Native Homeownership

Tribal Intergovernmental Advisory Committee
U.S. Dept. of Housing and Urban Development

White Paper Regarding Native Homeownership

Overview

American Indian and Alaska Native communities *face* some of the most severe housing shortages in the nation. Families *often spend years of waiting lists before securing a* tribal rental unit. *Homeownership, however, offers* families *the opportunity to* create a safe and healthy *living* environment and *place to* make memories for generations to come – and *a pathway to* participate in the traditional "American Dream."

Tribes and TDHEs *continue to* develop and *grow* the capacity *in the areas of* mortgage lending, access to homeownership for individual tribal members, and take on the responsibilities of a traditional developer to build housing units and communities that support homeownership. Because the banks and the private home industry *have* little or no economic enticement to fill these roles in Indian Country, Tribes and TDHEs have begun *sharing their knowledge* and resources through regional homeownership coalitions *to strengthen capacity building and foster innovation*. HUD can be a partner *and strengthen* tribal homeownership *initiatives* by *ensuring* federal homeownership financing programs more *readily* accessible for Tribes and Alaska Native communities.

While barriers remain, much progress has been made, and it is clear homeownership is possible and in high demand. We need lenders and key stakeholders to recognize the progress and potential, rather than focusing solely on the disparities and barriers, in order to encourage their engagement and participation in the solutions. Shifting the narrative from one centered on disparity to one grounded in hope and possibility is catalyst for meaningful change.

Issue 1: Rentals

Tribes want to maximize the impact of rental resources by promoting tenant self-sufficiency, creating pathways to homeownership through stair-stepped income guidelines, and improving the efficiency of existing rental units. Reduce regulatory barriers to tribal management of rental programs. Preparing rental tenants for homeownership opportunities and responsibilities should be a key strategy for expanding homeownership in Indian and Alaska Native communities.

Key Barriers to Tribal Homeownership Pathways

- **Affordable Housing Shortage:**
  The demand for affordable rental units exceeds supply, resulting in long waiting lists for tribally owned units and overcrowding in publicly owned ones, often occupied by those who could afford homeownership.
- **Financial Dependency & Stagnant Wages:**
  Inflation, stagnant wages, and flat federal housing funding contribute to long-term financial dependency on rental subsidies, limiting families' ability to transition to homeownership.
- **Income Gaps Between Subsidy Eligibility & Self-Sufficiency:**
  The significant income gap between subsidy eligibility and the income needed for self-sufficiency discourages families from pursuing homeownership, trapping them in subsidized housing.

Solution: Optimize Rental Programs & Prioritize Housing Construction to Expand Homeownership Opportunities

Optimize Rental Programs for Pathways to Homeownership:

- **Rental programs** must be designed not just to provide housing, but to actively **prepare tenants for homeownership**. By **stair-stepping rental income guidelines**, we can create a clear and supportive transition from subsidized housing to ownership. This approach prevents financial dependency and encourages self-sufficiency, ensuring families have the financial literacy, savings, and credit needed to secure home loans in the future.
- By **reassessing rents** to reflect income progression while preserving affordability, we reduce the burden on the already strained rental stock and prevent families from remaining in subsidized housing longer than necessary. The ultimate goal should be a seamless move from rental to homeownership, enhancing both housing stability and financial independence.

Expand Housing Stock Through Targeted Homeownership Financing:

- The larger challenge of **limited housing stock** must not be overlooked. **We cannot finance homes that don’t exist**, so a significant focus must be placed on **creating new housing units** to meet the growing demand. This includes leveraging homeownership financing programs like the **HUD 184 Single-Close Construction Loan** to facilitate the **construction of new homes** within Indian and Alaska Native communities.
- These programs provide a **streamlined process** for tribal members to access construction financing, making it easier to build new homes on tribal lands. Not only do they foster **access to homeownership**, but they also **create jobs** and stimulate local economies by supporting the construction industry and the **Skilled Worker Programs**, which trains and employs tribal members in the building trades. This creates a **win-win** scenario—more homes are built, tribal communities gain jobs, and the path to homeownership is broadened.

Holistic Approach to Housing Solutions:

- The challenge of limited housing stock cannot be solved through rental program optimization alone. We must **prioritize new construction** alongside rental reform to ensure that future generations have both affordable rental options and the opportunity to own a home. We can no longer afford to simply maintain the status quo when **tribal families are waiting years** for a place to live. The key is to combine rental housing optimization with targeted construction projects, ensuring both immediate housing relief and long-term homeownership opportunities.

Recommendations:

Statutory eliminate 30% rule to standardize rents

Regulatory

Guidance

Issue federal guidance documents outlining best practices for Tribes to link rental programs with homeownership preparation and tenant self-sufficiency programs.

Provide model frameworks for stair-stepped rent and income policies that Tribes can adapt to local circumstances.

Technical Assistance:

Offer TA and capacity-building support to tribal housing authorities on program design, implementation, and financial management for rental-to-homeownership initiatives.

Facilitate peer-to-peer learning and regional tribal coalitions to share successful strategies for preparing tenants for homeownership and managing efficient rental programs.

Issue 2: HUD Section 184 home loan guarantee program

This topic is large enough **t**o be addressed in a separate white paper. Tanya Plummer, Director of HUD Loan Guarantee Office has provided TIAC with a draft set of comments to work from that highlight recent updates and revisions to the program regulations.

Issue 3: Inter-Agency Cooperation

Key **Barriers Related to Tribal Trust Land and BIA Processes**

- Inconsistent and Lengthy Approval Processes:
  - Approval and signatures from BIA to build on tribal trust land vary by region and local field office.
  - Construction approvals can take up to three years, and lease renewals may take up to four years.
- Insufficient BIA Resources and Capacity:
  - BIA lacks adequate personnel and resources to fulfill fiduciary responsibilities related to mortgage lending on tribal land.

    - Current staffing and processes cannot keep pace with the residential real estate market.
- Complex and Time-Sensitive Requirements for Leasehold and Land Mortgages:
    - BIA must follow detailed statutory requirements for processing residential and business leasehold mortgages, land mortgages, and right-of-way documents.
    - Includes strict timelines for document review (10 days preliminary review, 20–30 days for final approval), certified title status reports, and notification of delays.
- Limited Access to Critical Systems and Digitization Needs:
    - Federal agencies and tribes currently lack comprehensive access to BIA systems for real-time monitoring.
    - Digitization of mortgage and lease documents is limited, slowing the processing and completion of mortgage packages.
- Need for Dedicated Oversight:
    - Absence of a centralized position, such as a Realty Ombudsman, to oversee and streamline real estate services and act as a single point of contact for tribes and lenders.

Solution Recommendations to Address Barriers Related to Tribal Trust Land and Mortgage Processing

- Streamline and Standardize BIA Processes:
    - HUD, USDA, VA, and GSEs should collaborate with BIA to standardize timelines for approvals, signatures, and reviews of leases, Title Status Reports, and other documents required for financing construction, purchase, or rehabilitation of homes on trust and allotted lands.
    - Establish consistent procedures across all regions and field offices to reduce variability and long delays.
- Increase BIA Resources and Capacity:
    - Provide additional staffing, training, and funding to BIA's Division of Real Estate Services to meet fiduciary responsibilities and keep pace with the residential real estate market.
    - Support modernization of workflows to handle higher volumes of mortgage and leasehold requests efficiently.
- Implement Digitization and System Access:
    - Expand read-only access to the Trust Asset and Accounting Management System (TAAMS) for federal agencies, tribes, and lenders to improve transparency and reduce processing delays.
    - Prioritize digitization of documents to streamline mortgage package completion and enable faster approvals.
- Enforce Statutory Timelines and Accountability:
    - Ensure BIA adheres to statutory requirements for document review and approvals (e.g., 10-day preliminary review, 20–30 day final decision).
- Implement monitoring and reporting mechanisms to track delays and performance metrics, ensuring timely communication with applicants.

- Enhance Interagency Collaboration:
  - Facilitate regular coordination between HUD, USDA, VA, GSEs, and BIA to align policies, share best practices, and address systemic challenges in tribal mortgage processing.
  - Explore joint technical assistance programs to help tribes and lenders navigate BIA processes more effectively.

Issue 4: HUD – Office of Loan Guarantee

Key Barrier:

- Financing for home purchases is **time-sensitive**, and sellers may not wait if financing contingencies are not met, creating a risk of lost homeownership opportunities.

Recommendation:

- Provide a direct connection for lenders to contact with questions regarding home purchase financing.
- Reduce the time it takes to receive responses from HUD to **seven days or less**, in line with industry standards for financing contingencies.
- Maintain clear guidance and communication channels for lenders to understand delegated authority and provisions for exceptional circumstances.

Issue 5: Insurance

Key Barriers:

- Tribes and homeowners are facing record-high insurance costs while AMERIND and other insurers are reducing coverage.
- Many tribal lands are in rural, high-risk areas where most commercial insurance companies no longer offer coverage, or never did, limiting access to essential insurance for homeowners.

Recommendation:

- Work with AMERIND to exercise their primary obligation to ensure Indian housing funded by HUD.
- Explore whether other federal funds or programs, outside of NAHASDA, could support and bolster AMERIND reserves to expand coverage capacity and financial stability.

Issue 6: Counseling Certifications

Key Barriers:

- Interest rate subsidies and other homeownership benefits require participation in housing counseling or homebuyer education programs.
- Tribes must have certified housing counselors to provide these services, but current certification exams include material irrelevant to Native American housing programs, making certification unnecessarily difficult and burdensome without adding value.

Recommendation:

- Align counseling content with **T**ribal programs: Focus testing on material relevant to Native American housing programs and remove topics not applicable, such as down payment/closing cost assistance and reverse mortgages.
- Ensure funding eligibility: Allow Tribes and TDHEs with certified counselors to access housing counseling activity funds.
- Provide flexibility in certification: Consider exemptions or alternatives, such as using the Pathways curriculum, to meet HUD certification requirements and better reflect tribal program needs.

Appendix A

Overall Recommendations for Federal Housing Programs to Support Tribal Homeownership

- Expand and Leverage USDA Section 502 Programs Through Native CDFIs:
    - Create a permanent national relending program under USDA Section 502 to allow Native CDFIs to serve as intermediaries for deploying mortgage capital on tribal land.
    - Encourage USDA and other federal housing programs to partner with Native CDFIs, leveraging their local expertise to increase loan deployment and improve homeownership access.
    - Provide additional funding and technical support to scale successful pilot programs nationally, similar to the 2018 South Dakota demonstration.
    - Partnership between Four Bands Community Fund and Mazaska Owecaso Otipi Financial to relend 502 direct loans to qualified families on tribal land.
        - Result: Issued 19 loans totaling $2.4M, nearly double the USDA's deployment on these reservations in the previous decade.
- Increase Outreach and Accessibility for Federal Programs on Tribal Lands:
    - Develop targeted outreach strategies for Native communities to raise awareness of programs like USDA Section 502, HUD 184, and VA home loan programs.
    - Simplify application processes and provide culturally relevant technical assistance to ensure tribal members can access these programs effectively.
- Integrate Capacity-Building Support Through Coalitions and Technical Assistance:
    - Support Native Homeownership Coalitions to strengthen tribal housing capacity via:
        - Home inspector training programs
        - Construction internships and workforce development
        - Model tribal building codes
        - Homebuyer education and credit counseling programs
    - Encourage federal housing programs to fund and align with these coalition initiatives to maximize impact.
- Embed Financial Education and Counseling Requirements in Program Design:
    - Require or incentivize financial education, foreclosure prevention counseling, and homebuyer training for borrowers on tribal land.
    - Allow Native CDFIs and tribal organizations to provide these services as part of program participation to increase success rates and sustainable homeownership.
- Support Data Collection and Program Evaluation:
    - Track deployment rates of federal programs on tribal land and evaluate their effectiveness in increasing homeownership.

Appendix B

Tribal Homeownership: Barriers, Recommendations & Best Practice Webinar Topics

Barrier / Challenge	Recommendation	Webinar / Best Practice Focus
Limited mortgage access on tribal lands	Leverage Native CDFIs to expand lending	• Partner with USDA 502, HUD 184, VA • Navigate federal programs with local expertise • Case studies: South Dakota demonstration
Complex & slow federal lending processes	Streamline access to financing	• Simplify applications • Outreach & education • Align programs with tribal-specific needs
Limited tribal housing development capacity	Build capacity & workforce	• Create homeownership coalitions • Home inspector & construction training • Model tribal building codes
Lack of financial education & counseling	Integrate financial literacy programs	• Culturally relevant counseling • Homebuyer education & foreclosure prevention • Native CDFI-led credit counseling
Insufficient mortgage capital / expertise	Expand Native CDFI lending	• Scale relending programs • Combine lending with financial education
Limited data on program outcomes	Collect & use data for policy	• Track homeownership outcomes • Evaluate program impact • Inform program design & policy
Coordination challenges w/ federal agencies	Strengthen federal-tribal partnerships	• Collaborate with USDA, HUD, VA • Cross-sector collaboration • Case studies of successful partnerships
Barriers to down payment assistance / subsidies	Integrate & align subsidies	• Streamline access to assistance • Align subsidies with tribal programs
Slow BIA approvals / trust land processes	Improve BIA lease & construction approvals	• Best practices for speeding approvals • Streamline real estate transactions • Overview of regulatory changes
Long-term self-sufficiency / affordability	Build resilient housing systems	• Maintainable & innovative construction • Tribal-led case studies

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