

May 10, 2024

U.S. Senator Sherrod Brown, Chairman
U.S. Senate Committee on Banking, Housing, and
Urban Affairs
503 Hart Senate Office Building
Washington, DC 20510

U.S. Senator Tim Scott, Ranking Member
U.S. Senate Committee on Banking, Housing, and
Urban Affairs
167 Russell Senate Office Building
Washington, DC 20510

Via email to: Megan_Cheney@banking.senate.gov, Beth_Cooper@banking.senate.gov,
Katie_Weissert@rickscott.senate.gov

Re: Support for the Tribal Rural Housing Access Act (S. 3906)

Dear Chairman Brown, Ranking Member Scott, and Members of the U.S. Senate Committee on Banking, Housing, and Urban Affairs,

We hope this finds you well.

The organizations listed as co-signatories below are writing to express **our formal support for the Tribal Rural Housing Access Act (S. 3906)** with the [proposed technical revisions](#) developed and supported by our organizations. We strongly urge the U.S. Senate Committee on Banking, Housing, and Urban Affairs to advance this critical legislation to passage by the full Senate during this session of Congress.

The Tribal Rural Housing Access Act establishes a set-aside of 5.0 percent for Indian Tribes, tribal-owned entities, Native community development financial institutions (CDFIs), and other eligible Native-led community development organizations of the aggregate amount of lending authority, budget authority, or guarantee authority made available by Congress each year for several key USDA rural housing programs and activities, including the [Section 502 Direct Loan Program](#), [Section 504 Home Repair Program](#), [Section 515 Rural Rental Housing Loan Program](#), [Section 525 Technical and Supervisory Assistance Grant Program](#), [Section 533 Housing Preservation Grant Program](#), and [Section 538 Multifamily Housing Loan Guarantee Program](#).

Creation of this set-aside is greatly needed and long overdue given the disproportionately grave housing and homeownership challenges faced by Native people (particularly those residing in rural areas), coupled with the federal government's longstanding underfunding of programs designed to address those challenges. Despite recent advancements and success stories forged by Native CDFIs, tribal governments, other key Native-led entities, and their Indian Country partners, the challenges facing Native housing and homeownership remain severe and pervasive. As the Center for Indian Country Development with the Federal Reserve Bank of Minneapolis explains, "in 2016, just 52.9 percent of all Natives were homeowners, down from 55.5 percent in 2000. In tribal areas, there is a strong and as yet unmet demand for homeownership among Native households: 75 percent report a strong desire to own their home. Concerns about chronic housing shortages, quality, and over-crowdedness suggest additional demand for new investments in private homes in Indian Country."¹ According to the 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 annually to satisfy their growing loan demand.²

¹ Center for Indian Country Development (Patrice Kunesch, ed.), *Tribal Leaders Handbook on Homeownership*, Federal Reserve Bank of Minneapolis, 2018, p. 4 (<https://www.minneapolisfed.org/-/media/files/community/indiancountry/resources-education/cicd-tribal-leaders-handbook-on-homeownership.pdf>).

² South Dakota Native Homeownership Coalition et al., *FY 2023 Authorization & Appropriations Requests to Support Native Homeownership Through Native CDFIs*, June 2022, p. 2 (<https://nativecdfi.net/wp-content/uploads/2022/06/Overview-of-the-Native-American-Rural-Homeownership-Act-of-2021-April-22-2022.pdf>)

Yet historic and persisting redlining as well as chronic underinvestment in vital federal programs like the CDFI Fund's Native American CDFI Assistance Program continue to plague Indian Country's access to capital generally and financing for Native homeownership in particular. These factors and others contribute to a situation where, among other troubling statistics, Native people live in overcrowded households at a rate of nearly 700% higher than the rest of the U.S. population³, and the number of Native families facing severe housing costs grew by 55 percent over a recent 15-year period.⁴

In addition, Indian Country's challenges when it comes to financial literacy, access to credit, and the prices Native people pay when they finally do get a home loan are equally severe. Just before the pandemic hit in 2019, the Federal Reserve found that Native Americans living on reservations who want to buy homes are significantly more likely to have high-priced mortgages, and those mortgage rates average nearly two percentage points higher than for non-Native people outside reservations.⁵ According to the Federal Reserve, this means a Native family purchasing a \$140,000 home on a reservation could pay \$100,000 more over the course of a 30-year loan than a non-Native purchasing a home outside a reservation would pay.

These alarming statistics affirm the need for increased federal investments in Native housing and homeownership, which Congress can begin to achieve by establishing the 5.0 percent set-aside featured in this legislation. And these increased investments will no doubt pay off over the long run. Take, as a prime example, the USDA Section 502 Direct Home Loan Program's recent demonstration project, which in 2018 made two Native CDFIs eligible borrowers under the 502 Program and enabled them to relend to qualified families for the construction, acquisition, and rehabilitation of affordable housing on tribal trust land. The project resulted in those CDFIs doubling *in one year* the number of home loans that USDA had provided on two Indian reservations in South Dakota *during the previous decade*.

This vital legislation will boost Native housing and homeownership across Indian Country, which will in turn promote family stability and self-sufficiency, promote tribal self-determination, and stimulate tribal economies. It should be passed by the Senate with all due haste. We appreciate your consideration of this legislation, and we welcome the opportunity to discuss it further with you.

Sincerely,

Pete Upton
CEO
Native CDFI Network

[Other co-signatories TBD]

³ Diane K. Levy et al., *Housing Needs of American Indians and Alaska Natives in Urban Areas: A Report from the Assessment of American Indian, Alaska Native, and Native Hawaiian Housing Needs*, U.S. Department of Housing and Urban Development, Office of Policy Development and Research, January 2017 (<https://www.huduser.gov/portal/sites/default/files/pdf/NAHSG-UrbanStudy.pdf>).

⁴ U.S. Commission on Civil Rights, *Broken Promises: Continuing Federal Funding Shortfall for Native Americans*, Briefing Report, December 2018, p. 137 (<https://www.usccr.gov/files/pubs/2018/12-20-Broken-Promises.pdf>).

⁵ Laura Cattaneo and Donna Feir, *The Higher Price of Mortgage Financing for Native Americans*, Working Paper Series No. 1906, Federal Reserve Bank of Minneapolis, September 17, 2019, p. 1 (<https://www.minneapolisfed.org/~media/assets/papers/cicdwp/2019/cicd-wp-201906.pdf>).