

**PUBLIC AND INDIAN HOUSING  
NATIVE AMERICAN HOUSING BLOCK GRANTS  
2013 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>
2011 Appropriation .....	\$650,000	\$95,648	-\$1,300	\$744,348 <sup>a</sup>	\$663,388	\$853,679
2012 Appropriation/Request .....	650,000	80,937	...	730,937 <sup>b</sup>	730,937	708,196
2013 Request .....	<u>650,000</u>	<u>...</u>	<u>...</u>	<u>650,000<sup>c</sup></u>	<u>645,000</u>	<u>653,000</u>
Program Improvements/Offsets .....	...	-80,937	...	-80,937	-85,937	-55,196

- a/ Includes \$3.0 million in carryover from the American Recovery and Reinvestment Act, 2009 (Recovery Act), and Includes permanent indefinite authority of \$1.3 million for Title VI Loan Guarantee upward re-estimates.
- b/ Excludes permanent indefinite authority of \$184 thousand for Title VI Loan Guarantee upward re-estimates.
- c/ Includes an estimated Transformation Initiative (TI) transfer of \$3.3 million in fiscal year 2013; the TI transfer may be up to .5 percent of Budget Authority.

**1. What is this request?**

The Department requests \$650 million for fiscal year 2013, for the two programs authorized by the Native American Housing Assistance and Self-Determination Act of 1996 (NAHASDA), which are the Indian Housing Block Grant (IHBG) program (also known as the Native American Housing Block Grant program) , and the Federal Guarantees for Financing Tribal Housing Activities program (also known as Title VI). The amount of this request is identical to the appropriations enacted in both fiscal years 2011 and 2012.

The bulk of the request, \$648 million, would fund the IHBG program, the primary program under NAHASDA. One offset, of \$2 million in credit subsidy, is requested to be set aside for NAHASDA’s Title VI loan guarantee program. This credit subsidy will support loan guarantee authority of \$18.3 million, based on a subsidy rate of 10.91 percent.

With funding at \$650 million in fiscal year 2013, it is expected that at least 4,415 homeownership units and 1,380 rental units will be constructed, acquired, or rehabilitated, grantees will be able to operate and maintain their HUD-funded housing units for another year, and 3 to 5 Title VI loans will be guaranteed.

The Department does not request a set-aside for a national organization providing technical assistance in fiscal year 2013. For many years, there has been only one national organization that serves as a public interest group for Native American housing efforts, the National American Indian Housing Council (NAIHC). NAIHC uses the funds it receives through annual appropriations to provide

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training to tribes and tribally designated housing entities. NAIHC also provides on-site technical assistance to IHBG grantees when requested. NAIHC uses Federal funds to support two national conferences each year, an Annual Convention and a Legal Symposium, and provides scholarships for training for Indian 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.

Along with budget request, IHBG program typically carries over funds from prior fiscal years. Carryover amounts are common for each line item within the account, with each having different reasons for carrying over from prior years. The following provide explanations for carryover for individual line items:

- a) All formula grants carryover and/or recaptures will be included in the fiscal year 2013 formula awards along with the new funding and are expected to be distributed to IHBG recipients. Carryover occurs when tribes decline funding, fail to meet certain requirements or the Department receives other recaptures through the course of the year.
- b) Given the technical nature and complexity of ONAP procurement actions, thorough reviews of contracts are required prior to award.
- c) Title VI carryover matches the volume of activity in process for the program. The program anticipates all carryover funding to be obligated in fiscal year 2013.
- d) National Organization for Native American Interest is expected to utilize all carryover funds for providing training and technical assistance to Indian housing authorities and Tribally Designated Housing Entities (TDHEs). Technical Assistance funds are not available until the TA plan is approved by the Congress.

The Department intends to utilize all carryover funds available in fiscal year 2013 and all carryover and recaptures realized will be used for the purposes for which Congress intended.

### Transformation Initiative

In fiscal year 2013, the Department renews its request for the Transformation Initiative, which provides the Secretary the flexibility to undertake an integrated and balanced effort to improve program performance and test innovative ideas. Up to 0.5 percent of the funds appropriated for this account may be transferred to the Transformation Initiative Fund account for the following purposes: research, evaluations, and program metrics; program demonstrations; technical assistance; capacity building and information technology. Departmentwide, no more than \$120 million is estimated to be transferred to the Transformation Initiative Fund account in fiscal year 2013 although transfers could potentially total up to \$214.8 million. More details on the overall Transformation Initiative and these projects are provided in the justification for the Transformation Initiative Fund account.

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### **2. What is this program?**

#### **Indian Housing Block Grant Program**

The formula-driven Indian Housing Block Grant (IHBG) program is the major source of affordable housing assistance in Indian Country. IHBGs authorized by title I of the Native American Housing Assistance and Self-Determination Act of 1996 (P.L. 104-330, 25 U.S.C. 4101 *et seq.*), as amended (NAHASDA). Regulations are at 24 CFR part 1000. NAHASDA was reauthorized in 2008 through fiscal year 2013 (P.L. 110-411).

NAHASDA recognizes the right of tribal self-governance and the unique relationship between the Federal Government and the governments of Indian tribes, established by long-standing treaties, court decisions, 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.

The IHBG is an annual formula grant to provide 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 recipients are eligible tribal governments or their designated housing entities, which deliver the housing assistance to families in need. IHBG recipients have the flexibility to design and implement appropriate, place-based housing programs, according to local needs and customs. IHBG recipients often leverage their grant funds as catalysts for further community and economic development. HUD's Office of Native American Programs (ONAP) administers the IHBG program.

The amount granted annually 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.

In fiscal year 2012, \$650 million was appropriated to NAHASDA. Of that amount, \$2 million was set aside for the Title VI Loan Guarantee program, \$2 million was set aside for training and technical assistance, and \$2 million was set aside for a national organization to provide training, leaving \$644 million for the IHBG program. The minimum grant in fiscal year 2012 is expected to be \$50,399.

In fiscal year 2011, more than \$658 million (enacted and carryover appropriations) was allocated to more than 360 IHBG recipients, representing more than 550 tribes in 34 states. IHBGs in fiscal year 2011 ranged from \$50,006 to almost \$91 million. In fiscal year

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2011, 89 grantees, (about 25 percent of the grant recipients), received the minimum grant amount of \$50,006, and the median grant was \$277,398.

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

1. 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. The following data is as of December 2011:

- From fiscal years 2007 through 2011, IHBG recipients expended approximately \$905.6 million on activities in this category, or an average of \$181.1 million each year. During this time, 8,202 affordable homes were built, 3,650 were acquired, and 19,506 were substantially rehabilitated.
- This activity averaged about 33 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" HUD units.

- From fiscal years 2007 through 2011, IHBG recipients expended approximately \$1.03 billion on activities in this category, or an average of \$206.2 million each year.
- Recipients continue to maintain a substantial inventory of "HUD units" that were constructed before NAHASDA's programs were implemented in 1998. In fiscal year 2011, this included more than 52,000 units built under the Low-Rent, Mutual Help, and Turnkey programs; and about 3,600 units managed in a manner similar to the Section 8 program.
- This activity averaged about 38 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.

- From fiscal years 2007 through 2011, IHBG recipients expended approximately \$186.6 million on activities in this category, or an average of \$37.3 million each year.

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- This activity averaged about 7 percent of total expenditures.

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, and management of affordable housing projects.

- From fiscal years 2007 through 2011, IHBG recipients expended approximately \$129.6 million on activities in this category, or an average of \$25.9 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.

- From fiscal years 2007 through 2011, IHBG recipients expended approximately \$38.8 million on activities in this category, or an average of \$7.8 million each year.
- This activity averaged only about 1 percent of 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.

- From fiscal years 2007 through 2011, IHBG recipients expended approximately \$53.1 million on activities in this category, or an average of \$10.6 million each year.
- This activity averaged about 2 percent of expenditures each year.

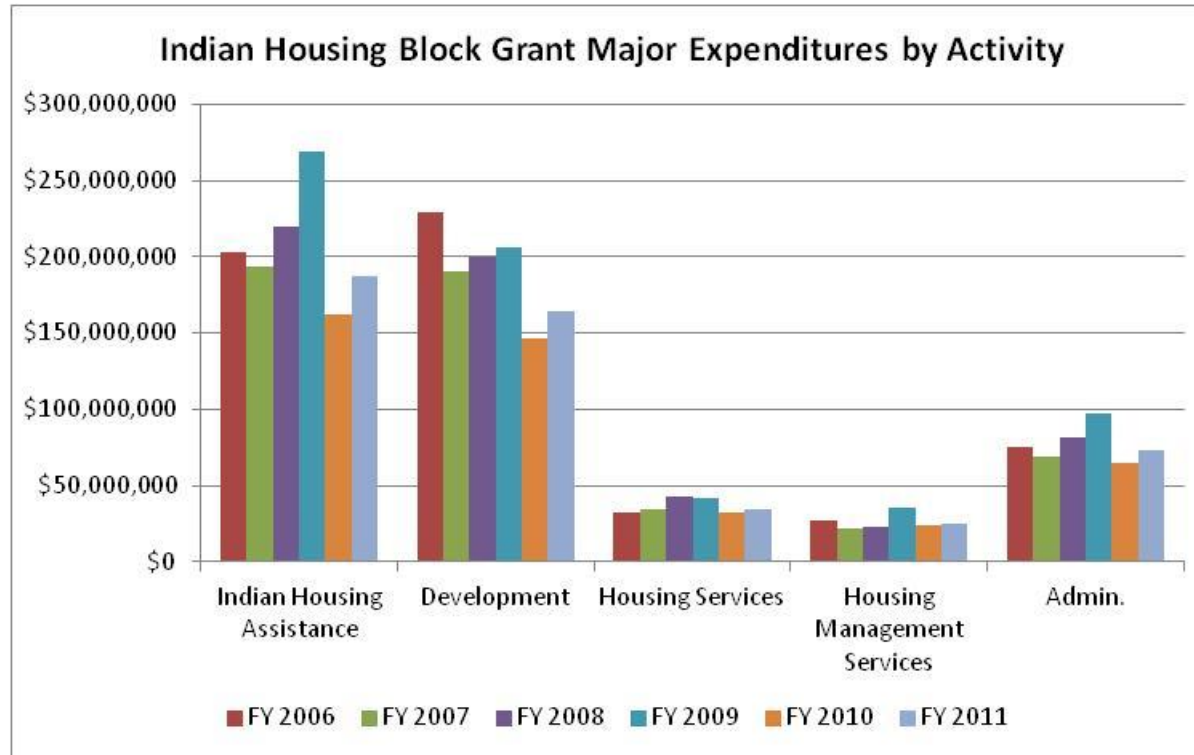
7. Administrative Expenses. Recipients may expend up to 20 percent of their grant funds for planning and administration. Activities include administrative management, evaluation and monitoring, preparation of the Indian Housing Plan and Annual Performance Report, staff and overhead costs directly related to carrying out affordable housing activities. (24 CFR § 1000.238 limits recipients to 20 percent of their grant for planning and administrative purposes).

- From fiscal years 2007 through 2011, approximately \$387.0 million was expended on activities in this category an average of \$77.4 million per year. (24 CFR § 1000.236 defines eligible administrative and planning expenses under NAHASDA).

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- Planning and administrative expenses averaged about 14 percent of total expenditures each year.

The following chart illustrates IHBG major expenditures by activity:



### **Title VI program and eligible activities:**

Title VI Federal Guarantees for Financing Tribal Housing Activities Program is a loan guarantee program for IHBG Recipients. The Title VI program is authorized by title VI of the Native American Housing Assistance and Self-Determination Act of 1996 (P.L. 104-330, 25 U.S.C. 4101 *et seq.*), as amended (NAHASDA). NAHASDA was reauthorized in 2008 through fiscal year 2013 (P.L. 110-411). Regulations are at 24 CFR PART 1000, Subpart E.

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The Title VI program guarantees repayment of 95 percent of the unpaid principal and interest due on the obligations guaranteed. The program provides loan guarantees for IHBG recipients (Indian tribes and tribally designated housing entities) in need of additional funds to engage in 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. Title VI projects typically include infrastructure development and take several years to complete. Eligible activities are the same as in the IHBG program; details about eligible program activities are below.

The targets for fiscal years 2012 and 2013 are to guarantee five loans in each year. As of December 31, 2011, there were 18 projects worth about \$58.3 million in the Title VI pipeline, in various stages of development. The program began with one Title VI loan guarantee issued for approximately \$1.7 million in fiscal year 2000. As of December 31, 2011, 66 loan guarantees had been issued, for approximately \$159.6 million. More than 2,266 affordable housing units or the supporting infrastructure has been financed with Title VI funding. In fiscal year 2010, three loans totaling \$2.5 million were guaranteed. In fiscal year 2011, four loans were guaranteed, for a total of \$16.7 million.

In fiscal year 2013, it is anticipated that HUD will offer training related to this program including overall development and financial planning, housing services, and the advantages of leveraging NAHASDA funds with other homeownership programs.

### Staffing

<u>FTE</u>	<u>2011 Actual</u>	<u>2012 Estimate</u>	<u>2013 Estimate</u>
Headquarters .....	36	36	36
Field .....	<u>119</u>	<u>119</u>	<u>124</u>
Total .....	155	155	160

Each Area Office of Native American Programs (field offices) is separated along two primary functional lines, Grants Management (GM) and Grants Evaluation (GE). GM staff provides funding to grantees, technical assistance and training, and generally support tribal grant activities from implementation through closeout. GE staff review and assess grant recipient performance to ensure statutory and regulatory requirements are met, identify technical assistance needs, and take enforcement actions as necessary.

Headquarters staff generally formulates national program policy, justify budget appropriations, track and analyze national performance goals, manage administrative functions, and respond to inquiries from Congress and the Administration. ONAP's Office of Loan Guarantee staff work at Headquarters to administer the loan programs, but Area Office (field) staff assist them by promoting the programs and serving as first points of contact for those seeking to participate in the loan programs.

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Key workload drivers are: applications for loans and grants; monitoring requirements; consultation requirements; annual appropriations requirements, the need to provide technical assistance and training, etc. ONAP will continue to regularly monitor grantees and provide specialized training and technical assistance to the grantees to ensure that performance goals are achieved. Training and consulting with program participants, as well as providing technical support is essential to the efficiency of this program.

An inadequate workforce will jeopardize the effectiveness and efficiency of the Block Grant program. In the absence of adequate staff, the program faces the vulnerability that funds may not be correctly and timely completed and awarded.

### **3. Why is this program necessary and what will we get from the funds?**

Housing and infrastructure needs 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 has traditionally been difficult to obtain.

Many IHBG recipients have long waiting lists for housing assistance. Even though NAHASDA is the single largest source of funding for affordable housing in Indian Country, HUD estimates that relatively flat appropriations over the past decade have relieved less than 10 percent of the need. In fiscal year 2002, there was a population of 1.1 million American Indians and Alaska Natives in IHBG formula areas, the number of overcrowded households was 89,430, and 41,303 households had severe housing costs (housing expenses were greater than 50 percent of income). In fiscal year 2011, with a population of 1.5 million American Indians and Alaska Natives in IHBG formula areas, there were more than 100,000 overcrowded or substandard households and 59,177 that were cost-burdensome. Although the program provides other types of housing assistance, fewer than 8,000 units are constructed, acquired, or rehabilitated each year.

Before the Title VI program was implemented, Indian tribes generally had limited access to market-rate financing to develop affordable housing. The main reason is that most tribal land is held in trust by the Federal Government and cannot be used as collateral. Also, lenders and investors traditionally limited their investment in Indian Country due to widespread poverty, sparse populations, and other cultural issues. This program mitigates these barriers and its use has built productive relationships among lenders and Indian communities.

*Without this level of funding*, low-income Native Americans living in Indian Country will suffer severe, negative impacts. Housing development will decrease in many areas. Many tribes will be unable to properly maintain the affordable housing units they already manage. At least 5,795 families in Indian areas will be denied safe, decent, affordable housing that could otherwise be provided. In addition, tribes will miss opportunities to leverage their annual grant funds to access other resources. As of December 2011, at least 18 long-term community development projects in Indian Country, planned to be funded by Title VI guaranteed loans, would be delayed, downsized, or cancelled. De-funding low-income housing assistance would be seen as an abandonment of the Federal Government's trust responsibility to American Indian people and governments. Data published by the U.S. Census shows American



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Indians and Alaska Natives disproportionately suffer from poverty and severe housing needs, making the IHBG and Title VI critical interventions.

### According to the 2010 U.S. Census:

- 5,220,579 Americans identified themselves as American Indian or Alaska Native (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.")
- An 18 percent growth in the American Indian and Alaska Native alone population occurred between 2000 and 2010, from 2.5 to 2.9 million).

### According to the U.S. Census, American Community Survey for 2005-2009:

- 25.9 percent of American Indians and Alaska Natives live below the poverty level, compared to 10.8 percent of Whites and 13.4 percent of the national population.
- 8 percent of American Indian/Alaska Native households are overcrowded; 1.1 percent of White households are overcrowded; 3 percent of national households are overcrowded.
- \$16,716 is the average per capita income for American Indians/Alaska Natives; \$31,599 for Whites; \$27,041 for the national population.
- \$36,520 was the median household income for American Indians/Alaska Natives; \$54,535 for Whites; and \$51,425 for the national population.

Several studies on the extent of housing needs in Indian Country have been conducted in the past, 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.

A 2003 U.S. Commission on Civil Rights study, "A Quiet Crisis: Federal Funding and Unmet Needs in Indian Country," estimated that nearly 200,000 housing units are immediately needed to provide adequate housing in tribal areas. The study states, "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." Since this study was published in 2003, through fiscal year 2011, the IHBG program has enabled its recipients to build or acquire no fewer than 24,000 units.

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A comprehensive, independent evaluation of the IHBG program 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. In part this is because 32.2 percent of Native Americans on Native lands live in poverty, compared to 12.4 percent of individuals nationally. A U.S. Commission on Civil Rights report stated that, '[T]he poor economic conditions of many Native communities render it impossible for residents to maintain their homes and pay rent, draining the scarce resources of tribally designated housing entities.' These conditions continue to grow worse as Native American populations increase and most tribal economies remain severely depressed. . . . Overcrowding and substandard dwellings are a growing problem even in the few communities that have benefited from economic upturns as a result of gaming or other economic development activities. Even in those communities where tribal economies are producing more jobs and better incomes for tribal members, housing conditions tend to improve at a slower rate. As indicated in a 2004 study by the National American Indian Housing Council, 'One of the reasons for this is the fact that while a new job might provide community members with newfound sources of income, it may also disqualify them from access to certain Federal housing initiatives. Yet, this new income is generally not enough to allow a tribal family to move out of their existing home. As a result, tribal families are forced to remain in their current difficult housing conditions, with no available alternatives.'"*

### **Program Evaluations and the Native American Housing Needs Assessment**

A comprehensive, independent evaluation of the IHBG program was conducted in 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. Except for the low funding levels, 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 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."

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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."

### Native American Housing Needs Study: A Departmental Transformation Initiative

In fiscal year 2013, HUD will complete 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 million for the study.

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, on July 28, 2011.

There is no comparable, 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*, which was also prepared for HUD by the Urban Institute. This study, although more than 15 years old, is still being used. U.S. Census reports are useful, but are not sufficient for a thorough understanding of the housing conditions experienced by HUD's beneficiaries. The study will be regarded as the definitive source of information on the status of housing need in Indian Country for several years to come. HUD consulted with and partnered with the tribal stakeholders in the early stages of the study. These outreach efforts, along with the impeccable credentials and relevant experience of the researchers, will lend authority, credibility, and weight to the study.

The study, which has been underway since fiscal year 2011, will examine Census data from the 2000 and 2010 Decennial Censuses, and from the American Community Survey. It will replicate several components of the 1996 study, including 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 began, 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.

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### **Examples of Indian Housing**

The San Carlos Apache Housing Authority in Peridot, Arizona, is constructing 43 new, energy efficient, single family homes. The \$9.2 million project is being funded with IHBG and Recovery Act funds. The San Carlos Apache Indian Reservation is home to several Apache tribes forcibly removed there by the United States from traditional Apache homelands in Arizona and New Mexico. The Reservation's population in 2000 was 9,385. It is one of the poorest Indian communities in the United States, with the median annual household income at about \$14,000. About 60 percent of the people live in poverty, and 25 percent of the active labor force is unemployed. Households on the Reservation averaged 5.03 members in 2009. San Carlos Reservation has 2,911 square miles, and is the tenth-largest Indian reservation in land area.

Ojinjintka Housing Development Corporation, in South Dakota, is a subsidiary of the Rosebud Tribe's housing authority. This house-building corporation is using Recovery Act funds to help build 12 homes and employ 18 tribal workers at salaries averaging \$17 per hour, with full benefits. The homes will help meet the needs of low-income families on the reservation, where there is a need to build at least 360 housing units for people waiting to get homes. The 2000 Census reported that the total land area of the Rosebud Reservation and its trust lands was 1,970 square miles and its population was about 10,400. On the Rosebud Reservation, 47 percent of the population lives in poverty, compared to 14 percent within the entire State of South Dakota.

The Cook Inlet Housing Authority (CIHA) in Anchorage, Alaska, developed a 59-unit housing complex for elders. This complex was constructed with high-efficiency insulation, heating units, and windows. The Housing Authority is leveraging funds from multiple sources, including IHBG. According to its website, CIHA was created in 1974 by the Alaska Legislature to insure that elders, individuals and families in the 45,168-square-mile area of Cook Inlet Region, Inc. would have access to quality, affordable housing. The housing programs are designed to encourage clients' transition toward self-sufficiency, through home ownership or affordable rental housing. CIHA employs more than 100 people and operates more than 600 units of rental housing in Anchorage, Kenai, Seldovia and Ninilchik. CIHA serves a culturally diverse population living at or below 80 percent of the area median income. More than 30 percent of the entire population of Anchorage fits in this income demographic. And more than 50 percent of the area's Native population falls under these same guidelines, making them eligible for many of CIHA's programs.

### **4. How do we know this program works?**

#### Performance Indicators and Program Outcomes

HUD partners with tribes to provide safe, decent, affordable housing, and create sustainable communities and economies. However, HUD does not impose performance goals or production targets on its NAHASDA grantees. The primary indicators of performance that HUD has traditionally recognized are the number of affordable housing units built, acquired, and rehabilitated each year. These

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development activities tend to be long-term and require confidence in a steady stream of funding—otherwise, recipients tend to use scarce funds to maintain existing inventory. Without sufficient funding, not only will further development be stalled, but daily operations of housing programs will also be profoundly affected, putting the management of existing units at risk. The development of adequate, affordable housing in conjunction with job creation directly supports the economic self-sufficiency and economic stability in Indian Country.

The intended outcomes of the NAHASDA programs are to:

- Increase the quantity and improve the quality of affordable homes and communities in Indian Country;
- Enable tribal governments or their housing entities to borrow funds at market rates to finance large-scale housing developments; and
- Support capacity building of tribal housing entities and promote the self-sufficiency of affordable housing residents.

### Performance History and Projections.

- Fiscal year 2013: The fiscal year 2013 request is expected to be distributed to approximately 366 recipients, representing 553 tribes in 34 States. With this level of funding, it is expected that 4,415 homeownership units and 1,380 rental units will be constructed, acquired, or rehabilitated. This level of funding will also allow grantees to operate and maintain their HUD-funded housing units. In fiscal year 2013, HUD expects allocations to be proportionally similar to those in fiscal year 2010, when 584 tribes or tribally designated housing entities were eligible to participate in the IHBG program. In addition to Federally recognized 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 passage of NAHASDA. Tribally designated housing entities such as Alaska's 14 Regional Housing Authorities that administer IHBG funds on behalf of tribes, are also eligible.
- Fiscal year 2012: HUD projects that its grantees will build, acquire, or rehabilitate 4,415 affordable housing units, including 1,545 units that will be constructed to relieve overcrowding.
- Fiscal year 2011: In fiscal year 2011, as of December 29, 2011, 5,526 units had been built, acquired, or rehabilitated with program funds. Of these, 1,099 new units were constructed to relieve overcrowding.
- Fiscal year 2010: In fiscal year 2010, as of December 29, 2011, 4,968 units were built, acquired, or rehabilitated with program funds. Of these, 1,635 were new constructions.

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- Fiscal year 2009: In fiscal year 2009, as of December 29, 2011, 7,947 units were built, acquired, or rehabbed. Of these, 1,761 were new constructions.

In fiscal year 2012, IHBG grantees will use a revised form to plan and report their housing activities. As a result of consultation with tribes, HUD revised the Indian Housing Plan and Annual Performance Report (IHP/APR) forms. The two forms have been combined into one, and reporting requirements and mechanisms have been streamlined to reduce preparation and processing times. At the same time, the new form has been designed to capture more relevant information related to program outcomes.

### IHBG's Contributions to Agency Performance Goal #2

The IHBG program directly supports HUD's High Priority Performance Goal #2, to expand the supply of affordable rental housing. In fiscal year 2013, the program is expected to develop (that is, to build or acquire), 680 rental units. Targets for homeownership units are always higher than for rentals in this program, because IHBG recipients traditionally choose to offer more homeownership opportunities than rentals.

In March 2010, a "2009 Baseline" was established for this goal. This baseline, 7,615, represents the number of rental units that were estimated to have been built or acquired with IHBG funds in 13 funding years, that is, for fiscal years 1998 through 2009.

In fiscal year 2010, 675 units were developed, which was 99 percent of the 680-unit target.

In fiscal year 2011, 652 units were developed, or 107 percent of the fiscal year 2011 target of 612 units. For both fiscal years 2012 and 2013, the target is to develop 680 units each year.

### Historical Outlays and Associated Challenges

As of December 1, 2011:

- 92.16 percent of IHBG funds allocated from fiscal year 1998 through fiscal year 2010 were disbursed.
- IHBGs from 1998 through 2006 were more than 92 percent disbursed.
- IHBGs from fiscal years 2007 through 2009 had been more than 81 percent disbursed.

This is an excellent spend out rate, considering the following: Many construction/development projects take 3-5 years, or even longer, to complete. Many smaller IHBG recipients do not receive sufficient funds annually to engage in economically viable construction projects, and must "save up" over several years to engage in new development or substantially rehabilitate their housing stock. Some tribes (especially in Alaska and the northern tier of the lower 48) have a short summer building season. Also,

## Native American Housing Block Grants

some tribes spent 2009 Recovery Act funds before their annual grants because Recovery Act funds had firm obligation and expenditure deadlines.

One IHBG recipient, the Navajo Nation, accounts for about half of all undisbursed IHBG funds. The Navajo Housing Authority has had capacity issues, which HUD is aggressively addressing. Management issues with subcontracting, staff turnover and inexperience, and Housing Board oversight issues combine to create numerous challenges in expending an IHBG averaging more than \$88 million per year over the last 11 years. Each year, the Navajo Nation receives the largest IHBG because of the size of its population and the great extent of its housing need. To illustrate, in fiscal year 2010, Navajo received an IHBG in excess of \$94 million, while the next-largest grant (to the Cherokee Nation) was less than \$32 million.

HUD works with all tribes that are slower to expend their funds, and it provides them with capacity building training and technical assistance whenever requested. Action is taken if problems are discovered during monitoring reviews. HUD is proactive in offering unsolicited assistance.

As of December 31, 2011, unobligated funds totaling \$14 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. As each lawsuit is resolved, the related funds will be either 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. Also, there is approximately \$7 million unobligated as a result of an enforcement action. Monitoring and oversight, and program reporting requirements result in enforcement actions that recoup inappropriate overpayments made through the IHBG formula to recipients. By regulation, these funds are to be carried over to the next year's funding and provided to all tribes under the formula.

### Training and Technical Assistance for NAHASDA Recipients

HUD highlights and promotes best practices that effect 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 will be provided to residents of low-income housing to increase their self-sufficiency and life skills. These efforts include supporting green building, energy efficiency efforts, resource conservation, mold prevention and remediation, and responsible homeownership.

Native American Housing Block Grants

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

<u>Budget Activity</u>	<u>2011 Budget Authority</u>	<u>2010 Carryover Into 2011</u>	<u>2011 Total Resources</u>	<u>2011 Obligations</u>	<u>2012 Budget Authority/ Request</u>	<u>2011 Carryover Into 2012</u>	<u>2012 Total Resources</u>	<u>2013 Request</u>
Formula Grants .....	\$638,969	\$80,404	\$719,373	\$657,208	\$644,000	\$61,642	\$705,642	\$648,000
Loan Guarantee - Title VI (Credit Subsidy) ..	1,996	6,646	8,642	3,341	2,000	5,302	7,302	2,000
Technical Assistance ..	4,242	8,598	12,840	2,839	2,000	10,500	12,500	...
National American Indian Housing Council .....	<u>3,493</u>	<u>...</u>	<u>3,493</u>	<u>...</u>	<u>2,000</u>	<u>3,493</u>	<u>5,493</u>	<u>...</u>
Total .....	648,700	95,648	744,348	663,388	650,000	80,937	730,937	650,000



## Native American Housing Block Grants

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

The fiscal year 2013 President's Budget includes proposed changes in the appropriation language listed 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, [2016] 2017. 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, \$2,000,000 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 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 \$200,000 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 [\$20,000,000: Provided further, That the Department will notify grantees of their formula allocation within 60 days of enactment of this Act] \$18,332,000. (Department of Housing and Urban Development Appropriations Act, 2012.)