

HOUSING CHALLENGES FACING INDIAN COUNTRY

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FHFA DUTY TO SERVE
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CENTER FOR
INDIAN COUNTRY
DEVELOPMENT



FEDERAL RESERVE BANK OF MINNEAPOLIS

ABOUT THE CENTER FOR INDIAN COUNTRY DEVELOPMENT

The Center for Indian Country Development supports tribes in reaching their full economic potential through actionable research and community collaboration to advance solutions in Indian Country.

The views expressed here are the presenter's and not necessarily those of the Federal Reserve Bank of Minneapolis or the Federal Reserve System.

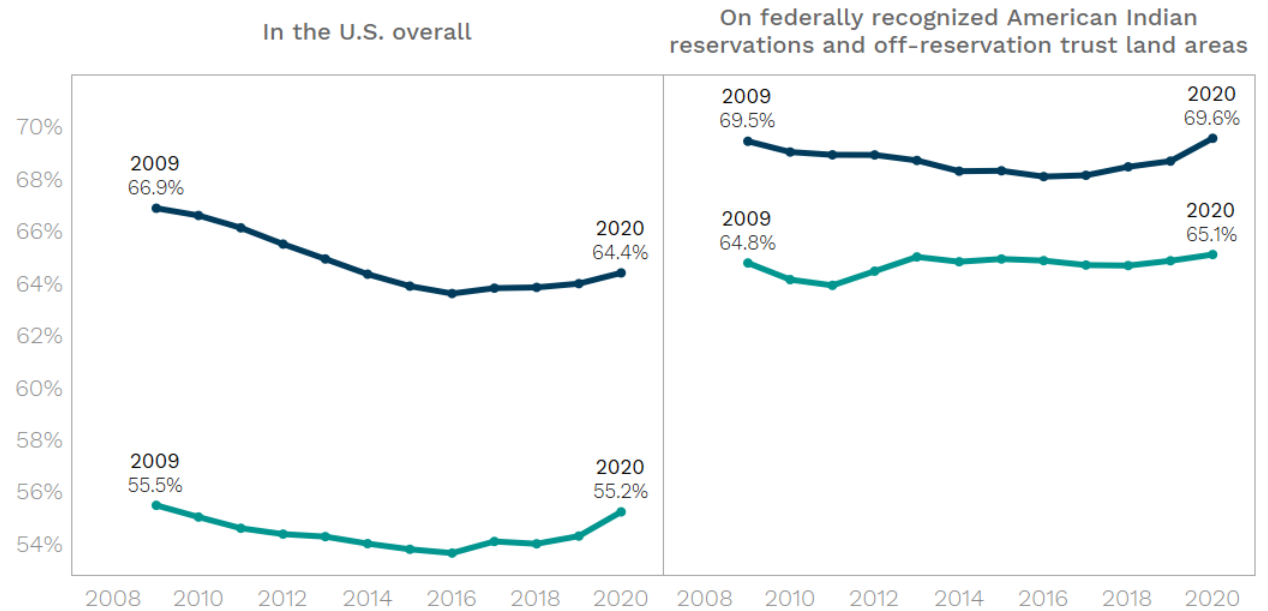


INTEREST IN HOMEOWNERSHIP IN INDIAN COUNTRY IS HIGH

- Homeownership is higher on reservations than in the U.S. overall
- However, homeownership rates are lower for Native individuals, both across the nation and on reservation land
- In a survey for a 2017 study, researchers found that 90% of renters in Indian Country would like to be homeowners

- Among all householders
- Among householders who identify as American Indian/Alaska Native (alone)

Among occupied housing units, share owner-occupied



CHALLENGE: TRUST AND TITLE FOR LAND



The status of land in Indian Country poses unique challenges to homeownership:

- About 60 million acres of American Indian lands are held in trust by the federal government and managed by the Bureau of Indian Affairs (BIA).
- Titles of land held in trust cannot be conveyed or sold without the consent of the federal government.
- Clearing title for trust land is much more time-consuming than doing so for non-trust land.

CHALLENGE: ACCESS TO AFFORDABLE MORTGAGE LENDING

Native American borrowers on tribal lands are more likely to receive high-cost mortgage loans:

- ***Procedurally different:*** Home buyers on trust land must often use a leasehold mortgage (not fee-simple) due to difficulties in collateralizing trust land
- ***Non-conforming:*** Often outside the typical requirements of resale to the government-sponsored enterprises (GSEs) like Fannie Mae and Freddie Mac
- ***Weaker resale market:*** Constraints on the capital and liquidity available to Native CDFIs
- ***Chattel loans:*** Greater use of manufactured housing in Indian Country



CHALLENGE: FEDERAL TOOLS ARE UNDERUTILIZED



Tools designed to work in Indian Country are underutilized, particularly on tribal trust land:

- HUD Indian Home Loan Guarantee Program (Section 184)
- USDA's Section 502 loan program

OPPORTUNITIES

- Continued investments in financial and institutional capacity of Native community development financial institutions (Native CDFIs)
- Increasing the capacity of traditional lenders to work in Indian Country
- Improvements to the title process on trust land
- A normalized and complementary interagency lending process in Indian Country



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