

HOMEOWNERSHIP OPPORTUNITIES FOR NATIVE
AMERICANS ACT OF 2004

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JUNE 17, 2004.—Committed to the Committee of the Whole House on the State of
the Union and ordered to be printed
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Mr. OXLEY, from the Committee on Financial Services,
submitted the following

R E P O R T

[To accompany H.R. 4471]

[Including cost estimate of the Congressional Budget Office]

The Committee on Financial Services, to whom was referred the bill (H.R. 4471) to clarify the loan guarantee authority under title VI of the Native American Housing Assistance and Self-Determination Act of 1996, having considered the same, report favorably thereon without amendment and recommend that the bill do pass.

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PURPOSE AND SUMMARY

H.R. 4471, the Homeownership Opportunities for Native Americans Act of 2004, will clarify the loan guarantee authority under

title VI of the Native American Housing Assistance and Self-Determination Act of 1996.

BACKGROUND AND NEED FOR LEGISLATION

Under title VI of NAHASDA (25 U.S.C. 4191 et seq.), HUD guarantees, with tribal approval, obligations issued by tribes or tribally-designated housing entities (TDHEs) to finance eligible affordable housing activities and community development activities related to affordable housing. The program requires issuers to pledge current and future Indian Housing Block Grant (IHBG) appropriations to the repayment of the guaranteed obligations.

Under this program, HUD may not guarantee obligations exceeding \$400 million for each of the Fiscal Years 1997–2007, with a cumulative cap of \$2 billion for the eleven-year period. Once 50 percent of the authority has been committed in any year, HUD may then limit the amount of the guarantees any one tribe may receive in any fiscal year to \$50 million, or request an increase in the statutory dollar limitations. HUD may enter into commitments to guarantee loans for any fiscal year only to the extent that funds have been appropriated.

Title VI is modeled on HUD's Section 108 loan program under the Community Planning and Development program. Section 108 has a 100 percent loan guarantee authority included in the statute for the program. During the previous Administration, the Title VI program was operated at a 95 percent loan guarantee level. In fact, several loans are currently pending based on the 95 percent loan guarantee level. However, OMB asserts, by authority of OMB Circular A–129, that loan guarantees cannot exceed 80 percent in all cases where there is not explicit statutory authority to exceed that level. The statute for the Title VI program is silent regarding the loan guarantee level. H.R. 4471 will amend NAHASDA to provide explicit statutory authority for the Title VI program to continue to operate at a 95 percent loan guarantee level.

HEARINGS

No hearings were held on the legislation.

COMMITTEE CONSIDERATION

The Committee on Financial Services met on June 3, 2004 and ordered H.R. 4471 reported to the House, with a favorable recommendation, by a voice vote.

COMMITTEE VOTES

Clause 3(b) of rule XIII of the Rules of the House of Representatives requires the Committee to list the record votes on the motion to report legislation and amendments thereto. No record votes were taken with in conjunction with the consideration of this legislation. A motion by Mr. Oxley to report the bill to the House with a favorable recommendation was agreed to by a voice vote.

COMMITTEE OVERSIGHT FINDINGS

Pursuant to clause 3(c)(1) of rule XIII of the Rules of the House of Representatives, the Committee held a hearing and made findings that are reflected in this report.

PERFORMANCE GOALS AND OBJECTIVES

Pursuant to clause 3(c)(4) of rule XIII of the Rules of the House of Representatives, the Committee establishes the following performance related goals and objectives for this legislation:

The Secretary of Housing and Urban Development will utilize the authority granted in this legislation to guarantee loans under the Title VI program at 95 percent.

NEW BUDGET AUTHORITY, ENTITLEMENT AUTHORITY, AND TAX EXPENDITURES

In compliance with clause 3(c)(2) of rule XIII of the Rules of the House of Representatives, the Committee finds that this legislation would result in no new budget authority, entitlement authority, or tax expenditures or revenues.

COMMITTEE COST ESTIMATE

The Committee adopts as its own the cost estimate prepared by the Director of the Congressional Budget Office pursuant to section 402 of the Congressional Budget Act of 1974.

CONGRESSIONAL BUDGET OFFICE ESTIMATE

Pursuant to clause 3(c)(3) of rule XIII of the Rules of the House of Representatives, the following is the cost estimate provided by the Congressional Budget Office pursuant to section 402 of the Congressional Budget Act of 1974:

U.S. CONGRESS,
CONGRESSIONAL BUDGET OFFICE,
Washington, DC, June 14, 2004.

Hon. MICHAEL G. OXLEY,
*Chairman, Committee on Financial Services,
House of Representatives, Washington, DC.*

DEAR MR. CHAIRMAN: The Congressional Budget Office has prepared the enclosed cost estimate for H.R. 4471, the Homeownership Opportunities for Native Americans Act of 2004.

If you wish further details on this estimate, we will be pleased to provide them. The CBO staff contact is Susanne S. Mehlman.

Sincerely,

ELIZABETH ROBINSON
(For Douglas Holtz-Eakin, Director).

Enclosure.

H.R. 4471—Homeownership Opportunities for Native Americans Act of 2004

CBO estimates that implementing H.R. 4471 would increase the cost of loan guarantees made to Indian tribes and designated housing entities under title VI of the Native American Housing Assist-

ance and Self-Determination Act of 1996 by less than \$500,000 annually, assuming the availability of appropriated funds. This loan guarantee program is a discretionary federal credit program that requires annual appropriation bills to establish a dollar limitation on the value of loans that may be guaranteed and to provide a credit subsidy appropriation for the cost of such guarantees. Enacting H.R. 4471 would have no impact on direct spending or revenues.

H.R. 4471 contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act, and would impose no costs on state or local governments. Enacting this bill would provide benefits to tribal governments.

H.R. 4471 would require the Department of Housing and Urban Development (HUD) to provide insurance for 95 percent of the unpaid principal and interest on future loans. Currently, loans guaranteed under title VI of the 1996 act are insured by HUD for up to 80 percent of the loan value. By expanding the insurance coverage from 80 percent to 95 percent, CBO estimates that costs stemming from defaults would increase, resulting in the need for additional appropriated credit subsidy amounts each year.

The administration estimates this program currently has a subsidy rate of 10.3 percent. For 2004 the loan volume is set at about \$16.7 million, thus the subsidy cost of the program is nearly \$2 million. CBO estimates that by expanding the insurance coverage from 80 percent to 95 percent, the amount the federal government would have to spend in the event of a default would increase and that the subsidy rate associated with the loan guarantee program would increase from 10.3 percent to 12.3 percent each year.

Assuming that the volume limitation for the program over the 2005–2009 period would remain at levels similar to the 2004 level of \$16.7 million, CBO estimates that the subsidy cost of the program would increase by less than \$500,000 each year to cover the additional cost of the loan guarantees. It is possible that this change in insurance coverage could lead to an increase in the demand for loan guarantees, and that this increase may be reflected in future appropriation actions. If guarantees for a higher loan volume were authorized, the subsidy cost would also increase.

The CBO contact for this estimate is Susanne S. Mehlman. The estimate was approved by Peter H. Fontaine, Deputy Assistant Director for Budget Analysis.

FEDERAL MANDATES STATEMENT

The Committee adopts as its own the estimate of Federal mandates prepared by the Director of the Congressional Budget Office pursuant to section 423 of the Unfunded Mandates Reform Act.

ADVISORY COMMITTEE STATEMENT

No advisory committees within the meaning of section 5(b) of the Federal Advisory Committee Act were created by this legislation.

CONSTITUTIONAL AUTHORITY STATEMENT

Pursuant to clause 3(d)(1) of rule XIII of the Rules of the House of Representatives, the Committee finds that the Constitutional Authority of Congress to enact this legislation is provided by Arti-

cle 1, section 8, clause 1 (relating to the general welfare of the United States) and clause 3 (relating to the power to regulate interstate commerce).

APPLICABILITY TO LEGISLATIVE BRANCH

The Committee finds that the legislation does not relate to the terms and conditions of employment or access to public services or accommodations within the meaning of section 102(b)(3) of the Congressional Accountability Act.

SECTION-BY-SECTION ANALYSIS OF THE LEGISLATION

Section 1. Short title

This section establishes the short title of the bill, the “Homeownership Opportunities for Native Americans Act of 2004.”

Section 2. Federal guarantees for financing for tribal housing activities

This section amends section 601 of the Native American Housing Assistance and Self-Determination Act of 1996 by adding a new subsection that provides explicit statutory authority for the Title VI program to continue to operate at a 95 percent loan guarantee level.

CHANGES IN EXISTING LAW MADE BY THE BILL, AS REPORTED

In compliance with clause 3(e) of rule XIII of the Rules of the House of Representatives, changes in existing law made by the bill, as reported, are shown as follows (new matter is printed in italic and existing law in which no change is proposed is shown in roman):

SECTION 601 OF THE NATIVE AMERICAN HOUSING ASSISTANCE AND SELF-DETERMINATION ACT OF 1996

SEC. 601. AUTHORITY AND REQUIREMENTS.

(a) * * *

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(d) LIMITATION ON PERCENTAGE.—A guarantee made under this title shall guarantee repayment of 95 percent of the unpaid principal and interest due on the notes or other obligations guaranteed.