

ONEIDA LAND COMMISSION

STATEMENT OF POLICY—JANUARY 2020

Homeownership through Independent Purchase (HIP) and Tribal Housing Reacquisition of Individual Fee and Trust Title (THRIFTT) Programs

In 2016 the Oneida Land Commission sat down with Bay Bank to work out a homeownership program unlike any other to date and created the Homeownership by Independent Purchase (HIP) program. The policy behind HIP is to increase both homeownership and the Nation's land base available for the fee-to-trust process while simultaneously affording the buyer as much independence as possible in the purchase process. Essentially, HIP allows the homebuyer to go out and find a home, make an offer to purchase, and, if the offer is accepted, to ask the Nation to buy the land that the house sits on. The Nation will then lease the land to the homeowner under a residential lease with the Comprehensive Housing Division.

A unique homeownership program — This program is different from all prior homeownership programs the Nation has administered because it allows the homebuyer to go out into the market and **hand pick a home** instead of having to make do with the Nation's limited inventory, for which there has always been heavy competition. In addition to excitement of being able to hand pick your home, HIP provides the homebuyer with another HUGE benefit of **more home for your dollar**. Because under the HIP program the Nation is buying the land, which is on average 14% of the total home purchase, the homebuyer is able to use their loan to buy more house. For example, assuming the land is valued at the average 14% of list price, a family pre-approved for a \$150,000 mortgage could buy a home with a list price of \$171,000.

So, how does the HIP Program work — The HIP program rules are generally summarized below and available in full text on the Oneida Register and in hard copy with the Comprehensive Housing Division and Bay Bank.

1. The Homebuyer gets a pre-approval letter from Bay Bank and goes out into the market to find their ideal home.
2. Using the HIP offer to purchase, the homebuyer submits the offer to purchase to the seller, and, if accepted, forwards to the Nation.
3. The Nation will review the offer to confirm that the land is eligible — Is it within the Reservation boundaries? Is it free from defects/environmental concerns/restrictive covenants that would inhibit the fee to trust application? Is the mortgage for the improvements \$250,000 or less? Is the tax assessed value of the land \$100,000 or less? — If eligible, the Nation will sign the offer to purchase.
4. The Nation will work with the homebuyer to enter the residential lease and the parties will coordinate a closing in which the Nation attends to pay the purchase price of the land and the homebuyer pays/finances the purchase price of the improvements.

The HIP Program has been VERY successful — Since the program started in February 2016, the HIP Program has brought **homeownership to over 59 plus families** and allowed the Nation to **re-acquire 21.81 acres of land within our Reservation boundaries**.

Land Commission is EXPANDING & tweaking the HIP Program —

The HIP rules are currently being amended by the Land Commission and other responsible entities within the Nation. The Land Commission is achieving three (3) major goals with the HIP amendments scheduled for public meeting on January 9, 2020:

1. Whenever possible, eliminate run around by funneling all homebuyer communications through the Comprehensive Housing Division, the Nation's one-stop shop for all things residential;
2. To speed up the Nation's approval process by removing the requirement for Land Commission approval for each HIP acquisition; and
3. Expand the scope of eligibility so that the program services any person over 18 purchasing a home within the Reservation boundaries — not just Tribal Members.

Why is Land Commission opening HIP and THRIFTT to non-Tribal Members —

Land Commission is expanding the HIP program to service non-Tribal Members in order use the program as a land acquisition tool, which has the added benefit of continuing to improve a wide array of social factors within Oneida community. The Land Commission's long-standing goal is to re-acquire as much land within the Reservation boundaries as possible, which would allow the Nation to exercise its jurisdiction and sovereignty to the maximum extent possible. As such, the new THRIFTT program will also be open to non-Tribal members. THRIFTT allows a homeowner to sell their individual fee or trust land to the Nation and remain in their home through a residential lease.

Cost Savings — When the Nation purchases through HIP and THRIFTT, there are two (2) cost savings.

1. The seller is not able to increase the cost just because the Nation is the buyer because the rule only allows payment for the tax assessed value of the land.
2. The Nation realizes a savings because the offer is brought to the Nation with a predetermined use for a residential lease. For all other purchases, the Nation has to spend time and money finding the property, initiating discussions with the buyer and submitting an offer to purchase, assessing the use of the acquired property through the Land Use Technical Unit (LUTU) process, and, assuming the designated use is residential, preparing the home for sale by the Nation.

Improved Community Social Factors — Increased homeownership rates in the Oneida community at large, and not just for Tribal Members, benefits the entire community. A study conducted by the National Association of Realtors in December of 2016 found that homeownership resulted in increased housing stability as homeowners were 5 times less likely to move in a given year than renters. The study found that homeownership uniquely invests a homeowner in a set location and therefore positively impacted social factors as follows:

1. Homeowners asset value is directly affected by the value of the neighborhood and therefore are more incentivized to maintain their homes;
2. Children of homeowners experience higher education achievement, including higher math and reading scores and lower dropout rates;

3. Greater likelihood that parents who are homeowners are learning financial responsibility through homeownership and maintenance and passing those skills on to their children;
4. Homeownership produces greater connection to the community and increased involvement including in local politics and voluntary organizations;
5. Homeownership results in better physical health based on better maintained properties and better mental health including higher reports of self-confidence and satisfaction;
6. Homeownership reduces both property and violent crime rates based on stronger community investment; and
7. Homeownership reduces the need for public assistance as homeowners have the advantage of using the home equity lines to help pay other debts.

Other Policy Considerations — The Oneida Land Commission looked at a number of other policy consideration in deciding to open the HIP and THRIFTT programs to non-Tribal members, including but not limited the following:

1. Acquiring land through the HIP or THRIFTT programs maximizes the Nation's land purchasing power because the Nation does not pay for the home.
2. The Oneida Nation already enters into commercial and agricultural leases with non-Oneidas.
3. Entering into Residential Leases with non-Oneida families enhances our sovereignty because non-Oneidas leasing from the Nation would be subject to certain tribal laws.
4. The Nation will own all land acquired through HIP or THRIFTT, so we are rebuilding our land base every time a non-Oneida uses the HIP or the THRIFTT programs.
5. Opening Residential Leasing to non-Oneidas increases the market of purchasers for Oneida families with existing homes with Residential Leases.
6. If a non-Oneida family is willing to lease land from us, we assume they have at least some support for our tribal government. In the long term, this could change the outcomes of municipal elections.
7. Opening Residential Leasing to non-Oneidas would give them a reason to support the Nation's fee-to-trust process since they would directly benefit through lower lease/tax payments.

What does opening HIP and THRIFTT to Non-Tribal Members mean for Tribal Members — The expansion of the HIP program will not affect Tribal Member's ability to use the HIP or THRIFTT programs **at all**. Funding for HIP acquisitions comes from the Land Commission's general acquisition budget. To date, **the HIP program has never run out of funding**. If the expansion of HIP and creation of THRIFTT ends up being more successful than originally anticipated and, **if there is a possibility that funding may run out, the Land Commission will freeze HIP and THRIFTT acquisitions for non-Tribal Members**. The Land Commission is able to freeze HIP and THRIFTT acquisitions for non-Tribal Members through the Residential Leasing Rule, which requires Land Commission approval for all non-Tribal Member Residential Leases, but not for Tribal Member Leases.

The Oneida Land Commission is excited to take this opportunity to share its HIP and THRIFTT Program policy considerations.