



Alaska Federation of Natives 2008 Federal Priorities

HOUSING —FUNDING ISSUES

Background: With the enactment of the 1996 Native American Housing Assistance and Self-Determination Act (NAHASDA), tribes are able to take responsibility for increasing their capacity to address the substandard housing and infrastructure conditions in their communities. In Alaska, the need for Alaska Native housing is severe and varied among the 12 Alaska Native regions. Some regions have greater need for new housing while others have significant unmet needs with regard to rental units, basic infrastructure systems such as water and septic systems or assistance to families to achieve homeownership. According to the *2005 Alaska Housing Assessment, Status of Alaska Natives Report 2004* and other public data:

- The Alaska Native population increased 26% from 1990 to 2000, constituting 19% of the total population. As of 2004, 58% of Alaska Natives live in rural Alaska.
- 13,018 units of housing are needed for Alaska Natives households based on overcrowding and/or units without plumbing (2004 HUD). 2005 Alaska data reports 25,771 new units are needed statewide to meet population growth, relieve overcrowding (does not include homes without plumbing), and as replacement for substandard housing (Alaska Native and non-Native).
- Urban Alaska lacks affordable housing for low-income people while Rural Alaska has more substandard, overcrowded housing and greater need for specialized housing.
- 33% of Alaska Natives are unemployed; 83.6% low-income households with less than \$10,000 annual income were Alaska Native (compared to 16.4% for non-Natives); 60.2% low-income households with \$10,000-\$30,000 annual income were Alaska Native (compared to 39.8% for non-Natives).
- 81% of Alaska Natives households have complete plumbing (96% for non-Natives) but in rural Alaska only 77% have complete sanitation, and 32 small, rural communities are without piped water and sewer systems.
- Alaska Native home ownership declined from a high of 77% in 1960 to 59% in 2000, although it increased from 57% in 1990; during the same period the percentage of Alaska Natives renting rose. Comparatively, the percentage of non-Native homeownership rose from 44% to 63% over the same period, while the percentage of non-Natives renting a home decreased in the same period.

- Native Americans pay more than 30% of their income for housing expenses compared to 23% in non-Native households nationally.

Several HUD programs are essential to the continued progress in alleviating the overcrowding, lack of sanitation and other inadequate housing and infrastructure needs in Native communities. We address each below:

Indian Housing Block Grant (IHBG): The Indian Housing Block Grant (IHBG) provides set-asides for HUD training and technical assistance to Indian housing entities; training and technical assistance provided by the Native American Indian Housing Council; and the Title VI Loan Guarantee program. The balance (\$621.7 million in FY 2008) is provided for formula funds to Indian housing entities for development, construction, infrastructure, repairs, housing management services, crime prevention and safety activities, and/or model activities that develop and support affordable housing. This funding is critical to leveraging other monies, such as low income housing tax credits. The IHBG formula funding reached a high of \$638.9 million in FY 2004 but dropped to \$610.6 million in FY 2005. After two years of level funding at \$617 million, Congress provided a \$4.7 million increase in FY2008. The overall IHBG amount, however, has not been sufficient and tribes are barely able to keep up their present programs. They are not able to make significant progress in reducing the desperate infrastructure and myriad housing needs.

Housing programs in Alaska are severely impacted by a number of factors, which vary within and among the 12 Alaska Native regions. In 2005, costs of construction per unit ranged from \$161,795 in the Sealaska Region to \$316,742 in the Aleut Region. The average for all 12 Alaska Native regions was \$227,621, which far exceeds the HUD estimate of \$125,000 per unit for new construction. Costs for construction can vary depending on the cost of transportation f supplies/materials and the cost differences attributable to site preparation (tundra, perma-frost, and other differences inter- and intra-regionally), labor costs (particularly for areas that lack skilled construction workers or are in remote areas where costs may have to include per diem, room and board), and rising fuel costs. Finally, given the fact that Alaska is very rural and the population widely dispersed, economy of scale is difficult to achieve.

Title VI Loan Guarantee: These funds are available to IHBG recipients to enable them to leverage funds by pledging future block grants and other collateral to collateralize repayment of obligations, thereby increasing their ability to accomplish more NAHASDA-eligible activities. Nationally, Native housing entity partnerships with HUD and public/private sector have increased the number of loans for affordable housing units and infrastructure. But, as noted in the *2005 Alaska Housing Assessment*, Alaska's lack of private investment and market activity have contributed to a shortage of adequate housing in rural Alaska—where the majority of Alaska Natives reside. Instead, regional or local Alaska Native housing authorities are responsible for the majority of new homes constructed in rural Alaska.

Section 184 Program: The "184" program also guarantees loans for housing purposes, but, unlike the Title VI program discussed above, these funds are made available to individual Indian families, tribes, and tribal housing entities rather than limited to IHBG recipients. In recent years

these funds have been widely used by tribes/housing entities in helping families transition to homeownership through lease/purchase arrangements.

Key Recommendations: As Congress considers FY 2009 funding, we ask that you recognize the unique challenges Native housing programs must overcome to provide safe, affordable shelter in Alaska. As the *2005 Assessment* noted, "households in need of major repair will become households that need replacement" if funding for repairs is not available. AFN and its member organizations join NCAI in urging Congress to:

- (1) Fund IHBG at a minimum of \$750 million, which when adjusted for inflation is, at best, level funding compared to FY 2002;
- (2) Fund Title VI at \$6 million to provide IHB recipients (borrowers) with an additional resource to leverage limited dollars; and
- (3) Fund the Section 184 Program at \$7.5 million.