

TESTIMONY OF
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U.S. HOUSE OF REPRESENTATIVES COMMITTEE ON FINANCIAL SERVICES

SUBCOMMITTEE ON HOUSING, COMMUNITY DEVELOPMENT AND INSURANCE

“NAHASDA REAUTHORIZATION: ADDRESSING HISTORIC DISINVESTMENT AND THE ONGOING PLIGHT OF
THE FREEDMEN IN NATIVE AMERICAN COMMUNITIES”

JULY 27, 2021

Chairman Cleaver, Ranking Member Hill, and Members of the Subcommittee, thank you for the invitation to participate in today’s hearing. My name is Chris Kolerok, I am Cup’ik Eskimo, a member of the Native Village of Mekoryuk, and I serve as Director of Public Policy at Cook Inlet Housing Authority, the Tribally Designated Housing Entity for the Cook Inlet region of Southcentral Alaska. I have the honor of being unanimously voted as the Legislative Committee Chair of the Association of Alaska Housing Authorities, and unanimously voted as Board Member for the National American Indian Housing Council representing Alaska. My comments represent all of the 14 regional housing authorities that cover every geographic corner and Native population group in Alaska.

Support for NAHASDA Formula in the Housing is Infrastructure Act of 2021

Cook Inlet Housing Authority and its sister organizations support the funding mechanism found in the Housing is Infrastructure Act of 2021. This historic investment in Native housing will go a long way to rebuild infrastructure in Native Communities. The use of the existing funding mechanism will increase the speed and efficiency of the effort. I and my Alaskan colleagues thank Financial Services Committee Chairwoman Waters for her respect of tribal self-determination, respect of the negotiated rulemaking process, and the goal of efficiently distributing needed funding without administrative burden or waste, by allocating Indian Housing funding through the NAHASDA formula in the Housing is Infrastructure Act of 2021.

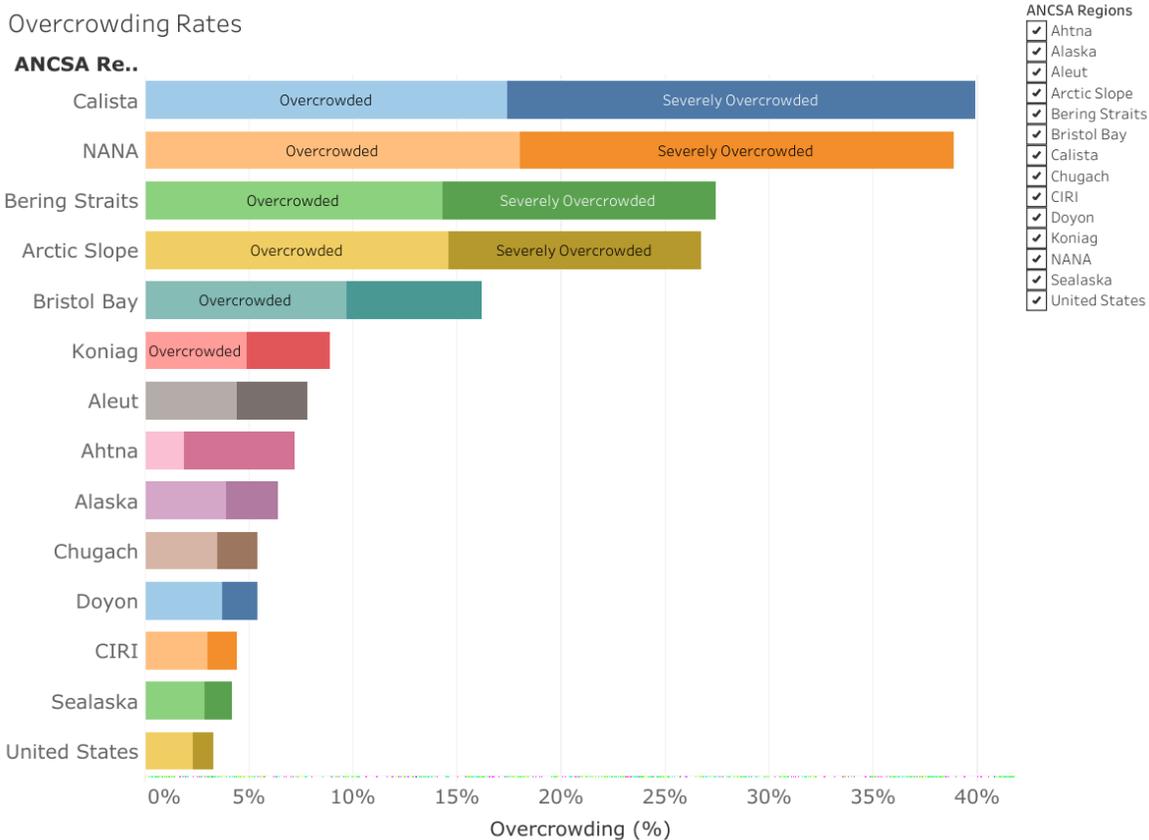
Housing is the first piece of infrastructure in a village. Roads, water lines, power, and more do not exist to serve empty places. They serve people’s homes. The funding appropriated under the authority of the Native American Housing and Self Determination Act (NAHASDA) is the primary and sometimes only funding source for development of housing that provides the support for northern climate construction and opportunity to adapt to the subsistence economics of village life. Support for NAHASDA funding is key for ensuring villages have an opportunity to bring the infrastructure needed to advance economic opportunity in rural Alaska.

Our remote rural villages cannot survive without adequate, affordable housing. The safety officers, teachers, healthcare workers, and power plant operators who are essential for a village to survive need housing to live in themselves, in addition to having adequate housing for those who are locally born and raised. Without a decent place to live, these essential workers will not take jobs in villages. When speaking with law enforcement, school districts, and healthcare providers, housing is often mentioned as the

number 1 impediment to attracting workers to remote Alaska. If these services are not provided, people leave the village in search of a better life. If young people are leaving, who will take care of elders with subsistence hunting and fishing? If a village cannot attract and retain those who are essential to their community, how can their village thrive?

Need for Housing investment

Housing for our Native people is overcrowded and inadequate in our rural villages. On a national scale, the 2017 Housing Needs of American Indians and Alaska Natives study from HUD tells us we need 33,000 homes to alleviate overcrowding and 34% of our homes have a major physical deficiency in tribal areas.¹ Closer to home, the Alaska Housing Finance Corporation in their 2018 Alaska Housing Assessment found that 40% of homes in the Yukon-Kuskokwim are overcrowded or severely overcrowded and 35% have incomplete plumbing.²

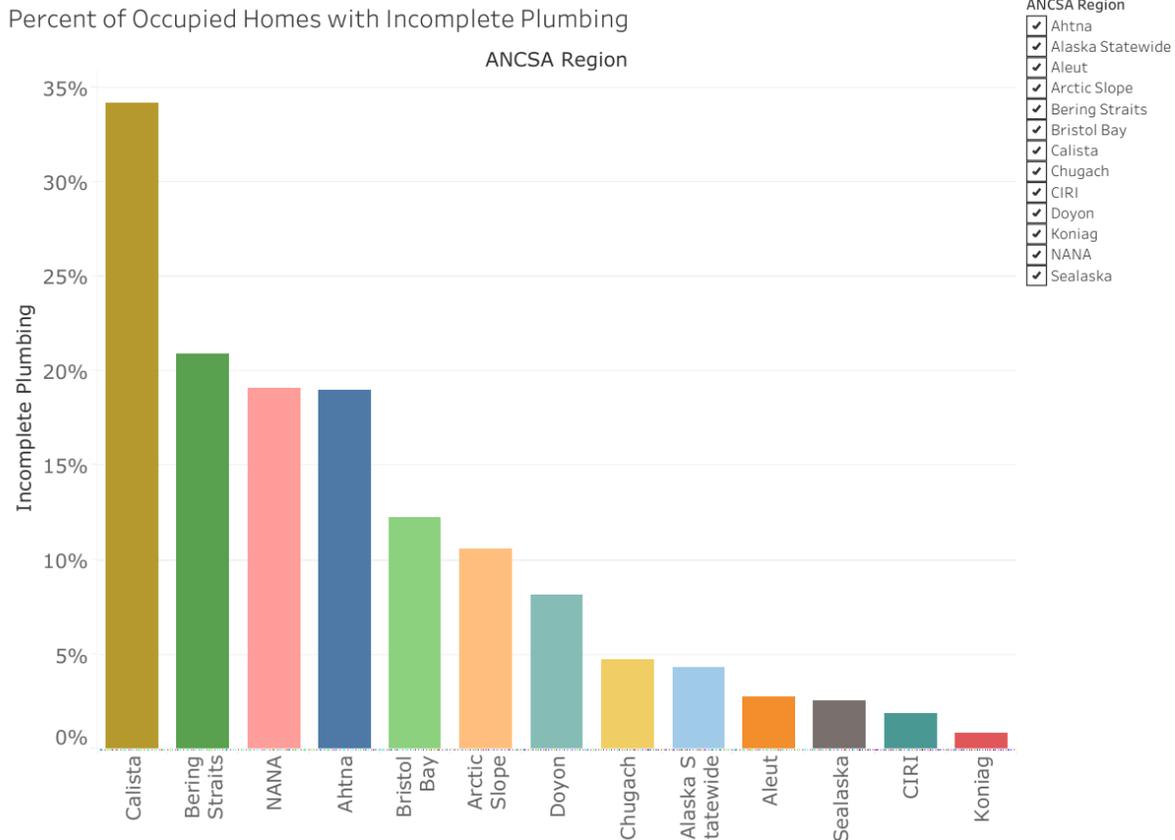


HUD defines a home as overcrowded if it has more than 1 person per room, and severely overcrowded if it has more than 1.5 people per room

¹Accessed at <https://www.huduser.gov/portal/publications/HousingNeedsAmerIndians-ExecSumm.html> on July 20, 2021

² Accessed at <https://www.ahfc.us/pros/energy/alaska-housing-assessment/2018-housing-assessment> on July 20, 2021

The overcrowding is so bad for some homes that 18 people share a small 3-bedroom home requiring people to sleep in shifts throughout the day for lack of surfaces for everyone to sleep at once. How can people sleeping the day shift ever hold down a job? How can children learn when their home is so overcrowded that they have no place to study, and they carry the stress and anxiety of their home life into school? How will those children grow up and have a job if they never had a chance to learn how to read and do math?



Homes lacking hot and cold running water, a tub or shower, or a flush toilet are considered to have incomplete plumbing.

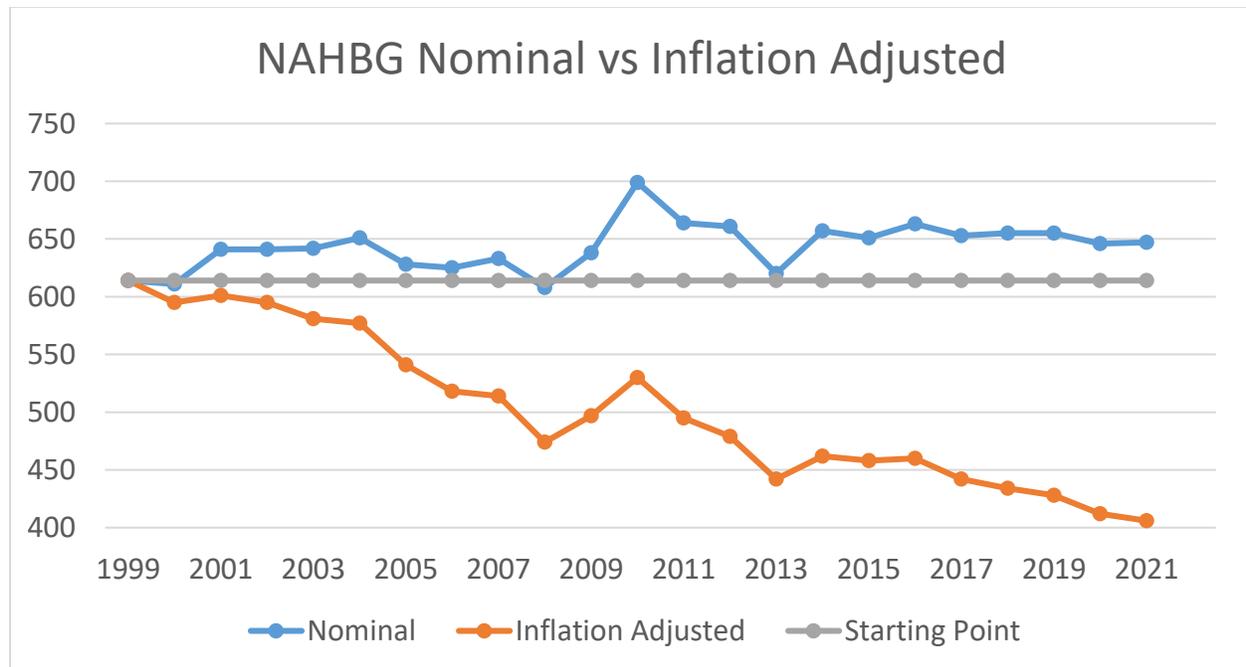
(Alaska Housing Finance Corporation charts from their 2018 Housing Assessment)

Over the last 20 years Congress has under-funded Native housing egregiously compared to non-Native housing. Total funding for the overall Department of Housing and Urban Development (HUD) has far outpaced NAHASDA specifically, and far ahead of inflation. In FY 2001 HUD’s budget was approximately \$28 billion³ and the Native American Housing Block Grant (NAHBG, or interchangeably the Indian Housing Block Grant, IHBG, depending on the appropriation year) specifically was \$646MM.⁴ Fast forward to FY

³ Accessed at <https://archives.hud.gov/budget/fy02/budgetbk.pdf> on July 20, 2021

⁴ P.L. 106-377 accessed at <https://www.congress.gov/bill/106th-congress/house-bill/4635/text?q=%7B%22search%22%3A%5B%22cite%3APL106-377%22%5D%7D&r=1&s=1> on July 20, 2021

2021 and HUD’s overall budget authority was \$60 billion⁵, and the NAHBG specifically was \$647 million.⁶ If Indian Housing was funded at parity with inflation, it would be funded at approximately \$960 million for FY 2020. This is key: all of HUD has gained over 25% in purchasing power whereas Indian housing has lost over 30%. This inequity toward Native people cannot continue.



Approximately half of all available Native American Housing Block Grant (NAHBG) funding is committed to providing operating assistance to housing units built prior to NAHASDA, units that are 20-40 years old. Only after that funding is allocated can the remaining NAHBG funding be allocated to Tribes to address unmet housing needs. However, the costs of operating and maintaining all of the NAHASDA units built over the past 20 years comes out of this “Needs” portion of the allocation. Increasingly, this leaves less and less funding to meet housing needs that continue to grow. The HUD Housing Needs Assessment confirms that new development has begun to slow. We believe that is primarily because tribes need to use more of the available NAHASDA Needs funding just to keep the lights on and the doors open.

The cost of construction in Alaska is often two to three times the total development cost (TDC) of construction for Indian Reservations located in the Lower-48 and some TDCs in Alaska have quadrupled since 1999. Although an average per sq. ft. cost to construct a modest 1200 sq. ft. home is can be between \$300-\$350 / sq. ft. range (\$360,000 - \$420,000), costs in some of the more remote communities are be as high as \$450/ sq. ft. (\$540,000) or more.

The largest cost drivers for Alaskan housing construction are construction wages, construction materials, and transportation. Over the last 20 years those factors increased in prices by 56% for construction labor,⁷

⁵ HUD Budget Brief 2022, historical enacted 2021 budget on page 2; accessed at https://www.hud.gov/sites/dfiles/CFO/documents/2022_Budget_in_Brief_FINAL.pdf on July 20, 2021

⁶ P.L. 116-260 accessed at <https://www.congress.gov/bill/116th-congress/house-bill/133/text> on July 20, 2021

⁷ BLS, Employment Cost Index: Wages and Salaries: Private Industry Workers: Construction <https://fred.stlouisfed.org/series/ECICONWAG>

70% for construction material,⁸ and 52% for water freight and 64% for air freight.⁹ These costs, combined with Alaska's unique logistical issues, result in housing construction costs that are astronomical in Alaska. This increase in cost of construction, directly impacts the price of the home and therefore the fair market rent value as illustrated below.

The NAHASDA formula works

NAHASDA is codification by Congress of the unique relationship between the Federal government and sovereign Native American nations, authorizing tribes to address their unique housing needs through various activities such as construction, rehabilitation, modernization, rental assistance, lending programs, crime prevention, and a host of other strategies. Unlike previous housing programs, NAHASDA recognizes the Federal government's trust obligation to promote the well-being of Native peoples and empowers tribes to exercise self-determination in the development and implementation of strategies to address their particular housing needs. NAHASDA has been reauthorized twice before and although bills have been reintroduced every year since it has expired, there has not been a bill that has passed Congress.

Indian housing is not merely a federal entitlement or "discretionary program," but, like many other Indian programs, has its roots in a solemn trust responsibility to Indian nations and peoples. Housing conditions in Indian country are well documented as being some of the worst of the worst. Alaska Natives suffer from escalating and above national average rates of overcrowding, inadequate housing, and unemployment, both as to the general U.S. population, and within the Native American population as well. Indian housing programs have a unique legal and equitable justification for discrete consideration apart from actions taken relative to other federally funded programs, *including in particular, those within HUD*.

Quantifying the need for housing among 500+ tribes across the entire U.S. is a monumental data exercise. At the creation of NAHASDA, tribes across the country and HUD gathered to engage in Negotiated Rulemaking. This consensus model required everyone to agree on the data that would feed a non-competitive distribution method that would not require annual competitions and would provide on-going ability to plan and operate housing. There are more than 10 factors that affect the formula, from overcrowding rates, population, physical deficiency and more. This allowed out tribes to move beyond annual competition and work together.

Two anecdotal examples are key here. First, prior to NAHASDA, Cook Inlet Housing Authority (CIHA) was able to construct 267 housing units. After NAHASDA, CIHA constructed over 1,700 housing units, in nearly half the time. Second, because of our non-competitive position, AVCP Regional Housing Authority in Bethel asked us to use our expertise in Low Income Housing Tax Credits and project management to assist them in financing rental units in their region. This would not have happened when we were competing for the same pool of funding before NAHASDA was enacted.

Native Housing Pre-NAHASDA

Pre NAHASDA, housing decisions were made by the Federal Government and houses were placed in our communities without specific consideration of the community, region or climate. Our communities have

⁸ BLS, Producer Price Index by Commodity for Special Indexes: Construction Materials
<https://fred.stlouisfed.org/series/WPUSI012011>

⁹ BLS, Producer Price Index by Industry: Scheduled Freight Air Transportation
<https://fred.stlouisfed.org/series/PCU481112481112P>

changed dramatically since these times. For example, as permafrost melts, foundations are compromised and homes are being pulled apart, *literally*. Our current housing stock needs to be preserved in order to keep our families housed. The alternative are families living in substandard conditions and overcrowding will increase when the housing stock further declines. Infrastructure investments in our communities is also a critical component to spurring new construction. According to the Alaska Department of Environmental Conservation, Division of Water, as of March 2019, Alaska has 28 rural communities that are considered “unserved,” meaning that 45% or more homes have not been served either via pipes, septic tank & well, or covered haul systems. Communities that do have adequate or excess water and wastewater infrastructure in place often require these systems to be upgraded before more homes can be added onto the systems.

The power of NAHASDA is that each tribe decides its own priorities, so that the NAHASDA funding can be used to address different needs, such as permafrost melting in one community and water and sewer issues in another community. Because of the flexibility of NAHASDA funding, the tribe itself decides the best place for these funds to be spent based on the needs of their people. When considering the cost of new construction, versus the cost of preserving housing at risk of falling into uninhabitable condition due to disrepair, the cost benefit analysis is simple. However, competitive programs that prioritize new construction, despite statutory language stating “construction *AND* rehabilitation” forces tribes into a “sophie’s choice:” no new money, OR focus on new construction in the hopes of winning a competitive award. The new construction money does not include operating assistance, so the competitive awards pressure tribes to create long-term liabilities that further depress their future ability to construct and rehabilitate homes.

The power of NAHASDA is also in its ability to allow long-term planning, operation, and cooperation. Prior to NAHASDA, the only way to build new housing was to compete for the funding. The rise of the IHBG Competitive program is understandable given the stagnation of the NAHBG formula. With 20 years of underfunding it is easy to say the program as a whole needs change. But the real problem is an IHBG that should be \$960 Million but is only \$647 Million. As tribes do not have enough funding to operate existing housing, deal with rising threats such as meth contamination, and construct new housing, it is easy to say we need a new program. However, adding funding to the formula to preserve the tribal discretion and flexibility will achieve the same result, and faster with less administrative waste.

NAHASDA Reauthorization

NAHASDA is the statutory framework upon which the Native American Housing Block Grant is built. Reauthorization not only provides an easier path for continued appropriations, but improvements to the programs under NAHASDA’s authorization. Without reauthorization we risk the long-term viability of this important resource and commitment by Congress to Tribes. With Tribes facing the above mentioned issues, and the demonstrated success and power of NAHASDA, its reauthorization is needed now more than ever. I thank the members of the Subcommittee and am happy to respond to questions at your convenience.