



806 SW Broadway, Suite 900
Portland, OR 97205

T 503.242.1745
F 503.242.1072

HOBBSSTRAUS.COM

MEMORANDUM

January 25, 2017

To: Housing Clients

From: Hobbs, Straus, Dean & Walker, LLP

Re: *HUD's Presentation on Release of Final Housing Needs Study*

On January 23, 2017, HUD held a video briefing on the release of the final report of Housing Needs of American Indians and Alaska Natives ("Study"). HUD released its final Study on January 19, 2017. The video briefing will be archived and available to view on HUD's YouTube channel: www.youtube.com/user/HUDchannel. The Study is available for download at https://www.huduser.gov/portal/native_american_assessment/home.html.

Background on the Study

Congress mandated that HUD conduct an assessment of American Indian and Alaska Native (AI/AN) and Native Hawaiian housing needs in 2009. The goal of the Study is to provide clear, credible, and consistent information to assess the housing conditions in AI/AN and Native Hawaiian communities, to be used to inform policy and to allow HUD to serve tribes more effectively. HUD believes that tribes and tribally-designated housing entities (TDHEs) can also use and internally update the Study data for many purposes. HUD hopes to continue to update and supplement the Study data every five years.

The Study used several sources of information, including new data collected from households and TDHEs, Census data, and administrative data from HUD and other federal agencies. This is the largest study covering AI/AN and Native Hawaiian housing conditions and policies ever undertaken in Indian Country. The Study focuses on conditions in 617 AI/AN and Native Hawaiian "tribal areas" as defined by the Census Bureau and on the 526 counties that contain or immediately surround them. The Study has three parts: (1) Demographic, Social and Economic Conditions; (2) Housing Conditions and Needs; and (3) Housing Policies and Programs. It includes over 1,300 in-person surveys of households, interviews with over 100 tribal/TDHE housing officials, and analysis of data from the Census Bureau and other secondary sources. The Study includes a number of separate reports, including four reports on the housing needs of Native Hawaiians, to be published in February 2017.

The purpose of the call was to provide a briefing of the key findings of the following three reports:

- Housing Needs of American Indians and Alaska Natives in Tribal Areas;
- Housing Needs of American Indians and Alaska Natives in Urban Areas; and
- Mortgage Lending on Tribal Land.

The presenters also discussed the successes and failures of implementation of the Native American Housing Assistance and Self-Determination Act (NAHASDA).

Background on NAHASDA

Nancy Pindus of the Urban Institute provided an overview of NAHASDA, which reorganized the system of housing assistance provided through HUD by eliminating several separate programs of assistance and replacing them with a block grant program, the Indian Housing Block Grant (IHBG), and the Title VI Loan Guarantee, which provides financing guarantees to tribes for private market loans to develop affordable housing. One goal of NAHASDA is to increase tribal self-determination by allowing tribes and TDHEs to manage their own funds and create programs tailored to individual communities. One of the aims of the Study was to receive feedback from tribes and TDHEs on how implementation of NAHASDA has been effective, and what improvements can be made.

The main response from tribes and TDHEs is that IHBG grants are severely underfunded, which hinders TDHEs from building new housing stock and from undertaking many new dynamic projects or risks. Funding has remained at the same level annually, without increases tied to inflation, and funding is worth only two-thirds what it was a decade ago. As operating and rehabilitation costs continue to increase, housing production has been cut back significantly. TDHEs are spending half of what they had initially been able to spend on building, and in Alaska and other areas, much less.

The overall findings on NAHASDA implementation follow:

- There has been a large increase in number of IHBG grantees;
- Tribes and TDHEs are complying with NAHASDA;
- Survey respondents said NAHASDA improved spending flexibility, but increased funding is necessary and all respondents cited a lack of adequate funding;
- There must be a way to use IHBG funds for those above the income restrictions, especially those close to the income restrictions – otherwise, there is less opportunity for upward mobility while remaining in the community;
- 94% of respondents said they had “high unmet” housing needs;
- 87% of respondents said housing needs grew over past 3 years, and 99% of TDHEs have a waiting list;

- Respondents reported a need for increased staff training on software and in construction; and
- Major challenges include rehabilitation of damaged units (often from overcrowding), criminal activity, and nonpayment of rent.

Ms. Pindus said that the Study showed that HUD needed to work to alleviate the underlying causes of problems by addressing socio-economic conditions. HUD needs to partner with other federal agencies, states, and local governments to address complex regulations that hinder development. Funding should be targeted to tribes who need it most.

Mortgage Lending on Tribal Land Report:

Thomas Kingsley of the Urban Institute presented on the Study's findings on mortgage lending on tribal land. While AI/ANs indicate the same preference for home ownership as other populations, mortgage lending remains limited in Indian Country. The Section 184 program was established to provide a 100% guarantee to lenders on trust land. The Study examines Section 184 loan originations from 1994 through May 2015 and analyzes the views of lenders and others on barriers of mortgage lending in Indian Country. Between 1994 and May 2015, there were 28,840 Section 184 loans, with a total value of \$4.7 billion. Over 93% of these loans were made after 2005, reflecting new regulations that resulted in expansion of eligible areas for the loans.

The vast majority of Section 184 loans are done on fee land, rather than on trust land. Since 1994, nearly half of mortgage loans originated on tribal lands were in Oklahoma. The entire state of Oklahoma is considered an 'eligible area,' and has no tribal trust areas.

The lender survey recommended the following to improve mortgage lending: home buyer education and pre-purchase counseling; affordable and flexible lending products; more efforts to undertake culturally-sensitive underwriting; senior management commitment to approval of lending in Indian Country; and new ways to expedite mortgage processing on tribal land. Additionally, lenders cited environmental impact statements, fractionated land ownership, and complicated title processes as issues that slow down processing of mortgage applications and may discourage lenders without experience in Indian Country.

Housing Needs of American Indians/Alaska Natives in Tribal Areas

Ms. Pindus also presented on housing needs of AI/AN in tribal areas. The Study included a survey of 1,340 AI/AN households from 38 tribal areas, with a 60% response rate. The survey offers information not available in existing Census data sources, including estimates of electrical and heating problems, physical housing problems, and an estimate of the extent of overcrowding among AI/AN households in tribal areas. Key findings included the following:

- Housing conditions vary by region but are substantially worse overall among AI/AN households in tribal areas than among all U.S. households, with overcrowding as a significant problem.
- Physical deficiencies in plumbing, kitchen, heating, electrical, and maintenance issues were found in 23% of households in tribal areas, compared to 5% of all U.S. households.
- Overcrowding coupled with another physical housing problem was found in 34% of households in tribal areas, compared to 7% of all U.S. households.
- The percentage of households with at least one “doubled-up” person staying in the household because they have nowhere else to go was 17%, estimated to be up to 84,700 people.

Housing Needs of American Indians/Alaska Natives in Urban Areas

Diane Levy of the Urban Institute presented on the Study findings on AI/AN housing challenges in urban areas. The Study was only able to focus on small sample size and is therefore “not generalizable.” The methods of data collection included interviews with staff from social service organizations serving AI/ANs in 24 metropolitan areas, analysis of data from the 2000 and 2010 decennial census, the 5-year estimates from the American Community Survey (ACS) 2006-10, and data from the Home Mortgage Disclosure Act (HMDA). Key findings included the following:

- AI/AN households are more likely to occupy worse housing than the rest of the population and more likely to be overcrowded.
- Reasons for moving to urban areas (and back to non-urban areas if originally from non-urban area) include housing availability, personal health or family health, educational and employment activities.
- On average, compared to the rest of the population in the 24 sampled metropolitan areas, AI/AN individuals are younger, poorer and less educated. However, disparities between areas vary widely.
- Factors contributing to urban homelessness include unemployment, unaffordable housing, and lack of supportive services for AI/AN individuals who came to the city seeking medical care. Very few social service agencies provide targeted assistance to AI/AN populations.

If you have any questions regarding this memorandum, or if you would like assistance drafting any comments that you might want to be considered, please contact Ed Clay Goodman at egoodman@hobbsstrauss.com or (503) 242-1745.