

# Increasing Reservation Homeownership



**WELLS  
FARGO**

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**TRIBAL HOMEOWNERSHIP  
COALITION OF THE SOUTHWEST**

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## **Mission**

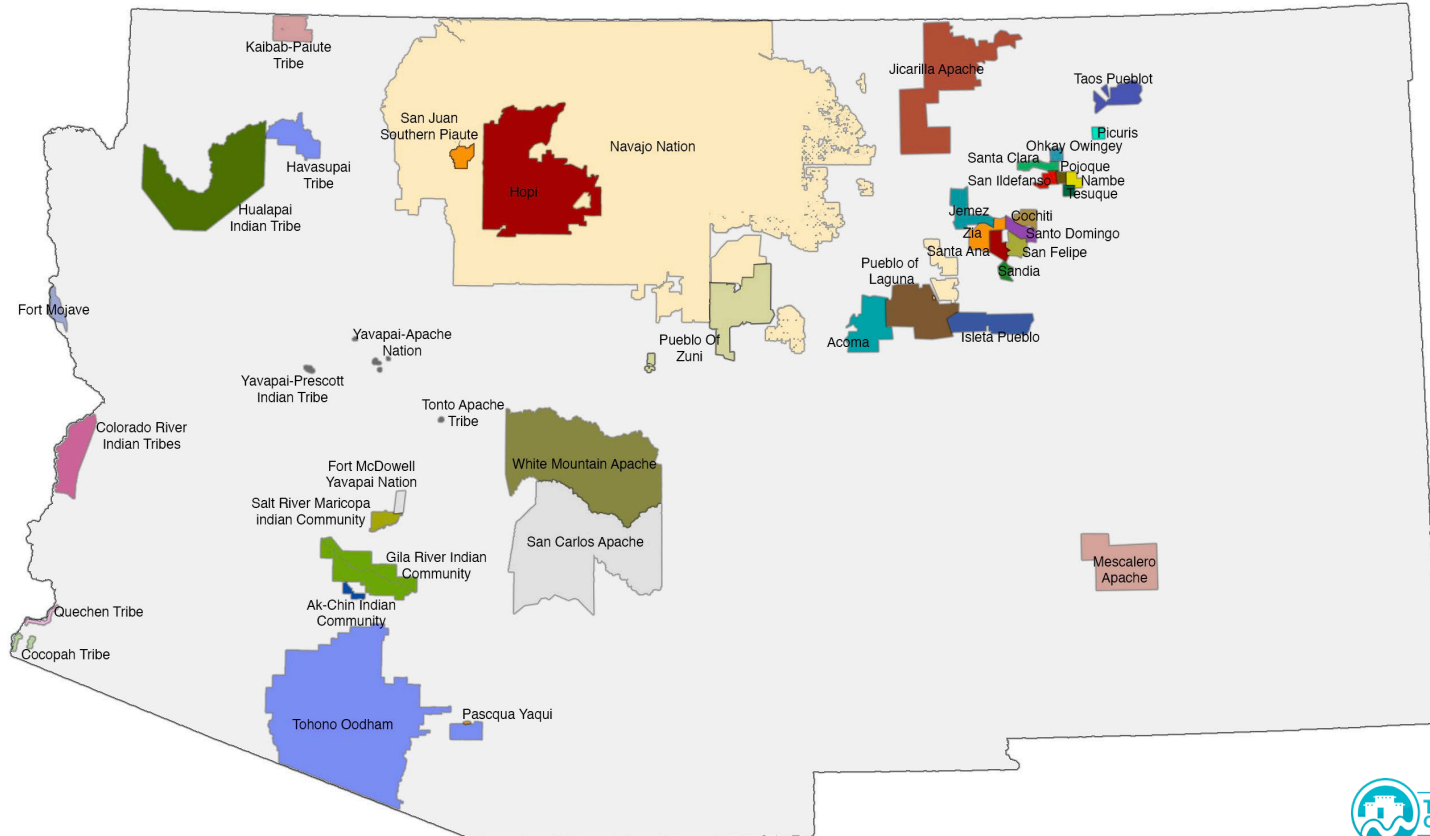
To empower Tribal communities in the Southwest to achieve economically sustainable homeownership through advocacy, collaboration, education, and culturally sensitive solutions.

# History

- NM Mortgage Finance Authority, Brings Together group of central Pueblo communities in **1999** to form NM Coalition
- The Tribal Homeownership Coalition is the evolution of the New Mexico Homeownership Coalition.
- Reformed tribal homeownership coalition will continue this mission serving both NM and AZ.

NEW MEXICO TRIBAL  
**HOMEOWNERSHIP**  
COALITION

# Pueblos and Tribes of AZ and NM



# History of Tribal Real Estate

ON REZ

Reservation system is imposed

Reservation Trust Lands Dawes Act

Indian Reorganization Act

Land is held in Trust by the feds. No GW/GK

HEARTH Act established by congress. Empowers Tribes.

1850s

1887

1924

1950s

2012

OFF REZ

Homestead Act, Land Grab. Non-Natives Only

Towns and Cities Develop. RE process established.

Real Estate flourishes. Families pass down ownership

Generational Wealth and knowledge is passed down.

Real Estate markets Ebb and Flow.

# Traditional vs Modern Homeownership

## Traditional

Cultural, Traditional Asset  
Family  
Home as a sacred space  
Birth, Celebration, Ceremony  
History  
Protection  
Life Cycle  
Stability  
Generational home  
Self/Community Builds



VS

## Modern

Appreciating Asset  
Investment  
Multiple homes over time  
Generational Wealth  
HGTV  
Rental Conversions  
Multiple homes at one time  
House Hacks  
Improve to appreciate  
Mortgage qualifying  
Modern Construction

# Homeownership on the Rez

## Equity

Homes do have value on the reservation. Reservation Homeowners often don't understand their homes are an asset

## Community

Homeowners historically have pride in ownership. Homeownership Communities are safer.

## Generational Wealth

Appreciating asset passed down through generations, providing long-term financial stability.



## Local Economy Growth

Homeowners invest in home improvements, spend money with local businesses and contractors.

## Traditional Values

Blend modern day homeownership culture with Traditional Culture.

## More Jobs

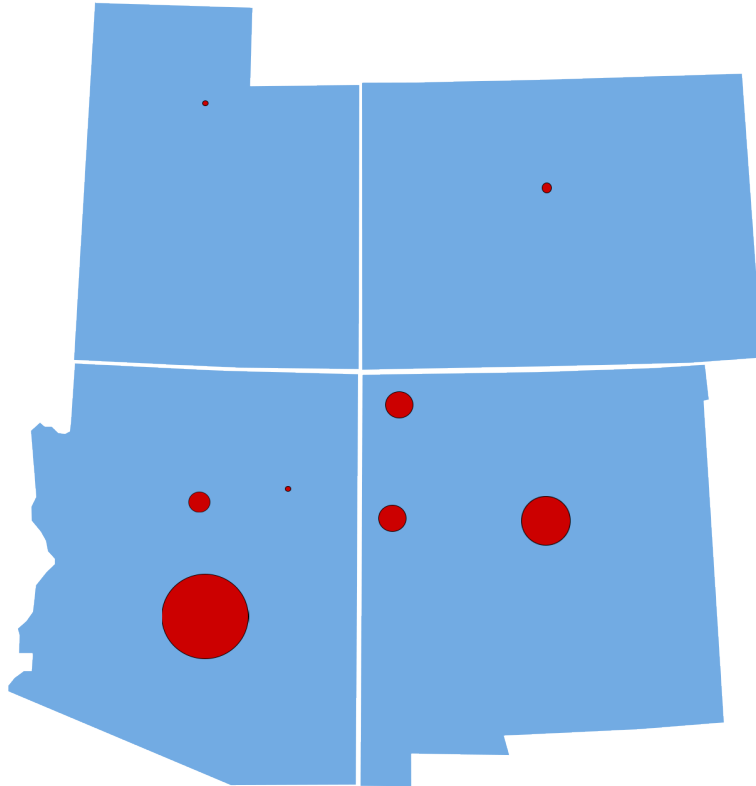
A homeownership industry will create more jobs.

# Homes on Rez Have Value!

Homes are appraisable on the reservation.

- Home In Lechee, AZ 3 bedroom
- Home Appraisals
  - Cost Approach: **\$170,000.00**
  - Comparable: **\$185,000.00**
  - No Appraisal: **\$30,000.00**
- Comparable home in Page sold for between \$240,000 - \$280,000.00
- Closed home is recorded in MLS and accessible by appraisers for a Comparable Market Analysis.
- Need more home sales for data building.

# Tribal Homeownership Mortgages



## UTAH

Salt lake City 120

## COLORADO

Denver 232

## ARIZONA

Winslow 55

Flagstaff 364

Maricopa County 2,343

## NEW MEXICO

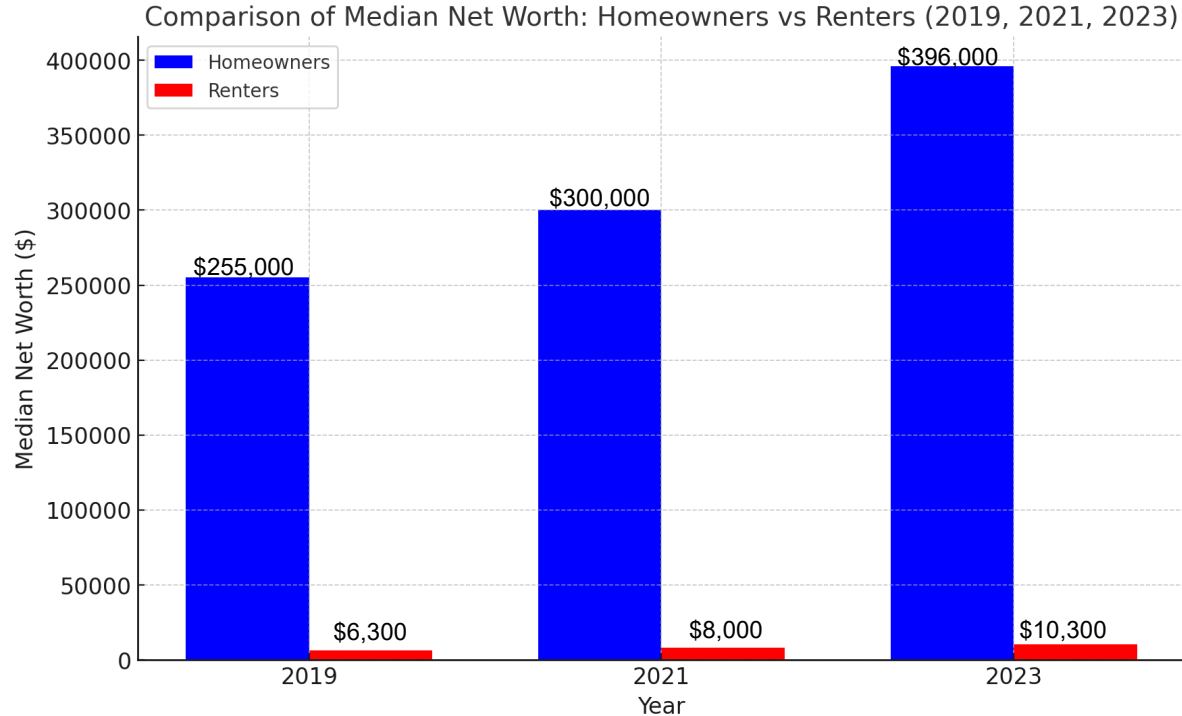
Gallup 529

Farmington 534

Albuquerque 1,004

# Homeownership Net worth

## Homeowners vs Renters



Source: urban.org, ipropertymanagement.com eyeonhousing.com

# Barriers to Homeownership

## Capital

**Lack of access to  
Capital**



No Big Banks  
No private capital  
Predatory lenders  
Loans take too long  
to close

## Policies/Regs

**Lack of supporting  
Policies for  
homeownership**



Leadership  
inexperience  
No Planning  
No Judicial support

## Inventory

**Lack of Inventory**



Lack available land  
AMI restrictions  
Aging housing stock  
High cost to build

## Eco System

**Very small  
Homeownership  
Ecosystem**



Little to No Private  
development  
Limited RE pros  
No HBE/Fin Lit  
Unk Buyer/Sellers

# The Missing Middle Why Returning Professionals Leave the Reservation

## Who They Are:

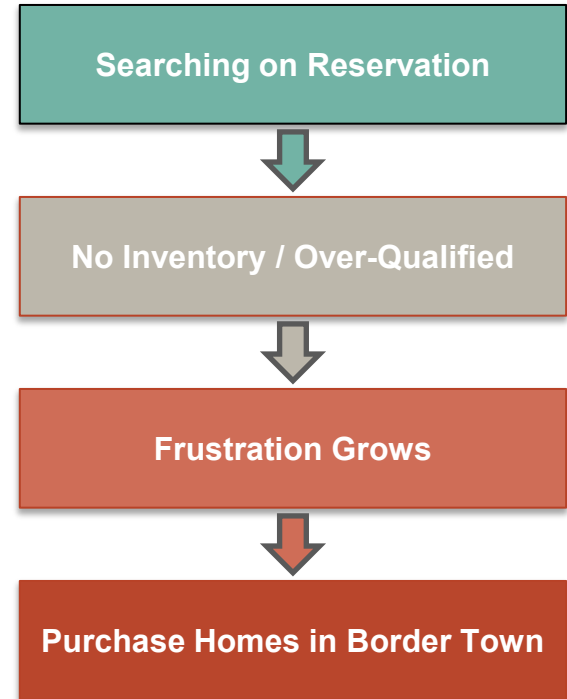
Veterans - Small Business Owners - Working Professionals  
Returning College Graduates

## Income Levels:

100% – 300% of Area Median Income (AMI)  
Often “over-qualified” for Housing Authority homes

## The Problem:

No available for-sale housing inventory on-reservation  
Federal AMI restrictions limit eligibility  
Families told they “make too much” to qualify



# AMI—Area Median Income

Window Rock Median Income: ~~\$38,233~~ \$38,233

120%

\$45,879

Market Rate Housing

100%

\$38,233

Market Rate Housing.  
ICDBG 10% allowance.

80%

\$30,586

Some Federal Funds  
will allow for purchase

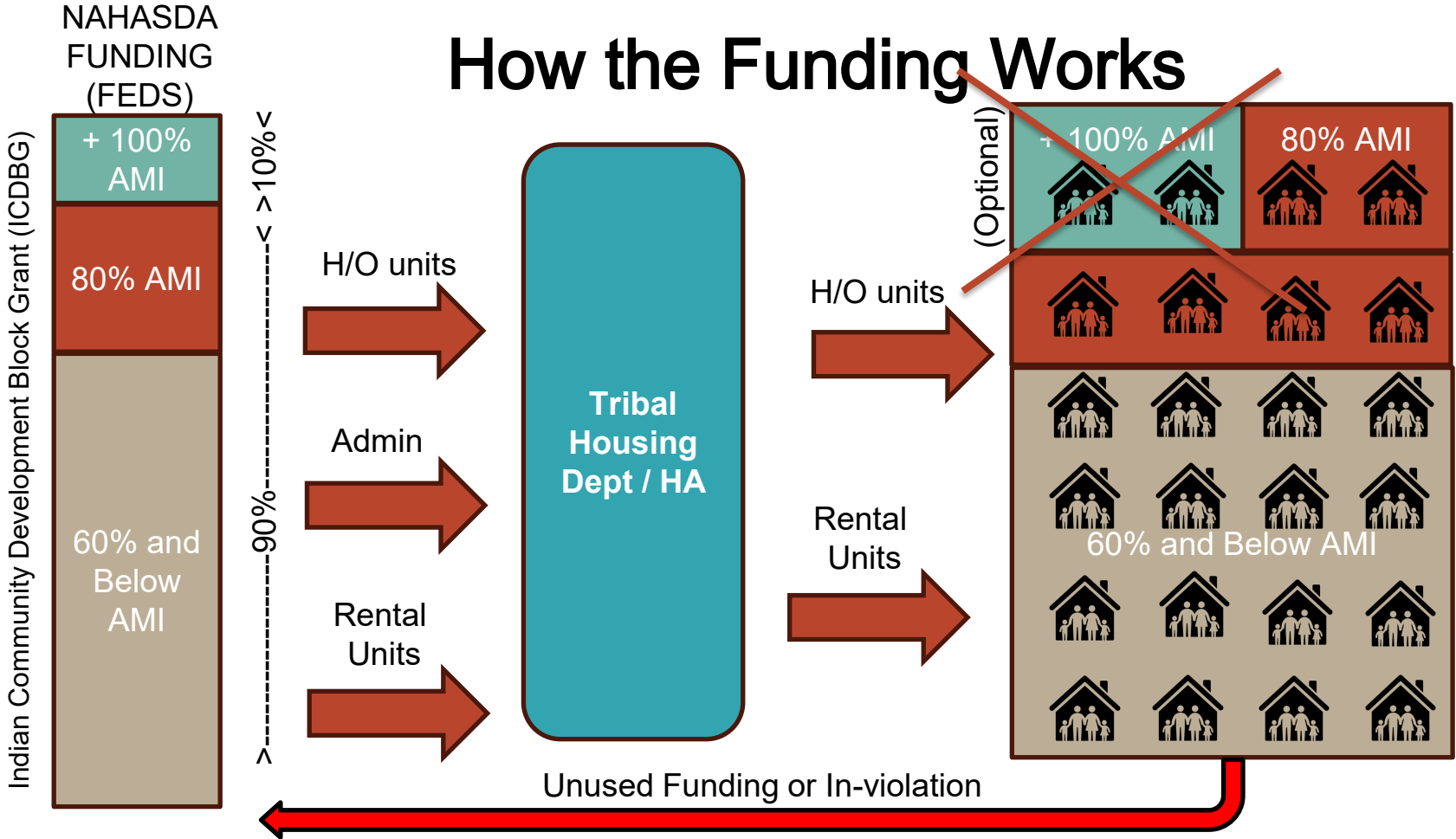
60%

\$22,939

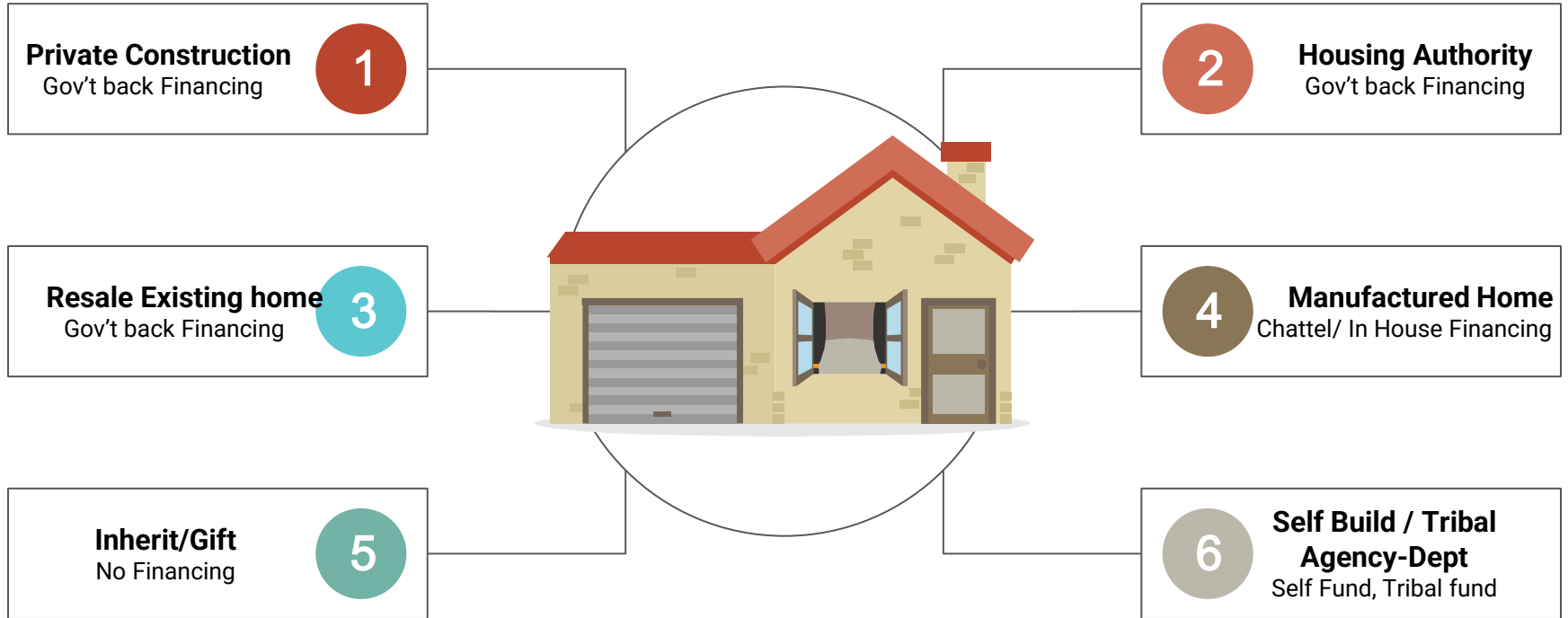
Federal Funds will allow  
for purchase. Housing  
Authority Threshold.

\* 30% and below AMI is National Poverty Level – ELI

# How the Funding Works



# Paths to Homeownership on Rez

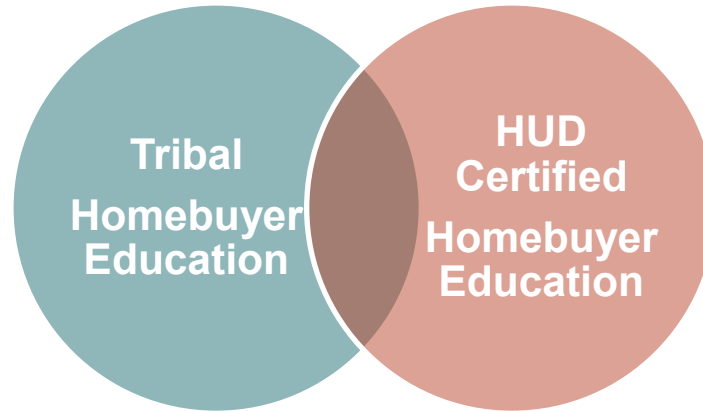


# Tribal Homebuyer education

## Shifting the Paradigm

### Homebuyer Education

- Campaign to educate Tribal Communities on HBE
- General open-to-the-public HBE workshops
- On reservation focus
- RE basics
- Traditional vs Modern
- Land Leases
- Tribal options for Home buying



### Federal HBE Education

- Certified Credit Counseling
- Delivered by HUD cert instructor
- Required
- Scheduling thru Housing Agency
- 8-16 hrs
- Certificate Program

***“You don’t know what you don’t know”***

# General Education Classes

- Open to the public
- 3-4 hours short non-certified class
- Covers 3 categories
  1. **General education/Homeownership (1-1.5hrs)**
  2. **Financing options and qualifications (1hr)**
  3. **Credit and financial readiness (1-1.5 hrs)**



# Access to Capital: Affordability

## What's Affordable?

(Market Rate)

AMI

80%

Area Median  
Income

National Low Income Housing Coalition

30%

30% of income

Lender Qualification

55%

41% - 55% Debt To  
Income Ratio

Anecdotal

100%

Window Rock, AZ  
Many Prequals  
stated between  
\$250,000 - \$350,000



# Homeownership Affordability

## Builder Subsidies for Market Rate Homes

1. Cost to build on Rez is high.
2. Subsidize the build to bring the Cost of upfront purchase price of the home down. Long term appreciation effect.
3. \*Tribal funding / State Funding

## Down Payment Assistance

1. State/Tribally funded DPA to assist with down payment. Reduces cost to get into a home.
2. NPO Funded DPA Grants – THOCSW
3. Bank Funded DPA

## Interest Rate Buy-Down

As a way to help lower the interest rate on a mortgage, a discount point (or fee) can be paid at closing to help reduce the monthly mortgage payment.

# Increasing Inventory

Homeownership Units



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## 1. Resale

Purchase between to 2 tribal members, buyer must not have an HSL.

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## 2. Housing Authority

HA must have Homeownership program and ability to convey/build Market rate homes

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## 3. Buyer/HO Construction

1 – 4 Units. All Native Mortgage products can be used to build on Rez.

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## 4. Private Development

Work with licensed contractors who understand the dynamics of building on Rez.

# Increasing Inventory: Private Construction

On reservation construction

## 1. Contractors

- Need more Licensed, Bonded, and Insured contractors on the Rez.
- Contractors who do residential mortgage builds – training
- Shortage of VA-certified contractors.

## 2. Buyer/ Homeowner representation

- Owners representatives
- Owners Site Supervisor.
- Contractors with integrity

## 3. Policies that Help Protect contractors and Homeowners. (\*Policy)

- Permits and licensing – regulatory for contractors working on Rez
- Non – Performance Legislation and corresponding MOUs
- Partnerships/MOUs Building codes enforcements and fines

# Capacity Building: Private Sector Support

## 1 Building the Housing Eco-systems

### Market, Sustaining Home Values

Appraisals, Building Codes, Homeowners Insurance, Home Warranties (Private)

Tribal Transaction Recording System – Cost vs. Comps



## 2

### Trades Management and Governance

Contractor and Real Estate Professionals training, Tribal licensing and permitting

## 3

# NM Tribal Homeownership Support

1. Provide dedicated funding for Tribal oriented Homeowner education and financial literacy, training, workforce programs.
2. Support Tribal, RE Professional and developer training partnerships.
3. Support creation of MOUs, MOAs and protective regulations that extend on to the Reservations.
4. Support State funded development for Tribal Homebuyers above the 100% AMI – Tribal and Private build subsidies.
5. Create a funded state-tribal housing development task force, Housing NM (NMMFA) and THOCSW.
6. Establish housing authority functions for underserved tribes.

NEW MEXICO TRIBAL  
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# THANK YOU!



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