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HOUSING PARTNERSHIPS IN INDIAN COUNTRY

HEARING

BEFORE THE

COMMITTEE ON BANKING, HOUSING, AND URBAN AFFAIRS UNITED STATES SENATE

ONE HUNDRED TWELFTH CONGRESS

SECOND SESSION

ON

EXAMINING WAYS TO ADDRESS THE HOUSING CRISIS IN INDIAN COUNTRY, AND HOW TRIBES ARE LEVERAGING THEIR PROGRAMS WITH OTHER FEDERAL AND PRIVATE RESOURCES TO EFFECTIVELY CREATE MORE HOUSING OPPORTUNITIES IN INDIAN COUNTRY

JULY 24, 2012

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C O N T E N T S

TUESDAY, JULY 24, 2012

	Page
Opening statement of Chairman Johnson	1
Opening statements, comments, or prepared statements of:	
Senator Akaka	2

WITNESSES

Cheryl A. Causley, Executive Director, Bay Mills Housing Authority, on behalf of the National American Indian Housing Council	3
Prepared statement	18
David W. Bland, Chairman, Travois, Inc.	5
Prepared statement	23

ADDITIONAL MATERIAL SUPPLIED FOR THE RECORD

Prepared statement of Chancey C. Kittson, Executive Director, Blackfeet Housing	26

HOUSING PARTNERSHIPS IN INDIAN COUNTRY

TUESDAY, JULY 24, 2012

U.S. SENATE,
COMMITTEE ON BANKING, HOUSING, AND URBAN AFFAIRS,
Washington, DC.

The Committee met at 10:05 a.m. in room SD–538, Dirksen Senate Office Building, Hon. Tim Johnson, Chairman of the Committee, presiding.

OPENING STATEMENT OF CHAIRMAN TIM JOHNSON

Chairman JOHNSON. Good morning. I call this hearing to order.

Today the Committee will continue examining ways to address the housing crisis in Indian Country. In my home State of South Dakota and on reservations across the country, the lack of safe, stable, high-quality housing is a constant worry for many families. As I stated at our last hearing on this issue, families in Indian Country face tremendous challenges. Native Americans are almost twice as likely to live in poverty as the rest of the population and nearly three times as likely to live in overcrowded conditions. This is unacceptable, and we must continue working together to address this inequity.

Today's hearing follows the hearing I held earlier this year that focused on how HUD, USDA, BIA, and IHS coordinate efforts and programs to help tribes meet their critical housing needs. I am pleased to see the White House is conducting a similar meeting this week with tribal leaders and agencies in order to continue efforts to make sure Federal programs are working as efficiently as possible. It is important that all Federal agencies engage with tribes in ongoing government-to-government consultation to fulfill our treaty and trust responsibilities. I am also pleased that HUD Assistant Secretary for Public and Indian Housing Sandra Henriquez will be attending the grand opening of the new Oglala Lakota Housing Authority office on Pine Ridge with me next month.

We have also recently made progress in other areas. Just last week, the Senate unanimously passed the Helping Expedite and Advance Responsible Tribal Homeownership, or HEARTH Act, sending it to the President for his signature. I was an original cosponsor of this important legislation to make it easier for tribes to lease their lands for housing, economic development, and other activities without having to work through the slow BIA process for each individual surface land lease. For too long, I have heard stories from tribal leaders about ongoing BIA delays in approving

leases, which made economic development and building housing slow and difficult.

In addition, the Native American Housing Assistance and Self-Determination Act of 1996 is the foundation for addressing the critical housing needs in Indian Country. NAHASDA is due for reauthorization next year, and I look forward to engaging tribes on any improvements that may be necessary.

Unfortunately, because Federal resources do not come close to meeting the immense demand for housing assistance in Indian Country, tribes must also be creative in leveraging resources. I have called this hearing to learn more about what kinds of partnerships tribes have built, how these partnerships leverage Federal resources, and what obstacles tribes may face in leveraging their funds and entering into partnerships.

I have invited all of you to testify here today because of the important work you do in helping address the housing challenges in Indian Country. Waiting lists for housing assistance are long, many Federal programs are complicated to use, and it takes a lot of planning and coordination to be able to leverage scarce Federal resources. Despite these enormous challenges, I am constantly impressed by the dedication and commitment tribal housing authority directors and their staffs put into housing projects on their reservations.

Senator Akaka, do you wish to make a brief opening statement?

STATEMENT OF SENATOR DANIEL K. AKAKA

Senator AKAKA. Thank you very much, Mr. Chairman, for holding this hearing. As the Chairman of the Committee on Indian Affairs, I am pleased that this Committee is taking a serious look at the housing needs of Native communities and the partnerships that help to meet them.

The United States has a unique trust responsibility to recognize Native peoples, and Congress has a duty to ensure that the trust responsibility is upheld and the goal of self-sufficiency is advanced consistently. I look forward to the testimony today. Tribes and Native housing providers such as tribally designated housing entities and the Department of Hawaiian Home Lands have much to share in the way of successful strategies being implemented throughout the Nation.

The Hawaiian Homes Commission Act is a Federal land trust established to return Native Hawaiians to the land to promote self-sufficiency as a condition of statehood. It is administered by the State of Hawaii Department of Hawaiian Home Lands, or we call it DHHL. DHHL has successfully partnered with the private sector to increase access to affordable housing on Hawaiian home lands and implement strategies that raise the discretionary income of Native Hawaiian families. I would like to highlight some of the innovative things they are doing through some of their partnerships.

DHHL has partnered to create more self-help housing opportunities for low-income families, something that is vitally important to moving people from the wait list of 26,000 to the land and to homeownership. DHHL also created the Home Ownership Assistance Program, or HOAP, to connect Native Hawaiians with home buyer

education and financial literacy counselors who can assist them in credit repair and becoming mortgage ready.

DHHL has partnered with local nonprofits and even the electric company to encourage the use of solar panels in homes, resulting in lower energy costs for homeowners.

These savings certainly help families have the resources necessary to stay in their homes.

I want to thank our panelists very much for being here today and for your testimonies to the Committee today.

Mr. Chairman, I thank you for allowing me to share a little time with the successful partnerships happening in our trust lands in Hawaii. Thank you very much, Mr. Chairman.

Chairman JOHNSON. Thank you, Senator Akaka.

I just want to remind my colleagues that the record will be open for the next 7 days for opening statements and any other materials you would like to submit. Now I will briefly introduce our witnesses.

Cheryl Causley is Executive Director of the Bay Mills Housing Authority in Michigan and is testifying as the Chair of the National American Indian Housing Council.

David Bland is the Founder and Chairman of Travois, a consulting firm that works with American Indian tribes to use a variety of tools to develop low-income housing.

Unfortunately, due to unexpected circumstances, Mr. Kittson and Mr. Kirk were unable to make it to today's hearing.

We welcome Ms. Causley and Mr. Bland here today and look forward to their testimony about this important issue. Ms. Causley, you may proceed.

STATEMENT OF CHERYL A. CAUSLEY, EXECUTIVE DIRECTOR, BAY MILLS HOUSING AUTHORITY, ON BEHALF OF THE NATIONAL AMERICAN INDIAN HOUSING COUNCIL

Ms. CAUSLEY. Thank you. Good morning, Chairman Johnson, Senator Akaka, and distinguished Members of the Senate Committee on Banking, Housing, and Urban Affairs. I would like to thank you for holding this hearing to discuss partnerships to provide affordable housing in Indian Country. My name is Cheryl Causley. I am an enrolled member and director of housing for the Bay Mills Tribe of Chippewa Indians. I appear before you today in my capacity as Chairwoman of the National American Indian Housing Council.

Founded in 1974, NAIHC's primary mission is to support tribal housing entities in their efforts to provide safe, decent, affordable, and culturally appropriate housing for Native people.

When NAHASDA was enacted, it was envisioned that tribes could leverage their HUD funds with additional funding sources. We often discuss our challenges in providing housing, but today we are grateful to highlight our innovation and partnerships.

Last month, I had the honor to attend a special open house celebrating the Marcel Peacock family who became proud homeowners because of the efforts of the Winnebago Tribe in Nebraska and its partners. They created a successful homeownership program. The photo here is a picture of Marcel Peacock and Clarissa Hoffman in front of their newly constructed three-bedroom home. Marcel and

his family of five had been renting for 4 years and finally became homeowners in April of 2012.

On the day of the open house, I spoke with many people involved in this project. I learned from Tribal Chairman John Black Hawk that the tribe itself put forth $1 million to provide 20 families with $50,000 in downpayment assistance.

The tribal housing organization offered family homeownership education and credit counseling. Also, the tribe's own construction company gave families discounted rates to further reduce the cost of the home.

Representatives from USDA also shared that they granted $60,000 through the Rural Housing Direct Loan Program while HUD's Rural Housing and Economic Development Program provided further funding.

The Winnebago project highlights how tribal, Federal, public, and private partners all came together to put a Native family into a newly built home. The tribe took a strong approach to providing housing when there were almost no homeownership opportunities. The project helped generate local business and employment, established relationships with tribal and Federal agencies, and most of all, it helped inspire other Winnebago families to pursue homeownership.

In another part of Indian Country, a nonprofit organization called the Yukon-Koyukuk Elder Assisted Living Consortium developed an Elder Assisted Living Facility in Galena, Alaska. Completed in 2011, the $7.8 million facility was created by five federally recognized Alaska Native tribes. Through this development, the elders from these tribes can remain close to their families, friends, and culture while they receive top-quality housing and health care. Utilizing new market tax credits financing, it will also allow the facility to purchase medical supplies, provide working capital to fund operations, install solar panels and wood-based heating systems—energy efficiency measures that are critically important in a remote region with high energy costs.

Tribal housing program throughout Indian Country are encouraged to leverage their NAHASDA funding and to secure additional funding sources, such as tax credits, to combine multiple funding streams from various agencies. However, even basic compliance requirements vary from program to program, and overall this burdensome process of using mixed funding is administratively inefficient. At times, this limits the tribes' ability to access multiple programs when trying to build one significant project.

A solution is for the Federal Government to launch a concerted effort to align program criteria for Federal housing programs. We need the core Federal agencies such as HUD, USDA, BIA, and IHS to have a uniform process for like-minded programs.

These agencies should also create agreements that will allow the tribe to complete a single appraisal or environmental review instead of requiring multiple assessments to meet varying program standards. NAIHC often hears that certain Federal programs that are administered by State are not providing equal access, like tax credits and some USDA programs.

Thank you all for organizing this hearing and providing NAIHC an opportunity to highlight solutions that help meet the over-

whelming housing needs in tribal communities. Your continued support is truly, truly appreciated,.

I would be happy to try and answer any of your questions. Thank you very much.

Chairman JOHNSON. Thank you, Ms. Causley.

Mr. Bland, please proceed.

STATEMENT OF DAVID W. BLAND, CHAIRMAN, TRAVOIS, INC.

Mr. BLAND. Good morning, Chairman Johnson, Senator Akaka. It is an honor to appear before you today. Thank you for drawing attention to the ways private and public partnerships improve housing in Indian Country. My name is David Bland, and I am the founder and chairman of Travois, a financial consulting firm that assists American Indians, Alaska Natives, and Native Hawaiians with affordable housing and economic development.

While we still have a long way to go before all indigenous people in the United States have safe, decent and affordable housing, I believe we have made significant strides in improving housing conditions since 1996. Thanks to your efforts, Chairman Johnson, and the passage of the Native American Housing Assistance and Self-Determination Act, and now with the passage of the HEARTH Act, tribes and tribally designated housing entities have begun to leverage this funding, seeing ever more private capital coming to the reservations, specifically through the use of the low-income housing tax credit program.

Since 1995, our company has helped to secure more than $450 million in private equity for Indian Country through 158 separate partnerships, resulting in more than 4,200 units worth more than $627 million. Unfortunately, this is a tiny portion of how much housing is needed, but we are proud of what the tribes and Travois have been able to do together.

This success would not have been possible without the perseverance of countless tribal housing authority executive directors such as Ms. Causley, their housing board members, councils and dedicated staff, who work very hard to educate Federal funding agencies, State allocating agencies, and investors on the unique nature of tax credit transactions in Indian Country. This process has been slow and at times very difficult.

When I started Travois in 1995, 9 years after the establishment of the low-income housing tax credit program, only a single tribal project had utilized the tax credit program. I knew that the housing tax credit program generated 90 percent of all affordable housing nationwide, and I could not understand why this program had not been put to better use in Indian Country. Through my research, I discovered several barriers to success, many of which we have overcome, but some of these challenges remain today.

We have developed several ways to work around these initial challenges. First, we structure all of our housing projects with soft debt in which an investor typically provides 80 percent of the total project cost with an equity investment and the TDHE provides about 20 percent as debt, typically through the NAHASDA program. This allows TDHEs to charge very low rents, in line with what their tribal members can afford—and means the project has essentially no foreclosure risk.

Second, many investors were initially reluctant to work in Indian Country based on a mostly erroneous understanding of tribal law. We have worked to devise an alternative dispute resolution mechanism acceptable to both tribes and investors, usually including a limited waiver of sovereign immunity solely for the project and dispute resolution enforcement in tribal court rather than State court.

Third, and perhaps most vexing, many State allocating agencies, the agencies that control the distribution of tax credits, simply misunderstood Indian Housing programs and were reluctant to award housing tax credits for tribal projects. We worked very hard to develop relationships with the States and demonstrate the overwhelming need for affordable housing in Indian Country, and now many States include preferential points for tribal developments. Notably, Arizona has a tribal set-aside guaranteeing at least two tribal projects will be funded every year. We have come a long way since that first project, and thousands of affordable housing units have been built or rehabilitated thanks to the tax credit program.

Unfortunately, several challenges remain. We can divide these challenges broadly into two categories: a growing emphasis on urban areas by a variety of funding programs and a lack of investment interest by the majority of players in the housing tax credit market.

First, we have seen State allocating agencies decrease scoring opportunities for rural housing and increase opportunities for projects in urban areas more likely to be considered job centers. Given how the country is still struggling to jump-start the economy, the goal seems to make sense at first glance, but in our opinion, it indicates a lack of understanding of the truly desperate need and state of housing on Indian reservations.

A case in point: In the last year, many States have changed their qualified allocation plans to give preferential scoring for projects that are in-fill developments; located near transit stops, libraries, grocery stores, and the like; or near large employers. This, combined with a reduction in preservation and rural housing set-asides, results in the near elimination of tribal projects from tax credit competition. We are very concerned that this lack of consultation with tribal leaders and a disregard for the neediest populations will set Indian Country back yet again and reverse the positive trends we have seen recently.

Second, investor interest in Indian Country, while growing substantially, has always lagged behind interest in other areas of the country. We have had great success finding investors for our New Markets Tax Credit-funded projects, but housing tax credit projects depend on a limited number of investors with a small appetite. We believe much of this stems from a reluctance of big banks to invest outside of their Community Reinvestment Act footprint. While this CRA-created market distortion is a problem for all of rural America and results in lower equity pricing for their projects, it is a particular problem for Indian Country given that many reservations are a many-hours' drive from the nearest bank. Indian Country is largely unbanked, and as a result too few commercial banks see Indian Country as a desirable CRA investment opportunity.

Some modest changes to the way the CRA is administered could result in millions more in investments for Indian Country.

Finally, despite the challenges that we still face, the housing tax credit program is incredibly valuable to Indian Country. Every year the tax credit industry announces the Charles Edson Award for Excellence in Affordable Housing. For the first time ever, a housing project in Indian Country was named the top rural housing project in the United States. That was with the Colville Reservation housing project on Buttercup Lane in Washington State. This project is intended for eventual tenant ownership, so this project, while providing affordable family housing, will also create homeowners. This is a shining example of what can be done through public-private partnerships, and we are thrilled to have played a part in its development.

Mr. Chairman, we have submitted to the Committee a written statement that goes into far more detail on some of these issues. And while this concludes my prepared statement, I am happy to answer any questions you may have. Thank you very much.

Chairman JOHNSON. Thank you both for your testimony.

We will now begin asking questions of our witnesses. Will the clerk please put 5 minutes on the clock for each Member for their questions?

I am hopeful that the recent passage of the HEARTH Act will help tribes more quickly approve trust land leases. Ms. Causley, how have BIA delays in improving trust land leases negatively impacted housing construction and economic development in Indian Country?

Ms. CAUSLEY. The delays to process the lease ran a gamut, depending on where you were located at. In my area, the BIA office actually was very, very good. Small tribes. That was one of the reasons. You know, not too big of a service area, so 2 months. But it went as far as 2 and 3 years in some places. I believe it was the Navajo tribe, for instance, had a Wal-Mart that actually wanted to come in and build in their area. Well, it took so many years to get that approval through that they lost interest.

As a homeowner that tried to get my first mortgage, you know, even with a couple of months, you should have seen what it did to my bank rate.

So in a fluctuating market, should one of your tenants actually go out and then they hear, well, I am sorry, they do not have anything this month, they do not have anything this month, and when it lags out for all of those months, it is devastating.

Chairman JOHNSON. Mr. Bland, you have been working for many years to build partnerships between tribes and investors to develop affordable housing, leveraging Federal and other resources. What assurances do investors need before they will provide capital for economic development or housing projects in Indian Country?

Mr. BLAND. Thank you, Mr. Chairman. The investors require a gamut of guarantees. In the last 15 years or so, we have worked to equalize the guarantees that they require in the private market outside of Indian Country with what they will accept in Indian Country. For example, on a typical non-Indian Country housing project, a project will receive title insurance. On a project done on trust land, it is next to impossible to receive a title insurance policy. And so in lieu of that, we have succeeded in getting tribes to

provide title guarantees backstopped by the tribe itself, and investors have agreed that that is acceptable.

The other guarantees are performance-related guarantees that mirror what private investors would require outside, and this is one of the areas where we feel that we have made great strides that the investors who now are willing to invest in Indian Country are willing to accept a similar set of financial guarantees. They do not expect personal financial guarantees, of course, as they would outside of Indian Country. So we think that is an area of great success.

I might just add on, if I can, Mr. Chairman, to what Ms. Causley said with respect to the BIA and the acceptance of the title work, the title status reports, certified title status reports and so forth. We had a tragic set of circumstances back 12 years ago—excuse me, 8 years ago with the Navajo reservation where they had $16 million worth of equity committed to the projects for three separate projects, and because of the delay in receiving the title status reports and the lease approvals from the BIA, those projects went away. All $16 million was rescinded. It was just absolutely tragic.

Chairman JOHNSON. I often hear positive comments about NAHASDA from tribal leaders because of its flexibility and the leverage opportunities available. I would like to hear from both of you about how we can ensure these funds are leveraged with other Federal and private funds in order to provide the most housing assistance possible. Are there statutory impediments that make leveraging funds or agency collaboration more difficult?

Ms. Causley, let us begin with you.

Ms. CAUSLEY. As I spoke about in my testimony earlier, depending on which agency we seek to get funding from, the application process is different. The environmental review process is the one that really, really ticks our—makes it difficult. Let us just put it that way. If we could have the three or four agencies get together and work and have one set environmental review process, it would make it so much easier to take our like-minded programs, and we know all this stuff that is unnecessary. And I really believe that there should be a tribal advisory board and ask the tribes what the impediments are and have them work with these agencies. Our tribal leaders determine where they want to spend their money. When it comes down to IHS restrictions, they should be able to decide what they want done with their own funds, that sovereignty, and they should be questioned as to what impediments they are coming across.

So I actually think that would solve a lot of problems, some triparty agreements between our agencies and an advisory group, sir.

Chairman JOHNSON. Very good.

Mr. Bland?

Mr. BLAND. Mr. Chairman, in our experience we have found that NAHASDA is actually quite flexible. It is probably the most flexible program that we have ever dealt with, with respect to leveraging private equity with the tribes.

On the New Markets Tax Credit side, however, the USDA has a variety of funding programs and the Education Department has a variety of funding programs for tribal colleges, for example, and they have restrictions where you cannot use the USDA grants, for

example, as leveraged debt in a New Markets transaction. And you want to do that because that boosts the amount of equity that you can get from an investor.

We have requested from the USDA a simple letter of explanation. We do not believe that there is anything that prohibits the utilization of a USDA grant, for example, as leveraged debt in a New Markets transaction. But there is nothing that explicitly allows it, and as a result, attorneys who write the tax opinions for New Markets transactions simply will not—they will not sign off on a transaction like that. So that is a simple area where a USDA grant, no additional funds from the Federal Government, but their simple categorization as leveraged debt would then, in fact, leverage additional private equity.

On the housing side, Cheryl is correct. The diversity of compliance requirements is an incredible headache for our tribal partners. On the one hand, the environmental assessment that is required by HUD or other Federal agencies is typically very concerned with the effect that human beings are going to have on the landscape, on wildlife, and so forth; whereas, the so-called Phase 1 environmental assessment that private developers seek is the exact opposite. What impact is the land going to have on human beings? Are there toxic substances, underground petroleum distillates that are leaking into the ground and the groundwater? And these two do not match, and so you have to have two separate environmentals done with completely different divergent concerns. If we could have regulations that matched, that would be very, very helpful.

Chairman JOHNSON. Senator Akaka.

Senator AKAKA. Thank you very much, Mr. Chairman.

Ms. Causley, Director Causley, and Chairman Bland, thank you very much for your expertise and what you have been doing for the Native people of this country.

Ms. Causley, the National American Indian Housing Council's membership includes all three recognized Native groups: American Indians, Alaska Natives, and Native Hawaiians. Can you tell the Committee how important reauthorizing Title VIII, the Native Hawaiian provision of NAHASDA, is to your membership and to the Native Hawaiian community's ability to ensure adequate housing is available?

Ms. CAUSLEY. The reauthorization of that act and NAHASDA is extremely important to all of our membership. As for the Hawaiians, if that is not reauthorized, they are going—they will not have housing, basically. It is of vital importance to the Hawaiians.

Senator AKAKA. Well, you cannot make it any more clear than that. Thank you very much.

Ms. Causley, can you describe the effect that stagnant funding levels under NAHASDA are having on the ability to create sufficient housing solutions in Native communities?

Ms. CAUSLEY. Since 1996, not only stagnant, it does not even—we are not even funded to a level that will take in mind inflation. So we are going backwards.

We right now are struggling just to take care of our existing stock, not even looking at our increased tribal membership. You come into my area, and it is like 60 percent of the membership are

under the age of 20. How am I going to find houses for them when I do not have enough money to take care of what I have?

It is a wonderful, wonderful program, but we need to have the money to let us make it successful. And also we are fighting right now where in my instance I am putting like five houses out a year. That is all I can afford. That is making a small dent, but there is no provision within NAHASDA right now to maintain that house.

So, unfortunately, those are some of the things that we have to—definitely we have to deal with inflation, and we have to deal with the new houses built with NAHASDA funds to find enough funding to at least maintain those, because it would be a tremendous disservice to not maintain what you knew we built.

Mr. BLAND. Senator, may I comment on that as well?

Senator AKAKA. Yes, Mr. Bland?

Mr. BLAND. One of the provisions that I have always felt is extremely odd with NAHASDA is that as you convey your mutual help units, they are lost to your current assisted stock, and the tribes lose money. Yet they are compelled, both ethically and legislatively, to convey their mutual help units.

But as Cheryl said, if you use your money, you are a good steward of the NAHASDA allocation and you build new units, whether you have done it with the tax credit program or simply with the dollar-for-dollar use of NAHASDA funds, you cannot add that to your stock, so a tribe is faced unilaterally with always seeing a decline in their NAHASDA allocation statutorily. To me, it seems to make no sense whatsoever that a tribe is penalized for doing what it needs to do, which is to convey the mutual help units, build new units, and then not have an allocation sufficient to maintain those units. To me, it is an anomaly that I have never understood.

Senator AKAKA. Thank you.

Chairman Bland, do you have any specific recommendations that would encourage more private sector partnerships with public sector agencies like tribes and housing authorities to meet the housing needs of American Indians, Alaska Natives, and Native Hawaiians?

Mr. BLAND. Yes, sir, I do. In particular with Native Hawaiians, there is a rule colloquially known as the "general public use rule," where under the low-income housing tax credit program a unit must be available to the general public. And as a result, when Native Hawaiian trust lands—my understanding is that only Native Hawaiians can occupy that, and that is in violation of the general public use rule, and as a result they cannot access the low-income housing tax credit program.

I think a simple waiver of that general public use rule for Native Hawaiian trust lands would make a huge difference in opening up millions of dollars of tax credit-financed equity, private equity, to Native Hawaiians.

On Indian Country in general, a simple—to me a simple solution, although it is nothing simple, and we have tried for years to talk to the banking regulators, particularly the Office of the Comptroller of the Currency. The Community Reinvestment Act is a wonderful law that has encouraged a great deal of investment nationally, but it also has an effect of distorting much of the marketplace where banks that wish to invest and get CRA credit on their examinations seek out those areas that they deem the regulators will give

them more credit for. If they have more bank branches on an Indian reservation—excuse me, outside of an Indian reservation, they will get more CRA credit in their examination for investing in that area.

We have recommended that if banks could get equal credit for investing in an underserved, unbanked area, as they would if they invest in their own primary assessment area, then that would funnel millions of dollars of commercial bank investments into Indian reservations and Native Hawaiian homelands. It is analogous to what happened with the Gulf Opportunity Zone where banks were afforded that kind of CRA examination credit immediately, without respect to what they were doing in their primary assessment area. And if we could have that for Indian Country with an acknowledgment, an understanding that there is a true crisis, an absolute crisis, as Senator Johnson, you, Senator Akaka, and Senator Tester all know in Indian Country that there is an absolute crisis of affordable housing on Indian reservations.

Senator AKAKA. Thank you very much.

Mr. Chairman, I have a few questions that I will ask in a second round.

Chairman JOHNSON. We will proceed with a second round if time allows.

Senator Tester.

Senator TESTER. Thank you, Mr. Chairman. I want to thank both the panelists for being here today. I have just a couple questions.

I look at this from Montana's perspective with our tribes, and I do not know that it is affordable housing. I think it is housing, period. There are a lot of challenges out there. Let us just put it that way.

I guess I would start out by saying a lot of times banks will not loan in Indian Country because it is trust land, and that—in order to be able to have secure loans, there needs to be some land ownership there on the trust land. That is my perspective. I want to get your perspective on that. How big of a deterrent is trust land versus privately owned land to building a house in Indian Country a deterrent for banks to loan, or is it? Either one of you go ahead.

Mr. BLAND. Senator, yes, I agree completely. It is not just—I misspoke. It is not just a crisis in affordable housing. It is a crisis in housing.

It goes beyond, I believe, Senator, the issue of trust ground. When I was with the Federal Reserve Bank in Minneapolis, I remember distinctly, I remember like it was yesterday, meeting with a banker—and, unfortunately, it was a banker from South Dakota, Senator Johnson—who said to me that he could not make a loan to an Indian because they would not like him in the eye; and when he shook his hand, he gave him a soft handshake. That was to me appalling, and I have heard that several times.

I have heard one particular anecdote so many times that it has become a rural myth where in this case another banker said to me that they could not make a loan on an Indian reservation because they knew a story of a man who took a chain saw and cut a hole in the bathroom wall of his house so that his horse could stick his head through and drink out of the tub. Now, I have heard about that about the Red Lake Reservation in Minnesota where horses

are not exactly a common occurrence. I have heard it about Pine Ridge. I have heard it about Navajo. And I have never seen it happen.

But those are the kinds of attitudes that too many small—typically, small bankers have, and these personal impediments to lending.

Trust land is an issue, but there are programs—the 184 program that provides a guarantee on trust ground. There are ways that banks can make loans on trust ground. I believe it is the personal impediments that are the hardest thing to overcome, Senator.

Senator TESTER. OK. That is a good point.

Did you have anything you wanted to add to that, Cheryl?

Ms. CAUSLEY. The use of such things as the 184 loan actually takes work on the bank's part. The problem is there are not too many bankers that are actually even aware of how to go do a 184 on trust land.

Senator TESTER. OK.

Ms. CAUSLEY. It is a huge impediment.

Senator TESTER. OK. If you were going to name your top three things that you would do if you were sitting in this chair here to help encourage more housing in Indian Country, what would they be? If you were in Senator Akaka's or Senator Johnson's or my chair, what would you be advocating for to get more housing built in Indian Country?

Ms. CAUSLEY. More money, more training for our tribes.

Senator TESTER. In what way? What kind of training?

Ms. CAUSLEY. They need technical assistance. We do a wonderful job in NAIHC, but every time that there is a new program or there is a new opportunity, someone has to teach them that so they have the capacity, you know.

Senator TESTER. So training as far as the programs that are available from the Federal——

Ms. CAUSLEY. Capacity building for the tribes, because you also have to have court systems in place. The tribes need to have certain things also to make them successful, and less restriction, tri-party agreements basically within those four major agencies that we are working with, and set-asides, State set-asides. I do not know how many of them they will not—you know what rural development is like in Montana, but they are wonderful in Michigan. I mean, we use them—but I actually had to take the gentleman from Washington, D.C., bring him to Michigan and say, "Hey, guys, this is your boss." You know? And then they started working with us, and now it works wonderfully. But in Montana, we are fighting to get them to recognize the need.

Senator TESTER. OK. David?

Mr. BLAND. The first thing I would do is make the modest recommendation to change the Community Reinvestment Act to allow banks to get full assessment credit for an investment on an underserved, unbanked Indian reservation. I think that would unleash millions of dollars.

Senator TESTER. OK.

Mr. BLAND. The second thing I would do would be to encourage the States to equalize their understanding, if you will, or at least their acknowledgment that Indian Country is different. It is not

the same as rural America, and it is certainly not the same as urban America.

As Cheryl said, there are some States that embrace the notion of assisting tribal housing. In particular, Arizona is one of the more embracing States. North Dakota has a set-aside, but it is a small set-aside. It is only 10 percent of the State's allocation, and that is not nearly enough.

But we are faced now with many of the States, as I said in my opening statement, are putting an emphasis on urban, in-fill developments and that also give credit and additional points in the competition for credit dollars for projects that are near urban amenities that you simply cannot have on Indian reservations—grocery stores, libraries, doctors' offices, and those sorts of things. There needs to be an acknowledgment that Indian Country is different and you cannot lump them together.

Those would be the two, and I will ponder the third one.

Senator TESTER. OK. That is perfectly all right.

Once again, I just want to thank you all for being here today. I appreciate your testimony. Thank you.

Chairman JOHNSON. Ms. Causley, as Chair of the National American Indian Housing Council, can you give the Committee a sense of how NAIHC partners with HUD and others to provide technical assistance for tribes and their housing authorities? How does this partnership lead to more capacity building so that tribes can leverage their resources?

Ms. CAUSLEY. We have one of the largest training and technical assistance programs in Indian Country. We encourage all of our tribes to create partnerships with public and private agencies beyond HUD. We integrate information and resources on leveraging our NAHASDA money. Anytime that there is actually a program out there, you should see—the need is so great in there. There is so little resources that they welcome it with open arms. "How do we get the money?" You know, it is like—I do not know how to explain it. So they want to know that knowledge. That knowledge and that learning and that need is so—I do not have the words for. So every single program that we come up with or that seemed to be interested in coming onto Indian lands, they want to know how to do it, and they want to know how to do it successfully.

In May, our membership said, "We want you to go, and we need you to bring the VA in. We want to know all about VA programs. We have Natives that need to be served. Bring them in. We want them at everything, and we want to be trained on how to access their programs. And if we cannot, we want to know how to fix them so our people that have been at war can be served."

I guess, you know, that would be my answer as far as that.

We also have joint training courses with Travois, for instance. They come in and they train at our conventions and our meetings on how to apply for a low-income housing credit. For GSA products, for things like that, we will bring the GSA in to teach our membership. So that is how we address it.

Chairman JOHNSON. In South Dakota, I have seen far too many inadequate homes on reservations that house two, three, or more families. In addition to overcrowding, there are a number of other problems, including black mold.

Ms. Causley, can you give us a sense of the negative impact unsafe and overcrowded housing has on the health of Native communities?

Ms. CAUSLEY. The impact is huge. We know that we are not supposed to put that many people into a unit. I think the most I had was 17 in a two-bedroom that I knew of. But we call those "the invisible tenant" because they do not want the housing authorities to know that they are there. But that is a thing that I guess would differentiate us from the rest of the general public. You will never see a homeless Native unless it is summertime in my area because they would not survive. So it will be a grandma, it will be a cousin, it will be—but somebody will take them in.

The mold, we fight with it. I tried to build an energy efficient house, but then if it is overcrowded, it is going to be even worse because of the mold implications. It is not healthy.

South Dakota is very similar to Michigan. We have closed-door conditions to begin with, so our doors are basically closed from October until May. And then you throw all those extra people in the house. Our respiratory problems are huge, as well as it filters into our health, but our education also.

Chairman JOHNSON. Mr. Bland and Ms. Causley, a question for both of you. I constantly hear from tribal leaders that the lack of drinking and wastewater infrastructure is a huge impediment to increasing the housing stock in Indian Country. To what degree have you experienced these challenges? And how can we help address the need for this critical infrastructure? Mr. Bland?

Mr. BLAND. Yes, thank you, Senator. South Dakota in particular, with the low-income housing tax credit program, which is where we have most of our experience—I apologize for limiting most of my comments to that. That is where we do business. South Dakota has relatively low cost caps when compared to other States, and I think the rationale behind that is a good one. They want to spread the available tax credits to as many projects as possible; therefore, they will allow you to spend less money per unit.

The problem is that assumes that you have got existing infrastructure, water and sewer, and that is not the case on Indian reservations. So when you have to add the extra cost per unit, which can be $20,000 or $30,000 just to bring water, sewer, roads—well, roads would be a luxury in many cases—but water and sewer, then you have lowered the amount of money you can spend on the dwelling unit itself, and it becomes almost an impossibility to get a fully financed housing project through the tax credit program in South Dakota. And you certainly cannot include the kind of public amenities that are present in other areas of the Nation.

So, in particular—and that is not just South Dakota. North Dakota has cost caps as well. But it is a critical issue. If we could modify some of the program procedures to allow a splitting off the funds that you use for infrastructure, that would be a big help.

Chairman JOHNSON. Wouldn't better land use planning play a part in this instance, Mr. Bland?

Mr. BLAND. Absolutely, it would. And the coordination between Indian Health Service and USDA and other agencies on provision of those kinds of critical infrastructure, plus the New Markets Program that can, in fact, finance some of those, if we could coordinate

and use those various funding mechanisms, that would be a huge help.

Chairman JOHNSON. Ms. Causley?

Ms. CAUSLEY. In my tribe, I have been the director there for 22 years, sir, and I actually do very, very good land use planning. I built a project which had 80 units in it. Of course, you have to bring the infrastructure on a reservation to build anything. Every single person has to have infrastructure in place, because it is nonexistent. So in order to draw and be able to have mortgages, a person that wants to put like a trailer, I cannot allow them in that 80-unit project. But my project is full already, so I am completely landlocked.

So I have got another development on top of a hill, but it is $6 million I am looking at for infrastructure. When you get a $285,000 allocation a year, it is going to take me a while to develop. So I have got my road up there, and you just do very small, little things at a time. But you also have to have areas, if you are going to try to leverage these other markets, you cannot put a $1,000 trailer next to a $90,000 unit because the banks are not going to like that very much. So land use planning is vital to it, but it goes back to the funding also.

We also need to look at addressing the IHS prohibition and using sanitation facilities in conjunction with our monies. Like I said earlier, that should be a tribal decision. But we do not need a solution that will decrease funding for infrastructure for either one of us because it is so sadly needed on both our behalf.

Chairman JOHNSON. Senator Akaka.

Senator AKAKA. Thank you very much, Mr. Chairman.

Mr. Bland, last year, you were honored at the HOPE Awards for raising more than $350 million in private capital to build or rehab almost 4,000 homes in Native communities across the country. Reviewing your experiences, what lessons can you share with others in navigating the Federal process? And, second, what feedback can you provide to Federal agencies looking to improve access to their programs for Native communities?

Mr. BLAND. Thank you, Senator. The lessons that we have learned in the 18 years that we have been in business and the 23 years that I have worked in Indian Country, I think that the Federal agencies have to do a better job, need to do a better job at understanding the expectations of the private sector; that their expectation is not just to have a return on investment; it is an expectation that that return will be safe and will be sound and will be something that they can be proud of and will understand that the dollars that they invest will return to them, and they will be able to reinvest them.

So the Federal Government, the Federal agencies, in particular, I think misunderstand the expectations of the private sector to have immediate return on their investment. It is not delayed gratification. There is not very much patient capital in the United States today. And I am not sure that we have ever had much patient capital, but we have less of it for Indian Country than we have ever had.

So I think a better understanding of the requirements of the private sector by the various agencies, and flexibility. I think if the—

no one's intent when legislation is written is to make something inflexible. Obviously, NAHASDA is, I think, one of the great success stories because of its great flexibility. The other Federal agencies, the education grants that go to tribal colleges that cannot be used for anything other than what it is prescribed for, it has to be used for a classroom as opposed to being able to use it for tribal housing, for example—excuse me, student housing; the USDA programs; if we could build in statutorily, if that is possible, the kind of flexibility that would allow these Federal funds to be combined with private sector dollars, those are the two things that I have seen in my 23 years that have been most striking to me Senator.

Senator AKAKA. Thank you very much for that response.

This question is for both of you. In this Committee's last hearing on Indian housing, Federal agencies testified about their efforts to collaborate to ensure that Native communities have access to adequate housing. My question to you is: Can you provide any examples where the Federal agencies worked well together or where they could have improved their efforts for Native communities? Any examples?

Mr. BLAND. This is a difficult question, Senator. I think that the Indian Health Service is particularly problematic in its willingness to deal with other agencies, at least in our experience. They know and do what they do well, but they are one that I spoke to earlier. They in our experience seem to have less of an understanding of the demands of the private sector when they are putting private equity dollars into a transaction, where you are combining NAHASDA funds. To me it seems utterly ludicrous that you cannot combine Indian Health Service dollars with NAHASDA dollars to achieve a simple house to be built on a piece of ground. It seems utterly illogical to me that you cannot do that.

Ms. CAUSLEY. And expanding on that particular situation, the tribes also want to have everything, or at least my tribe, when I cannot use Indian Health, I pay them out of a different fund to still come in and use their engineers, so my as-builts and my water department and utility department which I run have all those resources in place, because I think it is ludicrous to have something else out there built by someone else. So I utilize them anyway and have to pay an additional fee for those engineering fees, you know, in the places where they cannot help, because they are ultimately responsible for the water tanks and everything else coming into the reservation.

Senator AKAKA. Well, I was looking for examples of where they worked well together, but I certainly appreciate your feelings about how they should be.

Ms. CAUSLEY. When you said "working together," I guess that is where I am having trouble, because they still do not seem to work with each other. But there are improvements out there. The HEARTH Act being passed, the BIA actually worked with us wonderfully for the first time, and, I mean, there are big improvements there. So we are not going backwards, and they have worked with us as the council. So I cannot say enough about his "killer bees," as they called them, and the things there. You know, they have done a lot of hard work. Like VA right now is coming into the pic-

ture a little bit more, but, you know, we are dragging them to come on over here, we need your money, too.

USDA, boy, if we could do some work there, because that is more money. Like I said, my tribe does wonderfully with USDA and the college and things like that. But other States do not have that. That is where we—she at one point had said that she would have a tribal advisory committee, and they still have not put that into place, and we are pushing real, real hard for that because USDA seems like it should be hand in hand with Indian Country.

Senator AKAKA. Mr. Bland, any further comments?

Mr. BLAND. Senator, there are other sources of funding that are non-Federal also. The Affordable Housing Program, for example, of the Federal Home Loan Bank System, it is a federally mandated pot of money. I believe it is 10 percent of the Federal Home Loan Bank System's profits from each bank district. And many times they have a difficult—or an unwillingness to work at cooperatively with the Federal agencies with respect to the timing of when funds are available, and that sometimes stretches out when you can draw down the funds that have been granted to you or to a project through the Federal Home Loan Bank of Des Moines, for example, or Seattle or whichever bank it might have been. And because the time gets delayed, they will sometimes seek to withdraw those funds, take them back, and they are delayed because of a lack of coordination between the other agencies, whether it is the BIA, the Indian Health Service, HUD, or USDA.

I was just reminded by our vice president here, Elizabeth Glynn, that we have a project on the San Carlos reservation in Arizona where we have got BIA, IHS, USDA, and HUD funding, and nobody is talking to one another. There is no single entity that coordinates all of those funding agencies. They all have the same goal, but nobody is talking to one another. And as a result, things get stretched out, and then investors get worried because now they are concerned that their investment dollars are put at risk, because is this project actually going to happen?

So some coordination between the agencies I think would be very important. That is my third recommendation to Senator Tester, coordination between the agencies.

Senator AKAKA. Thank you. Thank you very much. I really appreciate your answers here, and I want to thank Director Causley and Chairman Bland for being here with us today.

Thank you very much, Mr. Chairman.

Chairman JOHNSON. Thank you all for your testimony and for being here with us today. Each of you plays an important role in providing American Indian families with safe, affordable, and high-quality housing options.

This hearing is adjourned.

[Whereupon, at 11:11 a.m., the hearing was adjourned.]

[Prepared statements and additional material supplied for the record follow:]

PREPARED STATEMENT OF CHERYL A. CAUSLEY

EXECUTIVE DIRECTOR, BAY MILLS INDIAN HOUSING AUTHORITY
ON BEHALF OF THE NATIONAL AMERICAN INDIAN HOUSING COUNCIL

JULY 24, 2012

Good afternoon Chairman Johnson, Vice Chairman Shelby, and distinguished Members of the U.S. Senate Committee on Banking, Housing and Urban Affairs. Thank you for inviting me to attend today's oversight hearing to discuss partnerships to provide affordable housing in Indian Country. My name is Cheryl Causley and I am the Executive Director of the Bay Mills Indian Housing Authority. I am an enrolled member of the Bay Mills Indian Community located in Brimley, Michigan. Today, I appear before you in my capacity as Chairwoman of the National American Indian Housing Council (NAIHC). I wish to thank the Committee for this opportunity to appear before you today to discuss housing programs for Native Americans.

I say without hesitation that tribal communities suffer from some of the worst housing conditions in the United States. New partnerships between the Federal and tribal governments and the private sector may provide local tribal communities the tools they need to meet the longstanding housing challenges and build better housing environments.

As a community of advocates, we are committed to creating good jobs in tribal communities, providing our families with housing opportunities and building a brighter future for our children. We thank you for your leadership and vision in meeting the longstanding challenges throughout Indian Country.

Background on the National American Indian Housing Council (NAIHC)

The NAIHC was founded in 1974 and has, for 38 years, served its members by providing invaluable training and technical assistance (T/TA) to all tribes and tribal housing entities; providing information to Congress regarding the issues and challenges that tribes face in terms of housing, infrastructure, and community and economic development; and working with key Federal agencies to address these important and, at times, vexing issues, and to help meet the challenges. The membership of NAIHC is expansive, comprised of 274 members representing 463[1] tribes and tribal housing organizations. The primary mission of NAIHC is to support tribal housing entities in their efforts to provide safe, decent, affordable, and culturally appropriate housing for Native people.

Brief Summary of the Problems Regarding Housing in Indian Country

While our country has been experiencing an economic downturn that many have described as the worst global recession since World War II, this economic reality is greatly magnified in Indian communities. The national unemployment rate seems to have peaked at an alarming rate of nearly 10 percent and still persists at just over 8 percent; however, that rate does not compare to the unemployment rates in Indian Country, which average 49 percent.[2] The highest unemployment rates are on the Plains reservations, where the average rate is 77 percent.[3]

Because of the remote locations of many reservations, there is a lack of basic infrastructure and economic development prospects are difficult to identify and even more difficult to pursue. As a result, the poverty rate in Indian Country is exceedingly high at 25.3 percent, nearly three times the national average.[4] These employment and economic development challenges exacerbate the housing situation in Indian Country. Our first Americans face some of the worst housing and living conditions in the country and the availability of affordable, adequate, safe housing in Indian Country falls far below that of the general U.S. population.

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[1] There are approximately 566 federally recognized Indian tribes and Alaska Native villages in the United States, all of which are eligible for membership in NAIHC. Other NAIHC members include State-recognized tribes eligible for housing assistance under the 1937 Housing Act and that were subsequently grandfathered in the Native American Housing Assistance and Self-Determination Act of 1996; and the Department of Hawaiian Home Lands, the State agency that administers the Native Hawaiian Housing Block Grant program.

[2] Bureau of Indian Affairs Labor Force Report (2005).

[3] Many of these reservations are in the State of South Dakota, which has one of the lowest unemployment rates in the Nation. On some SD reservations, the unemployment rate exceeds 80 percent.

[4] U.S. Census Bureau, American Indian and Alaska Native Heritage Month: November 2011. See *http://www.census.gov*.

- According to the 2000 U.S. Census, nearly 12 percent of Native American households lack plumbing compared to 1.2 percent of the general U.S. population.
- According to 2002 statistics, 90,000 Indian families were homeless or underhoused.
- On tribal lands, 28 percent of Indian households were found to be over-crowded or to lack adequate plumbing and kitchen facilities. The national average is 5.4 percent when structures that lack heating and electrical equipment are included.
- Seventy percent of the existing housing stock in Indian Country is in need of upgrades and repairs, many of them extensive.
- Less than half of all reservation homes are connected to a sewer system.

There is an agreement among most Members of Congress, the Federal Government, tribal leaders, and tribal organizations that there is a severe housing shortage in tribal communities; that many homes are, as a result, overcrowded; that many of the existing homes are in need of repairs, some of them substantial; that many homes lack basic amenities that many of us take for granted, such as complete kitchens and plumbing; and that at least 250,000 new housing units are needed in Indian Country.

These issues are further complicated by the status of Indian lands, which are held in trust or restricted-fee status. As a result, private financial institutions will generally not recognize tribal homes as collateral to make improvements or for individuals to finance new homes. Private investment in the real estate market in Indian Country is virtually non-existent, with tribes almost entirely dependent on the Federal Government for financial support in meeting their growing housing needs. The provision of such assistance is consistent with the Federal Government's well-established trust responsibility to American Indian tribes and Alaska Native villages that is underscored in the U.S. Constitution.

The Native American Housing Assistance and Self-Determination Act

While we often discuss numerous challenges in providing low-income Native families housing opportunities, we must also consider a recent shift in the relationship between tribes and the Federal Government by reducing the regulatory requirements that historically burdened tribes attempting to develop housing with their Federal housing funds. The passage and implementation of Federal legislation has enabled tribes to leverage Federal funding for tribal housing in innovative ways, resulting in substantially increased housing production.

In 1996, Congress passed the Native American Housing Assistance and Self-Determination Act (NAHASDA) to provide Federal statutory authority to address the above-mentioned housing disparities in Indian Country. NAHASDA is the cornerstone for providing housing assistance to low-income Native American families on Indian reservations, in Alaska Native villages, and on the native Hawaiian Home Lands.

The Indian Housing Block Grant (IHBG) is the funding component of NAHASDA, and since the passage of NAHASDA in 1996 and its first fiscal year of funding in 1998, NAHASDA has been *the single largest source* of funding for tribal housing. Administered by the Department of Housing and Urban Development (HUD), NAHASDA specifies which activities are eligible for funding.[5] Not only do IHBG funds support new housing development, acquisition, rehabilitation, and other housing services that are critical for tribal communities, they cover essential planning and operating expenses for tribal housing entities. Between 2006 and 2010, a significant portion of IHBG funds, approximately 24 percent, were used for critical planning, administration, and housing management and services.

NAHASDA is scheduled for reauthorization in September 2013. The NAIHC developed and implemented an outreach process designed to encourage open discussion about the Act from inception to the present, from the perspective of the tribes and Tribally Designated Housing Entities (TDHEs), as recipients and intended beneficiaries of programs within NAHASDA. The outreach facilitated in-depth, ongoing discussions to assess the effectiveness of the Act, its individual components, and its rules and regulations in meeting its intended purpose(s). The objective of this extensive outreach process was to have a reauthorized Act that more effectively

[5] Eligible activities include but are not limited to downpayment assistance, property acquisition, new construction, safety programs, planning and administration, and housing rehabilitation.

accomplishes its purpose of providing quality, affordable housing to tribal communities.

Federal program spending restraints are a constant topic in the midst of both a struggling economy and concerns about deficit spending and the increasing national debt. It is against this economic reality that tribal housing entities are encouraged to promote tribal self-determination and self-governance and continue development of innovative partnerships that complement NAHASDA programs to meet the tremendous housing backlog throughout Indian Country.

Leveraging Housing Funds

Leveraging funds or investing borrowed money in a way that maximizes potential funding opportunities creates partnerships and solutions to providing low-income families with housing opportunities. Tribes are increasingly exploring innovative ways to utilize NAHASDA grant funds, combined with tribal funds and other resources, to maximize housing project outputs. The passage of NAHASDA in 1996 and its funding in 1998 have spurred several tribes into exploring partnerships with lenders or utilizing existing funds to enhance the effectiveness, efficiency, and success of housing projects.

For example, tribal housing organizations are increasingly encouraged to leverage their IHBG funding to secure other sources, such as Low-Income Housing Tax Credits (LIHTC), and to combine multiple funding streams from other sources such as the U.S. Department of Agriculture Rural Development, U.S. Treasury Department's CDFI program, the Federal Home Loan Bank, private foundations, and commercial banks. However, even basic compliance requirements vary from program to program, presenting barriers to efficient administration of multiple funding streams and limit the ability of tribes to access multiple programs in an effort to reach adequate scale.

Tribes are faced with income limitations, rent restrictions, and even requirements for providing notices to tenant that are inconsistent from program to program. Many organizations have developed numerous projects, each with a unique blend of funding. Some sources are significant in certain developments and entirely lacking others. In all cases, the number of units governed by the rules applicable to a certain funding source varies from one development to the next. As a result, some tribal housing entities are spending substantial resources to develop project-based compliance manuals as a tool to help staff comprehend complex and various rules that apply to different units within each development. The process is administratively cumbersome and inefficient. A better solution is for the Federal Government to launch a concerted effort to align program criteria for Federal housing programs. The Administration's proposed changes to the LIHTC income limitations are an example of a positive and strategic move in the right direction.

It should also be noted that eligibility to receive funding available through various Federal housing programs is not consistent. A number of organizations in Alaska and Oklahoma, for example, cannot be accurately characterized as either tribes, units of local government or 501(c)(3) nonprofit organizations. A simple solution would be to review eligibility requirements for Federal housing programs and, whenever possible, extend eligibility to entities that have been designated as Tribally Designated Housing Entity for one or more Indian Tribes for the purposes of NAHASDA.

Title VI Loan Guarantee Program

Under Title VI of NAHASDA, HUD is authorized to guarantee notes or other obligations issued by tribes, or tribal housing entities, if approved by the tribe, for the purpose of financing affordable housing activities as described in Section 202 of NAHASDA. Eligible burrowers must be a tribe or a tribal housing entity that is an IHBG recipient. IHBG funds may be used as a security for the guarantee or other obligations. The objective of the program are to enhance the development of affordable housing activities, increase access to capital to further economic growth, and encourage participation in the financing of tribal housing programs or financial institutions that do not normally serve tribal areas.

Passamaquoddy Tribe of Maine

Over the years, some tribes, such as the Passamaquoddy Tribe of Maine, have found creative approaches to maximize the impact of their NAHASDA funds they receive. Using the Title VI loan guarantee program to attract other sources of capital, the Tribe successfully leveraged its IHBG funds to enhance its housing development strategies. The flexibility of the Title VI program criteria, allows financing of any NAHASDA-eligible affordable housing activity for a period of up to 20 years. Title VI has also proven to be a cost-effective source of gap financing during initial stages of a housing project.

The Passamaquoddy Tribe used Title VI to construct 28 low-income housing tax credit units and a community center. The balance on the Title VI loan was paid down with the tax credits and Federal Home Loan Bank of Boston's Affordable Housing Program funds.

Section 184 Home Loan Program

The HUD Section 184 program is a mortgage loan product designed to resemble a conventional, or private housing loan, and there are no income limits for the Section 184 Loan program. Because the Section 184 loan program is guaranteed by the Federal Government, the program has provided much needed access to capital to many individuals and Native families who might otherwise struggle to obtain home financing.

White Mountain Apache (WMAT) Tribe

The White Mountain Apache Tribe of Arizona utilized a blend of funding streams including NAHASDA, Section 184 guarantees, and tribally issued tax-exempt bonds to develop a 250 unit single-family housing project. This project provides long-term rentals (amount paid determined on family's ability) with the housing entity as the lessor and the tenants have the opportunity to purchase their units.

Bay Mills Housing Authority

The Bay Mills Housing Authority of Michigan developed a tri-party agreement that included the Central Savings Bank as a partner. The bank was able to offer the Section 184 loan program, USDA Rural Development loans, or tribal loans to members of the tribe. Bay Mills used NAHASDA funds as downpayment assistance of up to 10 percent of the loan (not to exceed $8,000) to families with incomes at or below 80 percent of the area median. The tribe provides similar opportunities to families with higher incomes.

Nonprofit to Enhance Access to Funding

Some tribes have created 501(c)(3) nonprofit corporations for the purposes of establishing an independent organization that accesses additional housing funding opportunities. Forming a 501(c)(3) is a multi-step process. First, the concept must be endorsed by the tribe's governing body. Once the concept is approved by the tribal government, a charter must be developed and submitted to the tribe and approved. Once approved and chartered, the nonprofit must maneuver through a complex field of Internal Revenue Service rules and regulations to appropriately establish a nonprofit entity. Based on multiple tribal housing examples, this process has provided increased access to a variety of funding possibilities and a greater ability to serve the individual housing needs of tribal members.

Yukon-Koyukuk Elder Assisted Living Facility (YKEALF)

The Yukon-Koyukuk Elder Assisted Living Consortium (YKEALC) is a 501(c)(3) organization founded to develop the Yukon-Koyukuk Elder Assisted Living Facility in Galena, Alaska. The facility is located on the banks of the Yukon River in central Alaska and was completed in 2011.

Five federally recognized Alaska Native tribes came together to create the facility: Nulato Tribal Council, Louden Tribal Council, Koyukuk Tribal Council, Ruby Tribal Council and Kaltag Tribal Council. Total investment in this assisted living center was $7.8 million.

These tribes needed a closer facility to provide housing and services to their elders. Without a closer facility, elders would have been forced to move, and this would have put them far from their families, friends and culture. Through the development of YKEALC the elders can remain in their tribal communities and receive top quality housing and health care.

The New Markets Tax Credit financing will allow the facility to purchase medical supplies, install solar panels on the roof and install a wood-based heating system. These energy efficiency measures are critically important due to the very high cost of energy in this very remote region. The financing also provides working capital to help fund operations at the facility. The project created 28 construction jobs and 10 permanent jobs.

YKEALC will also work to keep the elders connected to the community—a crucial element of elder care. This is done through volunteer efforts of local residents bringing fish and game to the facility for community meals.

Native Community Development Financial Institutions

Increasingly, tribal housing programs are exploring the advantages of instituting and working with Native Community Development Financial Institutions (CDFIs) in an effort to leverage resources for homeownership. Native CDFIs were created

when the Community Development Banking and Financial Institutions Act of 1994 established the Community Development Financial Institutions Fund (CDFI) whose purpose is to promote economic revitalization and community development through investment and assistance to fund-certified CDFIs. The Fund offers grants, loans, equity investments, and other forms of assistance on a matching funds basis. CDFIs are administered by the U.S. Treasury Department.

These Native CDFIs must demonstrate their independence from tribal government and inclusion of the tribal target population on its board of directors to obtain funding from the Fund. This structure is intended to assure separation from tribal politics and sound lending practices. CDFIs may also attract financial support from banks and other lenders and are especially conducive to tribal housing programs that seek focus on homeownership loans.

It is the goal of most Native CDFIs to bring in funding from various sources to lend back to tribal community members at favorable rates or provide the necessary financial education and credit counseling to increase tribal members' access to lending products. Native CDFI's not only help to boost homeownership through providing loan products and other services, but they provide tribal members with the knowledge and skills in building productive financial opportunities.

New Mexico Native CDFIs

In New Mexico, 10.7 percent of the population identified as American Indian and/or Alaska Native (AI/AN)—making it the third highest AI/AN-populated State proportionate to the rest of the State's population. Out of the 12 certified CDFIs in the State there are 4 Native CDFIs that provide varied services to the tribal communities of Laguna Pueblo, Ohkay Owingeh, Isleta Pueblo, and the Navajo communities near Gallup, New Mexico. They provide mixed lending products, such as home mortgage loans, home rehabilitation loans, and construction lending. In addition, they provide homeownership education, financial education, and credit counseling and repair.

The financing of the Native CDFIs are diverse, and underscore the multifaceted contribution from various funding sources to meet the housing needs in the New Mexico tribal communities. Three of the New Mexico Native CDFIs receive direct funding from their respective Tribally Designated Housing Entity, two CDFIs receive funding from the New Mexico Mortgage Finance Authority (a State agency), and two CDFIs receive funding from nonprofit entities. The Tiwa Lending Services (TLS) receives direct funding from the Pueblo of Isleta, which transferred its home loan portfolio and tribal funds to TLS.

Ho-Chunk Community Development Corporation (HCCDC)

HCCDC is an emerging CDFI, and was formed by and partners with the Winnebago Tribe and its entities. The Mission of the Ho Chunk Community Development Corporation is to raise the socio-economic and educational levels of Native American communities and the people of Thurston County, Nebraska. A goal of HCCDC is to decrease substandard housing, increase housing opportunity, increase clients' ability to access housing, and increase capital available locally.

The Winnebago Reservation lacks affordable housing and tribal members who are able to afford a mortgage are forced to live elsewhere. Others tribal members lack the funds for the initial downpayment to purchase a home. Using the Winnebago Tribe's other private subsidiary, Ho-Chunk Inc., the HCCDC and the Winnebago Tribe have worked together to develop a Housing Down Payment Assistance Program that provides a significant portion of a standard downpayment for a new homeowner. The homeowner is required to go through a special financial and homeownership education course and must meet other criteria to qualify.

In 2010, Ho-Chunk, Inc. and the Winnebago Tribe authorized a $1 million Housing Stimulus Program to set aside Ho-Chunk, Inc. dividends and other tax revenues to offer $50,000 in downpayment assistance to up to 20 new homeowners who build a home on the Winnebago reservation. Through these combined efforts, housing on their reservation is more affordable and tribal members can start building the traditional wealth that other non-Native homeowners have gained.

Beyond their downpayment assistance program, the HCCDC has invested in Ho-Chunk Village, a modern comprehensive subdivision that incorporates their traditional village design. The Village will provide both commercial and residential development with a senior-living housing project, private homes, 20-unit apartment complex, and 10 unit town-houses. On the commercial side, the Village will include a commercial office building, laser art panels, veteran's park, sculpture garden, theater, playground, and public-use building. Beyond creating the needed affordable housing opportunities, the development of the Ho-Chunk Village is raising the tribal economy and creating much-needed jobs.

Conclusion

Given the funding constraints in the tribal housing arena and the need to not only maintain existing units, but keep up with growing tribal populations and meet the tremendous existing housing backlog, tribes have, out of necessity, been very creative in developing partnerships and crafting innovative solutions to meet their unique housing needs and expand community development. Some innovations are in the form of utilizing nontraditional financing mechanism or leveraging limited financial resources to realize their maximum benefit. While trying to address the need for affordable housing, some tribal communities have instituted efforts to revamp their community and this added development is boosting the tribal economy and creating jobs.

In spite of the forward movement detailed herein, the value of the Federal funding authorized by NAHASDA, including the Indian Housing Block Grant program, the Indian Community Development Block Grant program, and provision of invaluable training and technical assistance for tribes to develop, enhance, manage, and improve tribal housing programs, is essential and cannot be over-stated. One of the most important functions that NAIHC's T/TA provides is a forum in which to share such innovative partnerships among tribal communities. In this process NAIHC is able to transfer information in the form of best practices, and such strategies will ensure that these innovative housing partnerships and strategies will be more broadly adapted and utilized.

Thank you Chairman Johnson, Ranking Member Shelby, and all for organizing this hearing and opportunity to highlight solutions that help meet the overwhelming housing needs in tribal communities. Your continued support of tribal communities is truly appreciated, and the NAIHC is eager to work with you and your professional staff on any and all issues pertaining to tribal housing programs, the housing and living conditions for America's indigenous people, and to pursue ways that we can mutually address housing and housing-related community development throughout Indian Country.

PREPARED STATEMENT OF DAVID W. BLAND

CHAIRMAN, TRAVOIS, INC.

JULY 24, 2012

Good morning Chairman Johnson, Ranking Member Shelby and Members of the Committee. It is an honor to appear before you. Thank you for drawing attention to the ways private and public partnerships improve housing in Indian Country. My name is David Bland and I am the founder and chairman of Travois, a financial consulting firm that assists American Indians, Alaska Natives, and Native Hawaiians with affordable housing and economic development.

While we still have a long way to go before all Indigenous people in the United States have safe, decent and affordable housing, I believe we have made significant strides in improving housing conditions since 1996. Thanks to your efforts Chairman Johnson and the passage of the Native American Housing Assistance and Self-Determination Act (NAHASDA), and now with the passage of the HEARTH Act, tribes and tribally designated housing entities (TDHEs) have begun to leverage this funding, seeing ever more private capital coming to the reservations, specifically through the use of the Low-Income Housing Tax Credit (LIHTC) program.

As you know, there is a critical shortage of privately financed housing in Indian Country throughout the United States. Most housing on Federal Indian Reservations has been built or rehabilitated through either the Department of Housing and Urban Development, Farmers Home Administration (now Rural Housing), or the Bureau of Indian Affairs. The housing that has been built has been financed from outside the Federal Indian Reservations, typically with subsidized debt, little or no equity, and often little or no direct financial involvement by tribal officials or other reservation residents.

Due to the lack of local investment in affordable housing in Indian Country, the long-term preservation of housing assets and the regularly scheduled and effective maintenance and modernization of housing units has generally suffered. The rural nature of most of the reservations further complicates projects undertaken by American Indian Tribes. Increased construction costs and diminished competition for contractors in remote Indian Country areas create an obstacle generally not encountered in other areas.

Until the onset of the Low-Income Housing Tax Credit program in Indian Country and the changes brought by NAHASDA, rent and account delinquencies were chronic challenges faced by many Tribally Designated Housing Entities. According to a

report in Indian Country Today, it was estimated that prior to NAHASDA, 36 percent of all tribal area program tenants were delinquent in rent payments. As a result, the long-term viability of affordable housing equity investments had been severely limited in Indian Country. Along with the other changes envisioned by NAHASDA, it was determined that immediate steps should be taken to increase the affordable housing operational expertise in Indian Country and direct involvement in the Low-Income Housing Tax Credit program has been one of the first steps.

Recent history and experience has shown that Native Americans will go to great lengths to live amongst their tribal extended family, despite the resulting overcrowding, grossly inadequate facilities and a severe shortage of available units. The number of affordable housing units needed by Native American families reflected by TDHE waiting lists can number in the hundreds of households—a staggering uphill battle. HUD estimates that since 2003, the housing shortage for Native Americans has increased more than 40 percent.

While these statistics are bleak, Indian Country has made significant strides recently. Since 1995, our company has helped secure more than $450 million in private equity for Indian Country resulting in more than 4,200 units of affordable housing worth more than $627 million. Unfortunately, this is a tiny portion of how much housing is needed, but we are proud of what the tribes and Travois have been able to accomplish together.

This success would not have been possible without the perseverance of countless tribal housing authority executive directors such as Ms. Causley, Mr. Kirk and Mr. Kittson, their housing board members, tribal councils and dedicated staff, who work very hard to educate Federal funding agencies, State allocating agencies and investors on the unique nature of tax credit transactions in Indian Country. This process has been slow and at times, very difficult. When I started Travois in 1995, 9 years after the establishment of the tax credit program, only one tribal project had been financed using the program. I knew that the housing tax credit program generated 90 percent of all affordable housing in our nation and I could not understand why this program had not been put to better use in Indian Country. Through my research, I discovered several barriers to success, many of which we have overcome, but some of which remain challenges today. We have developed several ways to work around these initial challenges. First, we structure all of our housing projects with "soft" debt in which an investor typically provides 80 percent of the total project cost with an equity investment and the TDHE provides 20 percent as debt, typically with NAHASDA funds. This allows TDHEs to charge very low rents, in line with what their tribal members can afford—and means the project has essentially no foreclosure risk.

Second, many investors were initially reluctant to work in Indian Country based on a mostly erroneous understanding of tribal law. We have worked to devise an alternative dispute resolution mechanism acceptable to both tribes and investors, usually including a limited waiver of sovereign immunity solely for the project and dispute resolution enforcement in tribal court rather than State court.

Third, and most vexing, many State allocating agencies, the agencies that control the distribution of tax credits, simply misunderstood Indian Housing programs and were reluctant to award housing tax credits for tribal projects. We worked very hard to develop relationships with the States and demonstrate the overwhelming need for affordable housing in Indian Country, and now many States include preferential points for tribal developments. Notably, Arizona has a tribal set-aside guaranteeing at least two tribal projects will be funded every year. We have come a long way since that first project and thousands of affordable housing units have been built or rehabilitated thanks to the tax credit program.

Unfortunately, several challenges remain. We can divide these challenges broadly into two categories: a growing emphasis on urban areas by a variety of funding programs and a lack of investment interest by the majority of players in the housing tax credit market.

First, we have seen State-allocating agencies decrease scoring opportunities for rural housing and increase opportunities for projects in urban areas more likely to be considered "job centers." Given how the country is still struggling to jumpstart the economy, the goal seems to make sense at first glance, but in our opinion it indicates a lack of understanding of the truly desperate state of housing on most reservations. A case in point, in the last year many States have changed their qualified allocation plans to give preferential scoring for projects that are in-fill developments; located near transit stops, libraries, grocery stores, and the like; or near large employers. This, combined with a reduction in preservation and rural housing set-asides, results in the near elimination of tribal projects from tax credit competition. We are very concerned that this lack of consultation with tribal leaders and a dis-

regard for the neediest populations will set Indian Country back yet again and reverse the positive trends we've recently seen.

We believe it is important to encourage urban development near jobs, but in a balanced manner that does not eliminate affordable housing opportunities for tribal communities. For example, perhaps Congress could encourage State-allocating agencies to consult with tribal leaders when developing qualified allocation plans to better understand the great need in Indian Country. In our experience, many State-allocating agency staff know very little about life on the reservation and thus do not take the needs of tribal communities into account when developing policies and scoring systems. Another positive step would be for Congress to encourage State-allocating agencies to consider adding tribal set asides like has been done in the past for projects with HOPE VI funding, for farm workers, nonprofit sponsors, or for the elderly. Indian Country is as in need of affordable housing, if not arguably more so, than these groups. Unfortunately, that need continues to go unrecognized in many States.

Second, investor interest in Indian Country, while growing substantially, has always lagged behind interest in other areas of the country. We have had great success finding investors for our New Markets Tax Credit-funded projects, but housing tax credit projects depend on a limited number of investors with a relatively small appetite. We believe much of this stems from a reluctance of big banks to invest outside of their Community Reinvestment Act (CRA) footprint. While this CRA-created market distortion is a problem for all of rural America and results in lower pricing for their projects, it is a particular problem for Indian Country given that many reservations are a many-hours drive from the nearest bank. Indian Country is largely unbanked and as a result too few commercial banks see Indian Country as a desirable CRA investment opportunity.

Some modest changes to the way the CRA is administered could result in millions more in investments for Indian Country. For example, we believe regulators could put a greater emphasis on investing in our neediest communities, tribal communities, and thus encourage banks to meet their CRA requirements beyond just their immediate footprint. Perhaps a Gulf Opportunity Zone-type structure could be used to encourage investment in Indian Country just as recognition was given to Alabama, Louisiana and Mississippi after Hurricane Katrina. We believe there are many opportunities to encourage private and public partnerships in Indian Country along these lines.

Finally, despite the challenges that we still face, the housing tax credit program is incredibly valuable to Indian Country. Every year the tax credit industry announces the Charles Edson Award for Excellence in Affordable Housing. For the first time ever a project in Indian Country took the top award for rural projects this year. The Colville Indian Housing Authority's project on Buttercup Lane is a beautifully designed project intended for eventual tenant ownership. So this project, while providing very affordable family housing, will also create homeowners. This is a shining example of what can be done through public private partnerships and we are thrilled to have played a role in its development.

I am happy to answer any questions you may have. Thank you.

ADDITIONAL MATERIAL SUPPLIED FOR THE RECORD

BLACKFEET HOUSING

PO Box 449 · Browning · Montana 59417 (406) 338-5031 www.blackfeethousing.com

BLACKFEET HOUSING
POSITION PAPER ON

The Need for a Congressional oversight hearing on USDA housing programs

JULY 2012

INTRODUCTION

The Blackfeet Reservation consists of 1.3 million acres of Tribal Trust land and Fee Simple land. The reservation is home to an estimated 17,220 residents. Due to the unique land status of the Blackfeet Reservation: traditional lending sources are unpractical and virtually non-existent on the reservation. For these reasons the Blackfeet Tribe (i.e. Blackfeet Housing) is the entity responsible for providing and managing the majority of housing on the Blackfeet Reservation.

Given the poverty and 80 percent unemployment on the Blackfeet Reservation many children go without basic necessities, including a warm, safe home. There are 263 Blackfeet families waiting for housing and 153 Blackfeet veterans, disabled veterans, families and college students on the Rental Assistance Voucher waiting list. Because of our culture we do not have homelessness, what we have is overcrowding. (i.e. two bedroom units could have 10 people living in them.)

Blackfeet Housing maintains 1,006 homes on the Blackfeet Reservation. The majority of these homes are sub-standard, 25-33 years old with high up keep costs, many have the original furnace. Current NAHASDA funding of $6,967,222.00 allows for approximately $3,809.00 per unit to address maintenance. Proposed NAHASDA funding cuts of 17 percent would decrease funding by $1,184,428 this would decrease maintenance allowance per home to $2,631.00. Proposed decrease in funding would be devastating to the Blackfeet Reservation.

Blackfeet Housing has 225 homes that have wooden foundations with families still residing in the homes. These wooden foundations life's span has been determined to be very short. These homes were HUD approved homes built between 1977 and 1980. The engineer indicated that many of these foundations can be expected to fail. Blackfeet Housing recently, had an environmental test conducted to identify the level of contamination in wooden foundation homes. The results were very alarming, the Blackfeet Nation needs Congress' aid to alleviate the health and safety dangers that these wooden foundation homes present.

Blackfeet Housing's fiscal year is January 1 – December 31, funding is typically received between April 1 – May 31. This forces Blackfeet Housing to operate anywhere from 16-18 months on a 12 month budget. Theoretically, our budget should be completely expended by December 31 to justify a need for an increase in funding. Blackfeet Housing is not only penalized for staying within a budget but less funding for maintenance is actually realized per home.

The BLACKFEET TRIBE, and other Tribes across the country, had high hopes when the Native American Housing Assistance and Self-Determination Act of 1996 (NAHASDA) (P.L. 104-330) was enacted. With its emphasis on self-determination, this new Act gave Blackfeet Housing, through its Tribally-Designated Housing Entity (TDHE), the authority to put its housing funds to work in ways that best served our tribal community, an integral part of which was the ability to leverage those funds with other private and public funds.

This premise for self-determination and an emphasis on leveraging was at the heart of the 1992 report from the *National Commission on American Indian, Alaska Native, and Native Hawaiian Housing*, titled "Building the Future: A Blueprint for Change," as well as its follow up "Supplemental Report and Native American Housing Improvements Legislative Initiative," published in 1993. An additional factor outlined by the Commission report was that Indian Tribes would not make significant progress in addressing their housing and community development needs until they had full access to the resources enjoyed by the rest of rural America. Many of the Commission's recommendations found their way into NAHASDA, which was enacted five years after the Commission report.

Once they began to implement the new Act, Tribes immediately recognized that leveraging NAHASDA funds would allow them to multiply the effect of each housing dollar spent. It was the understanding of many of those who worked for enactment of NAHASDA that the Indian Housing Block Grant program would create an environment for collaboration with other funders, particularly other federal agencies, who had common goals of not only providing shelter, but of building stronger communities and facilitating the creation of private capital markets in Indian Country. NAHASDA Funds were to serve as leverage capital for tribes to attract new financing opportunities. Unfortunately, these efforts have been hampered by fragmentation of authority and responsibility and by a lack of timeliness and coordination of resources. The relationship between the Tribes and these other agencies has therefore remained much the same, with Tribes still relying almost exclusively on HUD grant funds for housing activities.

It would be unfair to blame the lack of success only on the agencies and lenders failing to extend their service to Indian Country. Tribes must accept a certain level of responsibility for not

recognizing their capacity weaknesses and not dedicating adequate resources to seeking and adapting to new funding mechanisms. That being said. HUD headquarters and its eight regional offices have not exactly encouraged tribes and TDHEs to use their NAHASDA funding to identify and leverage unconventional resources. In fact. many regional ONAP offices have discouraged tribes from attempting non-traditional housing development that would involve partial NAHASDA funding.

The BLACKFEET HOUSING. TDHE for the Blackfeet Tribe, has been working hard for many years to utilize a variety of funding sources to fund its housing activities. including non-NAHASDA grants, low-income housing tax credits and Tribal resources. However, they have also set their sights on utilizing funding from other agencies, including USDA. In the last few years Blackfeet Housing has tried to make progress to make USDA funding more tribal-friendly, significant barriers still exist at the state level where funding is distributed. In spite of initially responding to Commission initiatives and establishing Native American outreach, few USDA offices met Native American goals established in the late 1990's. In fact, Montana has recently phased out their Native American Coordinator position in spite of little success in matching USDA Rural Development's resources with huge unmet need on Montana's Indian Reservations.

In the past the Blackfeet Tribe has applied for and successfully utilized USDA Rural Utilities Service (RUS) loans and grants to build and improve water systems. In addition, USDA has provided limited 515 Housing Program funds. We are grateful for that assistance. We have also requested funds on several occasions that were not successful. We desperately need the resources that USDA provides in the area of water/sewer improvement, solid waste, other community facilities, and economic development as well as the potential benefits of the several USDA Rural Housing Services.

Whenever tribal leaders or their housing professionals attend events where information is presented on USDA Rural Development programs we inevitably hear how USDA Rural Development Programs can build entire rural communities. We hear about programs that can build housing, roads. water and sewer infrastructure, and community buildings, provide police and fire vehicles and storage buildings, economic development programs etc. In Montana we have asked for information on how much of the USDA Rural Development programs funding is targeted for the seven reservations in Montana. Those questions go unanswered still. A conservative estimate is that about 7% of Montana's population is members of one of the seven Indian reservations. Considering the fact that only 50% of Montana's residents qualify as rural and therefore are eligible to participate in USDA programs; the number of Indians that are eligible jumps to 14%, all reservations in Montana qualify for USDA programs. We suggest that 15% of the total allocation of USDA funding for Montana be set aside and reserved for the Reservations.

PROPOSAL

Tribes believe that effective development in tribal communities depends on cooperative arrangements among the Federal agencies that allow for the ability to combine resources. In fact, it would appear that without such combination of funding sources and inter-agency collaboration, Tribes will be unable to offer a full menu of housing products to build on the substantial progress made since the enactment of NAHASDA.

USDA Rural Development has many programs and resources that are targeted for the low income populace of rural America. Indian tribes, for the most part, reside in rural America and poverty in Indian Country is well documented. Our hope is that a Congressional Oversight Hearing could be conducted in Montana that would allow tribes to testify to the barriers that exist in the utilization of USDA Rural Development programs. One of the many barriers to utilization of USDA programs in Indian Country is that the programs do not anticipate the use of the programs on Trust Land where approvals of leases and encumbrances can be hard to obtain.

In the state of Montana back in the 1990's the state director met with tribal leaders and goals where set for use of USDA programs on the seven reservations in Montana. NCTHA still has a copy of the plan documents, but again there have never been any changes to the program regulations to allow for use on our reservations and the obstacles that exist to their utilization.

It is our hope and intent that a Congressional Oversight Hearing would lead to proposed changes that could be included in this year's Farm Bill that would call for regulatory changes that would make USDA programs more accessible and usable for tribes. In addition, we would welcome a focus by USDA, possibly a separate title and administration to overcome identified barriers and to equalize funding.

Respectfully,

Chancy C. Kittson
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