

**MINIMUM NEED FUNDING SUB-WORK GROUP REVISED PROPOSALS FOR
CONSIDERATION WITH JUSTIFICATIONS AND NOTES
AS OF JULY 14, 2003.**

Proposal Number #1 Unclaimed and repaid funds set aside for allocation to address administrative capacity need

NAHASDA grant funds from prior grant years available for redistribution shall be placed in a separate fund and allocated among tribes with a demonstrated need for funding based on administrative need that is not met by the formula for allocating funds.

The following minimum criteria must be met:

1. The Tribe or TDHE must demonstrate that there are Households that are below 80% of median income –must address data suppression that is currently happening to ensure that tribes with HH below 80% median have these HH counted in this factor.
2.
 - a. Tribe or TDHE's that receive need based funding of less than TDC for one unit are eligible for allocation under this formula.
 - b. Tribes receiving less than \$50,000 in grant funds are eligible for an allocation under this formula.
 - c. Tribes receiving less than \$50,000 in need based funding are eligible for funding under this allocation.
3. Funding shall be based on the Administrative Need for funding of the Tribe as follows: The minimum need-based grant shall not be less than 20% of the Total Development Cost for one housing unit.

Any allocations granted under this part of the formula shall be in addition to allocations received under the FCAS funding and the Need based funding allocations under NAHASDA.

Note: The regulation on minimum funding would be replaced by this regulation.

Note: May want to consider some minimum amount every tribe gets no matter what.

Proposal #2 Regulation 1000.238 Proposal to Increase the Administrative Percentage to Assist Small Tribes in the Development of Administrative Capacity

Tribes with small IHBG grants cannot effectively operate or establish a NAHASDA Program in many cases because a Tribe cannot use more than 20% of its annual IHBG grant for planning and administration expenses. At the present minimum funding rate of \$25,000 a small tribe is allowed only \$5,000 annually to administer the NAHASDA Program. Therefore, an increase on the maximum limit of the percentage of the IHBG Grant a Tribe may use is necessary to allow Tribes to exercise self-determination and to efficiently and effectively operate programs.

Language

Any tribe receiving an annual IHBG allocation of \$200,000 or less may use up to 50% of its annual IHBG grant for administration and planning. Any Tribe receiving an annual IHBG allocation of \$100,000 or less may use up to 80% of its annual IHBG grant for administration and planning.

Justification for why the administrative cap should be increased:

1. This is an issue of self-determination. If a tribe determines that it needs to dedicate its funds to planning at a higher rate, or needs to use more than the 20% to accomplish its goals for providing affordable housing, under NAHASDA self-determination is encouraged. Section 2(7) of NAHASDA provides that "Federal assistance to meet these responsibilities should be provided in a manner that recognizes the right of Indian self-determination and tribal self-governance by making such assistance available directly to the Indian tribes or tribally designated housing entities under authorities similar to those accorded Indian tribes in Public Law 93-638 (25 U.S.C. §450 et. seq.)."
2. Increasing the maximum amount also promotes the leveraging of grant funds, which is one of the purposes of NAHASDA under Section 2(6).
3. Section 302(c)(1) of NAHASDA Statute states: "In Establishing the formula, the Secretary shall consider: the relative administrative capacities and other challenges faced by the recipient, including but not limited to geographic distribution within the Indian area and technical capacity.." Consideration of the need for additional administrative funds above 20% of the grant to acquire the technical capacity to operate a program justifies the change in the 20% cap. This mandate clearly requires the Secretary to consider relative administrative capacities and other challenges in developing the formula allocating funds.
4. Section 401 provides agency oversight for failure to comply with the mandates of NAHASDA which does provide a check on the abuse of this additional authority for small grant recipients. In addition, under Section 102 requires the submission of an Indian Housing Plan in which the Tribe must have goals, objectives, and activities and document the need for affordable housing. If the use of more than 20% of the grant amount for administration is not justified, then HUD can disapprove or require revision of the plan if the Tribe does not have any goals or objectives, and can take compliance actions if the Tribe isn't meeting its goals.

Proposal # 3A Minimum Need Allocation Based on % of Total Annual IHBG funding

The minimum allocation in any year to a recipient under the needs component of the NAHASDA allocation formula shall equal ____% of the total net amount distributed to Tribes under the allocation formula for that year, provided that the Tribe must demonstrate need of at least ____ HH below 80% of median income.

James: Data suppression is an issue on this proposal as well.
Data Runs: .015% on both

Proposal #3B

Minimum Grant Allocation Based on % of Total Annual IHBG funding

The minimum IHBG grant allocation in any year to a recipient shall equal ___% of the total net amount distributed to Tribes under the allocation formula for that year, provided that the Tribe must demonstrate need of at least ___ HH below 80% of median income.

Proposal #4

The minimum allocation in any year to a recipient under the needs component of the NAHASDA appropriation allocation formula shall equal ___% of the total appropriation for that year provided however that no single grant shall exceed ___ of the total appropriation for that year.

Runs requested .015% with cap of 10%

Proposal #5 Establish base need funding by utilizing the Total Development Cost as the minimum need based funding level.

- A. The minimum need based grant allocation in any year to a recipient shall not be less than the Total Development Cost for ___ unit(s) of housing.**
- B. The minimum need based grant allocation in any year to a recipient shall not be less than the Total Development Cost for ___ units of housing, provided that the Tribe serves at least ___ Households below 80% of median income or ___ AIAN persons.**

Note1: Must address data suppression.

Note 2: B must address tiering issue and absolute minimum for those with less need than the ___ HH or AIAN required under this proposal – is there also an absolute floor below which no Tribe with any level of need should not go?

Runs: Will do one unit of TDC in the runs HH will be 15 and Number of AIAN will at 40 people.

Proposal # 6- Set aside of funds for allocation based on administrative capacity need

NAHASDA grant funds from prior grant years available for redistribution shall be placed in a separate fund and allocated among tribes with a demonstrated need for funding based on administrative need that is not met by the formula for allocating funds, provided that the amount of IHBG funds allocated to this fund shall not be less than ___ million dollars

The following minimum criteria must be met for a Tribe to be eligible for funding under this provision:

1. The Tribe or TDHE must demonstrate that there are Households that are below 80% of median income –must address data suppression that is currently happening to ensure that tribes with HH below 80% median have these HH counted in this factor.
2. a. Tribe or TDHE's that receive need based funding of less than TDC for one unit are eligible for allocation under this formula.
b. Tribes receiving less than \$50,000 in grant funds are eligible for an allocation under this formula.
c. Tribes receiving less than \$50,000 in need based funding are eligible for funding under this allocation.
3. Funding shall be based on the Administrative Need for funding of the Tribe as follows: The minimum allocation under this section shall not be less than 20% of the Total Development Cost for one housing unit.

Any allocations granted under this part of the formula shall be in addition to allocations received under the FCAS funding and the Need based funding allocations under NAHASDA.