

Written Testimony of Assistant Secretary Sandra B. Henriquez

Public and Indian Housing

U.S. Department of Housing and Urban Development

U.S. Senate Committee on Indian Affairs

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Good Afternoon Chairwoman Cantwell, Vice Chairman Barrasso, and Members of the Committee. Thank you for inviting me to testify on S 1352, a bill to reauthorize the Native American Housing Assistance and Self-Determination Act of 1996 (NAHASDA.)

My name is Sandra Henriquez and I am the Assistant Secretary for Public and Indian Housing (PIH) at HUD. PIH is responsible for the management, operation, and oversight of HUD's American Indian, Alaska Native, and Native Hawaiian housing programs.

NAHASDA provides a successful approach, guided by the principles of self-determination and self-governance, to providing decent and affordable Indian housing and developing tribal economies. The Indian Housing Block Grant, the largest program under NAHASDA, has infused more than \$9.9 billion into Indian housing and community development since its inception 16 years ago.

Over the life of the program IHBG recipients have built or acquired more than **35,000 affordable housing units** in Indian Country, and substantially rehabbed more than **66,000**. IHBG recipients also currently maintain almost **51,000 "HUD units"** that were funded before NAHASDA was enacted.

HUD is very pleased that the reauthorization of NAHASDA is a priority for this Committee. HUD strongly supports the reauthorization of NAHASDA because the law is essential to building sustainable tribal communities.

We are currently analyzing and reviewing S 1352, and would like the opportunity to work with the Committee and staff to provide recommendations on some of the existing provisions, as well as offer insight on ways to further improve NAHASDA.

Today, I would like to share with you our initial views on the draft bill. First I will comment on the provisions included in the bill and then discuss some principles HUD would like to see reflected in the bill.

HUD is particularly pleased to see an effort on the part of the Committee bill to address the needs of homeless veterans on reservations. For the past year, PIH has collaborated with the Department of Veterans Affairs in an effort to find a way to use the HUD VASH program to reduce the number of homeless veterans living on reservations. We look forward to working with the Committee to further tailor the existing HUD VASH program to work in Indian Country.

HUD also understands the desire of this Committee and IHBG recipients to streamline environmental reporting requirements. We appreciate the Committee's attempt to address this vexing issue but feel the issue needs even further study. HUD ONAP staff has been working diligently to develop an approach to streamline the requirements in a way that can be supported by all the agencies involved in Indian housing projects. We are currently exploring the feasibility of creating one standard for environmental reporting requirements that would meet the needs of these agencies. HUD will also be

proposing that the recently created White House Council on Native American Affairs consider working on this issue.

And finally, HUD is encouraged to see the Committee bill supporting the reauthorization of the Native Hawaiian Homeownership Act. This program is vital to providing housing to the 26,546 Native Hawaiian families currently on the waiting list for decent, safe and affordable housing.

While we are still reviewing the bill in its entirety, I would like to share some initial reactions to proposed amendments to two sections of NAHASDA included in S 1352. First, proposed amendments to Section 104 would further loosen already flexible requirements regarding the use and tracking of program income. We need to carefully explore the implications of this change on funding for affordable housing and Federal oversight. Additionally, we need to consider the possible impacts of proposed amendments to Section 205 on the long-term preservation of affordable NAHASDA units.

Finally, we understand there are concerns from Indian tribes requesting approval to exceed total development costs (TDC), and the desire to have additional flexibility when projects may exceed TDC. Under current law, IHBG recipients are able to exceed TDC by 10% without HUD approval. For example, in the Northwest where the TDC for a three bedroom home is around \$ 350,000, the current statute allows for recipients to exceed this amount by \$35,000 without HUD approval bringing the TDC up to \$385,000. If recipients wish to exceed the 10% cap, under the current regulations they may seek a variance from HUD. The proposed amendment would provide recipients the authority to exceed TDCs up to 20 percent over the TDC limit

without prior HUD approval. So if the TDC is \$350,000 then it would allow IHBG recipients to exceed the cap by \$70,000 or up to \$420,000 without prior HUD approval. It is our understanding that this language is being requested to allow for variances caused by the use of sustainable green building practices. HUD supports sustainable practices. However, we need to carefully balance this goal with the equally important goal of preventing the investment of IHBG funds into a few high costs homes instead of dedicating the funds to producing more affordable housing units.

HUD would also like to work with the Committee on changes to NAHASDA to reflect the following principles::

- Enrich the type of data reported by recipients, including data on energy efficiency, construction costs, and level of assistance provided to elders and veterans.
- Strengthen insurance requirements to better protect NAHASDA investments and improve retention of records for monitoring purposes.
- Preserve the intent of NAHASDA by ensuring that homes are conveyed to families as intended.
- Protect NAHASDA funds in emergency situation.

HUD also shares Congress's concern about the concentration of unexpended IHBG funds. In addition to providing intense technical assistance to grantees to help build their capacity to expend funds, we will work with the Committee on possible statutory amendments that would provide HUD additional tools to ensure the timely expenditure of IHBG funds by all grantees.

We look forward to working with the Committee and staff to refine S 1352 to support the goal we share of meeting the housing needs of American Indian and Alaska Native families, and playing an integral part in building sustainable Indian communities. Thank you.