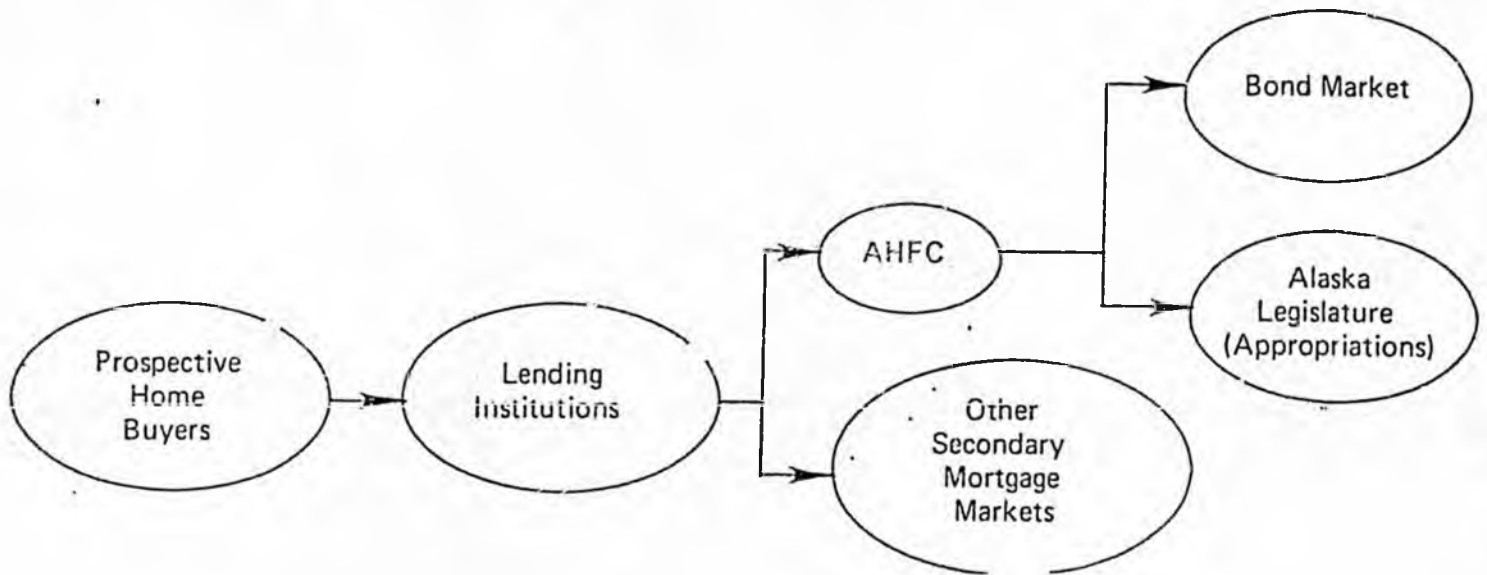


ALABAMA LEGISLATIVE COUNCIL COMMITTEE FILES 2012 00/2

1983 HRLS SB 666 (HOUSING FILE) 983

FIGURE 9. THE ROLE OF AHFC IN ALASKA'S HOUSING MARKET



to lending institutions, primarily banks, to apply for home mortgage loans. The lending institutions process the loan and, if accepted, service it, all in exchange for a fee. AHFC's role is to underwrite each loan application for approval of property and credit, and to purchase the loan after it is closed. Its abilities to do so are constrained by the combined circumstances of the bond market and the legislative appropriations which serve as the state's subsidy of the mortgage or, as in the case of HOF, Mobile Home and Rural programs, the primary source of mortgage funds.

1. AHFC has had a substantial impact on home mortgage interest rates. Under the Special Mortgage Loan Purchase (SMLPP) program which began in July 1980, AHFC interest rates on the first \$90,000 of a loan balance were 2.5 percentage points below the market rate, which stood at 12.5 percent. By December of 1981, the market rate had climbed to 16.5 percent, and the interest subsidy was equivalent to slightly over 4 percentage points (AHFC's base interest rate was 12.375 percent).
2. AHFC's volume of home mortgage activity has swelled since June of 1980 when the SMLPP Program was enacted. AHFC's commitments, which averaged \$15.5 million per month in 1979, averaged \$77.4 million per month for the first nine months in 1981, a five-fold

- increase. Correspondingly, from July 1980 to October 1981, AHFC purchased over 10,000 loans which represented approximately 85 percent of all home loans made in Alaska during this period.
3. The primary beneficiary from AHFC's mortgage interest subsidies are obviously homebuyers, the vast majority of whom would (in the case of SMLPP) have been in the housing market anyway. Indeed, 62 percent of the SMLPP participants previously owned a home.
    - a. Sixty-one percent of the homebuyers participating in the SMLPP had incomes exceeding \$40,000 per year.
    - b. Twenty percent of the participants in AHFC's Home Ownership Assistance (HOF) program had incomes less than \$20,000, with the other 80 percent concentrating in the low \$20,000 per year range. HOF participants represented 46 percent of all SMLPP homebuyers with incomes less than \$30,000. In all likelihood, these participants would not have been able to afford a house without this state program.
    - c. Similarly, 60 percent of AHFC's mobile home buyers (891 mortgages through October 31, 1981) had incomes less than \$30,000 per year.
    - d. In contrast to the HOF and Mobile Home Program participants, the incomes of AHFC's Rural Housing Mortgage Purchase program participants closely paralleled those of SMLPP, with less than 20 percent of the first-time homebuyers having incomes less than \$30,000 per year.
  4. The geographic distribution of benefits resulting from AHFC's housing programs reflect Alaska's housing market and the overall distribution of housing sales in Alaska.

- a. Sixty-eight percent of SMLPP participants reside in the Anchorage area where the housing market has been very active.
  - b. Participants in AHFC's rural program are concentrated in regional centers where incomes are relatively higher and where Regional Housing Authorities and lending institutions have offices.
5. AHFC's SMLPP program did not disproportionately serve prospective homebuyers moving to Alaska. Approximately 18 percent of the SMLPP participants lived in Alaska for less than one year, whereas we estimate approximately 23 percent of all homebuyers are recent arrivals to Alaska.
  6. Because AHFC is a secondary lender, its programs do not appear to have had any significant impact on increasing the access of lending to prospective homebuyers. The value of the program to primary lending institutions is insufficient to justify their opening up new branch institutions. Similarly, service fees collected are unlikely to cover the expense of servicing loans outside the service area of a branch bank. Thus, access to the state's housing programs are a function of the geographic location of the primary lending institutions. Even in AHFC's HOF Program, which is designed for low and moderate income households, 82 percent of the mortgages concentrated in the Anchorage area.

#### The Alaska State Housing Authority

The Alaska State Housing Authority (ASHA) and various Regional Housing Authorities (RHAs) administer the low income

housing programs sponsored by the U.S. Department of Housing and Urban Development (HUD) programs. These programs provide housing and housing subsidies for low income people. HUD finances all of the capital costs of housing constructed under the Public Housing and Mutual Help for Indians Housing programs. In the former, HUD has also provided operating subsidies, while in the latter, all operating costs are paid by the homebuyer. Under either Section 8 program, it is impossible to determine the portion of the total subsidy that pays for operating costs, as distinguished from capital costs.

Currently ASHA and the RHAs manage about 6,000 units, of which 3,500 were built over the 1970s. Regionally, 12 percent of these units are located in southeast, 43 percent in southcentral, 23 percent in interior, and 17 percent in northwest Alaska. An estimated 620 Alaska native households receive benefits from ASHA's Public Housing and Section 8 programs, and all 1,700 of the RHA-built Mutual Help homes are owned by Alaska native families.

Although the complexity of HUD financing precluded us from determining the total cost of HUD's units, the state did supplement HUD's Public Housing and Section 8 programs with \$1.7 million in grant funds and about \$16 million in loans.

1. Federal budget cuts will not affect HUD's commitments to ASHA's subsidized projects nor the RHA's home ownership projects that already exist, but it will affect the number of new units that are built. In FY 81 the value of new units authorized by HUD for Public Housing and Indian Mutual Help Housing was \$51.8 million.
2. Federal budget cuts may also affect the operating subsidies ASHA receives for public housing projects, which in FY 81 amounted to \$1.5 million, and represent 50 percent of operating revenues for these projects.

3. The Section 8 program, which generates about \$5 million in rental subsidies for some 1,250 households, is scheduled to be replaced by a voucher program which is still in the planning stages.
4. HUD's "Mutual Help for Indians" is likely to be the program most affected by federal cuts. In recent years, the program has financed most of the new units constructed.

#### The Nonconforming Housing Loan Program

Like AHFC, this program operates as a secondary lender and provides no direct loans (although the agency indicated it may offer direct loans this spring). The Nonconforming designation applies to physical characteristics of the house being bought, not to the characteristics of the loan or of the buyer. In other words, loans purchased are underwritten according to the same standards--loan amounts, down payments, and borrowers incomes--applied to conventional home loans.

Nonconforming may describe a house that does not meet minimum space requirements, has unconventional foundation or utility systems, or obsolescent design. However, if any of these nonconforming features present either health or safety hazards, the loan application will be rejected.

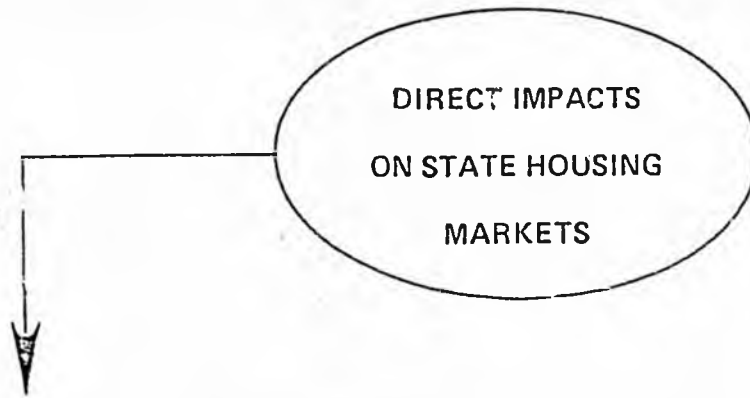
1. The vague definition of nonconforming may allow duplication of AHFC's rural owner-occupied housing program. Despite statements from participating lenders that nonconforming program applicants are unacceptable to other secondary lenders, no specific evidence of acceptability is required. Similarly, without a specific definition of "nonconforming," staff and lenders have no alternative but to exercise their judgments, which varies from person to person.

2. Despite the legislative mandate that no more than 20 percent of the principal amount of loans be made in urban areas, in the first year of the program, approximately 75 percent of the amount loaned went to urban areas, i.e., \$8.1 million of the total \$10.8 million in loans went to urban areas.
3. The scarcity of primary lenders (banks) in parts of rural Alaska makes access, both to information and loan services, difficult for many rural residents. Residents of the Aleutians and rural Southeast Alaska, for example face this problem, and only four loans have been made in these areas. Because of these access problems, the agency is planning to become a direct lender the details of which are still being prepared.
4. The administrative cost of the Nonconforming housing program (about \$1,100 per loan application processed) is about five and a half times that of AHEC's programs. Although the agency costs are not directly comparable, they do reflect the magnitude of the differences. Under a direct lending program, the Agency's administrative costs would increase substantially above its current costs.
5. Of the \$50 million in total loan funds available, 20 percent have been incumbered.
6. The Nonconforming loan program is not structured as a low income program. Correspondingly, only 7 of 177 home mortgages went to households with incomes under \$20,000 per year. In many rural areas of Alaska where incomes are low, this program will not benefit the majority of residents. For example, in 1976 in the NANA and North Slope region, 76 percent of the households had incomes under \$20,000 per year. Thus, although access to information and services is an important issue, it is one compounded by the fact that most rural households simply are not eligible because of low incomes.

## The Senior Citizen Housing Development Program

Administered by the Division of Housing Assistance, the Senior Citizens Housing Development Program provides grants and matching funds to local sponsors. State funds are used to augment federal housing programs for the elderly and to help local sponsors pay for the preliminary work required in submitting federal applications.

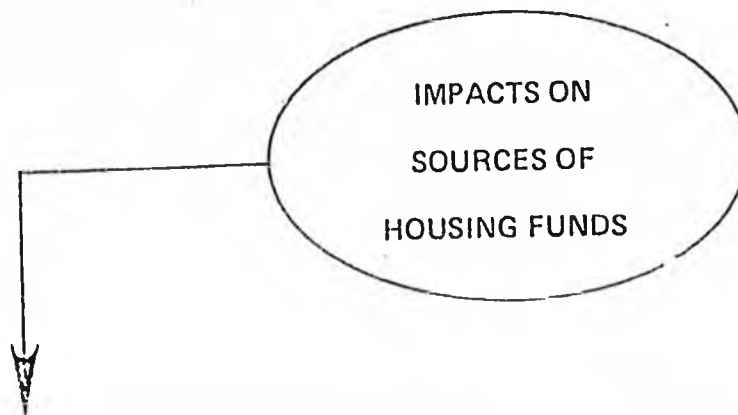
1. This program completely funded the construction of 47 units at a cost of \$2.3 million, and partially funded (\$4.6 million) 303 units for which the federal agency contributed \$16.3 million. In addition, the state has awarded \$300,000 in planning grants to local sponsors, which in turn generate applications for an additional 118 new units.
2. The state has made \$24 million available for this program, \$16 million from direct appropriations, and \$7.5 million from dedicated bond revenues. Approximately \$466,000 over the past six years has also been available to cover the administrative expenses of the program.
3. As with all federally supported programs, reductions in the federal budget will result in fewer federal dollars being leveraged, and with an increased demand for the state to completely finance local applications for senior citizen housing, obviously with a fixed appropriation and fewer federal dollars, the number of new units this program can support will be directly impacted by the federal budget cuts.



1. The rise in housing prices between 1980 and 1981 appears to have been caused primarily by the state's growth of employment and population, not by the state's housing programs.
  - a. This growth first caused vacancies to fall rapidly and then began bidding up the price of the existing housing stock.
  - b. Although the price increase of a new home was not large measured over the two year period from 1979-1981, about 18 percent, because the past pipeline slowdown left an excess supply of housing in the state, the existing stock was undervalued relative to its replacement costs, and therefore, existing home prices rose by a greater proportion than prices of new homes. Price increases did not occur until vacancies reached marginal levels in the spring of 1981. At that time prices were bid up rapidly.
2. Population growth was sufficient to cause existing housing prices to rise up to their replacement costs by 1981, but state programs also had important effects.
  - a. The state's low interest loan programs appear to have caused the construction of new housing to have increased by about 33 percent, or about 1,000 units.
  - b. This increased demand represents homebuyers who otherwise would not have qualified for mortgages.

- c. Because of "churning," these 1,000 additional new homebuyers caused a total of about 4,000 total housing sales.
3. Renter households appear to have benefited from the state's low interest loan programs.
  - a. Even allowing for conversions, these programs appear to have caused net shifting from rental demand to homebuyer demand.
  - b. This reduced at least some of the pressure for rental units and helped hold rents from rising even faster than they did.
4. The price of new housing in Alaska rose during the 1980-1981 period, but only in proportion to the real costs of construction plus increases in the price of raw land.
  - a. Real construction costs appear to have increased by about 7 percent to 8 percent a year between 1979 and 1981.
  - b. While the price of raw land increased significantly over the period (about two and a half times), this cost is a small enough part of the total selling price of a new house that it is not particularly significant. Undeveloped land prices caused new housing prices to increase by about 2 percent to 3 percent a year.
5. In conclusion, the state's low interest loan programs do not appear to have had a significant impact on housing prices, but they have been important for:
  - a. Qualifying about 1,000 homebuyers who otherwise would probably not have been able to obtain mortgages;

- b. Increasing total housing sales by about 4,000 units;
- c. Increasing new housing construction by about 1,000 units;
- d. Contributing to the rapid (two and a half fold) increase in raw land values;
- e. And reducing slightly the upward pressure on rents, particularly in the Anchorage area.

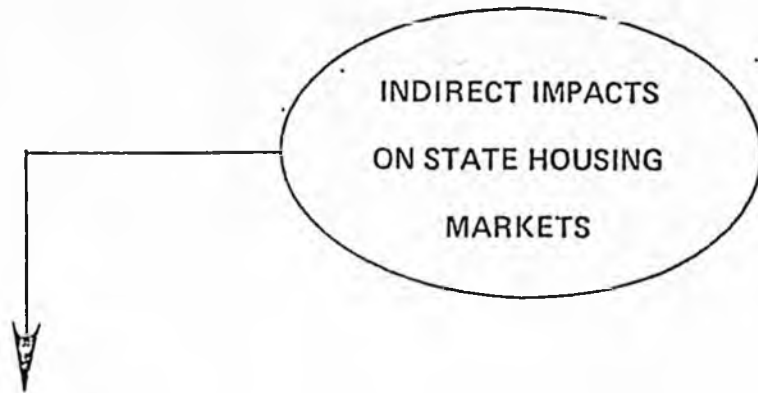


1. The state is not new to the residential mortgage market. Since 1976 it has been the largest purchaser of Alaska's residential mortgages.
  - a. National secondary lenders, on average, annually purchased about one fourth of the residential mortgages (\$100 million), while the state purchased the remainder (\$270 million) during the 1976-1979 period.
  - b. For the national secondary lenders, their 1976-1979 purchases increased their total Alaska mortgage portfolio by about eight percent.
  - c. State purchases of mortgages have been by the State Pension Fund, the Veterans Loan Fund, and the Alaska Housing Finance Corporation. The Alaska Permanent Fund and the Alaska

Department of Community and Regional Affairs purchased about 400 residential mortgages in 1981, representing three percent of the annual total.

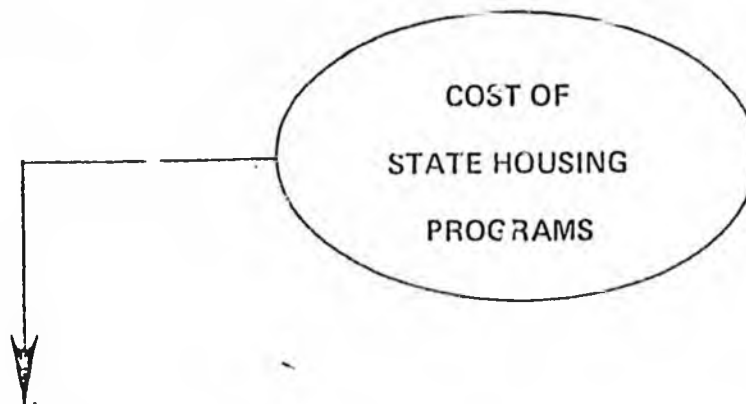
2. Since the state initiated the below market interest rate programs in July of 1980, the state's housing programs have become virtually the sole purchasers of residential mortgages. Thus in 1981, all \$780 million of residential mortgages were purchased by the state's housing programs. Those mortgages which AHFC could not purchase were bought by state pension funds.
3. Subsidized mortgage interest rates and population growth combined to double 1980's demand for residential mortgages in 1981. Residential mortgages had fallen from 6,800 in 1978 to 4,650 in 1980 before climbing to 9,000 in 1981.
  - a. In 1981, AHFC purchases increased by 250 percent over its 1980 purchases (3,600 mortgages up to 8,000), and the value of its purchases climbed from \$261.3 million in 1980 to \$700 million in 1981.
  - b. Part of AHFC's increase in purchases is attributable to its assumption of the Veterans Housing Program, which had purchased as many as 1,500 mortgages in 1978. The unusually low number of mortgages in 1980 also contributed to the apparent 1981 surge.
  - c. In essence, AHFC purchased in 1981 the equivalent of some \$200 million of residential mortgages, which in previous years had been purchased by national secondary lenders when AHFC offered no interest subsidy.
4. From July 1980 to October 1981, homeowner equity withdrawal for homebuyers who sold a home and bought another was on the order of \$60 million to \$90 million.

5. In summary, state and bond dollars were substituted for national secondary lender funds and, in smaller magnitudes, from savings and loan associations, mutual savings banks, and from homeowners' equity. However, it is important to keep in mind that the magnitude of this substitution was lessened by the fact that the state had already grown to be the dominant secondary lender.



1. The construction and sale of new homes or the resale of existing homes affect all sectors of the economy, that are linked to the housing market. These include land owners, building contractors, building suppliers, realtors, appraisers, home insurance salesmen, and mortgage/loan officers, to mention the more obvious ones. In the preceding section on direct impacts, we estimated that the state's housing programs stimulated the construction and sale of 1,000 new housing units and the resale of approximately 3,000 homes. Based on these direct impacts, we can estimate the order of the magnitude of indirect impacts
  - a. Primary lending institutions are estimated to have collected about \$3.5 million of mortgage related fees and an additional \$4.6 million in construction loan fees and interest payments.
  - b. Realtors are estimated to have collected an additional \$16.5 million in real estate commissions.

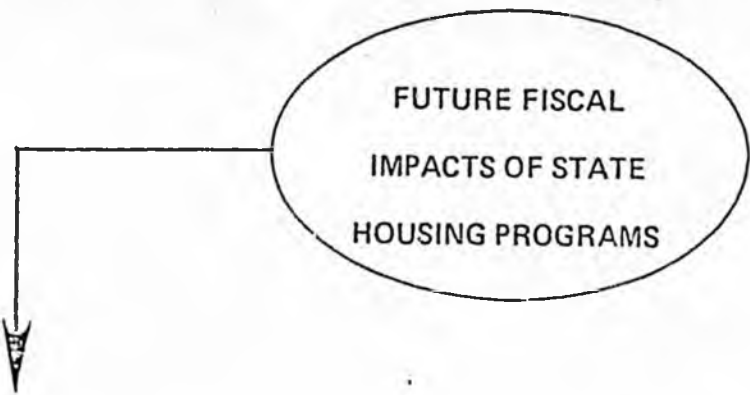
- c. Appraiser, title search, and home insurance companies generated somewhere on the order of \$3.5 to 8.5 million of additional business.
- d. The value of the additional contract construction is estimated at \$20 million, which in terms of wages and salaries, generated an additional 800-900 full-time equivalent construction jobs.
- e. Wholesalers of building supplies are estimated to have realized a gain of \$33 to 44 million in the volume of their sales.
- f. Although each of the above indirect impacts generate a second round of impacts, generally referred to as a multiplier effect, we did not attempt to estimate the multipliers for each of these indirect impacts.



- 1. During the 16-month period, July 1980 through October 1981, the State of Alaska appropriated approximately \$667.1 million in support of its mortgage loan programs.
  - a. Of this total, approximately 43 percent (\$286.0 million) was in the form of transferred portfolio assets, and 57 percent (\$381.1 million) was in the form of appropriated funds.



- c. Averaged over the 16-month period, the average buydown for the State Assisted Mortgage Program was 4.2 percent, at a cost of \$17,800 for an average mortgage valued at \$88,500 with a ten year life.
  - d. Under the legislatively mandated formula linking bond market rates with mortgage market rates, the differential will be adjusted over the next several bond sales to a stable spread of 3 points. When this happens, the state's buydown subsidy cost will be at about \$12,900 for an average mortgage valued at \$88,500 with a ten year life.
3. Over the study period, AHFC gained experience in funds management, and required lower appropriations for each percentage point of interest bought down.
- a. Comparing the last half of 1980 with the last half of 1981, AHFC could operate at the same level of costs and obligations as it did a year earlier with only about 60 percent of the appropriation level required per point of buydown.
4. All together, the State of Alaska incurred costs of about \$200 million buying down interest rates (at point spreads which varied program by program) over the 16-month period.
- a. The State Mortgage Assistance Program (including the 1 percent Veterans buydown) accounted for about 84 percent of total costs.
  - b. The Home Ownership Assistance Program, which is targeted toward the low income, accounted for about 10 percent of total costs; all Rural Programs together, about 4 percent, and the Mobile Home Program, about 2 percent.



FUTURE FISCAL  
IMPACTS OF STATE  
HOUSING PROGRAMS

1. Population growth in the 1980s is projected to be comparable to that of the 1970's, ranging between a growth of 2.5-4.0 percent per year. The main difference between the two rates is that the higher rate assumes the construction of the NW natural gas pipeline whereas the lower rate does not.
2. Unlike the 1970s, the number of households in Alaska are not expected to increase at twice the rate of the general population in the 1980s. We project household formation rates in the range of 3.2-5.0 percent per year, with substantial variations in this annualized average during any given year, particularly between 1985-1987 should construction of the natural gas pipeline project initiate during this period.
3. The annual increase in additional homeowners, the equivalent of new housing units (excluding replacement), over our projection period ranges from about 2,700-3,800 per year, again with substantial year-to-year variations.
4. Total housing sales, which includes not only new housing sales, but also the turnover of existing homes, is projected to range on the annual average between 10,000 and 17,000 sales per year, again with large year-to-year variations.

5. Assuming AHFC's loan limits remain constant, we expect its share of the total primary and secondary market to fall from its current share of approximately 66 percent to about 50 percent by 1990. In contrast, we expect AHFC's share of both mobile home mortgages to grow from its current 50 percent share to 90 percent by 1990. Similar growth in AHFC's market share for rural home funds is also projected, i.e., from 60 percent in 1980 to 90 percent in 1990.
  
6. Consistent with our analysis of the state's housing program costs, we project fiscal impacts, as shown in our reprint of Table 69.

TABLE 69. FISCAL IMPACTS OF STATE HOUSING PROGRAMS  
(millions of dollars)

	Appropriations				Bonded Indebtedness Accrued
	Total	Urban	Mobile Home	Rural <sup>a</sup>	
1986	\$280.8	\$127.8	\$75.5	\$77.5	\$1,165.2
1990	293.3	88.4	106.7	98.2	875.8

<sup>a</sup> Assumed to be half AHFC and half DCRA appropriations.

SOURCE: ISER Projections

### Concluding Remarks

One of the effects of the state's interest rate subsidy has been to make AHFC the primary decision maker in financing housing sales. Because the interest subsidy is only obtainable through AHFC (with the exception of CRA's comparatively small housing programs which also offer interest subsidies), financial institutions in the state, homebuyers, builders, and real estate developers must meet AHFC's rules and standards or forego the lower-interest money. This effectively precludes a developer who wants to build a particular kind of subdivision or a homebuyer trying to qualify for a loan from shopping at several sources (such as commercial banks, Savings and Loan Associations, Mutual Savings, FNMAE, and FHLMC).

In a competitive lending market, one lender may decide a project or homebuyer is credit worthy, while another may not. By funneling the mortgage subsidies through one organization, the state has also directed all home financing decisions into one organization.

As was discussed in Chapter Seven, the state, through its bond sales at AHFC, has been paying more for its borrowed funds than homebuyers would have paid to borrow money through FNMAE or FHLMC. This difference represents a loss to the state. A difference between FNMAE rates and the interest attainable by AHFC in the national bond markets is expected to continue; therefore, the state may wish to explore negotiating a cooperative "interest buydown" program with FNMAE and FHLMC. For example, the state could propose to buydown the interest rate paid by homebuyers by 3 percentage points for the first five or ten years of the life of the mortgage. The mortgages could then be sold to the national secondary lenders. Such an arrangement could result in lower costs to the state and to the state's homebuyers.

The mortgage interest rates of 1980 and 1981 have been at historically high levels, and these rates are expected to decline within the next two or three years to lower long-term rates. The state, by subsidizing mortgage rates, has kept interest rates closer to their expected long-term levels. By stabilizing interest rates, the state has maintained housing market activity and residential construction nearer their long-term equilibrium levels. Thus, home sales in Alaska have been sheltered from the effects caused by mercurial changes in national monetary policies and the associated escalation in interest rates.

# STATE OF ALASKA

DEPT. OF COMMUNITY & REGIONAL AFFAIRS

HOUSING ASSISTANCE DIVISION

SB #17  
HOUSING

JAY S. HAMMOND, GOVERNOR

2600 DENALI, SUITE 400  
ANCHORAGE, ALASKA 99503  
PHONE: (907) 272-4585

September 14, 1981

TO ALL SELLER/SERVICERS,

RE: New Mortgage Interest Rate

This is to inform you that the Nonconforming Housing Loan Program's mortgage interest rates have been adjusted, and will reflect an increase on those loans submitted to you for processing after September 25, 1981. The interest rates on the first \$90,000 will be increased to 10 1/4% for eligible veterans and 11 1/4% for other eligible borrowers, with the balance over \$90,000 receiving 18.375%.

The Nonconforming Housing Loan Program's interest rates were statutorily adjusted to coincide with those charged by the Alaska Housing Finance Corporation. This modification was mandated through FCCSSB 148, and established by AS 18.56.098(g)(1)-(5) during the last legislative session.

The Alaska Housing Finance Corporation estimates the cost of funds for its next taxable bond sale to be 18 7/8%, increasing above the August interest rate projection by 7/8%. This increase is the result of a continued upward movement in long-term interest rates, which has caused the Alaska Housing Finance Corporation (AHFC) to estimate the higher cost of funds for the proposed bond issue this month.

Sincerely,

*Jack Smodey*, Deputy Director  
Jack Smodey  
Director

DEPARTMENT OF COMMUNITY AND REGIONAL AFFAIRS  
DIVISION OF HOUSING ASSISTANCE LOANS

The Division of Housing Assistance in the Department of Community and Regional Affairs was established through passage of Senate Bill No. 1 during the 1980 Legislative Session. The Division is responsible for administering the Nonconforming Housing Loan Program, which will provide monies from the Nonconforming Housing Loan Fund to be used for the purchase of (1) nonconforming housing mortgage loans; (2) loans for building materials for nonconforming housing; and (3) loans made for renovations or improvements to existing nonconforming housing. \$10 million has been appropriated from the General Fund for the program's first year of operation. The loan money is to be distributed on an equitable and statewide basis.

"Nonconforming Housing" under this program, is defined as housing that does not meet the standards established by national and state codes regarding construction practices or minimum space requirements, or normal utilities, or normal title in fee simple ownership. Housing must meet minimum standards of structural integrity and be devoid of any conditions that are a serious hazard to physical safety.

The Nonconforming Housing Loan Program has been designed to fulfill the need of individuals for obtaining housing in all geographical areas of the State of Alaska. A major objective of the Division of Housing Assistance is to accommodate the need for safe and adequate housing in the rural areas of the State. Many individuals living in the more remote locations of Alaska, have in the past, been unable to obtain financing for housing because of geographical constraints, and the inability of other lending institutions to serve these areas. The Division, in an effort to serve the rural areas, will be establishing four field offices to be located in Kotzebue, Bethel, Dillingham and Nome. These offices will be staffed by loan information officers who will be trained to assist individuals seeking a Nonconforming Housing Loan, as well as providing comprehensive loan information on all state loan programs.

TYPE OF LOAN	Maximum Loan Amount	Loan to Value Ratio	Interest Rate	Maximum Term
Single Family (non-veteran)	147,750	95%	10%	30 Years
Single Family (veteran)	147,750	95%	9%	30 Years
Duplex (non-veteran)	189,000	95%	10%	30 Years
Duplex (veteran)	189,000	95%	9%	30 Years
Rural/Remote Areas Single Family	125,500	95%	8 3/4%	30 Years
Rural/Remote Areas Duplexes	160,000	95%	8 3/4%	30 years

*Note: Please see attached letter*

**TERMS OF LOAN:**

1. Must be for purchase of an existing house for owner occupancy
2. Loan to value ratio will be determined by the market value of the property securing the mortgage as established by an appraiser or the purchase price of the property whichever is lower.
3. Maximum term of the loan shall not exceed 30 years or 80% of the remaining physical life of the property
4. Loans are assumable.
5. Where possible, fire insurance will be required.

**BORROWER ELIGIBILITY:**

1. A person is eligible under the Nonconforming Housing Program for a residential mortgage loan to finance the purchase of a single family or duplex building which must be designed for residential use and intended as the principal residence of the borrower.
2. There are no maximum income limits.
3. The borrower must have sufficient income to meet debt service payments, heating and utility payments, plus normal living expenses.

**MINIMUM CONSTRUCTION STANDARDS:** are established as the construction standards which in the opinion of the Division are acceptable within the normal construction standards which will permit water holding tanks, individual water and sewage haul systems, on-site water and sewer systems, foundation variations and other deviations as specific engineers certification that the characteristics of such physical construction will not impair the health or safety of the occupants of the residence. The Division will require as a condition to its purchasing a mortgage loan, a waiver and release from each borrower that the Division is not responsible for any failure of the residence to meet normal minimum construction standards.

**SECURITY FOR LOAN:** made to a purchaser of an existing house shall consist of a deed of trust and evidence that the land is conveyed in fee simple ownership. If land is restricted native allotment, then security shall consist of a deed of trust and an executed leasehold which must exceed the loan term by at least 10 years.

**HOW TO APPLY:** eligible borrowers may contact local lending institutions to process their loan applications.

**RURAL/REMOTE AREA LOANS:** are loans for residences located in areas of the State not connected by road or rail to Anchorage or Fairbanks, or serviced by the state marine highway system, or located in a community having a population of 1200 or less.

**RENOVATION/IMPROVEMENT LOANS OR BUILDING MATERIAL LOANS:** are available to homeowners to upgrade their existing homes. Renovation work shall meet all applicable building codes. Applications for a loan shall be submitted through a lending institution and shall include plans and specifications of work to be done, cost estimates, and properly executed contracts for the proposed renovation work.

Borrowers must have sufficient income to meet all housing expenses, plus normal living expenses.

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SB668  
HOUSING

PRELIMINARY DRAFT

HOUSING PROVISION IN BUSH ALASKA

Prepared for the  
Legislative Budget and Audit Committee  
by  
Perseverance Research Services

November 14, 1980

## EXECUTIVE SUMMARY

A variety of programs have been used since the mid-to-late 1960's to supply housing in the Alaska bush. The Federal government is the primary source of funds, with the largest sums coming from Housing and Urban Development's Turnkey III, Mutual Self-Help and Indian Setaside programs. The Bureau of Indian Affairs administers the Housing Improvement Program on a modest (\$800,000 - \$900,000 annual budget) scale, while the State has provided both revenue and bond money to finance programs. There is no single program which addresses the complex issues of producing housing in the bush; nor is there a policy which coordinates existing programs.

Housing production in bush or remote Alaska is beset by difficulties including low incomes, vast land areas without overland access, stringent environmental conditions and inadequate amounts of subsidy money to name a few. Most of the difficulties can be addressed by planning and program action; however, the extent and complexity of the problem requires that a solution be comprehensive, on-going and long term. No such program currently exists.

The State has programs in place in the Alaska Housing Finance Corporation and the Department of Community and Regional Affairs with the Regional Housing Authorities acting as local resource

agencies and housing deliverers. The AHFC programs have been under-utilized with respect to the bush, the Community and Regional Affairs programs are too new to fairly evaluate, and the housing authorities have neither the funds nor the personnel to fulfill their mandate. These conditions must be corrected, and additional programs implemented, if the problem is to be adequately addressed.

The provision of housing must be seen as one element in a larger program of community and economic development. Local participation in all phases of housing development is crucial to the long-term success of housing programs.

## INTRODUCTION

The publication in 1967 of Charles Abram's work, Housing the Alaska Native, marks the beginning of serious efforts by state and federal housing agencies to upgrade and replace substandard housing and construct new housing in bush Alaska.

From that time until the present, a variety of programs and funding sources have been used with varying degrees of success. The majority of funding has originated in the federal government, through the Department of Housing and Urban Development and the Bureau of Indian Affairs. State bond issues and budget appropriations have also been used, but less consistently and in smaller amounts than from HUD. No single program has been

designed to meet the requirements of remote area housing in Alaska in a manner consistent with the extent and complexity of the problem.

HUD remains the primary source of subsidy money for bush housing; however, budget constraints allow the construction of only 400-500 units annually statewide, including urban areas. It is unknown what effect the change in federal administration will have on HUD activity in the State.

A full-scale commitment to build durable, new housing in the bush is needed if the situation is to be addressed adequately. The State must play a leading role in both financial and policy matters if the provision of housing in the bush is to be successful.

The following section details difficulties which are encountered in the provision of housing in the bush.

#### DIFFICULTIES IN HOUSING DELIVERY

##### A. Absence of a Cash Economy:

The economy of remote Alaska -- the bush -- can be compared with those of underdeveloped countries in the world. There is little cash in circulation, few jobs, substandard housing, a virtual absence of community facilities and no road or

rail transport. This is a condition that cannot be changed without a massive commitment of time and resources and a collectively agreed upon economic development program.

There are, and will continue to be, local exceptions created by capital improvement projects, mining and other extractive activities, regional and village corporation projects, expansion of government services, and other activities that create jobs and stimulate the provision of services. However, it is difficult to conceive of an economic base that would confer a cash subsistence over such a vast and undeveloped area. The cultural implications of a full transition from a subsistence to a cash economy are so profound that we must assure Native Alaskans the freedom to pursue the lifestyle of their choice.

B. Absence of Financing:

In financial markets, money seeks strength; that is, it goes where it can find other money. For this reason, commercial lenders do not want to become involved in cash poor areas, and sub. .dy and guaranteed loan programs are by and large useful only in urban or built-up areas where there is an intact and working cash economy. Bond portfolios which are based on remote area mortgages are not competitive. The second mortgage markets offered by the State<sup>1</sup> do not reach all those in the rural and

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<sup>1</sup>Alaska Housing Finance Corporation; Department of Community and Regional Affairs, Division of Housing Assistance.

remote areas of the State who need new and rehabilitated housing. Essentially, these conditions exist because there is comparatively little cash in circulation in bush Alaska; families and individuals cannot service their debts.

#### C. High Construction Costs:

The distance from supply centers, the absence of an overland transportation system, the high cost of air freight, prevailing wage legislation and the necessity to import some labor all conspire to raise costs in remote Alaska to levels 100% higher than in Seattle. This is as true for consumer goods as it is for capital improvements.

#### D. Absence of Remote Area Housing Subsidies:

Over the years, a number of programs have been used to provide remote area housing. The Alaska State Housing Authority operated the remote area housing program in the 1950's as well as administering the Bartlett Act in the mid-1960's. The Department of Housing and Urban Development has used the Turnkey, Mutual Self-Help and Indian Setaside programs. These, plus a few others, provided about 2,550 new and rehabilitated units between 1969 and 1974, of which approximately 1,900 were new. The Bureau of Indian Affairs Housing Improvement Program provides cash grants for rehabilitation and construction, but on a very

modest scale. In 1979, for example, the program constructed 51 houses and rehabilitated 293; however, only 118 were brought up to standard. The remaining 175 received only essential repairs. No program currently exists that is both designed and adequately enough funded to address remote area housing needs at the level of magnitude of those needs.

#### E. Unique Design Characteristics of Remote Area Housing:

Essentially, this involves the recognition that remote area housing is essentially for members of other (non-white) cultures, whose lifestyles are substantially different from urban dwellers. A house must be equal to its daily use and reflect the needs of the people for whom it is intended. For example, there should be interior space for storage (snow machines, harnesses, motors, fishing equipment, etc.); storm porch entries; functional, durable utilities; outdoor sheds; etc. This is an area which has not been well addressed in Alaska housing literature. Essentially there has been little or no work done to develop an appropriate housing technology for arctic and subarctic environments in Alaska. At this point, it is unknown if there is a tried and tested set of house designs for the State's cultural/geographic regions, which also comply with state and federal standards. However, a thorough check has not been made of construction companies which provide residential housing in Alaska.

#### F. Severe Climatic Requirements:

Conventional "stick-frame" housing designed for a moderate climate is not sufficient to withstand the rigors of arctic and subarctic environments. Houses should heat efficiently at very low temperatures; they should withstand high winds and heavy snow loads; above all, they should be designed and built to provide reliable service for the life of a mortgage (30 years) at minimum. Kuskokwim Community College has a program, "A House for Bethel", in which students designed and built an energy-efficient home for use in northern climates. Similar programs could be offered throughout the community college system, and the University of Alaska at Fairbanks, Anchorage and Juneau could offer technical and program support.

#### G. Community Size and Structure:

Generally speaking, smaller communities have fewer of the kinds of support systems that are necessary to produce and maintain satisfactory housing (carpenters, electricians, local materials sources, etc.). This condition cannot be entirely mitigated; however, some residents from each village or association of villages could receive training in home maintenance from the closest community college or the University of Alaska, or the relevant regional housing authority. Houses can also be designed and constructed to minimize their lifetime maintenance needs.

#### H. Absence of Community Facilities:

Many of the towns and villages in the State in most need of new housing are also without public sewer and water facilities and in some cases, electricity. Well-planned community development typically has the installation of utilities precede the construction of houses. However, the cost, logistics, timing and degree of interagency cooperation involved makes such scheduling difficult and requires that funds be committed in advance to allow for two, three or four years lead time between initiating village improvements and constructing new housing. It will require virtually a village by village assessment to determine the most feasible provision of sewer and water services and to establish regional and village construction and improvement schedules.

#### I. Absence of Local Construction and Maintenance Capabilities:

Some villages in the State do not have a skilled work force. As a result, labor must be imported or locals must be trained. In 1972, for example, the cost of imported labor for Turnkey III contractor-built housing in Gambell, an island community of 370, 3,000 miles from the nearest source of supplies, resulted in a per-unit housing construction bid of \$80,900. The bid was rejected. On the other hand, the HUD Mutual-Help Program has involved village residents directly in the construction of their own homes, thus lowering the per unit cost, while

educating residents. Up to 1972, 666 homes were built in the State under this program. Training local residents in the construction, care and upkeep of new homes is a key to the success of any remote area housing program. A lasting benefit will be gained by a program or programs which help develop the basic mechanisms of housing supply in rural and remote Alaska.

J. Lack of Title and Fire Insurance:

The lack of title and fire insurance for the property and homes of village residents is a major deterrent in the flow of mortgage capital into the bush. In bond markets, bonds are often raised on the mortgage paper held by an institution or corporation. These bonds will sell or be competitive only if certain mortgage conditions can be met, which routinely include the presence of public utilities, road access to homes, building code enforcement as well as a clear title to the land, and fire insurance. It is because of the widespread absence of these conditions in the bush, in addition to a chronic cash shortage, that private money is largely unavailable. The State has recently established a Rural Housing Insurance account, a Rural Housing Hazard Insurance Fund, and a Rural Housing Title Insurance fund to help address this problem. The settlement of Native land claims will also help to establish clean title to land for villages, families and individuals.

#### K. The Absence of Community Development and Land Use Plans:

Community development and land use plans are commonly considered to be a prerequisite to the growth and development of a town or region. Such plans identify the land base (biophysical assessment), then establish goals toward which the community can commit its resources. The preparation of village land use and/or development plans should clarify local wishes and needs for the physical patterns of siting and development, and therefore offer a coherent program for the location of houses. Planning assistance would be offered through the Department of Community and Regional Affairs and be administered locally through the Regional Housing Authorities.

#### L. High Cost of Transportation:

Shipping and freighting services to remote Alaska are seasonal, expensive and occasionally undependable. Barge and airplane service take the place of road and rail networks, making airfields and navigable waterways essential to the provision of supplies. In addition, many villages are located a thousand or more miles from the central supply areas of Anchorage and Fairbanks. It is this combination of distance and shipping methods that maintains high transportation costs.

#### M. Lack of Housing Data:

There is no central source for statewide housing data. Such a data source would have information on housing starts and their location, type and cost; whether they have been publicly or privately financed; the funding source, if publicly financed; square footage and number of rooms; lot size; and other information as thought necessary. Housing information is currently spread among a number of agencies including the State Housing Authority, the Regional Housing Authorities, the Department of Community and Regional Affairs, the Department of Housing and Urban Development and the Bureau of Indian Affairs. HUD is the best single source of housing information of all the agencies mentioned. However, this dispersal of data acts to stall the formation of statewide programs and policy by keeping housing data fragmented, thereby inhibiting comprehensive goal and priority formulation.

This should not be construed as a call for centralized planning and administrative control of housing programs; that is to say, the formation of a State Department of Housing. It is essential that there be local participation at all levels of housing delivery from the planning and design stages to the construction stages, if housing programs are to achieve long-term success and effectiveness.

#### N. Short Construction Season and Difficult Logistics:

The construction season in much of arctic and subarctic Alaska is short, usually lasting no more than four months, and sometimes as little as two months. In order to take full advantage of this time, advanced planning is essential for the timely purchase of building materials and their movement to specific building sites.

#### O. Poor Communication Linkages:

Many rural and remote communities do not have reliable telephone communication with either one another or with the metropolitan areas. For many residents of the bush, mail service is the most common form of communication, though telephone service is more widespread than in the past. For the "outsider", air travel into the bush can be both costly and time-consuming, though it remains the most effective form of communication with remote communities. This communication barrier creates difficulties in getting program information to villages, and tends to pre-empt local "consumer" involvement in program decision-making in favor of the bureaucratic "providers". Telecommunications could bring some relief to this problem, as would an active role played by the Regional Housing Authorities.

#### P. Uncertainty over Native Selection of Lands:

Land selections by both the regional and village native corporations should act to remove some uncertainty over land ownership

by individuals. In addition, native Alaskans can get preference rights to land, which can be pledged as security for repayment of mortgage loans (see AS 18.56.097). However, the conveyance of land to indigent Alaskans is fraught with complications and is not nearly finished. A complete assessment of the relationship between native lands selection and the provision of housing has not been undertaken at this point.

Q. Absence of a Comprehensive State Housing Policy:

The creation of a statewide housing policy is not to be construed as the same thing as a bureaucracy to administer the policy. The State already has a housing delivery mechanism -- ASHA for the urban and built-up areas and the Regional Housing Authorities for the rural areas --, state-funded second mortgage markets, and numerous other program responsibilities. The purpose of a comprehensive statewide housing policy is not to preempt local participation in needs assessment and housing provision, but to establish a framework for allocating scarce resources (state and federal housing money).

R. The Desire of Some Villagers to Retain a Subsistence or Semi-Subsistence Lifestyle:

Proof that such a desire exists has been documented in A Housing Study for Alaskan Natives, NBBJ<sup>2</sup>, 1975. In the study, residents

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<sup>2</sup>Naramore, Brady, Bain & Johanson, A Seattle based consulting firm.

of several villages expressed a dislike for highway access, fearing that it would ultimately result in the loss of traditional lifestyles. This attitude cannot be universalized for all villages or for all the people of any single village, and it is difficult to assess without an extensive sampling of village councils and/or residents. It does raise the question, however, of the relationship between the provision of modern housing and the preservation of subsistence or semi-subsistence lifestyles.

#### S. Insufficient Institutional Resources:

State programs are in place, but are not sufficiently staffed, funded or coordinated to fully address the housing needs of Alaska's rural and remote area citizens. This is brought into focus when one considers the extent of the planning and administrative work which will be needed to provide several thousand houses over a 10-15 year or longer period. Another condition which is perceived to impede a coherent, statewide housing strategy, is the dispersal of housing programs among separate agencies. However, the formation of a single Department of Housing has not been well received by public housing authorities in the State; it is commonly seen as just another layer of bureaucracy. A possible solution would be to coordinate existing programs under a collectively agreed upon state housing policy.

#### T. Severely Underdeveloped Local Governments:

Local involvement in housing delivery assumes the existence of some form of local government, yet many village governments have few resources (financial, technical, administrative) at their command. If villages are to participate actively in housing programs which affect them, they will require assistance which can be offered by or through the Village Associations and/or Regional Housing Authorities.

#### U. Lack of Environmental Data:

Physical, environmental data is indispensable in making land use decisions. An environmental data base for villages would include information on soils, hydrology, geology and topography, as well as siting for solid waste disposal, identification of water supplies and gravel pits, location of airports, etc. An environmental data base is an essential tool in determining where development can occur with the least impact on natural systems. Studies done by various state and federal agencies (Corps of Engineers; Office of Coastal Zone Management; Department of Natural Resources; United States Geological Survey, etc.) have not yet been collected or reviewed.

## PROGRAMS AND SOLUTIONS

Individual problems in the provision of housing combine to create a situation which cannot be dealt with effectively in a piecemeal fashion. Systematic approaches must be used to address the problem of substandard, insufficient housing, because the problem occurs in financial, socic-economic, cultural and institutional contexts, all of them interrelated. Conditions such as climate, transportation methods, short construction season, and difficult logistics cannot be overcome by dollars alone. Any effort to mitigate these conditions will of course require several year financial commitments. More important though, is the need for lead-times and careful planning. It would be an inefficient use of time and energy, for example, to transport construction materials to a single village one summer, then again to a nearby village the following summer. Materials should arrive for use in several or more villages in time to make full use of the construction season.

Community size and structure, and the desire of some village residents to retain a subsistence or semi-subsistence lifestyle cannot and should not be mitigated by policy or program action. The right of Native Alaskans to pursue traditional lifestyles must be protected.

The remaining conditions listed under "Difficulties in Housing Provision" (all except C, F, G, L, N and R) can be addressed

by various publicly financed programs and private market action.

The State has the programs and delivery system in place to make significant moves toward alleviating the bush housing problem. What is needed is a reliable and sufficient long-term funding source, a policy or set of guidelines to assure the efficient expenditure of funds, and a housing and community development program to assure that housing is provided as one element of an overall package including environmental assessment and land-use planning, installation of appropriate community water and sewer systems, and the articulation of community desires for economic development. It is important that the construction of housing occur within the larger context of community development.

The agency within the State with the greatest opportunity to serve the bush is the Alaska Housing Finance Corporation. Although in the past it has worked largely in urban and cash-structured areas, the Corporation has a wide range of authority to address the State's rural and remote area housing problems. (Please refer to Alaska Statutes Chapter 56, section 18.56.090, and the Free Conference Committee Substitute for SB 1, pages 13 - 34, for the powers and duties of the Corporation). Full utilization of the authority granted to AHFC would enfranchise an unknown number of bush residents who have not been served by the Corporation up to this time.

SB 1 also created the Division of Housing Assistance in the Department of Community and Regional Affairs (see SB 1, pages 62 - 71). Essentially, this Division will act as a second mortgage market, purchasing mortgage loans for nonconforming housing, purchasing loans made to buy building material for nonconforming housing, and studying the use of mobile homes in arctic and subarctic areas. The intent is to make money available from commercial lenders to home-owners or buyers whose homes do not meet the minimum property standards usually required to secure a loan. Because the program is new, it is difficult to measure its success. The Division Director is required to report to the Legislature on the findings of the Mobile Home Study and the effects of purchasing nonconforming housing mortgage loans by January 20 and 21, 1981. It can be reasonably supposed that this report will also evaluate the Division's effectiveness in fulfilling its intended purpose. The role of the Alaska State Housing Authority will not be discussed here, as their program commitments are in the urban or cash-structured areas of the state.

In addition to these "provider" programs, the State has housing delivery set up for rural Alaska with the Regional Housing Authorities. These Authorities have essentially the same powers as the Alaska State Housing Authority, and deal directly

with funding sources (HUD) for their subsidy money. The twelve Regional Housing Authorities comprise the membership of the Alaska Association of Housing Authorities.

Correspondence with the executive directors of the Authorities shows that a shortage of funds is their chief problem. The thinking of the respondents (6 of 13 contacted) was that by establishing the Regional Housing Authorities, the State also created an obligation to provide financial assistance which would allow the Authorities to conduct environmental assessment, land-use planning and community development planning, and to prepare regional housing studies and other social and economic reports as needed. While seven of the housing authorities had not responded (Bering Straits, Bristol Bay, Cook Inlet, Copper River Basin, Metlaketla, North Pacific Rim, and AVCF) at the date of this writing, it is felt that their concerns will closely approximate those of the respondents (NANA, Kodiak Island, Arctic Slope, Interior, Aleutian Chain and Tlinget-Haida).

There is little question that if the Regional Housing Authorities are to perform effectively and fulfill the obligations created for them under law, they will need assistance from the State. At the same time, it is essential that the people within each region play an active, participatory role in the decisions which affect their lives. The traditional "provider-consumer"

relationship, which has characterized housing delivery in the State and beyond for decades, must give way to a program in which local autonomy and decision-making are emphasized. The ultimate success of any housing program rests on this.

House design and construction standards are other areas which have not been well addressed by the traditional, provider agencies. The narratives E and F above refer to this condition.

The Alaska State Housing Authority (AS 18.55.400), the Alaska Housing Finance Corporation [AS 18.56.090(16)] and the Department of Community and Regional Affairs (AS 44.47.500) all have the statutory authority to develop an appropriate housing technology for northern regions, although Community and Regional Affairs' mandate is the least explicit, and they might more appropriately act as an information disseminator. As mentioned, the University should play an active role in any Alaska housing design program. Two elements of such a program should be emphasized here: one is the importance of user involvement in the design stage, and the other is the recognition that housing which is appropriate for bush and remote areas may not meet HUD Minimum Property Standards or other construction criteria which ordinarily "qualify" homes for bank loans.

A final matter of concern is the absence of a statewide housing policy to coordinate housing development. Such a policy should not be developed independently of the housing providers then

overlaid on their activities; rather it should result in goals mutually agreed upon by the providers, in concert with the more comprehensive goals of rural economic development.

There are two other areas of inquiry. The role of the Native Corporations in housing has not been assessed although all the corporations have been contacted and asked to comment on what kind of role they see themselves playing in housing production. It is important to realize that the corporations are profit-making entities, not social welfare agencies, so that any involvement they undertake would have to be to the benefit of their shareholders. Still, it is an area which bears further scrutiny.

It is conceivable that housing production could be "shirt-tailed" to capital improvement and other economic development projects, and included as part of the base cost. Under this scheme, port, highway, school and other public construction in the bush would mandate the construction of new housing as well.

These ideas are given more to stimulate thought than offer concrete solutions. They should be taken in that vein.

35607  
Housing

UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF INDIAN AFFAIRS

HOUSING IMPROVEMENT PROGRAM  
JUNEAU AREA OFFICE

DIVISION OF HOUSING ASSISTANCE

9/14/79

## HOUSING ASSISTANCE

## General

1. Purpose. The purpose of the Bureau's Housing Assistance activity is to provide the necessary housing expertise and assistance to Indians to afford them an opportunity to live in decent housing under safe and sanitary conditions.

2. Authority and Policy. Providing Indian housing assistance is directed by law as stated in 25 CFR Subchapter X-Housing Part 261-Housing Improvement Program. Statute Authority: 42 Stat. 208 (25 U.S.C.13).

2.1. General. The Bureau of Indian Affairs' housing policy is consistent with the specific objectives of the National housing policy which declares that every American family should have the opportunity for a decent home and a suitable living environment. To the maximum extent possible, the program will be administered through tribes, tribal housing authorities, or other tribal organizations, or by having tribal officials participate in the applicant selection process.

2.2. Housing Improvement Program, Major Program (Specific). Every effort will be made to use Housing Improvement Program funds in conjunction with other programs so the result will be a greater amount of housing improved than would otherwise be possible with the Housing Improvement Funds alone. In cases where training programs are used in conjunction with the Housing Improvement Program, funds are to be limited to the purchase of materials and providing inspection and skilled labor otherwise unavailable.

3. Responsibility.

3.1. Central Office. The Chief, Division of Housing Assistance, Office of Indian Services, is responsible for planning, monitoring, evaluating, coordinating and controlling housing program activities. The activities are administered by the Chief who reports to the Director of the Office of Indian Services and acts as technical and staff advisor to the Commissioner of Indian Affairs and Assistant Secretary - Indian Affairs in all phases of this activity. The functions of the Division of Housing Assistance are as follows:

A. Develop policies, procedures and standards covering all phases of the Housing program.

B. Plan, direct, coordinate and control the Bureau's Housing Assistance program activities.

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C. Review, comment on, and prepare legislation necessary for the Housing Assistance program.

D. Maintain liaison at the Central Office level with other Departments such as Housing and Urban Development, Agriculture, Health Education and Welfare, which administer housing or housing related programs serving the Indian Tribes.

E. Work with the National and Regional Housing Associations and Local Indian Housing Authorities.

F. Develop standards, in collaboration with the Division of Personnel, by which applicants may qualify for employment in the housing program.

G. Investigate and study modern trends and developments in housing construction techniques and evaluate their adaptability to the specific needs of the Indian families.

H. Develop and conduct training programs for new housing personnel for the purpose of informing them of housing techniques, regulations and reporting.

I. Monitor and evaluate ongoing housing program activities.

J. Determine budget and personnel needs of the Housing Assistance program.

K. Develop annual housing assistance budget, presentation and justification.

L. Maintain a thorough knowledge of other Federal, State and Local housing programs such as HUD, FmHA, etc.

M. Examine, review and offer technical advice and assistance on complex housing issues for the Assistant Secretary and Commissioner, as well as the field personnel.

N. Monitor, coordinate, and insure that the authorities and responsibilities listed in the Interdepartmental Agreement are carried out.

## HOUSING ASSISTANCE

## General

O. Responsible for the functions of the Central Office Inter-departmental working group as these pertain to our relationship with DHUD and the IHS as outlined in the Interdepartmental Agreement.

3.2. Area Office. The Bureau's Area Housing Assistance office activity falls within the appropriate division within the Area office. The Area Housing activity is administered by the Area Housing Officer who reports to the Assistant Area Director for Community Services. The incumbent serves as the technical advisor to the Area Director on housing matters. The functions of the Area Housing Officer are as follows:

A. Monitor and evaluate ongoing housing program activities, including those under contract. Monitor and evaluate Agency housing activities.

B. Provide program direction, advice and expertise to the Area Director on Housing matters.

C. Provide technical advice to superintendents and tribal councils on the formulation and execution of Housing programs.

D. Provide advice to the Area Director on the Housing budget and personnel needs.

E. Work with Regional Housing Associations and Local Indian Housing Authorities (LIHA's)

F. Maintain cooperative relationships with local Indian Health Service offices and others which are necessary to carry out an effective program.

G. Prepare reports and statistics required in the Housing Improvement program.

H. Perform research analyses and make recommendations on housing and related matters.

I. Have a working knowledge of other Federal government, State and Local housing programs such as HUD, FmHA, etc.

## HOUSING ASSISTANCE

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J. Be able to deal with high level government officials.

K. Implement and monitor the authorities and responsibilities listed in the Interdepartmental Agreement.

3.3. Agency Office. The Bureau's Agency Housing Assistance Office activity falls within the staff of the Agency Superintendent and/or the Contractor. The Agency Housing activity is administered by the Agency Housing Officer (where there is an Agency Housing Officer) who reports to the Agency Superintendent and is the technical advisor for all housing matters for which the Agency Superintendent is responsible. The functions of the Agency Housing Officer are as follows:

A. Provide technical advice to the Superintendent on all pertinent Indian housing matters.

B. Provide program direction and expertise on all housing matters requested by the Tribe or Tribes.

C. Coordinate with other Federal housing officials in IHS, HUD, FmHA, as well as in the Bureaus' Area and Central Offices.

D. Provide advice to the Superintendent on matters relating to the Agency housing budget for the Housing Improvement Program (HIP).

E. Provide program direction, expertise and advice to individual Indians as it pertains to HIP activities.

F. Prepare reports and statistics required in the development and operation of the HIP and other housing programs within the agency.

G. Have a working knowledge of housing programs in other Federal, State, and Local agency housing programs.

H. Develop a working relationship with utility companies, architects, etc.

I. Maintains contact with sources of supply in the areas served; keeps informed of price trends; analyzes new methods; and maintains a current analysis of construction and housing values.

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J. Carry out the responsibilities listed in the Inter-departmental Agreement as they may arise as the result of our coordination with the Area offices of DHUD and IHS.

K. Work with and provide advice and assistance to the Local Indian Housing Authorities (LIHA').

4. Definitions.

4.1. "Secretary" means the Secretary of the Interior.

4.2. "Assistant Secretary" means the Assistant Secretary -- Indian Affairs.

4.3. "Commissioner" means the Commissioner of Indian Affairs.

4.4. "Director" means the Director of the Office of Indian Services.

4.5. "Area Director" means the Officer in charge of one of the Bureau of Indian Affairs Area Offices or the authorized delegate.

4.6. "Superintendent" means the Officer in charge of the Agency or other local office of the Bureau of Indian Affairs.

4.7. "Indian" means a person of Indian descent who is any of the following:

A. An enrolled member; i.e., a person whose name appears on the formally approved membership roll of a tribe. In the case of the Five Civilized Tribes in Eastern Oklahoma and the Osage Tribe where rolls have been closed an applicant may be a descendant of an enrolled member accepted as such by the Superintendent; or

B. A person who is considered to be a member by or who meets the membership requirements of a federally recognized tribe; or

C. A person of one-half or more degree Indian ancestry who is a descendant of a member of a tribe that has been federally recognized by treaty or otherwise. Proof of ancestry must be by rolls or records acceptable to the Secretary. Such persons are hereinafter referred to as "nontribal Indians".

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## 4.8. "Tribe" means:

A. An Indian tribe, band, group, pueblo or community recognized by the Secretary of the Interior; or

B. An Alaska Native Village as defined in and eligible for benefits under the Alaska Native Claims Settlement Act (Act of December 18, 1971, 85 Stat. 688).

## 4.9. "Family" means one or more persons maintaining a household.

4.10. "Ownership" means having fee title, trust title (including participation in multiple ownership), leasehold interest, use permit, indefinite assignment or other exclusive possessory interest. In the case of Alaska, the term also includes one who the Superintendent determines has a reasonable prospect of becoming an owner in accordance with the provisions of the Alaska Native Claims Settlement Act (85 Stat. 688).

## 4.11. "DHUD" means Department of Housing and Urban Development.

4.12. "IHS" means Indian Health Service of the Department of Health Education and Welfare.

4.13. "Interdepartmental Agreement" means an agreement among the Bureau of Indian Affairs, Department of Housing and Urban Development and the Indian Health Service which appears as part of the DHUD Regulations, Title 24, Chapter VIII, Part 805 of the Code of Federal Regulations.

4.14. "LIHA" means local Indian Housing Authority, sometimes referred to as the "IHA".

4.15. "Standard housing" means a dwelling in a condition which is decent safe and sanitary so that it meets the following minimums:

A. General construction conforms to applicable building standards for the region. Structures to be improved are to be in sound condition. Deterioration, if any, will not be at a level creating a health or safety hazard, or a comfort problem.

B. The heating system has the capacity to maintain a minimum temperature of 70 degrees in the dwelling during the coldest weather

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in the area. It must be safe to operate and maintain and deliver a uniform distribution of heat. Applicable local heating codes are to be followed. If there are no applicable local codes, county or state codes are to be used as a guide.

C. The plumbing system includes a properly installed system of piping. Fixtures consist of a kitchen sink, and within a partitioned bathroom, a lavatory, toilet, bath and/or shower. The water supply, plumbing and sewage disposal systems meet minimum standards of the Indian Health Service, tribe, county or state, whichever is applicable.

D. The electrical system includes wiring and equipment properly installed to safely supply electrical energy for adequate lighting and for the operation of appliances. The tribal, county, or state electrical code, whichever is applicable, must be used as an alternative standard. If no codes exist, a minimum of two circuits per dwelling must be installed with provisions for at least one additional circuit for future use.

E. Family size per dwelling does not exceed these limits:

(1). Two bedroom dwelling: up to four persons (the first bedroom must have at least 120 sq. ft. of floor space and the second bedroom must have a minimum of 100 sq. ft. of floor space).

(2). Three bedroom dwelling: up to seven persons (the first bedroom must have at least 120 sq. ft. of floor space and the second and the third bedrooms must have a minimum of 100 sq. ft. of floor space each).

(3). Four bedroom dwelling: adequate for all but the very largest families (the first bedroom must have at least 120 sq. ft. of floor space and the remaining bedrooms must have a minimum of 100 sq. ft. of floor space each).

5. Special Construction Features or Conditions. The following special features or conditions must be installed on all new construction and, where feasible, should be installed on standard repair projects:

5.1 Smoke detectors.

5.2 Alternate heating sources.

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HOUSING ASSISTANCE  
Program Implementation

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- 5.3 Insulation.
- 5.4 Water conservation items.
- 5.5 Thermo windows.
- 5.6 Storm Doors.
- 5.7 Fire Extinguishers

6. Program Implementation.

6.1 The Housing Improvement Program will be implemented according to the plans, priorities and requests of the tribe served. In accordance with this, the methods which may be used to implement the program are:

- A. Direct grants to applicants.
- B. Contract or grant agreements negotiated with tribes and/or Indian housing authorities established pursuant to tribal ordinances or state laws, or incorporated tribal organizations. The completion of a specified amount of housing construction or improvement will either be performed directly by the tribe or organization or through a program of the tribe or organization providing funds and assistance to Indians.
- C. Contracts negotiated by the Bureau of Indian Affairs' Contracting Officer or his designated representative for elements of an Agency Housing Improvement Program with one or more of the following: Tribes, Indian housing authorities, Indian controlled private enterprise or incorporated tribal organizations.
- D. Contracts with private non-Indian contracting firms in accordance with normal Bureau of Indian Affairs' contracting procedures.
- E. Programs administered directly by the Bureau of Indian Affairs.

6.2 The Housing Improvement Program is implemented through program categories which include repairs and new construction.

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HOUSING ASSISTANCE  
Program Implementation

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A. Repairs to housing that will remain non-standard. This category is entitled "Category A" and under this category the following criteria has been adopted:

(1). Financial assistance will be granted to finance repairs and additions to existing substandard housing so that it is safe, more sanitary and livable until such time as standard housing is available.

(2). The standard to be applied in deciding whether to provide assistance, is improvement in the condition of the house, i.e., improved livability or reduced health and safety hazards even though it may be obvious that such an undertaking will not improve the house to the extent that it will meet the standard of decent, safe and sanitary. Examples of the improvement that may be assisted are: weathertightening, reroofing, electrical wiring, chimney repairs, foundation repairs, heating, sanitary facilities, painting, etc.

(3). The cumulative total expenditure of the Housing Improvement Program funds should not exceed \$2500 for any one dwelling.

(4). The funds shall be granted. No restrictions on the use of the home may be imposed. Repairs to homes being rented regardless of ownership may be made but rent cannot be increased as a result of the repair alone and applicants should have a reasonable certainty that they will remain in the house for a reasonable period following the repairs.

B. Repairs to housing that will become standard. This category is entitled "Category B". It is intended that the majority of the HIP work be devoted to repairing homes to standard condition. It is most important when possible, that work is to be done on homes to be repaired to a standard condition before work is started in other categories. The following criteria have been adopted for work performed under Category B:

(1). Financial assistance will be granted to finance repairs, renovations and/or enlargements of existing structurally sound but deteriorating dwellings which can economically be placed in a standard condition.

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(2). Upon completion of work, the dwelling should at least meet the decent, safe and sanitary conditions of standard housing as defined in 64 BIAM 4.11.

(3). The cumulative total expenditures of the Housing Improvement Program funds should not exceed \$13,000 for any one dwelling.

(4). Undertakings under this category are primarily for applicants who are living in their own home. The occupant will be responsible for all maintenance of the completed dwelling, and all utility fees, deposits or costs required for services. Applicants who rent from Indian owners are eligible on the condition that, prior to the start of the improvement, a written occupancy agreement exists for a minimum of five years. The agreement must provide that rent for a term cannot be raised because of the improvement work. The owner must also agree in writing with the tribe that in the event the agreement is terminated prior to expiration of the term, the premises will be held vacant for up to six months for a new occupant who meets the eligibility requirements in 64 BIAM 6.4. Repair of a rental unit occupied by an eligible applicant but owned by a non-member of a Federally recognized Indian tribe (including nonIndians) will not be made unless approved in writing by the Area Director after receiving a written justification from the Superintendent.

C. Down Payments. This category is entitled "Category C" and under this category the following criteria have been adopted:

(1). The Housing Improvement Program provides grants in order to make the applicant eligible to receive housing loans from tribal, Federal or other sources of credit. Grants are only for standard housing. The applicant must establish that he/she has an inadequate income or limited financial resources to meet the full cost of the loan.

(2). The grant should not exceed the amount necessary to secure to loan plus the closing costs or \$5000, whichever is less. (In the case of Alaska, the grant amount should not exceed \$6000).

(3). The method of advancing the grant must insure that the funds are used for the purpose intended. No security will be taken or lien made on the house because of the grant.

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D. New Housing. This category is entitled "Category D" and under the category the following criteria have been adopted:

(1). The Housing Improvement Program will provide financing for the construction of new standard housing when it is established that there is no reasonable prospect that standard housing can be financed from sources other than the HIP. This category may not be used if there is an unmet need in Category B, unless there is a dire need for assistance under this category and it is justified in writing and approved by the Area Director. The occupant will be responsible for all maintenance of completed dwelling, and all utility fees, deposits, or costs required for services.

(2). The housing provided under this category must meet the housing standards as described in 64 BIAM 4.11. Two exceptions to standard housing will be permitted:

(a). Where one or more of the utilities are not available and there is no prospect of the utilities becoming available; and

(b). In areas of severe climate, housing size may be reduced to meet applicable building standards of the region. The house site must be chosen so that access to utilities is most economical, ingress and egress adequate, aesthetics are considered, and proximity to school bus routes is taken into account.

(3). The cumulative total expenditure of funds may not exceed \$30,000 for a dwelling, including equipment. (In the case of Alaska, the total expenditure of funds may not exceed \$40,000). The occupant will be responsible for all maintenance of the completed dwelling, and all utility fees, deposits or costs required for service. All contractor built houses must carry a one-year warranty against defects, materials, and workmanship.

(4). The applicant must have ownership (as described in 64 BIAM 4.10) of the land on which the house is built. In the case of a leasehold interest, it must be for not less than 25 years. Within five years after completion of construction, if an owner of a house built on tribal land desires to move, he/she must first notify the tribe of his/her intention. Within 60 days of such notice, the tribe shall have the right to either assume his/her interest in the house or

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designate someone to assume his/her interest. If the tribe takes no action, he/she may dispose of the house without any restrictions.

(5). Adequate fire insurance must be carried, where determined feasible by the Superintendent.

6.3. Application. Applications are required for all Housing Improvement Program work performed. An application form should be filed by the prospective Indian family for any housing assistance in any category before HIP funds are awarded to the candidate. Any member of a tribe who resides outside his/her reservation and who needs housing assistance should apply to the member Tribe. This person is considered to be a "non-tribal member" and therefore should file an application to the Superintendent or the nearest Agency office. The Agency to which he/she applies will be the funding agency. The approved or disapproved application form should be filed in the applicants folder and made a part of his/her project record. The information required on the application forms may vary from Area to Area, however all applications must contain the following minimum information:

- |  |  |
|--|--|
| A. Name.   | J. Size of dwelling. (Sq. Ft.)<br>(Include number of rooms).   |
| B. Date of application.  | K. Distance to water, sewer<br>and electricity.  |
| C. Certification of Indian<br>blood. (Census or Enrollment<br>Number). | L. Total family annual income.   |
| D. Present address, if applicable.                                     | M. Justification for use of HIP<br>instead of other programs.  |
| E. Location of dwelling or site.                                       | N. Provide written proof of<br>denial from available sources.<br>(Cat's. A & B excluded.)  |
| F. Number of people living at<br>present address.                      | O. File should contain agency<br>notes for determination of<br>eligibility. (Example -<br>checked with H. A., local<br>banks, or Tribal Credit<br>office.) |
| G. Description of housing assis-<br>tance request.                     |  |
| H. Present dwelling condition.   |  |
| I. Owner of dwelling.  |  |

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#### 6.4. Eligibility.

A. Priority is given to families with the greatest need in relation to income, family size, and ineligibility for other available programs providing housing assistance. Each application for assistance must be approved by the tribal housing authority or other officially designated housing entity of the tribe being served. The approving office is responsible to establish that:

(1). The applicant is an Indian.

(2). The present housing of the applicant is substandard or inadequate in terms of capacity to meet the physical needs of the family.

(3). The economic resources of the applicant are inadequate or factors exist which make the applicant unable to secure housing from other sources.

(4). The applicant for assistance under one of the categories in 64 BIAM 6.2 meets the ownership requirements given under that category

B. After July 1, 1975, an applicant can only receive assistance one time under categories given in 64 BIAM 6.2.B, 6.2.C, and 6.2.D.

C. The Department of Housing and Urban Development-financed projects under the administration of an Indian housing authority will not be eligible for assistance until the end of the project indebtedness to the Federal Government.

#### 6.5 Appeals.

A. If an applicant is denied assistance by failure to obtain tribal approval, he/she may appeal to the Superintendent. The Superintendent may approve assistance if the applicant is in serious need of housing. The Superintendent's decision on such appeals may be appealed by the applicant or the tribe under the provisions of 25 CFR Subchapter A, Part 2.

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E. Denial of an application by a Bureau of Indian Affairs official may be appealed under the provisions of 25 CFR Subchapter A, Part 2. Notice of the right of appeal must be given each applicant in the notice of rejection.

6.6 Inspection. The Superintendent is responsible for inspection or the assurance that there is adequate provision for inspection by Bureau of Indian Affairs' employees, contractors, or subcontractors during the course of construction. The Superintendent is also responsible for the provision of inspection prior to the purchase of an existing house. These inspections are not necessary where inspections are provided by the Department of Housing and Urban Development or the Farmers Home Administration or other government agencies.

6.7 Flood Disaster Protection. No Housing Improvement Program funds under Categories B, C or D as described in 64 BIAM 6.2 will be expended in areas designated as having special flood hazards under the Flood Disaster Protection Act of 1973 (Public Law 93-234, 87 Stat. 977) unless the requirements for suitable flood insurance are met.

6.8 Waivers. A proposal for deviating from 64 BIAM or waiver of 25 CFR 261 must be submitted to the Assistant Secretary - Indian Affairs and will be considered if substantial justification is presented according to 25 CFR, Subchapter A, Part 1, Section 1.2.

6.9 Coordinating with PHS. All BIA representatives should coordinate HIP projects which require water supply and sewage facilities with the nearest appropriate Indian Health Service office to assure that the sanitation facilities for each project are constructed in a timely manner. The responsibilities and authorities of each agency are listed and explained in the Interdepartmental Agreement on Indian Housing.

## 7. Reporting

7.1 Purpose. The Housing Improvement Program reports provides statistical data on housing starts, housing conditions and needs. This data is used to monitor progress towards obtaining standard housing and the use of Bureau funds and those of other participating activities. The statistics are the basis used to develop the annual budget request and justifications for the Division of Housing Assistance as

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well as the basic statistical data for our coordination efforts with the Indian Health Service and the Department of Housing and Urban Development. The data also serves as the single most important source for determining housing needs in Indian areas and as such is used by Congress, the Executive Agencies, tribal and other housing organizations.

7.2 Report filing responsibility. Any organization, government or non-government, who has been given the responsibility of expending HIP funds is responsible for filing HIP reports. In order to fulfill the many requirements demanded by the reports, the data must be coordinated with Tribes, local Housing Authorities, Indian Health Service, etc. and submitted in an accurate and timely fashion.

7.3 Reports to be filed. The following HIP forms must be filed:

A. Form 5-6401, "Housing Improvement Program" (see illustration 1 for completion instructions).

B. Form 5-6402, "Construction Starts Fiscal Year 19\_\_" (see illustration 2 for completion instructions).

C. Form 5-6403, "Total Construction Starts Fiscal Year 19\_\_" (see illustration 3 for completion instructions).

D. Form 5-6404, "New Homes \_\_\_\_\_ Area" (see illustration 4 for completion instructions).

E. Form 5-6405, "New Homes \_\_\_\_\_ Area Constructed Fiscal Year 1963 through 19\_\_." (see illustration 5 for completion instructions).

F. Form 5-6406, "Consolidated Housing Inventory" (see illustration 6 for completion instructions).

7.4 Where to file all completed HIP forms. All completed HIP quarterly and annual report forms are to be filed with the housing office directly responsible for the allocation of funds or in the case of a contract, all reports are to be filed with the Contracting Officer's Representative.

A. Contractor. The contractor of a HIP program is responsible for filing the appropriate quarterly and annual reports timely

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and accurately. The contract should include where the report is to be filed and the schedule of dates on which reports are due.

B. Agency. The agency is responsible for filing the consolidated quarterly and annual HIP reports with the Area Housing Officer. These reports must be filed timely and accurately.

C. Area. The Area is responsible for filing the consolidated quarterly and annual HIP reports with the Central Office. These reports must be filed timely and accurately.

7.5. Schedule of due dates of Quarterly and Annual required reports.

<u>Required Reports</u>	<u>Period Covered</u>	<u>Due Date</u>
A. HIP Report.	Quarterly & Annual	1st Dec. 15 - Area Office
		" Jan. 15 - Central Off.
		2nd Mar. 15 - Area Office
		" Apr. 15 - Central Off.
B. Report of Const- struction Starts & Anticipated Construc- tion Starts.	Quarterly & Annual	3rd Jun. 15 - Area Office
		" Jul. 15 - Central Off.
		4th Sep. 15 - Area Office
		" Oct. 15 - Central Off.
C. Total Construction Starts (this fiscal year).	Annual	Sep. 15 - Area Office
		Oct. 15 - Central Off.
D. New Homes Constructed (this fiscal year).	Annual	Sep. 15 - Area Office
		Oct. 15 - Central Off.
E. New Homes Constructed Fiscal Year 1963 to present.	Annual	Sep. 15 - Area Office
		Oct. 15 - Central Off.
F. Annual Housing Inventory	Annual	Sep. 15 - Area Office
		Oct. 15 - Central Off.

## HOUSING ASSISTANCE

## Reporting

NOTE:

The Agency and Area Offices are not to send raw data reports to anyone but the Central Office. The Central Office will in turn consolidate, and mail reports to the other requesting government Agencies. The exceptions to the above are as follows:

A. Send copies of quarterly and annual reports to the National American Indian Housing Council, 400 West King Street, Suite 404, Carson City, NV., 89701.

B. Send copies of the Housing Inventory and Annual reports as appropriate to the HUD and Indian Health Service field offices.

7.6. Checklist for HIP reports.A. Checklist for Housing Improvement Report.

Underway at Start (check against last report underway at end) \_\_\_\_\_  
 + Starts (physical starts).  
 - Completions (physical completion).  
 Cumulative completions (running total of completions)  
 = Underway at End (check that they carryover to underway to start  
 for the next quarter). \_\_\_\_\_

Est. Total H.I. Cost (check that it equals second line, below) \_\_\_\_\_  
 (check that it includes funds shown in repeats). \_\_\_\_\_  
 (check that it includes admin. costs) \_\_\_\_\_

Total Housing Allocation (check that it equals total 2400 alloc-  
 ation) \_\_\_\_\_  
 (correlate with Allotment Status Report).

Est. Total H.I. Cost (check that it equals funding shown under the  
 various categories) - (correlate with 2431, 2432, 2434 and 2435  
 as shown in Allotment Status Report) \_\_\_\_\_

Est. Adm. Cost (HIP Only) (check that it's included in total HIP  
 cost) \_\_\_\_\_  
 (check that it does not include labor costs). \_\_\_\_\_

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- Est. Man-years of temporary employment (cumulative) generated by HIP only (check that it includes labor generated and paid for by HIP funds. Employment donated such as TWEP and CETA should also be counted in the total man-year count as well as in the form of dollars contributed under "Other Participating Activities". \_\_\_\_\_ (check that man-years are shown on a cumulative basis and not for the full year, except for the fourth quarter report). \_\_\_\_\_
- Check that Category B renovations are one time renovations and that units have been brought to standard. Check Column (4) Housing Inventory Report \_\_\_\_\_
- Check for contributions by other activities (all sources other than Housing Improvement Program). \_\_\_\_\_

B. Checklist for Constructor Starts Report (Quarterly).

- Verify total starts against HIP reports such as repairs (Categories A and B) and new (Categories C and D). \_\_\_\_\_
- Inquire from other sources such as V.A., FmHA, Credit and Financing, whether home loans have been processed. \_\_\_\_\_
- Verify that all HUD starts have been included. \_\_\_\_\_

C. Checklist for Housing Inventory and Annual Reports.

- Form 5-6406 Check that column (2) + (3) = (1)  
(4) + (5) = (3)  
(5) + (6) = (7)
- Check that units in Column (4) will be renovated to standard before undertaking Category D HIP construction, emergencies excepted
- Form 5-6403 Total of all quarterly construction starts reports \_\_\_\_\_
- Form 5-6404 Check that all completions are reported. \_\_\_\_\_  
Column (1) = The sum of Columns (2) thru (8). \_\_\_\_\_  
Column (9) = Category A & B cumulative completions. \_\_\_\_\_  
Column (4) = Category C & D cumulative completions. \_\_\_\_\_
- Form 5-6405 Check that totals from Form 5-6404 are added to the previous year's Form 5-6405. \_\_\_\_\_  
Column (1) = The sum of Columns (2) thru (8). \_\_\_\_\_

8. Resident Training and Counselling Program.

To be supplied later.

64 BIAM ILLUSTRATIONS

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FORM 5-6401

HOUSING IMPROVEMENT PROGRAM

(1)  
FISCAL YEAR

(2)  
REPORTING QUARTER

(3)  
AGENCY/AREA

(4)  
TRIBE

(3) AGENCY/AREA

SHOW ACTUAL DATA FOR REPORTING CURRENT AND PRIOR  
QUARTERS AND SHOW ESTIMATED DATA FOR FUTURE QUARTERS

REPEAT PROJECTS  
(DO NOT ADD)

	(5) CATEGORY A (REP.)				(6) CATEGORY B (REP.)				(7) CATEGORY C (NEW)				(8) CATEGORY D (NEW)				(9) CATEGORY A (REP.)			
	QUARTERS				QUARTERS				QUARTERS				QUARTERS				QUARTERS			
NUMBER OF UNITS	1st	2nd	3rd	4th	1st	2nd	3rd	4th	1st	2nd	3rd	4th	1st	2nd	3rd	4th	1st	2nd	3rd	4th
(10) UNDERWAY AT START	0	2	4	7	0	0	0	0	0	0	0	0	0	1	3	1	0	0	0	0
(11) STARTS DURING QTR.	8	10	13	14	0	1	1	2	0	1	1	0	1	4	0	0	2	0	0	0
(12) COMPLETIONS DURING QTR	6	8	10	15	0	1	1	2	0	1	1	0	0	2	2	1	2	0	0	0
(13) CUMULATIVE COMPLETIONS	6	14	24	39	0	1	2	4	0	1	2	2	0	2	4	5	2	2	2	2
(14) UNDERWAY AT END OF QTR.	2	4	7	6	0	0	0	0	0	0	0	0	1	3	1	0	0	0	0	0
(15) EST. TOTAL H.I. COST - FULL YEAR -	\$55,000				\$35,000				\$5,000				\$105,000				\$1,000			

(16)  
OTHER PARTICIPATING ACTIVITIES  
(Show cumulative dollar amounts)

	DOLLARS
INDIAN HEALTH SERVICE.....	\$2,000
TRIBAL APPROPRIATED FUNDING.....	-
INDIVIDUAL (include materials and labor cost).....	500
OTHER BIA PROGRAMS (I.A.T., T.W.E.P., etc.).....	-
DEPT. OF LABOR PROGRAMS (Mainstream, C.B.T.A., etc.).....	-
DEPT. OF HEW PROGRAMS (exclude I.H.S.).....	-
OTHER.....	-
<b>TOTAL</b>	<b>\$2,500</b>

(17) Total Housing Allocation (2400)	\$250,000
(18) Est. total H.I. cost (full yr.)	200,000
(19) Est. Adm. cost (HIP only)	10,000
(20) Est. man-years of temporary employment (cumulative) utilized by HIP.	1.5

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Illustration 1  
Page 1

Completion Instructions - Form 5-6401

- (1) Fiscal Year: Enter the government fiscal year for which funding is being programmed and accounted.
- (2) Reporting Quarter: Enter the reporting period in fiscal year, (i.e., Oct. 1-Dec. 31, Jan. 1-Mar. 31, Apr. 1-June 30, or Jul. 1-Sept. 30).
- (3) Agency/Area: Enter name of Agency or Area Office submitting report.
- (4) Tribe: Enter the name of tribe receiving the assistance under the Housing Improvement Program.
- (5) Category A Repairs: Repairs to housing that will remain non-standard. (Refer to 64 BIAM 6.2.A).
- (6) Category B Repairs: Repairs to housing that will become standard. (Refer to 64 BIAM 6.2.B).
- (7) Category C New: Down payment assistance. (Refer to 64 BIAM 6.2.C).
- (8) Category D New: New Housing. (Refer to 64 BIAM 6.2.D).
- (9) Category A Repeats: Those units reported under Category A one which are being repeated. These units are not to be added to Column (9) Housing Improvement Repair Non-Add on Forms 5-6404 and 5-6405.
- (10) Underway at Start: Enter number of units which were not completed in the prior quarter or prior fiscal year and which were reported as underway at the end of prior quarter or end of fiscal year. This number cannot differ from the preceeding number of units underway at end of quarter and cannot be changed.
- (11) Starts During Quarter: Enter number of units started within the period designated as the reporting quarter. Show actual starts during the reporting quarter and prior quarters; show estimated starts in future quarters. A start is defined as the physical beginning of a project (spade in the ground) and not the obligation of funds.

(12) Completions During Quarter: Enter number of units completed within the period designated as the reporting quarter and prior quarters; show estimated completions in future quarters. A completion is defined as the physical completion of a project.

(13) Cumulative Completes: Enter the running total of units completed during the fiscal year, quarter by quarter.

(14) Underway at End: Enter number of units not completed within the quarter and carried forward to the next quarter or next fiscal year for completion. (Refer to December 18, 1975 Memorandum from Commissioner).

(15) Est. Total H.I. Cost-Full Year (by category): Enter a breakdown of funds used for each category including administrative costs. Total funding for all categories (A thru D) should be the same as the Est. total H.I. cost (full year) shown on the second line, lower right section of the form. Note: Category A funding should include all the funding used for this type of category repair, including repeat projects; however, a breakdown of funding used for repeat projects can be shown under the "Repeat Projects - Do Not Add" Section.

(16) Other Participating Activities (Show cumulative dollar amounts): Enter the amount of contributions made in the form of labor and materials by other than HIP funds, such as, water and sewer installation of I.H.S., labor through CETA, TWEP, donations of material and labor by tribes or individuals, etc. Note: These amounts should be cumulative, quarter by quarter, with the total contributions for the F.Y. shown as final contributions in the 4th quarter.

(17) Total Housing Allocation: Enter the total budget allocation in 3200 Activity, 24 Housing Element.

(18) Est. Total H.I. Cost (Full Year): Enter the total funds used exclusively in carrying out HI programs, i.e., funds programmed in 2431, 2432, 2434 and 2435 components of the budgetary process. Should be the same as the total shown for categories A thru D above.

(19) Est. Administrative Cost (HIP only): Enter that portion of the HI allocation used exclusively for administrative work of the HI program, i.e., office supplies, rental of office space and utilities, clerical assistance, etc. Labor wages should not be charged to administrative cost. The Housing Officer's salary is not to be shown, as their salary is included in the "Total Housing Allocation" line because they also work on HUD and other programs.

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(20) Est. Man-Years of Temporary Employment (Cumulative) Utilized by HIP:  
(One man-year equals 2080 hours). Enter the best estimate of how much labor is generated through HI funding, i.e., laborers, carpenters, electricians employed on the repair and construction of homes and paid for by HIP funds. Employment donated such as TWEP or CETA should also be counted in the total man-year count as well as in the form of dollars contributed under "Other Participating Activities".

Sample Situations Requiring Use of Form 5-6401

- (1) 1 laborer; 1 electrician; 1 plumber, working full time for 13 weeks (No. of weeks in a quarter).  
 $3 \times 40 \times 13 = 1560$  hours  
 $1560 \div 2080 = .75$  or  $3/4$  man years.
- (2) 1 laborer (full time); 1 electrician (part time); 1 plumber (part time).  
 $1 \times 40; 1 \times 20; 1 \times 20. \quad 80 \times 13 = 1040$  hours  
 $1040 \div 2080 = .50$  or  $1/2$  man years.

EXAMPLE OF A TYPICAL HIP TRANSACTION: (Illustrated in 64 BIAM 6.3).

An agency receives \$250,000 total allocation. Funds will be granted to four tribes for renovation and new construction as follows:

Tribe #1 - \$30,000 - Category A repairs and repeats  
#2 - 30,000 - Category A and C  
#3 - 30,000 - Category B and D  
#4 - 30,000 - Category D

U.S. Indian Health will contribute \$30,000.  
Individuals will contribute 3,000.  
TWEP will contribute 10,000.



Completion Instructions - Form 5-6402

(1) Report of Construction Starts.

(a) Instructions. Enter number of construction starts by reservation and the total for the agency or Area.

(b) Construction Starts. Enter number of starts for the three-month reporting period such as first, second, etc. A Construction Start is defined as the physical start of a repair or new construction.

(c) HUD Ownership Starts. Defined as all Mutual Help, Turn-key III, etc.

(d) HUD Rental Starts. Defined as all Low Rent, Section 8, etc.

(e) HIP Starts. All repair and new housing starts (taken from HIP report Categories A-D, do not add repeats).

(f) Other Starts. Rehabs or new homes built through other than HUD or HIP such as Revolving Credit, Farmers Home, Veterans Administration or privately built.

(2) Anticipated Housing Construction Starts. Enter a reasonable projection of starts during the remaining portion of the fiscal year. (i.e., While working on the 2nd quarterly reports, anticipate the best estimate for the remaining 3rd and 4th quarters). This is for 1st, 2nd and 3rd quarters only. When filing the 4th quarter report, estimate the construction starts that will begin during the entire next fiscal year.

(a) For HUD input, refer to units approved under Annual Contributions Contract.

(b) For HIP input, refer to PPE funding and output submission.

(c) For OTHER input, refer to personal contacts with other agencies such as Farmers Home, V.A., Credit Officer, etc.



Completion Instructions - Form 5-6403

Enter actual total construction starts during the fiscal year being reported. Figures should be correlated with quarterly construction starts reports.

HUD Ownership Starts = Include Mutual Help, Turnkey III, etc.

HUD Rental Starts = Include Low Rent, Section 8, etc.

HIP (New and Repair) = All Category C and D, and A and B starts during the year.

OTHER (New and Repair) = All construction starts (new or repair) under other programs such as Farmers Home, Veterans Administration, privately built, or revolving credit (tribal or direct).

EXAMPLE: HUD starts consisted of 24 mutual help and 36 low rent starts in FY 1976. The Bureau's Housing Improvement Program under Categories A and B consisted of a total of 40 repairs and new construction under categories C and D, 12 units. In addition, a revolving credit loan of 1 new unit and 3 units repair under other.



Completion Instructions - Form 5-6404

Column (1): Enter the total No. of new homes completed during the fiscal year being reported. In Columns (2) through (9) enter the breakdown of homes completed under various programs listed. In Column (9) enter total No. of repairs/renovations taken from HIP quarterly reports (Categories A and B). Do not include repeats. Column (1) equals the sum of (2) thru (8).

Columns (2) and (3): All completed homes under HUD programs. ---

Column (4): Homes built under Category C and D of Housing Improvement Program.

Column (5): Housing units constructed to relocate homes in flood areas, i.e. through programs of Corps of Engineers, Bureau of Reclamation, etc.

Column (6): Homes built through approved plan for disbursement of judgment funds.

Column (7): Homes built with revolving credit loans.

Column (8): Homes built through other programs such as Farmers Home, V.A. or privately built.

Column (9): Homes repaired or renovated under Category A and B of Housing Improvement Program. Excluding repeats.



Completion Instructions - Form 5-6405

In Column (1) enter the total No. of new homes completed during the period 1963 to the present fiscal year being reported. In Columns (2) through (8) enter the breakdown of homes completed under various programs listed. In Column (9) enter the cumulative No. of repairs or renovations taken from HIP quarterly reports and prior annual report. Do not add repeats.

FCRM 5-6406

CONSOLIDATED HOUSING INVENTORY

FISCAL YEAR 19 \_\_\_\_

	(1)	(2)	(3)	(4)	(5)	(6)	(7)
TRIBE/AGENCY/AREA	TOTAL NUMBER EXISTING HOUSING UNITS	HOUSING UNITS IN STANDARD CONDITION	HOUSING UNITS IN SUBSTANDARD CONDITION	HOUSING UNITS IN RENOVATION	HOUSING UNITS REPLACEMENT	FAMILIES UNITS NEEDING	TOTAL NEW HOUSING UNITS REQUIRED
Sample Reservation	1,000	600	400	100	300	200	500
Example A	1,100	600	500	200	300	100	400
Example B	1,100	600	500	200	300	103	403
Example C(a)	1,099	600	499	200	299	104	403
Example C(b)	1,100	601	499	200	299	103	402
Example D(a)	1,102	603	499	200	299	101	400
Example D(b)	1,100	603	497	200	297	103	400
Example E	1,100	608	492	195	297	103	400
Example F	1,200	808	392	195	197	3	200
TOTAL							

Completion Instructions - Form 5-6406

Column (1), Total Number Existing Housing Units: Enter total Number of housing units and mobile homes occupied by Indian families on the reservation and within the service area. Do not include government employee quarters. When updating inventory, add units built which did not replace old ones (not torn down) and add units brought onto the reservation such as surplus units. Adjust appropriate standard or substandard columns, also Column (6) as appropriate.

Column (2), Housing Units in Standard Condition: Enter the total number of units on the reservation and service area which are in standard condition (Refer to 64 BIAM 4.15 for definition of standard). When updating inventory, add to this column any units brought to standard under HIP Category B or other renovation (standard) in addition to newly constructed units or standard units brought onto the reservation, such as mobile homes. Deduct from this column any units no longer considered standard or burned out. Adjust to other columns if appropriate.

Column (3), Housing Units in Substandard Condition: Enter the sum of Columns (4) and (5). This column represents the total of substandard units.

Column (4), Housing Units Needing Renovation: Enter the total number of units which can be renovated to standard. Deduct from this column, units which have burned down or those which have been renovated to standard; transfer to Column (2). Note: This column will serve as a quick check to determine if any units remain to be renovated under Category B of the Housing Improvement Program.

Column (5), Housing Units Needing Replacement: Enter the total number of units which are beyond repair to standard and need replacement. When updating, add to this column, units which have become substandard and should be replaced. Delete any units which have been torn down or burned out; transfer to other columns as appropriate.

Column (6), Families Needing Housing: Enter total Number of families which are doubled up or otherwise unhoused living in the service area, families returning to the reservation, or new family formations.

Column (7), Total New Housing Units Required: Enter the total of Column (5), units to be replaced, plus Column (6) families needing housing.

Sample Situations Requiring Use of Form 5-6406

A. An agency is picking up 100 surplus mobile homes which are in substandard condition. Housing improvements will be made to bring the homes to standard. The 100 units should be added to Column (4). The mobile homes will house Families Needing Housing Column (6). Columns (6) and (7) should then be decreased by 100 and Columns (1) and (3) should be increased by 100.

B. During the fiscal year, two families moved back to the reservation and are living with relatives. Also, one couple got married and is residing with the bride's parents. All three families should be reported under Column (6) and also added to Column (7).

C. (a) One house burned down on the reservation which was classified as substandard and had been reported in Column (5). Column (5) should be decreased by one. (b) The family moved in with relatives or friends, then one unit should be added to Columns (6) and (7) and Columns (1) and (3) should be decreased by one. If a new home was built to replace the burnout, then Columns (6) and (7) are reduced by one, Columns (1) and (2) are increased by one.

D. (a) Two grants were approved for Category C homes obtained through Farmers Home Administration loans. The homes were completed during the fiscal year. The inventory should reflect addition of two standard homes in Column (2) and in Column (1). (b) If the families were replacements, then Column (5) should be decreased.

E. Five renovations under Category B were completed during the fiscal year. These are one-time renovations, bringing the units to standard condition. The five units were reported in the inventory in Column (4); this column should be reduced by 5 and Column (2) increased by 5; Column (3) should be decreased by 5. No change in Column (1).

F. HUD constructed a project of 200 units; 100 units went to families needing housing and another 100 went to replace existing units, reducing Columns (3), (5), and (6) by 100. Column (2) is increased by 200 and Column (1) by 100. Column (7) is decreased by 200.

# code of federal regulations



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**Indians**

Revised as of April 1, 1978

HOUSING

SUBCHAPTER X—HOUSING

PART 261—HOUSING IMPROVEMENT PROGRAM

- Sec.
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**AUTHORITY:** 42 Stat. 208 (25 U.S.C. 13).

**SOURCE:** 40 FR 19195, May 2, 1975, unless otherwise noted. Redesignated at 40 FR 44543, Sept. 29, 1975.

§ 261.1 Purpose.

The purpose of this Part 261 is to prescribe the terms and conditions under which assistance is given to Indians under the Housing Improvement Program.

§ 261.2 Definitions.

As used in this Part 261:

- (a) "Secretary" means the Secretary of the Interior.
- (b) "Commissioner" means the Commissioner of Indian Affairs.
- (c) "Area Director" means the Officer in charge of one of the Bureau of Indian Affairs' Area Offices or his authorized delegate.
- (d) "Superintendent" means the Officer in charge of the Agency or other local office of the Bureau of Indian Affairs.
- (e) "Indian" means a person of Indian descent who is either of the following:
  - (1) An enrolled member; i.e., a person whose name appears on the formally approved membership roll of a tribe. In the case of the Five Civilized Tribes in Eastern Oklahoma and the Osage Tribe where rolls have been closed an applicant may be a descendant of an enrolled member accepted as such by the Superintendent; or
  - (2) A person who is considered to be a member by or who meets the membership requirements of a federally recognized tribe.

bership requirements of a federally recognized tribe.

(3) A person of one-half or more degree Indian ancestry who is a descendant of a member of a tribe that has been federally recognized by treaty or otherwise. Proof of ancestry must be by rolls or records acceptable to the Secretary. Such persons are hereinafter referred to as "nontribal Indians."

(f) "Tribe" means:

(1) An Indian tribe, band, group, pueblo or community recognized by the Secretary of the Interior; or

(2) An Alaska Native Village as defined in and eligible for benefits under the Alaska Native Claims Settlement Act (Act of December 18, 1971, 85 Stat. 688).

(g) "Family" means one or more persons maintaining a household.

(h) "Ownership" means having fee title, trust title (including participation in multiple ownership), leasehold interest, use permit, indefinite assignment or other exclusive possessory interest. In the case of Alaska, the term also includes one who the Superintendent determines has a reasonable prospect of becoming an owner in accordance with the provisions of the Alaska Native Claims Settlement Act (85 Stat. 688).

(i) "Standard housing" means a dwelling in a condition which is decent, safe and sanitary so that it meets the following minimums:

(1) General construction conforms to applicable building standards for the region. Structures to be improved are to be in sound condition. Deterioration, if any, will not be at a level creating a health or safety hazard, or a comfort problem.

(2) The heating system has the capacity to maintain a minimum temperature of 70 degrees in the dwelling during the coldest weather in the area. It must be safe to operate and maintain and deliver a uniform distribution of heat. Applicable local heating codes are to be followed. If there are no applicable local codes, county or state codes are to be used as a guide.

(3) The plumbing system includes a properly installed system of piping. Fixtures consist of a kitchen sink and a partitioned bathroom with lavatory, toilet and bath and/or shower. The water supply, plumbing and sewage disposal systems meet minimum standards of the Indian Health Service, tribe, county or state, whichever is applicable.

(4) The electrical system includes wiring and equipment properly installed to safely supply electrical energy for adequate lighting and for the operation of appliances. The tribal, county, or state electrical code, whichever is applicable, must be used as an alternative standard. If no codes exist, a minimum of two circuits per dwelling must be installed with provision for at least one additional circuit for future use.

(5) Family size per dwelling does not exceed these limits:

(i) Two bedroom dwelling: Up to four persons (the first bedroom must have at least 120 sq. ft. of floor space and the second bedroom must have a minimum of 100 sq. ft. of floor space.)

(ii) Three bedroom dwelling: Up to seven persons (the first bedroom must have at least 120 sq. ft. of floor space and the second and the third bedrooms must have a minimum of 100 sq. ft. of floor space each.)

(iii) Four bedroom dwelling: Adequate for all but the very largest families (the first bedroom must have at least 120 sq. ft. of floor space and the remaining bedrooms must have a minimum of 100 sq. ft. of floor space each.)

#### § 261.3 Policy.

The Bureau of Indian Affairs' housing policy is consistent with the specific objectives of the National housing policy which declares that every American family should have the opportunity for a decent home and a suitable living environment. To the maximum extent possible, the program will be administered through tribes, tribal housing authorities, or other tribal organizations, or by having tribal officials participate in the applicant selection process. Every effort will be made to use Housing Improvement Program funds in conjunc-

tion with other programs so the result will be a greater amount of housing improved than would otherwise be possible with the Housing Improvement Program funds alone. In cases where training programs are used in conjunction with the Housing Improvement Program, funds are to be limited to the purchase of materials and providing inspection and skilled labor otherwise unavailable.

#### § 261.4 Program categories.

The Housing Improvement Program will provide assistance in the following categories:

(a) *Repairs to housing that will remain non-standard.* Under this category:

(1) Financial assistance will be granted to finance repairs and additions to existing substandard housing so that it is safe, more sanitary and livable until such time as standard housing is available.

(2) The standard to be applied in deciding whether to provide assistance is improvement in the condition of the house, i.e., improved livability or reduced health and safety hazards even though it may be obvious that such an undertaking will not improve the house to the extent that it will meet the standard of decent, safe and sanitary. Examples of the improvement that may be assisted are: weather-tightening, re-roofing, electrical wiring, chimney repairs, foundations, heating, sanitary facilities, painting, additional living and/or sleeping space, and kitchen or bathroom additions in conjunction with Indian Health Service projects.

(3) The cumulative total expenditure of the Housing Improvement Program funds should not exceed \$2,500 for any one dwelling.

(4) The funds shall be granted. No restrictions on the use of the home may be imposed. Repairs to homes being repaired regardless of ownership may be made but rent cannot be increased as a result of the repair alone and applicants should have a reasonable certainty that they will remain in the house for a reasonable period following the repairs.

(b) *Repairs to housing that will become standard.* Under this category:

(1) Financial assistance will be granted to finance repairs, renovation and/or enlargement of existing structurally sound but deteriorated dwellings which can economically be placed in a standard condition.

(2) Upon completion of work, the dwelling should at least meet the decent, safe and sanitary standards of standard housing as defined in § 261.2(1).

(3) The cumulative total expenditure of the Housing Improvement Program funds should not exceed \$13,000 for any one dwelling.

(4) Undertakings under this category are primarily for applicants who are living in their own home. Applicants who rent from Indian owners are eligible on the condition that, prior to the start of the improvement, a written occupancy agreement exists for a minimum of five years. The agreement must provide that rent for the term cannot be raised because of the improvement work. The owner must also agree in writing with the tribe that in the event the agreement is terminated prior to expiration of the term, he will hold the premises vacant for up to six months for a new occupant who meets the eligibility requirements of this Part. Repair of a rental unit occupied by an eligible applicant but owned by a non-member of a Federally recognized Indian tribe (including non-Indians) will not be made unless approved in writing by the Area Director after receiving a written justification from the Superintendent.

(c) *Down payments.* Under this category:

(1) The Housing Improvement Program provides grants in order to make the applicant eligible to receive housing loans from tribal, Federal or other sources of credit. Grants are only for standard housing. The applicant must establish that he has an inadequate income or limited financial resources to meet the full cost of the loan.

(2) The grant should not exceed the amount necessary to secure the loan plus the closing costs or \$5,000, whichever is less. (In the case of Alaska, the

grant amount should not exceed \$6,000.)

(3) The method of advancing the grant must insure that the funds are used for the purpose intended. No security will be taken or lien made on the house because of the grant.

(d) *New housing.* Under this category:

(1) The Housing Improvement Program will provide the financing of the construction of new standard housing when it is established that there is no reasonable prospect that standard housing can be financed from sources other than the Housing Improvement Program. This category may not be used if there is an unmet need in the category given in paragraph (b) of this section, unless there is a dire need for assistance under this category and it is justified in writing and approved by the Area Director.

(2) The housing provided under this category must meet the housing standards of this Part 261. Two exceptions to standard housing will be permitted:

(i) Where one or more of the utilities are not available and there is no prospect of the utilities becoming available; and

(ii) In areas of severe climate, house size may be reduced to meet applicable building standards of the region. The house site must be chosen so that access to utilities is most economical, ingress and egress adequate, aesthetics are considered, and proximity to school bus routes are taken into account.

(3) The cumulative total expenditure of funds may not exceed \$30,000 for a dwelling and equipment. (In the case of Alaska, the total expenditure of funds may not exceed \$40,000.) The occupant will be responsible for all maintenance of the completed dwelling, and all utility fees, deposits or costs required for service. All contractor built houses must contain a one-year warranty against defects, materials, and workmanship.

(4) The applicant must have ownership (as defined in § 261.2(h)) of the land on which the house is built. In the case of a leasehold interest, it must be for not less than 25 years. Within five years after completion of

construction if an owner of a house built on tribal lands desires to move, he must first notify the tribe of his intention. Within 60 days of such notice, the tribe shall have the right to either assume his interest in the house or designate someone to assume his interest. If the tribe takes no action, he may dispose of the house without regard to any restrictions in this Part.

(5) Adequate fire insurance where determined feasible by the Superintendent must be carried.

(40 FR 19195, May 2, 1975. Redesignated at 40 FR 44341, Sept. 29, 1975, and amended at 42 FR 43977, Sept. 1, 1977)

#### § 261.5 Eligibility.

(a) Priority is given to families with the greatest need in relation to income, family size, and of not being eligible for other available programs providing housing assistance. Each application for assistance must be approved by the tribal housing authority or other officially designated housing entity of the tribe being served. Applications of non-tribal Indians must be submitted to the Superintendent of the local agency office for approval. Applications to the housing authority or other officially designated housing entity of the tribe being served must be in writing and must establish that:

- (1) The applicant is an Indian.
- (2) The present housing of the applicant is substandard or inadequate in terms of capacity to meet the physical needs of the family.
- (3) The economic resources of the applicant are inadequate or factors exist which make the applicant unable to secure housing from other sources.
- (4) The applicant for assistance under one of the categories in § 261.4 meets the ownership requirements given under that category.

(b) After July 1, 1975, an applicant can only receive assistance one time under categories given in paragraphs (b), (c), and (d) of § 261.4.

(c) The Department of Housing and Urban Development financed houses under the administration of an Indian housing authority will not be eligible for assistance until the end of the project indebtedness to the Federal Government.

#### § 261.6 Program implementation.

The Housing Improvement Program will be implemented according to the plans, priorities and requests of the tribe served. In accordance with this, the methods which may be used to implement the program are:

- (a) Direct grants to applicants.
- (b) Contract or grant agreements negotiated with tribes, Indian housing authorities established pursuant to tribal ordinances or state laws, or incorporated tribal organizations. The completion of a specified amount of housing construction or improvement will either be performed directly by the tribe or organization or through a program of the tribe or organization providing funds and assistance to Indians.
- (c) Contracts negotiated by the Bureau of Indian Affairs' Contracting Officer or his designated representative for elements of an agency Housing Improvement Program with one or more of the following: Tribes, Indian housing authorities, Indian controlled private enterprise, incorporated tribal organizations.
- (d) Contracts with private non-Indian contracting firms in accordance with normal Bureau of Indian Affairs' contracting procedures.
- (e) Programs administered directly by the Bureau of Indian Affairs.

#### § 261.7 Appeals.

(a) If an applicant is denied assistance by failure to obtain tribal approval under § 261.5(a), he may appeal to the Superintendent. The Superintendent may approve assistance if the applicant is in serious need of housing. The Superintendent's decision on such appeals may be appealed by the applicant or the tribe under the provisions of Part 2 of this chapter.

(b) Denial of an application by a Bureau of Indian Affairs' official may be appealed under the provisions of Part 2 of this chapter. Notice of the right of appeal must be given each applicant in the notice of rejection.

#### § 261.8 Inspection.

The Superintendent is responsible for inspection or the assurance that there is adequate provision for inspec-