Housing Needs of American Indians and Alaska Natives in Tribal Areas:

A Report From the Assessment of American Indian, Alaska Native, and Native Hawaiian Housing Needs

Executive Summary

U.S. Department of Housing and Urban Development | Office of Policy Development and Research

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Prepared for:
U.S. Department of Housing
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Office of Policy Development
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Executive Summary

During the past two decades, although improvements have been made, the overcrowding and physical housing problems of American Indians and Alaska Natives (AIANs) living on reservations and other tribal areas remain strikingly more severe than those of other Americans. Particular circumstances of tribal areas—remoteness, lack of infrastructure, and complex legal and other constraints related to land ownership—make it extremely difficult to improve housing conditions in those areas, although it is important to point out that tribal area housing problems and the barriers to addressing them are much more challenging in some locations and regions of the country than in others.

The nation's central legal framework for providing housing assistance in Indian Country—the Native American Housing Assistance and Self-Determination Act (NAHASDA) of 1996, which gives the tribes primary responsibility for the use of federal and other assistance in addressing these problems—appears to be working more effectively than did the previous approach. Although the need for further capacity improvements remains widespread, the tribes have demonstrated the ability to construct and rehabilitate housing for low-income families at substantial levels under this framework. Congress has provided a fairly consistent level of funding for its primary delivery mechanism, the Indian Housing Block Grant (IHBG), administered by the U.S. Department of Housing and Urban Development (HUD)—in nominal terms—but this flow has been seriously eroded by inflation. Inadequate funding appears to be a major constraint at this point.

Regardless of the extent to which previous funding levels can be restored, however, HUD and other federal agencies need to assist and encourage the tribes to better leverage the assistance they receive and to foster both economic development and housing improvement. In the move toward self-determination, many tribes have recently been innovative in making progress in both areas. The agencies need to build on these examples, working with the tribes to catalyze further progress, especially in tribal areas where current problems are most severe.

This main final report includes the principal findings and conclusions of the Assessment of American Indian, Alaska Native, and Native Hawaiian Housing Needs, a congressionally mandated study funded by HUD and carried out by the Urban Institute and its subcontractors, Econometrica, Inc.; NORC at the University of Chicago; and Support Services International, Inc.[1]

Conducted between 2011 and 2016, this study is the largest study of AIAN housing

1 This study produced four additional reports (1) on the housing needs of Native Hawaiians (Corey et al., 2016), (2) on the circumstances of the AIAN population living in urban areas (Levy et al., 2016), (3) on mortgage lending on tribal lands (Listokin et al., 2016), and (4) an interim report that summarized census data on the changing circumstances of the AIAN population across the country (Pettit et al., 2014).

conditions and policies ever undertaken in Indian Country.[2] It entailed in-person surveys of individual households in their homes in a representative sample of 38 tribal areas (1,340 completed interviews), a large-scale telephone survey of the tribal departments and other local entities that administer the IHBG for the tribes (Tribal/Tribally Designated Housing Entity [TDHE] Survey, 110 completed interviews), and interviews with a broader array of local leaders in site visits to 22 of the sampled areas. The study also entailed extensive analysis of data from the U.S. Census Bureau and other secondary sources.

This report focuses on conditions in the 617 AIAN tribal areas defined by the U.S. Census Bureau and on the 526 counties that contain or immediately surround them. The report has three parts: (1) Demographic, Social, and Economic Conditions; (2) Housing Conditions and Needs; and (3) Housing Policies and Programs.

Demographic, Social, and Economic Conditions

Three things about a population are most critical to understanding its demand for and effects on housing conditions: (1) whether it is growing, (2) how its economic well-being compares with that of other groups, and (3) whether its socioeconomic conditions are internally uniform or diverse.

The AIAN population in tribal areas and their surrounding counties continues to grow rapidly. Patterns suggest that links to traditional tribal areas and cultures remain strong—most who identify AIAN as their only race are remaining on tribal land or staying close to tribal areas rather than moving to distant cities.

Nationwide, the number of people who identified their race as AIAN grew from 4.1 million in 2000 to 5.2 million in 2010—an increase of 27 percent. In 2010, this population included 2.6 million who said they belonged to other racial groups in addition to AIAN (the "AIAN multirace" population). This group grew most rapidly in urban areas outside Indian Country and grew much more rapidly overall than those who identified AIAN as their only race (the "AIAN-alone" population). Some in the AIAN policy community, however, have suggested that a significant number in the multirace group living in urban areas may not be members of the recognized tribes that are NAHASDA's intended beneficiaries.

It has also been suggested, however, that a high percentage of both the AIAN multiracial and AIAN-alone populations that live in tribal areas and their surrounding counties are likely to be tribal members. Their growth has been somewhat slower, but it is still much stronger than the U.S. population growth overall. The AIAN-alone population grew much faster in tribal areas and the surrounding counties than it did in the rest of the nation—by 10 versus 6 percent. From 2000 to 2010, the total AIAN population (AIAN-alone plus AIAN multirace) grew by 12 percent in the tribal areas and by 31 percent in the surrounding counties (compared with the overall U.S. growth rate of 10 percent). By 2010, the total AIAN population had reached 1.15 million in tribal areas and 1.32 million in the surrounding counties.

The overall economic well-being of the AIAN population remains generally more problematic than that of non-AIANs almost everywhere and is worse for AIANs in tribal areas than for AIANs living in other parts of the country.

2 The term *Indian Country* is used in the common colloquial sense to mean tribal areas, including Alaska Native villages, and is not used as a legal term in this report.

For example, the American Community Survey (ACS) shows that, compared with a U.S. average poverty rate of 18 percent in the 2006-to-2010 period, AIAN-alone poverty rates stood at 22 percent in metropolitan counties outside Indian Country, 28 percent in the surrounding counties, and 32 percent in tribal areas (exhibit ES.1). The latter figure is almost double (1.8 times) the U.S. average.

Notable advances in socioeconomic conditions in many tribal areas have occurred during the past two decades, however, offering promising models for change. These advances include improvements in the capacity of the people (higher educational attainment) and vigorous initiatives by tribes exercising their self-determination to drive economic development.

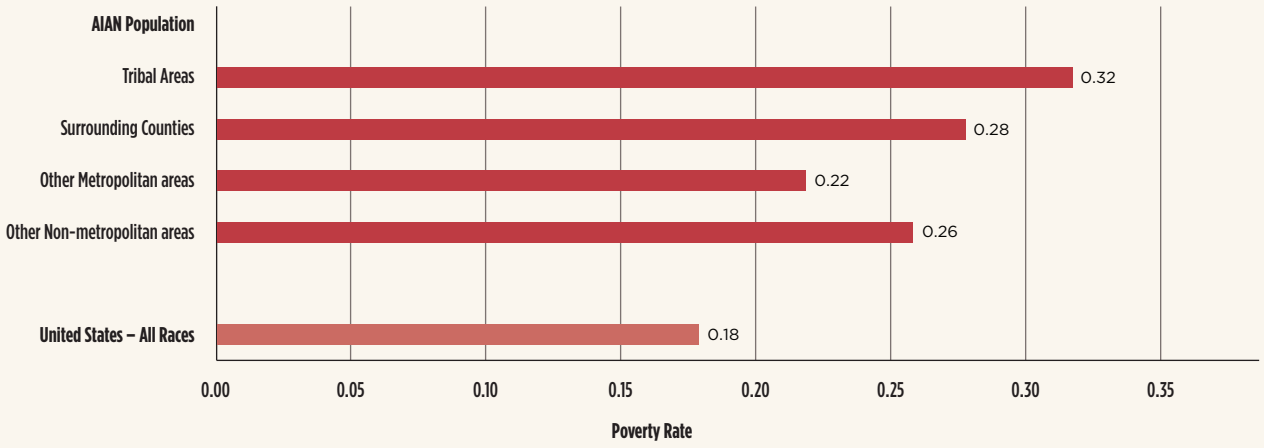
From 2000 to 2006–2010 the share of AIAN adults living in tribal areas that had a bachelor's degree or higher went up only slightly, from 7.8 to 9.2 percent, but this increase narrowed the gap in educational attainment in tribal areas as compared to the non-AIAN population during that period.

Since 1990, researchers have seen increasing tribal efforts to create environments supportive of private entrepreneurship—"tribes investing in their own capacities to govern and thereby improving local accountability and encouraging tribal and non-tribal investments in human and other capital" (Harvard Project on American Indian Economic Development, 2008: 111). New economic activity includes large-scale investments by the tribes and a variety of businesses started by private tribal members. Gaming has played a part in this economic activity—substantially increasing wealth in some places—but it has not been the primary driver of development in most areas and has an uncertain future as a basis for economic development.

An important understanding for policy is that conditions in tribal areas are markedly diverse across the nation.

One example indicator that illustrates this point is the share of a tribal area's population that has a private-sector job. The measure is positively correlated with population growth and other indicators of economic well-being and inversely

Exhibit ES.1 - Poverty Rates, 2006-10



Source: U.S. Census Bureau, American Community Survey, 2006–10 Five-Year Estimates

correlated with remote locations. In the top quarter of the 213 largest tribal areas[3] by this measure, private employees accounted for 17 percent or more of the population. In the bottom quarter, they accounted for less than 7 percent. The top quarter is spread across many parts of the country, although a distinct cluster is in Oklahoma. Regarding the bottom quarter, large clusters are located in the poorest regions of Indian Country: Arizona/New Mexico, the Plains and northwest Alaska. Although the distinction between public- and private-sector jobs is somewhat blurred by tribal and state definitions of certain tribal enterprises, this example does serve to highlight economic diversity in Indian Country.

Housing Conditions and Needs

The central motivation for this study was to determine the extent of housing problems and needs in Indian Country. This study follows standards that HUD uses in its work on worst case housing needs. These standards start with physical problems in three categories:

1. Systems deficiencies—plumbing, kitchen, heating, and electrical.
2. Condition problems, including structural deficiencies, holes in the wall, and so forth.
3. Overcrowding, defined by having more than one person per room.

The analysis then addresses the most rapidly growing problem nearly everywhere—affordability, or *cost burden*—defined as when households are paying more than 30 percent of their income for housing expenses.

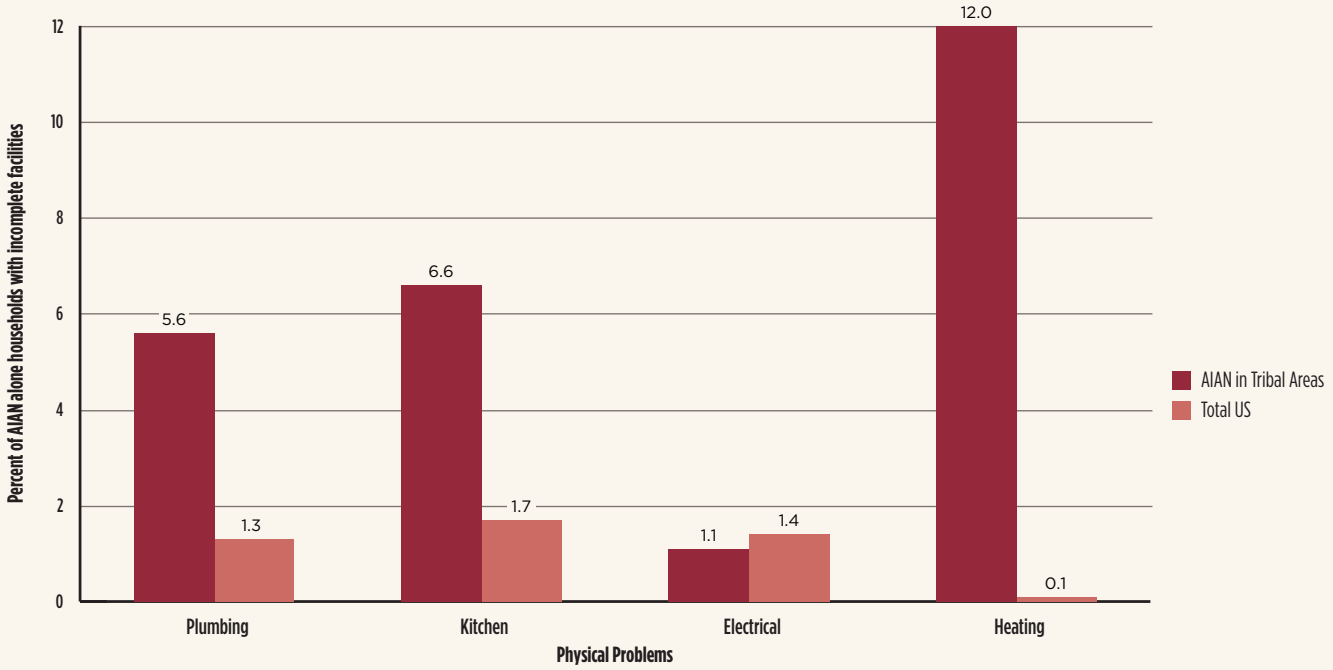
Findings are based on two sources of information. The first source is this project's completed household survey—a nationally representative snapshot of tribal areas as of the time period 2013 to 2015, which provides data on all these problems. The second source is U.S. Census Bureau data. Although the Census Bureau does not collect any data on three of these problems—heating, electrical, or condition deficiencies—it does collect data on all the other indicators and has the benefit of supporting comparisons over time and between geographies, which, because of sample size limitations, cannot be done with the household survey data.

Data from this project's household survey show that physical housing problems for AIAN households in tribal areas remain much more severe than for U.S. households, on average, in almost all categories. The share of AIAN households in tribal areas with a cost burden problem, however, is comparable with that of all U.S. households.

Physical housing problems have declined enough to be negligible for the United States, on average—incidences typically of 1 to 2 percent—but not for American Indians and Alaska Natives in tribal areas. For example, 2013 American Housing Survey data show the U.S. average share of households with plumbing deficiencies was 1 percent, but this study's household survey shows the share for AIAN populations in tribal areas was 6 percent; the share with heating deficiencies was 2 percent for the United States but 12 percent for AIANs in tribal areas; the share that was overcrowded was 2 percent for the United States but 16 percent for AIANs in tribal areas (exhibit ES.2). The only problems in which the incidences were nearly the same were electrical deficiencies (about 1 percent for both) and cost burden (36 percent for the United States versus 38 percent in tribal areas).

3 These 213 are tribal areas the Census Bureau considers large enough to permit the publication of independent estimates for a large number of ACS variables. Together, they account for 89 percent of the total 2010 AIAN-alone population in all tribal areas.

Exhibit ES.2 – Individual Housing Problems in Tribal Areas and United States



Source: Urban Institute Household Survey 2013-2015. American Housing Survey, 2013.

Adding up these measures would yield an inaccurate estimate of the number of households affected by one or more of these problems, because it would involve double counting (a single household, for example, might have a cost burden problem plus a kitchen or plumbing deficiency and also be overcrowded, and so forth). This study also accordingly calculated incidences in mutually exclusive categories.

These calculations show that 10 percent of AIAN tribal area households had plumbing and/or kitchen deficiencies. Another 13 percent that did not have plumbing or kitchen deficiencies had some mix of heating, electrical, and/or condition problems, and another 11 percent that did not have any of the previous problems were overcrowded. Finally, for another 23 percent, cost burden was their only problem.

Altogether, then, 34 percent of AIAN households had one or more physical problems compared with only 7 percent for U.S. households, on average. Including the cost burden-only measure, 57 percent of AIAN households had one or more identified housing problems of any kind (compared with 40 percent of the U.S. households overall).

Any estimate of the amount of new housing required to address the needs of a population must be based on a set of assumptions, and those assumptions are always open to question and alternative formulations. The assumptions developed by the research team for this study indicate that, as of the 2013–2015 period, it would have been necessary to build around 33,000 new units to eliminate the overcrowding of the AIAN population in tribal areas and another 35,000 new units

to replace units that were severely physically inadequate, yielding a total need of around 68,000 new units.

Census/ACS data also confirm that physical housing problems for AIAN households in tribal areas remain much more severe than for U.S. households, on average. They also show that, for low-income AIAN households in tribal areas, the incidence of physical problems is much higher (by about 40 percent) than for the average AIAN household in tribal areas. Finally, they show that marked differences exist in the severity of these problems in different regions and locations. Cost burden problems, however, have grown since 1990 and their locations appear to be inversely correlated with those of physical problems.

The analysis uses data from the ACS for the 2006-to-2010 period (the period just before the housing collapse and the Great Recession), remembering that the only physical problems covered by these data are plumbing/kitchen deficiencies and overcrowding. The data show that one or more of these physical problems affected 13 percent of AIAN households in tribal areas. This number is much higher—by three times—than the comparable number for all U.S. households at that time—4 percent. The share of low-income AIAN households (those with incomes that are less than 80 percent of the local median) in tribal areas with physical problems was much more severe: 18 percent, almost 40 percent more than the AIAN tribal area average.

Substantial variations occurred in the incidence of these problems by region. Physical problems were, by far, the most serious in three of the study regions—the Plains, Arizona/New Mexico, and Alaska (which reaches a high of 36 percent, three times the all-tribal area average of 13 percent). These three regions accounted for 44 percent of all AIAN households in tribal areas, but they accounted for 73 percent of those households that had physical housing problems.

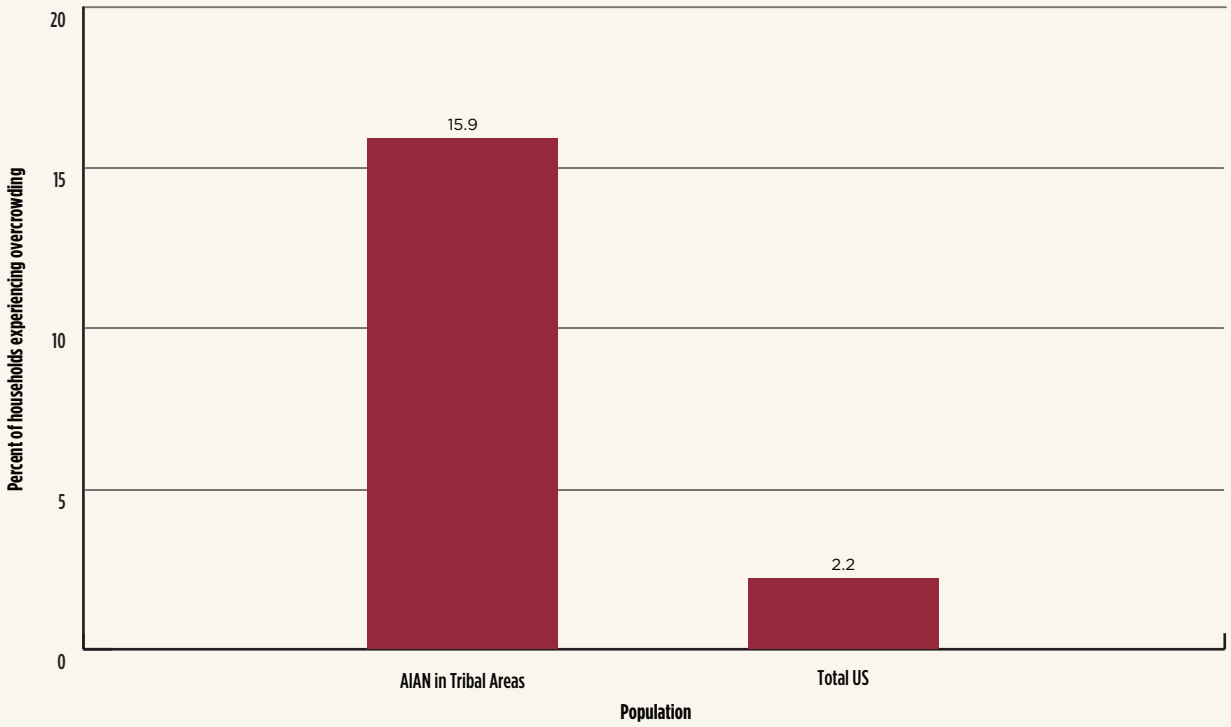
The shares with cost burden-only problems are higher in other regions. In fact, across tribal areas, the incidence of cost burden problems was inversely related to the incidence of overcrowding and other physical problems; in other words, places with the most serious overcrowding problems generally had among the lowest cost burden problems, and vice versa.

Among the 213 largest tribal areas, the quarter with the highest levels of overcrowding—all more than 18 percent—was mostly in the poorest regions—the Plains, Arizona/New Mexico, and Alaska. By contrast, the quarter with the lowest overcrowding—all at less than 4.5 percent—was, in general, in places that came out among the highest in terms of private-sector employment, as discussed earlier.

This study generally confirms what has become the conventional wisdom about homelessness in Indian Country; namely that, in tribal areas, homelessness mostly translates into overcrowding rather than having people sleeping on the street. The study estimates that, at the time of the household survey in 2013–2015, between 42,000 and 85,000 people in tribal areas were staying with friends or relatives only because they had no place of their own; that is, they were homeless.

It is generally understood that AIAN families in tribal areas who do have housing tend to take in family members and others who do not have a place to stay. The tribal/TDHE survey and site visit interviews generally support this conclusion as does the

Exhibit ES.3 – Overcrowded households in Tribal Areas and United States



Source: Urban Institute Household Survey 2013-2015. American Housing Survey, 2013.

household survey (exhibit ES.3). According to the household survey, 19 percent of household heads said they had more household members than could live in their unit comfortably (somewhat more than the 16 percent that were overcrowded by the HUD standard) and 17 percent said they did have some household members that were there only because they had no other place to stay.

Very few of the heads of these households (19 percent) said they would ask these people to leave, but the vast majority (80 percent) of the people involved would like to get a place of their own if they could. This 17 percent of households represents the first sample-based estimate ever made related to this form of homelessness in tribal areas nationwide. Further, this study estimates that the number of people in these households with no place else to stay (that is, the doubled-up homeless) totaled between 42,000 and 85,000—between 3.6 and 7.2 percent of the total 2013–2015 AIAN population in tribal areas.

This study confirms that a strong preference remains for homeownership in tribal areas. The homeownership rate in tribal areas is already high, but many households are renters, and nearly all want to become homeowners. They face notable barriers, however, in achieving that goal.

This study's household survey reports that 68 percent of AIAN households in tribal areas were homeowners in 2013–2015. It also reports that 90 percent of renters would prefer to own their own home (and 90

percent of them said they would contribute their own labor if it would enable them to do so).

Of current homeowners responding to the household survey, 8 percent had been denied a mortgage, and 9 percent of renters who had applied for a mortgage had been turned down. Both groups mentioned that the most common reason for being denied a mortgage was a low credit score or lack of a credit history. The next most common reason that renters mentioned was not having a sufficient downpayment.

Those who had never applied for a mortgage also experienced barriers to homeownership. This group of households mentioned additional barriers that include not having sufficient savings, not having a regular source of income, and lack of access to a mortgage lender. Of the households that were interested in homeownership but had never applied for a mortgage, 29 percent also mentioned that they did not know how to buy a home or were unfamiliar with the loan application process, lending terms, or real estate transactions.

Housing Policies and Programs

The U.S. government has a general trust obligation to promote the welfare of AIAN populations by supplying housing along with other services on reservations and other tribal areas. Notable progress began to be made toward this end in housing in the 1960s, with expanded production under two programs implemented under provisions of the Housing Act of 1937: (1) the low-rent program (operated like public housing elsewhere in the nation) and (2) the Mutual Help program (a lease-purchase type of homeownership program). HUD administered these programs and a network of local Indian Housing Authorities (IHAs) implemented them on the ground, operating under strong HUD oversight.

By 1990, the IHAs had developed 67,400 assisted housing units, a number equal to 42 percent of all low-income households living in Indian Country at the time. Dissatisfaction with these programs, however, was present on several levels. Criticisms included overly complex procedures, a lack of flexibility, coordination problems, and the lack of trained personnel. Underlying these criticisms was deeper dissatisfaction with the extent to which HUD controlled these programs, giving tribal leaders insufficient influence over program planning and operations.

Recognizing these problems, in an era in which self-determination had become the central theme of U.S. Native American policy, Congress replaced this approach with a new framework in 1996: the Native American Housing Assistance and Self-Determination Act. NAHASDA brought a new funding delivery mechanism—the Indian Housing Block Grant—allocated to tribes via a needs-based formula. Funds are given directly to the tribes, rather than to IHAs. The tribal governments may run the program themselves or assign operating responsibility to a Tribally Designated Housing Entity that reports to them. The tribes must prepare an Indian Housing Plan (IHP) and annual performance reports and submit them to HUD's Office of Native American Programs (ONAP), which is responsible for overall performance monitoring and quality control.

IHBG funding must cover continuing support for the remaining stock funded under the 1937 Act programs—the Formula Current Assisted Stock (FCAS)—and also assisted housing development

(new construction, acquisition, and rehabilitation), planning and administration, and an array of activities that support affordable housing and its residents (for example, housing counseling, energy audits, crime prevention, and safety).

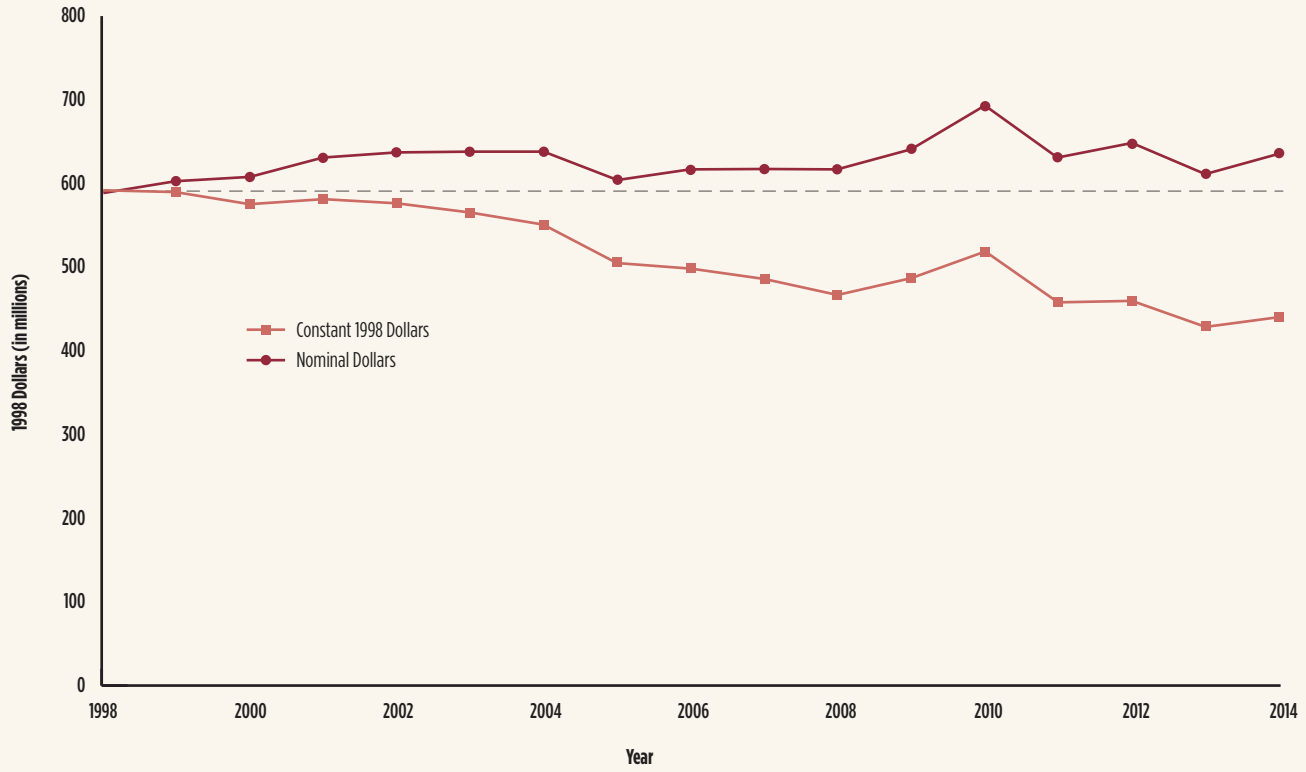
Congress has provided a fairly consistent level of funding for the IHBG in nominal terms, but this flow has been seriously eroded by inflation. Funding for housing development has been especially hard hit.

Since 1998, the first year that IHBG became operational, Congress has provided a consistent level of funding annually in nominal terms—an average of about $667 million per year from 1998 through 2014. During 17 years, however, inflation has seriously eroded that level. The 2014 amount ($637 million in nominal dollars) represented only $440 million in 1998 purchasing power (exhibit ES.4).

Funding for housing development has been especially hard hit because other categories of expenditures (including FCAS support) involve comparatively fixed costs and are very hard to reduce proportionally as inflation takes its toll. Amounts available for housing development are squeezed as a result.

During the 1998-to-2006 period, total expenditures averaged $636 million annually in constant 1998 dollars. Mostly because of the effects of inflation, the amount had declined to an average of $429 million per year during the 2011-to-2014 period—a decline of almost exactly one-third. During the 2011-to-2014 period, the tribes were

Exhibit ES.4 - Amount of IHBG Funds Awarded, 1998 to 2014



Source: HUD ONAP LOCCS Report, current as of June 1, 2015.
Note: The American Recovery and Reinvestment Act of 2009 provided an additional $504,201,481 in IHBG funding.

able to spend only $128 million per year for housing development in 1998 dollars, about one-half of the $244 million the program had been able to spend on housing during the 1998-to-2006 period.

The tribes have demonstrated the capacity to construct and rehabilitate housing for low-income families at substantial levels under the NAHASDA framework. Their ability to effectively use an unexpected injection of funding under the American Recovery and Reinvestment Act (ARRA) of 2009 toward these ends in a very limited time period is particularly strong evidence supporting this conclusion.

What has happened to the quantity of assisted housing in Indian Country since NAHASDA was enacted? First, as would be expected, a decline has occurred in the number of FCAS (1937 Act) units available—from 72,000 in 2003 to 49,000 in 2014. Nearly all of this loss was accounted for by conveyances of Mutual Help units to their residents (as called for in the program design) rather than by demolition. Losses to the low-rent program inventory have been negligible.

These reductions in older FCAS units have been more than made up for, however, by new production under the IHBG. In its early years (from 1998 through 2006), the IHBG program supported the building of an average of 1,900 new assisted housing units per year and the rehabilitating of an additional 2,700 units annually. Production then increased to peak levels in the 2007-to-2010 period (2,400 new units and 4,100 rehabilitated units per year). One question raised before the enactment of NAHASDA was whether the tribes would be able to produce as much housing on their own as had occurred under the earlier HUD-directed system. These numbers give an answer clearly in the affirmative.

This conclusion about tribal capacity is strongly reinforced by what the tribes were able to do with an unexpected injection of additional funds from ARRA in 2009. ARRA provided $47.25 million for IHBG activities on top of the regular IHBG allocation, with the proviso that funds would be recaptured if they were not obligated within 1 year of the date they were made available and spent within 3 years. The tribes were able to spend virtually all (more than 99 percent) of these funds consistent with that requirement, yielding an additional 1,954 new construction units and 13,338 rehabilitated units between 2009 and 2012.

Under the regular IHBG allocations, however, the constant dollar funding reductions noted previously caused a different pattern of production during the 2011-to-2014 period. Tribes responded by cutting back new construction (to 2,000 units per year) and expanding the number of rehabilitated units (to 4,800 per year), presumably judging that an emphasis on rehabilitation, given the overall funding constraint, would allow them to reach a larger share of the families in need.

Since the enactment of NAHASDA, large increases have occurred in the number of HUD grantees and in the share of all programs being administered directly by tribal governments. Many indications suggest that these programs generally are meeting basic functional expectations and that the tribes prefer operations under NAHASDA to the previous system.

In 1995, HUD assistance in Indian Country was being administered by 187 IHAs, serving 467 tribes. In fiscal year 2014, 363 compliant IHPs had been submitted to serve 563 tribes. This project's tribal/TDHE survey indicated that offices of tribal governments

were administering 41 percent of these programs and TDHEs were administering the rest (96 percent of the latter said they were then, or had been, IHAs).

Despite concerns about administrative capacity, ONAP reports widespread compliance with program requirements and general ability to disburse funds rapidly. The tribal/TDHE survey indicates that, for most programs, the number of full-time staff remained stable during the past 3 years (although, at 11 of 22 sites visited, administrators said they were understaffed).

Local administrators recognize that they have enhanced flexibility under NAHASDA (for example, 83 percent of survey respondents said it is easier to leverage private funds now). They indicated no call for any major overhaul of IHBG regulations, although some changes were requested, such as those pertaining to program administration (58 percent) and developing new units (50 percent).

When asked about what they would like to change, most respondents suggested they would like to be able to offer assistance to families just above the eligibility line who, even though somewhat better off, still cannot afford decent housing in tribal areas. Survey respondents also said they would like more training; priorities were for training in building maintenance, information/computer systems, and case management support in resident services.

Most tribes and TDHEs rely on partnerships to provide a broader array of services than would otherwise be possible and on contractors to provide administrative and building-related services. Although contracting is a sound business strategy for accomplishing objectives with limited resources, in some cases, these relationships appear to be necessary for reasons of limited organizational capacity and staff capability, which are attributed to sparse local populations, insufficient funding, and limited opportunities for staff training.

Among the sites visited and the tribal/TDHE survey respondents, most organizations offer only housing assistance programs funded under the IHBG program. Among those that do offer other programs, the most commonly cited were the Housing Improvement Program of the U.S. Department of the Interior's Bureau of Indian Affairs and HUD's Low-Income Housing Tax Credit program. Few respondents named the Indian Community Development Block Grant program as a major program for their tribal area.

Although the flexibility of NAHASDA enables tribes to design, develop, and operate their own affordable housing programs based on local needs, tribal housing departments and TDHEs still face significant challenges in carrying out their plans.

Almost all respondents to the tribal/TDHE survey indicated that development costs had increased during the past 3 years, with 40 percent saying costs had increased greatly and 57 percent saying costs had increased somewhat. In addition, 35 percent of tribal/TDHEs reported that development cost was a very serious constraint, and another 15 percent said it was a fairly serious constraint in developing new housing. When asked to name the top three factors that increase the cost of developing new housing, tribes/TDHEs cited the following barriers most frequently: developing infrastructure (70 percent), availability of labor (39 percent), lack of funds (34 percent), and acquiring or assembling land (30 percent). Other challenges reported by tribes included risk of flooding, water shortages, and the aging of existing infrastructure.

The availability of labor is affected because tribal housing agencies do not have enough construction activity to support construction

workers (either in-house employees or contractors) on a consistent basis. This scarcity of work results in the need for workers with the necessary skills to travel outside the tribal area for work and then not be available when needed in the tribal area.

Land assembly and acquisition remain as frequent problems that add to the cost of development. The main source of this challenge is fractionated land, which is the result of allotments that have been divided among heirs through probate. Having many owners makes it hard to assemble large enough parcels for development. To solve this problem, a few tribes have initiated efforts to buy back fractionated land or land adjacent to tribal lands. Other sites try to ensure that the housing agency owns its own land.

Survey respondents suggested that their biggest challenges in operating the rental program were tenants damaging their units (91 percent), controlling criminal activity (74 percent), and tenants not paying rent on time (65 percent).

A changing landscape exists regarding mortgage lending in Indian Country, with greater lending activity and a lessening of once seemingly intractable problems, such as those related to tribal trust land.

Originating mortgages on properties located in Indian Country presents unique challenges that relate to the legal status of lands on reservations; the remote locations of reservations that inhibit the development of an infrastructure that can support mortgage lending; a lack of cultural understanding by mainstream lenders of Native American attitudes toward the use of credit, particularly when used for a land transaction; and, possibly, lenders' discrimination against Native American mortgage applicants.

A number of programs have been developed to address the challenges of lending in Indian Country, including the Section 184 Indian Home Loan Guarantee Program under the Housing and Community Development Act of 1992, as amended by NAHASDA; Section 502 Direct Loan Program (U.S. Department of Agriculture Rural Housing); and U.S. Department of Veterans Affairs Native American Direct Loan Program. The Section 184 loan program, by providing lenders with a 100-percent guarantee for mortgages to AIAN borrowers originated on tribal trust land, essentially eliminates problems with the unique nature of tribal trust land used as collateral. Section 184 serves AIAN borrowers both on and off trust lands. Rather than tribal trust land issues, the lenders interviewed in this study indicated that mortgage lending on tribal trust land remains a time-consuming process that reduces the appeal of lending on tribal trust land, even with the federal guarantee. This process is so long, in part, because of the requirements under the Section 184 loan program for tribes to develop and execute leases for land on which the mortgaged property is located. Therefore, lenders indicate that they prefer to work with tribes that have the capacity to develop leases and get them approved relatively quickly.

The Helping Expedite and Advance Responsible Tribal Home Ownership (HEARTH) Act of 2012 is viewed as a promising approach to assist tribes in assembling land for development.

The HEARTH Act of 2012 creates an alternative land leasing process. Tribes are authorized to execute agricultural and business leases of tribal trust lands for a primary term of 25 years and up to two renewal terms of 25 years each without approval by the Secretary of the U.S. Department of the Interior, provided governing tribal leasing regulations have

already been submitted to the Secretary. Before 2012, tribes had to submit leases of tribal land to the Secretary of the Interior for approval. Under the HEARTH Act, tribes make their own decisions about land leasing, exercising their right of self-determination. Leveraging trust land was one goal expressed by tribal officials, who were enthusiastic about the potential of the HEARTH Act to break down barriers to leasing on tribal land.

Tribes have developed programs for potential homebuyers, often in partnership with nonprofit organizations and financial institutions.

In addition to having processing issues, many potential borrowers have creditworthiness issues and insufficient incomes or savings to qualify for mortgages, even those mortgages guaranteed under the Section 184 program that have more flexible underwriting standards than do Federal Housing Administration or conventional loans. Lenders report that prepurchase counseling, particularly counseling provided by organizations familiar with the unique challenges of lending on tribal trust land, is critical to getting borrowers mortgage ready. Moreover, downpayment assistance programs can help borrowers with insufficient savings qualify for Section 184 program mortgages. Many tribes have designed local programs to respond to these barriers to homeownership among their members. The diversity of tribal land requires that homebuyer education be tailored to the unique needs of tribes. Topics addressed in homebuyer education programs include establishing credit and improving a low credit rating, understanding the homebuying process, and responsibilities of homeownership. A number of tribes also offer downpayment assistance programs.

Conclusions and Recommendations

Although needs for capacity improvement remain widespread, the housing assistance system established under NAHASDA appears to be functioning reasonably well and doing what it was intended to do. It represents a marked improvement over the previous approach.

This project was not asked to conduct a formal evaluation of NAHASDA. Nonetheless, it offers many findings pertinent to an understanding of how programs are working in the NAHASDA framework and of opportunities to improve performance.

When NAHASDA was enacted, some in the Native American housing policy community, including some appropriators and IHA officials, expressed uncertainty about tribes' capacity to administer the new program and avoid abuses when federal controls were reduced. This study shows that these challenges have largely been addressed.

- The tribes were able to establish new administrative entities and processes to administer the IHGB and related programs fairly quickly after enactment.
- The new system (IHBG, the NAHASDA block grant) has proven it is able to match or exceed the rate of assisted housing production in Indian Country under the old approach (1937 Act programs). Limits on funding are now a major constraint on production.
- This study could not provide much direct evidence on the quality of IHBG housing or costs per unit, but nothing indicates that these measures under IHBG have been inadequate or different than those produced under the old system.

- As hoped, the mix of housing types and development patterns produced under NAHASDA appears more sensitive to cultural and other local determinants in individual tribal areas than was the case under the old approach.
- Although far from ubiquitous, many examples of leveraging and innovative practice today could not have taken place under the pre-NAHASDA system. Likewise substantial qualitative evidence indicates that processes are more efficient now than under the previous, more rule-bound approach. In general, the tribes seem to be stepping up to the challenge of self-determination in housing.
- Qualitative evidence also supports the view that the system is now more broadly accountable to tribal members—that tribal members are able to participate more through their tribal governments in planning and other programmatic decisionmaking.
- Although they recommend some changes, tribal leaders and administrators almost uniformly prefer operations under NAHASDA to the system that existed before.

Regardless of the extent to which previous funding levels can be restored, HUD and other federal agencies need to assist and encourage the tribes to better leverage the assistance they receive to generate both economic development and housing improvement in an integrated manner, particularly in the places that need it most.

It is clear that the amount of federal housing assistance provided to Indian Country to this point has not been sufficient to meet the need. In addition, the flow of IHBG funding is now trending down in relation to this need in real terms. At this time, insufficient funding, more than administrative capacity, is the major constraint on providing housing.

In considering policy options, the diversity of conditions across tribal areas is of great importance. Housing problems in some tribal areas are much more severe than in others. The focus must be on innovative technical assistance and training that will encourage the tribes, especially those most in need, to markedly enhance their own development efforts—learning from other tribes that have been most successful in expanding their local economies and channeling resources to address unmet housing needs efficiently.

A new type of targeted approach is recommended then—one that jointly addresses economic and housing development in tribal areas that are most distressed. Although HUD programs in tribal areas have always had the twin purposes of housing and economic development, a stronger focus on this intersection is needed. This approach envisions movement toward an ideal program, while maintaining the current IHBG program. In many cases, this approach may involve helping the tribes make the fundamental institutional changes that have been critical to establishing a dynamic market economy in tribal areas elsewhere: emphasizing the rule of law in dispute resolution and other aspects of tribal activity, separating politics from day-to-day administration and business affairs, and creating an efficient tribal bureaucracy. It would also include, however, practical technical assistance and training on the specific design and operation of programs developed to support the new strategies. Models would be developed based on successful programs implemented in other tribal areas but modified, as appropriate, to address cultural and other differences.

ONAP could play a leading role in this effort. It has a solid track record of long-established relationships helping tribes achieve their housing objectives and could use reporting and technical assistance activities to support efforts that combine housing and economic development. ONAP would need additional resources enabling it to play an expanded role.

HUD should initiate a program to more frequently monitor housing and other conditions of the AIAN population nationwide, primarily taking advantage of the Census Bureau's ACS.

HUD published its first comprehensive national assessment of AIAN housing conditions in 1996. Between that time and this study, 20 years later, all stakeholders concerned with housing conditions in tribal areas have had little information on changing circumstances to guide their policy deliberations. The long time gap is explained by the fact that this study was very expensive—$6.3 million during 6 years. With competing demands for research resources, decisionmakers had a difficult time mobilizing support for a study of this scope.

The high cost of this study was driven mostly by the challenging task of conducting a reliable random sample household survey, particularly in tribal areas, which often lack rural addressing in many places and require intensive fieldwork to build sample frames. There are strong reasons to believe, however, that almost all of the information that needs to be updated for policymaking can be obtained without a separate household survey. ACS data are now released every year, and, although sample sizes are too small to support reliable estimates for smaller tribal areas individually, they are ample to support reports on most needed indicators for tribal areas in total by region and for larger tribal areas individually (as demonstrated by the use of ACS data in this report). A major increase in the national sample size was implemented in 2011, so ACS data in the future will be more reliable than is the 2006–2010 data used in this report.[4]

It is recommended that HUD support studies that rely on decennial census and ACS data in census years (for example, 2020, 2030) and on ACS data alone for the intervening 5-year points (for example, 2015, 2025, 2035). The currency of the data should make a greater contribution to timely and cost-effective adaptations of policies and programs. Two reports are recommended in each reporting year.

1. A report on conditions for AIAN populations nationwide across all geographies. It would compare indicators for AIAN populations in tribal areas and surrounding counties with those in other metropolitan and nonmetropolitan areas. No one else now regularly produces a report like this and it should be of great value to the overall AIAN policy community.
2. A report focused on tribal areas, with the NAHASDA/HUD policy community as its primary audience. This report would examine trends in housing conditions, problems, and needs in tribal areas and also program performance under NAHASDA.

An additional need must be considered. In the course of this study, many tribes said they would like to develop much better data on housing conditions and other circumstances on their own individual reservations to guide program planning. This interest, in part, can be met for the larger tribes (that is, where ACS sample sizes warrant) by sending them standard situation profiles from the ACS each year

4 This increase raised the national sample to 3.5 million addresses, up from 2.9 million in the 2000s (U.S. Census Bureau, 2014a).

and encouraging tribal input regarding data presentations and formats. In addition, HUD's Office of Policy Development and Research should work with ONAP to develop efficient guidelines and training programs to help tribes (that can mount the needed resources) conduct sample surveys and use other available data to assess their situations efficiently. This study's household survey is publicly available to tribes for their use, which is consistent with the intent of NAHASDA to enhance tribal capacity and self-determination.

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EQUAL HOUSING OPPORTUNITY

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