

Testimony of  
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Chairman  
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Before the  
**SENATE COMMITTEE ON INDIAN AFFAIRS**  
February 16, 2005

Chairman McCain, Vice Chairman Dorgan, and other distinguished members of the Committee, my name is Chester Carl and I am happy to be back before this Committee once more as Chairman of the National American Indian Housing Council. On behalf of the members of NAIHC and its Board of Directors, I would like to thank you for this opportunity to address you today on the President's proposed budget for fiscal year 2006.

**THE PRESIDENT'S BUDGET REQUEST:**

There is not much I can say today that we have not already heard or anything I can present that would better illustrate the need in Indian Country than has already been presented. Everyone here knows the crisis we are in. Native Americans are three times more likely to live in overcrowded housing than other Americans. Native Americans are more likely to lack sewage and water systems, and more likely to lack telephone lines and electricity than other Americans. We have pleaded our case over and over with harrowing statistics and heartrending stories. What has it come to?

The last time I testified at an Indian Affairs Committee budget hearing was in 2002. That was the first year we began to see a decline in the Indian housing budget after several years of surplus and growth. Today is much different. The President's fiscal year 2006 budget proposes the smallest amount of funding for Indian housing programs since the implementation of NAHASDA. Tribes' access to funding for basic housing services would be reduced by more than \$100 million in fiscal year 2006, a 15% reduction they can ill afford.

John F. Kennedy once said, "Man holds in his mortal hands the power to abolish all forms of human poverty." To third world nations, developing nations "struggling to break the bonds of misery", JFK pledged "our best efforts to help them help themselves." The world has not changed much these past forty years, as

we can see in our current efforts in Iraq. But how disturbing that the federal government had to look outside its own borders to identify human need – to justify continued dedication of billions and billions in funding to improve the living conditions of the Iraqi people when so many American Indians and Alaska Natives daily endure the same third world conditions. Where are our best efforts to help Native Americans help themselves?

Not in this budget.

We do understand the need to protect our borders. Native Americans have made a significant patriotic commitment to ensuring freedom for all people, as Native Americans have the highest percentage of military service of any ethnic group in the nation. I will propose an initiative today that seeks to honor the dedication of Native American veterans.

But I believe I speak for all members of the National American Indian Housing Council when I express my frustration and anger that a national priority shift and aid to a people in need thousands of miles away is being paid for by those in America who can least afford it. While assistance in the Middle East is admirable, America seems to have never understood the urgency of the need to lift people from poverty and ignorance and despair here at home in order to strengthen this country. The poverty rate for Native Americans, which continues to hover at about 26 percent, is more than double the poverty rate for the general American population.

We are 562 legitimate sovereign governments in exile. We have no ambassador to speak for us at the White House as other nations do. In housing, we are not consulted by the federal government on the budget. We continue at the mercy of Congress and the Administration, hoping for a miracle.

We understand fiscal year 2006 will 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. Please do not allow housing development for needy Indian communities pay the price of assistance for other needy communities half a world away.

## **FUNDING NEEDS FOR INDIAN HOUSING:**

### **NATIVE AMERICAN HOUSING BLOCK GRANT**

Since the beginning of the Native American Housing Assistance and Self-Determination Act of 1996 (NAHASDA), this Committee has continually shown its support for growing tribal housing programs. You have facilitated three difficult amendments packages and a reauthorization in the last four Congressional sessions which have improved NAHASDA extensively. But if there is not enough funding to put into NAHASDA, much of that effort will remain unfulfilled.

To meet the current needs to address infrastructure and basic housing stock, NAIHC estimates we need **at least \$1 billion per year in funding for the Native American Housing Block Grant**. We believe that \$723 million for FY 2006 would be a sufficient start.

The President has proposed only \$582.6 million for NAHASDA for fiscal year 2006. This is a devastating blow, particularly in light of the proposed set-aside for the Indian Community Development Block Grant, which I will discuss in a moment. Funding for NAHASDA dropped from \$651 million in FY 2004 to \$622 million in FY 2005, which in itself has caused Tribes to cut back on their services. With any additional substantial reduction, some smaller housing authorities may need to shut down altogether.

Because of the diversity of cultures, economies and geography, housing needs in Native communities are extensive and varied. Basic infrastructure, low-rent housing, homeownership and housing counseling services are all essential. The NAHASDA block grant allows Tribes the autonomy to supply housing as they see fit for their people. And as a recent Harvard University study as 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. “Self-rule to Tribes can bring, and has brought, improvements in program efficiency, enterprise competency, and socioeconomic conditions,” stated Harvard researchers in the study. We see that statement as proof NAHASDA is an excellent program and should be supported. Reduction in funding will reverse this trend.

### ***Model NAHASDA on the Indian Self-Determination Act***

As a better way to utilize the scarce funds available to us, I submit to you today the suggestion that housing funds be restructured to function similar to the Indian Self-Determination and Education Assistance Act, P.L. 93-638, which is available for many current BIA programs. Under the Self-Determination Act there are existing mechanisms that may simplify and streamline the funding distribution process as well as maintain adequate oversight responsibility. “Self-Determination” is in the title of NAHASDA, but with all of the oversight and need for justification that continually sap the resources of the tribes, we are hard put to find where that self-determination comes into play.

This restructuring similar to the 638 program is in line with a demonstration project authorized by Congress when it reauthorized NAHASDA in 2002 that would allow Indian tribes and tribal organizations to receive NAHASDA funds in a manner that maximizes tribal authority and decision-making in the design and implementation of federal housing activities that is consistent with the Indian Self-Determination Act. In light of the planned massive cuts in funding and technical assistance for NAHASDA, a shift in program funding and operation in a manner that is consistent with the 638 program will yield tremendous benefits to the federal government, the Indian nations, and, most importantly, to the Indian people they serve.

Under the self-determination act process, Indian nations and TDHE would receive their funds in a lump sum at the beginning of a 638 contract. This will allow greater flexibility in funding decisions by the tribes, eliminate the lengthy and time consuming process of development of an annual Indian housing plan with the corresponding burdensome approval process, simplify the reporting process and reduce the need for oversight responsibility, while retaining an appropriate level of accountability in accordance with applicable regulations.

### **COMMUNITY DEVELOPMENT BLOCK GRANT**

In this budget, the President has recommended dismantling the Community Development Block Grant program and shifting most of its funding to a new program at the Commerce Department. The Indian Community Development Block Grant (ICDBG), once a set-aside out of CDBG has been proposed to stay at HUD as a set-aside out of NAHASDA, which further decreases an already inadequate funding stream. When added to the initial cuts to NAHASDA, the additional set-aside of ICDBG funds reduces available NAHASDA formula funding by over \$100 million.

Even without the decrease in funding, NAIHC sees this as a completely incompatible transfer. The ICDBG program is a crucial tool for the development of infrastructure and economic opportunities and it is a competitive program. It has completely 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 FY 2005 level of \$69 million and be kept as a separate account.**

## **RURAL HOUSING AND ECONOMIC DEVELOPMENT PROGRAM**

We are disappointed to see that the Rural Housing and Economic Development program was again left out of the President's budget, even though it provides needed capacity assistance to rural, local and state organizations, including tribes. The RHED program provides capacity building assistance, funds for innovative activities, and seed support for new programs. Grants have supported micro-enterprise development, affordable housing construction, small business incubators, and staff development and computer software. In the first year alone, 749 organizations applied for funding, and only 91 grants could be awarded. The good news is that tribes generally receive about half of the grants awarded. There is a real need for this type of flexible funding. For the last four years, Congress restored funding for this important program, which was left out of the FY 2003 - FY 2006 budgets. **We ask you to support continued funding at the \$25 million level.**

## **BIA HOUSING IMPROVEMENT PROGRAM**

The Housing Improvement Program (HIP) at the Bureau of Indian Affairs was the original housing program for tribes at BIA before the beginning of HUD assistance. Even after implementation of the NAHASDA block grant, however, the BIA HIP program continues to play an important role in tribal housing. Much of the housing stock in Indian Country is either aging or was cheaply built in the first place. Rehabilitation is therefore one of the most desperately needed services. Funding for HIP has hovered around \$20 million a year for many years. **Tribes would be well-served to see this fund increased to at least \$35 million a year to supplement other housing efforts.**

## **TECHNICAL ASSISTANCE:**

The President has proposed reducing technical assistance funding for the implementation of NAHASDA in FY 2006 by eliminating both the \$2.2 million NAHASDA set-aside and \$2.4 million CDBG set-aside for NAIHC, which supplements HUD's technical assistance funding, proposed at \$2.2 million less than appropriated in FY 2005. In spite of a budget request to eliminate one of the set-asides last year, Congress chose to fund NAIHC's efforts in final FY 2005 appropriations in the amount of \$2.2 million under NAHASDA and \$2.4 million under CDBG. We would like to see the same happen in FY 2006.

HUD's Native American Housing Block Grant is not an easy program to administer if you have no experience with it. For tribes with extremely limited funds and/or limited experience it can be daunting trying to access and effectively use the NAHBG and other federal housing funds. For many years Congress has placed its faith in NAIHC to provide technical assistance and training to all tribes, not just NAIHC members. Originally only a CDBG set-aside, the additional set-aside from the NAHBG was added in FY 2000 since it appeared HUD's technical assistance money was being used mostly to augment insufficient allocation for salaries, expenses, and payments to consultants, while money for NAIHC is used exclusively for capacity building on the tribal level. 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. Furthermore, often HUD will release guidance and notices for which they are unable to provide implementation assistance. This is where NAIHC steps in.

Listed below is each of the major items funded by the \$2.2 million NAHBG set-aside in 2004:

**Scholarships.** In 2004, NAIHC awarded **592** scholarships for tribal housing staff to attend NAHASDA related training opportunities offered by NAIHC and HUD/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/TDHEs, all tribes/TDHEs are eligible for some level of scholarship assistance.

**Mentoring.** In 2004, NAIHC facilitated several mentoring trips. The mentoring program provides Indian housing professionals from one tribe to learn about well run programs at other tribes so that those success stories and programs can be replicated. Most of the mentoring visits in 2004 were centered on successful Homebuyer Education and Training programs.

**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.

**Training at Convention/Legal Symposium.** In addition to the formal classroom sessions offered by NAIHC, NAHASDA related training tracks were also offered at our 2004 Annual Convention and 2004 Legal Symposium.

As you can see, NAIHC's NAHBG set-aside is being put to good use and being applied right where the tribes need it to implement NAHASDA.

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 all this good work, NAIHC's funding was cut completely out of the President's budget. 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. **We are requesting funding of \$4.6 million in FY 2006 for NAIHC technical assistance, but only if the NAHASDA and ICDBG programs are fully funded.**

## **NATIVE AMERICAN VETERANS HOUSING AND OPPORTUNITY INITIATIVE:**

Indian tribes take great pride in the role that Indian men and women play in the United States Armed Services, particularly those serving during this time of war. I ask you to keep in mind the families they have left behind and the millions of dollars the President has proposed to cut from Indian housing programs that directly affect those families. The funding helps provide basic infrastructure and housing to some of the most remote and isolated areas of our nation. We are deeply concerned for our warriors returning home from Iraq to housing conditions that are as bad or worse than what they left in Iraq. They will also face chronic unemployment and a lack of any meaningful economic opportunities.

To address these anticipated needs, NAIHC requests that Congress authorize and fund an initiative to provide housing and employment opportunities to Indian service men and women in the FY 2006 budget. We propose creation of a set-aside in the amount of \$150 million to be distributed by an allocation formula. NAIHC sees this as a small price to pay to honor the sacrifice of these brave men and women.

## CONCLUSION:

Mr. Chairman, I call on the President, the Congress, and the people of this country to join in a vast cooperative effort to satisfy the basic needs of not just the Iraqi people, but also the Native American people, for homes, work, land, health and schooling. Our need is just as great. And it is the right thing to do. I hope that we can look back on a time when the capacity for America to combat human suffering is realized not just contemplated.

In closing, we understand there are always going to be prevailing issues that will tend to overshadow tribal needs in the budget, but we urge you to not forget the desperate housing conditions Native Americans are enduring day after day. Consistent growth in the housing industry has been one of the brightest spots in our lagging economy. Don't allow Tribes to be left behind just when they are making headway in building sustainable tribal communities.

I would again like to thank all the members of this Committee, in particular Chairman McCain and Vice Chairman Dorgan, for their support for the Tribes and for Indian housing programs. NAIHC looks forward to working with each of you during the 109<sup>th</sup> Congress and I am happy to answer any questions you may have.

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*The National American Indian Housing Council is a 501(c)(3) organization representing tribes and tribal housing organizations 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 900 Second Street, NE, Suite 305, Washington, DC 20002; phone: (202) 789-1754, fax: (202) 789-1758; <http://www.naihc.net>.*