

# The Navajo Housing Renaissance

HOW THE NAVAJO NATION WILL LEVERAGE ARPA TO CREATE A HOUSING INDUSTRY

April 2023

## Problem Statement

In August 2011, the Navajo Housing Authority (NHA) conducted the most comprehensive housing assessment ever completed in Indian Country. The document, Phase II Housing Needs Assessment and Demographic Analysis, presenting startling findings.

The massive survey effort included 31,000 individuals living on the Navajo Nation. The report concluded that a total of 34,100 new units/replacements needed to be constructed, including 18,900 units to address poor housing conditions and 15,200 units to address overcrowding.

The report concluded that the cost of new units, repairs and expansions will total between \$7.9 and \$8.9 billion. Most costs are a result of constructing new units to alleviate overcrowding and dilapidated physical structures. These figures are now 12 years old; inflation has substantially increased such cost projections.

## ARPA and Other Resources for Housing Investment at Navajo

The March 11, 2021 passage of the American Rescue Plan Act (ARPA) resulted in an allocation of \$2.07 billion of funding for the Navajo Nation. By summer 2022, the Navajo Nation passed legislation which directed multiple funding allocations to specific uses including housing improvements and new housing construction.

The table below summarizes these ARPA housing funding allocations.

Navajo Nation ARPA Housing-Related Allocations		
Funding Use	Lead Entity	Budget
New manufactured housing	NHLCO/NNDCD CHID	\$15,500,000
Manufactured housing and/or stick-built housing across the Navajo Nation	NNDCD CHID	\$50,000,000
Veterans' housing	NNDCD CHID/ Navajo Veterans Administration	\$50,000,000
Subset of funding allocated to "delegate regions"	NN FRFO	\$211,000,000*
<i>*The amount of funding directed toward new housing and housing improvement of this \$211 million is still being determined. Given decisions made prior to March 24, 2023, the projected "housing allocation" from this line item is substantial.</i>		

In addition to the allocations above, the NHLCO is responsible for managing \$3.6 million for housing repairs in the Former Bennett Freeze Area.

Finally, the Navajo Housing Authority (NHA) is the Tribally Designated Housing Entity (TDHE) for the Navajo Nation. NHA receives between \$60 million-\$90 million annually of NAHASDA funding through their Indian Housing Plan (IHP). As of May 2023, NHA has \$120 million available for housing development.

## **Taking a Strategic Approach to Housing Investment at Navajo**

Navajo possesses unprecedented housing financial resources to address the greatest homelessness problem of any Indian nation in the United States. This is either a time for action or a missed opportunity. Decisions made in the next four months will determine how Navajo responds to this opportunity.

## **Role of the Navajo Thaw**

The Navajo Thaw initiative was established in 2019 to respond to the impacts of the Bennett Freeze and Forced Relocation. While the Navajo Thaw Regional Recovery Plan (Recovery Plan) is generally understood as an approach to the federal government for \$4 billion to address this challenge, the Recovery Plan is also an economic development strategy for the entire Navajo Nation.

Contained in the Regional Plan are specific strategies to address ten economic sectors including housing manufacturing.

Of the ten strategies, the housing development strategy is unique in that it combines economic development with improved livability conditions for the Navajo people. That is, the establishment of a “Navajo residential construction industry” not only creates jobs, but it improves the likelihood of Navajo people to *receive*—and, potentially—*own* their own house.

Because of extraordinarily limited economic opportunities on the Navajo Nation (combined with the fact that most of the land on Navajo is held in trust by the federal government), the “American Dream” (to own your own home) has been virtually impossible at Navajo and throughout Indian Country. This has always been the case. But it does not have to be!

The Navajo Thaw is a comprehensive economic development strategy for the Navajo Nation designed to be *transformational*. By fully executing all ten strategies for the identified economic sectors, a new day is coming for the Navajo people. Creating a Navajo “housing manufacturing sector” is an absolute requirement to make this vision a reality.

There are three possible outcomes related to the strategic use of ARPA housing-related funding: 1) this opportunity is largely missed because of insufficient organization and capacity, 2) Navajo scrambles to meet the bare-minimum ARPA thresholds to expend funding, or 3) ARPA housing funding is strategically utilized to leverage a broader economic development strategy that results in the creation of an economy that underpins sustainable housing improvements. One aim of the Navajo Thaw is to make Outcome #3 a reality.

## **Meeting a Big Problem with a Big Solution**

ARPA funding must be *obligated* to specific intended uses by October 31, 2024 and be fully utilized by the end of 2026. This means that a bona fide strategy must be in place right now in order to obligate all of the ARPA housing-related funding in less than 19 months.

## **Beginning with Shared Values**

Identified values to implement this initiative include:

- ARPA funding will be successfully obligated and utilized in compliance with US Treasury and Navajo regulations
- A maximum number of residents and families will benefit within the constraints of available funding
- To the extent possible, Navajo labor and Navajo businesses will be utilized

Successful deployment of ARPA funding for housing will require a careful balance between Navajo and non-Navajo project administration/construction.

## **Inventorying Navajo Residential Contractors**

In late 2021, Building Communities developed a survey and reached out to 51 Navajo companies that are listed either on the Navajo Source List, or are a member of the Dineh Chamber of Commerce, or otherwise represent themselves as involved in residential construction on Navajo. The purpose of the survey was to determine the capacity of Navajo residential contractors to address the need for residential housing should funding availability materialize. Now that such funding is available, Building Communities and the Navajo Thaw Team will “circle back” to further qualify their interest and capacity in “meeting the moment.”

## **Roles and Responsibilities**

To successfully deploy the ARPA housing funding, an unprecedented level of intergovernmental and “inter-organizational” coordination is necessary. The roles and responsibilities for each of these entities is briefly described below.

***Navajo Hopi Land Commission Office (NHLCO).*** NHLCO will have the primary oversight role with the development of the housing initiative. NHLCO will be responsible to reporting to the OPVP and the Navajo Nation Council (especially the Navajo Hopi Land Commission) throughout the project. NHLCO will oversee the Navajo Thaw Technical Team contract with Building Communities which will be the lead contractor overseeing the housing initiative. The Navajo Thaw Team will provide broad advice and guidance to Building Communities in the execution of the initiative.

***Navajo Thaw Team (NTT).*** The Navajo Thaw Team is predominantly Navajo, and is comprised of businesses, volunteers, Navajo government representatives, and others focused upon the implementation of the Navajo Thaw Regional Recovery Plan. The NTT will provide a Navajo Nation-wide advisory role to ensure two-way communication between the NHLCO and all project partners throughout the project period.

***Navajo Thaw Chapter Champions Committee (CCC).*** The CCC is comprised of Chapter officials throughout the ten-Chapter Navajo Thaw Region. Meeting monthly, the CCC will advise the housing initiative with respect to the dispersal of Housing Escrow Funds (HEF) and Navajo Thaw-related ARPA funding.

***Navajo Thaw Technical Team (Technical Team).*** The Technical Team is comprised of eight professional services companies that advise on the *implementation* of the Regional Plan. These companies include

Native Community Builders, Building Communities, C2 Environmental, Brown and Caldwell, Riley Engineering, Swaback, Nizhoni Homes, and Horrocks Engineers.

**Red Feather and Native Promise.** Recognition of the eligibility of non-profit corporations to receive and manage ARPA funding is included in the federal legislation. Two of the non-profits that have coordinated with the Navajo Thaw are Native Promise and Red Feather.

Native Promise is a relatively new non-profit corporation governed by an all-Navajo board of directors with a focus on community and economic development activities in the Navajo Thaw Region and throughout the Navajo Nation. Red Feather has served Indian Country for decades, focusing upon housing and housing improvement projects. This initiative will be supported by professional services from these non-profits.

**Southwest Indian Foundation (SWIF).** The primary goal of the Southwest Indian Foundation is to lessen the poverty and unemployment among the Native Americans of the Southwest, specifically members of the Navajo, Zuni, Hopi, Laguna, Acoma, and Apache tribes. Through self-help initiatives and charitable donations, SWIF hopes to restore dignity and self-reliance to these native peoples. The Navajo Thaw Team is inviting SWIF to explore increasing its capacity for housing manufacturing.

**ZenniHome.** A new housing development company, ZenniHome, has been established on the former industrial site of the Navajo Generating Station (NGS) near Page, Arizona. ZenniHome is manufacturing homes and could be a provider of such housing to benefit Navajo. ([www.zennihome.com](http://www.zennihome.com))

**Kinney Construction Services.** The Navajo Thaw has identified Kinney Construction Services as a possible provider of construction management services to oversee the engagement of Navajo (and other) residential contractors to complete the housing development work.

**51 Navajo Housing Contractors.** As previously noted, research conducted in late 2021 surfaced as many as 51 Navajo residential contractors. This list was developed by combining the Navajo Source List with the membership of the Dineh Chamber of Commerce and additional sources. A redoubling of this effort to interview all potential Navajo contractors will lead to a “housing catalogue” that identifies the capabilities and housing options from all potential providers.

**Off-reservation Large-Scale Housing Manufacturing Businesses.** Existing private-sector housing manufacturing companies in Phoenix, Albuquerque, and elsewhere represent an opportunity to “scale up” housing production in order to meet ARPA deadlines. Although these companies are non-Navajo, efforts will be made by the Navajo Thaw Team to instill the values of Navajo employment and Navajo business growth with off-reservation housing providers.

### **Developing the “ARPA Housing Sources and Uses” Compendium**

Ultimately, all of the sources of housing funding come with their own expectations, rules, and requirements. Some of these rules relate to the nature of housing while others specify the geographic region for the distribution of such funding. Still other rules determine the income levels for beneficiaries of such public housing. These rules and regulations will be combined with the “values” of the project (identified above) to create an operations plan for the expenditure of all funding sources in a time frame consistent with ARPA requirements.