

Leveraging for Sustainable Green Development



Contact Information

David Vought

Native American Program Specialist

907-677-9862

david_vought@hud.gov



What is Leveraging?

Strategy to Achieve Goals by:

- 1. Combining resources, and**
- 2. Maximizing opportunities**



Out Look for Funding

- Government debt increasing significantly
- Special appropriations very limited
- Outlook for reduction in Federal budget
- Inflation expected to increase costs
- Higher Energy Costs
- More competition for resources

NAHASDA

“Your Most Valuable Housing Resource”

- Block Grant Recipient has flexibility to use funds for locally determined affordable housing program
- Annual funding source allocated to Federally Recognized Tribes by formula
- Provides basis for leveraging

GAP Financing

- NAHASDA is an excellent source
- The difference between housing cost and available funding
- Dynamic calculation of:
 - Cost
 - Capacity for debt financing
 - Contributions
 - Grants
 - Income from occupancy

NAHASDA

Primary Objectives

- Assist and promote affordable housing
- **Better access to mortgage markets**
- **Promote self-sufficiency**
- Plan and integrate infrastructure
- **To promote the development of private capital markets**

Loan Guarantee Programs

- **Title VI** of Native American Housing and Self Determination Act of 1996
 - Any affordable housing activity for Native Americans
 - For Tribes and TDHEs
- **Section 184** of the Housing and Community Development Act of 1992
 - Purchase, construction or refinancing of 1 to 4 unit properties
 - For Native Americans, Tribes, TDHEs and ANCSA Corporations

Purpose of Loan Guarantee

- Encourages lenders to make loans because risk is eliminated or reduced
 - Facilitate the flow of private funding through loans into Native American communities
 - Finance housing activities
 - Support the economic development
- “Lack of access to financing has been identified as a major deterrent to economic development of Native American communities”

Leveraging Family Resources

- Sell homes to families with affordable mortgages
- Use proceeds of sale to build additional homes
- Make families homeowners instead of renters
- Create housing market in rural communities
- Offer Build-To-Own Housing Programs



Self Help Sweat Equity



- Leverages family time and energy by building their own home
- Risk Management Issues
 - Not completing homes
 - Quality of construction
 - Limitations of capacity, tools, equipment, etc
- Eligible use of IHBG, Title VI and ICDBG
- USDA Section 523 program provides grant for administration of Self Help program



Redirecting Housing Costs

Average fuel consumption per year – 1000 gal

$$1000 \text{ gal} \times \$7 = \$7,000$$

$$\underline{200 \text{ gal} \times \$7 = \$1,400}$$

Fuel Savings: \$5,600

Monthly Savings: \$ 466

Apply to affordable mortgage payment:

$$1\% \text{ for } 33^* \text{ years} = \$157,000^*$$

* Financing available under USDA 502 Direct Program

Leveraging Model

\$200,000 IHBG = one house

\$600,000 ICDBG = 3 houses

\$800,000 Title VI = 4 houses

\$1,600,000 = 8 houses

<\$800,000> Proceeds of sale @ \$100,000/unit

Balance of Title VI Loan – ZERO

Homebuyer monthly payment to bank - \$264*

* USDA 502 Direct Loan Program

Leveraging Model

\$200,000 IHBG = one house

\$1,000,000 Title VI = 5 houses

\$1,200,000 = 6 houses

<\$600,000> Proceeds of sale @ \$100,000/unit

<\$600,000> ICDBG Mortgage Buy Down

Balance – \$200,000

Homebuyer monthly payment to bank - \$264*

* USDA 502 Direct Loan Program

Title VI Payback

\$400,000 Loan @ 6.5%

IHBG \$200,000

Annual Payment:

10 Years	\$54,503
----------	----------

IHBG Balance	\$145,497
--------------	-----------

20 Years	\$35,787
----------	----------

IHBG Balance	\$164,213
--------------	-----------

Expanding Leveraging Concepts

- Build New Partnerships
 - Consortium of tribes to operate regional programs
- Combine Directed Resources
 - Housing, infrastructure, training
- Maximize Economic Impact
 - Utilize projects to build the local economy by combining job training and employment
- Sustainability Transformation
 - Develop models for sustainable community development



Leveraging

Expanding
Housing &
Community
Development
Opportunities

