

# NAHASDA Essentials

March 23-25, 2021  
Virtual Training



This training is offered by the U.S. Department of Housing and Urban Development (HUD) and the Office of Native American Programs under a cooperative agreement with FirstPic, Inc.





### Instructors



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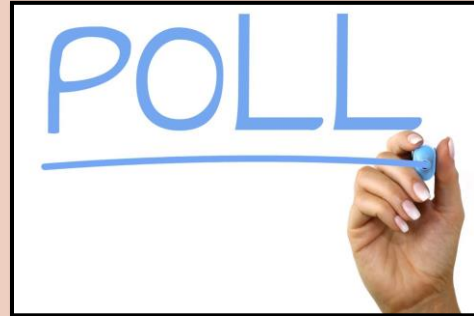


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**Poll Question:** How long have you been working in housing?

**POLL**

**Poll Question:** What area of housing do you work?



## Course Objectives

- Provide a basic summary of the NAHASDA program rules and key elements
- Answer common questions
- Walk through grants process from formula to reporting
- Discuss key issues in implementing IHBG
- Share techniques across tribes

# Course Structure

- Agenda
- Exercises and breaks
- Training manual
- PowerPoint



# Agenda



Chapter One

## **NAHASDA Overview**

## **NAHASDA Objectives**

- Assist and promote affordable housing
- Ensure better access to mortgage markets
- Promote self-sufficiency
- Plan and integrate infrastructure
- Promote the development of private capital markets

## NAHASDA Key Points

- Signed into law October 1996
- Provides a block grant to tribes or their tribally designated housing entity (TDHE) that is used for activities defined in an annual “Indian Housing Plan” which the tribe and TDHE will write and submit to HUD for review.
- Defines TDHE as the existing IHA which was established “for the purposes of the U.S. Housing Act of 1937...(and)...is acting...as the Indian Housing Authority for the tribe...(and) is not an Indian Tribe.”
- Allows Tribes to establish other entities through self-governance powers or by state law.

## NAHASDA Key Points – Cont.

- Allows the Tribe/TDHE to determine their own programs based on member need
- Permits the tribe to set a maximum rent that does not exceed 30 percent of the monthly adjusted income.
- Requires the tribe to use the block grant to develop, operate, and maintain current housing units.
- Distributes the grant through an allocation formula developed under negotiated rule making.
- Authorizes a federal loan guarantee program
  - Tribe can use, with the secretary’s approval, a federal guarantee, to undertake affordable housing activities, that does not exceed 5 times the amount of the tribe’s block grant.

## NAHASDA Key Points – continued

- Reauthorizes the Indian Housing Loan Guarantee Program.
- Extends leasehold interest in trust or restricted land for housing purposes to 50 years.
- Expands affordable housing opportunities.
- Specifically addresses families who are non low-income.
- Requires HUD to monitor for non-compliance and to take steps when noncompliance occurs.

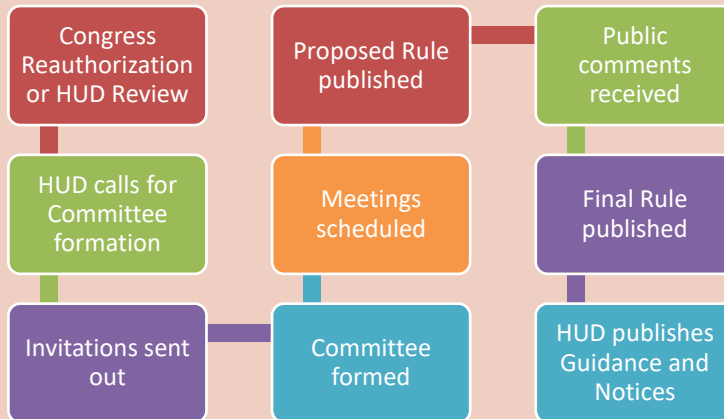
## Negotiated Rulemaking

- Statute mandates negotiated rulemaking process
- Requires HUD to use negotiated rule-making when developing regulations and allocation formula
- Regulations developed by committee of Tribal and HUD representatives
- Approved documents from each Session as well as documents produced by work groups may be found at <http://ihbgrulemaking.org/index.php>





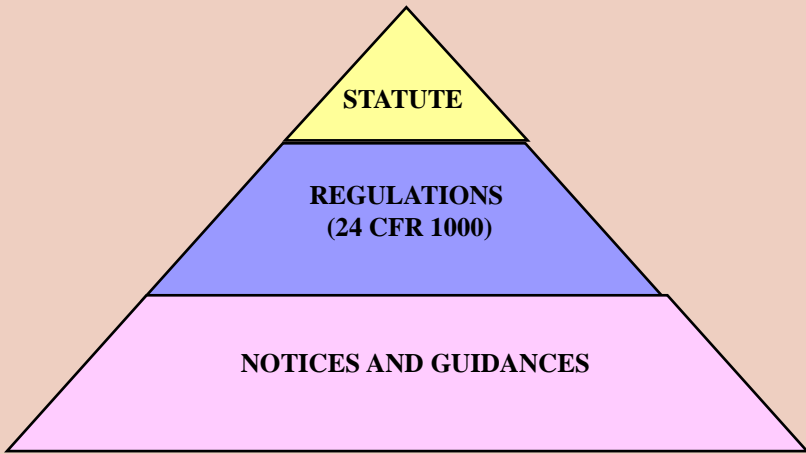
## Negotiated Rulemaking Process



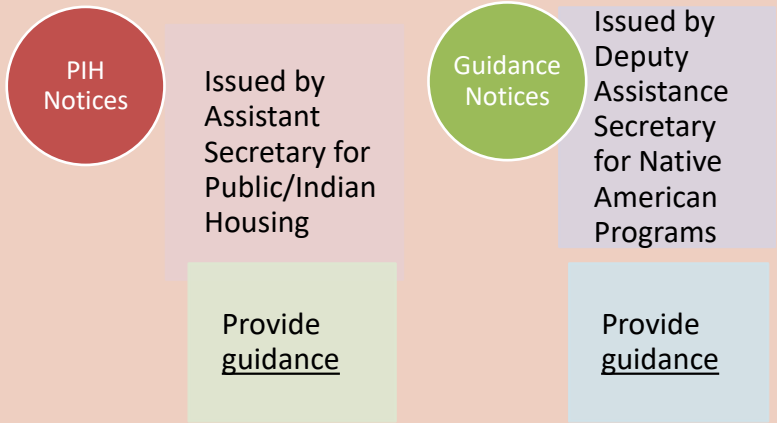
## Reauthorization History

- Originally implemented and funded in FY 1999
- From 1999 to 2008, NAHASDA was funded without reauthorization.
- Reauthorization Act of 2008 resulted in Negotiated Rulemaking (6 meetings) and publication of Final Rule in 2010
- HUD Review of Formula Allocation resulted in Negotiated Rulemaking (9 meetings) and publication of Final Rule in 2016.
- Currently there are ongoing attempts by Congress to permanently authorize NAHASDA.

# NAHASDA Administration Hierarchy



# Other Resources



## NAHASDA Statutory Sections

- Title I: Block Grants and Grant Requirements
- Title II: Affordable Housing Activities
- Title III: Allocation of Grant Amounts
- Title IV: Compliance Audits and Reports
- Title V: Termination of Assistance
- Title VI: Federal Guarantees for Financing
- Title VII: Other Housing Assistance
- Title VIII: Housing Assistance for Native Hawaiians

## NAHASDA Regulatory Sections (24 CFR 1000)

- Subpart A: General Objectives
- Subpart B: Affordable Housing Activities
- Subpart C: IHP/APR
- Subpart D: Allocation Formula
- Subpart E: Federal Guarantees for Financing of Tribal Housing Guarantees
- Subpart F: Recipient Monitoring Compliance, Oversight, & Accountability

## NAHASDA Program Implementation

- Requires submission of a 1-year housing plan, for the upcoming program year
- Indian Housing Plan (IHP) details activities such as: development, rehabilitation, acquisition, or credit counseling
- Allows the Tribe/TDHE to determine what programs they want to offer and allows for flexibility in determining how to operate and who to serve.

## Key Program Elements



## NAHASDA Policy Issues

- Eligible Families
- Tribal Preference in Selection
- Applicable Income Limits
- Definition of Low-Income
- Definition of Gross Annual Income
- Eligible Activities
- Required Policies
- Maintenance
- Inspections
- Useful Life
- Uniform Relocation Assistance
- Conflict of Interest
- Procurement
- Total Development Costs (TDC)
- Financing
- Personnel

## NAHASDA-Required Policies

Section 203 of NAHASDA requires that certain policies be adopted.

- Rent
- Insurance
- A&O
- Maintenance
- Inspections
- Conflict of Interest



# Other Required Policies

- Program Policies
- Collections
- Grievances
- Personnel
- Travel
- Drug-free Workplace
- Criminal Background Checks
- Procurement
- Capitalization
- Disposition
- Inventory
- Investment
- Finance
- Cash Management

Chapter Two

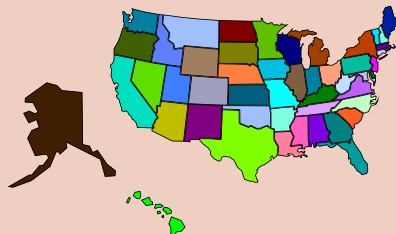
# IHBG Formula

## Formula Purpose and Background

- Allocates IHBG funds
- Developed as part of Negotiated Rulemaking
- Intent: Make equitable distribution of annual appropriation
- Allocation is basis of your annual budget

## Formula Area

- Geographic area providing substantial housing services
- Formula area and Indian area are different!



## Formula Areas Are:

1. Reservations
2. Trust Lands
3. Department of Interior Near-Reservation Service Areas
4. Oklahoma Tribal Statistics Areas (OTSA)
5. Congressionally Mandated Service Areas
6. State Designated American Indian Statistical Areas (SDAISA)
7. Tribal Designated Statistical Areas (TDSA)
8. California Tribal Jurisdictional Areas per Federal Court Judgment
9. Detailed Alaska Provisions

## Adding Formula Area

- 1) Request to add other geographies based on Formula Area Definition (List of 9)
- 2) Substantial Housing Services
  - Option 1: Affordable Housing Activities.
    - Funded by Any Source.
    - Provided to AIAN Households =< 80% of Median Income.
    - Valued at least 100% of Increase in IHBG Funding.
  - Option 2: Affordable Housing Activities.
    - Funded by IHBG.
    - Provided to AIAN Households =< 80% of Median Income.
    - Valued at least 51% of Current IHBG Allocation and
      - At least 51% of Enrollment Residing in Area.
      - Or, at least 51% of AIAN in Area is Enrolled by Tribe.
  - Annual Verification Required.



## Formula Components

- Four components make up formula
  - Formula Current Assisted Stock (FCAS)
  - Need
  - 1996 Minimum
  - Undisbursed IHBG Funds Factor (UDFF)



## IHBG Formula and the IHP

NO relationship between formula components used to determine allocation and activities you propose in your IHP



## Component 1: Formula Current Assisted Stock (FCAS)

FCAS is Housing developed under the 1937 Act (before NAHASDA)

- Low Rent
- Mutual Help
- Turnkey III
- Section 8



## 1937 Act Housing

- Housing developed under the 1937 Housing Act (prior to NAHASDA)
- Must continue to be administered and maintained under NAHASDA
- Units included in inventory (FCAS) until conveyed or otherwise no longer in program
- NAHASDA funds are provided for this purpose

## Units Not Eligible as FCAS

- Units built over the number specified in the original ACC for Projects with DOFA after October 1, 1997.
- Units not used as low-income housing dwelling units include:
  - Units used for non-dwelling purposes
  - Vacant units, unless being made available for occupancy
  - Units being used for VASH program
- Conveyance eligible, conveyed, or demolished units not rebuilt within one year.
- Units constructed with NAHASDA funds

## FCAS

- Two elements of FCAS in formula
  - Operating subsidy
  - Modernization allocation
- FCAS adjusted by
  - FY96 national averages for Operating subsidy and Modernization allocation
  - Local costs and inflation adjustments

## FCAS Change Highlights (PIH 2017-15)

- Removed reducing Section 8 units based on FCAS reductions
- Codified conversions policies & required reporting on formula response form (FRF)
- Clarified homeownership unit FCAS eligibility after becoming eligible for conveyance
- Clarified demolished & rebuilt unit eligibility

## Demolished Units : 1000.318(e)

- A unit that is demolished pursuant to a planned demolition may be considered eligible as a FCAS unit if the unit is rebuilt within one year.
- If the unit cannot be rebuilt within one year because of relative administrative capacities and other challenges faced by the recipient, a one-time, one-year extension may be requested.
- Requests must be submitted in writing and include a justification for the request.



**Poll Question:** Do you currently have FCAS units in your inventory?

## Component 2: Need

- Seven Weighted variables
- Based on Decennial Census and American Community Survey (ACS) 5-year data
- Adjusted for local development costs



Need Component Weights - Need Factors	Weight
Housing Cost - AIAN Households with housing cost burden greater than 50 percent of formula annual income	22%
AIAN Households which are overcrowded or without kitchen or plumbing	25%
Housing Shortage - AIAN households with an annual income less than or equal to 80 percent of formula median income reduced by the combination of CAS and NAHASDA units	15%
AIAN households with income less than or equal to 30% of median income	13%
AIAN households with income 30% - 50% of median income	7%
AIAN households with income 50% - 80% of median income	7%
Total AIAN persons	11%

## MINIMUM NEED FUNDING

- Minimum Funding Independent of Participation Year.
- 0.007826 of Appropriation.
  - After Set-Asides: \$46,956 in FY 2021 Estimate
  - Must have FCAS Funding < \$200,000.
  - Must Certify Need in Indian Housing Plan.

## Population Cap

- Control to maintain fairness
- Only if AIAN persons > 2x enrollment
- Challenge process available

## NDS VOLATILITY CONTROL

- 24 CFR 1000.330 and .331
- Lessen Impacts of New Data Source (NDS) by Phase-Down Adjustments.
- NDS in FY 2020 are ACS & 2010 Decennial Census.
- If Need Decrease >10% in 1st Year of NDS, then Decrease Moderated by Adjustments to Prevent Drop of >10% in Tribes' Needs Allocation.
  - Need Decrease Solely Attributable to Introduction of NDS.
  - Adjustment in 1st & Subsequent Years Until < 10%.
- "Phase-Down Schedule" based on NDS Introduction in FY18 Published Addressing FY18-FY27 Impacts.

## Component 3: 1996 Hold Harmless

- A tribe's IHBG funding is never reduced below its FY 1996 funding level.
- This is the amount the tribe's IHA received in FY 1996 for operating and modernization subsidy.
- IHBG funding is adjusted to the amount received in FY 1996.
- This is a statutory requirement.

## Component 4: Undisbursed IHBG Funds Factor

- New formula factor
- Provides adjustments for tribes with
  - Initial allocation of \$5 million or more
  - Have undisbursed IHBG funds greater than the sum of their prior 3 years' initial allocation
- Initial allocation will be reduced, and any amounts recovered will be redistributed



## Minimum Total Allocation of Carry-over Funds (see PIH 2017-16)

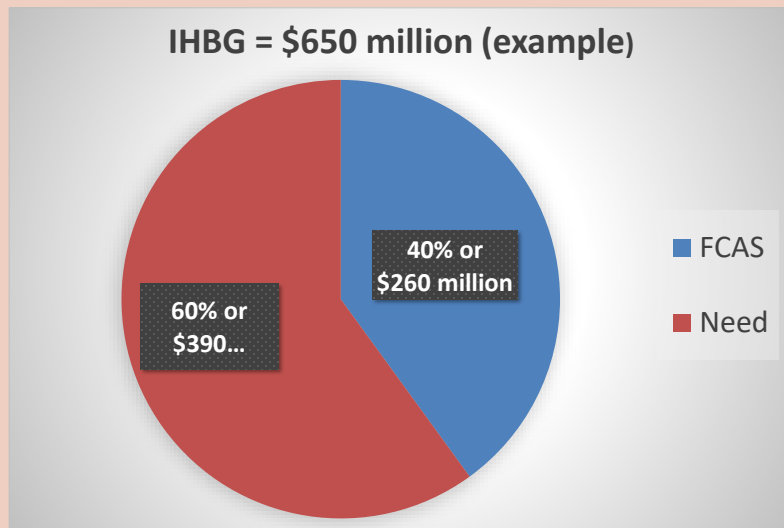
- Allocates up to \$3 mil in Carry-Over for Min Total Allocations.
  - **If** tribes certify (in IHP) eligible households **AND**,
  - Have allocations (after UDFE) < 0.011547% of appropriation (after set-asides);
  - **Then** allocation adjusted upwards to 0.011547% appropriation (after set-asides)
  - OR,**
  - Lesser to stay within available carry-over held for this adjustment.
- In FY 2018, \$74,594.
- In Addition to 1996 Minimum Total Allocation.


**Step 1:** calculate FCAS allocation for each tribe

**Step 2:** total all FCAS allocations

**Step 3:** subtract total allocated based on FCAS from total appropriation; this gives you total funds to be allocated based on need

**Step 4:** allocate Need among tribes based on census





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

OFFICE OF FEDERAL AND INDIAN HOUSING

May 29, 2020

Dear Tribal Leader:

I am writing to provide important information on your Tribe's Indian Housing Block Grant (IHBG) formula allocation estimate for Fiscal Year (FY) 2021. HUD is regularly required to provide this information annually to all IHBG eligible Indian tribes and their tribally designated housing entities (TDHE). In the past, the U.S. Department of Housing and Urban Development (HUD) would mail this information. However, due to the COVID-19 pandemic, HUD is posting the following information on-line at: <https://ihbgformula.com/fy2021/>:

- FY 2021 Formula Response Form (FRF) including the FY 2021 FRF Appendices A through D and the FY 2022 IHBG Needs Data (Attachment A).
- Calendar of Critical Deadlines and Frequently Asked Questions.
- FY 2021 Correction/Challenge Log showing changes to the IHBG database between January 25, 2020, and May 12, 2020.

**FY 2021 FRF**

The FY 2021 FRF contains the data used to compute your Tribe's IHBG formula allocation estimate for FY 2021, and the estimated formula allocation for your Tribe. This estimate is based on the President's FY 2021 Budget request for the IHBG program, with adjustments for repayments of over-funding and under-payments due to data or programming errors. The FY 2022 IHBG Needs data (Attachment A) will be used to calculate the FY 2022 IHBG formula allocation estimates.

Please review this document very carefully and report any discrepancies to the IHBG Formula Customer Service Center within the timeframes outlined on the FY 2021 FRF. In accordance with 24 CFR §1000.315, all changes to information related to the IHBG Formula must be reported on the FY 2021 FRF. Detailed instructions are included to provide guidance on reporting discrepancies and to facilitate the data correction process. Tribes should use:

- Appendix A1 to report conveyance eligibility and conveyance of Formula Current Assisted Stock (FCAS).
- Appendix A2 to report Date of Full Availability (DOFA) of FCAS.
- Appendix A3 to report conversion of FCAS units.
- Appendix A4 to report demolished and rebuilt FCAS units.
- Appendix A5 to report all other FCAS changes.
- Appendix B1 to request additions to Formula Area based on the Formula Area definition.
- Appendix B2 to request additions to Formula Area based on provision of Substantial Housing Services.
- Appendix C to report enrollment in overlapping Formula Areas.
- Appendix D to report changes to tribal enrollment or request a change to the population cap.

www.hud.gov      eportal.hud.gov

## Formula Response Form (FRF)

- Sent each year around June 1
- Includes data to be used in formula and the estimated allocation amount for the coming FY
- Corrections due 60 days after date of FRF (August 1, 2020)
- Census challenge deadlines specified in FRF (March 30, 2021)
- Corrections must be submitted to the IHBG Formula Customer Service Center on FRF Appendices A-D
- Final Allocations: Completed after the funding is appropriated

## Reviewing FCAS Data

- Review the Formula Response Form.
- Report any corrections to unit counts, unit types, and actual/expected DOFA.
- Submitted corrections will be reviewed and HUD will inform the tribe of the corrected unit counts.

## Most Recent Changes

- [PIH 2017-14](#): Provides tribes and TDHE's with information related to changes affecting the Needs data under the IHBG Formula (24 CFR 1000.330).
- [PIH 2017-15](#): Provides tribes and TDHE's with information related to changes affecting the FCAS data under the IHBG formula (§ 1000.316 and § 1000.318(b) and (e)).
- [PIH-2017-16](#): Provides tribes and TDHE's with an overview of regulatory changes affecting the IHBG formula.

## IHBG Formula Customer Service Center

- Calculates formula allocations
- Provides TA to recipients on formula
- Receives and process corrections and challenges
- 1-800-410-8808
- [IHBGformula@firstpic.org](mailto:IHBGformula@firstpic.org)



Exercise 1

**Reviewing the formula response form**

Chapter Three

**Eligibility**

## Eligibility Requirements



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### Mandated NAHASDA Eligibility Requirements

1. Annual income must be within HUD defined income limits (special exceptions apply)
2. Must be a Native American family (special exception applies)

## Eligibility Criteria



Family



Income



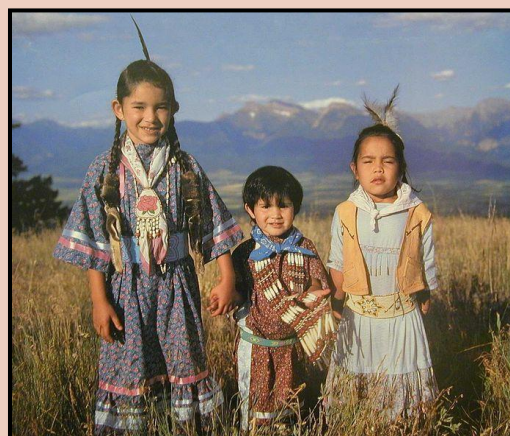
Suitability

## Persons Making up a Family



## Eligible Indian Families

- Can serve any low-income Indian family
  - In Indian area
  - Activity and area described in IHP
- Definition of low-income
  - 80% or less of median income
  - Greater of Indian area or US median income limits



## Suitability

- Determined by the Recipient (tribe or TDHE) – examples of unsuitability include:
  - Violent criminal background
  - Drug-related criminal background
  - Poor history related to previous housing
  - In debt to the tribe or TDHE



## Calculating Income to Determine Eligibility

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Program Guidance 2013-05(R) provides guidance on the following:

- Calculating income for the purpose of program eligibility.
- Identifies three definitions of income a recipient may adopt.
- Provides an updated list of Federally Mandated Exclusions from annual income and provides guidance on how to treat certain payments received by individuals.

# Low-Income Requirements

- Section 4 (15) of NAHASDA defines “median income” with respect to an area that is an Indian area, the greater of –
  - The median income for the Indian area, which the Secretary shall determine; or
  - The median income for the United States.
- If housing located in more than one area, the Tribe/TDHE can use the highest for all housing

# FY 2020 Income Limits (United States)

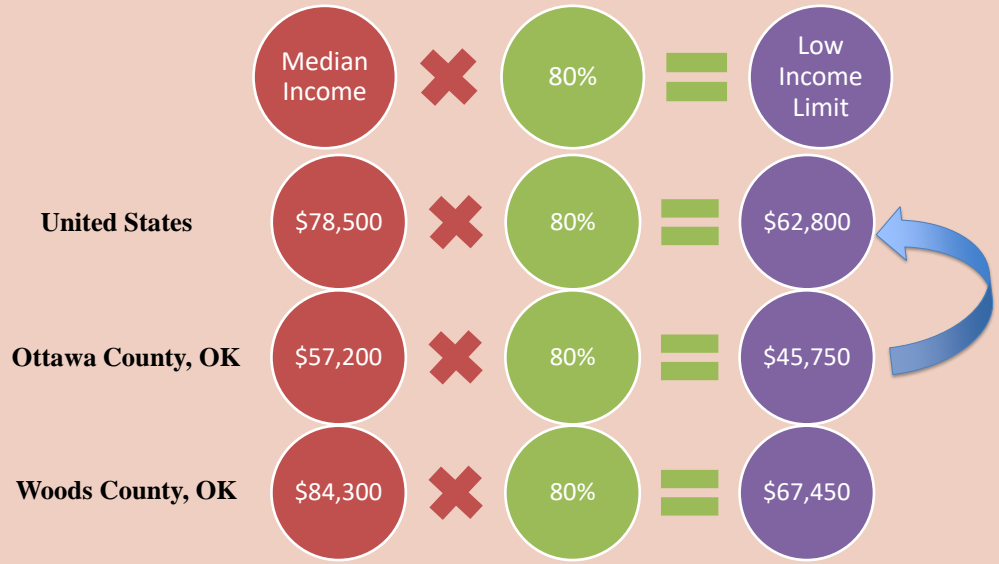
	1	2	3	4	5	6	7	8
100%	\$ 54,950	\$ 62,800	\$ 70,650	\$ 78,500	\$ 84,800	\$ 91,100	\$ 97,350	\$ 103,650
80%	\$ 44,000	\$ 50,250	\$ 56,550	\$ 62,800	\$ 67,850	\$ 72,900	\$ 77,900	\$ 82,950

Local income limits can be found at:

[https://www.huduser.gov/portal/datasets/il/il2020/select\\_Geography.odn](https://www.huduser.gov/portal/datasets/il/il2020/select_Geography.odn)



### Income Eligibility (4-person families)



### Determining Household Size

- Persons NOT included:
  - Foster children
  - Live-in aides
- Income of these persons also not included



# Calculating Annual Income



## Annual Income – Definitions (24 CFR 1000.10)

- Section 8 Definition (24CFR Part 5)
- Census Definition
- IRS Definition (IRS Form 1040 AGI)

Policy must state which definition(s) you are using; often stated as “will use definition most advantageous to the family”.

## Part 5 (Section 8) Annual Income

Gross amount of income of all adult household members that is anticipated to be received during the coming 12-month period

- **Gross amount:** before deductions are taken
- **Income inclusions:** types of income to be counted
- **Income exclusions:** types of income not to be considered
- **Anticipated income:** a projection of earnings over the next 12 months

## Census Long Form Definition

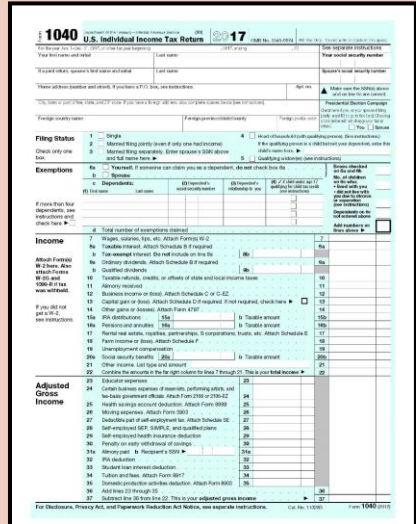
Income to be counted

- Similar to Part 5 Definition of Income BUT ...
- Includes income of minors 15-18 years old



# IRS Definition

- Use IRS Form 1040 Series for individual federal annual income tax purposes
- Adjusted gross income is used to determine program eligibility



# Basic Differences Between Definitions

- Child support payments received – not included in the IRS Form 1040 definition.
- Alimony payments made – allowed as a deduction from income in the IRS definition.
- US Census version counts income of minors at least 15 years old.

## Income Exclusions

### NAHASDA

- Amounts not received
- Social Security lump sum payments
- Veterans benefits

### Federal

- As published in the Federal Register
- Per-capita payments from trust settlements

## Whose Income Counts?

MEMBERS	EMPLOYMENT INCOME	OTHER INCOME
Head	YES	YES
Spouse	YES	YES
Co-head	YES	YES
Other Adult	YES	YES
Dependents	NO	YES
Child under 18	SEE NOTE	YES
NON-MEMBERS	EMPLOYMENT INCOME	OTHER INCOME
Live-in aide	NO	NO
Foster child	NO	NO
Foster adult	NO	NO

NOTE: The earned income of a full-time student 18 years old or older who is not the head, co-head, or spouse is excluded to the extent that it exceeds \$480

## Calculating Annual Income

- Income Exclusions Categories
  - Benefits that should not be counted as income, for example VA benefits
  - Income of certain household members that should not be counted, for example live-in aides
  - Amounts that are counted as assets rather than income, for example inheritances

## Calculating Annual Income

- Income From Self-Employment
  - Cash assets withdrawn or salaries paid to household members from business must be counted
  - Losses are counted as zero income (not deducted)
- Assets
  - No asset limitation
  - Income from assets is recognized as part of annual income

## When Must a Family be Low-Income

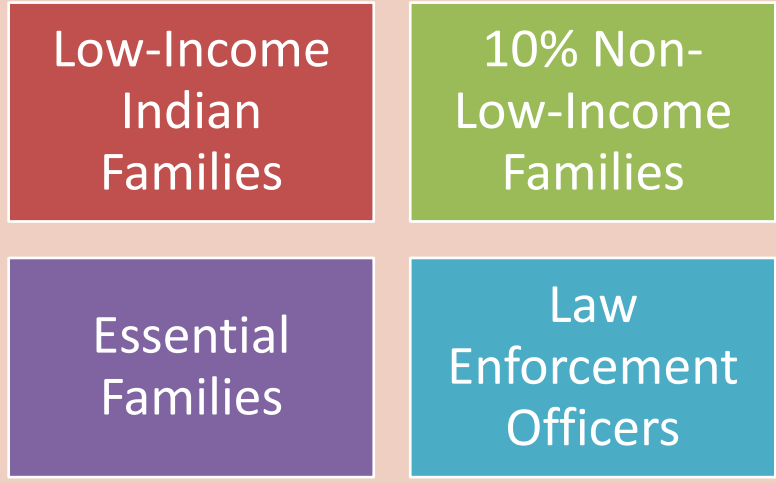
- At the time services are provided
  - Rental Housing Program – Lease signed with family
  - Homeownership Program – Mortgage signed with family
  - Rehab Program – Agreement signed with family
  - Rental Assistance Program – HAP Agreement signed with landlord



### *Exercise 2*

## **Income Eligibility**

# Types of Families (based on income)



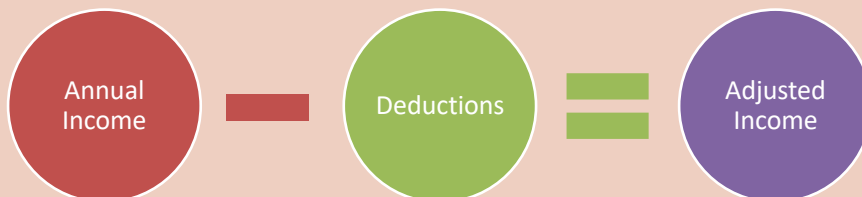
# When May Non-Low-Income Families Be Eligible?

10% Authority	Essential	Law Enforcement	Continued Occupancy	HUD Approved
<ul style="list-style-type: none"> <li>• 10% of planned expenditures for 80-100% of median income families</li> <li>• Only if needed, and no other housing available</li> <li>• No HUD approval required</li> <li>• Benefits must be reduced</li> </ul>	<ul style="list-style-type: none"> <li>• Presence essential to well being of Indian families in the area</li> <li>• Need for housing cannot be met without help</li> <li>• Does not count against 10% authority</li> </ul>	<ul style="list-style-type: none"> <li>• Employed full time</li> <li>• Must be sworn to uphold and make arrests</li> <li>• Presence may deter crime</li> <li>• Does not count against 10% authority</li> </ul>	<ul style="list-style-type: none"> <li>• Policy determines if family admitted low income who becomes non low income after entering program will pay more or be unable to stay</li> <li>• Does not count against 10% authority</li> </ul>	<ul style="list-style-type: none"> <li>• Required if exceeding 10% authority, or</li> <li>• Family over 100% of median income</li> </ul>



## Adjusted Annual Income

If family's payment based on percentage of income, Annual Income must first be adjusted



## Adjusted Income

- Adjusted income is derived by subtracting any of five deductions (or allowances) that apply to the household from the household's annual income.
- Household's eligibility for deductions depends, in part, on the type of household.

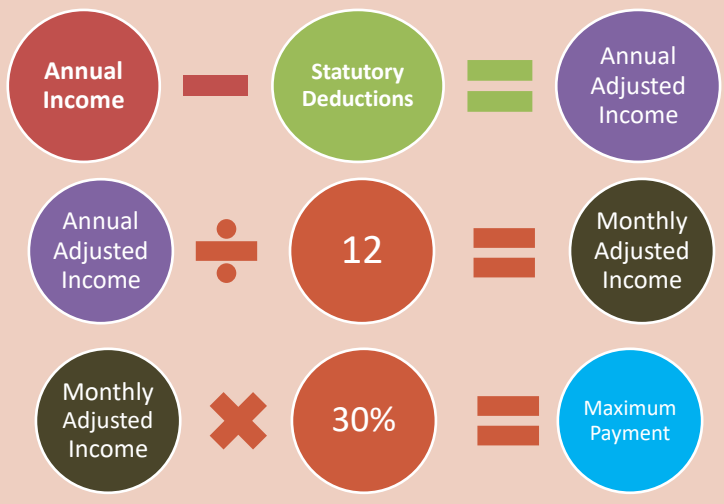
## Statutory Deductions

- \$480 for
  - Children under 18
  - Persons of disabilities over 18
  - Full-time students over 18
- \$400 for elderly or disabled family
- Attendant expenses over 3% of annual income for any type family
- Medical expenses over 3% of annual income for elderly or disabled families only

## Other Statutory Deductions

- Childcare expenses that enable family members to work or go to school
  - Earned income of minors under 18
  - Travel expenses, not to exceed \$25 per family per week
  - Other exclusions provided in the local housing policies
- These exclusions are applicable regardless of which method of calculating annual income is used.***

# Calculating Maximum Payment



# Deduction Based on Type of Households

TYPE OF DEDUCTION PERMITTED	ELDERLY OR DISABLED	FAMILY
\$400 Elderly or disabled household	✓	
\$480 Dependent	✓	✓
Child Care enabling work or school	✓	✓
Medical Expenses in excess of 3%	✓	
Disability Assistance Expenses > 3%	✓	✓
Travel expenses up to \$25/week	✓	✓

## Do not Qualify as Dependents

- The head of the family, the spouse, and the co-head may never qualify as dependents.
- A foster child, an unborn child, a child who has not yet joined the family or a live-in attendant may never be counted as a dependent.

### *Exercise 3*

## Calculating Adjusted Gross Income & Total Tenant Payment

## Assisting Non Low-Income Families (24 CFR 1000.110)

- A recipient may use up to 10 percent of the amount planned for the tribal program year for families whose income falls within 80 to 100 percent of the median income without HUD approval.
- A recipient must determine and document that there is a need for housing for each family that cannot reasonably be met without such assistance.
- Non-low-income families cannot receive the same benefits provided low-income Indian families.

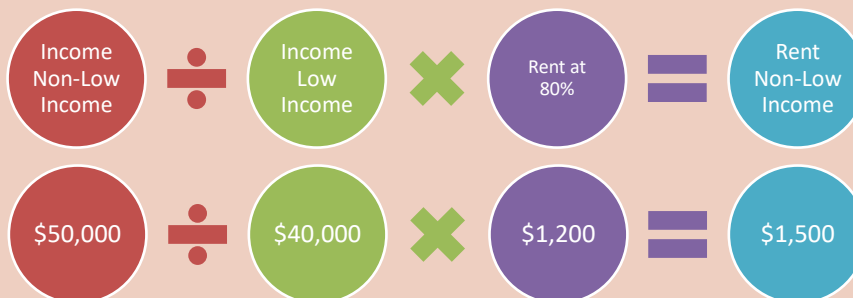
## Non-Low-Income Rental Payment Requirements

- The rent (including homebuyer payments under a lease purchase agreement) to be paid by a non-low-income family must be greater than the rent paid by a low-income family.
- Suggested Calculation:  $[\text{income of non-low-income family} / \text{income of family at 80 percent of median income}] \times [\text{rental payment of family at 80 percent of median income}]$  but need not exceed the fair market rent or value of the unit.

## Minimum Non-Low-Income Rents

To calculate minimum rental payment for non low-income family:

1. divide their income by 80% of median income
2. Multiply that number by amount of monthly rent for low-income family



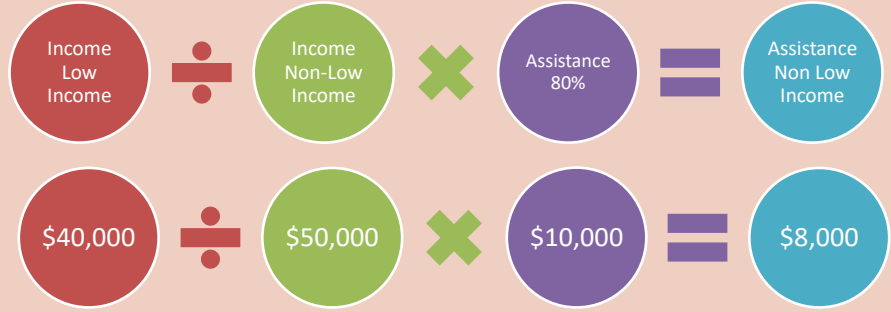
## Non-Low-Income Assistance, other than rent

- The assistance to be provided to a non-low-income family must be less than the assistance provided to a low-income family.
- Suggested Calculation: [income of family at 80 percent of median income/income of non-low-income family] × [assistance provided to family at 80 percent of median income].

## Assistance for Non-Low-Income Families

To calculate maximum assistance proved to non low-income family:

1. divide their income into the income of a family at 80% of median income
2. Multiply that number by amount of assistance provided

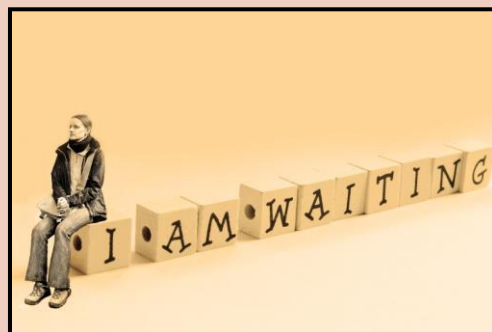


### Exercise 4

## Calculate Non-Low-Income Assistance

## Waiting Lists

- Establishes order of assistance to qualified candidates
- Implements preference/priorities systems
- Ensures fair and equitable treatment
- Serves as source of data about need and demand for units by size, type, and location



## Waiting List Options

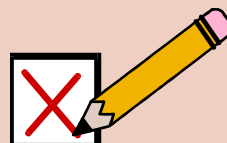
- Number of waiting lists
- Electronic lists
- What to include on list
- How to join list
- How to purge list





## Income Verification

- Verify at time of initial assistance
- Verification techniques
  - Third party verification
  - Copies of wage and bank info
  - Self certification of accuracy
- **Re-exams not required but are encouraged!**



## Verification

- Interviewer must be able to decide:
  - What additional documents are needed
  - What additional information must the applicant provide
  - What must be verified to comply with NAHASDA requirements
  - What type of verification is needed

## Standard Verification Forms

- Consent to Release Information
- Verification of Employment
- Verification of Income
- Verification of Trust Income
- Verification of Savings
- Verification of Pensions
- Landlord Verification



## Collecting Participant Information

- All participant information is considered Protected Personally Identifiable Information and is required to be kept confidential
- Criminal conviction information must be kept separate (select criteria?)

## Selection Policies

- Must develop selection policy
- Can establish preferences
  - Members of tribe
  - Persons with special needs
  - Veterans
  - Certain types of families



## Selection Criteria Options

- Should be established by admissions policies
- Examples:
  - Ability to make monthly payments
  - Comments from prior landlord
  - Credit references
  - Housekeeping habits
  - Criminal background check
  - Disability accommodations

## Leases

- Rental or homebuyer lease must be written
- Must state:
  - Rent/Lease Payment/Admin Fees
  - Who is responsible for maintenance
  - Timeline for adequate notice
  - Inspection requirements
  - Reasons for termination

Chapter Four

## Allowable Activities

## Eligible Activities

105

- If using IHBG funds
  - services and activities cannot be provided unless they are affordable housing activities
- If using Program Income
  - eligible activities expanded to include housing-related activities
- Program Income – income generated from the use of IHBG funds
- See PIH 2019-07 for more information on Program Income

## Affordable Housing Activities

106

- Affordable housing is housing that meets the requirements of NAHASDA:
  - Housing units developed under the 1937 Act Housing (Low Rent or LR, Mutual Help or MH & Turnkey, Section 8)
  - NAHASDA Units
  - Other units that meet requirements of Title II (LIHTC, RD, HOME etc.)
- All NAHASDA requirements apply

## Housing Related Activities

*Housing related activities*, for purposes of program income, means any facility, community building, infrastructure, business, program, or activity, including any community development or economic development activity, that:

- Is determined by the recipient to be beneficial to the provision of housing in an Indian area; and ...

## Housing Related Activities *cont.*

- Would meet at least one of the following conditions:
  - Would help an Indian tribe or its tribally designated housing entity to reduce the cost of construction of Indian housing;
  - Would make housing more affordable, energy efficient, accessible, or practicable in an Indian area;
  - Would otherwise advance the purposes of NAHASDA.
- NAHASDA requirements do not apply unless mixed with IHBG funds

## 1937 Act Housing

- Housing developed under the 1937 Housing Act (prior to NAHASDA)
- Must continue to be administered and maintained under NAHASDA
- Units included in inventory (FCAS) until conveyed or otherwise no longer in program
- NAHASDA funds are provided for this purpose

## IHBG vs Program Income (see PIH 2019-07)

### IHBG Funds

- IHBG funding allocation
- Interest earned on invested IHBG funds
- Must be used for Affordable Housing Activities
- NAHASDA requirements apply

### Program Income

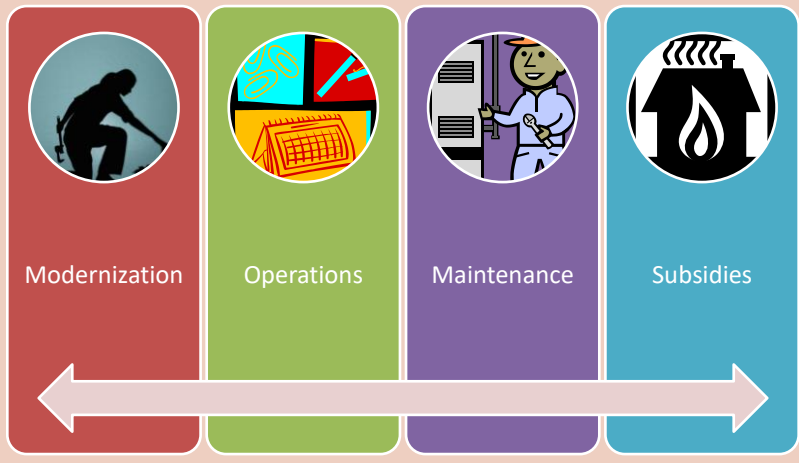
- Income generated from the use of IHBG funds
- Excluding interest earned on invested IHBG funds
- Can be used for Affordable Housing Activities AND Housing-related Activities.
- NAHASDA requirements do not apply

# Types of Eligible Activities

- Indian housing assistance
- Development
- Housing services
- Housing management services
- Crime prevention and safety
- Administrative and planning expenses
- Model activities

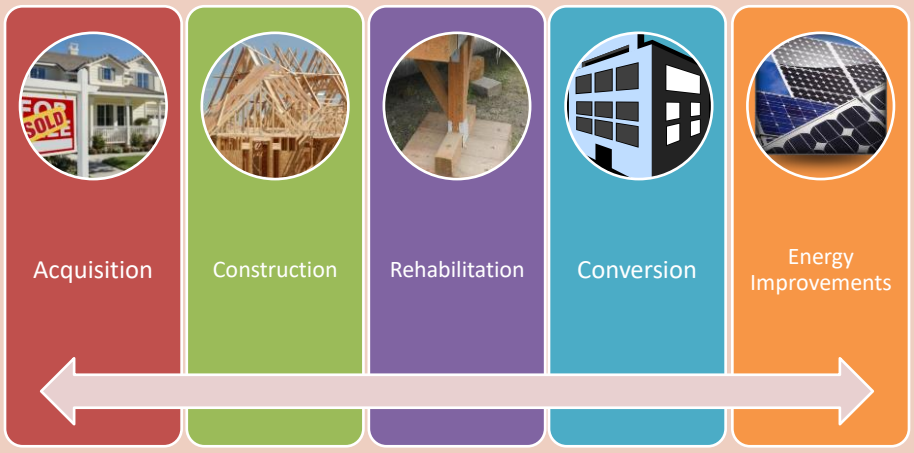
# Indian Housing Assistance - 202(1)

1937 Act Housing Only





# Development – 202(2)



# Housing Services – 202(3)



# Housing Mgmt. Services – 202(4)



# Crime Prevention – 202(5)



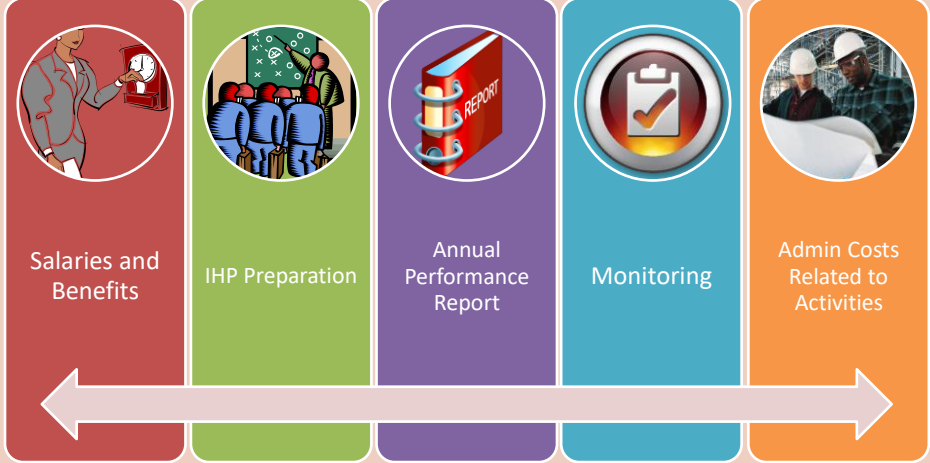
# Model Activities – 202(6)

(must be approved by HUD)



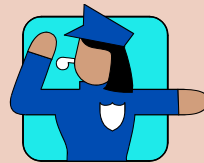
# Admin and Planning - 101(h)

(capped at 20%/30% depending on IHBG)



## Ineligible IHBG Activities

- Economic development and activities not directly related to provision of affordable housing
- Activities normally funded through tribal programs (roads, social services, education)



## Components of Program Design

- What the does the community need now and what will be needed in future?
- What needs can we meet within our current and future budgets?
- For any activity we choose, benefits and responsibilities of participants
- Determine how activity will be implemented, policies procedures

## Program Types (examples)

- Rental
- Homeowner
- Rehab
- Home purchase assistance
- Services
- Rental assistance



## Determining Program Types

- Key questions:
  - What type of housing assistance is needed?
  - What type is demanded?
  - Capacity to develop?
  - Capacity to manage?



## Allocation Approaches

- Maximum amount of assistance versus share smaller amounts across more households
- One-time assistance or allow household to receive assistance over time
- Leveraging other programs
- Leveraging participant resources

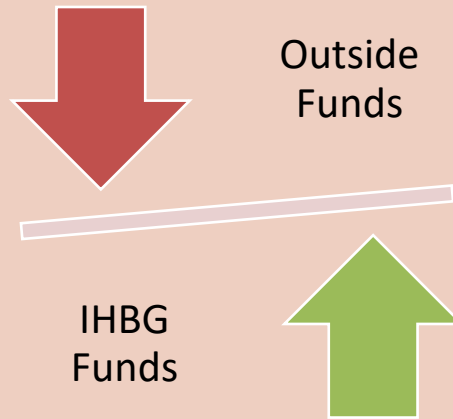
## Considerations in Program Design

When determining tribe's investment in affordable housing, consider:

- Return on investment
- Value of investment
- Compound through leveraging



# Leveraging



# Methods of Assistance

- Grant
- Loan
  - No interest
  - Market interest
  - Reduced interest
- Sweat Equity
- Loaning tools and equipment
- Technical assistance
- Other



## Implementation

How will the work be accomplished?

- Tribal staff
- Construction contract
- Force account
- Force account with subcontracts
- Subrecipient agreements
- Sweat equity



## Activities Recap

- Rental housing
- Housing counseling
- Property management
- Maintenance of IHA property
- Leveraging a tax credit project
- Water and sewer for affordable housing
- Gym for affordable housing tenants
- Services provided by police for affordable housing tenants only.



Chapter 5

## Rental housing

### Types of Rental Housing

- Can develop housing for all types of income eligible families
- Can also develop units targeted at elderly tenants or individuals



## Special Needs Housing

- Developed for specific population
- IHBG cannot pay for related services



## Tenant Based Rental Assistance

- Assists individual families to afford their rent
- Units are not owned by the Tribe/TDHE
- May be portable with the family
- Rental payment cannot exceed 30 percent of the family's adjusted income
- May be used to assist with deposits and other related costs of housing
- Good way to get families in a unit without construction

## Multifamily Housing Units



- Units in same structure or complex
- Determine if sufficient demand
- Good way to develop housing for single persons who qualify

## Single Family Rental Units

- Can develop as subdivision or scattered site
- Common ownership, management and financing



## Mixed Use Development

- Different types of units under same ownership, management, financing
- Mix of residential and commercial – must fully pro-rate all costs involved in operation
- Cannot pay for economic development portion



## Mixed-Income Units

- Can develop housing that is for low- and non low-income households
- Can only pay for the portion related to low-income Indian households
- Notice PIH 2010-32

## Identifying NAHASDA-Assisted Units

- Determine minimum number of units based on actual IHBG funds invested in a unit or project
- Units can be “fixed” or “floating”



## Determining Minimum Number of NAHASDA Units

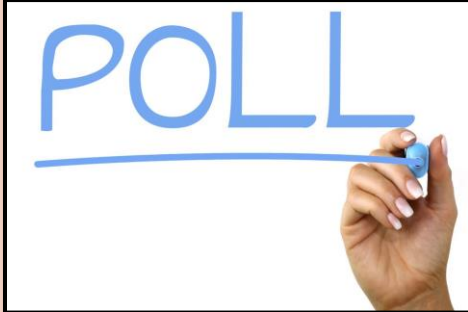
- If units in project are comparable
  - Ratio of IHBG funds to project total cost = the ratio of the minimum NAHASDA units to total project units
- When units are not comparable
  - Determine actual costs of NAHASDA units including share of common costs to determine ratio
  - Necessitates “fixed” units

# Comparability Analysis

- Unit Size
  - Number of bedrooms
  - Square footage of unit
- Amenities
  - Fixtures
  - Appliances
  - Other



**Poll Question:**  
Number of units



## Issues if Outside Jurisdiction

- IHBG funds and other funds subject to nondiscrimination requirements used for affordable housing project
- On land tribe has sovereignty/civil jurisdiction over tribe/TDHE can limit assistance to Indian families and provide tribal preference
- Payment In Lieu Of Taxes agreement may be involved for housing developed off reservation or non trust land

## Other Types of Units

- Supportive Housing
  - Shared eating and sanitary facilities
  - Typically connected to social services or special needs
- Single room occupancy
  - Shared either kitchen or sanitary facilities, else similar to individual apartments

## Eligible Rental Activities

- New construction
- Rehabilitation of existing units
- Acquisition
- Acquisition with rehabilitation
- Reconstruction
- Conversion



## Eligible Rental Housing Costs

- Hard costs of construction
  - Materials and labor
- Soft costs
  - Architect, engineer etc.
- Acquisition costs
- Infrastructure for housing



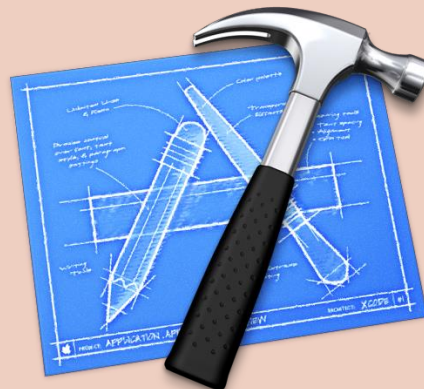


## Eligible Rental Housing Costs

- Relocation costs
- Environmental reviews
- Project oversight and implementation
- Cap costs at TDC
  - All hard and soft costs
  - Not including infrastructure

## Developer and Owner Options

- Options include:
  - Tribe
  - Private developer
  - Limited partnership
  - Nonprofit developer
  - Joint venture

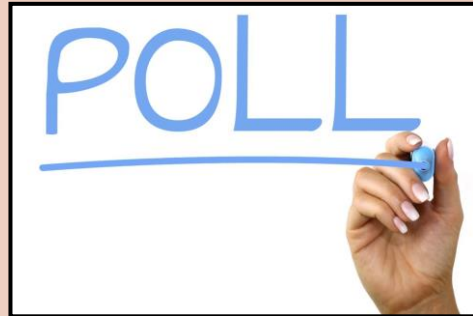


## Construction Methods

- Options:
  - Force account method
  - Contractor
  - Combination



**Poll Question:**  
Construction Methods



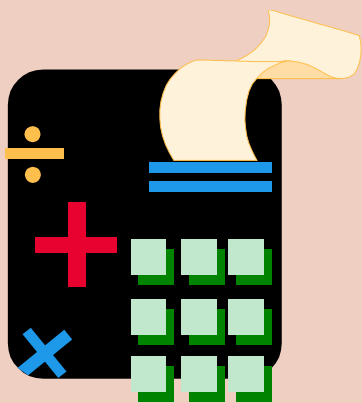
# Types of Financing

- Grants
- Loans
- Deferred payment loans
- Cash flow loans
- Interest subsidies
- Principal reduction
- Construction financing



# Sources of Leverage (examples)

- HUD 811
- HUD 202
- LIHTC
- TITLE VI
- ICDBG



## Public Underwriting

- Public underwriting  $\neq$  private or conventional underwriting
  - Projects often have higher risks
  - Tribe/TDHE is lender of last resort
  - Also includes analysis of:
    - Affordability
    - Public goals
    - Program rules

## Sources And Uses

- Costs and funds to complete the project
- Helps determine how much funding needed to develop property
- Sources = funds to pay costs
- Uses = one-time costs

**SOURCES = USES**

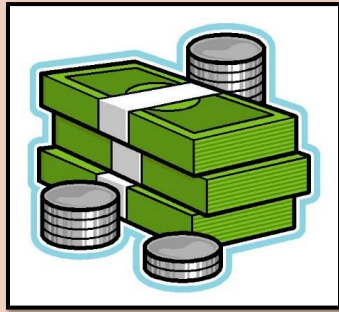
# Sources And Uses Example

<u>Sources</u>	
Bank Loan	\$ 75,000
IHBG	\$ 75,000
Tax Credit Equity	\$100,000
State Funds	\$ 19,000
<b>TOTAL</b>	<b><u>\$269,000</u></b>

<u>Uses</u>	
Land	\$ 45,000
Construction	\$165,000
Soft Costs	\$ 24,000
Fee	\$ 35,000
<b>TOTAL</b>	<b><u>\$269,000</u></b>

# What Is An Operating Budget?

- Determines net operating income
- Assesses project feasibility over the long run
  - Income
  - Expenses

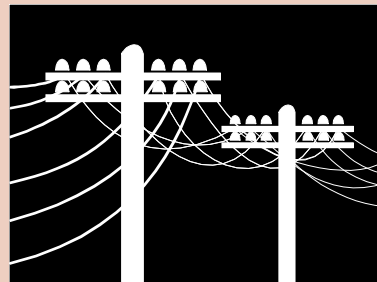


## Setting Rents

- Can set rents as:
  - 30% of adjusted income
  - Minimum rents with 30% test
  - Lower percentage of income
  - Flat rent with 30% test
  - Lower percentages allowed for certain families - elders
- Must be low-income at time of initial occupancy
- Non low-income cannot get same benefit as low-income

## Don't Forget

- Recipient decides on utility allowance
- Managing property
  - Tenant accounts receivables (TARs)
  - Maintenance
  - Inspection



Exercise 5

## **Operating Expenses and Revenue**

Chapter 6

## **Home Purchase Assistance**

# Homeownership Activities

- Acquisition of existing housing
  - Acquisition with rehabilitation
  - Purchase of existing Mutual Help units
- Construction of for-sale units
- Remember TDCs



# Approaches to Homeownership

**Direct Assistance**

- Goes to family
- Downpayment
- Rehab
- Combination

**Development**

- Funds to developer
- Help family to pay by writing down cost

**Lease Purchase**

- Family rents until loan granted
- Payments can be capped
- No more than 30% of AMI





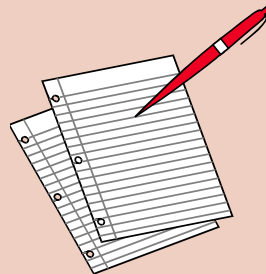
## Types of Units

- Options include:
  - Single family
  - Duplex, triplex
  - Condominium
  - Mobile home
  - Multi-use
- Units can be stick built or manufactured



## Forms of Land Ownership

- Forms of land ownership may include:
  - Leasehold
  - Allotted or individual trust
  - Fee simple



## Financing Tools

- Homebuyer assistance
  - Grant for downpayment
  - Lenders accept lower downpayment
  - Reduce closing costs
  - Purchase financing
  - Principal buy-down
  - Interest reductions



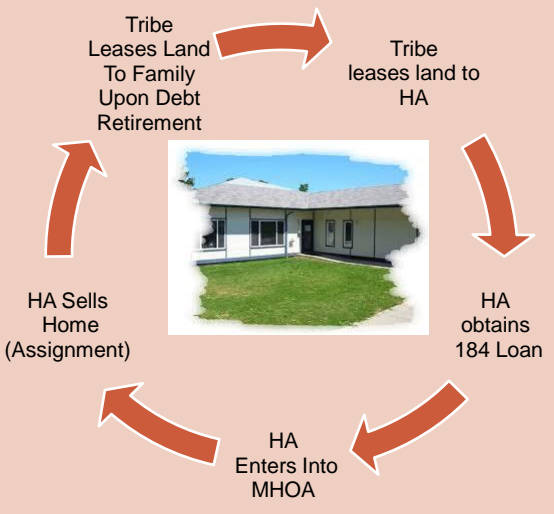
## Financing Tools

- Developer assistance
  - Grants
  - Loans
  - Deferred payment loans
  - Donated land
  - Cover infrastructure costs
  - Construction financing
- Be sure to consider program income implications
- Can combine with household assistance

# Sources of Leverage

- Sources:
  - Section 184
  - State agencies
  - Rural housing services (formerly Farmers Home)
  - Federal Home Loan Bank
  - Private lenders
  - Tribe and tribal lenders
  - Owner cash

# Lease with Option to Purchase (LWOP) Program



## Lease With Option To Purchase (LWOP) Example

- You must purchase the home at the time that you can qualify for a loan.
- You must qualify for a Section 184 within a **MAXIMUM OF 36 MONTHS**
- Must enroll in HBE classes until mortgage-ready
- Must have sufficient income to qualify for a \$100,000 loan

## LWOP Requirements (example)

- Good credit profile
- 80% of Median Income (Low-income)
- Stable employment – 2 years in same industry
- Sufficient income to meet income targeting requirements
- No judgments
- Collections must be paid off

## Underwriting Homebuyers

- Steps – look at homebuyer:
  - Cash requirements
  - Debt-to-income ratios
  - Loan-to-value ratios
  - Credit



## 4 C's of Credit

Capital	Capacity	Collateral	Character
<ul style="list-style-type: none"> <li>• Downpayment</li> <li>• Closing Costs</li> </ul>	<ul style="list-style-type: none"> <li>• Expense to Income Ratio</li> <li>• Debt to Income Ratio</li> </ul>	<ul style="list-style-type: none"> <li>• Loan to Value Ratio</li> </ul>	<ul style="list-style-type: none"> <li>• Willingness to pay</li> </ul>

## Program Options: Management

- Recipient, nonprofit, developer can manage
- Tasks:
  - Application intake
  - Homebuyer selection
  - Loan servicing

## Homebuyer Payment

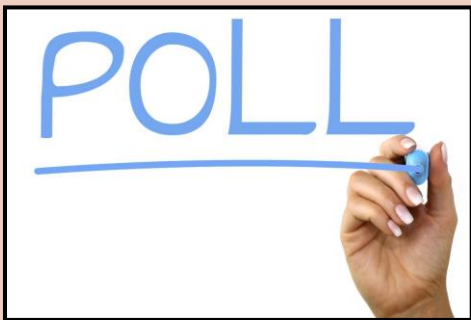
- Mortgage payments not capped
- Lease purchase “homebuyer payment” capped:
  - 30% of income
- Non low-income Indian family cannot get same level of benefit unless essential family

## Resale Restrictions

- Does not impose resale restrictions
- Useful life
  - Who can buy
  - Repayment
  - Type of binding commitment



## Poll Question: Common Barriers to Homeownership

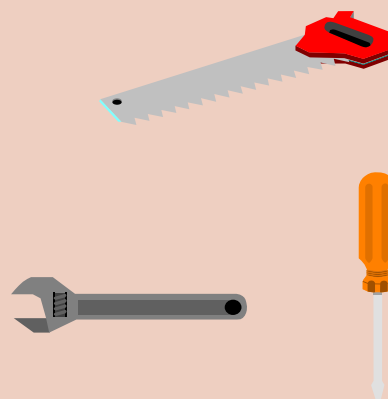


## Chapter 7

## Homeowner Rehabilitation

### Types of Programs

- Program options:
  - Whole house rehabilitation
  - Selected rehabilitation
  - Accessibility improvements
  - Energy conservation
  - Green retrofitting
  - Mold remediation





## Level of Rehabilitation

- Can be substantial or moderate rehabilitation
- Maintenance vs. rehabilitation?
- Notice CPD-2016-02 provides guidance on maintenance vs rehab



## Types of Units

- Types include:
  - Conveyed Mutual Help units
  - HIP units
  - Privately owned and developed units

## Eligible Costs

- Hard costs:
  - Property improvements
  - Removal of lead-based paint
  - Energy efficiency
  - Systems
  - Utility connections
  - Handicapped accessibility



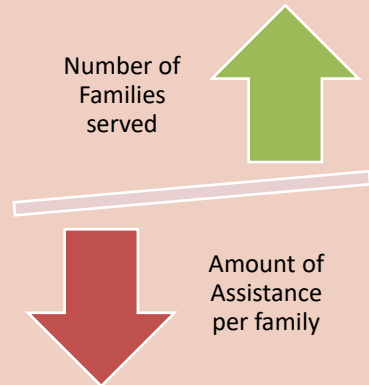
## Eligible Costs

- Soft costs:
  - Architect
  - Engineers
  - Marketing
  - Inspections
  - Financing fees
  - Environmental review



## Assistance Limits

- Remember TDC limits
- Can serve:
  - Many families with little assistance
  - Few families with full assistance



## Types of Assistance

- Financial assistance can include:
  - Grants
  - Loans
  - Deferred payment loans
  - Leverage with other programs



## Forms of Leverage

- Section 184
- HOME Program
- Rural Development 504
- BIA Homeownership Improvement Program
- ICDBG
- Title VI
- LIHTC

## Underwriting

- Look at:
  - Family income and income source
  - Regularity of income
  - Expenses
  - Family size
  - Income available to pay loan

## Construction Management Methods

- Force account
- Sweat equity
- Contractor



## Housing Quality Standards

- Options
  - Use HQS
  - Write own rehab standards
  - Use national code or local ordinances



## Inspections & Work Write-Ups

- 1) Conduct inspection
- 2) Develop work write-up
- 3) Estimate costs



Chapter Eight

## Other Housing Programs

## Types of Programs

Many options for service programs:

- Housing services
- Housing management services
- Crime prevention
- Model programs

## Tie to Affordable Housing

- To be allowable, all services must be provided to residents of affordable housing
  - NAHASDA units
  - 1937 Act units
  - Other housing qualifying under Title II
- If doing broader program, must pro-rate

## Types of Housing Services

- Housing counseling
- Resident programs
- Jobs programs
- Homelessness prevention
- Youth activities
- Tenant based rental assistance



## Housing Counseling

- Typically training to help residents become renters or homebuyers
- Often works to:
  - Increase homeownership
  - Meet housing standards
  - Foster life skills
  - Offer case management approach





## Resident Activities & Self Sufficiency

- Options include:
  - Jobs programs
  - Educational programs
  - Youth activities
- All are for residents of affordable housing
- Pro-rate when not housing-related

## Tenant Based Rental Assistance

- Helps family to afford rental housing
  - Typically done as a payment to property owner
- May be portable, moves with family
- Family payment capped at 30% of adjusted income
- TBRA may be used to assist with deposits and other move in costs

# TBRA Program Design Options

- General community-wide program
- Self-sufficiency program
- Targeted populations program
- Anti-displacement program
- Security deposit program
- College student housing



# Example: Amount of Subsidy

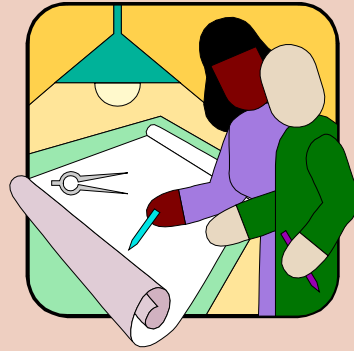


- OR, Minimum Tenant Payment with 30% test
  - Established dollar amount OR
  - Percentage of income



## Housing Management

- Work write-ups
- Inspections
- Specifications
- Loan processing
- Tenant selection
- Mediation
- Manage TBRA



## Crime Prevention and Safety

- Physical improvements
  - Fencing
  - Speed bumps
  - Locks
- Services
  - Security personnel
  - Patrol equipment



## Community Facilities

- Examples:
  - Community center
  - Recreation center
- Typically done as model activity
- Must be tied to affordable housing



## Other Model Activities

- Office building for housing staff
- Warehouse, maintenance facility for housing
- Day care center for residents
- Student Housing
- Upgrade Community Generator System
- Water Treatment System

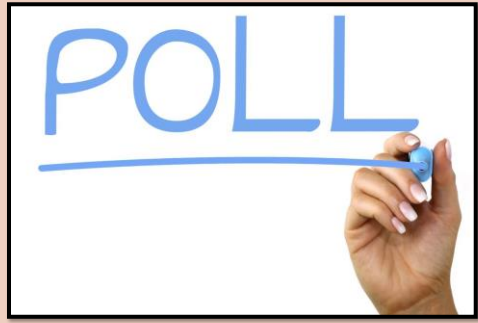
## Sources of Leverage

- Indian Community Development Block Grant
- Community Services Block Grant
- Social and Economic Development Strategies Grant
- CDFIs
- Resident Opportunities for Self-Sufficiency

## Program Delivery Options

- Tribe or TDHE
  - Allows effective control of tasks
  - Make sure have needed expertise and capacity
- Subrecipient
  - Typically a nonprofit
  - Sign a written agreement
  - Requirements flow down
  - Need to monitor their activities

**Poll Question: Types of Housing Activities**



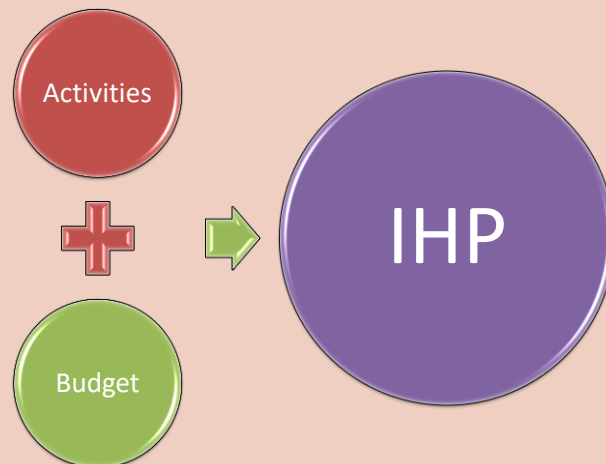
Chapter Nine

**The Indian Housing Plan (IHP) and The Annual Performance Report**

## Statutory Requirements

- Sections 102 & 103 of the Native Housing Assistance and Self-Determination Act (NAHASDA) & 24 CFR 1000, the implementing regulations
- To receive IHBG funds under the NAHASDA
  - IHP/APR must be submitted to HUD annually;
  - HUD must determine IHP/APR to be in compliance with NAHASDA

## What is an IHP?



## What is an IHP?

- An IHP is an Indian Housing Plan
- Required by HUD in order to receive IHBG funds
- Roadmap for responding to housing needs
- IHP spells out how recipient intends to use funds they receive under IHBG

## IHBG Formula and the IHP

- **NO** relationship between formula components used to determine allocation and activities you propose in your IHP
- To challenge IHBG data:
  - Contact IHBG Formula Customer Service Center 1-800-410-8808



## Submitting the IHP/APR: Who?

- The IHBG Recipient submits the IHP/APR
  - Tribe or
  - Tribally designated housing entity (TDHE)
- If a TDHE has been designated by more than one tribe:
  - TDHE may submit a separate IHP for each, or
  - Single IHP for all tribes in its jurisdiction
- Be sure to include Tribal Certification

## Submitting the IHP/APR: When?

- Submit IHP 75 days prior to start of program year (PY)
  - Effective management tool
  - Allows recipients to have their IHPs in place at start of PY
  - Failure to submit on time may result in NO IHBG!
- What if Congressional Appropriation is delayed?:
  - If the PY estimate is available, base IHP on PY estimate amount on Formula Response Form; otherwise, use actual grant amount from previous PY IHP
  - Revise IHP (internal only) when actual amount known
  - Update APR to include actual amount (required)

## IHP Deadlines and Waivers

- Extension may be granted under exceptional circumstances
- HUD cannot waive a due date outside of the statutory limit provided in Section 101(b)(2) of NAHASDA
- Request waiver of the deadline -
  - Any time before or after the IHP submission deadline, however ...
  - Extension may only be granted for up to 90 days after the original deadline.

## FFY 2020-2021 IHP Due Dates

FFY 2020	PY 2020	IHP Due Date	Waiver Deadline
Oct. 1, 2019 – Sept. 30, 2020	Oct. 1 – Sept. 30	July 18, 2019	October 16, 2019
	Jan. 1, - Dec. 31	October 18, 2019	January 16, 2020
	Apr 1, - Mar. 31	October 16, 2020*	N/A
	Jul. 1, - June 30	October 16, 2020*	N/A

\*Extension allowed due to COVID-19 pandemic. See PIH 2020-05

FFY 2021	PY 2021	IHP Due Date	Waiver Deadline
Oct. 1, 2020 – Sept. 30, 2021	Oct. 1 – Sept. 30	July 18, 2020	October 16, 2020
	Jan. 1, - Dec. 31	October 18, 2020	January 16, 2021
	Apr 1, - Mar. 31	January 16, 2021	April 16, 2021
	Jul. 1, - June 30	April 17, 2021	July 16, 2021

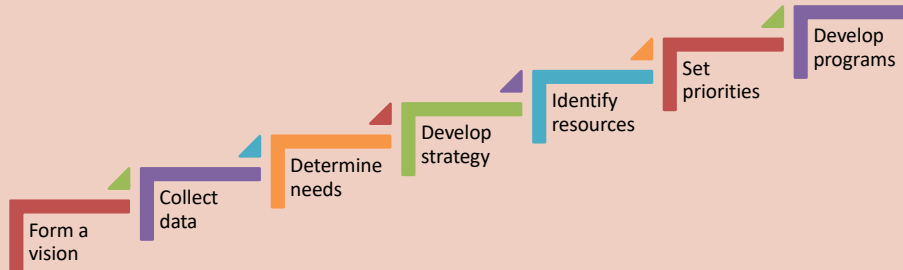
## Submitting the IHP: How?

- An IHP may be submitted to an Area ONAP in one of two ways:
  1. IHPs submitted after May 1, 2018, MUST be submitted using the EPIC (Energy and Performance Information Center) system, unless ...
  2. Internet access is insufficient, and HUD has approved a waiver in which case a PDF fillable form can be used.

## EPIC: Latest Information

- Beginning May 1, 2018, recipients will be required to submit their IHPs (and APRs) using the online EPIC system.
- Recipients who lack reliable Internet access can use the Adobe fillable PDF version of the form after obtaining a waiver from the Area ONAP Administrator.
- Like eLOCCS, EPIC requires users have an active Secure Systems (aka “M”) ID. Each EPIC user will need to obtain their own “M” ID in order to request access to EPIC.

## Recommended Steps in Developing IHP



## Programs and Projects

- Programs are ongoing activities and are in every IHP
  - Maintenance
  - Administration
- Projects have specific start and end dates, and are dependent upon annual funding decisions
  - Development
  - Rental assistance



## Key Sections of the IHP

- Cover page (Section 1)
- Housing Needs (Section 2)
- Program Descriptions (Section 3)
- Maintaining 1937 Act Units (Section 4)
- Budget (Section 5)
- Other Submission Items (Section 6)
- Certifications (Sections 7-9)

## Section 1: Cover Page

- Purpose: Provide basic background info on recipient
- Statutory/Regulatory Sections: None
- Key Contents:
  - Grant Information
    - Grant number
    - Recipient program year
    - Federal fiscal year
  - Recipient (Contact) Information
  - Tribe/TDHE Information
    - Tax ID number
    - DUNS number (now required for all Federal grants)
    - CCR/SAM expiration date (updated annually)
  - Formula Grant Amount

The image shows a screenshot of the 'SECTION 1: COVER PAGE' form. The form contains various fields for recipient information, including grant number, program year, fiscal year, contact person, telephone number, mailing address, city, state, zip code, fax number, email address, and tax identification numbers (DUNS, CCR/SAM, and IHSIS). The fields are mostly redacted with yellow boxes. At the bottom right of the form, it says 'Page 1 of 22'.

## Section 2: Housing Needs

- **Purpose:** Clearly describe the types of needs for recipients
- **Statutory/Regulatory Sections:** §1000.328, 102(c)(2)(A), 102(c)(2)(B), 102(c)(4)(C)
- **Key Contents:**
  - Number of low-income Indian families
  - Needs for all Indian families
  - Description of how activities meet needs
  - Geographic distribution of funds

**ONE YEAR PLAN & ANNUAL PERFORMANCE REPORT**  
SECTION 2: HOUSING NEEDS

NAHASDA § 102(c)(2)(B)

(1) **Type of Need:** Check the appropriate boxes below to describe the estimated types of housing needs and the need for other assistance for low-income Indian families (column B) and all Indian families (column C) inside and outside the jurisdiction.

(A) Type of Need	Check All That Apply	
	(B) Low-Income Indian Families	(C) All Indian Families
(1) Overcrowded Households	<input type="checkbox"/>	<input type="checkbox"/>
(2) Renters Who Wish to Buy or Own Dwellings	<input type="checkbox"/>	<input type="checkbox"/>
(3) Substandard Units Needing Rehabilitation	<input type="checkbox"/>	<input type="checkbox"/>
(4) Homeless Households	<input type="checkbox"/>	<input type="checkbox"/>
(5) Households Needing Affordable Rental Units	<input type="checkbox"/>	<input type="checkbox"/>
(6) Single Rooming Households	<input type="checkbox"/>	<input type="checkbox"/>
(7) Disabled Households Needing Accessibility	<input type="checkbox"/>	<input type="checkbox"/>
(8) Units Needing Energy Efficiency Upgrades	<input type="checkbox"/>	<input type="checkbox"/>
(9) Infrastructure to Support Housing	<input type="checkbox"/>	<input type="checkbox"/>
(10) Other (Specify below)	<input type="checkbox"/>	<input type="checkbox"/>

(2) **Other Needs:** (Describe the "Other" needs below. Note this text is optional for all needs except "Other")

(3) **Planned Program Benefits:** (Describe below how your planned programs and activities will address the needs of the income families identified above. Also describe how your planned programs will address the various types of housing assistance needs (NAHASDA § 102(c)(2)(B)).

(4) **Geographic Distribution:** Describe below how the assistance will be distributed throughout the geographic area, and how this geographic distribution is consistent with the needs of low-income families. (NAHASDA § 102(c)(2)(B)(ii))

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## Section 3: Program Descriptions & Outputs

- **Purpose:** Describe recipient's programs & intended results
- **Statutory/Regulatory Sections:** §102(c)(1), 102(c)(4)(e-g)
- **Key Contents:**
  - Program description
  - Eligible activity
  - Intended outcomes
  - Beneficiaries & assistance
  - Planned outputs

**APR: IDENTIFY AND PRIORITIZE YOUR PRIORITIES**  
Complete the attached section of this form to describe your completed program tasks and actual results. City, county, or another approved geographic jurisdictional organization. Financial data should be presented using the same base of accounting as the Director of Expenditures of Federal Awards (DEFA) in the annual audit. For unit, accomplishments, only count units which this unit will complete and/or coordinate for the year. For households, only count the household if received the assistance during the previous 12-month program year. (NAHASDA § 4010)

**1.1 Program Name and Unique Identifier**

**1.2 Program Description:** (This should be the description of the planned program.)

**1.3 Eligible Activity Number:** (Select one activity from the Eligible Activity list. For any activity involving housing units as the direct measure, specify the number and the location. Do not combine households and/or rental housing units and/or, do not enter housing units are occupied in the APR if you already worked on the units.)

**1.4 Intended Outcome Number:** (Select one outcome from the Outcome list. Each program can have only one outcome. If more than one outcome applies, create a separate program for each outcome.)

**Describe Other Intended Outcome (OIA):** (If you selected "Other" above)

**1.6 Actual Outcome Number:** (On the APR, identify the actual outcome from the Outcome list.)

**Describe Other Actual Outcome (OIA):** (Only if you selected "Other" above)

**1.8 Who Will Be Assisted:** Describe the types of households that will be assisted under the program. Please note: Assistance must available to persons whose income fall within the 100 percent of the median must be included as a separate program within this section.

**1.7 Types and Level of Assistance:** Describe the types and the level of assistance that will be provided to each household, as applicable.

**1.9 APR:** Describe the accomplishments for the APR in the 12-month program year. (In accordance with 25 CFR § 1000.312(b)(2), incorporate an estimate and explanation of cost increases or legal costs.)

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## Homeowner and Rental Activities

Do not combine homeownership and rental construction, acquisition, or rehab programs – for example if constructing 5 homeowner and 5 rental housing units, they must be two separate activities.

## Programs, Eligible Activities, Outcomes, and Outputs

- Programs: What recipient-specific programs will be funded?
- Eligible Activities:
  - Pick list tied to NAHASDA-eligible activities (internal control)
- Outcomes: What is the intended result?
  - Pick list tied to ONAP goals
- Outputs: How many units or households are planned?

## Programs, Eligible Activities, Outcomes, Outputs: Example

223

- Program: Recipient will provide purchase assistance for first-time homebuyers who wish to buy in the four-county area.
- Eligibility Activity: Down payment/closing costs
- Outcome: Assist renters to become homeowners
- Who Will be Assisted: Low-income families
- Level and Type of Assistance: \$5,000 Cap, Grant
- Planned Outputs: four units

## Guidance on Allowability, Outcomes and Outputs

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Eligible Activity	Output Measure	Eligible Activity	Output Measure
(1) Modernization of 1937 Act Housing [202(1)]	Units	(13) Down Payment/Closing Cost Assistance [202(2)]	Units
(2) Operation of 1937 Act Housing [202(1)]	Units	(14) Lending Subsidies for Homebuyers (Loan) [202(2)]	Units
(3) Acquisition of Rental Housing [202(2)]	Units	(15) Other Homebuyer Assistance Activities [202(2)]	Units
(4) Construction of Rental Housing [202(2)]	Units	(16) Rehabilitation Assistance to Existing Homeowners [202(2)]	Units
(5) Rehabilitation of Rental Housing [202(2)]	Units	(17) Tenant Based Rental Assistance [202(3)]	Households
(6) Acquisition of Land for Rental Housing [202(2)]	Units	(18) Other Housing Services [202(3)]	Households
(7) Development of Emergency Shelters [202(2)]	Households	(19) Housing Management Services [202(4)]	Households
(8) Conversion of Other Structures to Affordable Housing [202(2)]	Units	(20) Operation and Maintenance of NAHASDA-Assisted Units [202(4)]	Units
(9) Other Rental Housing Development [202(2)]	Units	(21) Crime Prevention and Safety [202(5)]	Dollars
(10) Acquisition of Land for Homebuyer Unit Development [202(2)]	Units	(22) Model Activities [202(6)]	Dollars
(11) New Construction of Homebuyer Units [202(2)]	Units	(23) Self-Determination Program [231-235]	Units/ Dollars
Acquisition of Homebuyer Units [202(2)]	Units	(24) Infrastructure to Support Housing [202(2)]	Dollars
		(25) Reserve Accounts [202(9)]	N/A



## Section 4: Maintaining 1937 Act, Demolition/Disposition

- **Purpose:** Describe how recipient will maintain 1937 Act units, describe any planned demo/dispo
- **Statutory/Regulatory Sections:**  
§ 102(b)(2)(A)(iv)(I-III)
- **Key Contents:**
  - Describe how will maintain & operate 1937 units
  - Describe any planned demolition or disposition

## Section 5(a): Sources of Funds

- **Purpose:** Describe recipient's funding sources to be used for housing purposes during coming Program Year
- **Statutory/Regulatory Sections:** §102(c)(3)(A), §102(c)(3)(B)
- **Key Contents:**
  - Funds on hand at beginning of year
  - Funds expected to be received during year
  - Anticipated expenditures for each funding source
  - Anticipated unexpended funds for each source at end of year
  - Must include anticipated receipt and use of Program Income

SECTION 5: BUDGETS  
NAHASDA §§ 102(b)(2)(C), 404(b)

SOURCE	HSP					APR					
	(A) Estimated amount on hand at beginning of program year	(B) Estimated amount to be received during 12-month program year	(C) Estimate total received of funds (A+B)	(D) Estimated funds to be expended during 12-month program year	(E) Estimated unexpended funds at end of program year (C-D)	(F) Actual amount on hand at beginning of program year	(G) Actual amount received during 12-month program year	(H) Actual total amount of funding (F+G)	(I) Actual funds expended during 12-month program year	(J) Actual unexpended funds at end of 12-month program year (H-I)	(K) Actual unexpended funds at end of 12-month program year
1. HBIC Funds			\$0	\$0	\$0			\$0	\$0	\$0	
2. HBIC Program Income			\$0	\$0	\$0			\$0	\$0	\$0	
3. Title VI			\$0	\$0	\$0			\$0	\$0	\$0	
4. Title VI Program Income			\$0	\$0	\$0			\$0	\$0	\$0	
5. 1937 Act Operating Revenues			\$0	\$0	\$0			\$0	\$0	\$0	
6. Carry Over ESOP Act Funds			\$0	\$0	\$0			\$0	\$0	\$0	
<b>UNBURSEED FUNDS</b>											
7. HUD Funds			\$0	\$0	\$0			\$0	\$0	\$0	
8. Other Federal Funds			\$0	\$0	\$0			\$0	\$0	\$0	
9. LRI			\$0	\$0	\$0			\$0	\$0	\$0	
10. Non-Federal Fu			\$0	\$0	\$0			\$0	\$0	\$0	
<b>TOTAL</b>	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
TOTAL Columns C, H, I through 10											

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## Section 5(b): Uses of Funds

- **Purpose:** Describe recipient’s programs on which funds will be used during the coming year
- **Statutory/Regulatory Sections:** §102(c)(3)(A), §102(c)(3)(B)
- **Key Contents:**
  - Prior and current year IHBG funds anticipated to be expended on each program
  - Prior and current year Other funds anticipated to be expended on each program

**22 Uses of Funding** (NAHASDA § 102(b)(2)(C)(ii) (Note that the budget should not exceed the total funds on hand (Column C) and insert as many rows as needed to include all the programs identified in Section 3. *Actual expenditures in the APR section are for the 12-month program year*.)

PROGRAM NAME	IHBG		Other		TOTAL	
	(E) Prior and current year IHBG funds to be expended in 12-month program year	(F) Total all other funds to be expended in 12-month program year (I-4)(F)	(G) Total IHBG funds expended in 12-month program year	(H) Total all other funds expended in 12-month program year	(I) Total funds expended in 12-month program year (G+H)	(J) Total funds on hand (I-4)(J)
Program Name			\$1		\$1	\$1
Planning and Administration			\$0		\$0	\$0
Loan Repayment - describe in 3 & 4 above			\$0		\$0	\$0
<b>TOTAL</b>	\$1	\$0	\$1	\$0	\$1	\$1

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## Section 6: Other Submission Items

- **Purpose:** Describe various required items
- **Statutory/Regulatory Sections:** § 1000.142, 1000.108, 1000.120, 1000.302(3), 1000.238
- **Key Contents:**
  - Useful life
  - Model activities & over income
  - Tribal preference
  - Administration
  - Expanded formula area

## Sections 7 – 9: Certifications

- **Purpose:** Provide various required certifications
- **Statutory/Regulatory Sections:** § 1000.20, 102(c)(5), 102(d), 104(b)
- **Key Contents:**
  - Compliance
  - Tribal certification
  - Tribal wage rates
  - Self-monitoring

## Timeframes for IHP Review

- 60 days for original submission
- 30 days for amendments



## Critical IHP Review Points

- Completeness – Are all required elements included?
- Eligibility – Are all activities eligible affordable housing activities under the Statute?
- Consistency – Are all Key Sections of the IHP internally consistent in a meaningful way?

## IHP Revisions

Only Required for the following reasons:

1. Adding a new Activity
2. Reducing the amount budgeted for Operation and Maintenance of FCAS housing units



## Exercise 6

### Sources and Uses of Funds

## What is the APR?

- Describes recipient's performance for previous program year
- Highlights how recipient ensured compliance and financial accountability
- Provides statistics on unit quality and cost and program outcomes
- Used by recipient, tribal members and HUD to provide feedback for program performance

## Why is the APR Important?

- Statutory requirement
- Public comment
- Tool to track IHP progress
- Self-assessment and planning
- Technical assistance necessary from HUD
- Public information

## Key Sections of the APR

- Actual Outcomes and Outputs
- Program Accomplishments
- Budget
- Expanded Formula Area
- Self Monitoring
- Inspections
- Audits
- Public Accountability
- Jobs Supported by NAHASDA

## Cover Page

- Information requested for the APR includes the following:
  - Name of the recipient
  - Name and title of person authorized to submit the APR
  - Signature of person authorized to submit the APR
  - Date of submission

## Reporting on Programs

- Purpose: Document the recipient's performance review
- Statutory/Regulatory Sections: § 404(a), 404(b)(2), 404(b)(3), 24 CFR 1000.512
- Key Components:
  - Accomplishments
  - Reasons for delay
  - Outputs

## Reporting on the Budget

- Describes the actual sources and uses of funds for the 12-month program year

**SECTION 5: BUDGETS**  
NAHASDA §§ 102(b)(2)(C), 404(b)

SOURCE	BHP					APR					
	(A) Estimated amount on hand at beginning of program year	(B) Estimated amount to be incurred during 12-month program year	(C) Estimated total source of funds (A+B)	(D) Estimated funds to be expended during 12-month program year	(E) Estimated unexpended funds remaining at end of program year (C-D)	(F) Actual amount on hand at beginning of program year	(G) Actual amount received during 12-month program year	(H) Actual total sources of funding (F+G)	(I) Actual funds expended during 12-month program year	(J) Actual unexpended funds remaining at end of 12-month program year (H-I)	(K) Actual unexpended funds not expended at end of 12-month program year
1. HBIG Funds			\$0		\$0			\$0		\$0	
2. HBIG Program Income			\$0		\$0			\$0		\$0	
3. Title VI			\$0		\$0			\$0		\$0	
4. Title VI Program Income			\$0		\$0			\$0		\$0	
5. 1987 Act Operating Revenues			\$0		\$0			\$0		\$0	
6. Carry Over 1987 Act Funds			\$0		\$0			\$0		\$0	
<b>LEVERAGED FUNDS</b>											
7. KIBIG Funds			\$0		\$0			\$0		\$0	
8. Other Federal Funds			\$0		\$0			\$0		\$0	
9. LIH			\$0		\$0			\$0		\$0	
10. Non-Federal Fu			\$0		\$0			\$0		\$0	
<b>TOTAL</b>	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
TOTAL Columns C & H, 2 through 10			\$0	\$0	\$0			\$0	\$0	\$0	\$0

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## Reporting on Other Submission Items

- Purpose: New section where recipient describes expenditure of funds in expanded formula area (not required if recipient does not have an expanded formula area)
- Statutory/Regulatory Sections: 24 CFR 1000.302
- Key Components:
  - Actual expenditures in expanded formula area



## Certifications

- Purpose: Provide self certification of compliance
- Statutory/Regulatory Sections: NAHASDA § 403(b) , 24 CFR § 1000.502)
- Key Components:
  - Self-Monitoring

## Importance of Self Monitoring

- Self Monitoring ensures
  - Compliance with rules and requirements
  - Compliance with the Tribe/TDHE's policies and procedures
  - Consistency with IHP
  - Efficiency
  - Effectiveness

## Self-Monitoring Requirements

- Recipients must
  - Monitor grant activities in accordance with the IHP
  - Complete a compliance assessment, including unit inspections
  - Develop a corrective action plan to address any areas of noncompliance
  - Must include a summary of results and corrective actions in APR

## Other Sections

- Purpose: Capture remaining required items.
- Statutory/Regulatory Sections: § 403(b), 31 U.S.C. § 7501(a)(4), 1000.518, § 101(b)(2)
- Key Components:
  - Inspections
  - Audits
  - Public Accountability
  - Jobs Supported by NAHASDA
  - IHP Waiver Requests

## APR Assessment

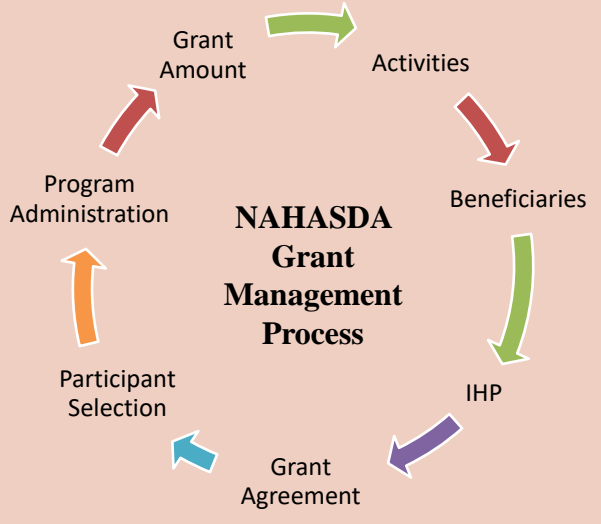
- On time?  
Due within 90 days of end of program year
- Complete?  
Sufficient data for review
- Accurate?  
Can you prove what you are reporting?
- Progress?  
Progress on IHP program/performance issues

## HUD's Timeline

- Receipt of APR
  - 60 days to review APR and make recommendations in report to recipient
    - Carried out eligible activities in a timely manner and in accordance with NAHASDA
    - Complied with the IHP
    - Report is accurate

Chapter Ten

# Grant Management



## Grant Agreement

- Sign agreement after plan is in compliance
- Legal document sets out grant award and obligation to follow requirements
  - HUD 52734B
- Other required forms
  - HUD 27054
  - SF 1199A
  - Lobbying certificate
  - Assurance of compliance
  - Indian preference certification

## Grant Steps

- Complete grant agreement
- Obtain eLOCCS access
- Complete/submit other materials



## Electronic Line of Credit Control System (eLOCCS)

- Computerized cash management disbursement system
- Submit form HUD 27054 to get set up
- HUD enters budget into eLOCCS – draw against BLI (budget line item)
- Guidance 2014-08(R) provides instructions on accessing eLOCCS.

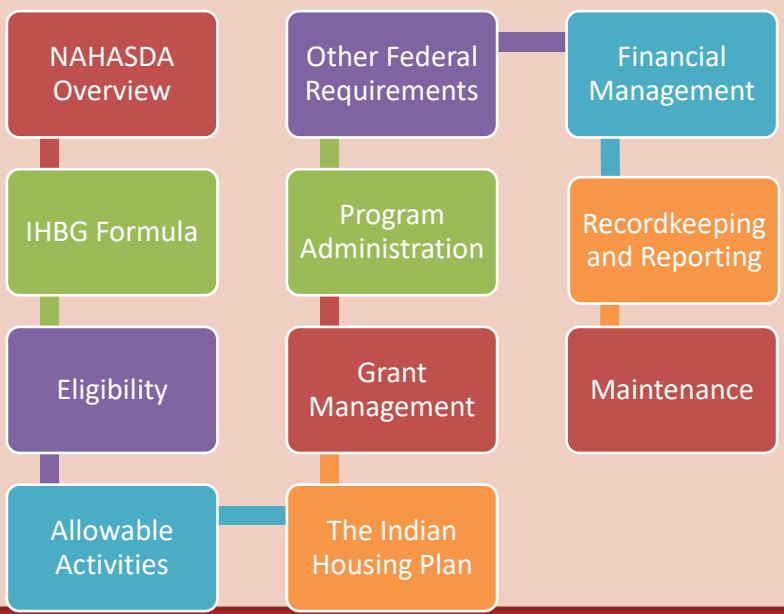
## Reporting

- Submit quarterly LOCCS reports
  - SF 425
  - Within 30 days of end of each quarter
- Annual performance report
  - Reports on annual tasks
  - Due 90 days after end of program year

# NAHASDA Essentials

June 23-25, 2020  
Virtual Training

## Agenda



Chapter Eleven

## Administrative Requirements

### Types of Requirements

- Administrative & planning costs
- Operating policies
- OMB Uniform Administrative Requirements (2 CFR Part 200)
- Cooperation Agreements
- Subrecipient Agreements
- Total Development Costs (TDC)
- Useful Life
- Investments



## Administrative & Planning Costs

- What are admin/planning costs?
  - Administrative management associated with
    - Using non-IHBG funds for affordable housing
    - Carrying out comprehensive & community development planning activities
  - Coordination and monitoring
  - IHP/APR preparation
  - Formula challenge
  - Overall program and/or administrative management

## Administrative & Planning Costs

- Capped as follows
  - 20% of grant allocation or PY expenditures, whichever is greater, for recipients receiving more than \$500,000
  - 30% of grant allocation or PY expenditures, whichever is greater, for recipients receiving \$500,000 or less
- Request to exceed may be submitted with justification for HUD review/approval

# Administrative & Planning Costs Directly Related to Affordable Housing Activities

- May be expensed as administration and planning cost, or
- May be expensed as a cost for developing or operating the affordable housing activities:
  - Whole salary or pro-rated
  - Example – Development Director salary
- Establish cost allocation plan



# Calculating the Maximum A&P for the IHP Budget

Example Grant Amount (a)	Maximum Percentage Allowed (b)	Maximum A&P Based on Grant Amount (a x b)	Example Estimated Expenditures (c)	Max A&P Based on Expenditures (b) x (c)
\$600,000	20%	\$120,000	\$450,000	\$90,000
\$300,000	30%	\$90,000	\$350,000	\$105,000



## Maximum A&P to report on the APR

**Note:** if the cap is based on the estimated IHBG expenditures, and the actual IHBG expenditures are less than estimated in the IHP, the A&P expenditures cannot exceed the percentage used (20% or 30%) times the actual expenditures (or the IHP amount, whichever is greater)!

## Maximum A&P Examples

TRIBE 1: BUDGETED IHBG EXPENDITURES > IHBG GRANT:					
Applicable Cap	Budgeted IHBG Expenditures	IHP Amount	Maximum Budgeted A&P	Actual IHBG Expenditures	Actual A&P Maximum
20% CAP	\$600,000	\$510,000	\$120,000	\$400,000	\$102,000
30% CAP	\$200,000	\$100,000	\$60,000	\$150,000	\$45,000
TRIBE 2: BUDGETED IHBG EXPENDITURES < IHBG GRANT:					
Applicable Cap	Budgeted IHBG Expenditures	IHP Amount	Maximum Budgeted A&P	Actual IHBG Expenditures	Actual A&P Maximum
20% CAP	\$400,000	\$510,000	\$102,000	\$600,000	\$120,000
30% CAP	\$50,000	\$100,000	\$30,000	\$60,000	\$30,000

## Reserves for A&P Costs (24 CFR 1000.239)

- May establish a reserve account for accumulation of A&P costs as follows:
  - Less than or equal to  $\frac{1}{4}$  of the 5-year average of A&P costs expended by the recipient,
  - Must be related to affordable housing, and
  - Must be stated in the IHP.

## Operating Policies and Procedures

- Payment policies
- Eligibility policies
- Admissions policies
- Tenant selection policies
- Occupancy policy
- Finance policy
- Investment policy
- Management policies
- Maintenance policy
- Travel policy
- Procurement policy (and procedures)
- Acquisition and relocation policy

## Uniform Administrative Requirements (2 CFR 200)

- Management systems
- Procurement
- Reporting & recordkeeping
- Conflict of interest
- Audit
- Allowable, unallowable costs

## 2 CFR 200 Subparts

Subpart A (200.0 - 99)

- Acronyms and Definitions

Subpart B (200.100 - 113)

- General Provisions

Subpart C (200.200 - 213)

- Pre-Federal Award Requirements and Contents of Awards

Subpart D (200.300 - 345)

- Post Federal Award Requirements

Subpart E (200.400 - 475)

- Cost Principles

Subpart F (200.500 - 521)

- Audit Requirements

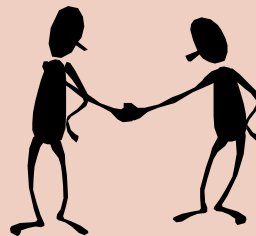
12 Appendices – I through XII

## Cooperation Agreement Provisions

- Agreement with local government to ensure that local government services will be provided to the housing
- The housing is exempt from all real and personal property taxes
- Payment in lieu of taxes (PILOT) may be negotiated between the recipient and the local government up to the maximum amount to compensate local government for service costs

## Cooperation Agreements

- Only needed when IHBG spent on units owned by recipient
  - What services provided
  - Pay PILOT
- Not needed when:
  - Owned by someone else
  - Raw land
- Can now be waived



## Cooperation Agreements

- Recipients may request a waiver of the cooperation agreement and tax exemption requirements.
- Recipient must show that it has pursued and exhausted all reasonable channels.
- Request waiver in writing and
  - Demonstrate good faith effort
  - Identify housing units involved
  - Provide all pertinent background information

## Cooperation Agreement References

- NAHASDA Sec.101 (c)((d)(e)
- 24 CFR 1000.240 to 246 – “Cooperation Agreements, Taxation, and Request for Waiver”
- ONAP Program Guidance No. 2003-02 “Local Cooperation Agreements”

## Total Development Costs

- Applying TDC limits:
  - All residential new construction, rehabilitation and acquisition activities
  - Any type of residential structure
  - 1937 Act units obligated after 9/30/97
- PIH Notice 2019-19 includes the updated schedule for the maximum amount of funds that may be used for affordable housing

## Total Development Costs

- Help ensure affordability
- HUD calculates:
  - Hard construction costs
  - Soft costs
  - Site costs
- Recipient can request a variance of their TDCs



## Useful Life (Affordability Period)

- “Useful Life” is the period during which low-income rental housing and low-income homebuyer housing must remain affordable as required in Sections 205 (a)(2) and 209 of NAHASDA

## Useful Life

- Requires that housing units must remain affordable for either
  - the remaining useful life of the property (as determined by the Secretary)
  - such other period that the Secretary determines is the longest feasible period of time
- Requires useful life description in the IHP
- Applies to new and rehab units using IHBG or Title VI funds
- Does not apply to Mutual Help units

## Example:

IHBG Funds Invested	Affordability Period
Under \$5,000	6 months
\$5,001 - \$15,000	5 years
\$15,001 - \$40,000	10 years
Over \$40,000	15 years
New construction or acquisition of newly constructed housing	20 years

## Minor Investments

- If the period is less than a year it is not necessary to record the written use restriction for purposes of complying with NAHASDA.
- It is good business practice to record the use restriction for purposes of giving notice to subsequent purchasers.

## Binding Agreement

- Binding agreement satisfactory to HUD is
  - A written use restriction agreement, developed by the recipient, and placed on an assisted property for the period of its useful life
- Program Guidance 2014-09 provides sample binding agreements

## Examples of Useful Life/Use Restrictions for Fee Land

- Fee Land - Single Recovery Amount
  - Requires that the full amount of IHBG and/or Title VI assistance be refunded (returned to the tribe/TDHE) should the property be sold or transferred prior to the end of the useful life/affordability period
- Fee Land – Pro-rated Recovery Amount
  - Amount of IHBG and/or Title VI funds invested in the property may be pro-rated over the life of the restriction.
  - In the event of a default, only the current prorated amount must be refunded.

## Recommended Tracking Method

- Maintain a spreadsheet with
  - Property Address
  - Owners Name
  - IHBG \$\$ spent
  - Affordability Period Assigned
  - Date assisted
  - Form of Binding Commitment

Chapter Twelve

## Other Federal Requirements

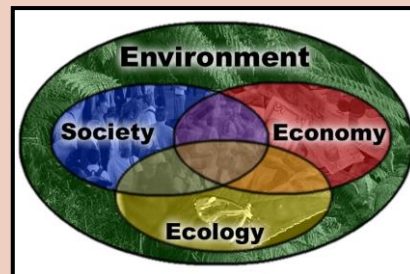
## Overview

- Other federal requirements cited in NAHASDA
- Apply to recipients
- May apply to other entities (subrecipients, contractors, developers, etc.)



## Environmental Review

- Applicable requirements include
  - National Environmental Policy Act of 1969 (NEPA)
  - Related authorities in 24 CFR parts 50 and 58



## Environmental Review

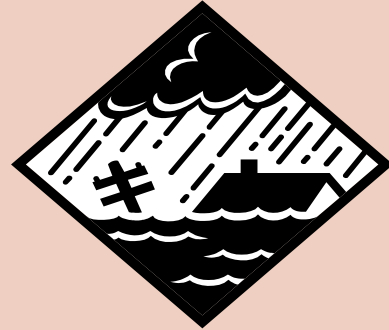
- Tribes may assume review responsibility or may request HUD to retain review responsibility
- If HUD retains responsibility, tribe must provide HUD with all relevant information
- Level of review is based on the type of activity

## Environmental Review Categories

Exempt	Categorical Exclusions (not subject to 58.5)	Categorical Exclusions (subject to 58.5)	Environmental Assessments
<ul style="list-style-type: none"> <li>•Administrative</li> <li>•Engineering</li> <li>•Feasibility study</li> </ul>	<ul style="list-style-type: none"> <li>•Rental assistance</li> <li>•Operating costs</li> <li>•Down payment assistance</li> </ul>	<ul style="list-style-type: none"> <li>•Utility upgrades</li> <li>•Accessibility modifications</li> <li>•Rehab 1-4 unit structures (with restrictions)</li> <li>•Rehab larger structures (with restrictions)</li> </ul>	<ul style="list-style-type: none"> <li>•All projects not exempt or categorically excluded</li> </ul>

## Flood Insurance

- If in FEMA, identified special flood hazard area requires either
  - Participation in National Flood Insurance Program or
  - Private flood insurance
- Many reservations have not been mapped by FEMA



## Lead-Based Paint

- Lead regulation - 24 CFR part 35
  - Took effect 9/15/2000
- For more information
  - <http://www.hud.gov/lea>

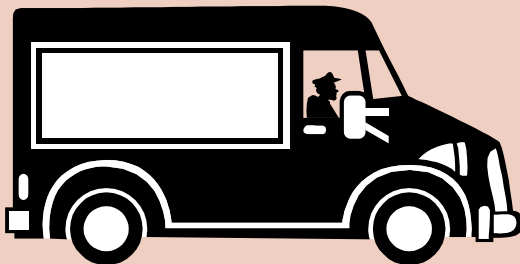


## Lead-Based Paint

- Four approaches to addressing LBP
  - Do no harm - small rehab <\$5k
  - Identify and stabilize - TBRA and homebuyer
  - Identify and control - \$5k-\$25k rehab
  - Identify and abate - >\$25k
- All four approaches require:
  - Clearance testing
  - Use of safe work practices (may include trained or certified workers)

## Relocation and Acquisition

- Must comply with Uniform Relocation Act (URA) (§1000.14)
- Maintain records to demonstrate compliance





## Relocation and Acquisition

- Notify relocating families, individuals, businesses, and other affected parties
- Pay temporary relocation and displacement benefits
  - The cost of relocation assistance is an eligible project cost and may be paid from tribal, TDHE, or other funding source

## Relocation and Acquisition



- Acquisition is subject to 49 CFR part 24, subpart B
  - Negotiating fair market value when voluntary transaction
  - Follow involuntary procedures when required by URA

## Non-Discrimination Requirements

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24 CFR 1000.112

- Age Discrimination Act
- Section 504 of the Rehabilitation Act
  - Qualified disabled persons have access to programs and activities
  - 504 applies to all NAHASDA-related activities
- Indian Civil Rights Act

## Davis-Bacon Requirements

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- Davis-Bacon labor standards are applicable to NAHASDA programs (§1000.16)
  - Tribe may adopt prevailing wage rates
  - Prevailing wage rates as determined by DOL must be paid for laborers and mechanics for all construction and rehab
  - Does not apply to contracts less than \$2,000

## Other Labor Requirements

- Contracts over \$150k are subject to Contract Work Hours and Safety Standards Act
- Copeland Act (40 USC 276c) - allowable paycheck deductions
- Fair Labor Standards Act of 1938 - minimum wage and overtime requirements

## Indian Preference

- Grants are subject to Section 7(b) of the Indian Self-Determination and Education Assistance Act
- Training and employment opportunities given to Indians (§1000.50) and preference in award of contracts (§1000.52)

## Indian Preference

- Certify policies and procedures or tribal code/regulations are in place
- Preference clauses must be incorporated into contracts
- Program Guidance 2013-07 Indian and Tribal Preferences in Employment and Contracting in IHBG acknowledges tribal regulations for Indian preference in procurement.

Chapter Thirteen

## Financial Management

## What is Financial Management?

- Helps housing business to run smoothly
- Includes:
  - Effective cost management
  - Internal controls
  - Recordkeeping
  - Auditing

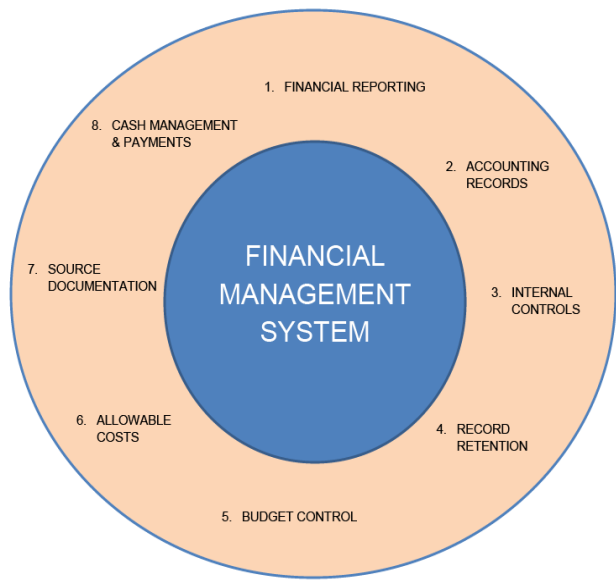


## Benefits of A Sound Financial Management System

- Long term financial planning;
- Accurately organize grant activities;
- Effective and efficient use of the NAHASDA funds;
- Achieve program objectives and fulfill commitments of the IHP; and
- Demonstrates accountability to the Tribe, HUD, and Tribal members

## Overview Of Financial Management System

- One size does not fit all – tailor to staffing and organizational structure
- Refer to 2 CFR 200 Post Federal Award 200.302-309 for financial management system and internal control standards
- Refer to NAHASDA 1000.26 Administrative Requirements for NAHASDA specific requirements



# Internal Controls Objectives

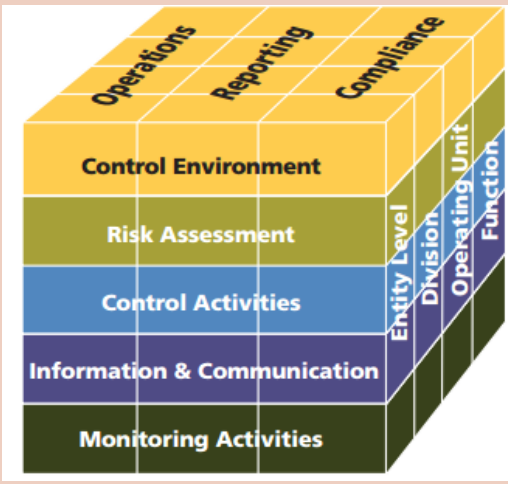


# Areas of Internal Control

- |                                      |   |
|--------------------------------------|---|
| Control Environment                  | <ul style="list-style-type: none"><li>• Management sets reasonable budgets; identifies allowable expenditures.</li></ul>  |
| Risk Assessment                      | <ul style="list-style-type: none"><li>• Managers and staff are required to use the written policies and procedures as guidance to identify allowable or unallowable costs.</li></ul>      |
| Information and Communication System | <ul style="list-style-type: none"><li>• Department managers compare monthly budget and actual expenditures to review for accuracy and initiate corrections, if needed.</li></ul>          |
| Control Activities                   | <ul style="list-style-type: none"><li>• Managers follow established written procedures for authorization and approval of purchases based on approved budget, prior to purchase.</li></ul> |
| Monitoring                           | <ul style="list-style-type: none"><li>• Accounting provides financial reports to managers for monthly review; includes the reports to the Board.</li></ul>                                |

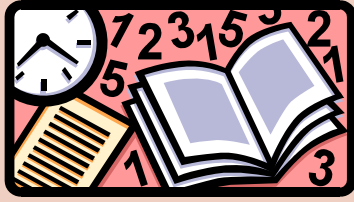
# Internal Controls Exercise

- Name an internal control for each of the following:
  - Cash collections
  - Cash disbursements
  - Payroll disbursements
  - Assets
  - Petty cash
  - Self monitoring



# Budgeting

- Plan to accomplish goals with the funds available
- Budgets are expected to be realistic estimates of sources and uses of funds
- Submit as Section 5 of IHP





## Why is budgeting important?

- Budgets help set targets
- Strategy requires funding
- Identify Tribal priorities
- Control and Accountability
- Required by Uniform Guidance §200.302(b)(5): *The Financial Management System must provide for comparison of expenditures with budget amounts for each Federal award.*
- When the Tribe/THDE undertakes the time to budget, they are making a deliberate decision to plan their financial goals for the short and long term.



## Budget Process



# Procurement

- 2 CFR Part 200.318-326:  
OMB Uniform  
Administrative  
Requirements, Cost  
Principles & Audit  
Requirements for Federal  
Awards



# Procurement Methods 2 CFR 200.320

Micro Purchases	Small Purchases	Sealed Bidding	Competitive Proposals	Non-competitive
<ul style="list-style-type: none"> <li>• Under \$10,000</li> <li>• No quotes necessary</li> </ul>	<ul style="list-style-type: none"> <li>• \$10,000* to \$250,000</li> <li>• Minimum 2 quotes</li> </ul>	<ul style="list-style-type: none"> <li>• IFB</li> <li>• Lowest responsive and responsible bidder</li> </ul>	<ul style="list-style-type: none"> <li>• RFP</li> <li>• Most advantageous proposal</li> </ul>	<ul style="list-style-type: none"> <li>• Emergency</li> <li>• Sole Source</li> <li>• HUD approval</li> <li>• Lack of competition</li> </ul>

**NOTES:**

- \* Federal threshold recently increased to \$10,000
- \*\* Federal threshold recently increased to \$250,000
- > See Program Guidance 2019-03 for additional information
- > Recipients must follow their Procurement Policy

## Procurement Requirements

- Written policies and procedures regarding
  - Competition
  - Methods of procurement to be followed
  - Contract cost and price
  - Awarding agency review
  - Bonding (*2 CFR 200.325 and 24 CFR 1000.26(a)(11) provide acceptable methods when inconsistencies exist*)
  - Contract provisions
  - Conflict of interest

### Procurement "Claw" (Sections 200.317-326)



## Indian Preference

- Recipients must satisfy either tribal preference **or** Indian preference with respect to IHBG activities, including administration and procurement in accordance with Program Guidance 2013-07
  - Indian preference not applicable to procurements under micropurchase threshold
  - Section 3: Recipients satisfy requirements when they comply with employment and preference laws adopted by their tribe

## Procurement and Indian Preference

### Section 7(b) of Indian Self-Determination and Education Assistance Act

- Preference for Indian organizations and enterprises
- Document if Indian preference not feasible
- Applies on-site and off
- Certify policies adopt preference

## Conflict of Interest

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24 CFR 1000.30

*Conflicts prohibited.* No person who participates in the decision-making process or who gains inside information with regard to NAHASDA assisted activities may obtain a personal or financial interest or benefit from such activities, except for the use of NAHASDA funds to pay salaries or other related administrative costs. Such persons include anyone with an interest in any contract, subcontract or agreement or proceeds thereunder, either for themselves or others with whom they have business or immediate family ties. Immediate family ties are determined by the Indian tribe or TDHE in its operating policies.

## Conflict of Interest – Procurement

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2 CFR 200.318(b)

The Recipient must maintain written standards of conduct covering conflict of interest and governing the actions of staff involved in the selection, award, and administration of contracts. No person may participate in the selection, award, or administration of a contract if he or she has a real or apparent conflict of interest.

## Conflict of Interest – Procurement 2 CFR 200.318(b)

- Conflicts arise when the employee, officer, agent, any member of his or her immediate family, partner, or a firm who employs or is about to employ any of the above parties has a financial interest in or personal benefit from a firm considered for contract.
- Officers, employees, and agents of a Recipient may neither solicit nor accept gratuities, favors, or anything of monetary value from any party to contracts.

## Conflict of Interest – Procurement 2 CFR 200.318(b)

- The Recipient may set standards for situations in which the gift is an insignificant item of nominal value
- Standards of Conduct must include disciplinary actions for violations
- It is the responsibility of the person with the Conflict of Interest to disclose the conflict and remove themselves from the process.

## Conflict of Interest

24 CFR 1000.30

- The Conflict of Interest provision does not apply in instances where a person who would be included in the conflict provision is low income and selected for participation in accordance with the Recipient's policies,
- Recipient will make both a public disclosure of the assistance and basis for selection
- Recipient will provide disclosure to ONAP before admission

## Debarred Contractors

- 24 CFR 1000.44 – prohibitions on debarred, suspended, and ineligible contractors
- Check
  - *Contractors*
  - Subcontractors
  - Lower-tier contractors
  - Subrecipients



## When are funds obligated?

- Performance measure under IHBG
- Obligation (PIH 2000-26):
  - At a time of written commitment
  - Subrecipient funds count when work begins
  - Construction costs obligated when
    - Force account workers break ground
    - Construction contract is signed

## Program Income

24 CFR Part 1000.62 and PIH Notice 2019-07

- Program income is defined as any income that is realized from the disbursement of grant amounts.
- Program income does not include any amounts generated from the operation of 1937 Act units unless
  - the units are assisted with grant amounts and
  - the income is attributable to such assistance.



# Program Income vs Non-Program Income - 1937 Housing Act Rentals

Total Annual Rental Income (Actual cash received and not on an accrual basis) from a 1937 Act Project		A	\$XXXX
<b>No. of Units to use in calculation:</b>			
Total Units in the Project	# Units		
Less: Units that exceed 40% of the 1997 DC&E	(# Units)		
No. of Units	# Units		
Times 46% of the Tribe/TDHE's AEL	\$XXXX		
Equals <b>NON-PROGRAM INCOME</b>		B	\$XXXX
<b>PROGRAM INCOME (A minus B)</b>			<u>\$XXXX</u>

## Example

<b>Total Annual Receipts</b>	<b>4x\$200x12</b>	<b>\$9,600.00</b>
Rent attributed to 37 Act	4x(46% of \$400*) x 12	(\$8,832.00)**
Program Income		\$768.00***

\*Assume tribe AEL = \$400  
 \*\*Non-Program Income – no restrictions  
 \*\*\*Program Income – must be used for Housing Related Activities

## IHBG vs Program Income (see PIH 2019-07)

- |   |   |
|---|---|
| <ul style="list-style-type: none"> <li>• IHBG Funds</li> <li>• IHBG funding allocation</li> <li>• Interest earned on invested IHBG funds</li> <li>• Must be used for Affordable Housing Activities</li> <li>• NAHASDA requirements apply</li> </ul> | <ul style="list-style-type: none"> <li>• Program Income</li> <li>• Income generated from the use of IHBG funds</li> <li>• Excluding interest earned on invested IHBG funds</li> <li>• Can be used for Affordable Housing Activities AND Housing-related Activities.</li> <li>• NAHASDA requirements do not apply</li> </ul> |
|---|---|

## Eligible Activities

- If using IHBG funds
  - services and activities cannot be provided unless they are **affordable housing activities**
- If using Program Income
  - eligible activities expanded to include **housing-related activities**
- Program Income – income generated from the use of IHBG funds
  - Does not include interest earned on the investment of IHBG funds

## Affordable Housing Activities

- Affordable housing is housing that meets the requirements of NAHASDA:
  - Housing units developed under the 1937 Act Housing (Low Rent or LR, Mutual Help or MH & Turnkey, Section 8)
  - NAHASDA Units
  - Other units that meet requirements of Title II (LIHTC, RD, HOME etc.)
- All NAHASDA requirements apply

## Housing Related Activities

- *Housing related activities, for purposes of program income,* means any facility, community building, infrastructure, business, program, or activity, including any community development or economic development activity, that:
  - Is determined by the recipient to be beneficial to the provision of housing in an Indian area; and

## Housing Related Activities *cont.*

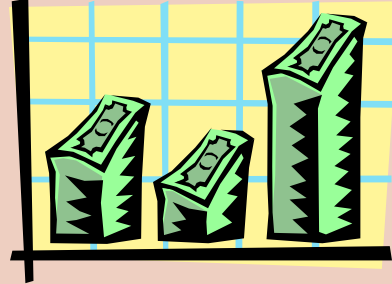
- Would meet at least one of the following conditions:
  - Would help an Indian tribe or its tribally designated housing entity to reduce the cost of construction of Indian housing;
  - Would make housing more affordable, energy efficient, accessible, or practicable in an Indian area;
  - Would otherwise advance the purposes of NAHASDA.
- NAHASDA requirements do not apply if not mixed with IHBG funds

## Investments

- NAHASDA allows recipient to draw down for financial investment subject to HUD approval
- Only certain types of investment allowable
- Can only invest if:
  - No unresolved audit findings
  - Tribe is self governing or has admin capacity

## Investments

- Can invest IHBG annual grant in an amount equal to the annual formula grant amount
- Maximum term is 5 years.



Chapter Fourteen

## Recordkeeping and Reporting

## Accounting Records

- Establish a good system
  - Reduces future findings
  - Speeds retrieval of information for reporting
- Good records and procedures allow the recipient to:
  - Establish fiscal control
  - Monitor program performance
  - Control cash flow

## Record Keeping

- Requirements in subpart F of regulations
- Maintain records for a minimum of 3 years after the end of the program year that the funds were expended
- If audit or other action
  - Keep 3 years or end of action, whichever is longer.

## What Records to Keep

- General Administrative - related to admin of program
  - IHPs
  - Agreements
  - Policies
  - APR
  - Organizational docs



## What Records to Keep

- Financial - meet audit requirements such as:
  - Procurement docs
  - Contracts
  - Audits
  - Budgets
- Other documents required by other Federal programs or funding sources

## What Records to Keep

- Project specific – should include:
  - Project eligibility
  - Participant eligibility
  - Environmental
  - Procurement
  - Monitoring



## File Management Requirements

Written procedures for identifying

- Documentation required for tenant
- Programmatic files
- The manner in which files are to be retrieved and stored.



## Procurement Files

- Statement of work and/or work write-up
- Independent cost estimate
- Evidence of publication of solicitation with Indian Preference
- Solicitation mailing list
- Technical Evaluation Plan (RFP – competitive proposals only)
- Solicitation, amendments and approvals
- Bids or Proposals

## Procurement Files *continued*

- Technical Evaluations-RFP
- Cost or price analysis
- Competitive range determination and negotiation objectives (competitive proposals)
- Memorandum of negotiations & selection decision (competitive proposals)
- Bid tabulation
- Documentation regarding debarred/suspended list of contractors
- Award document and Notice to Proceed
- Letters to unsuccessful bidders

## Procurement Files *continued*

- Bond and Insurance Certificates
- Records of pre-bid/proposal and post-award conferences
- Contract modifications and supporting documents (i.e., cost/price analysis)
- Request for payments and supporting inspection reports and lien waivers
- Final inspection and completion certificate

## Reporting: SF 425 Report

- Accounts for funds received and disbursed
- Submit quarterly - due 30 days after end of quarter
- Note all disbursements and drawdowns



## Reporting: Self Monitoring

- Required by NAHASDA
  - Good business practice
  - Identifies potential problems before it is too late
- Results reported in APR
- TDHE provides Self Monitoring report to the Tribe
- Tribe is ultimately responsible for ensuring corrective actions identified are fixed

## What's Monitored?

- IHBG Program
  - Compliance with Program requirements, statutes and regulations
  - On-site inspection of assisted housing
  - Compliance with IHP
  - Compliance with Recipient's policies and procedures
  - Subrecipients

## How is it Monitored?

- Standard operating procedures review
- Management interviews
- Inspection of assisted housing units



## What if I find problems?



- Develop Corrective Action Plan
  - Develop/revise policies
  - Develop/revise Internal Control Procedures
  - One on one training as needed
- Request assistance/training from HUD

## HUD Monitoring

- Review will cover current year and 2 prior years unless sampling reveals non-compliance
- Sample –
  - Inspection – greater of 10 dwelling units or 10% of all units
  - Client files – greater of 10 files or 10% of all files
- Self-Monitoring Mutual Agreements (SMMA)

## HUD Performance Measures

### 24 CFR 1000.524

- (a) The recipient has complied with the required certifications in its IHP and all policies and the IHP have been made available to the public.
- (b) Fiscal audits have been conducted on a timely basis and in accordance with the requirements of the Single Audit Act, as applicable. Any deficiencies identified in audit reports have been addressed within the prescribed time period.
- (c) Accurate annual performance reports were submitted to HUD in accordance with §1000.514.
- (d) The recipient has met the IHP-planned activities in the one-year plan.
- (e) The recipient has substantially complied with the requirements of 24 CFR part 1000 and all other applicable Federal statutes and regulations.

## Reporting: Audit Requirements

2 CFR 200 Subpart F

- The Single Audit Act consolidates and allows for one audit rather than multiple audits of each federal grant a Tribe receives.
- \$750,000 or more in federal funds *spent* in the fiscal year must have a single audit or program-specific audit in accordance with the provisions of Subpart F of 2 CFR 200.
- Conduct in accordance with 200.514 Scope of audit.



## Prepare for the Audit

1. Procure an Auditor
  - Remember the new requirement: Peer Review must be requested from Auditor. Non-submission or submission of "fail" peer review may disqualify the auditor from consideration.
2. Be prepared to provide items to auditor and must give them access to your records
3. Know all your federal awards (CFDA, Award Number, etc)
4. Prepare the Financial Statements, schedules & Schedule of Expenditures of Federal Awards (SEFA)
5. Be timely:
  - Complete the Audit
  - Submit to Federal Audit Clearinghouse on time! Earlier of:
    - 30 days after receipt of the auditor's report, or
    - 9 months after the end of the audit period.





# Allowable Audit Costs

NAHASDA funds can be used to pay a proportional share of the cost of the audit, IF an audit is required.



# Auditee Responsibilities

2 CFR 200.508

-  (a) Procure the single audit. Refer to 200.509 – Audit Selection
-  (b) Prepare the schedule of expenditures of Federal awards (SEFA). Refer to 200.510 Financial Statements
-  (c) Prompt follow-up and corrective actions on audit findings. Refer to 200.511 – Audit Findings Follow-up
-  (d) Provide auditor with access to records (Personnel, records, etc.)

Chapter Fifteen

## Maintenance

### What is Maintenance?

- Definition
  - Keeping in an existing state
  - Preserving from failure or decline





## NAHASDA Requirements

- Maintain owned and managed units
- Allocate funds to provide for the continued maintenance and efficient operations of housing inventory
- Identify the manner in which inventory will be protected and maintained

## Benefits of a Good Maintenance Plan

- Attracts new tenants
- Manages time well (proactive)
- Reduces costs
- Facilitates tenant satisfaction/retention
- Supports sale or releasing
- Controls risk



## Maintenance Planning

- Compiling a Maintenance Manual
  - Written policies and procedures
  - Delegation of responsibilities
  - Type of maintenance activity and tasks
  - Outlines common problems & solutions
  - Location of as-built drawings
  - Forms, reports, and work orders

## Maintenance Types

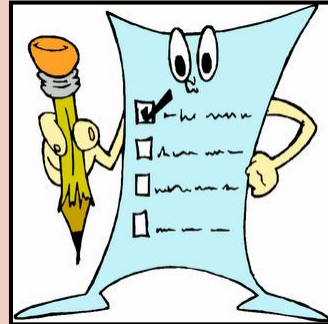
- Preventive
- Corrective
- Routine/Janitorial
- Emergency
- Cosmetic
- Deferred



## Scheduling

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- Preventive Maintenance
  - Annual Basis, by Month
- Routine Maintenance
  - Monthly Basis, by Week
- Daily Maintenance
  - Schedule Work for the Next day



## Budgeting

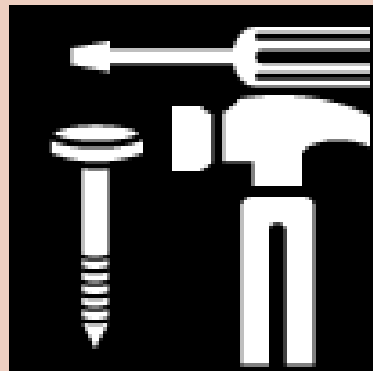
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- Itemize by
  - Labor
  - Supplies
  - Contract costs
- Always capture
  - Maintenance type
  - Unit type
  - Program type
- Gather Data
  - Routine
  - Non-routine
  - Tenant damage
  - Capital improvements
  - Preventative
  - Environmental upgrades

## Standard Operating Procedures

- Develop appropriate
  - Checklists and forms
  - Job descriptions
  - Subcontractor lists
  - Costs data tracking mechanisms

## **PURCHASING AND INVENTORY**



## Purchasing

- Done in accordance with Procurement policies and procedures
- Who has authority?
- Purchasing limits w/o approval
- Purchase orders
- Competitive bidding - based on cost, quality, reputation, timeliness, warranties and guarantees

## How to Purchase Supplies

- Assess average use and need
- Assess local availability of parts
- Keep a supply of hard-to-get parts
- Buy in quantity: consider costs of storage
- Select quality vendors
- Buy quality materials
- Follow Procurement policy for guidelines on micropurchase and small purchase of supplies

## Inventory Storage

- Convenient location
- Adequate storage
- Clean, organized & safe
- Label any chemicals
- Limit access
- Sign-out/security system
- Use date codes



## Work Orders

- Code/filing #
- Date of issue
- Date/time of action
- Signature of issuer
- Description of work to be performed or problem to be solved
- Description of equipment necessary
- Charge account #
- Required craft: plumbing, electrical
- Work performed
- Materials used
- Time to complete work
- Date/time start/complete

## Work Order Procedures

- Work Order (W.O.) issued
- W.O. received by maintenance dept.
- Maint. Supervisor reviews and clears W.O.
- Maint. Supervisor assigns W.O. to appropriate staff and sets schedule
- Work is completed
- W.O. returned and recorded

## Property Inspections

- Exterior
- Interior
- Unit
- Curb Appeal
- Daytime/evening/weekend



## Move-In Inspection

- Both recipient & tenant must be present
- Documents condition of unit and acts as a basis for all future inspections
- The move-out inspection is compared to the move-in inspection – tenant is charged for all damage that is beyond normal wear & tear

## Monthly Inspections - Optional

- New tenant's home inspected on a monthly basis for the first 3 months.
- If compliant, tenant graduates to home inspections every 3 months.





## Annual Inspections

- Once the tenant graduates to annual inspection, they remain on annual inspections unless tenant damage or improper housekeeping is noted.
- If tenant damage or improper housekeeping occurs the tenant will be placed on monthly inspections until the problem is cured.

## Move-Out Inspection

- Within 24 hours of tenant moving out.
- Move-Out Inspection compared to Move-In Inspection and prior inspections.
- Maintenance Department determines costs for any repairs
  - Tenant damage
  - Wear and tear
  - Upgrades
  - Etc.

## Risk Management

- Liability - reasonable effort
- Safety - slippery surfaces
- Security - keys, locks, lighting
- Emergency - fire & weather hazards



## Energy Conservation

- Resident education
- Energy audits of buildings
- Lighting - fluorescent, smaller wattage
- De-lamping
- Water - flow control devices
- Operational maintenance
- Landscaping

# Energy Management Plan

- Collect energy consumption information
- Define measures which will save energy
- Look for third party resources
- Implement plan
- Evaluate results

