



MEMORANDUM

February 14, 2019

To: HOUSING CLIENTS

From: HOBBS, STRAUS, DEAN & WALKER, LLP

Re: *House and Senate Negotiators Reach Agreement on Remaining Appropriations; President Trump is Expected to Sign the Legislation, Averting Another Shut-down*

At the conclusion of the government shutdown last month, the House and Senate leadership appointed a team of legislators from their respective appropriations committees to negotiate a long-term spending bill to cover the remaining federal departments and programs, which included Department of Housing and Urban Development (HUD) and the Indian housing funding included within the annual HUD appropriations. The negotiators announced earlier this week that they have reached an agreement. The main sticking point, which led to the previous shutdown, was \$5.7 billion in funding for the “border wall” requested by President Trump. The negotiators agreed to provide \$1.375 billion for enhancement or construction of barriers along the border.

The text of the legislation was released on Thursday, and was quickly approved by the Senate. It is expected to pass the House in short order. After initial statements that he was unhappy with the compromise legislation, President Trump has signaled that he will likely sign the legislation. He subsequently indicated that he plans to declare a “national emergency” in order to divert other federal funds to the construction of the border wall.

The legislation contains the following provisions for funding Indian housing programs in FY 2019.

1. Native American Housing Block Grants (aka “Indian Housing Block Grants” or “IHBG”). The proposed appropriations would provide \$755 million for the IHBG program. This amount represents a proposed \$1 million increase above the FY 2018 Omnibus Appropriations.

As with FY 2018, \$100 million of the overall IHBG amount will be allocated through competitive grants to remain available through September 30, 2023. The competitive grants will be based on need and capacity (as we previously reported, we are still waiting for the HUD Notice of Funding Availability [NOFA] for the FY 2018 competitive grant funds to be issued, so we do not know what the factors will specifically look like). Up to one percent of that amount can be transferred to HUD for administering the competitive block grant process (which would be available to HUD up until September 30, 2024).

The remaining \$655,000,000 shall be for the regular Indian Housing Block Grant program, allocated through the existing formula, to remain available until September 30, 2023. Of this amount, \$7 million is set-aside for inspections, contracting expertise, training, and technical assistance related to funding provided for the needs of Native American, including no less than \$2 million to be awarded to a national organization as authorized by section 703 of Native American Housing Assistance and Self Determination Act of 1996 (NAHASDA). A further \$2 million is set-aside for the cost of guaranteed loans as authorized by Title VI of NAHASDA provided the principal amount is no greater than \$17,761,989.

2. Section 184 Loan Guarantee Fund. The proposed appropriations bill would provide \$1,440,000, to remain available until expended. The FY 2018 Omnibus provides only \$1 million for the cost of section 184 guaranteed loans. This represents a proposed increase of \$440,000. The proposed bill would subsidize a total loan level of up to \$553,846,154. Up to \$750,000 of this amount may be used for administrative contract expenses to carry out the loan guaranty program.

3. Native Hawaiian Housing Block Grant. The proposed appropriations would provide \$2 million for the Native Hawaiian Housing Block Grant program, to remain available until expended, to subsidize a total loan level of up to \$553,846,154. This is the same amount of funding as FY 2018.

4. Tribal Housing and Urban Development-Veterans Affairs Supportive Housing (HUD-VASH). The proposed appropriations would provide \$4 million for the Tribal HUD-VASH program to serve Native American veterans who are homeless or at-risk of homelessness. The appropriations language also contains additional provisions concerning HUD's administration of the program and authorizes HUD to waive or specify alternate requirements (except for requirements related to fair housing, non-discrimination, labor standards, and the environment).

If you have any questions regarding this memo, please contact Ed Clay Goodman at (503) 242-1745, or by email at egoodman@hobbsstrauss.com.