

**RESOLUTION OF THE
WHITE MOUNTAIN APACHE TRIBE OF THE
FORT APACHE INDIAN RESERVATION**

- WHEREAS**, the Tribal Council of the White Mountain Apache Tribe has a severe housing shortage on the Reservation with literally no rental housing available except for rental units administered by the Tribal Housing Authority and funded by the United States Department of Housing and Urban Development (HUD); and
- WHEREAS**, the Tribal Housing Authority must abide by the so-called Thirty Percent Rule promulgated by HUD which requires that thirty percent (30%) of the income per household be devoted to rent, so that as income increases, the amount devoted to lodging also increases, without any consideration for increased quality of housing; and
- WHEREAS**, the Thirty Percent Rule is a carry over from off-reservation public housing programs where a large stock of privately owned rental units are available for higher income persons, but these policies and the underlying wisdom justifying the Thirty Percent Rule is not applicable or extant on rural Indian reservations where there is no privately provided rental units; and
- WHEREAS**, the flexibility of the Rule penalizes tribal members who improve their income by obtaining viable employment to the extent that it is more economical for tribal members to remain unemployed; and
- WHEREAS**, a renter next door, who only receives \$100.00 per month would only be paying \$30.00 per month for the same system without any change in quality; and
- WHEREAS**, the rigidity of the Thirty Percent Rule has resulted in tribal members paying as much as \$1,000.00 per month for a unit when their neighbor is only paying \$30.00, and yet there are no other housing units on the Reservation available to rent; and
- WHEREAS**, tenant account receivables (TARS) have become a major problem on most Indian reservations and high TARS can jeopardize HUD funding for those reservations; and
- WHEREAS**, experience has indicated that a major contributing factor to the high incidence of TARS on reservations is the perception that rents are excessive in terms of value received; and

WHEREAS, off-reservation rental units are also practically non-existent, are away from jobs and family, and are inconvenient because of the lack of public transportation and tribal services; and

WHEREAS, any off-reservation housing would also expose tribal members to state income tax, liabilities, and other extraordinary expenses; and

WHEREAS, the lack of any alternative housing rental units on the Reservation, other than those administered by the HUD funded Tribal Housing Authority, combined with a disincentive to earn income because of the rigid application of the Thirty Percent Rule, has created major frustration and a severe obstacle for families attempting to achieve self-sufficiency as any gains in income are literally wiped out by the Thirty Percent Rule and, in many cases, the rental liability of tribal tenants, because of the Thirty Percent Rule, far exceeds monies that would be required to pay for a HUD home, but there are insufficient HUD homes and a waiting list in the hundreds for said homes on the Reservation; and

WHEREAS, the inflexibility of the Thirty Percent Rule has no logic and penalizes tribal members and families from achieving employment stability and is particularly illogical in rural areas where surplus rental units are not available; and

WHEREAS, the Tribal Planning Department working with Tribal Councilmember Judy DeHose has arrived at a viable alternative to the Thirty Percent Rule, a copy of which is attached to this Resolution and incorporated by reference herein.

BE IT RESOLVED by the Tribal Council of the White Mountain Apache Tribe that it hereby objects to the discriminatory effect of the inflexible application of the Thirty Percent Rule on Indian reservations and, in particular, to the White Mountain Apache Tribe for the reasons that the Rule only perpetuates poverty, is a disincentive for viable employment, and penalizes tribal members who are struggling to achieve economic sufficiency by automatically charging them thirty percent (30%) of their net income, regardless of the quality of the unit.

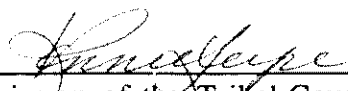
BE IT FURTHER RESOLVED by the Tribal Council that it hereby provides notice to HUD that there are no surplus rental units on or off reservation, that there exists a waiting list in the hundreds of tribal members awaiting approval for HUD homes to be constructed on the Reservation, and that tribal members forced to pay 30% of their income have no place to seek rental housing on the Reservation.

BE IT FURTHER RESOLVED by the Tribal Council that it implores HUD to take a reasonable approach to the Thirty Percent Rule, and suggests that the alternative suggested by the White Mountain Apache Tribe attached to this Resolution and incorporated by reference herein be considered and adopted by HUD as a more realistic alternative for Indian reservations.

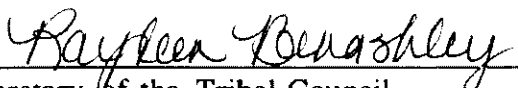
Resolution No. 07-94-213

BE IT FURTHER RESOLVED, by the Tribal Council that it hereby directs Tribal Councilmember Judy DeHose or her designee to distribute this Resolution with attachments at the San Diego HUD Conference and to deliver same to HUD officials with the request that they give the Resolution and tribal alternative to the Thirty-Percent Rule due consideration.

The foregoing resolution was on July 14, 1994, duly adopted by a vote of eight for and zero against by the Tribal Council of the White Mountain Apache Tribe, pursuant to authority vested in it by Article IV, Section 1 (a), (i), (s), (t) and (u) of the Constitution of the Tribe, ratified by the Tribe September 30, 1993, and approved by the Secretary of the Interior on November 12, 1993, pursuant to Section 16 of the Act of June 18, 1934 (48 Stat. 984).



Chairman of the Tribal Council

Acting 

Secretary of the Tribal Council

30% RULE : AN ALTERNATIVE

The 30% of income devoted to lodging rule that is in effect for either the purchase or rental of housing financed by DHUD creates a negative incentive for Indian households to expand their monthly income. As income increases, so does the amount devoted to lodging without any consideration for increased quality of housing. Thus, an individual who receives a pay increase of \$100 per month will see his lodging cost increase by \$30 per month for the same unit. If his neighbor only receives \$100 per month, then the total payment for that unit is \$30. The system is not related to the quality nor the costs of the housing unit.

To partially solve the problem of unlimited rents and negative incentives in the present system, the White Mountain Apache Tribe proposes a system that becomes capped at a reasonable maximum based on the amortized costs of the unit (which is also presumed to reflect quality). On the Fort Apache Reservation, the approximate costs of providing a new single family detached dwelling unit is approximately \$65,000. If this cost is amortized over 30 years at an 8% rate of interest, the monthly payment would be \$ 476.95. If this figure is adopted as the cap for rent, then the disincentive to earn more than \$ 1590 per household per month (\$19080 per year) is removed. The rent flexes upward as income increases until the cap is reached.

This capping has the added advantage of allowing the Indian household that has capped out to accumulate funds for down payment for purchasing a housing unit under the HUD guaranteed loan, FmHa loan, VA, or other financing arrangement. Instead of the Indian family becoming "trapped" by rental increases into publicly provided housing, the mechanism is in place to allow for upward housing mobility.

The TARs are a major problem on most Indian Reservations. One contributing factor to the high incidence of TARs is the perception that the rents are excessive in terms of value received. However, on the Fort Apache Reservation, HUD homes are the only game in town. There are no alternatives for housing available. If the rents were to be capped, it is argued that the TARs will drop and the penalties in numbers of units now being imposed by HUD will also drop. In short, capping the rents will increase the supply.

From the perspective of the Tribe, the 30% rule imposes a strong disincentive. The Tribe is under tremendous pressures from Tribal members, our own sense of justice, and from the external world to improve the economic picture on the Reservations. yet, as we do so and provide jobs for our members,, the escalation in rents serve as a negative factor pushing our people to reject the positions or to do less than the full effort to improve their personal economic status. If my pay increase is mostly eaten up by a sure and certain increase in my rent, why should I bother? HUD needs to be an active player in improving the quality of life and economic status on Indian Reservations; not a source of significant economic disincentives to improve. Help us. do not make the task of improving the living conditions, economic development, and opportunities for our tribal members more difficult. Cap the 30%.