



“NAHASDA Reauthorization: Addressing Historic Disinvestment and the Ongoing Plight of the Freedmen in Native American Communities”

United States House of Representatives
House Financial Services Committee
Housing & Insurance Subcommittee

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Testimony of
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Yá'át'ééh, Chairman Cleaver, Ranking Member Hill, Chairwoman Waters, and members of the House Subcommittee on Housing, Community Development, and Insurance. My name is Jackson Brossy and I serve as Executive Director for the Native CDFI Network (NCN), the only national member organization of community development institutions (CDFIs) serving Native American communities. I am also a member raised on the 27,000 square mile Navajo Reservation. As a Navajo member, the subject of housing, homeownership and the basic ability to build a safe family life in a home with running water and electricity is near and dear to my heart. At NCN, our member organizations serve Indigenous people in 27 states and provide access to capital for first-time homeowners, micro entrepreneurs, and consumers who are often unable to get a conventional bank loan or are otherwise in unserved, and live in redlined areas of the Country that are located in and around Indian Country.

Yes, Indian Country has been redlined and in many ways is still so when it comes to access to capital and housing finance in particular. Redlining, historical underinvestment in programs like NAHASDA and the CDFI Fund, and a lack of access to capital contribute to the current housing situation where Native Americans live in substandard housing with more than 30% of members of the Navajo Nation without access to running water, with Native Americans living in overcrowded households at a rate of nearly 700% higher than the rest of the US population according to a 2017 HUD survey.¹ The fact is many Native Americans are living in unacceptably substandard housing conditions.

Not only are there severe problems with the housing stock, infrastructure and overcrowding, but there are also severe problems when it comes to financial literacy, access to credit, and the prices Indigenous people pay when they finally do get a loan. Just before the pandemic hit in 2019, the Federal Reserve found that Native Americans living on reservations who want to buy homes are significantly more likely to have high-priced mortgages, and those mortgage rates average nearly 2 percentage points higher than for non-Native Americans outside reservations.² According to the Federal Reserve, this means a Native American family purchasing a \$140,000 home on a reservation could pay \$100,000 more over the course of a 30-year loan than a non-Native American purchasing a home outside a reservation would pay.

The problems of overcrowded housing, dilapidated and unacceptable housing stock, the higher cost of homeownership, and redlining in Indian Country are unacceptable and I am here to share one solution to help with this problem – Native CDFIs. Native CDFIs across the country are doing our part to help address this untenable position, and we can use all the help and investment to make an even greater impact upon this problem. There are 69 Treasury-certified Native CDFIs that serve their respective communities across the US by providing access to

¹ Levy, D. K., Biess, J., Baum, A., Pindus, N., & Murray, B. (2017, January). *Housing Needs of American Indians and Alaska Natives in Urban Areas: A Report from the Assessment of American Indian, Alaska Native, and Native Hawaiian Housing Needs.* , U.S. Department of Housing and Urban Development, Office of Policy Development and Research. <https://www.huduser.gov/portal/sites/default/files/pdf/NAHSG-UrbanStudy.pdf>

² Federal Reserve, Center for Indian Country Development, Catanneo, L., & Feir, D. (2019, September). *The Higher Price of Mortgage Financing for Native Americans* (Working Paper Series: 1906). Federal Reserve Bank of Minneapolis. <https://www.minneapolisfed.org/~media/assets/papers/cicdwp/2019/cicd-wp-201906.pdf>

capital to the unbanked and also provide financial literacy and technical assistance to borrowers. These Native CDFIs operate across a wide spectrum of organizations and include tribally-sponsored CDFIs like the Citizen Potawatomi Community Development Corp. of Oklahoma, while the majority of Native CDFIs are independent 501(c)(3) loan funds like the Native360 Loan Fund of Nebraska, and serve communities from Hawaii (Homestead Loan Fund) to Alaska (Bristol Bay Development Corp.), to Maine (Four Directions).

In addition to loans and critical financial training and technical assistance for entrepreneurs and fighting payday lenders, many Native CDFIs offer homeownership loans, down payment assistance, and homebuyer training so that after building up credit, new homeowners have the tools to keep their homes and build a solid financial foundation for their families.

Aligned with the spirit of the Native American Housing and Self-Determination Act (NAHASDA), Native CDFIs are self-determination in practice and action. They carry out the mission of NAHASDA and the CDFI Fund by increasing homeownership for people who have never owned a home, and utilize both HUD opportunities such as Section 184 Loan Guarantees, HUD housing counseling, and other existing federal programs such as the USDA 502 Direct Loan program, the Veterans Affairs Native American Direct Home Loan program, and the Federal Home Loan Bank system, to help their communities exercise self-determination to utilize these tools to the fullest.

Despite Native CDFIs' proactive efforts to employ existing tools, many of these tools can still be improved and virtually all are underfunded for the scope of this homeownership challenge. After underfunding of programs such as the Native American CDFI Assistance program, a major impediment to increased homeownership in Indian Country is a critical review of title processing on tribal trust lands. Slow turnaround of Title Status Reports (TSRs) by the Bureau of Indian Affairs and coordination between HUD and the Department of Interior (DOI) must be critically examined in order to increase utilization of the Section 184 Home Loan Guarantee program which is largely used for off-reservation homes despite potential for use on tribal trust lands.

Additionally, the Section 184 Loan Guarantee program, and other federal programs can be streamlined to increase Native CDFI lender participation by ensuring tribally-sponsored CDFIs are automatically eligible to be lenders after gaining Treasury certification. Currently tribal CDFIs must complete the added step of submitting to state jurisdiction in order to register under the Nationwide Multistate Licensing System & Registry (NMLS) – this is obviously a problem for any sovereign. Additionally, we urge HUD to continue working with Native CDFIs to ensure more Native-led organizations are certified as Housing Counseling Agencies (HCAs). Because Native CDFIs have not been HCAs or have been unable to meet the burdensome HUD requirements, outside or non-Native entities often receive the only available HUD resources to deliver housing counseling education when they could easily be delivered by existing Native organizations.

NCDFIs like the Four Bands Community Fund of the Cheyenne River Reservation are doing an incredible job helping would be homeowners access the USDA 502 Direct Loan program through a pilot in South Dakota. According to the South Dakota Native Homeownership Coalition, in FY 2019, Rural Development made 6,194 direct loans for rural homes, but only six of them were for homes on tribal land. Thanks to the pilot and Native CDFIs like Four Bands, Native people are finally getting access to this program in South Dakota and we urge expansion of this pilot across the nation. Senators Smith and Rounds have introduced the bipartisan S. 2092 to expand and finally fund this program. We urge the House to similarly adopt this bill and finally allow Native people to access this program at an equitable level.

The pandemic has pulled back the veil around the challenge of inadequate and poor housing in Native American communities. I urge Congress and this Committee to build upon the focus of this hearing and support the spirit of self-determination in NAHASDA. It is time to provide the resources to fund housing efforts and to eliminate the barriers to utilizing other existing housing tools. Native CDFIs stand ready to work nimbly and with direct input from Native communities to increase homeownership and adequate housing. As a Navajo Nation member, I look forward to the day when all Native people have access to running water and electricity and can live in safe homes that are not overcrowded or in danger of condemnation. I know that Native CDFIs can and will help with this mission and I look forward to working with Congress to deliver upon this promise.

Thank you and ahxéhee’.