A Conversation with Tribal Leaders: Manufactured Housing in Indian Country
Manufactured Housing in Indian Country

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Disclaimer and Notes

The opinions, conclusions, or recommendations expressed here are the presenter’s and not necessarily those of the Federal Reserve Bank of Minneapolis or the Federal Reserve System.


“Manufactured homes,” abbreviated herein as “MH,” refers to factory-built homes that essentially are ready for occupancy upon leaving the factory.
Overview

The Federal Reserve System and the Center for Indian Country Development

Manufactured Homes in Indian Country

• Use and Affordability
• Quality
• Trust Land Impacts
• Financing: Denial Rates and Loan Rates
• Consumer Concerns
What is the Federal Reserve System?

It is an apolitical institution, independent of the executive branch

Responsible for economic / monetary policy

Promote equal access to credit

Advance economic and community development

Core Mandate: *Prosperity and Stability*
Other responsibilities:

Encourage financial and economic literacy

Address housing problems
Mission:

To support Native Nations in achieving their wealth and prosperity goals through research and collaboration.
This Trend Concerns Me

Number of HUD 184 Loans by Type of Land (1995-2015)

Fee Land Loans Dominate Since 2005

Source: CICD staff calculations based on data provided by the U.S. Department of Housing and Urban Development
## Federally Recognized Reservations

<table>
<thead>
<tr>
<th>Description</th>
<th>Acres (million)*</th>
<th>Percentage*</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Reservation Land</td>
<td>73</td>
<td>100.0</td>
</tr>
<tr>
<td>Total Trust Land</td>
<td>58</td>
<td>79.5</td>
</tr>
<tr>
<td>Tribal Trust Land</td>
<td>51</td>
<td>69.9</td>
</tr>
<tr>
<td>Individual Trust Land</td>
<td>7</td>
<td>9.6</td>
</tr>
</tbody>
</table>

*Accurate data are not readily available. These estimates based on: U.S Census for total acres; BIA/Wheeler for total trust land area; Dominic Parker for estimated tribal and individual trust land shares and total trust land by selected reservations.

### Trust Status Affects Housing Decisions

![Map showing percentage of land in trust across the U.S.]
High Usage of MH Loans by AIAN Households

HMDA Data for Census Tracts Overlapping a Federally Recognized Reservation

Trust Land Leads AIAN Families to Manufactured Homes

<table>
<thead>
<tr>
<th>AIAN Home Loan Applicants</th>
<th>Other Home Loan Applicants</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Manufacture Share of Applications by Housing Unit Share</strong></td>
<td><strong>Manufacture Share of Applications by Housing Unit Share</strong></td>
</tr>
<tr>
<td>2012-2016</td>
<td>2012-2016 (All Other Races)</td>
</tr>
<tr>
<td>0%</td>
<td>0%</td>
</tr>
<tr>
<td>0%-10%</td>
<td>0%-10%</td>
</tr>
<tr>
<td>10%-20%</td>
<td>10%-20%</td>
</tr>
<tr>
<td>20%-40%</td>
<td>20%-40%</td>
</tr>
<tr>
<td>90%-100%</td>
<td>90%-100%</td>
</tr>
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The graphs show a significant increase in the share of manufactured homes among AIAN home loan applicants compared to other home loan applicants. This trend is particularly noticeable in the 90%-100% housing unit share category.
Manufactured Homes Are Affordable

Typical Costs for a 1,700 Sq. Ft. Home

<table>
<thead>
<tr>
<th></th>
<th>Manufactured</th>
<th>Site-Built</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Construction Cost</strong></td>
<td>$68,000</td>
<td>$171,000</td>
</tr>
<tr>
<td><strong>Transport/Installation</strong></td>
<td>$40,000*</td>
<td>$0</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>$108,000*</td>
<td>$171,000</td>
</tr>
</tbody>
</table>

*Or less; figures shown are for the high end of a range of estimated transportation and installation costs.

Trust Land Implications

*Home owned as real estate?*
- Owning or leasing trust land takes extra effort
- Many AIAN families buy the manufactured home without owning or leasing the land
- Appreciation depends on the land, not the structure

*Mortgage or chattel loan?*
- Chattel have high denial rates and interest rates
- Consumer protections are stronger on mortgages
- Most manufactured-home buyers use chattel loans, even when they own the lot (CFPB)
- In Indian Country, impediments to leasing trust land intensify that tendency
Appreciation = Owning the Location

Case 1: Family owns the manufactured home and the lot as real estate

• Appreciation of MH on *owned lots* on par with overall housing market gains (AHS)
• “Ownership of the land is vital to...appreciation.”

Case 2: Family owns the manufacture home as personal property, but not the land

• Structure is prone to significant depreciation, whether manufactured or site-built (like a car or truck)
## MH Quality Has Improved

### Age of Manufactured Homes

<table>
<thead>
<tr>
<th>Year Built</th>
<th>Percentage</th>
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<tbody>
<tr>
<td>1995 or Later</td>
<td>36.5%</td>
</tr>
<tr>
<td>1975-1994</td>
<td>43.9%</td>
</tr>
<tr>
<td>Before 1975</td>
<td>19.6%</td>
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- **1976:** HUD’s Initial U.S. Constr. & Safety Standards Code
- **1994:** Significant Code changes, including wind resistance
- **Code now covers:** Design | Energy efficiency | Fire safety | More
- **For new homes, HUD’s standards preempt state and local building codes**

*Source: American Housing Survey 2013*
Denial Rates for MH Loans are High, Especially among AIAN Applicants

Denial Rates on Site-Built Homes
Census tracts with > 0% reservation housing units

Denial Rates on Manufactured Homes
Census tracts with > 0% reservation housing units
The Manufactured-Home Loan Market Is Dominated by Clayton Homes

Share of AIAN Applications for Manufactured-Home Loans (2016)
Patrice.Kunesh@mpls.frb.org

https://www.minneapolisfed.org/indiancountry
Cheyenne River Housing Authority
<table>
<thead>
<tr>
<th>CRHA Experience</th>
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<tbody>
<tr>
<td><strong>What is the Need</strong></td>
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<tr>
<td>• Needs Assessment – Understanding your community</td>
</tr>
<tr>
<td><strong>Manufactured Housing</strong></td>
</tr>
<tr>
<td>• Manufactured housing has a strong presence in achieving homeownership</td>
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<tr>
<td><strong>Community Financing</strong></td>
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<tr>
<td>• Who are the Lenders and Where are the Lenders</td>
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<tr>
<td><strong>CRHA’s role</strong></td>
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<tr>
<td>• What is our role(s) in housing development</td>
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Needs Assessments

2016 HOMEOWNERSHIP FOCUS

Major Findings
- Purchasing a “trailer home” is seen as the first step toward homeownership
- The need for Homebuyer Education and Homebuyer Readiness Services guided our expansion of services
- 165 respondents are living in “doubled-up” conditions

2018 VETERANS FOCUS

We have launched a 2nd needs assessment to understand the housing needs of our veterans
Report will be released this spring
Help guide our outreach and strategic plans for future housing development projects
### Workable Solutions

#### Badger Park
- 160 acre Subdivision – mixed use both Rental & Homeownership
- CRHA financed the infrastructure – 10 million costs.
- Homeowners advantages and Project advantages
- We anticipate we need a total of 30 million to load the subdivision, to date we have 9.8 million and 50 rental units.

#### Courtyard
- Create the environment to promote affordability and access to home site
- Effective and efficient use of tribal land
- Exclusively for home ownership manufactured home (new and pre-owned)
- Phase 1 = 26 homesites and storm shelter, cost 1.5 million
- Phase1-5 = 99 homesites for 126 acres

#### Manufactured Housing Projects
- First Camp = 24 units. Multi-family and single family. HOME and Housing Trust Funds. $3.1 million
- North Star =4 units. Duplex design for senior housing. First tribal housing trust funded project. $600,000
- Six Feathers = 36 units. Multi-family design. LIHTC funds. $6.1 million
Community Financing

MORTGAGE LENDERS

HUD-Office of Native American Programs – Section 184 loan product
  Authorized and Certified Lenders
USDA – Rural Housing Development – Section 502
VA – Direct Loan Program for NA Veterans

FOUR BANDS COMMUNITY FUND – NATIVE CDFI

Chattel loans for new and pre-owned manufactured homes
Mortgage Loans for deeded and trust lands
Demonstration Project – One of two Native CDFI entities approved to loan under USDA Section 502 home loans
Working to replicate this lender status with Department of VA – NA veterans
CRHA’s role in Housing Development Projects

CRHA is the Tribally Designated Housing Entity (TDHE), we are owned by the Cheyenne River Sioux Tribe and have delegated authorities for housing issues. TDHE’s are unique because we are:

Owner Developer General Contractor
Investor Lender of Construction Financing
Property Manager (rental)
CRHA’s Future

CRHA’s goal is to provide OPTIONS/CHOICES for our tribal members seeking homeownership.

◦ Homebuyer Education and Readiness Department
◦ Subdivisions that are fully developed so the homebuyer can focus on the cost of purchasing a home
◦ General Contractor services at affordable costs
◦ Develop and implement strategic plans to meet the diverse housing needs
◦ Maintain a property management portfolio that attracts investors and partners
Lance Morgan
Ho-Chunk, Inc.
Ho-Chunk, Inc.
Living our mission every day
Our Welcome Sign

NOW ENTERING
NATIVE
AMERICA
Winnebago Tribe of Nebraska
Ho-Chunk, Inc. overview

Driving the socio-economic development of the Winnebago people through successful businesses.

• Launched in 1994 to diversify Tribe’s revenue from gaming
• Trickle-down economics doesn’t work
• The Big Conclusion: “To do one thing, you have to do everything!”
• Revenue and programs directed to the Tribe’s 5 priorities

Youth  Education  Jobs  Housing  Elderly
Ho-Chunk Village

**Problems:**
- Desperate Need for Housing
- Fast Growing Population
- Built 260 units in 20 yrs, but waiting list growing.
- Not enough capital to do scattered site housing
- Random Ad-Hoc Development
- Political sub issue
  - Middle Class Housing

**Solution**
- New Urbanism
  - Everything has a place
- Middle Class Emergence
- Great Fund Raising Tool
- Pride Across the Board
Housing: Removing barriers

Creating a journey to home ownership

• Good jobs, but no credit or Bad Credit
  • Rez Cars
• Rural Valuation Problems
  • Down Payment Assistance helped
• Grocery Store was the bank
  • Liberty National Bank
  • Native American Bank
• First-time homebuyer seminars
• Dynamic Homes
• Free Lots
• No Profit Margin on Tribal Member Homes
Down Payment Assistance is KEY!

• 20 years ago: Started with Low Income only $5,000
• 18 yrs ago: Added $3,000 and then $5,000, no income restrictions
  • Funded through donations
  • New home only
• 14 yrs ago: Upped it to $15,000
  • tribal tax funds, no income restrictions, new home only
• 10 yrs ago: Upped to 65,000
  • Wasn’t happening fast enough
  • $50,000 from tribal corporate dividends
  • Plus the existing $15,000
Down Payment, Cont.

• 4 yrs ago: Added $5,000 or 25% of cost for existing homes
  • New emerging resale market

• Last year: Changed to a percentage target
  • Target is 25 to 35 percent of the cost
  • Need to maximize tribal dollars due to high demand on the funds
  • Two neighborhoods:
    • 1. $65,000, No Income Restrictions
      • Averages about 30 percent of the cost
    • 2. $50,000 Low Income Neighborhood
      • $32,500 tribal funds
      • $5,000 federal funds
      • 12,500 state low income
      • Averages 35 percent of the cost
      • Sold 13 homes in 18 months
100-house, 5-year plan

• 100 housing units and infrastructure for 100 more
• 6% total company profit into plan
• $20 million estimated total cost
  • Only have a projected $4 or $5 million
• 70 units in three years

• KEY: Need a 3 to 1 match ratio
  • Tax Credits: 8 to 1
  • Down Payment 3 to 1
  • Private Investment: 4 to 1
  • Infrastructure: 2 to 1
$500 per month House

- 100 House Plan Initiative
- Low income lots are free
- No Property Taxes
- Trust land Loans
- Down Payment Assistance
  - $32,500 from Tribe
  - $5,000 Federal Funding
  - $12,000 from State Funding
- $500 to $635 mortgage
Another Low Income Home
Ho-Chunk Village: Village Square

- New Market Tax Credits
- 7 market-rate subsidized apartments (second level)
- Commercial: Law firm, Tribal Enrollment Office, Sweetwater Cafe
Ho-Chunk Village: Winnebago Clans Sculpture Garden
Modular Townhouses: Private Investment Incentives
Ho-Chunk Village: Main Street

- Federal Grants
Ho-Chunk Village: Warrior Apartments

- Low Income housing tax credits
- 27 low-income units
Ho-Chunk Village: Little Priest Classroom

- Ho-Chunk, Inc. donation for infrastructure
- Winnebago Community Development Fund—Important Tool!
Ho-Chunk Village: Single-family home

- Up to $65,000 in down payment assistance
- Goal to offset 30-35% total cost
Ho-Chunk Village: Single-family home

Discounts from Dynamic Homes- Our Modular Company
No Profits from Ho-Chunk Construction Companies
Ho-Chunk Village: Village Park
Solar Power
- Solar Farm
- Private Residences
- 17 Corp and Gov’t Buildings
Farmers Market

- Heathy Foods
- Community Garden
- Art and Crafts
- Prepared Foods
- Entrepreneur
Next: Ho-Chunk Village 2.0

- Acquisition of additional 40 acres
  - 100 additional units
  - Planning started early 2018

- Builds on success of Ho-Chunk Village
  - Broke ground in 2003
  - Master plan community on reservation for Tribal members to live and work
Tri-state regional development

Creates revenue streams back to Winnebago to fund housing programs.

• Ho-Chunk Centre
• Flatwater Crossing
• Virginia Square
• Dakota 303
Flatwater Crossing, South Sioux City, Neb.
Today’s work is for tomorrow

WHEN YOU PUT THESE FOOTPRINTS DOWN, BE VERY CAREFUL BECAUSE YOUR CHILDREN ARE GOING TO FOLLOW ALONG

Reuben Snake
Winnebago Tribal Leader
Manufactured Housing in Indian Country

• Patrice Kunesh, Center for Indian Country Development
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