

Creating Housing Opportunities for American Indians, Alaska Natives, and Native Hawaiians

A quick reference guide to HUD's Office of Native American Programs



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Indian Housing Block Grant (IHBG) Program

The Native American Housing Assistance and Self-Determination Act of 1996 (NAHASDA) recognizes the right of tribal self-governance and the unique relationship between the Federal government and the governments of Indian tribes. NAHASDA provides housing funds to Indian communities with a single block grant program made directly to the tribe or tribally designated housing entity (TDHE).

Until Fiscal Year 1998, the HUD Indian housing programs operated pursuant to the U.S. Housing Act of 1937. Passage of the Native American Housing Assistance and Self-Determination Act of 1996 (NAHASDA) changed the Indian housing program from competitive categorical grants made to housing authorities, to a formula block grant to Indian tribes based primarily on need.

Annual grants are made in the form of an Indian Housing Block Grant (IHBG) offering maximum flexibility to tribes to design, implement and administer their own unique housing programs. However, the primary purpose of the IHBG is to provide housing assistance for the benefit of low-income families.

The amount of a recipient's IHBG is based upon a formula comprised of two components (1) the statutory requirement and practical necessity to maintain a tribe's current existing housing stock built under the United States Housing Act of 1937, as amended, and (2) the need for additional low-income housing in the tribe's service area.

Eligible housing activities that may be provided under the program include:

About Us: The Office of Native American Programs

The Department of Housing and Urban Development's policy to promote the general welfare by meeting the national goal of providing decent, safe, and affordable housing for lower income Native American and Alaska Native families is administered by the Office of Native American Programs (ONAP).

The Department is committed to vesting in TDHEs the maximum amount of responsibility for administering their housing programs. To accomplish this objective, the Department consults with American Indian and Alaska Native Tribal governments, Indian housing authorities and national Indian organizations when developing legislation, regulations and policies that affect those Tribes.

The Department also encourages the development of a mutually beneficial partnership designed to assist Native Americans by: expanding homeownership and affordable housing opportunities; empowering the residents of Indian housing through the creation of jobs and economic development opportunities; enforcing fair housing opportunities; making Indian housing

developments drug-free; and helping to end overcrowding and homelessness.

ONAP consists of a Headquarters office located in Washington, D.C., a National Program Office located in Denver, Colorado, and six Area Offices located in Chicago, Oklahoma City, Denver, Phoenix, Seattle, and Anchorage.

This brochure describes programs ONAP administers for tribes, The Section 184 Loan Guarantee Program and Title VI of NAHASDA. The Indian Community Development Block Grant and Rural Housing Economic Development Program are helping many communities. The Native Hawaiian Housing Block Grant Program and the Section 184A program provide housing assistance to and homeownership opportunities for Native Hawaiian families eligible to live on Hawaiian Home Lands.

Throughout the year, HUD offers training and education courses for recipients of Indian Housing Block Grant funds, housing staff, tribal officials and lenders. More about HUD's training courses can be found on the Code Talk Web site (www.codetalk.fed.us).

- **Housing Development.** Acquisition, new construction, reconstruction, and moderate or substantial rehabilitation of affordable housing that may include real property acquisition, site improvement, development of utilities and utility services, demolition, financing, administration and planning, and other related activities.
- **Indian Housing Assistance.** Modernization and operating assistance for housing previously developed or operated under a contract between HUD and an Indian housing authority.
- **Housing Services.** Housing-related services for affordable housing, such as housing counseling for rental or homeownership assistance; establishment and support of resident management; energy auditing; activities related to the provision of self-sufficiency; and other services assisting owners, tenants, contractors and other entities participating or seeking to participate in eligible housing activities.
- **Housing Management Services.** Management services for affordable housing, including preparation of work specifications, loan processing, inspections, tenant selection, management of tenant-based rental assistance, and management of affordable housing projects.
- **Crime Prevention and Safety.** Safety, security, and law enforcement measures and activities appropriate to protect residents of affordable housing from crime.
- **Model Activities.** ONAP may specifically approve housing activities under model programs that are designed to develop and support affordable housing.

Indian Community Development Block Grant (ICDBG) Program

The Indian Community Development Block Grant (ICDBG) Program assists eligible recipients to develop viable communities, including decent housing, a suitable living environment, and economic opportunities, principally for persons of low- and moderate-income.

Eligible applicants for assistance include any Indian tribe, band, group, or nation (including Alaska Indians, Aleuts, and Eskimos) or Alaska Native village that has established a relationship with the Federal government as defined in the program regulations.

The ICDBG Program can provide funding for recipients in the following categories: economic development, homeownership assistance, housing rehabilitation, land acquisition, microenterprise programs, new housing or public facilities and improvements.

The six area Offices of Native American Programs (ONAPs) administer the ICDBG Program with oversight provided by the Denver Program Office. Each area ONAP is responsible

for a geographic jurisdiction that includes from 26 to more than 200 eligible applicants.

ICDBG regulations provide for two categories of grants, Single-purpose and Imminent Threat. Single-purpose grants are awarded competitively according to the terms published in an annual Notice of Funding Availability (NOFA). Imminent Threat grants are funded through an annual set-aside of ICDBG funds. Grants are to be used to alleviate or remove imminent threats to health or safety that require an immediate solution. Eligible applications are funded on a first-come, first-served basis.



A new home in Alaska

The Section 184 Loan Guarantee Program

The goal of the Section 184 Loan Guarantee Program is to provide homeownership opportunities to Native Americans living on trust or restricted lands.

The Section 184 Loan Guarantee Program was created by the Housing and Community Development Act of 1992 to address the lack of mortgage capital in Indian Country. The 184 program offers a HUD-approved loan guarantee to private sector lenders who make home mortgage loans to eligible borrowers for homes located in Indian Country.

Before a tribe, TDHE, or family can obtain a Section 184 guaranteed loan, the tribe must have enacted mortgage codes for eviction and foreclosure, and priority of lien procedures. The Section 184 guaranteed loan can be used to (1) acquire an existing single-family property (2) acquire and rehabilitate an existing single-family property; (3)



Northern Pueblo home in New Mexico

Section 184 Program Facts

- More than 1,300 Section 184 loans made to Native Americans
- 100% Guarantee to lender
- No maximum income limits
- Eligible activities include new construction, rehabilitation and purchase of an existing house
- Refinancing now available
- Flexible underwriting: Allows for lenders to have significant latitude to approve loans
- Available on tribal trust, individual allotted trust or fee simple land in an Indian operating area



A Section 184 home in Montana

rehabilitate an existing single-family property; or (4) construct a new single-family property on restricted land or in an Indian area; and (5) refinance an existing mortgage.

The HUD Office of Native American Programs or lenders approved under the Direct Guarantee Program underwrite Section 184 Loans.

The Office of Native American Programs, which administers the program, is currently partnering with over 185 lender offices and 120 tribes that are committed to making homeownership a reality for Native Americans. To continue the program's growth and success, HUD continually seeks to expand lender and tribal partnerships.

Eligible borrowers include: Indian families from a federally recognized tribe or Alaska Natives; TDHEs, Indian housing authorities, and tribes.

- Low down payment
- Loan limit: 150% of FHA limits
- Loans are assumable
- 1% guarantee fee at closing

For more information about the HUD Section 184 and Title VI Loan Guarantee Programs, call 1-800-561-5913 or visit www.codetalk.fed.us/loan184

Title VI of NAHASDA

One of the primary objectives of NAHASDA is to ensure better access to private capital markets for Indian tribes. Historically, private lenders and investors have been reluctant to participate in lending programs within Indian areas due to remote locations, cumbersome work with trust lands, and lack of understanding of individual tribes.

The purpose of the Title VI loan guarantee program is to assist IHBG recipients that want to finance eligible affordable housing activities but are unable to secure financing without the assistance of the federal guarantee. The IHBG funds are leveraged to gain greater economic benefit.

A federal guarantee is a pledge by the U.S. Government to repay all or a portion of the unpaid principal balance and accrued interest for an obligation by a tribe or TDHE to a lender



Cherokee Nation groundbreaking ceremony in Jay, Oklahoma, for a \$50 million Title VI Loan Guarantee



A home delivered by barge to Unalakleet village, Alaska

after a default under the terms of the repayment agreement.

Using the Title VI program, the tribe or TDHE leverages IHBG funds to finance affordable housing activities today by pledging future grant funds as security for the repayment of the guaranteed obligation.

A private lender or investor provides the financing and HUD provides the guarantee to the lender or investor. The full faith and credit of the United States is pledged to the repayment of 95% of the unpaid principal balance and accrued interest. Lenders or investors assume a 5% risk.

The tribe or TDHE repays the obligation. However, when a tribe or TDHE fails to repay the debt and a default is declared, HUD honors the guarantee and will seek reimbursement from the tribe's or TDHE's future IHBG funds.

Native Hawaiian Housing Block Grant (NHHBG) Program

The Native Hawaiian Housing Block Grant Program is a new program patterned after the IHBG Program but containing specific provisions to address the housing needs and circumstances of Native Hawaiians.

The NHHBG program authorizes HUD to make grants to the Department of Hawaiian Home Lands (DHHL) to carry out affordable housing activities for Native Hawaiian families who are eligible to reside on the Hawaiian Home Lands.

The DHHL must submit a one-year and five-year housing plan for HUD review. The plan must contain the goals, mission and methodology of how DHHL will accomplish its objectives during the grant period. There are five categories of eligible affordable housing activities:

- Development of affordable housing;
- Housing-related services for affordable housing;
- Management services for affordable housing;

- Safety, security, and law enforcement measures and activities to protect residents of affordable housing from crime; and
- Housing activities under model programs designed to carry out the purposes of the housing plan, if approved by HUD.

Section 184A Loan Guarantee Program

This new program is patterned after the Section 184 Loan Guarantee Program but contains changes to address the housing needs and circumstances of Native Hawaiians. The purpose of the loan guarantee program is to provide access to sources of private financing to Native Hawaiian families who could not otherwise acquire housing because of the unique legal status of the Hawaiian Home Lands or as a result of a lack of access to private financial markets.

An eligible borrower includes only a Native Hawaiian family, the Department of Hawaiian Homelands (DHHL), the Office of Hawaiian Affairs, or a private nonprofit organization experienced in Native Hawaiian affordable housing. Loans are used to construct, acquire, or rehabilitate single family housing located on the Hawaiian Home Lands and included in the DHHL housing plan. The Section 184A guarantee authority is freestanding and has its own guarantee fund.

Tribal College and University Partnerships

The Tribal Colleges and University Program is one of several initiatives administered by HUD's Office of University Partnerships (OUP), in close collaboration with ONAP. The purpose of the program is to assist Tribal Colleges and Universities to build, expand, renovate, and equip their own facilities, especially those facilities that are used by or available to the larger community. The maximum amount that can be requested and awarded to a particular Tribal College or University is \$400,000. The maximum grant period is 36 months.

Recognizing the crucial role that America's institutions of higher education can play in rebuilding communities large and small, HUD established the OUP in 1994 to encourage and expand the efforts of institutions of higher education that are striving to make a difference in their communities through funding opportunities.

Whether the institution has a venerable history of reaching out to lower income neighborhoods or is just beginning to explore the potential of such partnerships, OUP and ONAP can help increase the scope, effectiveness, and sustainability of its community-building efforts.



Entrance to the Fort Berthold Community College, Newtown, North Dakota

The partnership has three goals:

- To recognize, reward, and build upon successful examples of universities' activities in local revitalization projects;
- To create the next generation of scholars and encourage them to focus their work on housing and community development policy; and
- To create partnerships with other Federal Agencies to support innovative teaching, research, and service partnerships.

The Office of University Partnerships serves institutions of higher education, researchers, and students through grant programs, interactive conferences, and related research.

The Rural Housing and Economic Development Program

The HUD Rural Housing and Economic Development (RHED) Program was created in 1999 to build capacity at the State and local level for rural housing and economic development and to support innovative housing and economic development activities in rural and tribal communities and reservation areas.

Grants will be awarded to support innovative housing and economic development activities and projects. Indian tribes, state housing finance agencies (HFAs), state community and/or economic development agencies, local rural non-profits, and CDCs are eligible to apply.

Eligible activities include, but are not limited to, preparation of plans, architectural drawings, acquisition of land and buildings, demolition, provision of infrastructure, purchase of materials, construction, use of local labor markets, and job training. Other possible activities include homeownership and financial counseling; application of innovative construction methods; provision of financial assistance to homeowners, businesses, and developers; and the establishment of CDFIs, lines

of credit, revolving loan funds, microenterprises, and small business incubators.

The maximum award amount under this category will be \$400,000.

ONAP administers these RHED grants going to recipients that serve Native American communities.

More information on the RHED program can be found on www.hud.gov or Code Talk (www.codetalk.fed.us).



New housing at the Catawba Indian Nation, South Carolina

Education and Training

As part of HUD's ongoing commitment to assist tribes address their local housing needs, the ONAP sponsors training and education courses for recipients of IHBG funds, housing staff, tribal leaders and lenders.

Scheduled throughout the year, HUD's training is free of charge. Course descriptions and schedules for the training sessions are available on the Internet (Code Talk). In addition, training brochures are mailed to IHBG grantees. Training courses in Fiscal Year 2003 covered a variety of NAHASDA related concerns and issues such as Section 184 and Title VI, Government Approved Accounting Principles (GAAP), Section 504 (design of accessible housing for the disabled) and the Treatment of Mold and Moisture.

For more information about NAHASDA Training, contact any of the regional ONAP offices or visit the Code Talk Web page (www.codetalk.fed.us).



ONAP training session



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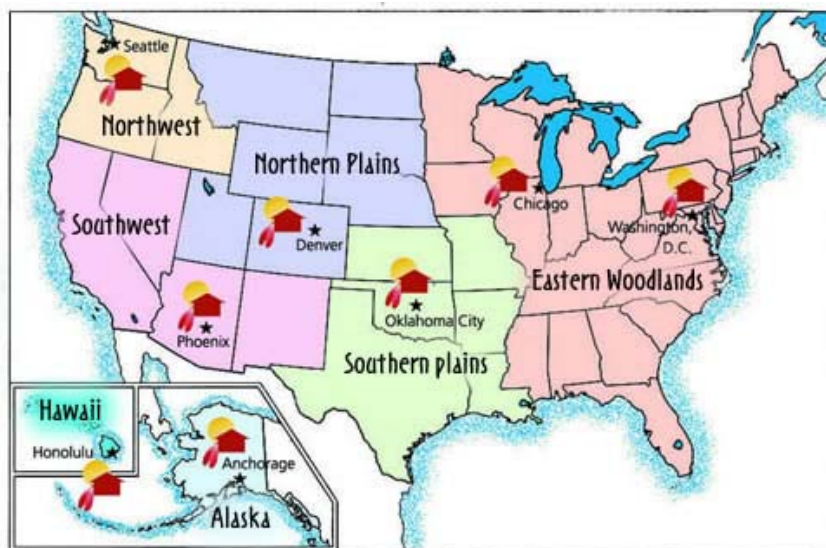
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About Code Talk

Code Talk is a federal inter-agency Native American Web site hosted by the U.S. Department of Housing and Urban Development, Office of Native American Programs. The site is linked to key federal agencies and resources important to Native American issues, key topics and events, and American Indian and Alaska Native resources.

Information about any of the programs offered by HUD and ONAP can be accessed through the Code Talk Web site.

www.codetalk.fed.us