

the area divided by the weighted national average for TDC (weighted on the unadjusted allocation for modernization (See §1000.320)).

5. After determining the total amount allocated under FCAS for each tribe, it is summed for every tribe. The national total amount for FCAS is subtracted from the remaining available funds to determine the total amount to be allocated under the Need component of the IHBG formula.

6. The Need component of the IHBG formula is calculated using seven factors using data from sources defined in §1000.330 weighted as set forth in §1000.324 as follows: 22 percent of the allocated funds will be allocated by a tribe's share of the total Native American households paying more than 50 percent of their income for housing and living in the Indian tribe's formula area, 25 percent of the funds allocated under Need will be allocated by a tribe's share of the total Native American households overcrowded and/or without kitchen or plumbing living in their formula area, and so on. The current national totals for each of the need variables will be distributed annually by HUD with the Formula Response Form (See §1000.332). The national totals will change as tribes update information about their formula area and data for individual areas are challenged (See §§1000.334 and 1000.336). The Need component is then calculated by multiplying a tribe's share of housing need by a local area cost adjustment factor for construction (the TDC) (See §1000.338).

7. Tribes that receive less than \$200,000 under the FCAS component of the IHBG formula and that can demonstrate the presence of any households at or below 80 percent of median income are guaranteed to receive no less than a specified minimum under the Needs component of the formula. The specified minimum amount shall equal .007826 percent of the available appropriations for that FY after set asides. The increase in funding for the tribes receiving the minimum need amount is funded by a reallocation from other tribes whose needs allocation exceeds the minimum need amount. This is necessary in order to keep the total allocation within the appropriation level (See §1000.328).

8. A tribe's preliminary grant is calculated by summing the FCAS and Need allocations. This amount is subject to two final adjustments:

(a) If an Indian tribe with an IHA that owned or operated fewer than 250 units on October 1, 1997, is allocated less funding under the averaging method (§1000.316(b)(2)) than the calculation of the number of Low Rent, Mutual Help, and Turnkey III FCAS multiplied by the national per-unit amount of allocation for FY 1996 modernization multiplied by an adjustment factor for inflation, the Indian tribe's modernization allocation is calculated under §1000.316(b)(1). The grants

of all other tribes are proportionately adjusted to keep the allocation within available appropriations.

(b) Next, this preliminary grant is compared to how much a tribe received in FY 1996 for operating subsidy and modernization. If a tribe received more in FY 1996 for operating subsidy and modernization than it does under the IHBG formula allocation, its grant is adjusted up to the FY 1996 level (See §1000.340(b)). Indian tribes receiving more under the IHBG formula than in FY 1996 "pay" for the upward adjustment for the other tribes by having their own grants adjusted downward. Because many more Indian tribes have grant amounts above the FY 1996 level than those with grants below the FY 1996 level, each tribe contributes very little, relative to their total grant, to fund the adjustment.

[72 FR 20026, Apr. 20, 2007]

APPENDIX B TO PART 1000—IHBG BLOCK GRANT FORMULA MECHANISMS

1. The Indian Housing Block Grant (IHBG) formula consists of two components, the Formula Current Assisted Stock (FCAS) and Need. Therefore, the formula allocation before adjusting for the statutory requirement that a tribe's minimum grant will not be less than the tribe's Fiscal Year (FY) 1996 Operating Subsidy and Modernization funding, can be represented by:

$$\text{unadjGRANT} = \text{FCAS} + \text{NEED}.$$

2. NAHASDA requires that the FCAS be provided for before allocating funds based on need. Therefore, FCAS must be calculated first. FCAS consists of two components, Operating Subsidy (OPSUB) and Modernization (MOD), such that:

$$\text{FCAS} = \text{OPSUB} + \text{MOD}.$$

3. OPSUB consists of three main parts: number of Low-Rent units; number of Section 8 units; and number of Mutual Help and Turnkey III units. Each of these main parts are adjusted by the national per unit subsidy (§1000.302 National Per Unit Subsidy) and local area costs as reflected by the greater of the AEL factor or FMR factor. The AEL factor is defined in §1000.302 as the relative difference between a local area Allowable Expense Level (AEL) and the national weighted average for AEL (NAEL). The FMR factor is also defined in §1000.302 as the relative difference between a local area Fair Market Rent (FMR) and the national weighted average for FMR.

$$\text{OPSUB} = [\text{LR} * \text{LRSUB} + (\text{MH} + \text{TK}) * \text{HOSUB} + \text{S8} * \text{S8SUB}] * \text{AELFMR}$$

Where:

LR = number of Low-Rent units.

LRSUB = national per unit subsidy for Low-Rent units (\$2,440*INF).

MH+TK = number of Mutual Help and Turnkey III units.

HOSUB = national per unit subsidy for Homeownership units (\$528*INF).

S8 = number of Section 8 units.

S8SUB = national per unit subsidy for Section 8 units = (\$3,625*INF).

AELFMR = greater of AEL Factor or FMR Factor weighted by national average of AEL Factor and FRM Factor.

AEL FACTOR = AEL/NAEL.

AEL = local Allowable Expense Level.

NAEL = national weighted average for AEL.

FMR FACTOR = FMR/NFMR.

FMR = local Fair Market Rent.

NFMR = national weighted average for FMR.

NAELFMR = national weighted average for greater of AEL Factor or FMR factor.

Where:

INF = adjustment for inflation since 1995, as determined by the Consumer Price Index for housing.

4. The modernization component, MOD, is calculated by two different methods, depending on whether the tribe had an Indian housing authority (IHA) that owned or operated more than 250 public housing units on October 1, 1997.

a. MOD1996 is calculated for all tribes and considers the number of Low-Rent, and Mutual Help and Turnkey III FCAS units. Each of these is adjusted by the national per-unit modernization amount in 1996 adjusted for inflation.

MOD1996 = [LR + MH+TK] *MODPU *INF.

Where:

LR = number of Low-Rent units.

MH = number of Mutual Help units.

TK = number of Turnkey III units.

MODPU = national per-unit amount for modernization in 1996 (\$1,974).

INF = adjustment for inflation since 1995, as determined by the Consumer Price Index for housing.

b. MODAVG is calculated only for tribes that had an IHA that owned or operated fewer than 250 public housing units on October 1, 1997, as the annual average amount they received for FYs 1992 through 1997 under the assistance program authorized by section 14 of the 1937 Act (not including emergency assistance).

MODAVG = Average (FY 1992 to FY 1997) amount received by Section 14 of the 1937 Act.

c. For Indian tribes with an IHA that owned or operated 250 or more public housing units on October 1, 1997, the modernization calculation is based on MOD1996, adjusted for local area costs:

MOD = MOD1996* TDC/NTDC.

Where:

TDC = Local Total Development Costs defined in § 1000.302.

NTDC = weighted national average for TDC of tribes with CAS.

d. For Indian tribes with an IHA that owned or operated fewer than 250 units on October 1, 1997, the modernization calculation is based on MODAVG, adjusted for local area costs.

MOD = MODAVG* TDC/NTDC.

5. Now that calculation for FCAS is complete, funds available for allocation using the Need component of the formula can be determined:

NEED FUNDS = APPROPRIATION - NATCAS.

Where:

APPROPRIATION = dollars provided for distribution through the IHBG formula.

NATCAS = National summation of FCAS allocation for all tribes.

6. Two iterations are necessary to compute the final Need allocation. The first iteration consists of seven weighted criteria that allocate need funds based on a tribe's population and housing data. This allocation is then adjusted for local area cost differences based on TDC relative to the national weighted average. This can be represented by:

NEED1 = [(0.11 * PER / NPER) + (0.13 * HHLE30 / NHHLE30) + (0.07 * HH30T50 / NHH30T50) + (0.07 * HH50T80 / NHH50T80) + (0.25 * OCRPR / NOCRPR) + (0.22 * SCBTOT / NSCBTOT) + (0.15 * HOUSHOR / NHOUSHOR)] * NEED FUNDS * (TDC / NATDC).

Where:

PER = American Indian and Alaskan Native (AIAN) persons.

NPER = national total of PER.

HHLE30 = AIAN households less than 30% of median income.

NHHLE30 = national total of HHLE30.

HH30T50 = AIAN households 30% to 50% of median income.

NHH30T50 = national total of HH30T50.

HH50T80 = AIAN households 50% to 80% of median income.

NHH50T80 = national total of HH50T80.

OCRPR = AIAN households crowded or without complete kitchen or plumbing.

NOCRPR = national total of OCRPR.

SCBTOT = AIAN households paying more than 50% of their income for housing.

NSCBTOT = national total SCBTOT.

HOUSHOR = AIAN households with an annual income less than or equal to 80% of formula median income reduced by the combination of current assisted stock and units developed under NAHASDA.

NHOUSHOR = national total of HOUSHOR.

TDC = Local Total Development Costs defined in § 1000.302.

NATDC = weighted national average for TDC of tribes with need.

7. The second iteration in computing the Need allocation consists of adjusting the Need allocation computed above to take into account the minimum needs provision. Tribes that receive less than \$200,000 under the FCAS component of the IHBG formula and that can demonstrate the presence of any households at or below 80 percent of median income are guaranteed to receive no less than a specified minimum amount under the Needs component of the formula. The specified minimum amount shall equal .007826 percent of the available appropriations for that fiscal year after set asides.

$\text{MINFUNDING} = \text{APPROPRIATION} * .00007826$

If in the first Need computation, a qualified tribe is allocated less than the minimum Needs funding level, its Need allocation will go up. Other tribes whose Needs allocations are greater than the minimum needs amount will have their allocations adjusted downward to keep the total allocation within available funds:

If $\text{NEED1} < \text{MINFUNDING}$ and $\text{FCAS} < \$200,000$ and $(\text{HHLE30} + \text{HH30T50} + \text{HH50T80}) > 0$, then $\text{NEED} 2 = \text{MINFUNDING}$.

If $\text{NEED1} > \text{MINFUNDING}$, then $\text{NEED2} = \text{NEED1} - \{(\text{UNDERMIN\$} * [(\text{NEED1} - \text{MINFUNDING}) / \text{OVERMIN\$}])\}$.

Where:

MINFUNDING = minimum needs amount

$\text{UNDERMIN\$}$ = for all tribes qualifying for an increase under the minimum needs provision, sum of the differences between MINFUNDING and NEED1 .

$\text{OVERMIN\$}$ = for all tribes with needs allocations larger than the minimum needs amount, the sum of the difference between NEED1 and MINFUNDING .

8. The next step is to compute a preliminary unadjusted grant allocation (unadjGRANT) that will serve as the basis for further adjustments called for in §1000.340.

$\text{unadjGRANT} = \text{FCAS} + \text{NEED}$, where both FCAS and NEED are calculated above.

9. As required by §1000.340(a), if an Indian tribe with an IHA that owned or operated fewer than 250 units on October 1, 1997, is allocated less funding under the averaging method (§1000.316(b)(2)) than the calculation of the number of Low-Rent, Mutual Help, and Turnkey III FCAS is multiplied by the national per-unit amount of allocation for FY 1996 modernization multiplied by an adjustment factor for inflation, then, the Indian tribe's modernization allocation is calculated under §1000.316(b)(1). The grants of all other tribes are proportionately adjusted to keep the allocation within available appropriations.

If $\text{MODAVG} < \text{MOD1996}$,
then $\text{GRANT1} = \text{unadjGRANT} + (\text{MOD1996} * (\text{TDC} / \text{NTDC})) - (\text{MODAVG} * (\text{TDC} / \text{NTDC}))$.

Otherwise,

$\text{GRANT1} = \text{unadjGRANT} - [\text{UNDERMOD\$} * (\text{unadjGRANT} / \text{OVERMODGRANT\$})]$

Where:

$\text{UNDERMOD\$}$ = for all tribes qualifying for an increase to modernization, the sum of the differences between local cost adjusted MOD1996 and local cost adjusted MODAVG .
 $\text{OVERMODGRANT\$}$ = for all tribes not qualifying for an increase to modernization, the sum of their unadjusted grant amounts.

10. As called for in §1000.340(b), a final adjustment occurs to ensure that no tribe is allocated less funding under the formula than an IHA received on its behalf in FY 1996 for operating subsidy and modernization. Indian tribes receiving more under the IHBG formula than in FY 1996 "pay" for the upward adjustment for the other tribes by having their grants adjusted downward, so long as the adjustment does not reduce their grant below the minimum funding amount.

Let $\text{TEST} = \text{GRANT1} - \text{OPMOD96}$.

If TEST is less than 0, then $\text{GRANT2} = \text{OPMOD96}$.

If TEST is greater than 0 and $\text{GRANT1} > \text{MINFUNDING}$, then $\text{GRANT2} = \text{GRANT1} - [\text{UNDER1996} * (\text{TEST} / \text{OVER1996})]$.

Where:

OPMOD96 = funding received by tribe in FY 1996 for Operating Subsidy and Modernization.

UNDER1996 = for all tribes with TEST less than 0, sum of the absolute value of TEST .

OVER1996 = for all tribes with TEST greater than 0, sum of TEST .

GRANT2 is the approximate grant amount in any given year for any given tribe.

[72 FR 20026, Apr. 20, 2007]

PARTS 1001-1002 [RESERVED]

PART 1003—COMMUNITY DEVELOPMENT BLOCK GRANTS FOR INDIAN TRIBES AND ALASKA NATIVE VILLAGES

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