



SOUTH DAKOTA  
**Native Homeownership  
Coalition**

[www.sdnativehomeownershipcoalition.org](http://www.sdnativehomeownershipcoalition.org)

c/o Lakota Funds, P.O. Box 340, Kyle, South Dakota 57752, (605) 455-2500

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Mr. Jim Gray  
Program Manager  
Federal Housing Finance Agency  
Constitution Center  
400 7th Street, SW, Room 8-145  
Washington, DC 20024

Dear Mr. Gray:

Thank you for the opportunity to provide input about the Duty to Serve Underserved Market Plans from Fannie Mae and Freddie Mac. We are writing on behalf of the South Dakota Native Homeownership Coalition's Policy Committee.

**Coalition Background**

Since our creation in 2013, the South Dakota Native Homeownership Coalition has brought together a diverse group of 75 tribal, state, federal, nonprofit, and private sector stakeholders who are working to identify barriers, share innovative solutions, and leverage resources to create a clear path to homeownership for Native people in South Dakota. We are governed by a representative executive committee, and Lakota Funds, a Native community development financial institution, serves as our fiscal agent.

Some of the Coalition's key accomplishments to date include:

- Providing opportunities for peer sharing and learning about innovative homeownership models through annual tribal site visits;
- Inaugurating a new Native American homeownership track at the annual SD Housing Conference, which has become a fixture of the conference;
- Certifying 25 financial education and homebuyer education instructors who continue to meet and collaborate regularly;
- Conducting residential inspector certification training;

- Launching housing needs assessments in tribal communities;
- Piloting a residential construction internship program; and
- Prioritizing the homeownership needs of Native American veterans.

Coalition participation results in a wide range of benefits for our members, including an enhanced understanding of barriers and innovative solutions; capacity building for practitioners; increased access to financial resources; direct contact with decision makers and program administrators; and opportunities to build trust among stakeholders working together to support Native homebuyers.

### **Barriers to Native Homeownership**

During the Coalition’s initial strategic planning session, we identified the following obstacles to homeownership for Native individuals and families in South Dakota:

#### *Physical barriers, including lack of housing stock, infrastructure, and land issues.*

The lack of available housing stock is a tremendous barrier to Native homeownership in South Dakota. Even if families qualify for a mortgage, often, there are no homes available for purchase. “Starter homes” or “fixer-uppers” often found in other communities rarely exist in Native communities. In addition, the cost and general lack of infrastructure is also a tremendous barrier. Facilitating homeownership may also mean including the cost of new infrastructure, and determining how infrastructure will be provided. Again, basic amenities and support systems found in off-reservation towns and cities often don’t exist, and need to be provided and financed. Because much of the land in Native communities is held in trust by the federal government, the process of accessing land for construction is complicated and time-consuming. Some lenders are unwilling to provide mortgages on tribal land because of perceived risks.

#### *Need to educate lenders, housing practitioners, tribal leaders, and the public.*

Often a lack of understanding about programs and resources – by individuals and practitioners -- is a barrier to homeownership. The perception that homeownership is not achievable, and barriers are insurmountable – by tribal leaders and the general public – is also a significant obstacle. Tied to land issues as an obstacle, the perception of lenders that lending on tribal land is too risky is also a real obstacle to homeownership.

#### *Homebuyer readiness.*

Homebuyer readiness a barrier to homeownership, on a number of levels. Potential homebuyers may not be ready for homeownership, or able to qualify for mortgage financing because of poor credit histories or no credit history. Potential homebuyers are often unfamiliar with the homebuying process, and the rights and responsibilities of homeownership. A lack of information about the homebuying process – how to buy a home, especially on tribal land – is often a major impediment to homeownership.

*Funding/Financing, including lack of capital, lack of available down payment/closing costs, and loan product requirements.*

Often resources exist, but potential homeowners and practitioners need to learn about these resources and how to access them. For example, downpayment assistance may be available for qualifying homeowners who may not have funds for a downpayment, but practitioners may not be aware of these resources or how to assist their clients in accessing them. In some cases, various financial resources may have different requirements, such as income limits, which can make housing development financing complicated and cumbersome.

*Policy impediments to homeownership.*

Stakeholders also recognized that existing policies (of federal, state, and local agencies, as well as lenders) may impede homeownership. For example, some policies that are designed for the homeownership process in urban communities or on non-trust land may not be applicable on tribal land. Also, some policies may exclude resources from Native homeownership developments because of the misperception that HUD's Indian Housing Block Grant program adequately funds the demand for housing development in Indian Country.

## **Recommendations**

Through their Underserved Market Plans, Fannie Mae and Freddie Mac have the potential to make significant contributions to the Native homeownership market in South Dakota. We offer the following suggestions:

1. **Invest in Local Providers.** Rather than recreating the wheel, we encourage Fannie Mae and Freddie Mac to collaborate with and support existing and emerging local organizations that are helping homebuyers to navigate the affordable homeownership market in Native communities, including Native community development financial institutions, tribes, Tribally Designated Housing Entities (TDHEs), nonprofit housing developments, and other Native housing practitioners. These organizations have established relationships in Native communities and are familiar with Native culture as well as the local homebuying players, processes, and practices.
2. **Bring Capital to Support Native Homeownership.** While we have the organizational infrastructure in place to support Native homeownership in South Dakota, we need capital. We encourage Fannie Mae and Freddie Mac to create financing mechanisms that help new dollars to flow to where they can be leveraged and used most efficiently. For example, our nonprofits and Native CDFIs need operating funds. Our developers, including TDHEs, need non-federal match dollars for infrastructure, housing development, and community facilities. Our local lenders, including Native CDFIs, need long-term, low-cost mortgage capital as well as loan products to deploy leasehold mortgages. And, finally, our tribes need funds to capitalize risk mitigation pools and loan loss reserve funds to attract other sources of capital to our mortgage deals.

3. **Build the Capacity of Construction Professionals Operating on Trust Land.** To help to meet the market demand for private homeownership housing stock on trust land in South Dakota, the Coalition is piloting several programs to expand the capacity of construction professionals working on trust land including residential contractors, inspectors, and appraisers. We are also seeking to build the capacity of homebuyer education instructors and financial coaches. We encourage Fannie Mae and Freddie Mac to support these capacity building efforts through training, technical assistance, and creative programming such as fellowships, apprenticeship programs, and other peer sharing opportunities.
  
4. **Hire Native Professionals.** We encourage Fannie Mae and Freddie Mac to institutionalize Native homeownership programs within their organizations. In order to ensure the programs are effective, we encourage hiring Native professionals to work on the regional level so that they can understand and be responsive to the needs of the local mortgage markets in Native communities.

We appreciate the opportunity to provide these recommendations and look forward to continued collaboration with the Federal Finance Housing Agency, Fannie Mae, and Freddie Mac. Thank you for your continued commitment to Native homeownership.

Sincerely,



James "JC" Crawford  
*Executive Director*  
**Sisseton Wahpeton Housing Authority**

*Policy Committee Co-Chair*  
**SD Native Homeownership Coalition**



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