

**Statement of Edward (Eddie) Browning, Arizona Rural Development State  
Director, before the Subcommittee on Housing and Community Opportunity**

Hearing on Removing Barriers to Homeownership for Native Americans

Mr. Chairman, Members of the Subcommittee, it is a pleasure to welcome you to Camp Verde, Arizona for this important discussion on removing barriers to homeownership for Native Americans.

USDA Rural Development's mission is to increase economic opportunity and improve the quality of life in rural communities. Rural Development plays a pivotal role in ensuring that rural Americans share in the economic vitality of this country, including the dream of homeownership. Nowhere is that dream more of a challenge than on our Native American lands.

Arizona has 21 recognized Tribes – from tiny Tribes with little or no tribal land to the Navajo Nation, the biggest reservation in the country, with portions of the reservation in three states.

The President's Minority Homeownership Initiative has been an incentive to help meet our commitment to expand rural minority homeownership. Our staff in Arizona has worked to create innovative ways to ensure that we keep that commitment and maximize our impact. We have done this by targeting our resources, holistic approaches to community building, and the development and strengthening of partnerships.

## **Barriers to Homeownership on Native Lands**

The barriers to Native American homeownership are suggested by an ownership rate on the reservations of slightly more than 40 percent as compared to a national average of 68 percent. There are several contributing factors. One is the trust land issue. Simply stated, when land is owned by the tribe and held in trust by the United States government rather than owned outright by the individual, there is no collateral for a traditional mortgage. A second issue is the lack of economic opportunity. With a per capita average income on our largest reservation at \$7,300, simply being able to make regular mortgage payments is a major stumbling block to homeownership. Other barriers include a lack of existing housing stock, weaknesses in credit worthiness, and a shortage in many Native American communities of housing professionals such as realtors, mortgage bankers and credit counselors.

The remoteness of many of the families in need compounds the difficulty both in providing the services and materials to build or repair a home, and in reaching Native American customers in order to inform them about the help that may be available.

Outreach efforts are further complicated because Native American clients have to navigate the confusing maze of federal program information. Many resources are available through Rural Development and other Federal agencies, it just takes a lot of experience and knowledge to quickly arrive at the correct resource.

### **Overcoming the Barriers – Locally**

Rural Development in Arizona has been focused on encouraging homeownership on Tribal land. For the past decade we have targeted Native American communities for housing and other community and business services.

Currently, 10 percent of Arizona Rural Development staff is Native American. Our office in St. Michaels on the Navajo Nation is staffed by Navajo personnel who are culturally aware and speak Navajo. In 2005, despite the remoteness of the Navajo Nation, our staff made 61 outreach visits to engage with Navajo citizens and inform them about the services available through Rural Development – more than one per week. Lewis Shirley, our Rural Development Manager at the St. Michaels Office averages 40,000 miles per year in travel to outreach to the Navajo Nation.

Mr. Shirley not only made many of the outreach visits, but he also saw the need for a coordinated approach to serving the Navajo Nation. He was the impetus behind the formation of a partnership of funding entities in a community called Saw Mill. The partnership was a successful combining of funds from USDA Rural Development, the Department of Housing and Urban Development (HUD), Indigenous Community Enterprises, the local Council of Governments, and the local Chapter House. Its goal was to reduce the cost of housing to the prospective homeowners so that the family would be able to qualify for a home of their own and could afford the mortgage payments.

We were successful in our efforts to locate and pool grant funds from a variety of existing resources. By combining funding from a variety of sources, Mr. Shirley was able to both reduce the risk for any one agency and the amount of the loan – thereby making the payments affordable and breaking down the credit barrier. The plan is to replicate this model for other potential homeowners.

Among the other steps taken to break down cultural and communications barriers to homeownership is our funding of Native American non-profit organizations to help package loans. The involvement of local organizations in the application process is invaluable, as it is a tremendous help in seeking and educating prospective homeowners on the process of becoming successful homeowners.

### **Overcoming the Barriers – Nationally**

USDA Rural Development recently developed a guide for lending on Native American lands. The guide is designed to speed up the closing of mortgage loans on trust land and exemplifies USDA Rural Development's continued commitment to expand rural minority homeownership. This new guide was developed to help train Rural Development employees and highlights the many laws, programs, Memorandum of Understandings (MOU's), policies and initiatives on Indian housing. Additionally, the guide provides step-by-step guidance on how to actually close Rural Development housing loans on trust land. Furthermore, the guide has built in flexibility that allows states to modify or add steps to fit local, tribal or the Bureau of Indian Affairs uniqueness.

Another recent event is the new Rural Development Internet site specifically designed for Native Americans and Alaska Natives. The site is a useful tool for both Rural Development employees, as well as prospective recipients of Rural Development funds. It includes, success stories that highlight tribal projects and examples of tribal members accessing Rural Development's programs, useful publications, reports and resources related to American Indian/Alaska Native economic and community development, and helpful links to USDA, Federal, and non-profit Internet sites.

Rural Development has also partnered with the Bureau of Indian Affairs and HUD's Office of Native American Programs to enter into an MOU to improve mortgage lending on trust lands. That MOU was signed by the respective agencies during the last week of September 2004. The understandings of that MOU provide a framework for cooperation among the agencies providing mortgages on Native American land.

Also at the National level, an Executive Memorandum dated August 6, 1998, directed the Secretaries of the HUD and the Department of the Treasury to develop recommendations to help streamline mortgage lending in Indian Country. These recommendations have been developed into a report entitled "One-Stop Mortgage Center Initiative in Indian Country." Historically, Federal agencies had required tribal governments to submit separate and often different lease documents for participation in each Federal single-family loan program. As a result of the "One Stop Mortgage Center Initiative in Indian Country" report, a model interagency lease and a tribal application approval process were developed that are acceptable to HUD, USDA Rural Development, Veterans Affairs, and the Bureau of Indian Affairs.

## **Other Rural Development Programs on Native American Land**

While developing housing for Native Americans, Rural Development has taken care to help create community facilities, infrastructure and economic opportunities for the Native American communities near where the homes will be built.

Through our community facilities program, in the past decade we have financed on Arizona Tribal lands community centers, senior centers, hospitals, schools, clinics, water treatment plants, cultural centers, and first responders facilities. Our business programs have funded tribal business parks, motels, restaurants, and revolving loans funds for small businesses.

Millions have been invested since 2001 in utility enhancements on Arizona reservations, including expanding broadband capabilities to some of our most secluded areas. We have funded telephone systems, water systems, telecommunications, distance learning and telemedicine projects on Tribal lands across the state. One of the nation's first Section 9006 Energy Efficiency loans was to the Gila River Indian Community in Arizona last year. By creating healthy communities on the reservations, we are ensuring that our housing projects will be occupied by folks who also enjoy the kinds of community infrastructure upgrades that the rest of the nation does.

## **The Results**

The real test of our commitment to removing barriers to Native American homeownership is how well we have been able to do our job – in other words, have we created clean, safe, affordable housing for Native Americans in Arizona? Our record shows that we have.

## **The Local Record – Rural Development Funding for Native Americans in Arizona**

### **Fiscal Years 2001-2005**

#### **Homeownership**

- Rural Development made nearly \$2,213,409 in Single Family Housing loans and Home Repair grants for single family housing on Indian lands in Arizona
- Housing Preservation grants totaled \$600,545
- Technical Assistance grants to non-profits to provide homeownership counseling totaled \$885,935

#### **Other assistance**

- Multi-family Housing loans equaled \$6,800,000 – for 258 units of affordable housing on Arizona reservation land
- Rental Assistance – grants to lower the monthly rental cost to low-income residents – totaled more than \$3,998,352 for Native Americans in Arizona
- Through the utilities section of USDA Rural Development, we have funded \$4,860,220 in electric, telemedicine, distance learning, telephone, and broadband projects on Indian land
- Business loans and grants in Arizona totaled \$14,941,419 for Native American communities
- Community facilities – such as schools, community centers, hospitals – received a total of \$6,908,588 for projects benefiting Native Americans
- The Four Corners EC has received \$1,442,203
- Water and wastewater projects on Native American land in Arizona totals \$22,921,354

In total, Rural Development has provided \$65,572,025 for Native American projects in Arizona from fiscal years 2001 through 2005.

**The National Record – Rural Development National Funding for  
Native Americans and Alaskan Natives**

In total, during fiscal year 2005, USDA Rural Development invested over \$207.3 million to American Indian or Alaska Native clients.

**Homeownership**

During fiscal year 2005, Rural Development financed 252 homes, totaling approximately \$23 million, through the single family housing direct loan program. In addition to that, Rural Development also guaranteed another 278 home loans totaling approximately \$25.7 million. Rural Development also provided 260 grants and 124 loans totaling \$2.3 million, through the home repair program to assist homeowners repair and improve their homes.

**Other assistance**

*Multi-Family Housing*

In fiscal year, 2005 Rural Development financed 10 multi-family properties under the 515 multi-family housing direct loan program, totaling approximately \$8.4 million. These 10 projects will provide 238 new rental units.

*Housing Preservation Grants*

During fiscal year 2005 Rural Development also provided \$598,000 to nonprofit organizations, local governments and Indian tribes for 12 projects that will repair 225 homes and rental properties.



### *Electric and Telecommunications*

In fiscal year 2005, Rural Development financed 11 electric loans to rural electric providers, totaling approximately \$20.5 million. Rural Development also financed 7 distance learning and telemedicine projects and provided Community Connect grants to 8 organizations. Additionally, Rural Development provided 2 telecommunication loans.

### *Rural Business Programs*

In fiscal year 2005, Rural Development financed 6 businesses through its Business and Industry guaranteed loan program. Those guaranteed loans totaled approximately \$14.3 million. Additionally, 2 revolving loan funds that are providing financing businesses were funded through the Intermediary Relending Program. Those loans totaled \$950,000. Also, approximately \$5.5 million was provided to Indian tribes and non-profits serving Native American clients through the Rural Business Enterprise Grant (47 grants) and Rural Business Opportunity Grant (11 grants) programs. Of these awards, 1 IRP, 27 RBEGs and 10 RBOGs were provided utilizing Rural Business program set-asides for federally recognized Indian tribes.

### *Community Facilities*

In fiscal year 2005, USDA Rural Development funded 71 American Indian/Alaska Native community facility projects. 22 of those projects were grants to tribal colleges funded through set-asides within the CF program for Tribal Colleges.

### *Water and Waste Disposal*

In fiscal year 2005, Rural Development financed 42 water and waste disposal projects for a total of approximately \$30 million.

## **Conclusion**

Removing barriers for homeownership in Native American communities presents unique challenges. Hampered by many small clusters of population in some of Arizona's most remote corners, Rural Development staff has worked to partner with other agencies and governments to provide comprehensive services. Many of the barriers are beyond our capabilities to remove. We have used innovative methods to work around those barriers. As a result, in the past decade, Rural Development has provided hundreds of Native American families in Arizona with clean, safe housing.

Much remains to be done. We are working to strengthen our existing partnerships and to create new ones. We are open to developing technologies for home construction and renovation for remote areas. We are forging coalitions with other entities to compound our ability to help.

One of the strengths of Rural Development is the power to create individual strategies for success within the general structure of the national agency. State Directors across the nation are as diverse as the states they serve. And likewise, staff on the ground in Arizona reflects the diversity of the state – from Hispanic to African American to Native American.

Abraham Lincoln called the Department of Agriculture the people's department. Rural Development is working to ensure that that focus on the people reaches even the most remote pockets of our Native American populations.

Thank you for the opportunity to testify this morning. I'd be happy to answer any questions you may have.