

Testimony of  
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Chairman  
**NATIONAL AMERICAN INDIAN HOUSING COUNCIL**



Before the  
**SENATE COMMITTEE ON INDIAN AFFAIRS**  
February 11, 2004

Chairman Campbell, Vice Chairman Inouye, and other distinguished members of the Committee, on behalf of the Members of the National American Indian Housing Council and its Board of Directors, thank you for this opportunity to address you today on the President's proposed budget for fiscal year 2005.

**THE PRESIDENT'S BUDGET REQUEST:**

As Chairman of the National American Indian Housing Council and Executive Director of the Choctaw Nation Housing Authority of Oklahoma, I was disappointed with the President's budget proposal for Indian housing in fiscal year 2005 because for the fourth year in a row it **does not include any increases for Indian housing in spite of the desperate need.** I understand the situation we are currently experiencing at the federal level with respect to deficit spending and responsibilities for foreign affairs and homeland security. Unfortunately, that doesn't help tribal members suffering in inadequate housing feel any better about receiving insufficient assistance. The poverty rate for Native Americans continues to hover at about 26%, which is more than double the poverty rate for the general American population.

The Congress and Administration have many valid reasons why domestic spending must be kept in check this year, but they must not be mistaken in thinking that maintaining the same level of funding for tribes from year to year is protecting them. **Even in times of budget surpluses Indian housing was under-funded.** Inflation has risen steadily over the past four years, the cost of construction continues to increase, and the Indian population is growing. The threat of funding cuts continues to intensify for all domestic programs, and we are happy to have avoided that situation so far, but we do not believe we should be so grateful as to just accept what we are granted in the face of a brutal reality in Indian Country.

Throughout this hearing and your continued examination of the President’s budget, we hope you will keep our concerns in mind.

**FUNDING NEEDS FOR INDIAN HOUSING:**

**NATIVE AMERICAN HOUSING BLOCK GRANT**

This Committee has been invaluable in its assistance to the Tribes since the beginning of the Native American Housing Assistance and Self-Determination Act of 1996 (NAHASDA). You have facilitated difficult amendments packages and a reauthorization in the last three Congressional sessions which have improved the Act greatly. My message to you today is if there is not enough funding to put into the program much of that effort will remain unfulfilled.

NAIHC estimates that to meet the needs as presented to us now, we need **at least \$1 billion per year in funding for the Native American Housing Block Grant**. We believe that \$700 million for FY 2005 would be a step in the right direction.

The President has proposed \$647 million for fiscal year 2005. This is roughly the same amount that has been appropriated the last four years. Given the rate of inflation and increasing housing costs, housing funding has actually decreased under this Administration. The following table helps illustrate how funding for Indian housing has not kept pace with economic circumstances. Based strictly on inflation, the Indian Housing Block Grant should receive at least \$713 million in funding for FY 2005, an amount that would be a true flat-line of funding, not an increase.

	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005 (proposed)
<b>NAHBG Appropriations</b>	\$650	\$648.6	\$649	\$651.4	\$647
	<b>2000</b>	<b>2001</b>	<b>2002</b>	<b>2003</b>	<b>2004</b>
<b>Rate of Inflation *</b>	3.4%	1.6%	2.4%	1.9%	?
<b>Rate of Housing Inflation **</b>	4.3%	2.9%	2.4%	2.2%	?

\* Yearly inflation according to the Department of Labor’s consumer price index.

\*\* Yearly inflation of general housing costs according to the Department of Labor’s consumer price index.

Indian housing needs are many and varied. Basic infrastructure, low-rent housing, homeownership and housing counseling services are all crucial. The NAHASDA block grant allows tribes to determine their own needs and their own course of action. In this respect, NAHASDA is an excellent program and should be supported.

We understand that this Committee in particular has been frustrated by the lack of hard data to support the yearly budget request for Indian housing. We share your frustration. You may remember that last year HUD’s Office of Native American Programs (ONAP) underwent a performance assessment through the Office of Management and Budget. ONAP received a poor score, due mainly to its lack of data and therefore its inability to measure performance. We had hoped this assessment would lead to a swift implementation of a data collection system that would show what the tribes already know – that this program is working. HUD collects data yearly in Indian Housing Plans and Annual Performance Reports on such items as number of overcrowded units, number of housing units constructed, and number of housing units rehabilitated. Unfortunately, **HUD still does not have a database that can pull this data together to give a national picture.**

Since we at NAIHC know that this data could be the key to increased appropriations we have decided to embark on our own comprehensive data collection effort. A survey will be sent to all Tribes across the

country in March that will seek to collect the kind of information required to show both what NAHASDA has accomplished, but also identify the current housing need. We hope to report back to this Committee by the end of May with facts and figures on the use of federal funding from various agencies, as well as a report on the services and banking opportunities that are currently available to tribes.

However, even without this data on hand for the beginning of this budget process, I would like to illustrate for you how the proposed block grant amount would be used and why an increase is needed. This illustration was provided by one of ONAP's housing administrators during a meeting earlier this year:

**Funding Factors: (figures are approximate)**

**\$647 million (FY 2005 Native American Housing Block Grant Request)**

**Less \$7.5 million in set-asides**

**Less 20% administrative expenses allowed under NAHASDA**

**Less 30% for Current Assisted Housing Stock (1937 Act homes under management)**

**\$319.75 million available for new housing construction**

With an average cost of \$125,000 per unit, tribes should be able to build approximately 2,550 new units of housing nationwide in 2005. According to the Census, more than 40,000 Indian houses are overcrowded (more than 1.1 persons per room), so at 2,550 units a year **it would take nearly 16 years to address only one of the seven factors used under NAHASDA to determine need – overcrowding – if funding and costs remained constant.** This may be an oversimplification of the situation, but it shows that progress, while steady, is slow to meet the need.

**COMMUNITY DEVELOPMENT BLOCK GRANT**

The Community Development Block Grant (CDBG) program is a crucial tool for the development of infrastructure and economic opportunities. The Indian set-aside under the program has been 1.5% of the total appropriation for several years. NAIHC believes that both to develop effective housing strategies and for the economic development needed to support homeownership and job creation, **this amount should be doubled to approximately \$150 million.** Clearly, we must invest in infrastructure and job creation now if tribes are going to be successful in the long term. This money can do exactly that and eventually lead to stronger on-reservation economies.

We understand the CDBG program also recently went through OMB's performance assessment, and like the NAHBG program, was unable to adequately demonstrate measurable success. We support any efforts of OMB and HUD to document the use of CDBG and/or improve its performance. We see every day how tribes have used this program to build their communities and would welcome the chance to have that success accounted for.

**RURAL HOUSING AND ECONOMIC DEVELOPMENT PROGRAM**

We are disappointed to see that the Rural Housing and Economic Development program was again left out of the President's budget, even though it provides needed capacity assistance to rural, local and state organizations, including tribes. The RHED program provides capacity building assistance, funds for innovative activities, and seed support for new programs. Grants have supported micro-enterprise development, affordable housing construction, small business incubators, and staff development and computer software. In the first year alone, 749 organizations applied for funding, and only 91 grants could be awarded. The good news is that tribes generally receive about half of the grants awarded. There is a real need for this type of flexible funding. For the last three years, Congress restored funding for this important program, which was left out of the FY 2003, 2004 and 2005 budgets. **We ask you to support continued funding at the \$25 million level.**

**BIA HOUSING IMPROVEMENT PROGRAM**

The Housing Improvement Program (HIP) at the Bureau of Indian Affairs was the original housing program for tribes at BIA before the beginning of HUD assistance. Even after implementation of the NAHASDA block grant, however, the BIA HIP program continues to play an important role in tribal housing. Much of the housing stock in Indian Country is either aging or was cheaply built in the first place. Rehabilitation is therefore one of the most desperately needed services. Funding for HIP has hovered around \$20 million a year for many years. **Tribes would be well-served to see this fund increased to at least \$35 million a year to supplement other housing efforts.**

#### **WATER AND SEWER INFRASTRUCTURE**

Since 1982 the Interior appropriations bill has contained language precluding tribes from using Indian Health Service Sanitation Facilities Construction funds to service HUD-funded homes. The language is also in the Indian Healthcare Improvement Reauthorization Act. This restriction no longer makes sense following the institution of NAHASDA, which brought in a new era of combined and leveraged funding. If a home contains even \$1 in new HUD funds, it becomes a low priority for service by the Indian Health Service and only the pro-rated share of the home that is not HUD funded may be paid for by IHS, if the house is serviced at all. What this prohibition is doing is causing complicated accounting and engineering situations for tribes that are totally unnecessary.

The Indian Health Service feels HUD should fund its own infrastructure out of NAHASDA. If NAHASDA were funded at a level that could both build houses *and* infrastructure that might be a valid argument, but tribes most now choose whether to build houses *or* infrastructure with their NAHASDA funds because both are so expensive. Still, an increase in NAHBG funding would solve only part of the problem. Tribes would still have to allocate their resources and account for the percentage of non-HUD homes in each project to accommodate this I.H.S. prohibition. It is true that this will cause an increase in requests for Indian Health Service funding, but the assistance is still going to the same recipient – the Tribe – so why put up road blocks to that assistance? It only makes sense that the tribe itself choose how best to combine funds that will work for each situation.

We support the removal of this prohibitive language, but that is only the technical aspect. The real need is to increase funding to begin to address the severe shortage of water and sewer infrastructure for Tribes. Census statistics from 1995 tell us that 20% of tribal households are without complete plumbing.

We are pleased that the President, with the assistance of Health and Human Services Secretary Tommy Thompson, recognized the desperate need for improved water and sewer infrastructure in Indian Country by requesting a \$10 million increase for Sanitation Facilities Construction in FY 2005. A similar requested increase of \$20 million was disregarded by Congress in FY 2004.

The Administration tells us about the sad state of infrastructure in Iraq because it has been ignored for so long, and uses that to justify increased foreign aid. Tribes can identify with the conditions the Iraqi people live with and yet their need here at home continues to be ignored. **I urge this Committee to explore this issue to investigate all sources of infrastructure funding for tribes and help determine what the best policy is.**

#### **TECHNICAL ASSISTANCE:**

The President has proposed reducing technical assistance funding for the implementation of NAHASDA in FY 2005 by eliminating the \$2.2 million set-aside for NAIHC, which supplements HUD's technical assistance funding of \$5 million. In spite of the same budget request last year, Congress chose to fund NAIHC's efforts in final FY 2004 appropriations in the amount of \$2.2 million. We would like to see the same happen in FY 2005. NAIHC also receives a set-aside from the Community Development Block Grant.

From a total of \$4.7 million in FY 2004 for both grants, the Administration has proposed \$2.485 million for NAIHC in FY 2005.

HUD's Native American Housing Block Grant is not an easy program to administer if you have no experience with it. For tribes with extremely limited funds and/or limited experience it can be daunting trying to access and effectively use the NAHBG and other federal housing funds. For many years Congress has placed its faith in NAIHC to provide technical assistance and training to all tribes, not just NAIHC members. Originally only a CDBG set-aside, the additional set-aside from the NAHBG was added in FY 2000 since it appeared HUD's technical assistance money was being used mostly to augment insufficient allocation for salaries, expenses, and payments to consultants, while money for NAIHC is used exclusively for capacity building on the tribal level. In particular, small tribes across the country are in desperate need of on-site support and training. HUD is simply unable to address this need when their job is to administer and provide oversight for the program. Furthermore, often HUD will release guidance and notices for which they are unable to provide implementation assistance. This is where NAIHC steps in.

Listed below are each of the major items funded by the \$2.2 million NAHBG set-aside in 2003:

**Scholarships.** In 2003, NAIHC received **562** applications for scholarships, **508** of those were approved, and **430** were actually utilized by students to attend NAHASDA related training opportunities offered by NAIHC and HUD/ONAP. Scholarships provide an opportunity for Indian housing professionals to attend training on subjects relevant to Indian housing that they might not otherwise be able to afford. While this program is geared towards the staff of smaller tribes/TDHEs (those receiving under \$100,000 in NAHBG funds), all tribes/TDHEs are eligible for some level of scholarship assistance.

**Mentoring.** In 2003, NAIHC facilitated **5** mentoring trips. The mentoring program provides Indian housing professionals from one tribe to learn about well run programs at other tribes so that those success stories and programs can be replicated. Most of the mentoring visits in 2003 were centered on successful Homebuyer Education and Training programs.

**Training.** In 2003, NAIHC offered **29** FREE classroom sessions in **10** different subject matter areas that were relevant to running a successful Indian housing program. Classes ranged in length from **2** to **4** days depending on the complexity of the subject matter. In 2003, **525** individuals registered to attend these training sessions. Course topics covered were, *Accounting, Board of Commissioners, Collections and Compliance, Mediation, Payroll Management, Self-Monitoring, Small Tribes Implementation, Strategic Planning, and Tribal Leaders Training.*

**Training at Convention/Legal Symposium.** In addition to the formal classroom sessions offered by NAIHC, NAHASDA related training tracks were also offered at our 2003 Annual Convention and 2003 Legal Symposium. Attendance figures for those events were as follows:

Training at the Convention:	<b>20</b> Subjects	<b>653</b> Students
Training at the Legal Symposium:	<b>3</b> Subjects	<b>127</b> Students

**Policy Development Workshops.** In 2003, NAIHC offered **4** Policy Development workshops. This is one of our most popular sessions because experienced NAIHC staff are on hand to help Indian housing professionals develop NAHASDA compliant policies for use at their local housing program. **136** individuals registered for these sessions.

**Board of Commissioners Technical Assistance.** Working with tribes/TDHEs identified by HUD/ONAP, NAIHC provided FREE on-site technical assistance and training to the Tribal Councils and/or Housing Board of Commissioners at **30** tribes in 2003. The focus of those on site visits was to ensure that local officials who are responsible for the oversight of their housing program were familiar with the federal housing statute and regulation – NAHASDA.

**Technical Assistance Documents.** In 2003, NAIHC developed **5** technical assistance documents that are intended to help tribes/TDHEs more effectively operate their local housing programs. Topics were: A Set of Model Construction Contract Documents, an Executive Directors Orientation Manual, and three sample policies (Collections and Compliance, Procurement, and Real Property Acquisition). All of these are approved by HUD/ONAP (or will soon be approved) and will be reproduced and distributed FREE to tribes/TDHEs.

As you can see, NAIHC's NAHBG set-aside is being put to good use and being applied right where the tribes need it to implement NAHASDA.

Using the CDBG technical assistance funding, NAIHC provided on-site technical assistance to over **162** tribes in 2003 alone, supplemented by more than **365** emails and phone calls. Approximately **530** tribal housing staff attended training courses as part of NAIHC's Leadership Institute, separate from those courses mentioned above. The Leadership Institute provides courses in four different tracks: *Housing Management Services; Administration and Planning; Development & Modernization; and Model Activities/Electives.*

Despite all this good work, NAIHC's funding was cut in half in the President's budget. Tribal capacity will improve only when there is training and other assistance provided. To make this block grant program work efficiently, recipients must have access to assistance. NAIHC is able to show precisely how it has used its federal funding for the betterment of tribal housing programs. Has HUD been able to show the same amount of support for the tribes? We have seen no similar breakdown of services and believe the tribes will suffer if only HUD is there to provide assistance. **We are therefore requesting full funding of \$4.8 million in FY 2005 for NAIHC technical assistance, which would ideally all come from CDBG so as not to compete with tribal housing allocations in the NAHBG.**

## CONCLUSION:

Mr. Chairman, during this hearing last year you had a question about fetal alcohol syndrome and what can be done to prevent it in tribal communities. One way to prevent alcoholism is to provide hope for the future. What hope can there be when you are living in a home with 25 other people, have no running water, or no electricity? When people live in the kind of conditions we see commonly in tribal areas, there is no hope. Strictly on a basis of human needs, shelter is number three after food and clothing. Let's go to the core of the problems endemic to tribal communities, including alcoholism, and address the basic safety and comfort of shelter. Funding appropriated for healthcare and education, while important, goes much further when the base need of shelter is met. Absent adequate housing, you are discounting your investment in these other areas.

In closing, we understand there are always going to be prevailing issues that will tend to overshadow tribal needs in the budget, but we urge you to not forget the desperate housing conditions Native Americans are enduring day after day. Consistent growth in the housing industry has been one of the brightest spots in our lagging economy. Don't allow Tribes to be left behind just when they are making headway in building sustainable tribal communities.

I would again like to thank all the members of this subcommittee, in particular Chairman Campbell and Vice Chairman Inouye, for their continuing support for the Tribes and for Indian housing programs. NAIHC looks forward to working with each of you in the rest of this session of Congress and I am happy to answer any questions you may have.

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*The National American Indian Housing Council is a 501(c)(3) organization representing tribes and tribal housing organizations nationwide. It operates a national technical assistance and training program as well as the Native American Housing Resource Center in Washington, DC through an appropriation from the Congress administered by HUD. NAIHC's offices are at 900 Second Street, NE, Suite 305, Washington, DC 20002; phone: (202) 789-1754, fax: (202) 789-1758; <http://naihc.indian.com>.*