

Salish & Kootenai Housing Authority

Flathead Indian Reservation, Montana



Organizational Profile

In 1963, the Confederated Salish & Kootenai Tribes (CSKT) established the Salish & Kootenai Housing Authority (SKHA) as a separate tribal entity and deemed it the Tribes' Tribally Designated Housing Entity in 1996. SKHA oversees all of the Tribes' housing services and is a critical component of their self-determination approach to governance through its mortgage lending program on the Flathead Indian Reservation. Important partners in this work include the CSKT Tribal Land Department, which compacted the Bureau of Indian Affairs Real Estate and Title Plant services in the 1990s; the CSKT Tribal Credit program; and Eagle Bank, a tribally owned lending institution located in Polson, Montana.

Project Description

Since the 1940s, the Tribes have encouraged homeownership on the reservation by offering market rate mortgages through the Tribal Credit program. Building on this foundation, SKHA further implemented the **Flathead Finance Program**, which offers pre- and post-homebuyer education and counseling, assistance with finding a lender, site selection, water and sewer services, construction inspections, and homeownership maintenance classes. SKHA also assists homebuyers with down payment and closing cost assistance. It recently introduced a 3:1 matched savings program to help homeowners make necessary repairs on their homes.

Key Facts

Service Area: Flathead Indian Reservation

Number of Tribal Citizens: 7,900

Indian Housing Block Grant: \$4.2 million

Annual Budget: \$10 million

Number of Employees: 70

Number of Units: 514



Promising Approach

Homebuyer Readiness SKHA has developed a community-based homeownership pipeline. In the Mutual Help program, 319 units have been conveyed to residents through their Mutual Help Occupancy Agreements or through mortgage financing. Tenants in low-rent units who reach their rent ceilings receive a letter explaining the Flathead Finance Program. SKHA has found that these tenants are motivated to become homeowners because they want to escape SKHA's rental policies.

Liquidation Risk Mitigation CSKT maintains an umbrella leasing plan for leasehold mortgages on tribal trust land whereby it leases the land to the SKHA, which then subleases to the homebuyer. If an issue arises with the mortgage repayment, SKHA steps in to correct the default with the lender, thus mitigating the lending risk, and then sells the house to a new buyer along with a transfer of the sub-lease.

Leveraging Resources By promoting mortgage-based homeownership, SKHA has been able to use its Indian Housing Block Grant resources to meet the affordable housing needs of low-income, elderly, and special needs residents.

Impact

- A vibrant buy-and-sell real estate market on the reservation, with about 1,100 mortgage-financed homeownership units.
- A robust local economy stimulated by family businesses financed through home equity.
- A homeownership option for families who thought it was beyond their reach.

Lessons Learned

- To make homeownership work and to create a dynamic market, tribes should promote community values that instill the expectation of consumer repayment – from the low-income rental tenants to mortgage borrowers.
- In tribal communities with moderate- to high-income earners, or with anyone who can afford a mortgage, the tribe should actively cultivate homeownership opportunities for them.
- Lenders are motivated by market opportunities and profit. Tribes must invest in laying the legal and financial ground work to create an economic environment conducive to the flow of mortgage capital. Do not put the onus on lenders to figure out how to make mortgage lending on trust land work.
- Tribes should accept the mantle of self-governance, exercise their sovereignty, and be a part of the solution. Do not rely on the Bureau of Indian Affairs to address the land issues.

Ongoing Challenges

- Preserving the HUD Section 184 loan guarantee program and simplifying the mortgage approval process on trust land to make it more attractive for both lenders and tribal citizens.
- Identifying other mortgage products with the flexibility needed for Indian Country lending.



On the Horizon

SKHA plans to explore cost effective ways to utilize green, energy efficient products in order to lower utility costs for homebuyers and to leave a smaller environmental footprint on tribal land.

