

Testimony of President Joe Shirley Navajo Nation

House Financial Services Committee
Subcommittee on Housing and Community Opportunity

“Removing Barriers to Homeownership for Native Americans”
July 31, 2006

Good morning. On behalf of the entire Navajo Nation, I would like to welcome members of the Subcommittee to the beautiful state of Arizona for this important field hearing. We are pleased that the Subcommittee has maintained interest in Native American Homeownership by holding a follow-up to its first hearing here in Arizona two years ago. While we had hoped to see a more marked change in access to homeownership during these two years, we are still very proud of our housing program at Navajo and I am pleased to be able to share with you some of our experience, as well as our concerns, in this oversight hearing on federal Indian housing programs.

Bureau of Indian Affairs Title Process

Homeownership on tribal and individual trust land needs to be a foundational component of the Navajo economy. Navajo workers should not have to commute hundreds of miles round trip from border communities where homeownership opportunities are available to job sites on the reservation where homeownership opportunities are complicated by excessive delays related to land title issues. This lack of on-reservation homeownership plays a role in the estimated 71% economic leakage for the Navajo economy to off reservation businesses. Ideally, Navajo families should have incentive to live on the reservation to build our own economy, rather than be barred from it due to red tape.

Title issues involving the Bureau of Indian Affairs continue to be one of the greatest stumbling blocks for our development. We applaud the efforts of the House Financial Services Committee and this Subcommittee in particular for shining a spotlight on the Title Status Report (TSR) process in the previous hearing and for continuing to follow-up on the issue.

While we have seen the U.S. Department of Agriculture and U.S. Department of Housing and Urban Development reach out to the Bureau of Indian Affairs over the past couple of years to assist in smoothing the title process, it appears the BIA has not reciprocated these efforts. We understand that there are a great variety of pressures placed on an understaffed and under-funded BIA that may keep them from addressing this particular issue, but we have been frustrated by a lack of leadership and vision at the Bureau to help us move in a more productive direction.

The Navajo Nation put into place the legal infrastructure for mortgage-based homeownership over 10 years ago, having instituted the necessary foreclosure and

eviction laws, signed MOU with Fannie Mae and USDA and subsequently making amendments to the homesite lease to permit HUD 184 loans. Since that time over 10,000 Navajo families have attended homebuyer orientations, and over 2,500 families have graduated from 8 hours of Homebuyer Education. So we have worked on the legal infrastructure and have worked on preparing Navajo families for homeownership. However, the time it takes for families to obtain financing, which is directly related to how long it takes to access and record title information with the Bureau of Indian Affairs, has been a huge barrier.

Our homeownership programs are reporting that the average time from the day a Navajo family walks in the door and applies for homeownership assistance to the date of loan closing is still averaging about 24 months. In addition to that time frame it takes an additional 6-8 months to received the final TSR showing recording of the lien with the BIA. The recording of the closing with the County usually happens the day of loan closing.

It is our perception, and we have heard the perception of others around the country, that there has been some improvement at the Title Plant level and that the large part of those delays rest at the Agency level where BIA offices appear to be understaffed, perhaps under-trained, or have not been able to make the processing of mortgage related TSR's a priority. Without an "intermediary" following up with the Agency Offices about TSR's or mortgage packages, the timeframe would be even more elongated. Timeframe for the initial TSR request is averaging 3 months.

These time delays discourage Navajo families from continuing with the loan application process often in favor of purchasing mobile homes that do not contribute to asset building for families and do not contribute to the Navajo economy.

The Navajo Nation is exploring the potential of establishing our own Navajo Nation Title Plant in an effort to enhance our sovereignty and economic development opportunities. This will be a challenging process given the size of the Navajo Nation and should we proceed, will require the full cooperation of the Bureau of Indian Affairs. The outcome of this project could be the ability of the Navajo Nation to provide near real time information to prospective homeowners and prospective businesses about any question related to land title or status. An ideal system could be internet based, meet internal standards for security, could attach all related documents to base land records and tie in with GIS mapping systems. Various levels of information could be available to Navajo Nation Departments and Divisions across the Navajo Nation and various levels of information could also be available to businesses and financial institutions in a manner similar to a state of the art County Clerk and Records Office.

We have a lot of people outside of the BIA searching for ways to improve the TSR process and believe that a solution exists, but we need the BIA itself to be on board, actively pursuing this solution with us. We hope that hearings such as this will bring further light to the issue and will compel the BIA give it a higher priority.

HUD's Use of Census Data for Establishing Need in the IHBG

I would like to take this opportunity to thank the members of this Committee and particularly Congressman Renzi for the work on HUD's use of multi-race Census data in allocation housing dollars.

The Navajo Nation lost millions of dollars in desperately needed housing funding as a result of HUD's unilateral decision to use the multi-race data available after the 2000 Census. In fact we understand that, nationally, 393 tribes received a lower allocation because of the use of multi-race data. NAHASDA was originally created to fill the need for services to low-income AIAN people on reservations, so that shift effectively took funding from the very population it was created to serve.

We were quite pleased to see that the Administration proposed the "hold harmless" language be implemented in appropriations once again and that the House Appropriations Committee has included the language in its version of the Fiscal Year 2007 Appropriations Act. This compromise language allows use of both data sets with each recipient using the data set that is most beneficial.

We believe the best policy would be to return to single-race data altogether until a better method for establishing need is found. The National American Indian Housing Council supported this position of returning to single-race data at its recent business meeting in Honolulu, Hawaii.