



Written Testimony of
Indigenous Community Enterprises

Submitted to the Sub-committee on Housing and Community Opportunity
Committee on Financial Services
United States House of Representatives

on

IMPROVING HOUSING OPPORTUNITIES FOR NATIVE AMERICANS

Field hearings held in Tuba City, Navajo Nation (AZ)

Indigenous Community Enterprises (ICE) is a non-profit organization in its fourth year of providing services to indigenous communities. Since its inception, ICE has been working with small diameter timber to meet the housing shortage existing on the Navajo reservation. ICE has established a manufacturing plant on the reservation that produces one-of-a-kind Hogan kits that are volunteer friendly and over time will prove to be an affordable solution. Through an extensive collaborative approach, ICE has constructed six Elder Hogan homes; two industrial use hogans; and two ceremonial hogans.

The six Elder Hogan homes have been primarily funded through ICE's Native American Housing and Self Determination Act (NAHASDA) subgrants provided by Navajo Housing Authority, the Tribally Designated Housing Entity of the Navajo Nation. ICE's experience in working with reservation communities has led us to develop our preferred financing package that requires the elder and or families to provide at least 10% of the financing of our average Hogan (\$6,250). ICE has worked with two Navajo elders to obtain a partial mortgage through the Navajo Partnership for Housing (another major ICE partner). As well, ICE works with the elder and or family to apply for a forgivable USDA loan. In several cases, the local Navajo community governments (known as Chapters) provide some financial assistance (between \$1,500 to \$10,000) toward the Elder Hogan home.

ICE incorporates the hands-on learning experience of local high school vocational programs in the actual construction of the homes. As well, ICE has developed a weekend community build program that incorporates traditional extended family labor in making the home possible. This volunteer labor adds time to the construction process, but it lowers the construction costs.

MAJOR BARRIERS & POSSIBLE SOLUTIONS:

Financial Education/Literacy

As ICE is a grassroots organization, our small staff spends approximately three days a week traveling to reservation sites within the tri-state (AZ, NM and UT) jurisdiction of the Navajo Nation to work directly with elders and their families. The major impediment for Navajo families is their lack of basic financial literacy. ICE developed an affordable full log hogan home at an average of \$77 per square foot but could not find any families or elders qualified for a conventional mortgage.

This common impediment made ICE realize that families are not yet ready for full conventional mortgages. ICE needs to approach the problem in a more holistic manner including basic financial education. Navajo residents must move from merely renting homes from Navajo Housing Authority to homeownership. Homeownership is an asset that is part of ICE's Individual Development Account (IDA) savings program. As part of IDA savings program, individuals must complete a six-part financial literacy training with their family members that includes an in-depth analysis of understanding credit reports. ICE obtains matching funds for the savings and currently matches at a rate of 2:1 up to \$1,000. Although after a year the \$1,500 earned is not enough for a home it is a beginning. ICE intends to continue the program to encourage families to save and improve or establish their credit for a home purchase in two to five years.

Trust Land Status

The Navajo reservation is held in trust by the United States Department of the Interior which has caused lenders to shy away from lending to Navajo people who intend to build on their Bureau of Indian Affairs approved homesite leases. Homesite leases are not treated as true equity, i.e. as property. The lenders have some incentives such as various loan guarantees. However, most lenders still have not taken advantage of these guarantees. The Navajo Partnership for Housing (NPH) convenes a housing forum every two years. In 2003, NPH sponsored such a forum with financial institutions to help housing providers such as ICE in understand the lenders' position on lending to reservation borrowers. It was evident that most are not familiar with lending on trust land. More education is needed to get at least two or three institutions interested in serving this market.

Again, ICE advocates for education in this area. The financial institutions must be mandated to educate themselves on the issue and begin to serve this market. Otherwise, the situation will continue and large pockets of Native American citizens of the United States will continue to be excluded from the American dream of homeownership. It is definitely a slow process but one – if done thoroughly – can easily be replicated.

Homesite Leasing

This process is one that completely bogs down homeownership on reservation lands. It takes an average of 18 months to process the paperwork to obtain a homesite lease. The duplicative process of both the Navajo Nation and BIA issuing the leases is time consuming and very difficult to navigate.

ICE has been providing workshops on the process and intends to submit “packaged” homesite leases to determine if that process is more efficient. ICE will be submitting all paperwork for 8-10 leases and will track all at the same time. In a unique situation, the Navajo Nation has secured federal legislation, the Navajo Trust Land Leasing Act of 2000 that allows the Navajo Nation primacy over trust land leasing. To date, the Navajo Nation has only developed regulations for business site leases and is working to have the regulations approved by both the Navajo Nation and the Department of the Interior. The same type of Navajo Nation authority can be extended to homesite leases under the 2000 Act. Should the Navajo Nation get its homesite leasing regulations approved by the Department of the Interior, Navajo people who are seeking homesite leases will likely receive a better turn around time as the Department of the Interior/BIA approval process will be removed.

CONCLUSION

ICE extends its appreciation to the United States House of Representatives, the Committee on Financial Services and the Sub-committee on Housing and Community Opportunity for their interest in ICE's programs. ICE extends its thanks to Congressman Renzi, Congressman Matheson, Chairman Ney and Ranking Member Maxine Waters for their support and for visiting our Elder Hogan site in Tuba City, Navajo Nation (AZ).