

February 2010

NATIVE AMERICAN HOUSING

Tribes Generally View
Block Grant Program
as Effective, but
Tracking of
Infrastructure Plans
and Investments
Needs Improvement



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Highlights

Highlights of [GAO-10-326](#), a report to congressional committees

Why GAO Did This Study

The Native American Housing Assistance and Self-Determination Act of 1996 (NAHASDA) changed how the Department of Housing and Urban Development (HUD) provides housing assistance to Native Americans. Congress created NAHASDA to recognize self-determination for tribes in addressing their low-income housing needs. In NAHASDA's 2008 reauthorization, Congress asked GAO to assess the program's effectiveness. This report discusses (1) how tribes have used NAHASDA funds, (2) how NAHASDA has improved the process of providing tribes with funds for housing, and (3) the extent to which NAHASDA has contributed to infrastructure improvements in tribal communities. GAO analyzed agency documentation, surveyed all tribes receiving grants in fiscal year 2008, conducted site visits with select tribes, and interviewed officials at HUD and other agencies.

What GAO Recommends

To better assess program impact and help grantees identify their infrastructure needs, GAO recommends that HUD (1) incorporate reporting on infrastructure in its planned revisions for grantee reporting on uses of block grant funds and (2) obtain IHS data on housing-related infrastructure deficiencies on Indian lands. HUD agreed with the report's conclusions and recommendations.

[View GAO-10-326](#) or [key components](#). For more information, contact William B. Shear at (202) 512-8678 or shearw@gao.gov.

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What GAO Found

Native American tribes have used NAHASDA block grant funds to develop new housing and to provide other types of housing assistance to eligible members (see figure below), but fewer small grantees have developed new housing. Out of 359 grantees in fiscal year 2008, 102 received less than \$250,000, with 22 of those reporting that they had developed new housing over the life of their participation in the program. Smaller grantees often provide tenant-based rental assistance and other such services to members, but HUD neither tracks activities that are not unit-based (units built, acquired, or rehabilitated) nor reports those activities to Congress. However, HUD is revising its reporting to track more activities, which should help efforts to assess the impact of NAHASDA.

NAHASDA Grantee Replacing a Log Cabin Using Block Grant Funds



Source: GAO

Most grantees that we surveyed and interviewed view NAHASDA as effective, largely because it emphasizes tribal self-determination. Grantees feel the program has helped to improve housing conditions and increase access to affordable housing, but they reported that developing housing finance mechanisms and increasing economic development remain as challenges.

Housing-related infrastructure development is an affordable housing activity under NAHASDA, but HUD does not collect grantees' infrastructure plans or measure their infrastructure investments. Indian Health Service (IHS) data show an acute need for sanitation-related infrastructure in Indian housing, and 85 percent of grantees responding to our survey reported that developing infrastructure, such as providing homes with access to drinking water, was a continuing need. According to IHS officials, HUD can access IHS data on sanitation deficiencies under a 2007 memorandum of understanding between the agencies. HUD could use this data to track grantees' efforts to address a key need in their communities and broaden the scope of accomplishment data it reports to Congress. This data could also help grantees identify any unmet sanitation needs they might address with their NAHASDA grants.

Contents

Letter		1
	Background	3
	The IHBG Program Has Helped Tribes Address Some of Their Affordable Housing Needs, but HUD and Tribes Reported That Small Grantees Face Unique Challenges	13
	Survey Respondents and Tribes We Interviewed Generally Viewed NAHASDA as Effective in Meeting Their Low-Income Housing Needs, but Some Reported Challenges, Including Concerns with the Allocation Formula	33
	Almost Half of the Grantees We Surveyed Use IHBG Funds for Infrastructure Development, but HUD Does Not Collect Grantees' Plans or Monitor Their Investments in Housing-Related Infrastructure	41
	Conclusions	50
	Recommendations for Executive Action	51
	Agency Comments and Our Evaluation	51
Appendix I	Scope and Methodology	53
Appendix II	Survey Respondents' Suggestions for Smaller Tribes Participating in NAHASDA	59
Appendix III	Cherokee Freedmen	60
Appendix IV	Comments from the Department of Housing and Urban Development	63
Appendix V	GAO Contact and Staff Acknowledgments	64

Tables

Table 1: Survey Respondents Reporting That They Provided Specific Types of Housing Assistance Using IHBG Funds in Fiscal Years 2008 and 2009	16
Table 2: Survey Respondents Reporting That They Used IHBG Funds to Build New Units, by Fiscal Year 2008 Grant Size	19
Table 3: NAHASDA Grantees' Use of Specific Funding Programs in Combination with the IHBG Program Based on Survey Responses	24
Table 4: Survey Respondents' Views on the Overall Effectiveness of NAHASDA	34
Table 5: Survey Respondents' Views on the Overall Effectiveness of NAHASDA, by Fiscal Year 2008 Grant Size	35
Table 6: Survey Respondents' Views on NAHASDA Compared with 1937 Act Housing Programs	37
Table 7: Most Frequent Suggestions on How NAHASDA Could be Improved	38
Table 8: Survey Respondents' Suggestions on How the IHBG Allocation Formula Could Be Improved	40
Table 9: Survey Respondents' Use of Various Programs to Develop Housing-Related Infrastructure	46
Table 10: Location and Other Characteristics of NAHASDA Grantees Selected for Site Visits and Telephone Interviews	54
Table 11: Advice for Grantees Receiving Grants of Less Than \$250,000 per Year	59

Figures

Figure 1: Funding for Indian Housing from Fiscal Year 1993 to 2009, and NAHASDA's Legislative and Regulatory Changes	9
Figure 2: Weighted Share of Seven Need Factors in the IHBG Formula	12
Figure 3: Number of Homeownership and Rental Units Developed with IHBG Funds, Fiscal Years 2003 through 2008	14
Figure 4: \$1 Million Senior Apartment Community Built with \$400,000 in IHBG Funds (ONAP Alaska Region)	16
Figure 5: Fiscal Year 2008 IHBG Adjusted Grant Amounts	18
Figure 6: Small Grantee Replacing a Log Cabin with a 400 to 500 Square Foot Home Using \$30,000 in IHBG Funds (ONAP Alaska Region)	20

Figure 7: Tribal Temporary Foster Care Facility and Public Safety Building Funded through the ICDBG Program (ONAP Northwest Region)	26
Figure 8: Tribal Community Center Funded through Low-Income Housing Tax Credit Programs (ONAP Northern Plains Region)	28
Figure 9: Example of Large Grantee Housing Project (ONAP Alaska Region)	29
Figure 10: Percentage of Survey Respondents Reporting Specific Challenges to Leveraging as Moderate to Very Great	31
Figure 11: Grantees View NAHASDA as Most Effective at Improving Housing Conditions for Low-Income Native Americans	36
Figure 12: Housing-Related Infrastructure	42
Figure 13: Survey Respondents' Rankings of Their Greatest Continuing Housing Needs, by Percentage	43
Figure 14: Survey Respondents' Use of the IHBG Program for Infrastructure Development, by Fiscal Year 2008 Grant Size	44
Figure 15: Survey Respondents' Views on Problems with NAHASDA Ranked by Number of Responses	45
Figure 16: Types of Infrastructure for Which Survey Respondents Reported Using IHBG Funds	48
Figure 17: Cherokee Freedmen History	61

Abbreviations

1937 Act	U.S. Housing Act of 1937
AI/AN	American Indian and Alaska Native
APR	Annual Performance Report
BIA	Bureau of Indian Affairs
HUD	Department of Housing and Urban Development
ICDBG	Indian Community Development Block Grant
IHBG	Indian Housing Block Grant
IHP	Indian Housing Plan
IHS	Indian Health Service
LIHTC	Low-Income Housing Tax Credit
NAHASDA	Native American Housing Assistance and Self-Determination Act of 1996
NAIHC	National American Indian Housing Council
ONAP	Office of Native American Programs
TDHE	tribally designated housing entity
Title VI	Title VI Loan Guarantee Program
USDA	U.S. Department of Agriculture

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United States Government Accountability Office
Washington, DC 20548

February 25, 2010

The Honorable Christopher J. Dodd
Chairman
The Honorable Richard C. Shelby
Ranking Member
Committee on Banking, Housing, and Urban Affairs
United States Senate

The Honorable Barney Frank
Chairman
The Honorable Spencer Bachus
Ranking Member
Committee on Financial Services
House of Representatives

In the United States, Native Americans disproportionately experience socioeconomic challenges, including high unemployment and extreme poverty, which impact housing conditions on Indian reservations and in other Indian areas. The U.S. Census Bureau reported in 2008 that Native Americans were almost twice as likely to live in poverty as the rest of the population—27 percent compared with 15 percent. As a result, overcrowding, substandard housing, and homelessness are far more common in Native American communities; nearly 46 percent of Native American households were overcrowded in 2008, a rate that was almost three times as high as the rest of the country. The U.S. government's relationship with Native American tribes has historically been troubled, making it difficult to address the needs of low-income Native Americans. Since 1961, the government has sought to address Native Americans' need for more housing that is safe, decent, and affordable by allowing them access to several housing programs beginning with the U.S. Housing Act of 1937 (1937 Act) and administered by the Department of Housing and Urban Development (HUD).¹ In October 1996, Congress went a step further in creating a housing program for Native Americans that recognized the tribes' right to self-determination and self-governance. The Native American Housing Assistance and Self-Determination Act of 1996

¹The 1937 Act, as amended, created programs to provide decent, safe, and sanitary housing for low-income families. Native Americans did not receive federal housing funds under the 1937 Act until 1961.

(NAHASDA) reorganized the system of housing assistance that HUD provided to Native Americans by eliminating or incorporating several separate programs Native Americans utilized into a single block grant program—known as the Indian Housing Block Grant (IHBG) program—along with the Title VI Loan Guarantee (Title VI) program to assist grantees with private market financing.² NAHASDA was first funded in fiscal year 1998, and in November 1998 we reported on its implementation.³ Today, more than 360 grantees servicing approximately 555 tribes participate in NAHASDA’s block grant program—most grantees have participated since its inception—with the goal of providing their members with adequate and affordable housing.

In the 2008 reauthorization of NAHASDA, you asked us to assess the effectiveness of NAHASDA in achieving its purposes of meeting the affordable housing needs of low-income Native American families. You asked that we look at the program’s effectiveness in meeting the needs of tribes of various sizes, specifically with respect to smaller tribes or those receiving lesser or minimum grant amounts. In this report, we evaluate (1) how NAHASDA program funds have allowed Native American tribes to address their affordable housing needs; (2) how, if at all, NAHASDA has improved the process of providing Native American tribes with access to federal funds to meet their affordable housing needs; and (3) the extent to which NAHASDA funding has contributed to infrastructure improvements in Native American communities.

In conducting this work, we reviewed NAHASDA’s legislative history and HUD’s policies and procedures for administering the program. We also reviewed previous congressional reports and testimonies, an Office of Management and Budget report, our previous reports, and an independent study of the program contracted by HUD. We obtained documents from HUD related to NAHASDA grantee population and enrollment, grant amounts awarded, and grantees’ use of funds to pursue eligible affordable housing activities. We determined that the data HUD provided to us were sufficiently reliable for our purposes. To obtain the perspectives of Native

²Title VI of NAHASDA enables HUD to provide a 95 percent loan guarantee to private lenders or investors that make loans to NAHASDA grantees to develop housing and community facilities. The Title VI loan is secured by a grantee’s pledge of its current and future IHBG funds. In this report, we use the term grantee to mean NAHASDA grant recipient.

³GAO, *Native American Housing: Information on HUD’s Funding of Indian Housing Programs*, GAO/RCED-99-16 (Washington, D.C.: Nov. 30, 1998).

American tribes and tribally designated housing entities participating in NAHASDA, we conducted site visits with grantees in four of HUD's six Office of Native American Programs (ONAP) regions and conducted telephone interviews with grantees in the two remaining regions, and we surveyed all tribes and tribally designated housing entities that received a grant in fiscal year 2008, obtaining a 66 percent response rate.⁴ For site visits and telephone interviews, we selected 12 grantees (2 in each region) based on such factors as 2008 population, enrollment, and grant size relative to other regional grantees; housing activities reported to HUD; and geographic location. We also met with officials from the National American Indian Housing Council, a nonprofit housing advocacy organization that represents American Indians, Alaska Natives, and Native Hawaiians; and Cherokee Freedmen representatives who advocate for housing and other benefits for the Cherokee Freedmen. We interviewed officials in ONAP headquarters and in each regional ONAP office. Finally, we interviewed officials at the Indian Health Service, Bureau of Indian Affairs, and U.S. Department of Agriculture Rural Development because those agencies also provide assistance to Native American communities. Appendix I contains a more detailed description of our scope and methodology. Appendix III contains a brief history of the Cherokee Freedmen and information pertaining to the Cherokee Nation's provision of housing assistance to Cherokee Freedmen members.

We conducted this performance audit in Alaska; Arizona; California; Colorado; Illinois; Michigan; Montana; Oklahoma; Utah; Washington; Washington, D.C.; and Wisconsin from January 2009 to February 2010 in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Background

NAHASDA authorized two HUD-administered programs—IHBG and Title VI—that aim to provide affordable housing assistance to Native Americans living on or near Indian tribal lands or areas, including assistance for

⁴For additional details on the results of our survey, see [GAO-10-373SP](#).

Types of Indian Lands

Federal Indian reservation. An area of land reserved for a tribe or tribes under treaty or other agreement with the United States, executive order, or federal statute or administrative action as permanent tribal homelands, and where the federal government holds title to the land in trust on behalf of the tribe.

Allotted lands. Remnants of reservations broken up during the federal allotment period of the late 19th and early 20th centuries. Starting with the General Allotment Act in 1887 (also known as the Dawes Act) until the Indian Reorganization Act of 1934, allotments were conveyed to members of affected tribes and held in trust by the federal government. As allotments were taken out of trust, they became subject to state and local taxation, which resulted in thousands of acres passing out of Indian hands.

Restricted status or restricted fee land.

Land title is held by an individual Indian person or a tribe and can only be alienated or encumbered by the owner with the approval of the Secretary of the Interior because of limitations contained in the conveyance instrument pursuant to federal law.

State Indian reservations. Lands held in trust by a state for an Indian tribe. These lands are not subject to state property tax, though they are subject to state law.

housing-related infrastructure.⁵ NAHASDA was first funded in fiscal year 1998 and was most recently reauthorized in 2008.

Prior to NAHASDA, Native Americans received assistance for affordable housing under various programs aimed at providing housing assistance to low-income families. For example, several of the programs were authorized by the 1937 Act, including housing development and modernization grants, operating subsidies, and Section 8 rental assistance. Prior to NAHASDA, there were no specific provisions relating to the unique circumstances of Native Americans living on or near tribal lands, such as the federal government's obligations to Native Americans through treaties and legislation, the relationships between sovereign governments (federal and tribal) with different laws, and the challenges with development on trust lands. When NAHASDA was enacted in 1996, it incorporated the major programs that served Native Americans into a single block grant program (the IHBG program).⁶ NAHASDA also created the Title VI program.

The IHBG program is a formula grant program that provides funding for affordable housing activities to Native American tribes or tribally designated housing entities (TDHE).⁷ The purpose of the Title VI program is to assist IHBG recipients that are unable to obtain financing for eligible affordable housing activities without a federal guarantee. Through the

⁵According to the U.S. Census, in 2000, 879,381 American Indian and Alaska Native (AI/AN) individuals—or 36 percent of all AI/AN individuals—lived on trust land, reservations, or other tribal-owned property. The number of AI/AN individuals living on trust land, reservations, or other tribal-owned property more than doubled from 1990 to 2000. These Census numbers are based on single-race reporting, that is, individuals who reported only that they were AI/AN and not AI/AN and another race.

⁶A 1995 GAO report describes block grants as “a form of federal aid authorized for a wider range of activities [...] The recipients of block grants are given greater flexibility to use funds based on their own priorities and to design programs and allocate resources as they determine to be appropriate. These recipients are typically general purpose governments at the state or local level, as opposed to service providers (for example, community action organizations).” GAO, *Block Grants: Characteristics, Experience, and Lessons Learned*, [GAO/HEHS-95-74](#) (Feb. 9, 1995).

⁷A TDHE is either (1) a former Indian Housing Authority that managed Native American housing programs under the 1937 Act and converted its operations to meet the requirements of NAHASDA or (2) a new nontribal government entity authorized by one or more tribes to receive grants and provide affordable housing assistance for Native Americans under NAHASDA. A TDHE acts on behalf of the one or more tribes authorizing or establishing the housing entity.

IHBG and Title VI programs, NAHASDA aims to accomplish the following statutory objectives:

- assist and promote affordable housing activities to develop, maintain, and operate affordable housing in safe and healthy environments on Indian reservations and in other Indian areas for occupancy by low-income Indian families;
- ensure better access to private mortgage markets for Indian tribes and their members and promote self-sufficiency of Indian tribes and their members;
- coordinate activities to provide housing for Indian tribes and their members with federal, state, and local activities to further economic and community development for Indian tribes and their members;
- plan for and integrate infrastructure resources with housing development for Indian tribes; and
- promote the development of private capital markets in Indian country for the benefit of Indian communities.⁸

NAHASDA, as described in the statute, is “[t]o provide federal assistance for Indian tribes in a manner that recognizes the right of tribal self-governance, and for other purposes.” Under NAHASDA, tribes practice self-governance or self-determination through (1) negotiated rulemaking, (2) receiving funding directly rather than through Indian Housing Authorities, and (3) determining the details of their housing programs.⁹

Negotiated rulemaking is the process whereby an agency considering drafting a rule brings together representatives of that agency and affected parties for negotiations, consistent with the Negotiated Rulemaking Act of 1990. ONAP consults with tribes on various matters. One important

⁸The terms Indian and Native American generally refer to American Indians and Alaska Natives (AI/AN). In this report, we generally use Native American interchangeably with AI/AN.

⁹According to 24 CFR 1000.10, an Indian Housing Authority is “[...] an entity that [...] is authorized to engage or assist in the development or operation of low-income housing for Indians under the 1937 Act; and [...] is established: (i) by exercise of the power of self government of an Indian tribe independent of state law; or (ii) by operation of state law providing specifically for housing authorities for Indians, including regional housing authorities in the state of Alaska.”

element of these discussions is negotiated rulemaking, which allows Native Americans to participate in developing regulations, including those pertaining to the IHBG allocation formula. Before NAHASDA, HUD provided most of its assistance to Native Americans through Indian Housing Authorities in the same manner as public housing. With the enactment of NAHASDA, tribes may choose to receive housing funds directly or they may designate a TDHE to administer the housing program on their behalf. Tribes and TDHEs can use IHBG funds for any eligible NAHASDA activity. Finally, under NAHASDA, tribes are able to determine (1) whom they serve (for example, giving preference to members of the participating tribe); (2) what types of eligible activities they offer; and (3) how they deliver their programs and projects.

Federally Recognized Tribes and Participation in NAHASDA

According to the Bureau of Indian Affairs (BIA), a federally recognized tribe is an American Indian or Alaska Native tribal entity that has a government-to-government relationship with the United States and is eligible for BIA funding and services. Tribes may receive federal recognition by an Act of Congress; by the administrative procedures under 25 CFR, Part 83; or by the decisions of a United States court. As of August 2009, there were 564 federally recognized tribes. According to Department of Housing and Urban Development officials, all tribes had to obtain federal recognition to participate in the Native American Housing Assistance and Self-Determination Act of 1996 (NAHASDA) program, with the exception of five state recognized tribes that participated in federal housing programs under the U.S. Housing Act of 1937. When NAHASDA was implemented, those five tribes were grandfathered into the program.

Entities eligible for NAHASDA programs are federally recognized Indian tribes or their TDHEs and a limited number of state recognized tribes that were funded under the 1937 Act. Families that are eligible for NAHASDA-funded assistance are low-income Indian families—defined as Indian families whose income does not exceed 80 percent of the area median income—residing on a reservation or in an Indian area.¹⁰ Further, NAHASDA requires that dwelling units be occupied, owned, leased, purchased, or constructed by low-income families and that the dwelling units remain affordable for the remaining useful life of the property.¹¹ According to HUD’s 2009 IHBG formula allocation data, 282,111 American Indian and Alaska Native (AI/AN) households residing in NAHASDA formula areas were low-income.

Under NAHASDA, there are seven eligible activities:

1. Indian housing assistance, i.e. modernization or operating assistance for 1937 Act units;
2. housing development, including the acquisition, new construction, and reconstruction or rehabilitation of affordable housing;

¹⁰Under specific circumstances, nonlow-income Indian families and non-Indian families residing on a reservation or in an Indian area also are eligible to receive assistance.

¹¹Per the 2008 reauthorization of NAHASDA, provisions regarding binding commitments for the remaining useful life of property do not apply to a family or household member who subsequently takes ownership of a homeownership unit. This affordability provision also does not apply to housing built under Section 202 of the 1937 Act.

-
3. housing services, including housing counseling and assistance to owners, tenants, and contractors involved in eligible housing activities;
 4. housing management services for affordable housing, including loan processing, inspections, and tenant selection;
 5. crime prevention and safety;
 6. model activities that provide creative approaches to solving affordable housing problems; and
 7. reserve accounts for administrative and planning activities related to affordable housing.

Under NAHASDA, grantees can use a range of approaches to provide homeownership and rental assistance. These include providing

- homeownership units for purchase or lease-purchase through new construction, acquisition (for example, purchase of existing units), rehabilitation, or acquisition and rehabilitation;
- rental units through new construction, acquisition (for example, purchase of existing units), rehabilitation, or acquisition and rehabilitation;
- rental units through conversion of existing structures or demolition and replacement of existing structures;
- homeownership assistance through acquisition (for example, downpayment or closing cost assistance to the homebuyer) or acquisition and rehabilitation; and
- tenant-based rental assistance (residents pay up to 30 percent of their adjusted income).

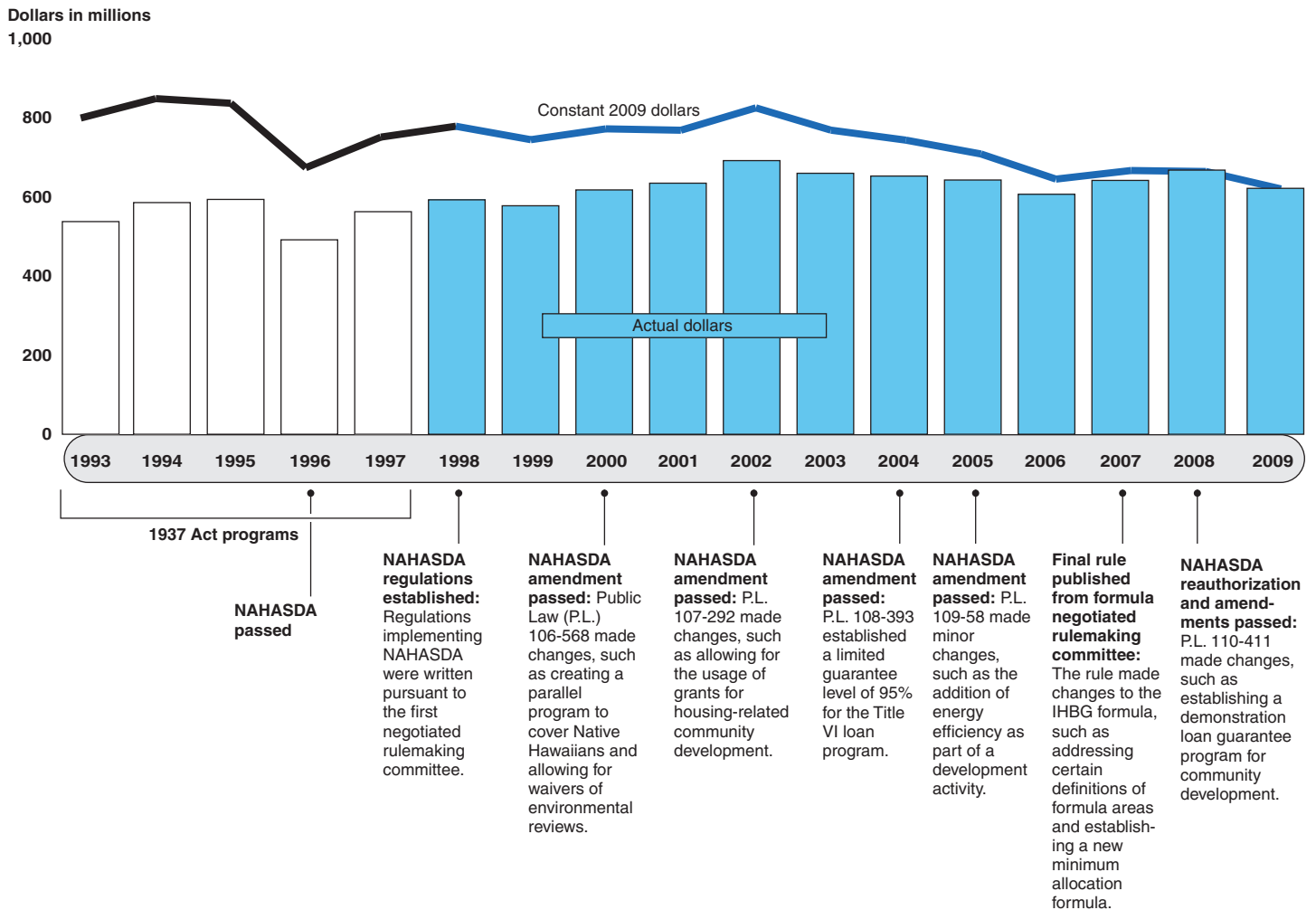
Grantees also can leverage NAHASDA funds by combining them with funds from other federal, state, local, and private sources to support eligible program activities. According to HUD, leveraging was not common under the 1937 Act.

Since the enactment of NAHASDA, several legislative and regulatory changes have occurred (see fig. 1). Those changes include the creation of the Native Hawaiian Housing Block Grant program in 2000 and the use of

grant funds for housing-related community development activities.¹² Funding for the IHBG program has remained steady. NAHASDA's first appropriation in fiscal year 1998 was \$592 million, and average funding was approximately \$633 million between 1998 and 2009. The highest level of funding was \$691 million in 2002, and the lowest was \$577 million in 1999. For fiscal year 2009, the program's appropriation was \$621 million. However, when accounting for inflation, constant dollars have generally decreased since the enactment of NAHASDA. The highest level of funding in constant dollars was \$779 million in 1998, and the lowest was \$621 million in 2009. Amounts cited above and in figure 1 are for the IHBG program and exclude NAHASDA set-asides such as technical assistance and Title VI funding.

¹²The American Homeownership and Economic Opportunity Act of 2000 authorized the Native Hawaiian Housing Block Grant program under NAHASDA to serve Native Hawaiians. The Hawaii State Department of Hawaiian Home Lands is the sole recipient of program funds. The Native Hawaiian Housing Block Grant program was not included in this review.

Figure 1: Funding for Indian Housing from Fiscal Year 1993 to 2009, and NAHASDA’s Legislative and Regulatory Changes



Source: GAO analysis of NAHASDA statute and regulations.

ONAP, which administers NAHASDA, is part of HUD’s Office of Public and Indian Housing and administers the Indian Community Development Block Grant and the Section 184 Indian Home Loan Guarantee programs. ONAP’s headquarters in Washington, D.C. and its Denver office direct the administration of the IHBG program on the national level, while six

regional offices administer grants on the local level.¹³ Each regional office contains two divisions: Grants Management, which provides funding, technical assistance, and project support to grantees; and Grants Evaluation, which reviews grantees' performance and initiates enforcement procedures when necessary.

NAHASDA changed HUD's role and involvement in Native American housing. Prior to NAHASDA, HUD had greater involvement in the development of housing projects while also managing multiple programs that served Native Americans. Several of the programs were competitive, and HUD reviewed and scored project proposals for those programs and awarded grants to the highest-ranked projects, in addition to distributing funds through the other noncompetitive (formula-based) programs. Under the competitive programs, HUD had greater influence over how funds were spent. Under NAHASDA, HUD plays a more administrative role in delivering housing benefits to Native Americans, providing funding through a single, tribally negotiated grant allocation formula. HUD's role is (1) to provide grants, loan guarantees, and technical assistance to Indian tribes and Alaska Native villages for the development and operation of low-income housing in Indian areas; (2) to conduct oversight by ensuring that reporting requirements are met and by monitoring grant recipients onsite; and (3) to enforce remedies for noncompliant grant recipients.

Prior to NAHASDA, HUD distributed grants from multiple programs to 217 Indian Housing Authorities. Under NAHASDA, in fiscal year 2008, 535 tribes benefited from more than 350 IHBG grants. The amount of funding is based on an allocation formula that has two components: (1) the costs of operating and modernizing pre-NAHASDA HUD-funded units and (2) the need for providing affordable housing activities. Need is calculated based on seven different factors that include the grantee's AI/AN population and the number of households within that population that fall in certain low-income categories (see fig. 2). Allocation amounts are adjusted by local area costs for construction and rents. Because population impacts all need factors in the grant allocation, larger grantees

¹³The six regional ONAP offices are Alaska ONAP (Anchorage), Eastern Woodlands ONAP (Chicago), Northern Plains ONAP (Denver), Northwest ONAP (Seattle), Southern Plains ONAP (Oklahoma City), and Southwest ONAP (Phoenix). In 2008, HUD's Alaska ONAP had the smallest proportion of total AI/AN residents in the six regions (3 percent); the largest proportions of AI/AN were in the Southwest region (32 percent) and Eastern Woodlands region (30 percent). However, the Alaska region had the largest proportion of its total population that identifies as AI/AN (15 percent); the Eastern Woodlands region had the smallest proportion of its total population that identifies as AI/AN (0.49 percent).

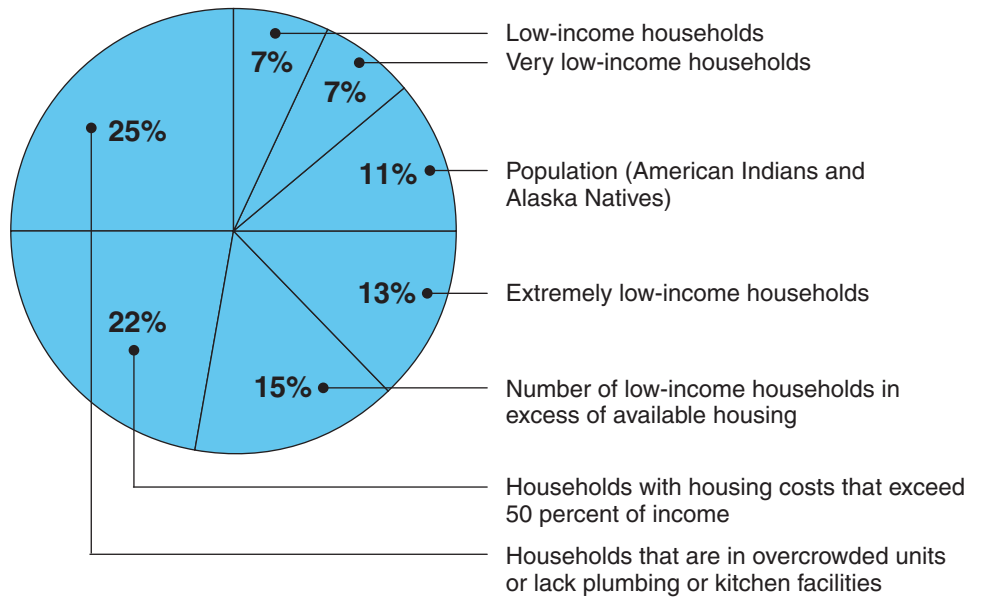
HUD's Use of AI/AN Data in Allocating NAHASDA Grants

The American Indian and Alaska Native (AI/AN) population data that the Department of Housing and Urban Development (HUD) currently uses to determine annual Indian Housing Block Grant (IHBG) allocations is based on 2000 U.S. Census data as adjusted by Indian Health Service data on AI/AN births and deaths. The Census data used are for all AI/AN households within a tribe's formula (geographic) area, and the Census attempts to count all housing units and all persons residing in those units. HUD has procedures for a tribe's formula area to be corrected and for a tribe to challenge its population or household data. If tribes meet specific conditions, HUD also will use tribal enrollment data in lieu of population data to determine IHBG allocations. In some cases, the population data for a tribe's formula area is greater than its enrollment. In general, for those cases, HUD does not allow population data to exceed twice the tribe's enrollment.

(larger tribes operating their own housing programs or the TDHEs representing those tribes) receive larger grants. Additionally, grantees that own and operate pre-NAHASDA units receive both portions of the grant while those without the pre-NAHASDA units receive only the need portion. Since their inception, NAHASDA's regulations have included a provision for minimum funding. Tribes whose annual need allocation was less than \$50,000 in their first year of participation or less than \$25,000 in subsequent years have received minimum funding in those amounts (the allocation is to the tribe, although the grantee might be a separate entity operating the housing program). The minimum funding allocation was revised for fiscal year 2008.¹⁴ In fiscal year 2008, individual grants ranged from the minimum to more than \$70 million.

¹⁴Through negotiated rulemaking between HUD and tribal representatives, NAHASDA regulations initially established a provision for minimum IHBG funding. The provision allowed a tribe that was allocated less than \$50,000 for the need portion of its grant in the first year of participation to have the need portion of its grant adjusted to \$50,000. In subsequent fiscal years, a tribe that was allocated less than \$25,000 for the need portion of its grant would have the need portion of its grant adjusted to \$25,000. Minimum funding was initially established for fiscal years 1998 to 2002. From fiscal years 2003 to 2007, HUD extended minimum funding each year to avoid hardship to the affected tribes. In fiscal year 2008, the annual minimum grant was revised through negotiated rulemaking to reflect a percentage of the IHBG annual appropriation.

Figure 2: Weighted Share of Seven Need Factors in the IHBG Formula



Source: GAO.

According to the data HUD uses annually for the IHBG formula allocation, each of the need factors has increased from 1999 to 2009. For example, during this period, the number of AI/AN households living in overcrowded units and units lacking kitchen facilities increased by almost 10 percent, and the number of AI/AN households with housing expenses greater than 50 percent of their income increased by 43 percent. In order to receive their grant distribution, grantees must submit an Indian Housing Plan (IHP) for each program year. In the IHP, grantees identify their affordable housing needs and describe the housing activities they plan to pursue to address those needs. At the end of the program year, grantees also must submit an Annual Performance Report (APR) that outlines actual accomplishments and, if federal fiscal year expenditures are \$500,000 or more, the results of an independent audit. HUD is modifying its reporting process and plans to implement a combined IHP and APR with several revisions in fiscal year 2011. In addition to reporting, grantees must follow requirements for environmental reviews, procurement and labor standards, family eligibility, and accounting for program income.

As part of its oversight, HUD also conducts periodic onsite monitoring visits with grantees using a risk-based approach to select which grantees it will visit each year. Risk factors include grant size and the amount of time since a grantee's last visit. In fiscal year 2009, ONAP completed 60 onsite

monitoring visits with NAHASDA grantees nationwide. Additionally, HUD has enforcement procedures for grantees found to be noncompliant with program requirements. Enforcement procedures involve issuing (1) a letter of warning, (2) a notice of intent to impose remedies if there is continued noncompliance, and (3) imposition of remedies, which includes the option of a hearing before a hearing officer. Enforcement can be discontinued at any time if the grantee corrects the violation prior to the imposition of remedies.

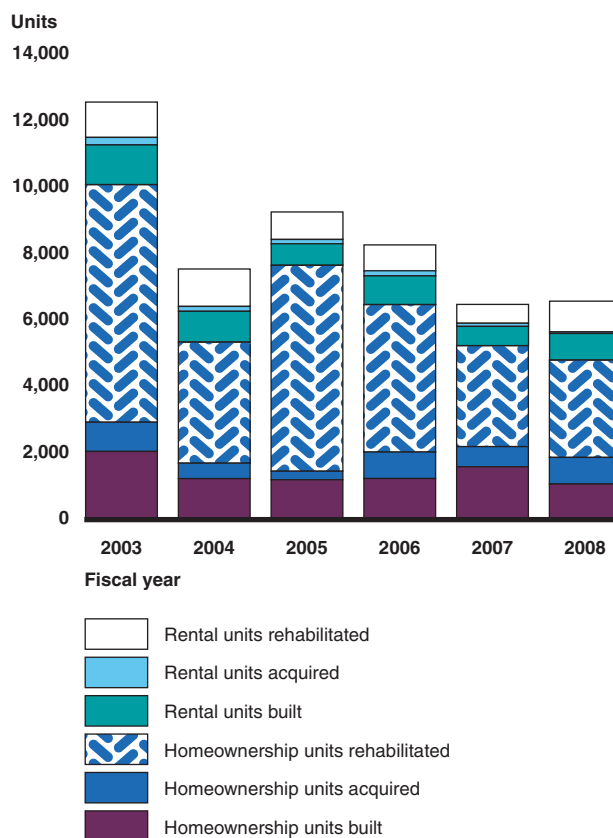
The IHBG Program Has Helped Tribes Address Some of Their Affordable Housing Needs, but HUD and Tribes Reported That Small Grantees Face Unique Challenges

Native American tribes receiving NAHASDA grants have used the funds to develop new housing and to provide other types of housing assistance. However, fewer small grantees, which receive lesser grants, have developed new housing with NAHASDA funds compared to those receiving larger grants, even though it is the primary federal housing program for Native Americans. Many NAHASDA grantees, including those receiving lesser grants, reported providing tenant-based rental assistance, housing counseling, and downpayment assistance. Smaller grantees—those receiving less than \$250,000 annually—often focus on providing those services. The APR that HUD currently uses to track the use of grant funds does not collect data on activities that are not unit-based (directly involving housing units built, acquired, or rehabilitated). However, HUD is revising its reporting to track more activities. Both HUD and grantees agreed that the opportunity to leverage grant funds to secure funds from other sources allows grantees to better address their affordable housing needs. However, a lack of administrative capacity and other challenges limit additional funding opportunities for some grantees.

Tribes Have Used IHBG Funds to Build, Acquire, and Rehabilitate Affordable Housing and to Provide Other Types of Housing Assistance

In recent years, Native American tribes and TDHEs receiving IHBG funds under NAHASDA have used the funds to build, acquire, and rehabilitate affordable housing units and to provide other types of housing assistance, such as tenant-based rental assistance, housing counseling, and downpayment assistance to eligible tribal members. During fiscal years 2003 through 2008, NAHASDA grantees collectively used IHBG funds to build 8,130 homeownership and 5,011 rental units; acquire 3,811 homeownership and 800 rental units; and rehabilitate 27,422 homeownership and 5,289 rental units (see fig. 3).

Figure 3: Number of Homeownership and Rental Units Developed with IHBG Funds, Fiscal Years 2003 through 2008



Source: GAO analysis of HUD data.

HUD tracks the number of units that grantees build, acquire, and rehabilitate using IHBG funds each fiscal year through the grantees' APR.

Grantees use the APR, which serves as a self-assessment document, to report on their use of grant funds at the end of each program year.¹⁵ The APR also follows the Indian Housing Plan (IHP), which grantees submit to HUD each program year to describe their affordable housing needs and how they will use grant funds to address those needs.

Between 2003 and 2008, grantees developed more homeownership units than rental units with IHBG funds. For example, the number of homeownership units built was more than one and one-half times the number of rental units built; the number of homeownership units acquired was almost five times the number of rental units acquired; and the number of homeownership units rehabilitated was more than five times the number of rental units rehabilitated. National American Indian Housing Council board members that also serve as executive directors for tribal housing entities nationwide told us that while large-scale rental housing is often needed, such properties are very expensive to maintain over time.¹⁶ They said that, as a result, the associated costs provide a disincentive for tribes to develop this type of housing. For example, the housing director of one small grantee we visited showed us the tribe's new senior apartment community, which was funded in part by NAHASDA (see fig. 4). During our visit, the director explained that he spends much of his own time carrying out maintenance services at the facility.

¹⁵Prior to fiscal year 2003, ONAP did not have reliable data on IHBG activity. For data purposes, HUD considers NAHASDA-funded units to be those built using any IHBG funds.

¹⁶According to the National American Indian Housing Council (NAIHC), as of January 2009, the organization had a membership of 267 tribes and TDHEs, representing nearly 460 Indian tribes. NAIHC provides its members with training, technical assistance, research, communications, and advocacy.

Figure 4: \$1 Million Senior Apartment Community Built with \$400,000 in IHBG Funds (ONAP Alaska Region)



Source: GAO.

Among NAHASDA grantees, during fiscal years 2003 through 2008, the most common development activity was rehabilitation of existing units, particularly homeownership units. In each fiscal year, the number of homeownership units rehabilitated was substantially greater than the number of homeownership units built or acquired. Grantees can use IHBG funds to rehabilitate units owned by the tribe or TDHE or units owned by private entities that will be occupied by eligible members, or they can provide the funds to eligible homeowners for rehabilitation.

In addition to these unit-based activities, many grantees, including several of those we interviewed, have used IHBG funds to provide tenant-based rental assistance, housing or financial literacy counseling, and downpayment assistance to eligible individuals and families. Based on the results of our survey of all grantees for 2008, in fiscal years 2008 and 2009, approximately 50 percent of grantees used IHBG funds to provide tenant-based rental assistance; more than 50 percent used IHBG funds to provide housing or financial literacy counseling; and approximately 30 percent used IHBG funds to provide downpayment assistance (see table 1).

Table 1: Survey Respondents Reporting That They Provided Specific Types of Housing Assistance Using IHBG Funds in Fiscal Years 2008 and 2009

Type of assistance	Fiscal year 2008	Fiscal year 2009
Tenant-based rental assistance	52 percent (112/217)	49 percent (104/214)
Housing or financial literacy counseling	63 percent (136/217)	54 percent (114/211)
Downpayment assistance	36 percent (74/206)	28 percent (57/204)

Source: GAO survey of NAHASDA grantees.

Note: The number of grantees providing a response for each type of assistance varied. A total of 232 grantees responded to our survey.

Grantees that have housing stock developed with 1937 Act program funds, or pre-NAHASDA housing stock, also can use IHBG funds to provide modernization and operating assistance for those housing units. In fiscal year 2008, HUD allocated IHBG funds to support modernization or operation of 57,523 pre-NAHASDA units that grantees collectively maintained in their housing inventories.¹⁷ HUD also tracks modernization or operation of pre-NAHASDA units in the APR.

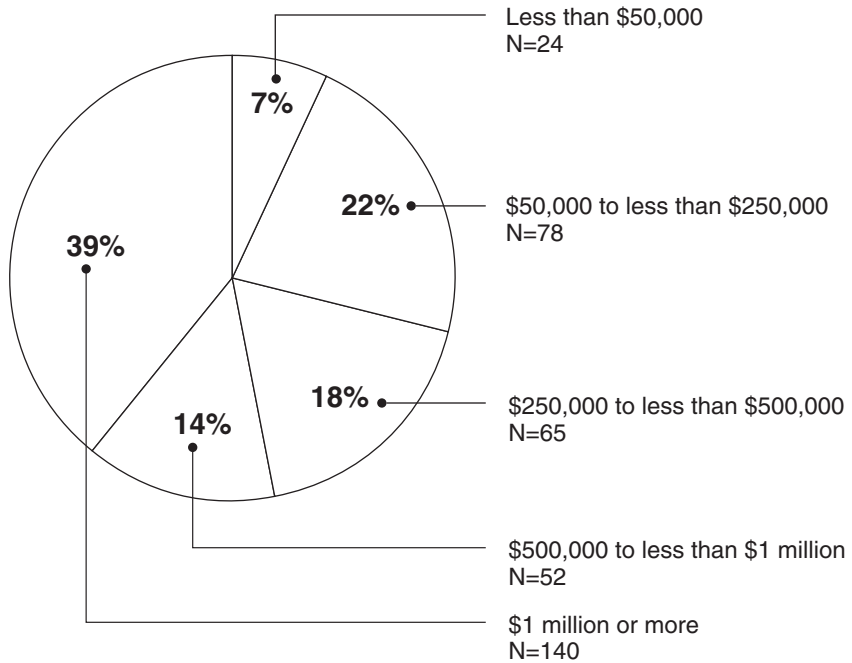
HUD and Tribes Reported That Small Grantees Face Challenges in Developing New Housing

HUD and tribes we interviewed and surveyed reported that small grantees, which receive lesser grants, face particular challenges in building new housing units with IHBG funds. The minimum grant amount in fiscal year 2008 was \$48,660 (\$49,715 for fiscal year 2009). For the purposes of our review, we generally considered annual grants less than \$250,000 to be lesser grants and the grantees receiving those grants to be small grantees. In fiscal year 2008, 102 out of 359 grantees received grants of less than \$250,000 to maintain existing housing, develop new housing, and pursue other eligible activities under NAHASDA (see fig. 5).

¹⁷Grantees' pre-NAHASDA housing units decrease in number over time when grantees convey units from their inventories through lease-purchase or purchase agreements; when units are demolished; or when grantees otherwise lose the legal right to own, operate, or maintain the units.

Figure 5: Fiscal Year 2008 IHBG Adjusted Grant Amounts

Grant amount



Total = 359 Grantees

Source: GAO analysis of HUD data.

Note: The 359 grantees are tribes or TDHEs that represent one or more tribes. Individual tribes receive an allocation; however, the grantee receives the total distribution of funds. Under umbrella TDHEs that represent more than one tribe, some smaller grant amounts may be combined. Adjusted grant amounts include backfunding to grantees or repayments to HUD, as applicable.

Out of 227 grantees providing a survey response to whether they had built new housing units using any IHBG funds since participating in NAHASDA, 159 (70 percent) indicated that they had built at least one unit (see table 2). Of the 22 small grantees in this group (those receiving less than \$250,000 in fiscal year 2008), the average number of units was considerably small. The three grantees receiving less than \$50,000 built an average of four units over the life of their participation in the program, compared with an average 12 units for the 19 grantees that received between \$50,000 and \$250,000 in 2008. The larger grantees have built the majority of units. The 22 grantees that responded to this survey question and received \$1 million or more in fiscal year 2008 built, on average, almost 450 housing units each.

Table 2: Survey Respondents Reporting That They Used IHBG Funds to Build New Units, by Fiscal Year 2008 Grant Size

Grant size	Number of grantees	Average number of units
Less than \$50,000	3	4.33
\$50,000 to less than \$250,000	19	12.32
\$250,000 to less than \$500,000	58	20.12
\$500,000 to less than \$1 million	57	48.67
\$1 million or more	22	447.59
Total	159	

Source: GAO survey of NAHASDA grantees.

Note: Unit averages are for units built with any IHBG funds over the life of grantees' participation in the program. A total of 232 grantees responded to our survey and 227 responded to this question. Of those 227, 68 reported not building any units with IHBG funds.

Among the 12 grantees we interviewed, 4 received less than \$250,000 in 2008, and only 1 of the 4 received more than that amount in any of its prior years in the program. Of those 4 grantees, only 1 had developed new housing with IHBG funds. During our visit, the housing director showed us a 10-home development that was completed in 2006 with IHBG and other funding, including funding from another HUD program. Although the grantee completed its first IHBG-funded development in 2006, it has participated in NAHASDA since the program's inception in fiscal year 1998. One other small grantee we interviewed also had developed new housing, but not with IHBG funds. During our visit with the second grantee, the tribal administrator explained that the grantee's newest units were funded with 1937 Act funds it received from HUD just before NAHASDA's implementation. That grantee also has participated in NAHASDA since its inception.

Development of new housing can be difficult for smaller grantees receiving lesser grants. ONAP officials and several grantees we interviewed stated that new housing development with lesser grants or minimum funding can take place only if the funds are accumulated over several years or if development is done in phases or on a smaller scale (see fig. 6). In many cases, new development is possible for those grantees only if IHBG funds are leveraged (combined with funds from other sources), a process which can involve additional challenges, which we will discuss later in this report.

Figure 6: Small Grantee Replacing a Log Cabin with a 400 to 500 Square Foot Home Using \$30,000 in IHBG Funds (ONAP Alaska Region)



Source: GAO.

In our survey, we asked all respondents to suggest best practices or effective strategies for grantees receiving less than \$250,000 in annual IHBG funds. Similar to what ONAP officials and the grantees we interviewed said, many survey respondents suggested that grantees receiving lesser grants pursue phased housing development, leveraging, and small-scale development. Additionally, several respondents suggested that the following actions can be helpful:

- pool their resources (grant funds, staff, and expertise) with other small grantees, such as under an umbrella TDHE or informally, and rotate new development among grantees;
- minimize administrative expenses (for example, by limiting staff to those that have experience with housing programs or in grant writing) or work with consultants;
- focus on small projects critical to the community, such as housing rehabilitation or home maintenance, or on providing only rental assistance and downpayment assistance; and
- network with and seek technical assistance from other tribes, agency officials, or NAIHC.

Further details on survey respondents' suggestions for grantees receiving less than \$250,000 annually are discussed in Appendix II.

The Annual Performance Report Does Not Collect Data on Several Significant Eligible Housing Activities, but HUD Expects Revisions to Help Efforts to Assess the Impact of NAHASDA on Low-Income Native Americans

The APR that HUD uses to collect data on grantees' use of IHBG funds does not track several significant activities because HUD currently tracks only unit-based activities in the APR. Grantees report on the number of units they build, acquire, and rehabilitate as well as on the number of pre-NAHASDA units they operate and modernize using IHBG funds. However, they are not required to report on the number of individuals or households that receive tenant-based rental assistance, housing counseling, or downpayment assistance. Grantees can include this type of information as narrative in the APR, but HUD does not track it. As a result, it is not included in HUD's annual report to Congress on program accomplishments for NAHASDA. Since HUD currently does not track and report IHBG-funded activities that are not unit-based, smaller grantees that receive lesser grants and either have not developed new housing or have done so over several years also have not been able to adequately demonstrate their use of IHBG funds. Those grantees often focus on providing members with services such as rental and downpayment assistance.

In addition to limitations in the information it captures, the current APR is a multiyear report that requires grantees to report on multiple fiscal years when prior year funds remain unspent. At present, a grant remains open across fiscal years until the funds from that grant are fully expended. Both ONAP officials and officials for two grantees we interviewed stated that multiyear reporting can be confusing and can reduce the accuracy of the data being reported. For example, ONAP headquarters officials explained that some grants used to fund construction have remained open for several years concurrently. According to the officials, this confuses grantees' reporting on use of funds as well as HUD's administrative process.

ONAP has begun revising the APR and plans to implement the revised format in fiscal year 2011. The revised APR is expected to be a single-year report, which should eliminate multiyear reporting inconsistencies. Additionally, HUD's planned revisions should allow grantees to report on activities beyond housing units built, acquired, and rehabilitated and demonstrate greater impact relative to those units—for example, the number of students or elderly households assisted, or the number of individuals moved into housing from homelessness or substandard housing conditions. The new format also will expand general reporting

categories because HUD plans to track tenant-based rental assistance, downpayment and closing-cost assistance, and homebuyer lending subsidies. Finally, the IHP and APR will be a combined document, which HUD believes will further simplify reporting. Measures that address a full range of activities should help tribes receiving lesser grants to better demonstrate how and to what extent NAHASDA funds are helping them meet their affordable housing needs. Additionally, a more complete set of program measures should help HUD and Congress better assess the extent of NAHASDA's impact on low-income Native Americans and whether the program is a significant improvement over the programs it replaced.

HUD and Tribes Agreed that Leveraging Their IHBG Funds with Funds from Other Sources Allows Grantees to Better Address Their Affordable Housing Needs

HUD and tribes participating in NAHASDA agreed that the opportunity to leverage IHBG funds with funds from other sources, a key component of NAHASDA, allows grantees to better address their affordable housing needs. HUD officials told us that the opportunity to leverage IHBG funds to support affordable housing activities is a significant benefit for tribes participating in NAHASDA, and a positive change for Native American housing since leveraging was not common under 1937 Act programs. Moreover, an official in one regional ONAP office described leveraging as a core concept of NAHASDA. While leveraging HUD funds was allowed prior to NAHASDA, two separate regional officials explained that leveraging still had been a relatively new concept for HUD and tribes since the public housing structure under which tribes previously received assistance did not encourage leveraging. NAHASDA requires that grantees explain how grant funds will allow them to leverage additional resources in their annual IHP.

As part of self-determination, grantees prioritize how they use grant funds to address a variety of housing needs that qualify as eligible NAHASDA activities. With regard to leveraging IHBG funds, ONAP officials in one region stated that none of the grantees in that region was so successful or received so large a grant that it did not need additional support to address its housing needs. In several regional offices, the officials told us that they provide resources to assist grantees with leveraging. Some offices had a staff member who was dedicated to helping grantees identify leveraging opportunities and providing them with technical assistance. However, one regional official noted that regional staff members do not assist grantees with completing applications for funding.

Half of the grantees we interviewed and 48 percent (100/209) of survey respondents answering a question on the role leveraging plays in their ability to fund affordable housing development and activities said that it

plays a great or very great role. Many of the grantees participating in leveraging activities explained that IHBG funding alone is insufficient to adequately address their communities' affordable housing needs. The housing director of one large grantee we visited told us that, instead of using IHBG funds independently to support housing activities, he focused on leveraging the funds to obtain additional support. He said he viewed NAHASDA as opening up the opportunity for tribes to use as many resources as possible to fund their housing needs. The housing director of a second large grantee we visited explained that nearly all of the grantee's 70-plus IHBG-funded units had been built with a combination of funds from the IHBG program and other sources. A third housing director provided us with records showing that, since NAHASDA's inception in 1998, the grantee had leveraged its IHBG funds to secure additional funding for housing development at an almost one-to-one ratio. Survey respondents leveraging their IHBG funds provided similar comments. They stated that leveraging is necessary either to fully fund a development project; to pursue both development and rehabilitation; to build multiple housing units; or to generally address their communities' affordable housing needs. Some respondents offered examples of how combined funding from the IHBG program and other sources allowed them to address specific housing needs, including funding a new housing rehabilitation program for members, purchasing units to address overcrowding and homelessness, and providing homebuyer assistance.

Based on our interviews with NAHASDA grantees and on survey responses grantees provided, we found that grantees generally use the Indian Community Development Block Grant (ICDBG) program and the Section 184 Indian Home Loan Guarantee program in combination with the IHBG program to fund affordable housing activities. Both the ICDBG and Section 184 are HUD programs. Some grantees also use programs provided by the U.S. Department of Agriculture (USDA) Rural Development, and some larger grantees use the Low-Income Housing Tax Credit program (see table 3).

Table 3: NAHASDA Grantees’ Use of Specific Funding Programs in Combination with the IHBG Program Based on Survey Responses

Program and agency	Description	Respondent participation (percentage and number)
Title VI Loan Guarantee Program; HUD	Authorized by NAHASDA in 1996 and enables HUD to provide a 95 percent loan guarantee to private lenders or investors that make loans to NAHASDA grantees to develop housing and community facilities. The Title VI loan is secured by a tribe’s or tribally designated housing entity’s pledge of its current and future IHBG funds.	17 percent (33/199)
Indian Community Development Block Grant Program (ICDBG); HUD	Authorized by Title I of the Housing and Community Development Act of 1974, as amended, and assists eligible grantees with developing viable communities, mainly by funding housing and economic development activities principally for persons of low- and moderate-income. Program regulations provide for two types of grants, single purpose and imminent threat. Single purpose grants are awarded competitively within ONAP regions. ^a Eligible applicants are federally recognized Indian tribes, Alaska Native villages, Village and Regional Corporations established under the Alaska Native Claims Settlement Act, and certain other tribal organizations.	70 percent (153/218)
Section 184 Indian Home Loan Guarantee Program; HUD	Authorized by the Housing and Community Development Act of 1992 and designed to offer homeownership and housing rehabilitation opportunities to eligible Native Americans on trust or restricted lands. The program provides a 100 percent federal guarantee to private lenders for home loans made to federally recognized tribes or their members and tribally designated housing entities.	58 percent (124/214)
Section 502 Single-Family Housing Direct Loan Program; USDA	Authorized by the Housing Act of 1949, as amended, to provide very low- and low-income individuals or families in rural areas with loans to finance the purchase or construction of a home at an affordable interest rate. Applicants may obtain 100 percent financing.	18 percent (35/191)
Section 515 Rural Rental Housing Loan Program; USDA	Authorized by the Housing Act of 1949, as amended, to provide loans to any individual, corporation, association, trust, Indian tribe, public or private nonprofit organization, consumer cooperative, or partnership to provide rental or cooperative housing and related facilities in rural areas for very low-, low-, or moderate-income persons or families, including elderly persons and persons with disabilities.	10 percent (19/190)
Rural Community Development Initiative Grant Program (RCDI); USDA	Created in 2000 to develop the capacity and ability of nonprofit organizations, low-income rural communities, or federally recognized tribes to undertake projects related to housing, community facilities, or community and economic development in rural areas. Eligible applicants are qualified private, nonprofit (including faith-based and community), and public (including tribal) intermediary organizations that provide financial and technical assistance programs to multiple recipients.	12 percent (21/178)

Program and agency	Description	Respondent participation (percentage and number)
Low-Income Housing Tax Credit Program (LIHTC); IRS	Created by the Tax Reform Act of 1986. Under the program, state and local agencies are authorized to issue federal tax credits for the acquisition, rehabilitation, or construction of affordable rental housing. To qualify for credit, a project must have a specific proportion of its units set aside for lower income households and the rents on those units are limited to a maximum of 30 percent of qualifying income. The amount of the credit is based on several factors, including the development cost and the proportion of units that is set aside. Credits are provided for a period of 10 years. State and local agencies that issue LIHTC awards distribute the funds competitively and according to a qualified allocation plan.	25 percent (51/205)

Source: GAO analysis of HUD, USDA, and GAO's NAHASDA survey data.

Note: The number of grantees providing a response for each program varied. A total of 232 grantees responded to our survey.

^aThe ICDBG single purpose grant is awarded based on five rating factors, including (1) capacity of the applicant, (2) need or extent of the problem, and (3) leveraging resources. Imminent threat funds may be made available to alleviate or remove imminent threats to health or safety. The funds are awarded only if ONAP determines that certain regulatory requirements are met.

Of the 12 grantees we interviewed, 8 told us that either the TDHE or the tribe itself had received competitively awarded grants through the ICDBG program and used those grants to fund a variety of projects. In addition to housing development, the projects included providing water and sewer systems; community buildings, such as a foster care facility and public safety building; flood protection for homes; and small business incubators (see fig. 7). Among survey respondents, participation in the ICDBG program in individual ONAP regions was between 60 and 95 percent, with the highest participation rate in the Northern Plains region, followed by the Northwest region.¹⁸ Five of the 12 grantees we interviewed said they had used the Section 184 loan program, and two others said they would consider the program in future leveraging efforts. Among survey respondents, participation in the Section 184 loan program in individual ONAP regions was more varied, from 39 to 85 percent, with the highest

¹⁸ Among the six ONAP regions, survey respondents indicated their participation in the ICDBG program as follows: Alaska (69 percent or 24/35); Eastern Woodlands (60 percent or 24/40); Northern Plains (95 percent or 19/20); Northwest (72 percent or 13/18); Southern Plains (66 percent or 21/32); and Southwest (71 percent or 52/73).

participation rate in the Northern Plains region, followed closely by the Northwest region.¹⁹

Figure 7: Tribal Temporary Foster Care Facility and Public Safety Building Funded through the ICDBG Program (ONAP Northwest Region)



Temporary foster care facility.



Public safety building.

Source: GAO.

Although USDA's Rural Development provides low-income housing assistance through several programs for which Native American tribes or their members are eligible, few NAHASDA grantees use the three USDA programs we asked about in our survey. Several grantees we interviewed said they participated in at least one USDA program in combination with the IHBG program; however, overall numbers from our survey show that only 10 percent of grantees reported using USDA's Section 515 program (Rural Rental Housing) and 18 percent reported using the Section 502 program (Single-Family Housing). USDA Rural Development officials told us they were surprised the figures were so low, especially given that Native American areas (along with the Mississippi Delta, Appalachia, and the Colonias on the Mexican border) are among the primary areas they target in order to serve some of the poorest and worst housed groups in

¹⁹ Among the six ONAP regions, survey respondents indicated their participation in the Section 184 loan program as follows: Alaska (39 percent or 13/33); Eastern Woodlands (74 percent or 28/38); Northern Plains (85 percent or 17/20); Northwest (79 percent or 15/19); Southern Plains (39 percent or 13/33); and Southwest (54 percent or 38/71).

the nation. They also said that they have set-asides under the Section 515 program for new construction on tribal lands. Several of the grantees we interviewed told us that they had little or no interaction with USDA local field office officials, and when they did, it was usually at their tribe's initiative. For example, one small grantee's housing director said that he was aware that some USDA programs might benefit his tribe, but that he had not had any contact with officials at the local USDA office, even though the office is about one hour away. USDA also told us that they are currently developing a more targeted outreach strategy that identifies tribal housing authorities as critical intermediaries and partners in raising the visibility of USDA Rural Development's programs in Indian country.

Some larger grantees also use Low-Income Housing Tax Credit (LIHTC) programs in combination with the IHBG program to fund affordable housing activities (see figs. 8 and 9). For each ONAP region, we interviewed two grantees whose population and grant size varied widely. As such, of the 12 grantees we interviewed, we make references to the "six smaller" or "six larger" grantees. Five of the six larger grantees we interviewed said that they currently use or had used LIHTC programs. Similarly, 96 percent of survey respondents who said they participate in LIHTC programs received grants of at least \$250,000 in fiscal year 2008.

Figure 8: Tribal Community Center Funded through Low-Income Housing Tax Credit Programs (ONAP Northern Plains Region)



Source: GAO.

Figure 9: Example of Large Grantee Housing Project (ONAP Alaska Region)



Large grantee purchased homes (top photos) and used IHBG, low-income housing tax credit programs, and other funding to replace them with new affordable homes (bottom photos).

Source: GAO.

Lack of Administrative Capacity and Other Challenges Limit Additional Funding Opportunities for Some Grantees







According to HUD officials and the grantees we interviewed, some grantees are limited in their ability to seek additional funds, including those that (1) have limited administrative resources, which prevents them from participating in a variety of programs; (2) are too small to qualify for LIHTC programs, which may require the development of a minimum number of housing units to serve a significant proportion of the low-income population; and (3) undergo frequent administrative turnover. Additionally, though most of the grantees agreed that leveraging their IHBG funds by combining them with funds from other sources is beneficial, most grantees participating in multiple programs were larger grantees. And, among the 48 percent of survey respondents indicating that leveraging plays a great or very great role in their ability to fund affordable housing and related activities, 81 percent received at least \$250,000 in IHBG funds in 2008. Of the respondents indicating that leveraging plays some, little, or no role in funding affordable housing, 66 percent reported having 5 or fewer persons on their housing staff (staff that manage, administer, and prepare grants or reports for the grantee's housing program).

All six of the smaller grantees we interviewed said they lacked some aspect of administrative capacity (such as housing staff resources, expertise, and time), which limits or prevents their participation in other programs or their ability to compete for non-NAHASDA funds. Three of the six smaller grantees had not applied for funding from other federal agencies, and three had not applied for or had experienced challenges applying for the ICDBG program, though ICDBG participation is high among grantees overall. Two of the six grantees also had not applied for the competitive portion of NAHASDA stimulus funds due to time constraints or to not having a grant writer to prepare a competitive proposal.²⁰ Grantees we interviewed and those responding to our survey also reported that burdensome administrative requirements impact their ability to participate in NAHASDA and other housing programs (see fig. 10). The grants planner for one small grantee we visited said his tribe declined the IHBG grant one year because it determined the grant amount would not justify the effort and cost of participating in the program. The housing director of another small grantee explained that while leveraging offers the ability to stretch dollars, without enough funding to pay for the

²⁰The American Recovery and Reinvestment Act of 2009 provided \$510 million in funding for NAHASDA. Half of the funds were awarded to fiscal year 2008 grantees in formula grants based on 2008 allocation inputs. The other half was made available through competitive grants.

necessary staff resources, it is very difficult to take on the extra burden of making different funding sources work together.

Figure 10: Percentage of Survey Respondents Reporting Specific Challenges to Leveraging as Moderate to Very Great

Limited capacity due to resources		75
Burdensome administrative requirements from funding sources		74
Incompatibility among different funding programs		68
Lack of coordination between agencies providing funding		68
Limited interest from financial institutions		61
Exclusion from some programs due to size		51

Source: GAO survey of NAHASDA grantees.

Note: The number of grantees providing a response for each leveraging challenge varied.

As noted, five of the six larger grantees we interviewed indicated they had participated in LIHTC programs. However, none of the smaller grantees we interviewed indicated that they had participated in LIHTC programs, and two explained that such programs would require more resources than were available to them. For example, the housing director of one of the smaller grantees said that they had considered participating in a LIHTC program, but found they could not undertake the required scale of development. HUD data supports this assessment. According to HUD, of 16,754 LIHTC projects placed into service between 1995 and 2006, only about 17 percent of the projects had 20 or fewer units.²¹

Limited resources mainly impact smaller grantees that receive lesser grants, but grantees of any size may experience frequent turnover in housing and management staff that affect the continuity of housing plans and activities. One housing director explained that frequent turnover in housing management and staff can contribute to a lack of knowledge of

²¹ Approximately 37 percent of the LIHTC projects HUD reported were placed into service between 1995 and 2006 had 21 to 50 units; 22 percent had 51 to 99 units; and 24 percent had 100 or more units.

implementing housing programs and lack of consistency in the grantee's housing plan.

Incompatibility among different funding programs was cited by 68 percent of survey respondents as a challenge to leveraging. Some other funding programs may be incompatible with the IHBG program due to conflicting requirements, such as requirements for eligible beneficiaries. In addition, 68 percent of survey respondents identified lack of coordination between agencies providing funding as a leveraging challenge. Several grantees we interviewed reported that a lack of coordination between HUD and other funding agencies limits their efforts to combine IHBG funds with funds from those other agencies. For example, the grantees explained that, like HUD, various agencies require grantees to complete environmental reviews when they receive funds to develop housing and related infrastructure. However, they said that HUD generally does not accept environmental reviews that meet other agencies' requirements, making it necessary for them to have multiple reviews carried out.

Officials from NAIHC and three grantees we interviewed also reported that limited interest from financial institutions is an ongoing challenge for tribal entities in obtaining financing for housing development. They said that many banks are reluctant to do business with tribes because of cumbersome procedures or lack of experience. For example, they explained that the Bureau of Indian Affairs' (BIA) process for issuing land title or trust status reports when a mortgage is made on trust lands is lengthy and inefficient. Several grantees explained that BIA's process for issuing this paperwork can take months or years, making such transactions impractical for lenders and difficult for members pursuing homeownership or receiving homeownership assistance. In 1998 we reported that from 1992 through 1996, lenders made only 91 conventional home purchase loans to Native Americans on trust lands (80 of which went to members of only two tribes), largely because lenders have a limited understanding of land ownership, jurisdiction, and legal issues pertaining to Native American trust lands.²²

A more recent source notes that while federal programs and other efforts subsequently encouraged greater lending to Native Americans on trust lands, challenges remain. Both the Section 184 and NAHASDA's Title VI

²²GAO, *Native American Housing: Homeownership Opportunities on Trust Lands Are Limited*, [GAO/RCED-98-49](#) (Washington, D.C.: Feb. 24, 1998).

loan guarantee programs aim to provide an incentive for private lenders to make housing loans to tribes and their members.²³ In comparison with the Section 184 program, participation in Title VI was low among grantees we interviewed and those responding to our survey. Two of the 12 grantees we interviewed and 17 percent (33/199) of survey respondents said they had participated in Title VI. Data we received from ONAP on both loan programs support what we found on Section 184 and Title VI participation. In fiscal year 2008, HUD provided guarantees for 1,577 Section 184 loans totaling \$274.8 million compared with only 8 Title VI loans totaling \$14.2 million. And, in fiscal year 2009, HUD provided guarantees for 2,401 Section 184 loans totaling \$395.4 million compared with only 6 Title VI loans totaling \$12.8 million. However, Title VI is a newer loan program and it offers lenders a 95 percent federal guarantee, compared with the Section 184 program's 100 percent guarantee. Some individual grantees also have made efforts to facilitate lending in their communities. For example, one grantee we met with had an agreement with BIA to do title permitting onsite in order to expedite the title process for Section 184 program loans, and two other grantees we interviewed had established their own banks.

Survey Respondents and Tribes We Interviewed Generally Viewed NAHASDA as Effective in Meeting Their Low-Income Housing Needs, but Some Reported Challenges, Including Concerns with the Allocation Formula

Grantees responding to our survey and those we interviewed generally viewed NAHASDA as an effective affordable housing program and as an improvement over the programs it replaced. A primary reason was that NAHASDA emphasizes tribal self-determination, which is the right to use grant funds with minimal restrictions to meet tribes' self-identified housing needs. Survey respondents reported that they view NAHASDA as most effective at providing homeownership opportunities and improving housing conditions for low-income Native Americans. However, some grantees we spoke with and some responding to our survey had specific concerns about NAHASDA, such as problems with meeting what they considered to be onerous regulatory requirements and perceived inequities in the grant allocation formula. Negotiated rulemaking between HUD and tribes participating in NAHASDA provides the tribes with an opportunity to address their concerns with NAHASDA's regulations, including concerns pertaining to the grant allocation formula.

²³Individual tribal members can only apply for Section 184 loans.

Tribes View NAHASDA as Effective at Addressing Their Affordable Housing Needs and as an Improvement over the HUD Programs It Replaced

Based on our survey of and interviews with NAHASDA grantees, most grantees view NAHASDA as an effective low-income housing program, and a primary reason was NAHASDA’s recognition of tribal self-determination. Of the 223 survey respondents that provided views on NAHASDA’s effectiveness, almost 90 percent (200 grantees) reported that the program has had a positive effect in helping them to meet their affordable housing needs (see table 4). Of those 200 grantees, more than half (110 grantees) reported that NAHASDA has had a very positive effect. Similarly, 8 of the 12 grantees we interviewed told us that NAHASDA has simplified the process of providing housing benefits for their tribes. However, 5 of the 8 grantees who said that NAHASDA has simplified the process of accessing affordable housing benefits also mentioned some cumbersome aspects to the program, such as the reporting requirements.

Table 4: Survey Respondents’ Views on the Overall Effectiveness of NAHASDA

	Number of responses	Percentage of those that answered the question
Very positive	110	49.3
Generally positive	90	40.4
Neither positive or negative	15	6.7
Generally negative	7	3.1
Very negative	1	0.4
Total	223	100

Source: GAO survey of NAHASDA grantees.

Note: Results shown exclude seven responses of “don’t know or no opinion” and two “not checked” responses.

Among survey respondents, there were some minor differences in the results across grantees receiving grants of various sizes. Of the 47 survey respondents that provided views on NAHASDA’s effectiveness and that received a grant less than \$250,000 in fiscal year 2008, 46 had a generally positive or very positive view of NAHASDA’s effectiveness (see table 5). In contrast with this consistently positive view of NAHASDA among respondents that received lesser grants, eight grantees that received more than \$250,000 reported negative views on NAHASDA’s effectiveness. Our analysis of survey respondents’ written explanations shows that some grantees preferred the 1937 Act housing programs because they were able to successfully compete for funds. Officials we spoke with at NAIHC said that larger tribes with sophisticated housing departments were more likely to view NAHASDA as less effective than the 1937 Act programs it replaced because they may receive less funding under the block grant formula.

Table 5: Survey Respondents' Views on the Overall Effectiveness of NAHASDA, by Fiscal Year 2008 Grant Size

	Grantees receiving less than \$250,000		Grantees receiving more than \$250,000	
	Number	Percentage	Number	Percentage
Very or generally positive	46	97.9	154	87.5
Neither positive or negative	1	2.1	14	8.0
Very or generally negative	0	0	8	4.5
Total	47	100	176	100

Source: GAO survey of NAHASDA grantees.

Note: Results shown exclude seven responses of “don’t know or no opinion” and two “not checked” responses.

We asked survey respondents to provide explanations to support their overall views of NAHASDA, and most that viewed NAHASDA positively wrote that the program helps them meet their overall affordable housing needs. However, of those that provided more specific reasons for NAHASDA’s positive impact, most respondents mentioned that the program has been effective because it allows the grantee to

- target specific housing needs for their tribe, such as increasing energy efficiency in affordable units (56 responses);
- exercise self-determination and program flexibility (19 responses); and
- leverage their NAHASDA grant with funding from other sources (10 responses).

We also surveyed grantees on the extent to which they thought NAHASDA was effective at meeting certain programmatic goals. We found that survey respondents viewed NAHASDA as very effective at improving housing conditions and increasing access to affordable rental housing and homeownership, but less effective at developing housing finance mechanisms and increasing economic development on Indian lands (see fig. 11).²⁴

²⁴GAO/RCED-98-49.

Figure 11: Grantees View NAHASDA as Most Effective at Improving Housing Conditions for Low-Income Native Americans

	Effectiveness of NAHASDA		
	Very to extremely	Somewhat to moderately	Slightly or not
Improving housing conditions for low-income tribal members	54.3%	39.2%	4.3%
Increasing access to affordable rental housing	44.4	36.2	13.8
Increasing access to affordable homeownership	45.3	34.9	15.1
Developing private housing finance mechanisms	20.3	36.2	25.9
Increasing economic development activities, such as providing jobs for tribal members	24.1	47.4	20.7

Source: GAO survey of NAHASDA grantees.

Note: Of the 232 respondents, 221 provided views on NAHASDA and 11 either did not provide their opinion or checked “don’t know.” Percentages show the portion of the total survey responses.

One survey respondent primarily operating in an urban area wrote that under NAHASDA, they have been able to develop mixed-use housing in their region and have been able to supplement the housing they provide with social support services. Similarly, another survey respondent wrote that under NAHASDA, they have been able to maintain existing housing units and provide financial literacy training to the community as well as counseling to aid prospective homeowners in the tribe.

We asked survey respondents to compare their experiences under NAHASDA with experiences under the 1937 Act housing programs it replaced in 1998. Of the 138 respondents that checked that they had participated in the 1937 Act programs, 102 grantees—or about 74 percent—reported that NAHASDA is an improvement over the programs it replaced. Of those that viewed NAHASDA as an improvement, about half—53 out of 102—checked that NAHASDA was much better. Only 17 reported that NAHASDA was worse or much worse than the 1937 Act programs it replaced (see table 6).

Table 6: Survey Respondents' Views on NAHASDA Compared with 1937 Act Housing Programs

	Number of responses	Percentage of those that answered the question
Much better	53	38.4
Better	49	35.5
About the same	19	13.8
Worse	15	10.9
Much worse	2	1.4
Total	138	100.0

Source: GAO survey of NAHASDA grantees.

Note: Results shown exclude seven responses of “don’t know or no opinion” and two “not checked” responses. Percentages show the portion of those respondents that provided views on NAHASDA.

The grantees we interviewed also viewed NAHASDA as an improvement over 1937 Act housing programs, and all of them identified self-determination as the main reason. For example, one grantee we interviewed said that because of the flexibility afforded by NAHASDA, their tribe was able to buy housing units in urban areas rather than on their reservation and rent the units to low-income members. This grantee explained that they intended to provide housing in locations that had more opportunities for employment so that program beneficiaries could become increasingly self-sufficient.

Self-determination was also the most common reason that survey respondents favored NAHASDA over the previous housing programs. The 102 survey respondents reporting that NAHASDA was better or much better provided 85 written reasons for their answers. We analyzed their responses and found that the largest group—65 responses—said that NAHASDA was an improvement because it provided for tribal self-determination. For example, one survey respondent wrote that each tribe has unique housing needs influenced by their specific cultures, economic conditions, and physical environments and that NAHASDA has been a drastic improvement because it allows tribes the flexibility to meet those needs. Another respondent wrote that although the funding levels have effectively dropped with NAHASDA, the program has allowed tribes to be more flexible with how they spend the grant, allowing for a more effective use of the limited funding. For those survey respondents that provided explanations on how NAHASDA was worse or much worse than the programs it replaced, the main reasons provided were

- NAHASDA provides less funding than previous programs (six responses)
- NAHASDA is a block grant, which does not reward those tribes that have the capacity to apply for and win competitive housing grants (five responses); and
- NAHASDA has too many administrative and regulatory requirements (five responses).

Tribes Recommended Loosening Administrative Burdens to Improve the Program and Reported Limitations in the NAHASDA Grant Allocation Formula as a Major Challenge

Respondents to our survey provided a total of 133 distinct recommendations on how to improve NAHASDA, and most of the respondents wrote that certain administrative rules and obligations were too onerous (see table 7). Most commonly, those respondents cited mandatory environmental reviews as overly cumbersome. Others noted certain administrative restrictions on their funds; for example, some said that the cap on the portion of the grant they can use for administrative expenses was arbitrary and limited their administrative capacity.²⁵ Specifically, one respondent wrote that determining the amount spent on administrative costs should be up to each tribe so that tribes can manage their own programs as they see fit.

Table 7: Most Frequent Suggestions on How NAHASDA Could be Improved

How NAHASDA could be improved	Number of such recommendations
Minimize regulatory requirements	32
Provide more training for grantees	22
Ensure that HUD staff is trained and more responsive	21
Revise HUD's reporting requirements	19
Revise the allocation formula	18
Appropriate more funds	12
Provide funds more quickly	9

Source: GAO survey of NAHASDA grantees.

Note: Survey respondents—111 total—provided various suggestions on improving NAHASDA. Of those that we were able to categorize, we identified 133 distinct recommendations primarily because some respondents provided more than one suggestion.

²⁵The regulations, as negotiated, limit planning and administrative expenses to 20 percent of a grantee's annual grant amount. Grantees must receive approval from HUD when those expenses are expected to exceed 20 percent of their annual grant amount.

Grantees we interviewed identified limitations in the grant allocation formula as a particular challenge with the IHBG program. They told us that they believe the allocation formula is either based on inaccurate data (for example, enrollment numbers or area construction costs) or does not consider certain key factors, such as a lack of land to develop housing. In calculating a grantee's annual allocation, the formula considers such factors as fair market rent and total development cost for a grantee's local area. However, the formula does not take into account whether a tribe has buildable land to use for housing development in the calculation of total development cost or as a separate factor.²⁶ The housing director of one small grantee we visited that did not own trust land reported that they had to first allocate grant funds to purchase land for any new development. Similarly, of the 201 survey respondents that provided an opinion specifically on the grant allocation formula, 159 grantees—or nearly 80 percent—said the formula could be improved. And, of those survey respondents that checked certain problems with utilizing NAHASDA, 46 percent of respondents said that the formula is based on inaccurate data, and 64 percent said that it does not consider certain factors such as properly accounting for construction costs or the cost of purchasing land for development. Survey respondents provided a total of 159 suggestions on how the IHBG allocation formula could be improved, and most recommended that the demographic data used in determining the need portion of the grant be updated (see table 8). For example, multiple survey respondents said that U.S. Census figures do not accurately reflect the population for which they provide housing services.

Two of the grantees we interviewed and some survey respondents also said that the IHBG operation and maintenance subsidy that currently supports 1937 Act units should extend to NAHASDA-funded units. During our visit with one of the grantees we interviewed, the housing director explained that because their NAHASDA units are low-income, the tribe would likely need assistance with upkeep to ensure that they maintain their value.²⁷

²⁶ Grantees we interviewed described land as not buildable if it included flood plains or hillside, or if it was near water with high mineral content.

²⁷ NAHASDA was amended in October 2008 by Pub. L. No. 110-411 to allow for the operation and maintenance of NAHASDA units as a housing management service and not as a model activity, which required approval from HUD.

In addition, several of the 12 grantees we interviewed stated that the minimum IHBG grant of around \$50,000 per year is insufficient for those who receive it to pursue any significant housing activities, especially new housing development. Some survey respondents provided similar comments about the minimum grant amount. Moreover, ONAP officials in all six regions stated that grantees receiving lesser grants, including the minimum, are limited in their ability to address their affordable housing needs.

Table 8: Survey Respondents' Suggestions on How the IHBG Allocation Formula Could Be Improved

How the IHBG formula could be improved	Number of such recommendations
Improve the demographic data used	38
Increase the minimum grant	24
Revisit the definition of the formula area	19
Increase funding	20
Incorporate certain ongoing costs, such as unit maintenance	23
Incorporate certain regional costs, such as construction costs	19
Other suggestions	16

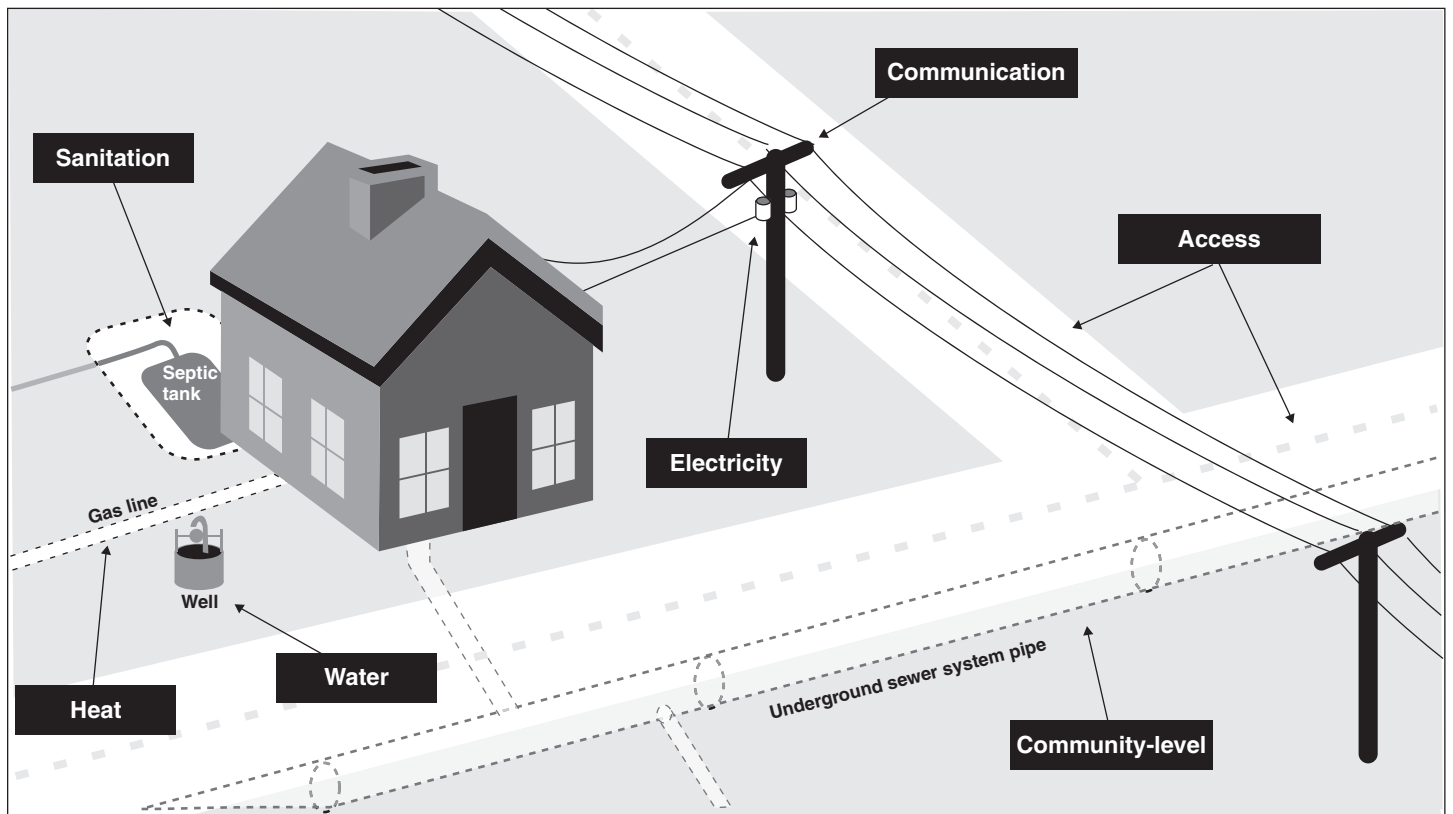
Source: GAO survey of NAHASDA grantees.

However, ONAP headquarters officials explained that tribes participate in developing regulations for the grant allocation formula, including establishing a minimum grant amount, through negotiated rulemaking with HUD. They informed us that the negotiated rulemaking committee will be convened in March 2010 to determine regulations that implement October 2008 statutory changes to NAHASDA. They also confirmed that the May 2012 committee agenda will include reviewing the allocation formula.

Almost Half of the Grantees We Surveyed Use IHBG Funds for Infrastructure Development, but HUD Does Not Collect Grantees' Plans or Monitor Their Investments in Housing-Related Infrastructure

Of the 232 NAHASDA grantees responding to our survey, 70 percent viewed investment in housing-related infrastructure—such as connecting a home to a local water supply—as a great housing need, but slightly less than half indicated that they use IHBG funds to develop infrastructure (see fig. 12). Additionally, we found that HUD does not collect grantees' infrastructure plans or measure their investments in infrastructure for affordable homes funded by the IHBG program. According to data from the Department of Health and Human Services' Indian Health Service (IHS), there is an acute need for sanitation-related infrastructure for Indian housing in general, and our survey indicates a significant need for adequate sanitation infrastructure for homes funded by HUD programs. Some IHS officials also told us that they have found instances where HUD homes were built with insufficient planning, taxing existing water supplies and wastewater systems. Although HUD does not collect information on the sanitation infrastructure needs for HUD homes, IHS does collect such information and, according to IHS officials, can make it available to HUD under a 2007 memorandum of understanding between the agencies.

Figure 12: Housing-Related Infrastructure



Source: GAO and Art Explosion (images).

Seventy Percent of Survey Respondents Viewed Housing-Related Infrastructure as a Great Need, but Only About Half Report Using IHBG Funds to Help Meet that Need

Out of 232 NAHASDA grantees that responded to our survey, 85 percent (198 grantees) reported that developing infrastructure, such as providing homes with access to drinking water, was a continuing need for their tribe. And, 70 percent (164 grantees) said that developing infrastructure was a great or very great need. Additionally, grantees that responded to our survey ranked adding or updating housing-related infrastructure 4th out of 13 greatest continuing housing needs, after constructing new units, rehabilitating existing units, and operating and maintaining units (see fig. 13).

Figure 13: Survey Respondents’ Rankings of Their Greatest Continuing Housing Needs, by Percentage

Constructing new units	79.3
Rehabilitating existing units	49.1
Operating and maintaining units	40.9
Adding or updating infrastructure	27.6
Purchasing land for housing	26.3
Addressing overcrowding	16.8
Increasing energy efficiency	15.9
Providing rental assistance	15.5
Increasing homeownership	13.8
Providing downpayment assistance	9.9
Addressing homelessness	6.9
Providing housing services to members outside the tribal area	6.0
Crime prevention and safety	6.0

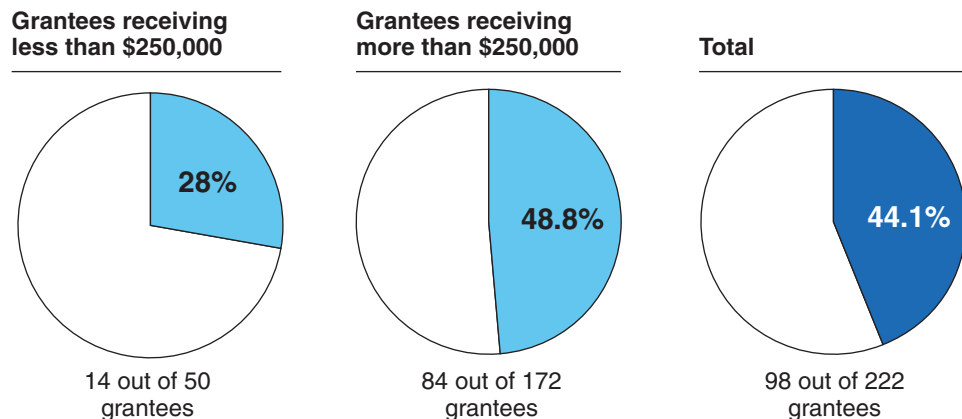
Source: GAO survey of NAHASDA grantees.

Note: Percentages indicate the portion of survey respondents that ranked a particular need in their top three continuing housing needs. Results do not include 4.3 percent of respondents that reported “other continuing housing needs.”

Despite this demonstrated need for infrastructure development, slightly less than half of the survey respondents—98 of the 222 who responded to this question—reported that they actually use their IHBG grant for

infrastructure development (see fig. 14). Some of the grantees that responded to our survey explained that they have a pronounced need for infrastructure development and that they often do not receive enough funding to address infrastructure with the IHBG program. Of those grantees that we spoke with, smaller grantees were less likely to use the IHBG program for infrastructure, either because they do not receive enough funding to address their needs or because they provide assistance to persons living in units that are on a city- or county-funded infrastructure system. Indeed, the results of our survey show that, of the grantees receiving a large grant, twice as many used IHBG funds for infrastructure development as those receiving a small grant.

Figure 14: Survey Respondents' Use of the IHBG Program for Infrastructure Development, by Fiscal Year 2008 Grant Size



Source: GAO survey of NAHASDA grantees.

Officials in four of the six regional ONAP offices, as well as half of the IHS field directors that we spoke with, said that because of the need for affordable housing for most tribes, tribal housing departments may be providing housing units without adequate infrastructure to support those units. Although the grantees we interviewed did not say that they built homes with inadequate infrastructure, six said that they use or intend to use other programs to help meet their infrastructure needs.

NAHASDA emphasizes tribal self-determination by providing a noncompetitive block grant to tribes, but survey respondents that provided views on problems with the program said that the greatest

problem—out of a list of six most common problems—is a lack of funding specifically for housing-related infrastructure (see fig. 15).²⁸

Figure 15: Survey Respondents’ Views on Problems with NAHASDA Ranked by Number of Responses

Lack of funding specifically for housing-related infrastructure	122
Allocation formula does not consider certain key factors	88
Administrative costs of operating the program are high	86
Program regulations do not allow us to address certain housing needs	73
Grant allocation formula is based on inaccurate data	58
Agency delays in disbursing grant funds	48

Source: GAO survey of NAHASDA grantees.

Housing-related infrastructure development is an affordable housing activity under NAHASDA. ONAP officials, especially those in the regional offices, said that prior to NAHASDA, they worked with IHS to identify all infrastructure needs for housing developments funded by HUD. Under NAHASDA, however, tribes have the flexibility to determine the uses of their funding within the scope of eligible activities, including the extent to which they want to use the IHBG program for infrastructure development.

Instead of using the IHBG program, survey respondents reported that they were more likely to fund their infrastructure development using other funding sources (see table 9). Although some tribes rely on other programs to help fund their infrastructure development, our interviews with grantees and findings from a 2003 NAIHC study indicate that non-IHBG programs for infrastructure development—such as programs administered by the Environmental Protection Agency, HUD, and USDA—have characteristics that present challenges to some tribes.²⁹ For example,

²⁸NAHASDA was amended in October 2008 by Pub. L. No. 110-411 to authorize a demonstration loan guarantee program for community development projects. HUD officials told us that this legislation did not impact tribes’ ability to use the IHBG or the Title VI program for housing-related infrastructure development.

²⁹National American Indian Housing Council, *Building the Framework: Housing Infrastructure Development in Indian Country* (2003).

while the study found that the ICDBG program was a sought-after program for IHBG grantees to fund infrastructure projects, it was only available to tribes that have the administrative capacity to meet the application requirements. Furthermore, our analysis found that the ICDBG program is consistently funded at about one-tenth the level of the IHBG program, making it much smaller. In addition, since IHS is statutorily prohibited from funding sanitation facility construction projects for IHBG-funded units, some survey respondents and grantees we spoke with said that they were disappointed that IHS would not provide the sanitation infrastructure support without reimbursement from the tribe.³⁰

Table 9: Survey Respondents' Use of Various Programs to Develop Housing-Related Infrastructure

Programs available to tribes to develop housing-related infrastructure	Number of respondents that reported using program(s)	Percentage of all responding
IHS programs	155	66.8
HUD's ICDBG program	118	50.9
Bureau of Indian Affairs programs	109	47.0
IHBG program (NAHASDA)	98	44.1
State and local government programs	69	29.7
USDA programs	61	26.3
Other sources of funds, including nongovernmental sources	40	20.7

Source: GAO survey of NAHASDA grantees.

Note: Respondents could select more than one source of funding.

³⁰For many years, IHS has been statutorily precluded from directly funding the construction of sanitation facilities for HUD-funded homes. Prior to NAHASDA, HUD officials said that they worked with IHS to develop sanitation facilities for HUD-funded housing and coordinated the necessary payments to IHS. Now, tribes are responsible for planning their own housing development and can obtain technical assistance services from IHS and reimburse IHS for any construction costs from their IHBG funds or other sources.

HUD Does Not Collect Information on Grantees' Infrastructure Needs or the Amounts Grantees Invest in Housing-Related Infrastructure Development

HUD's primary tools for monitoring grantees' uses of IHBG funds are the IHP and the APR. In our review of the IHP, which describes grantees' plans for the coming year, we found that it does not provide a means for HUD to systematically collect information from grantees on both their housing-related infrastructure needs and their plans to address those needs, including infrastructure for new housing construction. The IHP collects information on some of grantees' estimated housing needs, such as the number of families who need housing because they are living in overcrowded conditions. The IHP also collects information on grantees' plans to address those stated needs, such as by constructing new housing to alleviate the overcrowded conditions. However, although it does cover many important housing-related activities the IHP does not require grantees to describe how they intend to address any existing infrastructure deficiencies, such as a home with inadequate access to potable water. In addition, the IHP does not require grantees to describe what infrastructure development a new construction project will require and how that infrastructure will be funded.

The APR, which describes grantees' accomplishments during the past year, provides grantees the opportunity to report how they are carrying out the plans and addressing the housing needs outlined in the IHP. In our review of the APR, we found that because it is based on activities described in the IHP, it also lacks an assessment of how a tribe is meeting the infrastructure needs of its low-income members. HUD officials we spoke with confirmed that the APR does not track grantees' infrastructure investments. Although the IHP and the APR allow grantees to describe any needs and plans—including those for infrastructure development—in a narrative format, we learned that those narratives are not included in ONAP's reporting system, which means that these components are not used in HUD's overall reports to Congress. Further, one grantee that we spoke with said that they do not believe HUD officials actually review the narratives or track them so they do not take the time to list activities that are not measured, such as infrastructure-related needs and plans.

As previously noted, HUD is planning to combine the IHP and the APR by fiscal year 2011. We reviewed a draft of this document and found that while it does a better job of tracking grantees' uses of NAHASDA funds, from identifying affordable housing needs to assessing the impact of completed housing development, it does not systematically assess grantees' needs, plans, or investments related to infrastructure development. Because grantees are not required to report on or to quantify their need for and investments in infrastructure, HUD may lack the information necessary to assess the extent to which NAHASDA is meeting

its statutory objectives of improving the health and safety of low-income Native Americans and integrating infrastructure resources to support housing development.

The Indian Health Service Has Found That Inadequate Sanitation Infrastructure Is an Acute Problem for Native Americans, but HUD Has Not Used Health Service Data to Help Inform IHBG Grantees of Any Identified Deficiencies

Of the 98 survey respondents that reported using IHBG funds for infrastructure, the majority reported using the IHBG program to provide access to clean water and to provide for wastewater removal (see fig. 16). Similarly, grantees that we spoke with, and some responding to our survey, explained that sanitation infrastructure, such as providing access to clean drinking water and providing for the safe, reliable removal of wastewater, was an important type of infrastructure for low-income housing. According to IHS, access to adequate sanitation facilities is a vital public health issue for Native Americans. Adequate access to safe drinking water helps to stem the spread of disease, and proper wastewater removal systems help reduce the incidence of bacteria, viruses, and parasites that cause communicable diseases like typhoid and hepatitis A.

Figure 16: Types of Infrastructure for Which Survey Respondents Reported Using IHBG Funds

Percentage that used IHBG funds for each type of infrastructure			Number of respondents
Water systems		34.1%	79
Wastewater systems		30.2%	70
Roads		25.4%	59
Electrical systems		22.0%	51
Telephone lines		16.8%	39
Gas/propane lines		13.8%	32

Source: GAO survey of NAHASDA grantees.

Note: This graphic does not include those respondents that reported using the IHBG for “other infrastructure,” which amounted to 15 responses, or 6.5 percent of the total.

Government data sources show that there is still an acute need for adequate sanitation infrastructure on Indian lands. The U.S. Census estimated that in 2008 Native American households were five times as likely to have incomplete plumbing as the rest of the population. And, according to a March 2008 draft report issued by an interagency

infrastructure task force written pursuant to the United Nation's Millennium Challenge Goals, approximately 43,800 housing units occupied by Native Americans—or about 13 percent of Native American homes—had inadequate access to safe drinking water and wastewater disposal systems in 2007.³¹

The report noted a slight improvement since the benchmark year, 2003, when there were 44,234 homes with inadequate infrastructure. However, it concluded that this rate of decrease was not sufficient to meet the U.S. government's goal of reducing the number of Native American homes with inadequate sanitation facilities to half of the 2003 figure by 2015. HUD officials we spoke with told us that they joined this task force at its inception in 2003 and signed a memorandum of understanding with the other members of the task force, including IHS, to facilitate interagency coordination to meet the United Nations goal.

The data used in the report were collected by IHS's Sanitation Tracking and Reporting System, a database that tracks reported sanitation deficiencies for most Native American communities. Although IHS is statutorily precluded from funding sanitation construction services for HUD homes, IHS is authorized to and actively collects data on the infrastructure needs for those homes as long as the data are reported by their tribal counterparts. IHS officials we spoke with in headquarters and five of the ten officials we contacted in field offices said that they have found instances where tribes in their region have built homes using NAHASDA funding with inadequate planning for sanitation infrastructure. For example, one official told us that his field office has been contacted by individual tribal members about NAHASDA homes with inadequate sewer lines or inadequate drains. He added that, in general, tribal housing departments may feel pressure from their community to maximize the number of housing units produced and that this pressure may lead to more units being built at the expense of adequate infrastructure for the units. The other five field directors said that they have not seen tribes build NAHASDA homes with inadequate infrastructure, but three of these five acknowledged that NAHASDA homes could be stretching existing infrastructure facilities in certain communities. For example, one director told us that because NAHASDA homes are often built within existing

³¹Federal Infrastructure Task Force Access Subgroup, *Meeting the Access Goal: Strategies for Increasing Access to Safe Drinking Water and Wastewater Treatment to American Indian and Alaska Native Homes* (March 2008).

housing developments, as tribes add homes to existing communities, the communities' underlying sanitation infrastructure may increasingly be burdened with those homes.

HUD officials we spoke with said that they also do not have the data necessary to measure the extent to which HUD-funded homes need updated infrastructure investment. However, according to IHS officials, HUD can access IHS's sanitation deficiency database pursuant to a 2007 memorandum of understanding that specifically authorizes data sharing between IHS, HUD, and other agencies.

Conclusions

Native American tribes generally have a positive view of NAHASDA, and most see it as an improvement over the housing programs previously available to them, in large part because of NAHASDA's emphasis on self-determination for the tribes. However, small grantees that receive lesser grants reported facing challenges in building new housing and in trying to leverage their grant funds to secure additional funding for affordable housing activities. Reporting on NAHASDA accomplishments is currently limited primarily to building, acquiring, and rehabilitating housing units, despite the fact that many tribes use NAHASDA funds for other eligible purposes. Because of this limitation in reporting, HUD has not collected a full set of data on NAHASDA. As a result, Congress has not had a complete picture of the program's accomplishments. However, the revisions HUD plans to make to the Indian Housing Plan (IHP) and Annual Performance Report (APR) should address some reporting limitations, which should help efforts to assess the impact of NAHASDA on low-income Native Americans.

NAHASDA also has helped some tribes with infrastructure development, but infrastructure continues to be a pressing need for many tribes, particularly in the area of sanitation. HUD does not currently collect grantees' assessments of their housing-related infrastructure needs or data on how they use grant funds to address those needs, and planned revisions to the IHP and APR do not address reporting on infrastructure. As a result, additional opportunities exist for HUD to collect such information, which would allow it to track grantees' efforts to address a key need in their communities and would broaden the scope of accomplishment data that HUD can report to Congress.

Furthermore, comprehensive data on tribes' infrastructure needs as they pertain to sanitation facilities are already collected by IHS and are available to HUD under an interagency memorandum of understanding. If

HUD were to obtain this data and share it with grantees, the data could help tribes identify any unmet sanitation needs that they might include in their reporting and address with their NAHASDA grants.

Recommendations for Executive Action

To better assess the extent to which NAHASDA is meeting its objectives of providing safe and healthy homes and coordinating infrastructure with housing development for low-income Native Americans, we recommend that HUD's Office of Native American Programs ensure that its revised Indian Housing Plan and Annual Performance Report:

- capture data on tribes' infrastructure-related needs;
- capture tribes' plans for addressing their identified infrastructure needs;
- measure the extent to which NAHASDA grantees are using IHBG funds and Title VI loan guarantees for housing-related infrastructure development; and
- assess the effectiveness of infrastructure development in meeting the needs of low-income Native Americans, such as by measuring the number of low-income Native Americans that have better access to drinking water or a safe heat source.

To help grantees identify their existing sanitation infrastructure needs, we recommend that HUD provide them with sanitation deficiency data obtained from IHS on homes in the grantees' service area—particularly for those homes that are statutorily precluded from receiving IHS-funded sanitation construction services.

Agency Comments and Our Evaluation

We provided a draft of this report to HUD for review and comment. HUD's Deputy Assistant Secretary for Native American Programs provided written comments that are discussed below and presented in Appendix IV.

HUD stated that our report is generally positive and would be a very useful document. HUD also requested that we change the report title to reflect only the generally positive view of the Indian Housing Block Grant (IHBG) program under NAHASDA. However, we thought it necessary to include language on an issue for which the report makes recommendations to HUD.

HUD also agreed with our conclusions and recommendations, noting that while there have been improvements, our conclusion that there is still a significant need for adequate infrastructure to support Indian housing is accurate. Additionally, HUD stated, and we agree, that HUD and the Indian Health Service (IHS) should continue to work together to address these problems. As indicated in our conclusions and recommendations, we believe that HUD's inclusion of infrastructure needs and investments in program reporting and its use of IHS data on sanitation deficiencies in Indian country should benefit Native American tribes participating in the IHBG program and capture additional program results for HUD and Congress. HUD noted that allowing tribes to use their IHBG funds to leverage IHS resources would improve their ability to address infrastructure deficiencies. In our report, we highlight that leveraging IHBG funds with funds from other sources has benefited tribes, and that many tribes view leveraging as a practical approach to adequately funding their communities' affordable housing needs.

We are sending copies of this report to the Secretary of Housing and Urban Development and other interested parties. The report is also available at no charge on the GAO Web site at <http://www.gao.gov>.

If you or your staffs have any questions about this report, please contact me at (202) 512-8678 or shearw@gao.gov. Contact points for our Office of Congressional Relations and Public Affairs may be found on the last page of this report. GAO staff who made major contributions to this report are listed in Appendix V.



William B. Shear
Director, Financial Markets
and Community Investment

Appendix I: Scope and Methodology

Our objectives were to evaluate (1) how Native American Housing Assistance and Self-Determination Act of 1996 (NAHASDA) program funds have allowed Native American tribes to address their affordable housing needs; (2) how, if at all, NAHASDA has improved the process of providing Native American tribes with access to federal funds to meet their affordable housing needs; and (3) the extent to which NAHASDA funding has contributed to infrastructure improvements in Native American communities.

To address all three objectives, we reviewed NAHASDA's legislative history and the Department of Housing and Urban Development's (HUD) policies and procedures for administering the program. We interviewed officials in HUD's Office of Native American Programs (ONAP) headquarters and in all six regional ONAP offices. We reviewed previous congressional reports and testimonies, our previous reports, a 2007 Office of Management and Budget Program Assessment Rating Tool report on the Indian Housing Block Grant (IHBG) program, and a 2009 independent study of the IHBG program contracted by HUD. To obtain information on grantees' experiences with the program, we developed a sample of 12 grantees—2 in each ONAP region—of various sizes. We reviewed HUD's annual IHBG allocation reports for fiscal years 1998 through 2008, which include data on each tribe's American Indian and Alaska Native population, reported enrollment, criteria that HUD uses to determine the IHBG allocation, and the grant amount. Though grantees may be individual tribes or their tribally designated housing entities (TDHE), HUD makes an allocation to each tribe. To help us evaluate the program's effectiveness in meeting the affordable housing needs of tribes of various sizes, we further analyzed the fiscal year 2008 allocation report by ONAP region to determine which grantees in each region could be identified as large or small based on population and enrollment—or as receiving a large or small grant—when compared with other grantees in the same region. In our analysis, we found that small and large grantees, based on population and grant size, were not always similar among the six ONAP regions. Because tribal populations vary across regions and grant size is largely based on population factors, small and large designations within regions also were relative to other grantees in each region. For the purposes of our review, we generally considered annual grants less than \$250,000 to be lesser grants and the grantees receiving those grants to be small grantees. We chose to interview a range of grantees and, for each region, we interviewed two grantees whose population and grant size varied widely (see table 10). In making a final sample selection, we solicited input from the relevant oversight ONAP office on grantee participation, performance, and accessibility. We interviewed grantees either onsite or by telephone.

To obtain a wider range of grantee perspectives, we also administered a Web-based survey to all grantees that received funding in fiscal year 2008, obtaining a 66 percent response rate. Additionally, we met with officials from groups representing Native American housing interests: the National American Indian Housing Council (NAIHC), a nonprofit organization that represents the interests of American Indians, Alaska Natives, and Native Hawaiians in providing affordable housing; and Cherokee Freedmen representatives, who advocate for housing and other benefits for the Cherokee Freedmen. Appendix III contains a brief history of the Cherokee Freedmen and information pertaining to the Cherokee Nation’s provision of housing assistance to Cherokee Freedmen members. Finally, we interviewed officials at the Indian Health Service (IHS), Bureau of Indian Affairs (BIA), and U.S. Department of Agriculture (USDA) Rural Development because those agencies also provide assistance to Native American communities.

Table 10: Location and Other Characteristics of NAHASDA Grantees Selected for Site Visits and Telephone Interviews

HUD ONAP region	Grantee’s location	2008 American Indian and Alaska Native (AI/AN) population	2008 Tribal enrollment	Fiscal year 2008 IHBG allocation
Alaska	Alaska	33,004 ^a	7,433	\$13,383,003
	Alaska	958	592	301,873
Eastern Woodlands	Michigan	588	294	125,437
	Wisconsin	11,157	14,745	3,465,919
Southern Plains	Oklahoma	2,793	3,196	500,088
	Oklahoma	118,059	241,226	27,605,755
Southwest	Arizona	189,314	268,004	74,025,827
	California	65	214	48,660
Northwest	Washington	200	377	137,663
	Washington	8,192	4,096	2,911,842
Northern Plains	Montana	7,905	6,970	4,109,638
	Utah	725	437	\$182,343

Source: GAO analysis of HUD data.

Note: The AI/AN population data is based on 2000 U.S. Census data for all AI/AN households within a tribe’s formula (geographic) area while enrollment is based on tribal data for members enrolled.

^aThis grantee is a regional housing entity serving several tribes.

Survey Administration

We initially contacted 351 tribes or TDHEs who were recipients of 2008 NAHASDA grants.¹ We sent initial notifications and the survey by e-mail to most grantees. A small number of grantees did not have e-mail accounts, and we contacted them by telephone and sent them the survey by fax. To encourage responses, we followed up with four e-mails that included a link to the survey. Additionally, to try and increase the response rate, we contacted those grantees who had not responded to the e-mailed survey by telephone. We also contacted some respondents by telephone to clarify unclear responses. We received responses from 232 grantees, or a 66 percent response rate. Grantees responding to the survey represented 413 of the 535 tribes (77 percent) nationwide that benefited from NAHASDA grants in 2008.

To pretest the questionnaire, we conducted cognitive interviews and held debriefing sessions with five NAHASDA grantees; two pretests were conducted in person and three were conducted by telephone. Pretest participants were selected to represent a variety of grantee sizes (as represented by dollar amount of the grants); whether they represented a tribe, single-tribe TDHE, or umbrella TDHE; and geographic locations. We conducted these pretests to determine if the questions were burdensome or difficult to understand and if they measured what we intended. In addition, we met individually with officials from ONAP and NAIHC to obtain their comments on our questionnaire. On the basis of the feedback from the pretests and these other knowledgeable entities, we modified the questions as appropriate.

Content coding of responses. We provided respondents with an opportunity to answer several open-ended questions. The responses to those questions were classified and coded for content by a GAO analyst, while a second analyst verified that the first analyst had coded the responses appropriately. Some comments were coded into more than one category since some respondents commented on more than one topic. As a result, the number of coded items is not equal to the number of respondents who provided comments. These comments cannot be generalized to our population of NAHASDA grantees.

¹HUD reported 359 recipients of NAHASDA grants for fiscal year 2008. We later adjusted the number we surveyed to 351 because at the time of our survey, 8 recipients were represented by umbrella TDHEs that were already part of our survey population.

Nonsampling errors. Because this was not a sample survey, there are no sampling errors. However, the practical difficulties of conducting any survey may introduce other types of errors, commonly referred to as nonsampling errors. For example, differences in how a particular question is interpreted, the sources of information available to respondents, or the types of people who do not respond can introduce unwanted variability into the survey results. We included steps at both the data collection and data analysis stages for the purpose of minimizing such nonsampling errors.

These steps included (1) having survey specialists help develop the questionnaire, (2) pretesting the questionnaire with NAHASDA grantees, (3) using multiple reminders to encourage survey response, and (4) contacting respondents to follow up on obvious inconsistencies, errors, and incomplete answers.

Nonresponse analysis. Because only 66 percent of the study population provided responses, bias from nonresponse may result. If the responses of those who did not respond would have differed from the responses of those who did on some survey questions, the numbers reported solely from those who did respond would be biased from excluding parts of the population with different characteristics or views. To limit this kind of error, we made multiple attempts to obtain the participation of as many NAHASDA grantees as possible. We performed an additional analysis to determine whether our survey respondents had characteristics that were significantly different from all grantees in the study population. To do this, we identified two grantee characteristics that were available for the entire study population—grantee location (region) and grant size. For these comparisons, we found little difference between the distribution of responses from the respondents and the actual population values.

However, when comparing respondents to nonrespondents by grant size, we found that the survey respondents, on average, received much larger grants; the median grant size was \$717,686 for those who responded and \$451,222 for those who did not. This suggests that grantees receiving large grant amounts were more likely to participate in our survey than others. For example, more than two-thirds of grantees with grants larger than \$250,000 participated in the survey while only about half of the smaller grantees participated. Respondents to the survey received about 80 percent of the grant amounts distributed in 2008.

We performed computer analyses to identify inconsistencies in responses and other indications of error. In addition, an independent analyst verified

that the computer programs used to analyze the data were written correctly.

To evaluate how NAHASDA program funds have allowed Native American tribes to address their affordable housing needs, we reviewed NAHASDA legislation to identify housing activities that are eligible under the program. We reviewed HUD performance data on the NAHASDA program, including its fiscal year 2008 NAHASDA Report to Congress and cumulative data on affordable housing units grantees built, acquired, and rehabilitated using IHBG funds during fiscal years 2003 through 2008. We assessed the reliability of these data by (1) performing electronic testing of the data elements, (2) reviewing existing information about the data and the systems that produced them, and (3) interviewing agency officials knowledgeable about these data. We determined that these variables were sufficiently reliable for our reporting purposes. In addition to analyzing the 2008 IHBG allocation report, we reviewed data on pre-NAHASDA units that HUD factored into making 2008 grant allocations. We also reviewed the Indian Housing Plan (IHP) and Annual Performance Report (APR) forms that grantees use to report on planned and actual housing activities each year. Further, we requested and analyzed a sample of completed IHPs for 2005 through 2008 that grantees submitted in each ONAP region to determine the types of housing activities grantees were pursuing in recent years. We used the IHP information in part to develop our sample for grantee site visits and telephone interviews. In conducting those site visits and telephone interviews and in our Web-based survey, we asked grantees questions related to how they use IHBG funds to address their affordable housing needs, other sources of funding they use in combination with the IHBG program (leveraging), some of the challenges they experience with the IHBG program or with leveraging, and program reporting. Similarly, in our interviews with regional ONAP officials, we asked questions about grantees' housing activities, leveraging, and program reporting. Specific to leveraging, we asked whether ONAP provides resources to assist grantees with identifying and accessing other potential funding opportunities to supplement their IHBG funds. Finally, we interviewed officials at IHS, BIA, and USDA about collaborating with HUD to provide housing and related services to Native American communities.

To evaluate how, if at all, NAHASDA has improved the process of providing Native American tribes with access to federal funds to meet their affordable housing needs, we obtained perspectives from ONAP, grantees, and NAIHC on NAHASDA as it compares to the housing programs for which Native Americans were eligible under the U.S.

Housing Act of 1937 (1937 Act). In our interviews with ONAP officials, grantees, and NAIHC representatives, we discussed various aspects of NAHASDA in comparison with the 1937 Act programs, including program structure and funding. In our Web-based survey, we also asked grantees to report on specific challenges they have experienced with the IHBG program, and we asked those with pre-NAHASDA experience to rate NAHASDA in comparison with pre-NAHASDA programs.

To evaluate the extent to which NAHASDA funding has contributed to infrastructure improvements in Native American communities, we reviewed the NAHASDA legislation to identify the statutory goals of the program. We then analyzed HUD's IHP and APR forms to assess the extent to which HUD tracked grantees' infrastructure needs and measured their investments in housing-related infrastructure development. In conducting our grantee site visits and telephone interviews and in our Web-based survey, we discussed grantees' use of NAHASDA funds to meet their infrastructure needs. We also discussed their use of IHBG funds for infrastructure development. In our survey, in particular, we asked grantees to describe their housing-related infrastructure needs, the extent to which they use IHBG funds to meet those needs, and any challenges they face. In our meetings with each of the six regional ONAP offices and with officials at ONAP headquarters, we asked similar questions. Finally, we asked IHS officials for their assessment of the sanitation infrastructure needs on Indian lands and we reviewed IHS's sanitation deficiency data collection process and methodology.

We conducted this performance audit in Alaska; Arizona; California; Colorado; Illinois; Michigan; Montana; Oklahoma; Utah; Washington; Washington, D.C.; and Wisconsin from January 2009 to February 2010 in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Appendix II: Survey Respondents' Suggestions for Smaller Tribes Participating in NAHASDA

To identify potential steps that small grantees can take to maximize the impact of their Native American Housing Assistance and Self-Determination Act of 1996 (NAHASDA) grant, we asked all survey respondents to suggest best practices or effective strategies for grantees that receive lesser grants, which we defined as less than \$250,000 per year (see table 11). Of the 168 distinct recommendations provided, respondents overwhelmingly mentioned using the NAHASDA grant in combination with other funding sources—also known as leveraging—to maximize the grant's impact. Other recommendations focused on enhancing the administrative capacity of tribal housing departments. For example, some survey respondents wrote that tribes should make sure to hire staff with experience in grant writing and others recommended that small grantees pool their resources, for example by joining an umbrella tribally designated housing entity, to minimize administrative costs.

Table 11: Advice for Grantees Receiving Grants of Less Than \$250,000 per Year

Survey respondents recommend that tribes receiving less than \$250,000 a year ...	Number of such recommendations
Leverage their grant Use their NAHASDA grant to leverage other sources of funding such as the Section 184 loan program, U.S. Department of Agriculture's Rural Development loans, and state or local funding	61
Focus on smaller projects instead of constructing units Focus on smaller projects such as home rehabilitation, weatherization, downpayment assistance, or rental assistance	21
Identify and focus on the tribe's priorities Such as by conducting a survey of the tribe and by meeting with tribal leadership to create an effective housing plan	20
Increase administrative capacity Such as by hiring a professional grant writer	18
Pool their resources with other NAHASDA recipients Such as by joining an umbrella tribally designated housing entity in their region, in order to maximize administrative capacity and available funds	14
Learn best practices from peers Such as by contacting the National American Indian Housing Council or other grantees with more experience in using NAHASDA	11
Accumulate funds over time Combine multiple-year grants (called "phasing") to accumulate a larger pool of funds	10
Minimize administrative expenses Such as by limiting housing staff size and travel expenses	10
Other suggestions	3

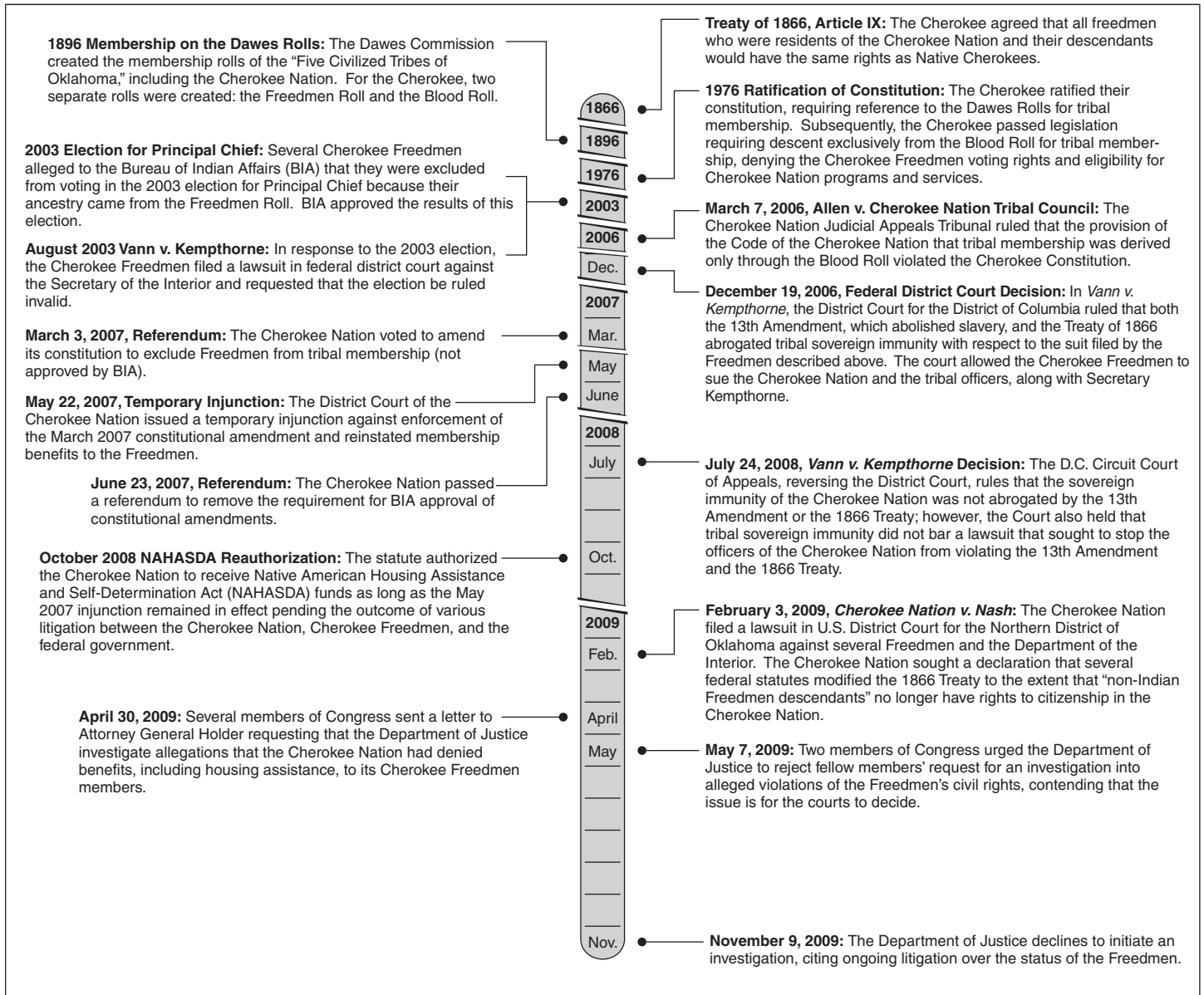
Source: GAO survey of NAHASDA grantees.

Appendix III: Cherokee Freedmen

As part of our outreach to tribal entities served by the Native American Housing Assistance and Self-Determination Act of 1996 (NAHASDA) program, we obtained information pertaining to the provision of federal housing assistance to Cherokee Freedmen. In a suit filed in federal district court, the Cherokee Freedmen claim to be “direct descendants of former slaves of the Cherokees, or free blacks who intermarried with Cherokees, who were made citizens of the Cherokee Nation in the Nineteenth Century.” The Cherokee Nation, a federally recognized Indian tribe headquartered in Oklahoma, has attempted to expel this particular group of its citizens over the past several years through both tribal legislation and constitutional amendment. The Cherokee Freedmen’s claim for tribal membership is based on an 1866 treaty between the Cherokee Nation and the federal government, under which two groups of people—former slaves of the Cherokee Nation and “all free colored persons”—either residing in Cherokee territory when the Civil War began or who returned within six months, and the descendants of such persons, were guaranteed “all rights of native Cherokees.” In response to the efforts to deny them citizenship rights, the Cherokee Freedmen have turned to litigation in both federal and tribal court, claiming that the action of the Cherokee Nation conflicts with the treaty and violates equal protection. The Cherokee Nation’s arguments are grounded on the premise that the authority of Indian tribes to define membership is inherent. Any attempt by the Cherokee Nation to act on its measures to disenroll the Cherokee Freedmen has been enjoined in tribal court while federal litigation proceeds.¹ Figure 17 provides an overview of key events in the Cherokee Freedmen’s history since 1866.

¹For additional information on the history of the dispute, see Yule Kim and M. Maureen Murphy, *The Cherokee Freedmen Dispute: Legal Background, Analysis, and Proposed Legislation*, Congressional Research Service Report for Congress, RL34321 (Washington, D.C., Jan. 14, 2009).

Figure 17: Cherokee Freedmen History



Source: GAO.

The Cherokee Freedmen and Housing Benefits

As part of our outreach to tribal entities served by NAHASDA, we obtained information pertaining to the provision of housing assistance to Cherokee Freedmen. We relied on statements from the Cherokee Nation's housing department, representatives of the Cherokee Freedmen, and Department of Housing and Urban Development (HUD) officials for the following information:

- According to the Cherokee Nation's housing department, the department is "color blind" and makes no distinction between Cherokee Freedmen and other enrolled members in providing housing benefits.
- Cherokee Freedmen representatives told us that many Cherokee Freedmen members' enrollment applications have not been processed and many enrolled members have been unable to obtain housing and other benefits.
- HUD officials explained that because they had not received any complaints from Cherokee Freedmen regarding housing benefits as of February 1, 2010, HUD is not actively monitoring the Cherokee Nation's compliance with the injunction in its provision of housing benefits to members. The officials said that they would pursue any such complaints through HUD's program monitoring and enforcement procedures.

Appendix IV: Comments from the Department of Housing and Urban Development



OFFICE OF PUBLIC AND INDIAN HOUSING

U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
WASHINGTON, DC 20410-5000

FEB 22 2010

Mr. William B. Shear
Director, Financial Markets and Community Investment
United States Government Accountability Office
Washington, DC 20548

As you requested, the Office of Public and Indian Housing, Office of Native American Programs has reviewed the draft report on Native American Housing. It is a generally positive report and will be a very useful document when issued. Other than some minor technical comments that were forwarded under separate cover the following official comments are provided:

It is recommend that the title "*Tribes Generally View Block Grant Program as Effective, but Tracking of Infrastructure Plans and Investments Needs Improvement*" be changed to remove everything after the comma. The title highlights a small negative aspect of a report that is generally positive about the Indian Housing Block Grant (IHBG) program.

One of the conclusions reached is that HUD does not collect or report on infrastructure needs, and does not access the Indian Health Service (IHS) sanitation deficiency data. Adequate access to safe drinking water and sanitation facilities has been a serious concern and documented need in Indian Country. While there have been improvements, as cited in the draft report, there still exists a significant need for adequate infrastructure to support Indian Housing. HUD and IHS should continue to work together to address these problems. Allowing the use of IHBG funds to leverage IHS infrastructure resources would greatly improve the resources available to Indian tribes to address this serious problem.

Please contact Jennifer Bullough, Director of Grants Evaluation, Office of Native American Programs, at (202) 402-4274, if you have any questions.

Sincerely,

Rodger J. Boyd
Deputy Assistant Secretary
for Native American Programs

www.hud.gov

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Appendix V: GAO Contact and Staff Acknowledgments

GAO Contact

William B. Shear, (202) 512-8678 or shearw@gao.gov

Staff Acknowledgments

In addition to the individual named above, Andy Finkel, Assistant Director; Bernice Benta; Juliann Gorse; John McGrail; Marc Molino; Luann Moy; Paul Revesz; and Jennifer Schwartz made key contributions to this report.

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