

2023
BOSTON

**Financing Housing for
Native Americans**

Speakers

- Discussion Leader:
- **Cheryl Cohen**, Executive Director | Montana Housing
- **Benjamin Navarro**, Advisor, Affordable Housing Strategies for Rural and Native American Markets | Fannie Mae
- **Jeff Payne**, Chief Lending Officer | New Mexico Mortgage Finance Authority
- **Ethan Stoops**, Energy Information Manager | Alaska Housing Finance Corporation

Fannie Mae's Commitments to Native American Communities

NCSHA Annual Conference



Why do Tribal lands require a distinct strategy?

- Fannie Mae's public mission mandates that it promote access to affordable mortgage financing in all markets at all times.
- Many tribal lands are held in trust for tribes or tribal members by the US government or are subject to restrictions against alienation by law.
- In spite of the unique legal status of these lands, they should be served by Fannie Mae's mission, provided Fannie Mae and Tribes can work together to adhere to Tribal laws and respect their sovereignty.

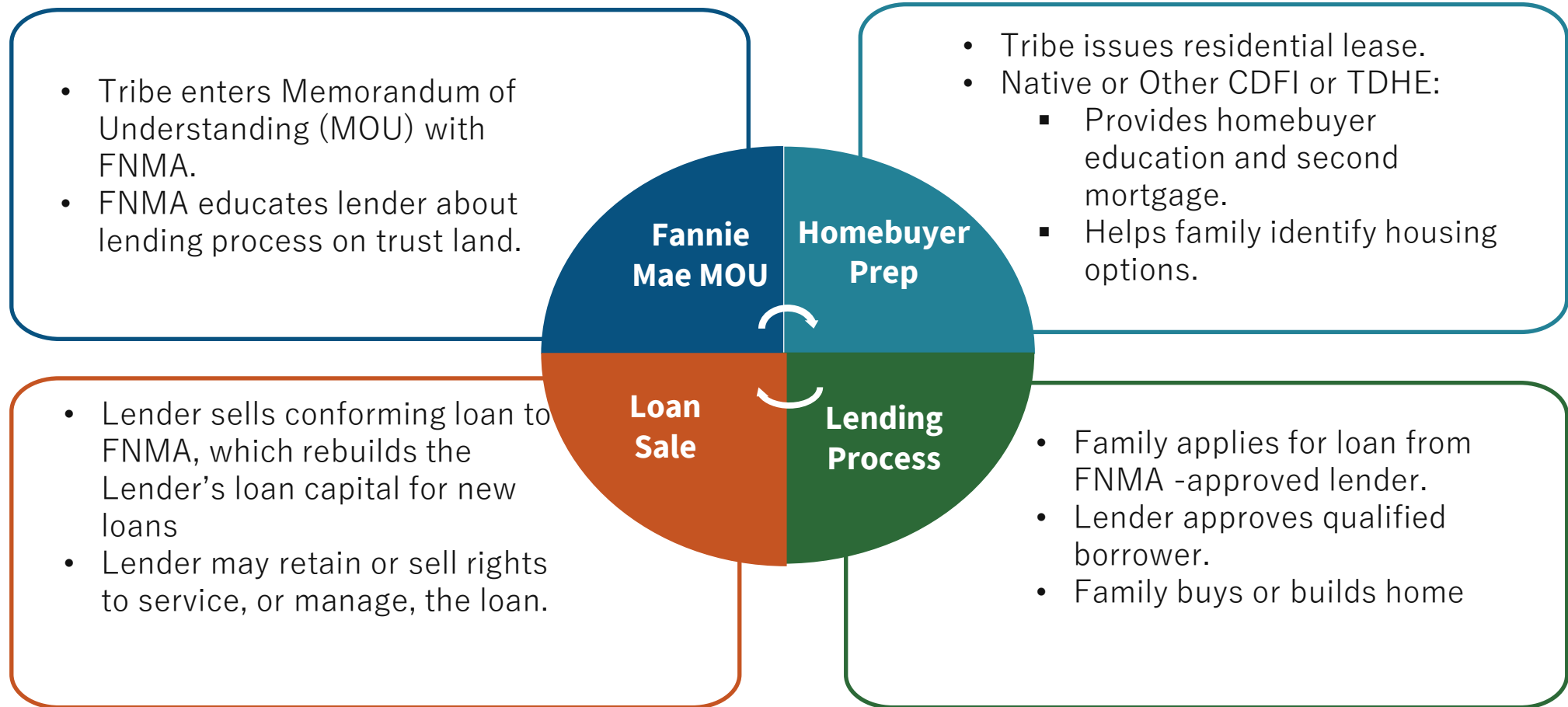


Regulatory Obligations to Native American Communities

- Additionally, the current iteration of Fannie Mae's Rural Duty to Serve Plan includes four objectives to support Native American homeowners or renters:
 1. Support technical assistance programs that enhance the development capacity of organizations serving high-needs rural populations (Multifamily)
 2. Champion efforts that promote or sustain homeownership for Native American populations (Single-family)
 3. Explore feasibility of equity investment to create access to affordable capital.
 4. Create additional homeownership opportunities for high-needs populations by strengthening Native CDFIs' lending capacity and skill set to operate in the secondary mortgage market. (Single-family)



How does Fannie Mae's Native American Conventional Lending Initiative (NACLI) work?



What Are the Benefits of NACLI compared to existing options?

- ◆ Lenders work with borrowers to understand all of their options, but for many, a conventional loan may be the best fit. A few potential advantages include:
 - No income limits for most products, clear loan limits
 - No upfront mortgage insurance premium
 - Mortgage insurance is cancellable
 - Low down payment with flexible funding sources
 - Applicable to many different types of properties, including MH
- ◆ Lenders can either seek approval to sell loans directly to Fannie Mae or to sell loans indirectly through an already-approved lender



What happens in the event of a default on a NACLI loan?

- ◆ As with all Fannie Mae-backed loans, when a borrower becomes delinquent, loan servicers are required to explore solutions that may help the borrower avoid default and eventual foreclosure.

- ◆ In the event of a default, processes are defined by the MOU and supporting documents agreed upon between the Tribe and Fannie Mae. While each Tribe negotiates the specific terms of its MOU, these are common features:
 - Right of First Refusal for the Tribe to acquire the property after default
 - Jurisdiction of the Tribal Court over the foreclosure process
 - Inability of a non-member of the Tribe to purchase the property outright



How Do You Partner With Fannie Mae on NACLI?

- ◆ Tribes and Lenders enter into agreements with Fannie Mae to establish a conventional mortgage program on Tribal lands.
- ◆ Check out our webpage for more detail:
<https://www.fanniemae.com/singlefamily/native-american-lending>
- ◆ Email:
 - Benjamin_Navarro@fanniemae.com



Where Are We Today?

- ◆ In-depth technical assistance to over a dozen organizations seeking funding for multifamily housing in Indian Country

- ◆ Homeownership counseling provided to over 1,100 mortgage-ready households through partnership with Oweesta

- ◆ Research into potential investments in Native CDFIs continues

- ◆ Expansion of Native American Conventional Lending Initiative (NACLI)
 - Four Tribes with approved FNMA MOUs
 - Active participating FNMA approved lenders
 - Technical assistance is being provided nationwide, with on-the-ground support located in New Mexico, South Dakota, and Montana
 - 10 Tribes have MOUs in place or are in the process of reviewing and potentially adopting MOUs

- ◆ Impact beyond our Duty to Serve commitments:
 - HUD 184 loan purchases
 - Conventional loans off of Tribal lands
 - LIHTC investments
 - Foundational research on unique barriers to Native American homeownership and rental housing



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Financing Housing for Native Americans

- New Mexico Mortgage Finance Authority
- Jeff Payne, Chief Lending Officer



Housing Needs Assessment – New Mexico

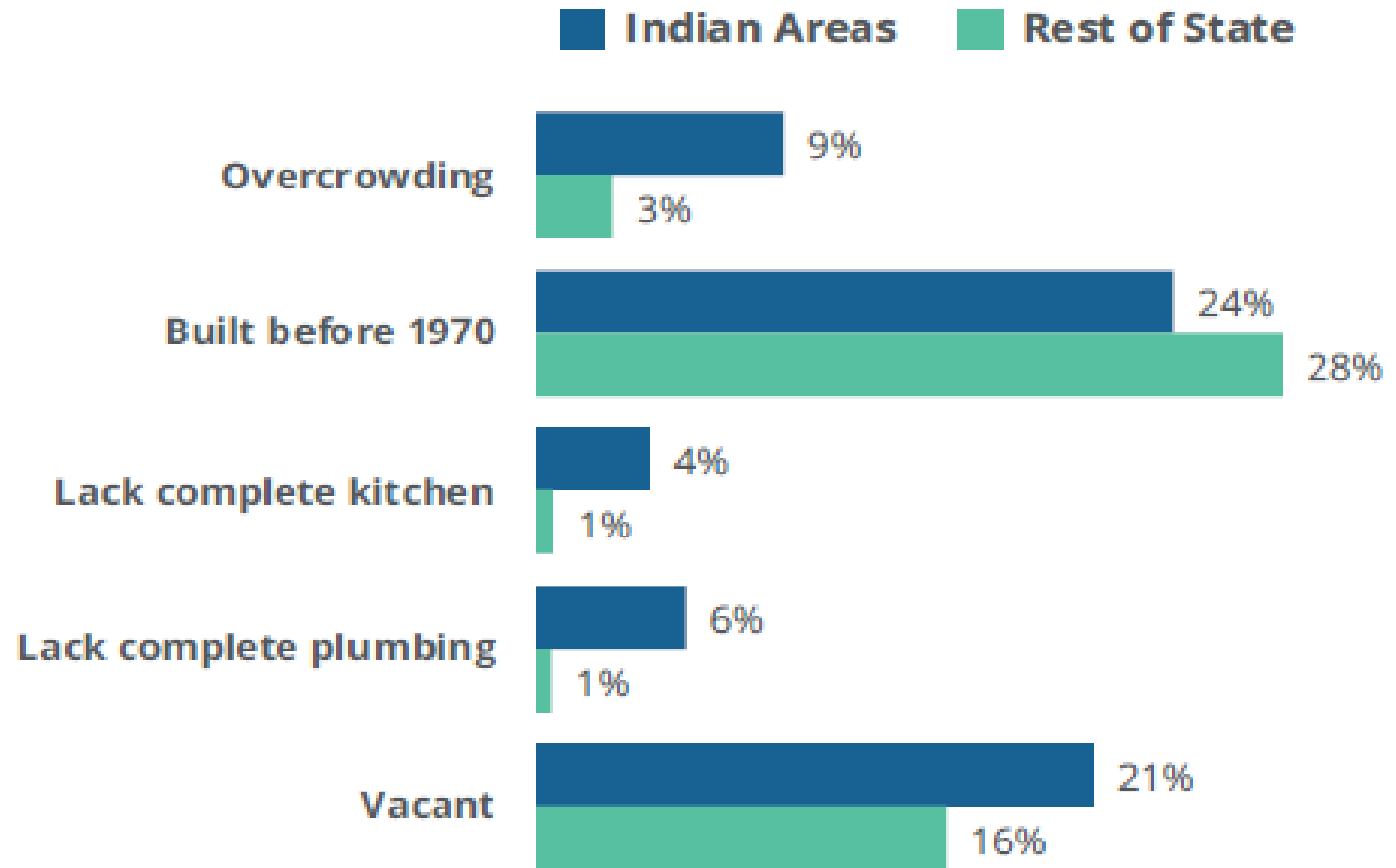
**Figure III-10.
Housing Needs in
Indian Areas v. Rest
of State**

Note:

Indian Areas include census tracts with a majority of AI/AN population, housing, or land area associated with a tribal area. Areas include a total of 78,038 housing units.

Source:

2020 5-year ACS, and Root Policy Research.



Understanding Housing Needs

Figure III-11. Housing Needs in Indian Areas

Note:

Indian Areas include census tracts with a majority of AI/AN population, housing, or land area associated with a tribal area. Areas include a total of 78,038 housing units.

Source:

2020 5-year ACS, and Root Policy Research.

| | Housing Units |
|------------------------|---------------|
| Overcrowding | 5,774 |
| Built before 1970 | 18,851 |
| Lack complete kitchen | 2,659 |
| Lack complete plumbing | 3,491 |
| Vacant | 16,479 |

Homeownership Rates and Median Income

Figure II-8.

Homeownership Rate and Median Income, New Mexico and U.S., 2019

| Race/Ethnicity | Homeownership Rate | | Median Income | |
|-------------------------------------------|--------------------|---------------|---------------|---------------|
| | New Mexico | United States | New Mexico | United States |
| American Indian or Alaska Native | 62% | 54% | \$35,349 | \$43,825 |
| Asian | 55% | 60% | \$65,144 | \$88,204 |
| Black or African American | 40% | 42% | \$40,528 | \$41,935 |
| Hispanic/Latino | 66% | 47% | \$42,421 | \$51,811 |
| Native Hawaiian or Other Pacific Islander | 48% | 41% | \$49,767 | \$63,613 |
| Non-Hispanic White | 72% | 72% | \$59,815 | \$68,785 |
| Two or more Races | 58% | 49% | \$50,133 | \$59,184 |

Source: 2019 ACS 5-year estimates, and Root Policy Research.

Tribal Lands have a significant number of vacant and underutilized housing units.

- More than 5,700 housing units are overcrowded,
- 18,800 were built before 1970,
- 2,600 lack complete kitchen facilities, and
- Nearly 3,500 lack complete plumbing.
- An estimated 16,400 housing units on Tribal lands are vacant.
- According to a resident survey, 26% of Native American respondents deem their home to be in fair/poor condition,
- Around 14,670 housing units occupied by Native Americans that need repairs.

Multifamily Housing

- Native American Set-aside for LIHTC projects (20% for underserved populations)
 - Projects located on Tribal Trust Lands
 - Usually, 2 to 3 applications for projects on Native American land each year
 - Mescalero Apache tribe is ready to start construction
- Challenges
 - Pandemic hit the tribes hard
 - Turnover in tribal leadership
 - Cost: difficult to get labor and materials to remote locations
- Tribal Housing Coalition
 - Helps bring tribes together to share knowledge and best practices
 - Some tribes have created their own building contractor entity
 - Provides construction services for their own tribe
 - Provides construction services for other tribes as requested
- Full time Tribal Liaison position with MFA provides support to the organization
 - Create and maintain relationships with tribal housing leaders and MFA
 - Promote collaboration and communication between tribes, pueblos and MFA
 - Discover needs and walk tribes through the financing process

Single Family Housing

- Challenges
 - Few lenders willing to lend on tribal land
 - Turnover in tribal leadership
- HUD 184 Loans
 - Exploring financial incentives to lending partners to do more
 - MFA surveying lenders
 - what policies/incentives might make an impact?
- Fannie Mae Variances
 - Tribes sign MOUs with Fannie
 - Looking for lenders to participate
- A few tribes have created their own general contractor entity
 - Provides hard to find construction services for their own tribe
 - Provides employment opportunities in the tribe
 - Fills the need for construction services for other tribes as requested
- Push for single family housing development
 - MFA's Primero Loan Fund (revolving, short term, construction)
 - New Mexico Housing Trust Fund

Weatherization and Rehabilitation

- Mescalero project
 - 125 homes over 5 years
 - Electrification
 - Full weatherization
 - Mold remediation
- Challenges
 - Lack of applications in areas of high energy burden
 - A liaison or someone within the tribal areas to assist with intake is helpful
- NM Energy Smart weatherization RFP (awards forthcoming)
 - Providers targeted specifically to Native American Lands
 - Two new providers that will help with weatherization on
 - Navajo Nation Territory
 - Pueblo Territory in NM
 - Expands the reach of our weatherization services
 - Successful offeror is located within the Navajo Nation
 - RFP response with existing provider includes minimum number of homes to complete
 - Using DOE, Low Income Housing Energy Assistance Program (LIHEAP) and the state's gas and electric utility funding

Financing Housing For Alaska Natives

Ethan Stoops, Program Information Manager

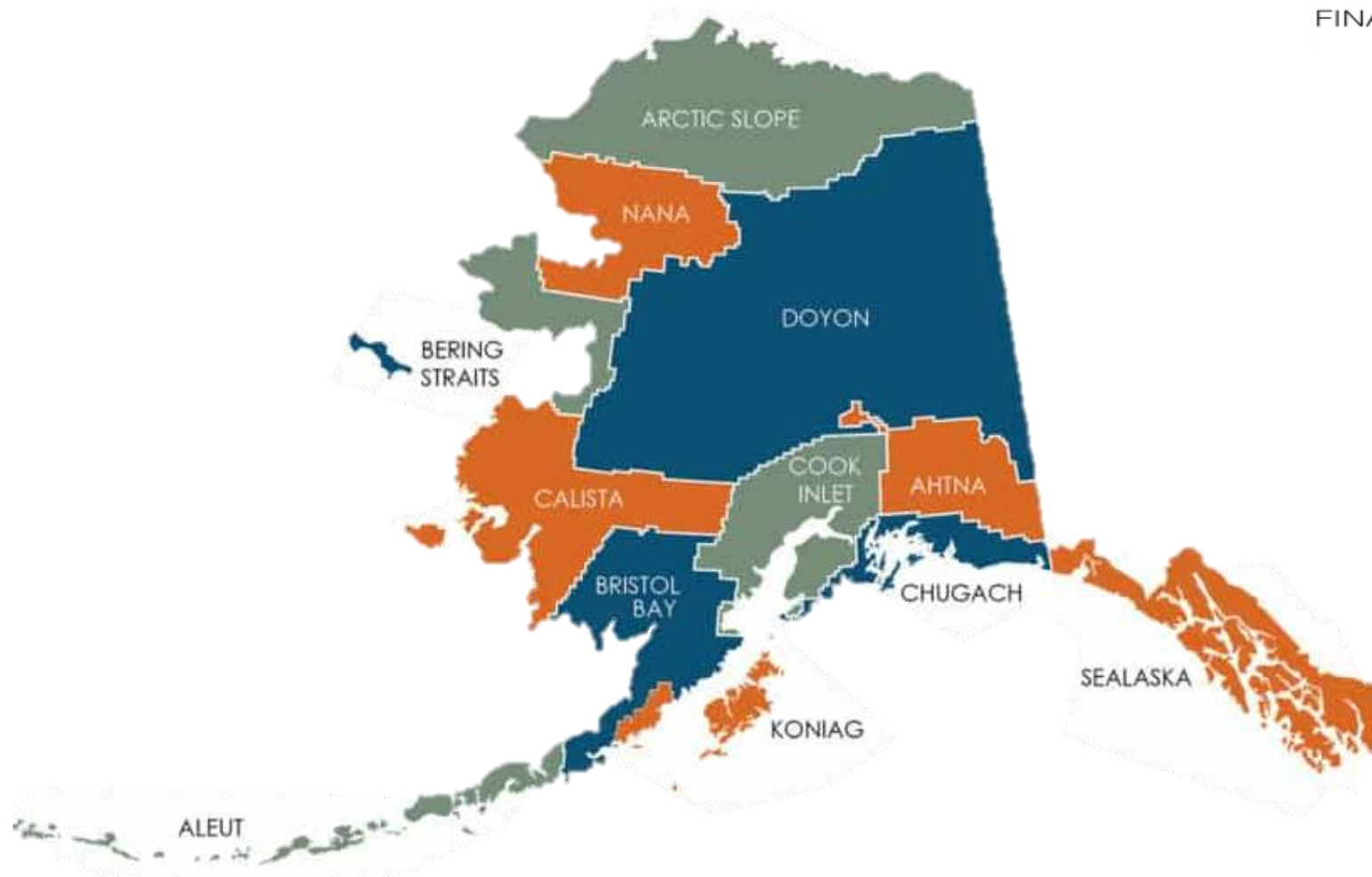


Introduction

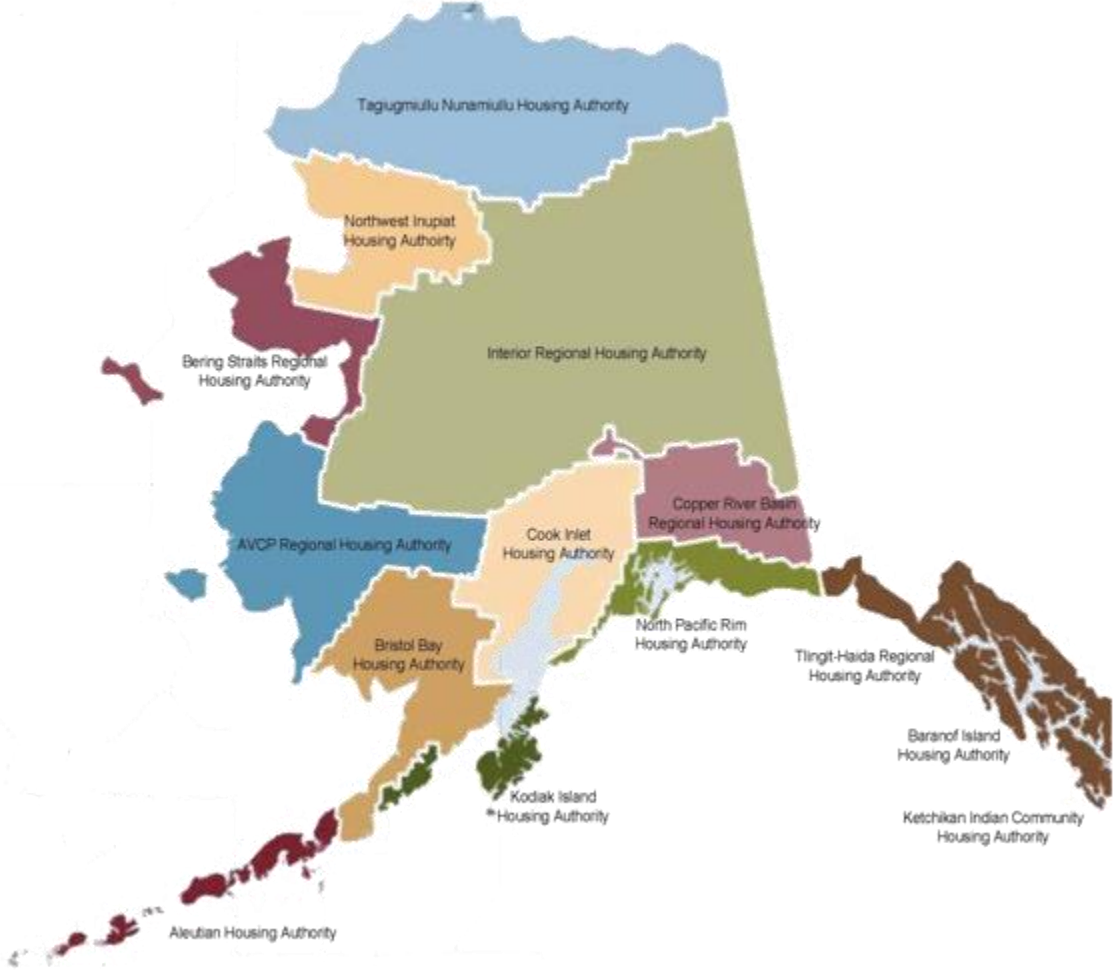


Alaska Housing Finance Corporation (AHFC) is a self-supporting public corporation with offices in 16 communities statewide. AHFC provides statewide financing for multi-family complexes and single-family homes with loan options for low- to moderate-income borrowers, veterans, teachers, nurses, public safety officers and those living in rural areas. AHFC provides energy efficiency programs, low-income rental assistance, and programs for those who are homeless and those seeking to become financially self-sufficient.

Alaska Native Corporations



Alaska's Regional Housing Authorities



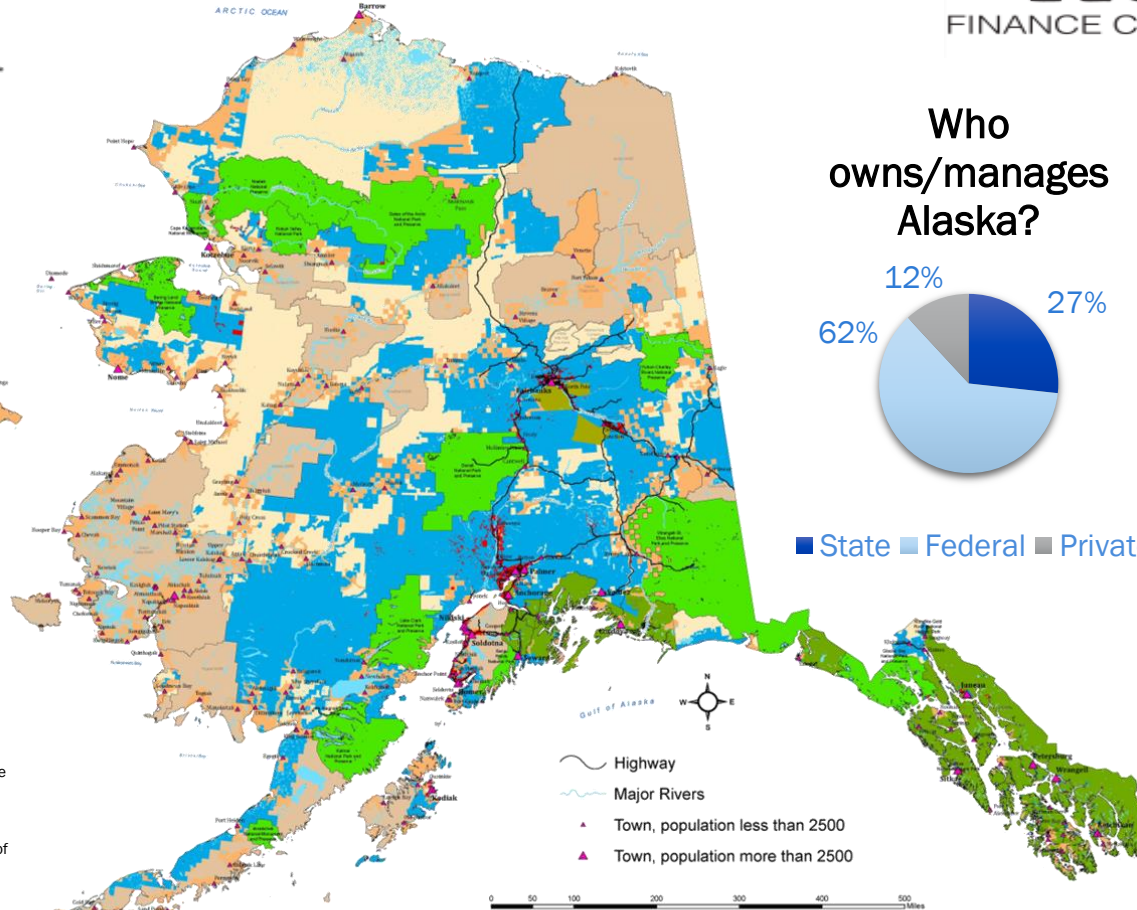
Alaska's Housing Landscape

Alaska is one-fifth the size of the conterminous 48 states.



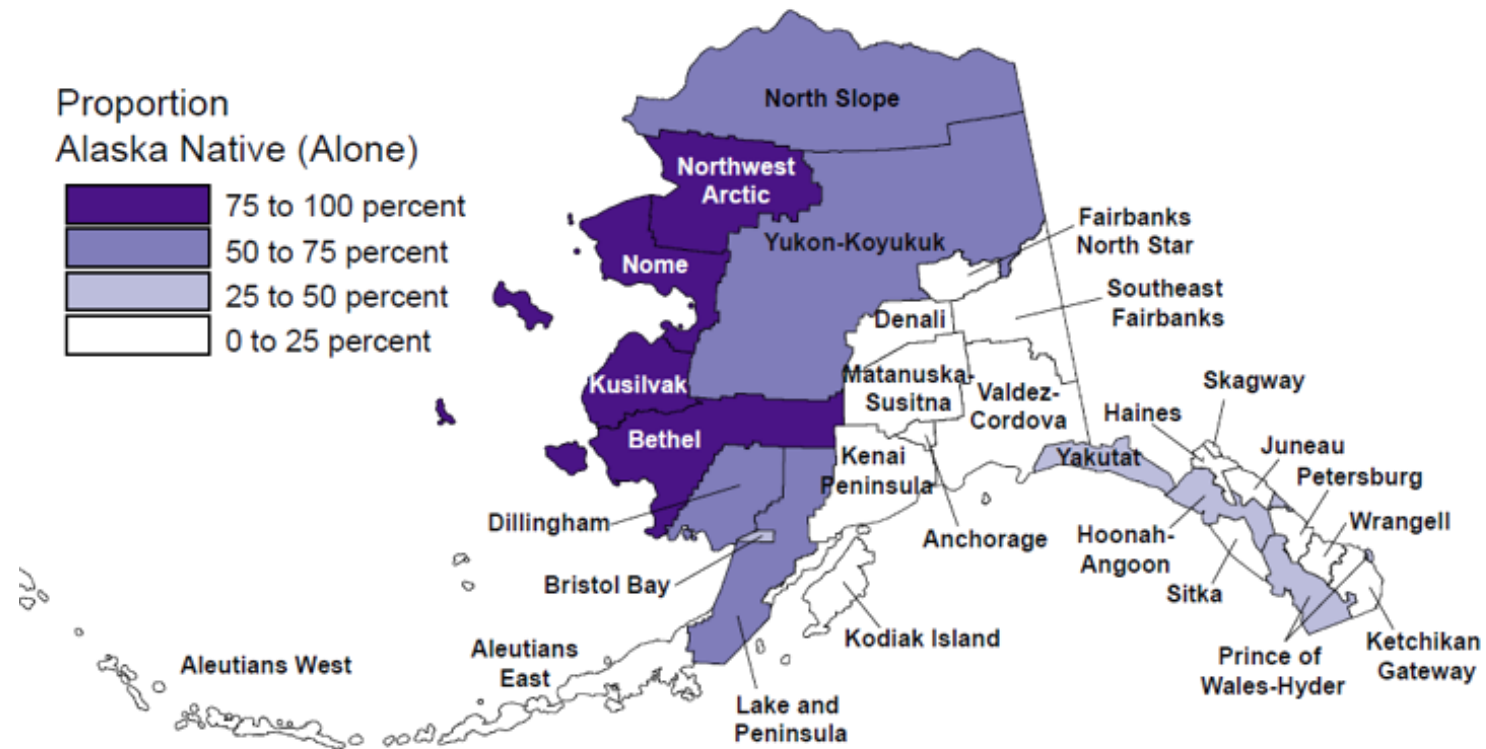
 **ANCSA Native Corporation (Private)**
39.3 million acres

On December 18, 1971, P.L. 92-203, the Alaska Native Claims Settlement Act was signed into law. The purpose of the ANCSA was to legislate the terms by which Alaska Natives could acquire title to their lands. This claim had been unresolved for more than 100 years since the United States purchased Alaska from Russia in 1867. Native lands are private lands. ANCSA mandated the creation of regional and village Native corporations to manage 44 million acres and payment of one billion dollars. Thirteen regional corporations were created for the distribution of ANCSA land and money. Twelve of those shared in selection of 16 million acres, the thirteenth corporation, based in Seattle, received a cash settlement only. 224 village corporations, of 25 or more residents, shared 26 million acres. The remaining acres which included historical sites and existing native-owned lands, went into a land pool to provide land to small villages of less than 25 people. To date, 39.3 million acres have been transferred to ANCSA corporations.



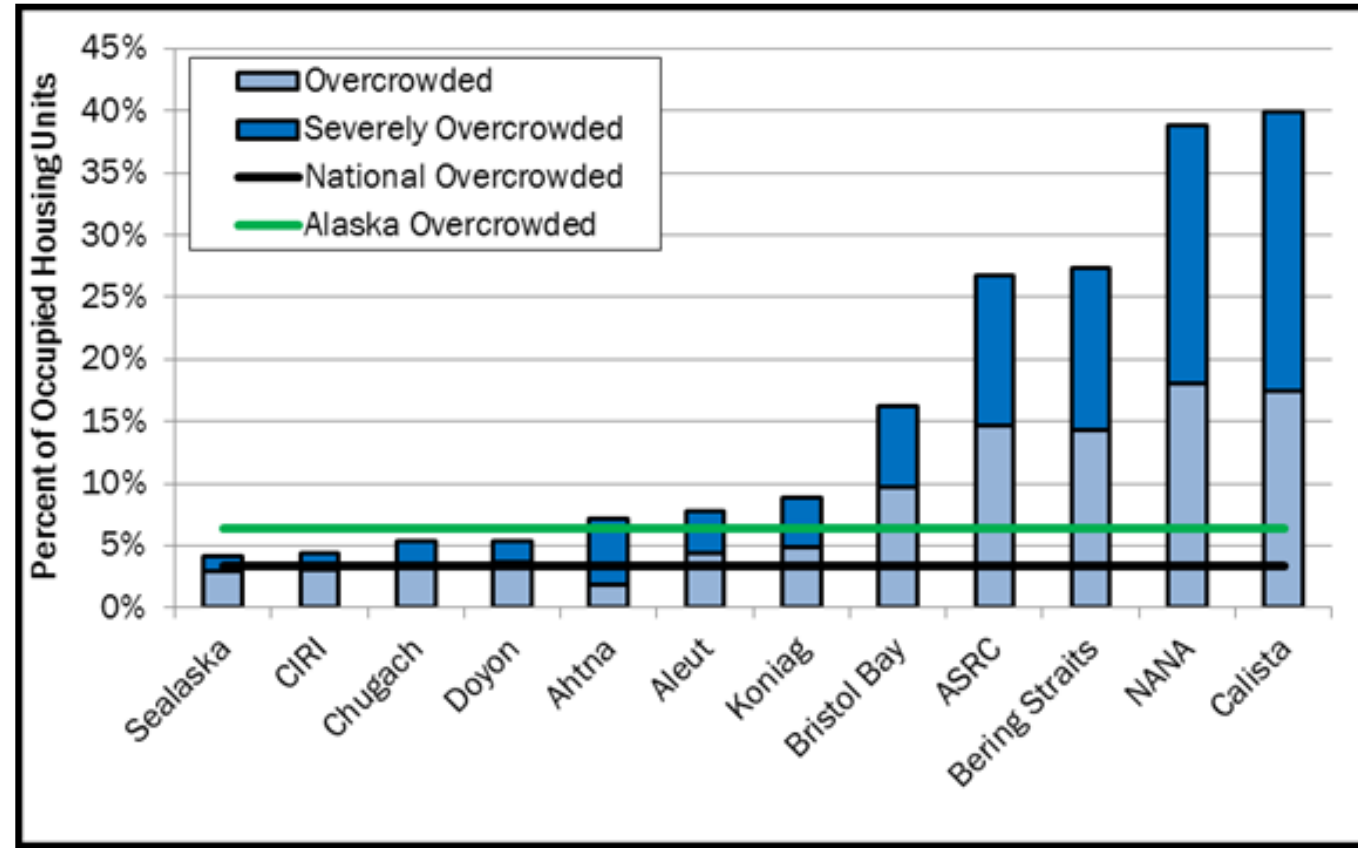
Alaska's Native Population

Proportion Alaska Native (Alone) by Borough and Census Area, 2019



Source: Alaska Department of Labor and Workforce Development, Research and Analysis Section

Alaska's Overcrowding Problem



Alaska's rate of overcrowded housing is twice the national average.

Rural Housing Challenges



Rural Housing Challenges



Rural Housing Challenges



Rural Housing Challenges



Supplemental Housing Program



- Established to Supplement Development Funds by U.S. Department of Housing and Urban Development for Indian Housing Projects constructed by Regional Housing Authorities
 - Funded by Corporate Earnings and State Funds
 - New construction or rehabilitation of Regional Housing Authority-owned and residential rental or owner-occupied housing with a HUD loan or grant award is eligible. This includes housing projects that a regional community or village that has appointed the housing authority as their Tribally Designated Housing Entity (TDHE) and has contributed their HUD/NAHASDA awarded funds to the project
 - May not exceed 20% of HUD Total Development Cost per unit
 - Four eligible categories
 - On-site water and sewer facilities;
 - Road construction to project sites;
 - Energy efficient design features in homes; and
 - Extension of electrical distribution facilities to individual residences.
-

Supplemental Housing Program



\$45.9 Million in the last decade

FY 2022 Project Results

- 10 Regional Housing Authorities
- 37 Communities
- 316 Units Rehabilitated
- 74 New Units



Weatherization Assistance Program



State funding is used to increase the Average Cost per Unit allowed under the program

WX - Weatherization in road connected/marine highway areas - \$10,000

EWX - Enhanced Weatherization in rural/remote communities primarily connected by air- \$20,000

38% of households served during 2008-2018 had at least one Alaska Native member



Rural Professional Housing Program



The Rural Professional Housing Grant Program funds the development of teacher, health professional and public safety housing. Funds are awarded competitively on annual basis for the rehabilitation, construction or acquisition of rural housing projects. Eligible entities include school districts, local governments, regional health corporations, housing authorities and nonprofits.



Home Loan Programs



Uniquely Alaskan Loan Program

A conventional financing program for properties with unconventional characteristics including:

- Unconventional Foundation System
- Unconventional Utilities
- Lack of Central Heating
- Unconventional Ceiling Height

Rural Loan Program

Owner-occupied properties located in:

- Communities smaller than 6,500 that are not connected by road or rail to Anchorage or Fairbanks.
- Communities of 1,600 or fewer that are connected by rail but are 50 statute miles outside of Anchorage or 25 miles statute miles outside of Fairbanks

