

Introduction to the Indian Housing Block Grant (IHBG) Formula



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Training Objectives

- To provide context
 - Understand how Formula was developed
 - Know different roles/responsibilities
 - Know resources exist
 - Understand Formula at high level
- To provide details
 - Understand Formula data, mechanics, and policies
 - Understand Formula procedures
 - Know what is expected of you
 - Know what resources exist

Acronyms

- ACC=Annual Contributions Contract
- ACS=American Community Survey
- AEL=Allowable Expense Level
- AIAN=American Indian and Alaska Native
- ANV=Alaska Native Village
- ANVSA=Alaska Native Village Statistical Area
- AONAP=Area Offices of Native American Programs
- APR=Annual Performance Report
- BIA=Bureau of Indian Affairs
- CE=Conveyance Eligible
- DOFA=Date of Full Availability
- FCAS=Formula Current Assisted Stock
- FMR=Fair Market Rent
- FRF=Formula Response Form
- HH=Household
- HO=Homeownership
- IHA=Indian Housing Authority
- IHBG=Indian Housing Block Grant
- IHP= Indian Housing Plan
- LOCCS=Line of Credit Control System
- LR=Low Rent
- MH=Mutual Help
- MHOA=Mutual Help Occupancy Agreement

... And if that wasn't enough

- MOA=Memorandum of Agreement
- NAHASDA=Native American Housing Assistance and Self-Determination Act
- NDS=New Data Source
- ONAP=Office of Native American Programs
- OpModSub=Operation and Modernization Subsidies
- PD&R= Office of Policy Development and Research
- OTSA=Oklahoma Tribal Statistical Area
- SDAISA=State Designated American Indian Statistical Area
- TAR=Tenant Account Receivables
- TDC=Total Development Costs
- TDHE=Tribally Designated Housing Entity
- TDSA=Tribally Designated Statistical Area
- TKYIII=Turnkey III
- TRSAIP=Total Resident Service Area Indian Population
- UDFE=Undisbursed Funds Factor

IHBG Formula Development

- Objectives
 - Fair and equitable distributions for all Tribes
 - Based on consistent, defensible, objective data
- Developed by
 - Negotiated rulemaking (three times since 1996)
 - Unanimous consensus
 - With data appeal process
- Latest Formula changes
 - Effective December 22, 2016

Formula Administration

- Administered at national level
- In consultation with AONAPs to ensure processing consistency and fair allocations

HQ Grants Management (GM)

- Oversight of all Formula matters
- Provides guidelines for technical assistance response
- Reviews data correction and challenge responses to ensure policies, procedures, regulations & statutes followed
- Reviews Formula code and data changes
- Coordinates response to complex issues with OGC, AONAPs, and contractors
- Develops forms, guidance, notices, and policies & procedures
- Point of contact for Congress, White House, media, associations, researchers, and Government Accounting Office & HUD Office of Inspector General audits

IHBG Formula Customer Service Center

- Provides technical assistance
- Drafts responses to data corrections and challenges
- Maintains and operates Formula code and data
- Runs Formula simulations
- Produces estimate/final Formula allocations and summary statistics
- Updates forms, policy and procedures, & other documentation

Contact:

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Tribes/TDHEs

- Review Formula Response Form (FRF) and Final Allocation/Data Form
- Report discrepancies to Formula Customer Service Center
 - ***Note:** Reporting on the Indian Housing Plan/Annual Performance Report (IHP/APR) is not sufficient. Tribes must report discrepancies to the IHBG Formula Customer Service Center!
- Request technical assistance from IHBG Formula Customer Service Center if needed
- Challenge data when it is perceived to be in error

Deadlines

- Review every year
 - FRF usually mailed June 1st
 - Corrections usually due by August 1st
 - Census Challenges usually due March 30th of prior FY (for FY 2025 July 29, 2024)
- Submit to IHBG Formula Customer Service Center
- Final allocations due 60 days after budget

Formula Response Form (FRF)-Formula Current Assisted Stock (FCAS)

- A1-Conveyance Eligibility and Units with Conveyance Delays
- A2-DOFA of Newly Built Units
- A3-Conversion of Units
- A4-Demolition/Rebuilding
- A5-All other Corrections

Formula Response Form-Other

- Appendix B1-Formula Area for Defined Formula Areas
- Appendix B2-Formula Area for Substantial Housing Services
- Appendix C-Enrollment for Overlaps
- Appendix D1-Tribal Enrollment
- Appendix D2-Population Cap

Other corrections due August 1

- Total Development Cost (TDC)-Approval and documentation from AONAP or HUD HQ
- Fair Market Rent (FMR)-Approval and documentation from HUD PD&R
- Total Resident Service Area Indian Population (TRSAIP)-Approval and documentation from BIA

https://www.hud.gov/program_offices/public_indian_housing/ih/codetalk/onap/ihbgformula

Census Challenge due March 30

- FY 2025 Needs data sent on September 30, 2023. Census Challenge is due July 29, 2024.
- Census Challenges guidelines are found here:
<https://www.hud.gov/sites/dfiles/OCHCO/documents/4119Census.pdf>
- Tribes should not undertake a challenge without reading guidelines thoroughly. They are encouraged to receive TA from Formula Center.

PIH Notices

- [PIH 2017-14](#): Provides Tribes and TDHEs with information related to changes affecting the Needs data under the IHBG Formula (24 CFR 1000.330).
- [PIH 2017-15](#): Provides Tribes and TDHEs 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 TDHEs with an overview of regulatory changes affecting the IHBG Formula.
- [PIH 2019-07](#): Provides guidance for determining and using program income generated by the use or disbursement of IHBG funds.

IHBG FORMULA CALCULATION

A Tribe's IHBG allocation depends on:

- The amount available for allocation
- Formula Current Assisted Stock (FCAS)
- Share of National Needs
- Other Formula adjustments

High-level Formula

- Formula Current Assisted Stock (FCAS)
 - Eligible units
 - Inflation
 - Local cost adjustments (AEL, FMR, TDC)
- Need
 - Variables, weights & local cost adjustment (TDC)
 - Formula Area
 - Minimum Needs Funding
 - Volatility control of changes in Need caused by New Data Source (NDS)
- 1996 Minimum
- Adjustments for prior year over/under-funding
- Undisbursed IHBG Funds Factor (UDFF)
- Minimum total allocation of carry-over funds

Total IHBG FY 2024 Grant allocation was \$1.1 billion

	Average Grant	Minimum	Maximum
U.S. Total	\$1,878,106	\$ 110,039	\$132,961,091

Step 1: Calculate FCAS Support for operating/modernizing units built under the programs replaced by NAHASDA

Operations

- Per Unit
 - \$2,440 for LR units
 - \$528 for MH/TKIII units
 - \$3,625 for Section 8 units
- Inflation
- Local Area Cost Adjustment (AEL/FMR Index)

Modernization

- Per Unit
 - \$1,974 for LR, MH and TKIII
 - \$0 for Section 8
- Inflation
- Local Area Cost adjustment (TDC)

Per Unit Amount is Highest for LR

(FY 2024 Calculations After Adjustment for Inflation)

Eligible Units	Operating Element	Modernization Element	Total Per Unit Amount
Homeownership Units	\$1,086	\$4,059	\$5,145
Low Rent Units	\$5,243	\$4,059	\$9,302
Section 8	\$7,454	0	\$7,452

Local Cost Adjustment Factor can have a big impact

Area Office	AEL/FMR Factor Range (FY 2024)	TDC Factor Range
Alaska	2.9 – 3.8	1.4 – 1.8
Phoenix	0.7 – 2.1	0.9 – 1.3
Seattle	0.9 – 1.3	1.0 – 1.2
Chicago	0.7 – 2.4	0.8 – 1.4
Denver	0.7 – 1.5	0.9 – 1.0
Oklahoma	0.7 – 0.9	0.8 – 0.9

How much did Tribes get per unit in FY 2024 for FCAS?

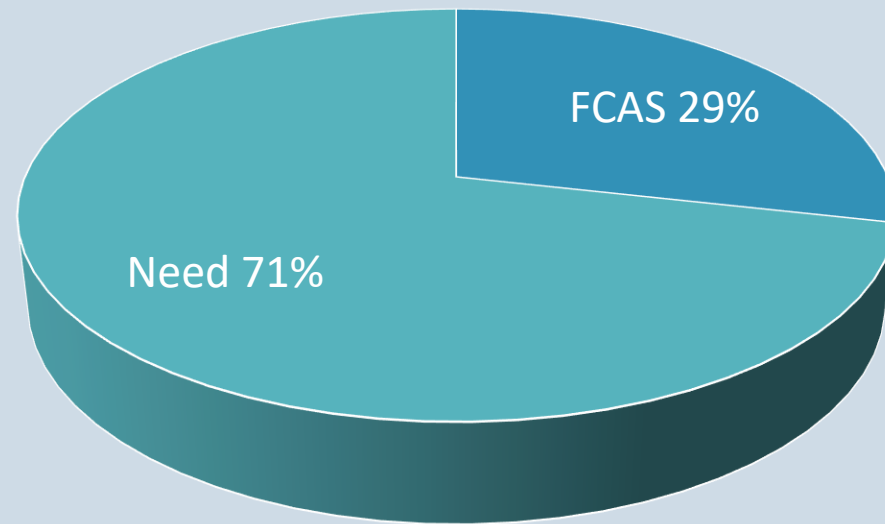
(Initial Calculation – Base*Inflation*Local Area Cost Adjustment Factor)

	Minimum	Maximum	Eligible Units	# of Tribes with Units
LR	\$6,748	\$24,880	29,996	225
HO	\$3,961	\$11,026	2,018	104
S8	\$5,180	\$22,574	3,559	22

Step 2: Calculate Needs

Total Amount Available **-(minus)** Amount needed for FCAS **=(equals)** Amount to be distributed under the Needs Component based on each Tribe's share of national needs as measured by seven variables, with national minimum and phase-down adjustment (volatility control)

FY 2024 FCAS and Need



WHAT COUNTS AS FCAS And HOW DO I REPORT?

How do we determine unit type?

- It generally depends on the original ACC which specified the program and type of unit.
- But conversions happen –
 - If converted before 10/1/97, as evidenced by amended ACC, then counted for funding as type of unit it converted to.
 - If units converted on or after 10/1/97, then funded as type specified on original ACC in effect on 9/30/97.

Unit types sometimes differ in Tribe and HUD records

- Continued eligibility is based on the type of unit as managed.
- But HUD takes action based on type of unit as recorded in FCAS database.
- Correct treatment requires good communication, reporting by Tribes.
- Tribes must be prepared to report all conversions on FRF Appendix A3.

Units NOT eligible as FCAS

- Units built over the number specified in the original ACC for projects with DOFA after October 1, 1997
- Units constructed with NAHASDA, Indian Community Development Block Grant (ICDBG), or HOME funds
- Conveyance-eligible units
- Units NOT used as low-income housing dwelling units
 - Demolished units, unless rebuilt within one year
 - Units used for non-dwelling purposes
 - Vacant units, unless being made available for occupancy
 - Units being used for Tribal Veterans Affairs Supportive Housing (VASH) program

Most of the changes to FCAS are because HO units become conveyance eligible

- Conveyance eligibility occurs when:
 - Unit paid-off OR term of the MHOA expires
 - Whichever comes first
 - TARs not a reason for continued eligibility

Units are removed from FCAS in FY following CE UNLESS

- Reasons beyond Tribe's control
- After reasonable efforts AND
- Legal impediments remain

Units CE before 12/22/16

- Effective date of revised Formula regs
- If no reasonable efforts taken and legal impediments outstanding, then not eligible FCAS
- If reasonable efforts taken and legal impediments remain, then assigned new CE Date of 12/22/16
- Processed under new regs once CE 12/22/16 or later

Use Appendix A1-1 to report conveyance eligibility of units

On Table A1-1 below Report:

- ❖ All units that have been conveyed that did not have legal impediments preventing conveyance.
- ❖ All units that are conveyance eligible but not conveyed.

TABLE A1-1: Conveyed units and conveyance-eligible units that did not/do not have legal impediments preventing conveyance

Project Number	Unit Number	Conveyance Eligibility date*	Conveyance date

*The conveyance eligibility date is the date that the unit's purchase price was paid-off, whether through lump sum payment, accrual in equity accounts, self-amortization of the purchase price, or any combination of these. Because the MHOA has a self-amortizing purchase price, pay-off necessarily occurs no later than the end of the term of the MHOA.

Legal Impediments

- Action legally prohibited conveyance, or
- 3rd party failure (not Tribe/TDHE) to take action legally required for conveyance
- Examples include:
 - Delays in obtaining or absence of Title Status Reports. (If required for conveyance)
 - Incorrect/inadequate legal descriptions or other legal documentation necessary for conveyance
 - Clouds on title due to probate or intestacy or other court proceedings

Non-legal impediments to conveyance

- Inaction by Tribe/TDHE
- Delays arising from failure by Tribe/TDHE to
 - Enforce strict compliance by homebuyer with MHOA
 - Ex: Accrual of TARs
- Do not justify eligibility of CE unit past CE date

Reasonable Efforts

Up to 4 months after CE

- Document reasonable efforts
- Document legal impediments
- When unit becomes CE under terms of MHOA
 - Tribe/TDHE took all other steps necessary to convey, but can't because a legal impediment prevents it
- May include preparation in anticipation of CE, for example:
 - Preparing documents
 - Confirming land descriptions
 - Scheduling or obtaining Board resolutions

*Provisions in Notice PIH 2017-15

Reasonable Efforts

Between 4 to 24 Months

- Prior requirement **AND**
- Have written action plan including:
 - Description of and applicable documentation supporting specific legal impediments
 - Specific, ongoing, appropriate actions for each applicable unit to resolve legal impediments
 - Actually convey unit within 24-months
- Implement plan and document efforts
- Submit plan on 1st FRF after CE date or 2-years after CE (whichever 1st) for HUD's decision to back-fund CE unit previously removed

Reasonable Efforts

After 24 months

- Prior requirements **AND**
- Third party documenting legal impediments
 - Third parties include Court, and State & Federal Government Agencies.
- Evidence required annually for consideration.

Use Appendix A1-2 to report when conveyance of unit with legal impediment occurs

On Table A1-2 below Report:

- ❖ All units that are paid-off that have legal impediments preventing conveyance.
- ❖ All units that were previously removed as conveyance eligible that had legal impediments and that have since conveyed.
- ❖ For each unit meeting the criteria in bullets 1 and 2 above, provide reasons that conveyance was beyond the tribe's control and steps the tribe has taken to resolve the problem. For further information see PIH Notice 2017-15.

TABLE A1-2: Units that are eligible for conveyance with legal impediments preventing conveyance				
Project Number	Unit Number	Conveyance Eligibility date*	Conveyance date	Explanation of legal impediments preventing timely conveyance**

*The conveyance eligibility date is the date that the unit's purchase price was paid-off, whether through lump sum payment, accrual in equity accounts, self-amortization of the purchase price, or any combination of these. Because the MHOA has a self-amortizing purchase price, pay-off necessarily occurs no later than the end of the term of the MHOA.

**Explanation of legal impediments preventing timely conveyance of each unit can be provided on supplemental pages if more space is needed.

Converted Units

- If converted *before* 10/1/97, as evidenced by amended ACC, then counted for funding as type of unit it converted to
- If units converted *on or after* 10/1/97:
 - Funded as type specified on original ACC in effect on 9/30/97
 - Continued FCAS eligibility as type converted
- If conversion date unknown,
 - If HO unit, then report term & date of MHOA
 - If LR unit, then assume after 10/1/97
- Must report ALL conversions on FRF (Appendix A3)

Use Appendix A3 to report converted units

Report:

- ❖ Newly converted units.

Do Not Report:

- ❖ Units that have been previously reported as converted unless there has been a change.

Please provide the information below for each unit converted. Please provide a copy of the Amended ACC for each unit converted prior to October 1, 1997.

Project Number	Unit Number	Unit Type as listed on Formula Response Form (LR, MH, TKY III)	Unit Type after Conversion (LR, MH, TKY III)	Date of Conversion

Units Demolished and Rebuilt

- Must complete building within 1 year
 - Clock starts after planned demolition completed
 - Demolition completed when site ready for rebuilding
- One, 1-Year exemption due to admin capacities
 - Example: geographic and technical difficulties
 - Must be made within 24 months of demolition
 - Must be made in writing and include justification
- Unplanned demolitions like fire treated differently
 - Considered non-dwelling unit so not eligible
 - Once planned demolition complete, then treated same as a planned demolition

Use Appendix A4 to report on demolished units

Report:

- ❖ All demolished units when demolition is complete.
- ❖ All units that were rebuilt. If applicable, provide justification of why the units cannot be rebuilt within one year of demolition.

Please note that requests for a one-time, one-year extension must be made within 24 months of completed demolition.

Project Number	Unit Number	Date Demolition Completed	Date Unit Rebuilt	Explanation of why unit is not rebuilt within one year of demolition date

Use Appendix A5-1 to report non-dwelling, vacant, and units not occupied by a NAHASDA eligible family

- Units used for non-dwelling purposes
- Vacant units, not currently available for occupancy (unless they are being made available for occupancy)
- Units not occupied by NAHASDA-eligible family

TABLE A5-1: Units not used as low-income dwelling units			
Project Number	Unit Number	Date unit was last occupied by eligible recipient	Reason for change

Use Appendix A5-2 to report subsequent homebuyers

TABLE A5-2: Units with Subsequent Homebuyers

Project Number	Unit Number	New Agreement Signed Date	Term of the Agreement (in years)

Use Appendix A5-3 to report all other corrections to FCAS

TABLE A5-3: All other corrections to FCAS			
Project Number	Formula Response Form Unit Counts & Unit Type	Correct Number of Units & Unit Type	Reason/Explanation for Change

HUD DOFA challenge

- HUD removes all HO units with DOFA dates more than 25 years prior unless eligibility of unit was re-justified in last 3 years.
- FRF will show the project with 0 units and an asterisk if removed in that FY. The project will not show at all in later years.

Project Number	Low Rent	Mutual Help	TurnKey III	In Development	DOFA
B005001	71	0	0	0	2/1/1978
B005037*	0	0	0	0	7/31/1997
B005038	0	12	0	2	3/31/1999
B005039	19	0	0	0	1/31/2000
B005040	17	0	0	0	1/31/2000
B005041	0	15	0	0	3/31/1999
B005042	0	2	0	0	12/31/2002
B005042	0	3	0	0	12/31/2002
B005042	0	2	0	0	12/31/2002
B005042	0	3	0	0	12/31/2002
B005042	0	2	0	0	12/31/2002
B005042	0	2	0	0	12/31/2002
B005042	0	2	0	0	12/31/2002

Removed units may still be eligible as FCAS

- Report subsequent homebuyers on Appendix A5 Table 2.
- Report units converted to LR and actively managed on Appendix A3.
- The new MHOA or conversion must have taken place prior to the expiration date of the first MHOA.
- Keep your supporting documentation. You will have to re-justify every 3 years.

Determining CE Dates

- Tribes report on FRF
- HUD action based on 25 years after DOFA
 - MHOAs typically had 25-year term under '37 Housing Act
 - HUD removes units from FRF 25 years after DOFA
- Exceptions
 - Subsequent homebuyer with new MHOA date and term
 - Unit is still within term
 - Unit converted to LR
 - Reasonable efforts but legal impediments
- Units with approved exceptions
 - Removed from FRF every 3 years
 - Unless additional documentation submitted and approved

Incorrect Reporting

- Required use of FRF
 - HUD has 3 years to initiate action
 - Tribe has 5 years to repay
- No back-funding for failure to report
 - Except if under-count was reported or challenged prior to October 30, 2003

Questions?

IHBG FORMULA CUSTOMER SERVICE CENTER

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