

## **FY 18 Budget Recommendations from SD Native Homeownership Coalition**

### **DEPARTMENT OF AGRICULTURE**

#### **Agriculture Appropriations Bill**

##### **Rural Development, Rural Housing and Community Facilities Programs**

- **Set-aside \$50 million of program allocation from the Rural Development 502 Direct Loan Program to establish a demonstration relending program for Indian Country.**

Rural Development has limited staff resources to provide Single Family Housing direct loans on tribal land. In FY 2016, of the 7,113 direct loans made nationally by Rural Development, only 12 of them were to American Indians or Alaska Natives on tribal land. Native community development financial institutions (CDFIs) have experience operating on tribal land. In addition, they provide extensive financial and homebuyer education to help their clients to become self-sufficient, private homeowners. The proposed demonstration relending program would increase the flow of mortgage capital to Indian Country by allowing Native CDFIs to be eligible borrowers under the 502 Direct Loan Program and enabling them to relend to eligible families for the construction, acquisition, and rehabilitation of affordable housing.

### **DEPARTMENT OF THE INTERIOR**

#### **Interior – Environment Appropriations Bill**

##### **Bureau of Indian Affairs**

- **Return the BIA’s Housing Improvement Program (HIP) to its previous appropriations level of \$23 million so that it can be fully leveraged to support self-sufficiency through private homeownership.**

The Housing Improvement Program is a home repair, renovation, replacement and new housing grant program administered by the Bureau of Indian Affairs and federally-recognized Indian tribes for American Indians and Alaska Native individuals and families who have no immediate resource for standard housing. In 2015, the BIA updated its regulations and expanded the eligible use of HIP funds to include down payment assistance for very low-income working families seeking to become private homeowners. This new activity expands homeownership opportunities for Native families and allows leveraging of federal housing funds to increase the number of families served and projects funded. To maximize this opportunity to improve self-sufficiency through private homeownership, the HIP program should be funded at \$23 million, returning to its FY 2005 appropriations level.

**DEPARTMENT OF VETERANS AFFAIRS**  
**Military Construction, Veterans Affairs, and Related Agencies Appropriations Bill**  
**Veterans Benefit Administration**  
**Native American Direct Loan Program**

- Authorize the Secretary of Veterans Affairs (VA) to designate a portion of the proceeds from the VA guaranty funding fee to compensate third parties such as Tribally Designated Housing Entities, homeownership nonprofits, Native community development financial institutions (CDFIs), housing counseling agencies, and Tribal Veteran Service Officers to provide outreach, homebuyer education training, housing counseling, and other technical assistance as needed to Native American veterans seeking to become homeowners through mortgage financing.
- Authorize the Secretary of Veterans Affairs to designate a portion of the proceeds from the VA guaranty funding fee to compensate third parties such as Native community development financial institutions, Tribally Designated Housing Entities, Tribal Veteran Service Officers, and other homeownership nonprofits for providing loan packaging services for the Native American Direct Loan through an origination fee paid by the VA, calculated as one percent of the loan principal.
- Set-aside \$10 million of existing program allocation from the VA's Native American Direct Loan Program to establish a demonstration relending program for Indian Country which would allow Native community development financial institutions to borrow an intermediary loan through the Native American Direct Loan program and relend to qualified Native American veterans.

The Native American veteran housing loan program is authorized by 38 U.S.C. chapter 37, section 3761 to provide direct loans to Native American veterans living on trust lands. The loans are available to purchase, construct, or improve homes to be occupied as veteran residences, or to refinance a loan previously made under this program in order to lower the interest rate. The program began as a pilot program in 1993 and was made permanent by Public Law 109-233, the Veterans Housing Opportunity and Benefits Act of 2006. However, the Department of Veterans Affairs lacks adequate staff resources to conduct outreach and provide the required level of technical assistance to deploy the Native American Direct Loan program to qualified Native American veterans.

By providing the appropriate authority to access a budget-neutral source of funding, the Secretary of Veterans Affairs can follow the practice of other federal direct loan programs to partner with and compensate third parties to provide homebuyer education, loan packaging, and other necessary technical assistance to help Native American veterans to fully access their VA benefits by obtaining mortgage financing through the Native American Direct Loan program. In addition, by setting aside \$10 million of existing program allocation, VA can pilot a relending program that would allow Native CDFIs, who are more familiar with Native communities and the mortgage lending process on trust land, to deploy much needed mortgage capital to qualified Native American veterans on trust land.

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