

\$1 Million Winnebago Housing Stimulus Puts Dream of New Home Ownership Within Reach



WINNEBAGO, NE – The Winnebago Tribal Council has approved a proposal put forward by Ho-Chunk, Inc. (HCI) to create a new Winnebago \$1 Million Housing Stimulus Program which would provide an additional \$50,000 in down payment assistance on a first-come-first-served basis to up to 20 tribal members. New homes would be constructed on the reservation over the next two to four years. The \$1 Million Winnebago Housing Stimulus Program is expected to go into effect immediately.

Funds provided through the new Housing Stimulus Program when combined with the existing *Tribal Housing Down Payment Program* and *Winnebago Down Payment Assistance Program* would make tribal members eligible for up to \$65,000 in down payment assistance and potentially \$70,000 for qualifying low income families purchasing new homes on the reservation.



Funding for the new Winnebago \$1 Million Housing Stimulus Program will come from the HCI Dividend paid out to the Tribe in the amount of \$800,000 with an additional \$200,000 added through resumption of the one cent per gallon gasoline tax.

“Combining the two existing down payment assistance programs with the new Winnebago \$1 Million Housing Stimulus Program will effectively reduce the cost of purchasing a new home on the reservation by as much as one third; making the dream of home ownership affordable for more Tribal families,” said John Blackhawk, Winnebago Tribal Chairman.

“HCI has been building homes and studying housing needs on the reservation for years. After lengthy analysis we determined there was a real need for a special program that would make the purchase of new homes on the reservation affordable, so we worked with the Tribal Council to find a way to make that happen,” said Ho-Chunk CEO, Lance Morgan.

The new Winnebago \$1 Million Housing Stimulus Program will not be dependent on income requirements but would have the same guidelines as the existing *Winnebago Down Payment Assistance Program*. The new program is limited to new home construction, but can be located anywhere on the reservation.

A History of High Demand for Housing

Traditionally, demand for housing for Tribal members on the reservation has been strong. Although the Tribe has built or purchased approximately 100 housing units over the past 15 years, the supply has been insufficient to meet current and future needs.

With nearly half of the Tribe’s population on the reservation less than 18 years of age, housing demands over the next 10 to 20 years are expected to require at least 100 additional housing units to stay current. As many as 150 to 200 units will probably be needed to satisfy actual housing demand.

What Was Being Done

The Tribe has been using two main methods to deal with the housing problem. The first method is the “Build and Rent or Rent to Own” method. Although upfront costs are low due to state or federally funded programs; there are serious drawbacks to this method. The second method currently being used to address the housing deficiency is the “Build, Subsidize and Sell Method.” With this method the Tribe or Tribal entities such as Housing or HCI build homes utilizing either corporate capital or government program funding and then the homes are sold at a discount.

Although capital is tied up in the short term, this method provides many advantages, including: ownership for tribal members; incentive to invest in and maintain property; not dependent on outside funding sources; no on-going maintenance cost to Tribe; Tribal programs are not restricted to low income Tribal members; capital can be used repeatedly to build more homes; long term equity and wealth are built in member’s homes; and the community has more middle income families.



Existing Down Payment Assistance Programs

The primary support mechanism for the “Build, Subsidize and Sell Method” has been the Winnebago Down Payment Assistance Program, which includes two separate programs. The *Tribal Housing Down Payment Program* provides \$5,000 in down payment assistance to qualifying low income Tribal members, but low income restrictions exclude a growing number of Tribal members.

The second program is the *Winnebago Down Payment Assistance Program*. It funds up to \$15,000 for new home construction on the reservation for Tribal members. It is designed to help families buy and own their own home and build up the community. This program is not tied to income restrictions. Some home buyers are able to qualify for both programs and receive \$20,000 in down payment assistance.



The Problem

During the past seven years approximately 30 homes have been built using some form of the down payment assistance programs, an average of four or five homes per year. This is well below the normal rate of demand projected to be around 10 to 20 homes per year.



The slow rate of growth in new homes is thought to be caused by a reluctance of people to pay the price of new home construction. A 1,500 square foot home costs about \$180,000 to build in the Ho-Chunk Village. After various discounts and down payments are applied the price is reduced to approximately \$135,000. This is an excellent price in surrounding larger communities like Sioux City, but Tribal members consider it high on the reservation. Potential buyers also worry about the long term commitment and the relatively high price of buying homes locally. These issues put the majority of tribal members into a rent or rent to own situation which carries all the many negative social and economic problems listed above.

Expanding Existing Assistance Programs

Under the Winnebago \$1 Million Housing Stimulus Plan, \$1 million would be divided into 20 increments of \$50,000 each and used to supplement the existing down payment assistance program. The \$135,000 discounted home in Ho-Chunk Village mentioned above would be reduced even further. The price of the new home would only be \$85,000 or \$90,000 instead of the original \$180,000. The monthly payment could drop from \$900 to approximately \$450-\$650, a very affordable monthly payment. On a 30-year mortgage the average family could save as much as \$100,000.

“Normally, an expenditure of \$1 million dollars by the Tribe to purchase housing would only provide six or seven rental housing units,” said Morgan. “The Winnebago \$1 Million Housing Stimulus Program would become a tipping point that would allow long term renters to become home owners. It would create 20 homeowners, producing wealth and pride in ownership instead of six or seven rental homes the Tribe would need to maintain – saving significant amounts of Tribal funds over time,” Morgan concluded.

Building Up the Community

The Winnebago \$1 Million Housing Stimulus Program will strengthen the community by adding 20 additional home owners, encouraging

persons who currently rent their homes on the reservation to become homeowners; provide an incentive for off-reservation tribal members to move back to the community; add higher income families and their children to the school district, raising expectation levels; increase investment in property and maintenance of property; create a more attractive community; and stimulate community pride.

Funding the New Stimulus Program

Since the building of all 20 homes in the program will require at least two to four years for completion, the funding can be broken into a multi-year commitment. To implement the Winnebago \$1 Million Housing

Stimulus Program a portion of the HCI Dividend paid to the Tribe in 2010 and 2011, in the amount of \$400,000 each year will be placed in the Housing Stimulus Program. The remaining \$200,000 to be put into the fund in 2012 would come from restarting the one cent per gallon gas tax.

The added benefit of the resumption of the one cent gasoline tax would be the creation of an on-going funding stream for the \$15,000 *Winnebago Down Payment Assistance Program* which would continue on to benefit other Tribal members.

For more information on the the Winnebago \$1 Million Housing Stimulus Program contact Ho-Chunk Community Development Corporation (HCCDC) at 402-846-5353.

