



Assessment of American Indian Housing Needs and Programs: Final Report

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FOREWORD

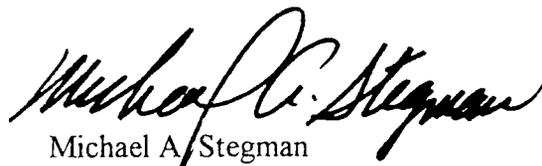
This final report of the HUD-commissioned *Assessment of American Indian Housing Needs and Programs* contains the most comprehensive and authoritative body of information ever assembled on housing conditions and resources in Native American communities. It is the result of an unprecedented data collection effort, which included special tabulations of Census information, as well as surveys, site visits, and interviews with local leaders and housing officials.

The principal findings of this carefully researched study confirm what many suspected already: the housing problems of American Indians and Alaska Natives, particularly in reservations and other Tribal Areas, are extreme by any standard. Forty percent of Native Americans live in overcrowded or physically inadequate housing, compared to only 6 percent of the U.S. population. The report also highlights important variations in the nature, distribution, and relative severity of housing needs and resources among Tribal Areas.

HUD's Indian housing programs—though ill-adapted in their original design and often cumbersome in practice—have produced tens of thousands of units of affordable rental housing and homeownership opportunities for American Indians and Alaska Natives. However, these achievements have been dwarfed by the burgeoning need of many Native American communities and limited by the inability of these programs to respond adequately to the diversity of housing conditions and needs in Indian country. Such programs must also accommodate the legitimate demands for self-determination made by Native American tribes as sovereign nations.

A combination of effective public investments and support for the development of vital private housing market mechanisms will be essential to meeting the housing needs of American Indian and Alaska Native communities. HUD has proposed a fundamental reinvention of its Indian housing programs that recognizes both the diversity of Tribal Areas and the need for approaches tailored to their unique problems, resources, and forms of tribal governance. The Department's proposals to gradually consolidate funding into formula grants would return much more discretion to local leaders, allowing them to design housing strategies that fit their own circumstances.

Assessment of American Indian Housing Needs and Programs represents a major milestone in Federal efforts to more effectively address the housing problems of Native Americans. By bringing the serious housing needs of American Indians and Alaska Natives into sharp focus, this report provides all of us with a forceful reminder of our Nation's trust obligations to the first Americans. HUD will make the data sets compiled for this report available to researchers, tribal officials, and other concerned citizens, in whose hands such information can be a valuable tool for local planning and education efforts.



Michael A. Stegman
Assistant Secretary for Policy
Development and Research

ACKNOWLEDGMENTS

The *Assessment of American Indian Housing Needs and Programs* was a large and complex research project. As such, many people made important contributions to its completion.

G. Thomas Kingsley served as overall project director during implementation and report preparation and was lead researcher on the analysis of housing conditions and needs (Chapters 2 and 3). Virginia E. Spencer generally directed the assessment of program operations (Chapters 4, 5, and 6), and John Simonson took the leading role in examining policy implications and analyzing the potentials for private mortgage financing in Indian country (Chapters 7 and 8).

Other Urban Institute staff with major substantive responsibilities included Maris Mikelsons (who handled the sizeable tasks of data file preparation and quantitative analysis for the research on social, economic, and housing conditions), Carla Herbig (who designed and conducted all research on Indians residing in urban areas), Peter Tatian (who was lead analyst of HUD management data for the program assessment), and John Marcotte (who designed the survey sample). Jeffrey Mosley, Catherine Wright, Kara Hartnett, and Matthew VanderGoot assisted in data preparation and analysis. Herbig served as administrative coordinator for the project throughout, Tim Ware formatted, assembled and produced all project reports, and Scott Forrey provided copy-editing.

Margery A. Turner directed the project during the design phase. Other members of the design team included Simonson, Spencer, and Herbig of the Urban Institute along with Michael Shea and Nancy Kay of Aspen Systems Corporation.

Survey operations were primarily the responsibility of Aspen Systems Corporation, working under the general guidance of Spencer and Herbig. Nancy Kay served as survey director for Aspen as well as contributing to the research on program operations. Staff directly involved in conducting field surveys included: Kay, Christine Baron, and Laura Scherzer (Aspen Systems Corporation); Herbig, Spencer, Simonson, and Kingsley (Urban Institute); and Phillip Mayfield, Judith Katz, and Monte Franke (OKM Associates). Mayfield also administered a special survey

on the Comprehensive Grant Program. Telephone surveys of Indian Housing Authorities were conducted by Aspen's telephone survey unit under the direction of Marie Pogozeleski.

While the authors of this report bear the responsibility for the quality of the final product, they acknowledge their considerable debt to all who provided valuable support at various stages.

Most important, we express our appreciation to the many individuals in Indian country (tribal chairpersons and staff, Indian Housing Authority directors and staff, American Indian and Alaska Native households), who gave so generously of their time in responding to our questions in the surveys and in providing guidance to help us understand and more appropriately interpret the conditions that define what is clearly a critical issue for Federal policy.

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Census); on-site, in-depth interviews with tribal leaders and IHA officials at 36 representatively sampled Tribal Areas; interviews and observation of housing conditions for a sample of households at the same sites; a small survey of private mortgage lenders; case studies and selected interviews concerning the housing of American Indians living in metropolitan areas; and recurrent consultations with independent national and regional experts on the problems and dynamics of the AIAN population.

It is important to note that, while the U.S. government makes housing assistance available to low-income Americans in all locations, the context for such assistance in Tribal Areas differs in at least three important respects. First, the basis for such support derives in part from the nation's recognition of special obligations to the AIAN population, reflected in treaties, legislation, and executive orders, long before Federal housing subsidies were provided to the general population. Second, the Federal government deals with recognized tribes directly in a sovereign-to-sovereign relationship, rather than through the general system of State and local government. Third, a considerable amount of land in Tribal Areas is held in trust for the tribes as a whole, rather than being subdivided into many private holdings as occurs in the rest of the country; this has frustrated the development of private housing markets in Tribal Areas and has long been seen as providing special justification for government assistance in housing production.

The study results indicate that while progress has been made, the housing needs of American Indians and Alaska Natives continue to represent a major and distinctive challenge for public policy. Main findings and conclusions are:

- ***The housing problems of American Indians and Alaska Natives remain considerably more severe than those of non-Indians in all parts of America. This is particularly so in reservations and other Tribal Areas where, according to Census data, 28 percent of AIAN households are overcrowded or lack plumbing or kitchen facilities (the comparable average for all U.S. households is only 5.4 percent). A sample survey conducted as a part of this study suggests that, adding in condition and other facility problems, the total overcrowded or living in inadequate housing in Tribal Areas is around 40 percent (the comparable U.S. average is 5.9 percent). For AIAN households living in other locations (metropolitan and nonmetropolitan) having to spend an excessive share of their income for housing (rather than physical deficiency) is the dominant problem.***
- ***The character of AIAN housing problems and, therefore, the best strategies for addressing them, vary importantly in different types of environments. Even among Tribal Areas, there is tremendous diversity, ranging from extremely isolated and poor tribes to somewhat better-off tribes located nearer metropolitan labor and housing markets. For a significant number, more emphasis on attracting private***

EXECUTIVE SUMMARY

The *Assessment of American Indian Housing Needs and Programs* was initiated in 1993, under the sponsorship of the U.S. Department of Housing and Urban Development (HUD). The purposes of this study have been to: (1) evaluate the housing problems and needs of American Indians and Alaska Natives, (2) assess the effectiveness of existing federal housing programs in meeting those needs, and (3) compare alternative approaches and suggest ways in which federal policy regarding the housing of these Native Americans could be improved.¹ This is the first comprehensive national study of these issues, motivated by recognition of the need for a sounder empirical basis for policy considerations. Its charter has called not just for national averages, but for serious examination of how Indian housing problems vary in different locations and what such variations may imply for policy.

The research began with analysis of census data on housing and other characteristics of the American Indian and Alaska Native (AIAN) population; analysis of data from HUD management information systems on program performance; and interviews with a broad range of Federal officials. To obtain deeper understanding, it also entailed: telephone interviews with officials of virtually all local Indian Housing Authorities (IHAs), the agencies that administer HUD programs in Tribal Areas nationwide (as used in this report, Tribal Areas include American Indian Reservations, Alaska Native Villages, and other special types of areas so designated by the U.S.

¹This report presents the study's findings and conclusions related to each of these purposes. Two other reports have been prepared under this study: (1) *Housing Problems and Needs of American Indians and Alaska Natives* (by G. Thomas Kingsley, Maris Mikelsons, and Carla Herbig, Washington, D.C.: U.S. Department of Housing and Urban Development, 1996) which presents more detailed analyses supporting the summary findings on this topic presented in Part I of this report; and *Housing Problems and Needs of Native Hawaiians* (by Maris Mikelsons and Karl Eschbach, with Virginia E. Spencer and John Simonson, Washington, D.C.: U.S. Department of Housing and Urban Development, 1996), containing the results of special analyses added to the study agenda in mid-1994, which are not reviewed in this report.

I. HOUSING PROBLEMS AND NEEDS

Social and Economic Trends and Contrasts

Population growth and spatial patterns. The American Indian and Alaska Native population in the U.S. has been growing rapidly--a sixfold increase over the past four decades, reaching a level of 2.0 million in 1990. Most noteworthy is that the concentration of this population in and around reservations and other Tribal Areas is increasing. The 14 percent of all U.S. counties that contain Tribal Areas accounted for 60 percent of the U.S. AIAN population in 1990, and had captured 78 percent of its growth since 1980. The popular impression that the bulk of the Indian population is gradually shifting away from the reservations to metropolitan areas is a myth.

A number of indications in this study suggest that cultural ties to Tribal Areas remain strong. For example, urban case studies indicate that many Indians living in urban areas retain ties to their tribes and hope to move back to the reservation when they retire. Also, in household surveys, the primary reason tribal members gave for living off the reservation was the necessity of obtaining employment, rather than any negative feelings about reservation life. Of those who live outside of a reservation, but in the same county, 71 percent said they would "prefer to live on the reservation."

Of the 2.0 million 1990 total AIAN population, 37 percent lived in Tribal Areas themselves, and 23 percent lived in the surrounding counties. Another 31 percent were residents of metropolitan areas in the rest of the country (down from 33 percent in 1980). Only 9 percent lived in other non-metropolitan areas and the share in such areas was declining sharply (down from 13 percent in 1980).

Social and economic characteristics. Compared to non-Indians, the AIAN population is more family oriented, but more prone to economic distress. Nationally, more AIAN households are married couples with children (37 percent vs. 28 percent) and many more are large (5 or more person) families (20 percent vs. 11 percent). The AIAN population has a higher unemployment rate (14 percent vs. 6 percent), a smaller number of workers in "for-profit" firms per thousand population (255 vs. 362) and a higher share of households with very low incomes (VLI, one third vs. 24 percent).²

²"Very low-income" households are those with incomes less than 50 percent of the median income in their local labor market areas.

mortgage lending and applying other market-oriented housing strategies appear warranted.

- *Housing produced under HUD's Indian housing programs does have defects, but its availability has substantially improved living conditions for thousands of families. This housing stock accommodates about one fourth of all AIAN households living in Tribal Areas. Against a backdrop of past overregulation, recent reforms by HUD (streamlining rules and procedures, building in stronger performance incentives) should offer considerable promise in improving program management. However, two problems remain: (1) statutory restrictions still prevent tribes with capable local administrators from using program resources as efficiently and equitably as should be possible; and (2) administrative deficiencies in a number of areas suggest that substantial improvements in management capacity will be needed before true program effectiveness can be achieved in those areas.*

- *The most attractive direction for reforming Federal housing assistance in Tribal Areas over the long term should be to consolidate existing programs into more flexible mechanisms--grants that give tribes and their IHAs broader latitude in planning, funds allocations, and implementation to address local housing needs as they see them, but hold them more clearly accountable for performance. It should be emphasized, however, that the management capacity problems noted above must be addressed (through technical assistance and other means) before the tribes affected can gain the benefits that should arise from enhanced flexibility. For Native Americans with housing problems living in urban centers and other locations outside of Tribal Areas, emphasis should be on expanding their access to assistance within the framework of Federal housing programs provided for the general population.*

- *Priority also appears warranted for policies that promote and facilitate enhanced private investment in Indian housing. The number of AIAN households at moderate- and higher-income levels is substantial, and homeownership rates for these groups are well below those for non-Indians at the same income levels. Private lenders and market intermediaries are beginning to recognize that expanded mortgage lending to AIAN households and communities may be a promising market opportunity. But policy support is needed to translate this opportunity into reality at sufficient scale.*

The AIAN metropolitan population is concentrated in a limited number of areas rather than being evenly spread. Over 60 percent live in just 15 metropolitan areas. An unexpected finding is that, in these areas, a larger share of the AIAN population lives in the suburbs (59 percent) than the non-Indian population (54 percent on average). It must be remembered, of course, that there is great divergence within the non-Indian population in this regard: AIAN households are much more likely to live in the suburbs than blacks or Hispanics, but less so than whites. Index measures show substantially less residential segregation for American Indians than for blacks and Hispanics.

City/suburban differences. AIAN suburban residents are typically in a better position economically than their counterparts in the central cities, but they clearly have not achieved parity with the suburban average. In fact, AIAN/non-AIAN disparities are often greater in suburban locations. For example, the AIAN unemployment rate in the central cities of the 15 metropolitan areas is 11 percent (1.2 times that for non-Indians). The comparable suburban AIAN rate is much lower (8 percent) but that figure is 1.7 times the suburban non-Indian average.

Housing Problems in Tribal Areas

Census indicators show that the physical housing problems of Tribal Areas are extreme by national standards: 28 percent of AIAN households in these areas live in housing that is overcrowded and/or lacks kitchen or plumbing facilities--compared to a national average of only 5.4 percent. (And Tribal Area problems in this regard are much more serious than those for AIAN households in other areas, as will be discussed below). The share of AIAN households in these areas that live in decent housing but have an affordability problem (housing expenses exceed 30 percent of their income), however, is smaller than that for the general population (16 percent vs. 20 percent).

There are important regional variations in the incidence of housing problems in Tribal Areas. Probably most important is that physical problems (overcrowding and facility deficiencies) are considerably higher in two regions than elsewhere: Alaska and Arizona-New Mexico, where 63 percent and 61 percent, respectively, of all AIAN occupied units are affected. Overcrowding rates are still serious in the Tribal Areas of all other regions (much above the national averages for non-Indians) but the incidence of facility deficiencies is fairly low in most other regions except for these two.

The pattern with respect to affordability problems, however, appears to be almost the reverse of that for physical problems. Oklahoma, for example, which has by far the lowest share of its units with physical problems, has among the highest shares with affordability problems (21 percent). Unlike almost all others, the Tribal Areas of Oklahoma have large private land areas

Variations in differing environments. These types of AIAN/non-Indian differences exist in all locations but they are most pronounced in Tribal Areas. For example, large families represent 27 percent of all AIAN households in Tribal Areas, but only 19 percent in their surrounding counties, and 16 percent in the rest of the U.S. (both inside and outside of metropolitan areas); VLI households represent 43 percent of the AIAN total in Tribal Areas, 30 percent in the surrounding counties, and 28 percent in other metropolitan and non-metropolitan areas. Tribal Areas have an average of only 158 for-profit employees per 1,000 population, compared to 311 for Indians living elsewhere.

Diversity of conditions across tribal areas. Even across Tribal Areas, however, there is much more diversity than is typically understood. To many outsiders, the stereotypical Indian reservation is a small, remote, and poor community with little access to employment or other opportunities that are offered in our predominantly urban society. This is an apt characterization for many of them, but not for all. In fact, out of the 508 inhabited Tribal Areas nationally:

- 183 (accounting for 53 percent of the total AIAN Tribal Area population) are Large (have an AIAN population of 400 or more), and have one of two other characteristics: (1) they are Near Urban (located within 50 miles of an urban center with a population of at least 50,000), and/or (2) Open (having at least as many Indians as non-Indians living within their boundaries). These Areas, on average, have a fairly strong private employment base (217 for-profit workers per 1,000 population) and a comparatively low share of households in the VLI group (35 percent).
- Out of the first group, 46 (accounting for 25 percent of the total population) have all three of the characteristics mentioned (Large, Near Urban, *and* Open). These fare even better than the first group, with a for-profit employment ratio of 242 and a VLI share of 31 percent.
- The remaining 325 Areas are more often like the stereotype--remote and poor. They have an average of only 91 for-profit employees per 1,000 population and 59 percent of their households are VLI.

Generally, statistical analysis showed that the more open and nearer to an urban center a Tribal Area was, the stronger its economic position was likely to be. This relationship was far from a perfect fit, however. Many other factors (including the effectiveness of tribal government, work force skills, the value of the Area's natural resource base, and others) undoubtedly also play a critical role.

general themes are likely to be applicable in most areas, specific program approaches need to be locally tailored to be feasible in the Area at hand.

In a sizeable number, attempts to address a larger share of low-income housing problems through assistance in the private housing market appear promising (rather than relying solely on traditional government production programs which typically cost more per household accommodated). In many Tribal Areas, there are significant numbers of households with incomes that should enable them to purchase decent homes if private mortgage financing was being made available as it is in the rest of the country.

AIAN Housing Problems in Metropolitan and Other Environments

Physical problems. In the rest of the U.S., the share of AIAN households with overcrowding and/or plumbing/kitchen facility problems is considerably less severe than in Tribal Areas, but still well above the 5.4 percent average for the general population: 14 percent in counties surrounding Tribal Areas, and 9 percent in other metropolitan and non-metropolitan areas.

Affordability problems. The dominant housing problem for AIAN households in these environments, however, is affordability. The share who live in decent housing but have an affordability problem is 27 percent in the surrounding counties, 29 percent in other metropolitan areas, and 27 percent in other non-metropolitan areas--compared to the national average of 20 percent.

Homelessness. Household surveys indicate that in Tribal Areas, the lack of sufficient housing is reflected in severe overcrowding rather than actual homelessness; i.e., virtually all people who have no shelter of their own are taken in by relatives or other tribal members. Homelessness per se is a serious problem, however, for the AIAN population in urban areas. The survey generally considered the most reliable indicates that AIAN individuals account for 2.3 percent of all homeless people nationally--an incidence rate three times that for the population as a whole.

Homeownership rates for higher-income AIAN households are unusually low, particularly considering that such a high percentage of them are family households (those that normally find ownership most desirable). While 48 percent of all AIAN households nationally are in the moderate- and higher-income ranges (incomes above 80 percent of the local median), ownership rates for these groups are significantly below those of non-Indians at similar income levels in most parts of the country (for example, 66 percent vs. 75 percent in metropolitan areas).

within them and a land tenure system that has tended more to foster the emergence of private housing markets.

Other physical housing problems (deficiencies in structural condition and heating/electrical systems) are not measured by the Census. The gap between the U.S. average and Tribal Area problems widens even further when these other deficiencies are considered. Based on a survey conducted by this study of a small sample of Tribal Area households, we estimate that, *in total, roughly 40 percent are overcrowded and/or with one or more serious physical problems (the comparable national average is 5.9 percent)*. The comparable share for AIAN households in Tribal Areas that do not live in HUD assisted housing is 45 percent.

Total units with physical problems. Official census figures show a total of 234,400 occupied housing units in Tribal Areas nationally in 1990. The 40 percent average implies that 93,800 of these units were overcrowded and/or had serious physical deficiencies. That number, however, is not adjusted to compensate for the major census undercount in Tribal Areas that occurred in 1990. If that adjustment is made, the total overcrowded and/or with serious physical deficiencies would be 105,200 units (81,600 of which had physical deficiencies).

Diversity in housing problems and circumstances. Tribal Areas are as diverse in their housing characteristics as they are in their social and economic circumstances. While again there was much variation around these tendencies, statistical analysis shows that, generally, the more open a Tribal Area is and the closer it is to a large urban center: (1) the smaller its overall share of households with housing problems; and (2) the lower the share that have overcrowding and/or facilities problems; but (3) the higher the share that have affordability problems. To illustrate:

- For the 183 Areas that were Large and Open and/or Near Urban (as defined earlier), on average, just one third of all households had one or more housing problems: 12 percent had overcrowding and/or facilities problems, and 21 percent had affordability problems only. In these areas, housing strategies that rely more on private markets clearly warrant consideration.
- For the remaining 325 Areas, 62 percent had one or more housing problems: 52 percent had overcrowding and/or facilities problems, and only 10 percent had affordability problems only. In these areas, market-oriented housing strategies are less likely to be workable.

These marked variations in the magnitudes and types of local housing problems suggests that any single nationally imposed housing strategy for Tribal Areas is likely to prove unworkable. Area-specific conditions should determine the best mix of policy tools to be applied. While some

Beneficiaries. IHA programs are serving the types of beneficiaries for which they were intended. The average annual income of the tenants in the Rental program is \$8,800--90 percent of all such tenants have very-low incomes (about the same percent as in the national public housing program). The average income for Mutual Help occupants is higher: \$18,260 (only 52 percent of them are in the very low-income category). But this is not surprising since it was expected that somewhat higher incomes would be required to meet the obligations of home ownership. The number of non-Indian occupants is negligible in Mutual Help units (2 percent) but higher in the rental program (16 percent, accounted for mostly in two regions where IHAs were created under state law as public housing authorities and were required to house other very low-income families).

Condition and beneficiary satisfaction. Sample surveys indicate that while physical problems in IHA units are far from trivial, they are much less severe than those of unassisted housing in Tribal Areas. Overcrowding and/or serious condition and/or facility deficiencies were reported for 18 percent of Rental program units and 28 percent of Mutual Help units, as against 45 percent of unassisted units. Program beneficiaries seem reasonably well satisfied with their housing. Survey respondents were asked for ratings on a five point scale: only 10 percent of Rental program tenants said they were "most unsatisfied", compared to 20 percent for Mutual Help occupants, and 35 percent for the residents of unassisted housing in AIAN Areas.

Continuing demand for IHA housing. Comparatively low vacancy rates (6 percent on average) and long waiting lists in most areas suggest that the demand for additional IHA housing remains high (our surveys indicate that the number of households on waiting lists averages about half of the total number of existing IHA units).

Performance in Housing Development and Management

HUD deregulation and management improvement initiatives. Interviews with program managers suggest that, through the mid-1980s, the administration of Indian housing programs was fraught with conflict and operating difficulties. Much of this appears due to complex rules and procedures, requiring detailed HUD review of all aspects of local operations. A particular problem was the imposition of the cumbersome regulations of the national public housing program in Tribal Areas without reasonable adaptation. More recently HUD has made a significant effort to cut regulations and oversight, and spur better local management. While it is too early to evaluate the results, there are a number of indications that this is helping to create an environment supportive of improved performance at the local level.

The development process has been shortened--the average period from funds reservation to construction start dropped from 38.7 months in 1985 to 28.4 months in 1993. With

II. PROGRAM ASSESSMENT

HUD Programs in Tribal Areas

A broad array of Federal housing assistance programs is made available in Tribal Areas--together budgeted at levels totaling \$585 million in 1993. This assistance is dominated, however, by two HUD programs which accounted for 88 percent of the Tribal Area total: the Rental program--which operates like public housing--and the Mutual Help program--a homeownership (lease-purchase) program in which buyers make monthly payments and, unlike the Rental program tenants, must cover their own operating and maintenance expenses. Both programs are administered by the 187 IHAs--agencies whose boards are appointed or elected by the tribes they serve. HUD administers the programs through its central Office of Native American Programs (ONAP) and its six regional field offices (FONAPs).

Scale of HUD programs. By the end of 1993, a total of nearly 100,000 units had been funded under these two programs since they began in the mid-1960s (75,400 were built and in management, 8,900 were paid-off Mutual-Help units, and the remainder were still in planning or construction). Of those in management, 27,200 (36 percent) were Rental units, the rest being produced mostly under Mutual Help. A high level of budget authority provided in the late 1970s allowed these programs' output to peak in the early 1980s (1980-84 average of 3,800 units completed per year). Production levels have since declined (3,000 over 1985-89, and 2,000 over 1990-93).

While small in comparison to Federal housing programs operating nationwide, these programs have had a significant impact in Indian country. There were 60,700 AIAN occupied HUD assisted units in Tribal Areas in 1990. This number is the equivalent of 26 percent of all AIAN households in those areas and 42 percent of those with low incomes (below 80 percent of the local median).³

Equity in past allocations. There is considerable variation across Tribal Areas, in the share of local low income households assisted by IHA programs--some have housed a much higher percent of their income-eligible populations than others. HUD has recently adopted an allocation system that relies more on U.S. Census data, and this should reduce the extent of such inequities in the future.

³These shares are based on official Census figures for the total number of households and low-income households in Tribal Areas. However, a post-Censal survey indicated that the official figures undercounted the total population in Tribal Areas by 12.2 percent. If adjustment is made for the undercount, the HUD contribution equals 23 percent of all households and 37 percent of all low-income households.

by IHA size or region. This average appears reasonable in relation to similar costs for public housing where 1992 allowable expenses per unit-month ranged from \$140 for small housing authorities in the Midwest to \$358 for large public housing programs in the Northeast.

IHA operating costs in Mutual Help averaged \$91 per unit-month. These outlays are only supposed to cover counseling, some utility allowances, and a few administrative expenses--not full project management, utilities, and maintenance as required of IHAs in the Rental program. Mutual Help costs are more variable across IHAs. For example, the average cost for smaller IHAs (less than 100 units in management) is \$127, compared to only \$62 for larger IHAs (457 units or more).

In 1993, the HUD operating subsidy in the Rental program averaged \$180 per unit-month (83 percent of total operating costs). In Mutual Help, the HUD subsidy averaged \$37 per unit-month (41 percent of total operating costs). In both cases, remaining costs were covered mainly by payments from beneficiaries.

Tenant Accounts Receivable (TARS). A long-standing problem in both programs has been substantial delinquencies by beneficiaries in meeting their payment obligations under program rules. On average, 36 percent of all Rental program tenants were delinquent in their rent payments in 1993, and cumulative Tenant Accounts Receivable (TARS) at the end of the year averaged \$208 per unit in management. In comparison, only 12 percent of the tenants in the national public housing program had rent delinquencies.

In Mutual Help, the monthly payment for purchasers is set between 15 percent and 30 percent of income. IHA's can grant utility allowances to these households and, there is little evidence of IHA efforts to increase payments much beyond the minimum (i.e., it is likely that household payments on average come much closer to the 15 percent than the 30 percent). Still, TARS is also a notable problem in Mutual Help: 36 percent of new Mutual Help occupants, and 56 percent of old Mutual Help occupants are delinquent and cumulative TARS per unit in management is higher than in the Rental program (\$294 in new Mutual Help units, and \$628 in old Mutual Help units).

Clearly, a part of the explanation here is that many Mutual Help households had been enticed into a program they simply could not afford. The 15 percent of income requirement sounded attractive, and many did not give enough thought to the other side of the bargain; i.e., that they would have to pay for utilities and maintenance from their own pockets.

The averages, however, are misleading because they mask wide differences. Some IHAs have an excellent record with respect to TARS while, for others, the problem is severe. For the ten percent of all IHAs with the best record in this regard, for example, Rental program TARS

good management, considerable speed is possible within the current system (at least one IHA has recently accomplished this in less than six months).

However, IHAs note several factors that still slow down delivery: (1) the lack of overall planning which frustrates project site selection and infrastructure provision (only 30 percent of IHAs have comprehensive housing plans--most of those are out of date and very few tribes have adopted clear land-use plans); (2) increasing difficulty in securing sites (reported by 40 percent--archeological and environmental requirements are frequently noted as barriers); (3) the well-intended requirement to give preference to Indian contractors (52 percent say this initiative is not meeting its objective because qualified Indian contractors are too scarce to make it workable); (4) interagency coordination problems--this was not considered a major obstacle, but 35 percent mentioned that the Bureau of Indian Affairs (BIA) was sometimes slow in providing access roads.

Development costs. The per square foot cost of developing new IHA housing has been markedly reduced over the past decade--from the 1981-83 average of \$96 to the 1991-93 average of \$65 (constant 1993 \$). The 1991-93 average development cost per unit was \$85,700, although there was considerable variation by region. Average per unit costs fell in the \$50,000-\$60,000 range in the Eastern, Oklahoma, and Plains regions, but above \$100,000 in the Alaska, California-Nevada and North Central regions (these differences seem to be largely explained by variations in input prices and tribal choices of house types).

Although many IHAs note factors they believe still push up costs unreasonably (e.g., the site delay factors noted above, Davis-Bacon requirements) it is difficult to argue that these costs are substantially above what they should be, given the type of housing being produced in many of the remote regions. On most reservations, there are strong cultural preferences for low-density housing (which implies higher costs when full infrastructure is provided). Through the early 1980s HUD regulations mandated fairly high technical standards for IHA units and these too set limits on how much costs could be reduced. HUD-imposed standards have now been eliminated, but compliance with minimums in accepted national codes is still required and old traditions with respect to standards linger on--a natural tendency to use housing designs that have worked in the past rather than search for lower-cost, potentially controversial, alternatives.

Nonetheless, this level of cost remains an issue because under the present system, while a significant fraction of the households in need are benefiting from substantial subsidies, even larger numbers in similar circumstance receive nothing. This inequity could be remedied if more families could be assisted for the amount of HUD funding provided with programs producing decent basic homes at lower cost.

Operating costs and HUD Subsidies. In 1993, IHA costs of operating and maintaining completed Rental housing averaged \$217 per unit-month--a measure that exhibits little variation

Variations in Local Institutional Performance

IHA diversity. IHAs are diverse along many dimensions. Differences in size are important managerially (the top quarter ranked by size manage an average of 1,155 housing units whereas the bottom quarter manage on average only 59). Of the 187 total, 6 have only recently been founded and have not yet completed any units. Of the remainder, 24 are "umbrella-IHAs" that provide services to two or more Tribal Areas and 157 serve only one tribe.

IHA performance also varies widely. In the Administrative Capability Assessment (ACA) system (initiated by HUD in the mid-1980s), IHAs are rated on several independent aspects of their performance. One of these factors is TARS which, as we have seen, varies dramatically. The composite scores (1990-93 averages on a 100 point scale) range from 3 to 97. The middle half of the IHAs fall in the range from 67 to 85. The composite ratings for 52 percent of the IHAs--high or low--have not changed much since the mid-1980s, but 23 percent have increased performance substantially, while 25 percent have experienced major declines.⁴

Factors influencing performance. Statistical analysis revealed no systematic relationships between ACA ratings and Tribal Area characteristics examined earlier; e.g., size, location, comparative income. For one factor, however, the relationship was significant: IHA director turnover. For example, the 25 percent of all IHAs with the lowest ACA performance had an average of six directors over the past ten years, about twice the average for those with higher performance ratings. It seems likely that IHA director turnover is itself influenced by unstable or ineffective tribal governance. The lowest performers also had the highest turnover in board directors.

Other Housing Programs and Recent Innovations

BIA's Housing Improvement Program (HIP) provides grants for housing improvements, targeted to very low-income households. HIP is normally administered by the tribal governments. Most funds have been used for modest rehabilitation and repair of existing units rather than new construction, although the latter is allowable under the program. Although HIP has made valuable contributions, it has also had major administrative control problems, and at current funding levels (\$20 million per year) it cannot be expected to make much of a dent in the housing problems enumerated above.

⁴IHAs were divided into deciles according to their overall ACA ratings in two periods: 1986-89 and 1990-93. A major change was defined as occurring when an individual IHA moved up or down by two or more deciles between these periods.

averaged only \$5 per unit in management; for the ten percent with the worst record, the average was \$1,256. On-site interviews suggest that while some tribes enforce strong eviction policies (and therefore avoid large TARS), others either are unwilling or unable to do so. Explanatory factors include the existence of weak tribal court systems and the conflict of such policies with tribal culture, as well as the lack of forceful management.

Maintenance and repair activity. Maintenance and repair activity is an increasing challenge in the Rental program with the aging of a large share of the stock. Also, 65 percent of IHAs surveyed say that vandalism and tenant abuse increasingly compounding the problem. Nonetheless, there is wide agreement that the physical problems of Mutual Help are much more serious (corroborated by sample survey results noted earlier). IHAs, asked about the causes, most frequently cited the simple failure of residents to make needed repairs (30 percent), poor original construction (22 percent), and inadequate resident income to cover maintenance (20 percent).

The history of these programs in this regard shows how rigid program designs can distort incentives. In Tribal Areas, where a very high percentage of households are families, there is an overwhelming preference for homeownership rather than rental tenure. Also, Mutual Help seemed attractive because poor households only had to pay around 15 percent of their income, in contrast to the much higher charge in the Rental program. Accordingly, most tribes emphasized the development of Mutual Help units as HUD assistance began. The economics worked reasonably well for a time, but with the dramatic escalation of utility costs in the mid-1970s, occupant incomes were much too low to cover these costs and adequate maintenance as well (our field surveys evidenced cases where Mutual Help residents simply did not use the heat and electricity provided because they could not afford to pay for them). Recognizing this, the 1980s saw much pressure to expand the Rental program (since its rules allowed HUD, rather than the occupants, to cover the costs of utilities and maintenance). Other options would have been possible in a more flexible program environment (see section on innovations below).

Modernization. Recognizing the increasing physical deterioration of HUD-assisted units in Tribal Areas, HUD has allocated substantial additional funding for modernization in recent years (modernization accounted for only 6 percent of capital expenditure funds authorized over 1980-84, but 28 percent over 1990-93). IHAs were concerned about overly tight HUD control and allocation uncertainties associated with such funding under CIAP (the Comprehensive Improvement Assistance Program). The CGP (Comprehensive Grant Program), initiated in 1992 to rectify some of these problems, is a more flexible approach in which funds are allocated by a formula for multi-year improvement strategies. However, CGP is also faulted in two respects: (1) it has been provided only to larger IHAs (250 or more units in management)--smaller IHAs remain strapped for modernization funds; and (2) CGP requires the preparation of planning documents that are overly time-consuming.

1. Leverage--instead of covering the full bill, the HUD subsidy can be a base with additional funds attracted from other sources (including private loans and loans from state housing finance authorities as well as tribal funding and family down-payments);
2. Using lower cost building plans and techniques (including self-help and incremental approaches where subsidy funds can help build a considerably more modest "starter-home" that families can improve and expand as their income increases);
3. Offering a variety of program formulas to more efficiently serve households with differing needs and incomes; for example, providing downpayment assistance only for those with incomes in the ranges just below the median, a continuum of homeownership options below that (households with incomes at the top end of this range would be required to pay a larger share of the costs than those at the lower end--shares paid by the family would change over time as their income changes), and more use of tenant-based assistance where a private housing stock is accessible.

Even after the substantial deregulation that has occurred over the past few years, statutes defining HUD's Rental and Mutual Help programs still preclude using funds for creative leveraging schemes, help with downpayments, alternative assistance formulas, and tenant-based assistance. Continuing to push the bulk of Federal housing assistance funds through these two limited program options tends to dampen local incentives to search for a more effective range of alternatives.

III. DIRECTIONS FOR POLICY

Reforming Federal Housing Assistance

The need for continued assistance, more efficiently delivered. There is much evidence to suggest that American Indians and Alaskan Natives do not want lives that are characterized by "dependency." On the other hand, continued assistance from the Federal government to Tribal Areas is not only a legal obligation in most cases (under treaties between sovereigns), all indications are that it has widespread support, borne out the recognition that its withdrawal would imply a devastating blow to the cultural richness of our nation as well as a sense of moral obligation in response to past injustices. The enormous unmet housing needs in Tribal Areas documented in this report justify expanding federal housing assistance to these Areas, but it is reasonable for Congress to expect that such assistance be delivered in a more

Tenant-based assistance programs (Section 8 Certificates and Vouchers) help low-income households rent housing of their choice in the private market (HUD subsidies make up the difference between the market rent for the unit and what the tenant can afford to pay). This approach will not work in remote Tribal Areas where a large private housing stock does not exist. However, a significant number of Tribal Areas do have such housing within their boundaries or nearby. Those earlier classified as "near urban" alone have around 20,000 households with housing affordability problems, yet HUD has so far allocated tenant-based assistance for only 4,885 families to Tribal Areas nationwide.

Financing initiatives. The availability of private mortgage financing that most Americans take for granted has been largely withheld from Tribal Areas (mostly because lenders have perceived additional risks due to the inability to foreclose on trust land and other legal complexities). The FHA Section 248 mortgage insurance program was established in 1987 in the hope of offsetting these risks, but the program has rarely been used. A new (Section 184) loan guarantee program has been established as well, but it has only recently become operational and it is too early to judge its effects. HUD now appears to be making a concerted effort to market both programs more effectively.

Two HUD block grant programs have been used to support housing improvements in Federally recognized Tribal Areas: the Indian Community Development Block Grant (ICDBG) and the HOME Investment Partnership. Both are most often administered by tribal governments directly rather than their IHAs, and both permit substantially more local flexibility in spending decisions than occurs under categorical initiatives like the Rental and Mutual Help programs.

ICDBG is HUD's principal vehicle for supporting community and economic development activities in Indian communities (\$40 million budgeted in 1993). A total of over 1,300 projects in 32 states have been funded since 1980. In 1991 and 1992, 70 percent of the resources went for community facilities and infrastructure, but 18 percent was allocated to housing construction and rehabilitation. HOME is a new block grant program, created in 1990 solely to support local housing initiatives (\$12.8 million budgeted for Tribal Areas in 1993). It can be used to support a variety of locally designed activities including tenant-based assistance, down-payments for home buyers, and housing production and rehabilitation programs. Only a few tribes have begun to apply for HOME funds to date, but some creative new approaches are being devised (see discussion below).

Local innovations. Using HOME and other funding vehicles, a few tribes are experimenting with new housing assistance approaches that would avoid some of the problems of the current HUD programs discussed above. At least three principles are being applied, all in a manner that would increase the number of families that can be assisted for any given amount of Federal funding provided:

approaches imposed from the outside; but (2) tribes vary dramatically in the effectiveness of their governance structures. Similarly, this study has documented substantial diversity in local capacity, and this may be an important constraint on policy and program devolution. Granting full authority and responsibility for housing development to all tribes and IHAs immediately would not be practical. Many are capable of handling it all now, including entrepreneurial innovations, but the institutional capacity of a sizeable number is not yet adequately developed.

A phased strategy for implementing the block grant approach seems warranted, in which expansions of authority would go hand in hand with expansions in capacity. The initial round of strategic planning, as called for above, might be used to help select the most appropriate path for each Area. Strategies would have to include a section on proposed institutional arrangements for implementation, and HUD would provide resources for technical assistance to help local leaders understand the various programmatic options open to them and prepare their plans.

On the basis of these submissions: (1) a large number of Tribal Areas would be given full authority to implement the full block grant approach immediately; (2) others would be given more flexibility, but be subject to closer monitoring for a fixed period as they improve their implementation capacity; and (3) yet others might have to wait until they had established adequate basic capacity to begin to perform under the new arrangements. Federal agencies would have to provide an adequate level of resources for technical assistance to tribes and IHAs in the second and third categories.

Husbanding existing institutional capacity--roles for IHAs and HUD. In many Tribal Areas, sound working relationships have been established between tribes and their IHAs. It is likely that under the new approach, IHAs would naturally work with the tribes in preparing the strategy and the IHAs would be assigned as the lead implementing agency, taking on both more challenging and exciting responsibilities as they branch out from the more limited task of administering current HUD programs and become more entrepreneurial, for example, in seeking private sector financing. In some Areas, however, tribal governments might be tempted to reject the IHA role too easily. While this study has noted that IHA performance is uneven, the IHAs have generally developed a level of professional competence not easily replaced in the tribal structure. Ultimately, tribal governments should be able to select the institutional arrangements that suit them best, but constraints should be placed on their ability to eliminate existing performance capacity and professionalism unreasonably.

Under the proposed approach, the Federal role changes substantially, moving away from direct program implementation and toward: (1) facilitating local performance capacity (through technical assistance, demonstrations, and information sharing functions); and (2) more careful monitoring and sanctioning of results. In fact, with its recent deregulation initiatives, HUD has moved a great distance these directions. This study has evidenced no major coordination

efficient form than it has been in the past. The challenge is to provide support in a manner that leverages and expands the power of these Native Americans to control and enhance their own destinies.

Consolidating existing programs into a block grant framework. HUD's recent streamlining and deregulation of its Rental and Mutual Help programs seem to be important steps in the right direction, but as noted, the statutory frameworks for these programs still preclude sufficient flexibility. The block grant approach offered under the HOME program is already spurring experimentation in at least a few areas with a potentially more efficient, tribally determined array of program options. Although, it would seem most reasonable for HUD to consolidate its existing funding into a block grant framework that operates generally in the same way. Given the diversity of housing problems and opportunities in Tribal Areas documented earlier, it should be clear that different strategies will be required in different Areas--sometimes varying from each other in subtle ways based on tribal culture and political realities as well as economic and physical conditions. The strategy for any individual Area ought to be designed by local stakeholders who have both the knowledge of local conditions needed to select the best mix of activities and strong locally based incentives to implement them effectively. This approach would make Indian housing policy fit better with overall U.S. Indian policy in which "self-determination" is now the dominant theme.

Attaching fewer Federal strings, but rigorously enforcing those that are attached. Recent HUD reforms have substantially reduced the regulatory burdens on these programs. In a new block grant, there should be yet fewer strings attached, but it is essential that some requirements remain to focus resources on basic national objectives that are the justification for Federal assistance. Probably most important in this case is requiring that the bulk of the funding be devoted to addressing the housing problems of low-income households most in need, and that some quantitative constraints be imposed to direct local decisions away from spending very large amounts on a small number of families while the majority of those in need remain unassisted. Of equal importance, program funding should be contingent on the local preparation of a simple, publicly discussed, integrated housing strategy which shows how local leaders intend to allocate Federal and other resources. The purpose would be to make local tribal leaders more clearly accountable to their own members (HUD would not be expected to approve the strategy--just to ensure that one had been prepared). Finally, with fewer rules to monitor, HUD should be able to do a better job of rigorously auditing performance in relation to those requirements that remain. Serious penalties should be imposed for failure to comply with those requirements, and some form of bonuses should be considered to provide incentives for improved performance.

A phased devolution, linked to capacity building. Other researchers of Indian problems and institutions have recently concluded: (1) when tribal governments are given a freer hand in implementing their own development, they generally perform more effectively than

problems between Federal agencies in administering housing assistance in Indian country (certainly, in part, because the non-HUD programs are comparatively so small). HUD has built considerable capacity to understand and address AIAN housing problems and needs. We see no reason to shift the responsibility for administering the proposed block grant approach to any other Federal agency. Alternatively, we find no reason to try to consolidate *all* Indian housing assistance at HUD. Existing housing related functions of BIA and IHS are seen as useful complements to HUD's role.

Expanding Indian access to housing assistance outside of Tribal Areas. While not as severe as those in Tribal Areas, the housing problems of AIAN households living in other areas (metropolitan and nonmetropolitan) are more serious than those of the general population. Administrative realism, however, argues against setting up new special program initiatives to address their problems. Rather, emphasis should be on expanding their access to assistance within the framework of Federal housing programs that already exist in those areas. This implies the need for HUD to establish special outreach efforts for Indians in all of its programs.

Stimulating Private Investment in Indian Housing

As noted earlier, the number of AIAN households at moderate- and higher-income levels is substantial. Yet when categorized by income level and family status, AIAN homeownership rates are typically well below those of non-Indian households. Opportunities to increase Indian homeownership on market terms appear significant, and with modest subsidies, it should be possible to extend ownership to many more AIAN households.

A small-scale survey of mortgage lenders conducted as a part of this study, however, indicated that private lending institutions near Tribal Areas in almost all parts of the country do now regularly originate some mortgages for Indian homebuyers, although the volumes remain extremely small; the reasons include lack of knowledge and initiative by tribes and their members as well as caution due to continued perception of high risks on the part of lenders. Major lenders and secondary market institutions at the national level, however, are now exhibiting considerable interest in finding ways to serve AIAN households in all locations more effectively.

It is a positive sign that private intermediaries are beginning to recognize that expanded lending to AIAN households and communities may be a promising market opportunity. However, policy support is needed to translate this opportunity into reality at sufficient scale. Education and outreach will clearly be needed, and new institutional responses may be appropriate in a number of areas.

Chapter 1

PURPOSE AND APPROACH

The housing problems of American Indians and Alaska Natives (AIAN)¹ have long been a concern of public policy in America. By the end of the 1980s, after decades of Federal Housing assistance, there were many indications that those problems remained serious. In 1989, Congress designated a *National Commission on American Indian, Alaska Native and Native Hawaiian Housing* to investigate the issue. The Commission's reports (1992, 1993) were provocative and contained many valuable insights. However, the Commission had not had the resources to undertake a thorough quantitative analysis of either the performance of the Federal programs that had been applied or of the problems themselves. Its 1992 report stated:

. . . the lack of accurate statistics has impeded all efforts, public and private, to address the housing crisis in Indian Country. It is nearly impossible to set meaningful policies without a reliable picture of the full scope and seriousness of Native housing needs and how they relate to other social and economic hardships faced by America's first citizens.

In 1993, recognizing the need for a more comprehensive and objective basis for policy review, the U.S. Department of Housing and Urban Development (HUD) commissioned the *Assessment of American Indian Housing Needs and Programs*, which has had three basic purposes: (1) evaluating the housing needs of American Indians and Alaska Natives, (2) assessing the effectiveness of existing federal housing programs in meeting those needs, and (3) comparing alternative approaches and suggesting ways in which Federal policy regarding the housing of these Native Americans could be improved.

¹Matthew Snipp (1989, pp. 36-40) explains why the term "American Indians and Alaskan Natives" is the preferred ethnic designation for the population that is the subject of this study, and we use that term most frequently. However, we also often use its acronym, "AIAN", and sometimes, fall back on the terms Native American and Indian to refer to this same population.

Rather than simply presenting the national answers to these questions to these questions, however, this study has also had a special mission: characterizing diversity. Common observation suggests that the housing conditions of Native Americans differ substantially in different living environments. For example, conditions on reservations in the Northeast seem very different from those in the Southwest, and both may differ substantially from those in Alaskan villages which, in turn, appear quite unlike those for Indians living in large cities. Housing program performance also appears to vary in important ways in different locations. No prior research characterized such differences reliably, yet doing so is important because housing strategies that work effectively in one environment may not be appropriate in another.

This document is the final report of the study.² It is divided into three parts corresponding to the purposes noted above. By way of introduction, the remainder of this chapter: (1) reviews the study's overall approach and the information relied upon in the research; (2) provides a more detailed explanation of the structure of the report; and (3) briefly reviews the history of U.S. policy relating to American Indians and Alaska Natives, emphasizing the features of that history that establish a unique context for housing policy.

APPROACH: THE OVERALL STUDY

HUD selected the Urban Institute to conduct the overall study, working in collaboration with subcontractors Aspen Systems Corporation, and OKM Associates. The National American Indian Housing Council (NAIHC) also served as a subcontractor, helping primarily in making logistical arrangements for field surveys. HUD's design for the study recognized that information from a variety of sources would have to be compiled to respond to each of the project's purposes.

The first imperative was to obtain nationwide data and perspectives on the conditions and issues under consideration. Doing so entailed:

1. *Reviewing existing studies and reports* to compile background information on the evolution of Indian social, economic, and housing circumstances, as well as relevant policies and programs.

²Two other reports have been prepared under this study: (1) *Housing Problems and Needs of American Indians and Alaska Natives* (by G. Thomas Kingsley, Maris Mikelsons, and Carla Herbig, Washington, D.C.: The Urban Institute, 1995) which presents more detailed analyses supporting the summary findings on this topic presented in Part I of this report; and (2) *Housing Problems and Needs of Native Hawaiians* (by Maris Mikelsons and Karl Eschbach, with Virginia E. Spencer and John Simonson, Washington, D.C.: The Urban Institute, 1995), containing the results of special analyses added to the study agenda in mid-1994, which are not reviewed in this report.

2. *Consulting with experts on American Indian communities.* An advisory panel, including scholars and Indian representatives (with substantial knowledge about conditions and policy issues in Indian country), provided guidance on the research design, provided and checked information on culture and history, and helped interpret findings derived from other sources.
3. *Analyzing large scale data bases* including the 1990 U.S. Census (focusing on social and economic characteristics as well as housing conditions and needs) and HUD management information systems (focusing on the characteristics and performance of HUD programs).
4. *Conducting interviews with housing experts and national and regional officials* responsible for program implementation, to gain insights on policy trends and options as well as program organization, interrelationships, and performance.³

Data from these sources alone, however, could well have yielded a somewhat sterile, and perhaps inaccurate, portrait of actual conditions and program performance. Accordingly, the research design called for direct interviews and observations at the local level, first to serve as a "reality check" on the story obtained from national sources but, more importantly, to provide a much richer characterization than national sources alone could provide--one that would give us a clearer sense of the diversity of conditions that exist in Indian country. Four additional types of data collection were undertaken:

5. *Conducting field interviews with Indian Housing Authority (IHA) officials and Tribal leaders and staff at a representative sample of 36 reservations and other Tribal Areas.* These entailed extensive, in-person interviews on local institutional arrangements and procedures, housing problems, program activity, and experience with and attitudes about Federal programs.
6. *Conducting field interviews with a sample of households at the 36 survey sites* (and observing their housing conditions) to obtain direct information on housing problems; housing, tenure, and location preferences; and reactions to government housing programs.

³Interviewees included representatives from HUD (central and regional offices), the Bureau of Indian Affairs (BIA), the Indian Health Service (IHS), the Farmer's Home Administration (FmHA), the Veteran's Administration (VA), and the Federal National Mortgage Association (FNMA, or Fannie Mae).

7. *Conducting telephone interviews with officials of all IHAs nationally, to obtain comprehensive information on institutional characteristics, program activity, and performance.*
8. *Conducting interviews and preparing case studies on Indian communities in urban areas to identify housing conditions, needs, and prospects. Included were Public Housing Authorities that serve metropolitan areas with significant enclaves of Native American households, and Indian Community Center staff in at least 25 urban communities.*

The analysis of U.S. Census data contributed mainly to the first objective: the assessment of AIAN housing problems and needs. Information from virtually all the rest of these sources, however, provided inputs to all three of the primary research purposes. Figure 1.1 shows more specifically the major types of information from each source relied upon to help achieve each of these purposes.

USE OF THE CENSUS AND HUD INFORMATION SYSTEMS

In this section (and the one that follows it), we review in more depth the major data sources contributing to the study and the way they were put to use. Here the focus is on the approach taken to analyze data from the U.S. Census and HUD Management Information Systems.

U.S. Census Data Sources and Definitions

The decennial U.S. Census obtains a limited amount of information about each resident and household on a full-count basis and responses to a more elaborate set of questions on a sample basis. Both types of data were used in this analysis. Throughout, individuals are classified as American Indian or Alaska Native (AIAN) solely on the basis of whether they identified themselves as such in the Census question concerning "race" of the respondent.⁴ An AIAN household is one in which either the head of the household or his/her spouse is classified as AIAN.

Most important, given our purpose, we utilized numerous Census indicators on the housing circumstances of both AIAN and (for comparative purposes) non-AIAN households. The Census

⁴Again, see Snipp (1989) for a discussion of why this approach, while it has imperfections, is superior to available alternatives.

**FIGURE 1.1
DATA COLLECTION AND ANALYSIS PLAN OVERVIEW**

Data Sources	Housing Needs	Federal Programs	Policy Assessment
1. Review published studies and reports	Appropriate measures of housing needs, special needs and unique circumstances, cultural factors, variations across communities	Existing programs, strengths and limitations, implementation issues, impacts of programs on recipients and communities	History of federal policy, broad policy debates, program gaps and failures, alternative strategies, local demos and experiments, proposed policy initiatives
2. Consultations with expert advisors	Appropriate measures of housing needs, special needs and unique circumstances, cultural factors, variations across communities	Existing program, strengths and limitations, implementation issues, impacts of programs on recipients and communities	History of federal policy, broad policy debates, program gaps and failures alternative strategies, local demos and experiments, proposed policy initiatives
3. Large Scale Data bases Analyze	Household characteristics and incomes, housing conditions, housing problems, household mobility	Coverage of HUD programs, types of households served, adequacy and affordability of assisted housing, allocation of subsidies	---
4. Interviews-National Experts and Officials	Household mobility, locations choice, housing preferences	Operation of HUD programs, planning and development process, project management, costs, modernization, unit design, outreach, problems and limitations, impacts on recipients and communities	Alternatives for program design, funding allocation, program implementation
5. On-site Interviews with IHA officials, tribal leaders (samples sites)	Assessment of local needs, special housing conditions and problems, cultural factors, impact of market conditions, mobility and location choice	Local operation of HUD programs, admn issues, planning and development process, project management, costs, modernization, unit design, outreach, problems and limitations, impacts on recipients and community	Relationships between central, regional, and local govt officials and tribal leaders. Pros and cons of alternative strategies
6. Household Interviews (sampled sites)	Assessment of individual housing conditions and problems, preferences for housing type and tenure, mobility and location choice	Knowledge of and satisfaction with HUD programs	Housing preferences and effective demand. Responsiveness of federal programs to individual needs.
7. Telephone interviews-IHA officials	Household mobility, location choice, housing preferences	Operation of HUD programs, institutional arrangements and procedures, operating problems, program impacts	Alternatives for program design, funding allocation, program implementation
8. Interviews and case studies-selected urban areas	Assessment of local needs, special housing conditions and problems, cultural factors, impact of market conditions, mobility and location choice	Barriers to participation in federal housing programs	Responsiveness of federal programs to individual needs

is the only comprehensive and systematically defined national source of information on key housing characteristics; e.g., housing tenure, age, and structure type, as well as various commonly recognized housing problems. With regard to the latter, the Census contains direct measures of the extent of overcrowding and the lack of kitchen and plumbing facilities and it contains income and housing cost information that enabled us to calculate the extent of "affordability problems" (i.e., when rent or homeownership costs are excessive in relation to household income). The Census does not contain data on all types of housing problems, however. In particular, it provides no information on the structural condition of housing or on inadequate heating or electrical facilities (our approach to addressing this data deficiency will be discussed below).

To be able to interpret information on housing conditions, we also needed to know a great deal about the social and economic conditions of the AIAN population. Accordingly, we also extracted Census data on characteristics such as age and household structure, education status, labor force and employment, income levels, and patterns of commuting and intercensal residential mobility.

While data from a number of Census publications were used in this work, three large computer-based data files were relied upon primarily:

The 1990 STF-3C File. This is one of the largest data files the Census Bureau regularly compiles and makes available to the public. It contains data, by race, on all of the indicators noted above at a detailed level geographically. It can be used to create separate tables for each individual state, county, metropolitan area, urban place, and (critical for our purposes) AIAN Area. (AIAN areas include all Indian reservations, Alaska Native Villages, and all other Census designated Tribal Areas. As used in this report, Tribal Areas include American Indian Reservations, Alaska Native Villages, and other special types of areas so designated by the U.S. Census--complete definitions of these area types will be provided in Chapter 2.

A limitation of this file is that it defines AIAN households only by the race of the head of the household. This leaves out an important group for policy purposes--the sizeable number of AIAN individuals who are a part of households in which the only spouse of the household head (but not the head) is AIAN.

1990 Special AIAN Tabulations. This file was created by the Census Bureau at HUD's request specifically for this study and it was the one we used most extensively. It does identify AIAN households by the race of either the household head or spouse. It also offers additional benefits. While it supports the same geographic breakdowns as the STF-3C file, it provides: (1) more detailed housing data for AIAN occupied units than are available elsewhere; and (2) cross tabulations of housing conditions by the income levels of occupant AIAN households, categorized

in the same manner HUD uses in determining program priorities and eligibility (in this scheme, a household's income is expressed as a percentage of the median income in its local labor market area rather than in relation to a uniform national measure such as the poverty threshold--the benefits of this approach will be discussed in Chapter 2).

1980 Census Files. It would have been desirable, of course, to examine 1980-1990 trends in housing conditions and other social and economic characteristics of the AIAN population. Unfortunately, particularly with respect to housing characteristics, there were so many changes in the definitions used by the Census in 1980 and 1990, this type of analysis was largely precluded. However, we were able to relate 1980 and 1990 characteristics in a few cases and, most important, to analyze in some detail the patterns of growth and/or decline of total AIAN populations in geographic subareas throughout the country. As appropriate, we also refer to research by others discussing social and demographic trends for earlier periods.

Limitations of Census Data

In addition to the lack of information on some types of housing problems as noted earlier, the Census has two other limitations for the purposes of this study that should be kept in mind.

The Increase in Self-Identification. Particularly since 1970, the growth of the U.S. AIAN population as recorded by the Census has been in part explained by individuals who change their racial designation to AIAN; actually, by the excess of those who reported themselves as being of some other race in one census (or were recorded as being of some other race when born during the decade) and then changed to the AIAN designation in the next census, over the number who have done the opposite. This phenomenon was less important in the 1990 Census than in 1980, but even so, the group that made such a change in 1990 accounted for 9.6 percent of the 1990 AIAN population nationally.

Chapter 2 discusses this issue at greater length, but we doubt that our use of Census data that include these individuals has any serious effect on the meaning of our findings and conclusions. First, the evidence suggests that this phenomenon is not sizeable in Tribal Areas, and that is where quantitative estimates of need are most important in relation to Indian housing programs. Second, even in other areas where it is more pronounced, this effect would only be problematic if a large share of those who changed their racial designation to AIAN did so untruthfully. But it is difficult to imagine any incentives that would cause many blacks, whites, and people of other races to falsely report their race in this way. In fact, available research suggests that a dominant share of those who made this change do have Indian ancestry; i.e., this phenomenon has been caused primarily by people recognizing a true Indian heritage after failing to report it in the past.

The Undercount. A Census Bureau report on a special survey undertaken shortly after the 1990 enumeration, estimates that the Census' 1990 published figures understate the size of the AIAN population overall by 4.6 percent (not statistically different than the undercount estimated for either blacks or Hispanics), but more notably, they understate the numbers living in Tribal Areas by 12.2 percent (Bureau of the Census, 1992). The special survey employed a very small sample and it offers no basis for comparing the characteristics or locations of those who were counted and those who were missed in the original enumeration.

The Census Bureau decided not to adjust its official totals to reflect the undercount but there are many who believe they should have done so. In most of this report, we review information based on the official figures (it seems unlikely that the undercount could have sizeable effects on proportional relationships, which we examine most frequently). However, this difference is important when we offer estimates of the absolute magnitude of AIAN housing needs. Accordingly in Chapters 5 and 7, where we address this topic, estimates are provided *both* on the basis of the official figures and those that would result from an upward adjustment to compensate for the undercount.

Tribal Area Boundaries. In establishing Tribal Area boundaries for its enumeration, the Census Bureau relied on legal definitions provided by the Federal or relevant state government or, in some cases, the tribe. In the vast majority of cases the boundaries of the Area so defined (e.g., the reservation) incorporate all of the lands traditionally regarded as the geographical expanse of the "tribal community." In a few cases, however, the current legal boundary defines an area that is smaller than the area of the traditional community and, therefore, the Census numbers understate the populations of that community. This problem is most serious for California Rancherias (see further discussion in Chapter 2).

HUD Management Information Systems

HUD maintains several computer-based information systems containing data about its Indian Housing programs. These have been used most extensively for the program assessment component of the overall study and some use of them was required for the analysis of housing problems and needs as well.⁵ Most data were derived from two HUD systems:

The Management Information Retrieval System (MIRS) which, for each Indian Housing Authority (IHA), contains a wealth of information about their programs' size, past growth, housing unit characteristics, development and operating costs, and other indicators of institutional performance.

⁵The main use of these data in the housing needs analysis was in measuring the extent of current assistance being provided in relation to overall needs; determining what portion of the total need is already being met.

The Multifamily Tenants Characteristics System (MTCS) which contains data on the characteristics of the households occupying HUD units, including household size, race, and income characteristics.⁶

Data Base Integration

In preparation for the 1990 Census, the Bureau of the Census made an extensive effort to identify and map all Tribal Areas nationwide. Lists of all Federally recognized areas were obtained from the Bureau of Indian Affairs (BIA) and all States provided lists of other Tribal Areas within their boundaries.⁷ A total of 567 such areas were identified (some were areas controlled by tribes that had no resident population in 1990--the 508 which had AIAN inhabitants are the subject of much of the analysis of housing problems and needs in this report).

The design for this study required that we integrate information from the Census with information obtained on an IHA basis from HUD Management Systems and other surveys. Accordingly, it was necessary for the study team to correctly link Tribal Area codes and IHA codes in our data files. In 1994, there were 187 recognized IHAs, 181 of which were fully operational at the time of our surveys. The task was not always straightforward since several IHAs serve more than one Tribal Area and there is also a sizeable number of Tribal Areas not served by any IHA. HUD Field Offices of Native American Programs (FONAPs) were contacted to review complex cases and double check preliminary lists to assure the correct linkages were made.

As a result, we are able for the first time to accurately report Census data for IHA service areas. (The results of this linkage are provided in all major data files produced under this study, as submitted to HUD. Key data are presented in Annex A at the end of this report.)

⁶HUD has built the MTCS system only recently. It now provides a full year of income certification and recertification data, derived from HUD form 50058, with a reporting rate of 59 percent for all residents of IHA housing. The system contains information on a variety of social and economic characteristics of households living in units managed by both Public and Indian Housing Authorities nationwide.

⁷Definitions of types of Tribal Areas will be provided in Chapter 2. For further definitions and a description of the process used to identify these areas, see Bureau of the Census, 1993, pp. A1-A3.

SURVEYS AND OTHER INFORMATION SOURCES

Field Surveys: Indian Housing Authority (IHA) Officials and Tribal Leaders and Staff

As with data from HUD management systems, these interviews were conducted mostly to support the program and policy assessment components of the overall study. However, they also provided some information for the housing problems and needs component: primarily insights on housing problems and housing and locational preferences of families in AIAN Areas.

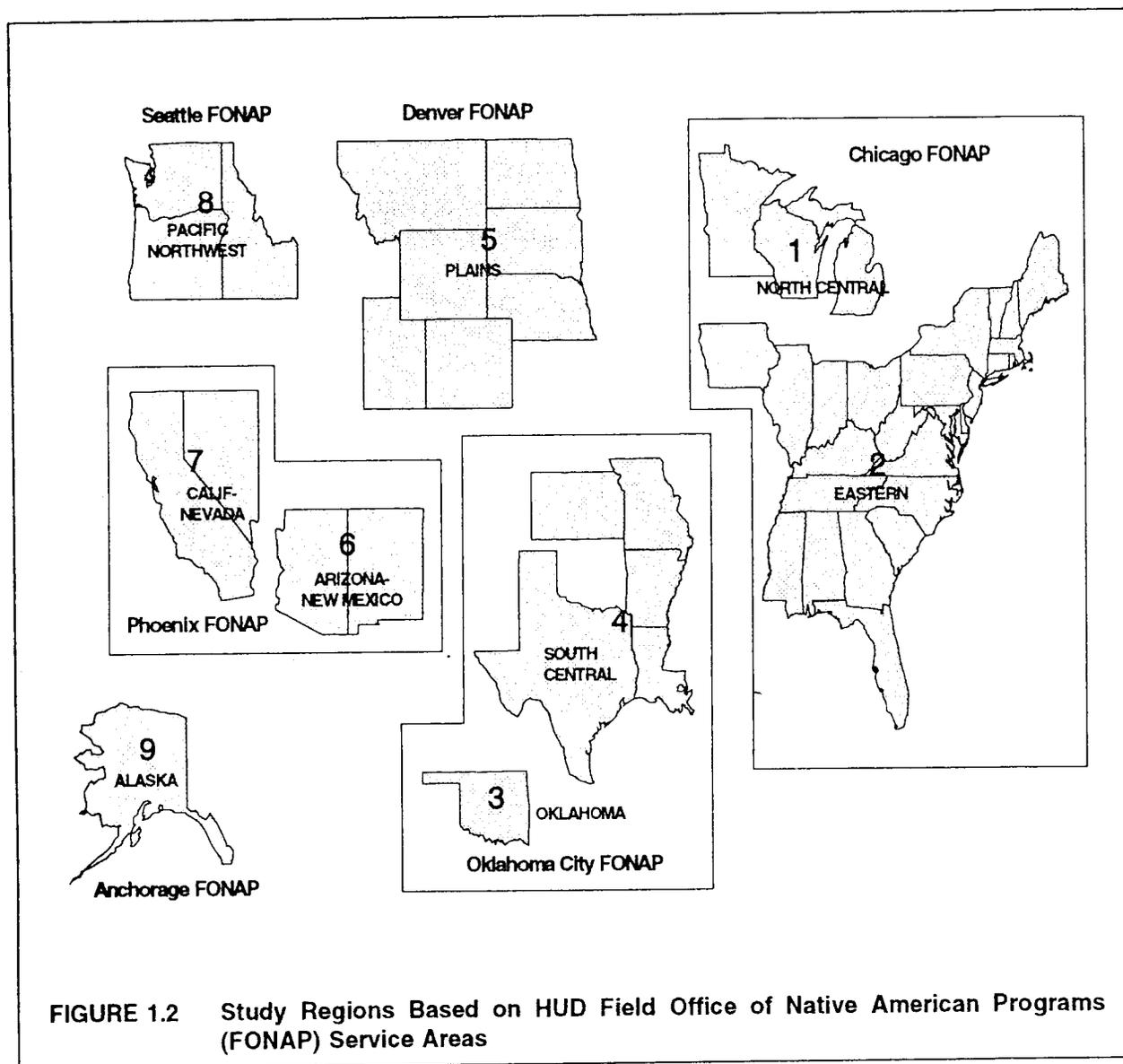
Selecting the Sites. The key objective of the sampling plan was to select a group of sites that, within the confines of the project budget, would best reflect the diversity of conditions that exists in Indian country. This selection was a two-stage process, entailing: (1) dividing the country into a number of study regions which were judged to be at least relatively homogenous internally; and (2) randomly selecting IHAs within each region, with constraints to assure that both large and small areas (in terms of population) were represented.

Regional division began with the service areas of the HUD's six FONAPs. Three of these areas (those headquartered in Chicago, Oklahoma City and Phoenix) were considered too heterogeneous for these purposes and were split to yield the nine basic study regions used throughout this study as shown in Figure 1.2: (1) North Central; (2) Eastern; (3) Oklahoma; (4) South Central; (5) Plains; (6) Arizona-New Mexico; (7) California-Nevada; (8) Pacific Northwest; and (9) Alaska. Actually, for sampling and analysis of field survey data, 10 regions were used. The Navajo Reservation (which is by far the largest Tribal Area, alone accounting for 20 percent of the AIAN population in all such areas) was considered a separate region for these purposes (6A), split off from the rest of the Arizona-New Mexico region (6B).

A total of 36 sites were selected through this process (more were selected in some regions than others because those regions had a larger number of Tribal Areas). The final list of sites visited (identified by the name of the IHA) is provided in Figure 1.3.

Survey Field Work. Arrangements for the field work were made in March and April 1994, and all 36 site visits were completed by August.⁸ The work on-site typically entailed a two day visit by a two person team: an interviewer from the contractor team and a "facilitator" (consultant or NAIHC staff member who was known to the IHA and tribe and could help make arrangements

⁸It proved difficult to work out arrangements for the surveys at two of the sites originally selected. The sample design had included a replacement sample, anticipating that such difficulties might occur. Two replacement sites were selected and surveys were scheduled there without unreasonable delays in the overall study program.



efficiently and assure effective communication). The work involved interviews with the Tribal Chairman (normally 35 minutes), tribal housing staff (1.5 hours--these interviews were possible for only 26 of the 36 tribes visited because the others did not have staff with housing program

responsibilities), and the IHA Director and staff (4.5 hours), along with direct observation of housing conditions and making arrangements for the household surveys (see discussion below).⁹

Survey Instruments. All questionnaires for this study were approved by the Office of Management and Budget (OMB). The instrument for the IHA survey, which was the most extensive, focused on program administration issues. The IHAs administer two HUD programs (Rental and Mutual Help) and although their responsibilities in the two programs differ, they are

Figure 1.3
FIELD SURVEY SITES

<p><i>REGION 1 - NORTH CENTRAL</i> Lac Vieux Desert, MI Leech Lake, MN Red Lake, MN Sokaogan, WI Menominee, WI</p> <p><i>REGION 2 - EASTERN</i> Mashantucket Pequot, CT Seminole, FL East. Cherokee (Qualla), NC Seneca Nation, NY</p> <p><i>REGION 3 - OKLAHOMA</i> Creek Nation, OK Kiowa, OK Comanche, OK Delaware, OK</p> <p><i>REGION 4 - SOUTH CENTRAL</i> Chitimacha, LA Alabama-Coushatta, TX</p> <p><i>REGION 5 - PLAINS</i> Turtle Mountain, ND Santee Sioux, NE Rosebud, SD Cheyenne River, SD</p>	<p><i>REGION 6A - NAVAJO</i> Navajo, AZ</p> <p><i>REGION 6B - REST OF ARIZ.-NEW MEXICO</i> Gila River, AZ Yavapai-Apache, AZ Tohono O'odham, AZ Northern Pueblos, NM</p> <p><i>REGION 7 - CALIFORNIA-NEVADA</i> Round Valley, CA Karuk, CA Pyramid Lake, NV Reno-Sparks, NV</p> <p><i>REGION 8 - PACIFIC NORTHWEST</i> Fort Hall, ID Makah, WA Chehalis, WA Tulalip, WA</p> <p><i>REGION 9 - ALASKA</i> AVCP, AK Interior Regional, AK Copper River Basin, AK Kodiak Island, AK</p>
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⁹Where the sampled IHA provided housing services to more than one tribe, only one tribe was selected for the interviews with the Chairman and staff.

generally concerned with two processes within each: (1) developing new housing (planning, site selection, construction, etc.); and (2) the operation and maintenance of existing housing (processing application, collecting payments from occupants, maintenance and modernization, etc.). The IHA instrument asked a series of questions about each of these processes and subprocesses generally dealing with: how the work was performed; perceived obstacles and barriers to its performance; the influence of HUD (regulations and staff) on outcomes; and suggestions for improvements. The IHA instrument, however, also covered a range of other topics, including: perceptions about other housing programs operating in the area; perceptions about housing problems and needs (in both assisted and unassisted housing); relations between the IHA and the tribes; broader barriers to housing improvement to the Tribal Area and how they might be overcome.

The instrument for the Tribal Leader survey was comparatively brief. It included questions on: the nature and extent of local housing problems; desires and perceptions of tribal members with respect to housing and living on vs. off the reservation, IHA/tribal relationships, and perceptions about assistance provided by Federal agencies other than HUD.

The instrument for the Tribal Staff survey overlapped topics covered in Tribal Leader questions to some extent, but also examined: the operations and performance of housing assistance programs administered directly by the tribe; views on the operations of IHA programs; perceptions of local housing conditions; and tribal preferences as to housing and living environments.

Field Surveys: The Household Survey

While asking tribal and IHA officials about the housing problems and preferences of the people in their areas, and about housing assistance programs, was likely to be helpful, it was recognized that it was no substitute for asking the people themselves. Because a full-scale probability sample would have been too costly and time consuming, it was decided to conduct a smaller sample survey of 20 households at each of the 36 field-visit sites.

Survey Design Issues. It was also recognized that any such survey could have difficulties. It was expected that many AIAN households would be reticent about participating (a large number of tribes have been "over-surveyed" in the past). This might be particularly true if outside non-Indian interviewers were assigned. Outside interviewers might also find it impossible to communicate effectively given differences in culture and, in many cases, language. If tribal people conducted the survey, however, the results were likely to be questioned because of possible biases.

These issues were addressed as follows: First, sample selection was done directly by contractor staff, applying a rigorous random sampling procedure to either the tribal membership roster or a local list of registered voters. Second, interviews were conducted by a local tribal member (normally one recommended by the tribe or IHA), but three steps were taken to promote quality and objectivity: (1) selected interviewers were trained at some length while the contractor was on site (including being required to conduct one or more full rehearsal interviews with the contractor's site team); (2) extra care was given in the design of the survey instrument so that it would be simple and clear; and (3) after the surveys were completed, contractor staff conducted quality control checks (by phone) with a sample of the original respondents.

Survey Results. This procedure yielded results that were generally useful, although far from perfect. Problems connected with the responsibility or capacity of the selected local interviewer, or with tribal reticence, prevented the completion of these surveys in 12 of the 36 sites. For the two thirds that completed them, however, the information gathered appeared valuable for analytic purposes. The returns were well balanced across regions and the quality of the data submitted was high. Cross tabulations yielded reasonable distributions and comparatively few records had to be rejected because of obvious miscoding--a total of 414 useable household records were produced. The quality control process indicated that the completed surveys were conducted much in accord with specifications.

Nonetheless, because of the small number of respondents, all results of this survey must be interpreted with caution. As would be expected, confidence bands around point estimates are sizeable. For example, at the 95 percent confidence level, the estimated share of all of housing units that are overcrowded falls in the range from 6.2 percent to 14.8 percent; the estimated share reporting that the lack of adequate insulation against the cold is a serious problem falls in the range from 24.2 percent to 37.3 percent.

IHA Telephone Surveys

This survey was implemented successfully between mid-February and late April, 1994. Useful data were gathered from 177 of the 181 IHAs that were fully operational at that time, for a 98 percent response rate. This survey focused mostly on program assessment issues but did yield some data on perceptions (on locational patterns and preferences) relevant for analyses of housing problems and needs. Topics covered by the survey instrument were generally similar to those in the IHA instrument for the 36-site field survey (noted above), but due to the time constraints of the telephone format, this survey did not attempt to address them in the same level of detail.

Interviews and Case Studies: Indians in Urban Areas

Early in the project, it was realized that the housing needs and conditions of urban Indians appeared to differ significantly from those in other areas. In order to get a clearer understanding of these conditions, we undertook both a special analysis of census data for metropolitan areas with the highest concentration of Indians, and case study interviews.

Interviews with Community Center Directors. Unlike our on-site data collection in Tribal Areas, where we were able to interview IHA directors, tribal housing staff, and tribal leaders regarding the housing condition and needs of the community, there were no comparable groups in urban areas. We chose instead to identify urban Indian Community Centers across the nation whose key staff could provide insight into the housing and socioeconomic circumstances of the urban Indian community they serve. We identified 28 such Community Centers whose directors were able to participate in a telephone interview which focused on the housing needs and conditions of the Indian community. These interviews, conducted in the winter of 1993, included both closed and open-ended questions and generally lasted about one hour.

Interviews with Public Housing Officials. We conducted interviews with selected HUD headquarters and field staff whom we felt had specific knowledge regarding the provision of service of federal housing programs to urban Indians. A survey of local Public Housing Authority (PHA) Directors was also contemplated. However, exploratory calls to 6 PHAs indicated that they had virtually no personal knowledge or readily available data concerning Indians in their projects, and no special programs related to them. Accordingly, the full survey was not conducted.

Case Studies. To collect additional data on the housing situation of urban Indians, we undertook case study analyses in three cities: San Francisco, Oakland, and Chicago. These cities are by no means representative of all urban areas, but further serve to illustrate the diversity of housing conditions and needs of urban Indians. Case studies were prepared through in-depth interviews with a number of key informants at each site. Informants were selected based on discussions with our Advisory Panel members and Indian Community Center staff. Interviews were generally informal although an interview guide was used so that key themes were highlighted and remained consistent across sites. Case study interviews were conducted between October, 1993 and May, 1994.

A formal sample survey of AIAN households living in urban areas would, of course, have been desirable. However, no complete listings of such household exist. The costs of both identifying the universe, selecting a sample, and then conducting interviews would have been well beyond the resources available for this study.

STRUCTURE OF THE REPORT

As noted earlier, this report is organized into three parts, reporting findings and conclusions related to each of the study's three main purposes.

Part I--Housing Problems and Needs

Part I is composed of two chapters which summarize the results of the more complete study report on this topic (Kingsley, Mikelsons, and Herbig, 1996). Chapter 2 looks at AIAN population dynamics and social and economic conditions. First, it reviews recent growth trends for the AIAN population in America overall. It next offers new perspectives by examining the spatial pattern of AIAN growth in the 1980s, considering variations in growth by region, and for various types of areas (Tribal Areas, surrounding counties, other metropolitan areas, other nonmetropolitan areas) within regions.

The text then reviews the social and economic circumstances of AIAN population and households, using the same spatial framework. At the most general level, the analysis finds some consistent patterns in the differences between AIAN and non-Indian conditions in each type of area, and in the differences between the circumstances of AIAN populations in different types of areas. It then recognizes, however, that there is substantial diversity around area-type averages and characterizes that diversity.

Chapter 3 presents the results of the assessment of housing problems and needs. It begins with a conceptual framework for understanding and measuring AIAN housing problems. The framework is then applied, using Census and household survey and data along with some other indicators, to estimate the nature and extent of AIAN housing problems in 1990--for the nation as a whole and for each of the basic area types. The analysis demonstrates that the housing problems of American Indians and Alaska Natives remain severe, particularly in Tribal Areas. This presentation is followed by a return to the topic of diversity, applying it now to housing problem indicators, both in Tribal Area and urban settings. The chapter closes with a look at likely future trends in AIAN housing problems and opportunities, and a discussion of implications for alternative approaches to national and local housing policy.

Part II--Program Assessment

To provide perspective, Chapter 4 opens with a brief historical account of the evolution of Indian housing policy in the United States. It then describes the array of Federal housing assistance programs operating in Indian country and explains their purposes, how they work, and

their recent funding levels. Finally, it explains the approach to be taken in assessing these programs.

Chapter 5 presents the assessment of the two programs that dominate housing assistance in Tribal Areas: HUD's rental and Mutual Help programs. It first reviews characteristics of the programs' housing stock and its beneficiaries. It then examines the processes of developing new housing and operating and maintaining existing housing under these programs and analyzes institutional performance (both at the national and the local levels).

Chapter 6 begins by offering briefer assessments of other types of housing programs operating in Indian country: the Bureau of Indian Affairs' (BIA) HIP program, tenant based-assistance, block grant programs, and financing assistance. The chapter closes with a summary assessment of both the contribution and problems of Federal housing assistance programs operating in Tribal Areas.

A number of changes were being made to HUD's programs while this study was underway. Readers should keep in mind that survey respondents were reporting on conditions as they saw them roughly in mid-1994. Attempts to update program descriptions were cut off as of the end of 1994. It is likely that other changes have been made since then that are not reflected herein.

Part III--Policy Directions

Chapter 7 opens this Part with a discussion of trends and conditions in the policy environment that affect possible futures for Indian housing policy. A two part approach to policy falls naturally from this chapter and the findings and conclusions of Parts I and II.

First, there is a need to substantially reform the nation's current approach to providing housing assistance for low-income families in Indian communities--to deliver assistance more equitably and efficiently. How that may be addressed is the subject of Chapter 8. The chapter begins with a review of the context for Federal assistance policy, compares alternative approaches to policy change, and closes with a number of more specific recommendations.

Second, however, the analysis makes it clear that Federal assistance in and of itself will never be a sufficient or appropriate way to deal with the full range of housing problems and opportunities in Indian country. The ultimate solution to the housing deprivation in Tribal Areas will still require Federal assistance, but it will also rest on spurring economic development (which will increase incomes), and reducing current barriers to market oriented mortgage lending, in order to lay the basis for substantially increased private investment in Indian housing. This

potential, and policy directions, related to enhancing private mortgage lending in Indian country are discussed addressed in Chapter 9.

AMERICA'S INDIAN POLICY: AN OVERVIEW

The relationship between the federal government and American Indian and Alaska Native tribal governments is unique. A complex body of law governs this relationship based on a history of military dominance, subjugation, the ceding of Indian lands, and subsequent policies of assimilation versus self-determination and self-government. To understand current Federal Indian housing policy, one must first look at the evolution of America's overall Indian policy.

The Sovereign-to-Sovereign Relationship and Trust Land

Before the formation of the United States, the administrators of some British and Spanish colonies began negotiating treaties with native tribes. These tribes were given sovereign status similar to that of colonial governments. While treaties primarily dealt with the ceding of native land or boundary disputes, they also affirmed tribal ownership of land. By the time of the American Revolution, treaties were well established as a means of negotiating terms with Indian tribes. According to the 1781 United States Articles of Confederation, the Federal government had sole and exclusive authority over Indian affairs; however, states could not have their legislative rights infringed or violated by such authority. This left some ambiguity regarding federal and state power over Indian tribes. Subsequent laws, however, clarified that the Federal government's position would be dominant in Indian affairs.

During the period from 1789 to 1871, the Supreme Court and Congress set the foundation for American Indian law and policy. The legal opinions by Chief Justice John Marshall known as the "Worcester Trilogy" served as the foundation for defining the Federal trust responsibility, and the Indian Commerce Clause of the United States Constitution gave Congress the power to regulate commerce with foreign nations, states and Indian tribes. The Indian Trade and Intercourse Act of 1790 brought nearly all interactions between Indians and non-Indians under federal control.

Since then, Federally recognized tribes are seen under American law as independent nations, and the Federal government deals with them directly in a sovereign-to-sovereign relationship.¹⁰

The most unique feature of this relationship--one that has profound implications for housing policy--is the concept of "trust responsibility." Chief Justice Marshall stated that, "The Indian nations had always been considered as distinct, independent political communities, retaining their original natural rights, as the undisputed possessors of the soil."¹¹ The Indian Trade and Intercourse Act of 1790 had specifically prohibited the sale of Indian land without Federal approval.

In most reservations, through the present time, much of the land is held in trust on behalf of the tribe as a whole by the Federal Government; i.e., the land is *not* divided up among individual tribal members who can buy and sell parcels as they choose. Rather, the Bureau of Indian Affairs (BIA) of the Department of the Interior holds the title to these lands and administers the trust. Tribes cannot agree to any encumbrance (such as formally leasing the land to any party) without BIA approval, and actual sales of "tribal trust land" to non-tribal private entities virtually never occur. In these areas, tribes normally "assign" defined parcels to individual tribal members for their use, but this assignment does not actually transfer title to the land. In some areas, where tribes are not Federally recognized, individual States play a similar role, holding the tribe's land in trust.

Removal and "Indian Territory"

The extent and pattern of Indian landholdings today, however, is very different from what it was at the beginning of the 19th century. That century saw a persistent whittling away of the land area over which Indians had sovereignty as the idea of "manifest destiny" emerged and wave after wave of white settlers moved west to gain control.

Policy in the early 1800s favored a clear spatial separation of Indian and white settlements. Pressures on the land from a growing white population in the eastern states, led to the concept of forcefully moving Indians from their aboriginal lands east of the Mississippi to a new "Indian Territory" farther west (eventually narrowed in definition to what is now the State of Oklahoma). The policy was implemented under the Indian Removal Bill of 1830. Indians resisted

¹⁰Although as Waldman (1985) suggests, "Sovereignty, as it has been applied to Indian tribes, is a relative term. Unilateral action on the part of the federal government has eroded the original concept . . . The limited sovereignty of tribes as it exists today is comparable to that held by the states. The tribes have powers to govern themselves, but only under Federally imposed regulations."

¹¹Cited by the National Commission on American Indian, Alaska Native and Native Hawaiian Housing (1992), p. 7.

the removal law--in battles and in the courts--but a decade later most eastern Indians had been relocated. In some cases, several tribes were moved into one of the new Tribal Areas created, and the government proceeded to deal with them as one tribe rather than recognizing them as various and distinct tribes.

The rest of the century witnessed continued delineation, and curtailment, of Indian land areas farther west as white settlement proceeded. It was during this period that many of today's reservations were defined through treaties--often small pieces cut out of sizeable land areas which tribes had considered their own.

Allotment and Assimilation

Congress' passage of the General Allotment Act (or the Dawes Severalty Act) in 1887 signaled an important shift in Federal policy in one sense--the guiding concept had changed 180 degrees, from separateness to assimilation--but in another sense it remained the same: the outcome was a continued dwindling of Indian land resources. Under this Act, large tracts of Indian land were ceded for homesteading in many parts of the country.¹² In the ceded areas, the land was divided with 160 acre parcels allotted to each Indian family who, having attained individual rights, would presumably be motivated to farm it more effectively. Allotted Indians were to be subject to local and State, rather than tribal, jurisdiction. Remaining lands in the ceded areas not allotted to Indians were made available for homesteading by non-Indians, again with the rationale of improving the utilization of tillable lands.

It was expected that the allotment approach in itself would promote assimilation, but that objective was reinforced in other ways. For example, the BIA established boarding schools for Indian youngsters who were required to abandon their native languages, dress, religion and other traditional customs. In 1924, as a move to provide equity and further promote assimilation, for the first time, Indians were made United States citizens.

The land allotments to Indians under the Dawes Act first created the concept of "individual trust land": where the BIA holds parcels of land in trust for the benefit of individual Indians (and their heirs) rather than the tribe as a whole. Again, the individuals cannot sell these allotments, and cannot not encumber them, without BIA approval.¹³ Unlike the case of tribal trust land, sales of individual trust lands can and do occur--the process is just more cumbersome than is typical in normal private land markets because of BIA involvement. Further complicating such

¹²The proportion of the total area ceded for homesteading (vs. being left as tribal trust land within the reservation) varied from tribe to tribe.

¹³Originally, the allotments were to remain in trust for 25 years, but the Dawes Act was subsequently amended to extend indefinitely the time allotments remained in trust.

transactions today is the fact that these allotments are now typically held by a number of heirs of the original allottee. Decisions concerning the use of the land, and any possible sale or other encumbrance, must be made by them jointly.

There is little disagreement that many abuses occurred during the period when allotment and assimilation were the main policy themes. Because of high taxation, corruption of officials, and other unscrupulous practices of land speculators, many Indian allottees lost their land. Federal policy toward Indians was to change again in the 1930s, but this period had seen a dramatic reduction in the extent of Indian lands nationally. By 1934 the total was only a little over one third of what it had been in 1887 (a decline from 138 million acres to 48 million acres).

Today the residual effects of allotment remain most relevant to Indian policy in the State of Oklahoma. Large areas of that state are under tribal jurisdiction (delineated as Tribal Jurisdiction Statistical Areas by the Census--see Chapter 2). These areas include a mix of land types: some tribal trust land, some individual trust land, and some private land (owned by Indians and non-Indians). In the rest of the country, most of the areas that remain under tribal jurisdiction are the reservations as defined earlier (what is left of them), whose areas are predominantly held as tribal trust land.

The Indian "New Deal"

In the 1920s, allotment/assimilation policies came under fire and there was increasing concern for the welfare of American Indians. In 1921, the Snyder Act authorized BIA to provide a broad range of social, economic and educational assistance programs to recognized tribes.

In 1929, a study of Indian affairs, made at the request of the Secretary of Interior, was prepared by the Brookings Institution. Saunders (1966) notes that it described wretched conditions under which Indians lived and recommended an increase in educational programs, emphasized health services, economic development and better living conditions, and an end to the allotment policy.

This report accelerated pressure for reform in Indian affairs and ultimately led to substantial policy change through passage of the Indian Reorganization Act (IRA) of 1934. In full contrast to past policies, this act promoted tribal self-government by encouraging tribes to adopt constitutions thus forming a more solid basis for tribal political authority. It returned unsold allotted lands to tribes and provided for their purchase of new land. It also emphasized "on-reservation day schools instead of off-reservation boarding schools; advocated the hiring of Indians by the BIA and Indian involvement in policy making at the national and tribal levels; extended Indian trust status; and granted Indians religious freedom" (Waldman, 1985, p.194). Furthering these themes, in 1946 Congress created the Indian Claims Commission as an

independent agency to expedite Indian claims processing and provide financial compensation for treaty violations.

Termination and Relocation

Opponents of the New Deal policies toward Indians had been there all along and in the 1950s they gained the upper hand. Assimilation once again became the watchword. This was implemented in three ways:

The first was the "termination", brought about by the passage of House Concurrent Resolution 108 of 1953. Termination was an experiment imposed on many California Rancherias and some other tribes, ending the special trust relationship between them and the Federal government. Between 1954 and 1962, Congress passed specific laws authorizing the termination of 61 Indian tribes, bands, and communities. One hundred thirty-three separate bills were introduced to permit transfer of trust land from Indians to non-Indians (Cornell and Kalt, 1992, p.12-13).

Second, many tribes not terminated were subjected to a series of laws transferring responsibility from the BIA to other agencies and, in some cases, to the states. Public Law 280, for example, gave selected states civil and criminal jurisdiction over reservations without tribal consent.

Third was a policy of relocation, implemented through the BIA's Direct Employment (Relocation) Program. This program was explicitly aimed at moving Indians from the reservations to a selected group of urban areas with the goal of furthering their employment and assimilation. There were eleven relocation centers, half of which were on the West Coast.

Self-Determination

In the late 1960s and early 1970s, the pendulum swung back again (and has remained generally in the same position since then). The key theme of this era has been "self-determination". A series of studies and commission reports in the 1960s criticized termination, proposed that this new theme be emphasized, and called for more effective Federal assistance to address the plight of American Indians in all parts of the country. Congress responded in a number of legislative enactments.

These included the Indian Civil Rights Act of 1968, which provided rights to tribal members in dealing with tribal governments, and allowed states to transfer jurisdiction back to the tribes and Federal government, and the Indian Self-Determination and Education Assistance Act of 1975 (Public Law 93-638), which encouraged tribes to assume administrative responsibility for

programs administered by the BIA and the Indian Health Service.¹⁴ They have also included other steps to restore a number of tribes that had been terminated, and actions focused on supporting Indian cultural renewal and economic development.

Different administrations have given more emphasis to some issues than others, but the basic theme has been endorsed throughout. In 1983, President Reagan restated the unique "government to government" relationship between the United States and Indian tribes. In 1994, President Clinton reaffirmed a commitment to self-determination for tribal governments, and stressed the need for a federal-tribal partnership (BIA, 1994).

Special Circumstances of Alaska Natives

Alaska Natives had little contact with Americans even after the United States bought the territory of Alaska from Russia in 1867. No treaties were negotiated with them and their land claims were not fully defined until the passage of the Alaska Native Claims Act of 1972 (ANSCA). The Act established, under State law, village and regional corporations in which enrolled natives received corporate stock. Those corporations, now own the land and protect against alienation through corporate bylaws. In October of 1993 the Department of Interior recognized Alaska Native groups as acknowledged tribes with the same status as tribes in the contiguous 48 states.¹⁵

Conclusions

Indian tribes have proven resilient. In the last two centuries and more, they have faced phenomenal economic, political and cultural changes. From military violence and subjugation, horrific epidemics of disease, land seizures, and economic deprivation, tribes have somehow managed to survive, and in some cases are making significant progress in independence and economic viability. Distinct tribal nations are built upon dozens of cultural lineages that have persevered, bound together by ties of family, language, history and cultural heritage.

Cornell and Kalt (1992) state that the lesson from Indian Country is a lesson of strength: "As long as American Indians and Alaska Natives retain power, land and resources, there will be struggles over control and management of those lands and resources. Americans must learn the history of the federal-tribal relationships, the unique legal status of Indians, and understand the heritage and cultures of Indians to begin to comprehend the issues involving American Indians today."

¹⁴For a more complete list, see Waldman, 1985, p. 195.

¹⁵Federal Register, Vol. 58, No. 202, October 21, 1993, pp. 54364 - 54369.

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PART I

**HOUSING PROBLEMS
AND NEEDS**

Chapter 2

POPULATION GROWTH, SOCIAL AND ECONOMIC CONDITIONS, AND SPATIAL PATTERNS

Research to support housing policy always begins with demographics. The most basic questions are, "how much, and where?"--how large is the population to be housed and how it is distributed geographically. Beyond understanding the current pattern, it is also essential to develop some sense of how that pattern is likely to change in the future--appropriate policies for two areas with similar conditions now will obviously differ markedly if one is losing population rapidly while the other faces burgeoning growth. How fast is the population growing, are the trends altering its spatial pattern, what are the factors influencing the trends, and how might they change in the future?

Housing analysis must also be based on understanding of the social and economic conditions of the population to be served. Their age structure and household composition are key determinants of the types of housing they require; their success in the labor market, largely determines their income, which in turn, is the primary determinant of what housing they can afford. These are the issues addressed in this chapter.

POPULATION TRENDS: DECLINE AND RESURGENCE

There is considerable uncertainty about the size of the AIAN population in North America in pre-Columbian times. The most widely accepted estimates range from 2 million to 5 million. There is general agreement, however, that the arrival of European settlers led to a tragic loss of population, more due to diseases like smallpox and cholera than military confrontations.¹⁶

¹⁶See a full discussion of this history in Snipp, 1989.

As European settlers moved west, they found the territory sparsely settled by nomadic people of what appeared to be a primitive culture. This left a lasting impression, that only now is beginning to break down. More recent evidence suggests that what they found was probably the reaction to the debilitating effects of the diseases that had advanced ahead of them years before--the remnants of formerly stronger cultures, by then well along in the process of decimation. The more familiar history of the period from then through the end of the 19th century--tribes ravaged by wars and forced relocations along with the unabated effects of disease--simply perpetuated a long-standing demographic trend.

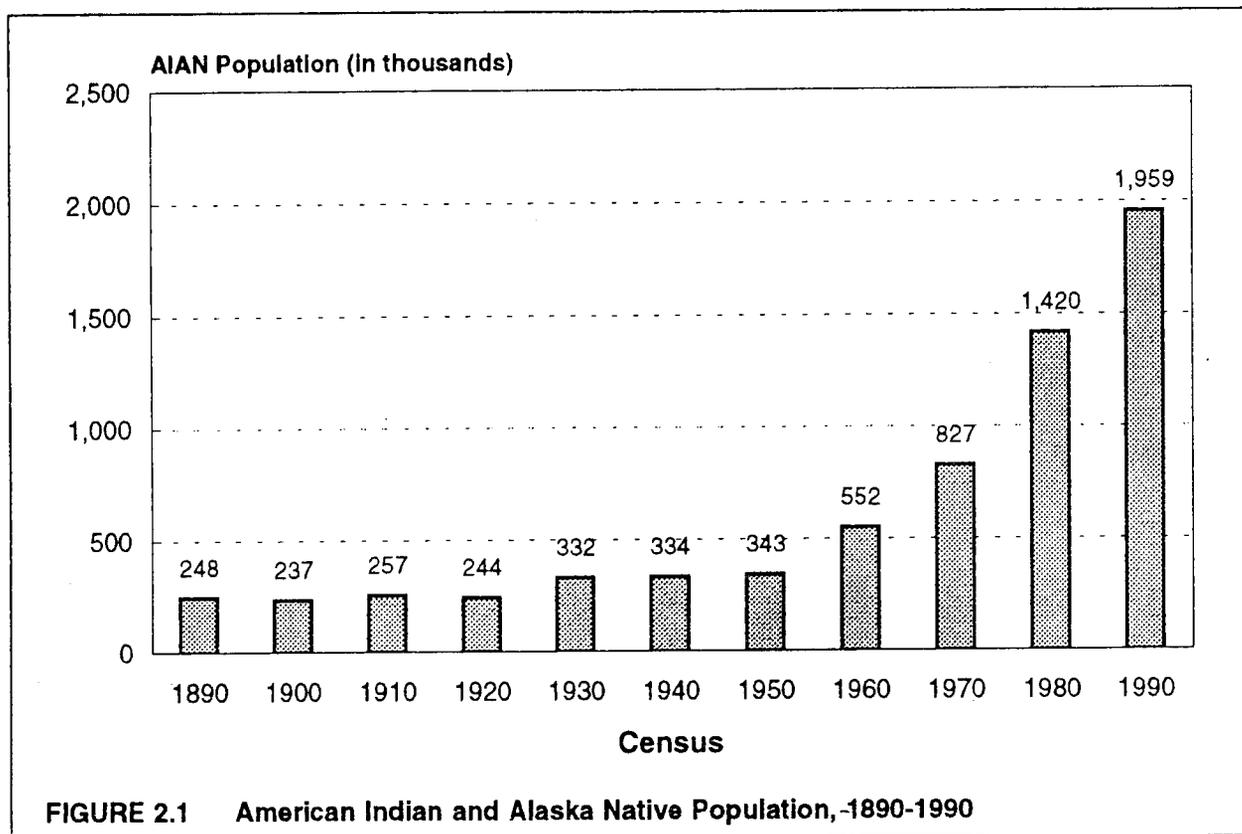
Figure 2.1 shows how the AIAN population total has changed since its low point in 1900, as measured by the U.S. Census. As noted, these are the totals of individuals who identify their race as American Indian, Aleut, or Eskimo in the Census Bureau's decennial surveys.¹⁷

Changes through the mid-point of this century were not dramatic. After 1950, however, the AIAN population has exhibited a remarkable resurgence, growing from 357,000 to about 2 million in 1990, almost a sixfold increase in just 40 years. While the AIAN population remains small in comparison to the major ethnic groups in America (0.08 percent of the total U.S. population in 1990), it is one of the fastest growing. Its total 1980-90 percentage increase (32 percent) by far exceeded that for non-Hispanic whites (4 percent), and African-Americans (13 percent) although it did remain below that for Hispanics (53 percent) and Asians (108 percent)--(Frey, 1993).

The phenomenal increase in the AIAN population since 1950 has occurred mostly for the same reasons many disadvantaged populations throughout the world accelerated over the same period: the development and dissemination of medical innovations that substantially reduced fatalities in all age groups (infant mortality in particular), coupled with important environmental improvements (better housing, water supply, and sanitation). However, as pointed out in Chapter 1, there is another cause: the increase in self-identification.

Passel has analyzed this phenomenon for every Census since 1960 (Passel, 1976 and 1992, and Passel and Berman, 1986). In each case, he found the total reported end-of-decade AIAN populations to be significantly larger than the sum of the comparable populations at the beginning of the decade and the growth that occurred during the decade due to natural population increase (the excess of births over deaths). For example, the 1980 population (1,420,000) plus the 1980s natural increase (350,000) yields a total of 1,770,000; 189,000 short of the reported 1990 total. Such differences can hardly be caused by immigration of American Indians and Alaska Natives from outside of the U.S.--the change in self-identification is the only reasonable explanation for most of them. Passel states that similar "errors of closure" have accounted for

¹⁷See discussion of the implications of this measure in Chapter 1.



32 percent of the 1,407,000 net growth in the AIAN population that has occurred since 1960.

Passel's analysis of natural increase and reported totals at this level leads him to conclude that this phenomenon has been more important in some parts of the country than others. Generally, it does not appear to have much effect in states that have traditionally had the largest concentration of Indians in Tribal Areas--it has occurred more frequently in the more urbanized states (including California and those below the Great Lakes, and most along the East Coast).

Again as noted in Chapter 1, the authors do not believe that this phenomenon has great significance for the purposes of this study. In and around Tribal Areas, it appears to have a small impact, and even where it is more pronounced, it should not have much policy significance. It is difficult to imagine any incentives that would cause many blacks, whites, and people of other races to falsely report their race in this way. In fact, Passels and Berman (1986) suggest that a dominant share of those who made this change do have Indian ancestry; i.e., this phenomenon has been caused primarily by people recognizing a true Indian heritage after failing to report it in the past.

THE GEOGRAPHY OF INDIAN COUNTRY

Introduction

Beyond giving a reliable characterization of AIAN housing problems and needs nationally, a strong part of the motivation for this study was to learn how such conditions vary in different types of locations. This section defines the structure that has been used to differentiate U.S. geography for this analysis. Divisions were based on factors that earlier literature, and expert advice, indicated were likely to be associated with important differences in the social and economic well-being of AIAN populations as well as their housing conditions and other circumstances of their living environments.

Region

Regional differences were the first considered. There is a sizeable literature showing how the characteristics of different regions (flora, fauna, climate, land forms and general location in relation to the unfolding pattern non-Indian settlement) historically influenced the evolution of different tribal cultures throughout America. Contrasts appear in lifestyles, approaches to economic activity, and modes of governance, as well as in types of housing (see, for example, Driver and Massey, 1937). It was judged that the nine regional divisions defined in Chapter 1 would capture the most important of these variations (Figure 1.2).

Area Types

Within regions, probably the most important differentiation for Indians is whether they live within or outside of Tribal Areas. As noted, Tribal Area is the generic term used in this report for American Indian Reservations, Alaska Native Villages, and other special types of areas that represent ongoing centers of tribal culture (to be defined in more detail below).

Outside of Tribal Areas, the most obviously contrasting types of living environments are metropolitan and nonmetropolitan. Although comparatively little research has been conducted on the topic to date, there has been substantial interest in how well AIAN households adapt to life in America's high-density cities and their surrounding metropolitan suburbs. Are they, in fact, easily "assimilating" or do urban environments perpetually clash with their cultural heritage to the extent that their personal goals for advancement remain frustrated? And how do their circumstances differ from AIAN households that live in rural environments, but also outside of Tribal Areas?

This study's Advisory Panel, however, suggested that another division might be equally important: that between those living outside, but close to, Tribal Areas and those living in areas (rural or urban) farther removed. Their argument was that a large number of American Indians are forced to live outside of their reservations because of the lack of employment and housing opportunities, but retain strong ties to the tribal culture and remain near enough to return on a routine basis. This is a group, they argued, that has never before been counted, let alone analyzed, and its members are likely to have different problems and needs than those living much farther away.

Defining this group in a uniform manner proved a difficult assignment. The question of what is "near enough to retain close ties" may have a different answer in Arizona (where, for example, Navajos are used to driving hundreds of miles in a day to conduct their affairs) than it might be in Connecticut or Maine. The best compromise that could be implemented with the resources available for this study, was to use county boundaries; i.e., to identify all counties in which Tribal Areas were located and, within those counties, to assemble data separately for those that lived inside the Tribal Areas and those that lived outside.

Accordingly, our spatial analysis examines conditions and trends in four distinct types of areas:

- Counties containing Tribal Areas, subdivided into
 1. *Tribal Areas*, and
 2. *Surrounding Counties*, and
- The rest of the United States, subdivided into
 3. *Metropolitan Areas*, and
 4. *Nonmetropolitan Areas*

Types of Tribal Areas

Chapter 1 explained that the 1990 Census provides data on a total of 508 inhabited Tribal Areas in the United States. Their locations, within our study regions, are mapped in Figure 2.2. They are listed individually, by region, in Annex A at the end of this report. All have much in common as the cultural homelands for their peoples, but there are important differences between six basic types as noted below (for more complete definitions, see Bureau of the Census, 1993). Many of the differences relate to the manner in which land is held in Tribal Areas as explained at the end of Chapter 1.

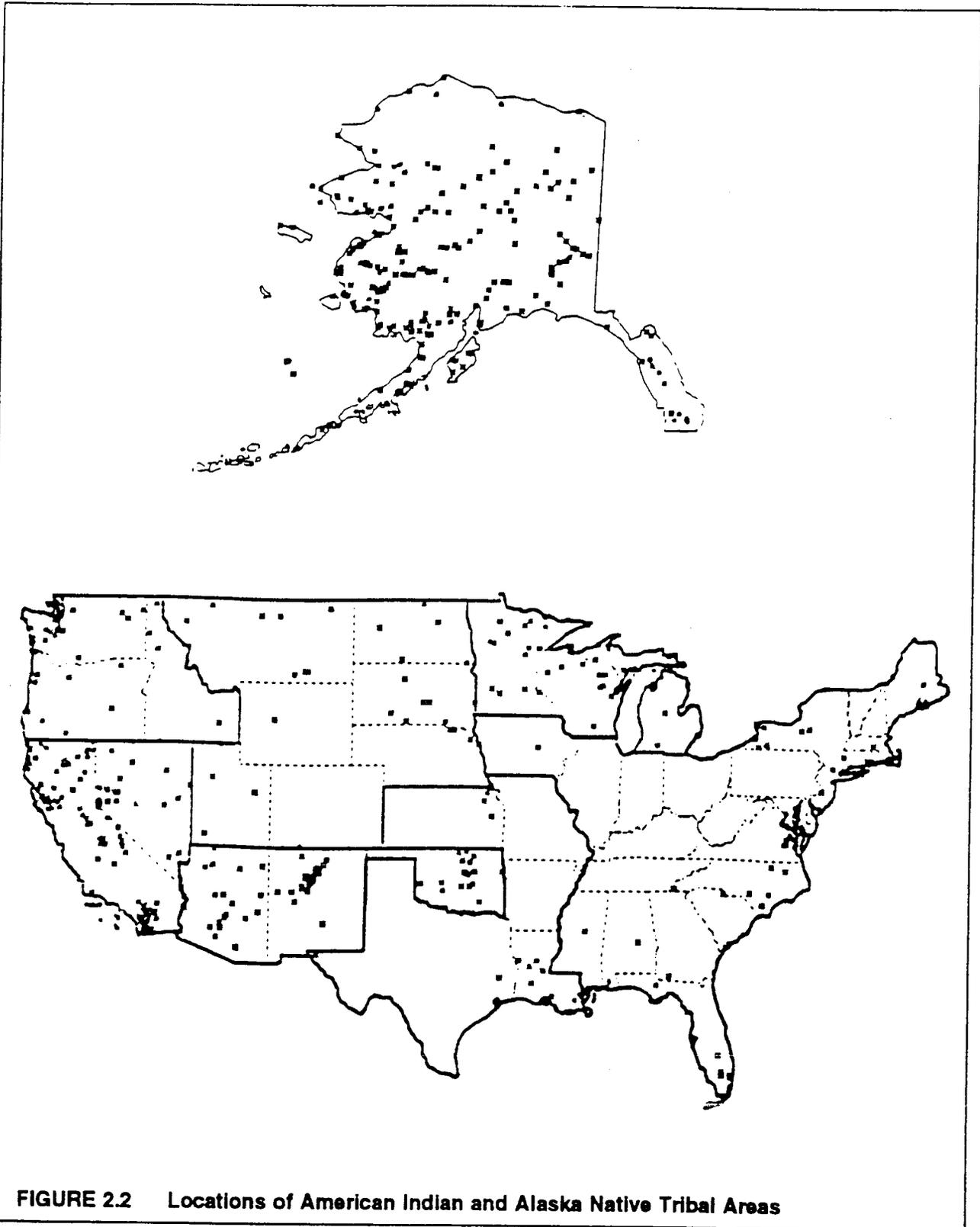


FIGURE 2.2 Locations of American Indian and Alaska Native Tribal Areas

Federally Recognized American Indian Reservations. These, the most well known type of Tribal Areas, have boundaries established by Federal treaty, statute, and/or executive order and are recognized by the Federal government as territory over which an American Indian tribe has jurisdiction. Tribes so recognized deal with the Federal government in a sovereign-to-sovereign relationship and their reservations are generally not under the jurisdiction of the States in which they are located, nor of any local government. Normally, a large share of the land in these reservations is held in trust by the BIA and some of them have identified trust lands outside of the reservation boundaries (data for AIAN populations on any such lands are included with those of their associated reservation in our statistics). One group of areas in this category is an exception in this regard: The New Mexico Pueblos. All Pueblo land is owned by the tribal government. Areas composed of reservation lands administered jointly and /or claimed by two reservations are called "joint areas" by the Census and are identified as separate Tribal Areas in our data.

State Recognized American Indian Reservations. These are reservations established under the laws of an individual State and, in many cases, the State (not the Federal government) holds the land in trust for the use and benefit of the tribe.

California Rancherias. These are really a type of Federal reservation, but they deserve special mention because of a unique history. Originally, the Rancherias were tracts of land acquired by the Federal government in the early 1900s for California Indians, many of whom were homeless or in extreme poverty. Most lands were put in trust for a particular band in a specific area. As mentioned in Chapter 1, the Rancherias were most affected by the termination policies of the 1950s. The Federal government terminated the Rancherias and distributed the land to individual Indians who were residing there at the time, or to "associations" that held community land as shareholders. In 1969, California Indian Legal Services started suing the government to restore the tribes. Out of 41 terminations, 29 have been reversed. The intent was restore the Rancherias, but much of their original land bases no longer existed in Indian ownership. Rancherias as now defined for Census purposes, are lands that were held by individual Indians, associations, or others who have put their land back in trust. Important for our purposes is that the traditional tribal areas are typically larger than areas now held in trust, but only the latter are recognized in Census data.

Alaska Native Villages. Again as explained in Chapter 1, Alaska Natives (Indians, Eskimos and Aleuts) hold their land under the unique system imposed by the Alaska Native Claims Settlement Act of 1972 (ANSCA) and its technical amendments. Village and regional corporations (in which enrolled natives own corporate stock) own the land and protect against alienation through corporate bylaws. The Bureau of the Census worked with each such corporation to define "statistical areas" for its 1990 enumeration that approximated the "settled area" of each village.

Tribal Jurisdictional Statistical Areas (TJSA). These areas exist only in the State of Oklahoma. They are recognized geographic areas over which Federally recognized tribes have jurisdiction but in which most the land is not held in trust for the benefit of the tribe as a whole. The land within their boundaries includes substantial amounts of privately land (owned by non-Indians and Indians) along with allotments of individual trust land to Indians as defined in Chapter 1.

Tribal Designated Statistical Areas (TDSA). These, located outside of Oklahoma, are generally similar to the TJSAs: they are areas containing an American Indian population over which Federally-recognized tribes have some jurisdiction, or where State tribes provide benefits and services to their members. But, unlike reservations: (1) many different people and corporations (including many non-Indians) own land within them; and (2) they fall under the jurisdiction of the normal system of State and local government. For Census purposes, TDSAs are normally delineated by the tribes themselves.

Numbers of Areas and Populations. Table 2.1 shows the number of Tribal Areas, and population totals, for each type within each study region. Almost half (236 or 46 percent) are reservations. They had an average population of 1,838 in 1990, but if the Navajo reservation (population of 143,700) is excluded, the population of the remaining 235 averaged 1,234. The second largest group in number are the Alaska Native Villages (198) whose average population is small (239). The California Rancherias (40 in total) have an even smaller average population (102). There are many fewer TJSAs and TDSAs (17 each) but their average populations are by far the largest among these types: 11,782 and 3,202 respectively.

Regionally, Alaska has the largest number of Areas (199), followed by California-Nevada (98), although in both, Area populations are typically quite small. The largest populations are found in Arizona-New Mexico and Oklahoma (235,500 and 206,400 respectively--together accounting for 60 percent of the 739,800 total AIAN population residing in Tribal Areas.

THE SPATIAL PATTERN OF THE AIAN POPULATION AND ITS RECENT GROWTH

The Current Pattern

As discussed in Chapter 1, the story of American Indians from colonial times through the 19th century is largely one of being pressured ever westward as Europeans settled the coast and began to move farther and farther inland. A devastating event in this sequence was the 1930 Indian Removal Act, and subsequent government actions reinforced this trend. Westward

Table 2.1
AIAN TRIBAL AREAS AND POPULATION, 1990

	Total U.S.	Reg. 1 North Central	Reg. 2 Eastern	Reg. 3 Okla.	Reg. 4 South- Central	Reg. 5 Plains	Reg. 6 Ariz.- N.Mex.	Reg. 7 Calif.- Nev.	Reg. 8 Pacif. No. West	Reg. 9 Alaska
NO. OF AREAS										
Reservation	236	33	28	1	8	28	44	58	35	1
Rancheria	40	0	0	0	0	0	0	40	0	0
TJSA	17	0	0	17	0	0	0	0	0	0
TDSA	17	0	10	0	5	0	0	0	2	0
Alaska Nat. Vil.	198	0	0	0	0	0	0	0	0	198
Total	508	33	38	18	13	28	44	98	37	199
1990 POPULATION (000)										
Reservation	433.7	27.7	19.7	6.1	1.8	93.9	235.5	16.0	31.8	1.2
Rancheria	4.1	0.0	0.0	0.0	0.0	0.0	0.0	4.1	0.0	0.0
TJSA	200.3	0.0	0.0	200.3	0.0	0.0	0.0	0.0	0.0	0.0
TDSA	54.4	0.0	35.1	0.0	11.2	0.0	0.0	0.0	8.1	0.0
Alaska Nat. Vil.	47.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	47.3
Total	739.8	27.7	54.8	206.4	13.1	93.9	235.5	20.1	39.9	48.5
POPULATION PER AREA										
Reservation	1,838	840	703	6,100	230	3,355	5,351	275	908	1,206
Rancheria	102	0	0	0	0	0	0	102	0	0
TJSA	11,782	0	0	11,782	0	0	0	0	0	0
TDSA	3,202	0	3,509	0	2,248	0	0	0	4,047	0
Alaska Nat. Vil.	239	0	0	0	0	0	0	0	0	239
Total	1,456	840	1,442	11,466	1,006	3,355	5,351	205	1,077	244

movement continued, albeit more gradually, over the next 100 years, but picked up after that as Indians joined non-Indians in migrations to California. Also as noted in Chapter 1, migration was expanded in the 1950s and 1960s by the Bureau of Indian Affairs (BIA) Direct Employment (Relocation) Program which moved thousands of Indians from the reservations to urban areas

The results of this heritage are evident in the regional distribution of the AIAN population in 1990 as shown in Table 2.2.¹⁸ The Eastern region as we have defined it is quite large and it still accounts for the largest share, 21 percent of the total. The next largest concentrations are in Arizona-New Mexico (17 percent), and California-Nevada and Oklahoma (13 percent each).

¹⁸The data base for this table (and most of the remaining analysis in this report) differs from the population total shown in Figure 2.1 in that it relies on Census sample estimates rather than full-count data (this makes only a modest difference: the sample has the national AIAN population at 2.01 million compared to the full count total of 1.96 million).

It is important to note how the regional data on this table have been constructed. State boundaries actually cut across Tribal Area boundaries in a number of cases. The most striking example is the extensive Navajo reservation (14.8 million acres, about three times the size of New Jersey) which is centered in Arizona, but extends into New Mexico, Utah, and Colorado as well.¹⁹ In Table 2.2 (and all others presenting regional data in this report), we have kept Tribal Areas in tact and, where they cross state lines, assigned them as a whole to the region in which the largest share of their population resides.

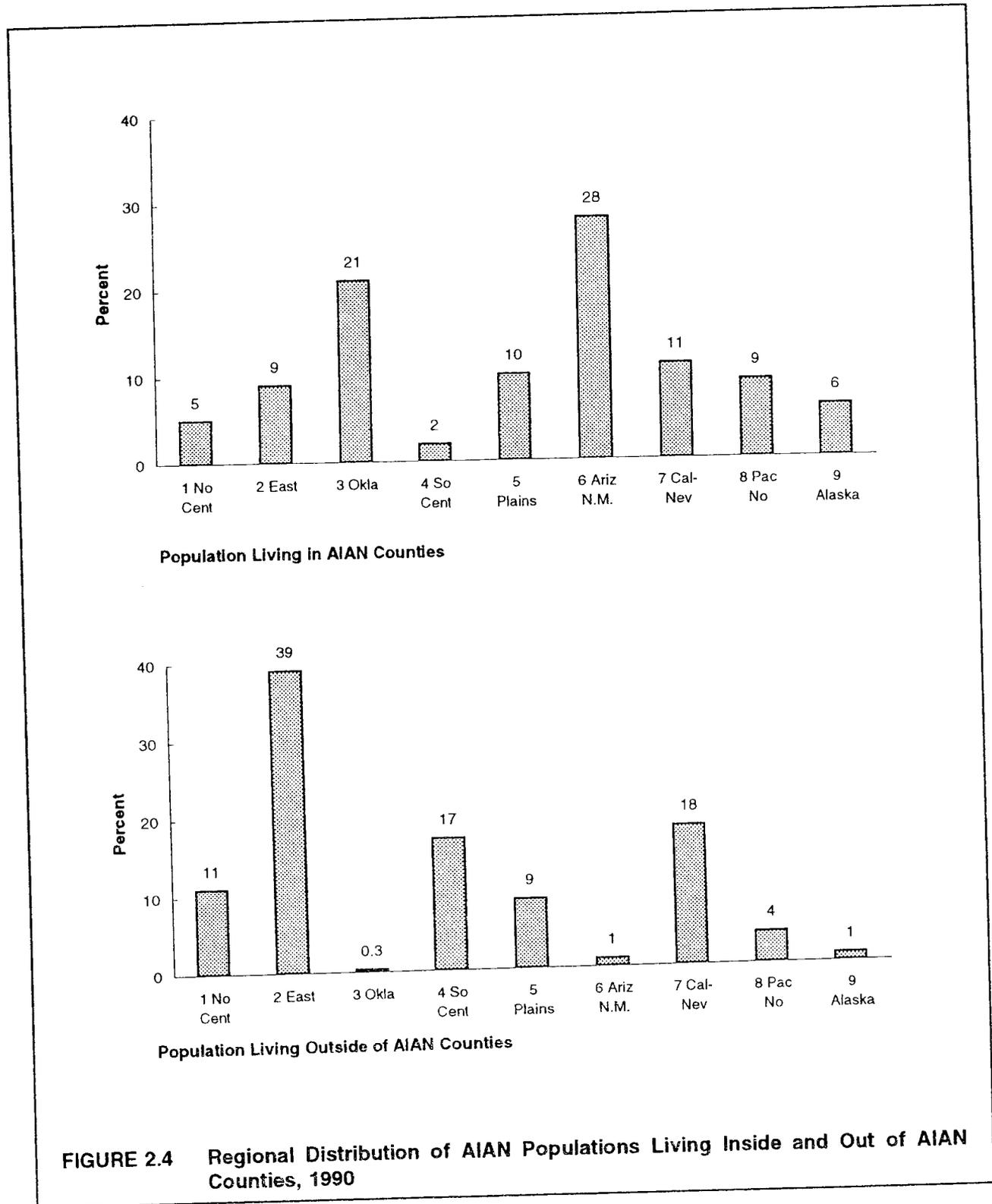
Probably the most important new finding of the area-type analysis is the importance of the Surrounding Counties in AIAN demographics. Nationally, a total of 453 counties incorporate all or parts of Census designated Tribal Areas--14 percent of the 3,131 counties that exist in the United States. Their locations are shown in Figure 2.3. Their land areas cover virtually all of the states of Oklahoma, Alaska, and Arizona. Geographically, these counties also dominate California, Nevada, Washington, and Oregon, and make up extensive portions of all states along the Canadian border west of the Great Lakes.

Narratives concerning Indian issues often seem to assume that American Indians either still live on the reservations or they have migrated to the cities. The data on Table 2.2 show that this is a quite inaccurate view. In 1990, 37 percent of the AIAN population nationally (739,800) lived in Tribal Areas but another 23 percent (461,500) lived in the Surrounding Counties. And, while these counties do contain some cities of note, they are not predominantly urban (counties among them that are classified as parts of Metropolitan Statistical Areas account for just one third of their total population). These AIAN Counties then (Tribal Areas plus the Surrounding Counties as we have defined them) account for 60 percent of the national AIAN population, compared to just 31 percent for metropolitan areas elsewhere and only 10 percent in the multitude of other nonmetropolitan counties around the United States.

These shares do differ in important ways in different regions. The AIAN counties account for almost all of the AIAN populations in the Oklahoma, Arizona-New Mexico, and Alaska regions, but they account for only 12 percent in the South Central region, and 25 percent in the Eastern region.

Figure 2.4 highlights the regional contrast that exists between the spatial distribution of American Indians and Alaska Natives that live in AIAN counties and those living in metropolitan and nonmetropolitan areas elsewhere. Those outside of AIAN counties are predominantly

¹⁹Navajo is by far the largest reservation. The next seven ranked by size are: Tohono O'Odham, AZ (2.8 million acres), Wind River, WY (1.9 million), San Carlos, AZ (1.8 million), Pine Ridge, SD (1.8 million), Fort Apache, AZ (1.7 million), Hopi, AZ (1.6 million), and Crow, MT (1.5 million). All of these are larger than the state of Delaware (1.3 million).



"coastal"; three quarters of them live in just three regions (the East, California-Nevada, and South Central). Only 22 percent of the those in AIAN counties, however, live in those regions. Indian populations in AIAN counties reside predominantly in the nation's mid-section.

Patterns of Growth and Decline, 1980-1990

Rates of population change during the 1980s are shown in Table 2.3. Among area types, the highest annual AIAN growth rates were experienced by AIAN Counties (3.8 percent) and metropolitan central cities outside of those counties (3.6 percent). AIAN populations in the suburbs of those metropolitan areas grew much more slowly (1.0 percent) and those in other nonmetropolitan areas actually declined (-0.6 percent per year).²⁰ The average AIAN growth rate nationally was 2.8 percent. Overall comparative changes by region show the fastest growth in the Eastern, Oklahoma, and South Central regions, the slowest in the Plains and California-Nevada.

It is true that a number of the AIAN Counties in 1990 were within metropolitan areas, but their populations were dominantly nonmetropolitan (66 percent), and their 1980-90 growth was also dominantly nonmetropolitan to about the same extent (63 percent).

The largest contributions to AIAN County growth were made by the Oklahoma (80,700), Arizona-New Mexico (79,600), and Eastern (69,900) regions. Among areas outside of those counties, the metropolitan areas of the Eastern region made by far the largest contribution (together increasing by 75,700), the next closest being the 19,000 addition in South Central metropolises. In two regions (California-Nevada and the Pacific Northwest) AIAN populations outside of the AIAN counties actually declined (together experiencing a net loss of 13,200, 92 percent of which came from suburban areas in the California-Nevada region).

Table 2.3 does not show changes in raw counts for Tribal Areas and Surrounding Counties within the AIAN County totals because, in relation to future expectations, doing so would have indicated misleadingly large rates of increase in the Tribal Area components for some regions. This is because of changes in classification between the 1980 and 1990 Censuses. As noted earlier, the Census Bureau made a special effort to more comprehensively identify Tribal areas for the 1990 survey. Some 1990 Tribal Areas that also existed in 1980 were not then recognized as such, being simply counted in with the Surrounding County totals at that time. In some regions this has no effect (no change between 1980 and 1990 classifications), but for a few it has a sizeable impact.

²⁰In the data base for this study, Metropolitan Area definitions applicable at the time of the 1990 Census were applied to both 1980 and 1990 data. In other words, the changes shown are those for a constantly defined set of areas and are not influenced by any changes in classification.

Table 2.3
AIAN POPULATION CHANGE 1980-90, BY PLACE OF RESIDENCE

Type of Area	Total U.S.	Reg. 1 North-Central	Reg. 2 Eastern	Reg. 3 Okla.	Reg. 4 South-Central	Reg. 5 Plains	Reg. 6 Ariz.-N.Mex.	Reg. 7 Calif.-Nev.	Reg. 8 Pacif. No.West	Reg. 9 Alaska
ANNUAL PERCENT CHANGE, 1980-90										
AIAN Counties										
Metro. Counties	4.2	4.7	4.2	4.3	20.9	1.5	4.0	2.9	4.3	5.2
Non-metro. Counties	3.6	3.9	16.0	3.7	8.2	2.4	2.4	2.2	4.8	2.7
Total	3.8	4.0	10.8	4.0	14.9	2.4	2.7	2.7	4.5	3.2
Rest of Region										
Metro. Counties										
Central Cities	3.6	2.4	5.0	5.5	3.9	6.0	3.6	1.0	3.4	NA
Suburbs	1.0	2.2	3.0	1.2	0.9	0.4	4.0	-1.4	-3.2	NA
Subtotal	2.1	2.3	3.8	4.6	2.3	3.4	3.8	-0.5	0.0	NA
Non-metro. Counties										
Subtotal	-0.6	2.0	-2.3	1.1	2.4	0.3	1.1	-5.5	-1.3	1.6
Total	1.4	2.3	2.0	2.6	2.3	2.3	1.6	-0.7	-0.6	1.6
Total	2.8	2.9	3.6	4.0	3.2	2.3	2.7	0.7	2.9	3.0
ABSOLUTE CHANGE, 1980-90 (000)										
AIAN Counties										
Metro. Counties	138.5	4.6	10.9	36.8	10.3	0.7	24.8	22.5	22.0	5.9
Non-metro. Counties	236.5	14.3	59.0	43.8	3.1	25.0	54.7	7.1	15.1	14.3
Total	375.0	18.9	69.9	80.7	13.4	25.7	79.6	29.6	37.1	20.2
Rest of Region										
Metro. Counties										
Central Cities	85.6	7.7	40.6	0.4	15.0	13.2	0.2	5.2	3.4	0.0
Suburbs	31.4	6.9	35.0	0.0	4.0	0.7	0.2	(12.1)	(3.4)	0.0
Subtotal	117.1	14.7	75.7	0.4	19.0	13.9	0.3	(7.0)	0.0	0.0
Non-metro. Counties										
Subtotal	(11.0)	3.4	(18.8)	0.1	8.2	0.6	0.4	(4.2)	(2.1)	1.6
Total	106.1	18.0	56.9	0.6	27.2	14.4	0.7	(11.1)	(2.1)	1.6
Total	481.1	36.9	126.8	81.2	40.6	40.2	80.3	18.5	34.9	21.8

We have made adjustments to offer rough estimates of the population change for Tribal Areas assuming consistent 1990 definitions, as shown in Table 2.4 (the method for doing this is defined in Kingsley, Mikelsons, and Herbig, 1995). Nationally, the results indicate a higher annual AIAN growth rate for the Surrounding Counties (4.6 percent) than the Tribal Areas (3.4 percent); this same relationship (faster growth in the Surrounding Counties than in Tribal Areas) also occurred in most regions.

Table 2.4
AIAN POPULATION GROWTH, 1980-90, BY PLACE OF RESIDENCE - ADJUSTED

	Total U.S.	Reg. 1 North- Central	Reg. 2 Eastern	Reg. 3 Okla.	Reg. 4 South- Central	Reg. 5 Plains	Reg. 6 Ariz.- N.Mex.	Reg. 7 Calif.- Nev.	Reg. 8 Pacif. No. West	Reg. 9 Alaska
ADJUSTMENTS FOR CLASSIFICATION OF NEW TRIBAL AREAS										
Tribal Area 1980 AIAN Population (000)										
Tribal Areas-1980 def.	519.6	21.4	18.7	121.1	2.0	81.5	195.7	15.6	24.4	39.3
Tribal Area 1990 AIAN Population (000)										
Tribal Areas-1980 def.	681.4	27.3	19.6	206.4	2.0	95.4	233.8	18.6	31.6	46.7
New areas	58.4	0.4	35.1	0.0	11.4	0.0	0.0	1.4	8.2	1.8
Total-1990 def.	739.8	27.7	54.8	206.4	13.4	95.4	233.8	20.0	39.9	48.5
Tribal Areas AIAN Population Growth Rate (%/YR.)										
Tribal Areas-1980 def.	2.7	2.5	0.5	5.5	0.1	1.6	1.8	1.8	2.6	1.8
Total	3.6	2.6	11.4	5.5	21.1	1.6	1.8	2.5	5.0	2.1
ADJUSTED POPULATION ESTIMATES, 1980-1990										
1980 Population										
Tribal Areas-1990 def.	531.2	21.6	19.6	121.1	3.3	81.5	195.7	16.7	30.8	40.8
Surrounding Counties	295.0	17.2	19.4	48.1	1.1	16.6	62.0	80.2	35.9	14.6
Subtotal	826.3	38.8	39.1	169.2	4.4	98.1	257.7	96.9	66.7	55.3
Other Metropolitan	500.5	56.4	167.1	0.8	75.2	35.3	0.8	144.6	20.4	0.0
Other Nonmetro.	201.6	15.4	92.4	1.2	31.2	21.9	3.4	9.8	17.3	9.0
Total	1,528.4	110.7	298.5	171.2	110.8	155.3	261.8	251.3	104.4	64.4
1990 Population										
Tribal Areas-1990 def.	739.8	27.7	54.8	206.4	13.4	95.4	233.8	20.0	39.9	48.5
Surrounding Counties	461.5	30.0	54.2	43.5	4.4	28.5	103.5	106.6	63.9	27.0
Subtotal	1,201.3	57.7	109.0	249.9	17.8	123.8	337.3	126.5	103.8	75.5
Other Metropolitan	617.6	71.1	242.8	1.2	94.2	49.1	1.1	137.7	20.4	0.0
Other Nonmetro.	190.6	18.8	73.6	1.4	39.3	22.5	3.7	5.6	15.2	10.6
Total	2,009.5	147.6	425.3	252.5	151.3	195.5	342.1	269.8	139.3	86.1
1980-90 Growth Rate (%/yr.)										
Tribal Areas-1990 def.	3.4	2.5	10.8	5.5	14.9	1.6	1.8	1.8	2.6	1.8
Surrounding Counties	4.6	5.7	10.8	-1.0	14.9	5.5	5.3	2.9	5.9	6.4
Subtotal	3.8	4.0	10.8	4.0	14.9	2.4	2.7	2.7	4.5	3.2
Other Metropolitan	2.1	2.3	3.8	4.6	2.3	3.4	3.8	-0.5	0.0	NA
Other Nonmetro.	-0.6	2.0	-2.3	1.1	2.4	0.3	1.1	-5.5	-1.3	1.6
Total	2.8	2.9	3.6	4.0	3.2	2.3	2.7	0.7	2.9	3.0
Share (%) of National Net Increase										
Tribal Areas-1990 def.	43.3	1.3	7.3	17.7	2.1	2.9	7.9	0.7	1.9	1.6
Surrounding Counties	34.6	2.7	7.2	-1.0	0.7	2.5	8.6	5.5	5.8	2.6
Subtotal	77.9	3.9	14.5	16.8	2.8	5.3	16.5	6.2	7.7	4.2
Other Metropolitan	24.3	3.0	15.7	0.1	4.0	2.9	0.1	-1.4	0.0	0.0
Other Nonmetro.	-2.3	0.7	-3.9	0.0	1.7	0.1	0.1	-0.9	-0.4	0.3
Total	100.0	7.7	26.3	16.9	8.4	8.3	16.7	3.8	7.3	4.5

In summary, our most important finding is that, in contrast to much of the conventional wisdom of the past, the AIAN population is heavily concentrated in and around Tribal Areas and that the extent of that concentration is increasing: Tribal Areas and their Surrounding Counties contained only 16 percent of the total U.S. population in 1990, but they accounted for 60 percent of the national AIAN population and they had captured 78 percent of the growth in that population since 1980.

Figure 2.5 shows the trends in more detail: Tribal Areas accounted for 37 percent of the 1990 AIAN population and 43 percent of its 1980-90 growth; the Surrounding Counties accounted for only 23 percent of the 1990 total, but for 35 percent of its growth. The share of the AIAN population in the rest of the United States was declining: metropolitan areas elsewhere accounted for 31 percent of the population but only 24 percent of the growth; other nonmetropolitan areas accounted for only 10 percent of the total and had suffered absolute AIAN population losses equal to 2 percent of the national net increase.

Migration and Implications for the Future

An important question for housing policy is whether these geographical trends are likely to continue. Further analysis to begin to answer this question might look at trends in the components of population change in each of these types of areas (how much of the change was caused by natural increase and how much by migration?) and then consider how the factors influencing each of the components are likely to be altered. Unfortunately, full data on in- and out-migration for small areas (e.g., Tribal Areas and their surrounding counties) are not available, but cruder indicators can be examined as the basis for at least somewhat more informed speculation.

Using 1980 Census data, Snipp (1989) showed that the AIAN population is more mobile than average. In 1980, the share of all households that had moved from a different house over the preceding five years was 46 percent for whites and 43 percent for blacks, but 53 percent for Indians. Table 2.5 shows that the comparable share for the AIAN population in 1990 was just slightly lower (51 percent), but they still remained more mobile than non-Indians on average (46 percent). Of the AIAN population, 30 percent had moved from a different house in the same county, and the remaining 21 percent had moved from another county (both shares were higher than the comparable ones for non-Indians).

The Table also shows, however, that there were notable differences in these rates among AIAN households, depending on where they were located in 1990. Most pronounced is that the share of all Tribal Area residents who had moved into their 1990 house over the past five years (37) was much lower than for AIAN populations living in other parts of the country: for example, 59 percent in other metropolitan areas.

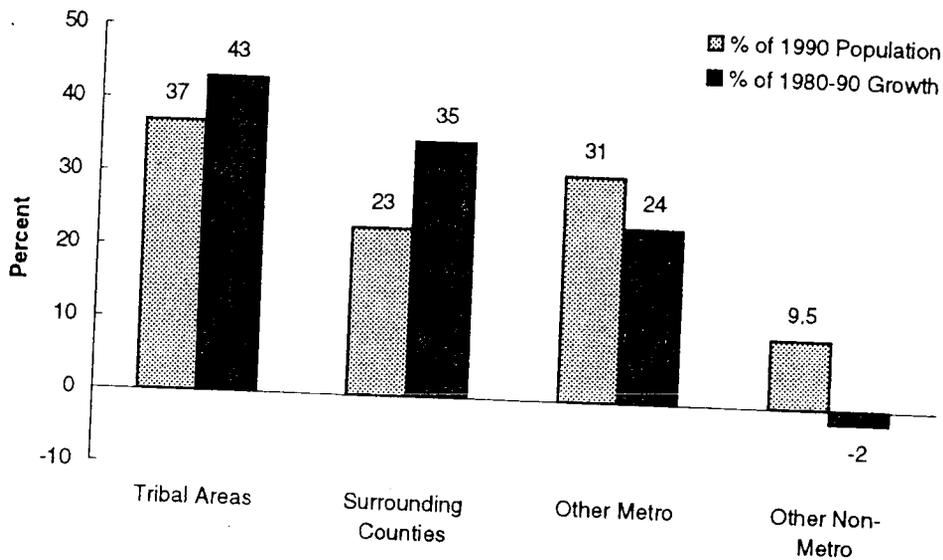


FIGURE 2.5 Area Type Shares of U.S. AIAN Population, 1990 and Net Population Increase, 1980-1990

Tribal Areas also stand out in that a considerably smaller share had moved into them from another county: 12 percent, compared to shares in the 26-27 percent range in other areas. Their share of all households having moved in from a different house in the same county (25 percent) was fairly close to the national average (26 percent) for non-Indians.

One relevant implication is that the large population growth that occurred in Tribal Areas during the 1980s was no doubt predominantly due to natural increase rather than migration; in fact, many of the Tribal Areas probably experienced net out-migration over that decade. This is suggested by the low shares of households moving in since 1985, coupled with high birth rates (see Passel, 1992).

However, we do not see these figures suggesting enormous flows of migration out of the Tribal Areas to distant urban centers or that migration is all a one-way-street. The fact that 12 percent of all AIAN households living in Tribal Areas in 1990 had moved there from another county since 1985 is far from trivial. While we cannot say that cultural ties are strong enough to overcome other forces in keeping current residents on the reservations and drawing many others back, we cannot say that such ties are without influence.

Table 2.5
MOBILITY STATUS, 1990

	AIAN POPULATION					NON-AIAN POPULATION				
	Total	Tribal Areas	Surr. Co.	Other Metro.	Other Nonmet.	Total	Tribal Areas	Surr. Co.	Other Metro.	Other Nonmet.
Pct. by 1990 location compared to 1985										
Same house as 1985	49.1	63.3	39.9	41.5	41.8	54.5	55.4	50.1	54.2	58.8
Different house										
Same county	29.6	24.8	34.0	33.0	31.4	26.0	25.0	28.1	26.7	22.3
Different co.	21.3	11.9	26.0	25.5	26.7	19.5	19.6	21.8	19.1	18.9
Subtotal	50.9	36.7	60.0	58.5	58.2	45.5	44.6	49.9	45.8	41.2
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Intercounty moves as pct. in diff. house	41.8	32.4	43.4	43.6	46.0	42.8	43.9	43.8	41.7	45.9

The existence of such ties is corroborated by the sample survey of households in our field survey sites. Respondents who lived in the Tribal Area were asked to rank various reasons for remaining there as to their importance on a scale from 1 to 5: 65 percent gave a "most important" rating to "family and friends are all here", but the next highest shares in this category (55 percent) were earned by "being an active member of the tribe", "preserving the traditional way of life", and "access to health care".²¹

When the same respondents were asked to rate reasons for living off the reservation 45 percent gave a "most important" rating to "better jobs and business opportunities"--only 23 percent said "more interesting way of life", and only 22 percent said "more houses or apartments". Of those who lived in the same county but outside the reservation, 71 percent said they would "prefer to live on the reservation".²² Interviews with Indian community center directors in urban

²¹A considerably smaller 37 percent rated access to HUD or BIA housing assistance as a "most important" reason for remaining in their Tribal Area.

²²All households surveyed responded to these questions. For all percentage estimates given in these paragraphs (except the last) 95 percent confidence intervals ranged from 6 to 8 points above and below the reported figures. The confidence interval is broader for the last figure (percent of those living off the reservation who would prefer to live on the reservation) because out of the 414 total respondents only 118 live off the reservation. The 95 percent interval in this case ranges 18 points above and below the reported value. Still, this finding is significant. The range implies that at the very least the majority of those living outside would prefer to live in the reservation environment, and the figure could be as high as 89 percent.

areas suggested that large numbers of urban Indians retain close ties to their tribes, and many hope to return to their original Tribal Areas when they retire.

There are pulls in a number of directions, but in summary, we see no basis for assuming that migration flows are likely to substantially alter the spatial trends exhibited in the 1980s one way or another. We judge that the safest assumption for housing policy is that the spatial patterns of AIAN growth and decline over the coming decade are likely to be similar to those evidenced in the 1980s.

SOCIAL AND ECONOMIC CONDITIONS

Age Structure and Household Composition

American Indians and Alaska Natives are considerably younger, on average, than the general population. Nationally, 34 percent of the AIAN population are children and teenagers (under 18 years) in contrast to only 25 percent for non-Indians (Table 2.6). At the other end of the distribution, the contrast is also strong, but runs in the other direction: 15 percent of all non-Indians are elderly (62 years or more) compared to only 8 percent of the AIAN population.

Differences by area types in this regard, however, are pronounced. With 41 percent under 18, the AIAN populations in Tribal Areas are considerably more youthful than Indians elsewhere. At the other extreme, only 27 percent in metropolitan areas are below 18 years of age: the comparable shares for the Surrounding Counties and other Nonmetropolitan areas are not much higher than that (31-32 percent). Still, in all types of areas the AIAN under-18 share is higher than that for their non-Indian counterparts--the differences just are not as great as for Tribal Areas.

One of the most frequently discussed social concerns in America today is the decline of the traditional family. Progressively, over the past several decades, families--all groups of related individuals living together, but households headed by married couples in particular--have been shrinking as a share of all households in all parts of the country. Perhaps the most important conclusion to be derived from the household composition data in Table 2.6 is that this tendency has not been as strong among American Indians and Alaska Natives.

Just over 80 percent of the 812,000 AIAN households nationally are families (compared with 72 percent for non-Indians), 61 percent are headed by married couples (vs. 58 percent for non-Indians), and households with children make up 52 percent of the total (vs. 36 percent for non-Indians).

Table 2.6
AGE AND HOUSEHOLD COMPOSITION, 1990

	AIAN POPULATION					NON-AIAN POPULATION				
	Total	Tribal Areas	Surr. Co.	Other Metro.	Other Nonmet.	Total	Tribal Areas	Surr. Co.	Other Metro.	Other Nonmet.
Pct. of population by age										
Under 18 years	34.2	40.9	31.5	27.0	30.7	25.1	26.5	25.8	24.6	26.0
18-44 years	44.2	38.7	46.7	50.1	45.8	43.2	40.4	43.0	44.3	39.9
45-61 years	14.0	12.3	14.6	15.6	15.6	16.3	16.9	15.9	16.3	16.7
62 years or more	7.6	8.1	7.2	7.3	7.9	15.4	16.3	15.3	14.8	17.5
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Number of households (000) by type										
Elderly	55	19	12	17	7	11,023	194	1,661	6,622	2,546
Small family	436	114	102	167	53	43,148	690	6,084	28,240	8,133
Large family	161	63	35	48	15	9,889	141	1,503	6,499	1,746
Other, Nonfam.	161	39	38	66	17	26,693	402	3,855	17,952	4,484
Total	812	234	188	298	92	90,754	1,428	13,103	59,313	16,910
Pct. of households by type										
Elderly	6.7	7.9	6.5	5.7	7.7	12.2	13.6	12.7	11.2	15.1
Small family	53.7	48.5	54.2	56.2	57.5	47.5	48.3	46.4	47.6	48.1
Large family	19.8	26.7	18.9	16.1	16.2	10.9	9.9	11.5	11.0	10.3
Other, Nonfam.	19.8	16.8	20.4	22.1	18.7	29.4	28.2	29.4	30.3	26.5
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Pct. of households by family relationship										
Family households										
Married w/child.	37.3	38.2	37.2	35.5	41.0	27.8	26.4	26.5	25.6	28.0
Married no child.	23.4	18.9	23.2	25.8	27.4	29.9	31.9	30.5	28.9	33.0
Subtotal	60.7	57.1	60.4	61.4	68.4	57.8	58.3	57.1	54.5	61.0
Female head w/ch.	11.7	15.6	11.7	9.9	8.0	6.3	5.8	5.9	6.7	5.6
Male head w/ch.	3.2	4.8	3.1	2.2	2.0	1.4	1.3	1.6	1.3	1.3
Subtotal	14.9	20.3	14.8	12.2	10.0	7.7	7.2	7.5	8.0	6.9
Other	4.6	5.8	4.4	4.4	3.0	6.7	6.3	6.0	7.2	5.6
Total	80.2	83.2	79.6	77.9	81.4	72.2	71.8	70.6	69.8	73.5
Nonfamily households										
Total	19.8	16.8	20.4	22.1	18.7	29.4	28.2	29.4	30.2	26.5
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

One sign of distress, however, does stand out for AIAN households: the share made up by female headed households with children (12 percent) is double the non-Indian average. This AIAN share was lower than the average for blacks in 1990 (21 percent) but substantially above the averages for most other racial groups (e.g., 5 percent for whites--U.S. Department of Commerce, 1994, Table 49).

Another striking characteristic of AIAN household composition stands out from the alternative typology shown in Table 2.6--the sizeable number of large families.²³ This typology groups households into one of four categories: Elderly (one or two member families with a household head and/or spouse 62 years of age or over); Small families (other family households with two to four members); Large families (family households with five or more members; and Other households (non-family households of all types).

Twenty percent of all AIAN households nationally are large families, almost twice the 11 percent large families make up of non-Indian households. The AIAN large family share is highest in Tribal Areas (27 percent), second highest in the Surrounding counties (18 percent), and averages a uniform 16 percent in other parts of the country. And in each type of area, AIAN households by far outpace non-Indians by this measure.

Contrasts between area types at the national level with regard to household composition also generally characterize differences within individual regions. Oklahoma stands out for having in most categories (particularly within its Tribal Areas) comparatively low shares of female headed households and large families and higher shares of elderly households. This pattern also characterizes the Eastern, South-Central, and California-Nevada regions to some extent. The opposite--higher than average shares of female headed households and large families and fewer elderly--is found in the regions where urban influences are less pronounced: the Plains, and Arizona-New Mexico.

Comparisons with 1980 data show that the ratio of total population to households did decline in all categories over the 1980s; by a substantial 8.9 percent (from 4.13 to 3.66) in Tribal Areas, but only to a very small extent (from 3.15 to 3.13, or less than one percent) in the rest of the country. In other words, while AIAN households are typically larger than non-Indian households, they are gradually getting smaller. AIAN households in Tribal Areas are larger on average than those living elsewhere, but their size is declining more rapidly.

Education Status, Labor Force, and Employment

Education is increasingly recognized as the key to economic advancement in America, and on this score the AIAN population lags considerably behind: 34 percent of those over 25 years of age never graduated from high school, compared to a non-Indian rate of 25 percent (Table 2.7). The AIAN share that has graduated from college is less than half that for non-Indians (9 percent vs. 20 percent).

²³This typology has been developed because of its simplicity and its usefulness for housing needs analysis--see Bogdon, et al, 1993.

Table 2.7
EDUCATION AND LABOR FORCE STATUS, 1990

	AIAN POPULATION					NON-AIAN POPULATION				
	Total	Tribal Areas	Surr. Co.	Other Metro.	Other Nonmet.	Total	Tribal Areas	Surr. Co.	Other Metro.	Other Nonmet.
Pct. population over 25 by educational status										
Not H.S. graduate	34.4	42.7	30.0	28.6	35.7	24.7	27.2	22.2	23.3	31.6
H.S. graduate	56.3	51.4	60.5	58.4	56.2	54.9	56.7	57.3	54.1	55.8
Bach. degree & above	9.3	5.9	9.5	13.0	8.1	20.4	16.1	20.5	22.7	12.7
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Labor force status										
Total population										
In labor force	63.4	54.9	66.2	70.0	64.5	65.3	61.2	65.2	66.7	60.4
Not in lab. force	36.6	45.1	33.8	30.0	35.6	34.7	38.8	34.8	33.3	39.6
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Labor force										
Armed forces	1.0	0.3	1.0	1.4	1.2	1.3	1.6	2.0	1.3	1.0
Employed civilian	84.8	79.7	85.6	88.2	85.8	92.5	91.5	91.8	92.7	92.3
Unemployed	14.2	20.1	13.4	10.4	13.1	6.2	7.0	6.2	6.1	6.6
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Pct. of employed by occupation										
Profess./Managerial	18.5	17.4	17.9	20.3	15.7	26.4	23.5	26.5	28.3	19.5
Tech./sales/admin.	26.6	24.4	27.3	29.3	21.3	31.7	30.4	31.9	33.3	25.8
Other	54.9	58.3	54.8	50.4	63.0	42.0	46.1	41.6	38.5	54.8
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Pct. of employed by type of worker										
Private for-profit	64.3	52.1	66.0	71.1	68.0	70.8	68.1	69.9	71.7	67.9
Private non-profit	5.9	6.4	5.8	5.8	5.7	6.7	5.8	6.0	7.1	5.7
Government workers	23.5	35.3	22.4	17.2	18.3	15.1	16.5	16.0	14.7	15.8
Self-employed	5.7	5.8	5.4	5.5	7.4	7.0	8.9	7.7	6.1	9.8
Unpaid family workers	0.5	0.4	0.5	0.4	0.7	0.4	0.7	0.4	0.4	0.8
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Pct. of employed by industry										
Agric./For./Mining	4.7	6.9	4.6	2.4	7.4	3.1	6.5	3.6	1.8	7.2
Construction	8.4	8.8	7.9	8.3	8.5	5.7	5.5	6.3	5.5	6.2
Manufacturing	16.0	14.5	14.8	16.8	19.9	16.4	13.7	13.9	16.0	20.2
Transportation	6.9	5.9	6.8	7.9	6.6	6.5	7.0	6.4	6.8	5.7
Trade	19.3	15.1	20.7	21.2	19.9	19.6	20.0	20.2	19.8	18.4
Services	44.8	48.8	45.1	43.4	37.8	48.7	47.3	49.6	50.2	42.3
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

Again, this problem is most pronounced in Tribal Areas where a full 43 percent are without a high school diploma. It is least serious in Metropolitan Areas where the comparable figure is

29 percent. Shares in the Surrounding Counties and other Nonmetropolitan Areas again fall in-between (30 percent and 36 percent respectively).

The average AIAN labor force participation rate (63 percent) is just slightly below that for non-Indians (65 percent). Labor force participation is lowest in Tribal Areas (55 percent) and highest in Metropolitan Areas (70 percent). AIAN labor force participation rates are actually somewhat higher than those for non-Indians in all area types except Tribal Areas.

Unemployment, however, is a particularly severe problems for Indians everywhere. The national AIAN unemployment rate is 14 percent, more than twice the 6 percent rate for other Americans. AIAN unemployment is also most serious in Tribal Areas (20 percent) and least serious in Metropolitan Areas (10 percent) but even in the latter, the AIAN rate substantially exceeds the 6 percent rate for non-Indians.

This same pattern (higher unemployment in Tribal Areas than more urban locations) holds in all regions. However, there are some important regional differences between Tribal Areas in this regard. Their unemployment rates are lowest (close to the metropolitan average) in the Oklahoma and Eastern regions (both at 12 percent) and highest in the Plains (29 percent), Arizona-New Mexico (26 percent), and Alaska (24 percent).

Among those who do have jobs, the composition of employment by type of worker for Indians differs importantly from that of the general population. A much higher percent of AIAN employment is provided by jobs in government or nonprofit institutions (29 percent) than is true for non-Indians (22 percent). This also stands out most strongly in Tribal Areas where 42 percent of AIAN workers are in the public and nonprofit sectors (close to twice the 23 percent for Indians in Metropolitan Areas).

AIAN workers are less likely to be self-employed than non-Indians (5.7 percent vs. 7.0 percent) and have lower shares working for private for-profit firms (64 percent vs. 71 percent). The self-employment rate for Indians does not vary much by area type, but there are important variations in private for-profit employment. The AIAN share of total employment in such jobs varies from a high of 71 percent in Metropolitan Areas, down through the 66-68 percent range for Surrounding Counties and other Nonmetropolitan Areas, reaching an average far below that level for Tribal Areas (52 percent).

An area's level of employment in private for-profit firms and self-employed (PPSE employment) is an indicator of the economic strength of a local economy, independent of government support. Calculating PPSE employment per 1,000 population, AIAN populations lag far behind with a national average of 255, 30 percent below the 362 average for non-Indians. Per capita, Tribal Areas have larger dependent populations (more children), lower labor force

participation rates, more unemployment, and more dependence on government jobs. It is certainly not surprising then that the PPSE rate for Tribal Areas (158) is far below (just about half) the average for Indians living elsewhere (311). The latter figure is still below the average for non-Indians, but it is at least within striking distance. The AIAN average in Tribal Areas is not, signifying incredible economic distress.

The industrial structure of the United States has changed dramatically during this century, first with enormous increases in agricultural productivity (our national agricultural output remains high but the percentage of our workers required to produce it is now just a tiny fraction of what it once was) and then the same sort of thing happening in manufacturing (although not to the same extent as yet).

The first change was particularly important for Indians. Even knowing the history, however, the numbers come as something of a shock. Only 6.9 percent of all AIAN workers in Tribal Areas (4.6 percent in the Surrounding Counties and 7.4 percent in other Nonmetropolitan Areas) are now employed in agriculture, forestry, fisheries or mining. The comparable average for non-Indians nationally is just 3.1 percent. There are simply very few formal jobs left available in these sectors anymore anywhere. This does not imply that Indians have lost their ties to the land, however. Subsistence hunting, farming, and gathering are still important in many areas.

The AIAN population traditionally did not have a high share of its workforce in manufacturing (given that sector's concentration in and around large urban areas) but interestingly enough, with recent declines in manufacturing employment affecting all races, the AIAN share (16 percent) is now on a par with that for non-Indians. With 64 percent of the total, however, trade and services now dominate the AIAN workforce, and they do so to a roughly similar extent in all area types.

Poverty and Income

Given their employment problems enumerated above, it is not surprising that American Indians and Alaska Natives are significantly more likely to be impoverished than non-Indians in all parts of America--see Table 2.8. In 1989, 34 percent of all AIAN households (compared with 24 percent of non-Indian households) had annual incomes of less than \$15,000. The AIAN poverty rate was 24 percent, almost twice that for non-Indians. As would be expected considering their typically weak economic base, AIAN poverty rates were highest in Tribal Areas (36 percent) and considerably lower in Metropolitan Areas (17 percent), other Nonmetropolitan Areas (21 percent) and Surrounding Counties (23 percent).

Poverty rates also varied importantly by household type, the rates being much higher for large family and nonfamily households (33 percent and 34 percent respectively) than for elderly

Table 2.8
INCOME AND POVERTY, 1990

	AIAN POPULATION					NON-AIAN POPULATION				
	Total	Tribal Areas	Surr. Co.	Other Metro.	Other Nonmet.	Total	Tribal Areas	Surr. Co.	Other Metro.	Other Nonmet.
Pct. of households by income (\$000/yr)										
Less than \$15	33.8	46.9	30.4	25.3	34.7	24.2	31.9	22.9	21.9	32.8
\$15-\$29	27.9	28.0	28.8	26.3	31.5	25.6	28.8	25.8	24.3	29.8
\$30-99	36.5	24.3	39.0	45.6	32.9	45.8	37.0	46.7	48.6	35.8
\$100 or more	1.8	0.8	1.8	2.8	1.0	4.4	2.3	4.6	5.2	1.7
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Pct. of households in poverty										
Elderly	16.2	24.8	10.7	10.5	15.4	6.4	9.2	5.2	5.3	9.6
Small family	19.1	29.3	17.9	12.9	17.9	9.2	12.4	8.4	8.4	12.0
Large family	32.5	44.9	26.9	20.4	28.9	17.0	21.8	15.7	15.8	22.1
Other-nonfamily	33.5	47.2	30.6	25.3	37.3	19.3	26.4	17.6	17.1	28.7
All households	24.4	36.2	21.7	16.7	23.1	12.7	16.9	11.5	11.5	17.1
Pct. of households by income category										
0-30 pct. of median	19.1	25.8	16.8	15.7	16.4	12.6	12.7	11.5	12.7	12.8
31-50 pct. of median	14.2	16.9	13.6	12.4	13.9	11.2	12.1	11.5	10.7	12.5
51-80 pct. of median	18.7	19.1	19.2	18.0	19.6	16.5	16.7	16.8	16.1	17.9
81-95 pct. of median	8.4	7.5	8.7	9.0	8.6	8.5	7.9	8.7	8.5	8.4
95+ pct. of median	39.6	30.8	41.8	45.0	41.4	51.3	50.6	51.5	52.1	48.4
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Ratio AIAN to Non-AIAN										
Pct. in poverty	1.93	2.15	1.88	1.45	1.35	—	—	—	—	—
Pct. 0-50 pct. med.	1.40	1.72	1.32	1.20	1.20	—	—	—	—	—

households and small families (16 percent and 19 percent respectively). This same pattern appeared in all area types with, of course, higher rates for all groups in Tribal Areas than in other metropolitan and nonmetropolitan environments. This pattern was also typical for non-Indians. Indeed, one of the reasons that the overall AIAN poverty rate is so high is that large families make up comparatively such a large share of all AIAN households.

Poverty rates, however, can be misleading indicators, distorting true comparisons of well-being between different social groups and locations. The reason is that the poverty threshold (\$12,674 in 1989 for a family of four) is defined as the same in all parts of the country. Yet living

costs are very different in different locations.²⁴ And this is a particular problem in analyzing the comparative living standards of American Indians and Alaska Natives--they have very low incomes by national standards, but a much larger share of them live in low-cost locations.

HUD uses an alternative approach for comparing household incomes that takes variations in living costs into account and largely avoids this problem. In this system, a household's income is related to the median income in its own local labor market area, and median incomes serve as a reasonable proxy for differences in living costs between those areas. Households are generally eligible for HUD programs if they are Low-Income (LI--incomes below 80 percent of the local median) and are often given priority for housing assistance if they are Very Low-Income (VLI--incomes below 50 percent of the median).

Table 2.8 also shows variations in AIAN income levels, compared to those of non-Indians, using this approach. The data tell the same basic story. Nationally, one third of all AIAN households are Very Low-Income (compared to 24 percent for non-Indians) and 52 percent of AIAN households are Low-Income (compared to 40 percent for non-Indians). AIAN households have significantly larger shares in these lower-income groups than non-Indians in all types of areas, and among AIAN households, lower income shares are highest by far in Tribal Areas and less sizeable elsewhere.

Regional variations in VLI rates are substantial. They are lowest in the Oklahoma (30 percent) and Eastern (36 percent) regions. They are significantly higher in the Arizona-New Mexico, North-Central, and Plains regions (all above 50 percent--see Kingsley, Mikelsons, and Herbig, 1995).

Gaming in Tribal Areas

There have been many media accounts of late about substantial income earned by Indian tribes from gaming establishments. This trend, however, has had very little effect on the wealth of Indian communities overall. So far, gaming has proven successful in only a few of the Tribal Areas where it has been tried and it has not yet been tried in most of them. Many of the others are much too remote from urban centers for profitable gaming ever to be feasible.

One study (Robinson, 1993) indicates that there were only 81 active Indian gaming operations in the United States in 1992. Yet there were a total of 508 Tribal Areas (309, if Alaska is excluded). Of the total net income derived from these operations, over 30 percent went to a single Connecticut tribe; nearly half went to only two states (Connecticut and California). It was

²⁴Gabriel, et al, (1993) have shown that, in particular, the disparities in housing prices between U.S. metropolitan areas grew significantly over the 1980s.

also estimated that 15,900 persons were employed by these operations (and a non-trivial portion of those were non-Indians). Yet 15,900 represents only 8 percent of total AIAN civilian employment in Tribal Areas in 1990. Gaming has substantially enhanced the economic well-being of several of these areas, but it has left most of them untouched. In general, reservations and other Tribal Areas are still characterized by deep and persistent poverty.

DIVERSITY ACROSS TRIBAL AREAS

Summary of Findings So Far

Reviewing the indicators presented in this chapter to this point, several reasonably consistent findings emerge that can be summarized as follows:

1. Compared to non-Indians, the AIAN population nationally is more family oriented, but along several dimensions, more prone to economic distress.
2. These characteristics (stronger family orientation, weaker economic conditions) distinguish the AIAN population from the general population in all area types and regions.
3. Consistently, these differences are most pronounced in reservations and other Tribal Areas. AIAN characteristics more closely resemble those of the general population in metropolitan areas, but differences are still noteworthy, even there.
4. In contrast, key social and economic indicators for the non-Indian population do not exhibit as much variation geographically.
5. But for the AIAN population, there are also evidences of notable diversity even among Tribal Areas.

This latter point comes out in examining regional differences across area types, and there also appeared to be some consistency in these patterns. For example, with respect to some of the characteristics by which Tribal Areas on average most differ from the general population, scores for the Tribal Areas of some regions (in particular, the Plains, Arizona-New Mexico, and Alaska) are even more extreme: e.g., larger shares of their households are large families, female headed, and Very Low Income, and yet larger shares of their labor force are unemployed or holding government jobs. In contrast, the Tribal Areas of the Oklahoma and Eastern regions are

in the opposite position along each of these dimensions: i.e., more like AIAN populations in Metropolitan Areas and the non-Indian population in general.

Still, this examination is not enough to show that it is the regional environment itself, rather than some other set of factors, that causes such variations. And it begs the question, to what extent do Tribal Areas exhibit diversity along these lines *within regions*?

The Extent of Diversity

Several approaches were taken to assess the extent and nature of diversity among Tribal Areas. The first and simplest was to tabulate the number of Tribal Areas and their populations in a number of ranges for several variables. Two examples are shown in Figure 2.6. Both show considerable diversity. The pie charts at the top show that one quarter of all Tribal Areas are extremely poor (86 percent or more of all households are low-income: i.e., with incomes less than 80 percent of the local median), but these Areas are typically small and account for only 4 percent of the national AIAN population living in Tribal Areas. At the other extreme, in 19 percent of the Tribal Areas, less than half of households are low-income and these are much larger, together accounting for 24 percent of the total population.

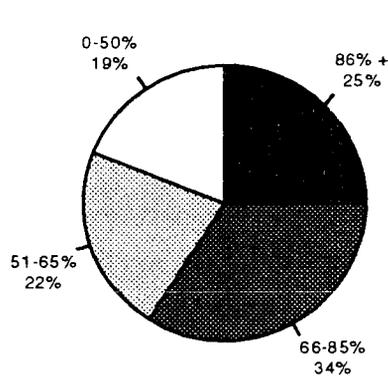
The charts at the bottom of Figure 2.6 show the variation in the PPSE variable discussed earlier. Again, there are a substantial number of Tribal Areas in dire circumstances according to this measure: 24 percent of all Areas with less than 50 private for-profit or self-employed workers per thousand population. But these are also small on average, accounting for only 6 percent of the population. At the other end of the scale, one quarter of the Areas have at least a comparatively strong private employment base with a PPSE ratio of 176 or more. And these are also much larger, accounting for 41 percent of the total Tribal Area AIAN population.

A second approach was to plot the locations of the Tribal Areas scoring highest and lowest on a number of measures. These exhibited no consistent regional patterns. A third was to examine these distributions statistically. To do this we computed coefficients of variation for Tribal Area distributions for several variables. These also showed considerable diversity (Kingsley, Mikelsons, and Herbig, 1995, pps. 76-77).

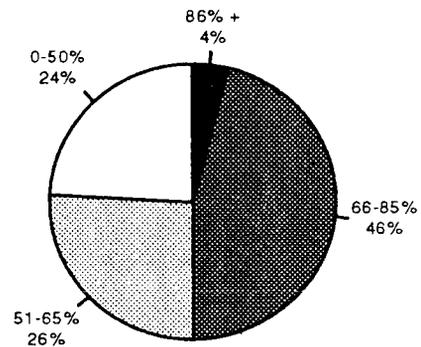
Factors Influencing Diversity: Hypotheses

Factors that affect the economic well-being of tribal areas have been examined in depth by Cornell and Kalt (1989, 1991, 1992). In discussing these factors we rely primarily on their themes, offering only a few variations. Learning better methods of developing Tribal Area economies, of course, is not a part of the mission of this study, but learning more about how and why economic conditions vary is important to the purposes of this report. The nature of a Tribal

Percent of Households Low Income

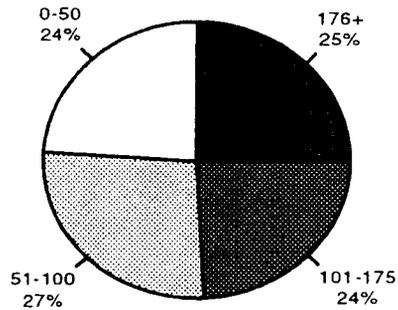


Percent of Areas

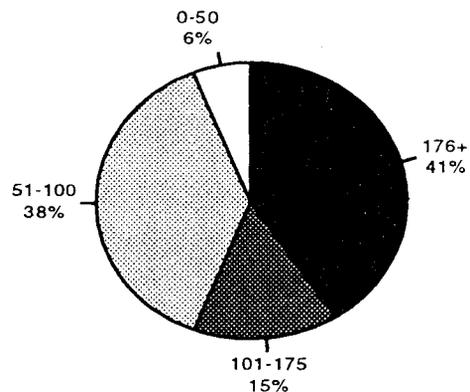


Percent of Population

Private For-Profit Employment Per 1,000 Population



Percent of Areas



Percent of Population

FIGURE 2.6 Variations Among Tribal Areas: Percent Households Low Income and Percent Private For-Profit Employees Per 1,000 Population

Area's economy is likely to explain much about current housing conditions and offer clues as to the potentials for different housing strategies in the future.

It is helpful to group the forces driving the diversity we have identified in three categories: (1) internal resources; (2) integration with the broader economy; and (3) institutional-cultural factors.

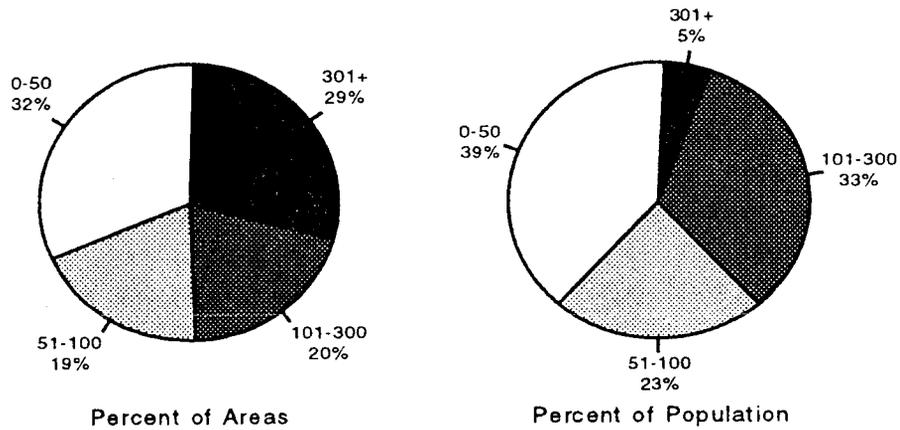
Internal Resources. In assessing the strength of local economies, much of economic theory stresses internal resources. Basically, these are either human resources (the skills of the labor force) or natural resources (soil quality, timber, and mineral resources, but also scenic beauty as an attraction for tourism). Tribal Areas certainly vary across these dimensions. As to human resources, we noted that there is substantial diversity with respect to education levels; quite sizeable coefficients of variation, for example, with respect to the share of all adults that had not graduated from high school. As to natural resources there are also vast differences between Tribal Areas. Most reservations have negligible mineral wealth while others are replete with oil wells. Cornell and Kalt note that the Crow Tribe of Montana owns one of the largest reserves of strippable coal in the world (in 1988, the tribe's assets were valued at about \$27 million, over \$3 million per person).

Integration with the Broader Economy. This is a theme that emerged strongly in assessing the field survey results of this study. Some reservations were poor, remote, and isolated, while others, generally closer to urban settlements, had large numbers of non-Indians living within their borders, and much less poverty).

Two variables were derived from our data base to quantify the extent of diversity along these lines. We calculated the distance between each Tribal Area and the nearest urban area with a population of 50,000 or more (hereafter referred to as large urban area). The pie charts at the top of Figure 2.7 show the variation. Contrary to the popular image of the remoteness of most reservations, we found that one third of all Tribal Areas are within 50 miles (a reasonable commuting distance) of a city at least that size. And these were larger than the average, accounting for 39 percent of the total Tribal Area AIAN population nationally. At the other extreme, 29 percent of the Areas are more than 300 miles from a large urban area (many of these are Alaska Villages). They are much smaller on average, accounting for only 5 percent of the population.

The lower panel on Figure 2.7 shows that a significant number of Tribal Areas are "open" in the sense that they have large non-Indian populations residing within their boundaries. For just over one quarter of all Tribal Areas, the ratio of total population to AIAN population is at least 2.0 (i.e., there are at least as many non-Indians as Indians living within them) and as we noted in the examples above, for a number of them the ratios are much higher than that. And these too are

Miles From Nearest Urban Center 50,000
Population Or More



Ratio Total Population to AIAN Population

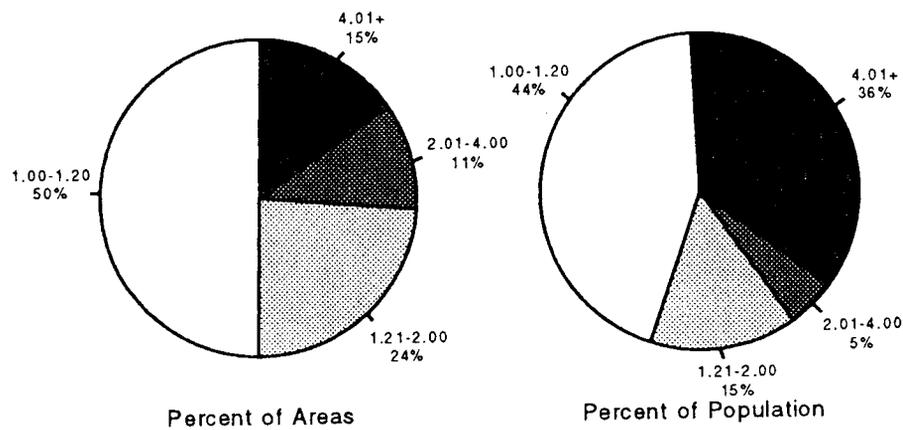


FIGURE 2.7 Variations Among Tribal Areas: Distance From Large Urban Centers and Ratio of Total Population to AIAN Population

larger than average, accounting for about 40 percent of the total Tribal Area AIAN population.

It would be expected that another factor of relevance here would be the strength of the economy of the surrounding region. Our sample observations suggest that a Tribal Area is likely to be better off in terms of income if it is close to, and well integrated with, the economy of its region, but we would expect that whether the region itself is booming or in decline would also make a difference.

Institutional/Cultural Factors. In this area, in particular, Cornell and Kalt have made important contributions to understanding. They note that while the Crow reservation sits on an extremely valuable resource base, it has not translated those resources into substantially increased incomes for its tribal members: "three quarters of its workforce is unemployed and half the population receives some form of public assistance". Three quarters of those who do work have government jobs. In contrast, other tribes have been quite entrepreneurial in developing their economic potentials and generating employment. White Mountain Apache is a notable example. The tribe operates nine tribally-owned enterprises and "has had repeated success in raising (external) capital and attracting employers" . . . Approximately half the employment on the reservation is in enterprises as opposed to government services" (Cornell and Kalt, 1989).

What accounts for such differences? Their analyses show that both cultural factors and forms of government play important roles. Crow has been unwilling to develop its mineral resources largely because doing so (strip mining) would devastate the natural landscape and habitat--a clear violation of its tribal culture. But its form of government may also inhibit other approaches to development. White Mountain Apache has a strong chief executive government and is characterized by strong tribal control over day-to-day decision making. Crow, in contrast, has a constitutionally-based general council form of government in which all voting-age tribal members sit on the council (no separation of powers and no checks and balances), and its constitution provides the Secretary of the Interior with the right of disapproval over council actions.

In considering a broader variety of tribes, Cornell and Kalt also note differences in the capacities of tribal bureaucracies, differences in traditional structural relationships (in some cases, tribal members identify much more strongly with clans within the recognized tribe rather than the tribe itself), and other cultural-misfits (in some cases, the Federal government has imposed forms of tribal governance that are inconsistent with the tribal culture). Their statistical analysis for selected tribes shows that these factors do have an important influence on incomes and economic development.

Analysis

Clearly, the determination of the economic well-being among Tribal Areas is complex. There is tremendous diversity in outcomes, and a long list of factors that appears to have some influence in determining them. The Census data files used in this study have reasonable measures for a number of them, although several that appear to be important are missing: e.g., the value of natural resources on the reservation and the nature of tribal governance and its mesh with tribal culture.

Nonetheless, since these data files cover all areas, it should be useful to test the relative importance of those factors for which data are available--without expecting to explain a high proportion of the diversity that has been identified. Regression analysis, however, yielded reasonably strong findings.

We chose PPSE employment per 1,000 population as the dependent variable (it can be seen as a rough measure of the natural strength of the local economy--a direct measure of income was not chosen because all such measures available are distorted to some extent in that they mix transfer payments with earned income). The independent variables were: (1) the ratio of total population to AIAN population; (2) the log of the distance between the Area and the nearest large urban center; (3) the percentage of adults that had not graduated from high school; (4) the 1980-90 population growth rate; and (5) a dummy variable indicating whether the Tribal Areas were in a "coastal" region (Eastern, California-Nevada, or Pacific Northwest) or not.

This regression explained 29 percent of the variation in the PPSE ratio--reasonably strong for cross-sectional analysis. And all of the variables were statistically significant at the 99 percent level (except for the population growth rate--significance level of .666). (See Annex 2A at the end of this Chapter).

Interpretation and Typology

These analyses confirm the view that AIAN Tribal Areas in the United States cannot easily be stereotyped. They vary from each other to a significant extent along many dimensions. And while they clearly do not account for all relevant forces, variables that measure the extent of a Tribal Area's integration with the broader economy do seem to be important. They are not final determinants: i.e., it seems likely that with the right leadership and institutional structure, a remote tribe could succeed economically, and it is quite possible for an open reservation within the bounds of a thriving metropolitan area to be quite poor.

Nonetheless, other things being equal, Tribal Areas that are close to urban centers, comparatively open, with a large share of adults that have graduated from high school, and located in coastal regions, are likely to be performing better economically.

What is important from a policy standpoint is that those areas have different needs, and different strategic opportunities than Areas that are more remote and isolated. There is no one correct economic development strategy (nor we suspect, one correct housing assistance strategy) that will fit all Areas.

To illustrate the effect and magnitude of these differences, a rough typology has been constructed (Table 2.9). All of the 508 inhabited Tribal Areas are first divided into three groups: "Near Urban" (within 50 miles of a large urban area); "Remote" (farther away than that), and "Alaska" (all of the Alaska Villages were kept separate in this typology because they are more similar to each other and their location offers a different set of policy options and constraints). The variations in characteristics are marked.

Near Urban. This category includes 159 Tribal Areas (31 percent of the total), but has an AIAN population of 284,400 (38 percent of the total). It has, on average, a high level of PPSE employment (227 per 1,000 population) and a comparatively small share of its households are VLI (very low-income--34 percent).

Remote. This category includes 148 Areas (29 percent) with a much larger population of 406,500 (55 percent). Its average PPSE employment ratio is not much more than half that of the Near Urban group (119) and a much higher share of its households are VLI (49 percent). Areas within it have many fewer non-Indians within their boundaries (total population to AIAN population averages 1.6) than those in the Near Urban group (average ratio of 9.9). They also have a larger average household size (3.4 persons) than those that are Near Urban (2.8 persons).

Alaska, as noted earlier, has a large number of Tribal Areas (199 or 39 percent), but a small total AIAN population (48,500 or 7 percent). It has the lowest PPSE employment ratio of these groups (79) and the same of households in the VLI category as the Remote group.

Some groups have been further subdivided as to whether they are "Large and Open" (population of 400 or more and total to AIAN population ratio of 2.0 or more) and whether they have a "Strong Private Employment Base" (200 PSE employees or more per 1,000 population) or not. Here, a number of the variations are also of interest, but they are not as important as the basic differences between the Near Urban and Remote categories.

Other and more detailed typologies could be constructed with differing boundary conditions that would be equally valid. As noted, however, the purpose here was only to illustrate that important differences exist and that large shares of the Tribal Area AIAN population nationally live in areas where private market forces seem to be operating. The meaning of these differences for housing strategies will be explored in Chapter 3

Table 2.9
MARKET TYPOLOGY OF TRIBAL AREAS, SOCIAL AND ECONOMIC CHARACTERISTICS

	No. of Tribal Areas	AIAN (000)			Total Pop./ AIAN Pop.	Priv. Emp./ 1,000 Pop.	Miles: Nearest Urban Center	Pct. Hsehlds.	
		Popu- lation	House- holds	Pop./ Hseld				Low- Income	VLI
NEAR URBAN AREAS									
Large-Open									
Strong Priv. Empl.									
Oklahoma	7	130.6	56.0	2.3	9.5	268	34	49	29
Other	10	18.9	6.7	2.8	53.8	247	21	58	39
Subtotal	17	149.5	62.7	2.4	15.1	266	27	50	30
Lower Priv. Empl.									
Total	29	36.6	11.7	3.1	11.0	146	26	57	38
Total	46	186.1	74.4	2.5	14.2	242	27	51	31
Other									
Strong Priv. Empl.									
Total	44	36.3	11.6	3.1	2.7	312	27	53	33
Lower Priv. Empl.									
Total	69	62.0	16.5	3.8	1.2	131	27	70	48
Total	113	98.3	28.1	3.5	1.7	198	27	63	43
Total	159	284.4	102.5	2.8	9.9	227	27	54	34
REMOTE									
Large-Open									
Strong Priv. Empl.									
Total	6	67.7	28.8	2.4	16.2	230	74	51	31
Lower Priv. Empl.									
Total	18	36.3	11.7	3.1	4.5	108	98	68	48
Total	24	104.0	40.5	2.6	12.1	188	85	56	36
Navajo									
Total	4	146.0	35.9	4.1	1.0	97	99	77	59
Other									
Strong Priv. Empl.									
Total	16	10.5	2.7	3.9	6.8	234	103	64	40
Lower Priv. Empl.									
Total	104	146.0	39.2	3.7	1.2	84	104	71	52
Total	120	156.5	41.9	3.7	1.6	94	104	71	51
Total	148	406.5	118.3	3.4	4.1	119	96	67	49
ALASKA	199	48.5	13.2	3.7	1.6	79	418	68	49
TOTAL	508	739.7	234.0	3.16	6.2	158	93	62	43

DIVERSITY OF CONDITIONS IN URBAN AREAS

Where Do Urban Indians Live?

Table 2.2 showed that a total of 754,600 American Indians and Alaska Natives lived in Metropolitan Statistical Areas (MSAs) in 1990--38 percent of the total AIAN population nationally. This population, however, is not spread evenly across the nation's MSAs. To the contrary, while some Indians live in almost all of them, they have tended to concentrate in a comparatively small number. Rather than present data on conditions in all, this section focuses on 15 MSAs in which Indians are most concentrated, that together account for 61 percent of the AIAN metropolitan total.

To the extent that scholars and the media have focused on urban Indians to date, most have dealt with their lives in the inner cities. It is of particular interest in this light to find that so many of them live in the suburbs: 331,100 (54 percent of all those in metropolitan areas outside of the Surrounding Counties) are suburban dwellers. For the 15 selected MSAs, 59 percent of the AIAN population lives in the suburbs, a higher rate than for non-Indians on average (54 percent). It must be remembered, of course, that there is great divergence within the non-Indian population in this regard: AIAN households are much more likely to live in the suburbs than blacks or Hispanics, but less so than whites. Index measures show substantially less residential segregation for American Indians than for blacks and Hispanics: dissimilarity indices (where 1.0 implies complete segregation and 0.0 implies no segregation) for the AIAN population in the 15 MSAs ranged from 0.23 to 0.52.

Of the urban Indian community center directors, interviewed as a part of this study, 57 percent said that Indians in their central cities tended to congregate in identifiable neighborhoods, but little is known about their spatial patterns in the suburbs. Community center directors also stated that urban Indians generally maintain close ties with their tribes: 88 percent said that Indians in their communities returned to their Tribal Areas at least occasionally, and 42 percent they returned at least on a weekly basis.

Contrasting Characteristics

As noted earlier, Indians living in metropolitan areas generally fare better on many social and economic indicators than Indians who live in Tribal Areas and Surrounding Counties. Central city Indians, however, do not fare as well as their suburban counterparts. For example, in the 15 MSAs, they are more likely to lack a high school diploma (30 percent vs. 27 percent), be unemployed (11 percent vs. 8 percent), and live in households headed by single women (20 percent vs. 12 percent) and with Very Low-Incomes (40 percent vs. 29 percent). However, in

several of these MSAs, the socioeconomic gap between suburban Indian and non-Indian households is larger than that between Indians and non-Indians living in central cities. For example, the AIAN unemployment rate in the central cities is 1.2 times that for non-Indians, whereas the comparable suburban AIAN rate is 1.7 times the suburban non-Indian average.

Contrasts in Different Types of Metropolitan Areas

The comparative economic position of metropolitan Indians, however, appears to differ in different types of MSAs. AIAN households appear best off economically in two contrasting environments: (1) very large metropolitan areas, typically far distant from AIAN Areas; and (2) small metropolitan areas that are close to AIAN areas.

The first group includes Chicago, Dallas, Detroit, Los Angeles, New York and Oakland; the second, Albuquerque, Oklahoma City and Tulsa. For example, the share of AIAN households with Very Low Incomes exceeds the comparable share for non-Indians by only 11 percent on average in the first group, and by 25 percent in the second. In two of these areas (Los Angeles and Oakland) the AIAN Very Low Income share is actually below that for non-Indians.

In other metropolitan areas with large concentrations of AIAN population, disparities are much more severe. For example, for Minneapolis, Phoenix, Seattle and Tucson, the AIAN Very Low Income share exceeds that for non-Indians, on average, by 90 percent. In these areas, on average, twice as many AIAN adults do not have a high school diploma as non-Indians, whereas AIAN rates exceed non-Indian rates by this measure by only 18 percent in the first group and 23 percent in the second group.

Comparing Indians with other races using these indicators, we find that, in general, Indians fare better economically than blacks, but worse than Hispanics. In the latter group of MSAs noted above, however, Indians are in a worse position than all other groups. (See further discussion in Kingsley, Mikelsons, and Herbig, 1995, Chapter 4).

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**Annex 2A
Multiple Regression Analysis**

Dependent Variables: PPSE Private For-Profit And Self-Employed
Persons Per 1,000 Persons, AIAN Area

Independent Variables:

SHARE Ratio Of Total Tribal Area Population To AIAN
Population
HIGH Percentage of Adults That Had Not Graduated From
High School
POP89 Percentage Change Of AIAN Population From 1980
to 1990
LNDIS50 Natural Log Of Distance From AIAN Area To Nearest
Urban Place Of 50,000 Or More Persons
BICOAST If AIAN Area Is Located In State Bordering East or
West Coast, BICOAST = 1, 0 Otherwise

Variation

R-Square: 29.12
Standard Error: 81.27

Analysis of Variance

Degrees of Freedom: 5
Mean Dep. Variable: 114
F Value: 35
Probability > F: .0001

Variable:	Parameter Est.:	Std. Error:	T for HO:	Prob.> ITI:
INTERCEPT	206.42	17.69	11.67	.0001
SHARE	2.67	0.49	5.36	.0001
HIGH	-1.51	0.35	-4.22	.0001
POP89	0.009	0.02	0.43	.6661
LNDIS50	-22.46	3.36	-6.74	.0001
BICOAST	49.44	10.22	4.84	.0001

Chapter 3

**HOUSING PROBLEMS AND NEEDS OF
AMERICAN INDIANS AND ALASKA
NATIVES**

With a better understanding of the varying social and economic contexts in which American Indians and Alaska Natives lead their lives, we now turn to the central purpose of this assessment: the analysis of housing problems and needs.

This chapter begins with a review of several basic characteristics of AIAN housing. It then describes and discusses the standards by which housing problems will be assessed and shows, by way of background, how America's housing problems overall have changed since 1980, using the same framework. The central part of the chapter then presents our analysis of AIAN housing problems and needs in 1990 at the national level by area-type, and reviews the extent of diversity that exists in these measures. At the end of the chapter, we briefly consider future prospects if current trends continue and, implications for national housing policy.

BASIC CHARACTERISTICS OF AIAN HOUSING

One of the most basic distinctions affecting housing is that between homeownership and rental tenure. Homeownership is a powerful value in America, and one that is strongly promoted by public policy. High levels of ownership have always been associated with higher levels of stability and maintenance in neighborhoods, and home equity represents the largest component of wealth for the majority of U.S. families.

Table 3.1 shows that 57 percent of all American Indian and Alaska Native households own their own homes, well below the 65 percent homeownership rate for non-Indians. Interestingly

Table 3.1
BASIC CHARACTERISTICS, OCCUPIED HOUSING, 1990

	AIAN POPULATION					NON-AIAN POPULATION				
	Total	Tribal Areas	Surr. Co.	Other Metro.	Other Nonmet.	Total	Tribal Areas	Surr. Co.	Other Metro.	Other Nonmet.
Number of Occupied Housing Units (000)										
Renter occupied	351	74	92	148	38	31,405	437	4,514	21,983	4,471
Owner occupied	461	161	96	150	54	59,349	991	8,589	37,330	12,439
Total	812	234	188	298	92	90,754	1,428	13,103	59,313	16,910
Pct. of Units										
Renter occupied	43.2	31.4	48.8	49.7	41.1	34.6	30.6	34.5	37.1	26.4
Owner occupied	56.8	68.6	51.2	50.3	58.9	65.4	69.4	65.6	62.9	73.6
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Pct. by number of bedrooms										
None or 1 B.R.	17.6	18.2	18.8	18.1	11.9	15.1	11.4	16.4	16.8	8.4
2 B.R.	31.4	28.4	33.4	31.5	35.0	29.6	30.9	30.1	29.0	31.3
3 or more B.R.	51.0	53.5	47.9	50.4	53.1	55.3	57.7	53.5	54.2	60.3
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Pct. by year structure built										
1949 or earlier	34.7	27.0	33.2	34.5	37.1	21.9	13.4	16.5	23.7	19.8
1950 to 1959	9.4	9.6	8.0	9.9	8.9	9.2	7.9	10.1	9.5	6.7
1960 to 1979	20.0	23.0	19.0	19.8	21.1	29.2	38.2	32.6	28.8	25.1
1980 to 1990	35.9	40.5	39.9	35.8	32.9	39.8	40.5	40.9	38.0	48.5
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Pct. by type of sewage disposal										
Public sewer	81.3	63.2	90.9	60.3	75.5	90.8	68.2	87.9	94.6	74.6
Septic tank	16.1	31.8	6.9	17.7	17.6	7.7	27.0	10.8	4.5	20.1
Other	2.6	5.0	2.2	2.0	6.8	1.5	4.8	1.3	0.9	5.4
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

enough (given their generally weaker economic positions), it is in the Tribal Areas that the AIAN ownership rates are highest (68 percent). This is no doubt due to HUD's Mutual Help program. Even though most do not yet have title to their homes it is probable that most Mutual Help occupants classified themselves as owners in the Census. If Mutual Help units are excluded, the AIAN homeownership rate in Tribal Areas would be only 51 percent. In all other area-types, AIAN ownership rates are much lower (50-51 percent in the Surrounding Counties and other Metropolitan Areas, 59 percent in other Nonmetropolitan Areas).

Considering their generally larger family sizes, one would have hoped that AIAN households occupied generally larger housing units (houses and apartments) than non-Indians, but Table 3.1 shows this is typically not the case. Only 51 percent of AIAN households, compared with 55 percent of non-Indians, live in units with three or more bedrooms. Correspondingly, a larger fraction of the Indians live in units with only one or no bedroom (18

percent vs. 15 percent). There is not much variation in these relationships by area-type nationally.

An even larger difference appears with respect to the age of the housing in which the AIAN population resides: 35 percent of all AIAN households (compared to just 22 percent of non-Indians) live in structures built 40 years ago or more (in 1949 or earlier). The share in such housing is higher in Metropolitan and Nonmetropolitan Areas outside of the AIAN counties (35 and 37 percent respectively) than it is in Tribal Areas (27 percent).

Another sign of problems is the last indicator on Table 3.1: type of sewage disposal. The number of U.S. housing units not connected to either a public sewer system or a septic tank is negligible. For units occupied by non-Indians, only 1.5 are in that category on average. For AIAN occupied housing, shares connected to adequate means of sewage disposal are fairly similar to those of non-Indians in Surrounding Counties and other Metropolitan Areas, but much higher elsewhere: 5 percent in Tribal Areas, and 7 percent in other Nonmetropolitan Areas.

DEFINING HOUSING PROBLEMS AND NEEDS: A FRAMEWORK

The information reviewed above is indicative of problems in AIAN occupied housing, but it does not measure them directly. This section reviews the attributes of housing that identify these problems and, thereby, define needs.

Characteristics Defining Housing Problems and Needs

As a concern of public policy, housing inadequacy is defined by several differing problem attributes. Appropriate remedial actions for individual housing units can vary dramatically depending on the specific mix of problems that affect each unit.

While the literature on the definition of housing problems (see, for example, Baer, 1976, Kristof, 1968, U.S. Bureau of the Census, 1967, United Nations, 1967, and HUD, 1994) varies in many respects, almost all of it has recognized three attributes of housing as the basic in defining housing problems and needs: price, quantity, and quality.

Price. Here, a problem exists when a family is forced to pay out in housing expense more than it can reasonably afford; in other words, when it has to spend so much for housing that it does not have enough money left over for adequate food, clothing, and other necessities of life.

Quantity. Here, at a market-wide level, the question is whether there are enough housing units to accommodate the number of households in the area (this always means enough for the number of households plus a sufficient number of vacant units to permit a reasonable rate of exchange and mobility). The second aspect of quantity is at the individual family level; i.e., the extent of *overcrowding* (whether there is enough floor space in the unit to reasonably accommodate the activities of the number of people who have to live in it). Theoretically, at least, this level of housing quantity problem could occur because the housing units in the stock were on average too small for the typical household or, because of market-level supply constraints, some units have to accommodate more than one household.

Quality. This is the most complex of the three because it has at least three aspects, two of which are extremely difficult to define and measure reliably.

- *Facilities problems.* This is the easiest to monitor. Such problems occur when a unit either lacks adequate plumbing, kitchen, electrical, and/or heating facilities, or such facilities function improperly or constitute a safety hazard.
- *Condition problems.* These occur when the unit was built inadequately (or has since deteriorated) such that it is structurally unsafe or offers inadequate protection from the elements. They have always proved harder to rate in an objective manner.
- *Design problems.* These relate to the physical arrangement and characteristics of external features and internal spaces--whether or not the inhabitants find them attractive and functionally convenient. Since tastes are inherent in assessing this attribute, and tastes vary importantly between groups and individuals, no objective scheme for rating such design problems has ever been devised. However, this does not mean that such problems are not important to the residents.

Some housing built on reservations over the last few decades (certainly including some assisted housing built by IHAs) has been criticized because of this last aspect: design problems. The criticism has focused on designs considered insensitive to Indian culture (see, for example, National Commission on American Indian, Alaska Native and Native Hawaiian Housing, 1992). While it is not possible to measure the extent of such problems scientifically, this study has attempted to relate to them through more general questions about attitudes (see Kingsley, Mikelsons, and Herbig, 1995, Chapter 5). Even to do that, however, it was necessary to identify characteristics of housing that are of particular importance in Indian culture.

The types of housing historically developed by indigenous cultures are in most cases no longer directly relevant, but they may offer some clues. A number of such types are illustrated in Figure 3.1. Clearly, they differ from each other in important ways, having evolved out of the interaction of physical environments, life-styles and cultures that differ between tribes. The tipi of the plains, for example, was effective shelter for tribes that were nomadic (moving from place to place in response to the movements of game herds and changing seasonal conditions). Alternatively, the Iroquois longhouse offered shelter from the elements but presented an interior space that better suited a more communal culture. The larger pueblos of the Southwest (evolving from the great settlements of the Anasazi) were solidier structures that provided better protection from attack as well as supporting a quite "urban-like" community environment.²⁵

HUD has taken a number of steps to encourage IHA sensitivity to cultural design issues, including initiating and sponsoring a study of Indian housing design by the American Indian Council of Architects and Engineers: *Our Home: Giving Form to Traditional Values* (AICAE, et al., 1992). One theme emphasized, in this report is special sensitivity to local landforms and physical conditions--the use of forms, colors, and textures in harmony with the land--achieved in part through the use of indigenous materials. This study also notes other features that are commonly considered ideals in Indian homes, for example: orienting the main entrance to the East (so the family can "greet the first light of day"); more open interior planning (the use of something approximating a "great room" for family activity, and smaller bedrooms than are typical in non-Indian housing); kitchen areas that blend into dining areas and are big enough to allow several people to work comfortably; the provision of ample storage space; the open display of colors and symbols that have cultural and religious significance.

Standards and Approach

In assessing the seriousness of housing problems, public policy in the United States has always focused on a set of minimum standards related to the measurable attributes of price, quantity, and quality. The question is: What share of all households fall below the minimum standard with respect to each attribute?

Most analysts recognize that there is no absolute set of minimum housing standards that hold for all times and cultures. Science has found few specific cut-offs with respect to physical conditions, for example, where it can be said that housing below that standard is absolutely dangerous or unhealthy. Standards are therefore based on cultural norms as well as scientific knowledge of causes and effects. As their material wealth expands, societies have, in fact, sometimes made their standards more stringent (see discussion in Baer, 1976).

²⁵For more complete discussion of the evolution of different Indian housing types, see Driver and Massey, 1957, and for one specific case--the Navajo--see Jett and Spencer, 1981.

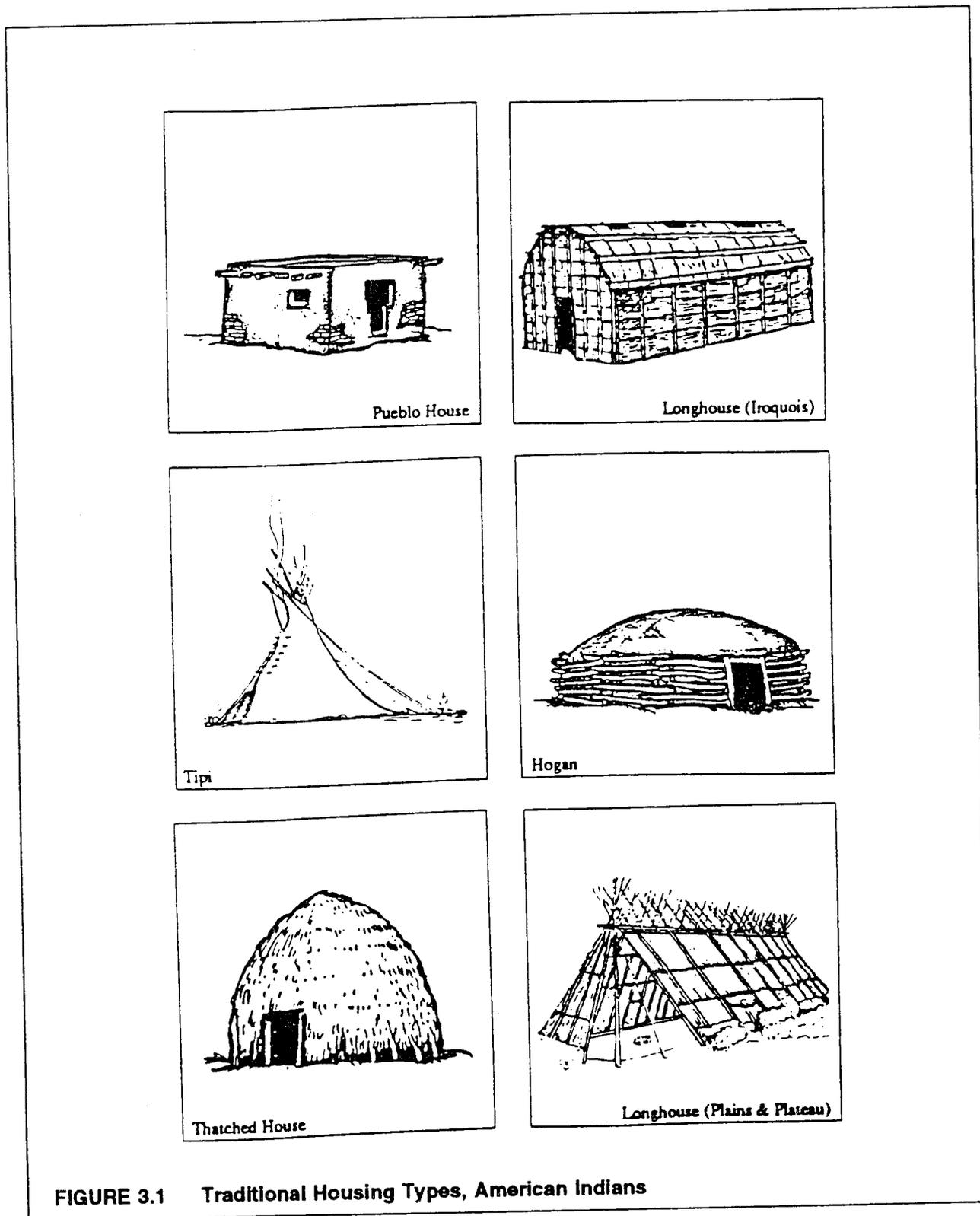


FIGURE 3.1 Traditional Housing Types, American Indians

In this study, we have relied on the standards that are most commonly accepted by housing analysts today, as reflected in the surveys by the Bureau of the Census (its American Housing Survey--AHS--as well as its decennial Census).²⁶ These standards are defined in Figure 3.2. As per the discussion in Chapter 1, the Census is the most reliable source of information on many of these measures. It gives us a basis for assessing all of them except: (1) heating and electrical facilities; and (2) structural condition. In this assessment, we will first review all measures of housing problems available from the Census and then, at least for Tribal Areas, rely on our sample household survey to estimate the extent of problems in these latter two categories.

The following paragraphs offer explanation and comments on the standards defined in Figure 3.2.

Price (Affordability). Up until the early 1980s, the traditional Federal standard was that no family should have to pay out more than 25 percent of its income for housing expenses. Congress then changed the standard to 30 percent for calculating subsidy entitlements and we use that level in this analysis--data are derived from special 1990 Census files prepared for this study (see discussion in Chapter 1).

This is a reasonable comparative indicator, but that does not mean it is the best standard in our judgement. Actually, any standard expressed as a fixed percent of income is almost sure to be inequitable. At higher income levels, households can quite easily pay more than 30 percent for housing and have more than enough left over to cover the costs of other necessities. At very low-incomes, however, 30 percent is likely to reflect true hardship; i.e., the absolute amount left over after paying for housing is clearly insufficient pay for subsistence levels of food, clothing, and other needs. Stone (1993) has designed a sliding scale for this purpose which would be more equitable and, by his estimates, not unreasonably expand subsidy obligations.

²⁶The AHS is a nationwide sample survey of household and housing characteristics which conforms to Census definition for most of its measures, but it also covers a number of topics in more depth. It does contain data, for example, on the full range of types of housing problems identified here and we will use it to characterize the extent of national problems for each. The AHS survey process supports nationwide estimates of changes in housing characteristics and conditions every two years. As such it is an extremely valuable information source. Unfortunately, the national sample (about 60,000 units) is too small for use as a reliable basis for separately estimating conditions for American Indians and Alaska Natives. (See further description of the AHS and its uses in measuring housing problems in Bogdon, Silver, and Turner, 1993).

Figure 3.2

HOUSING STANDARDS DERIVED FROM CENSUS AND AMERICAN HOUSING SURVEY MEASURES

PHYSICAL PROBLEMS

A unit is defined to have a severe physical problem if it has any of the following five problems:

1. **Condition-Severe:** (a) having any five of the following six maintenance problems: (1) leaks from outdoors; (2) leaks from inside the structure such as pipes or plumbing fixtures; (3) holes in the floor; (4) holes or open cracks in the walls or ceilings; (5) more than one square foot of peeling paint; and (6) signs of rats or mice in the last 90 days; or (b) having all of the following four problems in public areas: (1) no working light fixtures; (2) loose or missing steps; (3) loose or missing railings; or (4) no elevator.
2. **Facilities-Plumbing-Severe:** Lacking hot piped water or a flush toilet, or lacking both bathtub and shower, all inside the structure for the exclusive use of the unit.
3. **Facilities-Kitchen-Severe:** Lacking a sink, refrigerator, or burners, all for the exclusive use of the unit.
4. **Facilities-Heating-Severe:** Having been uncomfortably cold last winter, for 24 hours or more, because the heating system broke down, and it broke down at least three times last winter, for at least six hours each time.
5. **Facilities-Electrical-Severe:** Having no electricity, or all of the following three electric problems: (a) exposed wiring; (b) a room with no working wall outlet; and (c) three blown fuses or tripped circuit breakers in the last 90 days.

OVERCROWDING PROBLEM

A unit is defined to be overcrowded if it has 1.01 or more persons per room.

AFFORDABILITY PROBLEM

A household is defined to have an affordability problem if it pays gross rent exceeding 30 percent of its income (for renter households) or total expenses of home ownership exceeding 30 percent of its income (for home owner households).

Quantity (Overcrowding). As noted, we accepted as the cut-off the standard now accepted in the Census. Namely, a housing unit is defined to be overcrowded if it has 1.01 or more inhabitants per room. Here, too, data pertaining to this indicator are available in the 1990 Census.

Quality (Facilities). The measures of affordability and overcrowding noted above offer a clear distinction as to whether, for a specific household, the standard is or is not met. This is also true for the existence of facilities: i.e., a housing unit either does or does not have hot piped water and a toilet. Decisions could get muddy with respect to whether the specified facilities are working properly, since this could be a matter of judgement. However, the standards in these cases (Figure 3.1) are also stated in a manner that eliminates ambiguity so that clear determinations can be made. As noted above, the Census provides data on deficiencies with respect to two of these types of basic facilities (plumbing and kitchen facilities) but not the remaining two (heating and electrical facilities).²⁷

Quality (Condition). Among all measures of housing problems, the physical condition of the structure has been the most difficult to assess reliably. The Census attempted ratings with judgmental categories (like "needing major repairs" or "dilapidated") from 1940 through 1960, but gave up any such measures after analysis showed they were unreliable (see Bureau of the Census, 1967). Another approach has been developed which does produce more consistent ratings, and it is now being used in the AHS. It is evident from the way the condition standards are stated (Figure 3.2). The overall condition rating is built up from a series of ratings of individual condition elements and each of these is defined in a way that requires only straightforward yes-or-no answers, and the right answer is easily recognizable without special training.

²⁷It should be noted that while definitions for individual facility and condition problems used here conform to those used in the AHS, the approach in Figure 3.2 puts them together in a somewhat different way than the summary measures published by the AHS itself. First, the AHS has "moderate" and "severe" ratings for each item; the scheme in Figure 3.2 omits the moderate ratings because, in our judgement, those identify problems that can be remedied in most cases by fairly low-cost repairs. Second, we classify the lack of kitchen facilities as a severe problem, while the AHS does not. Third, we use definitions for "lacking plumbing and kitchen facilities" that conform to the Census, and are somewhat different from those used in the AHS summary tabulations of housing problems.

THE HOUSING PROBLEMS OF AMERICAN INDIANS AND ALASKA NATIVES: NATIONAL SUMMARY

The National Context

To understand the policy implications of the housing problems of American Indians and Alaska Natives, it is necessary to see them in the context of the changing nature of the housing problems of the United States in general. And, over the past few decades, the composition of U.S. housing problems has changed dramatically. In brief, affordability problems have grown to become the nation's primary housing issue while the incidence of the other (physical) problems has plummeted. We describe the national housing picture using data from the 1989 AHS (rather than the Census) because it has data on the full range of problems classified above (Table 3.2).

Overcrowding and Physical Problems. From 1950 to 1983, the share of all American households that were overcrowded (standard of over 1.5 persons per room) went down from 9.0 percent to 0.8 percent (the 1989 level was 2.7 percent but at a standard of 1.01 persons or more per room). From 1950 to 1989, the share lacking plumbing facilities decreased even more dramatically: from 55.4 percent to 2.7 percent. Clearly, these are impressive changes over a 40 year period.²⁸ And among facility deficiencies, the lack of plumbing facilities was the most prevalent in 1989. Perhaps the most remarkable change was that, by 1989, the share of all occupied units with severe condition problems (those that could only be alleviated by major rehabilitation) had become negligible: 0.25 percent. There was some overlap between these problems: i.e., some units had two or more of them. Altogether, 4.5 percent of all occupied units had one or more serious facility/condition problems in 1989; 5.9 percent were in this category, and/or overcrowded.

Affordability Problems. In contrast, the share with affordability problems in 1989 (housing expenses equal to more than 30 percent of household income) was much higher: 23 percent. And for almost all of these (20 percent) affordability was their only housing problem (no overcrowding or physical deficiencies).

Comparison with Census Indicators. The AHS data show that the incidence of problems not measured by the Census (problems with heating facilities, electrical facilities, and structural condition) is quite small nationally. The total for these categories is the equivalent of 0.76 percent of all occupied units. However, many of these problems occur in units that also have problems measured by the Census. Subtracting them brings down the total overcrowded

²⁸Base numbers for these calculations and further discussion of them can be found in Struyk, Turner, and Ueno (1988), and Kingsley (1991).

Table 3.2
U.S. HOUSING PROBLEMS, 1989 AMERICAN HOUSING SURVEY

	National AHS, 1989 Survey			
	U.S. Total	Cent. City	Suburb	Outside Metro.
TOTAL HOUSEHOLDS (000)	93,684	30,294	43,095	20,295
PERCENT WITH HOUSING PROBLEMS				
Physical Problems				
Plumb./Kitch.Facil.	3.8	4.4	3.1	4.2
Other Severe	0.7	1.1	0.5	0.7
Total	4.5	5.6	3.6	4.9
Overcrowding				
Units w/ Phys.Prob.	1.4	2.3	1.0	0.9
Other Units	1.4	1.8	1.2	1.0
Total Overcrowded	2.7	4.1	2.2	1.9
Total, Phys. + O.C.	5.9	7.4	4.8	5.9
Affordability Problem				
Units w/ Phys.&/or O.C.	2.2	3.5	1.6	1.7
Other Units	20.8	25.7	19.5	16.3
Total	23.0	29.2	21.1	18.0
Total with Housing Prob.	26.7	33.0	24.3	22.2

SOURCE: American Housing Survey, 1989, and special files compiled for Bogdon, Silver, and Turner, 1993

and/or with other physical problems down from 5.9 percent to only 5.4 percent.

AIAN Housing Problems Nationally--Census Indicators

The Census data on Table 3.3 show that the housing problems of American Indians and Alaska Natives are much more severe than the national averages.

National Overview.

- The AIAN share of occupied units lacking plumbing and or kitchen facilities is 5.5 percent, well above the 3.8 percent national average.

Table 3.3
U.S. AIAN HOUSEHOLDS AND HOUSING PROBLEMS

	AIAN COUNTIES				REST OF U.S.		
	Total U.S.	Total	Tribal Areas	Surr. Co.	Total	Metro.	Non-Metro.
TOTAL HOUSEHOLDS (000)							
No housing problem	487.7	242.3	130.6	111.7	245.4	185.3	60.1
One or more problems							
Facilities	44.3	37.5	32.8	4.6	6.8	4.0	2.8
Other Overcrowded + mix	80.4	52.6	31.8	20.8	27.8	22.2	5.6
Afford. only	200.1	89.9	39.2	50.8	110.2	86.2	23.9
Subtotal	324.7	180.0	103.8	76.1	144.8	112.4	32.3
Total	812.4	422.2	234.4	187.9	390.2	297.7	92.5
PERCENT OF TOTAL							
No housing problem	60.0	57.4	55.7	59.5	62.9	62.2	65.0
One or more problems							
Facilities	5.5	8.9	14.0	2.5	1.8	1.4	3.0
Other Overcrowded + mix	9.9	12.5	13.6	11.1	7.1	7.4	6.1
Afford. only	24.6	21.3	16.7	27.0	28.2	29.0	25.9
Subtotal	40.0	42.6	44.3	40.5	37.1	37.8	35.0
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0
NO. OF LOW INCOME HOUSEHOLDS (000)							
No housing problem	160.7	92.2	59.8	32.4	68.5	49.4	19.0
One or more problems							
Facilities	35.9	30.6	27.0	3.6	5.3	3.1	2.2
Other Overcrowded + mix	54.8	36.4	22.1	14.3	18.4	14.6	3.8
Afford. only	169.9	78.6	36.0	42.7	91.3	70.2	21.1
Subtotal	260.6	145.6	85.1	60.5	115.0	87.8	27.2
Total	421.3	237.8	144.9	92.9	183.4	137.2	46.2
PERCENT OF LOW INCOME							
No housing problem	38.1	38.8	41.3	34.8	37.3	36.0	41.2
One or more problems							
Facilities	8.5	12.9	18.6	3.9	2.9	2.2	4.7
Other Overcrowded + mix	13.0	15.3	15.3	15.3	10.0	10.6	8.3
Afford. only	40.3	33.1	24.8	45.9	49.8	51.1	45.7
Subtotal	61.9	61.2	58.7	65.2	62.7	64.0	58.8
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0

- Overcrowding is much more prevalent among Indians--12 percent of all households are overcrowded, more than 4 times the 2.7 percent national average.

- Accounting for the overlap (which is substantial), a total of 15 percent of all AIAN households are either overcrowded or have facility deficiencies (compared with the 5.4 percent for the nation as a whole).
- The difference is not as substantial with respect to affordability; 29 percent of AIAN households had an affordability problem compared with the 23 percent national average. For 25 percent of the AIAN households, affordability was the only housing problem (the comparable national average was 20 percent).
- Altogether, 40 percent of AIAN households had one or more housing problems (compared to the national figure of 27 percent).

Variations by Area Type, however, are extremely important in interpreting the housing problems of American Indians and Alaska Natives (see Figure 3.3 as well as Table 3.3).

- The overcrowding rate for AIAN households is higher than the 2.7 percent national average everywhere, but highest by far in the Tribal Areas: 21 percent, compared to 12 percent in the Surrounding Counties, 8 percent in Metropolitan Areas and 7 percent in other Nonmetropolitan Areas.
- The share of AIAN households lacking plumbing or kitchen facilities is substantially above the 3.8 percent national average in Tribal Areas (14 percent), but below that average in the Surrounding Counties (2.5 percent), Metropolitan Areas (1.4 percent), and other Nonmetropolitan Areas (3.0 percent). Facility deficiency rates are extraordinarily high in the Tribal Areas of two regions--Arizona/New Mexico (37 percent), and Alaska (51 percent)--and these (particularly the former because of its large population size) have a strong influence on the average for AIAN Areas.
- Putting these last two measures together (and again accounting for the fact that some units had both types of problems), a total of 28 percent of all AIAN households in Tribal Areas had overcrowding and/or plumbing/kitchen facilities deficiencies. The comparable shares were 13 percent in Surrounding Counties, 8 percent in Metropolitan Areas elsewhere, and 8 percent in other Nonmetropolitan Areas.
- In most of the country, the share of all AIAN households whose only housing problem is affordability is notably above the 20 percent national average: 27 percent in the counties surrounding AIAN areas, 29 percent in Metropolitan Areas elsewhere, and 26 percent in other nonmetropolitan areas. In the Tribal Areas themselves, however, the share with an affordability problem is lower: 17 percent.

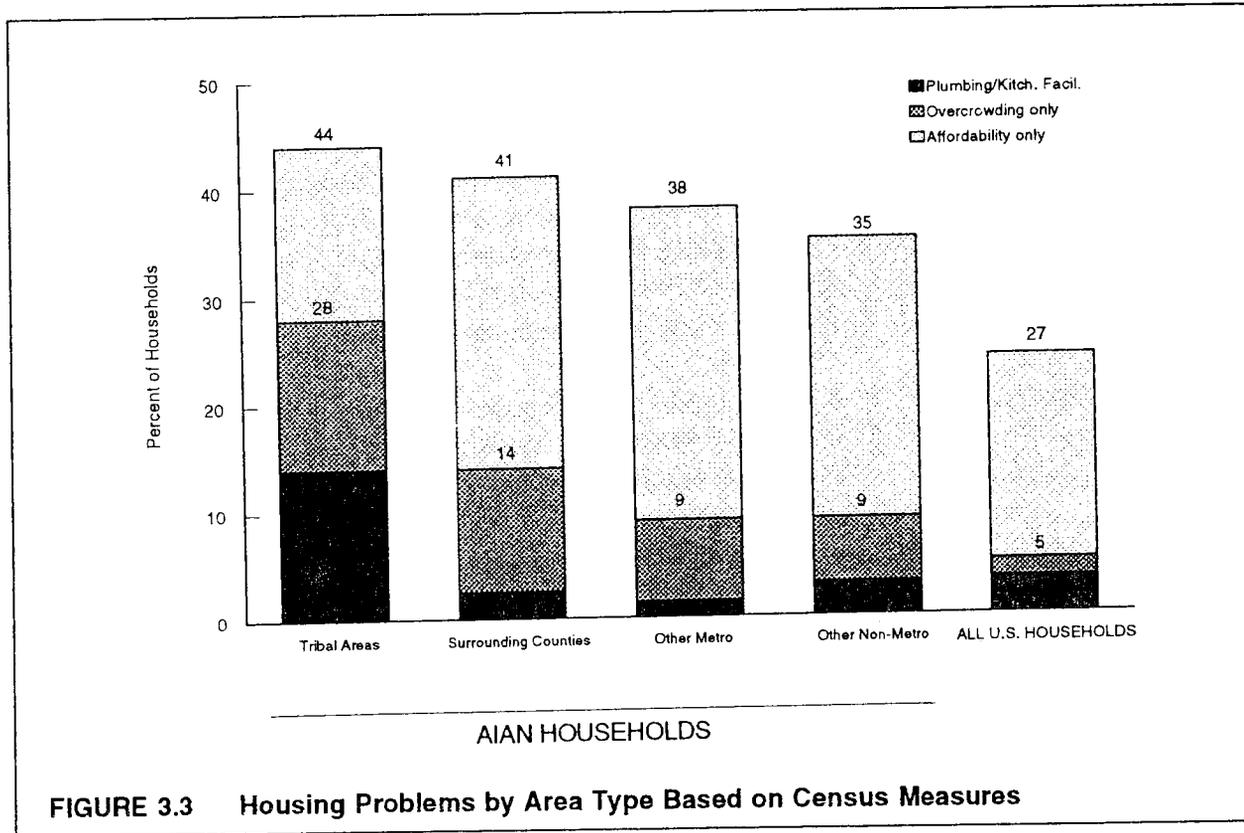


FIGURE 3.3 Housing Problems by Area Type Based on Census Measures

This is probably explained, at least in part, by the substantial amount of HUD housing provided in those areas (to be examined in Chapter 5).

- The AIAN total share with one or more housing problems is 44 percent in Tribal Areas, 41 percent in the Surrounding Counties, 38 percent in other Metropolitan Areas, and 35 percent in other Nonmetropolitan Areas.

Table 3.3 also points out that AIAN housing problems are highly concentrated among low-income households (those with incomes below 80 percent of the local median). Out of the total of 812,400 AIAN households, 421,300 (52 percent) are low-income. Among all who have one or more housing problems, however, the low-income households account for 80 percent (260,600 out of 324,700)--this share is about the same in all area-types.

Estimates of Total Housing Problems in Tribal Areas

Earlier in this chapter, it was noted that the Census data presented above account for only a part of the nation's housing problem, because they do not measure the extent of heating

system, electrical system, and structural condition deficiencies. How important are these problems in comparison to the Census measures reviewed to this point?

Data from the American Housing Survey (AHS) indicate that these "missing problems" affect only a small fraction of all households nationally. Table 3.2 showed that only 4.5 percent of all occupied housing units had facility or condition deficiencies of any kind. And only a small part of this group was accounted for by deficiencies not also recorded in the Census. Together, they raised the total with physical deficiencies only by 0.7 percent. Still we do not know if this is an accurate portrayal of their importance in AIAN occupied housing.

The only data that can provide additional clarity on this issue are from the small scale household survey conducted in a sample of Tribal Areas as a part of this study (see discussion in Chapter 1). In this survey, interviewers (usually local tribal members) interviewed the sampled households, but also recorded physical characteristics of their housing units, following questions similar to those used in the AHS (and conforming to the standards stated in Figure 3.2).

Because the sample was so small nationally (414 complete responses), no attempt was made to analyze these deficiencies item by item but the data were tabulated in a manner that would support an estimate of the total effect of the types of deficiencies not covered by the Census. This entailed: (1) grouping the data by region; (2) identifying the number of sampled units in each group that did not have Census problems but did have heating, electrical and/or condition deficiencies and calculating their share of all units in each regional grouping; and (3) creating a national estimate, adjusting the raw scores by applying appropriate AIAN Tribal Area household count weights for each region.

The resulting estimates indicated that, for AIAN households in Tribal Areas, deficiencies in these categories are much more important than they are at the national level. Compared to the 0.7 percent national average, about 17 percent of the weighted Tribal Area sample had heating, electrical, or condition deficiencies (exclusive of Census plumbing and kitchen deficiencies). Adding this to the 14 percent with plumbing and kitchen deficiencies brings the total with all such problems to 31 percent. After making minor adjustments to the overlap with overcrowding, the total percent of occupied units overcrowded and/or with any physical deficiencies jumps from the 28 percent identified by Census measures alone, to 40 percent.²⁹

²⁹At the 95 percent confidence level, the estimate of the share of all units with severe condition and/or heating/electrical falls in the range from 11.7 percent to 22.3 percent; the estimate of the portion of that group that is not also overcrowded falls in the range from 7.4 percent to 16.6 percent. The Census estimates are also based on a sample, but a much more substantial one--the 95 percent confidence interval around the point estimates given above are well below one percent. Adding the Census estimates to those derived from the household sample produces the following results: the point estimate for the total units with any severe condition or facility problem was 31 percent (95 percent confidence interval, 26 percent to 36 percent); the estimate for the total units overcrowded and/or with any severe condition or facility problem was 40 percent (95 percent confidence interval, 35 percent to 44 percent).

Adding those with affordability problems only, the share with any housing problems increases from 44 percent to 54 percent (see Figure 3.4).

Official census figures show a total of 234,400 occupied housing units in Tribal Areas nationally in 1990. The 40 percent average implies that 93,800 of these units were overcrowded and/or had serious physical deficiencies. That number, however, is not adjusted to compensate for the major census undercount in Tribal Areas that occurred in 1990. If that adjustment is made, the total overcrowded and/or with serious physical deficiencies would be 105,200 units (81,600 of which had physical deficiencies).

Because these estimates were based on such a small sample, they should be used with caution. They do seem to indicate at the very least, however, that deficiencies of AIAN Tribal Area housing with regard to condition and heating and electrical systems are indeed serious. Added to the more reliably documented Census measures of problems with plumbing and kitchen facilities (much more frequent than for Indians or non-Indians in other areas), it does appear that American Indian and Alaska Native Tribal Areas contain among the most serious concentrations of inadequate occupied housing that still exist in America.

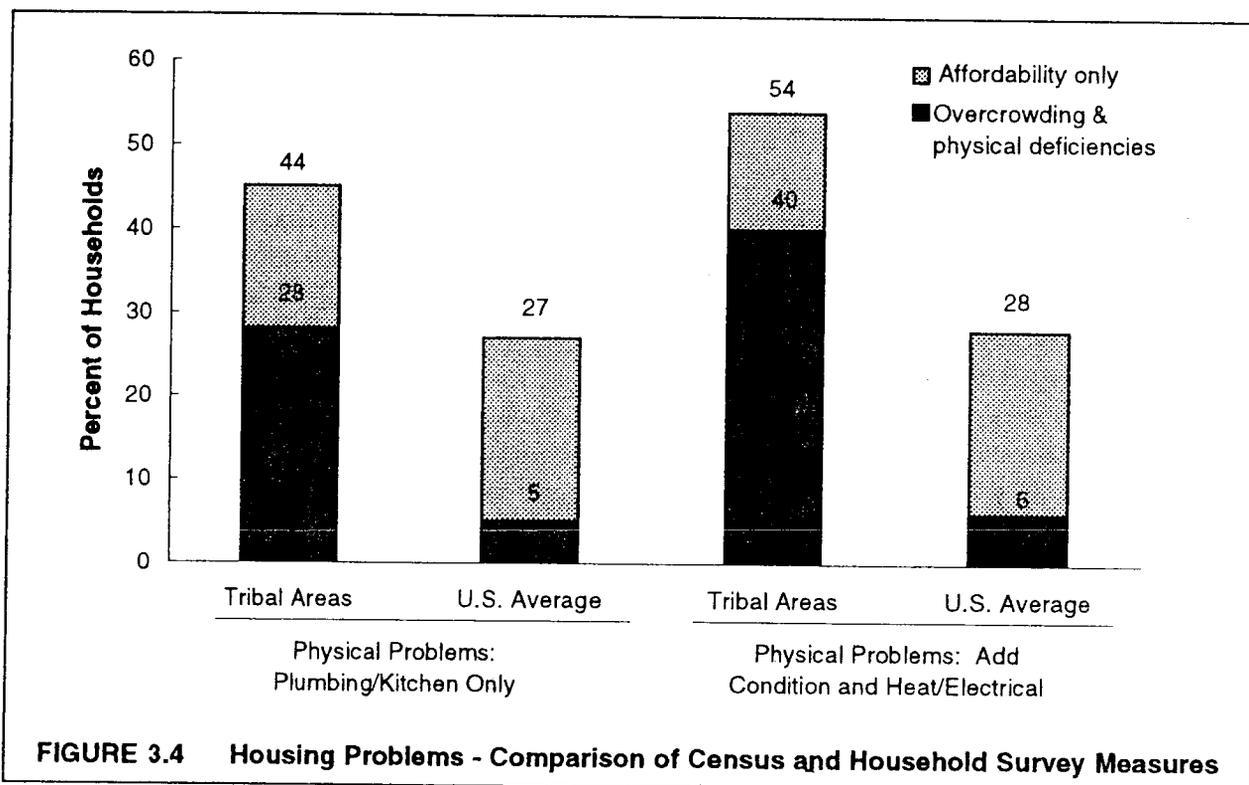
No data is available to support reliable estimates of condition and heating/electrical facilities problems of AIAN housing in other areas. Because AIAN households tend to occupy older units on average, it is likely that their deficiencies in this regard are more serious than those of non-Indians in those locations. Yet such problems are probably much less widespread than those in Tribal Areas.

TRIBAL AREA HOUSING PROBLEMS: REGIONAL VARIATIONS

Table 3.4 shows the percentage of AIAN Tribal Area households in each housing problem category, by tenure group, by region. This table reports only on housing problems evidenced in Census files. Because of the small sample size, household survey data on other problems were not tabulated at the regional level.

All Households with Problems

In absolute terms, the largest concentration of housing problems occurs in the Arizona-New Mexico region (39,300 households with one or more problems, 31,200 of which are owners). The second largest is in Oklahoma (25,200 households with problems, 13,700 of which are owners) and the third is in the Plains region (11,900 households, 4,900 of which are owners).



In percentage terms, a somewhat different picture of priorities is apparent. Two regions stand out as having, by far, the largest shares of all Tribal Area households with housing problems: Alaska, with a notable 71 percent, and Arizona-New Mexico, with 68 percent. The next highest regions were the Plains (47 percent) and the South Central (42 percent). Overall shares with problems were in the 30-40 percent range for all other regions except for Oklahoma, which was lowest at 29 percent.

Affordability Problems in Tribal Areas

As pointed out earlier in this chapter, affordability problems are not as frequent in Tribal Areas as they are for AIAN households elsewhere, but they are quite high in some cases.³⁰ The share of all Tribal Area households whose only problem is affordability is considerably higher for renters (24 percent) than owners (13 percent) and this distorts the comparison of the overall

³⁰The breakdowns on these tables are calculated so that subcategories add to totals, thus they do not exhibit all of the overlaps that occur. The first category--Affordability only--is just that. The second--Overcrowding and mixed--includes all of the overcrowded households, but some of these also have affordability and facility problems. The third--Facility and other--includes households in units lacking plumbing and/or kitchen facilities, but some of these may also have affordability problems.

Table 3.4
TRIBAL AREA HOUSING PROBLEMS BY REGION--PCT. OF HOUSEHOLDS

	Total U.S.	Reg. 1 North- Central	Reg. 2 Eastern	Reg. 3 Okla.	Reg. 4 South- Central	Reg. 5 Plains	Reg. 6 Ariz.- N.Mex.	Reg. 7 Calif.- Nev.	Reg. 8 Pacif. No.West	Reg. 9 Alaska
Renter										
No housing problem	50.1	55.1	53.9	56.0	47.1	46.4	42.2	63.1	55.3	27.4
One or more problems										
Afford. only	24.2	28.6	29.6	31.8	32.4	24.3	9.3	18.3	27.5	11.1
Overcrowded + mix	21.5	13.9	10.0	10.0	19.2	26.8	42.3	16.4	16.0	39.0
Facil. and other	4.2	2.4	6.6	2.2	1.3	2.6	6.3	2.2	1.2	22.5
Subtotal	49.9	44.9	46.1	44.0	52.9	53.6	57.9	36.9	44.7	72.6
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Owner										
No housing problem	58.3	68.8	71.6	77.4	62.0	60.2	29.1	68.2	68.8	29.9
One or more problems										
Afford. only	13.3	17.6	16.9	17.0	20.8	15.5	6.2	15.2	16.2	6.2
Overcrowded + mix	20.4	10.7	9.2	4.7	15.8	19.5	45.5	12.9	13.2	37.9
Facil. and other	8.0	3.0	2.3	0.9	1.4	4.7	19.1	3.7	1.8	26.0
Subtotal	41.7	31.2	28.4	22.6	38.0	39.8	70.9	31.8	31.2	70.1
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Total by Region										
No housing problem	55.7	62.7	67.4	70.9	57.7	53.2	32.2	66.5	63.4	29.2
One or more problems										
Afford. only	16.7	22.5	19.9	21.4	24.1	20.0	7.0	16.2	20.7	7.6
Overcrowded + mix	20.8	12.1	9.4	6.3	16.8	23.2	44.8	14.1	14.3	38.2
Facil. and other	6.8	2.8	3.4	1.3	1.4	3.6	16.0	3.2	1.5	25.0
Subtotal	44.3	37.3	32.6	29.1	42.3	46.8	67.8	33.5	36.6	70.8
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Total Across Regions										
No housing problem	100.0	4.1	9.1	47.1	2.1	10.3	14.3	3.6	6.4	2.9
One or more problems										
Afford. only	100.0	4.9	8.9	47.4	3.0	13.0	10.3	2.9	7.0	2.6
Overcrowded + mix	100.0	2.1	3.4	11.2	1.7	12.1	53.3	2.0	3.9	10.3
Facil. and other	100.0	1.5	3.7	7.1	0.4	5.7	58.2	1.4	1.3	20.6
Subtotal	100.0	3.1	5.5	24.2	2.0	11.4	37.8	2.3	4.6	9.0
Total	100.0	3.7	7.5	37.0	2.1	10.8	24.7	3.0	5.6	5.6

average with Indians living in other metropolitan and nonmetropolitan environments since Tribal Areas have higher ownership rates than found in other areas.

Among renters, the highest shares with an affordability-only problem are found in the Oklahoma and South Central regions (both at 32 percent). The lowest are much below those levels: 9 percent in Arizona-New Mexico and 11 percent in Alaska. For owners, there is not quite as much variation. The highest is again the South Central (21 percent) followed by the North Central, Oklahoma, Eastern, and Pacific Northwest (all in the 16-18 percent range). The lowest

affordability problem shares for owners, however, are found in the same regions as for renters: Arizona-New Mexico and Alaska (both at 6 percent).

Overcrowding and Facility Problems

Taking both these categories together, incidence rates do not vary dramatically between renters (26 percent) and owners (28 percent) for all Tribal Areas nationally. But there are major regional variations. Two regions dominate in this regard: Alaska (with 63 percent of all households having these problems) and Arizona-New Mexico (61 percent). The next highest (South Central) is far below those levels at 27 percent. All the rest are in the 13-18 percent range except Oklahoma, which is again low at 8 percent.

There are compositional differences between the regions with the most serious problems in this regard. In Arizona-New Mexico, by far the most frequent problem (affecting 45 percent of all households) is overcrowding. In Alaska, 38 percent are overcrowded--the problems there are explained more by a lack of basis facilities. The next highest in terms of overcrowding is the South Central region (23 percent). Rates of overcrowding are comparatively quite low elsewhere (all in the 9-17 percent range, again except for Oklahoma which is lowest at 6 percent).

Looking solely at the residual category (units that are not overcrowded but have facility deficiencies), problem levels are noteworthy only in Alaska (25 percent) and Arizona-New Mexico (16 percent). They are quite low in the Tribal Areas of all other regions.

Summary

To be sure, there are important regional differences in the incidence of housing problems in Tribal Areas. Probably most important is that physical problems (overcrowding and facility deficiencies) are considerably higher in two regions (Alaska and Arizona-New Mexico) than they are elsewhere. Though lower than in these two, overcrowding rates in the Tribal Areas of all other regions are still serious (much above the national averages for non-Indians) but the incidence of facility deficiencies is quite low in most other regions.

The pattern with respect to affordability problems, however, appears to be almost the reverse of that for physical problems. Oklahoma, for example, which has by far the lowest share of its units overcrowded or with facility deficiencies, has one of the highest shares with affordability problems. And the regions that have by far the lowest share of renters with affordability problems are Alaska and Arizona-New Mexico.

THE IMPACT OF HUD HOUSING ASSISTANCE

HUD's Housing Production Programs

The Federal government began to provide substantial amounts of new housing construction in Tribal Areas in the mid-1960s. It has relied primarily on two programs: the Rental Program (essentially the national Public Housing program, implemented in Indian country with very little adaptation), and the Mutual Help Program (one of a very few Federal programs that have offered home-ownership to low-income families). (See complete descriptions in Chapter 4 and 5).

Table 3.5 shows the calculation of the number of AIAN occupied units provided by the Indian Housing Authorities (IHAs) under these programs in Tribal Areas in 1990 (at the time of the Census). Not all of the units in management in these programs are not occupied (i.e., some are vacant) and some that are occupied are occupied by non-Indians. The calculations, in effect, subtract vacant and non-Indian occupied units from the totals (data from HUD's MTCS and MIRS systems--see Chapter 1).

This contribution is indeed impressive. There were a total of 60,700 AIAN occupied IHA units in Tribal Areas in 1990. This means that these programs were serving 26 percent of all Tribal Area AIAN households and 42 percent of all Low Income AIAN households in Tribal Areas. These figures assume official Census totals. If adjustments are made to respond to the undercount discussed in Chapter 1, HUD programs were serving roughly 23 percent of all Tribal Area AIAN households and 37 percent of all Low Income AIAN households in Tribal Areas.

Whichever calculation is used, this is a substantially higher rate of housing assistance than HUD typically has been able to provide to needy groups. In 1989, HUD provided assistance to about 4.1 million renter households nationally (1.4 million in public housing projects, 1.7 million in other assisted projects, and 1.0 million through Section 8 tenant-based assistance--Casey, 1992)--only 22 percent of the total 18.9 million Low Income renters in the country at that time.

Table 3.5 also shows that there is considerable variation in the distribution of this housing by region. HUD's contribution has been by far the highest in Tribal Areas of the Plains, California-Nevada, and North Central regions where 78 percent, 73 percent, and 64 percent of all Low Income AIAN households are served, respectively. At the other extreme, HUD units serve only 14 percent of all Low Income AIAN households in the Tribal Areas of the South Central region, 27 percent in the Eastern Region, 32 percent in Oklahoma, and 33 percent in the Arizona-New Mexico region.

Table 3.5
ESTIMATE OF AIAN OCCUPIED IHA HOUSING, 1990 AND 1994

	Total U.S.	Reg. 1 North- Central	Reg. 2 Eastern	Reg. 3 Okla.	Reg. 4 South- Central	Reg. 5 Plains	Reg. 6 Ariz.- N.Mex.	Reg. 7 Calif.- Nev.	Reg. 8 Pacif. No. West	Reg. 9 Alaska
LOW RENT PROGRAM										
Units in Mgmt 1994	26,225	3,389	1,241	2,778	174	9,051	6,346	1,320	1,582	344
Built 1990-94	1,769	191	100	0	0	489	641	202	105	41
Units in Mgmt 1990	24,456	3,198	1,141	2,778	174	8,562	5,705	1,118	1,477	303
% Occupied		95.0	95.0	80.0	70.0	95.0	91.0	93.0	96.0	91.0
% AIAN Occupied		97.0	77.5	33.1	50.9	97.9	97.0	96.2	97.7	46.4
AIAN Occ.Units 1990	20,097	2,947	840	736	62	7,963	5,036	1,000	1,385	128
AIAN Occ.Units 1994	21,664	3,123	914	736	62	8,418	5,602	1,181	1,484	145
MUTUAL HELP AND OTHER PROGRAMS										
Units in Mgmt 1994	47,847	1,355	2,071	14,666	387	7,114	11,258	3,257	2,787	4,952
Built 1990-94	4,910	179	221	920	20	518	1,615	486	430	521
Units in Mgmt 1990	42,937	1,176	1,850	13,746	367	6,596	9,643	2,771	2,357	4,431
% Occupied		92.3	99.7	96.6	96.3	92.8	95.8	96.7	99.0	98.0
% AIAN Occupied		99.4	99.4	97.8	93.0	98.5	99.3	99.2	98.4	96.4
AIAN Occ.Units 1990	40,564	1,079	1,834	12,980	329	6,031	9,172	2,657	2,296	4,186
AIAN Occ.Units 1994	45,221	1,244	2,053	13,849	347	6,504	10,708	3,123	2,715	4,678
TOTAL AIAN OCC. IHA UNITS (000)										
AIAN Occ.Units 1990	60.7	4.0	2.7	13.7	0.4	14.0	14.2	3.7	3.7	4.3
AIAN Occ.Units 1994	66.9	4.4	3.0	14.6	0.4	14.9	16.3	4.3	4.2	4.8
AIAN HOUSEHOLDS, TRIBAL AREAS (000)										
Total 1990	234.4	8.6	17.6	86.6	4.9	25.4	57.9	7.1	13.2	13.1
Low Income 1990	144.3	6.3	9.8	43.2	2.8	17.9	42.6	5.0	7.9	8.7
Total 1994	264.8	9.5	21.4	100.3	6.0	27.6	63.3	7.7	14.6	14.4
PERCENT SERVED BY IHA PROGRAMS										
Total 1990	25.9	46.8	15.2	15.8	8.0	55.2	24.5	51.8	28.0	32.9
Low Income 1990	42.0	64.3	27.3	31.7	13.7	78.0	33.3	72.5	46.7	49.7
Total 1994	25.3	46.0	13.9	14.5	6.8	54.1	25.8	55.9	28.8	33.5

Housing Problems in Assisted vs. Unassisted Units

Reliable data on the incidence of housing problems in HUD-assisted units are not available. However, crude estimates can be made using the sample household survey data. The data were assembled in accordance with the framework of standards defined in Figure 3.2 for those units in the sample that were HUD-assisted. The results were that about 14,600 of all HUD-assisted units (24 percent) were either overcrowded and/or had physical deficiencies. By subtraction from the totals, this would imply that 79,200 unassisted units (or 45 percent of the

total unassisted stock) had such problems.³¹ In comparison, there were about 84,200 Low Income households in Tribal Areas that did not live in HUD-assisted units. We know that sampling error implies a fairly large range of uncertainty around these estimates of physical problems. However, they do indicate at the very least, that a very high proportion of all Low-Income households in Tribal Areas that do not now receive HUD assistance have very serious housing problems.

DIVERSITY IN HOUSING PROBLEMS ACROSS TRIBAL AREAS

Analysis

As was noted in Chapter 2, regional variations tell us something about Tribal Area diversity, but they by no means explain it all. To provide a better understanding, the same type of regression approach has been used to test the relationship between the key variables identified in Chapter 2 and the extent of Tribal Area housing problems.

The evidence above suggests that the share of all units with one or more problems is not likely to be a meaningful aggregate for these purposes, since it is made up of two very different types of conditions that seem to behave in opposing directions: where the incidence of overcrowding and physical deficiencies is high, the share with pure affordability problems seems to be low, and vice versa.

Accordingly, two separate analyses were run. In the first, the dependent variable was the share of all units overcrowded and/or with physical deficiencies, and in the second, the dependent variable was the share of all households whose only housing problem is affordability.

Both analyses used the same independent variables. The first two are those that proved to be highly significant in the analyses in Chapter 2: (1) the log of the distance between the Tribal Area and the nearest large urban area; and (2) the ratio of total population to AIAN population. Others included were: (3) PPSE employment per 1,000 population; and (4) the population size of the Tribal Area.

The first regression explained 37 percent of the variance in the share overcrowded and/or with facility deficiencies. Both the PPSE and the distance variables were significant at the 99

³¹This estimate is based on official Census housing stock counts. If adjustment is made to compensate for the undercount discussed earlier, the estimated number of unassisted units overcrowded and/or with serious physical deficiencies increases from 79,200 to 90,600. As to the question of sampling error around these numbers, the reader should consult the footnote related to estimates of total housing problems in Tribal Areas earlier in this chapter.

percent level, and the population size variable at the 95 percent level. The ratio of total to AIAN population was less so (level of 0.2615). All signs were as expected. The share with these physical problems tends to *increase* the greater the distance from a large urban center and the smaller the ratio of total to AIAN population, the level of PPSE employment, and the total population of the area. (See Annex 3A at the end of this chapter).

The second regression was not as strong (explaining 17 percent of the variation in the affordability share), but all independent variables were significant at the 99 percent level, except for population size (0.154). And, as expected, the signs were the reverse of those found in the analysis above. Affordability problems tend to *decrease* the greater the distance from a large urban center and the smaller the ratio of total to AIAN population, the level of PPSE employment, and the total population of the area. (See Annex 3B).

These analyses strongly suggest that proximity to an urban center and a private employment base are closely linked to lower levels of physical housing problems. There is a tendency for severe housing problems to be closely associated with isolation and inadequate employment opportunities.

The Typology and Housing Problems and Needs

Again, to illustrate the contrasts between different types of Tribal Area environments, this section returns to the typology developed in Chapter 2--this time to examine differences in housing problems and needs in the various groups it defines. Table 3.6 shows the distribution of housing units by group and type of housing problem in percentage terms. Results are as anticipated, given the regression analysis above.

Total overcrowding and/or facility problems were highest in the Navajo reservation (78 percent) and Alaska (71 percent), still high in other areas that were not Large, Open, or Near Urban (47 percent), and much lower in all other types of areas.

Affordability problems were highest in all groups in the Near Urban category and the Large Open Tribal Areas that were more remote (averaging around 20 percent), and lowest in Navajo (5 percent), Alaska (8 percent) and others in the remote category (15 percent).

All housing problems. The pattern for the totals of these two categories resembles that for the incidence of overcrowding and/or facilities, but the variations are not as extreme.

Housing problems for Very Low-Income Groups. VLI shares tend to be higher in the more remote Tribal Areas as does the total incidence of housing problems. It is not surprising then that these areas rank highest when both indicators are combined. On the Navajo

Table 3.6
MARKET TYPOLOGY OF TRIBAL AREAS, HOUSING PROBLEMS (Pct. of households)

	HOUSEHOLDS WITH HOUSING PROBLEMS									
	Total Hsehlds	All Households			Low-Income Households			Very Low-Inc. Households		
		Total	C.F. and O.C.	Afford. only	Total	C.F. and O.C.	Afford. only	Total	C.F. and O.C.	Afford. only
NEAR URBAN AREAS										
Large-Open										
Strong Priv. Empl.										
Oklahoma	100.0	28.5	7.1	21.4	23.3	4.7	18.6	17.6	3.2	14.4
Other	100.0	39.7	15.0	24.6	33.9	11.5	22.5	25.3	7.6	17.7
Subtotal	100.0	29.7	8.0	21.8	24.5	5.4	19.0	18.4	3.7	14.8
Lower Priv. Empl.	100.0	35.7	14.5	21.2	29.2	10.3	18.9	24.0	7.3	16.7
Total	100.0	30.7	9.0	21.7	25.2	6.2	19.0	19.3	4.2	15.1
Other										
Strong Priv. Empl.	100.0	32.5	12.0	20.6	26.1	7.0	19.1	20.4	4.0	16.4
Lower Priv. Empl.	100.0	43.0	29.0	14.0	36.6	22.7	13.8	29.3	16.2	13.1
Total	100.0	38.7	22.0	16.7	32.2	16.2	16.0	25.7	11.2	14.5
Total	100.0	32.9	12.6	20.3	27.1	9.0	18.2	21.1	6.1	14.9
REMOTE										
Large-Open										
Strong Priv. Empl.	100.0	31.2	8.7	22.4	26.4	6.1	20.3	20.5	4.2	16.3
Lower Priv. Empl.	100.0	36.9	16.7	20.2	32.8	13.6	19.3	27.3	9.7	17.6
Total	100.0	32.8	11.0	21.8	28.3	8.2	20.0	22.5	5.8	16.7
Navajo	100.0	77.8	73.0	4.8	63.3	58.8	4.5	51.7	47.5	4.2
Other										
Strong Priv. Empl.	100.0	34.8	23.4	11.4	27.8	16.4	11.4	22.0	11.6	10.4
Lower Priv. Empl.	100.0	47.6	31.0	16.6	40.7	24.5	16.2	33.6	18.8	14.8
Total	100.0	46.7	30.5	16.2	39.8	24.0	15.9	32.9	18.3	14.5
Total	100.0	51.4	36.7	14.7	43.0	29.2	13.8	35.0	22.9	12.1
ALASKA	100.0	70.7	63.1	7.6	53.2	46.7	6.6	43.0	36.9	6.1
TOTAL	100.0	44.4	27.6	16.7	36.6	21.3	15.3	29.4	16.3	13.0

reservation, over half (52 percent) of all households are VLI households with housing problems. The comparable share is 43 percent in Alaska, and 33 percent for others that are remote but not Large and Open. The comparable share is only 4 percent in Areas that are Near Urban, Large, and Open.

VARIATIONS IN THE HOUSING PROBLEMS OF URBAN INDIANS

Contrasts in Housing Conditions for Urban Indians

As shown in Table 3.7, there are some important contrasts between central city and suburban AIAN households with respect to key housing problem indicators in the 15 selected MSAs. First, affordability problems in these MSAs are particularly high, affecting 37 percent of all AIAN households in the central cities, and 39 percent in the suburbs, on average. In both cases, AIAN rates are substantially higher than those for non-Indians in the same environments.

Second, there is a larger gap locationally, with respect to overcrowding. The overcrowding rate for Indians is significantly higher in the central cities (13 percent) than in the suburbs, but again, both are much above the comparable rates for non-Indians.

With respect to shares living in older housing (built in 1949 or earlier), the pattern is reversed. In almost all MSAs, central cities have a much larger proportion of older housing than the suburbs. But for Indian renters, a higher share of suburban residents live in older units (53 percent) than city residents (42 percent). In contrast, a smaller share of homes owned by Indians in the suburbs is in this age category (16 percent) than is true for non-Indians (21 percent).

Homeless and Access to Housing Assistance in Urban Areas

Two aspects of housing problems are more serious for urban Indians than for those who live in Tribal Areas. The first is homelessness. Our site surveys indicate that in Tribal Areas, the lack of sufficient housing is reflected in overcrowding rather than actual homelessness: i.e., virtually all people who have no shelter of their own are taken in by relatives or other tribal members. Homelessness per se is a serious problem, however, for the AIAN population in urban areas. The survey generally considered the most reliable (see Burt, 1992) indicates that AIAN individuals account for 2.3 percent of all homeless people nationally. This translates into an incidence rate three times that of the population as a whole.

The second problem is the low access of poor AIAN urban families to the housing assistance programs made available to the general population. In our 15 selected MSAs, very low-income groups account for from 23 percent to 44 percent of all AIAN households. Yet the number of such households in public housing ranges from none to only 3.5 percent of those in the VLI group. This result may be explained in part by the aversion of Indians to public housing, but it also appears that public housing authorities have not yet given high priority to outreach and education or other program initiatives, so as to better serve eligible Indian families.

Table 3.7
Urban Indians: Housing Problems

Indicator	Percent AIAN	Percent Non-AIAN	Ratio AIAN/ non-AIAN
Affordability Problem			
Central Cities	37%	29%	1.3
Suburbs	39%	21%	1.9
Overcrowding			
Central Cities	13%	4%	3.3
Suburbs	10%	2%	5.0
Unit Built 1949 or earlier, Renters			
Central Cities	42%	38%	1.1
Suburbs	53%	14%	3.8

PROSPECTS AND POLICY IMPLICATIONS

Prospects

The first question here is how rapidly the number of AIAN households is likely to grow overall and in different parts of this country; i.e., where are the pressures for new housing likely to be greatest and to what extent? While preparing a serious "forecast" of these changes was beyond the scope of this study, a rough approximation was made by assuming rates of total AIAN population growth based on Bureau of the Census (1993) estimates, a spatial distribution of that growth similar to that observed in the 1980s, and rates of decline in population per household ratios also similar to what was experienced in the 1980s (see Kingsley, Mikelsons, and Herbig, 1995).

Results are summarized in Table 3.8. They show the national AIAN population growing from 2.0 million in 1990 to 2.15 million in 1994 and to 2.4 million at the end of the century. By that time, there will be only modest shifts in the spatial distribution. The Tribal Area share will have increased from 60 percent to 63 percent, and the Surrounding County share, from 37 percent to 38 percent. The shares in the rest of the U.S. will have declined (from 31 percent to 30 percent for other Metropolitan Areas and from 10 percent to 8 percent for other Nonmetropolitan Areas).

Table 3.8
ILLUSTRATIVE ESTIMATES—AIAN POPULATION GROWTH THROUGH 2000

	AIAN COUNTIES				REST OF U.S.		
	Total U.S.	Total	Tribal Areas	Surr. Co.	Total	Metro.	Non-Metro.
POPULATION (000)							
1980 (Apr.)	1,528.4	826.2	531.2	295.0	702.1	500.5	201.6
1990 (Apr.)	2,009.5	1,201.3	739.8	461.5	808.2	617.6	190.6
1994 (Jan.)	2,150.0	1,310.8	800.6	510.2	839.2	651.8	187.4
2000 (Apr.)	2,400.0	1,505.7	909.0	596.7	894.3	712.6	181.7
PERCENT OF U.S. POP.							
1980 (Apr.)	100.0	54.1	34.8	19.3	45.9	32.7	13.2
1990 (Apr.)	100.0	59.8	36.8	23.0	40.2	30.7	9.5
1994 (Jan.)	100.0	61.0	37.2	23.7	39.0	30.3	8.7
2000 (Apr.)	100.0	62.7	37.9	24.9	37.3	29.7	7.6
POP. GROWTH PER YEAR (000)							
1980-1990	48.1	37.5	20.9	16.7	10.6	11.7	-1.1
1990-1994	37.5	29.2	16.2	13.0	8.3	9.1	-0.9
1994-2000	38.5	30.0	16.7	13.3	8.5	9.4	-0.9
PERCENT OF U.S. NET INCREASE							
1980-1990	100.0	78.0	43.4	34.6	22.1	24.3	-2.3
1990-1994	100.0	77.9	43.3	34.7	22.1	24.3	-2.3
1994-2000	100.0	78.0	43.4	34.6	22.0	24.3	-2.3
TOTAL POPULATION PER HOUSEHOLD							
1990 (Apr.)	2.47	2.84	3.16	2.46	2.07	2.07	2.06
1994 (Jan.)	2.44	2.75	2.98	2.45	2.06	2.07	2.06
2000 (Apr.)	2.36	2.59	2.70	2.45	2.05	2.06	2.05
NO. OF HOUSEHOLDS (000)							
1990 (Apr.)	812.4	422.3	234.4	187.9	390.2	297.7	92.5
1994 (Jan.)	882.7	476.3	268.6	207.7	406.4	315.3	91.1
2000 (Apr.)	1,015.8	580.6	337.3	243.3	435.2	346.6	88.6
HOUSEHOLD GROWTH PER YEAR (000)							
1990-1994	18.7	14.4	9.1	5.3	4.3	4.7	-0.4
1994-2000	20.5	16.0	10.6	5.5	4.4	4.8	-0.4
PERCENT OF U.S. NET INCREASE							
1990-1994	100.0	76.8	48.6	28.2	23.0	25.0	-2.0
1994-2000	100.0	78.4	51.6	26.7	21.6	23.5	-1.9

Tribal Areas, however, will exhibit a more substantial growth in total households (both because they continue to receive a large share of all national AIAN population growth and because their average household size is declining more rapidly). Tribal Areas in total will have to accommodate about 10,000 new households per year over the decade, compared to 5,400 in

the Surrounding Counties and 4,800 in other Metropolitan Areas. Other Nonmetropolitan Areas will continue to suffer a decline in households (by about 400 per year).

We expect substantial variations in growth by region. The annual number of new households to be accommodated would be highest in the Eastern region (5,000), followed by Oklahoma (4,500) and Arizona-New Mexico (2,900). All other regions could expect household growth increments of less than 2,000 per year.

In Tribal Areas in 1990, 62 percent of all households were low-income and the data show that at least 60 percent of them were overcrowded or lived in units with serious physical deficiencies even as defined by Census measures. A perpetuation of those shares through the 1990s would imply that the number of low-income households in Tribal Areas would grow on average by 6,200 per year, and the number overcrowded and with facility problems would grow by about 3,700 per year. Yet from 1990 to 1994, the number of HUD units in Tribal Areas occupied by AIAN households grew by only about 1,700 per year. We cannot be sure the same proportions will hold throughout this decade, but it does seem very likely that HUD assistance is falling very short of what is needed even to keep up with the growth of housing problems in Tribal Areas.

For low-income AIAN households outside of Tribal Areas, it is extremely difficult to speculate on how their housing problems are likely to change over this decade under current policies. In general, U.S. housing problems in the mid-1990s are similar to those discussed earlier in this chapter. Affordability problems continue to dominate. The percentage of units with physical housing deficiencies still remains at a low level, and while vacancy rates are unusually high in many markets, rents and home values continue at high levels as well. We see no reason to believe that the housing problems of AIAN households living in metropolitan environments are improving through the natural evolution of the private housing market. Federal housing assistance grew somewhat during earlier parts of the decade, but not enough to have much effect on the sizeable gap between the number provided for and the number eligible.

Policy Implications

Part II of this report will assess existing Federal housing assistance programs operating in Indian country and Part III will consider policy alternatives. The findings of Part I suggest several themes that orient the work in both areas.

1. The data show that the housing problems of American Indians and Alaska natives remain considerably more severe than those of non-Indians in all parts of America. This finding simply underscores the importance of the tasks taken on in the remainder of this report.

2. Given that the housing problems of low-income families in Tribal Areas are both deeper and more pervasive than those for Indians living elsewhere, those Areas should justifiably remain the focus for national Indian housing policy. From the numbers presented above, it seems quite likely that the housing problems of those Areas are getting worse in the 1990s. The production rate of HUD housing for Tribal Areas appears considerably below than what would be needed to keep up with the growth, let alone begin to address the enormous backlog of deficient units that existed when the decade began. Accordingly, Federal housing assistance in Tribal areas is the central focus for analysis in Parts II and III.
3. Perhaps the most dramatic contrast presented in this review is that between those who are and are not served by HUD housing assistance at this point. Forty percent of the households in need in Tribal Areas are receiving very substantial subsidies. The remaining 60 percent, many with extremely serious housing deficiencies, receive no assistance whatsoever. A key theme in examining present programs and considering alternatives, should revolve around the question of whether and how this inequity can best be addressed.
4. One of the strongest findings of Part I has been the diversity of economic, social, and housing conditions that exists across Tribal Areas. This diversity suggests that, if they are to be both equitable and efficient, local housing strategies cannot be uniform. For example, an Area next to a large city will have different opportunities for housing delivery than a remote reservation. Even two Tribal Areas in similar locations are likely to have a different mix of housing needs and opportunities--programs that provide highly efficient and effective incentives for housing improvement in one, may not work in another because of cultural, political, or economic reasons. Existing programs, and future alternatives, should be assessed in relation to how well they can respond to these realities.
5. The overwhelming housing problem of the AIAN population outside of Tribal Areas is affordability, rather than physical deficiencies. This suggests the need for an approach to housing assistance in those locations that gives primary recognition to this need.
6. Increasing homeownership among AIAN households does appear to be a realistic prospect that warrants more attention at the national level; 48 percent of all AIAN households nationally are in the moderate and higher income ranges (incomes above 80 percent of the local median) but ownership rates for these groups are significantly below those of non-Indians at similar income levels in most parts of

the country. Examination of prospects for expanding private mortgage lending in Indian country is clearly called for as a part of the search for more effective Indian housing policy.

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**Annex 3A
Multiple Regression Analysis 1**

Dependent Variables: OPROB Other Than Affordability Problem For AIAN Households, (Overcrowding/Facility Mix), AIAN Area

Independent Variables:

SHARE Ratio Of Total Tribal Area Population To AIAN Population
 PPSE Private For-Profit and Self-Employed Persons Per 1,000 Persons
 PSIZE If AIAN Area Population Greater Than 400 Persons, PSIZE = 1, 0 Otherwise
 LNDIS50 Natural Log Of Distance From AIAN Area To Nearest Urban Place Of 50,000 Or More Persons

Variation

R-Square: 36.70
 Standard Error: 28.31

Analysis of Variance

Degrees of Freedom: 4
 Mean Dep. Variable: 40.00
 F Value: 72.75
 Probability > F: .0001

Variable:	Parameter Est.:	Std. Error:	T for HO:	Prob.> ITI:
INTERCEPT	-1.73	6.24	-0.27	.7819
SHARE	-0.08	0.07	-1.12	.2615
PPSE	-1.08	0.01	-6.70	.0001
PSIZE	-5.78	2.67	-2.16	.0312
LNDIS50	11.76	1.09	10.70	.0001

**Annex 3B
Multiple Regression Analysis**

Dependent Variables: AFFORD Affordability Problem For AIAN Households, AIAN Area

Independent Variables:

SHARE Ratio Of Total Tribal Area Population To AIAN Population
 PPSE Private For-Profit and Self-Employed Persons Per 1,000
 Persons
 PSIZE If AIAN Area Population Greater Than 400 Persons,
 PSIZE = 1, 0 Otherwise
 LNDIS50 Natural Log Of Distance From AIAN Area To Nearest
 Urban Place Of 50,000 Or More Persons

Variation

R-Square: 17.63
 Standard Error: 12.34

Analysis of Variance

Degrees of Freedom: 4
 Mean Dep. Variable: 12.38
 F Value: 26.86
 Probability > F: .0001

Variable:	Parameter Est.:	Std. Error:	T for HO:	Prob.> T :
INTERCEPT	17.65	2.72	6.48	.0001
SHARE	0.11	0.03	3.51	.0005
PPSE	0.02	0.00	5.00	.0001
PSIZE	1.66	1.16	1.42	.1539
LNDIS50	-2.11	0.47	-4.40	.0001

PART II

PROGRAM ASSESSMENT

Chapter 4

AMERICA AND INDIAN HOUSING POLICY: BACKGROUND AND APPROACH TO ASSESSMENT

Part II of this report is an assessment of current Federal Indian housing programs and policies, focusing on the programs operated by the U.S. Department of Housing and Urban Development (HUD). In this chapter, we provide background information needed as a basis for interpreting the findings: the story of how Indian housing emerged from America's broader policies affecting American Indians and Alaska Natives, a description of the programs that will be assessed (how they work), and data on levels at which they have been budgeted of late to give a sense of their comparative magnitudes. We then review the approach taken in this assessment. The assessment itself is presented in Chapters 5 and 6.

FOUNDATIONS OF AMERICA'S INDIAN HOUSING POLICY

The history of American Indian housing policy dates from the latter developments of termination and reform. Even though the 1921 Snyder Act had authorized the BIA to provide a broad range of assistance programs in Tribal Areas, it took many years before the Federal government seriously addressed the housing problems of Indian country. The United States Housing Acts of 1937, 1949 and subsequent amendments, had established as a goal decent, safe and sanitary housing for all Americans and initiated various housing assistance programs to achieve that goal, but even as these new programs were mounted, Indian families in remote areas were given little access to them.

It was not until 1961 that an Interior Department task force recognized that Indians on reservations and other Indian areas fell far behind the majority of Americans in realizing decent, safe, and sanitary housing. In that year, the Office of General Council in the Public Housing Administration (later to become a part of HUD), in collaboration with the Bureau of Indian Affairs,

Administration (later to become a part of HUD), in collaboration with the Bureau of Indian Affairs, determined that American Indian tribal governments were eligible "municipalities" with respect to participation in the rental assistance program authorized by the 1937 Housing Act. In 1962, the Mutual Help Homeownership Program was created as a program designed specifically to meet Indian housing needs.³² The administration of both the Rental and Mutual Help programs were transferred to HUD when that agency was created in 1965.

The design of the Mutual Help Program was unique. A "self-help" approach was envisioned which would instill pride of participation and enhanced owner involvement. It was also believed that the program would serve a greater number of Indian families than the low rent program at a lower cost. Contributions of land, labor or materials would reduce the amount of subsidy needed and the participant's maintenance of the unit would likewise reduce the need for Federal outlays. When Mutual Help was initiated, utility costs were low, and the Rental Program required fixed rents which were higher than the requirement for Mutual Help. The plan for Mutual Help was for the family's monthly contribution to go into an operation and maintenance account which, if not fully used, would go to pay off the unit, thus allowing the family to obtain homeownership. In essence, Mutual Help was to be a lease/purchase program for low-income Indian families.

The Bureau of Indian Affairs (BIA) worked closely with the Public Housing Administration in the development of Indian housing programs. The BIA actually played a direct role in the field administration of the Rental and Mutual Help programs in their early years as IHA and HUD capacity was being developed. The BIA had the statutory authority to develop its own housing assistance program since the 1921 Snyder Act, but never took advantage of it until 1965 when it established its Housing Improvement Program (HIP). HIP was initiated then primarily as a response to the devastating South Dakota floods of 1964. The program was set up to serve only the "neediest" Indians, and it has always been very small in relation to HUD's programs in Indian country.

In addition, some Indians living in Indian areas have received housing assistance from the Farmers Home Administration (FmHA), the Veterans Administration, and a few other sources such as tribal credit programs. Initially, the Indian Health Service (IHS) of the Department of Health, Education and Welfare provided water and sanitation facilities in support of Indian housing and communities. Today, water and sewer services for HUD-funded housing are developed by the Indian Housing Authorities (IHAs) that administer HUD programs in the field. In addition, the BIA provides land acquisition/leasing services and maintenance services for roads.

³² Mutual Help was created administratively as an alternative mechanism under existing law rather than by a separate act of Congress. In 1988, it was codified under a separate statute.

At HUD, Indian housing programs were administered simply as a part of the public housing program until the mid-1970s when HUD created the separate Office of Indian Housing. In 1976, the first Indian housing regulations were published as separate from the regulations for public housing. This move, acknowledged that (in particular due to tribal jurisdiction and the land tenure arrangements discussed in Chapter 1) problems in Indian housing were unique and required different solutions than general public housing programs.

The 1970s were the decade of maximum allocation of funds for the development of Indian housing units. A major effort began in 1969 with an Interdepartmental Memorandum of Understanding among HUD, BIA and IHS setting a goal to produce 40,000 units from 1970 through 1974 (HUD alone was to produce 6,000 units per year). While that goal was never met, nearly 25,000 units were built in Indian Country during the period (General Accounting Office, 1978). The Memorandum of Understanding served as a policy statement intended to increase the production of Indian housing.

In 1974, a special program to develop units in Alaska was initiated, again through the joint efforts of HUD, BIA and IHS. However, problems specific to Alaska housing development surfaced. In particular, due to the remoteness of most villages and the extreme climate, the costs of developing and operating housing with sanitation facilities were extremely high in relation to those elsewhere.

While problems of interagency coordination have surfaced throughout the evolution of Indian housing programs, the 1969 Memorandum of Understanding was subsequently updated to address those issues. It dealt with production processes, differences in budget cycles, communication and responsibilities. Another effort of the 1970s was the beginning of training programs for IHA staff and homebuyers.

In reality, in order to address a pressing need, an Indian housing program was created very quickly, attempting to deliver large numbers of housing units where no such program had existed before, with no administrative infrastructure existing at the local level. Housing programs also brought additional responsibilities to tribal governments who themselves were in a process of developing their own legal and institutional structures, such as tribal courts.

In 1978, the General Accounting Office published the report, *Substandard Indian Housing Increases Despite Federal Efforts: A Change Is Needed*, which assessed problems in the delivery of Indian housing assistance. It described the findings from various sources which supported the conclusions that existing Indian housing programs were not successful because they were underfunded, had not received enough attention, required too many complex procedures, lacked flexibility, required more trained personnel, and had coordination problems. Numerous alternatives were suggested including administratively changing the existing programs, creating

special programs for Indian housing using different criteria than those used for other programs, and consolidation of all Indian housing programs into one Federal agency. No major program changes were initiated, however, directly as a result of this report.

The early 1980s ushered in a more austere era for Indian housing, as it did for many other housing programs. The first Reagan administration budget recommended a final appropriation for Indian housing units in FY1982, and then a closeout of the HUD Indian housing program. Congress rejected that proposal but limited HUD's Indian housing production to 2,400 units in that year. In 1982 and 1983, the Indian Affairs staff of the House Committee on Interior and Insular Affairs, in consultation with Congressional, agency and Indian groups, drafted legislation providing for a new Indian housing program in the Bureau of Indian Affairs to replace the existing HUD programs. While passed out of Committee favorably, the proposed legislation was never brought to the floor for a vote. Backers of the existing programs strongly opposed that initiative as they did Administration proposals for block grant funding of Indian housing.

In response, HUD formed a "Secretary's Committee on American Indian and Alaska Native Housing" to advise the Secretary on major Indian housing issues. This reflected President Reagan's official Indian Policy Statement which declared that strong, effectively functioning tribal governments were needed to improve the social and economic conditions of Indians. This policy reiterated that of the Nixon administration Indian policy to encourage and strengthen tribal governments consistent with the Indian Self-Determination and Education Assistance Act.

A major recommendation of the Secretary's Committee was the separation of the Indian Housing Program from the Public Housing Program. While the Administration did not promote this initiative, Congress took the lead in separating the programs by passing the "Indian Housing Act of 1988" which, for the first time, established a statutory commitment to the provision of Indian housing assistance outside of the general framework of the 1937 act. Concurrently, HUD was developing consolidated regulations for Indian housing. These two actions were major steps in recognizing the need for a distinct approach to Indian housing problems.

Since then, HUD has implemented several initiatives (discussed in more depth later in this chapter) to improve efficiency and service to Native Americans. In addition, in 1989, Congress designated a *National Commission on American Indian, Alaska Native and Native Hawaiian Housing* to investigate the status of native housing and recommend solutions to the housing problems of native people. After extensive hearings, site visits and discussions throughout Indian Country and Hawaii, the Commission reported its findings in a 1992 report entitled, *Building the Future: A Blueprint for Change*. In September 1993, the Commission concluded its activities with the publication of its final report and recommendations: *Supplemental Report and Native American Housing Improvements Legislative Initiative*. Many of the administrative changes recommended by the Commission have been implemented by HUD. In addition, HUD has

revised its program regulations to significantly reduce and simplify operating rules and provide much more flexibility to local problem implementers.

THE CURRENT PROGRAMS AND HOW THEY WORK

Program Framework

As noted, while the BIA was empowered through the Snyder Act to provide a broad range of social, economic, and educational assistance to American Indians in 1921, it was not until 40 years later that the federal government began to provide significant resources for Indian housing needs.

The Federal government now offers a broad array of housing assistance programs in Tribal Areas. It is helpful to view them in a framework in which they are categorized into four basic types: (1) production programs; (2) tenant-based assistance; (3) block grants; and (4) financing assistance. In summary, they work as follows:

- *PRODUCTION PROGRAMS.* In these programs, Federal funds support the construction, acquisition, and rehabilitation of housing specifically for low-income households and may also cover part of the subsequent costs of operating that housing. Major programs of this type include:
 - *HUD's Rental Program*--essentially the national Public Housing program, implemented in Indian country with very little adaptation. HUD grants go to IHAs who use them to acquire the rights to land and build new units, or acquire and rehabilitate existing ones, for rent by low-income families. The IHAs then manage the properties and receive additional HUD funds to cover the difference between allowable operating costs and tenant payments toward rent (set not to exceed 30 percent of the tenant's adjusted income).
 - *HUD's Mutual Help Program*--one of a very few Federal programs that have offered home-ownership opportunities to low-income families. As in the Low Rent program, IHAs develop new housing with HUD grants, but purchasers are responsible for all operating and maintenance costs. The purchasing household must make an initial \$1,500 contribution (but tribes often meet this requirement on behalf of the household by contributing the land), and make a monthly "homebuyer payment" (set by the IHAs at

between 15 and 30 percent of household income) for up to 30 years. The program is actually a "lease-purchase" arrangement. Families do not actually gain title to their properties until all of their payment obligations are met.

- *The Bureau of Indian Affairs (BIA) Housing Improvement Program (HIP)*, which provides grants for housing improvements, targeted to very low-income households. HIP is normally administered by the tribal governments. Most funds have been used for modest rehabilitation and repair of existing units rather than new construction, although the latter is allowable under the program.
- *TENANT-BASED ASSISTANCE*. This includes HUD's Section 8 Certificate and Voucher programs which are variations on the same theme. Both help low-income households rent housing of their choice in the private housing stock (rather than locating them in projects built or managed by government). The tenants must select housing in standard condition--HUD subsidy payments to the landlord then make up the difference between the market rent for the unit and the tenant's payment (set not to exceed 30 percent of adjusted household income).
- *BLOCK GRANTS*. The two examples of this type are parts of nationwide HUD initiatives: the *Indian Community Development Block Grant (ICDBG)* program and the *HOME* program. Compared to the "categorical" programs above, both give tribal governments (who administer them) much more latitude in deciding how, and for what, subsidy funds will be spent. HOME funds must be used for housing assistance but a broad variety of approaches are eligible (including all of the production modes noted above, tenant-based assistance, and variations entailing mixed public-private ventures). ICDBG funds can be used to support land acquisition, economic and infrastructure development and a limited range of social services, as well as a variety of housing programs.
- *FINANCING ASSISTANCE PROGRAMS*. These are programs designed to encourage the provision of private mortgage financing in Tribal Areas. The first initiative in this direction was the FHA Section 248 mortgage insurance program, established in 1987. More recently, the Section 184 Loan Guarantee program has been established in support of this goal. In addition, the Farmers' Home Administration (FmHA) offers direct loans for new units in Indian country.

Institutional Relationships and Responsibilities

Today the delivery of Indian housing programs is primarily coordinated through three Federal agencies: HUD, the BIA, and the Indian Health Service (IHS) in the Department of Health and Human Services. This relationship was formally established in 1976 by the Interdepartmental Agreement on Indian Housing, which sought to increase housing production by bringing these agencies together. An updated version of the Interdepartmental Agreement (September 1994) establishes a general foundation for this cooperative effort and guidelines by which each of the agencies interacts with tribal governments and Indian housing authorities (IHAs). Their general responsibilities are:

- **HUD** provides financial assistance for the development and management of low income housing and community development in Indian and Alaska Native areas through the traditional Indian housing development program.
- **BIA** reviews and approves all required trust land leases, easements and real estate appraisals; provides maintenance services to those IHA constructed roads and streets accepted into the BIA road systems; and provides other support, when available, for the timely development of housing. It also administers a non-HUD housing program, the Housing Improvement Program (HIP).
- **IHS** assists Tribes by providing technical and financial assistance in the development of tribal sanitation facilities (water, waste water, and solid waste facilities and operation and maintenance infrastructure). When requested by the Tribe and IHA, IHS may participate in the construction of sanitation facilities funded under the traditional Indian (HUD-assisted) housing development program.

HUD's administration of its Indian housing programs has recently undergone a change as a result of the implementation, in May of 1993, of changes authorized by Congress in the Housing and Community Development Act of 1992. Previously, HUD's Indian housing programs, with the exception of the Indian CDBG program and mortgage insurance programs, were administered through the Office of Indian Housing (OIH) at HUD central headquarters, and by six regional Offices of Indian Programs (OIPs). The six OIP offices, established in 1980 at the request of Congress and the Indian constituency, are located as access points for the Indian population (Chicago, Oklahoma City, Denver, Phoenix, Seattle and Anchorage). In Oklahoma City and Anchorage, the OIPs report to the Manager of the HUD office, while in Seattle, Phoenix, Chicago, and Denver the OIPs reported directly to the Regional Administrator. Prior to the recent administrative changes, the OIPs worked more or less closely with OIH to administer Indian housing and community development programs and provide technical assistance to both IHAs and tribes, but were not directly supervised by OIH.

The changes implemented in May of 1993 act to further consolidate the coordination of all Native American programs within HUD. First, the OIP has been renamed the Office of Native American Programs (ONAP), better reflecting the inclusion of Alaskan and other American natives. Second, the responsibility for administration of the Indian CDBG program has been moved from HUD's Office of Community Planning and Development, which administers the overall CDBG program, to ONAP. Finally, since October 1993, the six OIP offices (now called Field Offices of Native American Programs, or FONAPs) report directly to ONAP, rather than to the Regional Administrator or Field Managers.

IHAs, which are comparable to public housing agencies in structure and function in developing and managing assisted housing units under the U.S. Housing Act, can be established by tribes under either tribal or state law. Through most of the history of these programs, tribally formed IHAs had to have ordinances consistent with a HUD-approved format and had to be favorably reviewed by the Department of the Interior before HUD gave final approval (this "model ordinance" requirement has recently been dropped). At present, 187 IHAs represent 267 American Indian tribes and about 200 Alaska Native villages. IHAs are normally operated by a board of five or more members, usually selected by the tribal governing body, although some tribes now have an election process for IHA board members. An Executive Director is hired by the board to manage the IHA.

HUD's Production Programs: Rental and Mutual Help

HUD's Rental Program. As noted, the Rental Housing program for American Indians is the basic low-rent public housing program established by the U.S. Housing Act of 1937. The first IHA recipient of Rental Housing funds was the Oglala Sioux tribe of Pine Ridge, South Dakota, in 1961. In this program, HUD allots funds to IHAs for housing construction and development through an Annual Contributions Contract (ACC). It also subsidizes operating costs in the amount of the difference between expected rental income and anticipated maintenance, utility, and administration costs. Operating funds are formula-based and are provided through HUD's Performance Funding System (PFS).³³ In theory, expenses are estimated against the model of a well-managed housing authority.

A tenant's total monthly payment is based on the highest of the following factors:

- 30 percent of monthly adjusted income
- 10 percent of monthly income
- the designated portion of housing assistance provided by a public agency in line with the family's standard of need

³³ The PFS system affects all IHAs except those in Alaska.

In some cases HUD will allow an IHA to adopt "ceiling rents" under authority of the Housing and Community Development Act of 1987. In this situation the IHA determines a maximum rent which includes debt service and operating expenses for a class of units. When ceiling rents apply, tenants pay the lower of their calculated rent or the approved ceiling rent. Tenants will also receive a utility reimbursement if the utility allowance is greater than the tenant payment.

HUD's Mutual Help Program. The Mutual Help Homeownership Opportunity Program became available to American Indians in 1962. The purpose of the program is to provide opportunities for lower-income families to purchase decent, affordable housing and to participate more fully as homeowners.

Mutual Help is available to qualified Indian families on Indian reservations, in Alaska Native villages, or in other Indian areas. Over the past thirty years this program has evolved into three components:

- "Old" MH Program - Homeownership units developed before March 9, 1976, authorized under HUD administrative directives and handbooks.
- "New" MH Program - Homeownership units developed since March 9, 1976, under the first consolidated Indian housing regulations.
- "Self-Help" MH Program - Homeownership units built by homeowners under a cooperative arrangement with the IHA. This new program was authorized under the Indian Housing Act of 1988.

A Mutual Help Occupancy Agreement between the IHA and each participating family spells out the homeowner's responsibilities during the contract period. Each potential homeowner must initially contribute a minimum of \$1,500 in money, land, materials, or labor towards the housing unit. The tribe is allowed to contribute everything for the family except labor, which, if this option is utilized, must be done by a family member. Frequently, tribes contribute land on behalf of the family member to meet this requirement. In addition to the initial contribution, the family makes a monthly payment between 15 and 30 percent of adjusted income. Participating families are also responsible for all maintenance and utility charges. Buyers are considered eligible to purchase the home when their equity accounts and reserves are large enough to pay the outstanding balance as calculated by the IHA.

Modernization Funds for HUD Programs (CIAP and CPG). Funds for modernization of IHA housing are provided through the CIAP and CGP programs. The National Affordable Housing Act of 1990 expanded the allowable uses for Comprehensive Improvement Assistance

Program (CIAP) funds beyond just the Rental Housing program, to include modernization grants for Mutual Help units, some grants for the Turnkey III units and management improvement grants for other homeownership developments. The Comprehensive Grant Program (CGP), which became effective in 1992, provides larger IHAs (now specified as 250 units or more) with a more flexible program which is distributed by a formula allocation (unlike CIAP funds which are distributed under a competitive allocation process).

Special Policies. In general, Indian housing programs have closely paralleled regular public housing programs. However, an "Indian preference" policy was adopted in 1976 through Section 7(b) of the Indian Self-Determination and Education Assistance Act. The Act gives preference to American Indians in contracting and providing labor for development projects. Indian preference for eligibility of residency is a consideration in the Mutual Help program, since the Indian Housing Act of 1988 requires that non-Indians be admitted into the program only under special circumstances. The Rental program has no such statutory provision and will not allow IHAs to prohibit non-Indian renters.

HOPE. Established under the National Affordable Housing Act (NAHA) of 1990, the HOPE 1 and 3 Programs were designed to permit the conversion of units in assisted housing projects to homeownership for low income persons. Scattered-site, non-contiguous, single-family structures that are not part of the Rental Housing Program were eligible under HOPE 3; all other units and any single-family rental housing units were to be converted under HOPE 1. At least two of the initial grantees for HOPE 1 Planning Grants were Indian tribes (the Menominee of Wisconsin and the Lummi of Washington State); the HOPE 1 interim guidelines, in fact, required the funding of at least one Indian project. Several IHAs and tribes were initially examining the feasibility of converting Mutual Help units under HOPE 3, because HOPE funds would enable homeownership to be achieved within fewer than the up to 25 years formerly required under Mutual Help. Funding for HOPE initiatives has been virtually eliminated, however, so the HOPE programs are unlikely to be a factor in the operation of IHA projects in the future.

The BIA's Production Program: HIP

As noted earlier, the Bureau of Indian Affairs did not act upon the statutory authority established under the 1921 Snyder Act until it initiated its Housing Improvement Program (HIP) in 1965. HIP provides grants to very low income homeowners who had no other source of funds for housing repair or renovation. While housing rehabilitation or enlargement is the major emphasis of this program, the BIA also permits funds to be used for downpayments or new housing construction in isolated rural areas where no other means exist to meet the housing need (although in recent years, the BIA has recommended dropping down payment assistance).

Grant requests are not made through a customary proposal process; instead, Indian families and tribes determine their priorities, with consideration for family size, income, condition of present housing, and availability of other federal housing assistance. Indian families must make application for these grants to the tribe or the nearest BIA office. The HIP grants are awarded through tribes or through the BIA primarily to individual homeowners. HIP funds can be awarded as: (1) direct grants to individuals; (2) contracts with Indian tribes; (3) contracts with private Indian or non-Indian contracting firms; or (4) programs directly administered by the BIA.

The HIP program provides for two types of repairs. In cases where substandard housing is to be inhabited for an interim period until better housing can be obtained, HIP will provide up to \$2,500 for repairs and additions. A second category of repairs provides up to \$20,000 per dwelling for rehabilitation or enlargement of a deteriorated unit. Repair costs per housing unit under the HIP program have averaged approximately \$10,000.

There are also two forms of assistance for new housing construction. Downpayment grants are made to prospective homebuyers to help them become eligible for tribal, federal, or other housing loans. These grants are only made for houses in standard condition, and they must not exceed: (1) the amount necessary to secure the loan plus the closing costs; (2) 10 percent of the purchase price of the house plus the closing costs; or (3) \$5,000, whichever is less. As a last resort, if an Indian family has absolutely no other source for housing and is not eligible for HUD, VA, FmHA, or any other federal assistance, the HIP program will finance the construction of a new house, the grant for which is not to exceed \$45,000 (more in Alaska).

The HIP program is available on most Indian reservations. The BIA supervises the construction process, but it is not required to provide continuing monitoring or services to the family after construction is completed.

Tenant-Based Assistance

As noted earlier in this chapter, HUD provides tenant-based assistance through the Section 8 Certificate and Voucher programs which help low-income households rent housing of their choice in the private housing stock (rather than locating them in projects built or managed by government). The tenants must select housing in standard condition, and then HUD makes subsidy payments to the landlord in amounts that make up the difference between the market rent for the unit and the tenant's contribution to the rent (set not to exceed 30 percent of the household's adjusted income). Tenant-based assistance has not been used extensively in Indian country to date.

Block Grant Programs

Indian Community Development Block Grant (ICDBG). The Indian CDBG program is HUD's principal vehicle for American Indian communities to carry out community and economic development activities, although it can also be used for housing development. One percent of the total national CDBG funding is set aside for the Indian CDBG program. Eligible recipients for ICDBG funding are Federally (not state) recognized tribes.

The ICDBG program is important to tribes because its discretionary nature allows them flexibility to pursue a variety of activities, even though the total funding is much smaller than for Rental and Mutual Help Housing. The funds are allocated to regions by a formula which takes into account the proportion of the Indian population that resides in the region, and its rates of poverty and overcrowded housing. Within regions, tribes compete for the funds, and are allowed to use them for four types of activities: housing, public infrastructure, economic development, and community facilities.

In 1990, housing projects constituted the largest (32 percent of total funds) activity by Indian tribes receiving ICDBG funds. Community facilities were next at 26 percent of total funds, followed by public infrastructure at 23 percent, economic development at 17 percent, and land acquisition related to all of these activities at 2 percent. Allowable activities in the housing area are rehabilitation of existing units, new construction, land, and direct assistance to homeowners.

HOME. The HOME Investment Partnership Program was established by the National Affordable Housing Act (NAHA) of 1990. NAHA required that one percent of HOME appropriations be set aside for Indian housing. The funds are awarded to Indian tribes under a competitive application process, administered by the HUD FONAPs. Like CDBG, HOME is important to tribes in that it is a more flexible, discretionary program than Rental Housing or Mutual Help. HOME funds may be used for housing rehabilitation (moderate or substantial), housing acquisition, new construction of rental or homeownership housing, and for tenant-based assistance.

There has been considerable interest in the American Indian community in the new HOME program, although the allocation of funding remains very small compared to HUD's other Indian housing programs. In 1992, the first year of the program, twenty-nine applications were received from tribes, of which 17 projects from 15 tribes were funded.

Through NAHA, Congress intended to unify the planning and coordination of many housing programs and activities that are funded with Federal dollars. To this end, it was required that localities prepare a Comprehensive Housing Affordability Strategy (CHAS). This was instituted to replace earlier planning requirements with a single local housing strategy, identifying and

setting priorities among all housing needs. However, the Congress did not explicitly apply the CHAS requirement to Indian tribes or IHAs, and HUD determined that the States, in preparing their own CHAS, have no legal jurisdiction to determine housing needs or strategies for tribes. Therefore, tribes and IHAs are not presently required to prepare any comprehensive housing plan or strategy as a basis for HOME funding.

Other special rules apply to Indian HOME funding. Where an Indian Housing Authority has received no ICDBG funding in the current Fiscal Year, the match requirement under the HOME Program is waived. And, where a match is required, Indian trust funds and the sales proceeds of Mutual Help and Turnkey III programs can be used.

Financing Assistance

Established in 1985, FHA Section 248 allows for the insurance of mortgages for single family properties on trust lands, but not on allotted trust lands or fee lands. The program, administered by the Single-family division of HUD's Federal Housing Administration (FHA) was, through 1994 at least, seldom used. Problems have included the lack of adequate marketing, the lack of allowance for insurance of the construction loan, and the fact that the program adheres to underwriting, mortgage credit, and appraisal standards of the non-Indian single-family mortgage insurance program which may not be appropriate in some parts of Indian country.

A new program to stimulate mortgage lending in Tribal Areas was enacted under the Housing and Community Development Act of 1992: the Section 184 Indian Housing Loan Guarantee Fund. Section 184 is a loan guarantee program rather than a loan insurance program. It was designed to further broaden public options to facilitate mortgage lending in Indian Country. Like Section 248, it can be used in support of loans to Indian families or IHAs to construct, acquire, or rehabilitate one- to four-family dwellings. Loans can be made by lenders who have been approved by the Secretary of HUD or the Secretary of Agriculture, or who are supervised, approved by, or regulated by any agency of the Federal government.

Finally, the Farmers Home Administration (FmHA), of the Department of Agriculture³⁴ has provided direct loans for very low-income families in Tribal Areas for many years. Its Section 502 program offers loans to families to build or purchase single family homes. Interest rates may be reduced to as low as 1 percent, and low-cost approaches (including self-help), have been emphasized. To receive a loan, applicants must meet income restrictions and must have been turned down at least twice in applying for the same loan from a private financial institution. Under

³⁴ The Farmers Home Administration has been recently renamed the Rural Housing and Community Development Service; it is still located within the U. S. Department of Agriculture.

Section 504, it offers loans and grants for home repair and rehabilitation (grants, ranging up to \$5,000, have been given mainly to the elderly--loans may range up to \$20,000).

Recent Changes in Indian Housing Programs

In response to continuing implementation and program effectiveness problems with the Indian housing programs, HUD has implemented changes since the Indian Housing Act of 1988 to ameliorate perceived problems in its programs. Some of the major program changes made by HUD in recent years include:

- Establishing Indian set-asides in some national programs (e.g. Emergency Shelter Grant program);
- Increasing funding levels for modernization and rehabilitation of existing Indian housing units;
- Consolidating and streamlining of regulations for various Indian programs into one rule; revision of the rule to reduce and simplify the number of regulatory requirements, and provide more flexibility in the administration of the Indian housing programs;
- Establishing a new Notice of Funding Availability for various programs to streamline the previously fragmented application and administration process;
- Preparing completely new program handbooks for the first time in the history of the Indian housing programs;
- Starting to address the issue of "culturally relevant" design and construction; and
- Emphasizing the applicability of the new HOME program to Indian communities, particularly because of its flexible rules in allowing varying uses of funds. HUD also has urged, at the Headquarters level, the use of McKinney Act funds and other programs which could be used to a much greater extent than they have been to date.

PROGRAM FUNDING

Data on the levels at which these Federal Indian housing assistance programs were budgeted from Fiscal Years (FY) 1992 through 1994 are presented in Table 4.1 (actually, complete data could be obtained only for FY 1993--only partial information is available for the other years).

To obtain a completely accurate account of the flow of funds in any year, it would have been preferable to obtain data on Outlays in all categories. Unfortunately, such data were not available and, where so, the amounts of Budget Authority provided have been inserted instead. Strictly speaking, these two categories should not be combined. Outlays represent funds actually spent (or to be spent) in the year cited, whereas Budget Authority is an amount authorized now, that may be intended for expenditure over a period of several years. It is possible, for example, for large amounts of Budget Authority to be provided for a program in one year, and very little added over the next few years, while outlays remain constant. In these programs, however, such "lumpy" allocations of Budget Authority were not made during these years, so the figures on the table represent a reasonably consistent approximation of the flow of funds.

Clearly, the most important finding is that the two HUD production programs dominate all Federal housing assistance to Tribal Areas. Together, they were budgeted at a level of \$516 million in FY1993, representing 88 percent of the total for all programs. Within the allocation for these programs, amounts provided for production (figures for new construction plus related amendments) account for 55 percent of the total, modernization funding accounts for another 30 percent, and the remaining 15 percent were allocated for operating subsidies and smaller supporting programs.

In comparison, the amounts provided for all remaining programs are quite small: \$24.8 million for other production programs (BIA's HIP program and HUD's provision of emergency shelter facilities--4.3 percent of the total); \$15.5 million for tenant-based assistance (2.6 percent); and \$28.8 million for block grant programs (4.9 percent). Although some funding has been set aside to cover possible losses in the financing assistance programs, none was expended during these years.

Altogether, the Federal government budgeted for a flow of \$585 million in Indian housing assistance in FY 1993. This is the equivalent of only 2.3 percent of the total \$25.2 billion HUD budget for outlays in 1993 (the total amount of Budget Authority provided for HUD in that year was \$26.5 billion).

**Table 4.1
FEDERAL FUNDS BUDGETED FOR INDIAN HOUSING ASSISTANCE, 1992-94**

	OL or BA	Budget (\$ millions)			Percent FY1993
		FY1992	FY1993	FY1994	
PRODUCTION PROGRAMS					
HUD Low Rent and M.H.					
New Constr.	BA	241.12	257.32	263.61	43.9
Amendments	BA	38.00	25.60	22.00	4.4
Modernization	BA	112.94	155.60	166.94	26.6
Subtotal Capital	BA	392.06	438.52	452.54	74.9
Operating Subsidy	OL	67.85	70.82	NA	12.1
Other					
Drug Elimination	OL	4.74	5.26	NA	0.9
Youth Sports	OL	NA	1.12	2.54	0.2
Res.Mgmt./Ch.Care	OL	NA	0.53	NA	0.1
Subtotal	OL	NA	77.74	NA	13.3
Total		NA	516.26	NA	88.2
HUD Emerg. Shelter	OL	0.00	1.59	NA	0.3
BIA HIP Program	BA	23.71	23.51	NA	4.0
Total Production		NA	541.36	NA	92.5
TENANT BASED ASSISTANCE					
HUD Section 8	BA	NA	15.46	17.70	2.6
BLOCK GRANTS					
Indian CDBG*	BA	25.76	16.00	17.60	2.7
HOME	BA	15.00	12.75	12.75	2.2
Total	BA	40.76	28.75	30.35	4.9
FINANCING ASSISTANCE					
Sec. 248, 184	OL	0.00	0.00	0.00	0.0
TOTAL HOUSING		NA	585.57	NA	100.0

SOURCE: Data provided by HUD Office of Native American Programs

NOTES: OL = Outlays; BA = Budget Authority (see text for interpretation); NA = not available

* Assumes 40 percent of total budget authority for housing.

APPROACH TO ASSESSMENT

The major challenge presented by this component of the study is to provide a comprehensive and reliable account of how existing Federal programs, primarily HUD programs,

are working in Indian communities. A number of reports are available that present an historical perspective on the development of Indian housing programs and the barriers which have prevented them from providing adequate housing to American Indians and Alaskan Natives. What has been missing, however, is an objective and quantitative assessment of how Federal Indian housing programs are working at this point in time.

As discussed in Chapter 1, this study has relied on a variety of interrelated sources of information to respond to this assignment. The main assessment questions to be addressed, and the methods and data sources used to address them are discussed below.

Assessing HUD Production Programs

Given their dominance in the funding stream, it has been appropriate to focus the work of this assessment on HUD's Rental and Mutual Help programs. For these programs, the key questions fall in three areas: (1) outcomes and impacts; (2) process and efficiency; and (3) institutional effectiveness. However, we also examine with respect to each of these: (4) diversity in findings across tribal areas; and (5) possible causes of diversity and change.

Outcomes and Impacts. How much housing has been produced in relation to the need and what are the recent trends in production levels? What are the physical conditions and characteristics of that housing produced and how is it assessed by its occupants? Who are the beneficiaries--is the housing being provided to the right types of households in accord with congressional intent? Are program resources being distributed equitably across Tribal Areas?

Responding to these questions generally entailed a straightforward analysis of statistical data files. Data on volume of program production over time, by types and locations, are found in HUD's MIRS information and characteristics of the beneficiaries are found in its MTCS system. Relationships of production to need required comparisons of data from these sources to Census files covering housing problem measures (see Chapter 3), location by location. Information on the quality of HUD housing and occupant perceptions of that housing, however, are not systematically recorded by HUD. For answers here, we relied on our sample household surveys. With regard to most of these topics, we also compare quantitative data on results to perceptions held by tribal, IHA, and HUD officials, as recorded in telephone and on-site interviews.

Process and Efficiency. There are two main processes to be considered corresponding to the two main responsibilities entailed in implementing housing programs: (1) the development of new housing; and (2) the operation, maintenance, and modernization of housing already built. On both scores, the first task was to analyze costs per unit of output, and related measures (such as the length of the development process). Data costs and other financial measures, as well as timing, are provided in HUD's MIRS system. On-site and telephone interviews, however, were

the primary source of information to explain current processes in each area and to provide a basis for assessing them. With regard to development, for example, what are the factors that constrain IHA efforts to reduce both costs and timing? To what extent are current approaches and results influenced by HUD rules and administrative styles, tribal values and customs, IHA creativity and capacity, and special circumstances in Tribal Areas that limit housing development in ways not typical in housing markets elsewhere?

Institutional Effectiveness. This analysis occurs at two levels. First is the performance of the Federal agencies involved. Review here is necessarily softer and more judgmental than the quantitative assessments noted above. It is based on both published accounts by, and interviews with, relevant officials and observers on events that have occurred, rules and procedures being followed (and how they have changed), and operating styles.

The second level is performance by institutions in the Tribal Areas themselves (for the most part, tribal governments and IHAs). HUD management information systems provided explicit and implicit indicators of comparative IHA performance on a number of grounds. In addition, surveys asked for facts related to performance (e.g., mechanisms of IHA-tribal relationship, turnover in IHA Directors, descriptions of key procedures) as well as perceptions about performance and key factors affecting it.

Diversity and its Determinants. Given the broad diversity in social, economic, and housing conditions among Tribal Areas found in Part I of this report, it should come as no surprise that we also find considerable diversity in program outcomes and performance. We examine the range of results across Tribal Areas, section by section in the assessment. Surveys asked both local and national respondents for their views on why such differences occur, but more formal means of analysis were also employed (ranging from examination of cross-tabulations to regression analysis).

Assessment of Other Programs

To assess other types of Federal housing assistance in Indian country (BIA's HIP program, tenant-based assistance, block grants, and financing assistance), essentially the same framework for inquiry is appropriate. Similarly comprehensive data sources for these programs do not exist, but in all cases, data from program offices and other published accounts permit tabulation of basic levels of activity and some measures of performance. Surveys conducted for this study also asked tribal, IHA, and Federal officials what they knew about the performance of these other programs in their Areas, what they thought about their usefulness, what barriers they saw to applying them more effectively, and how such barriers might be overcome.

Perspective Related to the Timing of this Assessment

HUD's Indian housing programs have evolved, through a sometimes painful process, from their start in the 1960s as a stepchild of public housing to a more (although not completely) independent status today. Much of the progress toward autonomy has occurred recently and rapidly. Many important changes (including the reorganization of HUD's Office of Native American Programs (ONAP), the consolidation of Indian financing programs and the Indian Community Development Block Grant program into ONAP, and a further significant reduction in program regulations) have occurred just during the past two years while this assessment has been underway.

This assessment emphasizes an account of conditions as they existed just before this latest round of reforms was devised. As far as possible, however, we explain how those conditions relate to the (generally more onerous) program environment of the past, and how they may relate to what the new reforms will provide.

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Chapter 5

HUD'S PRIMARY PRODUCTION PROGRAMS: RENTAL AND MUTUAL HELP

Since program inception in the early 1960s, Federal housing assistance has had a significant impact on the provision of housing in Tribal Areas. Chapters 5 and 6 provide information on the performance of these programs, following the framework just outlined at the end of Chapter 4.

The two major HUD production programs, Rental and Mutual Help, are assessed in this chapter. Data, and interpretation are offered concerning outcomes and impacts (the size and characteristics of the assisted housing stock and the characteristics of beneficiaries), process and efficiency (with respect to development and stock operation and maintenance), and institutional performance (both at the Federal and local levels).

Chapter 6 assesses the other forms of Federal housing assistance being provided in Indian country (the HIP program, tenant-based assistance, block grant programs, and financing programs), reviews innovative housing initiatives undertaken by several tribes, and offers conclusions concerning the performance of Federal housing assistance in AIAN Tribal Areas overall.

Form of Data Presentation

Data for the assessment in this chapter have been assembled in a unified manner from several of the sources described in Chapter 1 (particularly, the HUD MIRS and MTCS information systems, but also the IHA telephone surveys and Census files). In most tables here, the unit of observation is IHA and its own service area, rather than Tribal Areas, which were the basis for much of the analysis in earlier chapters (in many cases IHA service areas include more than one Tribal Area--see the listing in Annex A at the end of this report).

For many of the topics addressed, we begin by examining simple cross tabulations, showing variations in IHA measures in relation to a standard set of variables that might be generally expected to influence outcomes. Where this approach raises questions of interest, we then examine variations more systematically using regression techniques.

The standard variables are: (1) level of IHA administrative performance (as measured by HUD's Administrative Capability Assessment, or ACA, rating system); (2) IHA size (as measured by the number of housing units it manages); (3) income levels in the IHA service area;³⁵ (4) region (as defined earlier in this report); and (5) IHA and market type.

HUD's ACA ratings (scale from 1 to 100) are composites, built up from a sizeable number of pre-specified indicators of various aspects of performance (generally objective and verifiable). While this system has imperfection (e.g., probably gives too much emphasis to administrative compliance, compared to end results), review in this study suggests that the system is well-specified and employs reasonable quality control procedures to promote reliability for these purposes. (More information is given on ACAs later in this chapter).

IHA size is measured by the number of housing units in management (largest IHA manages 6,314 units and the smallest IHA has only eleven units in management--newly formed IHAs without completed units are not included). Area income is derived from census data: IHAs have been grouped in quartiles based on the percentage of all households in their service areas that have low-incomes (i.e., below 80 percent of the local median).

It is important to point out that these first three variables are not correlated with each other; e.g., ACA ratings do not vary depending on whether IHAs are large or small or whether their service areas are comparatively rich or poor; the large IHAs are no more likely to be found in higher income service areas than lower income service areas.³⁶

The "IHA and Market Type" categorization is a variation of the market typologies described in Chapters 2 and 3,³⁷ with an additional component describing different types of housing

³⁵With respect to the first three of these variables, individual IHA scores were ranked and averages are presented by quartile.

³⁶The Pearson correlation coefficient between the ACA rating and the area income variable is only 0.26. For the other relationships it is even lower: 0.07 between IHA size and the ACA rating; 0.06 between IHA size and area income.

³⁷On the tables here, as in Chapter 2: "Near Urban" means within 50 miles of an urban area with a 1990 population of 50,000 or more; "Large" means having an AIAN population of 400 or more; "Op." refers to open, where the Tribal Area population contains at least as many non-Indians as Indians; "HI" refers to higher-income and "LI" to lower-income, where the dividing line is where half of all AIAN households have incomes below 80 percent of the local median. All

authorities. An IHA that serves more than one Tribal Area has been designated as an "umbrella IHA" (these include all of the Alaska IHAs and eleven others in other states).

THE ASSISTED HOUSING STOCK AND ITS BENEFICIARIES

This section opens with a brief review of the magnitude of HUD-assisted housing in Tribal Areas, and how it developed over time. It then addresses key questions in the assessment. How equitably has this housing been distributed in relation to need? What are the characteristics of assisted housing units and how do these relate to the needs and perceptions of the occupants? Are the types of households being served by these programs those for which assistance was intended?

Program Size and the Production Record Over Time

Under HUD's two major Indian housing programs, almost 100,000 housing units had either been completed, or were in various stages of the production pipeline, at the end of 1993 (Table 5.1). A total of 84,300 had been completed and, of these, 75,400 were still under IHA management (the remaining 8,900 being Mutual Help units for which owners had met their obligations under the Mutual Help agreement and the units had been conveyed to the families). Of the 14,300 units still in the production pipeline, 20 percent were in construction and the others in earlier stages of planning and preparation.

About one third of all units in management were in Rental projects. Almost all of the rest were Mutual Help units (the exception being 2,300 units that were built under the since-terminated Turnkey III program).

As shown on the bottom panel of Table 5.1, only 5 percent of the completed units in these programs were in place by the end of the 1960s, another 39 percent were added in the 1970s, and the largest production decade was the 1980s, with 46 percent.

Patterns differed somewhat for the two programs. In the 1960s, when they both began, there were a number of sizeable Rental developments, but momentum had begun to swing to Mutual Help toward the end of that decade. Mutual Help has generally been the most actively used and this was evidenced by its dominance in the production statistics of the 1970s (an

IHA service areas not classified as Near Urban on this table are labeled as "Remote" (the Navajo reservation is broken out separately in many of these tables because its inclusion in that category could give a misleading impression of typical conditions).

Table 5.1
HUD PROGRAMS COMPLETED UNITS AND PRODUCTION PIPELINE

	Total	Rental	Mutual Help/Other
IHA HOUSING UNITS (000)			
In Management	75.4	27.2	48.2
Paid Off	8.9	-	8.9
In Development			
Pre-construction	11.5	4.0	7.5
In construction	2.8	1.1	1.7
Subtotal	14.3	5.1	9.2
Total	98.6	32.3	66.3
% BY COMPLETION DATE			
1963-69	5.0	9.0	3.0
1970-79	39.0	36.0	42.0
1980-89	46.0	49.0	44.0
1990-93	9.0	7.0	11.0
Total	100.0	100.0	100.0

Source: ONAP, 1994

average of 2,400 units completed annually, compared to only about 1,000 in the Rental program). The dominance of Mutual Help is explained partially by the strong preference for homeownership in Indian country. However, many were clearly enticed by the low (near 15 percent) monthly payment requirement compared to the Rental program.

The emphasis changed somewhat during the 1980s. With rapidly escalating utility costs in the preceding few years, it became even harder for low-income Indian households to be able to afford the costs of ownership. There were pressures to shift to more Rental units where, unlike Mutual Help, utility and maintenance costs are heavily subsidized by HUD. In the first four years of the 1990s, however, the emphasis has shifted back again with annual completion rates of about 1,500 units for Mutual Help and 500 for the Rental program.

The overall pattern of production since 1980 deserves comment. Amounts budgeted for these programs peaked in the late 1970s and early 1980s. Funding was then sharply cut back during the rest of that decade, but has increased again in the early 1990s. The composition of the budget, however, has also changed markedly. In the 1980-82 period, funds for new

construction were dominant (operating subsidies and modernization funds amounted to only 11 percent of the total). By the 1991-93 period, operating subsidies and modernization accounted for 39 percent.

This pattern is shown in Figure 5.1 (expressed in constant 1993 dollars). The average total budgeted per year over 1980-82 was \$464 million. The level dropped to about half of that rate over 1984-86, but the average has since gone up again, reaching about the same level in the early 1990s that had been achieved in at the start of the preceding decade. The share of the total provided for new construction, however, has not rebounded to the same extent. The new construction average for 1984-86 was only 43 percent of what it had been over 1980-82; the comparable 1991-93 average was 68 percent of that level.

This explains why program completion rates have declined in absolute terms. Output had peaked in the early 1980s (1980-84 average of 3,800 units completed per year). Production levels have since declined: to 3,000 per year over 1985-89, and 2,000 over 1990-93. It should be noted, however, that enough units are now in the later stages of planning and construction that completion rates should pick up somewhat over the next few years.

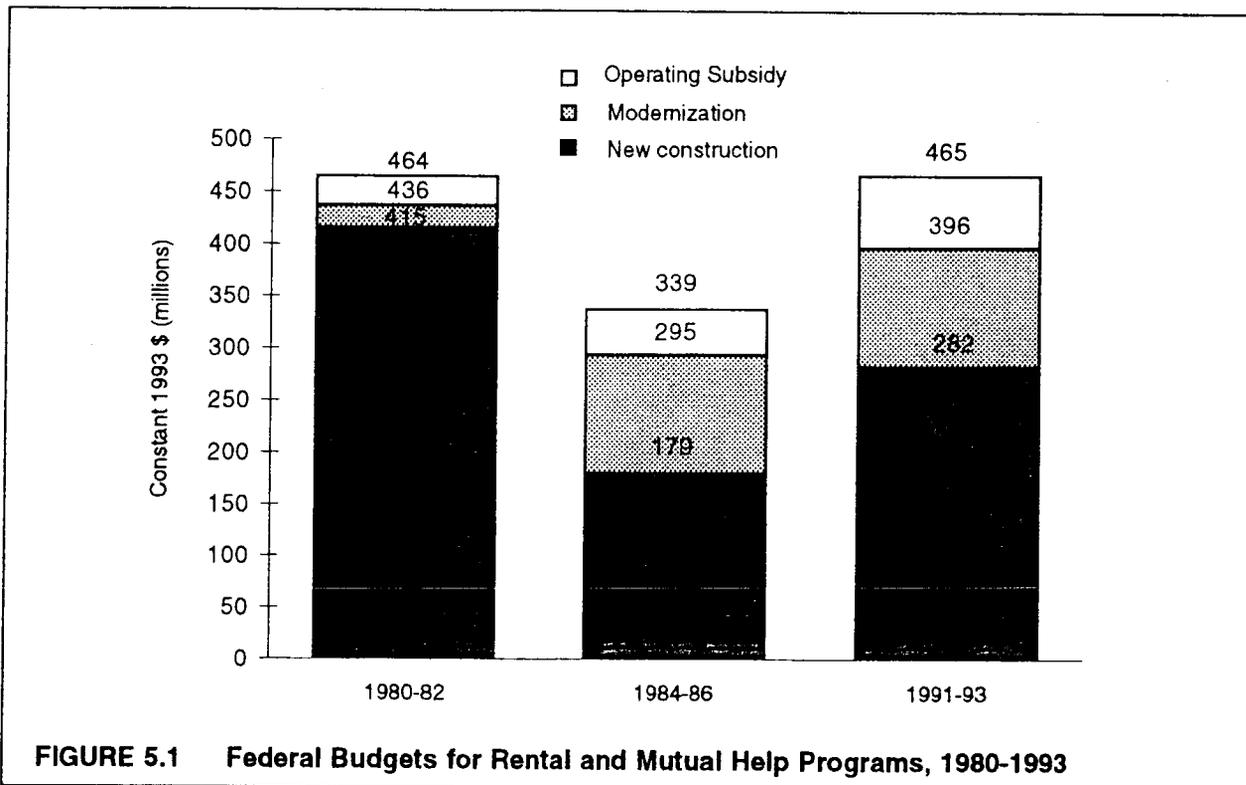


FIGURE 5.1 Federal Budgets for Rental and Mutual Help Programs, 1980-1993

Table 5.2 shows how the timing of production varied for IHAs according to the different categories introduced at the beginning of this chapter. On this table, groupings by performance rating, IHA size, and area income do not show marked variations. However, differences by region are more pronounced. Older IHAs in Oklahoma and the Plains regions had well over half of their units produced by the end of the 1970s. Other regions with newer IHAs produced a larger share of their stock since then. This is most pronounced in Alaska (all of its Rental units and 71 percent of its Mutual Help units completed since 1980), and California-Nevada (91 percent of its Rental units and 63 percent of its Mutual Help units since 1980), but it is also true for the North Central and Eastern regions.

The table also shows that the 72 IHAs in the Remote category have program units that are on older on average (51 percent of their Rental units and 53 percent of their Mutual Help units built before 1980) than those in the Tribal Areas closer to urban areas.

The Distribution of HUD-Assisted Indian Housing

Table 5.3 contains data on the distribution of all 1993 units in management in both programs by our standard categories. It provides the basis for examining two issues in more detail. First, how equitable is the allocation of units across IHAs? Second, to what extent do IHAs differ with respect to the mix of Rental and Mutual Help units they provide?

The process by which HUD has allocated resources to IHAs has changed in a number of ways over the years, but it has always been a two stage process. In the first stage, HUD has allocated funds to its field office regions on the basis of indicators of comparative need. In the second, the field offices have allocated funds to individual IHAs based on assessments of several criteria (which have included factors such as perceived capacity to perform, as well as need).

It seems clear now that the methods used in the past created some biases. As will be discussed below, ONAP has recently changed the allocation system to reduce these biases, but it should be useful here to note the nature of the difficulties in the past system. Two problems were evident. First, HUD used housing inventory data prepared by the BIA to indicate need in making allocations to regions in the first stage (recent studies have shown that data to be unreliable for that purpose³⁸). Second, regional offices has substantial discretion in making allocations within the region in the second stage; i.e., the criteria for choice were not always clear or standardized.

³⁸See discussions in Housing Assistance Council (1992), and Kingsley, Mikelsons, and Herbig (1995).

Table 5.2
AGE OF IHA HOUSING STOCK
PERCENT OF UNITS BY YEAR COMPLETED

	No. IHAs	Percent Rental Units					Percent MH and Other Units				
		Total	1963-69	1970-79	1980-89	1990-93	Total	1963-69	1970-79	1980-89	1990-93
ACA Performance Rating											
Highest 25%	44	100	4	34	54	8	100	2	47	43	8
2nd 25%	44	100	9	37	46	7	100	6	37	45	12
3rd 25%	44	100	11	33	48	7	100	3	35	48	14
Lowest 25%	44	100	10	41	45	4	100	2	55	36	6
All IHAs	176	100	9	36	49	7	100	3	42	44	11
IHA Size (No. units)											
Highest 25%	45	100	10	40	44	6	100	4	43	44	10
2nd 25%	43	100	9	27	56	8	100	2	37	48	13
3rd 25%	44	100	2	32	58	8	100	3	45	39	13
Lowest 25%	44	100	3	13	69	15	100	3	33	48	16
All IHAs	176	100	9	36	49	7	100	3	42	44	11
Area Income											
Highest 25%	43	100	4	44	48	4	100	1	48	44	7
2nd 25%	43	100	8	33	53	7	100	2	42	43	13
3rd 25%	43	100	12	34	46	8	100	9	40	42	8
Lowest 25%	43	100	10	34	48	8	100	3	32	48	18
Unknown	4	100	0	24	76	0	100	0	27	52	21
All IHAs	176	100	9	36	49	7	100	3	42	44	11
Region											
1. No. Central	26	100	11	24	60	6	100	6	35	44	15
2. Eastern	12	100	8	22	61	9	100	0	25	62	13
3. Oklahoma	20	100	3	52	45	0	100	1	49	43	6
4. So. Central	6	100	0	0	100	0	100	0	71	19	10
5. Plains	28	100	11	49	33	6	100	10	50	31	8
6. Ariz.-N.Mex.	22	100	11	22	56	10	100	4	40	42	15
7. Calif.-Nev.	25	100	0	8	76	15	100	3	34	48	15
8. Pac.No.West	23	100	2	41	49	7	100	2	27	56	15
9. Alaska	14	100	0	0	88	12	100	0	29	60	11
All IHAs	176	100	9	36	49	7	100	3	42	44	11
IHA and Market Type											
Umbrella - Alaska	13	100	0	0	88	12	100	0	29	59	11
Umbrella - Other	11	100	0	12	72	16	100	1	41	50	8
Near Urban - Lg/Op/HI	6	100	3	65	32	0	100	1	47	46	6
Near Urban - Lg/CI/Hi	1	100	0	0	100	0	-	-	-	-	-
Near Urban - Lg/Op/LI	22	100	11	29	54	6	100	2	47	43	8
Near Urban - Lg/CI/LI	29	100	5	29	56	10	100	2	37	49	12
Near Urban - Small	17	100	0	15	78	7	100	3	46	37	15
Navajo	1	100	20	19	52	9	100	5	29	37	30
Remote	72	100	9	42	43	6	100	7	46	38	9
Unknown	4	100	0	24	76	0	100	0	27	52	21
All IHAs	176	100	9	36	49	7	100	3	42	44	11

Source: MIRS

Table 5.3
IHA UNITS IN MANAGEMENT, 1993

	No. IHAs	Units in Management			Svc. Area Pct. All Low Income Households	Ratio: Pct. in Mgmt./ Pct. Low Inc.	Pct. of Units			Rental Pct. of Total
		Total	Rental	MH			Total	Rental	MH	
ACA Performance Rating										
Highest 25%	44	22,038	6,450	15,588	39	0.76	30	25	33	29
2nd 25%	44	14,231	4,756	9,475	12	1.64	19	18	20	33
3rd 25%	44	26,729	10,217	16,512	41	0.88	36	39	35	38
Lowest 25%	44	11,074	4,802	6,272	9	1.71	15	18	13	43
All IHAs	176	74,072	26,225	47,847	100	1.00	100	100	100	35
IHA Size (No. units)										
Highest 25%	45	50,643	16,905	33,738	68	1.00	68	64	71	33
2nd 25%	43	13,984	5,159	8,825	14	1.31	19	20	18	37
3rd 25%	44	6,852	2,856	3,996	14	0.68	9	11	8	42
Lowest 25%	44	2,593	1,305	1,288	4	0.98	4	5	3	50
All IHAs	176	74,072	26,225	47,847	100	1.00	100	100	100	35
Area Income										
Highest 25%	43	23,367	4,820	18,547	46	0.69	32	18	39	21
2nd 25%	43	13,843	4,741	9,102	11	1.69	19	18	19	34
3rd 25%	43	16,962	7,784	9,178	13	1.72	23	30	19	46
Lowest 25%	43	19,188	8,715	10,473	30	0.87	26	33	22	45
Unknown	4	712	165	547	-	-	1	1	1	23
All IHAs	176	74,072	26,225	47,847	100	1.00	100	100	100	35
Region										
1. No. Central	26	4,744	3,389	1,355	4	1.63	6	13	3	71
2. Eastern	12	3,312	1,241	2,071	6	0.78	4	5	4	37
3. Oklahoma	20	17,444	2,778	14,666	39	0.60	24	11	31	16
4. So. Central	6	561	174	387	0	3.30	1	1	1	31
5. Plains	28	16,165	9,051	7,114	12	1.82	22	35	15	56
6. Ariz.-N.Mex.	22	17,604	6,346	11,258	27	0.87	24	24	24	36
7. Calif.-Nev.	25	4,577	1,320	3,257	3	2.35	6	5	7	29
8. Pac.No.West	23	4,369	1,582	2,787	4	1.59	6	6	6	36
9. Alaska	14	5,296	344	4,952	6	1.30	7	1	10	6
All IHAs	176	74,072	26,225	47,847	100	1.00	100	100	100	35
IHA and Market Type										
Umbrella - Alaska	13	5,256	344	4,912	6	1.29	7	1	10	7
Umbrella - Other	11	5,755	869	4,886	9	0.89	8	3	10	15
Near Urban - Lg/Op/HI	6	6,586	1,506	5,080	10	0.91	9	6	11	23
Near Urban - Lg/CI/HI	1	56	56	-	0	2.00	0	0	-	100
Near Urban - Lg/Op/LI	22	9,330	2,700	6,630	27	0.48	13	10	14	29
Near Urban - Lg/CI/LI	29	8,654	3,288	5,366	6	1.83	12	13	11	38
Near Urban - Small	17	1,417	514	903	1	3.18	2	2	2	36
Navajo	1	6,317	3,063	3,254	17	0.50	9	12	7	48
Remote	72	29,989	13,720	16,269	25	1.60	40	52	33	46
Unknown	4	712	165	547	-	-	1	1	1	23
All IHAs	176	74,072	26,225	47,847	100	1.00	100	100	100	35

Source: MIRS.

The first six columns on Table 5.3 show the distribution of units in management that has resulted from these methods, first in absolute and then in percentage terms.³⁹ Clearly, there is substantial variation, but that is not surprising given the variation Chapter 2 noted in the population size of Tribal Areas.

The only way to sensibly assess the equitability of this distribution is to relate it to some measure of comparative need. This is done in the next two columns. The first shows the share of all low-income households residing in Tribal Areas in each category, as the need indicator. The second shows what we have termed the "allocation ratio": the ratio of the group's share of all units in management to its share of low-income households. If the distribution was perfectly equitable in this sense, all the measures in this column would read 1.00; i.e., each group would have the same share of assisted units that it had of low income households. But as the table shows this is not the result. Some groups have a considerably larger than an equal share (ratio well in excess of 1.00) and some have less (ratio below 1.00).

Chapter 3 of this report has already shown that HUD programs have made an impressive contribution to the housing needs of Tribal Areas overall, serving from 37 percent to 42 percent of all low-income households in those areas in 1990. That chapter also showed (Table 3.5), however, that some regions were serving much larger shares than others. This result is mirrored in Table 5.3.⁴⁰ The South Central, California-Nevada, Plains, North Central, and Pacific-Northwest regions all have shares of HUD units at least 50 percent greater than their shares of low-income households. The two regions containing the largest numbers of low-income AIAN households (Oklahoma and Arizona-New Mexico) are those that have received the least equitable shares of HUD assistance.

One plausible hypothesis for explaining some of these differences was offered by several HUD staff we interviewed. For example, HUD's FONAP in Phoenix is responsible for both the Arizona-New Mexico and California-Nevada regions as we have defined them. Based on needs criteria, the Navajo reservation (which alone accounts for 57 percent of the Low-Income households in both regions, and 17 percent of the national total) has drawn in a substantial amount of resources to the Phoenix office in the first stage of the allocation process. It would appear that office, in the second stage of the process, has subsequently allocated a proportionally

³⁹The total number of units shown on this table differs slightly (by about 2 percent) from the official totals for the end of 1993 given in Table 5.1 because this analysis used a MIRS data file prepared shortly before the end of that year which did not include all final completions.

⁴⁰The measures shown here are somewhat different from those in Chapter 3. Table 3.5 contained 1990 data for both low-income households and assisted units. Here we relate the 1990 distribution of low income households to the 1993 distribution of units in management. Since differences in outcomes are inconsequential, it was felt that the complex task of recreating 1990 data on units in management for all IHAs to achieve exact comparability would not be justified.

small share of the total it received back to Navajo, and has used a larger share to give some housing assistance to many of the small Tribal Areas that exist in California and Nevada. As a result, the allocation ratio for the Navajo reservation is 0.50 (i.e., the number of units it has in management is just half of the number it would have had if the allocation had been made strictly in proportion to the distribution of Low-Incomes households), while the ratio for the California-Nevada region is 2.35 (i.e., it has 135 percent more units that it would have had with a strict fare share allocation). A similar phenomenon may explain differences in the allocation ratios for our Oklahoma and South Central regions (both of which are administered by the Oklahoma City FONAP).

There is a reasonable justification for some of this. In the case of the Phoenix office, for example, if its internal allocation had been strictly on a fair share basis, the shares calculated for many of the small California Rancherias would have been below the minimum threshold necessary to start a viable housing program.⁴¹ There was also a historic bias. A strict fair share allocation would have meant that some tribes that had never participated in HUD programs before but wanted to do so, would have had to wait a much longer time to begin. Thus there may be good reasons for not allocating funds rigidly by a fair share formula. The question, however, is whether it is justifiable to move as far away from such a formula as the HUD allocation systems appear to have done historically.

Is there any simple explanation of which types of tribes have received more than their fair share, and which have received less, in the allocations to date? Considering the allocation ratios for the other groupings shown in Table 5.3, no easily understandable pattern emerges. With respect to ACA performance, IHAs in the 2nd and 4th quartiles have gained substantially more than their fair share; with respect to IHA size, ratios are not as disparate, but those in the 2nd largest quartile have received as somewhat higher share than the others; with respect to area income IHAs in the two middle quartiles have a larger than fair share of HUD units, while both the poorest and least poor areas have less.

This issue was examined more systematically using regression techniques. The number of units in management for each IHA was the dependent variable, and independent variables included: the number of low-income households in the area, the ACA performance rating, the age of the IHA (in years), the percent of all IHA units in the Rental program, and dummy variables representing the regions. This analysis explained only 89 percent of the variation the amount of

⁴¹Another problem of particular relevance to this case (but also having an effect in other parts of the country) is the limitation of the Census data base related to Tribal Area boundaries as discussed in Chapter 1. It was noted that Census counts (including counts of the number of Low-Income residents which we have used as a basis for fair share assumptions) are not as reliable for smaller tribes (particularly those in California) where the real geographical expanse of the Indian community may be substantially larger than the trust land portion the Census used for its Tribal Area definitions.

HUD-assisted housing the IHAs had received (see Annex 5A at the end of this chapter). Only two variables were significant (99 percent level): the number of low-income households in the area, and the age of the IHA; i.e., ACA performance, the Rental share, and regional location had little influence on the allocation.

This would seem to imply that, while there are some serious individual inequities, the allocation of HUD-assisted units has been reasonably related to comparative needs overall and, not surprisingly, that IHAs that have been operating a program for a longer period of time have accumulated a larger share in comparison to need.

The recent changes in the allocation system implemented by ONAP should improve the fairness of future allocations. Most important, has been the decision to rely on U.S. Census measures of need (rather than the BIA inventory) as the basis for making allocations to the regions (first implemented in 1994). Once the percent of need is established, regional allocations of funds are made on a "Fair share" basis with an adjustments made for regional differences in total development costs.

Second, a new annual "Notice of Fund Availability" (NOFA) process has been implemented that gives clearer standard criteria for allocation within regions. Each application for new housing development is rated and ranked on the following factors: the relative unmet need compared to other applicants (based on waiting lists related to the number of units already in management and development); the IHA occupancy rate (data from MIRS); length of time since the last Program Reservation; and ACA performance ratings concerning IHA development and physical improvements activity. Additional points are provided for IHAs that have not been previously funded and for IHAs that are preplanning site selection and following other innovative approaches to development or financing which will reduce delivery time or expand the number of houses developed. ONAP is now considering the possibility of modifying this process to give much more weight to Census determined need across the board in making allocations within regions.

Differences in the Mix of Rental and Mutual Help Housing

Overall, 35 percent of all HUD-assisted units in management are in the Rental program. The last column of Table 5.3 shows that the Rental share varies considerably in different environments.

In the categories shown, the Rental share appears to grow higher as ACA scores, IHA size, and area incomes decrease. For example, only 29 percent of the IHA stock are Rental units in the top quartile with respect to ACA performance, compared to 43 percent in the bottom

quartile; the Rental share is 33 percent in the top quartile by IHA size, but 50 percent in the bottom quartile.

Contrasts by region, however, are more pronounced. The clearest outlier is Alaska where only 6 percent of all IHA units are Rental units. Alaska FONAP personnel told us that this was a clear policy decision--for umbrella IHAs serving a number of small and very remote Villages, it is extremely difficult from a cost standpoint to provide the regular day-to-day operating and maintenance services that the Rental program requires. Oklahoma also has a comparatively low Rental share (at 16 percent). At the other extreme is the North Central region where 71 percent of all units are in the Rental program. The Plains region is also on the high side with 56 percent. As to market type, the Rental shares for the Remote group (46 percent) and Navajo (48 percent) are high compared to the average for those in or near large urban areas.

Again, regression analysis was employed to analyze these variations more systematically. Here, the dependent variable was the Rental program share of all IHA units in management, and the independent variables were: the ACA performance rating, IHA size, the age of the IHA (in years), the percent of all households in the service area with low incomes, the distance of the Tribal area to the nearest large urban area, and dummy variables representing differences between the regions. This regression explained 52 percent of the variation in the dependent variable, but the only significant independent variable was the age of the IHA: i.e., the more recently the IHA was established, the higher its Rental program share of all units. (See Annex 5B at the end of this chapter).⁴²

This is consistent with the history of the programs as already discussed. The older IHAs started building HUD-assisted housing in a period in which Mutual Help was being emphasized. IHAs that began their programs later were more likely to do so in the period when the Rental option appeared more attractive. And some regions developed the bulk of their programs in different eras than others.

Characteristics of the Current HUD-Assisted Housing Stock

While there are no square footage limits on HUD-assisted units, there are congressionally established development cost limits. Like other Federally-assisted housing, Mutual Help and Rental units are generally modest in size and design compared with typical new homes being offered on the private market. Almost all of these units, even in the Rental program, are detached single-family houses. The major difference is that Rental units tend to be built in clusters at

⁴² Regional dummy variables were also significant in the regression, but these were set up only to reflect differences between Alaska, as the "reference region" and all other regions. Since the Alaska Rental share is quite different in this regard, this analysis does not reflect meaningful differences between other regions.

densities which, while low by urban standards, are higher than is typical for Mutual Help homes (the latter, which do not have to be maintained or serviced by the IHAs, are often built in quite dispersed locations).

Until recently, HUD standards required that all assisted units be provided with piped water, decent sanitation, and electricity, and that abutting roads be paved.⁴³ While these expectations are commonplace in cities, they set HUD-assisted housing well above what is typical of other housing in many Tribal Areas. For example, one of our site survey staff remarked on how odd it seemed, "after a long drive on a minimal dirt road in an isolated part of South Dakota, to come upon a cluster of HUD assisted units where all the internal roads were paved and concrete curbs, gutters, and sidewalks had been provided."

Expectations as to unit size and design have varied over the years. In the late 1970s the average size of HUD units had been increasing (reaching a peak of over 1,250 square feet in 1980). HUD field office interviews indicate that strong management efforts were applied in the early 1980s to reduce per-unit costs. In response, average sizes for units completed between 1984 and 1986 fell in the range from 500 to 900 square feet. Field offices received many reports that units at this level were too small to meet the needs of the families to be housed. Accordingly, while efforts were continued to try to reduce costs in other ways, pressure on unit size has been relaxed to some extent. Unit size increased during the late 1980s, and from 1990 through 1993, averages for completed units have ranged between 1,250 and 1,500 square feet.⁴⁴

Another way to look at the size of Rental and Mutual Help units is in terms of the number of bedrooms they contain. Data are presented for our standard groupings in Table 5.4. Among all Rental units in management, 37 percent have 0-2 bedrooms, 42 percent have 3 bedrooms and the remaining 21 percent have 4 or more bedrooms. This appears to be a reasonable match to the household sizes of Rental program tenants reported by MTCS: 31 percent have 1-2 persons, 38 percent have 3-4 persons, and 31 percent have 5 or more persons.

⁴³HUD's revised regulations for these programs no longer require that IHA units meet specific "HUD standards", but they must meet applicable local codes which, in turn, must conform to basic standards in national model codes. The latter generally expect the provision of water, sanitation, and electricity in all housing. However, there remains uncertainty as to how all of this is to be enforced, since HUD staff are no longer obligated to review and approve IHA building plans before construction. It seems likely that full infrastructure for IHA housing will remain the general expectation, but it may be possible now for less stringent requirements to be followed depending on local circumstances.

⁴⁴Data on unit sizes in this paragraph were tabulated from the MIRS system. Also see Figure 5.3 later in this chapter.

Table 5.4
IHA HOUSING STOCK
PERCENT OF UNITS BY NUMBER OF BEDROOMS

	No. IHAs	Percent Rental Units				Percent MH and Other Units			
		Total	0-2 BR	3 BR	4+ BR	Total	0-2 BR	3 BR	4+ BR
ACA Performance Rating									
Highest 25%	44	100	48	36	15	100	24	59	17
2nd 25%	44	100	38	39	22	100	9	62	29
3rd 25%	44	100	31	45	23	100	11	55	34
Lowest 25%	44	100	35	45	20	100	10	61	29
All IHAs	176	100	37	42	21	100	15	58	27
IHA Size (No. units)									
Highest 25%	45	100	37	41	22	100	16	58	26
2nd 25%	43	100	38	44	19	100	10	61	29
3rd 25%	44	100	37	44	19	100	15	57	28
Lowest 25%	44	100	39	44	17	100	18	59	24
All IHAs	176	100	37	42	21	100	15	58	27
Area Income									
Highest 25%	43	100	59	29	12	100	24	59	17
2nd 25%	43	100	39	41	19	100	6	59	34
3rd 25%	43	100	35	43	22	100	8	62	30
Lowest 25%	43	100	26	48	25	100	12	54	34
Unknown	4	100	61	24	15	100	8	68	24
All IHAs	176	100	37	42	21	100	15	58	27
Region									
1. No. Central	26	100	32	48	20	100	2	76	21
2. Eastern	12	100	44	40	17	100	1	63	37
3. Oklahoma	20	100	68	24	8	100	28	59	13
4. So. Central	6	100	76	17	7	100	0	66	34
5. Plains	28	100	34	44	22	100	2	63	35
6. Ariz.-N. Mex.	22	100	27	47	26	100	9	58	33
7. Calif.-Nev.	25	100	27	48	25	100	23	50	27
8. Pac.No.West	23	100	39	40	21	100	8	53	39
9. Alaska	14	100	90	9	1	100	18	54	28
All IHAs	176	100	37	42	21	100	15	58	27
IHA and Market Type									
Umbrella - Alaska	13	100	90	9	1	100	18	54	28
Umbrella - Other	11	100	39	39	22	100	7	60	32
Near Urban - Lg/Op/HI	6	100	65	25	10	100	24	57	18
Near Urban - Lg/CI/HI	1	100	16	79	5	-	-	-	-
Near Urban - Lg/Op/LI	22	100	55	33	12	100	27	55	18
Near Urban - Lg/CI/LI	29	100	27	46	27	100	10	58	32
Near Urban - Small	17	100	54	35	11	100	14	55	31
Navajo	1	100	23	53	25	100	8	58	33
Remote	72	100	34	44	22	100	12	61	27
Unknown	4	100	61	24	15	100	8	68	24
All IHAs	176	100	37	42	21	100	15	58	27

Source: MIRS

As would be expected, (since they are more oriented to serving families and less likely to have to accommodate independent elderly households, broken families, and individuals), Mutual Help units are more commodious on average: only 15 percent are 0-2 bedroom units, 58 percent have 3 bedrooms and 27 percent have 4+ bedrooms. Again, there appears to be a reasonable fit in relation to household sizes reported by MTCS: 27 percent are 1-2 person households, 40 percent are 3-4 person households, and 32 percent have 5 or more persons.

Table 5.4 shows that the distributions of units by number of bedrooms does not vary much in relation of IHA size. However, there are some other differences of interest. For example, IHAs in the highest quartile with respect to performance ratings seem to stand out from the rest in having a higher share of small units (48 percent of Rental units and 24 percent of Mutual Help units with 0-2 bedrooms). Similarly, the highest quartile with respect to area income also has shares of 0-2 bedroom units much above the average (59 percent for Rentals and 24 percent for Mutual Help).

There is also considerable variation by region. The Alaska, South Central, and Oklahoma regions all have shares of Rental units in the 0-2 bedroom category that are significantly above average. Regions with above-average shares of small Mutual Help units are Oklahoma, California-Nevada, and Alaska. This appears reasonable for Oklahoma and California-Nevada where AIAN household size in Tribal Areas is comparatively small. It may indicate a problem, however, in Alaska Native villages which have higher than average shares of large families. (See Kingsley, Mikelsons, and Herbig, 1995, Table 3.2).

Overall, these distributions (even in the Rental program, but particularly in Mutual Help) offer a stark contrast to the unit mix provided by the national public housing program (where 68 percent of all units are 0-2 bedroom, 24 percent are 3 bedroom and only 7 percent are 4+ bedroom units). In other words, the IHAs have generally oriented the stock to respond to the unusually high proportion of large households found in Tribal Areas.⁴⁵ Recall (from Chapter 2) that 27 percent of all AIAN households in Tribal Areas are families with five or more persons (compared to 16 percent for Indians in metropolitan areas and only 11 percent for the non-Indians on average nationally). Still, is the IHA unit-size distribution adequate? To answer that question it is necessary examine estimates of the extent of overcrowding, which is done in the section below.

⁴⁵ During the 1980s and early 1990s, it was in fact a legal requirement that large families be served first.

The Quality of IHA Housing

As noted in Chapter 3, comprehensive and objective measures of the incidence of housing problems in HUD-assisted units are not available. However, it is well-recognized that these units are not free from problems.

Of the many interviews conducted as a part of this study, there was general consensus on several points. First, although they are in better condition than unassisted units, a considerable number of HUD-assisted houses in Tribal Areas do have physical deficiencies. Second, Rental program units, which are maintained by the IHAs, are in better condition generally than Mutual Help units.⁴⁶ Third, overcrowding in IHA units is a significant problem. Relevant interview results are as follows:

- 72 percent of the IHA directors responding to on-site survey questions on this topic said that IHA units are in better condition than other units in their service areas.
- However, in telephone interviews (where almost all IHAs were contacted), IHA directors roughly estimate that, on average, 49 percent of their units needed some type of repair.
- When asked to rate the condition of different types of housing on a 5 point scale (1 being the worst and 5 the best), only 19 percent of tribal staff interviewed gave a 1 or 2 rating to IHA units; 30 percent, however, gave a rating in that range to unassisted units in their areas.
- On a similar scale, none of the tribal staff interviewed gave a 1 rating with respect to the "general physical condition" of IHA Rental housing; 7 percent did so with respect to IHA Mutual Help housing.
- Again using the same scale, 22 percent of tribal staff gave 1 or 2 ratings to the "adequacy of space" in Rental units whereas 29 percent did so for Mutual Help, indicating that overcrowding is often regarded as a serious problem in the IHA stock.

While these indications are impressions of knowledgeable observers, they are nonetheless "impressions". A more accurate sense of the magnitude of these problems can be gained from

⁴⁶This is due in particular to a problem already alluded to. In essence, Mutual Help families generally have quite low incomes in relation to the costs of homeownership--when utility prices accelerated in the 1970s, many simply did not have enough money for the maintenance needed to keep their units in good repair.

the household survey data on Tribal Area housing conditions described in Chapter 3--the sample was small but the approach was systematic.

According to this survey, 21 percent of all IHA units have serious facility or condition deficiencies as per the standards defined in Figure 3.2. The comparable shares work out to 14 percent in Rental program housing and 24 percent in Mutual Help units. Estimates from this source of the total overcrowded (more than one person per room) and/or with facility/condition problems is 24 percent overall (18 percent in Rental units and 28 percent in Mutual Help).

There is considerable overlap in this last category; i.e., many units are both overcrowded and have facility/condition deficiencies. Estimates vary, however, as to the total that are overcrowded. Estimates based on the household survey suggest that the share of all IHA units that are overcrowded is around 9 percent (95 percent confidence interval from 6 percent to 15 percent). MTCS data, indicates a total of about 13 percent are overcrowded. When told about these results, several members of our panel of advisors said they thought these estimates might still be too low. All felt that overcrowded households in IHA units often understate the number of persons actually living in the unit when they contribute information used by the MTCS system, out of fear that they might face sanctions for having so many people living in their unit.

Resident Perceptions of IHA Housing

Another way to learn about the quality of IHA housing is to ask its residents for their perceptions. This was also done as a part of the household survey. Relevant findings are presented in Table 5.5. Again, due to the small sample size, 95 percent confidence intervals around the point estimates shown are fairly broad. Still, the overall patterns described below appear meaningful and generally consistent with findings reported above.

Data on the top panel of this table tend to confirm the general reasonableness of the physical problem estimates given above. Respondents were asked how satisfied they were with their current housing unit. Those saying they were "most unsatisfied" represented only 5 percent of all households in IHA Rental units, and 19 percent in IHA Mutual Help units, but 51 percent in unassisted units. In other words, among the housing available in Tribal Areas, residents are most satisfied with the living conditions in IHA Rental units and most troubled with the condition of unassisted units--they see the quality of Mutual Help housing falling in-between.

The table also indicates some consistency between resident perceptions and the independent observations of conditions provided in the household survey. In all cases a much higher percentage of the residents of units that actually have physical problems (as identified by the independent observations) indicated they were "most unsatisfied" with their units. In housing where no actual problems were observed, none of the Rental program tenants and only 6 percent

Table 5.5
RESIDENT ATTITUDES ABOUT HOUSING IN TRIBAL AREAS

	Total	IHA Rental Units	IHA MH Units	Non- IHA Units
No. households responding	414	107	141	166
PCT. SAYING "MOST UNSATISFIED" WITH UNIT				
Units with Census prob.	37	0	52	40
Units other severe	38	18	13	49
Units with no problems	7	0	5	13
Total	25	10	20	35
(95% confidence interval)	19-31	2-17	11-29	23-46
PCT. RATING ITEMS AS SERIOUS PROBLEMS				
Storage space	29	16	29	37
Insulation against cold	26	16	21	37
Design/config. of rooms	17	10	20	19
Water source/system	17	16	19	16
Unit size	16	11	18	19
Exterior appearance	16	13	11	22
Heating	14	10	14	16
Too close to neighbors	14	23	13	10
Roads/accessibility	14	12	13	17
Neighborhood appearance	12	15	11	10
Solid waste disposal	11	4	13	15

Source: Household Survey

of the Mutual Help residents and 12 percent of the residents of unassisted units indicated they were "most unsatisfied".

The bottom panel of the table shows some of the reasons for dissatisfaction. Respondents were also asked to identify features of their current house and location that they felt represented a "serious problem." The features most often identified were: inadequate storage space (29 percent), inadequate insulation against the cold (26 percent), design/configuration of rooms (17 percent), water source and system (17 percent), exterior design and appearance (16 percent), and unit size (16 percent).

Although the shares with "serious problem" ratings were almost always lower in IHA housing than in unassisted housing, the comparative priorities were generally similar. However, some differences are of interest. First, the most serious dissatisfaction among IHA Rental

program tenants (23 percent) is that their units are too close to those of neighbors (corroborating the general desire for widely scattered settlement patterns noted in Chapter 3). This was much less of a problem to residents of Mutual Help and unassisted units. Second, "neighborhood appearance" was also seen as more of a problem for Rental program tenants, even though this was not the highest priority on their list.

It is of interest that perceptions of overcrowding (as indicated by the share saying that their unit size was a serious problem) were somewhat more frequent than the 13 percent measure noted above as derived from MTCS data. This problem was identified by 11 percent of Rental program tenants, 18 percent of Mutual Help residents, and 19 percent of the residents of unassisted units.

Tribal Views and Cultural Preferences

As noted above, tribal staff interviewed on-site had generally favorable views of the HUD-assisted units: only 19 percent giving it a "poor" (1 or 2) rating from the standpoint of physical condition.

As to the location of units, a similarly defined poor rating was given by 19 percent for the Rental program and 7 percent for Mutual Help. That the Rental rating is this low is somewhat surprising, considering the fact that many residents think the density of the Rental projects is too high. However tribal interviews reflect the fact that IHAs often had very limited choice as to where to place Rental housing.

Tribal staff were somewhat more critical of the *design* of HUD units, but those assigning a poor rating were still clearly in the minority. For the Rental program, poor ratings were given by 30 percent for exterior design and 26 percent for interior design. There was even less criticism of design in Mutual Help: poor ratings by 26 percent as to the exterior and 15 percent as to the interior.

This was also something of a surprise considering much recent public criticism of the cultural insensitivity of housing built in Tribal Areas. More specifically, 75 percent of the tribal staff and 75 percent of the IHA directors interviewed on site said lack of sensitivity to cultural design features was not a major problem. As we interpret these responses, we do not believe they mean that cultural design issues are not important--it is just that they are not the highest priority in areas where the lack of basically adequate shelter is so great. As one respondent put it, "A safe, warm home of whatever style is more important."

A more serious concern to the tribes appears to be a concentration of drug and crime problems in IHA Rental projects: 56 percent of tribal respondents said they "agree or strongly

agree with the statement": There are drug problems in IHA units"--52 percent said the same about crime problems.

Our surveys also asked about *homelessness* as a Tribal Area problem in on-site interviews: 67 percent of tribal leaders and 69 percent of IHA directors said it was indeed a problem. However, there was a strong consensus that it was a problem that, in Tribal Areas, gets fully converted into the problem of overcrowding. They indicate that many individuals and families do not have their own homes but, as one said, ". . . because of family ties, people take in other families, there's a lot of overcrowding." Another told us, "homeless people are not living on the streets but within families . . . transient people move around from family member to family member in order to have a place to stay."

Program Beneficiaries

Data from HUD's MTCS system show that the Rental and Mutual Help program are overwhelmingly serving the types of beneficiaries they were intended to serve--poor American Indian and Alaska Native households.

Overall, 92 percent of all occupants of IHA housing are American Indians and Alaska Natives. The Mutual Help Program, for which Indian preference is a statutory requirement, is 98 percent AIAN occupied, while the Rental Program is 84 percent AIAN occupied. Mutual Help requirements prohibit occupancy by non-Indians except in a few limited circumstances. This is not true in Rental program housing.

AIAN occupancy is close to 100 percent for Mutual Help units in virtually all locations, but there is notable geographical variation in this share in the Rental program. Most of the non-Indian occupants are located in two regions (Oklahoma and Alaska) where IHAs were formed under state law as public housing authorities and were prohibited from favoring any racial group for occupancy (see data presented on this topic in Chapter 3, Table 3.5).

Households must be Low-Income (income less than 80 percent of the local median) to be eligible for these programs, but the data show that the income of the typical resident of IHA housing is well below even that level: 68 percent of all occupants of IHA units have Very Low-Incomes (less than 50 percent of median). VLI households make up 90 percent of the total in the Rental program and 52 percent in Mutual Help.

The average annual income of the tenants in the Rental Program is \$8,800 (Table 5.6).⁴⁷ The 90 percent VLI share in Rental units is about the same as the public housing program nationwide.

The average income of Mutual Help occupants is higher: \$18,300. The original intent of the Mutual Help Program was to provide homeownership opportunities to very poor AIAN families. When the program started in 1962, in fact, it appeared more feasible for a poor Indian family to participate in Mutual Help than in the Rental program because the latter required a higher occupant contribution to housing costs (Housing Assistance Council, 1988). Also, with the contribution of land, materials, or labor, it was expected that Mutual Help would entail a lower aggregate subsidy cost than the financing and operating charges of the Rental program. As noted earlier, however, that rationale changed as costs of homeownership (particularly utility costs) accelerated in the 1970s, and Rental program revisions allowed the provision of significant operating subsidies. Today, that families in Mutual Help units have higher incomes than those in Rental units is essential to make Mutual Help operationally feasible. Still, the Mutual Help averages remain well in the Low-Income range.

Table 5.6 shows that, for both programs, average incomes do not vary substantially by IHA performance, IHA size, or area income levels. There is, however, more noticeable income variation by region. In the Rental program, average tenant incomes in the Alaska and North Central regions are more than 30 percent above the program average, while those in the Oklahoma and South Central regions are more than 20 percent below that average. In Mutual Help there is generally less regional variation, but Alaska again stands out with a level much above the program's national average. Nonetheless, we doubt that these variations imply that the regions at the extremes are serving a very different clientele. Regional differences in living costs probably explain much of the variation shown here. Living costs in Alaska, for example, are much higher than is typical in the "lower forty-eight."

Probably the most striking finding conveyed in Table 5.6 relates to the *sources* of resident incomes in IHA housing. The popular image is that most of the tenants in the national public housing program do not work, and indeed MTCS data show that only one quarter of them derive income from wages. This is a marked contrast to Mutual Help occupants in Tribal Areas, 71 percent of whom have wage income. Even the share of wage earners in the Indian Rental program (34 percent) is much above that for public housing. Thus, HUD-assisted Indian housing is not serving a dominantly "public assistance oriented" clientele. Most residents work, but as the income data imply, their wages are typically extremely low.

⁴⁷Note that this table includes data for only 148 IHAs. As mentioned in Chapter 1, the MTCS is a relatively new data base and it does not yet provide full coverage. The total household reporting rate for the MTCS data cited in this table is 59 percent.

Table 5.6
HOUSEHOLD INCOME AND SOURCES OF INCOME

	Rental Households					MH Households			
	No. IHAs	Avg. Hhld Inc.	Pct. Wage	Pct. SS/Pen.	Pct. Public	Avg. Hhld Inc.	Pct. Wage	Pct. SS/Pen.	Pct. Public
ACA Performance Rating									
Highest 25%	40	7,722	26	34	46	17,781	71	24	14
2nd 25%	41	8,377	34	27	39	18,415	74	18	13
3rd 25%	36	8,967	40	22	42	19,023	69	21	16
Lowest 25%	31	10,374	40	23	35	17,647	75	19	11
All IHAs	148	8,821	34	27	42	18,259	71	21	14
IHA Size (No. units)									
Highest 25%	39	7,862	30	29	47	17,386	69	22	15
2nd 25%	40	9,258	41	25	36	19,972	75	21	15
3rd 25%	40	8,046	43	23	30	17,606	78	16	9
Lowest 25%	29	10,882	46	28	26	17,964	72	20	16
All IHAs	148	8,821	34	27	42	18,259	71	21	14
Area Income									
Highest 25%	36	8,372	28	39	41	18,734	70	25	13
2nd 25%	34	9,317	33	24	44	19,723	77	19	11
3rd 25%	39	8,344	30	24	46	17,423	72	17	15
Lowest 25%	36	9,333	42	23	37	17,406	69	21	18
Unknown	3	7,545	36	29	35	16,420	75	20	11
All IHAs	148	8,821	34	27	42	18,259	71	21	14
Region									
1. No. Central	22	11,554	45	25	38	19,098	75	17	16
2. Eastern	9	8,639	40	28	35	17,687	79	18	7
3. Oklahoma	19	6,811	23	44	42	14,430	67	27	14
4. So. Central	4	6,314	28	39	26	16,330	77	24	5
5. Plains	24	7,902	28	26	48	18,370	73	18	14
6. Ariz.-N.Mex.	21	8,395	41	20	38	17,692	72	18	13
7. Calif.-Nev.	19	8,373	37	20	39	18,266	72	18	14
8. Pac.No.West	18	8,342	31	22	47	16,868	69	18	19
9. Alaska	12	11,689	14	79	42	26,733	74	23	19
All IHAs	148	8,821	34	27	42	18,259	71	21	14
IHA and Market Type									
Umbrella - Alaska	12	11,689	14	79	42	26,733	74	23	19
Umbrella - Other	10	7,534	31	25	47	16,640	69	20	14
Near Urban - Lg/Op/H	6	7,264	23	42	44	15,093	65	28	15
Near Urban - Lg/Op/LI	20	9,122	28	37	44	16,972	70	24	15
Near Urban - Lg/CI/LI	20	9,585	45	20	34	17,079	77	16	9
Near Urban - Small	15	8,437	35	31	26	17,681	76	17	10
Navajo	1	10,963	48	24	38	17,807	69	20	18
Remote	61	8,488	32	24	44	18,114	71	21	14
Unknown	3	7,545	36	29	35	16,420	75	20	11
All IHAs	148	8,821	34	27	42	18,259	71	21	14

Source: MTCS.

Summary and the Question of Demand for IHA Housing

The sections above make it clear that housing provided by HUD's Rental and Mutual help programs does have its problems. The share of all units with physical deficiencies, though much lower than that for unassisted housing in Tribal Areas, is significant nonetheless. And the extent of overcrowding is far from trivial. Also, past allocations systems have resulted in some inequities--IHAs serve a much larger share of all families in need in some areas than they do in others.

Still, it is difficult not to be impressed by the contributions these programs have made in Indian country. They now provide decent shelter to around 67,000 Low-Income American Indian and Alaska Native households--from 37 to 42 percent of all Low-Income households in Tribal Areas (almost twice the share served by HUD-assisted programs in the rest of the nation). And a very large share of those being served are among the poorest of the poor in America.

There is no way to accurately estimate what would have happened if these programs had not existed, but it seems certain that housing conditions in Tribal Areas would be much worse than they are today. It is likely that those conditions would have furthered additional outmigration from many traditional centers of Indian culture. In fact, it seems quite possible that some small tribes that now have high percentages of HUD units might have been forced to disband as recognizable communities altogether.

There is also evidence that demand remains high for additional assisted housing in these areas. While the overall vacancy rate in the national public housing program is 8.0 percent, the program's image has been tarnished by many-big city programs where very large shares of their apartments remain vacant and unused. Nothing similar exists in HUD's Indian housing programs and the overall vacancy rate is significantly lower than that of public housing (averaging 6.0 percent). Furthermore, our IHA telephone survey indicates that waiting lists for Rental and Mutual Help units remain enormous; the number of households on waiting lists averages about half of the total number of existing IHA units.

However, while these data show that an important contribution has been made, they do not yet address the question of whether that contribution has been made *efficiently*. The remaining sections of this chapter examine that issue as a basis for considering possible alternative forms of delivery.

DEVELOPING NEW HUD-ASSISTED HOUSING

The Context

This section reviews the steps in the process followed to develop new IHA housing in Tribal Areas (and the time required for it), considers the extent of pre-planning and difficulties in site selection, examines variations in the cost of new housing provided, and offers interpretations regarding the efficiency of this process.

Before beginning the review, it is important to comment on the context in which this development process takes place. Most IHA projects are built in rural setting many of them quite remote from urban areas. This in itself has important implications, creating challenges that do not exist in building housing in a major metropolis.

Perhaps the most important difference relates to the provision of physical infrastructure. In metropolitan settings, basic off-site infrastructure systems are largely already in place near the new development site, including: sewers, landfills, electricity, water availability and water treatment, and paved roads. It is a comparatively simple and inexpensive matter to connect up to them. In Indian country, however, these broader systems often do not exist. Very large capital investments may be required to provide this infrastructure for new IHA developments.

A second problem might be thought of as the lack of adequate "institutional infrastructure." In large cities, many well-staffed institutions exist to facilitate and implement the development of new housing. These include a variety of private developers and contractors with specialized skill, a range of competitive materials suppliers,⁴⁸ private financial institutions, and a number of governmental actors (ranging from planners to building inspectors).

In addition, Tribal Area settings often imply special problems that constrain land availability. These clearly include the complexity of trust land relationships discussed in Chapter 1, but they also include special environmental and other restrictions. Notable in this regard is the prevalence of archeological and traditional burial sites which must be avoided.

⁴⁸IHA directors interviewed in the telephone survey, however, generally appear to be more concerned about the cost of construction materials than problems in obtaining them from suppliers. Nearly 90 percent of IHA directors reported that they saw the cost of construction materials as a serious problem, while only 45 percent said supply was a problem. Supply problems were most often reported by directors in the North Central, Oklahoma, Pacific-Northwest and, as expected, Alaska regions.

The Development Process

The IHA development process begins when the IHA receives a "reservation" for new housing as a result of the allocation discussed earlier in this chapter.

The next important step is a "coordination meeting" which, until 1994, was always convened by HUD regional staff.⁴⁹ This meeting is attended by the IHA along with representatives of the BIA, IHS, and other relevant tribal and/or government officials. In some cases, where IHAs have done a considerable amount of pre-planning and negotiating, these meetings may result in brief reviews and confirmations of IHA plans, along with establishing mutual agreements about roles and timing in the development schedule.

In other cases, they may be more extensive. All participants may visit and provide suggestions about alternative sites being suggested, and consider alternative development concepts for each site. The meetings may result in a list of additional tasks the IHAs have to perform before they can proceed (e.g., additional engineering and environmental studies to assure a site is suitable for housing as proposed). In some cases, problems may emerge with respect to the BIA's ability to provide the necessary road access or the timing of IHS infrastructure provision that must be resolved.

After any issues arising in the coordination meeting are settled and sites and development concepts have been approved, the IHA has preliminary building plans and a development budget prepared.

These are then submitted to HUD for review and approval. In the past, these reviews were often extensive. HUD has gradually reduced its review of the architectural plans over the years and with the new regulations (eliminating separate HUD standards and requiring only that IHA structures meet local code requirements) it eliminated this aspect of the review altogether.

HUD must still review the development budget, however. Total Development Cost (TDC) limits for different areas within each region in the country are established by Congress to reflect real locational variations in the prices of construction inputs. These are revised annually. The process entails estimating the baseline cost of a prototype (1,080 square foot) house, and then making adjustments for different areas using standard private indexes that reflect local price variations (Marshall and Swift, and Boeks).⁵⁰ In the past, HUD regional offices could approve

⁴⁹HUD's new 1994 regulations for Indian housing permit the IHAs to arrange for and conduct these meetings themselves. HUD staff no longer need to be involved.

⁵⁰Consistent with requirements of the Davis-Bacon act, which must be complied with in all IHA construction, union wage rates are assumed throughout.

amounts up to 110 percent of the TDC--under the new regulations, IHAs can go up to that level without HUD approval.

When approval has been granted, the IHA can enter into the necessary contractual arrangements and begin construction. It may use one of several methods: conventional (where the IHA acts as the developer and hires and manages the work of contractors); turnkey (where the IHA contracts with a developer to schedule and manage the entire construction process); force account (where the IHA manages all of the work directly using local tribal labor); and self-help (where Indian families build their own units with limited assistance and supervision from the IHA). IHAs may also bring new housing into their inventory by acquiring existing units (with or without rehabilitation).

IHA on-site survey data indicate that 70 percent use the conventional method (although no IHAs in Oklahoma or the South Central region do so). Thirty-five percent use force account for new construction; less than 20 percent use turnkey. Not surprisingly, only 25 percent use acquisition, due to the lack of available units in most Tribal Areas. Acquisition is used as a major method only in Oklahoma. No IHA interviewed uses the self-help method.

In the mid-1980s HUD considered that typical project development periods were unreasonably long and took a number of steps managerially to expedite the process. These efforts, in cooperation with those of the IHAs, have made a significant difference. The average period from funds reservation to construction start dropped from 38.7 months in 1985 to 28.4 months in 1993. The average construction period has not changed as much (from 13.1 months in 1985 to 12.8 months in 1993).

Because these averages include a number of projects that had been much delayed, they overstate modal performance. Most IHA directors interviewed in the on-site survey felt that it was now possible to move through this process much more quickly than these averages suggest. Of those making estimates, 70 percent said they currently have a development time frame of 20 months or less from reservation to final occupancy. This almost always requires careful pre-planning before the initial coordination meeting. At least one IHA has recently moved a project from reservation to completion in less than six months.

Program Planning

Clarity in program strategies can expedite the delivery of housing and assure that what is provided matches real needs effectively. Yet fewer than half of IHAs (41 percent) reported in the telephone survey that they had a comprehensive housing plan; only 51 percent said they had a formal housing needs assessment. The best record in this regard was in the Eastern region where 60 percent had a comprehensive plan; the worst was among the 10 umbrella IHAs outside

of Alaska, only one of which had such a plan. Only a third of the tribal staff interviewed on-site said that the tribe had comprehensive housing plans and most told us the plans they had were old and out of date. Only 14 percent said the tribe had a housing needs assessment.

Although the question was not asked directly in the survey, several IHA directors volunteered that they felt their operations were most hampered by the lack of a clear tribal land use plan. One remarked: "If the tribe had a plan, I would know where the future areas for housing were going to be and I could start working to get the infrastructure coordinated for those locations . . . as it stands, site selection decisions are very political and based on short-term thinking. We wind up wasting a lot of money by taking the infrastructure out to locations in all directions."

Providing Land

While the dominant visual impression in many Tribal Areas is one of vast expanses of unused land, land availability appears to be an important constraint on IHA housing development in many of them. The land is there, but legal, regulatory, and political problems often make it difficult to assemble sufficiently large parcels in reasonable locations for new housing. Interviews with IHA directors and tribal staff yielded the same assessment of the extent of these problems--40 percent of both groups mentioned the availability of land as a major barrier.

In some cases these were problems related to ownership or rights of use; 53 percent of the IHA directors who responded noted difficulties beyond the basic trust relationship (such as conflicts over assigned or allotted lands, problems in getting agreements from multiple-heirs to an allotted parcel, or use restrictions due to tribal ordinances or customs). Responses to this question varied (e.g., all directors in the Pacific-Northwest said they faced such problems), but in no case was the rate much below 50 percent.

In the field interviews, one IHA director said, "There are historical land assignments that can't possibly be taken away . . . many of these pieces are very fractionated . . . it makes it very hard to do rational planning and development." Another, in Oklahoma, said his major problem was "getting extension of original 25 year agreements to other than original landowners . . . BIA has now authorized extensions but there is still confusion as to whether they have the authority to do so." Yet another said, "Land ownership issues are a huge obstacle . . . lots of this land is not developable for the IHA because the tribe wants to keep the flat portions for agriculture . . . the tribe gives land allotments to various families and often these allotments are in dispute."

One aspect of land assembly that did not appear to be perceived as a major problem by the IHAs was BIA processing of land leases. In the telephone survey, only 16 percent of the directors said the BIA was "not very cooperative" in this regard.

A second class of constraints relates to environmental or similar restrictions that prohibit the use of a considerable amount of tribal land for housing. Responses on these issues from the IHA telephone survey are given in Table 5.7. Overall, such problems reported as adding to costs were wetlands restrictions (mentioned by 16 percent), restrictions related to archeological or burial sites (12 percent), water quality problems (9 percent), and contaminated soils (6 percent). The frequency of these problems varied by region; for example, the incidence of wetlands issues was significantly higher in the coastal regions than in the nation's mid-section. However, most of these difficulties were noted at least to some extent in most regions.

Providing Infrastructure

The major developmental problem related to infrastructure is simply the conflict between tribal locational preferences and costs. As noted in Chapter 3, with some exceptions (e.g., the Pueblos), Indians in Tribal Areas generally appear to prefer dispersed locations for their housing. When standards require paved roads and utilities for IHA units, high costs are inevitable if such locational preferences are to be adhered to.

Some tribal and IHA officials interviewed in the field surveys felt strongly that the requirements should be more flexible. One tribal chairman said, "Many of my people want to live in the remote valleys where they can earn their livelihood raising their animals in the traditional way, and it will never make sense to provide electricity there . . . they have done just fine with kerosene lamps and wood stoves for a very long time--it is a great frustration to me that we can't use HUD money to build decent basic shelter for them there." One IHA director remarked that, "electrical hookups, paved roads, and curbs and gutters certainly should be dropped . . . Although the reservation is 90 percent wired for electricity, many people do not use it, even if it's in the unit, because they cannot afford it . . . HUD should let us fund the construction of a basic house with a hope that people will add on amenities and other things when they can."

But these views appear to be a minority opinion, albeit a sizeable one: in the telephone survey, 24 percent of IHA directors said they thought requirements for infrastructure should be dropped. The only region where a majority of directors thought they should be dropped was Arizona-New Mexico.

There are no indications that coordination with other Federal agencies is a major problem in the provision of infrastructure for IHA projects. Of all IHAs responding to the telephone survey, 91 percent still rely on the IHS for water and sewer construction (although they are no longer obligated to do so), and 77 percent rated their working relationship with the IHS as good or excellent. One third rated the BIA as "not very cooperative" in coordinating the funding and construction of roads. However, several pointed out that the problem here was more one of insufficient funding holding up the provision of needed roads for new IHA developments, rather

Table 5.7
IHAs REPORTING REGULATORY BARRIERS TO DEVELOPMENT

	No. IHAs	Wet-lands	Contain-inated Soil	Arch/Burial Site	Water Quality	Other
ACA Performance Rating						
Highest 25%	42	11	15	19	4	33
2nd 25%	44	31	0	3	7	24
3rd 25%	40	14	7	21	11	25
Lowest 25%	41	9	3	6	13	31
All IHAs	167	16	6	12	9	28
IHA Size (No. units)						
Highest 25%	43	9	3	26	9	20
2nd 25%	42	17	3	7	7	37
3rd 25%	41	22	13	9	9	26
Lowest 25%	41	21	7	4	11	32
All IHAs	167	16	6	12	9	28
Area Income						
Highest 25%	42	27	7	13	3	30
2nd 25%	41	18	4	14	7	36
3rd 25%	40	7	7	10	10	23
Lowest 25%	40	12	8	12	15	27
Unknown	4	50	0	0	0	0
All IHAs	167	16	6	12	9	28
Region						
1. No. Central	26	19	0	13	13	31
2. Eastern	10	29	14	14	0	43
3. Oklahoma	20	18	0	27	9	36
4. So. Central	4	0	0	0	0	50
5. Plains	28	9	4	13	17	17
6. Ariz.-N.Mex.	20	7	0	29	7	36
7. Calif.-Nev.	23	6	25	0	0	38
8. Pac.No.West	23	40	0	7	13	20
9. Alaska	13	17	8	0	0	17
All IHAs	167	16	6	12	9	28
IHA and Market Type						
Umbrella - Alaska	12	18	9	0	0	18
Umbrella - Other	10	0	29	14	0	43
Near Urban - Lg/Op/HI	6	0	0	0	25	75
Near Urban - Lg/CI/HI	1	0	0	0	0	100
Near Urban - Lg/Op/LI	21	33	0	13	7	27
Near Urban - Lg/CI/LI	29	13	0	13	7	53
Near Urban - Small	16	40	0	0	20	20
Remote	68	10	8	18	10	20
Unknown	4	50	0	0	0	0
All IHAs	167	16	6	12	9	28

Source: Telephone Survey

than one of lack of effort or effectiveness by local BIA staff.

The Indian Preference Requirement

The IHA telephone survey indicated, on average, that 20 percent of IHA units in management had been built by an AIAN developer; regionally, this response ranged from a high of 25 percent in Arizona-New Mexico to a low of 12 percent in the North Central region. Clearly, the use of legitimate Indian developers and contractors to build IHA housing can provide an important economic development bonus from HUD assistance for the tribe. There appears to be substantial doubt, however, that the current requirement for "Indian preference" in this regard is working effectively.

Of all IHA directors who responded to the telephone survey, more than half (52 percent) said that Indian preference regulations had not met their goal of employing more Indians. This varied significantly by region; almost all directors in the North Central and Arizona-New Mexico regions said it was meeting its goals, but those in the Eastern and Pacific-Northwest regions overwhelmingly said it was not.

Most IHA directors approve of the intent of Indian preference but many find it difficult to put into practice, and feel that it adds unnecessarily to the time and cost of the bidding process. Major reasons cited include: a lack of qualified Indian contractors in the area, the use of fronts and fraudulent joint ventures which make firms Indian in name only, and sometimes being forced to use qualified firms outside the region who do not understand local conditions.

Development Costs

Earlier in this chapter we noted the effort by HUD to reduce the development costs of IHA housing in the early 1980s. Initially this took the form of exerting pressure to build smaller units, but this aspect of the policy was reversed and (as discussed earlier and shown on Figure 5.2) the average unit-size increased again through the early 1990s. What is of most interest is that the average development cost per square foot did not follow a similar path. Rather, it has declined fairly consistently in real terms over the past decade, dropping from a 1981-83 average of \$96 to the 1991-93 average of \$65 (constant 1993 dollars).

Analysis to gain a full and reliable understanding of how this was accomplished was beyond the scope of this study, but we were told by HUD field office personnel that it occurred through a combination of: (1) consistent management pressures to promote more efficient designs and construction practices; and (2) some reduction in standards (e.g., the provision of less storage space, selection of lower cost materials).

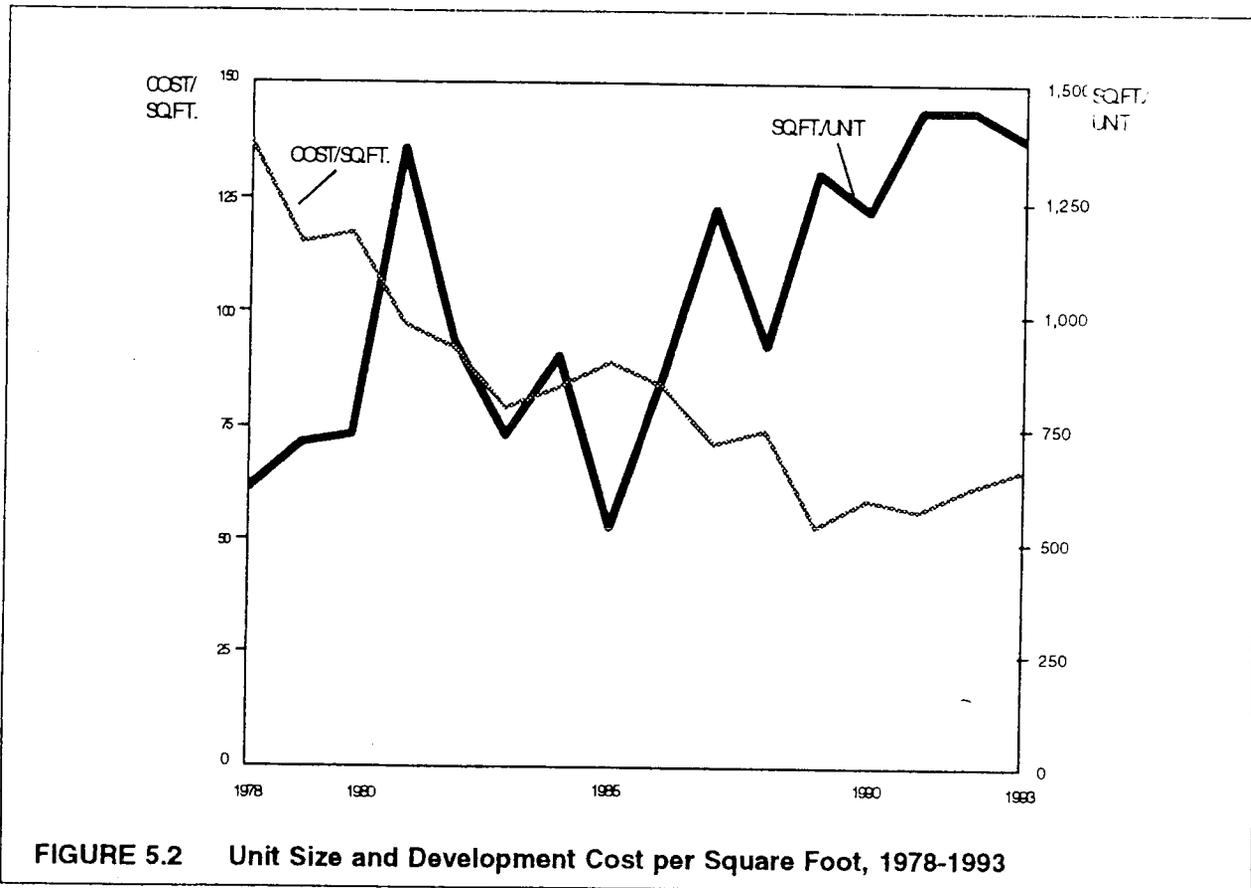
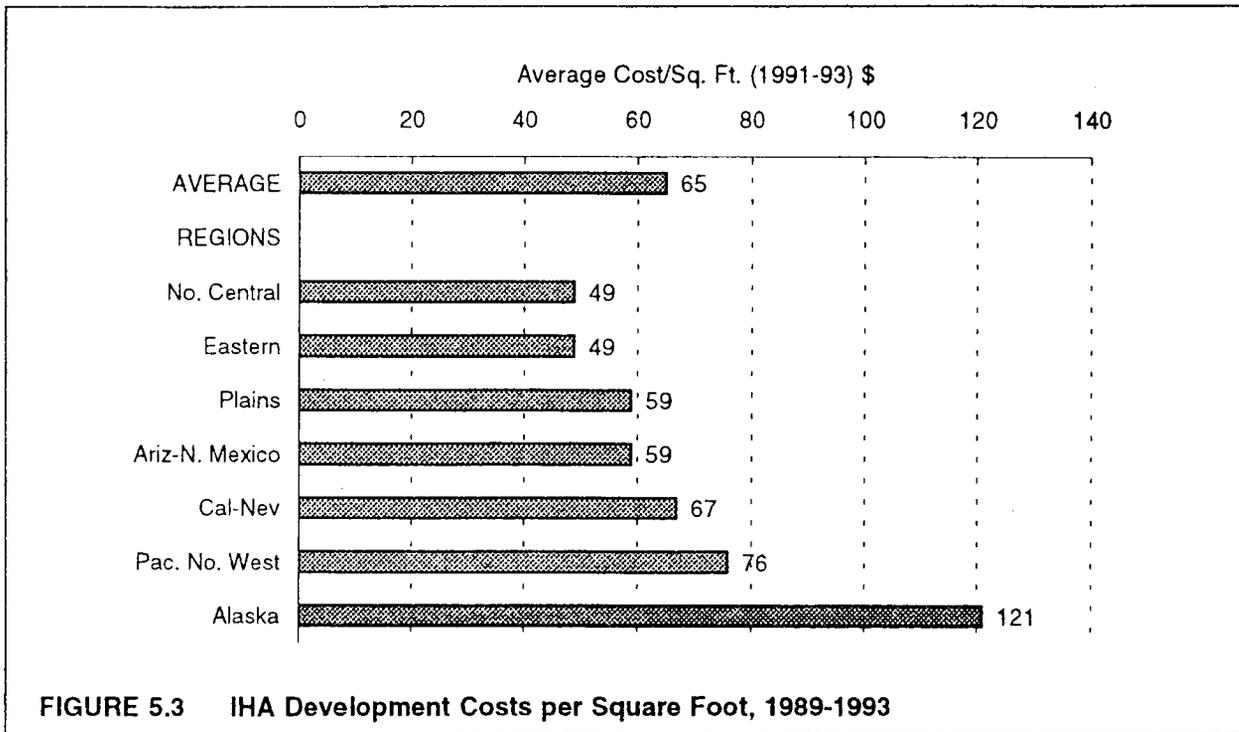


Figure 5.3 shows that there is considerable regional variation in per square foot development costs around the 1991-93 \$65 average.⁵¹ Alaska is clearly the outlier, with a cost of \$121, almost twice the national average. Costs in all other regions fall in a narrower range, from \$49 (in the North Central and Eastern regions) to \$76 (Pacific-Northwest).

There were also variations in the average size (square footage) of the units produced during the 1991-93 period, and this led to a pattern of total costs per unit that did not always match the pattern evidenced for cost per square foot. The 1991-93 average development cost per unit was \$85,700. The lowest totals were recorded in the Eastern, Oklahoma, and Plains, and Arizona-New Mexico regions (all in the \$50,000-\$60,000 per unit range). But these were offset by much higher costs in the Alaska, California-Nevada, and North Central regions (all with averages over \$100,000). Unit costs for Arizona-New Mexico (\$76,900) and the Pacific-Northwest (\$85,600) fell in between.

⁵¹A cost figure for the South Central region is not provided in this chart because information for only one completed project in this region was available in the data base for the 1991-93 period.



Even though this range is substantial, there is no evidence that it reflects any major differences in production efficiency. Other factors play an important role in determining these outcomes. First, there are substantial differences between regions in local input prices for construction (labor, materials, and equipment). These are reflected in the TDCs which constrain what any IHA can produce. In the 1991-93 period, construction prices in Alaska and California, for example, were substantially higher than those typical of the rest of the country.⁵²

Second, there are legitimate differences in the way various IHAs and tribes choose to use the allocations they receive. Some design somewhat less costly units (smaller and/or with less expensive fixtures, etc.) so that, for a given amount of funding, they can serve a larger share of all families in need. In other words, they deliberately choose to spend less per unit than the TDCs would allow. Others choose to produce larger and higher quality units and spend close to the full TDC limitation--necessarily therefore, they can afford fewer units for the same allocation of funds. Interviews with central and regional HUD staff indicate that important differences in individual tribal approach along these lines exist *within* almost all regions.

⁵²For example, Davis-Bacon wage rates in California are more than half again as high as in Arizona due to California's higher union labor rates.

Interpreting Standards and Costs

A full analysis of the cost-efficiency of the IHA development process would require detailed comparisons of IHA and private costs for different housing types in a number of areas of the country--a task much beyond the resources available for this study. Available evidence seems to suggest, however, that: (1) some inefficiencies probably remain in the IHA process; but (2) it is difficult to argue that the resulting costs are substantially above what they should be given the type of housing being produced, particularly in many of the remote regions.

Indications that costs could be reduced largely relate to unreasonable delays that remain in the system and, as is well known in construction, delays cost money. As FONAP and ONAP staff generally admitted to us, ten years ago the HUD review process would probably have been cited as the most serious factor in this regard, but this issue seems mostly to have evaporated with recent changes in regulations and practice.

Yet, IHA directors cite other factors that still slow down the development process: (1) the lack of overall planning which frustrates project site selection and infrastructure provision; (2) increasing difficulty in securing appropriate land for IHA housing developments; (3) the well intended requirement to give preference to Indian contractors (at least in some areas); and, to a more modest extent (4) some interagency coordination problems in infrastructure provision.

Several IHAs mentioned other factors they believe push cost up unreasonably (most frequently, Davis-Bacon requirements). Nonetheless our review of the cost results for the regions, on average, did not suggest that IHA costs were significantly different from private construction in the same areas, given the type of unit being produced and, in particular, considering the basic problems of developing housing in more remote locations (as discussed in the context section at the beginning of this chapter).

Nonetheless, the *type of unit being produced* does remain an issue. Under the present system, while a significant fraction of the households in need are benefiting from substantial subsidies, even larger numbers in similar circumstances receive nothing. This inequity could be remedied if more families could be assisted for the amount of HUD funding provided, with programs producing decent basic homes at lower cost. Given our conclusion above, it would appear that the only way to significantly reduce costs would be to reduce infrastructure and other standards and rely more on self-help techniques, at least for some portion of the IHA development pipeline.

Through the early 1980s HUD regulations mandated fairly high technical standards for IHA units and these clearly set limits on how much costs could be trimmed. HUD-imposed standards have now been largely eliminated, but compliance with minimums in accepted national codes is

still required and old traditions with respect to standards linger on--a natural tendency to use housing designs that have worked in the past rather than search for lower-cost, potentially controversial, alternatives.

Still, there remains a great need to find a way to provide decent basic shelter for more families at lower costs per unit. Most IHA directors interviewed on-site saw this as possible (although all did not necessarily endorse doing so); 62 percent answered yes to the question as to whether they could build more units if standards and other HUD requirements related to construction were relaxed.⁵³

Some tribes are experimenting with lower cost approaches as a part of the HOME program--the national average development cost for projects proposed under the Indian HOME program in 1992 was \$51,600 per unit (see further discussion in Chapter 6). On the whole, however, most IHAs do not appear to be pressing to try lower cost solutions. Indeed, many do not seem to recognize that the old HUD standards have been dropped, even through this fact has been clearly publicized.

OPERATING AND MAINTAINING THE ASSISTED HOUSING STOCK

This section opens with a review of the functions IHAs have to perform in the ongoing operation of the Rental and Mutual Help programs, once units are built. It then reviews the costs of operating these programs and how they are funded (mix of HUD, tenant, and other contributions) and problems associated with collecting payments from the residents. Finally, it examines key operating functions: tenant selection, maintenance, and modernization.

IHA Functions

When new units are built under the Rental program, IHAs take on comprehensive responsibility for their subsequent operation and maintenance. This begins with selecting tenants to occupy the units and then includes collecting and accounting for their monthly rent payments. Some IHAs arrange for utility services themselves (water and electricity), but in many cases tenants pay their own utility bills individually (being reimbursed for the subsidized portion by the IHA). IHA staff usually handles routine maintenance and minor repairs directly and/or contracts out such services to local individuals and firms. The IHA is also responsible for conducting

⁵³As noted earlier, HUD standards have since been eliminated, and replaced with the requirement of adherence to local codes.

assessments of needs for modernization of their older structures, and for planning, securing HUD funding for, and implementing modernization programs.⁵⁴

In the Mutual Help program, IHA functions are less extensive. IHAs are required to select households to occupy the new units and to set up and maintain financial accounts related to their payment obligations. They are not expected to be involved in the ongoing provision of utilities and maintenance services--those functions are solely the responsibility of the home purchaser. IHAs do provide counseling programs to help the new purchasers better fulfill the obligations of homeownership and, since the move in the 1980s authorizing the use of HUD modernization funding for Mutual Help, IHAs plan and implement modernization programs for Mutual Help units.

Operating Costs

Data on operating costs in both programs, as of 1993, are summarized in Table 5.8 and shown in more detail in Table 5.9. As would be expected, given the functions involved, there are substantial differences between the programs.

Operating costs in the Rental program are much higher. Also, these costs are carefully controlled by HUD through its Performance Funding System (PFS). This system was created in the mid-1970s to provide constraints and guidelines on expenditures in Public Housing as well as Indian Housing. Baseline "Allowable Expense Levels (AELs) were established on the basis of studies examining the level of costs that should be expected in a "well-managed Public Housing Authority" and they have been revised regularly since then to reflect inflation.

The IHAs' 1993 Rental program costs averaged \$217 per unit in management per month (PUM). This cost is in the lower range of cost experience for the national public housing program where 1992 allowable expenses per unit-month ranged from around \$140 for small housing authorities in the Midwest to \$358 for large public housing programs in the Northeast (Abt Associates, Inc., 1994).

The IHA Rental costs exhibit comparatively little variation by ACA rating, IHA size, or area income (Table 5.9). Looking at the results by region, the only notable outlier is the cost in Alaska, which is more than three times the average. It should be remembered that extremely high costs for Rental operations were expected in Alaska and this is the primary reason why that program is so small there--because of its small scale, this rate of expenditure does not have much effect on national outlays. Among the other regions, variation is much narrower--costs in Oklahoma and the South Central region are no more than 35 percent below the average, and those in Arizona-

⁵⁴As with new construction, modernization implemented under alternative approaches, including force-account as well as the conventional method.

Table 5.8
IHA OPERATING EXPENDITURES (Per Unit Month)

	Total	Rental	Owner
IHA AVERAGE COST	131	217	91
Small IHAs (<100 units)	163	206	127
Large IHAs (>457 units)	99	221	62
Highest Quartile ACA	122	201	85
Lowest Quartile ACA	146	235	106
Range Public Housing	-	140-358	-
PERCENT COVERED BY HUD SUBSIDY			
IHAs	68%	83%	41%
Public Housing	-	44%	

Source: MIRS System

New Mexico, California-Nevada, and the Pacific Northwest are less than 17 percent above the average. The lack of more extensive variations in these costs may well be explained in large part by the rules and limitations that exist under the PFS system.

The operating cost experience for the Mutual Help program presents a quite different picture. The average (\$91 per unit month in 1993) is less than half of that of the Rental program. These outlays, of course, are only supposed to cover basic record keeping and administration, counseling, insurance, and some utility allowances (not full project management and maintenance as is required of IHAs in the Rental program).

Mutual Help costs are also much more variable across IHAs. For example, the average cost for smaller IHAs (less than 100 units in management) is \$127, compared to only \$62 for larger IHAs (457 units or more). The average for the lowest quartile according to ACA performance is 25 percent above the average for the highest quartile. By region, the lowest costs are again achieved in Oklahoma and the South Central regions (\$58) and the highest, again by far, are in Alaska (\$190).

More research would be required to understand these Mutual Help variations fully. However, there does appear to be some relationship to scale. The correlation between Rental

Table 5.9
IHA OPERATING EXPENDITURES

	No. IHAs	Rental Units (\$)		MH and Other Units (\$)	
		Ave. Per Unit	Per Unit Month	Ave. Per Unit	Per Unit Month
ACA Performance Rating					
Highest 25%	44	2,412	201	1,025	85
2nd 25%	44	2,329	194	954	80
3rd 25%	44	2,884	240	1,154	96
Lowest 25%	44	2,826	235	1,271	106
All IHAs	176	2,598	217	1,087	91
IHA Size (No. units)					
Highest 25%	45	2,653	221	744	62
2nd 25%	43	2,792	233	1,107	92
3rd 25%	44	2,450	204	1,143	95
Lowest 25%	44	2,473	206	1,520	127
All IHAs	176	2,598	217	1,087	91
Area Income					
Highest 25%	43	2,419	202	906	75
2nd 25%	43	2,753	229	1,050	88
3rd 25%	43	2,486	207	1,109	92
Lowest 25%	43	2,777	231	1,159	97
Unknown	4	1,341	112	2,120	177
All IHAs	176	2,598	217	1,087	91
Region					
1. No. Central	26	2,179	182	1,188	99
2. Eastern	12	2,420	202	1,269	106
3. Oklahoma	20	1,457	121	701	58
4. So. Central	6	1,534	128	699	58
5. Plains	28	2,089	174	950	79
6. Ariz.-N.Mex.	22	2,446	204	935	78
7. Calif.-Nev.	25	2,577	215	1,060	88
8. Pac.No.West	23	2,388	199	1,198	100
9. Alaska	14	9,383	782	2,277	190
All IHAs	176	2,598	217	1,087	91
IHA and Market Type					
Umbrella - Alaska	13	9,383	782	2,005	167
Umbrella - Other	11	2,208	184	1,077	90
Near Urban - Lg/Op/Hi	6	1,960	163	547	46
Near Urban - Lg/CI/Hi	1	2,431	203	-	-
Near Urban - Lg/Op/LI	22	2,019	168	847	71
Near Urban - Lg/CI/LI	29	2,468	206	917	76
Near Urban - Small	17	2,357	196	1,216	101
Remote - Closed	1	2,110	176	755	63
Other - Navajo	1	3,103	259	780	65
Other - Other	71	2,197	183	1,065	89
Unknown	4	1,341	112	2,120	177
All IHAs	176	2,598	217	1,087	91

Source: MIRS

program costs PUM (where there is less variation) and IHA size (measured by the number of units in management) is negligible (+0.016) and not significant. But the correlation coefficient between Mutual Help operating costs PUM and IHA size is higher, negative, and significant, although not terribly strong (-0.28): i.e., other factors being equal, the smaller the IHA the larger the Mutual Help operating cost.

Some IHA directors claim that the AELs for their Rental programs under the PFS are inadequate to operate the program properly; 74 percent of those who responded to the question on this topic in the on-site interviews said that the AEL established for their IHA was "not appropriate."

In overall IHA programs, however (considering Rental and Mutual Help together), scale effects were not very pronounced. For example, the number of full-time IHA employees per 100 units did not vary much by IHA size. The median in 1993 was 3.85 employees (the middle half fell in the range from 2.74 to 5.02).⁵⁵

Receipts

Total Rental program receipts in 1993 averaged \$254 per unit-month, \$180 of which (71 percent) was the HUD subsidy payment. Most of the remaining receipts were net payments from tenants.

Total Mutual Help program receipts averaged \$94 per unit-month in 1993, only \$37 of which (39 percent) was accounted for by the HUD subsidy. This subsidy, then, is well below (only 20 percent of) that in the Rental program, but it must be kept in mind that the incomes of Mutual Help occupants are much higher. The monthly payment for Mutual Help purchasers is set between 15 percent and 30 percent of income. IHA's can grant utility allowances to these households and, there is little evidence of IHA efforts to increase payments much beyond the minimum (i.e., it seems likely that household payments on average come much closer to the 15 percent than the 30).⁵⁶

⁵⁵In a regression model relating the number of employees to IHA size (number of units in management), the coefficient was negative and significant, but the value of the coefficient was very small and the R-square was only 0.023; i.e., not much of the variation is explained by IHA size.

⁵⁶It also appears that the \$1,500-in-value up front contribution required for Mutual Help occupancy is only infrequently made out of the family's personal funds. In on-site interviews, 76 percent of IHA directors said this contribution is usually donated by the tribe. When asked what form the contribution took in their areas: 91 said land, 30 percent said family labor, 20 percent said money, and only 3 percent said materials. There are regional and local variations in this pattern, however. For example, in Oklahoma, where there is a substantial amount of "individual trust land," more families make the contribution out of personal income.

In both programs, the HUD subsidy PUM was fairly strongly correlated with total operating costs PUM (correlation coefficients of 0.59 in the Rental program and 0.73 in Mutual Help).

Tenants Accounts Receivable (TARS)

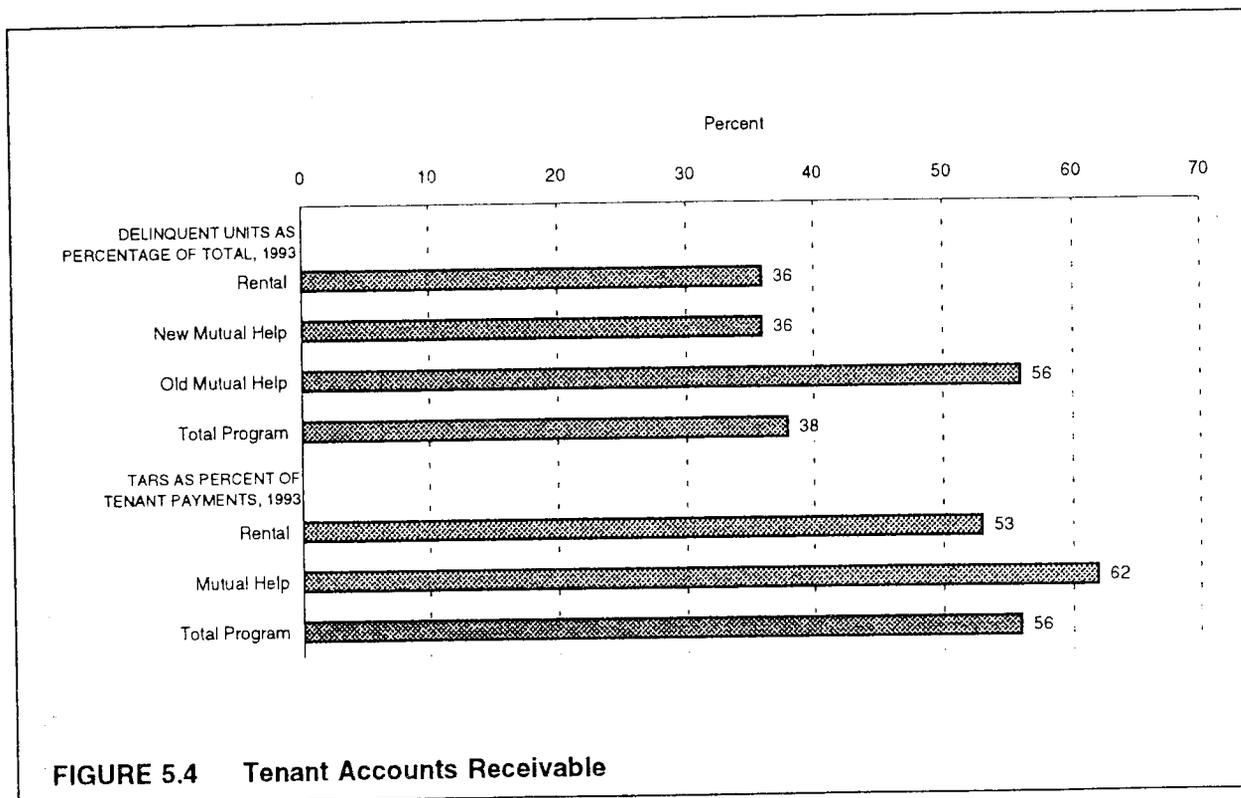
A major problem in both programs has been in enforcing the obligations of beneficiaries to keep up with their rent and homeowner payments.

In the Rental program, delinquencies were substantial. At the end of 1993, 36 percent of all program tenants were delinquent in their rent payments and cumulative Tenant Accounts Receivable (TARS) at the end of the year averaged \$208 per unit in management. TARS are also serious in Mutual Help: 36 percent of new Mutual Help occupants, and 56 percent of old Mutual Help occupants are delinquent, cumulative TARS per unit in management are even higher than in the Rental program (\$294 in new Mutual Help units, and \$628 in old Mutual Help units).

This record is considerably below that achieved in the national public housing program. In contrast to the 36 percent delinquency rate in the Indian Rental program and most of Mutual Help, the average rent delinquency rate in public housing is only 12 percent. And serious rent delinquencies in public housing tend to be concentrated in a limited number of housing authorities. In authorities accounting for two thirds of the public housing stock, the delinquency rate is 5 percent or less.

In Indian housing too, however, the averages are misleading because they mask wide differences. Some IHAs have an excellent record with respect to TARS while, for others, the problem is severe. For the ten percent of all IHAs with the best record in this regard, for example, Rental program TARS averaged only \$5 per unit in management; for the ten percent with the worst record, the average was \$1,256. Regression analysis was employed to gain a better understanding of the variation. The R-square was 0.47--see Annex 5C. Many of the variables we have discussed in this chapter were not significant: i.e., variations in TARS does not seem to be influenced by IHA size, the number of IHA staff per 100 units, area income, or distance from a large urban area. The two variables that were significant and had a large positive impact were: the ACA performance rating, and the rate of turnover in IHA directors (number of executive directors the IHA has had in the past 10 years). The close relationship between these variables will be discussed more later in this chapter.

HUD gave emphasis to stabilizing TARS in the late 1980s, and this appeared to be working for a time, but cumulative TARs has been growing again in the past few years (ONAP, 1994). Why some IHAs have such a problem with TARS is not fully understood, but there are some persuasive hypotheses. On-site interviews suggest that while some tribes enforce strong eviction policies (and therefore avoid large TARS), others either are unwilling or unable to do so.



Explanatory factors include the existence of weak tribal court systems and the conflict of such policies with tribal culture, as well as the lack of forceful management.

Tenant Selection

All IHAs maintain waiting lists of households in their tribal areas who have applied for new units in both programs. Means tests to assure income-eligibility are supposed to be applied before households are placed on the lists. IHAs use these lists almost solely as the basis for selecting program beneficiaries. Most often selections are made on a first-come-first-served basis; i.e., the household that has been on the waiting list longest gets the next unit that becomes available.

As a very rough indicator of need, the 171 IHAs who responded with waiting list estimates for their community in the telephone survey indicated that the total number of households on their waiting lists equalled about half (49 percent) of the total number of existing units in management. The waiting lists for smaller IHAs were proportionally much longer. Figures from the smallest quartile of IHAs indicate that the number of households on their waiting lists averaged 97 percent of the total number of units currently in management.

Maintenance Policies and Problems

Maintenance, and most particularly preventive maintenance, is an essential function of managing any housing program. If units are not well-maintained, major expenditures can be expected later as units are allowed to deteriorate. Maintenance and repair activity is an increasing challenge in both IHA programs with the aging of a large share of the assisted housing stock in Tribal Areas. The nature and cause of the problems in the two programs differ, however.

As explained earlier, IHAs have direct responsibility for the maintenance of their Rental units and, as data from the household surveys indicate, Rental units are, on average, in better condition than those in the Mutual Help program. IHAs typically make routine visual inspections of their rental units and some have systematic preventative maintenance programs. For most, however, tenant complaints are most often the events that trigger maintenance and repair actions by IHA staff.

Data from the MIRS system show IHAs spend, on average, 38 percent of their Rental program operating budgets for ordinary maintenance, a figure that exhibits little variation by ACA performance, IHA size, or area income. There are some regional variations. Alaska spends the least (25 percent) and the South Central region, the most (49 percent).

When asked what contributes most to maintenance costs for Rental units, 65 percent of IHAs in the telephone survey identified tenant abuse and vandalism. Less than 10 percent identified any of the other options given (poor materials, poor construction, or lack of preventive maintenance).

There is wide agreement among IHAs that the physical problems of Mutual Help are more serious than those in the Rental program, and this was corroborated by sample survey results noted earlier. IHAs are not directly responsible for maintaining these units (only an average of 4 percent of Mutual Help operating budgets go for maintenance), but they have obvious concerns for their physical condition.

IHAs, asked about the leading causes of Mutual Help physical deficiencies in the telephone survey, cited the simple failure of residents to make needed repairs (30 percent of the national total), poor original construction (22 percent), inadequate resident income to cover maintenance (20 percent), and age of the unit (10 percent). There were some important differences of opinion on this issue in different regions, however. For example, bad construction was identified as most important in the Eastern (67 percent), Alaska (45 percent), and North Central (38 percent) regions. Resident failure to maintain stood out most strongly in the Plains (45 percent) and Oklahoma (44 percent) regions.

A clear majority of IHA directors (80 percent in on-site interviews) felt that Mutual Help residents clearly understood that it was their responsibility to maintain their homes.⁵⁷ Still, 63 percent of them answered yes to the question, "Has getting homebuyers to take responsibility for maintenance been a problem?" Again, the enticement of the low (near 15 percent) payment requirement, and inadequate counseling on maintenance obligations, is a factor here. Many Mutual Help Occupants simply do not have sufficient income to maintain their units properly.

Modernization

Chapter 4 explained that, substantial additional funding has been provided for modernization of Rental and Mutual Help housing in recent years (modernization accounted for only 6 percent of capital expenditure funds authorized over 1980-84, but 28 percent over 1990-93). It also explained differences between the two main programs by which these funds are delivered: CIAP (the Comprehensive Improvement Assistance Program) and CGP (the Comprehensive Grant Program--which offers a more flexible approach and substantially more funding, but only to IHAs with 250 units or more in management). The telephone survey indicates that 86 percent of all IHAs have taken advantage of one or both of these approaches in the Rental program and 75 have done so in Mutual Help (which was first authorized for such funding much more recently).

The scope of work for this study did not call for a full assessment of CIAP and CGP, but some findings are of interest. One (from on-site surveys) is that, unlike the experience in new development, 80 percent of IHAs responding use the force account method for modernization. It appears to be the dominant mode in all regions. Force account offers obvious benefits in providing jobs to tribal members. It is used more frequently for modernization because the jobs are smaller, may require less skill, are more easily managed by IHAs of all sizes.

Other findings come from more detailed interviews about CGP conducted with three of the IHAs where on-site surveys were conducted. Generally, all three agreed that CGP is more reliable and predictable in terms of funding, and this helped them keep their promises as to when work would be completed. They were particularly complementary about the requisition system. One commented that with CGP's longer term funding commitment they were able to modernize more efficiently; i.e., do all that needed to be in one house at one time (their experience under CIAP was that they often did a series of quick-fixes in a house that might not have been needed if they could have settled underlying defects all at once). One commented that the 7 percent allowable administrative fee was fine for larger agencies, but too small for smaller IHAs.⁵⁸

⁵⁷Although when tribal staff were asked the same question they were divided on the issue (almost exactly half and half).

⁵⁸This limit has since been changed to 10 percent unless a higher amount is approved by HUD.

The required resident participation in CGP planning also varied, with some areas more organized than others. Mutual Help residents generally participated more than tenants in Rental units. It appears that this participation did have an influence as priorities were changed based on resident requests (in one case giving greater attention to project security than the IHA had originally planned).

All of these IHAs were very supportive of the fact that CGP puts the burden on them directly and there is no week-to-week involvement and oversight from HUD. One said that this has made their relationship with HUD "less confrontational and more cooperative." Another said, "CGP is the pre-cursor to how HUD is moving toward flexibility . . . although some HUD staff are still stuck in the old mentality."

Suggestions for improving CGP include: (1) permitting a range of administrative fees to allow for differences in IHA size, age of housing, severe weather conditions and distances that affect administrative costs; (2) cutting back the requirements for documentation in the CGP plan (still too cumbersome and costly, particularly for small IHAs). One other issue was raised by one member of our Advisory Panel; i.e., that, "given the limitation of CGP participation to IHAs with 250 or more units, and the funneling of such a large share of the funds through CGP, many of the smaller IHAs are now strapped for modernization money whereas the larger IHAs are flusher than they have ever been."

Turnkey Conversion

The Turnkey III Homeownership Opportunities Program was a lease-purchase program authorized by administrative action in the 1970s. It was based on a cooperative form of home ownership in which all participating families paid, at minimum, operating expenses, debt service, and routine maintenance. As noted earlier, this program accounted for a little over 2,300 units during its development period.

One of the research questions for this study related to whether any special actions were needed to expedite the phasing out of the units originally funded under this program. Over half of the units have already been sold or converted to Rental or Mutual Help units. In our on-site interviews, 21 percent of the IHAs said they still had Turnkey III units to convert. Subsequent HUD data show a much lower percentage--12 percent. No surveyed IHA volunteered that they saw any problems with completing their remaining conversions. One noted that "The process just takes time, given the legal actions required and the willingness of the residents to do what they have to do." There were no indications that this conversion warranted a higher priority than HUD has been giving it.

INSTITUTIONAL PERFORMANCE

National Administration and Oversight

Assessing the character of HUD's administration of the Rental and Mutual Help program is difficult, because few relevant quantitative measures are available and HUD's administrative approach has been undergoing substantial change, particularly over the past several years. However, interviews with current HUD officials (at both the central and field office levels) and with IHA directors yield virtually unanimous conclusions about two main points.

First, through most of their history, born out of their heritage in Public Housing, HUD's Indian housing programs suffered through overly detailed and complicated regulations. These created an onerous operating environment where HUD officials reviewed in depth, and required approval of, almost all IHA plans and activities before they could be implemented. The process often yielded substantial procedural delays and, no doubt, stifled IHA initiative. To complicate matters, regulations pertaining to Indian housing were scattered throughout HUD's massive regulations for Public Housing. HUD field staff responsible for Indian programs reported to Regional Administrators rather than a central Indian program office. This permitted considerable inconsistency in administrative approaches and styles in different regions, which added to the frustration of IHAs and tribes. Several interviewees used the phrase, "an atmosphere of confrontation" between HUD and the IHAs.

Second, there is consensus that the changes made since the mid-1980s have been substantial, and generally in the right direction (while there were differing opinions about some details, no one we interviewed opposed the main themes).

These changes have concentrated on separation from Public Housing, consolidation, management improvements, and deregulation. The *Indian Housing Act of 1988* provided the impetus to complete the consolidation of separate Indian housing regulations and handbooks. The *1990 Interim Consolidated Indian Housing Regulation* represented the first major change in the Indian housing program rules in 13 years. In 1986, HUD implemented the Administrative Capability Assessment (ACA) for the first time establishing a systematic approach for evaluating IHA performance. In the past four years, extensive consultation with tribes and tribal organizations has resulted in revised regulations, the latest (April 1995) purported to reduce Indian housing rules by 45 percent. Reorganization of the Office of Indian Programs (OIP) into the Office of Native American Programs (ONAP), with Field Offices (FONAPs) reporting directly to the Director of ONAP, substantially enhanced its ability to coordinate HUD initiatives in Tribal Areas and respond to the Native American community.

In addition to the development of the ACA, HUD made several other efforts to improve management in key problem areas. Results include the 27 percent reduction in processing times from 1985 to 1993 (the period from program reservation to start of construction being reduced from 38.7 months to 28.4 months) and the consistent decline in per square foot development costs reported earlier in this chapter. These initiatives also included the effort to stabilize TARS which, again as noted earlier, has not proven as successful.

How have the IHAs reacted to these changes? In our telephone survey (mid-1994), 79 percent of all IHAs reported that their relationship with their HUD field office was "good or excellent"--only 3 percent said the relationship was "poor or very poor"; 59 percent said that HUD had been "very helpful" in improving IHA program performance over the past two years; 69 percent said changes in HUD regulations over the past few years have improved the delivery of service; and 64 percent said HUD has been more responsive to IHA concerns about program structure and funding during the last few years than it was previously. There was little variation in these responses based on differences in ACA performance ratings, IHA size, or area income. There were some variations in regional averages, but no consistent patterns: i.e., no single region or group of regions was consistently more positive or negative on these indicators than the others.

Difficulties in the transition were noted in interviews with HUD field offices. One mentioned that while ONAP has instructed the FONAPs to provide more assistance to IHAs and improve communication, funds have been cut back, especially travel funding, so they are frustrated in their ability to implement changes. Field offices vary in their reported desire to grant autonomy to IHAs and expand the IHA role beyond its current role of just providing HUD-financed housing. Some regions and IHAs appear to be more progressive in this area than others.

Generally, it would appear that ONAP initiatives to improve the performance of Indian housing programs over the past decade are moving in a positive direction. However, given the newness and complexity of the reforms underway, it is not possible to predict their effects with certainty.

Local Implementation--IHAs and Tribes

Indian Housing Authorities (IHAs) are corporate, public bodies established by tribal ordinance or under state law. They are responsible for the planning, construction, purchasing or leasing, and managing of housing units funded by HUD. They are governed by a Board of Commissioners appointed or elected by the tribe, in accordance with tribal ordinance or state law. An Indian housing program has four key players: the tribal government, Board of Commissioners, IHA staff, and program participants. All have a critical role in making the program succeed and must work cooperatively together.

As we have seen in earlier sections of this chapter, IHAs differ from each other in many ways. Differences in size, for example, are important managerially (the top quarter ranked by size manage an average of 1,155 housing units whereas the bottom quarter manage on average only 59). Of the 187 total, 6 have only recently been founded and have not yet completed any units. Of the remainder, 24 are "umbrella IHAs" that provide services to two or more Tribal Areas and 157 serve only one tribe.

IHAs can well be thought of as small business operations. They have an average of 15 full-time employees. IHAs in the smallest quartile by number of units in management have only three full-time employees on average, while those the largest have 35. As noted earlier, this median number of employees per 100 units in 1993 was 3.85 (the middle half of all IHAs fell in the range from 2.74 to 5.02), and this ratio does not change much with IHA size. IHAs also differ by age, and this can also influence the character of their management. In 1993, the median IHA age was 24 years (the middle half fell in the range from 17.5 to 28.0 years).

The terms of IHA Board members range from two to five years. According to the telephone survey, over half of the IHAs said that their board members served for four year terms. For the majority (54 percent), Board members are appointed by the tribal government, rather than being elected. The appointment approach was used least in Oklahoma and Alaska (15 percent), but was dominant in the North Central, Plains, and Arizona-New Mexico regions (all over 70 percent). Some Board chairs have served for long periods but, generally, turnover is high--on average, IHAs reported that they have had four different chairs in the past 10 years.

Generally, the Boards seem to be active in IHA policy formulation and management, but the pattern is clearly uneven. In on-site interviews, 83 percent of IHA directors said their Boards were "somewhat or very involved" in overall planning decisions, project design, and monitoring and overall quality control; 86 percent said the same regarding selection of architects and contractors; 81 percent for tenant selection and assignment; and 72 percent for project site selection.

Direct involvement by the tribal government is also mixed. One director we interviewed said, "they are always looking over my shoulder at every step" while for several others, it appears the tribe gives the IHA considerable latitude in regular operations. The shares of IHA directors who said their tribal councils were "somewhat or very involved" varied considerably depending on the topic: 58 percent for site selection; 47 percent for lease enforcement, collections, and evictions; 44 percent for overall planning decisions; 33 percent for project design; 31 percent for monitoring and overall quality control; and 25 percent for selection of architects and contractors and tenant selection.

IHA directors also have a very high rate of turnover, with over half having held their positions for two years or less; half of the IHAs reported in the telephone survey having had four or more directors in the past ten years. This means that many IHAs are experiencing frequent changes in leadership and direction.

The IHAs have an active national network. Most directors and many board members attend the annual conferences and other activities of the National American Indian Housing Council (NAIHC) which also serves as a clearing house for information, provides technical assistance, generally works to improve professional practice in IHA management, and promotes support for housing assistance in Indian country. Many experienced IHA directors in this network have been employed by different tribes at different times.

An issue of great concern for management--but one that is not easy to quantify--is the character of the relationship between the tribes and the IHAs. Members of our site survey team reported quite different experiences in this regard. In most cases, they felt that good working relationships had been established, but in some, they felt relationships had become divisive.

The latter may seem surprising in that the tribes ultimately have control (they select the IHA boards which, in turn, can hire and fire the directors). However, IHA-HUD relationships (including special rules to promote fiscal and procedural integrity) insulate IHAs from their tribes to some extent. In some cases, resentment has built up as the IHAs are seen as "well-funded agencies paying high salaries, while the tribal staffs themselves operate on a shoestring." Conflicts can easily arise (e.g., where HUD rules press for evictions of tribal members who fail to keep up with rent payments and tribal culture resists).

Also, other research has shown that there is considerable variation in the strength and capacity of tribal governments around the country. The work by Cornell and Kalt, cited in Chapter 2, indicates there are major differences in performance depending on the structure of governance in the tribe and how well that structure meshes with tribal culture. It seems likely that IHAs would generally find it more difficult to conduct their business in areas where tribal government is weak and that, in itself, could lead to divisiveness even when the IHA was performing effectively. It also seems most likely that these issues play a role in the high rate of turnover of IHA directors.

IHA Performance--ACA Ratings

As noted at the start of this chapter, HUD implemented the Administrative Capability Assessment (ACA) as a systematic approach to rating IHA performance in the mid-1980s. HUD regional staff conduct the assessments, using lists of specific questions that generally require objective and verifiable responses. Separate rating lists are prepared for several separate topics: development, modernization, administration, financial management, occupancy and maintenance.

Scores are tabulated to create independent ratings for each topic on a scale of 1 to 100. These are averaged to create the overall composite ACA rating, also on a scale of 1 to 100. As noted, our review of this system suggests that it is well specified and employs reasonable quality control procedures to promote reliability.

HUD has carried out an ACA assessment of each IHA annually, along with recurrent audits. Applicable statutes, HUD regulations, contracts, HUD handbooks and other program requirements must be adhered to with no serious deficiencies. If an IHA has serious deficiencies, HUD issues a notice of deficiency; a corrective action order; or classifies the IHA as a "high risk" authority (which may affect its funding allocation); or any combination of the above.

The overall ACA ratings exhibit considerable variation. In 1993, the median score was 67; the middle half of the distribution had scores ranging from 53 to 81. We found that ACA scores for the independent topics seemed generally to be well correlated with each other (e.g., IHAs that did poorly in administration also tended to have low scores for development and financial management), and therefore with the composite score. The measurements include a number of "yes or no" questions (e.g., regarding compliance with procedures), but also include some statistical measures (for example, TARS, which as noted earlier also vary substantially--median of \$125 per unit in management, with the middle half falling in the range from \$44 to \$381).

The system might have seemed suspect if scores remained the same over time (i.e., the same IHAs were always rated high or low), but this is not the case with the ACA. We divided the IHAs into deciles according to their overall ACA ratings in two periods: 1986-89 and 1990-93. A major change was defined as occurring when an individual IHA moved up or down by two or more deciles between these periods. The composite ratings for 52 percent of the IHAs--high or low--did not change much between these two periods, but 23 percent accomplished a major increase in performance, while 25 percent experienced major declines.

Average characteristics of the IHAs in each 1990-93 decile grouping are shown in Table 5.10. Few clear patterns are evident. The only two characteristics that show sizeable and consistent variation with ACA scores are TARS and the rate of turnover of IHA directors: for both, the these indicators increase as ACA scores get worse (ACA decile numbers get higher).

Regression analysis confirms the importance of the second of these variables (we already know the first is correlated with ACA scores). The ACA score was established as the dependent variable, with independent variables including: IHA size, IHA age, the percent of low income households in the service area, executive director turnover, dummy variables for the regions, and three variables borrowed from the analysis in Chapter 2: distance to a large urban area, the ratio of total service area population to AIAN population, and the number of AIAN for-profit and self employed workers per 1,000 population (Annex 5D).

Table 5.10
CHARACTERISTICS OF IHAs BY ACA RANKINGS

	Decile Rankings by Avg. ACA Score, 1990-93										
	All IHAs	1	2	3	4	5	6	7	8	9	10
BASIC IHA CHARACTERISTICS											
No. of IHAs	176	17	18	17	18	18	17	18	17	18	18
Total Units in Mgt.	74,072	13,561	5,181	5,959	5,745	5,823	11,099	10,280	6,940	7,655	1,829
Avg. Units per IHA	421	798	288	351	319	324	653	571	408	425	102
Percent Rental	35	26	28	45	30	30	39	29	58	37	49
Age of IHA (yrs.)	21.9	17.5	19.9	18.1	24.5	23.8	22.7	22.7	25.5	24.1	20.0
Avg. Employees/100 Units	4.3	4.6	2.7	4.6	4.0	4.2	3.8	3.8	4.9	3.7	7.3
Directors Past 10 Years	4.0	3.1	3.3	3.4	3.3	4.4	3.4	2.9	4.1	6.9	5.2
RENTAL PROGRAM FINANCIAL											
Avg. Expenses per Unit-Mo.	217	203	179	193	221	194	187	345	183	279	211
Pct. Tenant Contrib.	27	28	28	23	25	25	29	35	26	22	24
Avg. TARS/Unit	208	18	63	82	119	113	172	270	382	468	369
MUTUAL HELP PROGRAM FINANCIAL											
Avg. Expenses per Unit-Mo., Mutual Help	91	85	81	95	81	72	112	95	90	109	100
Avg. Pct. Tenant Contrib., Mutual Help	59	66	54	74	58	68	23	67	59	55	52
Avg. TARS/Unit, Mutual Help	366	45	145	161	225	165	302	502	741	824	572
AREA CHARACTERISTICS											
Avg. Dist. to 50K Place	103	91	92	90	113	75	73	169	87	167	68
Pct. HHs below 80% Median Inc.	67	54	63	70	65	66	68	65	70	68	77

This regression explained 26 percent of the variation in the dependent variable. The only independent variable that made a difference and was significant was executive director turnover: the larger the number of executive directors an IHA had over the past decade, the lower its ACA rating.

As we interpret it, this means that IHA performance is mostly driven by institutional and personal factors. Interviews with HUD personnel confirmed that the system has had a number of professional executive directors that exhibit strong managerial and leadership skills, that have performed well in different tribal environments. The strength of the individual may well be the most important factor.

However, it seems likely that the tribal environment also makes a difference (one hypothesis is that the good managers avoid tribal environments they think are likely to be

problematic). We refer again to the findings of Cornell and Kalt (1990) to the effect that American Indian tribes vary substantially in their stability and evidenced capacity to pursue economic development, and this variation is influenced, among other things, by the consistency between governance structure and traditional ways and values. Factors in the institutional setting (such as the effectiveness of decision making in the tribal council, the presence or lack of a fair judicial system, the method of appointing or electing IHA boards, and the tribal election process) may well have an important impact on the ability of IHAs to operate successfully.

Thus it is probably not IHA director turnover itself that is the primary determinant of program managerial performance but, rather, the character of tribal governance that lies behind it--a mix of factors that are not yet well understood. It would seem that this issue should be given high priority for further research as HUD continues to move to decentralize program administration.

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**Annex 5B
Multiple Regression Analysis**

Dependent Variables:	PCTLRUTS	Pct. Low-Rent Units
Independent Variables:	UNITSALL	Total Units in Mgt.
	TOTAC93	Total ACA Rating, 1993
	PCTLINC	Pct. AIAN HH's below 80% median inc., 1990
	MDIS50	Distance. to 50K Place
	AGEIHA	Age of IHA (years)
	REGION2	Region 2 dummy (= 1 if region is 2, 0 otherwise)
	REGION3	Region 3 dummy (= 1 if region is 3, 0 otherwise)
	REGION4	Region 4 dummy (= 1 if region is 4, 0 otherwise)
	REGION5	Region 5 dummy (= 1 if region is 5, 0 otherwise)
	REGION6	Region 6 dummy (= 1 if region is 6, 0 otherwise)
	REGION7	Region 7 dummy (= 1 if region is 7, 0 otherwise)
	REGION8	Region 8 dummy (= 1 if region is 8, 0 otherwise)
	REGION9	Region 9 dummy (= 1 if region is 9, 0 otherwise)

Variation

R-Square:	0.52
Root Mean Square Error:	20.66

Analysis of Variance

Model Degrees of Freedom:	13
Mean Dep. Variable:	48.99
F Value:	10.989
Probability > F:	0.0001

Variable:	Parameter Est.:	Std. Error:	T for H ₀ :	Prob.> T :
INTERCEPT	118.56	15.20	7.80	0.0001
UNITSALL	0.00	0.00	0.23	0.8192
TOTAC93	-0.07	0.10	-0.75	0.4537
PCTLINC	0.08	0.14	0.59	0.5565
MDIS50	-0.01	0.03	-0.56	0.5740
AGEIHA	-1.75	0.31	-5.71	0.0001
REGION2	-36.10	7.68	-4.70	0.0001
REGION3	-53.88	8.79	-6.13	0.0001
REGION4	-42.44	11.39	-3.73	0.0003
REGION5	-15.64	6.07	-2.58	0.0111
REGION6	-31.38	6.66	-4.71	0.0001
REGION7	-45.60	6.01	-7.59	0.0001
REGION8	-31.98	6.79	-4.71	0.0001
REGION9	-65.10	11.73	-5.55	0.0001

**Annex 5C
Multiple Regression Analysis**

Dependent Variables:	TOTTRUN	TARS/Unit (\$)
Independent Variables:	UNITSALL	Total Units in Mgt.
	LRUTSALL	Low Rent Units in Mgt.
	FTEMP100	FT Emp/100 Units
	EXDIRS	No. Ex. Dirs. Last 10 Years
	TOTAC93	Total ACA Rating, 1993
	ADMN	ACA Administration Rating, 1993
	LRPCTTC	Pct. Tenant Contribution., Low Rent
	OWPCTTC	Pct. Tenant Contribution., Mutual Help
	LRINC	Avg. HH Income, Low Rent
	OWINC	Avg. HH Income, Mutual Help
	HHLDS	AIAN HH's, 1990 Census
	MDIS50	Distance. to 50K Place
	DEC89	ACA Decile, 1986-89
	DEC93	ACA Decile, 1990-93
	PCTAIAN	Pct. AIAN HH's in assisted housing
	PCTLINC	Pct. AIAN HH's below 80% median inc., 1990

Variation

R-Square:	0.47
Root Mean Square Error:	321.15

Analysis of Variance

Model Degrees of Freedom:	16
Mean Dep. Variable:	267.54
F Value:	4.070
Probability > F:	0.0001

Variable:	Parameter Est.:	Std. Error:	T for H₀:	Prob.> ITI:
INTERCEPT	46.55	440.66	0.11	0.9162
UNITSALL	0.20	0.18	1.12	0.2657
LRUTSALL	0.43	0.29	1.48	0.1438
FTEMP100	0.56	22.07	0.03	0.9799
EXDIRS	37.81	15.23	2.48	0.0154
TOTAC93	-6.72	4.72	-1.42	0.1589
ADMN	3.73	2.18	1.71	0.0910
LRPCTTC	-1.40	1.56	-0.90	0.3732
OWPCTTC	0.37	0.79	0.47	0.6413
LRINC	0.01	0.02	0.37	0.7124
OWINC	-0.02	0.01	-1.59	0.1167
HHLDS	-0.04	0.03	-1.61	0.1121
MDIS50	0.66	0.38	1.73	0.0875
DEC89	60.32	16.57	3.64	0.0005
DEC93	6.52	24.86	0.26	0.7938
PCTAIAN	0.16	0.74	0.21	0.8335
PCTLINC	-0.44	3.67	-0.12	0.9050

**Annex 5D
Multiple Regression Analysis**

Dependent Variables: TOTAC93 Total ACA Rating, 1993

Independent Variables:

REGION1	Region 1 dummy (= 1 if region is 1, 0 otherwise)
REGION2	Region 2 dummy (= 1 if region is 2, 0 otherwise)
REGION3	Region 3 dummy (= 1 if region is 3, 0 otherwise)
REGION4	Region 4 dummy (= 1 if region is 4, 0 otherwise)
REGION5	Region 5 dummy (= 1 if region is 5, 0 otherwise)
REGION6	Region 6 dummy (= 1 if region is 6, 0 otherwise)
REGION7	Region 7 dummy (= 1 if region is 7, 0 otherwise)
REGION8	Region 8 dummy (= 1 if region is 8, 0 otherwise)
UNITSALL	Total units in management
AGEIHA	Age of IHA (years)
EXDIRS	No. Executive Directors in last 10 years
PCTLINC	Pct. AIAN HH's below 80% median inc., 1990
MDIS50	Distance to nearest place of 50,000 population
PROF	AIAN self/profit employed per 1,000 pop., 1990
SHARE	Total population/AIAN population, 1990

Variation

R-Square: 0.26
Root Mean Square Error: 17.62

Analysis of Variance

Model Degrees of Freedom: 15
Mean Dep. Variable: 65.10
F Value: 3.206
Probability > F: 0.0002

Variable:	Parameter Est.:	Std. Error:	T for H ₀ :	Prob.> T :
INTERCEPT	84.34	10.99	7.67	0.0001
REGION1	-13.06	8.86	-1.48	0.1426
REGION2	-5.31	10.25	-0.52	0.6051
REGION3	2.13	10.73	0.20	0.8430
REGION4	11.61	13.00	0.89	0.3734
REGION5	4.02	8.58	0.47	0.6401
REGION6	-4.75	9.56	-0.50	0.6199
REGION7	-9.24	9.24	-1.00	0.3190
REGION8	-12.79	9.50	-1.35	0.1804
UNITSALL	0.00	0.01	0.48	0.6344
AGEIHA	-0.36	0.27	-1.34	0.1826
EXDIRS	-2.53	0.59	-4.29	0.0001
PCTLINC	-146.15	274.74	-0.53	0.5956
MDIS50	-0.02	0.02	-0.86	0.3929
PROF	0.03	0.03	1.13	0.2598
SHARE	0.24	0.33	0.73	0.4668

Chapter 6

**ALTERNATIVE APPROACHES AND
SUMMARY ASSESSMENT**

While HUD's Rental and Mutual Help programs dominate the flow of housing assistance into Tribal Areas, several other programs (described in Chapter 4) offer alternative and complementary approaches, if at a smaller scale. The first section of this chapter examines the evidence we have been able to gather about the performance of these programs.

The second section focuses on a new topic. In the course of the site-visits and through discussions with HUD officials and advisors, we heard about a number of innovative practices tribes had adopted to improve housing conditions in their areas. We review these to set the context of what may be possible in forming local housing strategies, outside of the context of traditional program definitions.

Finally, the chapter weaves together findings from the program assessments as a whole to offer overall conclusions about Federal housing assistance now being provided to American Indians and Alaska Natives in Tribal Areas.

ALTERNATIVE AND COMPLEMENTARY APPROACHES

The Indian housing programs at HUD have remained primarily production programs, while HUD spending trends nationally have moved much faster in the direction of other approaches discussed in this chapter: tenant-based assistance, block-grants, and financing assistance. What role have these approaches played in Indian country to date? Before responding to that question, we examine the other pervasive production program operating in Tribal Areas: BIA's HIP program.

Other Production Programs: The BIA's Housing Improvement Program

As noted earlier Bureau of Indian Affairs Housing Improvement Program (HIP) serves only the very lowest income homeowners with grants, primarily for rehabilitation. Our telephone survey indicated that almost all tribes (77 percent) have used or are using HIP funds. In almost all cases, this program is administered locally by the tribal staff rather than the IHA.

Traditionally, HIP had been regarded as attractive in Indian country because it provides a direct grant to a family with very few restrictions. As noted in Chapter 4, HIP funds are used primarily for rehabilitation, although down payment assistance and new construction are eligible activities. The family has great flexibility to determine location, the type of housing, and the work needed. Individual desires for housing design and style can easily be accommodated through the HIP program. The major benefit to the Indian family, however, is that its housing needs are served with a grant which does not need to be repaid (unless the home is sold).

Although inquiries were made to the BIA, it was not possible to obtain information on production under this program over time. One of our advisors recalled hearing that as many as 70,000 HIP grants had been made through the early 1990s, but this number is unconfirmed. Again, these grants cover small scale renovation and improvements for the most part. Even though the number of units affected may be sizeable, the total flow of resources has been only a small fraction of that provided by the HUD programs discussed in the last chapter.

The program has had serious control problems. The BIA's Office of Inspector General (U.S. Department of the Interior, 1992) reported that in selected areas HIP had: (1) provided housing assistance to individuals who were ineligible for assistance and to applicants for whom eligibility had not been determined; (2) provided improvements that did not result in decent, safe, and sanitary housing or that were unnecessary or extravagant; and (3) inadequately controlled procurements, disbursements, and construction materials and supplies. Furthermore, in an earlier report, the General Accounting Office (1987) concluded that the BIA was not monitoring and enforcing the HIP model contract with tribes. More recently, an Indian task force has worked with the BIA to address these issues.

While the HIP program was a sizeable contributor to Tribal Area housing improvements in earlier years, its current allocation of funds is so small (around \$20 million per year) that it can only be expected to play a minor role in relation to the need. In our on-site survey, tribal leaders were mixed as to their feelings about BIA HIP: slightly more than a third (36 percent) felt the service they received was poor; about 28 percent thought it was good to excellent.

Tenant-Based Assistance--Section 8 Certificates and Vouchers

To date, the Section 8 Program has had only a marginal impact on the delivery of housing to Indians in Tribal Areas. In 1994, only about 3,500 certificates and vouchers were in use by IHAs. In our telephone survey, only 11 percent of all IHAs said they were presently using tenant-based assistance--82 percent they had never used it and had no plans to use it. The use of Section 8 to date appears to stem from FONAP efforts; 53 percent of the IHAs that are aware of the Section 8 program became so through their field office.

When asked about obstacles to expanded use of Section 8 in the telephone interviews, 74 percent of the responses related to the lack of private rental units in Tribal Areas (18 percent noted the lack of trained staff to administer the program). These patterns were generally corroborated in on-site interviews, which also endorsed the lack of available rental units as the primary barrier. Seven of these IHAs (19 percent) were actually administering tenant based assistance. Of these, 90 percent said that the administrative fee is not adequate, and half said the Section 8 Fair Market Rents (FMR) for their service areas were insufficient.⁵⁹

A HUD (1992) report on this topic, had drawn similar conclusions about perceived barriers to the use of Section 8 in Tribal Areas. However, it also noted that this form of assistance faced resistance because of the overwhelming preference for homeownership among tribal members, and the feeling on the part of some, that their acceptance of Section 8 assistance might somehow diminish their funding for construction programs, and that some AIAN households experience discrimination in their search for housing.

Nonetheless, the central conclusion of the HUD study was "that while the limited availability of privately owned, affordable rental housing in many American Indian reservations will necessarily limit the use of vouchers, there are a number of IHAs which appear likely to be able to use vouchers effectively . . . HUD Field Office staff estimate that up to 80 of the 183 IHAs could make some use of this form of rental assistance."

In the analysis of conditions in Tribal Areas in Chapter 2, this study certainly corroborates that conclusion. We found 159 Tribal Areas that were within 50 miles of a large urban area, and another 24 that were more remote but "large and open" as we defined those terms. Together these contain 143,300 AIAN households, out of which 26,700 are low-income households whose only housing problem is affordability.

⁵⁹ "Fair Market Rents" are periodically estimated by HUD for small areas across the country to provide equitable standards related to changing market conditions in each area. These FMRs provide ceiling amounts in formula calculations to assure that HUD subsidies will not be excessive in relation to local market conditions.

The HUD study stated, "It is clear . . . that some IHAs have overcome the administrative and social-cultural obstacles to make use of Section 8 vouchers. It would be useful to promote awareness of these models . . . in the process of providing education and outreach to IHAs."

Block Grants--ICDBG and HOME

The two block grant programs for housing are HUD's Indian CDBG and HOME programs, both of which have special set-asides for Indian areas. Both programs are made available only to Federally recognized (not state recognized) tribes. ICDBG was funded at \$40 million last year, relatively small as a percentage of total Indian housing funding, but is heavily relied on due to its inherent flexibility. The HOME program is new (FY1991) and was funded for Indians at only \$12.5 million in its first year.

HOME. At the local level, HOME program activities have been administered directly by the tribal government, rather than the IHA. Interest in the program appears substantial in the Indian community due to the flexibility of uses of this program and to a major outreach effort by HUD, through training sessions and other efforts designed to increase awareness about it. Of all tribal staff responding to our on-site interview on this topic, 9 percent said they were already managing HOME activities, and another 41 percent said they plan to use HOME funds in the future.

HUD (ONAP) awards the funding it has available to tribes on a competitive basis. Tribes respond to a NOFA (which lists specific criteria) and HUD ranks the application according to how well the tribe has prepared its plan to meet its needs.

ONAP (1994) reports that 29 applications were received for the \$15 million of FY1992 funds available. Of the total amount, 62 percent will go for rehabilitation, 27 percent for new construction, 10 percent for acquisition, and 1 percent for tenant-based assistance. The production money is expected to yield 191 new units and 260 rehabilitated units.

The regulatory flexibility in this program has resulted in projected lower per unit costs than under the Rental and Mutual Help programs. As noted in Chapter 5, the budgeted per unit cost for new programs is \$51,600, well below the average for the Rental and Mutual Help programs. However, most of the HOME construction has not been completed, so the proof is not in.

Indian CDBG. ICDBG is currently a much larger source of funds for tribes than HOME, with 40 percent of IHAs reporting via the telephone survey that their tribes receive ICDBG funds. ICDBG usage changes over time. In the combined 1991-92 grant, housing accounted for only 18 percent of spending while community facilities development comprised 70 percent of the

spending. In 1993, a 40 percent share for housing was anticipated. A total of over 1,300 ICDBG projects in 32 states have been funded since 1980.

ICDBG is also administered directly by the tribal government in almost all cases. All tribal staff we interviewed said that they were familiar with the Indian CDBG program. About half of those that responded said they coordinated their ICDBG activities with the IHA. Only four IHAs responded that they were subrecipients of ICDBG funds (one each in the Eastern, South Central, California-Nevada, and Pacific-Northwest regions).

There are no doubt several reasons why tribes have not used IHAs more often to administer these grant funds, even though they generally have a sound administrative infrastructure in place for such activities. One is that, in the past, these block-grants were administered directly to tribes through HUD offices other than ONAP, so there was a completely different administrative structure that dealt only with tribes and no HUD institutional link was established to the IHAs. Another may be that since ICDBG plays an important role in providing employment in many tribal areas, the tribe may prefer to keep the administrative funds provided by the programs as well as the creation of jobs at the tribal level.

If they could influence ICDBG funding, IHAs say they would use it to augment construction budget areas in which they now feel they are limited by HUD. Specifically, they would spend it on land acquisition and infrastructure. In California, ICDBG has been an important source of land acquisition funds for IHAs since most Rancherias have very little contiguous trust land. However, tribal priorities on how to spend the ICDBG money vary from year to year, limiting an IHA's ability to plan for the availability of ICDBG funds for housing-related functions.

Financing Assistance: Sections 248 and 184

The availability of private mortgage financing that most Americans take for granted has been largely withheld from Tribal Areas (mostly because lenders have perceived additional risks due to the inability to foreclose on trust land and other legal complexities). The FHA Section 248 mortgage insurance program was established in 1987 in the hope of offsetting these risks, but the program has not been frequently used to date. Among IHA directors responding to the question on this program in the on-site interview, 78 percent they had never tried to take advantage of Section 248 assistance and had no plans to do so in the future.

As noted in Chapter 4, a new loan guarantee program has been established (Section 184) to provide a complement to the Section 248 insurance approach, but it has only recently become operational and it is too early to judge its effects. At the time of our survey, just over 60 percent of the IHA directors said they were even aware of the new HUD Loan Guarantee Program, however, not one of the tribal staff interviewed was aware of it.

There have been a number problems with the FHA 248 program. First, the program was not well marketed in the early years and many Indian communities have only recently become aware of it. Second, for a time, Ginnie Mae had refused to buy Section 248 loans (these problems have since been resolved). Finally, there are legal and cultural barriers between would-be lenders and the tribes. A method must be established, under Section 248, for disposition in case of a default, and this became a sticking point for many tribes who did not want HUD to have the right of first refusal on the unit in the event of default: i.e., the potential that the property could pass into the hands of a non-Native American. Also some tribes appear reluctant to establish clear eviction and/or foreclosure policies as is required under the program. Nonetheless, both the 248 and 184 programs have worked in specific instances and, in 1984, HUD embarked as a campaign to market them more effectively.

The analysis in Part I of this report showed that there were many moderate and higher income AIAN renters living in Tribal Areas. A potential market for private mortgage lending, therefore, does exist. But it is clear that Federal policy has not yet been effective in eliminating the barriers that have prevented expanded private lending in the past. We see this as an important policy challenge for the future--it will be discussed in more depth in Chapter 9 of this report.

Financing Assistance: Farmers Home Administration

As discussed in Chapter 4, the Farmers Home Administration (FmHA)⁶⁰ does offer loans to Indian families in Tribal Areas, but their records do not permit a separate tabulation of loans on this basis. We cannot, therefore, report reliably on the volume of FmHA activity that occurs in Indian country. However, all indications are that it is quite small. The overwhelming majority (80 percent) of IHAs reported that they had little or no understanding of FmHA programs. Over 70 percent of IHAs reported that they had no contact with FmHA staff. Most efforts made by FmHA have been targeted to larger Tribal Areas. However, in accord with their intended target group of very low income rural recipients, their contacts have also focused on areas with very low incomes.

Tribal staff were somewhat familiar with FmHA programs. Half of them interviewed in on-site surveys claim to have been contacted recently by FmHA. Less than half of the tribal leaders asked about the FmHA programs, however, knew about them at all.

While of negligible impact so far, there is the potential that FmHA impact in Indian country could expand. Section 709 of the 1990 National Affordable Housing Act (NAHA) added a new

⁶⁰ As noted in Chapter 4, the Farmers Home Administration has been renamed the Rural Housing and Community Development Service, but we will still refer to it as FmHA in this text.

section intended to target more of FmHA's housing assistance funds to "underserved areas." The provision required FmHA to designate 100 counties having extremely high concentrations of poverty and substandard housing that have been underserved in the past for this purpose. A number of these incorporate Tribal Areas, and the Housing Assistance Council has mounted a program to try to make this provision work effectively in Indian country (see discussion later in this chapter).

Other Programs

Very little additional housing assistance exists in AIAN Tribal Areas. Almost 72 percent of IHAs reported that their tribes operated their own housing programs in addition to those of their IHAs. This is a positive sign in that it indicates a large number of tribes have had at least some exposure to the administration of housing assistance. However, almost all of the programs they administer are federally funded (e.g., HIP, ICDBG and HOME); only 12 percent of IHAs reported that tribes use any of their own funds for housing assistance.

Only one third of the tribal staff interviewed had any familiarity with the housing programs of the Department of Veterans Affairs (VA); only 30 percent were aware of any state housing assistance that might be available to tribal members; only 19 percent had ever had discussions with private lenders about expanding mortgage lending in their areas.

INNOVATIVE APPROACHES

Using HOME and other funding mechanisms, some tribes are experimenting with new housing assistance approaches that would avoid some of the problems of the current categorical HUD programs. Activities range from an adaptation of the Mutual Help concept (providing a sliding scale for homeownership payments based on ability to pay with payments going into a revolving fund to assist more homebuyers) to a variety of alternatives for financing additional housing in Tribal Areas. At least three principles are being applied, all in a manner that would increase the number of families that can be assisted for any given amount of Federal funding provided:

1. Leverage -- instead of covering the full bill, HUD or other Federal subsidies could be used as a base, with additional funds attracted from other sources (including private loans and loans from state housing finance authorities as well as tribal funding and family down-payments);

2. Using lower cost building plans and techniques (including self-help and incremental approaches where subsidy funds can help build a modest "starter home" that families can improve and expand as their income increases);
3. Offering a variety of program formulas to more efficiently serve households with differing needs and incomes; for example, providing downpayment assistance only for those with incomes in the ranges just below the median, a continuum of homeownership options below that (households with incomes at the top end of this range would be required to pay a larger share of the costs than those at the lower end--shares paid by the family would change over time as their income changes), and more use of tenant-based assistance where a private rental housing stock is available.

Even after the substantial deregulation that has occurred over the past few years, statutes defining HUD's Rental and Mutual Help programs still preclude using funds for creative leveraging schemes, help with downpayments, alternative assistance formulas, and tenant-based assistance. Continuing to push the bulk of Federal housing assistance funds through these two limited program options tends to dampen local incentives to search for a more effective range of alternatives. Some specific examples of program innovations are as follows:

1. The **Mississippi Choctaw Housing Authority**, in conjunction with the tribe, this IHA produces houses in record time. It starts the surveys for land and archeological work as far in advance as possible. The tribe has a comprehensive land use plan and the IHA works with the tribe's real estate office which approves leases and preapproves sites. One 20 unit project took six months from reservation to completion of construction. Force account labor is used to build the homes. A housing authority can reduce costs for construction if it can plan in advance and have preapproved sites ready to go when funds become available. Mississippi Choctaw is a checkerboard reservation with a number of communities scattered several miles from each other. The length of construction time depends on the number of units being built and the distance between the project sites. For example, if a project is being constructed at a distance of 100 miles from the IHA office, the force account construction crew may need to spend several nights on-site which adds to the cost due to required travel time and housing for the crew. Subcontractors are sought from the local area, but if there are no local ones (often the case in rural areas) there is an added cost for the subcontractor to commute to the site.

The tribe has turned to the IHA to administer two HOME grants to build single family, homeownership units for tribal members. It will create a revolving fund from the homebuyer payments which are similar to Mutual Help but with a minimum and maximum payment based on a sliding scale according to the family's ability to pay. The minimum payment is higher than Mutual Help; there is an annual recertification of income to determine the sliding scale payment,

and the family gets title to the house in 25 years. The program uses a lease-purchase contract rather than a mortgage because tribal codes make mortgage foreclosure very difficult; eviction procedures for rentals or lease-purchase contracts, however, are less problematic. The sliding scale was adopted because families' incomes typically vary with frequent job turnover. This program will allow tribal members to remain in their home even if their income increases substantially--they will just have to make a larger monthly payment as long as their income stays at the higher level. In addition, homeowners are responsible for all utilities and maintenance cost.

Interestingly, the Mississippi Choctaw IHA has not changed the basic design of the units utilized for Rental, Mutual Help or the HOME programs. Thus, the costs per unit are essentially the same under each program. Cost differences are generally due to the amount of site work required, for example, the least expensive units are on existing paved roads with existing water and sewer hookups; the second least expensive are units on a paved road with water but that need septic tanks; and the most expensive units are in subdivisions where the IHA has to pay for the costs of paving streets and putting in water and sewer systems. These elements, coupled with the distance from the IHA to the construction site, create cost differences between projects.

2. In order to reduce costs, the ***Cheyenne River Housing Authority***, SD, developed an assembly site for housing construction. Cheyenne River is a reservation of about three million acres with several villages. Travel times are a significant issue in management and in the viability of the village economies. And, environmental conditions are extreme with high winds and temperature ranges from minus 70 degrees F. to over 100 degrees F.

At the time of the on-site survey (summer 1994), 30 houses were being constructed in an area to the rear of the IHA's administrative building. Laborers were being brought in from the outlying villages. They stayed in tents and trailers near the assembly line during the week and returned home on weekends (this saves on travel time and costs). The IHA does not use force account labor but the tribe has a strong Tribal Employment Rights Office (TERO) ordinance giving job preference to tribal members.

The assembly site is surrounded by a fence which provides security and has resulted in less vandalism and materials "shrinkage." The proximity of the houses to the administrative offices and their concentration in one line has meant that quality control inspections are done on a daily basis. The design of these units has been modified to reflect a need for larger dining/living room and kitchen areas and higher R values in the walls, floors and ceilings. Even though the units are 20 percent larger and more energy efficient than previously developed units, the cost has dropped by \$15,000 (15 percent) to about \$80,000. After completion, the houses are trucked to the sites. The tribe's HIP program has used the assembly site as well. as have other builders. As with the example from Mississippi Choctaw, if you are able to speed up the

construction time by using local labor and other innovations (e.g., an on-site manufacturing plant), you reduce costs of construction and provide the added benefit of creating local jobs.

3. The ***Southern Puget Sound Housing Authority, WA***, has created a nonprofit subsidiary, Sound Development Association (SDA), to provide mortgage assistance to enrolled tribal members both on and off trust land. Their four program offerings are:

- a. *Mutual Help Transition Program.* This program is for current Mutual help participants moving from the reservation into privately financed housing. SDA loans the homebuyer money to buy an existing or newly constructed home. The amount of the loan depends on the homebuyer's household income. IHAs contribute a one-time grant for down payment assistance and closing costs which is forgiven over a ten year period.
- b. *Reservation Project-Based Program.* This program is for tribal members buying new homes on trust land. Participants generally come from the IHA waiting list and will buy their house with a combination of an IHA grant and a loan from SDA. After the homes are built and financed, the IHA has no further involvement in such things as payment collections or maintenance.
- c. *Finance Leveraging for Indian Housing Authorities.* This program is for IHAs using federal dollars to leverage private dollars in developing housing on and off trust land. SDA makes loans to the IHA for planned unit developments or scattered site single or multi-family units. IHAs manage the rental properties and are responsible for remitting loan payments to SDA. The units developed under this program are rentals whose revenue can create a solid operation budget for the IHA.
- d. *30 Year Fixed Rate Mortgage.* SDA processes applications for 30 year fixed rate mortgages for tribal homebuyers buying existing or newly constructed homes either on or off trust land. The amount borrowed depends on household income.

These programs are very new with only six loans closed to date, and all of these loans are on fee land. SDA has yet to close a loan on restricted land although several are in the pipeline. In the case of a home on trust land, the tribe holds title to the land, and the land is leased by the purchasing family. While it could vary by the tribe and its locally adopted policy, houses are anticipated to be sold only to other tribal members. Individual loans have not created enough volume to pay for the cost of operating a mortgage company. Thus, SDA is looking at developing projects that will increase the volume of sales of home mortgages. Their plan for working with IHAs is still being shaped. SDA is providing technical assistance to IHAs that want

to use their development funds as collateral for loans that would allow them to increase the size of a housing development.

4. The **Zuni Tribe**, NM, used Indian CDBG funds in a partnership arrangement to combine meeting housing needs with job training. The tribe worked with the University of New Mexico to train staff in the construction trades, and design and inspection services, then, using force account labor, rehabbed units in the historic area of Zuni Pueblo with a basic grant to homeowners of about \$25,000 per unit. Zuni won a performance recognition award from ONAP for this effort. The tribe is now continuing to rehab units using HOME funds.

5. At **Pascua Yaqui**, AZ, the Tribe has received HOME grant funds to construct 35 homeownership units using force account and self-help labor with payments going into a revolving loan fund. New construction is allowed both on and off reservation at four scattered sites, and an adobe brick-making machine is being used to assist in the sweat equity effort.

6. **Housing Assistance Council/Northwest Area Foundation Demonstration.** Two provisions in the 1990 National Affordable Housing Act (NAHA) have led to a demonstration of serving Indians in rural "underserved" areas. Section 708 of NAHA provides assurance to an Indian applicant seeking to mortgage tribal trust or allotted land that the land would never end up in the ownership of a non-tribal member or entity (Housing Assistance Council, 1993). Further, as noted earlier in this chapter, Section 709 targets more of FmHA's housing assistance funds in "underserved areas" and requires FmHA to designate 100 counties for this investment.

In 1991, the Housing Assistance Council (HAC), a national nonprofit organization serving the rural poor, started a demonstration project to assist tribes in developing knowledge and capacity in order to make FmHA financing a viable alternative for Native American households living on tribal trust or allotted lands. HAC's belief was that the two provisions in NAHA did not bridge the gap in basic knowledge about FmHA housing programs nor did they provide the capacity needed to develop project applications. HAC sought funds to provide training and technical assistance to "underserved" tribes to develop their capacity to package FmHA housing loans and grants.

With technical assistance from HAC and financial support from the Northwest Area Foundation, four tribes have received technical assistance and training throughout the demonstration period (1991-1994) and are continuing to expand their activities to develop housing with funding from FmHA. The results from the first year and one half were slow but steady growth, with many rejections along the way: 143 applications were submitted through the end of 1992, nearly 60 percent of which were for Section 504 home repair loans and grants. Rejections exceeded approvals by a 2:1 ratio. Sometimes this related to incomplete applications: specifically, inadequate provision of information on income, employment verification, or credit

history. Several new issues concerning processing and eligibility had to be resolved along the way.⁶¹

In addition, as part of the demonstration, the Housing Assistance Council was able to set up a revolving loan fund to assist HAC's tribal contractors with some of the required up-front costs. Another problem was that FmHA thought that even with the repairs that could be made with the maximum allowed (generally \$5,000 for grants), the house would still not be free of serious hazards. Tribal coordinators argued that it was better to make some repairs and FmHA has allowed more flexibility in establishing health and safety standards (Housing Assistance Council, 1993, pps. 15-16).

By the end of 1994, the closing of two Section 502 loans on the Cheyenne River Sioux Reservation was marked as an "historic" occasion as the event not only tested the knowledge and perseverance of the tribal loan packager, but also resulted from changes in FmHA policy with regard to appraisals on remote and tribal trust lands, and allowing the use of tribal rather than federal courts in the event of a foreclosure proceeding. Now, more loan and grant approvals are being made than rejected. Capacity building has occurred not only with the tribal coordinators but also within FmHA, which is now better able to deal with unusual circumstances and serve at least a small fraction of the Native American population.

Legislation to institutionalize the "Building Indian Housing in Underserved Areas" within FmHA and extend it to up to 15 tribes, however, failed to pass Congress in 1994 when the housing authorization bill was tabled.

7. ***The Minnesota Housing Finance Agency*** has been assisting the American Indian population since 1976 with its Minnesota Tribal Indian Housing Program. The program is funded through the state legislature. Three tribal housing corporations have been established by Minnesota tribal governments: (1) the Minnesota Chippewa Tribe Housing Corporation, (2) the Red Lake Housing Finance Corporation, and (3) the Minnesota Dakota Indian Housing Authority.⁶²

⁶¹For example, it is not uncommon for family members to move in with elderly or disabled relatives to help out temporarily. In this case it was unclear whose income should be counted. On this issue, FmHA decided that if the helping relatives were not permanent residents, their income would not be counted. Also, credit reports are costly for low-income households, especially if there is no guarantee that their application will be approved. Where two or more unrelated individuals are living in a home, FmHA was requiring that each individual pay the credit fee. FmHA has now decided that only the borrower or co-borrower need to pay the fee.

⁶² National Commission on American Indian, Alaska Native and Native Hawaiian Housing, 1992, pp. 38-40.

The corporations each have developed programs to address the unique housing needs of their particular area. These programs provide an array of housing options for the 11 Minnesota reservations in both rural and urban areas. The programs include rental assistance and mortgage financing for new construction, purchase, and/or rehabilitation of existing homes. Interest rates for program borrowers range from 4.5 to 8 percent, depending on the program. Because the law allows for considerable autonomy on the part of the tribal housing corporations, each program has its own house price limits, income guidelines, interest rates, selection process, service area, and application process.

Each tribal housing corporation has set up a revolving fund used to finance other mortgage loans, including interim construction financing and rehabilitation loans, as well as administrative costs. They have also developed strong servicing procedures normally employed by any reputable mortgage servicer to follow through on borrower delinquency issues. The goal is to eliminate the need for the foreclosure process. The Minnesota HFA also provides intensive homeownership counseling which has led to the success of this program. The Minnesota tribal housing corporations have become self-sufficient agencies providing a variety of housing opportunities to their respective communities.

ASSESSMENT AND IMPLICATIONS

- 1. HUD programs have made a substantial contribution to improving housing conditions in tribal areas. HUD-financed housing is serving the types of households for which it was intended, although its distribution evidences some inequities geographically.**

HUD has provided financial assistance to tribes for a relatively short period of time compared to its programs in the nation's cities, but the production under its Rental and Mutual Help programs has greatly improved living conditions for thousand of families in Tribal Areas. HUD-financed programs have built homes that now house about one-fourth of the American Indian and Alaska native households living in Tribal Areas: 37-42 percent of those with low incomes. The availability of this housing may well have prevented the demise of some native communities altogether.

Virtually all of the households occupying HUD-financed units have low incomes and nearly 70 percent have very low incomes (below 50 percent of median). Almost all program recipients are AIAN households, although there is some minimal variation within the Rental Program. Only six percent of all IHA units in management in 1993 were vacant.

Chapter 5 pointed out that the allocation of IHA housing across tribal areas is generally in proportion to the distribution of low-income households, however, some serious inequities do exist. Some tribal areas have received a much higher proportion in relation to need than have others.

- 2. HUD-assisted housing in Tribal Areas does have defects, but its condition is far better than that of the private housing stock in these areas, and it does not seem to be seriously at odds with Indian preferences.**

As detailed in Chapter 5, the share of HUD-assisted units in Tribal Areas that are overcrowded and/or with facility/condition problems is 24 percent overall (18 percent in Rental units and 28 percent in Mutual Help). This compares with 45 percent for unassisted units. Both residents and tribal staff seem to recognize these realities as survey data show appreciation for the benefits these units provide--comparatively few are highly critical. Criticism of the HUD-assisted housing stock focuses on features like the lack of adequate storage space, Rental units being too close to each other, and an emerging concentration of crime and drug problems in Rental developments. The lack of sensitivity to cultural design features is recognized, but it does not seem to be a high priority issue compared to aspects that reflect the basic adequacy of structure and services.

- 3. In the past, cumbersome regulations and administrative procedures frustrated program efficiency. Since the late 1980s, however, HUD has taken steps to deal with most of the problems that have been within its power to address.**

Throughout the most of their history, HUD Indian housing programs existed in a cumbersome regulatory environment, including the often inappropriate application of rules and processes from the national public housing program in Indian Areas. Since the late 1980s, however, HUD has acted to address many of the problems that had existed by creating more flexible regulations separate from those of public housing, and reorganizing to create a separate Office of Native American Programs, and adopting a more customer-service oriented philosophy. Regulations have been substantially streamlined and requirements for detailed HUD reviews markedly reduced. In this period, HUD has also initiated management improvements that have led to reductions in development costs per square foot and in the time it takes to develop new projects. HUD's implementation of a reasonably objective and systematic system for recurrently monitoring IHA performance (the ACA) is also recognized as a valuable contribution.

4. There is much variation in IHA managerial capacity and performance. Differences in the adequacy and stability of institutional settings in various Tribal Areas seem important in explaining this variation.

This study was not expected to conduct a detailed management audit of IHA performance, but the more general indicators available do shed light on how well they have done their job. Overall, neither the speed nor cost of new housing development seems excessively high, given the type of housing being produced and the special problems of construction and infrastructure provision that exist in Tribal Areas (due primarily to the remoteness of many of them). Similarly, operating costs in the Rental program, on average, compare reasonably well with the more effective range of performance in public housing (although additional efficiencies could no doubt be gained).

A major problem does remain in that beneficiaries in some areas are substantially delinquent in their rent and homeowner payment obligations. TARS (tenant accounts receivable) have grown to represent very large amounts on a per-unit basis in these areas. It is recognized that forceful collection methods are likely to be in conflict with tribal culture in many locations, but this still represents a problem to be addressed. Also, we judge that operating cost levels in Mutual Help bear more scrutiny--these costs range widely per-unit-month and expectations as to what should be accomplished per dollar are less clear than they are in the Rental program.

Probably the most important finding of this component of the work, however, is the broad variation in overall performance that exists among the IHAs. A large number seem to function quite effectively, but others clearly have great difficulty in performing the basic tasks of housing development and management.

Statistical analysis showed that variations in IHA size, location, or service-area income had little influence in explaining these differences. The only available indicator that stood out as significant was the rate of turnover among IHA directors. The lowest quartile of performers (according to ACA scores) had on average, six directors over the past ten years--about twice the average for the other groups. Director turnover and IHA performance problems may well be influenced by tribal governance patterns. The lowest IHA performers also had the highest percentage of IHA board members who were appointed rather than elected by the tribe, and the highest turnover in board members. There is good reason to expect that the stability and effectiveness of tribal governance has an important effect on a tribe's ability to secure and retain a good director and create an environment in which effective IHA management can occur.

5. **Nonetheless, despite the recent streamlining of regulations and mostly because of categorical constraints inherent in their authorizing legislation, the Rental and Mutual Help Programs provide neither the incentives nor the flexibility needed for tribal and IHA officials to apply federal funds creatively to address the housing needs of Indian country efficiently and effectively.**

The most important empirical finding of this study is not that Federal housing assistance serves so many, but that it still serves such a small share of those with desperate housing problems; from 63 to 68 percent of all low-income AIAN households in Tribal Areas, almost all of whom have housing problems, receive no benefits whatsoever. Federal housing assistance in Indian country approximates an "all or nothing" game. While a significant fraction of the households in need are benefiting from substantial subsidies, even larger numbers in similar circumstance receive nothing.

And there are policies that can address these issues more effectively. At the lower end of the income scale, it is clear that many more households could be served by supporting them in developing very basic decent units (with no or limited infrastructure) on a self-help basis (at much less cost per family served). A startling finding from this study (noted in Chapter 5) is that even though a self-help component in Mutual Help has been authorized for some time, not one IHA is using it. We asked one HUD official why. His answer, having profound policy implications was, "*because the standard Mutual Help program exists.*"

In other words, with substantial funding continuing to be delivered through just one rigidly defined program mechanism, IHAs and households had no incentives to try alternatives. The reality this study has exposed is one of diversity; not only between Tribal Areas, but within them. Families in every Tribal Area have a wide range of needs and incomes. Those at the lower end should be able to get "something," being obligated to pay only a very modest amount for it.

But there are gaps at the higher end as well. Families just below the low-income threshold might be able to purchase a house if they were provided with only a limited amount of down-payment assistance--but HUD Rental and Mutual Help funding cannot be used in that way. Similarly, if a state government or private investor were willing to put up substantial funding for new housing construction assuming the tribe would put up a partial match, the tribe is statutorily prevented from using the main stream of Federal assistance it receives (HUD Rental/Mutual Help funding) for that purpose.

In between the high and lower ends of the low-income range, programs like that being implemented by Mississippi Choctaw seem attractive--they offer a range of packages that can vary by household need and income. Every family pays a share of the cost that is reasonable

given its own resources. And the family's contribution can vary over time if its circumstances change, without it being forced to move out of its home.

Therefore, mainly due to statutory constraints, IHAs cannot easily pursue broader housing strategies. A number of IHAs and tribal leaders say they would like to pursue more creative financial strategies such as leveraging HUD funds, using HUD funds to credit enhancement, and developing revolving loan funds. Others seek more access to tenant-based assistance, ability to provide downpayment assistance to would-be homeowners, or the freedom to provide some housing assistance to a broader range of income groups to maximize their resources. Many of these activities are precluded from the available uses by HUD's current Indian housing programs. While there is still a major need for new construction, the flexibility to pursue a variety of housing strategies with program funds would probably result in lower delivery costs and increase the number of beneficiaries.

6. Federal assistance in and of itself will never be a sufficient or appropriate way to deal with the full range of housing problems and opportunities in Indian country. Further priority needs to be given to economic development in Tribal Areas with related policy thrust to encourage more private investment in Indian housing.

Incomes remain extremely low in Tribal Areas on average. Regardless of the amount of Federal housing assistance provided, some of these communities may well not survive unless they find some way to enhance their local economies. Evidence from the studies by Cornell and Kalt cited earlier show that some tribes are making considerable progress in this regard; i.e., there are models for economic development success in Indian country. ONAP, through its responsibility for ICDBG, should be able to exert more influence (as well as provide needed technical assistance) to encourage other tribes to broaden their own economic opportunity.

Successful economic development will, of course, reduce the need for Tribal Area dependence on housing subsidies. But even today, our data have demonstrated that there are large numbers of households in Tribal Areas with incomes above the cutoff for Federal housing assistance that are still not well housed. The barriers that now prevent private mortgage lending in Indian country, noted earlier in this Chapter, clearly remain formidable.

The lack of financial institutions in many Indian areas has clearly constrained the development of a private market economy, and the more remote the location, the more serious this problem is likely to be. In many Tribal Areas, American Indians and Alaska Natives still use a cash/barter economy; they do not have bank accounts, use neither credit cards nor ATM machines, and have no credit references.

There is also a lack of understanding on the part of financial institutions--both private and public--regarding Indian land, tribal court systems, local culture, and tribal governments. On the other side, there is a lack of tribal government understanding of the private market real estate industry, fee simple title, title insurance, equity build up, and housing market requirements. Local land barriers also inhibit development, including customary land use such as formal and informal assignments of land to various families or clans to specific tribal trust land areas. And, basic infrastructure which is taken for granted in urban areas of America is still being developed in tribal areas. A complete approach to Tribal Area housing policy must include sensible initiatives aimed at addressing these issues.

7. **Even if most remaining program restraints were eliminated, local barriers would still make housing development in Tribal Areas more difficult and costly than it is in typical urban markets. These include local constraints on the ability to develop land, internal land allocation problems, and a lack of capital to finance and maintain infrastructure development in many tribal areas.**

Over half the IHA directors and tribal leaders interviewed reported that local land control and use problems internal to tribal governance, in addition to the basic status of trust land, frustrate the development process. Internal land use restrictions stem from several sources including: units of self-governing districts within reservation boundaries that limit movement within the reservation; formally assigned land; historic or customary land use areas which are considered to belong to a family or clan even if not formally assigned; and proscription of certain pieces of land from being used for housing development because they are being reserved for agricultural, grazing or other uses. Existing HUD programs, with the exception of Indian CDBG and HOME, do not provide significant funds for land development or acquisition.

The lack of infrastructure and capital investment funding is a barrier to housing development not only in Alaska, but also in the lower 48 states. Most tribes and IHAs cited lack of funding for roads and other infrastructure as a major gap in Federal program funding. The lack of basic financial services, especially in remote areas inhibits the development of a private market economy that in turn inhibits private sector housing development.

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PART III

POLICY DIRECTIONS

Chapter 7

THE POLICY SETTING

Part I of this report has demonstrated that the housing problems of American Indians and Alaska Natives remain enormous. It has also demonstrated, however, that the nature of those problems (and the social and economic circumstances that surround them) differ markedly in different communities. These differences are pronounced even among Tribal areas, and they point to the need for a wide range of housing strategies designed so that they "fit" the individual circumstances at hand.

Part II has assessed existing Federal housing assistance programs and the manner in which they have been responding to perceived problems and needs. This assessment recognizes the important contributions HUD programs have made to the improvement of housing conditions in Tribal Areas, and finds few serious problems with the way those programs are being administered under their current statutory framework. It concludes, however, that the statutory framework itself is overly restrictive.

A two-part approach to policy falls naturally from these findings and conclusions. First, there is a need to substantially reform the nation's current approach to providing housing assistance for low-income families in Indian communities--to deliver assistance more equitably and efficiently. How that may be addressed is the subject of Chapter 8. Second, the analysis makes it clear that Federal assistance in and of itself will never be a sufficient or appropriate way to deal with the full range of housing problems and opportunities in Indian country. Alone, it can never create a viable and self-sustaining system for delivering adequate housing services.

The ultimate solution to the dire housing circumstances in Indian country today will still require Federal assistance, but it will also rest on spurring private sector housing activity. Indeed, it appears that current market circumstances would warrant expanded private housing investment for the AIAN population even now, but various constraints are holding back what, in the rest of

the country, would be seen as a natural market response to expressed housing needs. Market potential and policies that might be implemented to take advantage of that potential are addressed in Chapter 9.

This Chapter provides a context for the policy analysis and program recommendations which follow in Chapters 8 and 9. It does three things. First, it reviews the trust/fiduciary obligations that establish the relationship between the Federal government and Indian tribes. Second, it examines two important trends in policy thought that affect the environment in which those relationships are now being more clearly defined: self-determination and reinventing government. Finally, it offers a way of looking at the question of the adequacy of Federal funding for Indian housing assistance for the purposes of this report.

TRUST/FIDUCIARY OBLIGATIONS

Development of a comprehensive, effective, and long-term Federal housing policy must take cognizance of historic, ongoing, and anticipated future changes in pertinent institutions and processes within which policy is to be implemented. We discuss here the sovereign-to-sovereign relationship between the U.S. Government and recognized tribes.

Although closely related, the concepts of sovereignty, self-government, self-determination, and autonomy are not synonymous. Understanding those concepts, at a level beyond the introduction provided in Chapter 1, is important to analysis of Indian policy generally and to development of viable Indian housing policy in particular.

Indian tribes are recognized under treaty and constitutional decisions as constituting sovereign entities. Sovereignty implies the "power of a nation to determine its own course of action with respect to other nations" (Deloria, 1979). Self-government implies that the tribe's governmental structure is controlled by the tribe, i.e., that tribal members act through tribal government to make and to implement decisions perceived as being in the best interest of tribal members.

While sovereignty and self-government are necessary for self-determination to occur, they are not, in and of themselves, sufficient conditions. Tribes must also have the opportunity to determine their own destiny, but Indian tribes exist within a largely market oriented economic system and a federal political system, both of which may either enhance or restrict self-determining activities by tribes. Tribes can effectively exercise self-determination only if they have both the political, social, and economic institutions within which to make decisions.

Considerable confusion and disagreement persist regarding the Federal government's responsibilities toward American Indians and Alaska Natives. These owe in considerable measure to ambiguity implicit in the several statutes, treaties, and public policy pronouncements which frame the Federal government's relationships with American Indians and Alaska Natives.

Intergovernmental agreements between agencies of the United States Federal government and tribal governments predate the Constitution, with both the Continental Congress and the first American Congress under the Articles of Confederation establishing agreements with tribal governments by treaty. The Federal government's obligations to Indian governments in those prior agreements were explicitly recognized in the Constitution, and in countless treaty agreements since then.⁶³

Agreements have variously referred to the Federal government's relationship with tribal governments as one of "trustee," "guardian," and "fiduciary." Whether explicit or implied, those agreements have specified "responsibilities," "promises," and "obligations" which the Federal Government is expected to fulfill.

Despite ambiguity in the meanings of trust, fiduciary, and special relationship, the dimensions of the Federal government's policy toward American Indians and Alaska Natives have been delimited primarily by the Executive and Legislative branches of the U.S. Government. Federal responsibilities have been further delimited by a series of court decisions:

That the Federal government's legal responsibilities as trustee and guardian extend to Indians both as individuals and as members of tribes was probably established most definitively in *St. Paul Intertribal v. Reynolds*: "In light of the broad scope of the trust doctrine, it is not surprising that it can extend to Indians individually, as well as collectively...."⁶⁴ This has also been confirmed in other cases. For example, in *Eric v. Secretary of United States Department of Housing and Urban Development*, the court concluded that: "The trust doctrine is not limited to situations in which the government is managing property owned by an Indian tribe as defendants contend." The decision also referenced a U.S. Supreme Court case which "applied the trust doctrine so as to require stricter administrative standards in the management of an 'off-reservation gratuity."⁶⁵

⁶³See, for example, U.S. Senate. Special Committee on Investigations. 1989. "Executive Summary," *A New Federalism for American Indians*, pp. 16-17.

⁶⁴*St. Paul Intertribal Housing Bd. v. Reynolds*, 564, Federal Supplement, D. Minnesota (1983), p. 1414.

⁶⁵*Eric v. Secretary of United States Department of Housing and Urban Development*, 464, Federal Supplement (1978), p. 49. Also, see *Morton v. Ruiz*, 415, U.S. 199, 236, 94 S.Ct. 1055, 39 L.Ed.2d 270 (1974).

That the Federal government's trust responsibilities are independent of who administers Federal assistance programs was concluded by the court in *Eric v. Secretary*: "The trust doctrine is not limited to situations in which the government is managing property owned by an Indian tribe....If the government cannot shed its trust obligation by delegating its responsibility to the tribe, it is unlikely it could do so by delegation to a state."⁶⁶

That the Federal government's trust responsibilities include housing services was a determination by the court in *St. Paul Intertribal v. Reynolds*: "Provision for housing is well within the spirit of the trust doctrine as defined above."⁶⁷

THEMES IN THE BROADER POLICY ENVIRONMENT

The way relationships between tribes and the Federal government will be made operational in the future will undoubtedly be influenced by two broad trends in policy thought that have considerable bipartisan support: the movements related to self-determination and reinventing government.

The Self-Determination/Self-Government Movement

In recent years, the watchword in federal assistance programs for Indians has been "self-determination"--helping native Americans and their tribal governments manage their own affairs with a minimum of direct federal involvement. In essence, the ultimate goal of these programs is tribal autonomy. (Government Information Services, 1992).

The movement toward self-determination and self-governance for Indian tribes dates from the mid-1960s.⁶⁸ Several Congressional Acts represent particularly important steps in the development of the nation's Indian self-governance policy:

The Indian Self-Determination and Educational Assistance Act of 1975 (P.L. 93-638) established the right of Indian tribes to take over and operate for themselves programs previously

⁶⁶Residents of Alaska native villages brought action against HUD, alleging breach of trust responsibilities in administering the Bartlett Act, a statute providing a method for distributing funds to the State of Alaska to assist in providing housing primarily for Alaska Natives. *Eric v. Secretary of United States Department of Housing and Urban Development*, 464, Federal Supplement, D. Alaska (1978), p. 49.

⁶⁷*St. Paul Intertribal Housing Board v. Reynolds*, p. 1414. For an excellent survey of the legal foundations of U.S. Indian housing policy, especially as implemented by HUD and IHAs, see Ulmer, 1990.

⁶⁸See, for example, U.S. Commission on Human Rights, 1981.

operated by the Bureau of Indian Affairs (BIA) and the Indian Health Service (IHS). The Act permitted tribes to enter into "638" contracts with BIA and IHS whereby the contracting agency would pay directly to the contracting tribe those funds which the agency would otherwise have expended to operate the program.

The Indian Tribal Government Tax Status Act of 1982 (P.L. 97-473) established the right of Indian tribes to issue tax-exempt bonds. The Indian Gaming Regulatory Act of 1988 (25 USC pp.2702-2721) established the right of tribes to compact with states.

That the self-governance and self-determination movement enjoys wide support and encouragement is amply attested to. For example, the U.S. Senate Special Committee on Investigations called for the "empowerment of tribal self-governance through formal, voluntary agreements" resting on "mutual acceptance of four indispensable conditions," including that: "Federal assets and annual appropriations must be transferred *in toto* to the tribes." (U. S. Senate, 1989). The first "Principle for Reorganization" which the Joint Tribal/BIA/DOI Advisory Task Force on Bureau of Indian Affairs Reorganization (1992) proposed for the Bureau of Indian Affairs was "decentralization with movement of maximum funding and decision making to the Tribe."

The BIA/IHS Self Governance Demonstration. The Tribal Self-Governance Demonstration Project of 1988 (P.L. 100-472) established the right of tribes to enter into compacts with the Department of the Interior and with IHS, thereby enabling them to receive as a single combined grant all the funds which the compacting agency would otherwise have expended in providing its programs and services to tribal members.

The Self-Governance Demonstration Project was recently audited by the Inspector General of the U.S. Department of the Interior (1995). The audit report concluded that the 10 participating tribes audited "generally accomplished the objectives" of the project. According to the audit report, the new self-governance authority given tribes under the project resulted in their creating new programs as well as increasing services provided under pre-existing programs to the mutual benefit of tribes and individual Indians. The self-governance tribes developed program priorities according to tribal needs rather than following BIA's program objectives.

Although it was never enacted, a draft Indian Housing Demonstration Project Act, was introduced in the House of Representatives in 1991, that would essentially to replicate the BIA/IHS Demonstration project in the housing field. Under this proposal, the Secretaries of the Interior and of HUD would have jointly administered a demonstration program to test the effectiveness of enabling five to ten tribes to receive all Federal housing program assistance as a lump sum and determine their own housing needs.

Under this proposal, participating tribes would have been required to submit a plan describing how they would maintain projects, give priority to low-income Indian families, and develop alternative financing strategies. In addition to transferring Federal assistance to participating tribes, the proposal would have also transferred to tribes "all of the rights, titles, and interests of the United States and any IHA of the tribe" in housing units and projects on the trust lands. For all practical purposes, the proposal would have terminated any independent authority of an IHA (Walker, 1992).

In 1993, legislation was introduced in Congress to make the Self-Governance project a permanent part of Federal Indian policy, its sponsor arguing: "It is the right direction at the right time." Despite the sponsor's inability to have the Housing Demonstration Project enacted during the previous session of Congress, he said he thought it only a matter of time before "we will expand Self-Governance to other departments of the Federal Government" (Richardson, 1994).

In sum, although its development has been sporadic, Federal policy toward Indians has generally been trending toward greater self-governance for the last two to three decades, culminating in the current 638 contracting program and the Self-Governance Demonstration project. But the tribal self-governance movement has also been evident, albeit on a more modest scale, in the areas of Federal housing programs and services. The two most notable changes in housing policy toward Indians in recent years have been the consolidation of HUD's housing activities within the Office of Native American Programs (ONAP), and the streamlining and simplifying of regulatory requirements for those programs to afford tribes greater administrative flexibility (as discussed in Chapter 5).

Part of the rationale for HUD's reorganizing and restructuring its Indian housing programs was undoubtedly a desire for administrative efficiency. However, those changes also represent a deliberate attempt to further the cause of Indian self-determination. The stated "primary goal" of HUD's proposed rule amending the Indian Housing Consolidated regulations is "to provide greater discretion and responsibility to IHAs in carrying out their housing programs, thereby returning them to local control" (HUD, 1994).

Above all, the Native American community itself continues to call for changes in Federal programs which would permit greater local autonomy in meeting housing needs. Many of the recommendations of the National Commission on American Indian, Alaska Native, and Native Hawaiian Housing (1993) involve long-term solutions to Native housing needs which also further tribal self-governance:

The Commission has found that another risk of total reliance on Federal housing programs is the constraint on Native communities to structure their housing developments more to

suit federal program requirements than to meet their own needs. Furthermore, such reliance on the federal government runs counter to Native communities' goals of self determination and economic self-sufficiency.

The Canadian Self-Government Experience. Canada's transfer of program responsibilities to Indian tribes paralleled, and in many ways anticipated, the U.S. experience in recent years. Therefore, a brief overview of Canada's major initiatives during the last decade may provide insight regarding the feasibility of comparable U.S. initiatives (Indian and Northern Affairs Canada, 1993):

In 1986, the Canadian Government introduced new alternative funding arrangements (AFAs) for Indian bands. AFAs provide bands with increased authority to manage funds received from the Government. Also in 1986, Community Self-Government legislation was enacted, enabling the Sechelt Band of British Columbia to become the first self-governing Indian community in Canada.

In 1988, the Government introduced guidelines to conduct up to 15 separate community-based self-government negotiations; fourteen framework agreements have been signed and substantive negotiations are under way on others. The Kamloops Amendments enacted in 1988 clearly established the power of band councils to tax reserve lands.

In 1992, Aboriginal people became full participants in the Canada Round of constitutional discussions. Leaders of Canada's four major Aboriginal groups conducted unprecedented consultations among their people, gaining recognition of their inherent right to self-government by non-Native leaders across Canada.

In December 1992, Canada's House of Commons' Standing Committee on Aboriginal Affairs released its Fourth Report entitled: *A Time for Action: Aboriginal and Northern Housing* (1992). The report's recommendations included:

- that the government deliver all of its funding for Aboriginal housing through one department or agency;
- that the Government of Canada transfer, in consultation with Aboriginal people, control of housing along with sufficient resources to Aboriginal people in order to ensure that there is greater community control over the development and delivery of housing programs;

- that the Government of Canada provide the necessary funding to meet the housing needs of all Aboriginal and northern people living on-reservation, off-reserves, and in the North;
- that the Government of Canada recognize that Aboriginal people have particular cultural and practical housing needs which are not being addressed due to the rigidity of current federal housing programs;
- that the Government of Canada recognize that the only way to provide the flexibility that Aboriginal people need to ensure the delivery of the kind of housing best suited to their particular needs is through self-government for Aboriginal people;
- that program guidelines ensure that the maximum possible flexibility is provided to Aboriginal organizations participating in those programs;
- that the Government provide greater opportunities for homeownership on-reserve, off-reserve, and in the North through the development and expansion of homeownership programs, and the encouragement of innovative solutions aimed at addressing impediments faced by Aboriginal people to homeownership; and
- that the Government address immediately the housing related infrastructure needs of Aboriginal and northern people.

The concept of self-determination in the U.S. is similar to the idea of self-government in Canada. However, transfer of Government programs and policies to Indian bands has proceeded more rapidly than in the U.S. By the end of 1993, it is estimated that Indian people had been given control of some 80 percent of the Indian and Inuit Affairs program budget.

The Reinventing Government Movement

The principles for reinventing government would seem to be equally applicable, and wholly complementary, to devising a workable self-determination strategy to guide Federal housing policy for Native Americans and Alaska Natives. The *Report of the National Performance Review* for installing reinventing government approaches at the Federal level (Gore, 1993) identified the following principles:

We will invent a government that puts people first, by: Cutting unnecessary spending; Serving its customers; Empowering its customers; Helping communities solve their own problems; and Fostering excellence. Here's how. We will: Create a clear sense of

mission; Steer more, row less; Delegate authority and responsibility; Replace regulations with incentives; Develop budgets based on outcomes; Expose federal operations to competition; Search for market, not administrative, solutions; and Measure our success by customer satisfaction.

If "serving," "empowering," "helping" and to "delegate authority and responsibility" are advocated for customers and communities with which the Federal government interacts, they would seem especially apropos in its relationships with Indian tribes and other sovereign governments.

In *Reinventing Government*, Osborne and Gaebler (1992) embrace decentralized authority and participatory management, arguing that: "If a department or program director does not have the opportunity to do things wrong, authority is lacking to do them right." However, the authors also recognize the critical link between empowerment and accountability: "The success of empowerment is...directly dependent on the success of other concepts...including accountability for results."

CONSIDERING THE ADEQUACY OF FEDERAL FUNDING FOR INDIAN HOUSING

The first recommendation of the National Commission on American Indian, Alaska Native, and Native Hawaiian Housing (1993) addresses the inadequacy of Federal funding: "A clear consensus exists: greater funding is needed to address the critical housing needs in Native communities in the United States."

The findings of this study certainly corroborates that conclusion. Housing problems of American Indians and Alaska Natives remain far more severe than those of non-Indians, particularly in Tribal Areas. In 1990, for example, the proportion of AIAN households overcrowded or lacking either plumbing or kitchen facilities was five times the share for all U.S. households (28 percent vs. 5.4 percent). In total, more than four in ten housing units in Tribal Areas occupied by American Indians or Alaska Natives are over-crowded and/or have severe condition/facilities problems; the comparable share for AIAN occupied units in other areas of the country averages only about one in ten. Moreover, needs appear to be growing, e.g., the number of low-income AIAN households with the most severe housing problems probably increased by over 7 percent from 1990 to early 1994. Federal housing assistance is not keeping up.

There is little debate about the justification for continued Federal assistance for Indian housing. The initiative being exhibited by many tribes in assuming central responsibility for their

own futures is evidence that they do not want dependency to be the central feature of their development. On the other hand, it is clear that the consequences of withdrawing Federal housing assistance at this point would be disastrous. The circumstances in many Tribal Areas will not support housing development that relies solely on market forces. In addition, the section on trust and fiduciary obligations at the beginning of this chapter makes it evident that the provision of assistance to American Indians and Alaska Natives for housing is consistent with fundamental legal responsibilities of the Federal government.

A relevant question, however, is what level of increase in Federal assistance would be appropriate to address these needs. Clearly, that question cannot be answered by taking numbers on the total number of Low-Income AIAN households with housing problems and multiplying it by the cost of a typical new Rental or Mutual Help unit. Approaching the problem in this way would be quite inefficient. Most of these households do not need a new unit produced by government. Depending on the area, many households in need could be more efficiently through assisted repair and rehabilitation of existing units, through tenant-based assistance, and, in a nontrivial number of cases, through limited help with down payments for the purchase of private units.

Despite exhibiting among the highest incidences of poverty and housing problems of any population group in the United States, a sizeable proportion appears to have sufficiently high incomes to pose an equally sizeable potential demand for homeownership, e.g., one out of four AIAN renter households has an income 95 percent of the area median or higher. While the operation of nonprofits and private firms in providing housing services in Indian country cannot be the whole story, it can be a more important part of the story than it has been in the past.

While the Federal government has an obligation to provide assistance, few would disagree that it is reasonable to expect that assistance to be delivered efficiently. This is particularly so in light of the formidable pressures that now exist to economize in Federal outlays overall. But it is also fully consistent with the basic themes of self-determination and reinventing government discussed earlier in this chapter. Also consistent with these themes is the notion that the best way to achieve efficient program delivery will rest on creative mixes of program strategies developed locally in response to local needs and circumstances. Accordingly, this report makes no effort to estimate or recommend any total level of subsidy assistance to be provided. Recommendations in the remainder of this report concentrate on means by which such assistance could be more effectively applied.

In summary, there is much evidence to suggest that American Indians and Alaskan Natives do not want lives that are characterized by "dependency." But continued assistance from the Federal government to Tribal Areas is not only a legal obligation in most cases (under treaties between sovereigns); all indications are that it has widespread support. This is borne out by the

recognition that withdrawal of Federal assistance would imply a devastating blow to the cultural richness of our nation as well as breach a moral obligation in response to past injustices. The enormous unmet housing needs in Tribal Areas documented in this report justify expanding Federal housing assistance to these Areas, but it is reasonable for Congress to expect that such assistance be delivered in a more efficient form than it has been in the past. The challenge is to provide support in a manner that leverages and expands the power of Native Americans to control and enhance their own destinies.

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Chapter 8

**REFORMING FEDERAL HOUSING
ASSISTANCE**

As documented in Chapter 3, the housing needs of American Indians and Alaska Natives are great by virtually any standard--affordability, crowding, or adequacy. The salient conclusion drawn from Chapters 4 to 6 is that, while substantially improving the living conditions for thousands of families, to date, assisted housing programs have been able to address only a fraction of Indians' housing needs.

A key implication deriving from this finding is that, absent substantially increased funding, Federally assisted housing programs must be delivered more efficiently, particularly by increasing flexibility in their use. How Federal housing assistance programs may be usefully restructured is the topic of this chapter.

BROAD ALTERNATIVES FOR FEDERAL HOUSING ASSISTANCE

The analyses of needs and programs undertaken in preceding chapters of this report lead to three principal implications for future policy: First, increased federal funding assistance would seem warranted, given the size and seriousness of housing problems documented to exist in much of Indian country. Second, the extent by which housing needs exceed available resources implies the need for increased efficiency in the use of housing programs, both by producing more housing services with existing resources and by leveraging additional resources from alternative sources. Third, increased efficiency will require greater flexibility in the design and operation of housing programs, especially to permit localities to tailor housing programs to their particular housing need priorities. Additional, related policy issues involve long- vs. short-term tradeoffs, tribal vs. individual decision-making, public vs. private sector mix of housing activities, and the

appropriate roles for IHAs and tribes. It is fundamentally clear that the issue of tribal self-determination cannot be avoided in assessing options for Federal housing assistance.

Federal housing policies and programs can have significant long-run effects on tribal self-determination by influencing the willingness and ability of tribes and tribal members alike to exercise choices in the public and private sectors. The existing Section 248 and new Section 184 programs are examples of Federal programs designed explicitly to increase the range of choices available to Indian households by increasing access to private sector lending by those aspiring to become homeowners. However, Federal policies and programs may also limit the range of choices (and, therefore, the opportunity for exercising self-determination) by tribes and tribal members.

Self-determination involves choosing, but choices are not limited to the use of public resources. Indian tribes as well as their individual members make most decisions in the private market place. Even in the housing sector, where a tribal area is sometimes depicted as something of a socialist society with government housing predominating, most Indian households in fact live in private housing, albeit provided in "markets" far different from those in which non-Natives typically participate.

Basic Alternatives

The issue of tribal self-determination has both economic and political dimensions. The opportunity to choose among alternative possible courses of action the one which maximizes one's well-being is essential for economic growth. Evidence is persuasive that those tribes which have moved most aggressively toward greater self determination and increased assertion of tribal decision making power are those which have been the most successful at achieving economic growth. Cornell and Kalt conclude: "To the extent that federal policy reinforces the legal, political, and institutional foundations of tribal sovereignty, it increases the chances that tribes can find their own pathways out of poverty" (Cornell and Kalt, 1989).

Federal regulations are also ostensibly intended to promote broad national goals of efficiency and equity. Therefore, their elimination does not necessarily guarantee increased social well-being. Nor is it certain that the substituted local requirements will produce efficient and equitable outcomes. Widely differing policy approaches are at least conceptually possible.

At one extreme, virtually complete responsibility for Indian housing would reside in the hands of the Federal Government. Decisions ranging from how Federal assistance is distributed among tribes to how programs are structured to address tribal housing needs would be made by Federal agencies. Under one scenario, a single Federal agency would assume principal responsibility for administering all Federal housing and housing-related programs designed

specifically to meet the needs of Native Americans. An alternative scenario would make Indian housing programs off-shoots of programs targeted at the general public, e.g., set-asides for CDBG, public housing, and so forth. Under both scenarios, however, Federal rules and guidelines would circumscribe local choice, with program design and administration being largely Federally determined.

Such a policy stance would reverse the trend toward decentralization, self governance, and self determination which has been continuing apace for several years. Moreover, political, ethical, and legal as well as economic factors--all seem to militate against such a policy.

Yet another scenario within the Federally operated program approach would be to create yet more categorical programs. In Chapter 6, it was argued that pushing the bulk of Federal assistance funding through just two program options (Rental and Mutual Help) did not respond sensitively to the broad range of family needs and resources that exist in most Tribal Areas.⁶⁹ It would be possible to create more categorical approaches to address a larger variety of circumstances. This, however, would fly in the face of lessons learned about the problems with such programs over the past several decades; i.e., each program would probably develop its own constituency at the national level and rigidities would emerge that prevent expanding and contracting different options even when conditions clearly warrant doing so. Rigidities of this kind do not tend to develop where the program mix is determined locally under the transparent form of decision making that should accompany true tribal self-determination.

At the opposite extreme, virtually complete responsibility for housing and housing-related activities would reside with tribal governments. Such a policy stance would essentially replicate and extend themes of the Self Governance Demonstration under which some 30 tribes currently receive as a block grant the total Federal assistance previously provided by BIA and IHS, but transferring housing responsibilities to all tribes within a relatively short period of time.

Two factors in particular militate against such a Federal policy. On the one hand, the Federal government typically attempts to achieve a variety of national objectives through its assistance programs, including those arising under treaties. Hence, Federally imposed restrictions on Federal assistance to tribes (and other local recipients) are generally viewed as

⁶⁹The need for a broader approach to meeting Indian housing needs than is provided for in existing categorical housing programs is evident in the Congressional testimony of a tribal leader critiquing existing Federal Indian housing policy: "The present program has several other major deficiencies: First, it provides housing for low-income families. Yet on reservations, where there is no housing stock at all, we need a comprehensive housing approach that meets the needs of all our people. Without decent housing for teachers, our education suffers. Without decent housing for our young college-educated tribal members, we cannot get them to return to the reservation to help our tribe. Without decent housing we cannot attract the skilled people we need to promote economic development." (Pesata, 1992).

necessary to ensure that funded programs at least not frustrate, and hopefully promote, national objectives as well as fulfilling treaty obligations.

Many tribes are perceived as currently having insufficient capacity to assume major responsibility for designing and administering their own housing programs. At best, according to this view, complete transference of policy and program responsibilities to tribes must remain a long-term objective.

The most feasible Federal policy stance probably lies somewhere between the two extremes. One such intermediate approach is to continue the current incremental transfer of administrative responsibilities to localities, e.g., HUD's permitting greater local discretion in program design and administration such as by replacing rule books with guidelines. The major limitation of this approach is that Federal statutes limit what HUD and other administrative agencies can do in terms of further deregulating Native American housing programs.

An alternative intermediary approach would also continue transferring housing program responsibilities to localities, but in discrete, substantive steps rather than incrementally. The ultimate objective is for localities to assume virtually complete responsibility for the design, implementation, and operation of housing and housing-related activities, as described above. However, the focus here is on the transition from the current situation to the desired; namely, effectuation of the procedural, legal, and institutional changes necessary to successfully transfer program responsibilities from Federal agencies to tribes.

The Block Grant Approach

Disagreement persists about the relative merits of providing Federal assistance to recipient governments through categorical programs versus block grants. One variant of the argument is that categorical programs better enable the Federal government to ensure that resources are used to accomplish national policy objectives, while block grants better enable recipient governmental units to meet local needs. But local governments are not sovereign entities, deriving their powers indirectly from the sovereign states in which they are located.

The principal advantage of providing Federal housing assistance to Tribal Areas in block grant form is the increased flexibility permitted in their use. Block grants, depending on how they are structured, could also provide a more stable flow of funding which the recipient can plan for, thereby contributing to efficiency. Block grants can also be used as a leveraging factor by permitting borrowing against future allocations.

In sum, the most obvious way in which the U.S. Department of Housing and Urban Development along with other Federal agencies can move toward according Indian tribes greater

discretionary authority is by allocating resources with fewer strings attached, e.g., through greater use of block grants. Indeed, a pilot block grant program for housing--the HOME program--already exists, the experience with which is proving instructive.

Federal Indian policy of the 1970s and 1980s was designed to foster increased tribal self-determination, especially by permitting tribes to gain greater control over education, health, and social welfare programs. As noted in Chapter 7, Congress took an additional step toward tribal self-determination in 1988 by authorizing the Interior Department to provide block grants to 10 tribal governments, bypassing the BIA completely, and permitting tribes to administer programs formerly administered by BIA. The Secretary of the Department of Health and Human Services was subsequently authorized by Congress to establish a comparable self-governance arrangement between tribes and the Office of Indian Health Service.⁷⁰

Consideration of combining existing housing programs into a block program for Indian tribes raises a number of questions, including:

- How many, and which, tribes currently have both the willingness and the ability to operate housing block grant programs satisfactorily?
- How many additional tribes either would be induced by the mere presence of a block grant program to develop the requisite willingness and ability to operate the program satisfactorily or could have those qualities developed through federal technical assistance, training, and other support?
- What form would programs take for those tribes not yet receiving block grants--continuation of current categorical programs? Phased consolidation of those programs eventually leading to block grants?
- What would be the nature and extent of accountability required of Indian housing block grant recipients? How would accountability be ensured?

The history of Federal Indian policy reveals several dramatic shifts. When misdirected, such shifts have had equally dramatic adverse effects on Indian welfare, effects which can take decades to overcome. The implication is that future policy changes ought to proceed with caution, implemented deliberately step-by-step. This is the approach of the Self-Governance Demonstration project and, by implication, the approach recommended for Federal Indian housing assistance as well.

⁷⁰The voluntary self-governing project has been expanded, including 30 tribes by 1992, and extended until 1996. See Levitan and Miller, 1993.

POLICY DIRECTIONS

Based on these considerations, in light of the findings and conclusions of Parts I and II of this study, we offer the following recommended directions for policy.

Consolidating Existing Programs into a Block Grant Framework

HUD's recent streamlining and deregulation of its Rental and Mutual Help programs seem to be important steps in the right direction, but as noted, the statutory frameworks for these programs still preclude sufficient flexibility. The block grant approach offered under the HOME program is already spurring experimentation in at least a few areas with a potentially more efficient, tribally determined array of program options. Although, it would seem most reasonable for HUD to consolidate all of its existing funding into a block grant framework that operates generally in the same way. Given the diversity of housing problems and opportunities in Tribal Areas documented earlier, it should be clear that different strategies will be required in different Areas--sometimes varying from each other in subtle ways based on tribal culture and political realities as well as economic and physical conditions. The strategy for any individual Area ought to be designed by local stakeholders who have both the knowledge of local conditions needed to select the best mix of activities and strong locally based incentives to implement them effectively. This approach would make Indian housing policy fit better with overall U.S. Indian policy in which "self-determination" is now the dominant theme.

Existing categorical housing programs administered by HUD (the Rental and Mutual Help programs), while meeting many housing needs, have also resulted in inefficiencies and inequities. As with many Federal programs, tribes frequently apply for, accept, and use available categorical funds, even though permissible uses are not areas of greatest local need. Likewise, in this limiting framework, tribes are motivated to attempt to use available categorical programs to meet needs other than for intended uses, thereby producing further inefficiencies.

Consolidating existing categorical program assistance into block grant-type assistance could provide localities the needed increased flexibility.⁷¹ However, such a shift in Federal policy would have to be implemented cautiously and with considerable forethought. Obstacles to implementation of a Federal housing block grant program are both political and institutional. They are interrelated as well. Obstacles include conflicting objectives, non-coordinated decision-making, and limited institutional capacity within both Federal and tribal governments.

⁷¹One half of the IHA directors interviewed for this study said they would prefer that Indian housing funds be administered as block grants instead of as in existing programs.

The pattern of dependency on public housing assistance which characterizes many Tribal Areas was presumably not an intended outcome of Federal housing programs. Nor was the virtual absence of a private housing sector a deliberate Federal policy outcome. Nonetheless, failure on the part of the Federal Government to help establish the institutional setting necessary for private markets to develop contributed to the climate of dependency.

Inappropriate Federal policy, in turn, owes to myriad factors, not the least of which is failure to accommodate the wide diversity among indigenous political, social, and economic systems in Indian Country.⁷² Because each tribe's heritage, resources, and capabilities differ so greatly one from another, a single policy strategy obviously cannot apply to all tribes, despite the several empirically based commonalities documented in this study. For example, an issue among some tribes is the extent to which an expanded market economic system is compatible with their culture (see discussion in Smith, 1990).

Housing needs differ substantially among Native American Areas. As cited previously, existing Federal programs tend to underserve American Indians and Alaska Natives living in counties surrounding Tribal Areas. Despite the fact that some 38 percent of the AIAN population living in AIAN counties live in the surrounding counties compared with 62 percent living in the Tribal Areas themselves, only about one-fifth of the responding IHA directors said they built any Rental or Mutual Help housing in the surrounding counties. Consolidating Federal programs and reducing restrictions on their use could permit greater local flexibility to provide needed housing assistance to households in a wider range of circumstances and even over broader geographic areas.

Attaching Fewer Federal Strings, but Rigorously Enforcing those that are Attached

The Rental and Mutual Help programs have suffered from overly complex regulations requiring too much HUD oversight. In a new block grant, substantially fewer strings should be attached, but it is essential that some requirements remain to focus resources on basic national objectives. Probably most important in this regard is requiring that the bulk of the funding be devoted to addressing the housing problems of low-income households most in need, and that some quantitative constraints be imposed to direct local decisions away from spending very large amounts on a small number of families while the majority of those in need remain unassisted, or in dispersing funds too widely to adequately meet anyone's housing needs.

Of equal importance, program funding should be contingent on the local preparation of a simple, publicly discussed, integrated housing strategy which shows how local tribal leaders intend to allocate Federal and other resources. The purpose would be to make local leaders

⁷²See, for example, Prince, 1994.

more clearly accountable to their own members. (HUD would not be expected to approve the strategy, just to ensure that one had been prepared.) Finally, with fewer rules to monitor, HUD should be able to do a better job of rigorously auditing performance in relation to those requirements that remain. Serious penalties should be imposed for failure to comply with those requirements, and some form of bonuses should be considered to provide incentives for improved performance.

The basic strings to be attached. Although the objective is to permit the grant recipient maximum flexibility to use grant funds, some Federal requirements are deemed necessary in furtherance of U.S. national goals and others to provide an accountability benchmark.

Consistent with the national priority for assisting low- and moderate-income households, grant recipients ought to be required to allocate a disproportionately large share to assisting households with incomes below 80 percent of the area's median income. Some type of maximum cost per assisted family would also have to be established to encourage wider coverage of the population in need. Grant recipients would also be obliged to administer Federally funded programs in compliance with the Indian Civil Rights Act, Americans with Disabilities Act, environmental protection requirements, and other Federal laws and executive orders.

Grant recipients would be initially required to conduct a housing and community development needs assessment and to develop a five-year plan for addressing those needs. Recipients would be expected to report annually to HUD on program outcomes in terms of impacts on previously identified needs. In joint consultation, HUD and the tribe would annually assess the previous year's performance by both parties. Where performance is deemed less than satisfactory, appropriate remedial action would be developed, agreed to, and implemented.

In some cases, remedial action may entail HUD's provision of additional technical assistance to the grantee. In other cases, improved performance may be best achieved by modifying or replacing the local housing delivery programs. The ultimate sanction, to be resorted to only after repeated failure of the grantee to meet minimum accountability standards despite extensive HUD assistance, is the withholding of future grants.

Receipt of Federal housing assistance for Native Americans should be made contingent upon localities' development of comprehensive housing and community development plans. Comprehensive housing and community planning is essential to effective use of resources. Hence, by making its assistance contingent upon local planning, the Federal Government could encourage coordination, cooperation, and integration among local housing entities, including between tribal officials and the IHA. (In fact, some officials interviewed for this study were indignant that HUD requires planning by non-Indian program participants, but not by tribal or IHA participants.) Although the sovereign status of tribes may weaken the Federal

Government's authority to require planning by tribes as opposed to non-tribal governments, the importance of planning to local capacity development should justify it as a requirement.

A Phased Transfer, Linked to Capacity Building

Other researchers of Indian problems and institutions have recently concluded: (1) when tribal governments are given a freer hand in implementing their own development, they generally perform more effectively than under approaches imposed from the outside; but (2) tribes vary dramatically in the effectiveness of their governance structures. Similarly, this study has documented substantial diversity in local capacity, and this may be an important constraint on policy and program transfer. Granting full authority and responsibility for housing development to all tribes and IHAs immediately would be dangerous. Many are capable of handling it all now, including entrepreneurial innovations, but the institutional capacity of a sizeable number is not yet adequately developed.

A phased strategy for implementing the block grant approach seems warranted, in which expansions of authority would go hand in hand with expansions in capacity. The initial round of strategic planning, as called for above, might be used to help select the most appropriate path for each Area. Strategies would have to include a section on proposed institutional arrangements for implementation, and HUD would provide resources for technical assistance to help local leaders identify the various programmatic options open to them and to assist them in preparing their plans.

On the basis of these submissions: (1) a large number of Tribal Areas would be given full authority to implement the full block grant approach immediately; (2) others would be given more flexibility, but be subject to closer monitoring for a fixed period as they improve their implementation capacity; and (3) yet others might have to wait for a time until they establish adequate basic capacity to begin to perform under the new arrangements. Federal agencies would have to provide an adequate level of resources for technical assistance to tribes and IHAs in the second and third categories. Existing providers of technical assistance would target their efforts on the neediest tribal administrative systems.

Housing and community development grants ought to be consolidated and program responsibilities transferred only for localities which can demonstrate sufficient capacity to assume the increased policy and program responsibilities. Widely perceived as severely restricting tribal ability to implement a block grant-type housing program is the limited capacity among some tribal governments to implement and manage indigenous housing programs. Local capacity problems, in turn, are commonly attributed to insufficient construction and management scale/stability/wherewithal to support adequate staff and facilities or to conflict among tribal and

IHA officials and staffs. Answers to three questions seem particularly pertinent in formulating an effective Indian housing policy:

- What is the nature and extent of existing local capacity to formulate housing policy and to implement housing programs?
- What are the principal reasons for existing capacity limitations?
- Which Federal policies and program activities have greatest potential for removing or circumventing local capacity limitations?

Some tribal housing agencies compare favorably with the best run public housing authorities (PHAs); they could undoubtedly assume responsibility for virtually all phases of housing policy, given sufficient opportunity and resources to do so. Other tribes and IHAs will require modest technical assistance and training to enable them to assume increased responsibility for local housing policies and programs. Still other agencies will require substantial time and, probably, good fortune in addition to any assistance they may receive from the Federal Government.

That current capacity is so limited among many Indian localities ought not be surprising, given the limited resources available. But it is potential rather than current capacity on which we ought to focus, and here there is reason for optimism. Although it is frequently difficult to disentangle cause from effect, resource availability and program capacity seem to occur together disproportionately in Indian Country. Where resources have become available--whether as a result of deliberate tribal, state or Federal action, because of private sector development, or simply fortuitously--local housing program capacity has tended to respond commensurately. For example, tribes in Minnesota have made effective use of that state's financial housing assistance, and some tribes are making effective use of gaming revenues to meet housing and urban development needs.

The implication is that local policy and program capacity is most likely to develop in response to localities being given greater flexibility in the use of Federal resources. The rub will be in determining where and when the potential for local capacity development is sufficiently high to transfer increased housing responsibilities to the tribe. Transfer of housing policy and program responsibilities to localities would require both their certification as having sufficient capacity to accept those responsibilities and the tribes' willingness to accept the additional responsibilities.

Requisite to devising strategies for assisting localities to assume increased policy and program roles are reliable indicators to identify localities' current capacity strengths and

weaknesses. Reliable indicators are also necessary for determining when local agencies have developed sufficient capacity for assuming additional policy and program responsibilities.

ACA ratings, audit findings, and assessments by HUD regional office personnel are among available indicators which could be used to assess IHA capacity. For example, analysis conducted in Chapter 5 revealed statistically significant relationships between ACA ratings and IHA director turnover. Other suitable measures could be added as appropriate.

Capacity to assume increased responsibilities for housing policy formulation and program operation varies considerably from one Native American Area to another: Therefore, local capacity building should occur in tandem with phased transfer of policy and program responsibilities. It is obviously desirable that shifting from the current system of categorical programs to a block grant-type program facilitate a concomitant expansion of local capacity. At a minimum, the shift ought not adversely affect existing local capacity. Development of local policy and program capacity would be better fostered under a step-by-step, phased implementation of a block grant-type program than by a once-and-for-all program replacement. Phased implementation of a block-grant program would facilitate the integration of tribal policy goals with IHA program expertise.

Community Development Block Grants are currently being made directly to Indian tribes, rather than to IHAs. One approach that might warrant further study, would be to establish two separate block grants initially. One would go directly to the tribes and consolidate the current CDBG, HOME, and other Federal housing and community development program assistance to tribes. The other would go to the IHAs, consolidating the current Rental and Mutual Help programs, along with other minor forms of Federal categorical housing assistance to IHAs. The objective would be to maintain viable housing roles for both the tribal housing office and the IHA while giving increased flexibility to both and simultaneously facilitating their cooperation.

Eventually, the separate block grants to tribes and IHAs would be combined, but with accompanying incentives to ensure that institutional capacity is not lost. The total dollar amounts of Federal assistance received by individual IHAs and tribes would be pre-determined solely on the basis of the distribution formula. Therefore, grant consolidation would affect only the form, and not the amount, of assistance each area receives.

Husbanding Existing Institutional Capacity--Roles for the IHAs

In many Tribal Areas, sound working relationships have been established between tribes and their IHAs. It is likely that under the new approach, IHAs would naturally work with the tribes in preparing the strategy and the IHAs would be assigned as the lead implementing agency, taking on both more challenging and exciting responsibilities as they branch out from the more

limited task of administering current HUD programs and become more entrepreneurial, for example, in seeking private sector financing. In some Areas, however, tribal governments might be tempted to reject the IHA role too easily. While this study has noted that IHA performance is uneven, the IHAs have generally developed a level of professional competence not easily replaced in the tribal structure. Ultimately, tribal governments should be able to select the institutional arrangements that suit them best, but constraints should be placed on their ability to eliminate existing performance capacity and professionalism unreasonably.

IHA institutional capacity, expertise, and professionalism ought to be safeguarded, enhanced, and integrated with other entities to implement comprehensive tribal housing policy. Many Tribal Areas face insufficient scale of production and management, inadequate financial support, and limited staff expertise--all are thought to constrain local housing activities. And all are frequently interrelated. It is argued, for example, that lack of financial resources prevents hiring of sufficient personnel to undertake housing activities on a large scale, and small scale, in turn, limits ability to hire staff.

IHAs are frequently perceived by others as well as by themselves as being de facto agents of HUD. This perception owes in part to IHAs being originally established by tribes as a requirement for participation in HUD programs. The perception also persists in part because of IHAs being funded almost exclusively to administer HUD programs. Among the manifestations of this perception is that IHA housing units are typically referred to as "HUD housing."

Restrictions on use of existing categorical programs limit the capacity of IHAs and tribal housing offices to seek out creative and effective means for addressing local housing needs. Under current statutes, HUD funds may not be used by a housing authority to administer a non-HUD program, even if such a program would address local problems more effectively than would the HUD program.

Whether or not IHAs' past dedication to HUD programs was an efficient use of resources is moot. The question is whether or not so constraining IHAs activities in the future is the preferred alternative. Two key research findings tend to suggest that it may not be: First, substantial and increasing tribal housing needs, e.g., for homeownership, do not appear to be adequately addressed by existing Federal programs, including HUD programs administered by IHAs. Second, IHAs appear to constitute the most viable vehicle for expanding housing opportunities in much of Indian country.

Lack of information and technical expertise, as well as lack of financial resources, appear to represent notable constraints upon some IHAs' and tribal housing offices' ability to offer a broader range of housing programs than they do. In some cases, this reflects the absence of significant demand for information and expertise regarding additional housing programs and

activities. In other cases, local housing entities are precluded from developing the necessary information and expertise because they are either unwilling or unable to do so, despite demand for housing services above and beyond those already available, because of inadequate funding, or because of inertia.

Widely perceived as the greatest constraint on the capacity of IHAs to meet the housing needs of Native Americans effectively is a fractious political relationship between IHAs and tribal officials. Our research did in fact reveal some situations in which local capacity to develop and operate housing programs appeared to be severely hamstrung by political infighting. As noted in Chapter 5, however, we also found many situations in which local housing entities functioned effectively within the local political structure. Indeed, political constraints on IHAs and tribal housing offices cover the whole gamut, generally mirroring the relationships between local officials and housing offices in non-Indian areas.⁷³

Tribal leaders and IHA executive directors in each of the 36 survey sites were asked to assess the extent of involvement by the tribal council in various IHA activities. Although tribal leaders perceived slightly less involvement by the tribal council than did IHA directors, both categories of respondents saw similar patterns--greatest involvement in project site selection and in overall planning, and least involvement in tenant selection/assignment and selection of architects/contractors. Forty-two percent of the tribal leaders and 48 percent of IHA executive directors viewed tribal councils as either somewhat or very involved in the IHA's overall planning. Fifty-four percent of tribal leaders and 64 percent of IHA directors said tribal councils were somewhat or very involved in project site selection.

Although the appropriate tribal council involvement in IHA activities undoubtedly varies from locality to locality, from activity to activity, and from time to time, the majority of tribal leaders appear to believe ample coordination and involvement currently exist. Approximately two-thirds of the tribal leaders surveyed answered "yes" to the question: "Do you feel that you meet with IHA staff frequently enough, both formally and informally, for the purpose of coordinating activities?"

Potential Key Role for IHAs. Restrictions on IHA operations seem to owe as much to administrative inertia as to perceived legal and financial obstacles. No obvious legal restrictions prevent IHAs from operating as developers of non-government housing, for example, and earning developer's fees as a source of revenue. Indeed, IHAs have powers to "lease, manage, and sublease land, borrow and lend money, pledge assets as security, buy and sell personal property,

⁷³It seems worthy of note that only 42 percent of the interviewees who completed a narrative summary from their site visits for this study deemed the IHA-tribal relationship worthy of comment, and of those who did, nearly three-fourths remarked that the relationship was good.

buy land, cooperate with other housing authorities or tribes to finance housing, and issue obligations" (NAIHC, 1993).

Rather, the reason IHAs have restricted their activities primarily to administration of HUD's Rental and Mutual Help programs appears to be traceable to their origins. Although created by tribal ordinances, IHAs have often been seen (by others and themselves) essentially as creatures of HUD. The basic terms of the originating ordinances were written by HUD, and any funds allocated to IHAs may only be used to support low-income HUD programs.

IHAs mirror Public Housing Authorities (PHAs) in many ways, including mission, administrative structure, and program implementation. IHA staffs look primarily to serving the needs of a restricted group of households (those having incomes below 80 percent of area median) in a restricted geographic area (trust lands).⁷⁴ Regulations for IHA-administered HUD programs historically were similar to those administered by PHAs, namely, permitting only limited adaptability to local needs and conditions. In recent years, HUD has significantly reduced the regulatory requirements on IHAs in administering Indian housing programs.

Given their heavy workloads and limited staff resources, IHAs are understandably reluctant to assume responsibilities beyond the administration of HUD's low-income programs, even when they would seem to be well-positioned to provide important additional housing services. For example, administrative assistance has been sorely needed to increase the use of FmHA lending activities in Tribal Areas, and IHAs would seem the entities best qualified to assist in packaging FmHA loan applications. IHAs generally have not undertaken this activity, frequently saying they have insufficient resources to do so and lamenting that HUD-funded staff cannot be used to administer non-HUD programs, including other Federal housing programs.

Some changes in IHA focus could be achieved by statutory change, e.g., authorizing HUD housing program funds to be allocated in block form, thereby enabling IHAs to undertake a wider range of housing activities. Others would require increased resource support, whether in larger administrative budgets or in increased technical assistance and training, to increase IHA administrative capacity sufficiently to undertake a wider scope of Indian housing programs.

Other changes in IHA activities in support of Indian housing will clearly require a change in the prevailing (PHA) ethos. In many instances, the IHA's narrow traditional focus on the needs of low-income Indian households living on trust lands stems from the tribe's perceptions and expectations of the IHA when viewed as an Indian PHA.

⁷⁴IHAs located in Oklahoma and Alaska typically define their service areas more broadly; and sixteen IHAs which serve reservations, primarily in the Northwest, have defined their service areas to encompass sizeable off-reservation areas as well as the reservation itself.

Decentralizing and simplifying HUD programs through regulatory reform is giving IHAs greater autonomy. But to further broaden the focus of IHAs and to change their image from agents of generic HUD low-income housing programs to tribal agencies dedicated to enhanced housing opportunities for all Indian families, will require statutory change. One way to broaden IHAs' focus and image would be by blending HUD housing program dollars with funding from other sources--both public and private--to support IHA activities.

To be sure, HUD's recent deregulatory initiatives have gone a long way toward effecting change in IHA missions. As one ONAP official expressed it: "Everything currently left in the regulations is what is in the statutes. Lots of stuff remains in the regulations because lots of stuff remains in the statutes." However, as an example of the added flexibility permitted by HUD's streamlining of administrative requirements, IHAs can now choose any method of procurement instead of being required to use one of four prescribed methods. Indeed, HUD's attempts to decentralize administration of its Indian housing programs parallels the Self Governance Demonstration noted earlier being conducted by BIA and IHS. Not surprisingly, so do the problems encountered.

Whereas many tribes are ready, willing, and able to assume increased responsibility for administering their own programs, others are not. Critically needed are far more extensive programs of training, technical assistance, and information dissemination than currently exist. Such programs need to be targeted to tribes, IHAs, lenders, Indian households, and HUD staff.

IHA activities ought to promote the integration of housing activities with pertinent social services in Tribal Areas. It has long been recognized that housing conditions are closely related with the physical and emotional health of families (Glazer, 1980). More recently, housing conditions have been linked with family wealth creation, economic mobility, economic security, and overall economic self-sufficiency. Indeed, poor housing conditions have been shown to thwart economic achievement, by contributing to: "...lack of security, and the general troubles associated with the spatial concentration of poverty, including social isolation, greater risks of crime victimization and physical danger, absence of economically mobile role models and support for community institutions, and lack of visible opportunities."⁷⁵

That insufficient attention has been paid to the relationship between housing and social services is attested to in the responses by both IHA directors and tribal housing staff personnel interviewed for this study. Over 80 percent of the former and some 63 percent of the latter responded "yes" to the question: "Is there a need for existing [housing] programs to be more closely coordinated with other social services, such as education and health care?"

⁷⁵See, for example, Schlay, 1993.

This study has documented a perceived increase in the concentration of social problems in IHA Rental projects. Because of this concentration and the role the IHA has in housing management, it is in an unusually important institutional position to "connect" with the lives of its tenants. There is a growing literature on the ability of housing managers to facilitate the delivery of adequate social services in their housing complexes. This literature should be a basis for technical assistance and training as well.

Husbanding Existing Institutional Capacity--Roles for HUD and Other Federal Agencies

Under the new approach, the Federal role changes substantially, moving away from direct program implementation and toward: (1) facilitating local performance capacity (through, technical assistance, demonstrations, and information sharing functions); and (2) more careful monitoring and sanctioning of results. In fact, with its recent deregulation initiatives, HUD is already moving in these directions. This study has evidenced no major coordination problems among Federal agencies in administering housing assistance in Indian country (certainly, in part, because the non-HUD programs are comparatively so small). We judge that significant performance problems might arise, however, if there was any major shift of operating responsibilities away from HUD. HUD has built considerable capacity to understand and address AIAN housing problems and needs, and it might be difficult to rebuild this capacity elsewhere.

Capacity-building roles for the Federal Government include technical assistance, staff training, and information dissemination. Staff training, technical assistance, and information dissemination are areas in which the Federal government could fruitfully contribute to capacity-building among local housing institutions within Indian country. Recent and on-going training and technical assistance programs funded by the Federal government have yielded significant benefits. However, a far greater level of effort is needed to equip IHAs to assume increased policy and program responsibilities, particularly those who have evidenced limited managerial capacity to date.

HUD could play an especially useful role by encouraging tribal communities to explore creative ways of overcoming perceived problems with existing housing programs, and then disseminating information about successes among other communities. For example, among the creative ways a few IHAs have attempted to overcome the inefficiencies and inequities inherent in the fixed 30 percent of income requirement of the Low Rent program is to base rent payments on a sliding scale.⁷⁶

⁷⁶The Mississippi Choctaw IHA's experiment with a sliding rent scale represents the sort of program innovation which both promotes local capacity building and tests a conceptual construct. For an excellent rationale for use of a sliding rent scale, see Stone, 1993. Also see discussion of "affordability" measures in Chapter 3.

Increased coordination is needed among Federal agencies responsible for Indian housing and housing-related programs to ensure maximum efficiency in the furtherance of Indian Policy. The ebb and flow of Federal funding has made it difficult for Federal agencies, IHAs, and tribes alike to make long-range plans. So, too, have the Federal Government's slowness to respond to change, and the division of housing programs among Federal agencies (Suzuki, 1991).

Federal agencies specialize in provision of housing and housing-related services to Native Americans, thereby presumably yielding production efficiencies. For example, after HUD became involved in producing new Indian housing, BIA concentrated more on maintaining and upgrading existing units. While no insurmountable coordination problems appear to exist, divided responsibilities among Federal agencies has sometimes resulted in overlapping functions and conflicting policies (U. S. Senate, 1989). As indicated before, differences of opinion exist regarding the seriousness of such coordination problems.

Activities by regulatory agencies, Federal departments, GSEs, and others are sometimes conflicting as well as complementary, and often produce differential effects within individual Tribal Areas. Federally-wielded sticks--e.g., enforcement of CRA provisions and anti-discrimination laws--appear to be increasing Native Americans' access to housing services in some areas. Federally-provided carrots--e.g., HUD's guaranteed loan program and Fannie Mae underwriting guidelines--appear to have the potential for increasing Native Americans' access to housing services in other areas. Efforts by Federal agencies to bridge the gap in understanding between Native American communities and private sector housing providers--e.g., Federally-sponsored informational workshops and sensitivity training programs--appear to be producing salutary effects in still other areas.

Given limited Federal resources and differing local housing sector obstacles, it is imperative that activities at the national level be clearly coordinated and tailored to the specific needs of localities. For example, one locality might benefit most from Federal assistance in improving foreclosure and eviction processes and from Federally-sponsored informational workshops; another locality might benefit most from intensified CRA enforcement and FHLB targeting of Affordable Housing Program subsidies.

On the one hand, the intergovernmental relationship between sovereigns--i.e., between the U.S. Federal Government and recognized Indian tribes--would appear to dictate minimal restrictions on recipient governments. On the other hand, the Federal Government attempts to advance various national objectives, including income redistribution, by specifying how funds are to be used by program recipients. Conflicting interests of grantor and grantees must be reconciled; but disagreement often centers as much on means as on ends.

One fifth of the tribal housing staff interviewed for this study said that HUD, BIA, and IHS have been "not successful" in coordinating activities in general, whereas two-thirds said those agencies have been "somewhat successful," and only 12 percent said the agencies have been "very successful." The distribution of responses was similar regarding how well HUD, BIA, and IHS have worked together efficiently. One of the elite interviewees characterized the relationship among those three agencies as "lacking communication and coordination, and severely fragmented in authority." She attributed lack of coordination in part to "every agency having its own cycle."

Consolidating programs within a single agency would presumably facilitate integration of housing, economic development, health, and other Federal programs into a more coherent overall Indian policy, but could lose the advantages of having Federal housing assistance provided by a specialized housing agency (HUD), health care assistance provided by an agency specializing in health care (IHS), and a third agency (BIA) specializing in land use.

As block grant-type programs are phased in, the advantages of divided Federal responsibilities will probably diminish. However, because the phase-in period is likely to be lengthy, the advantages of continued division of Federal responsibilities for Indian programs among HUD, IHS, and BIA would seem substantial. Moreover, many of the benefits of consolidation can be achieved through increased interagency cooperation which is continuing apace.

An Equitable Approach to Allocating Funds

Systems that give Federal officials substantial discretion in allocating government funds seem often to produce inequities. This is what has occurred in the way HUD has allocated Indian housing program resources in the past. In the proposed block grant approach, funds should be allocated to Tribal Areas solely by formula in proportion to their comparative need, based on objective indicators. Recent studies have shown that formula approaches like this, based on Census data, have worked well in the national CDBG program. The Census is the only reliable national data source for these purposes, and analysis in this study suggests that it could be used to produce sensible allocations for most Tribal Areas. In those cases where Census area definitions may not reasonably reflect tribal settlement patterns (most often the smaller Tribal Areas), special surveys (with tight controls) could be conducted to replace Census figures.

The system for providing Federal housing program assistance to Tribal Areas should be reassessed to provide greater certainty and flexibility, and to better reflect cost differences among localities. Perhaps the most important way in which local program capacity can be expanded is through Federal funding. Although attention typically centers on the total

dollar amounts dispersed to Native Americans under Federal housing assistance programs, the manner in which funds are distributed warrants greater scrutiny.

That is not to say that the Federal Government's system of financial support for Native American housing programs has not been faulted in the past. Three facets of HUD's funding of Indian housing programs have received criticism: (1) uncertainty of funding which raises costs and heightens uncertainty in local programs; (2) limited local flexibility provided by Federal funding guidelines which prevents the efficient use of funds; and (3) inadequate allowance for fixed costs in the funding formula which discriminates against smaller jurisdictions as well as limiting local program flexibility.

Proposal of a new, detailed funding system is not only beyond the scope of this report, but would be presumptuous as well. As with any agreement among sovereigns, specifics must be negotiated to the mutual satisfaction of all interested parties. However, based upon findings from our research, key features of a more optimal funding system are discernible, regardless of whether Federal housing assistance to Native Americans takes the form of modifying the existing system of categorical programs or moving toward a block grant-type program. In fact, transition from the current system of categorical programs to a block grant-type program would seem to be best effected through a phased, step-by-step implementation of a new funding allocation strategy.

We suggest two principles for reform. First, the current system of funding categorical programs could be usefully replaced with a formula-based block grant-type program; such a program would provide localities a reasonably stable funding source, minimize intertribal competition, and afford localities maximum flexibility to match programs to housing needs. Second, a funding allocation formula could be devised which would better accommodate cost differences among localities, including the mix of fixed and variable costs, than do current funding systems.

The Self-Government Demonstration (SGD) would seem to constitute a prototype block grant-type program specific to Native Americans; valuable lessons from that experience may be in what to avoid in implementing a system of consolidated block grants. In particular, the funding formula ought to be determined so that tribes neither gain nor lose Federal funding relative to other tribes solely by virtue of receiving their funds as a block grant rather than as categorical assistance.

Consolidating previous categorical BIA and IHS funds into a single block grant would have institutionalized the existing de facto allocation formula. Each participating tribe was to receive as a block grant the same total Federal funds previously received under various categorical grant programs and including pro-rata shares of BIA's and IHS' costs of administering those programs. Basing each tribe's consolidated grant on previous Federal funding was not as straightforward

as anticipated, however. Intense negotiations between representatives of the Federal Government and the participating tribes resulted in tribes receiving substantially more (in some cases by factors of four or five) than they would have received under the categorical programs. Despite a supplementary budget allocation, the SGD tribes apparently gained at the expense of non-participating tribes, despite the SGD program's provision that non-participating tribes be held harmless.

Basing housing block grants on historical patterns of Federal assistance has the ostensible advantage of minimizing controversy, but clearly failed to do so under the SGD program. Moreover, as argued above, there is no a priori reason for believing historical patterns were necessarily optimal, and even less reason to expect them to be optimal in the future.

Expanding Indian Access to Housing Assistance Outside of Tribal Areas

While not as severe as those in Tribal Areas, the housing problems of AIAN households living in other areas (metropolitan and nonmetropolitan) are more serious than those of the general population. Administrative realism, however, argues against setting up new special program initiatives to address their problems. Rather, emphasis should be on expanding their access to assistance within the framework of Federal housing programs that already exist in those areas. This suggests the need for HUD to establish special outreach efforts for Indians in all of its programs.

The housing needs of Indians living in urban areas seem to center on three major issues:

- the need for better service provision through Federally-assisted housing programs;
- the need for decent and affordable rental units that would accommodate extended families; and
- the need for homeownership opportunities.

Access to Federal Programs could be improved through better outreach and education provided by Indian community centers. Our survey data indicate that Indians are often reluctant to ask for assistance from government agencies. Indian community centers could act as liaisons between PHAs and the Indian community to disseminate information about assisted-housing opportunities, process applications, conduct orientation sessions, and assist in finding and maintaining assisted housing. In addition, certain regulations, such as occupancy rules, could be made more flexible to accommodate the experience of families coming from Indian country.

Access to decent and affordable larger rental units could be improved through more flexible Indian block grants. Census and survey data suggest that many Indians prefer to live

in extended family situations, but that they are unable to find affordable and decent housing units to accommodate them. Block grant funds (under the Community Development Block Grant or HOME programs) could be extended to urban Indian CDCs to develop and manage housing units suitable for the Indian community. These funds could be channeled through state or local governments to established Indian housing organizations or could be used to improve the capacity of existing Indian organizations to develop housing expertise.

Access to homeownership opportunities could be improved with homebuying assistance to eligible Indian households. Our interviews suggest that many Indian households are not participating in homebuying opportunities, despite the fact that they are financially able. Some, like other minorities, do not have adequate savings for a downpayment or acceptable credit history. Others lack information regarding the responsibilities of homeownership. Still others are reluctant to approach traditional financial institutions, such as banks and mortgage companies.

Homebuying assistance could be provided through Indian community centers and could include government or privately funded grants or low-interest loans for down payments and closing costs. In addition, community centers could also provide homebuying counseling to assist potential homeowners with the homebuying process. However, it would seem extremely important that traditional private financial institutions play a key role in providing homeownership opportunities for American Indians and Alaska Natives, as they do for other Americans, in order to prevent the further "ghettoizing" of the housing experience of urban Indians.

CONCLUDING COMMENTS

Based upon assessments of housing needs facing American Indians and Alaska Natives and of Federal programs for addressing those needs, it has been concluded that both efficiency and equity would be increased substantially by permitting greater local flexibility in the use of Federal program assistance. Greater local flexibility, in turn, implies transferring decision-making responsibilities to tribes and their housing authorities, thereby also contributing to the goals of self-determination and self-governance. As one of those interviewed for this study expressed it: "The time is right."

Combining HUD's existing categorical programs for assisting Indian housing into a block grant-type program could increase local flexibility, provide a more stable funding stream, and enable increased leverage of housing funds from other sources--all contributing to increased efficiency as well as increased equity. Recent experiences with the Self Governance Demonstration, the Indian CDBG and HOME programs, and HUD's deregulation of its Rental and

Mutual Help programs provide good reason for believing a housing block grant program could be implemented successfully.

However, transferring decision-making responsibilities and program flexibility to tribes and IHAs by implementing a block grant-type approach to Federal housing assistance will succeed in many, and probably most, cases only if the transfer occurs incrementally and deliberately. The transfer must recognize different IHA-tribal configurations and proceed hand-in-hand with development of local institutional capacity. The implied needs, among others, are for increased technical assistance, training, planning, and accountability.

Clearly, the task is an urgent one. It is addressing what this study has documented as the most severe housing deficiencies remaining in America.

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Chapter 9

EXPANDING THE MORTGAGE LENDING IN INDIAN AREAS

As discussed in Chapter 8, there is reason to expect that restructuring the way in which Federal housing assistance is provided to American Indians and Alaska Natives can substantially enhance its ability to address the serious and extensive needs documented in earlier chapters of this report. It is also clear, however, that Federally assisted housing cannot and should not be expected to meet *all* housing needs in Tribal Areas, regardless of the program delivery mechanism used. This chapter focuses on the importance of and potential for augmenting Federal assistance with private housing market activity within Tribal Areas, with special attention to the need to develop the housing finance sector.

The chapter starts with a brief discussion of the economic benefits of private housing development in general. It then reviews the major barriers that have prevented an inflow of private financing for housing in Indian country to date (amplified by the results of a small sample survey of lenders located near Tribal Areas). Next, a number of recent initiatives to promote expanded mortgage lending to AIAN households are examined and crude estimates are offered on the size of the potential market. Finally, implications for policy are discussed.

THE ECONOMIC BENEFITS OF PRIVATELY FINANCED HOUSING

Without adequate incomes, Native American families will be unable to have their housing needs met within the private housing market, and left to compete for the limited supply of publicly assisted housing.⁷⁷ Not surprisingly, low and unstable incomes were rated as "major" barriers

⁷⁷Not surprisingly, low and unstable incomes were rated as "major" barriers to homeownership by approximately 85 percent of both IHA directors and tribal staff surveyed for this study.

to homeownership by approximately 85 percent of both IHA directors and tribal staff surveyed for this study. But this study has also shown that there are many moderate and higher income households living in Tribal Areas who should be able to afford homes without subsidies, but have been unable to achieve their housing objectives. If private housing delivery systems could broaden housing opportunities in this regard, it should benefit not only those households, but the broader Tribal Area economy as well.

Accumulated income-earning assets are both the manifestation of past economic accumulation and a source of future economic well-being. However, a paucity of income-earning wealth--particularly household wealth--characterizes nearly all of Indian country. Although some areas have significant stocks of natural resources, many factors--economic, cultural, political, and regulatory, among others--frequently limit the economic viability of those resources as a source of economic development generally, and as a source of effective private housing demand in particular.

Privately owned housing is a likely source of economic growth for Indian and non-Indian economies alike: First, equity in houses is a major source of wealth for most U.S. households, second only to human capital. Over one-half of all owner-occupied units in the U.S. are mortgage free, thereby providing a significant source of savings, and thus investment capital, for households. In most economies, housing investment comprises from one-tenth to one-half of gross fixed capital formation, and from three to eight percent of Gross Domestic Product (GDP). Moreover, housing investment tends to increase as a share of GDP as economies develop.⁷⁸

Second, housing investment historically has leveraged substantial additional investment. One estimate is that each \$1 of demand for real estate products ultimately results in \$3.70 of total production for the U.S. economy (National Association of Realtors, 1988). Again, there is no apparent reason for believing housing investment would contribute less to economic development in Tribal Areas than elsewhere.

Third, housing investment may displace the production of relatively few tradeable goods and services. Few Indian economies are currently making maximum use of available resources, typically exhibiting substantial unemployment and underemployment of their meager resources, most notably labor. Hence, ample opportunity appears to exist for expansion of the private housing sector in Tribal Areas without having to divert scarce resources from alternative uses.

Fourth, employment of idle resources in housing production could not only directly increase the supply of private housing but increase the potential future supply as well. if useful

⁷⁸See, for example, Annez and Wheaton, 1984; Burns and Grebler, 1986; and Mayo, Malpezzi, and Gross, 1986.

construction skills are acquired by the newly employed workers or other productive activities stimulated.

In sum, investment in housing represents a major method by which most U.S. households save, by building equity in their homes. Accumulated home equity, in turn, provides a source for amassing further wealth by financing education, health care, or mobility, as well as providing a source for increased housing market demand. All this is to say that housing construction represents a vital form of capital investment both individually and collectively--in many cases, yielding a high potential economic rate of return.

BARRIERS TO PRIVATE MORTGAGE LENDING IN INDIAN AREAS

Identifying the Barriers

The availability of financing is normally the most basic requirement needed for the expansion of homebuilding in any area. In the surveys conducted for this study, respondents identified the lack of private housing finance as one of the primary factors preventing the expansion of homeownership in Tribal Areas. What are the barriers that have prevented the U.S. housing finance industry from serving Indian country in the past? The literature in this field, typically identifies at least four: legal obstacles, the lack of institutional infrastructure, the lack of information, and discrimination (see, for example, NAIHC, 1993).

Legal Obstacles. The overarching legal obstacle perceived by mortgage lenders is usually the difficulty in recovering the outstanding loan amount in case of default. The lender may specify guidelines for repayment as a condition of the loan, but the lender's ability to enforce repayment requirements ultimately depends on the lender's ability to use the courts. The trust status of tribal land--its inalienability--prevents its use for loan collateral by individuals. The wide diversity in tribes' legal institutions and procedures frequently presents a significant source of uncertainty to conventional lenders in encumbering structures as well. Such uncertainty poses a potentially sizeable obstacle to lenders' willingness to make mortgage loans for home purchases on trust lands.

Decrying the obstacle to mortgage lending on trust lands represented by the inability of lenders to collateralize the land is something of a mantra among lenders, regulators, and others. In practice, the obstacle may be less imposing than popularly thought. Witness, for example, the lengthy experience of many conventional mortgage lenders for homes purchased on lease-hold land in Baltimore and other historic east coast cities, on public utility-owned land, and in foreign countries. Witness, too, the several areas within Indian country in which active mortgage lending

is occurring, including for homes purchased on trust lands. Witness, finally, the widespread attempts throughout Indian country to develop tribal ordinances, judicial institutions, and legal processes which will facilitate securing of on-reservation housing transactions (as will be discussed below).

Lack of Institutional Infrastructure. Institutional intermediaries must be in place, not only to overcome legal and practical obstacles but to provide the myriad services necessary for any economic transaction to occur, i.e., to bridge the gap between demanders and suppliers of goods and services. The need for such institutions is particularly acute when significant obstacles exist on either the demand or the supply side of the market, or on both sides as seems to characterize the housing sector in Tribal Areas.

Such institutions are typically either scarce or ineffectual in much of Indian country. In on-site surveys, some 83 percent of tribal staff and 70 percent of IHA directors said that the "unavailability of mortgage lenders operating on or near reservations" is a "major" barrier to owning homes.

Lack of Information and Attitudinal Barriers. Lack of information is clearly a serious obstacle to the operation of an effective private housing market in Tribal Areas. Incomplete and erroneous information characterizes both demand and supply sides of virtually all components of housing markets in Tribal Areas.

Negotiating the home purchase process can be a daunting experience for anyone, but tends to be doubly so for Native Americans. Among non-Indians, advice and information are typically available to a prospective home buyer from friends, family, and co-workers who have gone through the home-buying and home-financing processes. Within the Indian community, such information sources are less likely to be available.

Underlying the paucity of information and interaction within the private housing sector in Tribal Areas is a legacy of suspicion, misperception, and distrust. On the demand side, many Native Americans are suspicious and distrustful regarding any contractual agreements with non-Native American entities, public or private. Also, well-defined and enforced property rights, a pre-condition for a private market, are frequently absent in AIAN areas so many Indians have little experience with them. On the supply side, cultural differences and prejudicial attitudes frequently characterize builders, lenders, and other providers of housing and housing-related goods and services in Tribal Areas.

In some cases, there are deeper underlying attitudinal barriers. As discussed in Chapter 7, for example, it is argued by some that weak demand for private housing in Tribal Areas is in

part a legacy of Federal policies which have produced a mindset among some Native Americans that housing ought to be freely provided by government.⁷⁹

Discrimination. No nationwide estimates are currently available regarding the nature and extent of discrimination against Native Americans in the sale, rental, and financing of housing. Nonetheless, there is evidence to indicate that Native Americans frequently encounter discriminatory treatment in their attempts to obtain housing in the private sector. In the late 1980s, the Montana Human Rights Commission (1989) undertook to measure the nature and extent of racial discrimination against Indians in three Montana communities. The project results indicated that discrimination occurred in 57 percent of the tests conducted, a substantially higher incidence of discrimination than experienced by other minorities in testing performed in other parts of the country.⁸⁰

IHA executive directors surveyed in this study were asked: "To what extent is racial or ethnic discrimination a barrier to obtaining housing?" Some 42 percent said discrimination is "very much a barrier" and another 32 percent said "somewhat of a barrier." Tribal housing office staff were asked a similar question: "Is racial or ethnic discrimination a significant barrier to obtaining housing financing for members of your tribe?" Half of the respondents said "yes." In sum, discrimination is at least perceived by many Native Americans as constituting a significant barrier to obtaining suitable housing.

Fair housing laws are arguably enforced less vigorously in AIAN Areas than elsewhere. One reason is that local private fair housing groups play a key role in fair housing enforcement, but such groups are disproportionately located in urban areas which do not encompass Tribal Areas.

In summary, obstacles to development of Federal Indian housing policy are many and daunting. It is important to note, however, that the constraints appear to differ in degree rather than in kind from the sorts of obstacles which typically constrain non-Indian housing markets. Moreover, innovative programs and recent creative policy initiatives (to be discussed below) are sufficiently numerous in Indian country to indicate that policy constraints are not insurmountable.

⁷⁹In fact, nearly one-fourth of the Tribal leaders responding to the survey conducted for this study said that "many" tribal members feel entitled to free housing from the Federal Government. Another 40 percent said that a "few" members feel entitled to free housing.

⁸⁰The fair housing "tests" consisted of observed differential treatment accorded Indian and non-Indian housing seekers by housing providers. An individual test consisted of successive visits to the same rental agent by an Indian and a non-Indian matched as closely as possible in terms of economic wherewithal, housing needs, and other pertinent household characteristics. Systematic differences in treatment could then be attributable solely to discrimination.

The Lender Survey (Confirming and Understanding the Barriers)

Because of the importance of expanded mortgage lending in Tribal Areas, a small scale lender survey was conducted as part of this study. Its primary purposes were to assess the extent of current lending activity and learn more about both the opportunities and the barriers likely to affect the growth of such activity in the future.

Survey Sample and Methodology. A private mortgage lending institution was randomly selected in each of the 36 AIAN areas in which in-person interviews were previously conducted with IHA directors, tribal leaders, and tribal housing office personnel. For each of those areas, the sampling frame was the most populous county encompassing the sampled AIAN Area.

The population of lending institutions for each of the 36 identified counties were lists of branch SAIF-insured institutions and FDIC-insured institutions. The two lists of lending institutions were combined for each of the 36 counties, and numbered consecutively. Two branch institutions were selected from the combined list (one to be used as a replacement if the primary institution was unable to be surveyed), using a random numbers table. One or more private lending institutions which make mortgage loans as a matter of course were identified for each of the 36 counties. The number of institutions listed for the 36 counties ranged from 1 to 510 with a mean of 112.

Telephone numbers for each of the selected lending institutions were obtained from directory assistance. When the institutions were contacted by telephone, the interviewer was instructed to ask for the residential mortgage loan officer. If possible, the interview was conducted at that time. However, in nearly all cases, additional calls were necessary to set up a mutually acceptable interview time. The interviews were conducted from mid-December 1994, until late February 1995.

Although the survey was to be completed by a branch loan officer of the selected lending institution, the interviewer was instructed to seek out another knowledgeable official if either the loan officer deferred to someone else or was unable to answer the questions. Preference was given to CRA officers for replacement interviews. Consequently, over two-thirds of the completed interviews were conducted with loan officers, and nearly one-fourth with CRA officers.⁸¹

⁸¹Three replacement institutions were necessary. One bank selected in the primary sample apparently no longer exists. No telephone listing could be obtained for another institution. A third selected bank was mistakenly listed as being located in the survey county. Despite one lender's expressed willingness to participate in the survey, an interview was never able to be completed. Therefore, telephone interview forms were completed for only 35 of the 36 sample areas.

The lender survey was designed to obtain two types of information. First, we attempted to determine the current capacity, experience, and potential for the existing system of private lending institutions to meet the mortgage lending needs of Indian homebuyers. Of primary interest were the perceptions and practices of loan officers at the sampled branch bank.

Second, we attempted to obtain information about other private lending institutions operating within the sampled area. In addition to asking about lending activities by competing institutions, the surveyed individuals were asked whether independent mortgage lending institutions were operating within their service areas and, if so, how many.

Volume of Lending. All of the sampled financial institutions reported making mortgage loans during the two-year period preceding the survey. The median number of mortgage loans made during that period was 55. All but one institution reported that a full range of financial services in addition to mortgage loans was made available to Native Americans. Some 69 percent (24 of 35) said they had made mortgage loans to Indians during the previous two-year period; 11 percent said they had made no such loans; and 20 percent said they did not know whether any mortgage loans had been made to Indian borrowers.

For those few respondents who were willing to estimate the number of mortgage loans made to Indians (12 of 35), the median number of mortgage loans made on trust land was 1.0 and the median number made off trust land was 1.5. Among those reporting having made mortgage loans to Indians, some four-fifths said that loans had been made for home purchases; slightly over three-fifths made loans for refinancing; slightly under three-fifths made home improvement loans; one-third made home equity loans; and about one-sixth made small business loans.

Forty six percent of the surveyed financial institutions reported that they keep all mortgage loans in portfolio. Seventeen percent said they sell all their mortgages, and 37 percent do both--retaining some in portfolio and selling some. Lenders appear to retain mortgages in portfolio for a variety of reasons, including long-standing practice. However, most appeared to believe that mortgage loans to Indians could not be sold because they were thought to be nonconforming, most frequently because the mortgage loans were for homes located on trust land.

Whether mortgages were sold or kept in portfolio appeared to be unrelated to the lender's awareness of either of HUD's 248 or 184 programs or of Fannie Mae or Freddie Mac mortgage purchase programs targeted at Native American homebuyers. When subdivided by whether they retained all mortgages in portfolio, sold all mortgages, or both retained and sold mortgages, roughly the same proportion (one-third) of all groups were aware of HUD's 248 or 184 programs.

Other Lenders and Barriers. The lender survey was designed primarily to obtain information regarding the perspectives and experiences of representative private lending institutions in Tribal Areas. However, the survey also attempted to gauge the overall nature and extent of mortgage lending activities in each of the sample areas. Respondents estimated a mean of 3.4 and a median of 3.0 lenders operating in their service areas. Over three-fifths of the surveyed lenders said they were aware of other lenders (including other branches of their own banks) which had made mortgage loans to Native Americans within the previous two-year period.

Respondents were asked what they thought had prevented their lending institutions from making more mortgage loans to Native Americans during the previous two years than they had made. The relative frequencies are provided in Table 9.1; more than one reason was frequently volunteered:

Program Awareness and Secondary Market Influence. Among the most striking results of the lender survey is how few of the respondents were aware of Federal initiatives to reduce mortgage lending risk, to decrease lending difficulty, or to increase profitability of mortgage lending to Native Americans, particularly on trust lands. For example, only about one in seven respondents was familiar with HUD's 248 mortgage insurance program, and only one claimed to have used it. The proportion knowing about HUD's new 184 program was only slightly larger, 23 percent, although five of the six respondents who reported knowing about the program said they were likely to use it.

Table 9.1
BARRIERS THAT LIMIT LENDING IN TRIBAL AREAS:
RELATIVE FREQUENCY (Percentages)

Land problems	
Can't use reservation land as collateral	54
Difficulty foreclosing on trust land	31
Limited demand for mortgages:	
Lack of applicants	46
Lack of information	23
Indians don't want to own/borrow	11
Failure of borrowers to qualify:	
Don't meet income requirements	20
Don't meet downpayment requirements	14
Don't meet credit requirements	11
Other obstacles	60

Source: Lender survey

Eighteen percent of the survey respondents said they were "aware of any programs or activities (in addition to the 248 and 184 programs) by Fannie Mae, banking regulators, HUD, or other government agencies which have been intended to make it easier or more profitable to make mortgage loans to Native American homebuyers."

Respondents were asked: "How important are the underwriting requirements established by Fannie Mae and Freddie Mac in determining whether you can make home loans available to Native Americans (Alaska villages/Oklahoma trust lands)?" Of those responding, 38 percent said "Very important," 24 percent said "Somewhat important," 24 percent said "Not very important," and 14 percent said "Not at all important."

As might be expected, awareness of HUD's mortgage insurance programs and other government programs and activities in support of mortgage lending to Native Americans differed somewhat between loan officers and CRA officers. Whereas only one-eighth of the loan officers knew about HUD's 184 program, over one half (4 of 7) of the surveyed CRA officers knew about the program. Somewhat surprisingly, however, whereas over one fifth (5 of 24) of the loan officers were aware of other government programs and activities in support of Native American housing, none of the seven CRA officers were aware of such programs or activities.

Conclusions. In sum, the lender survey indicates that in virtually all Tribal Areas, one or more private lending institutions originate some mortgages for Indian homebuyers, although the volumes remain extremely small. The reasons for low lending volume include lack of knowledge and initiative by tribes and their members, as well as continued caution on the part of lenders. Separate interviews, however, indicate that major lenders and secondary market institutions at the national level are now exhibiting considerable interest in finding ways to serve AIAN households in all locations more effectively. Recent initiatives along these lines are discussed in the section below.

RECENT INITIATIVES TO STIMULATE MORTGAGE LENDING

Public Support for Private Lending for Indian Housing

As explained in Chapter 6, several public programs currently work to provide support for mortgage lending in Indian country, some of them explicitly designed to reduce the risk or to increase the profitability of private lending to Native American home buyers. In particular, FHA's Section 248 mortgage insurance program and ONAP's Section 184 loan guarantee program provide implicit public subsidies to Indian borrowers while reducing the default risk to private lenders.

The Farmers Home Administration's recently intensified outreach efforts in Indian country are being complemented with innovative demonstration projects such as the Housing Assistance Council's Building Indian Housing in Underserved Areas Project. Regionally, several Federal Home Loan Banks are also making special efforts to increase member financial institutions' use of the Affordable Housing Program to subsidize home purchases on trust lands.

Some state housing authorities are making special efforts to increase the flow of financial capital into Indian country; programs operated by the Minnesota Housing Finance Agency (MHFA) and the New Mexico Finance Authority (NMFA) are especially noteworthy. Under MHFA's Indian Housing Program, some 1,100 subsidized mortgage loans have been made to Indian homebuyers in Minnesota over the last two decades. NMFA's approach has been primarily to assist tribes with reducing legal and institutional barriers to mortgage lending on trust lands.

Recent Regulatory Initiatives

We are currently witnessing a flutter of activity throughout the country to open up private financial markets to prospective Indian borrowers. Financial regulatory agencies within the past year have undertaken several initiatives designed to increase mortgage lending by private financial institutions in Tribal Areas. Illustrative initiatives include:

(1) The Board of Governors of the Federal Reserve System denied a merger application by First Interstate Bank System of Montana because one of the holding company's subsidiary banks had unreasonably excluded the Northern Cheyenne Indian Reservation from its delineated service area; this was the first time the Federal Reserve Board had denied a merger request based exclusively on Community Reinvestment Act compliance issues (*Profit Wise Profiles*, 1994).

(2) The Office of the Comptroller of the Currency's (OCC) Western District Office is attempting to increase private lending in Indian country by financial institutions it regulates through a three-pronged initiative: (a) "Lead, cajole, push" lenders to get lenders to make additional home mortgage loans to Indian borrowers "within the boundaries of safety and soundness." (b) Help get tribes to reach out to lending institutions, including learning about CRA requirements and overcoming "cultural aversion" to dealing with financial institutions. (c) Bring lenders and tribes together in areas where it is easiest "to make inroads," e.g., the Navajo Nation because of its Residential Master Lease Act.⁸²

⁸²The Master Area Land Lease Act designates specific tracts of land on the Navajo Reservation as Master Land Lease Areas, each having a separate entity having oversight of leasing activities for that area. Area land can be used as collateral for either commercial or housing development, but the Navajo has the right of first refusal if property is defaulted upon. The Navajo's Deed of Trust Act eliminates some of the obstacles to foreclosure when the lender is the government. (Telephone interview with Julia Brown, Community Affairs/Compliance Officer, Office of the Comptroller

(3) The Minneapolis, Kansas City, and San Francisco Federal Reserve Banks are sponsoring a series of seminars targeted at lenders, tribes, and bank examiners. Presenters at the seminars on "Credit and Finance in Indian Country" discuss legal and cultural issues that "reflect the Fed's concern that banks may be avoiding making loans in Indian country" (*Community Investment Reporter*, 1994).

(4) The U.S. Department of Justice (DOJ) is actively attempting to reduce discrimination in U.S. lending markets, including discrimination against Indians. For example, DOJ recently successfully settled a suit against Blackpipe State Bank in Martin, South Dakota. DOJ charged that the bank refused to make secured loans when the collateral was located on a reservation and that the bank placed credit requirements on Indians which were not required of non-Indians. The bank entered into a consent decree in which it agreed to implement a broad range of reforms, including affirmative action in several areas.

Private Housing Finance Initiatives

National and regional mortgage market participants are also actively attempting to facilitate an increased flow of credit into the home financing markets in Indian country. Following are three examples: (a) The Federal Home Loan Bank of Seattle recently published *Bringing Private Resources to Native Lands: A guide to Housing Finance for Native Americans, Alaska Natives and Native Hawaiians*. (b) The Federal National Mortgage Association (Fannie Mae) is currently completing an underwriting guide for loans made on Indian reservations which lenders can sell to Fannie Mae. (c) Attorneys of the Federal Home Loan Mortgage Corporation (FHLMC) are at an "exploratory stage" in studying the legal process involving foreclosure on trust lands.

Both Fannie Mae and Freddie Mac have actively explored with HUD or with BIA methods to increase their activity in Tribal Areas, including the development of model legal agreements for lending on tribally owned lands held in trust by the Federal government. Mortgage lending projects sponsored by those entities are actively underway in several tribal areas, and Fannie Mae has established a "Native American Housing Specialist" position.

Among the recent initiatives undertaken by conventional lending institutions to increase lending in Indian country are participation in information workshops and seminars dealing with tribal laws and cultural issues. Norwest Mortgage Company created a Fair Lending Department within the last year. Norwest officials surveyed for this study did not see "any insurmountable problems" in extending conventional mortgage opportunities to Native Americans. They perceived

the greatest need as "education of potential homeowners as well as of housing authorities" regarding mortgage financing.⁸³

The more successful homeownership finance programs in Indian country tend to be those in which mortgage finance is modestly subsidized by the tribe, the state, the Federal government, the lender, or some combination thereof. We offer selected examples:

Firststar Bank in Minocqua, Wisconsin, has made seven mortgage loans (three refinances) to Indians to purchase homes on the Lac du Flambeau reservation over the last few years. The tribe contributes the land, and the well and septic system are provided by the Indian Health Service. The loans are insured under FHA's Section 248 program, and sold on the secondary mortgage market.

Associated Bank in Green Bay, Wisconsin, has made some 70 to 75 mortgage loans to Indians for home purchases on the Oneida reservation since 1987. The tribe provides up to 20 percent of the purchase price (to a maximum of \$15,000, including downpayment and closing costs). The bank lends the remaining 80 percent collateralized by a conventional mortgage which is not insured under Section 248 and which is held in portfolio.

Three tribal housing corporations in Minnesota have been making housing-related loans on 11 reservations for nearly 20 years under the aforementioned Minnesota Housing Finance Authority's Tribal Indian Housing Program which blends state mortgage revenue bond money with State appropriations. Loan subsidies include assistance with downpayments, closing costs, and monthly payments. The 1,100 loans made to date have included mortgage financing for new construction, and financing for purchase and/or rehabilitation of existing homes.

In sum, the climate seems right for progress to be made in expanding private mortgage lending to American Indians and Alaska Natives.

THE MARKET FOR PRIVATE FINANCING

That many tribal areas are currently underserved by the private sector is evident in the low percent of households with a mortgage and the high percent of higher-income households living in substandard or overcrowded housing. At issue is the extent of this underservice; i.e., the unmet demand.

⁸³Patrick Guillion, Director, and Diana DiPronio, Manager, Fair Lending Department, Norwest Corporation, Des Moines, Iowa, Telephone Interview, (August 8, 1994).

This section develops data and an approach for roughly estimating the level of demand for private financing in tribal areas. To develop this model, we use 1990 U.S. Census data, MIRS data, household survey data, and the lender survey to identify: (a) the in-place market; (b) the market caused by mobility of Native American households; and (c) the current composition of the mortgage market in tribal areas. The section concludes with a summation of the private market and a discussion of what private sector products are likely to have the greatest demand among Native Americans.

The geographies of interest when considering the need for private financing in Indian country are somewhat different than those we have explored in the earlier sections of the report. The geographies explored here reflect: (a) different land rules and histories--reservation/trust land, New Mexico Pueblos, California Rancherias, Alaska Native Villages, TJSAs, and TDSAs⁸⁴; and (b) past and current initiatives to promote private lending--the past lending programs in Minnesota and Wisconsin and the recently initiated Residential Master Lease Act on the Navajo reservation.

Current Conditions

Current Mortgages. In general, while most Native Americans living in tribal areas are owners very few of them have mortgages. Of those that reported having mortgages on 1990 Census forms, it is likely that many were citing their payments under HUD's Mutual Help program as a "mortgage". Furthermore, it is unclear how many Native Americans may have had mortgages on land that only recently has been designated as Trust Land. This pattern is in stark contrast to Native American owner households outside of tribal areas, most of whom have private mortgages.

Table 9.2 makes use of 1990 U.S. Census data to show the total number of Native American owner households reporting having a mortgage. From that total, we have subtracted the total number of IHA homeownership units built before 1990 that are currently in management (Old Mutual Help, New Mutual Help, and Turnkey) to estimate the number of AIAN households that currently have a private mortgage.

On Reservations and Trust Lands, the Minnesota and Wisconsin subarea stands out with 27 percent of the AIAN owner households currently having a private mortgage. While this is significantly less than among owner Native American households living off tribal land (their rate

⁸⁴ See Chapter 2 for more details about the different land rules

Table 9.2
CURRENT MORTGAGE LENDING TO NATIVE AMERICANS

	Total AIAN HHs w/ Mtgs. (000)	Total IHA Owner Units (000)	Approx. AIAN HHs w/ Pvt. Mtgs. (000)	Percent Owner HHs w/ Pvt. Mtgs.
Reservation/Trust Lands				
Navajo Nation	2.5	1.9	0.6	2.1
Pueblos	1.5	2.2	0.0	0.0
California Tribal Areas	1.2	1.5	0.0	0.0
MN/WI Tribal Areas	2.1	0.9	1.2	27.2
Other Res/Trust Land	15.2	13.7	1.5	3.8
Other Tribal Areas				
Alaska Tribal Areas	3.0	3.9	0.0	0.0
TJSA (Oklahoma)	32.9	9.1	23.8	41.3
TDSA	6.7	0.0	6.7	49.7
Near Tribal Areas				
Remainder of Alaska	4.0	0.0	4.0	64.4
Other Surrounding Co.	60.4	0.0	60.4	68.0
Remainder Of U.S.				
Remaining Counties	141.4	0.0	141.4	71.5

is 68 percent in surrounding counties and 71.5 percent in the remaining counties)⁸⁵, it strongly suggests that the Minnesota Housing Finance Authority's Tribal Indian Housing Program and efforts of the banks in Wisconsin (described earlier) have had a noticeable impact, while little private mortgage activity has occurred elsewhere on Reservation and Trust Lands.

In fact, outside of Minnesota and Wisconsin, only a small number of other Indian areas appear to have a noticeable number of mortgages other than those through the IHA ownership programs - notably the Flathead Reservation in Montana, the Qualla Cherokee Reservation in North Carolina, the Nez Perce in Idaho, the Colville Reservation in Washington (each apparently have more than 50 mortgages).

⁸⁵ Even with an active private market for homeownership, it is unlikely these numbers would get close to the numbers for the off-Tribal area Native Americans because so many of the owners in Indian areas are very poor and will not qualify for private financing. Federal programs such as Mutual Help and low-income rental programs (such as the Low Income Housing Tax Credit) are necessary to address that other need.

Although the land rules for Alaska Native Villages are significantly different than for Reservations and Trust Lands, they too have virtually no private mortgage market activity. TJSAs and TDSAs, however, do indeed appear to have a significant percent of owner households with private mortgages: 41 and 50 percent respectively. As noted earlier in this report, both types of areas are less dominated by trust land and generally exhibit more of the characteristics typical in private housing markets.

Outside of tribal areas, Native Americans owners are actually more likely to have a private mortgage than non-Indians. This clearly shows that many Native Americans outside of tribal actively use private mortgage financing. The higher rates of mortgage financing for Native Americans may be explained by their relative youth compared to the non-AIAN population, suggesting that they have not had mortgages long enough to pay them off.

Current Lending Activity-HMDA data analysis. Another method to analyze lending activity to Native Americans is to use 1993 Home Mortgage Disclosure Act (HMDA) data on Native Americans seeking and receiving loans for home purchase. Although the geographic coverage of HMDA data is limited essentially to metropolitan areas, representing counties with only one-half of all Native American households, some clear lending patterns seem worthy of note.

Regression analysis was used to investigate the relationships between the percent of Native American households in a county receiving a home purchase loan in 1993 (dependent variable) and a limited set of explanatory variables--standard market factors, factors unique to Native Americans, and mortgage industry factors. (Richardson, 1995).

Variables measuring standard market factors behaved the same way in the estimated regression model for Native Americans as for other racial groups, e.g., the proportion of Native American households receiving loans was positively (and significantly) related to their average income and homeownership rate and to the level of mortgage activity in the county.

Of greater interest are the factors unique to Native Americans: the higher the proportion of Native Americans in a county's population the *lower* the percent of Native Americans receiving a home purchase loan in 1993. (A dummy variable included for Oklahoma and Alaska had positive coefficient, whereas the dummy variable for counties containing Indian areas had a negative coefficient.) Not surprisingly, higher rates of Native Americans are denied mortgages in the counties where relatively few Native Americans receive mortgages. (See Annex 9A).

A potential explanation for the lower number of loans in some parts of Indian country could lie in the inability of banks to sell the loans they have made to Native Americans in those areas on the secondary market. The percent of home purchase loans made to Native Americans in

1993 that were not sold on the secondary market has a negative impact on the rate of loans made to Native Americans.

Housing Problems among Higher Income Native Americans. The result of a inoperative housing market in many tribal areas appears partly responsible for the high rates of overcrowding and physical deficiency of housing in many Tribal Areas. While a good deal of the housing need can be attributed to past Federal practices, low incomes associated with limited educations and few job opportunities, and remote locations, there is an indication that some of the problem is due to a lack of private financing in Indian country.

While the decennial census reports that the homeownership rate for Native Americans living in Tribal Areas is 69 percent, many of these homes were built without the aid of any financing for the family. As a result, the physical condition of this housing is often substandard. The lack of private financing makes this is true for *higher income* as well as lower income Native Americans living in many Tribal Areas.

Table 9.3 shows that an extremely high proportion of Native Americans living on reservation or trust lands *earning 80 percent or more of median income* are experiencing major problems with overcrowding and plumbing problems. Among non-Indians above 80 percent of median income, the rates of overcrowding and/or physical deficiencies are much lower. Clearly the problems are highest among the higher income Native Americans living in the Navajo Nation-- 62.3 percent for owners and 43.8 percent for renters. Of considerable interest is that Minnesota and Wisconsin (with progressive private mortgage investments in Tribal Areas) have rates of problems noticeable below those on other Reservations and Trust Lands.

For those living in Alaska Tribal Areas the problems are similar to those of Navajo Nation. For families earning 80 percent or more of median income, half of all renters (50.1 percent) and 46 percent of all owners are experiencing major housing problems.

These problems for relatively higher income AIAN families on Reservation and Trust Land in Alaska Native Villages stand in marked contrast to AIAN households living in Oklahoma and areas near to, but not on, Tribal lands. In these areas, where private financing is more readily available, only 9 to 15 percent of renters and 3 to 5 percent of owners are overcrowded or have facility deficiencies.

This sharp contrast in housing conditions for owners with higher incomes living or reservation and in Alaskan Villages, compared to land for which private financing is possible, appears linked to the lack of availability of credit opportunities for financing the repair, expansion, replacement, or rebuilding of their homes. To test this, regression analysis was used to compare the percent of higher income AIAN households with housing problems with the percent of

Table 9.3
HOUSING PROBLEMS AMONG NATIVE AMERICANS HOUSEHOLDS
ABOVE 80 PERCENT OF MEDIAN INCOME

	AIAN HH above 80% of median Income			
	Total HHS (000)	Homeowner Rate	Overcrowding and/or physical deficiencies	
			Owners	Renters
Reservation/Trust Lands				
Navajo Nation	8.9	69.6	62.3	43.8
Pueblos	2.8	87.5	23.8	22.0
California Tribal Areas	1.3	74.5	13.4	19.8
MN/WI Tribal Areas	2.0	83.8	10.5	13.4
Other Res/Trust Land	19.6	75.4	17.6	19.1
Other Tribal Areas				
Alaska Tribal Areas	4.8	71.8	44.3	49.4
TJSA (Oklahoma)	42.2	80.6	3.7	9.0
TDSA	9.0	79.7	8.0	12.3
Near Tribal Areas				
Remainder of Alaska	7.0	63.4	10.0	15.3
Other Surrounding Co.	89.8	67.3	5.8	11.6
Remainder Of U.S.				
Remaining Counties	206.3	67.2	3.6	8.6
Total	393.7	69.6	7.2	11.3

households with a private mortgage.⁸⁶ Controlling for the fraction of households with low incomes and the fraction of households that are elderly, the percent of Native Americans who are owners with a mortgage is very negatively (and significantly) related to the percent of higher income Native American households with overcrowding and/or physical deficiencies. This suggests that the development of private financing in Tribal Areas could help address some of the overcrowding and facility needs among higher income Native Americans living in those areas.

⁸⁶ For this analysis, the mutual help units were not subtracted out of the total owners with mortgages.

The Potential Market

The size of the potential market for private lending in Tribal Areas can be thought of as having two components:

- (1) The in-place market--Native American households now living in Tribal Areas who would probably use private financing if were available; and
- (2) The mobility market--Native American households outside of Tribal Areas who would move to the Tribal Area if private financing was available.

The In-Place Market. A model for estimating the in-place market hinges on: (1) higher income Native American owner households with overcrowding and physical deficiency problems; (2) higher income renter households; and (3) mobility within tribal areas.

Table 9.4 uses the number of AIAN renters above 80 percent of median income along with the number of higher income AIAN owners with housing problems in Tribal Areas to provide a low and higher estimate of the in-place market. The high estimate is simply the total number of higher income renters plus the total number of AIAN owners with facility or overcrowding needs. The low-end estimate assumes the rental rate and level of problems can only be brought down as low as they are in Oklahoma (where 9.4 percent of households above 80 percent of median income are renters and 3.7 percent of higher income owners have overcrowding or physical deficiency problems). Thus to calculate the low-end rate:

$$\begin{aligned}
 & \text{Total AIAN HH in a Tribal Area } >80\% \text{ of Median } * .094 \\
 = & \text{ Expected number of higher income AIAN HH likely to remain renters with a private market} \\
 - & \text{ Current number of AIAN HH in a Tribal Area } >80\% \text{ of Median} \\
 = & \text{ Expected Market for homeownership from current AIAN renters}
 \end{aligned}$$

and

$$\begin{aligned}
 & \text{Total AIAN Owners in a Tribal Area } >80\% \text{ of Median } * .037 \\
 = & \text{ Expected number of higher income AIAN Owner HH likely to still have overcrowding or} \\
 & \text{ facility problems with a private market} \\
 - & \text{ Current number of AIAN owner HH in a Tribal Area } >80\% \text{ of Median Income with} \\
 & \text{ overcrowding or facility problems} \\
 = & \text{ Expected Market for homeownership from current AIAN owners with overcrowding or} \\
 & \text{ facility problems}
 \end{aligned}$$

Table 9.4
IN-PLACE ACCRUED DEMAND AMONG NATIVE AMERICAN HOUSEHOLDS ABOVE 80 PERCENT OF MEDIAN INCOME FOR PRIVATE LENDING

	AIAN HH above 80% of median Income				
	Total HHs (000)	Renters (000)	Owners w/ Overcrowd. and/or physical problems (000)	Estimated In-Place Market	
				Low (000)	High (000)
Reservation/Trust Lands					
Navajo Nation	8.9	2.7	3.9	4.6	6.6
Pueblos	2.8	0.4	0.6	0.5	1.0
California Tribal Areas	1.3	0.3	0.1	0.1	0.5
MN/WI Tribal Areas	2.0	0.3	0.2	0.1	0.5
Other Res/Trust Land	19.6	4.8	2.6	3.1	7.4
Other Tribal Areas					
Alaska Tribal Areas	4.8	1.3	1.5	1.8	2.9
TJSA (Oklahoma)	42.2	8.2	1.3	0.0	9.4
TDSA	9.0	1.8	0.6	0.4	2.4
Total	91.6	19.9	10.7	10.7	30.6

Thus:

- + Expected Market for homeownership from current AIAN renters
- + Expected Market for homeownership from current AIAN owners with overcrowding or facility problems
- = Total low-end expected market for homeownership financing products in AIAN tribal areas

After calculating these figures, it is possible to roughly estimate that the total in-place market for private financing for AIAN homeownership in Tribal Areas ranges from a low of 10,700 to a high of 30,600.

It is recognized that higher income households who did not report facilities or overcrowding may also wish to seek mortgage financing for the building or rehabilitation of their current units and might use such improvements as a means to offer off-reservation relatives housing within the reservation. Also, there are no data available from either census or HMDA that can assist in estimating the percentage of Native American renters or owners who could qualify for specific

terms and conditions of financing. There is, for example, no information available on the credit worthiness of Native American households earning over 80 percent of median income. It is also clear that the estimate of need for single-family financing does not mean that tribal leaders might not also seek financing for multifamily housing to complement their existing stock for families or the elderly. Tribes with income derived from local resources or gaming could also help underwrite the financing of homeownership housing for their members, even when their incomes are not sufficient to appear as over the local median. There is no means to estimate the size of such additions to the potential for residential mortgage credit.

The Mobility Market. The potential for attracting non-reservation based families back onto tribal land with private mortgage financing would entail making a number of assumptions and estimates which extend beyond the capacity of existing research and data systems. The residential mobility of tribal members would be affected by the customary predictors of residential mobility including job access, educational opportunities for children, distance and means of transportation available, credit worthiness, and the types of properties and mortgage terms available. Households making such moves from renter tenure status living in a nearby metropolitan area could be different than those already living in owner occupied housing at a considerable distance from the Tribal Area. The potential migration of Native American elders onto their reservations to occupy housing for which financing was available is another subject that warrants additional research.

The Potential for Expanding AIAN Homeownership Outside of Tribal Areas

It also appears that there are notable prospects for expanding AIAN homeownership (and therefore, mortgage lending) outside of Tribal Areas. We have not attempted a similar estimate of the potential, but the conclusion is supported by the fact that in all such areas, at moderate- and higher-income levels (above 80 percent of the local median), AIAN homeownership rates are well below those for non-Indians.

- In counties surrounding Tribal Areas, only 67 percent of AIAN households at with incomes above 80 percent of median are owners (compared to 77 percent for non-Indians in the same income groups); in 1990, there were 31,300 AIAN renter households in these counties with incomes above 80 percent of the local median.
- In metropolitan areas elsewhere, the moderate- and higher-income ownership rate is 66 percent for AIAN households vs. 75 percent for non-Indians; 54,900 AIAN renters in these income groups lived in such areas in 1990.
- In other non-metropolitan areas, ownership rates are higher for both groups but, again, the AIAN rate is below that for non-Indians (73 percent vs. 83 percent);

another 12,700 AIAN renters with incomes above 80 percent of median lived in these areas in 1990.

CONCLUSIONS AND POLICY DIRECTIONS

Convincing arguments can be made for expanding reliance on the conventional housing finance system in the United States to meet the needs of prospective Indian homebuyers, because it represents the least-cost solution. Whereas creating new financial institutions targeted at Indian homebuyers would be extremely costly, the extant system of primary and secondary mortgage lending institutions with its enormous stocks of financial capital and technical know-how could serve existing and projected mortgage financing needs in Indian country at minimal marginal cost.⁸⁷ What is needed to open the existing private financial system to Indians, it is argued, is increased communication, trust, and understanding among lenders, tribes, and prospective Indian borrowers.

Many view the challenge of opening up conventional lending sources to Indians to be daunting at best. Those who believe only increased communication between tribes and lenders is needed are considered naive by many knowledgeable observers. First, many rural areas are thought to be badly underserved by private lenders, and the problem magnified in Indian country. Second, even where private lenders are located in Indian country, they are often reluctant to lend to Indians because of low profit expectations due to the perceived low loan demand volume and perceived high risk from lending on trust lands.

Both views are undoubtedly correct, depending on the situation. At the one extreme are lending institutions such as Firststar Bank of Minocqua and Associated Bank of Green Bay--both of which have been making profitable mortgage loans on Indian reservations for several years. At the other extreme are those lending institutions such as First Interstate which have been charged with systematically excluding Indian reservations from their service areas.

Given the numerous recent initiatives identified earlier in this chapter, it is clear that the expanded/extended private finance system option is currently being pursued. Intensified efforts to open up conventional lending markets to prospective Indian homebuyers have occurred too recently to accurately gauge their results. Moreover, they generally have been undertaken in areas with best prospects for success, e.g., in Navajo country because of its Residential Master

⁸⁷An estimated 75 percent to 90 percent of the 230 lending institutions which are members of the Seattle Federal Home Loan Bank have Native Americans within their CRA-designated service areas. Estimates provided by Judy Chaney, Community Investment Officer, Seattle FHLB (telephone conversation), August 9, 1994.

Lease Act. However, the assessments of market potential presented earlier in this chapter suggest that, for the private housing finance industry, the issue is indeed worth pursuing more broadly.

Local Actions--Establishing Market Pre-Conditions

Enhancing private financing for housing in Indian country cannot occur only through the actions of outsiders. Tribes must also decide whether they want to pursue this goal for their members and, if so, to make internal changes that will create an environment more conducive for it. Private markets develop only where governments have taken action to develop legal, institutional, and other preconditions.

The difficulty in establishing an increased role for the private sector within Tribal Areas mirrors the difficulties currently being encountered by the Eastern European countries. Nation states which were formerly dominated by the Soviet Union's centrally directed economic system are struggling to develop the conditions necessary for markets to function. Shifting to a larger role for the private sector may pose an even greater challenge for Indian nations which maintain substantial dependence on the Federal government.

A key requirement for development of a viable market economy is self-interested behavior on the part of resource owners and entrepreneurs as well as by consumers. Indeed, underlying the desire to amass wealth, including in the form of home equity, is the desire to "get ahead." Some argue that in much of Indian culture, individual success is subordinated to the tribe's collective well-being, thereby presumably placing Indian households at a disadvantage in the competition for scarce resources within the private sector.

However, the evidence is mixed regarding the proclivity of Native Americans to act collectively through government vs. individually within private economies. Self-employment among AIAN workers is less than among non-Indians (5.7 percent vs. 7.0 percent), for example, and employment in the for-profit sector is less for Indians than for non-Indians (64 percent vs. 71 percent). On the other hand, labor force participation rates are actually somewhat higher for Indians than for non-Indians in all area types except Tribal Areas. Rates of labor force participation, self employment, and dependence on government jobs vary dramatically among area types. This would tend to indicate that the less developed private housing sectors in Tribal Areas may owe more to differences in resource availability and to historical accident than to cultural differences between Indians and non-Indians.

Currently receiving considerable attention in AIAN Areas has been the issue of property rights, especially of land. Whereas individual ownership (fee simple) is the predominant form of property rights in the U.S., communal ownership is the principal form of land ownership in most

Tribal Areas, with home owners maintaining leaseholds.⁸⁸ The collectivist tradition of Indian tribes is viewed by some as among the most significant barriers to their economic development; they urge the BIA and Indian leaders to move away from collectivism and toward private property rights.⁸⁹ However, recent innovations discussed above show that using private land parcels in fee simple ownership as collateral for loans is not an absolute requirement. Other arrangements can be made to work, and tribal governments should consider options that will work best given their own traditions and legal and institutional settings. Broader suggestions include:

- **Ensuring that markets are locally and tribally based.** Unless tribal communities are involved in the development of market institutions and processes, they are unlikely to have confidence in the policies and programs that result. Consultation must occur on a continuing basis among tribal leaders, private housing providers, and public officials.
- **Maintaining a sufficiently long-term policy perspective.** Uncertainty and instability are substantial barriers to development of long-term market solutions. Long-term community planning and stable funding of housing assistance and technical support programs are among the public actions which will help ensure an environment conducive to private financing of housing and related economic development activities.
- **Encouraging innovation and creativity in addressing local housing and community development needs.** Program inflexibility and institutional rigidity frustrate creativity and innovativeness within private as well as public sectors. The proposed transfer of additional policy and program responsibilities from the Federal government to tribal communities is intended largely to permit greater flexibility in the use of available resources to meet specific local needs.
- **Develop local private housing market intermediaries.** Buying and selling, borrowing and lending, and other market transactions require interaction between demander and supplier. In many Tribal Areas, such interaction is difficult at best, in some cases because of lack of information, in other cases because of a lack of trust, in still other cases because of racial discrimination. The need, therefore, is for intermediaries to bring Native American housing seekers, tribal officials, and private housing service providers together where appropriate as well as to provide education and outreach services.

⁸⁸For example, on Navajo reservations (the largest and most autonomous), an estimated 98 percent of the land is collectively owned.

⁸⁹See, for example, Frum, 1994.

Local Actions--Taking Advantage of the IHAs

It is at the local level, however, that the need for increased information flow and intermediation is greatest. The common feature that seems to distinguish Tribal Areas exhibiting notable private financing of home purchases from other Areas is the presence of an individual or an organization strategically positioned to bridge the gap between housing demanders and housing suppliers. Among private financial institutions reporting success in making mortgage loans on trust lands in our survey, for example, frequently either the lending institution itself or one of its loan officers is located on or close to the reservation.

From the standpoint of the tribe's efforts to attract private financing for housing, it would seem that the IHAs that currently administer HUD programs would be extremely well positioned to serve as a proactive intermediary. Melding governmental institutions and program activities with private sector financial capital would seem to have obvious benefits. For example, IHAs could serve as effective conduits through which private as well as public loanable funds are channeled into Indian country.⁹⁰

IHAs were developed to provide the institutional bridge between tribal demand for housing and the Federal government's supply of financing for Indian housing.⁹¹ Generally, IHAs appear to have performed that role reasonably well for the low-income sector of the housing market as it exists on reservations and trust lands.

As indicated above, IHAs could conceivably play an important part in bringing together prospective Indian homebuyers and conventional mortgage lenders--by explaining the mortgage finance process to Indian households, explaining tribal customs and procedures to lenders, and reducing misconceptions and misunderstandings on both sides. Indeed, some believe IHAs "could potentially be effective vehicles for lenders to funnel credit to reservations" (Federal Home Loan Bank of Seattle, 1993).

For this to happen, it will be important that the IHAs orient their efforts in ways suggested by the discussion of their functions and potential under the block-grant approach to assisted housing discussed in Chapter 8. They must become broadly creative and entrepreneurial in advancing housing improvement in their tribal areas, seeking financing from a variety of sources.

⁹⁰Norwest sees the IHA and tribal council as playing a critical intermediary role in the private housing finance market because: "They know the community better than we do. They have the respect of the community and the community trusts them." *Ibid.*

⁹¹Potentially important opportunities exist for IHAs to play an increased role in virtually all facets of Indian housing; hence, the following discussion occurs within a broader context than the need for institutions to facilitate increased flows of mortgage money to Indian homebuyers.

Clearly, they must act, and be seen as, agents of their tribes (and, where needed, eliminate any lingering images that they are agents of HUD).

Directions for National Policy

The recent innovations at the national level discussed earlier lay the groundwork for expanded national policy support for private mortgage financing in Tribal Areas. The Federal government can take a number of steps to support these directions.

First, it can continue to encourage enhanced interest by existing Government Sponsored Enterprises (GSEs) in the provision of mortgage financing in Tribal Areas. Both Fannie Mae and Freddie Mac are already playing an increasingly active role in this arena. Encouraging their constancy in this role should be a matter of national policy.

Second, it can act to broaden the range of national intermediaries available. An attractive embodiment of this idea is creating the proposed Native American Financial Services Organization (NAFSO). The basic objectives of NAFSO, as proposed, are to: (1) facilitate flows of savings among Tribal areas as well as to channel funds from national finance markets into local Native American housing markets; and (2) provide technical assistance, information, and other support of local housing finance markets in Tribal Areas. Features and functions include:

- federally chartered, for-profit, limited term, national institution;
- federal seed monies, matched by participating tribal contributions and any private investment as desired;
- creation of a second tier of local Native American Financial Institutions (NAFIs) which would provide home mortgages and business loans to qualifying Native Americans;
- technical assistance to NAFIs relative to securing, servicing, packaging and selling mortgage and consumer loans to the existing secondary markets;
- assistance to secondary markets (Fannie Mae and Freddie Mac) in identifying and eliminating barriers relating to purchase of mortgages and loans from existing private lending institutions and NAFIs; and
- purchase of mortgages and loans when and if secondary markets do not achieve purchase goals of these NAFI mortgages and loans.

Finally, the Federal government can act to broaden its own information provision in this regard, and to use mechanisms it has developed for other purposes in this regard. A good example, in this regard is the Fair Housing Initiatives Program (FHIP). This program is a vehicle through which funds could be channeled to Indian interest groups to broaden knowledge of the intricacies of home purchase and financing across Native American communities and, in particular, take steps to address discrimination.

Concluding Comments

Development of private sector housing capacity will require a combination of Federal actions on both demand and supply sides of the market, tailored to specific local needs. Federal policy initiatives must be based on two types of area-by-area assessments. One was a primary focus of this study, i.e., determining local housing needs in terms of affordability, adequacy, and crowding. The other would determine local capacity needs in terms of institutions and processes for mobilizing scarce resources to address identified housing needs. Housing and capacity needs are closely related; for example, private sector capacity building will be most needed in those areas having substantial numbers of moderate-income households.

In some Tribal Areas, Federal efforts are unlikely to prompt significant private sector response to Native Americans' housing needs without extraordinary resource outlays. In those areas, the most viable strategy may be development of entirely new institutional arrangements, e.g., the NAFSO proposal. Such an institution could fill a serious need within selected areas by equipping housing authorities to assist homebuyers in obtaining mortgage financing--both public and private--through financial intermediation.

But ample evidence exists to indicate that the barriers to expanded and effective local housing markets in tribal areas are not insurmountable. Indeed, Federal housing policy can contribute greatly to meeting the critical housing needs of Native Americans by promoting development of local private housing markets, thereby helping meet those needs not otherwise addressed by subsidized programs targeted at low-income households.

In summary, the number of AIAN households at moderate- and higher-income levels is substantial. Yet when categorized by income level and family status, AIAN homeownership rates are typically well below those of non-Indian households. Opportunities to increase Indian homeownership on market terms appear significant, and with modest subsidies, it should be possible to extend ownership to many more AIAN households.

The small-scale survey of mortgage lenders conducted indicated that private lending institutions near Tribal Areas in almost all parts of the country now regularly originate some mortgages for Indian homebuyers, although the volumes remain extremely small--the reasons

include lack of knowledge and initiative by tribes and their members as well as caution due to continued perception of high risks on the part of lenders. Major lenders and secondary market institutions at the national level, however, are currently exhibiting considerable interest in finding ways to serve AIAN households in all locations more effectively.

It is a positive sign that private intermediaries are beginning to recognize that expanded lending to AIAN households and communities may be a promising market opportunity. However, policy support is needed to translate this opportunity into reality at sufficient scale.

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**Annex 9A
Multiple Regression Analysis**

Weight by total number of home loans to Native American households in 1993

Dependent Variable:

PHOTPUR = Percent of Native American Households in County receiving a loan for a home purchase in 1993

Variable(s) Entered on Step Number:

- 1. AREASD = Dummy variable. If county has Indian areas, AREASD=1.
- 2. PHPURNS = Percent of home purchase loans made to Native Americans in 1993 not sold on the secondary market.
- 3. FOGT95 = Percent of AIAN households in county greater than 95% of median that are owners.
- 4. OKAK = Dummy variable. If county in Oklahoma or Alaska, OKAK=1.
- 5. PHFHA = Percent of AIAN households receiving home purchase loan in 1993 who used FHA.
- 6. AVGINC = Average Income of Native American Households in County.
- 7. PIND = Percent of total households in county that are Native American.
- 8. PHDENY = Percent of AIAN households applying for home purchase loan that were denied in 1993.
- 9. PNINMG = Percent of total households in county that are non-Indian and have a mortgage

Multiple R .63813
 R Square .40721
 Adjusted R Square .40684
 Standard Error 3.13138

Analysis of Variance

	DF	Sum of Squares	Mean Square
Regression	9	96858.13916	10762.01546
Residual	14379	140998.33835	9.80557

F = 1097.54098 Signif F = .0000

**Annex 9A (continued)
Multiple Regression Analysis**

Variables in the Equation

Variable	B	SE B	Beta	T	Sig T
AREASD	-1.082693	.068893	-.113299	-15.716	.0000
FOGT95	.040911	.002561	.114563	15.973	.0000
OKAK	2.307382	.138513	.111350	16.658	.0000
PHPURNS	-.044741	.002298	-.156063	-19.467	.0000
AVGINC	9.34583E-05	3.4869E-06	.210103	26.803	.0000
PHFHA	-.015367	.002027	-.054369	-7.581	.0000
PIND	-.314003	.014369	-.161660	-21.853	.0000
PHDENY	-.099268	.003882	-.192002	-25.572	.0000
PNINMG	.077384	.003827	.163631	20.221	.0000
(Constant)	.349277	.244377		1.429	.1530

Listwise Deletion of Missing Data

Equation Number 1 Dependent Variable. PPR3GT80

Block Number 1. Method: Enter PWMTG PCTLT50 PCTELD

Variable(s) Entered on Step Number
 1. PCTELD
 2. PCTLT50
 3. PWMTG

Multiple R .61594
 R Square .37939
 Adjusted R Square .37938
 Standard Error 9.48382

Analysis of Variance

	DF	Sum of Squares	Mean Square
Regression	3	21618239.03577	7206079.67859
Residual	393182	35363934.29462	89.94291

F = 80118.37135 Signif F = .0000

Variables in the Equation

Variable	B	SE B	Beta	T	Sig T
PCTELD	-.467995	.002468	-.253578	-189.647	.0000
PCTLT50	.219956	.001543	.210634	142.519	.0000
PWMTG	-.312959	9.6530E-04	-.505330	-324.209	.0000
(Constant)	28.030701	.108093		259.320	.0000

Annex A
LISTING OF CENSUS DESIGNATED TRIBAL AREAS

Area Code	ST	Name of Tribal Area	IHA Code	AIAN Population		Total Pop. 1990	AIAN Households
				1980	1990		
REGION 1 - NORTH CENTRAL							
2800	MI	Pine Creek Reservation (state)	None	20	22	22	8
1610	MI	Isabella Reservation and T.L.	MI043	580	872	22,931	280
170	MI	Bay Mills Reservation	MI062	283	380	441	117
1880	MI	L'Anse Reservation and T.L.	MI065	701	697	3,317	289
1410	MI	Hannahville Community and T.L.	MI075	206	190	196	40
1830	MI	Lac Vieux Desert Reservation	MI085	0	147	147	44
3635	MI	Sault Ste. Marie Reserv. and T.L.	MI149	0	501	723	135
1370	MI	Grand Traverse Reservation and T.L.	MI197	0	233	263	88
2285	MN	Minnesota Chippewa T.L.	None	210	31	31	10
1940	MN	Leech Lake Reservation	MN012	2,759	3,421	8,783	1,065
4595	MN	White Earth Reservation	MN013	2,550	2,798	8,785	962
1125	MN	Fond du Lac Reservation	MN015	514	1,083	3,211	384
3100	MN	Red Lake Reservation	MN016	2,823	3,560	3,690	923
4485	MN	Vermillion Lake Reservation	MN018	103	35	35	17
335	MN	Bois Forte (Nett Lake) Reservation	MN081	392	326	335	96
1355	MN	Grand Portage Reservation	MN175	195	205	308	100
2270	MN	Mille Lacs Reservation	MN204	293	354	380	99
3385	MN	Sandy Lake Reservation	MN204	0	26	28	10
2055	MN	Lower Sioux Community	MN207	65	212	241	61
2985	MN	Prairie Island Community	MN207	80	26	30	9
3680	MN	Shakopee Community	MN207	77	182	229	65
4445	MN	Upper Sioux Community	MN207	51	23	26	12
1825	WI	Lac du Flambeau Reservation	WI009	1,093	1,431	2,408	458
2560	WI	Oneida (West) Reservation	WI010	1,821	2,450	17,940	775
140	WI	Bad River Reservation	WI012	699	837	1,031	279
3085	WI	Red Cliff Reservation and T.L.	WI013	590	729	876	235
4015	WI	Stockbridge Reservation	WI014	582	448	565	174
2965	WI	Potawatomi Reservation and T.L.	WI035	220	247	266	76
3885	WI	Sokaogon Chippewa Commun. and T.L.	WI036	173	303	337	93
1815	WI	Lac Courte Oreilles Reserv. and T.L.	WI054	1,145	1,767	2,437	534
3305	WI	St. Croix Reservation	WI062	392	436	485	142
4650	WI	Wisconsin Winnebago Reserv. and T.L.	WI238	349	526	608	157
2175	WI	Menominee Reservation	WI243	2,377	3,216	3,411	871
REGION 2 - EASTERN							
2865	AL	Poarch Creek Reservation and T.L.	AL204	0	190	255	80
9140	CT	Mohegan TDSA (state)	None	0	240	24,636	138
2145	CT	Mashantucket Pequot Reservation	CT050	6	50	71	21
3650	CT	Schaghticoke Reservation (state)	CT065	2	5	10	5
2700	CT	Paucatuck Eastern Pequot Res. (state)	CT067	16	16	16	8
2240	FL	Miccosukee Reservation	None	213	72	72	12
225	FL	Big Cypress Reservation	FL059	351	444	449	117
360	FL	Brighton Reservation	FL059	323	415	528	139
1475	FL	Hollywood Reservation	FL059	416	480	1,412	161
3665	FL	Seminole T.L.	FL059	0	80	105	27
4125	GA	Tama Reservation (state)	None	30	9	20	2

Annex A (Continued)
LISTING OF CENSUS DESIGNATED TRIBAL AREAS

Area Code	ST	Name of Tribal Area	IHA Code	AIAN Population		Total Pop. 1990	AIAN House-holds
				1980	1990		
3280	IA	Sac and Fox (Iowa) Reservation	IA112	492	572	586	130
9190	MA	Wampanoag-Gay Head TDSA	MA176	0	283	11,639	123
2760	ME	Penobscot Reservation and T.L.	ME012	398	393	469	177
2850	ME	Pleasant Point Reservation	ME013	504	514	542	148
1575	ME	Indian Township Reservation	ME014	333	542	624	168
2300	MS	Mississippi Choctaw Reserv. and T.L.	MS092	3,166	4,056	4,257	924
990	NC	Eastern Cherokee Reservation	NC041	4,844	5,287	6,311	1,839
9040	NC	Coharie TDSA (state)	NC171	0	1,422	116,224	585
9090	NC	Haliwa-Saponi TDSA (state)	NC171	0	2,244	6,431	738
9120	NC	Lumbee TDSA (state)	NC171	0	28,775	50,228	8,931
9130	NC	Meherrin TDSA (state)	NC171	0	201	55,274	86
9180	NC	Waccamaw Siouan TDSA (state)	NC171	0	1,297	2,771	405
9160	NJ	Ramapough TDSA (state)	None	0	139	652	54
2895	NY	Poospatuck Reservation (state)	None	94	164	196	62
3765	NY	Shinnecock Reservation (state)	None	194	355	397	124
4225	NY	Tonawanda Reservation	None	438	448	483	168
4360	NY	Tuscarora Reservation	None	873	353	709	182
80	NY	Allegany Reservation	NY040	925	1,068	7,312	417
540	NY	Cattaraugus Reservation	NY040	1,855	1,979	2,183	681
3320	NY	St. Regis Mohawk Reservation	NY436	1,763	1,923	1,974	619
2555	NY	Oneida (East) Reservation	NY445	0	41	41	12
2415	RI	Narragansett Reservation	RI028	0	19	30	5
525	SC	Catawba Reservation (state)	SC063	728	111	177	48
2160	VA	Mattaponi Reservation (state)	None	68	72	74	24
2650	VA	Pamunkey Reservation (state)	None	50	37	47	29
9020	VA	Chickahominy TDSA (state)	None	0	482	2,749	193
9070	VA	Eastern Chickahominy TDSA (state)	None	0	8	98	8
REGION 3 - OKLAHOMA							
5090	OK	Cherokee TJSA	OK045	52,135	66,435	399,134	27,628
5130	OK	Chickasaw TJSA	OK047	14,037	21,013	257,513	9,381
5150	OK	Choctaw TJSA	OK049	18,963	28,245	209,353	11,883
5210	OK	Creek TJSA	OK051	6,685	45,190	635,454	20,482
5710	OK	Creek-Seminole Joint Area TJSA	OK051	3,718	531	2,419	185
5070	OK	Caddo-Wichita-Delaware TJSA	OK077	6,208	599	8,208	231
5300	OK	Iowa TJSA	OK090	1,532	307	4,137	112
5580	OK	Sac and Fox TJSA	OK090	0	4,575	51,092	1,816
5770	OK	Iowa-Sac and Fox Joint Area TJSA	OK090	0	20	835	17
5010	OK	Abs.Shawnee-Cit.Band Potawatomi TJSA	OK091	4,282	6,129	91,012	2,676
5600	OK	Seminole TJSA	OK093	0	3,772	22,993	1,272
5520	OK	Pawnee TJSA	OK094	0	1,628	15,413	628
5380	OK	Kiowa-Comanche-Apache TJSA	OK098	3,338	12,979	205,740	4,457
5110	OK	Cheyenne-Arapaho TJSA	OK100	3,225	6,824	150,665	2,496
5490	OK	Otoe-Missouria TJSA	OK114	1,191	475	2,750	153
2595	OK	Osage Reservation	OK127	4,749	6,100	41,393	2,588
5640	OK	Tonkawa TJSA	OK141	0	881	12,268	336
5340	OK	Kaw TJSA	OK145	1,045	687	13,227	291

Annex A (Continued)

LISTING OF CENSUS DESIGNATED TRIBAL AREAS

Area Code	ST	Name of Tribal Area	IHA Code	AIAN Population		Total Pop. 1990	AIAN Households
				1980	1990		
REGION 4 - SOUTH CENTRAL							
9060	KS	Delaware-Muncie TDSA (state)	None	0	23	299	6
1770	KS	Kickapoo Reservation	KS048	356	368	478	108
2960	KS	Potawatomi (Kansas) Reservation	KS084	331	503	1,079	175
3285	KS	Sac and Fox (KS-NE) Reservation and T.L.	KS151	13	35	162	12
4315	LA	Tunica-Biloxi Reservation	None	7	18	36	10
9010	LA	Apache Choctaw TDSA (state)	None	0	684	22,646	239
9030	LA	Clifton Choctaw TDSA (state)	None	0	181	552	61
9100	LA	Jena Band of Choctaw TDSA (state)	None	0	336	60,394	168
9170	LA	United Houma Nation TDSA (state)	None	0	10,018	817,374	3,654
635	LA	Chitimacha Reservation	LA244	185	231	311	96
795	LA	Coushatta Reservation	LA260	203	42	42	16
50	TX	Alabama and Coushatta Reservation	TX338	494	548	548	155
4755	TX	Ysleta Del Sur Pueblo	TX429	365	248	370	97
REGION 5 - PLAINS							
3925	CO	Southern Ute Reservation	CO010	855	1,037	7,886	346
4470	CO	Ute Mountain Reservation and T.L.	CO047	1,128	1,299	1,366	373
2550	IA	Omaha Reservation	NE013	1,275	1,925	5,238	419
1590	KS	Iowa Reservation	KS067	26	96	227	42
305	MT	Blackfeet Reservation	MT008	5,525	7,031	8,488	1,978
1250	MT	Fort Peck Reservation	MT009	4,273	5,822	10,722	1,712
1150	MT	Fort Belknap Reservation and T.L.	MT010	1,870	2,308	2,485	645
3205	MT	Rocky Boy's Reservation and T.L.	MT011	1,549	1,860	1,931	411
2490	MT	Northern Cheyenne Reserv. and T.L.	MT012	3,101	3,564	3,906	913
1110	MT	Flathead Reservation	MT013	3,771	5,128	21,061	1,970
845	MT	Crow Reservation and T.L.	MT014	3,954	4,706	6,341	1,093
1160	ND	Fort Berthold Reservation	ND005	2,640	3,054	5,387	851
4345	ND	Turtle Mountain Reserv. and T.L.	ND006	5,774	6,730	7,101	1,982
910	ND	Devils Lake Sioux Reservation	ND008	2,261	2,665	3,574	644
3970	ND	Standing Rock Reservation	SD006	4,800	4,872	7,956	1,213
1860	ND	Lake Traverse (Sisseton) Reservation	SD015	2,700	2,810	10,840	800
4625	NE	Winnebago Reservation	NE045	1,140	1,154	2,346	335
3565	NE	Santee Reservation	NE105	420	438	740	149
1340	NV	Goshute Reservation	NV015	105	76	79	30
2810	SD	Pine Ridge Reservation and T.L.	SD001	12,735	11,006	12,119	2,497
3235	SD	Rosebud Reservation and T.L.	SD002	6,978	7,998	9,632	2,046
2030	SD	Lower Brule Reservation	SD003	850	984	1,095	238
855	SD	Crow Creek Reservation	SD004	1,474	1,521	1,763	358
605	SD	Cheyenne River Reservation	SD005	4,107	5,092	7,743	1,426
4700	SD	Yankton Reservation	SD012	1,688	2,002	6,281	518
1100	SD	Flandreau Reservation	SD049	158	252	280	84
3840	UT	Skull Valley Reservation	None	13	17	17	5
4390	UT	Uintah and Ouray Reservation	UT001	2,050	2,667	17,235	725
2625	UT	Paiute of Utah Reservation	UT010	186	285	624	86
4610	WY	Wind River Reservation	WY001	4,159	5,717	21,915	1,594

Annex A (Continued)
LISTING OF CENSUS DESIGNATED TRIBAL AREAS

Area Code	ST	Name of Tribal Area	IHA Code	AIAN Population		Total Pop. 1990	AIAN Households
				1980	1990		
REGION 6 - ARIZONA-NEW MEXICO							
1440	AZ	Havasupai Reservation	None	267	416	433	99
2735	AZ	Payson (Yavapai-Apache) Community	None	0	103	103	38
3355	AZ	San Carlos Reservation	AZ011	5,872	7,060	7,239	1,697
3340	AZ	Salt River Reservation	AZ014	2,624	3,547	4,856	876
1310	AZ	Gila River Reservation	AZ015	2,093	9,101	9,578	2,303
1140	AZ	Fort Apache Reservation	AZ016	6,880	9,902	10,506	2,378
1545	AZ	Hualapai Reservation and T.L.	AZ017	809	812	833	219
735	AZ	Colorado River Reservation	AZ018	1,965	2,374	7,944	752
1220	AZ	Fort McDowell Reservation	AZ019	345	568	628	145
695	AZ	Cocopah Reservation	AZ020	349	549	584	141
465	AZ	Camp Verde Reservation	AZ022	173	574	624	148
4710	AZ	Yavapai Reservation	AZ022	66	151	193	61
1720	AZ	Kaibab Reservation	AZ024	93	65	120	18
2665	AZ	Papago Reservation	AZ026	6,959	8,490	8,587	2,204
3605	AZ	San Xavier Reservation	AZ026	851	1,087	1,129	280
1505	AZ	Hopi Reservation and T.L.	AZ027	6,707	7,002	7,215	1,679
2680	AZ	Pascua Yaqui Reservation	AZ040	561	2,270	2,406	519
2130	AZ	Maricopa (Ak-Chin) Reservation	AZ042	375	411	450	101
4785	AZ	Zuni Pueblo	NM019	5,988	7,094	7,445	1,499
2430	AZ	Navajo Reservation and T.L.	AZ012	126,359	143,507	148,658	35,371
60	NM	Alamo Navajo Reservation	AZ012	1,062	1,226	1,259	263
480	NM	Canoncito Reservation	AZ012	969	1,183	1,193	275
3055	NM	Ramah Navajo Community	AZ012	1,163	175	175	48
1840	NM	Laguna Pueblo and T.L.	NM012	3,564	3,649	3,724	1,018
2205	NM	Mescalero Apache Reservation	NM013	1,922	2,519	2,664	625
1700	NM	Jicarilla Apache Reservation	NM014	1,715	2,404	2,636	634
10	NM	Acoma Pueblo and T.L.	NM031	2,437	2,566	2,590	601
680	NM	Cochiti Pueblo	NM031	613	792	1,410	220
1625	NM	Isleta Pueblo	NM031	2,289	2,723	2,953	898
1685	NM	Jemez Pueblo	NM031	1,504	1,734	1,734	380
3370	NM	Sandia Pueblo	NM031	227	405	3,944	136
3400	NM	San Felipe Pueblo	NM031	1,789	1,884	2,525	339
3430	NM	San Juan Pueblo	NM031	851	1,275	5,237	378
3480	NM	Santa Ana Pueblo	NM031	407	491	624	124
3495	NM	Santa Clara Pueblo	NM031	1,839	1,295	10,230	437
3585	NM	Santo Domingo Pueblo	NM031	2,139	2,721	2,773	360
4770	NM	Zia Pueblo and T.L.	NM031	524	638	638	146
2400	NM	Nambe Pueblo and T.L.	NM040	194	313	1,358	125
2785	NM	Picuris Pueblo	NM040	125	164	1,899	52
2880	NM	Pojoaque Pueblo	NM040	94	159	2,481	73
3415	NM	San Ildefonso Pueblo	NM040	488	334	1,586	106
4140	NM	Taos Pueblo and T.L.	NM040	1,034	1,252	4,701	428
4170	NM	Tesuque Pueblo and T.L.	NM040	236	223	702	63
REGION 7 - CALIFORNIA-NEVADA							
20	CA	Agua Caliente Reservation	None	65	135	19,839	64
95	CA	Alturas Rancheria	None	7	3	3	3

Annex A (Continued)
LISTING OF CENSUS DESIGNATED TRIBAL AREAS

Area Code	ST	Name of Tribal Area	IHA Code	AIAN Population		Total Pop. 1990	AIAN Households
				1980	1990		
185	CA	Benton Paiute Reservation	None	12	61	75	31
215	CA	Big Bend Rancheria	None	8	5	5	2
240	CA	Big Lagoon Rancheria	None	8	9	12	4
265	CA	Big Sandy Rancheria	None	0	36	59	13
275	CA	Big Valley Rancheria	None	0	31	81	24
325	CA	Blue Lake Rancheria	None	0	27	53	14
415	CA	Cabazon Reservation	None	8	37	858	8
555	CA	Cedarville Rancheria	None	6	7	10	2
750	CA	Colusa (Cachil Dehe) Rancheria	None	17	18	20	8
780	CA	Cortina Rancheria	None	2	19	29	7
1010	CA	Elk Valley Rancheria	None	0	50	128	13
1640	CA	Jackson Rancheria	None	15	16	27	7
1980	CA	Lookout Rancheria	None	12	62	62	21
1995	CA	Los Coyotes Reservation	None	45	93	181	47
2115	CA	Manzanita Reservation	None	13	37	66	19
2190	CA	Mesa Grande Reservation	None	0	54	63	22
2255	CA	Middletown Rancheria	None	39	18	76	5
2330	CA	Montgomery Creek Rancheria	None	1	8	8	2
2745	CA	Pechanga Reservation	None	117	242	391	119
3095	CA	Redding Rancheria	None	0	44	72	10
3145	CA	Resighini Rancheria	None	18	49	51	12
3185	CA	Roaring Creek Rancheria	None	24	20	20	3
3550	CA	Santa Ysabel Reservation	None	181	144	173	57
3750	CA	Shingle Springs Rancheria	None	0	2	12	2
3855	CA	Smith River Rancheria	None	0	96	189	33
4030	CA	Sulphur Bank (El-Em) Rancheria	None	115	91	96	24
4095	CA	Table Bluff Rancheria	None	0	39	45	19
4110	CA	Table Mountain Rancheria	None	0	35	44	13
4275	CA	Trinidad Rancheria	None	47	61	71	30
4430	CA	Upper Lake Rancheria	None	0	11	70	6
4680	CA	XL Ranch Reservation	None	24	23	23	15
4760	CA	Yurok Reservation	None	0	494	1,343	177
155	CA	Barona Rancheria	CA080	222	351	573	102
435	CA	Cahuilla Reservation	CA080	29	77	107	28
450	CA	Campo Reservation	CA080	86	106	270	42
1850	CA	La Jolla Reservation	CA080	141	151	162	32
2360	CA	Morongo Reservation	CA080	313	526	1,109	197
2635	CA	Pala Reservation	CA080	433	581	1,125	199
2715	CA	Pauma Reservation	CA080	86	132	151	37
3165	CA	Rincon Reservation	CA080	297	432	1,478	162
3445	CA	San Manuel Reservation	CA080	24	38	59	16
3460	CA	San Pasqual Reservation	CA080	133	221	517	77
3525	CA	Santa Rosa Reservation	CA080	12	39	58	12
3540	CA	Santa Ynez Reservation	CA080	120	254	317	79
3870	CA	Soboba Reservation	CA080	0	372	442	104
4255	CA	Torres-Martinez Reservation	CA080	11	158	1,628	43
4500	CA	Viejas Rancheria	CA080	142	229	431	59
1170	CA	Fort Bidwell Reservation	CA083	93	131	136	45
1395	CA	Grindstone Creek Rancheria	CA083	72	101	101	20
4060	CA	Susanville Reservation	CA083	82	148	491	50

Annex A (Continued)
LISTING OF CENSUS DESIGNATED TRIBAL AREAS

Area Code	ST	Name of Tribal Area	IHA Code	AIAN Population		Total Pop. 1990	AIAN Households
				1980	1990		
1490	CA	Hoopla Valley Reservation	CA090	1,502	1,780	2,199	569
825	CA	Coyote Valley Reservation	CA097	0	124	139	31
3250	CA	Round Valley Reservation and T.L.	CA097	528	549	1,181	190
250	CA	Big Pine Rancheria	CA098	269	344	455	104
290	CA	Bishop Rancheria	CA098	784	979	1,437	352
350	CA	Bridgeport Colony	CA098	47	28	28	12
1195	CA	Fort Independence Reservation	CA098	31	42	58	17
1970	CA	Lone Pine Rancheria	CA098	172	164	235	63
4300	CA	Tule River Reservation	CA099	424	750	803	199
720	CA	Cold Springs Rancheria	CA129	63	136	163	39
3520	CA	Santa Rosa Rancheria	CA129	117	281	319	78
4330	CA	Tuolumne Rancheria	CA129	73	68	85	33
955	CA	Dry Creek Rancheria	CA130	41	69	75	9
1515	CA	Hopland Rancheria	CA130	10	160	208	45
1925	CA	Laytonville Rancheria	CA130	105	123	137	43
2100	CA	Manchester (Point Arena) Rancheria	CA130	77	173	212	58
2820	CA	Pinoleville Rancheria	CA130	0	51	70	22
3195	CA	Robinson Rancheria	CA130	0	125	167	28
3265	CA	Rumsey Rancheria	CA130	11	10	19	0
3735	CA	Sherwood Valley Rancheria	CA130	17	6	6	2
3985	CA	Stewarts Point Rancheria	CA130	72	89	89	15
585	CA	Chemehuevi Reservation	CA133	23	88	325	40
1750	CA	Karok Reservation and T.L.	CA134	0	12	400	7
1915	NV	Las Vegas Colony	None	106	71	86	20
4045	NV	Summit Lake Reservation	None	15	8	8	3
510	NV	Carson Colony	NV003	213	251	265	86
940	NV	Dresslerville Colony	NV003	127	141	153	50
4560	NV	Washoe Reservation	NV003	4	58	146	19
3010	NV	Pyramid Lake Reservation	NV004	720	967	1,358	314
965	ID	Duck Valley Reservation	NV006	932	1,003	1,096	327
4515	NV	Walker River Reservation	NV008	471	612	811	212
1210	NV	Fort McDermitt Reservation	NV009	463	382	399	109
4725	NV	Yerington Reservation and T.L.	NV010	192	349	470	131
1070	NV	Fallon Colony	NV011	46	143	162	53
1075	NV	Fallon Reservation	NV011	258	338	369	132
3130	NV	Reno-Sparks Colony	NV012	451	242	242	56
2315	NV	Moapa River Reservation	NV014	182	177	377	52
975	NV	Duckwater Reservation	NV015	103	136	151	51
1040	NV	Ely Colony	NV015	67	79	85	23
4155	NV	Te-Moak Reservation and T.L.	NV016	343	853	950	324
2015	NV	Lovelock Colony	NV017	117	78	92	31
4635	NV	Winnemucca Colony	NV017	35	54	54	14
4740	NV	Yomba Reservation	NV020	57	100	106	25
1280	AZ	Fort Yuma (Quechan) Reservation	CA054	1,105	1,123	2,102	353
1235	AZ	Fort Mojave Reservation and T.L.	CA100	204	535	692	186
REGION 8 - PACIFIC NORTHWEST							
705	ID	Coeur d'Alene Reservation and T.L.	ID007	541	756	5,778	273
1800	ID	Kootenai Reservation	ID007	40	96	101	24

Annex A (Continued)
LISTING OF CENSUS DESIGNATED TRIBAL AREAS

Area Code	ST	Name of Tribal Area	IHA Code	AIAN Population		Total Pop. 1990	AIAN Households
				1980	1990		
2445	ID	Nez Perce Reservation	ID008	1,463	1,885	16,159	630
1185	ID	Fort Hall Reservation and T.L.	ID009	2,542	3,085	5,114	824
400	OR	Burns Paiute Reservation and T.L.	None	160	150	198	38
815	OR	Cow Creek Reservation	None	0	25	89	8
1365	OR	Grand Ronde Reservation	None	0	2	49	2
4405	OR	Umatilla Reservation	None	908	1,030	2,549	336
4545	OR	Warm Springs Reservation and T.L.	OR013	2,016	2,871	3,143	694
9110	OR	Klamath TDSA	OR037	0	1,858	40,883	683
9050	OR	Coquille Indian TDSA	OR038	0	6,236	403,521	3,176
1655	WA	Jamestown Klallam Reserv. and T.L.	None	0	10	34	3
4690	WA	Yakima Reservation and T.L.	WA022	5,168	6,198	27,448	1,671
4075	WA	Swinomish Reservation	WA023	414	581	2,285	185
3040	WA	Quinalt Reservation	WA027	943	967	1,271	276
2070	WA	Lummi Reservation	WA028	1,259	1,608	3,164	379
2085	WA	Makah Reservation	WA029	803	956	1,238	327
1735	WA	Kalispel Reservation	WA037	98	84	90	30
3940	WA	Spokane Reservation	WA037	1,050	1,213	1,451	376
2375	WA	Muckleshoot Reservation and T.L.	WA040	379	875	3,836	182
760	WA	Colville Reservation	WA043	3,500	3,779	7,034	1,274
2910	WA	Port Gamble Reservation	WA044	266	386	555	97
3030	WA	Quileute Reservation	WA047	273	290	352	98
575	WA	Chehalis Reservation	WA048	200	286	504	94
2040	WA	Lower Elwha Reservation and T.L.	WA050	69	103	112	33
4290	WA	Tulalip Reservation	WA051	768	1,204	7,103	371
1460	WA	Hoh Reservation	WA052	46	107	116	29
2460	WA	Nisqually Reservation	WA052	75	460	649	111
2925	WA	Port Madison Reservation	WA052	148	374	4,834	133
3780	WA	Shoalwater Reservation	WA052	28	83	129	25
3825	WA	Skokomish Reservation	WA052	305	415	618	132
3955	WA	Squaxin Island Reservation and T.L.	WA052	35	146	194	45
2475	WA	Nooksack Reservation and T.L.	WA056	66	456	697	129
3625	WA	Sauk-Suiattle Reservation	WA062	0	50	112	19
4000	WA	Stillaguamish Reservation	WA062	0	95	112	28
4455	WA	Upper Skagit Reservation	WA062	0	161	173	51
3000	WA	Puyallup Reservation and T.L.	WA063	856	977	32,435	384

REGION 9 - ALASKA

110	AK	Annette Islands Reserve	AK002	0	1,206	1,464	378
6150	AK	Angoon	AK004	412	507	643	114
6530	AK	Chilkat	AK004	113	122	140	38
6535	AK	Chilkoot	AK004	0	16	219	8
6660	AK	Craig	AK004	170	288	1,260	121
7050	AK	Hoonah	AK004	543	527	729	166
7090	AK	Hydaburg	AK004	253	353	388	114
7160	AK	Take	AK004	467	516	687	168
7220	AK	Kasaan	AK004	14	42	54	20
7310	AK	Klawock	AK004	210	377	705	123
8005	AK	Pelican	AK004	0	74	212	26
8350	AK	Saxman	AK004	194	321	380	73

Annex A (Continued)
LISTING OF CENSUS DESIGNATED TRIBAL AREAS

Area Code	ST	Name of Tribal Area	IHA Code	AIAN Population		Total Pop. 1990	AIAN Households
				1980	1990		
7590	AK	Mekoryuk	AK009	153	168	168	57
7650	AK	Mountain Village	AK009	539	640	706	131
7700	AK	Napakiak	AK009	254	323	334	74
7710	AK	Napaskiak	AK009	239	310	326	70
7755	AK	Newtok	AK009	124	199	217	37
7770	AK	Nightmute	AK009	116	168	174	22
7900	AK	Nunapitchuk	AK009	295	375	385	87
7950	AK	Oscarville	AK009	56	44	44	10
8040	AK	Pilot Station	AK009	306	452	467	98
8050	AK	Pitkas Point	AK009	82	123	131	37
8060	AK	Platinum	AK009	44	64	67	23
8180	AK	Quinhagak	AK009	402	468	509	125
8200	AK	Red Devil	AK009	18	40	54	9
8245	AK	Russian Mission	AK009	252	229	240	52
8275	AK	St. Mary's	AK009	243	27	34	4
8360	AK	Scammon Bay	AK009	241	337	346	76
8430	AK	Sheldon Point	AK009	98	99	112	24
8490	AK	Sleetmute	AK009	95	93	115	35
8580	AK	Stony River	AK009	56	49	49	21
8730	AK	Toksook Bay	AK009	312	389	405	77
8755	AK	Tuluksak	AK009	228	329	353	60
8765	AK	Tuntutuliak	AK009	209	283	300	66
8770	AK	Tununak	AK009	283	286	300	68
6080	AK	Aleknagik	AK010	138	175	194	49
6500	AK	Chignik	AK010	95	78	171	28
6510	AK	Chignik Lagoon	AK010	41	46	78	13
6515	AK	Chignik Lake	AK010	123	106	125	33
6620	AK	Clark's Point	AK010	70	46	62	21
6700	AK	Dillingham	AK010	891	1,122	2,017	378
6760	AK	Egegik	AK010	57	84	120	37
6790	AK	Ekwok	AK010	71	65	73	26
7100	AK	Igiugig	AK010	25	20	29	4
7110	AK	Iliamna	AK010	38	48	66	15
7140	AK	Ivanof Bay	AK010	37	30	38	8
7280	AK	King Salmon	AK010	0	105	684	37
7360	AK	Kokhanok	AK010	80	151	161	39
7370	AK	Koliganek	AK010	112	182	191	51
7470	AK	Levelock	AK010	69	98	112	38
7550	AK	Manokotak	AK010	273	381	398	88
7680	AK	Naknek	AK010	161	252	590	105
7740	AK	Newhalen	AK010	82	177	192	42
7750	AK	New Stuyahok	AK010	311	381	398	81
7830	AK	Nondalton	AK010	161	154	172	50
8000	AK	Pedro Bay	AK010	31	41	41	11
8010	AK	Perryville	AK010	103	105	110	24
8035	AK	Pilot Point	AK010	57	47	54	14
8140	AK	Port Heiden	AK010	59	84	111	26
8530	AK	South Naknek	AK010	124	105	133	30
8720	AK	Togiak	AK010	443	519	606	130
8780	AK	Twin Hills	AK010	67	37	44	16

Annex A (Continued)
LISTING OF CENSUS DESIGNATED TRIBAL AREAS

Area Code	ST	Name of Tribal Area	IHA Code	AIAN Population		Total Pop. 1990	AIAN Households
				1980	1990		
8810	AK	Ugashik	AK010	11	4	6	2
6400	AK	Cantwell	AK011	28	39	145	13
6550	AK	Chistochina	AK011	27	43	62	12
6560	AK	Chitina	AK011	20	17	46	8
6640	AK	Copper Center	AK011	85	144	426	54
6990	AK	Gulkana	AK011	43	75	113	26
7600	AK	Mentasta Lake	AK011	55	80	102	23
8480	AK	Slana	AK011	8	2	63	2
8650	AK	Tazlina	AK011	4	80	258	23
6770	AK	Eklutna	AK012	42	31	381	15
7330	AK	Knik	AK012	5	37	276	14
7800	AK	Ninilchik	AK012	58	411	10,491	193
8300	AK	Salamatof	AK012	43	110	1,007	29
8390	AK	Seldovia	AK012	117	39	315	13
8790	AK	Tyonek	AK012	222	109	121	48
6020	AK	Akhiok	AK013	101	81	81	24
7210	AK	Karluk	AK013	96	74	82	18
7460	AK	Larsen Bay	AK013	120	143	164	29
7930	AK	Old Harbor	AK013	315	253	276	75
7960	AK	Ouzinkie	AK013	163	183	214	68
8150	AK	Port Lions	AK013	158	133	206	47
6470	AK	Chenegas	AK015	0	62	94	14
6820	AK	English Bay	AK015	98	147	161	41
6840	AK	Eyak	AK015	0	13	168	5
6980	AK	Grouse Creek Group	AK015	0	104	630	49
8130	AK	Port Graham	AK015	141	124	145	59
8640	AK	Tatitlek	AK015	53	98	111	25
6050	AK	Akutan	AK016	66	81	605	18
6210	AK	Atka	AK016	90	93	101	24
6850	AK	False Pass	AK016	60	59	67	20
7270	AK	King Cove	AK016	367	184	457	52
7720	AK	Nelson Lagoon	AK016	55	71	80	32
7790	AK	Nikolski	AK016	48	25	38	19
8260	AK	St. George	AK016	153	138	143	40
8290	AK	St. Paul	AK016	483	531	752	144
8320	AK	Sand Point	AK016	357	422	859	147
8860	AK	Unalaska	AK016	200	273	3,089	59

Public Information



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