



**CONGRESSIONAL BUDGET OFFICE
COST ESTIMATE**

June 29, 2007

**H.R. 2786
Native American Housing Assistance and Self-Determination
Reauthorization Act of 2007**

*As ordered reported by the House Committee on Financial Services
on June 26, 2007*

SUMMARY

H.R. 2786 would reauthorize the Native American and Native Hawaiian Block Grant programs and would authorize the appropriation of such sums as necessary for those programs for each of fiscal years 2008 through 2012. In addition, the bill would reauthorize the loan program under Title VI of the Native American Housing Assistance and Self-Determination Act of 1996 for fiscal years 2008 through 2012.

CBO estimates that appropriation of the amounts necessary to implement H.R. 2786 would cost \$2.2 billion over the 2008-2012 period. Enacting H.R. 2786 would not affect direct spending or revenues.

H.R. 2786 contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act (UMRA); any costs to state, local, and tribal governments would be incurred voluntarily.

ESTIMATED COST TO THE FEDERAL GOVERNMENT

The estimated budgetary impact of H.R. 2786 is shown in the following table. The costs of this legislation fall within budget function 600 (income security).

	By Fiscal Year, in Millions of Dollars					
	2007	2008	2009	2010	2011	2012
SPENDING SUBJECT TO APPROPRIATION						
Spending Under Current Law						
Budget Authority ^a	633	0	0	0	0	0
Estimated Outlays	597	383	266	185	111	46
Proposed Changes:						
Native American Housing Block Grants						
Estimated Authorization Level	0	634	645	657	669	680
Estimated Outlays	0	231	362	459	541	616
Title VI Loan Guarantees						
Estimated Authorization Level	0	2	2	2	2	2
Estimated Outlays	0	2	2	2	2	2
Training and Technical Assistance						
Estimated Authorization Level	0	1	1	1	1	1
Estimated Outlays	0	1	1	1	1	1
Native Hawaiian Housing Block Grants						
Estimated Authorization Level	0	9	9	10	10	10
Estimated Outlays	0	1	3	5	7	9
Total Changes						
Estimated Authorization Level	0	646	657	670	682	694
Estimated Outlays	0	235	368	467	550	628
Spending Under H.R. 2786 for Native American Housing Programs						
Estimated Authorization Level ^a	633	646	657	670	682	694
Estimated Outlays	597	619	634	652	662	674

a. The 2007 level is the amount appropriated in that year for Native American Housing Block Grants, Title VI Loan Guarantees, and Native Hawaiian Housing Block Grants.

BASIS OF ESTIMATE

CBO estimates that implementing H.R. 2786 would cost \$2.2 billion over the next five years, assuming the appropriation of the necessary funds. For this estimate, CBO assumes that the bill will be enacted near the start of fiscal year 2008 and that appropriated funds will be spent at historical rates for the affected programs.

Native American Housing Block Grants

Section 2 would authorize the appropriation of such sums as necessary for the Native American Housing Block Grant program from 2008 through 2012. The block grant program provides funding to tribes to acquire, construct, rehabilitate, or manage affordable housing for low-income Native American families. In 2007, \$622 million was appropriated for this program. Assuming continued appropriations at that level and adjusting for anticipated inflation, CBO estimates that implementing this section would cost \$2.2 billion over the 2008-2012 period.

Title VI Loan Guarantees

Section 6 would extend the authorization of the Title VI loan guarantee program through 2012. Such guarantees allow Native American Block Grant recipients to leverage their funding by pledging future grants as security for the repayment of a loan. A private lender provides the financing and the Department of Housing and Urban Development (HUD) provides a 95 percent guarantee of the principal and interest due in the case of a default. The size of the Title VI loans can be no larger than five times the grant recipient's annual grant amount. HUD estimates this program currently has a subsidy rate of about 12 percent. In 2007, the program received an appropriation for subsidy costs of \$2 million, which will support about \$17 million in loans. Assuming appropriation of similar amounts, CBO estimates that implementing this section would cost \$11 million in additional subsidy costs through 2012.

There have been few losses to date in the Title VI program; however, repayment of these loans have been funded by federal grants. As a result, the actual cost to the government is borne by the grant program. It is uncertain what the cost of these loans would be in the absence of the grant program, but it likely would be higher, perhaps substantially.

Training and Technical Assistance

Section 7 would authorize the appropriation of such sums as necessary for the 2008-2012 period to fund a national organization representing the housing interests of Native Americans to provide training and technical assistance to Indian housing authorities. Such assistance is intended to build the housing authorities' capacity to administer housing programs in accordance with federal regulations. In 2006, the most recent year in which funds were provided, \$1 million was appropriated to be used by the National American Indian Housing Council for these purposes. Assuming appropriation of similar amounts, CBO estimates that implementing this section would cost \$5 million through 2012.

Native Hawaiian Housing Block Grants

Section 8 would authorize the appropriation of such sums as necessary for the Native Hawaiian Housing Block Grant program from 2008 through 2012. Program grants are used to develop, maintain, and operate affordable housing for low-income Native Hawaiian families through the Department of Hawaiian Home Lands. In 2007, \$9 million was appropriated for this program. Assuming continued appropriations at that level and adjusting for anticipated inflation, CBO estimates that implementing this section would cost about \$25 million through 2012.

INTERGOVERNMENTAL AND PRIVATE-SECTOR IMPACT

H.R. 2786 contains no intergovernmental or private-sector mandates as defined in UMRA. Grants authorized in the bill would benefit the state of Hawaii and tribal governments that participate in housing assistance programs. Any costs to those governments of complying with grant conditions would be incurred voluntarily.

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