formula grant that provides housing and housing-related assistance to low-income American Indians and Alaska Natives who live on Indian reservations or in other traditional Indian areas. The actual IHBG grant recipients are eligible tribal entities or designated housing entities, which then deliver housing assistance to families in need. The IHBG program is the major source of affordable housing assistance in Indian Country.

In addition to 566 federally recognized Indian tribes, five 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 enactment of NAHASDA. These five state-recognized tribes were "grandfathered" into the IHBG program.

IHBG recipients have the flexibility to design and implement appropriate, place-based housing programs, according to local needs and customs. This fundamental provision of IHBG has proved to be extremely effective in Indian Country, where local conditions, needs, and cultures vary widely. Local control has empowered Indian community planners to strategically consider long-term housing development that makes sense for their particular circumstances, taking into consideration climate, geography, and their population's needs and preferences. IHBG recipients also have the flexibility to leverage their federal dollars to access other sources of funds, which spurs further community and economic development.

The amount granted annually is based on two basic factors: the amount of "FCAS" a recipient has, and "need." FCAS is Formula Current Assisted Stock, which are the affordable housing units a tribe has that were funded by the United States Housing Act of 1937, the federal low-income housing program used in Indian Country before NAHASDA was enacted. There were almost 51,000 FCAS units in fiscal year 2013, and this number shrinks by about 2,000 units each year as homeownership units are conveyed; however, only about half of the formula recipients have any FCAS. The disbursement formula awards funds first to those recipients that have FCAS stock, and then divides the remainder among all the recipients according to need.

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Need is calculated using seven weighted factors, which consider the local population's income levels, the condition of existing housing, and the level of housing costs. The need allocation is adjusted for local area cost differences, based on total development costs relative to the national weighted average.

Even though the amount of FCAS is declining, the formula continues to provide about the same percentage of funds every year to the "FCAS factor." This is because the formula applies an annual inflation factor to FCAS, but not to need. Tribes that have no FCAS are awarded IHBGs based solely on need, so when appropriations drop significantly, the tribes whose awards are based *only* on need are more adversely affected than those tribes that have FCAS *and* need. While the inflation factor fulfills the federal responsibility to maintain units developed pursuant to the 1937 Act, given that tribes without FCAS, especially smaller tribes, do not always have access to other funding opportunities to develop housing, and development costs can be higher in some tribal areas, this can cause a degradation of the housing stock.

Fiscal Year	Total IHBG Awards	Percentage FCAS	Percentage Need
2013	\$620,192,899	46	54
2012	\$661,047,668	44	56
2011	\$663,897,135	44	56
2010	\$701,472,052 (largest)	43	57
2009	\$638,810,648	47	53
2008	\$594,234,590 (smallest)	51	49
2007	\$633,440,427	47	53
2006	\$625,665,112	46	54

IHBG Eligible Activities: The program allows grant recipients to develop and support affordable housing and provide housing services through the following seven eligible activities:

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

- In fiscal years 2008 through 2013, IHBG recipients expended approximately \$1.69 billion on activities in this category, or an average of \$281.42 million each year. During this 6-year period, 9,358 affordable homes were built, 4,185 were acquired, and 25,884 were substantially rehabilitated.
- This activity averaged about 31 percent of total expenditures.

2. 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," or "FCAS" HUD units.

- In fiscal years 2008 through 2013, IHBG recipients expended approximately \$1.93 billion on activities in this category, or an average of \$322.21 million each year.
- About half of IHBG recipients maintain an inventory of older "HUD units" that were funded before IHBG was implemented, that is, units that were funded by the U.S. Housing Act of 1937. In fiscal year 2013, there were almost 51,000 of these units, called Formula Current Assisted Stock, or "FCAS" units. In accordance with the disbursement formula, tribes with FCAS receive a percentage of the annual IHBG appropriation to ensure these units are properly operated and modernized. In fiscal years 2008 through 2013, the amount of FCAS accounted for about 46 percent of each year's IHBG award disbursement.
- This activity averaged about 37 percent of total expenditures.

3. 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.

- In fiscal years 2008 through 2013, IHBG recipients expended approximately \$325.51 million on activities in this category, or an average of \$54.25 million each year.
- This activity averaged about 7 percent of total expenditures.

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4. 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, the costs of operation and maintenance of units developed with funds provided by NAHASDA, and management of affordable housing projects.

- In fiscal years 2008 through 2013, IHBG recipients expended approximately \$261.49 million on activities in this category, or an average of \$43.58 million each year.
- This activity averaged about 5 percent of total expenditures.

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

- In fiscal years 2008 through 2013, IHBG recipients expended approximately \$117.71 million on activities in this category, or an average of \$19.62 million each year.
- This activity averaged about 3 percent of total expenditures.

6. 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. 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.

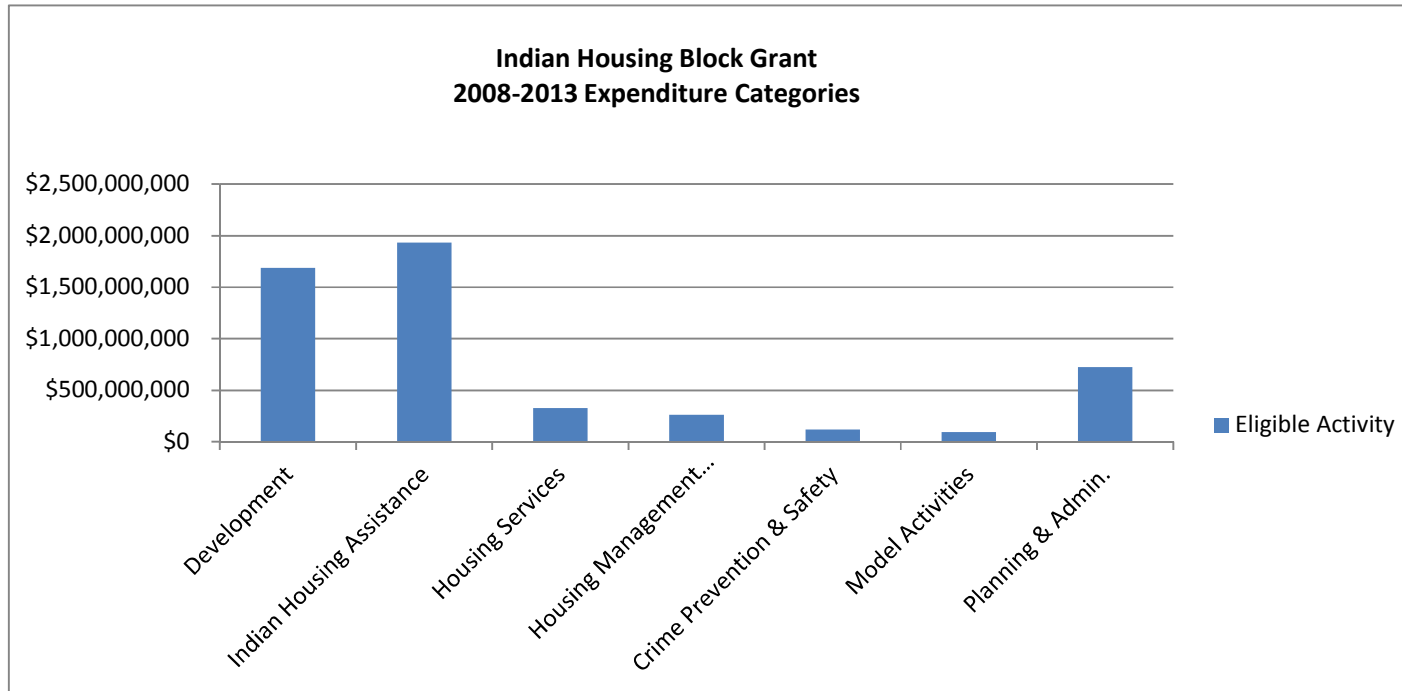
- In fiscal years 2008 through 2013, IHBG recipients expended approximately \$94.87 million on activities in this category, or an average of \$15.81 million each year.
- This activity averaged about 2 percent of expenditures each year.

7. Administrative Expenses. Recipients may expend up to 20 percent of their grant funds for planning and administration, or 30 percent, if the annual IHBG is \$50,000 or less. Activities include administrative management, evaluation and monitoring, preparation of the Indian Housing Plan and Annual Performance Report, and 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, or 30 percent for grantees awarded \$50,000 or less.)

- In fiscal years 2008 through 2013, IHBG recipients expended approximately \$724.81 million on activities in this category, or an average of \$120.80 million each year.
- Planning and administrative expenses averaged about 15 percent of total expenditures each year.

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The following chart illustrates IHBG major expenditures by activity:



Title VI Program and Eligible Activities: Title VI of NAHASDA, "Federal Guarantees for Financing Tribal Housing Activities," established a loan guarantee program for IHBG recipients. Regulations are at 24 CFR PART 1000, Subpart E.

The program guarantees repayment of 95 percent of unpaid principal and interest due on obligations. These guaranteed loans are for the IHBG recipients (Indian tribes and their tribally designated housing entities) in need of additional funds to engage in eligible affordable housing activities. Recipients can use the program to leverage their federal grant funds, by pledging future IHBGs to HUD for a guarantee on notes and other obligations. Title VI projects frequently include some infrastructure development and take several years to complete. Eligible activities are the same as in the IHBG program.

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One of the challenges HUD and borrowers have identified with Title VI is that there is insufficient leverage on the guarantee to obtain other sources of funding. The program limits borrowers' loans to five times the amount of a portion of their annual IHBG, which in many cases, is not enough to get a major development project off the ground. Some tribes have had great success in leveraging their Title VI guaranteed loan to secure funding from multiple sources; but these transactions have proven to be complex and challenging for some IHBG recipients. Several such projects have fallen through in the planning stages.

The target for fiscal years 2014 and 2015 is to guarantee five loans each year. The current active pipeline includes new housing construction and infrastructure development related to the new housing. These projects are estimated to impact approximately 160 families per year for the next couple of years.

As of June 30, 2013, 74 guarantees had been issued over the 13-year life of the program, for approximately \$188 million. Almost 2,800 affordable housing units or the supporting infrastructure has been financed with this funding. In fiscal year 2013, 6 loans were guaranteed, for a total of \$19.48 million.

Fundamentally, NAHASDA programs, the Indian Housing Block Grant and the Title VI Guarantee program, recognize the rights of tribal self-determination and self-governance, and the unique relationship between the federal government and the governments of Indian tribes, established by long-standing treaties, court decision, statutes, Executive Orders, and the United States Constitution. NAHASDA requires HUD to engage in formal negotiated rulemaking with IHBG recipients to periodically review and issue program regulations. The foundation of HUD's partnership with federally recognized tribes is its government-to-government consultation policy, which includes a commitment to engage in formal negotiated rulemaking when appropriate, as when developing federal policies that have tribal implications.

Presidential Initiatives and Interagency Partnerships

President Obama's national policy initiative to make federal agencies work more collaboratively and effectively with federally recognized tribes was emphasized at the inaugural meeting of the White House Council on Native American Affairs, which was convened in July 2013, by its Chair, Secretary of the Interior, Sally Jewell. "[This] meeting underscores President Obama's commitment to build effective partnerships with American Indian and Alaska Native communities and make the federal government work more efficiently to find solutions to the challenges facing Indian Country," said Jewell. She continued, "The federal government's unique trust relationship with tribes as well as the Nation's legal and treaty obligations call for a priority effort to promote prosperous and resilient communities."

The Council, which includes more than 30 federal departments and agencies, coordinates the Administration's engagement with tribal governments and works across executive departments, agencies, and offices to develop policy recommendations and expand efforts to leverage federal programs and resources available to tribal communities. The Council, which will meet at least three times

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a year, will focus its efforts on advancing five priorities that mirror the issues tribal leaders have raised during previous White House Tribal Nations Conferences: 1) promoting sustainable economic development; 2) supporting greater access to and control over healthcare; 3) improving the effectiveness and efficiency of tribal justice systems; 4) expanding and improving educational opportunities for Native American youth; and 5) protecting and supporting the sustainable management of Native lands, environments, and natural resources.

The Executive Order that established the Council also institutionalized the White House Tribal Nation Conference as an annual event. Held each year since the President came into office, the conference has brought together leaders from all federally recognized tribes with Cabinet members and senior Administration officials. President Obama has hosted the conference four times since 2009.

President Obama began his Administration's commitment to Indian Country by issuing an executive Memorandum on Tribal Consultation (November 5, 2009). He has made numerous public statements about how his Administration will meet its obligations to Indian tribes.

The President's national policy initiative advances his Administration's concerted efforts to restore and heal relations with Native Americans and strengthen the nation-to-nation relationship between the United States and tribal governments, bolstering the federal policies of self-determination and self-governance that will help American Indian and Alaska Native leaders build and sustain their own communities.

As part of the President's commitment to Native Americans, HUD's Office of Native American Programs frequently collaborates with other federal agencies as well as state, local, non-profit, and for-profit entities that serve Indian Country, especially the Bureau of Indian Affairs (BIA), the Indian Health Service (IHS), the Departments of Agriculture (USDA) and Energy (DOE), the Federal Emergency Management Agency (FEMA), and the Environmental Protection Agency (EPA).

HUD has collaborated extensively with the BIA to streamline the processes for obtaining Title Status Reports on trust land, which are necessary when tribes need to obtain leasehold interests on trust land properties. This effort will allow tribes to better manage their housing inventory, create better neighborhoods, and encourage economic growth. HUD has partnered with FEMA and BIA since 2011 to distribute more than 2,350 used mobile homes to Indian tribes.

In recent years, FEMA, EPA, BIA, USDA-Rural Development, the IHS, the Army Corps of Engineers, the Department of Transportation, the American Red Cross, various state agencies, the National Guard, and religious organizations have worked together to address disaster recovery efforts in Indian Country. These disasters have included wildfires, hurricanes, flooding, tornadoes, and severe winter storms.

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HUD collaborates with the BIA, IHS, EPA, Army Corps of Engineers, and USDA to address the lack of access to safe drinking water and basic sanitation in Indian Country. This effort is in support of the commitment made by the United States at the 2000 World Summit on Sustainable Development to support a United Nations Millennium Development goal to improve access to safe drinking water and basic sanitation around the world. The agencies have endorsed Memoranda of Understanding confirming their commitment to coordinate and share resources to provide sustainable, long-term access to safe drinking water and basic sanitation in Indian Country. The Tribal Infrastructure Task Force reports that between 2009 and 2012, 43,006 tribal homes received access to safe drinking water, and 28,015 tribal homes received access to basic sanitation.

HUD has participated on workgroups sponsored by the Department of Justice to address tribal justice programs, safety and wellness issues, delinquent youth, violence against women, and drug enforcement. HUD has collaborated with the Department of Health and Human Services Administration for Native Americans for National Fatherhood Day outreach and homeless youth issues. HUD has collaborated with the National Museum of the American Indian (Smithsonian Institute) on public relations and outreach issues.

3. Why is this program necessary and what will we get for the funds?

The lack of housing and infrastructure in Indian Country are severe and widespread, and far exceed the funding currently provided to tribes. Access to financing and credit to develop affordable housing in Indian Country is traditionally difficult to obtain. IHBG will: 1) assist grantees in the construction, acquisition, and rehabilitation of at least 4,415 homeownership units and 1,380 rental units; and 2) fund the operation and maintenance of approximately 51,000 HUD-funded housing units. The Title VI program will guarantee five loans to develop affordable housing projects.

Among the 566 federally recognized tribes, economic conditions vary widely; however most tribes suffer from high poverty rates.

The IHBG formula shows, in the last 10 years (2003-2013):

- the number of low-income families in the IHBG formula areas grew by 34 percent, from 224,461 families, to 300,177 families;
- the number of overcrowded households, or households without adequate kitchens or plumbing, grew by 14 percent, from 91,032 households to 104,046 households; and
- the number of families with severe housing costs grew by 46 percent, from 42,401 families, to 61,797 families.

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The following table illustrates how much total development costs in Indian Country have risen in 10 years, compared to the Indian Housing Block Grants. The total development costs (TDCs) shown are for a modest 3-bedroom.

Recipient/Tribe	2003 TDC	2013 TDC	% TDC Changed	2003 IHBG	2013 IHBG	% IHBG Changed
Navajo (AZ)	\$156,219	\$289,007	85.0%	\$92,530,695	\$82,077,064	-11.3%
Cherokee (OK)	130,576	224,642	72.0%	30,152,266	27,672,282	-8.2%
Cook Inlet (AK)	243,822	450,364	84.7%	14,778,007	14,480,518	-2.0%
Lumbee (NC)	144,928	244,201	68.5%	10,344,001	12,031,262	16.3%
Pine Ridge (SD)	149,369	264,098	76.8%	9,915,277	10,727,670	8.2%
Blackfeet (MT)	150,343	287,952	91.5%	6,273,002	6,766,366	7.9%
Eastern Cherokee (NC)	136,808	242,504	77.3%	3,533,753	2,885,613	-18.3%
Puyallup (WA)	189,848	346,442	82.5%	2,300,477	2,310,608	0.4%
Menominee (WI)	170,953	327,027	91.3%	2,631,825	2,526,380	-4.0%
Comanche (OK)	128,790	234,591	82.2%	2,721,515	2,199,646	-19.2%
Acoma (NM)	142,441	273,006	91.7%	1,235,070	1,026,888	-16.9%
Aroostook (ME)	156,920	299,392	90.8%	641,067	606,546	5.4%

According to the 2010 U.S. Census, 5.2 million Americans identified themselves as American Indian (AI) or Alaska Native (AN) (Race Alone or in Combination with One or More Other Races). This was 1.7 percent of the total, national population of 308.7 million. (2.9 million reported AI/AN Alone, or "single-race.")

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Between 2000 and 2010, the total U.S. population grew by 9.7 percent. In comparison, the American Indian/Alaska Native (single-race) population increased almost twice as fast, growing by 18 percent, from 2.5 million, to 2.9 million. The population of American Indians/Alaska Natives alone or in combination with another race grew even faster, by 27 percent, from 4.1 million in 2000, to 5.2 million in 2010.

According to the American Community Survey for 2006-2010 (U.S. Census), there is widespread poverty among American Indians and Alaska Natives.

- 26.4 percent of American Indians and Alaska Natives lived below the poverty level, compared to 13.8 percent of the national population.
- 8.1 percent of American Indian and Alaska Native persons reported living in overcrowded housing, compared to 3.1 percent of national households. Of the American Indian and Alaska Native persons living on Indian lands, 11.6 percent live in overcrowded housing. The U.S. Census defines overcrowding as 1.01 or more persons per livable room. Overcrowding is especially prevalent, and it is not uncommon in some Indian communities for two or three extended families to share the same home. Overcrowding has negative effects on a family's health, especially children's health, and tends to exacerbate domestic violence, truancy, and poor performance in school. Homes suffer more wear and tear when they are overcrowded, and the over use of appliances coupled with poor ventilation can lead to conditions that promote mold growth.
- In selected American Indian counties in Arizona-New Mexico, there was a 16 percent overcrowding rate; in that same area, almost 10 percent of AIAN households had incomplete plumbing, and about 9 percent lacked complete kitchen facilities.
- In selected Alaska Native counties in Alaska, there was a 22 percent overcrowding rate; in that same area, 18 percent lacked complete plumbing, and 15 percent lacked complete kitchens.
- \$16,645 was the average per capita income for American Indians/Alaska Natives versus \$27,334 for the national population.
- \$36,779 was the median household income for American Indians/Alaska Natives versus \$51,914 for the national population.

Over the last several years, there have been numerous studies conducted on the extent of housing needs in Indian Country, and they all concluded that Indian communities are in critical need of improved housing conditions, which IHBG and Title VI provide. Technical assistance and training are particularly necessary in most Indian communities due to many factors, including the complexity of financing when trust land is involved, and issues related to sparse, low-income populations, remote locations, and intergovernmental considerations.

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Another description of housing conditions in Indian Country was provided by the comprehensive, independent evaluation of the IHBG program, which was conducted in 2009. The evaluators (ACKCO and Abt Associates) noted in their final report, "Decent housing is not readily available in Indian Country; decent and affordable housing is even harder to obtain. Overall, 18.4 percent of homeowners in Native American areas are cost burdened. This means they are spending more than 30 percent of their income for housing each month. Affordability problems are even more common for those who do not own their homes: 31.6 percent of renters on American Indian lands are cost burdened."

Native American Housing Needs Study: A Departmental Transformation Initiative

In fiscal year 2014, HUD will continue the on-going comprehensive study on housing needs in Indian Country, including native communities in Alaska and Hawaii. This study, the Assessment of Native American, Alaska Native and Native Hawaiian Housing Needs, was mandated by Congress under the Consolidated Appropriations Act, 2010. It is being conducted by HUD's Office of Policy Development and Research and the Urban Institute. The Department budgeted \$4.0 million for the study, but that was increased to \$5.447 million in order to add a household survey in Hawaii and additional consultations.

The Office of Native American Programs held seven regional outreach meetings in fiscal year 2011, before the study got underway, to inform participants, obtain their support, and solicit their suggestions on the study's design. Subsequent consultation for tribal leaders occurred in Washington, DC, in July 2011.

The study, which has been underway since fiscal year 2011, examines data from the 2000 and 2010 Decennial Censuses, and from the American Community Survey. It will replicate several components of the 1996 study, Assessment of American Indian Housing Needs and Programs, and Housing Problems and Needs of native Hawaiians. The researchers are conducting interviews with tribal leaders, with staff at the tribally designated housing entities, and with other community leaders and stakeholders. Households will be surveyed at a sample of tribal areas. Because the 1996 study was published before the IHBG program was implemented, an examination of IHBG's impact since 1998, and the issues resulting from its implementation, will be a part of the study. Another component of the study will be a separate report on Native Hawaiian housing issues.

The last such study commissioned by HUD was completed in 1996 (Assessment of American Indian Housing Needs and Programs, and Housing Problems and Needs of Native Hawaiians), which was also prepared for HUD by the Urban Institute, and is still being used.

Historical Outlays and Associated Challenges

As of February 3, 2014, 91.878 percent of IHBG funds allocated from fiscal year 1998 through fiscal year 2013 were disbursed. This is an excellent spend out rate, considering many construction/development projects take 3 to 5 years, or even longer, to complete.

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Many smaller IHBG recipients do not receive sufficient funds to annually engage in economically viable construction projects, and must "save up" over several years to develop or substantially rehabilitate their housing stock. Some tribes (especially in Alaska and the northern tier of the contiguous states) have only a brief summer building season. Also, some tribes spent 2009 Recovery Act funds before their annual grants because Recovery Act funds had firm obligation and expenditure deadlines.

The IHBG has had an expenditure rate of about 91 percent since the inception of the program in 1998; however, HUD is concerned with the concentration of unexpended IHBG funds. HUD has been addressing this issue by providing intense technical assistance to develop strategic expenditure plans; revamping HUD ONAP's accounting system so that the oldest IHBG funds are spent first; and implementing a new planning and reporting process for IHBG recipients. HUD is also using its current statutory authority to recover funds through enforcement action. In addition to these tools, HUD has identified statutory amendments that would provide the Agency with the authority to resolve the concentration of IHBG funds in a more efficient and effective manner than currently allowed under statute.

As of August 2013, unobligated funds totaling \$15.944 million were being held by HUD to satisfy Court Ordered Stipulation Agreements as a result of lawsuits filed by tribes over formula current assisted stock issues. These funds have been held since October 2008. As each lawsuit is resolved, the related funds will either be provided to the tribes involved in the lawsuit or returned to the formula in the following fiscal year. The courts have ordered that these funds remain available pending decisions.

Examples of Indian Housing Projects Funded with IHBGs

The **Ketchikan** Indian Community in Alaska provides a wide range of housing assistance, including mortgage assistance to help renters achieve homeownership; student housing; emergency repairs to provide or restore essential services such as water, sewer, and heat; elder/disabled assistance to increase the accessibility for elders or the disabled to continue to reside in their own homes; long-term rental housing; and weatherization services. In fiscal year 2012, accomplishments included 32 households that were helped by the Rental Assistance program. Three families received a grant for minor home repairs. Twenty-five families received assistance under the Emergency Home Repair program. Twenty grants were issued to elderly or disabled persons to make their homes more accessible and livable. Nine grants were awarded to families to make their homes more energy efficient. In collaboration with the Alaska Housing Finance Corporation Weatherization program, five homes had weatherization upgrades. The Ketchikan IHBG in fiscal year 2013 was \$865,652.

The **Match-E-Be-Nash-She-Wish Band of Pottawatomi Indians** in Michigan reported accomplishments in fiscal year 2012 that included assisting 20 families through its Rental Assistance program. In addition to financial assistance, citizens had the opportunity to access financial training and counseling, educational and employment programs, supportive services to include counseling or case

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management, and advocacy and referrals to outside agencies or tribal departments. All 20 households received some or all of these resources. The tribe also reported that 7 college students had received a total of 37 months of assistance through the College Housing program. Substantial rehabilitation for two homeowners was also provided, as well as regular maintenance and upkeep for nine tribal housing units. The fiscal year 2013 IHBG for this tribe was \$160,342.

In 2012, the Title VI Loan Guarantee program helped the **Bishop Paiute Tribe** construct 18 new homes on tribal lands in California. There are about 2,000 enrolled Bishop Paiutes, and their reservation is on 875 acres at the foot of the Eastern Sierra Nevada Mountains in California. HUD guaranteed a \$3 million loan for the construction. "In the past, because of the unique trust status of the reservation land, banks and mortgage lending firms would not lend on these reservation lands," a press release from the tribe states. "Because HUD guarantees the loan, the Title VI program opens a whole new door for the tribe to meet its housing needs." The new homes will be 1,008 to 1,762 square-foot, 2-, 3-, 4-, and 5-bedroom dwellings. Tribal construction crews and local subcontractors are being used. The tribe's fiscal year 2013 IHBG was about \$1.7 million.

In 2011 and 2012, the **Bois Forte Band** in Minnesota developed 32 housing units for low-income families in two separate projects consisting of 24 duplex units and an 8-apartment-unit building. Both of these structures were built to the Minnesota Green Communities building standards, per the requirements of the Minnesota Housing Finance Agency (MHFA), a primary project funder. Together, the two projects totaled about \$8.1 million with the MHFA as the primary funder at about \$5.1 million. Other federal sources include: \$531,000 from the Indian Health Service; \$200,000 from HUD IHBG; and, \$640,000 from the Federal Home Loan Bank of Des Moines. Non-Federal funds included: Bois Forte Band - \$168,000; Greater MN Housing Fund - \$290,000; St. Louis County - \$150,000; Iron Range Resources & Rehabilitation Board - \$350,000, and the Minnesota Chippewa Tribe - \$400,000. The fiscal year 2013 IHBG for the Bois Forte Band was about \$1 million.

Rejuvenation of the Historic Pueblo **Ohkay Owingeh** (formerly the San Juan Pueblo) in New Mexico incorporates many green concepts to the rehabilitation of the historic center, with traditional building materials such as adobe. The goal of this 10-year project is to revitalize the entire historic core of Ohkay Owingeh. Currently, the variety of leveraged funding sources consist of New Mexico Historic Preservation Division, the Tribal Preservation program, the McCune Foundation, the Chamiza Foundation, the Indian Health Service, Rural Housing and Economic Development grants from HUD, ICDBG, Recovery Act funds, and IHBG. Ohkay Owingeh's IHBG in fiscal year 2013 was \$693,212.

The **Isleta Pueblo** located in central New Mexico is using local natural resources and local labor to create a green building technique that is available to other communities. Their Lava Blocks are made from lava cinder and cement along with other ingredients. Lava Block walls have been tested and can withstand winds of up to 300 miles per hour. The lava block method is environmentally friendly since no drywall or sheetrock is needed in the construction process; no insulation is required; lava rock walls are naturally fire proof, termite resistant, and maintenance-free. The Pueblo's Housing Authority is using the blocks in renovation

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projects as well as new constructions with expectations of marketing the Lava Blocks to other tribes in the future. The Pueblo's IHBG in fiscal year 2013 was \$909,686.

4. How do we know this program works?

Performance History and Projections

The following chart illustrates the number of affordable housing units built, acquired and rehabilitated since 2007:

Fiscal Year	# Units Built or Acquired	Units Rehabilitated	Total Units
FY 2015 (estimate based on \$650 million request)	1,874	3,921	5,795
FY 2014 (estimate)	1,874	3,921	5,795
FY 2013*	1,390	3,751	5,141
FY 2012	2,291	4,552	6,843
FY 2011	2,140	5,546	7,686
FY 2010	2,082	3,499	5,581
FY 2009	2,849	4,942	7,791
FY 2008	2,715	3,859	6,574
FY 2007	2,683	3,974	6,657

*as of January 31, 2014

HUD estimates that, over the life of the IHBG program, (more than 16 years), recipients have developed more than 35,700 affordable units, and rehabilitated almost 67,500.

In fiscal year 2012, IHBG grantees began to use a new, revised form to plan and report their IHBG housing activities. After extensive consultation with tribes, HUD revised the Indian Housing Plan and Annual Performance Report (IHP/APR) forms. The two forms were combined into one, and reporting requirements and mechanisms were streamlined to reduce preparation and processing times. The new reporting form is also capturing additional data fields that will allow HUD to better track tribal program activities, outputs, and resulting outcomes. By October 2013, all grantees had reported on the new form.

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IHBG's Contributions to Agency Performance Goal #2

The IHBG program directly supports HUD's Agency Performance Goal #2, to expand the supply of affordable rental housing. In fiscal year 2015, the program is expected to develop (that is, to build or acquire), 628 rental units. Targets for homeownership units are higher than for rentals, because IHBG recipients traditionally choose to offer more homeownership opportunities than rentals. Between October 1, 2009, and June 30, 2013, 2,874 rental units were developed, or about 766 each year.

Program Evaluations

A comprehensive, independent evaluation of the IHBG program was conducted in fiscal year 2009. The evaluators (ACKCO and Abt Associates) concluded that the program is addressing the primary housing needs in Indian Country. However, the evaluators pointed out that, "It is clear that for most tribes, the magnitude of housing problems dwarfs the resources available from IHBG." The final report noted that, in fiscal year 2008, about two-thirds of tribes received grants of less than \$500,000. When the researchers asked tribal housing administrators about the ability of the IHBG program to address local housing needs, all 28 respondents were consistent in their response. They praised the program, saying that the structure of the program is good and offers sufficient flexibility for addressing a variety of housing needs.

A comprehensive, independent evaluation of the Title VI Loan Guarantee program was conducted in fiscal year 2008. The evaluators (ACKCO and Abt Associates) concluded, "Overall, the impact of the Title VI loan guarantee program on tribal members, tribes, and surrounding communities has been significant. Tribal members have improved access to affordable housing opportunities, which has engendered a sense of pride and independence among tribal members. Among tribes, the program addressed their most pressing housing conditions, provided critical learning opportunities to understand the housing development process, and created access to private financing markets that otherwise would not have been available to tribes. The program has also affected surrounding communities by improving the community's aesthetics and increasing the community's skill base." In February 2010, the Government Accountability Office (GAO) published its Report to Congressional Committees on Native American Housing. That report stated: "Most grantees that we [GAO] surveyed and interviewed view NAHASDA as effective, largely because it emphasizes tribal self-determination. Grantees feel the program has helped to improve housing conditions and increase access to affordable housing, but they reported that developing housing finance mechanisms and increasing economic development remain as challenges." The concept of tribal self-determination is fundamental to the administration of this program, and its practice has resulted in efficient and effective uses of funds that are appropriate for each community. The somewhat paternalistic programs of the past, in which a national HUD office mandated how much, where, and what types of housing assistance should be provided, were primarily designed for urban areas, and generally did not work well in Indian Country. In contrast, applying the concepts of local control and tribal self-determination to the block grant program has been warmly received by tribal officials and has resulted in well run, innovative housing programs.

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Training and Technical Assistance for Program Recipients

HUD highlights and promotes best practices that support development in Indian Country, and encourages innovative methods of construction, management, and finance. Training and technical assistance are provided to tribes and tribally designated housing entities to build their capacity to deliver affordable housing programs. Training and technical assistance is provided to residents of low-income housing to increase their self-sufficiency and life skills. Efforts include supporting green building, energy efficiency efforts, resource conservation, mold prevention and remediation, and responsible homeownership. In fiscal year 2015, it is anticipated that HUD will offer training related to these programs, including overall development and financial planning, housing services, and the advantages of leveraging NAHASDA funds with other homeownership programs. In fiscal years 2012 and 2013, HUD provided training to more than 1,160 persons at 39 events, covering topics essential to program administration: Procurement, Environmental Review, NAHASDA Essentials, Board of Commissioners training, Indian Housing Planning, and Annual Performance Reporting.

5. Legislative/Regulatory Proposals

- **Withholding Policy:** For several reasons, including the significant unmet needs in Indian Country, it is important that grantees spend program funds in a timely manner and avoid accumulating excessive undisbursed balances from prior-year grants. Therefore, the Budget proposes to withhold funding from any grantee that, on January 1, 2015, has a total undisbursed balance greater than three times the funding allocation it would otherwise receive in 2015. This proposal will not affect grantees with funding allocations below \$5 million (over 90 percent of grantees), and any funds withheld will be allocated among all other grantees in accordance with the need component of the formula.

Other Proposals: The Budget also proposes several legislative reforms to improve the allocation of grant funds and strengthen program oversight, including: (1) phasing out of the formula homeownership units developed under the U.S. Housing Act of 1937; (2) strengthening HUD's authority to temporarily suspend recipients' access to grant funds to ensure the lawful expenditure of those funds; and (3) clarifying HUD's authority to take back funds distributed based on inaccurate information. These authorizing proposals will be transmitted to Congress in the spring of 2014.

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

<u>Budget Activity</u>	<u>2013 Budget Authority</u>	<u>2012 Carryover Into 2013</u>	<u>2013 Total Resources</u>	<u>2013 Obligations</u>	<u>2014 Budget Authority/ Request</u>	<u>2013 Carryover Into 2014</u>	<u>2014 Total Resources</u>	<u>2015 Request</u>
Formula Grants	\$610,316	\$30,707	\$641,023	\$597,803	\$643,000	\$25,451	\$668,451	\$648,000
Loan Guarantee - Title VI (Credit Subsidy) ..	1,895	6,774	8,669	1,772	2,000	5,212	7,212	2,000
Technical Assistance ..	1,895	10,028	11,923	6,843	2,000	5,890	7,890	...
National American Indian Housing Council	1,895	2,000	3,895	2,000	3,000	1,895	4,895	...
Transformation Initiative (transfer)	...	...	...	...	...	...	...	[3,250]
Total	616,001	49,509	665,510	608,418	650,000	38,448	688,448	650,000

**PUBLIC AND INDIAN HOUSING
NATIVE AMERICAN HOUSING BLOCK GRANTS
Appropriations Language**

The fiscal year 2015 President's Budget includes proposed changes in the appropriation 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.), \$650,000,000, to remain available until September 30, ~~[2018]~~ 2019: *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, \$3,000,000 shall be contracted for assistance for national or regional organizations representing Native American housing interests for providing training and technical assistance to Indian housing authorities and tribally designated housing entities as authorized under NAHASDA; and \$2,000,000 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 \$16,530,000: ~~[Provided further, That the Department will notify grantees of their formula allocation within 60 days of the date of enactment of this Act]~~ *Provided further, That, notwithstanding section 302(d) of NAHASDA, if on January 1, 2015, a recipient's total amount of undisbursed block grants in the Department's line of credit control system is greater than three times the formula allocation it would otherwise receive under this heading, the Secretary shall adjust that recipient's formula allocation down by the difference between its total amount of undisbursed block grants in the Department's line of credit control system on January 1, 2015, and three times the formula allocation it would otherwise receive: Provided further, That grant amounts not allocated to a recipient pursuant to the previous proviso shall be allocated under the need component of the formula proportionately among all other Indian tribes not subject to an adjustment: Provided further, That the two previous provisos shall not apply to any Indian tribe that would otherwise receive a formula allocation of less than \$5,000,000: Provided further, That to take effect, the three previous provisos do not require the issuance of any regulation. (Department of Housing and Urban Development Appropriations Act, 2014.)*