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Pathways Home: A Native Homeownership Guide

Alaska Native Modifications



ASSOCIATION OF
ALASKA HOUSING AUTHORITIES


SINGLE-FAMILY

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Pathways Home—Alaskan Native Modifications

This curriculum has been modified to address the unique home buying issues facing Alaskan Native communities, including extreme remoteness, climate issues, overcrowded conditions, and the prevalence of subsistence lifestyle.

The origin of this effort was from a report with the Association of Alaskan Native Housing Authorities and NeighborWorks Alaska in 2019 identifying key areas where the curriculum for Pathways Home was lacking or could be improved to describe the conditions facing Alaskan Native communities. This guide is intended to be used by Pathways trainers as supplementary examples and considerations for the state of Alaska. It is not exhaustive but meant to be thought provoking and offer practical solutions.

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Module 1:

Exploring Homeownership

Introduction to Module 1

Module 1 is presented through the eyes of several Alaska Native families. They begin their journey exploring homeownership by reflecting on tradition and their present-day needs. Through the family's storytelling, participants will experience the evolution of housing to present day needs.

The families will explain needs in terms of their traditional expectations, especially, needs that embrace multi-generational families. The need for larger housing may manifest itself into multiple dwellings or one single dwelling. Either way, considerations for management and cost should be mentioned as it relates to preferences. Dwelling types within the environmental context need consideration. The families depicted in the scenarios will discuss preferences such as fully plumbed housing and various electricity/fueling options, an arctic entry way, separate steam room, etc.

Below are the table of contents, with the sections that have been modified updated and highlighted.

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- Module Highlights & Review

Alaskan Native Families Introduction

Encourage participants to walk through the modules from the perspective of an Alaskan Native family. The approach to this will vary depending on the trainer, but personal examples and stories are incredibly effective at making homeownership feel possible and tangible.

The Pathways curriculum includes numerous examples of individual families. Substitute Alaskan Native names and towns based on your comfort level.

Unique Factors Affecting Housing in Alaskan Native Communities

Alaskan Natives encounter many challenges in building wealth and accessing homeownership in the state of Alaska, including the difficulty to obtain, quality, or build affordable housing; sustained employment and income; available educational instruction; and public services for homelessness, healthcare, and addiction. Further challenges such as isolated communities, environmental factors, and a lack of cultural understanding by non-Alaskan Native individuals, compound the difficulties levied upon Alaskan Natives.

It is important to begin this curriculum with a summary of this history of housing in the state of Alaska and outline several of the key affordable housing programs that have evolved into the present day.

The History of Alaskan Native Housing

On December 18, 1971 Congress passed the Alaska Native Claims Settlement Act (ANCSA); before passage, Alaska Natives asserted claims to land as early as 1867. Ultimately, the ANCSA provided relief for land settlements, which would be administered and managed through corporations. Acting as shareholders, Alaska Natives effectively controlled their land claims and resources, but without the influence or paternalism attributed to the Bureau of Indian Affairs and the reservation system. Settled lands acquired through the ANCSA present unique challenges to AIANs throughout the state. Consider that the physical geography of many Alaskan villages presents unique problems for the individual: the land is generally unfit for suitable and sustainable growth of crops; the extreme climate contributes to the high cost of utilities, services, housing materials, and transportation; and the physical isolation limits economic activity due to the cost of transportation and communication.

According to the 2018 Alaska Housing Finance Corporation (AHFC) Housing Needs Assessment, overcrowding is one of the major issues facing Alaska Native communities. In some regions in the state, nearly half of all households are overcrowded, while the highest rates of overcrowding characterize rural communities where Alaska Natives represent the majority of the population. The AHFC housing needs assessment estimates that over 16,000 homes are needed to alleviate overcrowding across Alaska. A recent HUD study indicates that overcrowding is what homelessness looks like in tribal areas.

Alaska Natives traditionally house family and community members who need a place to live. Someone who may fit the 'typical' definition and image of homeless could ultimately be killed by Alaska's harsh weather. Rural Alaska also lacks the usual homeless shelters, so homelessness manifests as overcrowding. Being in an overcrowded or severely overcrowded home is not a choice, it's about simple survival. Which can mean living in a 2-bedroom home with 20 people. The need for increased space limits the affordability of housing and increases the risk of overcrowding.

In addition to overcrowding, AIAN individuals are more likely to live in homes that lack complete plumbing and kitchen facilities and require significant structural repairs. Again, these issues are the result of multiple factors, including the overall associated cost of housing and the economic limits of the Native Alaska population. Alaska faces significant challenges from old, deteriorated and inadequate housing. The HUD American Indian and Alaska Native (AIAN) housing study reported that Alaska Natives have the worst physical housing problems with 36% of units surveyed having some type of physical problem. The AHFC report estimates that approximately 14,600 housing units are estimated to be very inefficient with a 1-star energy rating, burdening residents with unnecessarily high energy costs. Energy inefficiency forces families to pay an exorbitant amount for heating fuel simply to protect their homes from "freeze-up" —a constant threat to the durability of structures in Alaska, where thermometers can drop to 40 degrees below zero—let alone maintain a comfortable indoor temperature.

Traditional Housing

Alaskan Natives, including Athabaskan, Unagax, Yupik, Inupiat, Tlingit-Haida, Tsimshian, and other cultures, have lived off the land in tight-knit, thriving communities for thousands of years before the first contact by Russian settlers. Even today many cultures, especially in the Arctic circle, live subsistence lifestyles similar to how their ancestors traditionally lived.

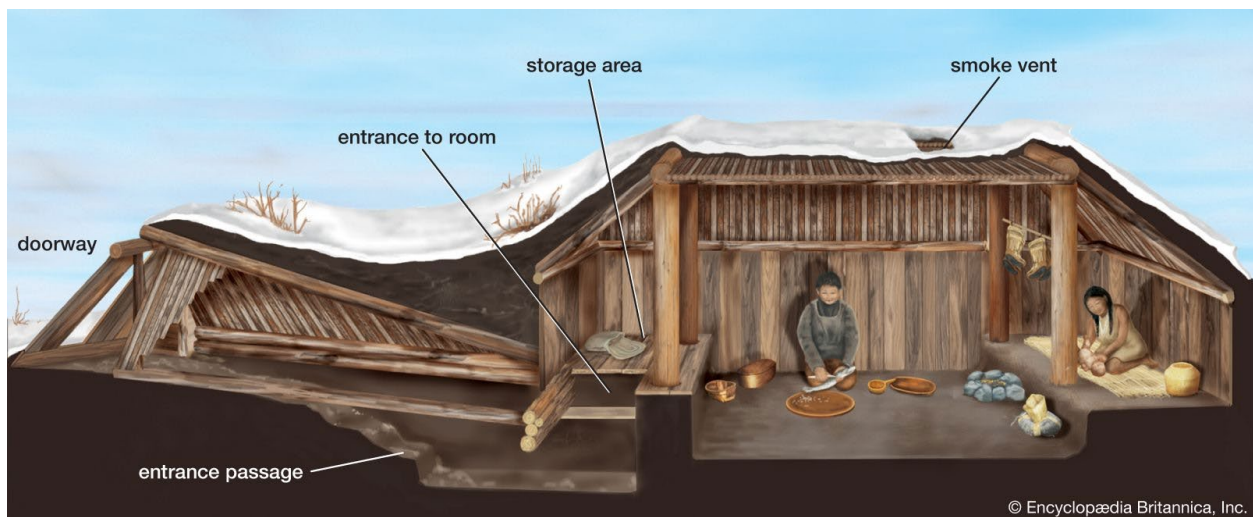
What are some of the ways your Alaskan relatives used to, or still do, build homes? What do elders in your community remember? What do the design of these homes say about traditional values? We will continue to think about these values as we talk about what homeownership looks like today.

Activity—Traditional Shelters

Follow the exercise outlined in Pathways. Note that a few examples of traditional homes in Alaska include:

- Pit houses or earth lodges
- Individual log cabins
- Yupik Inupiat skin dwellings
- Summer tent camps and winter igloos
- Aleut *barabara* square pit houses
- Tlingit-Haida log houses or longhouses

If participants do not volunteer, below is an example of a pit house, adapted in some form by arctic cultures like Yupik, Inupiat, and others.



Owner-Built Housing

Individuals and households can build their own home in Alaska, and this makes up much of the existing housing stock. Often this is done over the course of several seasons, adding a bit more each summer. Sometimes what starts as a summer cabin can be upgraded with energy-efficient insulation and utilities enough to last through the winter months.

Traditional financing through a bank loan may assist a household in making more expensive upgrades or bringing in supplies to remote or otherwise inaccessible areas. Although regulations are not as stringent as in the lower 48, you should still secure a valid land title and check with your local municipality or tribe about zoning laws. This will help secure equity for future generations.

The owner-built approach to housing works for some Alaskans and Alaskan Natives, but the high cost of construction supplies, specialized skill, and continuous energy costs mean this is not feasible for everyone, or even most people.

Community Built Housing

New home construction can also be outsourced and then the home can be made available to a mortgage-qualifying household. For Alaskan Natives, your regional housing authorities will typically have a construction schedule of a few new homes each year, but the private market can also be a source of new construction.

If you work with a regional housing authority, additional financing support may be available, such as down payment assistance, a lease-to-own model, payment towards appraised value of the home and not total development costs, or restrictions on the percentage of one's income that can go towards a mortgage payment each month.

Federally Assisted Housing

There are also federal programs to assist with the purchase of a home if there are some available in the market but the family cannot afford the owner-builder model. Often these you will still need to work with the Regional Housing Authority in order to secure.

Several programs before ANCSA, like the Bureau of Indian Affairs' Housing Improvement Program and the Housing Act of 1937, were meant to be available to Alaskan Natives but for various reasons were not accessible.

One of the primary federal programs used in the 20th century in Alaska was **Mutual Help**. This program allowed low-income families to rent a home through a lease-purchase agreement (Mutual Help and Occupancy Agreement (MHOA)). The regulations allowed for Mutual Help participants to be charged up to 30 percent of their adjusted gross income plus the administration fee set by the Indian Housing Authority (IHA), currently referred to as the Tribally Designated Housing Entity (TDHE). The administrative fee covered the expenses of operating the program (i.e., insurance, overhead). Typically, participants paid 15 percent of their adjusted gross income plus the administration fee. After satisfying all the requirements of the MHOA, the homebuyer became the homeowner at the end of the amortization period, which HUD set at a minimum of 15 to 25 years or when the debt service was retired.

Another resource primarily used in the 19th century was the Housing Improvement Program through the Bureau of Indian Affairs. This source goes through the tribes and Alaskan Native Villages, so regional housing authorities have difficulty accessing. In Alaska, there is still a small amount of funding each year for this program, but it is primarily used as operating funding, not for any new construction.

New Opportunities for Alaskan Native Homeownership

Please use the summary outlined in Pathways to discuss current opportunities for federally assisted housing. These include NAHSADA, Lease with the option to purchase, HUD 184, and programs available through the Tribally Designated Housing Entity (TDHE) on homeownership.

The Section 502 Direct Loan Program assists low- and very-low-income applicants obtain decent, safe and sanitary housing in eligible rural areas by providing payment assistance to increase an applicant's repayment ability. Payment assistance is a type of subsidy that reduces the mortgage payment for a short time. The amount of assistance is determined by the adjusted family income.

Native-led Community Development Financial Institutions (CDFIs) are another good resource for low-income housing, as they function like a bank or another financial institution but are mission-driven. In Alaska, Cook Inlet Inc. in Anchorage and Haa Yakawu in Juneau support their associated housing authorities and other Alaskan Natives across the state.

Note to participants that these programs may not understand or effectively address the special conditions faced by Alaskan Natives and each *Regional* TDHE may respond differently to program constraints.

Housing Organizations Assisting Alaskan Natives

Who are the leaders in the housing space for Alaskan Natives?

Alaska is divided up into 12 regions, and these Regional Tribally Designated Housing Authorities administer federal funding and housing programs for between 1 and 50 Alaskan Native tribes (also known as villages).

TDHAs in the lower 48 are often affiliated with just one tribe, and regional collaboration occurs but is rarer. As a result, private financial institutions, and even federal programs from the lower 48 may underestimate or misinterpret this structure. These regional TDHAs must cover vast swaths of land, multiple regions of which are larger than the state of Ohio and administer often life-giving housing assistance to families in remote regions not always accessible by conventional means.

The regional housing authorities are members of the Association of Alaskan Housing Authorities (AAHA), a non-profit that serves as a connector, training provider, and advocate for Alaska. The Alaskan Housing Finance Corporation, as the state agency responsible for administering many programs across the state, is the thirteenth member of AAHA.

Identifying your regional housing authority is a good place to start:

- Aleutian Housing Authority
- AVCP Regional Housing Authority
- Baranof Island Regional Housing Authority
- Bering Straits Regional Housing Authority
- Bristol Bay Regional Housing Authority
- Cook Inlet Housing Authority
- Copper River Basin Regional Housing Authority

- Interior Regional Housing Authority
- Ketchikan Indian Community Housing Authority
- Kodiak Island Housing Authority
- North Pacific Rim Housing Authority
- Northwest Inupiat Housing Authority
- Taġiuġmiullu Nunamiullu Housing Authority
- Tlingit-Haida Regional Housing Authority

Case Study: Success Starts with Me and with Tlingit Haida RHA

In 1929, at a convention in Haines the indigenous tribes of Southeast Alaska began a decades-long suit against the United States government for the creation of the Tongass Nation Forest without tribal consent, a monumental step in the journey for Alaskan Native rights. If you walk through downtown Juneau today, the legacy of this indigenous leadership lives on in that the housing you'll see was constructed by and for Alaskan Native people.

The numbers for Tlingit Haida Regional Housing Authority tell a story of their own: their housing portfolio is 540 units in 16 communities; 68 active loans and a \$6.2 million portfolio through their CDFI; 2,000 families served through financial literacy programs; 1000 families with emergency rental assistance. Working in a challengingly remote area like southeast Alaska that would be impressive for any organization—but Tlingit Haida RHA is not just any organization, employing over 100 people, is representative of the sovereignty of the Tlingit Haida Central Council and the indigenous people of the land.

Like the rest of the state, residents in southeast Alaska live independently with seasonal work and subsistence hunting commonplace. Before THRHA started their “Success Starts with Me” program many community members had no credit score.

The solution to homeownership included an innovation called rent reporting. The credit system in the United States historically only looks at mortgage payments even if a borrower has responsibly paid rent for years. Tlingit-Haida set out to change that through a program with the Credit Builders Alliance and Esusu. They began reporting up to two years of historical rental payments to credit bureaus and significantly increased the scores of participants. One long-time renter in their portfolio saw a credit score increase of 140 points.

Success Starts with Me is a tailored financial package for low-income homeownership. The Tlingit Haida CDFI, Haa Yakawuu provides their first loan with 30-year term, as well as a soft second mortgage. CARES Act funding has allowed them to offer down payment assistance and forgiveness. Depending on the family they make available federal home loan back capital as well.

Success Starts with Me has a mandatory financial literacy requirement and a high success with garnering participation even on Zoom. The online classes works with the family to customize new construction, catering to their choice of layout and structure, and details like cabinets. They have foreclosure mitigation in place and not had anyone foreclose in recent history even with occasional delinquency. They ensured a first right of refusal is in place to maintain tribal homeowners. All considered, THRHA has seen 11 new families from Klawock to Angoon move into their customized, affordable homes.

Construction in southeast Alaska is not without its challenges, even though it is positioned closer to Seattle than the rest of the state. THRHA serves Juneau as well as 19 communities in southeast Alaska like Sitka, Yukatat, Prince of Wales, Haines, and Wrangell; a combination of islands and the coastline bordering Canada that is home to 2,000 people and where a recent modest single-family home saw a total development cost of \$475,000.

To face high costs associated with transportation, materials, and climate conditions, Tlingit Haida RHA has developed an in-house construction crew. This locally sourced and trained construction crew not only boosts the local economy (81% of jobs go to Alaskan Natives), but the housing authority receives additional considerations under force accounting which saves them money in the long run. Their warehouse on site allows for bulk ordering of replaceable and replicable parts which saves money and time. Sweat equity is also available: for example, a construction employee was able to do \$75,000 in value on his own home.

Not only are the tribes better but the city of Juneau is better. Their strong leadership has been vital component of reaching the remotest villages and islands.



Module 2:

Financial Management and Managing Budget

Introduction to Module 2—Alaskan Native Modifications

The Alaska Native family contacts a housing counselor for assistance to begin the process of buying a home. In this module the housing counselor assists the family in identifying their financial goals, income, expenses.

Participants will use the family coaching experience to prepare budget worksheets to achieve their financial goals. The diversity of the Alaska regions creates seasonal employment opportunities, which may include the cannery, education, construction, commercial fishing, etc. Consequently, content needs to consider what counts as income and the types of income generated through seasonal employment, corporation shares and dividends, the Alaska Permanent Fund Distribution, public assistance, and white and blue-collar jobs. Because many Alaska Natives derive income from arts and crafts, this module addresses the mechanics for accounting for income and expenses for self employed artisans.

The final activity requires that participants set their personal goals, complete income and expense worksheets, and prepare their spending plan.

Below are the table of contents, with the sections that have been modified updated and highlighted.

Contents

- Success Story
- Setting Financial Goals Scenario
- Calculating Monthly Income Scenario
- Calculating Monthly Expenses Scenario
- Developing a Family Spending Plan Scenario
- Evaluating the Relationship between Income and Expenses Scenario
- Discretionary Income Scenario
- Types of Expenses Scenario
- Identifying Wants Versus Needs Scenario
- Calculating Your Monthly Income
- Calculating Your Monthly Expenses
- Developing Your Family Spending Plan
- Evaluating the Relationship between Your Income and Expenses

- Family Scenario
- Determining Your Discretionary Income
- Identify Your Types of Expenses
- Distinguishing & Identifying Your Wants Versus Needs

Calculating Your Monthly Income

When discussing this section, be cognizant that many Alaskan Natives have unconventional income histories. Methods and documentation requirements for income will be dictated by the agency insuring, providing a guarantee, or purchasing the loan. The borrower will need to work with the underwriter to determine what is needed. To supplement tradition W2's, a potential purchaser may need to provide up to three years of tax returns to show self-employed earnings. Examples of alternative income sources include:

- Seasonal income, such as fishing, rigging, or trucking. This may mean employment only in summer, when construction is possible, or some individuals taking periods of the summer off for subsistence hunting.
- Permanent Fund Dividend
- Other corporation/unconventional income

Calculating Your Monthly Expenses

Heating and transportation costs in Alaska can become extremely expensive and are not considered in the debt-to-income ratios. However, in order to budget well, potential purchasers may need to consider a one to two-year average of these expenses when considering affordability. Families may see lower utility costs in the summer but need to set aside income to keep their homes in use during the winter. Families reliant on vehicles to travel for work or subsistence hunting need to account for gas prices.

In 2022, gasoline prices in Alaska were \$5.31/gallon compared to \$3.18/gallon in the lower 48.¹ In some of the southwestern islands, for example the town of Atka, prices average as high as \$8.35/gallon.

Similarly, heating prices in winter 2022 were \$5.03 /gallon in Alaska, compared to \$3.60/gallon of heating fuel in the lower 48 states. Prices in the Arctic circle can climb as high as \$14/gallon, though many households use biomass heating rather than paying for fuel that must be flown in.

¹ <https://storymaps.arcgis.com/stories/26c954dc65a54ed8b5468be2eaf449bb>

Module 3:

Affordability

Introduction to Module 3—Alaskan Native Modifications

This chapter on affordability covers topics of credit and becoming a qualified borrower.

1. Using the four Cs of credit, evaluate a family's use of credit to identify the purpose of credit and how to use it wisely.
2. Analyze a family's credit report to identify the categories of credit information.
3. Evaluate a credit score and explain the reasons for a family's credit score.
4. Advise a family on understanding credit challenges and methods to improve credit scores, including how to correct reporting errors, how much credit to have, and which types are better.
5. Comprehend reasons for credit denial and credit repair.
6. Comprehend consumer rights protected by the Fair Credit Reporting Act (FCRA), the Fair and Accurate Credit Transactions Act (FACTA), and the Fair Credit Billing Act (FCBA) and be able to explain which rights apply to various family scenarios.

Below are the table of contents, with the sections that have been modified updated and highlighted.

Contents

- Success Story
- The 4 Cs of Credit
- The Purpose of Credit
 - Adding data and research about Alaskan Native credit (you're not alone!)
- Do You Have Too Much Debt?
- Understanding Your Credit Habits
- Using Credit Wisely
- Your Credit Report
- Types of Credit Reported
- Types of Negative Activity
- Sample Credit Report
- Credit Report Activity
- Establishing Non-Traditional Credit
 - Rent Reporting for Credit
- What Effect Do Life Changes Have on Your Credit History?

- What Do Lenders Look at When They Review a Credit Report?
- Improving Your Credit History
- Evaluating a Loan Application
- Making a Mortgage Loan Activity
- Credit Scoring
- Common Credit Barriers to Homeownership
- Module Highlights
- Module Review
- Appendix A: Sample Credit Repair Letters

Purpose of Credit

While the average FICO score in Alaska is 771,² the state also has the highest amount of credit card debt. If you are in debt, you're not alone! Alaskans have the highest average outstanding credit card balance at \$8,026 compared to a nationwide average of \$6,194.³ Although data for Alaska is limited, there are around 26 million Americans who are credit invisible.

Credit Report Activity

Facilitators—consider encouraging Circle Sharing for group questions in this module.

Circle Sharing is a method to reduce pressure on individuals to speak out or share publicly with the group.

1. Divide participants into two circles. Have the first group form a circle in the center of the room, and everyone face the walls.
2. The second circle finds a partner in the inner circle and faces them.
3. Explain to participants that you will set a timer for 60 seconds and the inner circle will tell their partner their answer, at the same time as their neighbor is telling their partner. This way everyone answers while keeping their responses more confidential.
4. Ask the first question you want participants to answer, and cut them off at 60 seconds.
5. Then, switch to the outer circle answers for another minute.
6. After each question, have the outer circle shift to the right or left once and repeat the process

² <https://www.investopedia.com/average-credit-scores-by-state-5105100>

³ <https://www.cnbc.com/select/average-credit-card-balance-by-state/>

Establishing Non-Traditional Credit

Currently, mortgages paid on a home positively affect a homeowner's credit scores, but timely rental payments remain largely invisible to credit bureaus

Rent reporting for credit building is a financial reporting innovation that aims to amplify the consumer credit profile and potentially increase credit scores in the process. Rent reporting works by having the landlord submit their tenant's rent payment information to the credit bureau(s). This added information on their credit profile gives tenants a chance to improve their overall credit score. Not only does rent reporting benefit those seeking rental or homeownership opportunities, but the mechanism operates within the rental housing market.

Rent reporting must be available through one's landlord or Regional Housing Authority, but there has already been success in Alaska through the Tlingit-Haida Regional Housing Authority. Their rent reporting program allows for up to two years of credit history. Participants in their homebuyer education courses who are also renting at one of their properties were able to use timely monthly rental payments in order to establish or increase their credit score, one participant by as much as 140 points!

Module 4:

Evaluating Credit for Homeownership

Module 4—Alaskan Native Modifications

This module is combined with Module 3, in which participants analyze the families' financial situations to determine if they can meet lender's ratio requirements.

The scenarios will generate discussion and hands on activities on how debt affects affordability. The Pathways curriculum does not require modification for Alaska.

Module 5:

Considering Mortgage-Based Homeownership

Introduction to Module 5—Alaskan Native Modifications

Modification of the content in this section is not necessary. However, the material will be presented through the families experience as they are coached by a housing counselor. All activities will be based on the families' circumstances.

In lieu of modifications to the content, the Module 5 Alaska Native supplement below includes a resources handbook of relevant loan products for the state of Alaska. The loan products to be summarized include the following:

- Section 184
- Rural Development 502
- Rural Development 504
- Tribe/TDHE financing assistance
- FHA loans
- Veterans Affairs Loan
- Title VI
- Alaska Housing Finance Corporation

Freddie Mac's Home Possible

This mortgage offers flexibility to fit a variety of borrower situations to meet the home financing needs of very low- to low-income borrowers looking for low down payment options and flexible sources of funds. Owner-occupied residences, condominium homes, and some manufactured homes are eligible with no minimum borrower contribution and manual underwriting available.

Low-income borrowers of 80% of the area median income are eligible and credit scores as low as 620 can be accepted for certain terms. This product is designed with flexibility so that gifts, grants, cash, and sweat equity are eligible sources of funds for the down payment.

Section 184

This government-backed loan is intended to solve the issues associated with Native American lands held in trust, which cannot offer the same guarantee of foreclosure to financial institutions since the trust land is reserved for the tribe.

Creating Section 184 gives private lenders the insurance they need to proceed with mortgage loans. The eligible buyer works with BIA to set up the home as a leasehold estate. This

effectively turns the property into a leased entity for the duration of the mortgage. Before this can happen, it must be first be approved by the BIA and the Housing and Urban Development (HUD). It is this leasehold interest, and not the land itself, that is held as collateral.

If however, the home is on allotted trust land, held by an individual, there's no need for a leasehold estate. However, once again both BIA and HUD must approve the loan applicant, and the home itself can be seized in foreclosure. Before that happens however, to better protect the tribes, certain regulations have been put in place, including:

- The lender can only pursue liquidation of the lease and asset only after offering to transfer the loan to an eligible tribe member, the tribe, or Indian Housing Authority.
- In event of foreclosure, the lender cannot sell the land to anyone other than an eligible tribe member, the tribe, or the Indian Housing Authority.

These regulations make sure the tribe's land stays intact, and the tribe has the ability to repurchase foreclosed property. So, lenders and tribes rights are both protected.

In Alaska, Section 184 comes into play because tribes can also designate areas where their tribal members live off land that can be included in the program.

[Section 184 Loans](#) can be used for the purchase or construction of a new home, renovating an existing home, or refinancing. Eligible borrowers need to find a 184-loan servicer.

Rural Development Direct and Guarantee Loans

USDA Rural Development's [Section 502 Direct Loan Program](#) provides a path to homeownership for low- and very-low-income families living in rural areas, and families who truly have no other way to make affordable homeownership a reality.

USDA also allows for a loan guarantee through One RD [Guarantee Loan Initiative](#). A direct or guaranteed option is available, and that potential purchasers will need to find a 502 direct packager or work directly with Rural Development and if they need a Section 502 Guaranteed loan, they will need to find a USDA guaranteed lender.

This program assists low- and very-low-income applicants obtain decent, safe and sanitary housing in eligible rural areas by providing payment assistance to increase an applicant's repayment ability. Payment assistance is a type of subsidy that reduces the mortgage payment for a short time. The amount of assistance is determined by the adjusted family income.

Rural Development 504

Also known as the [Section 504 Home Repair](#) program, this provides loans to very-low-income homeowners to repair, improve or modernize their homes or grants to elderly very-low-income homeowners to remove health and safety hazards. A loan of at most \$40,000 may be used for repair, improve, or modify the home to meet health and safety standards. Grants of up to

\$10,000 may be used to remove health and safety hazards. Like RD 502 loans, to be eligible you must be unable to find financing elsewhere, which means that the program cannot be leveraged against other dollars or programs from your TDHE.

Fannie Mae Home Ready Mortgage

This product is available for low income borrowers with limited cash for down payment looking either to purchase or refinance. Its flexible terms include income certification, which allows for rental income to be used. Although this works well for first time home buyers, repeat homeowners are eligible as well. As low as 3% down payment is available.

Tribe/TDHE financing assistance

Many tribes, and in Alaska many Regional Housing Authorities, have available programs for financing assistance for first time home buyers or low income home buyers. You should contact your regional TDHE and inquire about a waitlist for available programs. You may need to work with the housing authority to qualify your income or set up loan terms that work for your families' budget and what's available at the time.

FHA loans

The Federal Housing Administration ([FHA](#)), which is part of HUD, insures the loan, so your lender can offer you a better deal. These loans are available on 1-4 unit properties and your down payment can be as low as 3.5% of the purchase price. A few benefits include low down payments, low closing costs, and easy credit qualifying

FHA has financing for mobile homes and factory-built housing. They have two loan products - one for those who own the land that the home is on and another for mobile homes that are, or will be, located in mobile home parks.

Title VI

Tribes, Alaska Native Villages, and their tribally designated housing entities that are Indian Housing Block Grant (IHBG) recipients, and that demonstrate administrative and financial capacity. Funds must be used for affordable housing activities under NAHASDA, including: purchasing land and housing, designing building and site plans, constructing and rehabilitating housing, constructing infrastructure (roads, sidewalks, water, sewer, electric, gas), financing loan costs and other approved activities.

This works with tribal land because pledged funds are the collateral to HUD for issuing the guarantee. Additionally, pledged funds may be used by the tribe/TDHE unless there is a payment default and Title VI loan guarantee is the collateral for the lender's loan. No land or improvements are used as collateral.

In Alaska this has been used effectively even on fee land if the tribe is interested in a leasehold mortgage, such as in Bristol Bay.

Veterans Affairs Loan

A direct and VA-backed [Veterans home loans](#) can help Veterans, service members, and their survivors to buy, build, improve, or refinance a home. You'll still need to have the required credit and income for the loan amount you want to borrow. But a Veterans home loan may offer better terms than with a traditional loan from a private bank, mortgage company, or credit union. For example, nearly 90% of VA-backed loans are made with no down payment.

Alaska Housing Finance Corporation

The state agency, [Alaska Housing Finance Corporation](#), has a number of available loans that you can inquire directly about or ask your regional housing authority about. They have many loans available:

- First- time home buyers
- First Home loans—which are reduced interest rates
- First Home limited
- Veterans Mortgage
- Uniquely Alaskan
- Refinancing
- Manufactured Homes
- Rural Owner-Occupied loan
- Rural Non-Owner Occupied loan
- Streamline refinance

Module 6:

Finding or Building a Home

Introduction to Module 6—Alaskan Native Modifications

The process of acquiring or building a home in an Alaska Native community includes many variables. Typical requirements associated with purchasing or building on fee and protected land are discussed in this module. Participants are also presented with the issues they must consider when building or purchasing a home, selecting a contractor, or opting for a force account crew. Key issues are addressed with an emphasis on dwelling types and the diverse environmental issues impacting building in Alaska.

Alaskan Native land is not federal trust property; however, some land is considered protected land. Content should explain ANSCA and what it means for land to be “protected.” Alaska laws impacting home purchasing, and environmental requirements need to be incorporated into the families’ conversations regarding:

- Site suitability
- Water
- Wastewater
- Transportation

Mention the difficulties with building on-site, and the associated costs. The available land does not provide arable land for local sustainability. Additionally, geographic difficulties make the cost of building new structures relatively high. Consider additional costs for raised housing, soil erosion, foundation type, thermal changes in permafrost, structural design pattern, nontraditional systems (separator toilet, water treatment plant, and battery power electricity).

Below are the table of contents, with the sections that have been modified updated and highlighted.

Contents

- Success Story
- Types of Land
- Protected Land
- Fee Land
- Acquiring a Home in an Alaska Native Village
- Acquiring a Home in Urban Alaska Areas
- Environmental and Regional Considerations to Factor in Acquiring a Home

- Distinguishing Between Needs and Wants Activity
- Professionals Involved in the Home Buying Process
- Partners Activity
- Should You Purchase an Existing Home?
- Types of Inspections Chart
- House Inspection Activity
- Should You Have Your Home Built?
- **Selecting a Contractor**
- Selecting a Contractor Activity
- Home-Building Process
- Monitoring the Work
- Module Highlights and Review
- Appendix A: Environmental Assessment
- Appendix B: Guide for Interviewing Contractors

Types of Land

The Pathways curriculum will cover some of the differences between tribal trust land, individual trust land, and fee land. The majority of Alaskan Native land holdings are on fee land because of ANCSA, so it is important to work with your regional housing authority to understand how NAHASDA funds work on fee land, and any local regulations in place.

In addition to land tenure status, there are four different climate zones in Alaska: Maritime, Transitional, Continental, and Arctic. Different considerations need to go into sustaining shelter in each. What might be needed in Metlakatla may not be necessary in Barrow.

Protected Land

In the guidebook there is mention of trust land and dealing with restricted land status in Indian Country. While most of the land for Alaskan Natives are managed in a fee simple system under ANCSA, there are some exceptions.

The BIA's Alaska Region [Real Estate Services](#) office provides land management services to Alaska Native landowners or prospective landowners who own interests in restricted property throughout the state of Alaska. Restricted property is either Native Allotments issued under the Native Allotment Act of 1906 or restricted townsite lots issued under the Native Townsite Act of May 25, 1926.

Currently, the BIA Alaska Region's Real Estate Services office (BIA Realty) provides services for land found throughout the Yukon-Kuskokwim, South-central, Kodiak, Ahtna and Southeast Alaska regions, while the BIA Fairbanks Agency Realty office provides services for landowners

in the Arctic Slope, Doyon, and Bering Straits regions. Both BIA offices provide final approval, review, and technical assistance for our contract tribal service providers.

Acquiring or Building a Home in Alaska

No matter where you are building or what home you are modifying, any project that is tied to federal funding will need an environmental assessment.

If you are interested in a pre-fabricated or manufactured home, working with a contractor who is familiar with any regional environmental standards that may vary from the home's place of origin is important. If you live along the road system, consult the Department of Transportation's right-of-way [guidelines](#).

In rural Alaska the housing stock that does exist may be in severe disrepair. Oftentimes in a climate of extreme remoteness new homes will have to be built, existing homes rehabilitated, or cabins upgraded for full-time use.

Finally, land status in the state means there are some cases where the *village* corporation owns the surface and/or the *regional* corporation owns the land. The Pathways book gives a few examples of leasehold ownership, and the majority fee-simple ownership in Alaska does not mean that these considerations do not apply. For example 16,000 parcels were allotted to Alaskan Native households as far as 2019, through the BIA. Trainers should be familiar with the process.

Environmental and Regional Considerations to Factor in Acquiring a Home

The number one consideration in home design across Alaska, but especially above the arctic circle, would be home construction for cold climates. Some basics to address this would be to ensure your windows are double-paned and energy star certified. Steep roofs such as A-frame design or gable style roofing will allow snow to more easily slide off and prevent collapse. Chimneys, even just pipes for wood-burning stoves, should be placed at the highest point of the roof. Covered entryways to make entering and existing in snow conditions easier are a must. An "arctic entry" which allows for storing boots and coats before joining the rest of the house are found in a lot of Alaskan homes. Finally, plumbing systems are susceptible to bursting in cold temperatures if they are not well-insulated. Keep pipes in insulated walls when at all possible.

Permafrost impacts much of the interior of Alaska, and impacts building construction because the ground freezes and thaws from season to season. This can negatively impact a home because homes placed directly on frozen ground may sink when the ground thaws in the summer. If the ground is not thaw stable, finding the budget for [engineers](#) that are able to consider permafrost solutions will protect the life time of your home. Some of these methods include passive heat control to keep the structure's heat out of the ground.

Homes in Southwest Alaska and on islands, like Kodiak and the Aleutian Islands, may be subjected to high winds and tsunami conditions.

Rain is a constant in southeast Alaska when it is not snowing. Foundations for homes in rainy conditions should be built several inches or feet above ground level so that splash back from runoff doesn't rot material around the base of the house. Consider durable gutter systems that take water away from the house and drain the roof; if freezing conditions set in quickly, you don't want ice to back up under shingles.

Selecting a Contractor

In addition to the content in Pathways regarding selecting a contractor, Alaska construction work is often done directly through the Regional Housing Authority with "force account" labor. This is where the RHA supplies their own labor force and contractors for construction, which benefits the housing authority through deals on certain federally-funded programs. It also supports the local workforce in rural areas.

Ask first about contractors available locally and how you might collaborate with other future homeowners to source construction professionals for your building.

Swimming Upstream: The Copper River Basin RHA and Homeownership in Tazlina, AK

About a three-hour drive from Anchorage, Alaska, there is a seasonally-open gas station that represents "downtown" Glenallen. This is the gateway to the Alaskan Native communities of Copper River Basin. While a GPS won't get you there, the Ahtna people have called it home since time immemorial, and many families still live a subsistence lifestyle similar to their ancestors.

The Copper River Basin Regional Housing Authority (CRBRHA) has a tough job and 50 families on the waitlist. This tribally-designated housing authority represents 1.77 million acres of the Ahtna region and eight federally-recognized tribes who belong to the Copper River Native Association.

In a remote community where market-rate rent rivals cities like Washington D.C., high costs turn people away from homeownership. Challenges include high construction loans, appraisals needed by professionals located in Valdez or Fairbanks, and unique infrastructure challenges with mineral water and permafrost.

Homeownership assistance programs came to the area historically through the HUD self-help homes in the 1970s. In the village of Tazlina, AK these two dozen homes have all been conveyed in full. Nearby the communal water well, CRBRHA has started construction of the next generation of 21 single and multi-family homes.

For the success of this new neighborhood, Copper River Basin combined efforts with supplementary assistance from the tribes and a competitive HUD Indian Housing block grant. New tenants in the area will be able to contribute around \$400/month for their initial lease, with plans for some of the single-family homes to eventually be sold, while the housing authority retains rental units in their portfolio.

Even while construction is still underway and battling high shipping costs and weather delays, community members and families will need financial literacy and support in order to qualify for the completed homes. The housing authority's courses are available both for renters—to provide a pipeline to homeownership and prevent at-risk renters from leaving the community entirely --and for future homeowners interested in transforming their lease into equity.

While new construction and direct homeownership is a large part of her work, Executive Director Terri Nutter knows that additional solutions are needed to combat the many challenges facing her neighbors in the basin. To qualify families, grace is offered to those who very rarely show up as conventional borrowers. Seasonal work, tax statements, and even bank statements are used by CRBRHA's lending team to qualify community members for loans or to approve leases.

"Economic development in the community," says Nutter, "is also a housing solution." Copper River Basin RHA purchased 89 acres of the former "Alaska Bible College" with CARES Act funding, which includes 16 units of housing, a library, a gym and other multi-purpose uses. The hope is that this property could bring in more retail, host an employment center, and build organization revenue to use for additional rental, down-payment, or repair assistance for families.

Another way CRBRHA passes on responsibility to homeowners is by offering fee-for-service on any maintenance work for new homeowners who as renters would have relied on the housing authority for repairs. They have built up a maintenance team and new homes are constructed with standardized appliances that are energy-efficient but also easy to replace.

Against all the barriers in place, Copper River will soon see 21 new families in safe, affordable housing. In rural areas and in Alaska, one home uplifts the entire community and vice versa: more stable families lead to better-maintained homes that can be passed down through generations.



Module 7:

Meeting Your Financial Obligations

Introduction to Module 7—Alaskan Native Modifications

This module contains information applicable to Alaska Native communities. Changes to Module 7 involve presenting the information through actual scenarios and incorporating foreclosure procedures in Alaska.

Below are the table of contents, with the sections that have been modified updated and highlighted.

Contents

- Success Story
- Meeting Your Financial Obligations
- Making a Timely Mortgage Payment
- Prioritizing Homeownership Expenses
- Fixed versus Flexible Homeownership Costs
 - Exercise
- Understanding Foreclosure
- Foreclosure in Alaska
- Avoiding Foreclosure
- Recognizing Foreclosure Rescue Scams
 - Reporting Fraud
- Post-Purchase Counseling
- Foreclosure Prevention Exercise
- Building Equity
- Module Highlights
- Module Review
- Module Review
- Appendix A: Sample Credit Repair Letters

Foreclosure in Alaska

Because much of the Alaskan Native land in the state is fee simple, foreclosure and seizure of property is an available mechanism to lenders if payments go into default. The Pathways curriculum walks through several recommendations for responsible homeownership so that this does not occur.

It is possible for a tribe or regional housing authority to protect property from foreclosure, and if the homeowner is higher risk it may make sense to set up a lease agreement. In these cases, the lease on the house may be foreclosed upon, but the tribe still gets rights to the underlying land and will be able to exercise right of first refusal to ensure the home is placed with another tribal member.

Module 8:

Protecting Your Investment

Introduction to Module 8—Alaskan Native Modifications

The cost to maintain a home in an Alaska Native village tends to be exorbitant so the need to learn how to maintain your home must be emphasized.

Changes to Module 8 include:

- Explaining maintenance and repair requirements according to regional differences (e.g., access, costs, building design, replacement materials, etc.).
- Prepare a cost estimate for basic repairs by region.
- Simplifying housekeeping material, identifying associated consequences and costs.
- Examining cultural sensitivity to discussion of wills.
- Developing an emergency preparedness plan that considers regional differences.

Below are the table of contents, with the sections that have been modified updated and highlighted.

Contents

- Success Story
- Creating a Home Inventory
- Home Inventory Exercise
- Understanding Insurance Basics
- Insurance Coverage Exercise
- Understanding Warranty Protection
- Maintaining Your Home
- Preparing for Emergencies
- Preventing Crime and Ensuring Safety
- Understanding Green Proofing Your Home
- Understanding Your Home's Features
- Scheduling Home Maintenance and Repairs
- Simple Solutions to a Greener Home
- Prioritizing Home Repairs
- Prioritizing Home Repairs Exercise
- Budgeting to Meet Future Obligations
- Home Improvements

- Housekeeping for a Healthy Home
- Cleaning Suggestions for Healthy Living
- Home Hygiene Exercise
- Arranging for a Will
- Module Highlights
- Module Review

Maintaining Your Home

Home maintenance varies by region in Alaska. In Arctic regions, be sure to assess ventilation and air quality regularly, since home insulated for the winter also need to be safe to inhabit. These issues may become exacerbated if there are multiple people living in the home or conditions are overcrowded. This will also impact the life expectancy of other systems such as septic, water, and appliances.

In continental regions, permafrost affects the house's foundation seasonally. Make sure to document and measure foundation placement and compare year-to-year, and consult a professional if you notice anything concerning.

Coastal neighborhoods should be on the lookout for changing waters around them. Select a home site that is removed from any nearby bodies of water, especially streams and rivers that can fluctuate yearly with the spring melt.

Scheduling Home Maintenance and Repairs

Getting a contractor or repair professional to some parts of rural Alaska is not always easy, and homeowners should expect a longer period of delay before problems are to be addressed. You may need to budget for additional travel and accommodation costs if professionals are brought in from urban areas.

Several regional housing authorities have procedures in place to coordinate maintenance costs with other households, or they may have maintenance staff in-house for rental properties. While this is not typically the case for single-family homes, it is worth checking with your regional housing authority.

Preparing for Emergencies

Emergencies happen everywhere, but in Alaska you may be fighting frostbite and wild animals as well as a sudden storm or fire. Homes should be equipped with smoke detectors, carbon monoxide detectors, and fire extinguishers even above the arctic circle, because once a fire starts there it can be devastating.

Emergency Supply Checklist Survival

Courtesy of AHFC's Residential Building [Manual](#)

- Water 2 quarts to 1 gallon per person per day
- First aid kit freshly stocked
- First aid book
- Food (packaged, canned, no-cooked, baby food, and for special diets)
- Can opener (non electric)
- Blankets or sleeping bags
- Portable radio flashlight and spare batteries
- Essential medication and glasses
- Fire extinguisher A B C type
- Food and water for pets
- Money

Sanitation Supplies

- Large plastic trash bags for trash, waste, water protection
- Large trash cans
- Bar soap and liquid detergent
- Shampoo
- Toothpaste and toothbrushes
- Feminine and infant supplies
- Toilet paper
- Household bleach
- Newspaper to wrap garbage and waste

Safety and Comfort

- Sturdy shoes
- Heavy gloves for clearing debris
- Candles and matches

- Change of clothing
- Knife or razor blades
- Garden hose- for siphoning and fire fighting
- Tent

Cooking

- Camp stove, propane appliances
- Fuel for cooking (camp stove fuel, etc.)
- Plastic knives, forks, spoons
- Paper plates and cups
- Paper towels
- Heavy duty aluminum foil

Tools and Supplies

- Axe, shovel, broom, woodcutting saw
- Crescent wrench for turning off gas
- Screwdriver, pliers, hammers
- Coil of 1/2" rope
- Plastic tape and sheeting
- Toys for children

Prioritizing Home Repairs

In the exercise in the Pathways guidebook, recognizing that there is not a set right answer to the list of priorities is important. Although water system repair might not seem as urgent as a mice infestation, in regions like the Copper River Basin where silt build up can damage water systems and quickly cause shut-down, unsanitary conditions, or extensive damage, this may need to be tackled first.

Arranging for a Will

The Pathways curriculum discusses the need to arrange for a will. While this is incredibly important, it is also a sensitive subject for many tribal groups. As a trainer, be aware of the different perspectives in the class that may be present when discussing inheritance, legacy, and property.

Not all of the conditions in place to protect legal property today would be recognized by our ancestors, but Native communities value the honor and care of preserving what was left to you, as well as the importance of protecting future generations.