

**Testimony of Floyd Tortalita, Executive Director  
Pueblo of Acoma Housing Authority, Pueblo of Acoma  
Field Hearing on “NAHASDA: 20 Years On”  
Before the U.S. House of Representatives Committee on Finance Services  
Subcommittee on Housing and Insurance  
July 21, 2017**

**Introduction**

Good morning members of the Subcommittee on Housing and Insurance. Thank you for inviting me to testify on federal housing programs that impact families in Native American communities and reservations. I am the Executive Director of the Pueblo of Acoma Housing Authority (PAHA). PAHA serves as the Tribally Designated Housing Entity (TDHE) of the Pueblo of Acoma. Under the Native American Housing Assistance and Self-Determination Act of 1996, as amended (NAHASDA), tribes can designate TDHEs to receive and administer Indian Housing Block Grant (IHBG) funds under NAHASDA.

There are 22 tribes in New Mexico – the 19 Pueblos, the Navajo Nation, the Mescalero Apache Tribe, and the Jicarilla Apache Tribe. The majority of our lands, and all of our housing development, are on tribal trust lands. This means that the federal government holds legal title to our lands for the benefit of each of our tribes. As you might guess, development on tribal trust lands looks somewhat different than development on private lands. If you are in New Mexico, if you are wondering why there are no stores or fast food places or banks in a certain area, it might be because you are traveling through an Indian reservation.

**Beneficial Contribution of Federal Housing Programs to Tribal Economic Development**

I would like to start my testimony by highlighting the impact that federal housing programs have had on Indian lands with a quote from the HUD Housing Needs Study published in January 2017, which I encourage each of you to read: “*The most important driver of economic well-being (and the ability to improve housing conditions) in any area is the state of the local economy.*”<sup>1</sup>

Federal housing programs contribute to the local economy of Native communities. They enable tribes to develop a strong tribal infrastructure that fosters job growth, community investment, equity for homebuyers, and the diversification of local economic opportunities. Access to reliable affordable housing also provides financial benefits to individuals and families by enabling homeowners to focus their financial resources on essential needs like education, food, and healthcare, as well as on investments in their community through an increased purchasing power. In Acoma Pueblo, these programs have contributed to the construction of 81 homes for low income families, and we are in the process of developing an additional 30 single-family homes for our low

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<sup>1</sup> Office of Policy Development Research, *Housing Needs of American Indians and Alaska Natives in Tribal Areas: A Report from the Assessment of American Indian, Alaska Native, and Native Hawaiian Housing Needs*, U.S. Department of Housing and Urban Development at 39 (January 2017).

income families. Moreover, statewide, over 100 homes have been built for Native families under the Section 184 Home Loan Program.

Indian tribes rely heavily on federal funding to meet their housing development needs. Critical programs include the Indian Housing Block Grant (IHBG), Indian Community Development Block Grant (ICDBG), Housing Improvement Program (HIP) in the Bureau of Indian Affairs, Section 502 and 504 loans and grants in the USDA, and wastewater and water infrastructure development programs at the Indian Health Service (IHS) and Environmental Protection Agency. Both USDA and Veterans Affairs are starting to get aggressive in entering into Memorandums of Agreements with Indian Tribes. We welcome this opportunity to obtain home loans to build homes under USDA low income programs and the Veterans Affairs Native American Direct Loan Program. More and more tribes, including Acoma, are utilizing Low Income Housing Tax Credits (LIHTC) to develop housing. These funds are leveraged with other funding sources. PAHA, like the majority of TDHES that rely on annual IHBG and other federal funds for housing development, is an expert in leveraging funds to build housing and the required infrastructure that housing development requires.

The importance of federal funding for housing and economic development cannot be overstated, even for tribal communities that are able to offer gaming as a source of additional revenue. Of the 22 tribes in New Mexico, 15 of them are gaming tribes, ranging from small to large scale gaming. All New Mexico tribes use gaming funds towards tribal government operations, community development and economic development. However, only two or three tribes have enough gaming revenue left over to contribute towards housing development, and only one tribe is able to provide regular per capita distributions to its tribal members. This is consistent with a study conducted by the Harvard Project on American Indian Economic Development that found a disproportionately large share of casino revenue in Indian country accrued to tribes representing a small share of the Indian population and that gaming had only a limited effect on the economic fortunes of households among large tribes remote from customer markets.<sup>2</sup> I include this discussion in my testimony to address any misconceptions that may exist regarding the wealth of Indian tribes.

Every tribe and TDHE's goal is to bring about economic development. We know this starts with housing development: it promotes job growth, an infusion of dollars into the local economy, and greater financial security for our people, which in turn leads to greater family stability, positive health outcomes, and investment in the community. There will always be a need for housing on Native American reservations. Unlike mainstream America, the majority of Native Americans do not desire to live anywhere else. The tribes in New Mexico maintain centuries old traditions, and the ties we have to our lands and our way of life means we consistently strive to find the balance between living our way of life and bringing economic prosperity to our tribes. The spiritual connection we have to our lands ensures that even those of us that leave to go to school or to join the armed forces or to work, eventually come home.

The following is a snapshot of housing conditions and housing development on the Pueblo of Acoma. You will see this similar type of snapshot on most Indian Reservations. Every tribes'

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<sup>2</sup> The Harvard Project on American Indian Economic Development, *The State of the Native Nations: Conditions under U.S. Policies of Self-Determination* at 148 (2007).

snapshot includes the use of federal funds. The majority of my generation grew up in HUD-assisted homes. These homes were the first homes on our reservations that had electricity and running water.

### **A Snapshot of Acoma Pueblo**

Traditional Name - Ako-me, meaning “People of the White Rock”.

Language spoken – Keres<sup>3</sup>

Tribal Enrollment - 4,819.<sup>4</sup>

American Indian/Alaska Native population - 4,762.<sup>5</sup>

Location - sixty miles west of Albuquerque in Cibola County.

Land base - 595 square miles, the majority in tribal trust status. Approximately 300 acres are allotted lands held individually by Acoma Indians.

Government - Tribal Council made up of past Governors and a Governor. The Governor is appointed annually by traditional leaders of the Pueblo.

Economic base - Pueblo government, including its various entities, is the largest employer on the Pueblo. Over the last 18 years, the Sky City Casino and Hotel, has contributed to community development. There is one gas station, one fast food restaurant, and one small grocery store. Residents go into nearby Grants, approximately 10 miles away, or 60 miles into Albuquerque to do their grocery and other shopping.

### **Housing Conditions in Acoma Pueblo**

Acoma has approximately 803 occupied housing units.<sup>6</sup> 247 households reside in overcrowded conditions.<sup>7</sup> 399 or 49% of Acoma’s households are low-income, with 16% falling below 30% of the national median income.<sup>8</sup> Twenty-seven percent (27%) of Acoma children live in poverty.<sup>9</sup> Acoma’s housing shortage of 317 units does not include families above 80% of the median income. The biggest challenge to housing development in Acoma Pueblo is the lack of water and water sewer infrastructure. We know we are not unique in this challenge.

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<sup>3</sup> A dialect spoken by the Pueblos of Acoma, Laguna, Zia, Cochiti, Santo Domingo, Santa Ana and San Felipe.

<sup>4</sup> HUD FY2017 IHBG Estimate Allocation data.

<sup>5</sup> HUD FY2017 IHBG Estimate Allocation data.

<sup>6</sup> 2010 U.S. Census.

<sup>7</sup> HUD FY2017 IHBG Estimate Allocation data.

<sup>8</sup> Id.

<sup>9</sup> Native American KIDS COUNT 2012 Special Report. Snapshots from the American Community Survey and other data sources.

## Funding for Acoma's Housing Needs

The primary source of funding for housing development on the Acoma Pueblo is IHBG funding under NAHASDA. PAHA administers the IHBG funding. PAHA maintains 81 homeownership and rental units, all built with IHBG and other HUD administered funding. The following table shows Acoma's housing need and IHBG funding in the last five years:

Native Population in IHBG formula area	4,762
Low-income families (<80% median income)	399
Housing shortage ( <i>low-income families only</i> )	317
Estimated IHBG 2017	\$1,161,049
IHBG 2016	\$1,114,159
IHBG 2015	\$1,089,503
IHBG 2014	\$1,085,051
IHBG 2013	\$1,026,888

The cost of constructing new homes is very expensive at present in Acoma. This is due, in part, to the remoteness of our Pueblo and the lack of an adequate utilities infrastructure to support housing development. As a result, PAHA is currently focusing on the rehabilitation of existing housing units as the most effective way to use our limited IHBG funds.

From 2012 to 2016, PAHA completed 67 rehabilitation projects by leveraging its IHBG funds with other federal and state resources, including ICDBG funds and New Mexico Mortgage Finance Authority (MFA) funds. Even then, PAHA's waiting list for homes in need of rehabilitation is 50 homes. In 2012 -2014, PAHA used ICDBG funds to rehabilitate 21 homes for low- and moderate-income elderly and disabled tribal members and their families. The Pueblo received ICDBG funding in FY 2015 for four (4) new housing units.

On November 22, 2016, HUD revised the IHBG funding formula in negotiations with Indian tribes to address the timely expenditure of IHBG funds. Tribes agreed to the internal recapture of funds received by tribes whose annual allocation is \$5 million or more and has unexpended funds greater than the sum of the prior 3 years allocations, and allowing for redistribution of the funds to other tribes. This will ensure that IHBG funds are timely expended for affordable housing. This new rule is found at 24 CFR Part 1000.342.

While tribes primarily rely on IHBG funding for housing development, Title VI of NAHASDA also provides an important source loan guarantees for tribes and their TDHEs. The Title VI Program guarantees repayment of 95% of unpaid principal and interest due on tribal/TDHE obligations. Title VI allows tribes and TDHEs that are in need of additional funds to borrow funds for eligible affordable housing activities. Recipients can use the funds to leverage their IHBG funds by pledging future IHBGs to HUD for a guarantee on notes and other obligations. Title VI is an excellent funding source for infrastructure development that would otherwise take several years to complete.

Acoma also utilizes housing resources at other federal agencies beyond HUD to serve the needs of our community. For example, to address the lack of water and wastewater systems, in FYs 2012

and 2013, Acoma built a water and wastewater system with \$1,034,895 of IHS Facilities Construction funds. In 2015 PAHA used its IHBG funds to construct a sewer main extension to serve housing needs. PAHA plans to use its FY 2017 allocation of \$1.1 million to rehabilitate 15 dilapidated homes. Acoma also plans to utilize USDA preservation grant programs to restore traditional homes in need of rehabilitation and restoration and is developing 30 homes under the LIHTC program.

## **NAHASDA NEEDS TO BE REAUTHORIZED**

The United States has a federal trust responsibility to protect the interests of its 567 federally-recognized tribes, including our interest in providing tribal members with access to shelter and security through affordable, safe housing opportunities. NAHASDA was enacted in 1997 and reauthorization in 2008 (through FY 2013) to help fulfill this goal and address the housing crisis plaguing many Native communities. It has since made tremendous strides in addressing the housing crisis that plagues many Native communities; however, there is much work that remains to be done. NAHASDA reauthorization has failed in the last two Congressional session, despite widespread support, due to an inability to bring the bill to a floor vote in the Senate. Consequently, housing-related issues such as overcrowding, homelessness, incomplete plumbing and kitchen facilities, and a myriad of associated negative health outcomes continue to impact the quality of life of countless Native families and communities across the country.

PAHA and the 19 Pueblos in New Mexico would support a reauthorization bill like the former H.R. 360, introduced by Congressman Steve Pearce (R-NM) and its Senate companion bill, S. 710, introduced by Senator John Barrasso (R-WY) during the 114th Congress. Congressman Pearce worked closely with the NM tribes in introducing H.R. 360. Importantly, H.R. 360 included language that would have expedited required federal approvals, authorize tribes to blend IHBG funds with IHS sanitation facilities funding, launched a demonstration program for alternative private housing development, and encouraged the timely expenditure of IHBG funds. These are critical provisions for NAHASDA reauthorization because they would provide tribes with the flexibility to effectively respond to the unique housing needs of their communities. We recommend that similar provisions be included in any future NAHASDA reauthorization.

We would also like to make the following recommendations for this Subcommittee and Congress to consider in making NAHASDA more workable for tribes going forward:

1. Remove barriers to building on floodplains by allowing the use of NAHASDA funds on floodplains without requiring a tribe to be a member of the National Flood Insurance Program (NFIP). NAHASDA should have language providing that if a tribe has a tribal flood management program or law, that law should be applied in lieu of complying with the federal Flood Protection Act, which requires a federal funding recipient to be a NFIP participant. Some state funding, including Community Development Block Grant funds and HOME funds, are exempt from this requirement. Tribes should have a similar exemption.
2. Allow tribes to access other HUD programs such as the Drug Elimination Program and Section 8 Program. NAHASDA combined many HUD programs into one funding source

without increasing funding. As a result tribes can't access programs they used to be able to access prior to NAHASDA.

3. Authorize the Department of Justice to go into tribal court for foreclosures and evictions on tribal trust lands under the Section 184 Home Loan Program. As a result of DOJ's position that it does not have the authority to, or is not required to, file a foreclosure action in tribal court, HUD has halted the approval of tribes' participation in the Section 184 Home Loan Program until such time that DOJ arrives at a solution. This issue remains unaddressed for over one year. In the meantime, tribes' applications for approval to participate in the Section 184 Program sit at the HUD Loan Guarantee Office.
4. Incorporate similar provisions as those set forth in former H.R. 360, introduced by Congressman Pearce during the 114th Congress and discussed immediately above.

### **National Housing Study on American Indians/Alaska Natives (AIAN) in Tribal Areas**

In January 2017, HUD conducted a congressionally-mandated survey of the housing conditions and needs of American Indian/Alaska Native (AIAN) households in tribal communities.<sup>10</sup> HUD concluded that the housing needs of AIAN remain desperate. Key findings of the survey included the following alarming statistics and observations:

- 23% of all AIANs live in housing with a physical condition problem compared with 5% of all U.S. households.
- Between 42,000 – 85,000 AIAN persons are homeless, as represented by overcrowded families. This represents 16% of all AIAN compared with 2% of all U.S. households.
- Tribes have produced housing more quickly with IHBG funding under NAHASDA than prior to, despite the fact that the buying power of IHBG money has been eroded by inflation since 1998, when NAHASDA was introduced.<sup>11</sup>
- IHBG funding is the central vehicle for providing housing assistance, and yet it is inadequate. Tribes recognize that there is a need to leverage IHBG funding.
  - From 1998 – 2014, an average of \$667 million annually has been appropriated.
  - Inflation has eroded the dollar value. \$637 million in 2014 represented only \$440 million in 1998 purchasing power.
- More funding under NAHASDA is needed to foster economic development and housing improvement.

The HUD survey also included a detailed assessment of the housing conditions and needs of AIAN individuals and families residing on tribal lands. HUD found that the physical condition of homes in tribal areas is more severe than that of all U.S. households, with 34% of AIAN households had

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<sup>10</sup> Office of Policy Development Research, *Housing Needs of American Indians and Alaska Natives in Tribal Areas: A Report from the Assessment of American Indian, Alaska Native, and Native Hawaiian Housing Needs*, U.S. Department of Housing and Urban Development at 39 (January 2017), available at [www.huduser.gov/portal/publications/HNAIHousingNeeds.html](http://www.huduser.gov/portal/publications/HNAIHousingNeeds.html).

<sup>11</sup> Public Law 104-330, as amended. The law is codified at 25 U.S.C. 4101 et seq. Its implementing regulations are found at 24 C.F.R. Part 1000.

one or more physical problems compared with 7% of US households. HUD also found that among the 213 largest tribal areas, more than 18% of AIANs reside in the poorest regions – i.e., the Great Plains, Arizona, New Mexico, and Alaska, which are also plagued by more serious deficiencies in housing infrastructure than other parts of the country. However, HUD concluded that there is a general lack of adequate infrastructure across Indian Country.

Data from HUD’s Congressional Justification for Fiscal Year (FY) 2017 Funding for Public and Indian Housing Native American Housing Block Grants:

The above findings are supported by HUD data. In its FY 2017 Congressional Justification, HUD stated that “[t]he lack of housing and infrastructure in Indian Country is severe and widespread, and far exceeds the funding currently provided to tribes. Access to financing and credit to develop affordable housing in Indian Country is traditionally difficult to obtain.”

HUD also reported that AIAN people living in tribal areas in 2006 - 2010 had a poverty rate and an unemployment rate that was at least twice as high as non-Indians nationally. AIAN households in larger tribal areas are 3 times more likely to live in an overcrowded home and more than 11 times more likely to living in housing without adequate plumbing facilities, compared to the national average. Overcrowding has negative effects on a family’s health, and is more likely to exacerbate domestic violence, truancy, and poor school performance.

From 2011 to 2014, 563 tribes used IHBG funding to build 2000 new units annually and rehabilitate 4,800 units annually.

## **Support for Federal Housing Programs Serving Indian Tribes**

### **A. Study on Mortgage Lending on Tribal Lands**

HUD also published its assessment of mortgage lending on tribal lands, the *Mortgage Lending on Tribal Land (January 2017)*.<sup>12</sup> The study concluded that there are many daunting barriers to lending on tribal lands, primarily the lengthy leasing process, the inability to save enough for a down payment, low credit score, no credit history, inability to afford mortgage payments, and lack of mortgage lenders. Other barriers cited were no regular source of income and unfamiliarity with loan application processes and lending terms.

Of the 28,840 Section 184 loans provided between 1994 and May 2015, only 3,460 or 12% were on tribal trust lands. Lending on tribal lands is time consuming because of the process involved in securing appropriate land leases, title status reports, and environmental clearances. Lenders report that Section 184 Program loans can take up to 6 to 8 months to process and close; in some cases, it can take even longer. The study concluded that:

1. Mortgage lending on tribal trust lands remains a time-consuming process and reduces the appeal of lending on tribal trust land, even with a federal guarantee.

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<sup>12</sup> The Study can be accessed at [www.hud.gov](http://www.hud.gov) or [www.huduser.gov/portal/publications/NAHSC-Lending.html](http://www.huduser.gov/portal/publications/NAHSC-Lending.html).

2. A stronger focus is needed on economic development on tribal lands, such as grants aimed at economic development.

**B. IHBG Appropriations**

Support IHBG funding for FY 2018 of at least \$700 million, equal to the FY 2010 funding level. HUD, in its Congressional Justification, estimated that this amount of funding would build a total of 5,065 housing units in Indian country.<sup>13</sup> The \$2 million in loan guarantees will support up to \$17.9 million in loans.

Congress has appropriated IHBG funding at only \$650 million for each of FYs 2011- 2016. HUD data shows that there is a housing shortage for low income families in IHBG funding areas of 278,199.<sup>14</sup> Additionally, HUD data shows that 111,180 AIAN households are living in overcrowded conditions, which translates to homelessness.<sup>15</sup>

**C. Section 184 Indian Loan Guarantee Program**

FY 2018 funding for the HUD Section 184 Loan Program be returned to the FY 2009 funding level of \$9 million. The below table highlights how funding for this vital program has decreased.

FY	Appropriation
2017	\$5.5 million estimated
2016	\$7.5 million
2015 - 2012	\$6 million
2011	\$7 million
2010	\$7 million
2009	\$9 million

As a result of continuing barriers to lending on tribal trust lands, only 12% of Section 184 loans have originated on tribal trust lands. One of the barriers is a recent issue that has arisen regarding court jurisdiction of foreclosures. The Department of Justice has informed HUD that it will not submit to tribal court jurisdiction. As a result, HUD has stopped approving tribal mortgage codes for the Section 184 Program until it finds a solution to this dilemma. The effect of this is that tribes who are not yet approved to implement the Section 184 Program are unable to do so until HUD finds a solution. We ask for your support in requesting HUD to provide a solution or to accept tribe’s proposed options to this issue.

**D. Indian Community Development Block Grant (ICDBG)**

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<sup>13</sup> HUD’s Public and Indian Housing Native American Housing Block Grants 2017 Summary Statement and Initiatives (11-6)

<sup>14</sup> HUD FY 2017 IHBG Estimate Allocation

<sup>15</sup> Id.



Support funding for ICDBG at \$80 million for FY 2018. Tribes rely on ICDBG funding for infrastructure development, a necessary component of housing development. The below table shows funding appropriations for the most recent three FYs for this important Program.

FY	Appropriation
2017 estimated	\$80 million
2016	\$60 million
2015	\$66 million

#### **E. Indian Health Service (IHS) Sanitation Facilities**

Support funding for IHS Sanitation Facilities Construction of \$103 million, the amount requested by IHS in FY 2017, for FYs 2017 and 2018.<sup>16</sup> The below table shows funding appropriations for the last 5 years.

FY	Appropriation
2017 President's Budget	\$103 million
2016	\$99.4 million
2015	\$79.4 million
2014	\$79.4 million
2013	\$75.4 million

IHS appropriations for Sanitation Facilities Construction remain inadequate to meet essential infrastructure needs in Indian country, much of which consists of rural areas. IHS states that adequate water supply and waste disposal facilities are lacking in approximately 13% of American Indian and Alaska Native homes, compared to less than 1% of homes for the U.S. general population.<sup>17</sup> In 2014, IHS reported a backlog of over 3,600 (an increase in 200 from 2013) needed sanitation facilities construction projects and estimated the cost to provide all AIAN with safe drinking water and adequate sewerage systems in their homes at \$3.1 billion.

Allow the use of IHS funds for sanitation facilities construction in NAHASDA-assisted and IHBG-assisted homes. There is a significant need for adequate sanitation infrastructure for homes funded by HUD programs.<sup>18</sup> Yet, each year, including FY 2016, Congressional appropriations bills prevent the use of IHS sanitation facilities construction funds in connection with new housing units funded with IHBG funds. Allowing the use of IHS funds on NAHASDA-assisted units would allow tribes to build more housing and rehabilitate existing infrastructure.

#### **F. BIA Housing Improvement Program (HIP) and Indian Guaranteed Loan Program**

<sup>16</sup> See Department of Health and Human Services FY2017 Justification of Estimates for Appropriations Committees (page 14).

<sup>17</sup> Indian Health Service Report on Safe Water, January 2014.

<sup>18</sup> Government Accountability Office February 2010 Report to Congressional Committees on Native American Housing, the ("GAO").

Support funding for the HIP program at \$23 million for FY 2018. The BIA HIP provides funding to Indian tribes for very low income families for home construction, rehabilitation, renovation, and repair. This program was recently revised to allow younger families to compete for housing, provide down payment assistance on affordable mortgages and allow tribes the flexibility to address the housing needs of the very poor.

Funding for this Program has dwindled even though it assists families who were the poorest of the poor. See the below table. Funding was reinstated at \$8 million in FYs 2015 – 2017, even though BIA requested \$9.7 million in 2017. Funding should be returned to the FY 2005 level of \$23 million to maximize opportunities for families to become self-sufficient through private homeownership.

Fiscal Year	Appropriations
2015-2017	\$8 million
2013- 2014	\$0
2010 - 2012	\$12.6 million
2009	\$14 million + \$20 million ARRA
2006 - 2007	\$19 million
2005	\$23 million

Support funding for the Indian Guaranteed Loan Program. Support the President’s budget request of \$8 million for this Program in FYs 2017 and 2018. The BIA Indian Guaranteed Loan Program is an initiative created in 2015 to provide loan guarantees to support Indian economic development. It was funded at \$7.7 million in 2015 and 2016. This Program is vital to jump starting economic development in tribal areas.

### **G. USDA Rural Housing Programs**

Support funding for Section 502 loans to at least the FY 2010 level of \$1.121 billion for FY 2018. USDA housing loan and preservation grant programs serve rural areas, including the 19 Pueblos in New Mexico. Section 502, the Single Family Housing Program, provides loans to low-income<sup>19</sup> and very low-income<sup>20</sup> households in rural areas to purchase, construct, or renovate a home. The table below illustrates how funding for Section 502 has decreased annually.

Section 502 Direct Loans

FY	Appropriation
2017 President’s Budget	\$900 million
2012 - 2016	\$900 million
2009 - 2011	\$1.121 billion

Support funding for the Section 504 program at \$26 million for direct loans and \$29 million for grants for FYs 2017 and 2018. Section 504, Very Low Income Repair Loans and Grants, provides

<sup>19</sup> Households whose income is less than or at 80% of the area median income (AMI).

<sup>20</sup> Households whose income is less than or at 50% of the AMI.

funding for the repair of homes to very low-income families in rural areas. The table below shows the funding history for Section 504.

FY	Direct Loans	Grants
2017 President's Budget	\$26 million	\$29 million
2016	\$26 million	\$29 million
2015	\$26 million	\$29 million

**H. Veterans Affairs (VA) Native American Direct Loan Program (NADL)**

Support funding for this program for FYs 2017 and 2018 in an amount of \$1.1 million. The President's FY 2017 budget requests \$1.1 million for this Program. The table below illustrates funding for the Program in the last 5 years.

FY	Appropriation
2017 President's Budget	\$1 million
2016 - 2015	\$1.1 million
2014 - 2013	\$1 million

The NADL provides direct loans to Native American veterans to purchase, construct, refinance, or improve a home on Indian trust lands. This program is vital to Native American veterans because it has no down payment requirement, requires minimum closing costs and has a low interest rate. This Program is underutilized due to the challenges with this Program of inadequate staff resource to provide outreach, technical assistance, and originate loans to qualified Native American Programs. To increase the use of this Program, we ask that you support the following:

- Authorization of the Secretary of the VA to designate a portion of the proceeds from the VA guaranty funding fee to compensate third parties such as TDHEs, Native Community Development Financial Institutions (CDFIs), and Tribal Veteran Service Offices to provide outreach, homebuyer education training, housing counseling, loan packaging services, and other technical assistance to Nave American veterans seeking to be homeowners through mortgage financing. Loan packaging services could be paid through an origination fee calculated at 1% of the loan principal.
- Allow TDHEs and Native CDFIs to be eligible borrowers, who would in return enter into lease to purchase agreements with eligible Native American veterans.

The above would allow the VA to follow the practice of other federal direct loan programs to partner with third parties to increase the opportunities for access to this program.

**I. Native CDFIs**

Support funding for the Native Initiatives component of the CDFI Fund at \$16 million for FY 18. The Native Initiatives Program administered by the U.S. Treasury Department provides funding to tribes and TDHEs to create community based financial institutions to further economic development, affordable housing, and financial services on or near Indian reservations. This Fund is vital to bringing banks and financial services to Indian communities and to promote businesses and economic development. The CDFI Fund’s Native Initiatives has so far resulted in five Native CDFIs in New Mexico. The table below illustrates funding for the Program in the last 5 years.

FY	Appropriation
2017 President’s Budget	\$15.5 million
2016	\$15.5 million
2014 and 2015	\$15 million
2013	\$11.3 million

While the funding is available on a competitive basis, this funding is vital to economic development initiatives in Indian areas. Native CDFIs in New Mexico provide home loans, construction loan funds, and business loans to spur economic development in tribal communities.

**J. Funding for Implementation of the Helping Expedite and Advance Responsible Tribal Homeownership (HEARTH) Act**

Sponsor appropriations for implementation of the HEARTH Act in the amount of \$20 million. While this law allows a tribe to approve residential leasing for housing development on tribal lands without further federal approval, funding is required to allow tribes to take on responsibilities currently performed by BIA – land surveys, reviewing leases, and conducting environmental reviews. Without funding for its implementation, this law is cost prohibitive for many tribes and the reason for few tribes having taken advantage of enacting their own leasing regulations. Providing funding to implement the HEARTH Act would contribute to removing the barriers to mortgage financing on Indian lands.

Thank you for allowing me to testify on the housing needs of Native American communities. Any questions regarding this testimony may be submitted to me.

Respectfully Submitted,  
**THE PUEBLO OF ACOMA HOUSING AUTHORITY**  
 Floyd Tortalita, Executive Director  
 ftortalita@acomahousing.org.