

Prepared Statement of the National American Indian Housing Council

Presented by
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Senate Committee on Indian Affairs

Oversight Hearing on the President's Fiscal Year 2007 Budget Request for Indian Programs

February 14, 2006

Good afternoon Chairman McCain, Vice Chairman Dorgan, and members of the Committee. My name is Cheryl Parish and I am pleased to appear before you today as the Secretary of the National American Indian Housing Council (NAIHC). On behalf of the NAIHC, its membership, and its Board of Directors, I want to thank you for this opportunity to address you today on the President's Budget Request for Fiscal Year 2007 as it relates to Indian housing and housing-related community development. First though, I want to express our gratitude to you and your capable staff for this Committee's long-standing support for our efforts to provide safe, decent, and affordable housing for Native people.

Mr. Chairman, this Committee does not need to be reminded of the dire economic and social conditions on Indian reservations and in Native communities in Alaska and Hawaii. But it seems that others in Congress and elsewhere do not have a firm grasp of the situation and accordingly I will reiterate that Native Americans are three times more likely to live in overcrowded housing than other Americans. Native Americans are more likely to lack basic sewage and water systems, and more likely to lack telephone lines and electricity than other Americans. I challenge our friends in the press who have a never-ending appetite to write about Indian gaming and "rich tribes" to visit the poor, rural tribes of the Great Plains, the vast Navajo Nation, and the remote Native villages in bush Alaska to see that in 2006, poverty still has an Indian face.

THE PRESIDENT'S BUDGET REQUEST FOR FY2007

The FY2007 appropriations cycle began last Tuesday when the President sent a \$2.77 trillion Budget Request to the Congress. As we all know, the costs of the war on terror and homeland security have put enormous strain on the Federal budget. As a result, funding for the Native American Housing Block Grant ("NAHBG") --- the core Federal housing program for Native people --- has witnessed a steady erosion of support for the last 6 fiscal years. For instance, the President's FY2006 Budget Request proposed the lowest amount of funding for Indian housing programs since the enactment of the NAHASDA in 1996. Funding for basic housing services would have been reduced by

more than \$100 million, a 15% reduction Indian tribes could ill afford. It was a situation that we were pleased to see this Committee help reverse in the final FY2006 appropriation.

With the FY2007 Budget Request, the President seeks \$625.7 million for the NAHBG. In addition, and unlike the FY2006 Budget Request, the President proposes to preserve the Indian Community Development Block Grant (“ICDBG”) in the larger Community Development Fund and seeks to fund it with \$57.4 million. While the President’s request for the NAHBG largely matches the appropriated levels for FY2006, reductions in purchasing power will result with the high cost of energy pushing the inflation rate to 3.4%. Higher prices for building materials, labor, and other inputs make the construction industry particularly vulnerable to inflation. Taken together, level funding (or a funding level that is slightly less than the previous year’s amounts) coupled with inflation and a strong and growing demand for housing in the Native community means that fewer homes will be built using Federal funds.

The bottom line, Mr. Chairman, is that while we are pleased that the FY2007 Budget Request does not include the kind of cuts proposed in last year’s Budget Request, we remain very concerned with the funding level and the ability of Indian housing authorities and tribally-designated housing entities to make meaningful gains in home construction for their members.

Nonetheless, I would be doing the Committee as well as the Indian people I represent a disservice if I did not relay to you my deep and continuing frustration with the level of Federal support for the housing programs I have come to talk about today. While I am all for building schools and hospitals and homes in Iraq and Afghanistan, I believe the President and the Congress should consider our needs. After all, Indian tribes are owed the solemn obligations of the U.S. Government and these promises should not yield to our overseas commitments.

We understand fiscal year 2007 will again see one of the tightest budgets in history, and Congress will have to take extra consideration when weighing all domestic programs. But we ask that when making these funding decisions, Congress keep in mind that inflation has steadily risen over the past four years, the cost of construction continues to increase, and the Indian population is growing.

INDIAN HOUSING AND THE NATIVE AMERICAN HOUSING BLOCK GRANT

Since the enactment of the Native American Housing Assistance and Self-Determination Act (“NAHASDA”) in 1996, this Committee has continually shown unwavering support for tribal housing programs and the people they serve. The Committee has shepherded 4 sets of amendments and 1 reauthorization through the Congress since 1998. Your efforts have strengthened the NAHASDA and improved the delivery of housing to Native people. Money is not the answer to all problems, Mr. Chairman, but building housing and related infrastructure is one area that is dependent on ample funding.

Native America is a diverse place: because of its varied cultures, economies and geographies, the housing needs in these communities are extensive and varied. Basic infrastructure, low-rent housing, homeownership and housing counseling services are all essential. The NAHASDA is grounded in Indian self determination and tribal self governance and, accordingly, the NAHBG allows an appropriate degree of flexibility to supply housing as local conditions demand and in a way designed by the tribes themselves. For example, my housing authority recently completed a desperately needed elder center through a combination of NAHASDA funds, ICDBG funds, and Tribal funds, a center that retains our cultural knowledge, cultural history, and cultural identity. A recent Harvard University study has shown, tribes have accomplished much with little resources, due in large part to self-determination. According to the *American Indians on Reservations: A Databook of Socioeconomic Change Between the 1990 and 2000 Censuses*, housing overcrowding decreased during the past decade, particularly in areas without gaming, and the percentage of Native people living in homes without plumbing increased in gaming and non-gaming areas. The report went on to suggest that “[s]elf-rule to Tribes can bring, and has brought, improvements in program efficiency, enterprise competency, and socioeconomic conditions”.

Like the demographics of the developing nations of the world, the Native population is young and growing at a fast rate. Younger populations have strong demands for health care, education, and housing. To meet the current housing and infrastructure demands, the NAIHC estimates that at least \$1.1 billion *per year* in funding is needed for the NAHBG. A reasonable start for FY2007 would be \$748 million and the Budget Request proposes \$625.4 million, a one-year funding gap of \$123 million.

In addition to the funding levels, the NAIHC is alarmed that language changing the housing funding allocation formula is included in the FY2007 Budget Request. The language was included --- without tribal consultation and over the strong objection of the NAIHC --- in the final FY2006 appropriations. This language deals with the “need” for housing funding as calculated by the Department of Housing and Urban Development (“HUD”) and requires an interpretation by the HUD of the responses of tribal members to the 2000 Decennial Census in calculating the tribes’ relative “need” for housing assistance. Because changes to the funding formula necessarily implicate the statutory language of the NAHASDA and therefore this Committee’s jurisdiction, the NAIHC has consistently taken the position that the matter is properly one for the authorizing committees of the Congress, the tribes, and the HUD. The NAIHC believes that the integrity of the legislative process is at stake, urges the Committee to wrest control of this matter from the appropriators, and pledges our support for discussions of these matters within this Committee and its sister Committees.

INCREASING INDIAN HOMEOWNERSHIP AND MORTGAGE FINANCING

Mr. Chairman, I want to stress that the NAIHC is not solely interested in federal grants Indian homes. We see a future in providing homes for ourselves in the same manner that all citizens of this country help themselves purchase a home through the use of mortgage financing. Programs such as Title VI, which under NAHASDA allows a Tribe or tribal

housing authority to leverage their block grant with a 95% federal government guarantee, and section 184, a program designed to assist Native people in achieving homeownership with a 100% federal government guarantee, are crucial in assisting Tribes and Indian people achieve the American dream of owning one's own home. Indian people do not want handouts; we want opportunity and responsibility that accompanies such opportunity. NAIHC is encouraged to see that the President has remained committed to both of these loan programs through level funding of the Title VI program and by a tripling of the Section 184 funds. The White Mountain Apache Housing Authority used a creative financing plan to develop over 350 new units in less than five years with complete infrastructure and fire retardation through the use of the Title VI program to leverage Section 184 loans. Under traditional funding programs the Tribe's project known as "Apache Dawn" would not exist. Using only the NAHBG the White Mountain Apache Housing Authority would have only produced roughly 40 homes in that same time window. Again, when people own homes they own a future, homes provide stability for a family, shelter for educating our children, and collateral for our tribal people.

COMMUNITY DEVELOPMENT AND THE INDIAN CDBG

The Indian Community Development Block Grant ("ICDBG") program is an important tool for the tribes in developing physical infrastructure and related economic opportunities. A competitive grant program, it has different goals and functions than NAHASDA, which is allocated according to a formula and addresses basic housing development needs for the tribes. NAIHC believes that both to develop effective housing strategies and for the economic development needed to support homeownership and job creation, the ICDBG should be funded at least at the inflationary adjusted level of \$77 million and be kept as a separate account.

THE INDIAN INFRASTRUCTURE INITIATIVE

In 2004, according to the Indian Health Service, 40,299 Indian homes lack safe drinking water and/or sewage. IHS has stated that this number is increasing "due to inflation, population growth, the age and condition of existing infrastructures, high numbers of new and like-new housing, and new environmental regulations including the Arsenic and Surface Water Treatment rules promulgated by the EPA." Currently roughly 12% of American Indian/ Alaska Native homes are without a safe and reliable water supply. Safe drinking water is essential in preventing the spread of several diseases including, hepatitis, typhoid, cholera, and paratyphoid. The gastrointestinal death rate for American Indian and Alaska Natives, according to the IHS, as recently as 1995 was 40% higher than the rate for all other races in the United States. Providing a home without safe-drinking water and sewer is not providing safe environment. IHS stipulates that 307, 584 Indian homes need either: safe-drinking water, sewage, and solid waste disposal or a combination of those amenities at a cost of \$1,861,009,747.

Many federal agencies have established programs that authorize them to distribute funds for the development of infrastructure in Indian communities. Although there is a proven

dire need for infrastructure in tribal communities, tribes are often not able to tap into these funding sources due to agency regulations and policies that restrict dispersing the funds to NAHASDA Block Grant recipients.

For instance, under NAHASDA, HUD no longer earmarks a portion of housing funds to pay for infrastructure. Tribes must make the decision of whether to use their limited NAHASDA funds to build homes to relieve overcrowded conditions, or to make needed improvements to infrastructure for existing homes. The immediate need for housing usually wins out. This combined with the limitations on the ability of IHS to provide funds to serve HUD funded homes with sanitation facilities, and, under NAHASDA, the elimination of the requirement for IHS review of proposed sites for water and sewer feasibility has created incredible strains on water and sewer infrastructure in Indian country. Furthermore, most current housing programs use a variety of funding sources from various agencies. Forcing tribes to differentiate among the programs for providing infrastructure causes an unnecessary accounting and engineering burden and makes no sense when attempting to build communities.

To help alleviate these problems, NAIHC has been working with EPA, HHS, HUD, USDA, IHS, DOI, and the Department of State in securing the Infrastructure Memorandum of Understanding that would require cooperation and collaboration among the federal agencies in carrying out the federal government's commitment to the Johannesburg Treaty. The Johannesburg Treaty highlighted the need for safe drinking water and basic sanitation and the United States became committed to supporting this international obligation as a signatory party. NAIHC urges that Congress appropriate sufficient funds to upgrade Indian housing to at least 21st century infrastructure levels, and to seek innovative new ways to finance infrastructure in Indian communities.

BIA HOUSING IMPROVEMENT PROGRAM

Prior to the involvement of the HUD in Indian housing, the Bureau of Indian Affairs administered the Housing Improvement Program ("HIP"). Even after the enactment of the NAHASDA block grant, however, the BIA's HIP program plays an important role in rehabilitating and repairing Indian housing. With much of the housing stock in Indian country is either aging or was cheaply built in the first place, rehabilitation and repair are therefore some of the most desperately needed services. Funding for the HIP has hovered around \$20 million a year for several years. Because of its success, the NAIHC urges that the HIP be increased to at least \$35 million per year to supplement other housing efforts.

TECHNICAL ASSISTANCE

The President has again proposed reducing technical assistance funding to implement the NAHASDA in FY2007 by *eliminating* both the NAHBG set-aside and the CDBG set-aside for the NAIHC. NAIHC's technical assistance programs complement HUD's technical assistance funding. The final FY2006 appropriations included \$2 million for technical assistance programs for the NAIHC. HUD's Native American Housing Block Grant is not an easy program to administer and for those tribes with limited funds and / or

limited experience, navigating the NAHBG and HUD's bureaucracy can be daunting. For many years Congress has placed its faith in NAIHC to provide technical assistance and training to all tribes, not just NAIHC members. In particular, small tribes across the country are in desperate need of on-site support and training. HUD is simply unable to address this need when their job is to administer and provide oversight for the program. In fact, the United East and Southern Tribes tribal leaders, just last week, passed a resolution stating that NAIHC technical assistance and training is the preferred assistance of Indian housing for these tribes. Listed below are the major items funded by the \$2.2 million in technical assistance NAHBG set-aside in FY2004:

TA funding for Scholarships. In 2004, the NAIHC awarded **592** scholarships for tribal housing staff to attend NAHASDA-related training opportunities offered by NAIHC and HUD's Office of Native American Programs ("ONAP"). Scholarships provide an opportunity for Indian housing professionals to attend training on subjects relevant to Indian housing that they might not otherwise be able to afford. While this program is geared towards the staff of smaller tribes and tribally designated housing entities, all tribes and tribally designated housing entities are eligible for some level of scholarship assistance.

TA funding for Training. In 2004, NAIHC offered 43 free classroom sessions in subject matter areas that were relevant to running a successful Indian housing program. Classes ranged in length from 2 to 4 days depending on the complexity of the subject matter. In 2004, 654 individuals registered to attend these training sessions. Course topics covered included Tax Credit Compliance, Construction Contract Documents Orientation, and Executive Directors Orientation. NAIHC expanded its specialty training workshops in 2004 with the addition of its homebuyer education program, *Pathways Home: A Native Homeownership Guide*. Indian housing employees who complete the *Pathways Home* course become certified homebuyer instructors who then are certified to help other Native people along the path to homeownership.

The NAIHC also offers cutting-edge training programs. There is very strong demand for technical assistance and training on the Methamphetamine problem plaguing tribal housing programs, suggesting that this is one of the biggest challenges to tribes in the nation. Between April and December 2005, the NAIHC conducted 32 methamphetamine seminars with 1,900 people in attendance. There is no sign of demand for this program slackening: for the first three months of 2006, we have an additional 15 seminars scheduled. Feedback from those tribes and housing programs that have already hosted these seminars has been overwhelmingly positive. As an example, an article published this reporting period by the Executive Director of the Round Valley Housing Authority in its local tribal newspaper was highly supportive and appreciative of NAIHC's efforts in this area. Additionally, articles on this subject matter that have been published by the NAIHC have been subsequently picked up and expanded on by other national publications such as *Indian Country Today*, *Native American Times*. They have also been featured on *Native American Calling* radio show.

TA funding for Training at Convention / Legal Symposium. In addition to the formal classroom sessions offered by NAIHC, NAHASDA related training tracks were also offered at our 2005 Annual Convention and 2005 Legal Symposium. NAIHC's technical assistance programs are widely used and the Federal funds making them possible s being put to good use.

Using the CDBG technical assistance funding, NAIHC provided on-site technical assistance to over 135 tribes in 2004 alone, supplemented by more than 215 emails and phone calls. Approximately 408 tribal housing staff attended training courses as part of NAIHC's Leadership Institute, separate from those courses mentioned above. The Leadership Institute provides courses in four different tracks: *Housing Management Services; Administration and Planning; Development & Modernization; and Model Activities/Electives.*

Despite these activities, the FY2007 Budget Request proposes that technical assistance to the NAIHC be zeroed out. Tribal capacity will improve only when there is training and other assistance provided. To make this block grant program work efficiently, recipients must have access to assistance. NAIHC is able to show precisely how it has used its federal funding for the betterment of tribal housing programs. The NAIHC believes its track record of success and promise of assisting tribes in the future warrants funding of \$5 million in FY2007 for technical assistance, but only if the NAHASDA and ICDBG programs are fully funded.

BUSINESS MODEL FOR INDIAN COUNTRY

NAIHC has embarked on a new initiative with other tribal organizations to develop what we are calling a "business plan" for Indian country. We all know that housing does not exist in a void, nor does infrastructure, health care, education, transportation, etc. but that they exist in a system. Housing conditions impact health care, as overcrowding creates a great environment for sickness to spread from the common cold to the more harmful, or that children living in these overcrowded conditions cannot easily attend school when sickness is spread or concentrate when there is no room to study. It is with this approach that NAIHC proposes a new concept on Indian funding. By building a business model that would infuse Indian country economies by correlating the costs of constructing and implementing these systems for today and the next five years. IHS has stated that for every dollar spent on sanitation \$4-8 dollars are saved in health care cost; imagine the savings if overcrowding was solved for IHS and for Congress. Once an amount is calculated that would meet the current "need," for housing that is estimated at \$20 billion for roughly 200,000 homes, Indian country would look to Congress for the "start-up" capital. Like any business model, to object is to forecast when Tribe's will achieve self-sustaining economies. The NAIHC seeks a partnership with Congress in drafting this model, through collection of the data that is currently available through the agencies, and funding the research, education, and modeling necessary to determine the true "need" for each federally recognized tribe.

CONCLUSION

Mr. Chairman, in closing, the NAIHC understands that our great nation will always face times of danger and uncertainty and that the temptation is to downplay the needs of Native people when the budget cycles begin. The NAIHC urges you to not forget the desperate housing conditions most Native people endure day after day.

I would again like to thank you Mr. Chairman and Vice Chairman Dorgan for your long-standing support for Indian housing programs and we look forward to working with you in the coming congressional session.

I would be happy to answer any questions you may have.

The National American Indian Housing Council is a 501(c)(3) organization representing tribes and tribal housing organization nationwide. It operates a national technical assistance and training program as well as the Native American Housing Resource Center in Washington, DC through an appropriation from the Congress administered by HUD. NAIHC's offices are at 50 F Street, NE, Suite 3300, Washington, DC 20001; phone: (202) 789-1754, fax: (202) 789-1758; <http://www.naihc.net>.