

STATEMENT OF WILLIAM RUSSELL
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BEFORE THE
UNITED STATES SENATE
COMMITTEE ON INDIAN AFFAIRS

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INTRODUCTION

Chairman Campbell, Vice Chairman Inouye, and Members of the Committee, thank you for inviting me to provide comments on President Bush's fiscal year 2004 budget for HUD's Indian Housing and Community Development programs.

My name is William Russell, and I am the Deputy Assistant Secretary for Public and Indian Housing, Department of Housing and Urban Development. We are responsible for the management, operation and oversight of HUD's Native American programs. These programs are available to over 550 Federally-recognized, and a limited number of state-recognized Indian tribes. We serve these tribes directly, or through tribally designated housing entities (TDHE), by providing grants and loan guarantees designed to support affordable housing, community and economic development activities.

In addition to these duties, it is our responsibility to administer the Federal government's public housing program, which aids the nation's 3,300 public housing agencies in providing housing and housing-related assistance to low-income families.

It is a pleasure to appear before you, 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. As you heard at last year's NAHASDA reauthorization hearing, much progress is being made. This momentum needs to be sustained as we continue to work together toward creating a better living environment throughout Indian Country.

OVERVIEW

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

You may recall that when Assistant Secretary Michael Liu testified before you last year, he was searching for a Deputy Assistant Secretary for Native American Programs. I am very pleased to report that the search is over. In early October 2002, Mr. Rodger Boyd joined HUD staff. An architect by training, he brings to the position a wealth of experience, most recently as CDFI Manager at the Department of Treasury. He has also served as an economic advisor to the President of the Navajo Nation, and as director of their Washington, DC office.

BUDGET SYNOPSIS

For Fiscal Year 2004, the President's budget for HUD proposes a total of \$738.7 million, specifically for Native American and Native Hawaiian housing, community and economic development, and education programs. Of that amount, approximately \$639 million is for direct formula allocations under the Native American Housing Assistance and Self-Determination Act's (NAHASDA) Indian Housing Block Grant Program, \$72.5 million is for grants under the Indian Community Development Block Grant Program, and \$2 million is for the Indian Housing (Section 184) and Title VI loan guarantee programs. That subsidy budget authority will support \$27 million in loan guarantees for Section 184 and \$8 million for Title VI.

The budget proposes \$10 million for the Native Hawaiian Housing Block Grant Program and \$1 million for the Section 184A Native Hawaiian Housing Loan Guarantee Fund, which will leverage \$35 million in guaranteed loan authority.

The budget also proposes \$5 million for training and technical assistance to support all the above programs.

The Department also requests \$5.4 million to support American Indian, Alaska Native and Native Hawaiian-oriented higher education institutions.

INDIAN HOUSING BLOCK GRANT PROGRAM (IHBG)

Adjustments within the Indian Housing Block Grant (IHBG) program account have been made to allow more funds to be available for direct tribal use. The FY 2004 budget includes \$646.6 million for the IHBG program. This is the same as the FY 2003 request. As with last year's request, reducing set-asides will actually allow for an increase in grant dollars available to tribes. The decrease of \$1 million from the Title VI set-aside goes directly into the IHBG formula fund. The effectiveness of the Indian Housing Block Grant program was evaluated this past year using the Office of Management and Budget's new Program Assessment Rating Tool (PART), and received low performance scores. The Administration recognizes the need to improve delivery of housing on tribal lands and will examine reforms to strengthen performance measurement and reporting.

HUD TRAINING AND TECHNICAL ASSISTANCE

Training and Technical Assistance remains a critical component of the IHBG program. The Training and Technical Assistance set-aside has been increased to \$5 million, which is \$2 million more than last year's request. In the coming year ONAP is planning to provide additional training and technical assistance to assist tribes.

NAIHC TRAINING AND TECHNICAL ASSISTANCE

The President's Budget includes a \$2.2 million set-aside from CDBG to continue the same level of support provided in last year's budget to the National American Indian Housing Council.

TITLE VI TRIBAL HOUSING ACTIVITIES LOAN GUARANTEE FUND

The Title VI Tribal Housing Activities Loan Guarantee Fund (Title VI) is also a set-aside under the IHBG Program. There is a set-aside of \$1 million to continue program activities. This budget recognizes that until the program is more fully subscribed, it is more effective to use available funds in the IHBG Program and allocate it by formula directly to IHBG grantees. There is sufficient carry-over of unused budget authority which, when combined with this year's budget request, will support anticipated future program needs. We intend to use some of the increase in the TA/Training to develop tribal capacity in the Title VI program.

WORKING CAPITAL FUND

The Department's request of \$2.7 million for the Working Capital Fund will help provide information technology and data resources to support enhanced program assessments, performance measurements and accountability.

SECTION 184 INDIAN HOUSING LOAN GUARANTEE FUND

The \$1 million requested in FY 2004 will provide an additional \$27 million in loan guarantee authority. There is sufficient carry-over of unused budget authority which, when combined with this year's budget request, will support anticipated future program needs.

INDIAN COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM

The President's FY 2004 Budget request for the Indian Community Development Block Grant (ICDBG) Program is \$72.5 million. This is identical to the FY 2003 request, and an increase of \$1.5 million over the amount appropriated in FY 2003.

NATIVE HAWAIIAN HOUSING BLOCK GRANT PROGRAM

For FY 2004, the Department is requesting \$10 million for the Native Hawaiian Housing Block Grant Program. An interim regulation implementing the new Native Hawaiian Housing Block Grant Program was published in the *Federal Register* on June 13, 2002. This action allowed us to distribute funds and implement the program while public comments are being considered and incorporated into the final regulations.

SECTION 184A NATIVE HAWAIIAN HOUSING LOAN GUARANTEE FUND

The budget requests that \$1 million be allocated to the Section 184A Native Hawaiian Housing Loan Guarantee Fund. At that level of funding this new loan guarantee program will provide up to \$35 million in loan guarantee authority.

TRIBAL COLLEGES AND UNIVERSITIES AND ALASKA NATIVE AND NATIVE HAWAIIAN SERVING INSTITUTIONS

The President's budget request includes, under the Community Development Fund, \$3 million for competitive grants to tribal colleges and universities to provide resources to build,

expand, renovate and equip their facilities, and \$2.4 million to assist Alaska Native and Native Hawaiian serving institutions, as they are defined under the Higher Education Act of 1965, as amended.

FUNDING PIPELINE AND PRODUCTION OF UNITS

As of September 30, 2002, it has been reported that the expenditure rate for the Indian Housing Block Grant Program from FY'98 through FY'01 is 63% or \$1.5 billion. This leaves an unexpended rate of 37% or \$885.6 million. I would note that grant recipients have 2 years from the initial awarding of the grant to obligate 90% of the grant. As of September 30, 2002 grant recipients have reported through ONAP that new construction starts that have been completed were 6,219 including rental and homeownership units, with an additional 3,720 units under construction. Funds have also been used to complete the rehabilitation of 14,226 existing housing units including rental and homeownership units, with an additional 1,654 under construction. Combining all of the production numbers reported for the first four years of funding for the IHBG program there have been 25,819 new and rehabilitated housing units constructed through September 30, 2002. Regarding the unexpended rate of 37%, ONAP over the past several months has been in the process of developing the baseline data to determine the level and extent of obligated and unobligated funds by tribe. This information will also allow ONAP to identify related issues that may be confronting tribes, and enable ONAP to become more proactive in assisting these tribes in their construction efforts.

CONCLUSION

Finally, let me state for the record that the President's budget request for HUD's Indian housing, community development and education programs supports the progress being made in providing housing and housing-related activities in Indian Country.

This concludes my prepared remarks. I would be happy to answer any questions you may have.