



RURAL VOICES

MEETING NATIVE AMERICAN HOUSING NEEDS

Photo by: Ruth Hartnup <https://flic.kr/p/AEAb4m>

4 Building a Stronger Indian Country: The BUILD Act and Indian Housing

14 Partnering with Tribes to Address Housing Needs

24 Housing Solutions that Work for Native Americans



Dear Friends,

This issue of *Rural Voices* focuses on the progress being made in improving the housing conditions of Native Americans. Considerable challenges, including substandard conditions, overcrowding, insufficient funding, and persistent poverty, face Indian Country, but tribes and their housing organizations are equally persistent in working to overcome them. *Rural Voices* authors share what readers need to know when working with tribes, highlight innovative projects, discuss funding opportunities, and further describe challenges for a diverse population of Native American tribes across the country. The Wells Fargo Housing Foundation has provided generous support for this issue of *Rural Voices*, and for HAC's other work on Native American housing needs and solutions.

Because of organizations like those highlighted in this magazine, tremendous strides have been made in developing affordable housing in Native American lands. This edition of *Rural Voices* includes contributions from national coalitions, a Native-owned bank, and practitioners in the field. Articles focus on the benefits of having dedicated funding for Indian housing programs and an easier process for mortgage lending on trust land. Two articles offer guidance on how to collaborate with tribes in developing affordable housing. Others describe the importance of specific financing models.

These articles highlight the value of investment in Native American housing programs to increase economic opportunity and speak to the power of housing as an impetus for broader community development. HAC has seen many inspiring examples of programs that work in these communities over the years. With continued investment and greater focus on addressing the needs of tribal communities, while respecting their unique cultural history and traditions, we can improve housing conditions on tribal land. These rural voices reinforce how critical it is to ensure that Native Americans have access to a range of affordable and safe housing options.

Photo: Ruth Hartnup, Flickr Creative Commons; <https://flic.kr/p/AEAb4m>

Marvin Ginn
HAC board member
Choctaw Nation of Oklahoma

Twila Martin Kekahbah
HAC board member
Turtle Mountain Band of Chippewa

Moises Loza
Executive Director

RURAL VOICES

Dear Friends 2

Building a Stronger Indian Country: The BUILD Act and Indian Housing
The BUILD Act aims to improve the development of tribal housing projects and reauthorize critical Indian housing programs. 4

Creating Sustainable Homelands through Homeownership on Trust Lands
A multifaceted approach can help leverage resources to improve housing and economic development in Indian Country. 8

Partnering with Tribes to Address Housing Needs
Open communication, cultural humility, and respect go a long way when working together with tribes. 14

Important Considerations for Working with Tribes
Understanding the strengths and opportunities when interacting or doing business with American Indian tribes. 18

Housing Solutions that Work for Native Americans
The Native American Housing Assistance and Self-Determination Act is an important tool in meeting tribal housing needs. 24

Helping Native Americans Become Homeowners through Section 184
This Native-owned bank has what it takes to successfully use HUD's Section 184 program to meet tribal members' housing needs. 28

Native Community Finance Serves Native Americans in New Mexico
Native CDFIs provide funds and services to improve Native American housing conditions. 32

Housing for Holistic Rez Living
Sisseton Wahpeton Oyate has had major success in integrating housing and community needs. 34

HAC Facts 38



4

Building a Stronger Indian Country: The BUILD Act and Indian Housing



14

Partnering with Tribes to Address Housing Needs



24

Housing Solutions that Work for Native Americans

A View From Washington

Building a Stronger Indian Country: *The BUILD Act and Indian Housing*

By Senator John Hoeven

The BUILD Act aims to improve the development of tribal housing and reauthorize critical Indian housing programs.





Safe homes build strong families and secure communities; affordable homes break cyclical poverty and provide economic stability. Without access to quality housing, individuals and families often face insurmountable barriers to a quality life.

Lack of economic development and opportunity makes it challenging for many individuals living in tribal areas to afford decent housing, resulting in some of the poorest housing conditions in the country. Homes are often severely overcrowded – up to 20 individuals can be sharing a single-family unit – and many lack electricity, plumbing, or kitchen facilities.

As chairman of the Senate Indian Affairs Committee, I'm working to improve the lives of people throughout Indian Country. That's why increasing tribal members' access to safe, affordable homes is a top priority for our

committee. It's also why I recently introduced the Building Useful Initiatives for Indian Land Development (BUILD) Act to improve the development of tribal housing projects and reauthorize critical Indian housing programs – because growth begins with the home.

The United States has a long-standing trust responsibility to American Indians and Alaska Natives, rooted in statute and treaty. Funding key programs for Native Americans, including housing programs, is a cornerstone of this trust responsibility. Federal housing aid for Native Americans and Alaska Natives was reorganized by the Native American Housing Assistance and Self-Determination Act (NAHASDA) of 1996, which replaced several separate assistance programs with the Indian Housing Block Grant (IHBG) and the Section 184 Indian Home Loan Guarantee Program.

The United States has a long-standing trust responsibility to American Indians and Alaska Natives, rooted in statute and treaty.



Photo courtesy of Tohono O'odham Ki:Ki Housing Association

Since its implementation, NAHASDA has successfully helped tribes increase the quantity and quality of tribal housing units. It has given tribes and tribally designated housing entities greater autonomy to develop locally tailored housing projects that address their unique needs. And it has done so in a way that respects tribal sovereignty and strengthens self-determination.

However, authorization for programs under NAHASDA expired in 2013, and while identical versions of a reauthorization bill have unanimously passed our committee twice, they have not been approved by the full Senate. This has brought instability and uncertainty to over \$654 million in block grant funding for tribes and their members.

We need to reauthorize these important programs, so it's time to change the game plan.

My bill reauthorizes the centerpiece of NAHASDA and the single largest source of housing funds for tribal communities, the \$654 million block grant. It continues the Indian home loan guarantee program, which promotes homeownership by providing home mortgage and down payment assistance to tribes and their members. This legislation brings certainty to these critical programs, which have been funded through unauthorized appropriations since 2013. Not only is that bad government, it's also detrimental to tribes in their effort to secure financing for housing projects. Stability is essential to attract the private capital necessary to see these initiatives come to fruition.

The BUILD Act also streamlines the process for developing housing projects on Indian lands, provides greater tribal control over the development of these projects and encourages investment in Indian communities by extending leaseholds on trust or restricted lands. It reinforces the spirit of self-determination inherent in NAHASDA, because the track record shows us that the best answers come directly from Indian Country.

It's hard to find much agreement on Capitol Hill these days. But one thing the Republicans and Democrats on our committee can agree on is the need to uphold the federal government's established trust responsibility to American Indians and Alaska Natives, which includes improving access to safe and affordable homes. Jeopardizing hundreds of millions in vital housing funds only hurts the people and families who need them the most.

The housing crisis in Indian Country demands a solution. To get a different result, we must take a different approach. The BUILD Act is only part of an answer to an urgent problem, but it's an important initial step to ensure critical Indian housing programs are given the certainty they need to be effective. I urge my colleagues in the Senate and House to join me in taking a fresh look at getting an Indian housing bill across the finish line. The stakes are too high to delay.



Senator John Hoeven represents the state of North Dakota and is Chairman of the Senate Indian Affairs Committee.



Photo courtesy of Native Community Finance



Creating Sustainable Homelands through Homeownership on Trust Lands

By Patrice H. Kunesch

A multifaceted approach can help leverage resources to improve housing and economic development in Indian Country.

A multifaceted approach can help leverage resources to improve housing and economic development in Indian Country. For some, Indian Country is a nostalgic notion, perhaps conjuring old movie images of tipis and buckskin. For me, the term triggers a vivid awareness of living cultures and enduring heritage tied to the interconnection between the land and the people. It also brings to mind the complex web of historical, legal, and social forces that make it unnecessarily difficult to use

Indian Country trust lands to the benefit of their people. A new initiative, the National Native Homeownership Coalition, organized by the Center for Indian Country Development at the Federal Reserve Bank of Minneapolis, is using the strong demand for homeownership in Indian Country to confront these barriers and unlock the potential of all reservation lands.

Today, 567 federally recognized Indian tribes control about 60 million acres of land in the United States. The vast majority of these lands

are held in trust by the federal government for the use and benefit of American Indian tribes and their citizens. Social and cultural connections to Indian Country remain strong among the 5.2 million American Indian and Alaska Native (AIAN) peoples.¹ This is a rapidly growing population,² and a high percentage of its members (about 60 percent) live on or near reservations (referred to as tribal areas).³

There is a strong and as yet unmet demand for homeownership among AIAN households in tribal areas.⁴ On one hand, the AIAN homeownership rate in tribal areas may seem high, an estimated 68 percent in 2013–2015,⁵ compared to around 64 percent for the U.S. as a whole in 2014.⁶ However, this apparent equivalence between AIAN and overall U.S. homeownership rates may be explained by the U.S. Department of Housing and Urban Development’s (HUD) Mutual Help “rent to own” program and other long-term rental arrangements in Indian Country that differ from actual homeownership.⁷ An even higher share of AIAN households in tribal areas (75 percent) report a strong desire to own their home.⁸ Survey findings of relative poor quality and severely overcrowded homes in tribal areas further suggest additional demand for new investment in private homes.

Loan Products and Mortgage Services

Some good progress has been made in addressing the supply-side barriers that underlie this unmet demand. Notably, another HUD

program, the Section 184 Indian Home Loan Guarantee Program, has greatly expanded the supply of mortgage credit to AIAN borrowers while mitigating private lender risks. The program provides lenders with a 100 percent guarantee for mortgages to AIAN borrowers, thus eliminating concerns related to the collateralization of trust land. Loans under this program have grown from less than 600 per year before 2005, at which time the program was expanded to tribal members in off-reservation areas (designated “eligible areas”), to over 4,000 in 2015.

Other federal programs support mortgage lending on trust lands, such as the USDA Rural Housing Service’s 502 Direct Loan Program and the Veterans Administration Native American Direct Loan Program. On a smaller but vitally important scale, Community Development Financial Institutions (CDFIs) and tribally owned financial institutions provide loan products and mortgage services to AIAN borrowers. Moreover, statewide initiatives, such as the New Mexico Tribal Homeownership Coalition and the South Dakota Native Homeownership Coalition, also are working on issues such as the limited supply of contractors, inspectors, appraisers, and other housing professionals in Indian Country.

Barriers Being Overcome

Nevertheless, barriers to effective use of trust lands remain severe and troubling. The large majority of homes owned by AIAN households in tribal areas are now on nontrust land (62 percent),⁹ largely due to the rapid expansion of

“Indian Country” is a legal phrase that defines land under the jurisdiction of tribal governments, such as Indian reservations.

Trust lands are those parcels held by the federal government in trust on behalf of the tribe, which may not be encumbered or conveyed without the consent of the federal government.

Figure 1.
HUD Section 184
Loans by Land Type



Source: Analysis of HUD data by Richard Todd of Federal Reserve Bank of Minneapolis.

the HUD Section 184 program in off-reservation areas,¹⁰ effectively bypassing trust lands. The number of HUD Section 184 mortgages made annually on individually or tribally owned trust land typically is in the low hundreds and has shown no sustained growth since the early 2000s, despite a few strong years.¹¹ The continued difficulty of mortgage lending on trust land is suggested by Figure 1.

Since HUD Section 184 loans have strong federal guarantees, their limited use on trust land reflects impediments other than credit risk. The main problems to full utilization on trust lands appear to be processing burdens, bureaucratic delays, and the complexity of lending to low- and moderate-income borrowers. Holders of trust land must use a leasehold interest as collateral, which requires the tribe to issue a leasehold interest to the borrower, who then uses that interest as collateral.¹² These transactions require obtaining a certified title status report (TSR) from the Bureau of Indian Affairs (BIA) of the U.S. Department of the Interior and completing federal environmental reviews and appraisals, which cumulatively can be a lengthy and involved process.¹³ As a result, a recent HUD-sponsored survey of lenders concluded, “mortgage lending on tribal trust land remains a time-consuming process that reduces the appeal of lending on tribal trust land, even with the federal guarantee... Lenders report that Section 184 Program loans can take up to 6 to 8 months to process and close; in some cases, it can take even longer.”¹⁴ I have heard of cases in which the process took several years to accomplish.

Expanding homeownership options on trust land by reducing these barriers would improve reservation economies and their well-being. The health of a housing market is generally considered key for overall growth of any given economy – national, state, local, and tribal. With the right policies in place, housing also is a driver of job creation. Home building, housing preservation, and related businesses employ a wide range of workers and provide opportunities to develop a skilled workforce. Moreover, employment from construction has a wide ripple effect as jobs are spread over other sectors of the community, including manufacturing, retail, and business services.

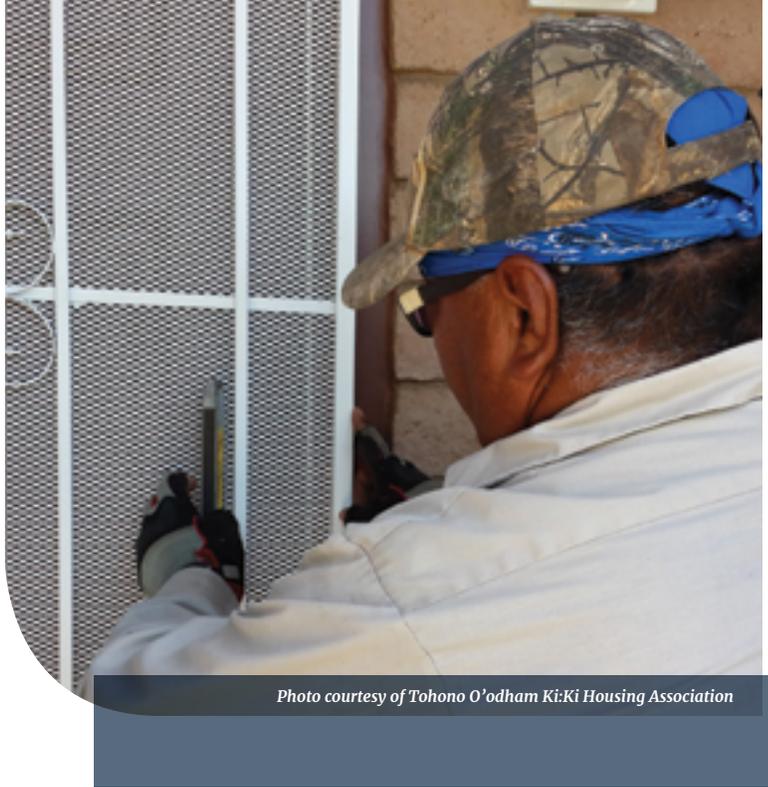


Photo courtesy of Tohono O’odham Ki:Ki Housing Association

Importantly, homeownership is a wedge issue that forces us to confront basic economic and governance issues in Indian Country, such as access to capital, workforce capacity, and spending power within the reservation. Aside from the dire need for more affordable housing, creating homeownership opportunities in Indian Country relieves pressure on traditional housing programs that mainly administer a stock of subsidized rental properties. To be sure, decent, affordable rental housing and repairs to existing owner-occupied and rental properties are needed as well. But tackling homeownership on trust land ultimately will help address the fundamental issues that affect all economic development in Indian Country – unlocking the potential of all reservation lands.

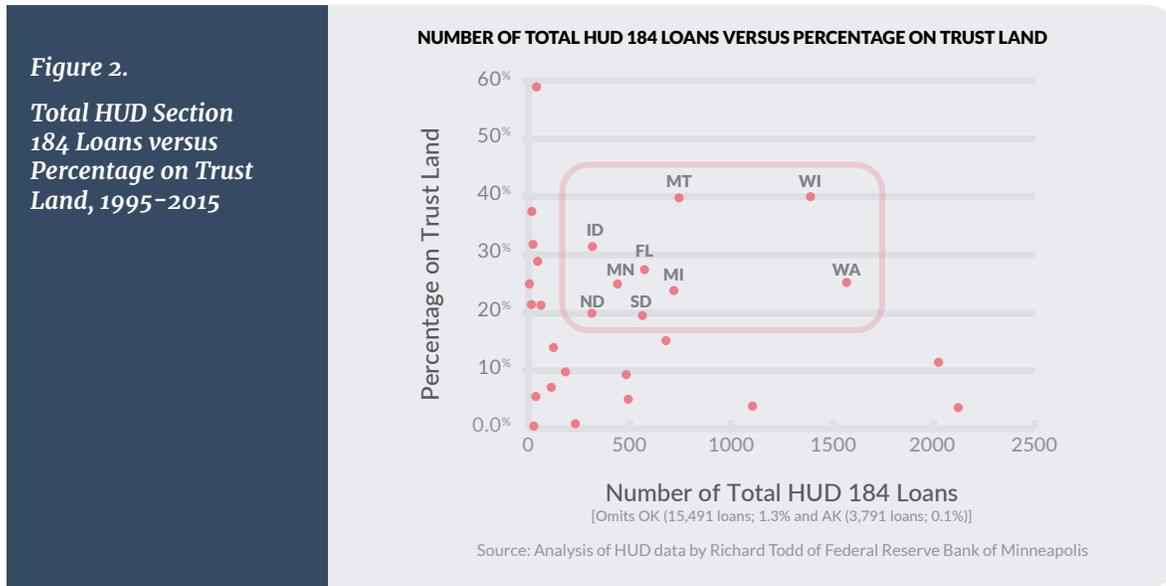
Some tribes have created successful homeownership programs on trust lands and are demonstrating how to overcome barriers to lending and development. For example, the Confederated Salish and Kootenai Tribes of the Flathead Reservation in Montana have established a tribal land office that assumes much of the BIA’s lease processing and related TSR work, and helps both lenders and borrowers efficiently complete the mortgage process while building up a dedicated and skilled tribal workforce in the process. In the Midwest, the Oneida Nation in Wisconsin effectively processes HUD Section 184 mortgages through its tribally owned bank.

The success of these tribes and the achievements of several others is illustrated in Figure 2,

which shows by state the total number of HUD Section 184 mortgages from 1995 to 2015, and the percentage of those mortgages on trust land. Montana and Wisconsin are among the small group of states that rank at least moderately high by both important metrics, demonstrating that mortgage lending on trust land is viable.

The key now is to make it easy for all tribes with trust land to achieve similar success. The Center for Indian Country Development at the Federal Reserve Bank of Minneapolis (CICD) is tackling the complex work of addressing the interconnections of race, place, and economic opportunity through the lens of homeownership.

The importance of well-trained and responsive BIA staff cannot be underestimated.



We have created a National Native Homeownership Coalition (NNHC) to examine a wide array of factors that impact homeownership on tribal trust land, with the goal of amplifying the need to restructure lending policies to better serve the AIAN population and to unlock the potential for homeownership on these lands.

Policy Considerations and Concluding Observations

Bringing housing and homeownership opportunities to all of Indian Country requires capacity, commitment, creativity, and collaboration. To do this, we need a multifaceted approach to help federal agencies and tribes better leverage lending resources on trust lands and to generate broad economic development within the reservation. Here are some suggestions:

- **Focus on trust land.** CICD’s research has shown that most of the public resources for mortgage finance to AIAN households are being utilized on fee simple lands. While

I unreservedly support homeownership for Native people wherever they chose to live, I also see the dire need to develop housing options on trust lands. In order to ensure this focus is maintained, it is critical to identify and map the high needs rural areas and persistent poverty counties, overlaid with high Native populations on or near trust land. Moreover, the Department of the Interior should provide tribes with reliable, easily accessible information on their trust lands, along with ownership and encumbrances (including rights of way).

- **Modernize the lending process on trust land.** Both tribes and federal agencies need to improve their services to AIAN borrowers. Many tribes, tribally designated housing entities (TDHEs), and other housing developers often struggle to comprehend how to fully utilize their housing programs and to manage large-scale housing developments on trust land. The importance of well-trained

and responsive BIA staff cannot be underestimated – they are essential to supporting an efficient lending process in Indian Country. Thus, focused training and support are needed to fully realize the benefits of development tools such as the Helping Expedite and Advance Responsible Tribal Homeownership (HEARTH) Act of 2012 and private sector financing. Additionally, the BIA lending system needs to be streamlined, from processing title, lease, and land records to conducting environmental reviews on trust lands.

- **Use innovative loan products.** Access to capital includes having funds to loan and also the ability to maintain liquidity. This is even more critical for community lenders who provide services to high-need markets such as Indian Country. Federal agencies and lending institutions should explore a wide range of capital and investment opportunities that support Native homeownership. Several good examples demonstrate the capacity and opportunity for growth.
 - » The Department of Agriculture Rural Housing Service is expanding access to public capital by providing Native Community Development Financial Institutions (CDFIs) relending authority to deploy Section 502 direct home loans on trust land.
 - » Loan products such as Fannie Mae’s Native American Conventional Lending Initiative single-family loan program provide an important mechanism for community banks, credit unions, and Native CDFIs to deploy conforming conventional loans that can be readily sold on the secondary market pursuant to a tri-party agreement between Fannie Mae, the tribe, and the lender. This type of arrangement is a useful model for other lenders to consider because it provides a structure that ensures efficiency of funding, suitable loan servicing, and appropriate remedies, all of which support better systems for tribes.

- **Consider investment pools.** Indian Country also could benefit from innovative solutions that address lenders’ concerns about risk and shore up capital for investment needs.
 - » On the mortgage lending side, First Nations Oweesta Corporation is considering a national capital pool for Native CDFIs.
 - » Another possibility is pooling leasehold mortgages as a way to offer investment-quality mortgage-backed securities to a wide range of investors.
 - » On the risk side, the Sisseton Wahpeton Tribe in South Dakota has established a risk mitigation pool to reduce the liquidation risk of mortgage lenders operating on trust land, while supporting borrowers in maintain their homes and credit.

Mortgage lending in Indian Country has dramatically increased in the past two decades, especially since the expansion of the HUD Section 184 program. Heightened mortgage activity means more AIAN households are achieving their goals of homeownership. However, since the greatest increase in AIAN homeownership has been on fee simple land, despite the lack of legal impediments to lending on trust lands, we must address procedural barriers and enhance access to capital to create more housing options for Native communities and families on trust lands. The special economic development challenge in Indian Country – a distinctively important component of the U.S. economy – is the efficient economic use of reservation trust lands. We must pursue policies and design programs that unlock the potential of these vast landscapes.

Patrice H. Kunesh is the Director of the Center for Indian Country Development at the Federal Reserve Bank of Minneapolis.

Notes

1. Identifying who is an American Indian or Alaska Native often varies depending on purpose and program. While all tribes maintain their own distinct qualification for citizenship, the U.S. Census permits self-identification and delineates the AIAN population by two main categories, AIAN alone and AIAN multiracial.
2. From 2000 to 2010, the growth rate for the total AIAN population in tribal areas was 12 percent, with the most rapid growth occurring in tribal areas. Nancy, et al. *Housing Needs of American Indians and Alaska Natives in Tribal Areas: A Report from the Assessment of American Indian, Alaska Native, and Native Hawaiian Housing Needs*. U.S. Department of Housing and Urban Development, Office of Policy Development and Research, January 2017. p. 15–18 (hereafter HUD Tribal Area Study).
3. HUD Tribal Area Study, p. 10. This report studied “tribal areas,” as used by the U.S. Census Bureau, which generally includes Indian reservations and counties that encompass or surround them.
4. Id., p. 86.
5. Id., referring to 2010 U.S. Census data and citing its own nationally representative survey finding of a 67 percent homeownership rate in tribal areas.
6. The U.S. homeownership rates for the first and third quarter of 2014 were 64.8 percent and 64.3 percent respectively. Federal Reserve Bank of St. Louis *FRED Homeownership Rates for the U.S. Q1 2014*.
7. Listokin, David et al. *Mortgage Lending on Tribal Land: A Report from the Assessment of American Indian, Alaska Native, and Native Hawaiian Housing Needs*. U. S. Department of Housing and Urban Development. December 2016 (hereafter Mortgage Lending on Tribal Land Report). “Actual” homeownership here refers to non-rental status.
8. HUD Tribal Area Study, p. 86.
9. HUD Tribal Area Study, p. 86.
10. Mortgage Lending on Tribal Land Report, p. 10.
11. Analysis of data provided by HUD conducted by Center for Indian Country Development staff.
12. Fee simple land held by the tribe or individual on an Indian reservation can be mortgaged in the same manner as privately owned land outside of the reservation.
13. Along with the leasehold (similar to owning a townhouse or condominium in which the land and the dwelling unit are separate property interests), the Bureau of Indian Affairs must approve a land survey and environmental review, and then issue a certified title status report on the property (delineates the legal description and encumbrances on the property). The process for obtaining a final TSR can be lengthy and involved. The Helping Expedite and Advance Responsible Tribal Homeownership (HEARTH) Act of 2012 creates an alternative land leasing process that encourages tribes to make their own decisions about leasing and leverage their lands for optimal development.
14. Mortgage Lending on Tribal Land Report, p. viii.



Photo: Richie Dieserheft, Flickr Creative Commons; <https://flic.kr/p/4CfdLS>

Partnering with Tribes to Address Housing Needs

By Deana Around Him and Yvette Roubideaux

Open communication, cultural humility, and respect go a long way when working together with tribes.

Housing needs in tribal communities are often significant. According to the U.S. Department of Housing and Urban Development’s congressionally mandated study, *Assessment of American Indian, Alaska Native, and Native Hawaiian Housing Needs*, the housing problems facing American Indians and Alaska Natives living on reservations “remain strikingly more severe than those of other Americans.”¹ While local conditions vary, challenges generally include an acute lack of housing infrastructure, remoteness, overcrowding, land ownership constraints, and other barriers that plague tribes to differing degrees. To address these challenges, tribes may want to consider partnerships with outside entities to make housing improvements in their communities.

Tribes already have a number of partnerships available to them. Tribes manage housing programs with federal funding from the U.S. Department of Housing and Urban Development by designating an entity to administer those programs, such as a tribal department, tribal housing authority, a separate board of commissioners, or a nonprofit organization. The Native American Housing Assistance and Self-Determination Act of 1996 (NAHASDA) recognizes that tribes have a right to self-governance in the planning, design, construction, and maintenance of affordable housing in Native communities, and encourages tribes to leverage other resources.

Working with tribes can be a great experience. As sovereign nations, tribes and the governments that represent them want and expect to take a lead role in the development and implementation of solutions to strengthen their communities.

Outside entities interested in partnering with tribes to advance those solutions need to be prepared to be flexible in their offers of assistance, sensitive to tribal needs and culture, and dedicated to following through on their commitments. When they are, these partnerships can be productive and mutually rewarding.

The National Congress of American Indians is the oldest, largest, and most representative American Indian and Alaska Native organization serving the broad interests of tribal governments and communities. Based on our experience and recent publication, *Walk Softly and Listen Carefully: Building Research Relationships with Tribal Communities*,² we set forth in this article some basic tips for working in partnership with tribes. While *Walk Softly and Listen Carefully* is for those hoping to engage with tribes on research, we believe some of the principles also apply to other domains, such as the housing arena.

How should you start working with a tribe?

We are often asked, “How should I approach a tribe on a project?” One of the most important things to remember is that it is impossible to define one right answer, and there are no universal checklists or roadmaps. In fact, thinking there is one “right” way to approach tribes is problematic. There are 567 federally recognized tribes in the U.S., and many other state-recognized tribes, each with its own government, culture, language, policies, protocols, and decision-making processes. The history and current state of each tribe’s housing, and the resulting issues and needs, are often unique – as are the ways that they make housing decisions.

Before engaging with a tribe on a particular housing project, we recommend taking time to carefully deliberate and plan for the potential partnership, which begins with developing a basic understanding of the tribe in some important areas. It is essential to approach this planning with a frame of cultural humility,³ which requires not making any assumptions about the tribe, its people, its current conditions, or its aspirations for the future. Learning about the housing needs of a tribe *from its perspective* is critical.

Tips for planning include:

- **Understand what tribal sovereignty means.** Tribes are recognized as sovereign nations by the U.S. government in the Constitution, treaties, Supreme Court decisions, legislation, and policies. Tribes hold the primary responsibility and right to govern their nations, including all programs and activities within their boundaries. As a result, tribes have the right to determine whether they participate in any new projects or programs, including those involving outside partners. Even though housing needs may appear significant, a tribe might have other short- or long-term plans or priorities.
- **Learn the appropriate way to engage with the tribe.** While people outside the tribe might naturally make initial contact with housing program staff, project vetting and approval processes vary across tribes. Often, tribal employees may need approval from their program directors or tribal council to work with outside partners. It is typically best to initially contact the tribe’s elected or appointed chief executive, such as the Chairperson, President, or Governor.
- **Schedule an initial meeting.** Once you have been informed about who is the best contact in the tribe, contact them by phone or email to schedule a meeting. The meeting should be in person if possible, since building a trusting relationship is difficult to do by phone or email alone.
- **Understand the tribe’s housing needs.** Each tribe has different housing challenges, needs, and priorities. A tribe will likely rely on various projects, funding sources, and strategic plans to address its housing issues. And it will likely have multiple bodies that make housing decisions at various levels in tribal government and across its communities. Any offers of assistance through partnership must add value – as the tribe defines value – to its current plans and future vision for their communities.

Ensure that everyone is clear on goals, objectives, and intended outcomes.

How should you offer assistance to a tribe?

While you may believe the programs or services you have to offer will be helpful, the tribe may not have the same perspective. Initial meetings with tribes are important because they provide the groundwork for an approach that allows the tribe to exercise sovereignty in its decision to partner. These meetings also allow the tribe to give meaningful input and participation in any work that follows. Tips for making an offer of assistance include:

- **Listen more than talk.** While your meetings with the tribe might include a description of the services or projects you wish to offer, the first meeting is not the time to make the hard sell. It is a time to listen to the tribe, ask questions, and learn more about their current housing needs. Commit to following up, since it is unlikely the tribe will decide to partner during this first meeting. It may even take several meetings to cement a new partnership with the tribe. Patience is vital in working with tribes, since you are a guest in their world and must defer to their processes.
- **Clearly state what assistance you have to offer.** One reason some partnerships do not progress is that the initial offer of assistance is unclear. Once you have an idea of the tribe’s housing needs and plans, you will likely have a better idea of whether what you have to offer makes sense. If it does, then clearly state your offer of assistance. Also be clear about what you cannot offer; it is okay to acknowledge that your assistance might not be timely or appropriate for the tribe given its particular needs.
- **Understand if the tribe is ready to partner.** Sometimes a tribe may not be ready for the type of assistance you are offering. They may have other priorities; limited time, funding, or staff to commit; or related plans already in place. It is important not to assume the tribe will partner with you and to respect that it may have its own legitimate reasons for its decision if it does not.

- **Learn the local approval process.** In some tribes, ideas for partnerships are discussed at the staff level, and then formal proposals or requests must go through an approval process (or multiple ones) involving decision makers within the tribal government. Work cannot start until the appropriate tribal approvals are obtained. Approvals can take days, weeks, months, or even years; however, time spent seeking appropriate approvals will pay off in the success of the partnership and work ahead.
- **Be prepared to present to the tribal council.** A tribe may require that offers of assistance be reviewed by a committee or even presented at a tribal council meeting. Your initial contact can help you understand the requirements for approval and the process(es) involved. This is not the time for professional jargon or abbreviations; the proposal should be brief, in plain language, and clearly state the anticipated benefits and potential risks.
- **Clearly discuss intended outcomes and options for sustainability.** Tribes likely have much experience with grants, contracts, and partners coming to offer help, but often the help is temporary and does not lead to long-term, positive, and sustainable community change. Tribes need to know the potential outcomes of a project before they start to determine the short- and long-term benefits. They will also want to know if there is a plan for sustainability.

How should you conduct a project that is approved by the tribe?

Once you have approval to proceed, it is important to work in partnership with the tribe every step of the way. Work with them on timelines, roles and responsibilities, sources of funding, and methods of communication. Ensure that everyone is clear on goals, objectives, and intended outcomes. And continue working in a frame of humility throughout the process. Some additional tips include:

- **Understand how culture may influence process.** Tribes have different cultures, traditions, languages, and practices that may influence a project. For example, some tribes may offer a prayer at the beginning of each meeting or want to bless any land that is being used for a project. Certain customs



Photo courtesy of Tohono O'odham Ki:Ki Housing Association

or traditions in how you work together may also be important. The only way to know for sure is to learn about the tribe's culture and listen to them regarding their preferences as the project progresses.

- **Discuss how to communicate and celebrate outcomes.** Have discussions during and well ahead of the end of the project about how to communicate to the community and the media about your work. The tribe may have a press person that handles all communications and press releases from the tribe and that approves any outside press and publications. Do not publish or discuss the project with others unless you have obtained formal tribal permission beforehand.
- **Plan to report back to the tribe when the project is completed.** Work with the tribe to determine the best way to report, which may include another presentation to the tribal council or even a session with the community. With housing projects, the tribe may have a preference in how they communicate the project to their citizens.
- **Help with ideas for sustainability or gaining additional resources.** The tribe may want to continue working with you or choose to

pursue other options to address their remaining housing needs. Helping the tribe continue achieving good outcomes in the long run is fulfilling and will ensure that your project brings lasting value to the tribe.

Working with tribes can be very rewarding and a great way to help communities in need. If a project is done through a partnership that respects the tribe's right as a sovereign nation to determine its own future, it will have a better chance of succeeding and achieving benefits for the tribal community. While work with tribes can look and feel different than work with other partners, it can result in lasting relationships that help both partners achieve their long-term goals.

For further information, we encourage you to read NCAI's publication *Walk Softly and Listen Carefully: Building Research Relationships with Tribal Communities* at <http://www.ncai.org/prc>.

1. Office of Policy Development and Research, U.S. Department of Housing and Urban Development, January 2017. *Housing Needs of American Indians and Alaska Natives in Tribal Areas: A Report from the Assessment of American Indian, Alaska Native, and Native Hawaiian Housing Needs: Executive Summary*. https://www.huduser.gov/portal/native_american_assessment/home.html

2. NCAI Policy Research Center and MSU Center for Native Health Partnerships. *Walk Softly and Listen Carefully: Building Research Relationships with Tribal Communities*. Washington D.C. and Bozeman MT, 2012.

3. Tervalon, M., Murray-Garcia, J. Cultural humility versus cultural competence. A critical distinction in defining physician training outcomes in multicultural education. *Journal of Health Care for the Poor and Underserved*, 1998; 9(2): 117-125.

Deana Around Him, Dr.P.H., Sc.M. is Research Manager of the Policy Research Center at National Congress of American Indians. Yvette Roubideaux, M.D., M.P.H. is Director of the Policy Research Center at National Congress of American Indians.



Important Considerations for Working with Tribes

By Twila Martin Kekahbah

Understanding tribal governance, sovereignty, and the barriers to tribal development is critical to doing business with American Indian tribes.



Photo: Marvin Lynchard,
Flickr Creative Commons, <https://flic.kr/p/pUDffH>

Too often people enter an American Indian reservation with the expectation of “fitting in” culturally, sometimes hoping to establish a “reservation connection.” Unfortunately, that works neither for an American Indian from another tribe nor for a non-American Indian. American Indian culture is very diverse, as each tribe’s culture is unique.

Outsiders must comprehend and appreciate the legal and political relationship between tribes and the federal government. Every decision made by the tribal government is connected to the existence of the government-to-government relationship. Tribal sovereignty is rooted in the U.S. Constitution, Article I, Section 8, which acknowledges tribal nationhood, and in Article VI, which refers to treaties made by the United States with other nations.

Overcoming barriers to tribal development requires developing and implementing a learning program that addresses tribal government structure, acknowledging areas where there may be conflicts of interest, respecting tribal traditions and culture, being transparent in the process of working with the tribe and its

entities, and being accountable (both fiscally and ethically) to all the membership. Here are some important considerations to keep in mind when working with tribes:

- Federally recognized American Indian tribes are sovereign legal and political entities, based on a complex and often contradictory history of congressional action, executive order, and judicial decision. A reservation is legally defined as the jurisdictional territory of the tribe.
- American Indian people are not only a racial group, but a legal and political group, as defined by the federal government and tribal governments.
- Most tribes suffer from levels of poverty much higher than the general populace. This includes a high level of unmet affordable housing need. From a tribal perspective, however, poverty is not narrowly defined by economics. Poverty may also be related to historical traditions, culture, and language; to physical, mental, and/or spiritual health; and to

Learning the breadth and depth of tribal governance, sovereignty, and related issues is essential to a successful work environment



Photo: Cheryl Francisco, Flickr Creative Commons; <https://flic.kr/p/aECEH4>

formal and informal leadership. Similarly, having an unmet housing need does not necessarily mean “homelessness” to the tribal population; other criteria, including inaccurate data, mistrust of housing policies, and cultural values also factor into the equation.

- Since European contact, tribes have struggled and continue to struggle for their long-term survival, their unique identities, and their ways of life. Creating an opportunity for economic change is one part of ensuring survival. It must, however, be combined with tribal traditions, culture, language, government structure, and tribal government leadership.
- Understanding, recognizing, and strengthening tribal sovereignty and self-determination is essential to the long-term traditional and cultural survival of tribes.

To an outsider looking to do business with an American Indian tribe, learning the breadth and depth of tribal governance, sovereignty, and related issues is essential to a successful work environment. Although this all might appear cumbersome, it is indeed a positive development bringing new opportunities and respect to tribal communities. It should not be feared by either tribal or non-Indian interests.

Twila Martin Kekahbah is a member and former Chair of the Turtle Mountain Band of Chippewa in North Dakota. She is also a member of the Housing Assistance Council’s board of directors.



LET'S BUILD SOMETHING TOGETHER



NEED CAPITAL FOR YOUR AFFORDABLE HOUSING PROJECT?

The **Housing Assistance Council's** Loan Funds provide low interest rate loans to support single and multifamily affordable housing projects for low-income, rural residents throughout the United States and territories.

Capital is available to fund a wide variety of housing development purposes, for all types of affordable and mixed income housing projects, including preservation, farmworker, senior, and veteran housing.

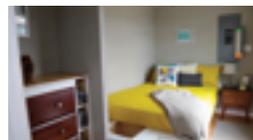
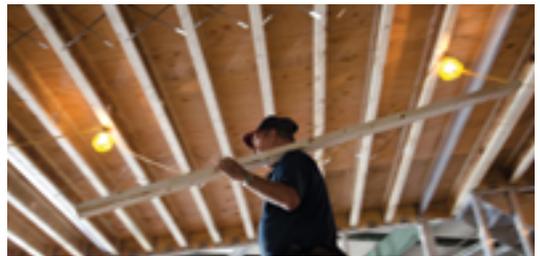
HAC LOAN FUNDS CAN BE USED FOR:

PRE-DEVELOPMENT

SITE ACQUISITION

SITE DEVELOPMENT

CONSTRUCTION/REHABILITATION



GET IN TOUCH

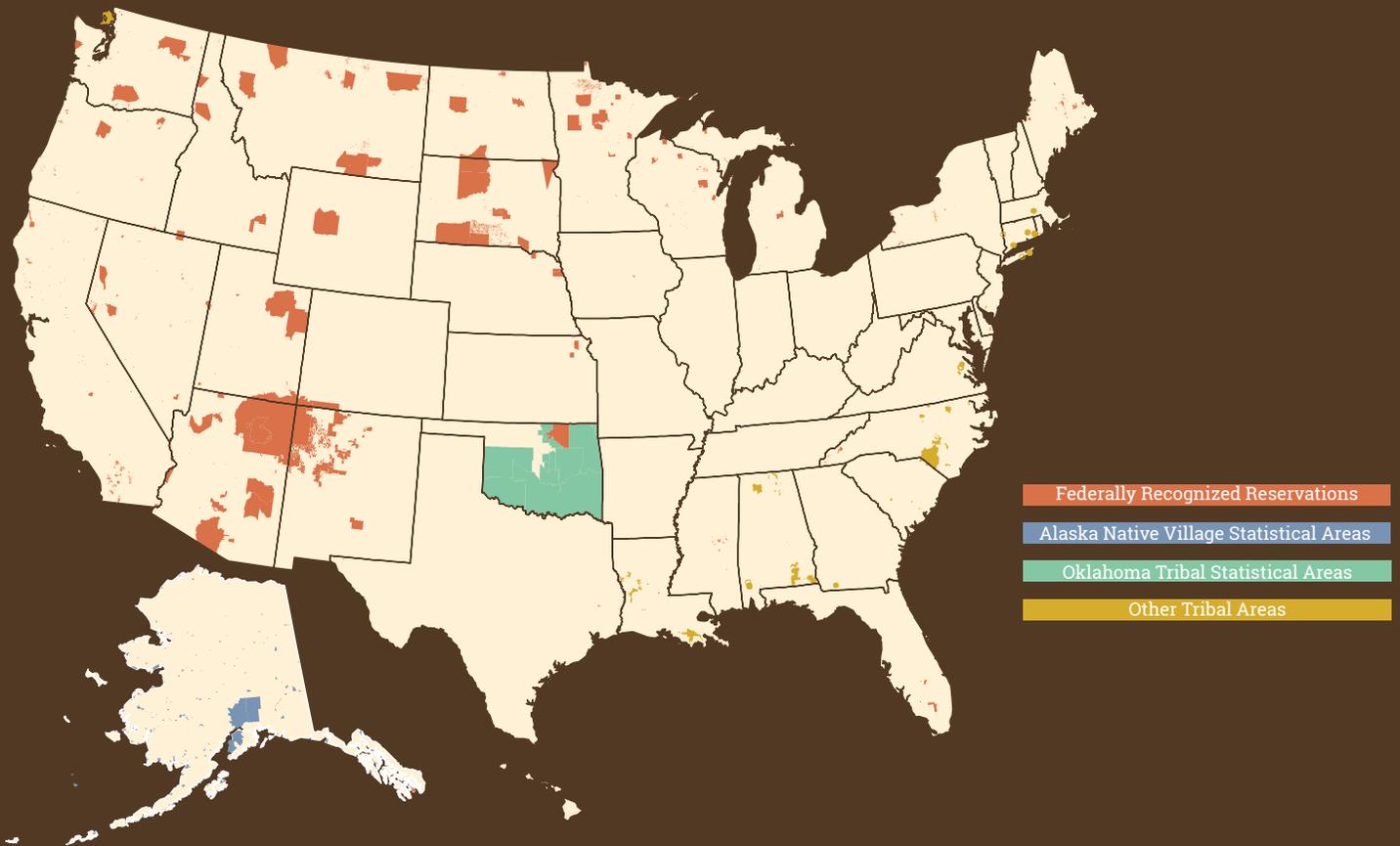
📞 202 842 8600 | ✉️ hacloanfund@ruralhome.org | 🖱️ ruralhome.org

HAC is an Equal Opportunity Lender and Employer



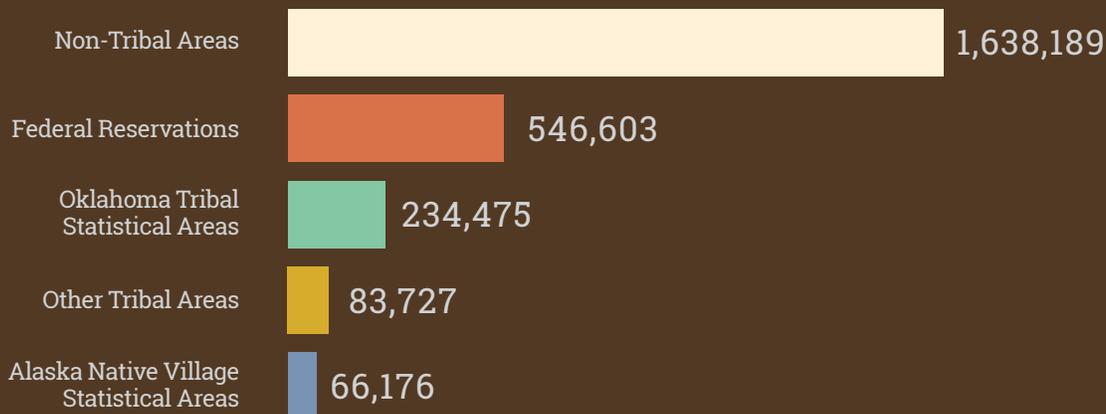
AMERICAN AND ALASKA NATIVE (AIAN) COMMUNITIES AT A GLANCE

AMERICAN INDIAN AND ALASKA NATIVE LANDS



Source: Housing Assistance Council (HAC) created map of Census Bureau-defined American Indian and Alaska Native geographies

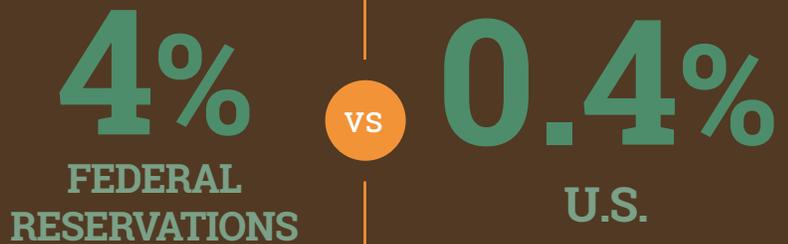
AIAN POPULATION BY GEOGRAPHY



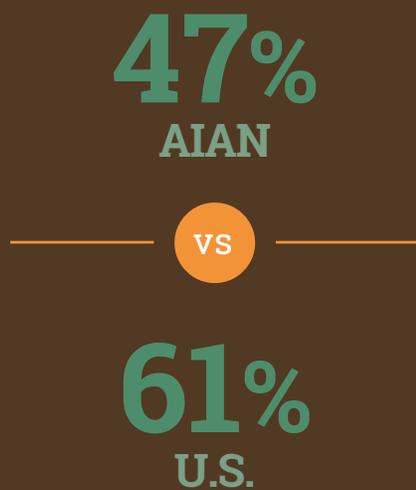
	AIAN HOUSEHOLDS ON FEDERAL RESERVATIONS	U.S.
INCOME UNDER \$20,000	36%	18%
MANUFACTURED HOMES	17%	6%



OCCUPIED HOUSING UNITS WITHOUT PLUMBING



BORROWER ORIGINATION RATE



TOP MORTGAGE LENDERS ON FEDERAL RESERVATIONS

- 1: Mid America Mortgage
- 2: Wells Fargo
- 3: Vanderbilt Mortgage
- 4: Flagstar Bank
- 5: Bay Bank

* Census permits self-identification and delineates the AIAN population by two main categories, AIAN alone and AIAN multiracial. AIAN alone is used for these calculations.
 Source: Housing Assistance Council (HAC) tabulations using data from American Community Survey (ACS) 2011-15 and Home Mortgage Disclosure Act (HMDA) 2015.



Photo: Ron Armstrong, Flickr Creative Commons;
<https://flic.kr/p/dfAvhS>

Housing Solutions That Work for Native Americans

By Anthony Walters

The Native American Housing Assistance and Self-Determination Act is an important tool in meeting tribal housing needs.



NAHASDA is working. That shouldn't be a surprise to anyone. Tribes have been proving the effectiveness of tribal self-determination for over 40 years. After successful implementation of policies promoting self-determination and self-governance in the Bureau of Indian Affairs and Indian Health Service programs, Congress extended tribal self-determination to housing programs in 1996. With the enactment of the Native American Housing Assistance and Self-Determination Act (NAHASDA), Congress finally provided tribal housing programs a dedicated funding stream through the Indian Housing Block Grant (IHBG). After decades of patching their housing programs together through various HUD programs, tribes finally had the tools they needed to develop cohesive tribal housing programs.

Prior to NAHASDA, tribes dealt with a multitude of federal housing programs where federal officials, not tribal, directed when, where, and how to construct houses in Indian Country. Under NAHASDA, tribes have been empowered to address specific needs in their communities in a way they see fit, through Indian Housing Plans they develop.

Unmet Housing Needs

And I'll say it again: NAHASDA is working. In the past 20 years, tribes have developed nearly 40,000 new housing units across Indian Country, while continuing to maintain tens of thousands of pre-NAHASDA units. Despite the track record of success, there is still a large unmet need in tribal communities. Earlier this year, a Department of Housing and Urban Development Needs Assessment found elevated rates of overcrowded homes and substandard housing in Indian Country. The Needs Assessment stated that 68,000 new units are still needed to address the significant need in tribal communities.

Some officials and lawmakers might look at the need in Indian Country as a sign that NAHASDA has been ineffective. Far from showing failure, however, these numbers simply reflect the deficit we started with and how much more must be invested to address the housing crisis in Indian Country. For many tribes, housing shortages can be traced all the way back to broken treaty promises and cycles of federal policies of assimilation, allotment, or termination.

Tribes finally had the tools they needed to develop cohesive tribal housing programs.

I've seen these housing issues first hand. I've seen homes in the Southwest without running water, relying on water trucked in from hours away on a regular basis. I've seen drafty trailer homes in the Northern Plains and wondered how the family will stay warm in the winter. I've been in houses where mold is in every corner and hoped the children growing up there would stay healthy. And personally, growing up in Oklahoma, I lived with my grandparents in a trailer on a lot that flooded every year.

Success Stories

While many people have heard these stories or seen tribal housing conditions first-hand, it is imperative that people also hear how tribes are addressing these needs. That's why the National American Indian Housing Council (NAIHC) hosts three annual national events and several regional events where tribal housing program officials can get together to share success stories and best practices. I've been Executive Director of NAIHC for less than a year, and I've already heard many.

Earlier this year, while attending my first HUD conference as NAIHC Executive Director, I saw a presentation by the San Felipe Pueblo Housing Authority (SFPHA) Executive Director. The tribe has a development of 135 single-family units and 15 multifamily units well underway. The SFPHA has managed to do this by utilizing its IHBG resources to secure construction loans guaranteed under NAHASDA'S Title VI program, and then paying those off with HUD-guaranteed Section 184 loans. The SFPHA can then place families in newly constructed homes. SFPHA has developed 28 units in each loan cycle and has repeated the cycle three times already.

At our annual conference in June, I learned that the Makah Tribe in Washington state has developed over 100 single-family homeownership, supportive housing, and multifamily rental units since 2010. The development will increase the total housing stock in the community by 25 percent. The project includes 21 units of supportive housing that have already been filled, with an additional wait list of tribal members needing assistance. Because of NAHASDA, these initiatives are being led by

tribes, which ensures the housing projects are both culturally and environmentally sensitive and helps encourage member participation.

These two success stories are just recent examples. Each year, we hear from tribes who have broken ground on new development projects or established veteran and supportive housing programs. While nearly all tribal housing development relies on resources in addition to NAHASDA funding, it is NAHASDA that has made these projects possible. Over the last 20 years, NAHASDA has provided reliable and consistent funding to tribal housing programs so that they can better leverage and plan around their IHBG funds with other public and private resources. In addition to the funding itself, NAHASDA has helped build capacity in tribal housing programs across the country that enables tribal program staff to seek out other resources and put them to work in their communities.

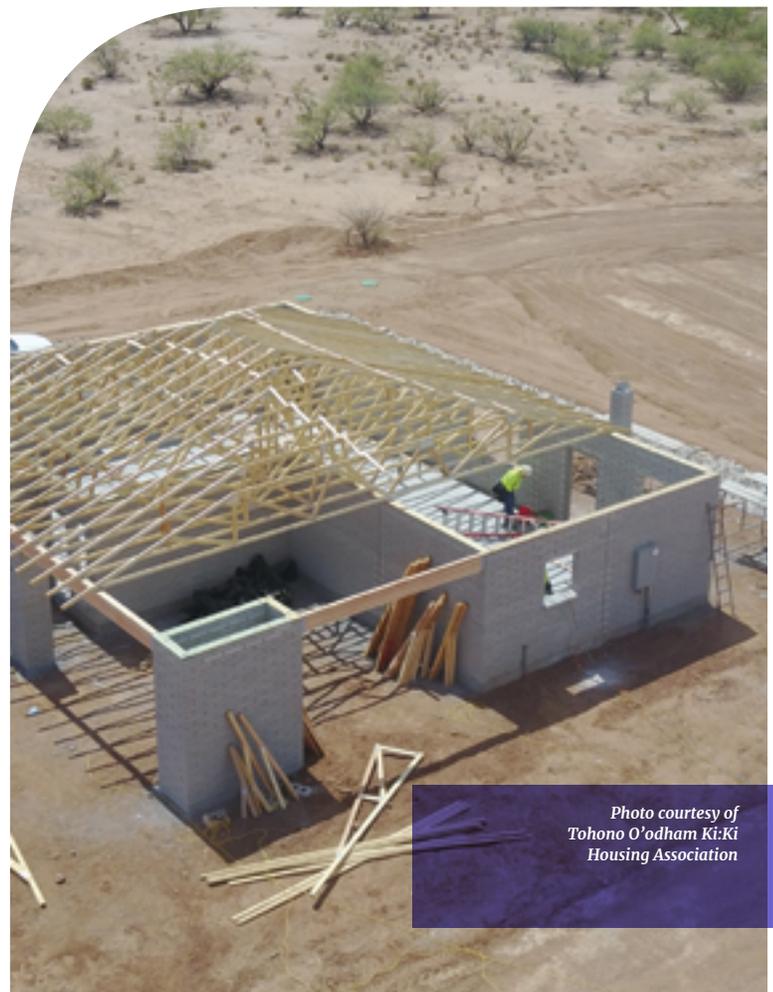


Photo courtesy of
Tohono O'odham Ki:Ki
Housing Association

Investing in More Than NAHASDA

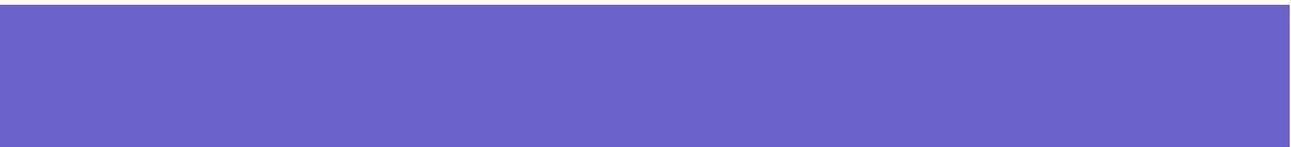
While NAHASDA has helped build and sustain tribal housing programs, it cannot solve tribal housing needs by itself. Both of the success stories above relied on resources outside NAHASDA as well, including Section 184 loan guarantees, USDA loan guarantees and development grants, Low Income Housing Tax Credits, Federal Home Loan Bank programs, and others. The 68,000 new units recommended by the HUD Needs Assessment would cost over \$8.5 billion (at a generous estimate of \$125,000 per home). With the remote nature of many tribal communities and the lack of general infrastructure, actual development costs will undoubtedly be much higher. And tribes will still need funds to maintain those new units, as well as the existing units. Finally, the need may continue to grow as many tribal communities are seeing population growth and a higher rate of tribal members returning home after attending college or working in more urban areas.

All these factors show that we need to invest more in tribal housing programs, but particularly in NAHASDA, as funding has been relatively stagnant for 20 years. The lack of increased NAHASDA funding has placed tribal housing programs in a familiar spot, forced again to piece funding together from a variety of sources. The NAIHC has worked with tribal housing programs throughout this cycle: assisting tribes prior to NAHASDA, working with tribal leaders and Congress to enact NAHASDA, and today helping tribes once again

identify new resources to stretch their NAHASDA dollars and spur new housing development in their communities. The NAIHC also continues to work with Congress to highlight both the unmet housing needs in Indian Country and the success stories to justify more investment in tribal housing programs. I've mentioned just two, but each tribe has achieved success in some way and will continue to set and achieve housing goals for their members in the future.

As Executive Director, I look forward to carrying on this work and helping tribes achieve their goals. Incidentally, my grandparents now live on top of a dry hill in a house built by the Cherokee Nation that they own through a tribal lease-to-own program. I have aunts and uncles who have also benefitted from tribal homeownership and supportive housing programs, and even younger cousins who now own homes through tribal lending programs. I've seen it in my travels across Indian Country and through generations of my own family. NAHASDA is working.

Anthony Walters, a member of the Cherokee Nation from Tahlequah, Oklahoma, is the Executive Director of NAIHC.





Helping Native Americans Become Homeowners through Section 184

Photo courtesy of
Tohono O'odham Ki:Ki
Housing Association

By Jeff Bowman and Tanya Krueger

This Native-owned bank has what it takes to successfully use HUD's Section 184 program to meet tribal members' housing needs.



Mortgage lending on Native American lands is an uncommon occurrence: just 822 of the more than 44,000 loans made to Native Americans in 2015 were on trust land. Generally, commercial banks are reluctant to issue mortgages for homes on tribal trust land because the land belongs to federally recognized Native American tribes and cannot be transferred to non-tribal members. Although a structure itself can be foreclosed upon, the land it sits on cannot. That creates significant risk for a lender if a borrower becomes delinquent. The Department of Housing and Urban Development (HUD) Section 184 home loan program,¹ which provides a 100 percent loan guarantee, was created to address this problem and incentivize mortgage lending on trust land.

The loan guarantee ensures the lender will be repaid, without regard to land ownership, in the event a borrower is unable to make payments. The Section 184 program's guarantee does this without altering the fundamental structure of the lending on trust land. The home and leasehold interest are mortgaged while the land remains in trust for the tribe. From the program's inception in 1993 through March 2016, HUD has issued over 33,000 loan guarantees, totaling more than \$5.4 billion, to private lenders.

In describing the program's mission, HUD notes that "by encouraging lenders to serve Native communities, Section 184 is increasing the marketability and value of the Native assets and strengthening the financial standing of Native communities."

Given the economic problems that too often impact tribal trust lands, however, this may still not be enough to combat the processing hurdles and issues with fractional property ownership that banks must overcome to serve these populations on trust land.

Originally only available on trust land, the program expanded in 2004 to Native American tribal members living in tribally designated Indian operating areas outside of trust lands. More than 90 percent of Section 184 loans have been originated on this fee simple land. Even with the expansion of qualifying areas, however, there are only about 122 lenders and 200 tribes participating in the program. The volume of Section 184 activity has steadily declined over the last few years as several lenders have decided not to continue

using the program. There are, nevertheless, examples of lenders that successfully use the Section 184 program to help Native American families become homeowners.

The largest servicer of Section 184 loans in the Great Lakes region is Oneida-owned Bay Bank, the only tribally owned bank in Wisconsin. Bay Bank serves four states including Michigan, Minnesota, Wisconsin, and four counties in Illinois with a single office located in Green Bay, near the Oneida reservation. This relatively small lender with assets totaling \$87 million makes loans on individually and tribally owned trust land and serves a wide range of income levels. Bay Bank is unique in that it originated around 45 percent of its home loans on tribal trust land in 2015. To put this into perspective, 95 percent of all lenders reporting a mortgage loan in 2015 did not make a single loan on trust land.

What Strategies Contribute to Bay Bank's Success?

1. Philosophy

One of the reasons this community bank is successful stems from the fact that it is Native-owned. Bay Bank is one of only 18 Native-owned banks in the country out of a total of almost 7,000 lenders. Being Oneida-owned influences how the bank does business. Staff members are not commission-based or solely focused on their bottom line. The bank is mission-based and its purpose is to help the local community by serving tribal members and increase their rate of homeownership.

2. Staff Experience

The same Bay Bank team members have been working with the Section 184 program since 2005. That stability has allowed for building trust and developing relationships with tribes, the Bureau of Indian Affairs, and the Bureau of Land Management offices. These personal relationships help the staff navigate the bureaucratic twists and turns of applying for Section 184 loans. Bay Bank's experienced lending team thoroughly understands the program's operations and can navigate the system efficiently. HUD, recognizing Bay Bank's experience and understanding of the program, allows bank staff to approve certain documentation themselves rather than sending it all to HUD for review. This allows Bay Bank to ensure delays are minimized and the process works as smoothly as possible.

3. Hands-on Approach

With a small but experienced staff, Bay Bank can offer a hands-on approach with a personal touch to its customers, and bank staff are always only a phone call away. One of the challenges of the Section 184 program is that it can take up to six months to get the loan approved. The bank staff keeps potential borrowers informed about what is happening at every step of the process. Bay Bank's status as a small bank means it both underwrites and services the loans, even after the loans are sold. If a question were to arise during the loan repayment period, it would go directly to the underwriter who worked on the loan, not to an off-site, computerized system.

The bank uses the flexibility offered by the Section 184 program to consider the potential borrower's situation in a holistic way. Of the 184 majority Native American census tracts in the United States, 139 are areas of persistent poverty, where the poverty rates have been above 20 percent for more than 30 years. The burden of poverty inhibits the opportunity to build credit. Bay Bank's staff are willing to consider non-traditional methods of credit, like proof of payment of phone bills, that demonstrate an applicant's creditworthiness when more standard measures fall short.

If applicants do not qualify, staff can offer financial coaching and give advice about how to resolve tax liens or judgments so they can come back when they are ready to get a loan. This highlights, once again, the role the lender's philosophy plays: the ultimate goal is to help assist applicants in both purchasing and maintaining homeownership, not necessarily maximizing financial returns.

How Can the Section 184 Program be More Widely and Effectively Used?

1. Increasing Awareness

Being aware of a product is key to accessing it. Many tribal members still do not know about the Section 184 program. Bay Bank understands this, so it tries to educate potential borrowers by conducting outreach in the community and explaining the program's benefits and who qualifies. It is likely that many small lenders and potential borrowers are not well-versed in this product.

2. Streamlining the Process

HUD Section 184 requires significantly more paperwork and delays in originating the loan than conventional loan products. For an already underserved market, these extra requirements and delays might make the product too costly for many lenders and potential borrowers to undertake. Addressing these concerns could increase program usage—and homeownership on Native lands. Efforts are underway at HUD to improve processing time. A beta test of an online system for uploading endorsement packages to the cloud shows potential for preventing paperwork getting lost in the mail and reducing wait times.

As part of the effort to serve the Native American community, we pride ourselves on being one of the most successful small lender originators of Section 184 loans on tribal trust land. Our mission of increasing homeownership rates among Native Americans guides how we do business. Developing personal relationships with our borrowers and tribal government entities helps facilitate the processing of loans. Our ability to both underwrite and service the loans also contributes to our success. We will keep educating tribes about the Section 184 programs and hope the processing of loans will continually be streamlined so that we can increase the number of Native Americans with a safe place to sleep at night.

Jeff Bowman, an enrolled member of the Stockbridge-Munsee Band of Mohican Indians, is President of Bay Bank, based in Green Bay, WI. Tanya Krueger, an enrolled member of the Oneida Nation, is a mortgage lender at Bay Bank.

HUD Section 184

The HUD Section 184 loan guarantee program addresses the lack of mortgage lending in Indian Country. It is available for single-family (1-4 units) homes used as primary residences.

Eligible borrowers

- American Indian or Alaska Native members of a federally recognized tribe
- Federally recognized Indian tribes
- Indian Housing Authorities
- Tribally Designated Housing Entities

Loan purpose

- Purchase
- Refinance
- New construction
- Rehabilitation

Advantages

- Low down payment: 2.25% on loans over \$50,000 and 1.25% on loans under \$50,000
- Low interest rates: based on market rates, not on applicant's credit scores
- Annual mortgage Insurance: .25% on loans with a loan to value ratio of 78% or greater
- Upfront loan guarantee: 1.5% fee

1. HUD. Section 184 Indian Home Loan Guarantee Program. https://portal.hud.gov/hudportal/HUD?src=/program_offices/public_indian_housing/ih/homeownership/184



Native Community Finance Serves Native Americans in New Mexico

By Marvin Ginn

Native CDFIs provide funds and services to improve Native American housing conditions.

NCF works with these clients to provide financial education, credit repair, and general guidance.

New Mexico is home to 22 Native American tribes, many of which are under-housed, as the demand for housing on reservations far exceeds the supply. Without enough funding from NAHASDA to meet the needs of our reservations, Native CDFIs have stepped up to fill the need by offering home mortgage products as well as other types of housing assistance.

CDFIs Defined

Community development financial institutions (CDFIs) are financial institutions dedicated to providing credit and financial services to underserved people who would otherwise be locked out of the financial system. CDFIs rely less on credit scores and more on developing long relationships with members of the community and helping them gain financial literacy, establish

savings goals, and build credit.¹ Native CDFIs provide such services for the Native American population and they are usually located near reservations. To qualify as a Native CDFI under federal law, a CDFI must provide at least 50 percent of its business to Native Americans.²

My nonprofit Native CDFI, Native Community Finance (NCF), provides 98 percent of its business to Native Americans in New Mexico, with a focus on tribal members who live on reservations. Currently, we have a portfolio of 146 loans with a balance of over \$1.4 million.

Services Offered

In order to meet our community's needs, NCF offers many forms of assistance besides loans. To buy a home requires a borrower be financially stable and have good credit, but many of our

potential homebuyers are in dire need of financial education. For years, our Native people have not had the same access to capital as non-Native people, in part because some live on reservations in remote areas with little economic development and high rates of unemployment. As a result, many have not learned about borrowing and repaying, leaving them with little or no background on how to navigate their finances.

NCF works with these clients to provide financial education, credit repair, and general guidance. When there are challenges with credit, we work with clients to address their issues by fixing errors on their credit report, having them bring their payments current, and offering credit builder loans. We make credit builder loans to clients of about \$500-1,000 so they can develop good credit by repaying the funds over six months. In addition to loans, we meet with clients for credit counseling and to help them manage household budgets and set financial goals. With predatory lending and vehicle repossession, some clients have credit scores in the low 500s, but our intervention can usually bring scores up to around 620.

For those interested in purchasing a home, we provide homebuyer education. We guide our clients through the long process needed to complete a mortgage on trust land, as they are generally unaware of how to proceed.

First-time homebuyers can also use Individual Development Accounts (IDAs) administered by NCF. To encourage them to save money for their down payment, our partner Prosperity Works raises funds to match our clients' savings, 4 to 1. If a client saves \$1,000, Prosperity Works provides an additional \$4,000.

NCF can help clients obtain loans from USDA Rural Development as well. NCF is the only Native organization certified as a Section 502 intermediary. We "package" applications, helping our clients put together all the forms and information needed to apply for Section 502 mortgages from USDA. The clients receive essential assistance, USDA receives complete applications, and NCF earns a modest fee for each package.

Loan Products

As a lender, NCF offers several products that are needed in the housing arena including construction and rehabilitation loans, credit repair loans, consolidation loans, anti-predatory loans, and general consumer loans. When funding is available, NCF can provide rehabilitation loans, mortgage refinance loans, and other cost saving loans.

Most of our loans are used for construction. Many of the private mortgage lenders that participate in HUD's Section 184 program will make a loan for a completed home on trust land but are not comfortable funding a construction loan because they do not have the experience or staff to service it. NCF not only provides a construction loan to build the home, but we work with the tribe and the federal Bureau of Indian Affairs to get the Title Status Report, Environmental Review, and Archeological Review readily available to the lender so the legal documents for the permanent mortgage can be completed in a timely manner. Having the necessary paperwork already gathered and easily accessible makes the home more appealing to mortgage lenders for future home loans as well.

NCF has found that the work we do with our clients is successful. For the past 10 years, we have served low- and moderate-income families, and have written off lending losses of only \$1,122. Native CDFIs can play an important role in helping tribes and tribal members improve their own housing situations.

Marvin Ginn, a member of the Choctaw Nation of Oklahoma, is the Executive Director of Native Community Finance, based in New Mexico. He is also a member of the Housing Assistance Council's board of directors.

1. Lee, Jeanne. What is a Community Development Financial Institution? October 12, 2015. <https://www.nerdwallet.com/blog/banking/what-is-community-development-financial-institution/>

2. U.S. Department of the Treasury. Community Development Financial Institutions Fund. <https://www.cdfifund.gov/programs-training/Programs/native-initiatives/Pages/default.aspx>



Housing for Holistic Rez Living

*Photo courtesy of
Tohono O'odham Ki:Ki
Housing Association*

By James "JC" Crawford

Sisseton Wahpeton Oyate has had major success in integrating housing and community needs.

As a current Executive Director of a tribal housing authority and former tribal leader, I have seen first-hand the challenges that tribal leadership and housing authorities experience on a daily basis. The restriction of funding for new construction and decrease in federal funding sources have been particularly challenging. On this reservation, we have a lot to be thankful for, but we still have many families struggling to get roofs over their heads.

In 2017, the Sisseton Wahpeton Housing Authority (SWHA) celebrates 50 years of serving our tribe. Not only have we been able to serve our local community, but we've participated

in the development of the South Dakota Native Homeownership Coalition (SDNHC), created to work with tribal housing authorities in South Dakota. We get the opportunity to network with other colleagues and 50 partners within the Coalition to work on innovative ways to leverage the capacities of the housing authority and partners. SDNHC works with tribal, state, and local governments, federal agencies, and nonprofit organizations toward the new construction of rental and homeownership projects within each of our reservations.



The agencies created a rural community development opportunity that was a “win-win” for both tribal and federal agency resources.

Power of Partnerships

SWHA recently developed 20 single-family rental units in our Enemy Swim district using a USDA Section 515 rental subsidy program to pay back the loan, although several other funding opportunities were required also. The Governor’s House program from the South Dakota Housing Development Authority, which provides reasonably-sized affordable homes to families with below-median incomes and limited assets, reduced our construction costs. More than half of the units were paid for by a rental construction grant from the Federal Home Loan Bank of Des Moines. The remaining units were paid for by program support funding from the Sisseton Wahpeton Oyate tribe. SWHA received a HUD Section 184 loan from 1st Tribal Lending to complete the funding necessary to build the units. Finally, USDA funding was essential in subsidizing the monthly rent of our very low-income and no-income tenants.

Housing for Professionals

The tribe undertook construction of a new Indian Health Service (IHS) medical clinic for tribal members. With the building of the new IHS clinic, funding was allocated for both the clinic and living quarters. In rural areas like Sisseton, it is very difficult to retain professional workers, who could probably find more opportunities in metropolitan areas. These quarters have been a great asset to the recruitment of new IHS staff and fulfill a portion of the unmet housing needs for tribal members. These 62 new units range from one to four bedrooms and are now available for rent, so that our health department has something to offer the qualified professionals we need to hire in order to expand our facility.

In the negotiation of the IHS facility, the tribal leadership, with the support of congressional staff, worked together to get adequate funding for the overall project. Under Public Law 93-638, which allows tribes to acquire increased control over the management of federal programs that impact tribal members, resources, and governments through self-governance contracts, tribal leadership manages the IHS living quarters.

It was understood that IHS was the health provider and the SWO/SWHA had the expertise to manage the housing units. By working together, the agencies created a rural community development opportunity that was a “win-win” for both tribal and federal agency resources.

Tribal leadership started a new program called the SWO Construction Management Department that serves as both general contractor and construction contract administrator for tribally and federally funded construction projects. Because Public Law 93-638 allows tribes to bid for federal contracts, we were able to hire our own local engineers and inspectors to carry out those activities. The housing for the healthcare professionals was the first project undertaken by the SWO Construction Management Department. These jobs created additional economic income and built capacity for the tribe’s program to carry out future projects.

Before the new living quarters, it was a challenge getting the professional medical staff we needed, including doctors, dentists, or mental health counselors. We wanted to put them in quality homes. Without quality rental homes for them to live in, they would move to towns on the reservation border and would commute from Fargo or Watertown. Fargo is an hour and a half away and some could not make it to work during winter blizzards that hit our region. Eventually, they would always move on.

Benefits

Living quarters for the medical facility have made a huge impact on the needs of the community. The homes meant we could really increase our staffing to provide full scale dentists, for example. Now, tribal members do not have to leave the reservation to get dentures or for a child’s check-up. We were also able to add a mental health clinic, a service that is crucial to addressing the needs of our tribal members and look after their mind and spirit. Now we have four diabetes equipment program staff members, a dietician program, and a physical therapy program. These programs help tribal members and non-tribal members alike, as we are able to use third-party payments.

Recruiting of doctors, including their husbands or wives, has gone much more smoothly because of the IHS living quarters we are able to offer. We are also able to target spouses; for example, if one worked in mental health and one worked in child health—we have single-family units to offer. When we first opened the living quarters, IHS employees did not fill those units, especially because many local tribal employees already had homes. As we expand, we make some of the rental units available to tribal members who work in other needed service areas, including our community college or tribal courts.

With the approval of funding to build our new IHS clinic and housing quarters, both parties have shown that partnerships have created community economic benefits. The project has also shown that investing resources in these living quarters, so that professional staff can live within our community instead of living in nearby urban centers, creates a local economic benefit for the reservation. In addition, SWO/SWHA can leverage the rental income from the housing quarters to help fulfill the unmet needs of the community.

Regarding homeownership opportunities, SWHA has been developing the opportunity for our SWO enrolled members to purchase their own homes by working with tribal leadership to provide down payment assistance and home site leases to tribal members. With the spirit of creating a team approach to homeownership, SWO has seen a growth of new homes within our reservation.

Through continued support to SDNHC from our network and internal tribal resources, we are adding new construction to our housing inventory on the Sisseton-Wahpeton Oyate Reservation in northeast South Dakota. For the future, we encourage the development of partnerships and continued work on best practices to meet our demand for housing. Creating these relationships will help establish a road map to the new construction of homes.



Photo: April Younglove, Flickr Creative Commons;
<https://flic.kr/p/6gsjAp>

James "JC" Crawford is the Executive Director of the Sisseton Wahpeton Housing Authority.



HAC FACTS

DAVID LIPSETZ NAMED NEXT HOUSING ASSISTANCE COUNCIL EXECUTIVE DIRECTOR

Washington, DC - October 12, 2017 - The Housing Assistance Council (HAC) Board of Directors has named David Lipsetz as the organization's next Executive Director. Lipsetz will replace Moises Loza, who is retiring on November 1, 2017 after more than 40 years at HAC. David becomes only the fourth Executive Director to lead the Housing Assistance Council.



"HAC is excited about this next chapter of our journey. We're very blessed by the contributions that Moises Loza has given HAC," said Andrew Bias of Wichita, Kansas, chair of HAC's board of directors. "Thousands of lives in rural communities are better because of HAC's involvement and support. HAC welcomes David on board to continue on this journey with the full backing and encouragement of our board of directors and staff."

Lipsetz comes to HAC having held several senior positions at the U.S. Department of Agriculture (USDA) and U.S. Department of Housing and Urban Development, most recently as the Associate Administrator of USDA's Rural Housing Service. He has also managed affordable housing programs in New York City and Oakland, California. David was born and raised in Ohio, and began his career on Capitol Hill as a legislative aide to Michigan Congressman John Dingell.

"I am honored to step into this new role," Lipsetz said. "Moises Loza leaves an unparalleled legacy, having guided HAC to be the highly regarded and effective organization it is. HAC is needed now more than ever, as a lender helping to develop affordable housing in underserved rural markets, and as a national voice for including rural communities in America's plans for a vibrant and prosperous future."

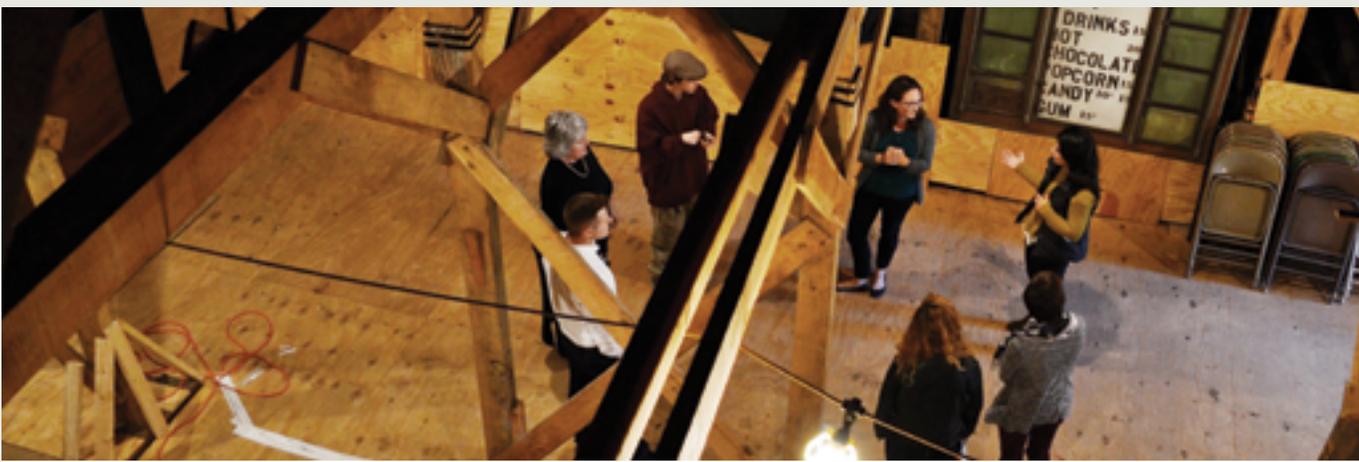
"It has been an honor for me to serve the people of rural America over these last 40 years," Moises Loza stated. "Rural Americans have a special strength, but also face particular challenges that require rural solutions rather than urban approaches. I am so pleased to be able to leave HAC's work in David's capable hands. I can't wait to see what HAC does next!"



For more on HAC's work, visit:

www.ruralhome.org





RURAL ORGANIZATIONS GATHER IN THOMAS, WV TO LEARN PLACEMAKING STRATEGIES

Nineteen rural-focused housing and community development-focused practitioners including AmeriCorps volunteers, rural housing developers, West Virginia University faculty, and regional grant makers were among those trekking to Thomas and Davis, West Virginia on October 3 and 4 for a “Creative Placemaking” Peer Exchange sponsored by HAC and bcWORKSHOP. Creative placemaking leverages locally-rooted arts to build community and local economies.

Woodlands Development Corporation—a long-time HAC partner and a national leader in linking arts and stronger rural communities—hosted the exchange. Local artists/businesspersons, elected officials, and civic leaders were among those sharing their experiences. The communities of Thomas and Davis, West Virginia have become nationally known for a strong arts scene anchored by local galleries and The Purple Fiddle, a music venue known for showcasing homegrown talent along with high-profile artists. Woodlands helps to ensure that all income levels are part of the communities’ recent growth and uptick in housing prices.

▼
For more on HAC’s Rural Placemaking work:
www.ruralhome.org

THE NEED FOR RURAL RENTAL PRESERVATION HIGHLIGHTS CONGRESSIONAL BRIEFING

The Rural Housing Preservation Working Group, a broad-based coalition convened by HAC, provided a briefing to about 30 Capitol Hill staff on September 8. The panel discussion introduced attendees to the importance of preserving affordable rental housing in rural America, a timely topic as old Section 515 mortgages begin to reach the ends of their terms. Speakers included Lance George, HAC’s Director of Research and Information. The event, requested by the office of Senator Jeff Merkley (D-OR), was cosponsored by the Council for Rural and Affordable Housing and the National Affordable Housing Management Association.



Housing Assistance Council

1025 Vermont Avenue, NW
Suite 606
Washington, DC 20005

Deliver to:

Subscribe to
Rural Voices

Scan this QR code to subscribe
instantly from your mobile phone.



**Editors: Christina Davila, Leslie Strauss, Lance George,
Dan Stern, Evelyn Immonen, and Keith Wiley.**

DESIGNER: Salta With Us

ISSN: 1903-8044

Unless otherwise noted, photos should be credited to the authoring organization. Statements made in *Rural Voices* are the opinions of the authors of the individual articles, not of the Housing Assistance Council. Material may be reproduced without permission, but *Rural Voices* magazine and the Housing Assistance Council (HAC) should be credited.