

NATIVE AMERICAN REPORT



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Inside This Issue

In Focus: NMTC Can Be Option for Commercial, Housing Development on Tribal Lands 1	Funds for Alaska, Native American Colleges..... 6
Legislative Update: Pursuing Child Welfare Needs 2	Low-Income Legal Services Grants 6
Stimulus Provides Varied Opportunities..... 3	Tribal Funding for Energy/Mineral Development..... 6
Tribal Economic Development Bonds 3	Regulatory Update: New postings include Bureau of Land Management; National Park Service; Bureau of Indian Education; Administration for Children & Families; Bureau of Indian Affairs 7
Wind Energy Development on Tribal Land 3	Native American Law: No Legal Basis for Navajos' Breach of Trust Suit against U.S. over Coal Issue 7
100 Loans to be made to Native CDFIs 4	Congressional Apology Does Not Affect State of Hawaii's Title to Former Native Lands..... 8
Around Indian Country: EchoHawk Nominated to BIA 4	Claim to Former Reservation Land Presented Too Late..... 9
Public, Indian Housing Nominee Named..... 5	Water Authority Cannot Block Tribe's Own Water Plan 10
Conquering Indian Childhood Obesity 5	
New Rumsey Health Director Tapped 5	
Funding Opportunities: Funds for Tribal Transit..... 5	
Violence Prevention Programs Funded..... 6	

IN FOCUS

NMTC Can Be Option for Commercial, Housing Development on Tribal Lands

Tribes across the country should explore new ways to develop housing and economic development projects through the use of New Market Tax Credits, according to experts in the field.

Two development projects on the Navajo Reservation in New Mexico recently joined forces with U.S. Bancorp Community Development Corp. and Travois New Markets, a Community Development Entity, to provide more than \$12.7 million in combined New Markets Tax Credit financing.

The NMTC funding will facilitate the building of two electrical substations on the Navajo Nation Reservation in Shiprock and complete the renovation of the ANDALUZ (formerly known as La Posada Hotel) in Albuquerque.

USBCDC and Travois New Markets worked to leverage an existing asset by The Navajo Tribal Utility Authority, resulting in a \$6.4 million investment to help finance the construction the substations on the Reservation. The substations will nearly double electrical capacity to Shiprock region and bring service to 400 families.

The project is expected to be complete by late summer 2009. Once engaged, further building projects that have been on the back burner can start, including a new

school, apartments, adult treatment and behavioral centers, and a home for women and children.

"Because of lack of electric power, \$41 million in economic development projects were on the shelf," Phil Glynn tells *NAR*. Glynn is director of Travois New Markets. "We helped [Navajo] lay the ground work for economic development. We want to do things have catalytic effect... job creation and also asset building."

The NMTC Program is administered through the Community Development Financial Institutions Fund by the Treasury Dept.

NMTC encourages investment of private equity capital into low-income communities and allows taxpayers to receive a credit against federal income taxes for making equity investments in designated CDEs, such as Travois New Markets. The credit provided to the investor totals 39% of the cost of the investment and is claimed over a seven-year credit allowance period. (*Story continues on next page.*)

Native American Report is a monthly report, incorporating Native American Law Report, focusing on: federal and private funding opportunities; federal legislative and regulatory updates; benefits, entitlements, tribal sovereignty and legal issues.

Travois, which works exclusively with Native American communities, provides development assistance, compliance support, design services and comprehensive training.

Travois hopes to see NMTCs used as widely in tribal communities as the Low Income Housing Tax Credit currently is used for housing. However, there are challenges that tribal entities should be aware of, he says.

“Everything in Indian Country is about keeping business organizations and nonprofits under the tribal government, so the challenge in NMTC is that you have to balance that interest and have appropriate control.”

This involves creating a new, separately incorporated entity, where the tribe still exercises control. This process can take some time and should be carefully planned, Glynn says.

The benefits of NMTC included no fixed application requirements, deadlines, and cost caps or restrictions. The federal restrictions are largely placed on Travois, not the tribal user.

While generally not thought of as a housing tool, NMTC products can be used for housing if it has a commercial component, like a health care facility, assisted living or tribal colleges. Housing projects that are for sale may also be eligible, which is not an option under LIHTC.

The 9th Annual Travois Indian Country Tax Credit Conference, will be held Aug. 17-19 in Santa Ana Pueblo, NM.

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LEGISLATIVE UPDATE

Economic Stimulus

Indian Child Care Funding Helps Pursue Overall Child Welfare Needs

Additional funding for Indian child care will also assist with efforts to prevent child abuse, just in time for Child Abuse Prevention Month, according to tribal leaders.

More than 200 tribal grantees representing approximately 500 Indian tribes will receive an additional \$40 million in economic stimulus funding to support child care for working families.

The funding will be distributed to tribal grantees through the Child Care & Development Fund.

Nationwide, \$2 billion in Recovery Act funds for will allow states and tribes to support child care services for more families whose children require care while they are working, seeking employment or receiving job training or education.

Tribes, along with states and territories may use the funds to provide vouchers to families for child care or to provide access to care through contracts with child care centers.

Funds also can be used to improve the quality of child care services.

For example, tribes may provide training for child care providers, assist providers in meeting health and safety requirements, provide grants to providers to achieve higher quality and invest in other quality initiatives.

The new funds supplement the existing \$5 billion subsidy program. A list of Recovery Act funding awarded to tribal grantees for child care programs is available at: <http://tinyurl.com/d3o22d>

“The new funds are a great and will help focus on the big picture of child welfare,” Terry Cross tells NAR. Cross (Seneca) is Executive Director of the Nat’l Indian Child Welfare Assoc. “Child care is one of the cornerstones to preventing neglect and abuse.”

NICWA hopes to see extra funding for childcare on an ongoing basis, particularly in the upcoming reauthorization for the Temporary Assistance for Needy Families (TANF) expected in early 2010.

NICWA was the lead organization fighting for tribes to be included in the original legislation, Cross says. They were successful in “gaining access for the new

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