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BEFORE THE
COMMITTEE ON INDIAN AFFAIRS
UNITED STATES SENATE

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INTRODUCTION

Good Morning Chairwoman Cantwell, Vice Chairman Barrasso, and Members of the Committee. Thank you for inviting me to provide comments on how HUD's Indian housing, loan guarantee, and community development programs provide the tools for us to work in partnership with Indian tribes to identify barriers and find solutions to further the development and prosperity of Indian and Alaska Native communities.

It is a pleasure to appear before you, and I would like to express HUD's appreciation for your continuing efforts to improve the housing conditions of American Indians, Alaska Natives, and Native Hawaiians.

My name is Rodger Boyd, and I am Deputy Assistant Secretary for the Office of Native American Programs (ONAP) at HUD. ONAP is responsible for the management, operation, and oversight of HUD's Native American, Alaska Native and Native Hawaiian programs.

These programs are available to 566 federally recognized Indian tribes; 5 state-recognized tribes, formerly eligible under the United State Housing Act of 1937; and the State of Hawaii's Department of Hawaiian Home Lands. We serve these entities directly, or through their tribally designated housing entities (TDHEs), by providing grants and loan guarantees designed to support affordable housing and community development activities, as well as identifying other HUD programs that our clients may access. Our partners are diverse; they are located on Indian reservations, in Alaska Native Villages, and on the Hawaiian home lands.

From HUD's perspective, our Indian housing programs are making great progress in providing housing to Indian families across the country because we do not take a "one-size-fits-all" approach to Indian Country. Our programs provide the flexibility for our grant and loan recipients to tailor their housing programs to address their unique housing and economic development needs. We continue to build upon the programs by identifying new ways to work in partnership with tribes as we work together to help build a better living environment in Native American communities through creating sustainable tribal communities and tribal economies.

Housing Need in Indian Country

To effectively administer Indian housing programs, it is vital to understand the current state of housing in Indian Country. In order to do so, HUD, through its office of Policy Development and Research, is developing a study on the extent of housing needs

in Indian Country and for Native Hawaiians in Hawaii. The last comparable study was conducted in 1996.

OVERVIEW OF HUD NATIVE AMERICAN AND NATIVE HAWAIIAN PROGRAMS

Increasing homeownership and providing safe, culturally-appropriate housing in Indian Country is top priority. Our Native American housing and loan guarantee programs are the basis for accomplishing this within Indian Country.

HUD administers four programs specifically targeted to American Indian and Alaska Native individuals and families:

- The Indian Housing Block Grant program
- The Federal Guarantees for Financing Tribal Housing Activities, also known as the Title VI Loan Guarantee program
- The Loan Guarantees for Indian Housing program, also known as the Section 184 Loan Guarantee program, and the
- Indian Community Development Block Grant program (ICDBG).

In implementing these programs, the Department recognizes the right of tribal self-governance and the unique relationship between the federal government and tribal governments, established by long-standing treaties, court decisions, statutes, Executive Orders, and the United States Constitution. Each of the 566 federally recognized tribes has its own culture, traditions, and government. The Department strives to balance respect for these individual tribes with regulations and procedures that ensure accountability and consistency.

HUD also administers two programs specifically targeted to Native Hawaiians eligible to reside on the Hawaiian home lands – the ***Native Hawaiian Housing Block Grant*** and the ***Native Hawaiian Loan Guarantee Program***. The block grant program for Native Hawaiians is administered through the State of Hawaii's Department of Hawaiian Home Lands, and is augmented by the home loan guarantee program.

INDIAN HOUSING BLOCK GRANT (IHBG) PROGRAM

The Native American Housing Assistance and Self-Determination Act of 1996, as amended, or NAHASDA, provides formula-based housing block grant assistance to Indian tribes or their tribally designated housing entities through the Indian Housing

Block Grant Program (IHBG). Prior to NAHASDA, Indian housing authorities received funds under the authority of the United States Housing Act of 1937, as amended (1937 Act).

The IHBG is ONAP's largest program, both in terms of dollars appropriated and population served. Grants are awarded to eligible Indian tribes or their tribally designated housing entities (TDHE) for a range of affordable housing activities that primarily benefit low-income Indian families living on Indian reservations or in other Indian service areas. The amount of each grant is based on a formula that considers local needs and the number of units developed with 1937 Housing Act funding that are currently managed by the tribe or its tribally designated housing entity.

The IHBG formula was developed by a negotiated rulemaking committee composed of representatives from HUD and from tribes across the country. Program regulations require that HUD periodically review the allocation formula with the consultation and involvement of the tribes. We are now in the process of reviewing nominations for the next formula negotiated rulemaking committee, and we expect to hold the first meeting this summer.

The block grant approach offers each tribe the flexibility to design, implement, and administer unique, innovative housing programs, based on local need. Grantees have received more than \$9.9 billion in 16 years of funding (1998 – 2013), and with few exceptions, have been using the funds in a timely and effective manner. Overall, the IHBG program has a 94 percent expenditure rate.

Under the Recovery Act of 2009, our recipients spent nearly 100 percent of the \$520 million received within the prescribed 3-year period. Recovery Act funds made possible the development of almost 2,000 new affordable units, and more than 13,000 were substantially rehabilitated. Energy conservation enhancements made more than 2,300 affordable units energy efficient.

As of March 2013, IHBG recipients had built or acquired more than 35,000 affordable housing units in Indian Country, and substantially rehabilitated more than 65,000 since the inception of the program in 1998. IHBG recipients also currently maintain more than 52,000 "HUD units" that were funded before NAHASDA was enacted.

Tribal recipients have been very innovative in their use of IHBG funds, particularly in the areas of energy efficiency and green projects. For example, the Ho-Chunk Housing Authority of Wisconsin has developed housing projects that include

green, energy-efficiency enhancements, including super-insulation, passive-solar design, geothermal systems, and solar hot-water heaters.

The Choctaw Housing Authority of Oklahoma has recently built 24 new units that are all Energy Star Certified.

Just one year ago, the Tlingit-Haida Regional Housing Authority, in Juneau, Alaska, celebrated the Grand Opening of its Five Star Plus, energy efficient Saxman Senior Center. And the Ketchikan community, in southeast Alaska completed a 12-unit, condo-style building to house elders, which is the first building in that area to be certified LEED Silver.

The Puyallup Tribe in Tacoma has 10 units of new affordable housing that is certified LEED Platinum.

The Isleta Pueblo in New Mexico has used the innovative method of lava block construction to build 20 single-family homes. They realized a 50 percent cost savings over conventional construction techniques. The homes have maintenance-free exteriors, Energy Star appliances and fixtures, and the materials are termite-resistant and impervious to wind damage. The development created job training and employment opportunities for local community.

These are just a few examples of the thoughtful, and forward-thinking designs that our tribal grantees have incorporated into their low-income housing projects, emphasizing sustainability and responsible stewardship of natural resources.

We have seen the great strides that have been made in Indian housing under this seminal piece of Indian legislation, even in challenging fiscal environments. Therefore, HUD strongly supports the reauthorization of NAHASDA this year.

TITLE VI LOAN GUARANTEE FUND
(Federal Guarantees for Financing for Tribal Housing Activities)

NAHASDA also authorizes the Title VI program, which offers recipients of the IHBG (tribes and their TDHEs) a loan guarantee program that encourages long-term projects and the leveraging of a variety of funding sources. Under Title VI, HUD can guarantee 95 percent of a loan for affordable housing activities. Borrowers pledge a portion of their current and future IHBG funds as security. This program has provided an incentive for lenders to get involved in the development of tribal housing.

Since its first year of funding, in the year 2000, 72 Title VI loans have been guaranteed by HUD for about \$180 million. These loans have financed more than 2,700 affordable homes, and enabled borrowers to leverage almost \$74.7 million for housing and community development.

SECTION 184 INDIAN HOUSING LOAN GUARANTEE FUND (Section 184)

The Section 184 program was authorized by the Housing and Community Development Act of 1992, as amended. Like NAHASDA, HUD strongly supports the reauthorization of this program this year. Since its inception, the program has guaranteed more than 20,800 loans with a total value of \$3.32 billion.

Section 184 is a single-family mortgage loan program that provides a 100 percent guarantee for private mortgage loans issued to eligible borrowers. Eligible borrowers include American Indian and Alaska Native families and individuals, Indian tribes, and TDHEs. There are no income limits. Loans are used to purchase, construct, rehabilitate, refinance, or purchase and rehabilitate a home located on a reservation or within an Indian area. A one-time, guarantee fee is charged; it can be financed or paid in cash at closing. The maximum mortgage term is 30 years.

INDIAN COMMUNITY DEVELOPMENT BLOCK GRANT (ICDBG) PROGRAM

The ICDBG program provides federal aid for Indian tribes and Alaska Native Villages to develop viable Native American communities. Competitive grants are awarded to eligible Indian tribes and Alaska Native Villages to improve the housing stock, provide community facilities, make infrastructure improvements, fund micro-enterprises, and expand job opportunities. Eligible activities include housing rehabilitation, acquisition of land for housing, and assistance for homeownership opportunities for low- and moderate-income persons, construction of single- or multi-use facilities, streets and public facilities, and economic development projects—especially those sponsored by nonprofit tribal organizations or local development corporations.

In the last 20 years, Indian Country has received more than \$1.2 billion in ICDBGs. In the last 5 years, recipients have used ICDBGs for a variety of projects, including the substantial rehabilitation of more than 2,000 affordable housing units, and the construction of almost 200 community buildings for the benefit of low-income housing residents.

In FY 2012, 76 recipients received more than \$56.2 million to fund projects that will improve their communities. A tribe in Wisconsin plans to use its 2012 ICDBG to install solar photovoltaic panels on low-income, single-family homes and apartments to decrease energy costs. A tribe in Alaska will build a group home to reduce the number of homeless native youths. A tribe in California will upgrade its reservation's old sewer lines. And a tribe in Iowa will construct a travel center/truck stop that will include a convenience store, a branch bank, and car and truck fueling stations.

In FY 2012, more than \$3 million in ICDBG funds were also awarded to nine recipients to address emergencies and imminent threats to their communities, such as floods, fires, windstorms, and contaminated water systems.

NATIVE HAWAIIAN HOUSING BLOCK GRANT PROGRAM (NHHBG)

The NHHBG program, Title VIII of NAHASDA, was authorized by the Hawaiian Home Lands Homeownership Act of 2000. The Department of Hawaiian Home Lands (DHHL) is the sole recipient. The NHHBG is designed to primarily benefit low-income Native Hawaiians who are eligible to reside on the Hawaiian home lands. Eligible activities are the same as for the IHBG program. DHHL provides many housing services, including counseling and technical assistance to prepare families for home purchase and ownership. About 90 percent of NHHBG funds have been used to build new homes and develop the related infrastructure.

In 8 years of program activity (2005 – 2012), more than 500 affordable homes have been built, acquired, or substantially rehabilitated on the Hawaiian home lands. Approximately 1,400 individuals and families have received pre-and post-homebuyer education, financial literacy training, and/or self-help home repair training to sustain safe, decent housing. Three community centers have been rehabbed, and more than 300 lots have been improved with infrastructure to support construction of new homes.

The Department of Hawaiian Home Lands continues to work successfully with many Hawaiian organizations, civic groups, and service agencies in the public, private, and government sectors. Partners have included the Habitat for Humanity, the County of Hawaii, the Council for Native Hawaiian Advancement, the U.S. Department of Agriculture—Rural Development, and many others.

HUD strongly supports the reauthorization of this highly successful block grant program.

Section 184A – Native Hawaiian Loan Guarantee Program

Section 184A was established by Section 514 of the American Homeownership and Economic Opportunity Act of 2000, which amended the Housing and Community Development Act of 1992. The program is similar to Section 184, but is intended for Native Hawaiians eligible to reside on the Hawaiian home lands. In its 8 years of operation, the program has guaranteed 276 loans for more than \$69.5 million.

HELPING TRIBAL COMMUNITIES SUCCEED IN AFFORDABLE HOUSING AND ECONOMIC DEVELOPMENT

We would like to share with you some perspectives on how tribal communities overcome barriers to Indian housing development and succeed.

We encourage tribes to look to federal resources such as HUD's Indian Housing Block Grant and Title VI programs, but to also consider other opportunities. Tribes and TDHEs are looking beyond just building individual houses and are becoming more strategic in their efforts to create more sustainability in their economics and communities.

Tribes from the southwest to the northeast have leveraged HUD programs outside of ONAP such as the those sponsored by the Office of Sustainable Housing and Communities, and Green Construction grants administered by HUD's Office of Policy Development and Research.

Additionally, Tribes are applying for and receiving assistance from federal and state programs that support housing, such as grants or loans from Federal Home Loan Banks, USDA's Rural Development, and the Department of Energy. In addition, they are receiving allocations of Low Income Housing Tax Credits that can attract investment to Tribe-sponsored affordable housing projects.

We have engaged in marketing and outreach activities designed to make tribes and TDHEs more familiar with our programs, particularly those with federal guarantees to lower the risks that have traditionally made the private sector shy away from partnering with tribes.

We can also assist with advice on how to leverage private-sector capital to create more housing on reservations. As we move forward, we're cognizant of, and will work within, the government-to-government relationship that exists between this Department and the Federally recognized Indian tribes we serve.

For various reasons, housing development on reservations has been viewed by many as a "social program," and not as an engine for economic development. We need

to advance our collaboration with tribes, other Federal agencies, and the private sector to clearly establish housing development as a key component, a building block, in the creation of sustainable economies on Indian reservations.

Over many years, we have concentrated on the development and management of HUD-assisted housing; now we need to develop the capacity to expand beyond that. Through the leveraging of federal financial resources with private capital, we can create greater opportunities for housing, new businesses and jobs . . . all contributing to the creation of sustainable economies.

We have identified some key building blocks to establish the foundation for developing more sustainable economies. These are:

- creating institutions
- investing in human capital
- strengthening legal frameworks
- leveraging sources of capital
- fostering economic diversity

HUD's goal is to use its Native American programs as catalysts for economic development, and to contribute to building sustainable economies within Native American communities.

How do these programs contribute to sustainable economies? Homeownership programs build equity and promote asset building for Native American families. As a result, there is a greater level of commerce and expenditures within the community, and at Native American-owned businesses. Developing housing also greatly assists in creating permanent local jobs.

Not only do these programs provide an influx of funds into Indian communities, but they can also be used to attract other sources of capital. This ability to leverage other federal money as well as state funds and private capital is key to building a sustainable economy that is not solely dependent on federal funds.

Today, there are more ways to leverage federal funds than ever before, such as using low-income housing tax credits, other federal and state programs, and partnerships with the private sector. HUD encourages tribes to look beyond their grant funding and to use these resources and other sources of capital to make possible mixed-use development and the overall expansion of economic development to Indian Country.

Indeed, there are dozens of tribes that are now using these strategies successfully. But overcrowding, substandard housing, and dire poverty are still prevalent in much of Indian Country, and these challenges will no doubt be with us for many years to come. The block grant program, and other federal support programs provide these Native communities with a solid foundation on which to build their futures.

Closing

Thank you again, Chairwoman Cantwell, and members of the Committee, for the opportunity to appear before you today. We look forward to continuing to work with you and your staffs on these issues. I would be happy to answer any questions you may have.