

PREPARED STATEMENT OF THE HONORABLE MARTY SHURAVLOFF
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TO THE UNITED STATES HOUSE OF REPRESENTATIVES,
APPROPRIATIONS COMMITTEE, SUBCOMMITTEE ON TRANSPORTATION,
HOUSING AND URBAN DEVELOPMENT, AND RELATED AGENCIES
**REQUEST TO EXAMINE TRIBAL HOUSING PROGRAMS AND INITIATIVES
PROPOSED IN THE PRESIDENT'S FY2011 BUDGET**

March 24, 2010

Introduction

Good afternoon Chairman Olver, Ranking Member Latham, and distinguished members of the House of Representatives Appropriations Committee, Subcommittee on Transportation, Housing and Urban Development, and Related Agencies. My name is Marty Shuravloff and I am the Chairman of the National American Indian Housing Council (NAIHC), the only national tribal non-profit organization dedicated solely to advancing housing, physical infrastructure, and economic development in tribal communities in the United States. I am also an enrolled member of the Leisnoi Village, Kodiak Island, Alaska. I want to thank the Subcommittee for the opportunity to submit written testimony for its consideration as it prepares its FY2011 Appropriations Bill.

Background on the National American Indian Housing Council (NAIHC)

The NAIHC was founded in 1974 and has, for 36 years, served its members by providing valuable training and technical assistance (T/TA) to all tribes and tribal housing entities; providing information to Congress regarding the issues and challenges that tribes face in terms of housing, infrastructure, and community and economic development; and working with key Federal agencies in an attempt to address such issues and meet such challenges. The membership of NAIHC is expansive, comprised of 271 members representing 463¹ tribes and tribal housing organizations. The primary goal of NAIHC is to support Native housing entities in their efforts to provide safe, quality, affordable, culturally relevant housing to Native people.

Brief Summary of the Problems Regarding Housing in Indian Country

While the country has been experiencing an economic downturn in general, this trend is greatly magnified in Indian communities. The national unemployment rate has risen and has hopefully passed its peak at an alarming rate of nearly 10 %;² however, that rate does not compare to the unemployment rates in Indian Country, which average 49 %.³ The highest

¹ There are approximately 561 federally-recognized Indian tribes and Alaska Native villages in the United States, all of whom are eligible for membership in NAIHC. Other NAIHC members include state-recognized tribes that were deemed eligible for housing assistance under the 1937 Act and grandfathered in to the Native American Housing Assistance and Self-Determination Act.

² See <http://www.bls.gov/news.release/empsit.nr0.htm>.

³ Bureau of Indian Affairs Labor Force Report (2005).

unemployment rates are on the Plains reservations, where the **average** rate is 77 %.⁴ Because of the remote locations of many reservations, there is a lack of basic infrastructure and economic development opportunities are difficult to identify and pursue. As a result, the poverty rate in Indian Country is exceedingly high at 25.3 %, nearly three times the national average.⁵ These employment and economic development challenges exacerbate the housing situation in Indian country. Our first Americans face some of the worst housing and living conditions in the country and the availability of affordable, adequate, safe housing in Indian Country falls far below that of the general U.S. population.

- ❖ According to the 2000 U.S. Census, nearly 12 % of Native American households lack plumbing compared to 1.2 % of the general U.S. population.
- ❖ According to 2002 statistics, 90,000 Indian families were homeless or under-housed.
- ❖ On tribal lands, 28 % of Indian households were found to be over-crowded or to lack adequate plumbing and kitchen facilities. The national average is 5.4 %.
- ❖ When structures that lack heating and electrical equipment are included, roughly 40 % of reservation housing is considered inadequate, compared to 5.9 % of national households.
- ❖ Seventy percent of the existing housing stock in Indian Country is in need of upgrades and repairs, many of them extensive.
- ❖ Less than half of all reservation homes are connected to a sewer system.

There is already a consensus among many members of Congress, HUD, tribal leaders, and tribal organizations that there is a severe housing shortage in tribal communities; that many homes are, as a result, overcrowded; that many of the existing homes are in need of repairs, some of them substantial; that many homes lack basic amenities that many of us take for granted, such as full kitchens and plumbing; and that at least 200,000 new housing units are needed in Indian Country.

These issues are further complicated by Indian land title status. Most Indian lands are held in trust or restricted-fee status; therefore, private financial institutions will not recognize tribal homes as collateral to make improvements or for individuals to finance new homes. Private investment in the real estate market in Indian Country is virtually non-existent. Tribes are wholly dependent on the Federal government for financial assistance to meet their growing housing needs, and the provision of such assistance is consistent with the Federal government's centuries-old trust responsibility to American Indian tribes and Alaska Native villages.

The Native American Housing Assistance and Self-Determination Act

In 1996, Congress passed the Native American Housing Assistance and Self-Determination Act ("NAHASDA") to provide Federal statutory authority to address the above-mentioned housing disparities in Indian Country. NAHASDA is the cornerstone for providing housing assistance to low-income Native American families on Indian reservations, in Alaska Native villages, and on Native Hawaiian Home Lands. The Indian Housing Block Grant ("IHBG")

⁴ Many of these reservations are in the state of South Dakota, which has one of the lowest unemployment rates in the nation. On some SD reservations, the unemployment rate exceeds 80%.

⁵ US Census Bureau, *American Indian and Alaska Native Heritage Month: November 2008*. See <http://www.census.gov>.

is the funding component of NAHASDA. Since the passage of NAHASDA in 1996 and its funding and implementation in 1998, NAHASDA has been the single largest source of funding for Native housing. Administered by the Department of Housing and Urban Development (“HUD”), NAHASDA specifies which activities are eligible for funding.⁶ Not only do IHBG funds support new housing development, acquisition, rehabilitation, and other housing services that are critical for tribal communities; they cover essential planning and operating expenses for tribal housing programs. Between 2006 and 2009, a significant portion of IHBG funds, approximately 24%, were used for planning, administration, housing management, and services.⁷

American Recovery and Reinvestment Act (ARRA) and FY2010 Indian Housing Funds

NAIHC would like to thank Congress, particularly this Subcommittee, for its increased investment in Indian housing in FY2010. AARA provided over \$500 million for the IHBG program. This additional investment in Indian Country supports hundreds of jobs, has allowed some tribes to start on new construction projects, and has assisted other tribes in completing essential infrastructure for housing projects that they could not have otherwise afforded with their IHBG allocations. Tribes have complied with the mandate to obligate the funds in an expedient manner, thus helping stimulate tribal and the national economies.

In addition to ARRA funding, Congress appropriated \$700 million for the IHBG in FY2010, the first significant increase for the program since its inception. This positive step reversed a decade of stagnate funding levels that neither kept pace with inflation nor addressed the acute housing needs in Native communities.

The President’s FY2011 Budget Request for the Indian Housing Block Grant

On February 1, 2010, President Obama submitted to Congress a \$3.8 trillion budget request. It proposes \$580 million for the IHBG, which is a decrease of \$120 million (-17 %) from the FY2010 funding level.⁸ At the same time, HUD’s overall budget was reduced by only 5 %. Should Congress accept the President’s budget proposal, it would be the lowest, single-year funding level for the NAHASDA since it was enacted in 1996. To put this in proper perspective, funding appropriated by Congress in FY1998, 12 years ago, was \$20 million **more** than the President’s Budget Request for FY2011.

While the NAIHC and its members are aware of and appreciate the large investments made in Indian housing, we are disappointed that the current request fails to continue the positive budget trajectory of recent years. Therefore, the NAIHC strongly urges Congress to not only appropriate funds above the President’s Budget Request, but to fund the IHBG at \$875 million due to the increasing costs for housing development, energy efficiency initiatives, and

⁶ Eligible activities include but are not limited to down-payment assistance, property acquisition, new construction, safety programs, planning and administration, and housing rehabilitation.

⁷ See Appendix A, attached hereto.

⁸ Part of the rationale for reducing IHBG funding was what may appear to be a delay in use of available tribal housing funds. However, such apparent delay is an aberration. Since NAHASDA was initially funded in FY1998 through FY2009, tribal expenditure rates are 88 %. Based on a HUD ARRA spending report dated March 20, 2010, tribes are spending HUD and ARRA funds at a rate that at least equals and, in some cases, exceeds the national average.

other inflationary factors. Since the President's Budget Request was released, many of our members have expressed their deep concerns. They believe, and we agree, that this budget impacts not only housing, but also the very hope for self-sustaining economies in Indian Country.

Reduced funding would result in the loss of jobs for our people, reversing the positive impact of ARRA; the deterioration of existing housing units; and the curtailment of many housing projects that are currently under development. Without sufficient funding and proper training and technical assistance, progress regarding tribal housing will not only cease; years of hard work will be reversed, as tribes will lack the funds to maintain and operate existing housing units, much less provide new ones. Many tribes are at risk of losing between a quarter and a third of their housing budgets if the President's Proposed Budget were to take effect, the impact of which would be devastating.⁹

Other Indian Housing and Related Programs

The Title VI and Section 184 Indian Housing Loan Guarantee Programs

The President's proposed budget request includes \$2 million for the Title VI Loan Guarantee program and \$8.25 million for the Section 184 program. The Title VI program is important because it provides a 95 % guarantee on loans made by private lenders, which is an incentive for lenders to get involved in the development of much-needed housing in tribal areas. Section 184 is specifically geared towards facilitating home loans in Indian Country. We request that these programs be funded at \$2 and \$9 million, respectively.

Indian Community Development Block Grant (ICDBG)

While appreciated, proposed funds of \$65 million for the ICDBG are insufficient to meet the current needs for essential infrastructure, including sewer and running water, in Indian Country. We request that this program be funded at \$100 million.

Native Hawaiian Housing

Low-income Native Hawaiian families continue to face tremendous challenges, similar to those that tribal members face in the rest of the United States. The President's funding request of \$10 million for the Native Hawaiian Housing Block Grant is appreciated, but the budget includes no funding for the Section 184A program in Hawaii. While it has taken some time to get this program started—because lenders are not familiar with the Section 184A program—providing no funding would be a step backward for Native Hawaiian families working toward homeownership. We urge Congress to consider this before agreeing to the Administration's proposal to eliminate funding for the program.

Training and Technical Assistance (T/TA) and the Proposed Transformation Initiative

The President's proposed budget eliminates entirely the much-needed, exceptional T/TA that has been provided by NAIHC since NAHASDA was implemented. The provision of T/TA is critical for tribes to build their capacity to effectively plan, implement, and manage tribal housing programs. Eliminating funding for T/TA would be disastrous for tribal housing authorities and would be a huge step in the wrong direction. Tribes need **more** assistance in

⁹ See Appendix B, attached hereto.

building capacity, not less. Since NAIHC's funding for T/TA was restored in 2007, requests for T/TA have steadily grown. The funding that NAIHC is currently receiving is insufficient to meet the continuous, growing demand for T/TA. Therefore, we are forced to make difficult decisions regarding when, where, and how to provide the most effective T/TA possible to our membership.

The budget request proposes an agency-wide Transformation Initiative Fund ("TIF") with up to 1 % of HUD's total budget, which would draw funds away from essential housing programs, including \$5.8 million from the IHBG account, "to continue the on-going comprehensive study of housing needs in Indian Country and native communities in Alaska and Hawaii." While the NAIHC membership believes the TI may have merit, we do not believe that transferring nearly \$6 million from the IHBG account to conduct a study on housing needs is a wise or even defensible use of Federal taxpayer funds. More importantly, the \$6 million affects funding that has historically been appropriated to NAIHC for T/TA. Through resolutions, the NAIHC membership has repeatedly taken the position that a portion of the IHBG allocation should be provided to NAIHC for T/TA, which is a reflection of their confidence in NAIHC and the continuing demand for the essential capacity-building services that we provide. We request that funding in the amount of \$4.8 million for T/TA be included in the FY2011 budget.

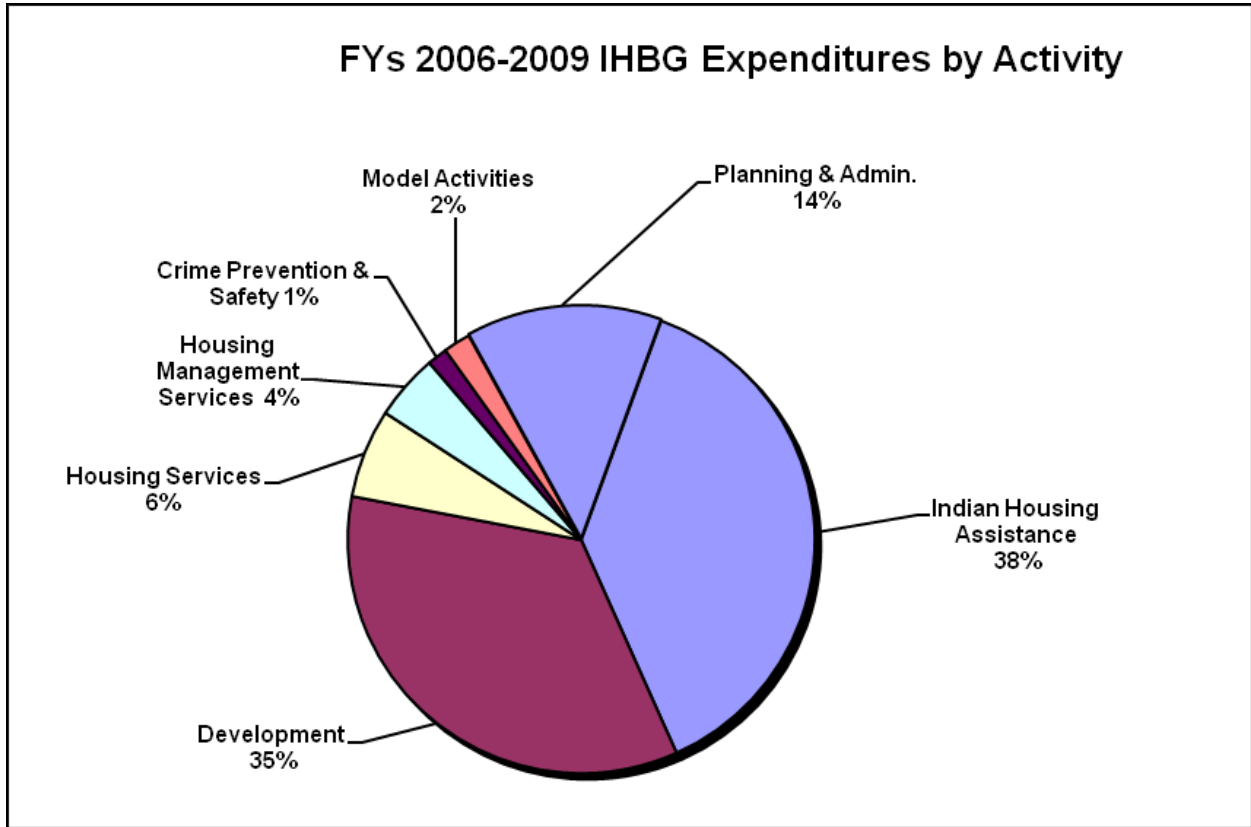
Conclusion

NAHASDA was enacted to provide Indian tribes and Native American communities with new and creative tools necessary to develop culturally relevant, safe, decent, affordable housing. NAIHC has very specific concerns, enumerated above, with the President's proposed Indian housing funding levels and hopes that Congress, with the leadership of this important Committee, will not allow the NAHASDA program to take an enormous step backwards and devastate the progress that has been made in the past 12 years to improve housing conditions in Indian Country. Based on the facts outlined above and the potentially devastating impact a dramatic cut to Indian housing funds will unquestionably have on Indian country, NAIHC requests funding in the amounts outlined above in order to meet the immense needs in Indian country.

Thank you, Chairman Olver, Ranking Member Latham, and the members of this Subcommittee for allowing us to express our Fiscal Year 2011 budgetary priorities and concerns regarding Native American housing needs. Your continued support of Native American communities is truly appreciated, and the NAIHC is eager to work with you and your professional staff on any and all issues pertaining to Indian housing programs and living conditions for America's indigenous people.

Appendix A: How NAHASDA Funds Are Being Spent

The following chart shows how tribes spent NAHASDA funds from 2006 – 2009.¹⁰



¹⁰ See <http://hud.gov/offices/cfo/reports/2011/cjs/nahb-grants2011.pdf>.

Appendix B: Specific Examples of Potential Housing Funds Losses:¹¹

Tribe and State	Grant Simulation Using President's Proposed FY2011 Budget	FY 2010 Housing Funds (Before Repayments and Grant Adjustments)	Difference in Grant Amount
Holy Cross Village, Alaska	\$121,563	\$181,111	-\$59,548
Organized Village of Kake, Alaska	\$227,631	\$339,475	-\$111,844
Ft. McDowell Reservation, Arizona	\$70,326	\$104,448	-\$34,122
Navajo Nation, Arizona, New Mexico, and Utah	\$73,402,755	\$93,816,159	-\$20,413,404
Western Band of the Cherokee Nation, Oklahoma	\$25,843,314	\$31,684,864	-\$5,841,550

Not all tribes stand to lose the same percentage of funding under the President's proposed budget because of the way the funding formula works for the IHBG. For example, the Lumbee tribe of North Carolina stands to lose roughly 45% of their total housing budget because 92% of it is needs-based.¹²

¹¹ These numbers are based on a simulation using the President's proposed funding figure of \$572 million compared to the FY2010 budget without any adjustments. The numbers are a rough estimate and subject to change based on a variety of factors, but they do offer a good summary of the potential impact of the President's FY2011 budget, if passed.

¹² Per Lumbee tribal member and attorney Edward K. Brooks, Patterson Dilthey, Attorneys at Law, Raleigh, NC, 3/22/2010.