

STATEMENT OF ORLANDO J. CABRERA

Assistant Secretary for Public & Indian Housing
U.S. Department of Housing and Urban Development

Hearing before the Committee on Financial Services
Subcommittee on Housing & Community Opportunity

United States House of Representatives



“Reauthorization of the Native American Housing Assistance and Self-Determination Act”

June 6, 2007

INTRODUCTION

Madam Chairwoman, Ranking Member Biggert, and Members of the Subcommittee: thank you for inviting me to provide comments on HUD's Indian housing, loan guarantee and community development programs.

My name is Orlando Cabrera and I am Assistant Secretary for the Office of Public and Indian Housing. PIH is responsible for the management, operation and oversight of HUD's Native American and Native Hawaiian programs. These programs are available to 562 federally-recognized Indian tribes, 5 state-recognized Indian tribes formerly eligible under the United States Housing Act of 1937, and the State of Hawaii's Department of Hawaiian Home Lands. We serve these entities directly, or through their tribally designated housing entities (TDHE), by providing grants and loan guarantees designed to support affordable housing and community development activities. Our partners are diverse; they are located on Indian reservations, in Alaska Native Villages, and on the Hawaiian Home Lands.

In addition to those duties, PIH's jurisdiction encompasses the public housing program, which aids over 3,000 public housing agencies that provide housing and housing-related assistance to low-income families.

It is a pleasure to appear before you again, and I would like to express my appreciation for your continuing efforts to improve the housing conditions of American Indian, Alaska Native and Native Hawaiian peoples. From HUD's perspective, much progress is being made. Tribes are taking advantage of new opportunities to improve the housing conditions of the Native American families residing on reservations, on trust or restricted lands and in Alaska Native Villages.

This momentum needs to be sustained as we continue to work together toward creating a better living environment in Native American communities.

OVERVIEW OF NATIVE AMERICAN PROGRAM

At the outset, let me reaffirm the Department of Housing and Urban Development's support for the principle of government-to-government relations with federally-recognized Native American tribes. HUD is committed to honoring this core belief in our work with American Indians and Alaska Natives.

Increasing minority homeownership is one of the President's primary goals. HUD's Native American housing and loan guarantee programs are the lynchpins for accomplishing this within Indian Country.

For example, our latest figures show that during FY 2006, tribes and their TDHEs used Indian Housing Block Grant (IHBG) funds to build, acquire, or substantially rehabilitate more than 1,600 rental units and more than 6,000 homeownership units. Each of these units became a home to a Native American family. There have been recent successes with our loan guarantee programs too; and this will be discussed in more detail in a few moments.

The block grant and loan guarantee programs are important vehicles for achieving the Department's goal of reducing overcrowding in Native American communities by 10 percent over 10 years.

For several years now, we have updated you on the progress that tribes and TDHEs are making toward the obligation and expenditure of the funding appropriated for Native American programs. That progress continues. In an effort to ensure that grant funds are disbursed in a timely manner, HUD identifies those recipients with undisbursed grant funds more than 3 years old and works with them to reduce those balances. In 2005, program managers identified more than \$285 million in such funds and were successful in reducing that amount by more than 50 percent. In 2006, \$260 million in undisbursed, older-than-3-years grants were reduced almost 30 percent.

This represents substantial progress and indicates that tribes are increasing their capacity to comprehensively manage and grow their affordable housing programs. HUD's Office of Native American Programs (ONAP) has continued to develop more robust performance indicators to measure our progress and the progress of our grant recipients. At the same time, we are seeking to strengthen data collection capability to improve reporting and ensure that we can understand and communicate the rate of program fund obligations, expenditures, and production.

The Department is continuing to consult with tribal leaders and Native American housing officials on how we can improve and streamline data collection for the IHBG program and for the Indian Community Development Block Grant program.

REAUTHORIZATION OF THE NATIVE AMERICAN AND NATIVE HAWAIIAN HOUSING AND LOAN GUARANTEE PROGRAMS

The Department supports the reauthorization of all Native American and Native Hawaiian housing and loan guarantee programs. My office has developed a number of statutory amendments to NAHASDA that may be offered during the reauthorization process. We describe them briefly below.

Here is a brief overview of the statutes that authorized these programs.

The Native American Housing Assistance and Self-Determination Act of 1996 (25 U.S.C. 4101 *et seq.*) (NAHASDA) created the IHBG and Title VI Tribal Housing Activities Loan Guarantee programs (Title VI). On December 27, 2000, the Omnibus Indian Advancement Act (Pub. L. 106-568) amended NAHASDA by adding a new title VIII, "Housing Assistance for Native Hawaiians." Title VIII authorized the Native Hawaiian Housing Block Grant program, which is similar to the IHBG program, but serves Native Hawaiian families eligible to reside on the Hawaiian Home Lands.

The Omnibus Indian Advancement Act also established the Section 184A Native Hawaiian Loan Guarantee program (12 U.S.C. 1715z-13b). This single-family home loan guarantee program for Native Hawaiians is similar to the Section 184 Indian Housing Loan Guarantee program authorized by the Housing and Community Development Act of 1992 (Pub. L. 102-550, 12

U.S.C. 1715z-13a). Congress recently reauthorized the Section 184 program for an additional 5 years.

The “Authorization of Appropriations” for each of these programs has, or is about to, expire. At my request, the Deputy Assistant Secretary for Native American Programs consulted with headquarters and field office staff about statutory revisions to make these programs more user-friendly. During our regional and national housing summits, we also consulted with tribal and Indian housing leaders about ways to streamline the Indian Housing Plans (IHP) and Annual Performance Reports (APR) they submit. As an offshoot of that process, we established a work group to revise and streamline the IHP and APR formats and requirements. Some of the amendments under consideration are the results of decisions made by that work group and my staff.

We also met a number of times with House and Senate Committee staff to discuss reauthorization, and attended joint meetings with Committee staff members and representatives from the National American Indian Housing Council (NAIHC) on this subject.

This is a brief overview of the amendments HUD is considering.

1. Allowing for Over-income and Essential Indian Families: Right now, a tribe or TDHE can declare that certain over-income families are essential to the tribal community. Those families can then participate in NAHASDA’s homeownership activities, loan guarantee activities under Title VI, and model activities. They cannot occupy rental housing, receive tenant-based rental assistance or receive other forms of affordable housing services. An amendment to section 201(b)(2) of NAHASDA would permit the tribe or TDHE to allow these over-income families to do so. Another amendment to section 201(b)(3) of NAHASDA would permit essential Indian families to be housed regardless of income. Current law only permits essential non-Indian families to be housed regardless of income.

2. Affordability Period: An amendment to section 205 would delete the requirement for an affordability period, or “useful life” under binding commitments for all dwelling units assisted with Indian Housing Block Grant (IHBG) funds, including homeownership units, and make the provision applicable only in the case of rental and lease-purchase housing owned and operated by the tribe or TDHE. In a number of instances, the current restrictions have prevented the children or spouse of a deceased homebuyer from inheriting the deceased’s interest in the property.

3. Formula Current Assisted Stock (FCAS): An amendment to section 302, the IHBG Allocation Formula, would change the way that housing units in management are counted for formula purposes. It would stop counting units for FCAS purposes in the year after they are conveyed, demolished or disposed of. This change would comport with the process established by the original negotiated rulemaking committee that crafted the IHBG regulations.

In addition, an amendment to Title IV of NAHASDA would clarify that issues related to repayment of IHBG FCAS allocations do not constitute, in and of themselves, substantial

noncompliance by a grantee. Substantial noncompliance by a grantee triggers a formal administrative hearing on the issue.

4. Operation and Maintenance of NAHASDA Units: An amendment to section 202(4) “Housing Services,” would clarify that grantees may use IHBG funds for the maintenance and operation of units developed with IHBG funds. Currently, this is considered a model activity, and the amendment would reduce paperwork for grantees and HUD staff.

5. Indian Housing Plan (IHP) Streamlining: An amendment to section 102 would simplify and streamline the IHP submission requirements by deleting the 5-year plan requirement, streamlining the one-year plan to eliminate duplicative information, and establishing IHP due dates based on a grantee’s program year.

6. Annual Performance Report (APR) Streamlining: An amendment to section 404 of NAHASDA would delete the requirement for a grantee to describe how it would change its programs as a result of its experiences. Most grantees do not think this information is necessary. Another amendment would conform the APR to reflect any IHP changes that are made.

7. An amendment to the Section 184A program would allow refinancing and de-link it to the annual Native Hawaiian Housing Plan (NHHP). The Section 184 Indian Housing Loan Guarantee program permits refinancing, and this amendment would conform the Native Hawaiian Section 184A program accordingly. The amendment to the NHHP removes the requirement to discuss loan guarantee activity, but the grantee remains free to mention this activity in the NHHP. These amendments would conform the Section 184A program to the Section 184 program.

These proposed amendments will streamline paperwork submission and approval requirements, and provide better program clarity and direction. They are aimed at reducing administrative burdens on grantees and HUD staff. The majority of these amendments are similar or identical to amendments being proposed by the National American Indian Housing Council and others. We also worked closely with the IHP/APR working group on the streamlining amendments. To put some context to these proposals, a brief description of our programs follows.

SYNOPSIS OF HUD NATIVE AMERICAN AND NATIVE HAWAIIAN PROGRAMS INDIAN HOUSING BLOCK GRANT (IHBG) PROGRAM

The Native American Housing Assistance and Self-Determination Act of 1996, as amended, or NAHASDA, provides formula-based housing block grant assistance to Indian tribes or their tribally designated housing entities. To qualify for a grant, the tribe must submit both a one-year and a five-year Indian Housing Plan (IHP) to HUD for a compliance review. The IHP contains a mission statement, goals and objectives, and an activities plan by which the recipient will provide affordable housing during the grant period. At the end of each grant year, an Annual Performance Report must be submitted describing how the grantee met its stated objectives. The program began in FY 1998. Prior to NAHASDA, Indian housing authorities received funds under the authority of the United States Housing Act of 1937, as amended (1937 Act).

Funding Distribution: Need-based formula funding allocations under the Indian Housing Block Grant (IHBG) program are predicated on two factors; need, which is the extent of poverty and economic distress and the number of Indian families within the Indian areas of the tribe; and Formula Current Assisted Stock (FCAS), which is the number of dwelling units that are currently owned or operated by the grant recipient that were developed under an Annual Contributions Contract authorized by the 1937 Act. FCAS also includes Section 8 units that continue to be operated after contract expiration in a manner similar to the Section 8 program.

Applicant Eligibility: Eligible tribes include federally recognized Indian tribes and the five state-recognized Indian tribes formerly eligible under the 1937 Act.

Legal Authority: Titles I through V of the Native American Housing Assistance and Self-Determination Act of 1996, as amended (Public Law 104-330; 110 Stat. 40; 25 U.S.C. 4101 et seq.)

Regulations: 24 CFR part 1000

TITLE VI TRIBAL HOUSING ACTIVITIES LOAN GUARANTEE FUND
(Federal Guarantees for Financing for Tribal Housing Activities)

This program authorizes HUD, through the Office of Native American Programs, to guarantee obligations issued by tribes or their tribally designated housing entities (TDHE), to finance the eligible affordable housing activities enumerated in Section 202 of NAHASDA, and other housing-related community development activities consistent with the purposes of NAHASDA. No guarantee will be approved if the total outstanding obligations exceed five times the amount of the grant for the issuer, taking into consideration the amount needed to maintain and protect the viability of housing developed or operated pursuant to the 1937 Act.

The program requires issuers to pledge current and future IHBG appropriations toward the repayment of the guaranteed obligations. The full faith and credit of the United States is pledged to the payment of all guarantees.

HUD may not guarantee obligations exceeding \$400 million for each of Fiscal Years 1997-2007, with a cumulative cap of \$2 billion for the eleven-year period. Once 50 percent of the authority has been committed in any year, HUD may limit the amount of guarantees any one tribe may receive in any fiscal year to \$50 million, or request an increase in the statutory dollar limitations. HUD may enter into commitments to guarantee loans for any fiscal year only to the extent that funds have been appropriated.

Funding Distribution: Eligible applicants apply for loans directly to lenders, and the Federal guarantee is issued after the loan is approved.

Applicant Eligibility: Grant recipients under the IHBG program authorized by NAHASDA.

Legal Authority: Title VI of Native American Housing Assistance and Self-Determination Act of 1996 (Public Law 104-330; 25 U.S.C. 4101 et seq.).

Regulations: 24 CFR part 1000, subpart E.

SECTION 184 INDIAN HOUSING LOAN GUARANTEE FUND (Section 184)

Section 184 of the Housing and Community Development Act of 1992 established a loan guarantee program for Indian families, Indian tribes, Indian housing authorities (IHA), and tribally designated housing entities (TDHE). The purpose of the program is to provide access to private mortgage financing for Indian families, TDHEs/IHAs, and Indian tribes that could not otherwise acquire housing financing because of the unique legal status of Indian lands. The loans guaranteed under the program are used to construct, acquire, refinance, or rehabilitate single-family housing located on trust land or land located in an Indian or Alaska Native area. This guarantee authority is freestanding and has its own guarantee fund. HUD may enter into commitments to guarantee loans for any fiscal year only to the extent amounts have been provided in appropriations acts.

Funding Distribution: Eligible applicants apply for loans directly to lenders, and the federal guarantee is issued after the loan is approved.

Applicant Eligibility: Indian families, TDHEs/IHAs, and Indian tribes.

Legal Authority: Section 184 of the Housing and Community Development Act of 1992, as amended (Public Law 102-550; 106 Stat. 3739; 12 U.S.C. 1715z-13a)

Regulations: 24 CFR part 1005

INDIAN COMMUNITY DEVELOPMENT BLOCK GRANT (ICDBG) PROGRAM

The ICDBG program provides federal aid for Indian tribes and Alaska Native Villages to develop viable Native American communities. Competitive grants are awarded to eligible Indian tribes and Alaska Native Villages to improve the housing stock, provide community facilities, make infrastructure improvements, fund micro-enterprises, and expand job opportunities. Eligible activities include housing rehabilitation, acquisition of land for housing, and assistance for homeownership opportunities for low- and moderate-income persons, construction of single- or multi-use facilities, streets and public facilities, and economic development projects--especially those sponsored by nonprofit tribal organizations or local development corporations. Funds may not be used for constructing or improving government facilities, for new housing construction (unless carried out by an eligible nonprofit organization), for general government or income expenses, for operating or maintenance expenses, for political activities, or to purchase equipment.

Funding Distribution: Under Section 106 of the Housing and Community Development Act of 1974, one percent of the Title I Community Development Block Grant appropriation, excluding amounts appropriated for use under Section 107, is allocated for grants to Indian tribes. Area Offices of Native American Programs distribute the funds to eligible Indian tribes and Alaska

Native Villages on a competitive basis, according to selection criteria set forth in a regulation and an annual Notice of Funding Availability.

Applicant Eligibility: Federally recognized Indian tribes or tribal organizations applying on behalf of such a tribe.

Legal Authority: Title I of the Housing and Community Development Act of 1974, as amended (Public Law 93-383; 88 Stat. 633; 42 U.S.C. 5301 et seq.)

Regulations: 24 CFR part 1003

NATIVE HAWAIIAN HOUSING BLOCK GRANT PROGRAM (NHHBG)

This program is patterned after the Indian Housing Block Grant program, but contains changes to address the housing needs and circumstances of Native Hawaiians. The NHHBG program authorizes HUD to make grants to the State of Hawaii's 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 for HUD review a one-year and a five-year housing plan containing the goals, mission, and methodology by which DHHL will accomplish its objectives during the grant period. At the end of each grant year, an Annual Performance Report must be submitted describing how the grantee met its stated objectives.

The five categories of eligible activities for providing affordable housing (or related housing services) are:

- Development of additional affordable housing;
- Housing-related services for affordable housing;
- Management services for affordable housing;
- Safety, security, and law enforcement measures and activities appropriate to protect residents of affordable housing from crime; and
- Housing activities under model programs designed to carry out the purposes of the Act, if specifically approved by HUD as appropriate.

Funding Distribution: Although the NHHBG program makes reference to a formula distribution, at present there is only one eligible grantee, the DHHL.

Applicant Eligibility: Department of Hawaiian Home Lands.

Legal Authority: Title VIII of NAHASDA, as added by Section 513 of the American Homeownership and Economic Opportunity Act of 2000 (Public Law 106-569); and Section 203 of the Omnibus Indian Advancement Act (Public Law 106-568; 42 U.S.C. 4221).

Regulations: 24 CFR part 1006

SECTION 184A NATIVE HAWAIIAN HOUSING LOAN GUARANTEE FUND (Section 184A)

This program is generally patterned after the Section 184 Indian Housing 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 mortgage financing to Native Hawaiian families who could not otherwise acquire housing financing because of the unique legal status of the Hawaiian Home Lands, or as a result of a lack of access to private financial markets. Eligible borrowers include Native Hawaiian families who are eligible to reside on Hawaiian Home Lands, the DHHL, the Office of Hawaiian Affairs, or private nonprofit organizations experienced in the planning and development of affordable housing for Native Hawaiians. Loans are to be used to construct, acquire, or rehabilitate eligible housing located on the Hawaiian Home Lands.

This guarantee authority is freestanding and has its own guarantee fund. HUD may enter into commitments to guarantee loans for any fiscal year only to the extent amounts have been provided in appropriations acts.

Funding Distribution: Eligible applicants apply for loans directly to lenders, and the federal guarantee is issued after the loan is approved.

Applicant Eligibility: Native Hawaiian families, the DHHL, the Office of Hawaiian Affairs, and private nonprofit organizations experienced in the planning and development of affordable housing for Native Hawaiians.

Legal Authority: Section 184A of the Housing and Community Development Act of 1992, as added by Section 514 of the American Homeownership and Economic Opportunity Act of 2000 (Public Law 106-569); and Section 204 of the Omnibus Indian Advancement Act (Public Law 106-568; 12 U.S.C. 1715z-13b).

Regulations: 24 CFR part 1007

HELPING TRIBAL COMMUNITIES SUCCEED IN AFFORDABLE HOUSING AND ECONOMIC DEVELOPMENT

We would like to share with you some perspectives on how to help tribal communities succeed. Tribes should look to federal resources such as NAHASDA's Indian Housing Block Grant and Title VI programs, but they also need to consider other opportunities such as State-administered federal low-income housing tax credits, and other federal and state programs that they may qualify for, but are not using now. They need to explore partnerships with the private sector, the most overlooked resource.

We have engaged in marketing and outreach activities designed to make tribes and TDHEs more familiar with our programs, particularly those with federal guarantees to lower the risks that have traditionally made the private sector shy away from partnering with tribes. We are also implementing a bond financing initiative that has worked well for public housing authorities to

see if it can do the same for tribes. We can also assist with advice on how to leverage private-sector capital to create more housing on reservations. As we move forward, we are cognizant of, and will work within the government-to-government relationship that exists between this Department and the federally recognized Indian tribes we serve.

For various reasons, housing development on reservations has been viewed by many as a “social program,” and not as an engine for economic development. But as we know, one of the leading economic indicators for measuring the Nation’s economy is housing. We need to advance our collaboration with tribes, other federal agencies, and the private sector to clearly establish housing development as a key component, a building block, in the creation of sustainable economies on Indian reservations. Over many years, we have concentrated on the development and management of HUD-assisted housing; now we need to develop the capacity to expand beyond that. Through the leveraging of federal financial resources with private capital, we can create greater opportunities for housing, new businesses and jobs ... all contributing to the creation of sustainable economies.

We have identified some key building blocks to establish the foundation for developing more sustainable economies. These are:

- creating institutions
- investing in human capital
- strengthening legal frameworks
- leveraging sources of capital
- fostering economic diversity

HUD’s goal is to utilize PIH’s Native American programs as catalysts for economic development, and to contribute to building sustainable economies within tribal communities. How do these programs contribute to sustainable economies? Homeownership programs create equity and promote asset building for Native American families. As a result, there is a greater level of commerce and expenditures within the community, and at Native American-owned businesses. Developing housing also greatly assists in creating permanent local jobs.

Not only do these programs provide an influx of funds into Indian communities, they can be used to attract other sources of capital. Today, there are more ways to leverage federal funds than ever before. We encourage tribes to look beyond ONAP programs and pursue opportunities such as low-income housing tax credits, other federal and state programs, and to seek partnerships with the private sector.

ONAP’s success with the 184 Loan Guarantee program, expanding the use of Title VI, and the creation of a tax-exempt bond financing program will greatly assist in building sustainable economies and make this goal a reality.

The Key is Leveraging

ONAP has formed a leveraging workgroup consisting of staff from HUD’s headquarters and regional offices. This group is exploring different ways in which ONAP’s programs can be used

with outside financial resources. Members are also available for direct technical assistance to tribes to assist in the creation of financial strategies for housing development.

NAHASDA'S Indian Housing Block Grant program continues to be the largest single source of housing capital in Indian Country. The IHBG program, which came on-line at the beginning of FY 1998, has now distributed over \$5.7 billion in funds to tribes for affordable housing development.

Imagine the impact on tribal communities if these funds were leveraged on a 5-to-1 or 3-to-1 basis. Relying on IHBG alone, without leveraging those dollars, misses a significant opportunity. One of the fundamental tools for achieving sustainable economies is the ability to access and leverage capital. HUD encourages tribes to look beyond their grant funding and to leverage IHBG funds with other sources of capital. Increased leveraging brings outside capital, the possibility of mixed-use development, and the overall expansion of economic development to Indian Country.

The use of low-income housing tax credits, in conjunction with IHBG funds, is another valuable leveraging tool. HUD is in the process of promulgating a regulation to clarify that project-based or tenant-based rental assistance provided with IHBG funds in a manner consistent with assistance provided under the Section 8 program so that the Secretary of the Treasury can make a determination that the building or project does not reduce the eligible basis for tax credit purposes.

Bond Financing

ONAP's newest initiative to provide yet another opportunity to access private capital is IHBG bond financing. This program will build on the successes of HUD's public housing bond financing program, the Capital Fund Financing Program. Bond financing will provide the tribes a means to leverage their Indian Housing Block Grant dollars to address their housing needs immediately. Under this program, tribes may leverage up to one-third of their annual IHBG for debt service on bond financing.

This program will assist tribes in meeting their housing needs in a shorter time frame by accessing more funds up front, rather than waiting to accumulate funds over time through IHBG alone. The benefits of bond financing include: the possibility of providing lower interest rates through tax-exempt financing, and the opportunity to finance larger transactions as compared to the Title VI program.

The ability of tribes to issue bonds to implement affordable housing activities promotes self-sufficiency and supports the development of sustainable tribal economies while addressing the basic needs of the community.

HUD and the Bureau of Indian Affairs

Title Status Reports

HUD continues to work with the Bureau of Indian Affairs (BIA), the Department of Agriculture, tribes and TDHEs, and mortgage industry representatives to improve the Title Status Report (TSR) process. On April 5, 2007, HUD participated in a national training session in Albuquerque, New Mexico for BIA Realty and Land Title Records Office personnel only. This BIA staff training focused on developing a clear understanding of mortgage transactions and opportunity costs associated with time delays. The interactive training session created a blueprint for the 17 regional training sessions that will begin in June at the Navajo Nation, and culminate with a November session held in Alaska. These training sessions, for tribes, federal agencies, lenders, and other finance partners, will focus on the implementation of a standardized TSR process that will make it possible for them to follow the same procedure regardless of where the trust land transaction occurs. The goal is to streamline the TSR process and increase access to private-sector capital on trust land.

Section 184 Accomplishments

Homeownership and the ability to build equity in one's home is an important component in the development of strong tribal communities. Creating homeownership opportunities continues to rank at the top of this Administration's priorities for the American people.

The program may be used by the individual, to acquire a mortgage, or by the tribe or its tribally designated housing entity, to build new homeownership units within a community.

In FY 2006, the Section 184 program guaranteed 1,139 single-family loans to Native American homebuyers, consisting of \$172.3 million in loan guarantees completed, and another \$18 million in loans approved. This represents a \$190 million investment in Indian Country. To date, in this fiscal year, 780 loans for \$130 million have been guaranteed. This is a 27 percent increase over the same period in FY 2006.

The Section 184 program will continue to play a vital role in the Department's homeownership efforts in the coming years. We encourage all tribes to work with us as we strive to increase the number of Native American families who will realize the dream of owning their own home.

Land Assignment Procedure

In a collaborative effort with tribes to enhance the housing market on reservations, the Office of Native American Programs and the BIA worked with the Mashantucket Pequot tribe to establish a tribal assignment procedure. Through the use of tribal land assignments, the tribe will be able to issue a land assignment to a tribal member that is not subject to the 50-year statutory limitation on encumbrances. This process will make it possible for tribal members to transfer and/or assign their property interest to their heirs under tribal law and allow the tribe to supervise its land use in a manner similar to that undertaken by other sovereign entities. The tribe must create a title plant and recordation process that meets title insurance industry standards, as well as develop assignment laws or ordinances before proceeding. A tribe must submit a copy of their land assignment law, including eviction or foreclosure ordinances, to HUD for approval before a Section 184 loan guarantee can be issued.

Title VI Accomplishments

Tribes and tribally designated housing entities with no significant audit findings can borrow up to five times their annual Indian Housing Block Grant Need allocation, and use their future IHBG funds as collateral to back up the loan. HUD will provide a 95 percent guarantee to a lender in the event of a default. Currently, the program is underutilized by the tribes. In response, ONAP is stepping-up its outreach efforts for the program, and has developed a new capacity-building strategy, based on the successes of marketing the Section 184 program.

ONAP has begun a new marketing and outreach program geared for tribal leaders. It will increase awareness of the benefits associated with leveraged financing and the Title VI program. The emphasis is on economic self-sufficiency through entrepreneurship.

Realizing that financing and development concepts are new to some tribes, ONAP will increase the technical assistance provided to tribes. ONAP staff is available to provide direct assistance to tribes, including financial planning and development strategies.

Since the Title VI program requires that a tribe or a tribal housing entity act, either wholly or in part, as a developer, ONAP is tailoring some of its training and workshops to build the necessary development capacity.

Native Hawaiian Programs Accomplishments

Native Hawaiian Housing Block Grant (NHHBG) Program

The Department of Hawaiian Home Lands (DHHL) has focused a significant amount of NHHBG resources on site and infrastructure improvements to support the development of new homeownership units. DHHL has also partnered with public entities, private nonprofit, and for-profit organizations to assist families in achieving and maintaining homeownership.

There are numerous affordable housing activities in process at more than 14 sites throughout the state of Hawaii. Here are a few examples. \$4.4 million in FY 2003 NHHBG funds were used towards the \$21 million infrastructure cost for 326 homes that will be built in the Kaupea project on the island of Oahu, resulting in 78 NAHASDA-assisted units. Kekaha Residential lots, a project of 49 single-family homes, will be constructed on the island of Kauai. \$1.8 million of FY 2004 NHHBG funds were used towards the \$3.75 million cost for infrastructure improvements, resulting in 22 NAHASDA-assisted units. Partnerships with Habitat for Humanity and other self-help providers are making it possible for low-income Native Hawaiian families to achieve homeownership through the self-help method of construction in various projects on the islands of Kauai, Oahu, Maui, Molokai, and Hawaii. Partnerships have also been secured to implement a home rehabilitation loan program, a self-help home repair training program, and to provide homeownership counseling and training.

Section 184A Native Hawaiian Housing Loan Guarantee Program

The DHHL, a State agency, is our primary program partner. Among its other activities, DHHL is responsible for the allocation of leasehold interests on the Hawaiian Home Lands. In August of 2005, the DHHL closed its first Section 184A transaction, a \$1.7 million institutional loan that resulted in 11 single-family homes on the Hawaiian Home Lands made available for Native Hawaiian families. In May 2006, a Section 184A loan agreement was executed between HUD and DHHL to make the 184A guaranteed loan available to individual Native Hawaiian borrowers. HUD is working diligently to finalize processing guidelines that will facilitate full implementation of the 184A loan guarantee program. It is anticipated that as more housing units are developed on Hawaiian Home Lands, the Section 184A program will provide homebuyers an attractive alternative to the limited financing options available on Hawaiian Home Lands.

HUD Training and Technical Assistance

Training and technical assistance remains a critical component of all our Native American programs. The IHBG's training and technical assistance set-aside provided the initial training and technical assistance to most grantees, enabling them to function effectively under NAHASDA, and we continue to provide that assistance. Functional and programmatic training topics, such as "NAHASDA Essentials," "Financial Management," "Environmental Review," "Procurement," and many other training sessions are provided around the country on an on-going basis. Specialized training on such diverse topics as "Gang Violence," "Establishing Boys & Girls Clubs," and "Preventing Mold and Moisture," is also available. Training and outreach is conducted for the Section 184 and Title VI Loan Guarantee programs as well. The ICDBG program has a training course that has made an impact on the quality of applications received for this competitive program, and we are in the process of establishing training and technical assistance for the Native Hawaiian programs.

On-site technical assistance is made available to IHBG grantees at their request. Technical assistance through other means, such as a DVD providing instructions to housing staff and residents on mold prevention and remediation, is produced and distributed to tribes and housing entities, as well as to other interested parties. Workshops have also been developed to examine such specific topics as the possibilities of developing "green" housing that is both affordable and energy efficient. Finally, we are again preparing to hold regional and national Native American housing summits over the next two years.

Thank you again for the opportunity to provide this information.