

FINANCE ADMINISTRATION
Fiscal Impact Statement



MEMORANDUM

To: Oneida Business Committee
From: RaLinda Ninham-Lamberies, Chief Financial Officer
Date: May 28, 2024
RE: C Kestell Petition – Address Housing Issues/Veterans Home Loan

I. Estimated Fiscal Impact Summary:

Petition: C Kestell Petition – Address Housing Issues Veterans Home Loan		
Implementing Agency	Comprehensive Housing Division, Finance and Bay Bank	
Estimated Impact	Current Fiscal Year	Ten Year Estimate
Total Estimated Fiscal Impact	To be determined	To be determined

II. Background: Petition Address Housing Issues/Veterans Home Loan Program

Petitioner C. Kestell requests to call a special meeting of the General Tribal Council to consider the following.

1. Direct the OBC to direct Finance to fund the Veteran’s Home Loan Program within 60 days.
2. Direct the OBC to direct the GM and Finance to work with Bay Bank to establish the lending requirements for the Veteran’s Home Loan Program and to have Bay Bank administer the Veteran’s Home Loan Program within 60 days.
3. Direct the OBC to direct the GM to direct Comprehensive Housing Division to work with the Land Commission to make the necessary adjustments to the HIIP that would allow the program to work with and compliment the Veteran’s Home Loan Program within 60 days.
4. Direct the OBC to direct the GM to direct Comprehensive Housing Division to provide the listing of vacant homes that are in Comprehensive Housing Division home inventory, on the Comprehensive Housing Division fixed asset register and any homes that are vacant where a decision has not been made if the home will

be for sale or rental that are not currently on either the inventory listing or the fixed asset register with 30 days.

5. Direct the OBC to direct the GM to direct Comprehensive Housing Division to work with Finance and Bay Bank to develop a Home Rehabilitation Loan Program including the lending requirements for the homes owned by the Oneida Nation that are needing rehabilitation that are either on the inventory listing or the fixed asset register of Comprehensive Housing and to have these homes advertised for sale within 30 days.

Oneida Veteran Data

According to the U.S. Census Bureau, 6.8% of AIAN in Brown & Outagamie Counties are Veterans.

US Census Bureau AIAN Veterans by Age & Gender in Brown & Outagamie Counties			
	Male	Female	Total
18-64	197	33	230
65+	140	11	151
Total	337	44	381

US Census Bureau Rate of AIAN Veterans by Age & Gender in Brown & Outagamie Counties			
	Male	Female	Overall
18-64	8.1%	1.5%	4.9%
65+	36.9%	2.1%	16.6%
Overall	12.0%	1.6%	6.8%

According to the 2022 Oneida Quality of Life (QOL) Survey:

- Oneida Veterans aged 18+ on the Oneida Reservation = 7.3%. This would equate to 262 Oneida Veterans on the Oneida Reservation.
- Oneida Veterans aged 18+ in Brown & Outagamie Counties = 5.5%. This would equate to 383 Oneida Veterans in Brown & Outagamie Counties.
- The total current target population impacted by the petition is the 383 Oneida Veterans in Brown & Outagamie Counties

Demographics of Oneidas who identified themselves as Veterans in QOL Survey:

- 40% are disabled.
- 77% own their home & 23% rent.
- 27% attained a bachelor’s degree or higher.
- Median Household Income is \$41,250.

Oneida Veterans Loan Program

Funds for the Veterans Loan Program were set aside starting in 1997 and these funds were held in an account at Bay Bank, separate and apart from the General Fund bank account (now currently at BMO). From Fiscal Year 2000 to Fiscal Year 2021 the operational expenses for the Land and the Loan business units were being paid from the General Fund checking account. A transfer of funds from Bay Bank to reimburse the General Fund should have been completed to reimburse the General Fund bank account, however, that did not occur.

When it was identified in Fiscal Year 2021 that the required transfer of funds from Bay Bank to the General Fund checking account had not occurred, a reconciliation of the accounts was completed. The reconciliation reflected that the \$14.5 million listed as Land/Loan fund balance held at Bay Bank was in fact owed to the General Fund.

Over the 21 years that the funds were erroneously not transferred, Bay Bank has included these funds as core deposits for regulatory compliance purposes. These funds are very low cost as a source of core deposits for Bay Bank. Withdrawing funds from the accounts held at Bay Bank would potentially be detrimental to Bay Bank because they may need to replace the funds with more expensive deposits. To support Bay Bank and reflect the true ownership of these funds, the Ownership Report has been corrected to list the \$14,360,000 at Bay Bank as Operational Carryover funds (General Fund).

Homeownership

Homeownership is a means to generational wealth, providing financial security and opportunities for future descendants. Building equity creates an asset for families. It provides a sense of stability and roots in a community, fostering a strong family foundation. The outcomes of homeownership align with our vision of a Nation of strong families built on Tsi?Niyukwaliho and a strong economy.

Current challenges to homeownership for members are availability and affordability. Locally and nationally, the demand for homes to buy exceeds the supply of homes available for purchase. Following the law of supply and demand, this has driven housing prices higher. Current market interest rates are not at the highest rates historically, but they are at rates that are higher than have been seen in the recent past. These factors can all make homeownership challenging for members.

Disparities in accessing mortgage lending among minorities have long been documented (Holmes and Horvitz, 1994; Munnell et al., 1996; Quillian et al., 2020). Even when credit is available, existing studies have shown that minorities pay higher interest rates on home loans (Agarwal et al., 2016; Ambrose et al., 2021; Bayer et al., 2018; Gerardi et al., 2023; Guiso et al., 2022). We know that Native communities are often underrepresented in traditional financial

services and experience limited access to capital (Cattaneo and Feir, 2021; CommunityDevelopmentFinancialInstitutions [CDFI] Fund, 2001; Cyree et al., 2004; Dimitrova-Grajzl et al., 2015; Dymski, 1999; Fund, 2001; Jorgensen and Akee,2017; LadermanandReid,2010; Schumacheretal.,2006; United States Congress Senate Committee on Indian Affairs, 2015).

According to the Comprehensive Housing Division's (CHD) web page, the Homeownership Independent Purchase Program is currently on hold. Currently, the program restricts a HIP mortgage loan up to \$498,257 to be consistent with HUD. The current interest rate for a Section 184 Home Loan through Bay Bank is at the market interest rate of 7.875% to 8.125%. The HIP program helps to reduce the cost of homeownership by removing the cost of the land from the purchase price, up to a maximum of \$100,000. However, this program does not address the higher interest rates present in today's market or the availability of homes for purchase. To help members achieve a goal of homeownership a combination of strategies that address the availability, price, and interest rates for homeownership is needed.

III. Methodology and Assumptions:

A "Fiscal Impact Statement" means an estimate of the total identifiable fiscal year financial effects associated with the petition and includes startup costs, personnel, office, documentation costs.

Finance does NOT identify the source of funding for the estimated cost or allocate any funds to the legislation.

The analysis was completed based on the information provided as of the date of this memo.

IV. Financial Impact:

Directives 1 & 2 - To be determined.

On the first two directives of funding and establishing a program, there is not enough information to estimate a fiscal impact. Further analysis and parameters would need to be defined by General Tribal Council and the petitioner to specifically determine the actual fiscal impact.

Directive 3 – No fiscal impact.

The Homeownership for Independent Purchase Program (HIP) utilizes Bay Bank and funding from the Section 184 Indian Home Loan Guarantee Program. This is a home mortgage product specifically designed for American or tribally designated housing entities. Section 184 loans can be used for new construction, rehabilitation, purchase of an existing home, or to refinance both on and off reservation. The HIP program currently requires the property to be on-reservation.

Two items of note on the HIP include:

- First, it is my understanding that HUD is currently restricting funds on Tribal fee lands and therefore our program is being paused. However, a resolution to this issue is being worked on between the Oneida Law Office and HUD.
- Second, the Section 184 program lends at market rates, currently 7.875% to 8.125%.

Directive 5 - To be determined.

The fifth directive of funding and establishing a program for home renovations, there currently is not enough information to determine the fiscal impact of this directive. If the petitioner, or the General Tribal Council, were to direct the dollar amount or funding level for the program the fiscal impact could be calculated. As an example, if a funding limit of \$4 million was established by the petitioner or General Tribal Council, the fiscal impact would be \$4 million. The number of Veterans that would be able to be assisted with the funding would depend on the value of the homes purchased and mortgaged by the individuals. Finance would then need to work with Bay Bank to determine if using \$4 million of the current carryover balance at Bay Bank would be detrimental to the Bank. If the answer is yes, then Finance would need to identify potential alternate funding solutions.

V. Recommendation:

Finance does not make a recommendation on a course of action in this matter. Rather, it is the purpose of this report to disclose potential fiscal impact of an action, so that the Oneida Business Committee and General Tribal Council has the information with which to render a decision. In this case, the Fiscal Impact will be determined after the petitioner and GTC identify the level of funding to be allocated.