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Native community development funds not federally financed for 2008

by: Mark Fogarty

Native community development groups looking for their piece of a pot of federal money have been advised to change their strategy since the American Indian side of the program has yet to be funded.

The Community Development Financial Institutions Fund, a unit of the Treasury Department, recently published its Notice of Funds Availability for fiscal 2008. The fund, which has a general category and a Native category, is encouraging Native community development financial institutions to apply for the general round because of funding uncertainty for NACA (Native American CDFI awards). Native groups are eligible for the general funding as well as the NACA round.

Native groups will be able to switch their applications back to NACA, where the odds are better for them, if that section is funded.

What's at stake is at least \$26 million to be awarded to groups that foster community development for low-income people or geographic areas. According to one Native community development group, the South Dakota-based First Nations Oweesta Corp., "Congress has not completed its appropriations for FY 2008; therefore, funding is not in place to support the NACA round at this time."

But, wrote Oweesta's Joanna Donohoe, "While we do anticipate the appropriation for the NACA Program will go through this year, we are concerned that the funding will not be in place prior to the general funding deadline of October 31, 2007."

There may be much more than \$26 million available. Donohoe noted that the Opportunity Finance Network has said as much as \$95 million could be appropriated for the fund, which might mean more than \$52 million in grants. "We have not had this much funding available for CDFI program grants since FY 2002!" according to the OFN memo.

In the fiscal 2007 NACA round, awarded earlier this summer, 19 Native CDFIs got \$3.6 million. A total of 29 organizations applied for the money.

The awards were announced at the Crazy Horse Memorial in the Black Hills of South Dakota because four of the CDFIs (including Rapid City-based First Nations Oweesta, which received \$150,000 for a training program for its clients and other uses) are based there. The fund said that since 2002, it has made 148 separate awards totaling \$23.1 million for tribal development, and \$7.5 million to groups that provide training programs focused on Native communities.

The largest awardees were the Citizens Potawatomi Community Development Corp., Shawnee, Okla., which received \$606,000 to expand its Individual Development Account and business

lending programs, and the Eastern Band of Cherokee Indians Community Development Corp., Cherokee, N.C., which was awarded \$665,000 to launch a new loan product geared towards nonprofit organizations.

The other three South Dakota groups funded were the Lakota Fund, Kyle; Mazaska Owecaso Otipi Financial, Inc., Pine Ridge; and the Teton Coalition, Inc., Rapid City. The Lakota Fund, a microenterprise lender, received \$135,000 for technical assistance. Mazaska Owecaso Otipi, a housing and land loan funder, was awarded \$129,000, also for technical assistance. The Teton Coalition got a \$148,000 grant to support home lending and homebuyer education to potential homeowners in western South Dakota.

Many of the 2007 grants went to staff and technology capacity building. One interesting one was to the Pascua Yaqui Tribe in Tucson, Ariz., which is planning to start its own credit union. It received \$140,000 to hire staff and to pursue its business strategy.

All told, institutions in 12 states received NACA money in the 2007 round.

The CDFI Fund also administers a second program, called New Markets, which uses tax credits instead of outright grants to support much the same kind of effort as the CDFI Fund. New Markets is a newer program, but tribal groups are eligible for its credits and several have received them.

In the most recent round, the National Tribal Development Association, Box Elder, Mont., was allocated \$30 million in tax credits to help tribes disrupted by Hurricane Katrina. The allocation "will enable NTDA to attract needed capital for business development in Louisiana's Houma Nation and Mississippi's Choctaw communities. The NMTC proceeds will be used to provide equity investments and flexible debt products that will create tribal ownership opportunities, jobs and wealth creation for low-income Native American communities," according to the fund.