



LIHTC to Homeownership:

Developing Partnerships with Tribal Housing Programs.

Moderator/presenter:

Mel Willie, Director of Native Strategy, NeighborWorks America

Presenters:

Linda Lee Retka, Program Director, National American Indian Housing Council

Joyce Niven, Vice President, Tlingit & Haida/ Tlingit Haida Regional Housing Authority and Haa Yaḱaawu Financial Corporation

Ellen White Thunder, Deputy Director, Lakota Funds

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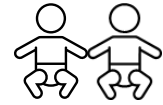
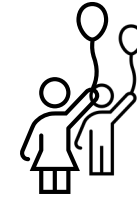
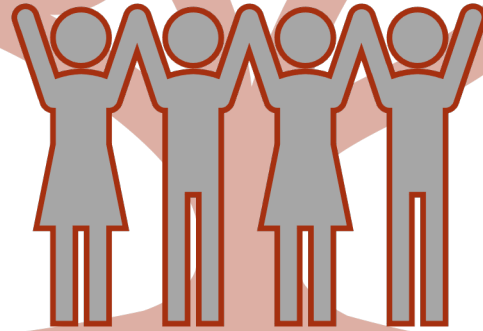
What is NeighborWorks America?

"I believe people get their roots down when they own their own houses ... take pride in them..."

Dorothy Richardson
NeighborWorks America
Founding mother



Honoring the 7 generations



We are connected to the three generations before and after us; therefore, we are led by the roots of our ancestors to build the fruits for our great-grandchildren.

Honoring the 7 generations



Wealth, equity, homeownership and opportunity take on many meanings amongst Native families and communities

How does NeighborWorks America show up in Indian Country?

- Three Native non-profits that are NeighborWorks affiliates
- Training and Technical Assistance
- Native Partnership grants: internal & external
- Research & data
- Collaborations with national partners
- Director of Native Strategy and Partnerships
- Akwe:kon Working Group
- Achieving Excellence Native Cohort
- Listening and exploring new strategies to deepen our impact



NEIGHBORWORKS AMERICA'S
NATIVE STRATEGY:

**Exploring Partnerships and New
Opportunities for Achieving Impact
in Native Communities**

March 2020

NeighborWorks®
AMERICA

State of Native Housing

Indian Housing Block Grant funding and its impact

Since 1998, funding allocations for the IHBG have remained constant; however, with inflation the buy-power has decreased.

What is the result of flat-lined funding?

Con: new development decreases, while maintenance and rehab increases.

Opportunity: tribes seek to leverage IHBG funds.

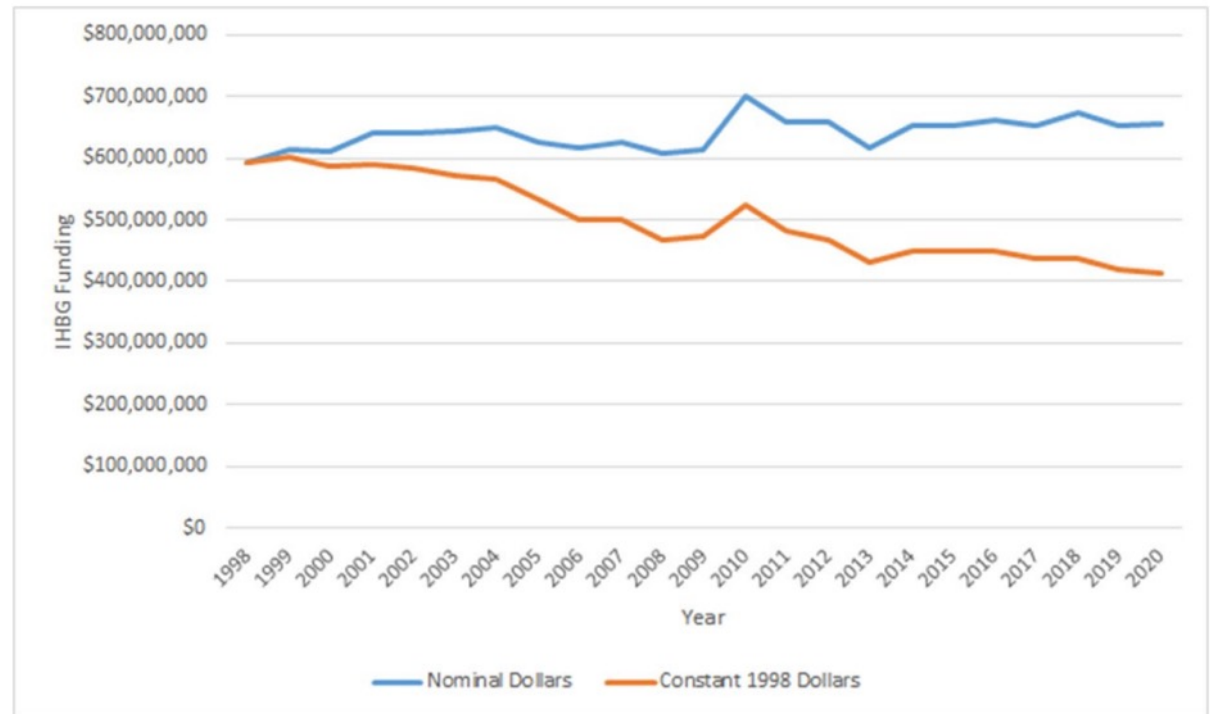


Table: Consulting, B. W. (2021, October 6). Assessment of Native Housing Needs: Findings and Lessons Learned. Washington: Housing WA Conference.

*Special Note: the final 2021 allocation added \$450M in ARPA funding, and funding did increase in 2022 to \$774.8M (~\$450M in '98 dollars). New federally recognized tribes added and growing service area/population.



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Indian Country Housing Need

- 2017 HUD Indian Housing Needs Study revealed a need for **68,000 New Units**¹.
 - ▶ 35,000 to Alleviate Substandard Homes
 - ▶ 33,000 to Alleviate Overcrowded Conditions
- In **FY 2021**, it was reported to Congress that **346 units** (newly constructed or acquired) were developed with the **Indian Housing Block Grant** funding.
 - ▶ the rest of the flat-level appropriation was used to modernize existing Indian housing units.
- ❖ *At this pace addressing the substantial need for new units can only be achieved through accessing private investment.*



Lending Systems Focus Group

Home loan data

Federal Fiscal Year 2022 (Oct. 1, 2021-Sept. 30, 2022)

In FY 2022, there were
537 home loans¹,
 not including:

- Native CDFIs
- Tribal Credit Programs
- Conventional Portfolio Loans
- BIA HIPP Loans
- Chattel Loans
- FHA Loans on Tribal Trust

| | HUD 184 | USDA RD 502 Direct | USDA RD 502 Guaranteed | USDA 504 Loans/Grants | VA Native American Direct Loan (NADL)* | VA-Guaranteed Home Loans** | Fannie Mae Conventional | Native CDFI's |
|---|---|-------------------------------------|---|-----------------------|--|---|--|---------------|
| Total Number of Native Loans (LG Issued) | 3,680 | 193 (502 Direct Relending Pilot 16) | 766 | 64 loan/grant | 40 | VA-Guaranteed Loans by race nationwide: - 8,487 American Indian/Alaskan Native - 2,369 Native Hawaiian/Pacific Islander | | |
| # of Refinance | 1155 | 0 | | 0 | 3 – Interest Rate Reduction (IRRR) | Data not Available | | |
| # of Loans on Tribal Trust and Restricted | 441 (72 allotted, 3 Restricted Fee, 366 Tribal Trust) | 28 (502 Direct Relending Pilot 16) | 3 leasehold loans on DHHL trust lands & 7 loans coded "fee simple on Reservation" | 18 | 40 | Data not Available | Fannie Mae did purchase a small number of loans on Trust Land during 2022. | |

*The NADL program is only available on trust land as defined by 38 USC 3765(1).

** VA-guaranteed loans are made by private lenders on fee simple or approved leasehold land.

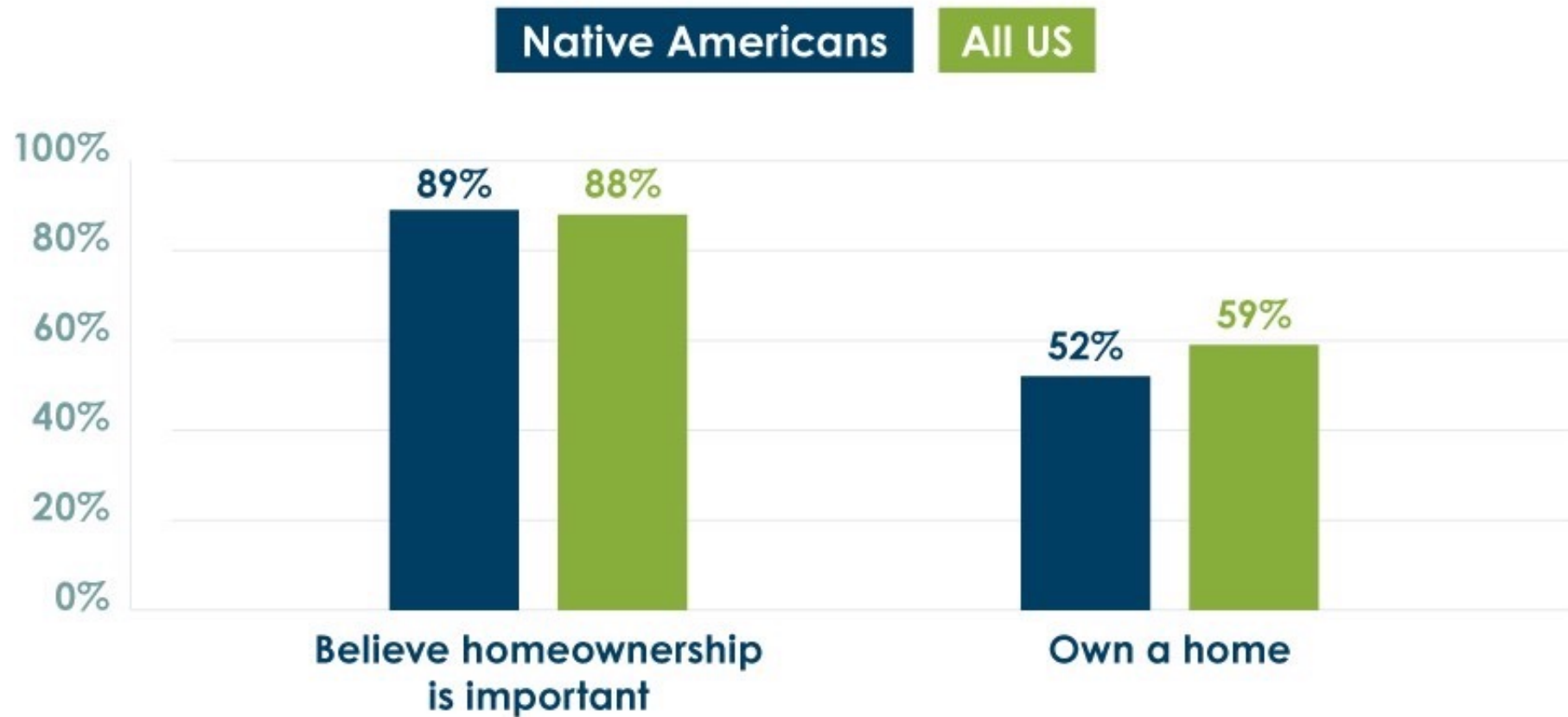
¹. Loans on Tribal trust and restricted land status.



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Native Americans broadly believe homeownership is important, just like most other Americans. However, the homeownership rate for Native Americans trails the average.



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Today, a very large proportion of Native Americans is looking for new places to live, but many lack important credit-building tools that could expand their options.

Native Americans looking for a new place to live



36% All US

Native Americans that have a checking account



80% All US

Native Americans that have a credit card



67% All US



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The lack of credit is one reason why many Native Americans are concerned about their ability to meet important financial milestones.

44%

have delayed a financial decision as a result of credit concerns

80%

of non-owners don't think banks or credit unions will approve them for a mortgage

66%

say they could use any guidance on acquiring and effectively using credit



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Indian Country conversations on housing.

How does the lack of housing impact our tribal economic and community development?



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My grandson just graduated. He's excited to come home to work on the reservation, but he cannot find a place to live.



Prasteen
NAVAJO TIMES
10/11/01



We finally found a Native physician to take that position at the clinic, but he doesn't know where he and his family are going to live?



Flairstein
NAVAJO TIMES
10/11/01



Yesterday, the tribal council said they had to sideline their plans to bring in the manufacturing plant because there is no housing. We will lose all those good paying jobs.



Prasteen
NAVAJO TIMES
10/11/01



My niece gave up trying to live on the reservation. She says there is just too much red tape to get land and build her house. She's been trying for 3 years!



Prasteen
NAVAJO TIMES
10/11/01



Well, you know, our Native people are our greatest natural resource. If we can't find housing for them then they will move away. This is a new battle we must fight.



Prasteen
NAVAJO TIMES
10/11/01

Under the LIHTC program, a property owner may convert rental units to homeownership units following the initial Compliance Period.



Transitioning LIHTC units to homeownership units offers a tangible benefit to low-income residents



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NeighborWorks America NAIHC \$100,000 Grant

Research and Capacity Building in transitioning LIHTC units to Homeownership after Year 15

- Conduct outreach and data collection from tribal housing programs and other native housing stakeholders
- Offer in-person cohort convening during 2022 NAIHC Legal Symposium
- Analyze data to provide initial content, assess gaps of information and identify learning objectives (January – August 2023).



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- Review existing curriculum
- Develop traditional cultural curriculum framework
- Develop manual, PowerPoint presentation and training aids
- Pilot curriculum during in-person session with focus group



Low income Housing Tax Credits (LIHTC) to Homeownership

- All LIHTC projects must be affordable LIHTC rentals for the first 15 years - the Initial Mandatory Compliance Period)
- Tenants must initially income qualify under the LIHTC defined income limits
- Household income may increase over time
- Year 15
 - Conversion to Homeownership
 - Keep in Rental Stock



LIHTC to Homeownership - Considerations

TDHE or Tribe's policies

Allocating Agency criteria

Must be affordable

Tenants ability to convert to homeownership

Financing homeownership conversion



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Tax Credits to Homeownership

Best Practice Examples

Reward existing
good tenants

Develop a
homeownership
waiting list

Develop policies at
the beginning of
the project

Orientation about
the LIHTC to
homeownership

Annual status
report to tenants
wanting to be
homebuyers

Homeownership
training

Incentives



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Tax Credits to Homeownership

Case Study – LCO Housing Authority

Purchase Price
for Houses

2 Bedroom :
\$26,250

3 Bedroom:
\$27,562

4 Bedroom:
\$28,940



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Tax Credits to Homeownership

Case Study – LCO Housing Authority



Perfect tenant earning all incentive credits & residing in unit for 15 years



On-time rent payments: \$18,000



Successful inspections: \$ 3,400



On-time recertifications: \$1,500



Total credits: \$22,900



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Tax Credits to Homeownership

Case Study – LCO Housing Authority



Net purchase price for the tenant household with 100% of incentive credits applied to purchase price



2 Bedroom : $\$26,250 - 22,900 = \$3,350$



3 Bedroom: $\$27,562 - 22,900 = \$4,662$



4 Bedroom: $\$28,940 - 22,900 = \$6,040$




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Tax Credits to Homeownership


Case Study – LCO Housing Authority

 Net purchase price for tenant household with late rent payments 33% of the time:

 On-time rent: \$12,000

 Successful inspections: \$ 3,400

 On-time recertifications: \$ 1,500

 Total credits: \$16,900

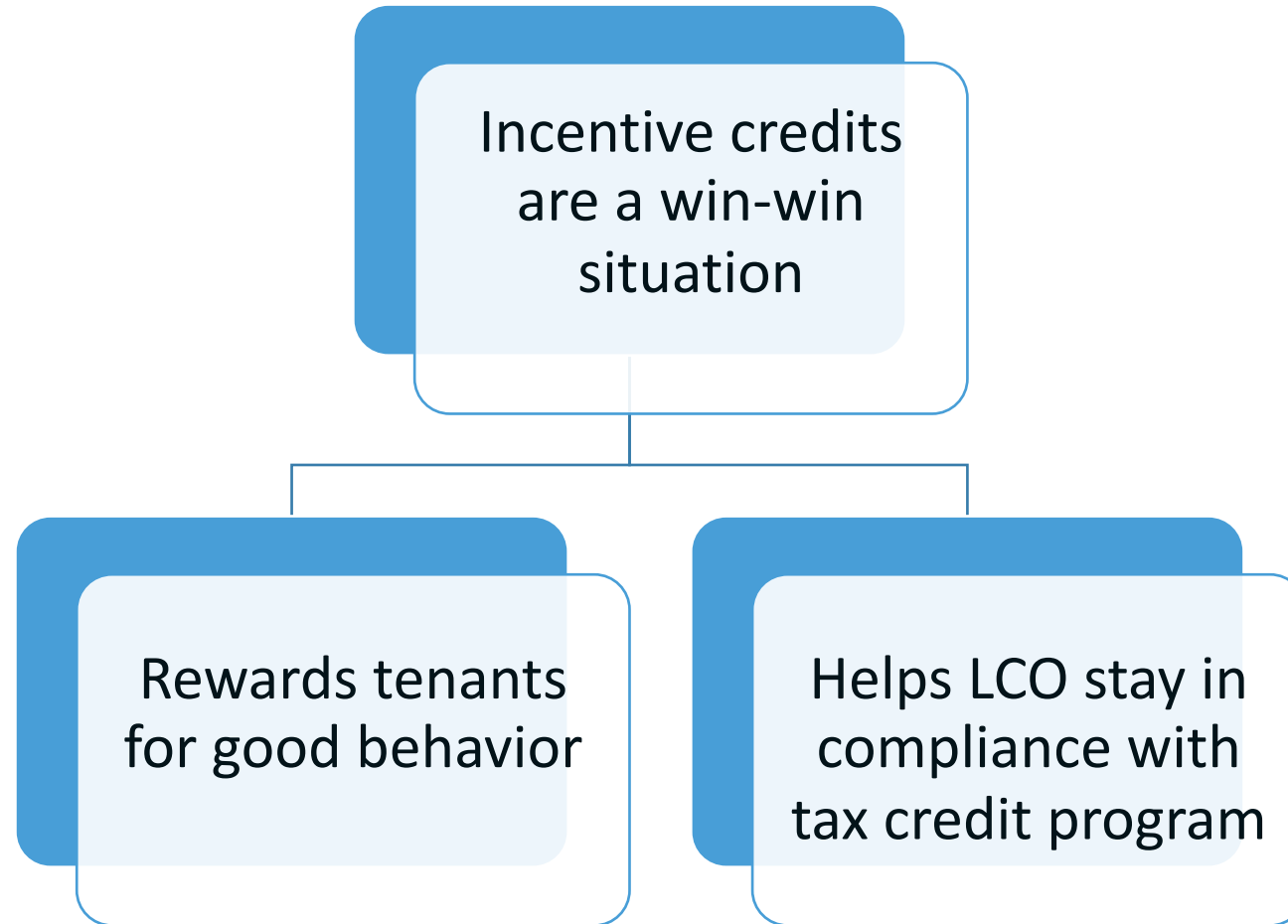


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Tax Credits to Homeownership

Case Study – LCO Housing Authority



Low income Housing tax Credit Year 15 Decisions

Extended Use Agreement – if units are not conveyed LIHTC rules continue to apply

- Income/Rent Restrictions

Additional considerations



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