



FY 2023 Authorization & Appropriations Requests to Support Native Homeownership Through Native CDFIs

The U.S. Department of Agriculture (USDA) Rural Development offers the 502 single family housing direct loan program to borrowers in rural communities. Although this program is available on tribal land, of the 6,194 direct loans made nationally by Rural Development in FY 2019, only six of them were to borrowers on tribal land.

In 2018, the USDA and two Native community development financial institutions (Native CDFIs) in South Dakota – Four Bands Community Fund on the Cheyenne River Indian Reservation and Mazaska Owecaso Otipi Financial on the Pine Ridge Indian Reservation – implemented a successful \$2 million demonstration, pursuant to 7 CFR §3550.7, which sought to improve the deployment rate of the 502 direct program in Native communities in South Dakota. The pilot made Native CDFIs eligible borrowers under the 502 direct loan program and enabled them to relend to qualified families for the construction, acquisition, and rehabilitation of affordable housing on trust land. Through this demonstration, the two Native CDFIs in partnership with USDA made 19 loans totaling \$2.4 million, nearly double the volume of loans on these two reservations than USDA deployed on its own on the same two reservations during the previous ten years.

This enhancement to USDA's existing program provides an opportunity to leverage federal funds with private resources to do business on tribal land. While Rural Development has limited staff resources to originate Section 502 direct loans on tribal land, Native CDFIs have experience and expertise lending in this market, and they are well-positioned to deploy mortgage capital efficiently. In addition, they provide extensive financial education, foreclosure prevention counseling, and other technical assistance to their clients.

Permanently Authorizing the 502 Single Family Housing Direct Loan Relending Program for Native Americans

The **Native American Rural Homeownership Improvement Act of 2021** ([S. 2092](#), [H.R. 6331](#)) would make the USDA 502 home loan relending pilot permanent by authorizing the USDA Secretary to use \$50 million of existing 502 single family housing direct loan appropriations for a national relending program so that Native CDFIs across the country can increase access to affordable home loans in rural Native communities.

This legislation would help the existing USDA 502 single family housing direct loan program work better in Indian Country. To prioritize lending on trust land, it waives the pilot's 20% match requirement for loans on tribal land. In addition, to make the program consistent with other existing USDA programs, it authorizes an operating grant for Native CDFIs who relend under this program.

Senators Tina Smith (D-MN) and Mike Rounds (R-SD) introduced this bi-partisan legislation, and it is co-sponsored by Senators Catherine Cortez Masto (D-NV), Kevin Cramer (R-ND), Ben Ray Lujan (D-NM), Brian Schatz (D-HI), Jon Tester (D-MT), John Thune (R-SD) and Elizabeth Warren (D-MA). **To co-sponsor S. 2092, please contact Adam Schiff at Adam.Schiff@smith.senate.gov.**

H.R. 6331 was introduced by Representative Dusty Johnson (R-SD) and is co-sponsored by Reps. Ed Case (D-HI), Sharice Davids (D-KS), Kai Kahele (D-HI) and Teresa Leger Fernandez (D-NM). **To co-sponsor H.R. 6331, please contact Hannah Kagey at Hannah.Kagey@mail.house.gov.**

Including \$50 million for the USDA's 502 Single Family Housing Direct Loan Relending Program for Native Americans in FY 2023 Appropriations Legislation

The President's FY 2023 Budget request includes funding for the continuation and expansion of the Native American 502 home loan relending program as part of the existing USDA 502 single family housing direct loan program. We respectfully request **the subcommittee on Agriculture, Rural Development, Food and Drug Administration, and Related Agencies set aside \$50 million for the Single Family Housing Direct Loan Relending Program for Native Americans** in the FY 2023 subcommittee mark.

According to Oweesta Corporation, a national Native CDFI intermediary, Native CDFI housing lenders had to deny over \$40 million in loans in 2021 due to a lack of lending capital. They also anticipate needing an additional \$94 million in 2022 to satisfy their growing loan demand. This proposed set-aside would go a long way to addressing this need for lending capital for mortgages on tribal land.

The following national and regional tribal and rural housing organizations endorse this legislation and appropriations request:

Enterprise Community Partners	Native CDFI Network
Fahe	Opportunity Finance Network
Great Plains Tribal Chairmen's Association	Oweesta Corporation
Housing Assistance Council	Rural Community Assistance Corporation (RCAC)
Local Initiatives Support Corporation (LISC)	South Dakota Native Homeownership Coalition
Minnesota Housing Partnership (MHP)	Sovereign Council of Native Hawaiian Associations
National American Indian Housing Council	United Native American Housing Association
National Congress of American Indians	
National Low Income Housing Coalition	
National NeighborWorks Association	
National Rural Housing Coalition	

For more information, please contact South Dakota Native Homeownership Coalition Policy Committee Facilitator Joanna Donohoe at joanna@7sistersconsulting or 561-762-8237.