American Indians & Home Ownership

A report prepared by

The American Indian Research & Policy Institute

in association with Hamline University, St. Paul, Minn.

and in collaboration with

The Roy Wilkins Center, Hubert H. Humphrey Institute,
University of Minnesota and the Center for Urban and
Regional Affairs, University of Minnesota

"...all our people now were settling down in square grey houses, scattered here and there across this hungry land, and around them the wasichus [whites] had drawn a line to keep them in. The nation’s hoop was broken and there was no center any longer for the flowering tree... hunger was among us often now..."

—Black Elk
American Indian Home Loan Research Project

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We would like to thank the following community members who shared their thoughts and experiences with us through roundtable discussions and interviews. We are also grateful to those who provided us with written materials and information.

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The mission of the American Indian Research & Policy Institute is to promote more accurate knowledge of the legal and political history of American Indians, particularly those in Minnesota and the surrounding region, that has led to their contemporary situation. The Institute will foster better informed responses by local and regional governmental and private leaders to the challenges of Indian life with respect for the culture and values of American Indians.

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Executive Summary

This research project was a collaborative effort between the American Indian Research and Policy Institute (AIRPI), the Roy Wilkins Center for Human Relations and Social Justice at the Humphrey Institute of Public Affairs and the Center for Urban and Regional Affairs (CURA) at the University of Minnesota.

The project is not intended to be a beginning or an end for defining American Indian experiences with housing and home ownership, rather it is an opportunity for policy makers, scholars, and the larger community to grasp a people's reality.

The idea of American Indian home ownership is related to the concept of urbanization of American Indians. Ownership of a house and the phenomenon of urbanization represents a time in the lives of American Indians for which they were really not prepared. They had never experienced anything like this before. Throughout history, American Indians lived a nomadic lifestyle moving where food and shelter were available. In the twentieth century, during and after the onset of urbanization, they continued moving to where food and shelter were available.

However, a new twist was added. It now became clear to American Indians that it takes money to provide food and shelter. To obtain money one has to have employment; and employment was scarce on the reservation. The need for money thus contributed to the urbanization phenomenon and brought forth the need for housing and later the concept of home ownership.

In mainstream America, an understanding exists about the natural, logical flow of job, money, and home ownership. However, no transitory flow of logic exists for Indian features within the context of cultural, spiritual, and traditional ties to the land, family, and community. AIRPI approached this project based on the concept of discovering what we should know as American Indians and about the experience of American Indians as told by the community members themselves.

Specifically, we ask the questions: 1) given the emphasis on home ownership, what is the situation for American Indians, and 2) are American Indian applicants rejected for home loans at a higher rate than white applicants and can this be explained? Analyzing the Home Mortgage Disclosure Act (HMDA) data for 1990, and 1992 Census data provides some of the answers to these questions.

In addition, we hypothesized that there may be more explanation to the home ownership rates and mortgage lending decisions outcomes for American Indians that can be provided through the analysis of the HMDA data. Thus, this project gathered broader information regarding home ownership and mortgage lending in the Twin Cities Indian community through conversations and interviews.

The additional questions we attempted to address include: Are there cultural barriers in addition to economic barriers for achieving home ownership? Has the legacy of U.S. Indian policies and urbanization impacted housing patterns and the current continuum of housing needs for American Indians in the Twin Cities urban area? If so, how?

Responses:
- Understanding the components and process for home ownership was a challenge for Indian people leaving the reservations during the early period of urbanization.
- "Home" may not always mean an individual house that someone purchases and "owns." A place to call home can mean Indian Country, a particular neighborhood, or the reservation for example.
- Even though many American Indians live, work, and perhaps were born in an urban area, there remains strong ties to extended families living on the reservation and to the reservation itself.
- Many Indian community members and housing providers noted that home ownership could possibly complement cultural needs of Indian people. Home ownership can include family or generational housing.
- In 1990, there were approximately 7,000 American Indian households with incomes below $15,000. These households would have a difficult time accessing home ownership in the conventional lending market. This is almost half of all American Indian households in the state.
- For American Indians in Minnesota, the HMDA dataset had 523 loan applications in 1992. The mean (or average) income for American Indian applicants was $52,470. The average amount for loans requested by Indian applicants was $65,580. The reject rate for American Indian applications in Minnesota was 11.3 percent. For whites, the reject rate was approximately 7.5 percent.
- There were five loan applications made in the lowest income census tracts. Four of those loans fell into census tracts with greater than 50 percent people of color. An additional seven loan applications came from census tracts with median incomes between $15,960 and $23,940 and which are greater than 50 percent nonwhite.
- The primary reasons for the rejection of loan applications for American Indians were high personal debt-to-income ratios and bad credit records; 19.2 percent and 30.8 percent were denied for these reasons, respectively.
Introduction to the project

This research project was a collaborative effort between the American Indian Research and Policy Institute (AIRPI), the Roy Wilkins Center for Human Relations and Social Justice at the Humphrey Institute of Public Affairs, and the Center for Urban and Regional Affairs (CURA). The Wilkins Center approached AIRPI with findings generated from a study on mortgage lending discrimination in the Upper Midwest. These general findings were discussed with AIRPI, and a decision was made to move forward with a collaborative project in order to seek a fuller interpretation of the data with respect to American Indians and to enrich the quantitative analysis with more qualitative information gathered through conversations with members of the Twin Cities American Indian community.

Research in the American Indian Community

American Indians have long been the target of research. Researchers simply wanted to say, “we have researched American Indians,” as though researching Indians was a conquest. Researchers have also put Indians into the framework of European experiences. Thus, there are parallels that are made that may not make sense from an Indian perspective. In addition, much of the research conducted on American Indians stems from the early nineteenth century and has been interpreted by anthropologists. These first commentaries or “discoveries” of Indian people tend to be the most widely-cited descriptions of American Indian life in the canon and remain an influence on how present day scholars base their research. Very little new information pertaining to the experiences of American Indians has been added from the 20th century.

Unlike purely academic research, which is undertaken based on the researcher’s curiosity, this research project was generated in cooperation with the Indian community. It is hoped that this project demonstrates a new model for balancing empirical policy analysis and culturally appropriate research methodologies. In an attempt to generate authentic, reality-based research for and by American Indians, it is critically important to include the community’s rich cultural background in order to form a solid basis for the framework of this research project. Through reality-based research, an improved understanding of the unique legacy that Indians bring to the American situation is possible. Moreover, responses to the current plight of many Indians in need can be crafted on the basis of the realities of their situation, with respect for their history, culture, and spirituality which are so important to an effective response.

This project is not intended to be a beginning or an end for defining American Indian experiences with housing and home ownership, rather it is an opportunity for policy-makers, scholars, and the larger community to grasp a people’s reality and to begin to understand a people based on events surrounding their reality in the 20th century, not the romanticism of American Indian life as seen through the lens of the 19th century.

Introduction to the research questions

Significant attention has been focused on increasing home ownership in low and moderate income communities and communities of color around the country. Laws have been passed to spur banks and other lenders to provide credit and loans within communities that have historically been “passed over” based on the notion that the people living in these communities possess poor credit, high foreclosure rates, and insufficient income to become home owners.

Because many of the lending decisions were based on such perceptions of low and moderate income people and people of color, these decisions were defined as discriminatory and overt practices stemming from those perceptions (i.e. red-lining, “steering,” etc.) were outlawed. The Home Mortgage Disclosure Act of 1975 (HMDA) and the Community Reinvestment Act of 1977 (CRA) were the first attempts to prohibit discriminatory activities within the mortgage lending process.

Since the passage of these laws, improvements have been made to data collection under HMDA in order to examine the practices of the federally regulated lenders covered by these laws. Researchers, policy makers, and community activists have engaged in analysis of the annual HMDA data which provides descriptions about the loan and the applicant. The data includes information about each loan by amount, type, location, lender, the outcome of the lending decision and so on. Information about the individual applicant is also gathered by income, gender, and race. However, it should be noted that this data collection is provided only for metropolitan statistical areas (MSA’s) as defined by the U.S. Census.

The questions much of the previous research attempts to answer include: are minority applicants rejected for home loans at a higher rate than white applicants and can this be explained? The HMDA data allows researchers to compare equally qualified applicants across races and neighborhoods as a way to examine the outcomes of the lending decision.

Analysis of the HMDA data for the Twin Cities American Indian community has been provided through the course of this project. However, we attempted to take this empirical analysis a step further. We hypothesized that there may be more explanation to the home ownership rates and mortgage lending decision outcomes for American Indians that can be provided through the analysis of the HMDA data. Thus, this project gathered broader information regarding home ownership and mortgage lending in the Twin Cities Indian community through conversations and interviews. The questions we attempted to address include: Are there cultural barriers in addition to economic barriers for achieving home ownership? Has the legacy of U.S. Indian policies and urbanization impacted housing patterns and the current continuum of housing needs for American Indians in the Twin Cities urban area? If so, how?

1 Common practices for some realtors and mortgage lenders were to draw “red lines” on maps around areas that they would not lend to and or to “steer” a minority home seeker away from predominately white neighborhoods and toward predominantly minority areas.
Policies & Practices

An examination of past and present policies, programs and practices that have an impact on American Indian families and individuals.

Theme One: Urbanization

As American Indians increased their migration to the urban areas during the decades of the '50s, '60s, and '70s in search of employment opportunities, both voluntarily and encouraged through the Bureau of Indian Affairs (BIA) public policies, they struggled to fit into economic, institutional, and social systems that were outside their cultural reality. Previous academic research has documented the “urbanization” of American Indians in terms of population migration, housing and employment conditions both off and on the reservations, and contemporary policy formation and implementation at the time. In 1976, Stan Steiner noted policy makers’ attitudes by quoting the late Vice President Hubert H. Humphrey who optimistically wrote about the ‘Relocation Program.’

“It is aimed at encouraging Indians to move off the less promising reservations and into industrial centers where work opportunities are more plentiful...a package program—vocational training and job placement with all expenses paid for trainee and family—has lured 50,000 Indians into successful urban living.” (Steiner, 1976)

During this time of urbanization and relocation, many American Indian people found themselves facing poor housing conditions including overcrowding, high rents, and discrimination in the renting process. Richard Woods and Arthur Harkins document these conditions in a report for the Center for Urban and Regional Affairs at the University of Minnesota in 1969. Even though Indians faced substandard housing in the urban areas, Woods and Harkins conclude that those situations were a better alternative to what Indian people faced on the reservations. They also note that Bureau of Indian Affairs (BIA) programs devised for urban relocation had helped a handful of Indians with locating housing and provided a home purchase plan within Minneapolis. (Woods, 1969)

Yet another set of researchers, J. Milton Young and George Eaton Simpson, provided an interpretation of the experience of American Indians with urbanization and integration. In 1978, they noted “At present, most Indians favor integration but resist forced cultural assimilation. They prefer partial assimilation. They want to adapt to modern life, keeping what they value in Indian cultures and adopting what they admire or need in white culture.” They go on to say, “Two aspects of the nonmaterial culture that have persisted within the Indian world are the emphasis placed upon the extended family as the basic social unit and the importance of the role of Indian land.” (Yinger, 1978)

How do American Indians who migrated from the reservation to the city interpret this experience themselves?

We asked community members to come to the table to talk about these experiences.

“I was thinking how I came to become an urban Indian. Our family didn’t have any work so we had to come to the cities.”

“I’m a St. Paulite. I’m from White Earth. My grandparents were part of the de-Indianization. Both grandfathers got fairly industrialized. My mother was able to maintain my family home. I go back to White Earth but it always feels like you’re homeless. It’s hard to get back into the community if you’ve been an outsider.”

“I’m enrolled in White Earth and raised in Cass Lake. I came to Minneapolis in 1938. I went to school here and also in North Dakota (a government school). But this is my home town—I’ve lived here most of my life. I remember way back when—you would see an Indian and they were a friend of yours. I remember that they limited where we could live. It was that way until the fifties. You could see the change. I was working as an alcoholic counselor in 1975 or so. I know the problems for alcoholics. I’ve been out of the workforce for a while now. But I’m interested in what’s going on for Indians.”

“At home, (Winnebago), people are always talking about half-breeds. Blood quantum is a big issue. That isn’t something that we deal with as much here (in the urban area). It’s more about enrollment. When I go home I always feel really welcome but I know that I could never live there. My grandmother and mother’s dream to always move back there. They consider it as home. As I get older I think about it in the same way my parents do. It’s hard to give up the convenience of this place. But I don’t want to die here.”

“I didn’t differentiate it [discrimination] as an Indian-White thing. I thought of discrimination because I was poor. The Indian perception came up in high school. The highest expectation for myself was to graduate from high school and become a store clerk. That was ok for the family. My being Indian was more important to others than to me. I thought I was different because I was poor, not because I was Indian.”

“When I came to the urban area I changed. We leave all of the things we hold important spiritually. At one time I lost all of the spiritual things because of alcohol. But it came back to me. I carry tobacco with me all of the time now. Because that’s what I was told to do. When you’re part of a clan, you come to the drum and you share. Those are the things that aren’t being taught anymore.”

“I’d like to talk about the issue that change happens on the reservation, too. I’m not so sure that being in an urban area or
being separated from the land, makes you lose your culture. I think it has more to do with your family background. If a family holds these things as important, then it will be carried on—regardless if you're living in the urban area. I take offense to the American Indian term too... and 'Urban Indian' is part of that. There were all kinds of policies that forced Indians that were living off the reservation apart. Now, there are [tribal] offices down here—before you had to travel all the way back up there to hold onto your status (sovereignty issues). We also need to think about the economic issues that forced people off the reservation. I guess what I'm trying to say is that the urban area didn't cause all of these problems. We need to stop and think about what happened to the people who came here. There are just as many drunks on the reservation, too. In the 1930s, there were families that were forming groups to promote community and culture. They were trying to cope in the urban area. Maybe what was lost was the sense of community.

In studying Urban Indians, what I've found is there were families that were engaged in forming institutions. This was the basis for much of the Indian community formation here. When I came to the cities in 1970s, I found that there weren't a lot of people who could do some of the ceremonies. I tried to find someone to do a pipe ceremony. The American Indian Movement was a rebirth of that."

"In terms of promoting traditions, the name ceremony, bead work, etc., you might find that some of the urban folks are attempting to retain and promote culture. I've heard folks say that the urban folks come back and are too intense... always wanting a naming ceremony, etc. I don't think that the geographic definition is necessary the distinction for who is or isn't traditional."

Urbanization was an integral part of the American Indian community in its most recent history. How might the past relocation policies and experiences with urbanization affect current policies and practices today, especially in the arena of housing?

Participants, including many housing providers, in roundtable discussions stated the following:

Understanding the components and process for home ownership was a challenge for Indian people leaving the reservations.

"I grew up on the reservation and in the woods, then I moved to the city. I didn't grow up understanding dollar value—this stays with you. It's hard to change."

"I didn't think about owning a home. I didn't think of settling down. I didn't have structure or abilities. I made a mistake back then (looking back) I'm 60 years old and still working; I'm kicking myself now for what I chose at age 30."

Several Indian families were able to buy homes after having migrated to the city. Although, even when Indian people entered into home ownership, they faced situations that made it difficult for them to maintain their homes. Several participants shared their experiences and the experiences of family and friends.

"My brother owned a home in 1960-61. He was working for FMC in Northeast (Minneapolis). He worked there for 5 or 6 years then went to work in a lumber company and worked there for a while. He had his own home in North Minneapolis. He didn't have any bad credit. We were out on the street and such but he never got into trouble. Another couple owned a house. The wife worked at the American Indian Center. In the 60's, credit wasn't as crucial and the price was low. There were also a woman from White Earth who bought a house through the HUD 235 program. She bought a house on the North side (of Minneapolis). But she wasn't keeping up on maintenance and it went down hill."

Some participants offered that urban communities are not designed for the Indian community.

"A lot of our people with tribal feelings inside of them have trouble with how urban housing is laid out. It is (or was) designed for a non-Indian mentality. [This could include the notion that single family homes do not complement the needs of extended families who may live together.] I think there is a hesitancy in some of our people wanting to embrace that. I also find many people who have made it on the other side but who are not really happy out there. Maybe we won't resolve it in this generation—maybe the next generation can get the right mix. It will have to come back to working as a community."

"What I've heard is that some Indian people may want their own identity as a family [and less as a community]. This touches perceptions of others in community and has to do with stereotypes (e.g., families with alcohol or economic problems). People attempt to find their own place. They can find strength with 2 or 3 families working together. This is not necessarily reservation mentality but rebuilding a different kind of community and integrating into the urban community."

**Theme Two: Population Growth within the Urban Indian Community**

The number of American Indians living within the city of Minneapolis grew significantly during the period of "urbanization." The following population growth was documented by the Census Bureau.

A special note should be made about the utilization of Census data. Census data is collected in a self-reporting manner. This may affect the total count of American Indians living within the Twin Cities metropolitan area, the State of Minnesota, and the entire United States. American Indians, who are enrolled with their tribes, ultimately have the choice to identify themselves as American Indian during the Census count each decade. Other citizens with American Indian heritage, or with an understanding that their family may possess some Indian heritage, who are not enrolled, may choose to identify themselves as American Indian as well. Several community members address the issues of self-reporting in the focus groups we have conducted. Some of those discussions are presented later in this report.
**Minneapolis**

<table>
<thead>
<tr>
<th>Year</th>
<th>Number of People</th>
<th>Percent of Total Population</th>
</tr>
</thead>
<tbody>
<tr>
<td>1950</td>
<td>426</td>
<td>0.10%</td>
</tr>
<tr>
<td>1960</td>
<td>2,077</td>
<td>0.40%</td>
</tr>
<tr>
<td>1970</td>
<td>5,829</td>
<td>1.30%</td>
</tr>
<tr>
<td>1980</td>
<td>8,933</td>
<td>2.40%</td>
</tr>
<tr>
<td>1990</td>
<td>12,335</td>
<td>3.40%</td>
</tr>
</tbody>
</table>

Data: Census Data Report 1990, City of Minneapolis Planning Department

The percent change in the American Indian population within the city of Minneapolis between the years 1960-1990 was 594 percent. The percent change between 1980 and 1990 was 38 percent.²

The city of St. Paul’s American Indian population grew during this same period. The size of the Indian community within St. Paul has historically been smaller than within Minneapolis. Census figures for the growth of the Indian population in St. Paul are as follows.

**St. Paul**

<table>
<thead>
<tr>
<th>Year</th>
<th>Number of People</th>
<th>Percent of Total Population</th>
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</thead>
<tbody>
<tr>
<td>1960</td>
<td>524</td>
<td>N/A</td>
</tr>
<tr>
<td>1970</td>
<td>1,906</td>
<td>N/A</td>
</tr>
<tr>
<td>1980</td>
<td>2,538</td>
<td>N/A</td>
</tr>
<tr>
<td>1990</td>
<td>3,697</td>
<td>1.40%</td>
</tr>
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The percent change in the Indian population in St. Paul between 1960 and 1990 was 606 percent. The percent change between 1980 and 1990 was 46 percent.

Population change and growth within the seven county metropolitan suburban communities also was significant during this period of time.

<table>
<thead>
<tr>
<th>Year</th>
<th>Number of People</th>
<th>Percent of Total Population</th>
</tr>
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<tbody>
<tr>
<td>1960</td>
<td>3,311</td>
<td>N/A</td>
</tr>
<tr>
<td>1970</td>
<td>9,958</td>
<td>N/A</td>
</tr>
<tr>
<td>1980</td>
<td>15,666</td>
<td>N/A</td>
</tr>
<tr>
<td>1990</td>
<td>23,340</td>
<td>1.00%</td>
</tr>
</tbody>
</table>

Data: U.S. Census Bureau, City of Minneapolis Planning Dept.

The percent growth of the American Indian population within the seven county metropolitan area between 1960-1990 was 705 percent. In comparison, during this same time period, the white population grew 40 percent within the metro area from 1,497,850 people to 2,096,659. The African American population grew 332 percent between 1960 and 1990, from 20,711 people to 89,459 people. Figures for percent change during this same time period within the Asian-Pacific and Chicano/Latino populations were not available.³

**Seven County Suburban Metropolitan Area**

<table>
<thead>
<tr>
<th>Year</th>
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</tr>
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<tbody>
<tr>
<td>1960</td>
<td>710</td>
<td>N/A</td>
</tr>
<tr>
<td>1970</td>
<td>2,223</td>
<td>N/A</td>
</tr>
<tr>
<td>1980</td>
<td>4,195</td>
<td>N/A</td>
</tr>
<tr>
<td>1990</td>
<td>7,308</td>
<td>0.40%</td>
</tr>
</tbody>
</table>

Data: U.S. Census Bureau, City of Minneapolis Planning Dept.

The total population growth for the entire seven county metropolitan area is noted in the following table.

**Seven County Metropolitan Area**

(includes Minneapolis & St. Paul)

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**Theme Three: American Indians and Housing**

What is home ownership and what does it mean to American Indians?

Home is more than a building on a lot. Many of the community members and housing providers with whom we discussed these issues noted how American Indian people want to feel comfortable with the idea of owning a house.

"When people are looking at homes they want to own, they look for something they can take cultural ownership of, or attempt to find something that they want for their family. This includes things about the house and the neighborhood that grounds an
Indian person. It’s not just a house to make payments on; it needs to feel like it belongs to you. It may be hard to make commitment to jumping through the hoops like cleaning up a credit record or even making a mortgage payment unless it ‘feels’ right.”

“I chose my home in a diverse neighborhood with cedar trees in the yard. I prayed, and something said it was ok place to be. I left tobacco in the back yard. This was someplace I could embrace and call my own.”

“We like to say a home is a building on a lot, but it’s more than that. It is or should be a neighborhood where kids are safe and neighbors like each other. This community piece is important to people of all cultures. The question is whether the American way of providing house and home is really adequate for anyone, especially for people of color.”

“We need to ask Indians what they want in a home when we’re trying to serve their needs. HUD never asks. Back on the reservation at Mille Lacs, my uncle started a housing project. He asked Indian people, what kind of housing do you want? My uncle couldn’t read or write but could speak Ojibwe, and he got signatures from lots of folks. He sent the signatures to Washington. We got homes that were supposed to last us 100 years. In 10 years, the houses were falling apart. He asked all these people what they wanted. We need to ask the Indian people what they want.”

Focus group participants noted that “home” may not always mean an individual house that someone purchases. A place to call home can mean Indian Country, a particular neighborhood, or the reservation for example.

“Saying this is Indian Country means something. My home is within Indian country. It’s not a street address. We’re dealing with issues regarding a neighborhood as being important to a specific address. I want to live in this area. I’m not talking about ownership or rental, but belonging to a place.”

“There are a couple of lines from a song regarding homelessness: ‘Maybe I can find a place I can call my home, maybe I can find a home I can call my own.’”

“Housing was to protect oneself from the elements, not for material status. There may be two ways of looking at housing: cultural and economic. The economic aspects may contain the material interpretation of housing (i.e. building equity, etc.).”

In addition, community members discussed the importance of the connection to their individual reservations. Even though many American Indians live, work, and perhaps were born in the urban area, there remains strong ties to extended families living on the reservation and to the reservation itself.

“One thing that strikes me for Indian people is the idea of home being the reservation, not the urban environment. After owning two homes here, I still think one day I will go home to the reservation. Many who live here in the urban area may still consider the reservation their real home. The concept for Indian people of signing a paper and how old I’d be when I finally paid for the home [this is a strange concept to get used to.]”

“We’re the first generation coming to grips with fact we’re not reservation people anymore.”

“Those of us who are homeowners in the urban area, even with 30 year mortgage, view this as a temporary state. We will or desire to go back home to our homeland. This includes having a HUD house we’ll never own. Home ownership is not a permanent thing in our lives.”

These comments describe what may informally be called the “Reservation Chain.” American Indians with connections to the reservations either through family ties or personal experiences often migrate back and forth between the reservation and the urban areas. Length of stays in either area can vary by months or years. Some of the comments below capture the importance of this link.

“Indian people haven’t consciously made the transition between the reservation and the urban area. (We would still be on the reservation if it could support us.)”

One participant offered that he would like to live up north on the reservation again, but it was too difficult to get a house, even to rent. He said, “What has drawn people back to the reservation is casinos. The casinos are employing a lot of Indians. Before when people went back, there wasn’t any chance for work.”

“Another meaning of this homing instinct to the reservation is a spiritual cultural tie that exists. It is not recorded or written down. The oral history tradition is that these are the things expected as an Indian person in my generation. I have been encouraged to think this way but not instructed to think this way. The enticement to come toward the knowledge and come to it through a pursuit—a learning style. This is the other channel that’s present here. It is difficult to make these statements to Eurocentric people. They can’t translate into Indian world. We look to our ancestors and our elders, that which was before us, and the oral history that was handed down. This was all that was left of the broad expanse. I would submit that [this] is in part, the safety net deal and the instinct (traditional and spiritual) to hang on to. There is a feeling among Indian people that when we lose that chain we’ve hung on to, there is no more Indian then. No more spiritual connection. To me that is the reservation chain.”

“We’re supposed to be like everyone else, but we know that doesn’t really happen. There is the other layer where you will be treated differently. We still have the reservation and this is all that keeps us going. We can still go home and have relatives who will take us in. We have a safety net we carry around. A decision to purchase [a house] is almost giving up the safety net.”

“This is how people feel about the holy land—a similar attraction or meaning in people’s lives. If we lose that, we don’t exist anymore.”

“How we view land and home is important; I’m from Oklahoma, and I grew up there. There are 200,000 Indians in Oklahoma and Indian people were forcibly removed and moved into that
state. All tribes were moved in. The reverence for land and the reservation is different for me. I see things differently from being around people who have that home base. What is there to say about how we view land and home? It has to be built back. The language, culture, and spirit of people has come back, but more has been lost than what has been rebuilt. In my tribe alone there were 14 clans and after the removal there were only seven—what does that do to a culture?”

“What does it (home ownership) give somebody that is so damned important. When you’ve got 10,000 years of migratory patterns in your cells, is planting in one place right for you? If you can say “I can go back to the reservation,” you still have sense of movement.”

“I believe that Indian people don’t want to be tied down. They’re free spirit. This ties into why Indians move around a lot. However, some Indians will stay if they have a good job or live in a good area.”

After having defined the concept of “home,” focus group participants attempted to define “ownership.” One participant stated that the spirit of ownership is a new concept for us. The conversations on this issue focused on the concept and how to create a desire within American Indians for home ownership.

“Go back even one generation; we didn’t have ownership even though we called our homes our own. The part of question that bothers me is that home ownership is assumed to be something everyone wants. There are many in our society who can’t be home owners. They may be disabled or lack secure or stable income adequate for home ownership. Home ownership is not in their best interest.”

“We need to find ways to satisfy cultural needs in the housing stock, and we need to create the spirit of ownership within the Indian community.”

“I think identity is an issue. This generation [generation linked to the reservation] is not acclimated to the capitalist system and we teach our children our values. What it takes to get a house are ideas and values we didn’t grow up with.”

“I think there’s a problem with credit. In the past, if people didn’t have the money, they didn’t want to buy it. My mother didn’t want a “new” government house on the reservation in the 1970’s.”

“You have to create a drive in people to have a house. It is or has become the basis of economic life for many American people. The issue still has to be brought to Indian people. The need would be to create that drive for home ownership beyond the general need for housing.”

“There is a small percentage of Indian people in this generation who are in home ownership. However, there are a lot of people interested in owning, but because of economic factors, they can’t clear up their credit to purchase a home. I believe it will be long time before Indian people as a whole can think about purchasing homes.”

In many ways, this last statement demonstrates that the desire for ownership may be prevalent but the barriers to owning a home are too great to surmount and thus, the desire is lost. Understanding the concept of ownership may not only be cultural. It may also be economic.

“What we’re moving toward is a purchase of a home and owning it in terms of a title rather than as a home as a place to live. The dichotomy we’re using here is going toward that end of home purchase. What happens if some may not want it? How do you draw the line? Not wanting home ownership might be cultural, but it could also be economic. I do not wish for something I can’t afford.”

“My whole reference is established and rooted in my ancestors, and their place is where they raised me and taught me. That is my homeland. Home ownership for me as an Indian person is something that makes economic sense, but different from my cultural reality. Getting out of it by selling wasn’t immediately clear to me.”

“Ownership is a long term commitment—this may scare people.”

However, many community members and housing providers noted that home ownership can complement cultural needs of Indian people. Home ownership can include family or generational housing.

“Wealth should be understood as a family idea. When I bought a house, I needed my son’s income. It’s not me who’ll have that mortgage. He’ll have it. This also relates to the ideas of the community, and this happens within the Asian community where they pool resources.”

“Home ownership can have a communal attitude towards a home. If many relatives were living in the same house, we could all chip-in to live in that house—like it is on the reservation. We would need to bring that attitude to the city.”

“There are all types of homes (co-housing, etc.) It doesn’t just have to be single family homes.”

“We need to improve the ability to qualify for owning homes to retain our cultural identity.”

“We’re fighting for whatever life we can give the Indian people. We can’t solve people’s problems, but we also don’t want to see our kids slip into poverty when they come to the cities. They need a support system, part of which is housing, where they can be comfortable to go out and get an education. I don’t know directly how to facilitate this. We may need some specially-designed housing with a program attached to it.”

Home ownership can also meet other needs of the community. For example, beginning recovery should be a part of housing and home ownership.

“Beginning recovery for chemical dependency, any economic changes, including employment, is what moves people out of emergency shelters. There is a need for the beginning stabil-
ity—that's a segment of this pie to fill in. Dependency is a barrier."

Not all people can become home owners, at least not all at the same time. What role does Little Earth play in the conversation about housing and home ownership?

In many of the discussions, community members brought up the role of Little Earth (Little Earth of United Tribes housing project) in the housing continuum. Many participants described the intent of past, current, and future policies regarding Little Earth. The model Little Earth provides is based on community ownership and a sense of place. Little Earth may bridge the gap between individual home ownership and rental situations. Several ideas about the role of Little Earth were provided by participants.

"Are we participating in Little Earth because of the economy? Is it more affordable than an independent, scattered site housing?"

"The rents that HUD pays for a 3 bedroom unit at Little Earth is $750 per month. There are a lot of homes available at that rate. I don't think economic reasons for Little Earth persist necessarily because the cost of housing has gone down."

"Little Earth ownership? We don't know what's going to happen. The rug has been pulled out from under us before so we can't count on anything right now. This has been an issue with Little Earth for a long time. Indian people don't trust too many people because things are taken away too often. [HUD Secretary] Cisneros has said this is what it will be, but will another administration take this away? Little Earth is not tribally related. There are legal issues of dealing with Indian people as Indian people."

"Little Earth has to be a part of a larger community building effort. We must stress involvement of all Indian people in the decision making process. We have grown up with traditional values such as always bring people in together. When we fail to do that, it falls apart."

"Little Earth keeps coming in as a litmus test of what might be able to happen. Little Earth is not even our responsibility yet, and just doing work fixing up the housing isn't the answer. It has to be part of larger community building effort."

A discussion about broader public policies entered the dialogue about housing.

An alternative point of view about housing programs was offered in the discussions. One participant asked "How does one feel about getting help for free?"

"I've never owned a home in my life; I'm almost 60 years old now. I go back to the reservation monthly, and I feel that we are a put-down people. We have nothing to begin with. The government buys homes for us and everything is handed to us. This creates low self esteem. Look at Little Earth, most residents have never owned a home in their entire life and a few own because of their jobs. There aren't too many Indians with good jobs to afford their homes. We're going to get everything handed to us at Little Earth too, and I don't feel good about that."

"In the U.S., it isn't just the poor who are handed homes. Most money for home ownership is spent for rich people [through the mortgage interest deduction] and the poor shouldn't feel guilty about accepting money for homes."

"There is a distinction between these housing expenditures. The rich who get that money still consider it their house. A HUD house is never going to be [his or her] house. If we were told here are the keys, it is yours that would be different."

Section Two

Barriers to Home Ownership

Identifying the experiences of American Indians.

Theme One: Economic Barriers

Low and moderate income American Indians face similar economic barriers to home ownership as members from other communities of color and low income whites. These barriers include obtaining enough money for a down payment, establishing good credit, earning a decent wage or income to support a mortgage, and locating housing that is affordable and in good condition.

However, one participant offered an example of a low income family's potential for home ownership which demonstrates that a variety of situations can fit into the mold of home ownership.

"I work with client base of 70 - 100 people. From that group, I've only come across one family that would consider purchasing a home, and this was from an economic view point. She was a renter with 5 or 6 children and had good disposable income base. I actually talked her into looking at home ownership. With the number of children in her home and being a foster parent, she would have more freedoms than she'd have as a renter. There are more restrictions in rentals."

Several other points were raised in defining the economic barriers to home ownership.

"Wages needed to buy homes are sorely lacking."

"Is there an issue of single parenthood here? Does the singleness make a difference? It is a lot easier for a two income household to buy house."
"There are not a lot of good housing choices for low income families."

At another Indian organization, one participant stated, "We've served clients for 10 years and less than 2 percent have owned a home. There are a number of things, like chemical dependency, which lead to discrimination. This is an important part to look at."

**Income Comparisons Between American Indians and the Broader Community**

If the level of income, or lack of income, can determine the desire or ability to obtain home ownership, what are the incomes of American Indians within the Twin City metro area, or even the state of Minnesota? How does this compare with the incomes of the total population?

The following table provides the number of households falling under each income category. These Census figures are for the entire state of Minnesota. Informal conversations with professionals in the mortgage lending industry and affordable housing providers convey that an annual income of roughly $20,000 on average is needed in order to buy a modestly priced home in the conventional mortgage lending market. State and local housing programs may be able to serve families and individuals with lower annual incomes depending upon the situation.

<table>
<thead>
<tr>
<th>Income Level</th>
<th># Households 1990 Census</th>
<th># Households 1980 Census</th>
<th>1990 Percentage</th>
<th>1980 Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>American Indians</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Income &lt; $35,000</td>
<td>11,290</td>
<td>9,121</td>
<td>79.90%</td>
<td>95.10%</td>
</tr>
<tr>
<td>Income &lt; $25,000</td>
<td>9,607</td>
<td>8,247</td>
<td>68.00%</td>
<td>86.00%</td>
</tr>
<tr>
<td>Income &lt; $15,000</td>
<td>6,917</td>
<td>6,195</td>
<td>49.00%</td>
<td>64.60%</td>
</tr>
<tr>
<td>White</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Income &lt; $35,000</td>
<td>882,823</td>
<td>1,219,932</td>
<td>55.80%</td>
<td>86.60%</td>
</tr>
<tr>
<td>Income &lt; $25,000</td>
<td>618,009</td>
<td>974,791</td>
<td>39.10%</td>
<td>69.20%</td>
</tr>
<tr>
<td>Income &lt; $15,000</td>
<td>341,335</td>
<td>583,331</td>
<td>21.60%</td>
<td>41.40%</td>
</tr>
<tr>
<td>Total Population</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Income &lt; $35,000</td>
<td>932,155</td>
<td>1,255,338</td>
<td>56.50%</td>
<td>86.70%</td>
</tr>
<tr>
<td>Income &lt; $25,000</td>
<td>658,426</td>
<td>1,005,569</td>
<td>39.90%</td>
<td>69.50%</td>
</tr>
<tr>
<td>Income &lt; $15,000</td>
<td>369,292</td>
<td>605,498</td>
<td>22.40%</td>
<td>41.80%</td>
</tr>
</tbody>
</table>


The above *Income Comparisons* table shows that in 1990, approximately 7,000 American Indian households with incomes below $15,000 would have a difficult time accessing home ownership in the conventional lending market. This is almost half of all American Indian households in the state. Programs, like the Minnesota Housing Finance Agency’s Tribal Indian Housing and Urban Indian Housing programs, can assist some of these households. (See the section on Housing Programs for further information on these programs.)

The figures for median incomes disclose that half of the population have incomes less than the median and half possess incomes higher than the median. The median income for the American Indian, white, and total populations across the state are shown in the table at right. *Note: the figures for 1980 are adjusted for 1989 dollars.*

<table>
<thead>
<tr>
<th>Type of Household</th>
<th>1990 Median Income</th>
<th>1980 Median Income</th>
</tr>
</thead>
<tbody>
<tr>
<td>American Indian</td>
<td>$15,434</td>
<td>$10,860</td>
</tr>
<tr>
<td>White</td>
<td>$31,322</td>
<td>$17,910</td>
</tr>
<tr>
<td>Total Households</td>
<td>$30,909</td>
<td>$17,761</td>
</tr>
</tbody>
</table>

one participant offered:

"Parenting skills may need to be examined. Often times, kids get families evicted; there is a need for self-sufficiency, chemical recovery, building partnerships with organizations that do educational activities."

Another important barrier for some families and individuals is the problem of chemical dependency. While the roundtable discussions did not focus specifically on the issue of chemical dependency, several participants acknowledged that it remains to be a crucial piece in obtaining and maintaining housing regardless if it is housing that is personally owned or rented. In discussions surrounding this issue, there was significant support for combining housing opportunities with treatment opportunities.

Theme Three: Programmatic Barriers

There may also be rules, regulations, and or eligibility requirements that create barriers for American Indians to utilize housing and other home ownership programs. Various roundtable participants acknowledged some of these programmatic barriers.

"Often home ownership programs make it easier for single moms than working poor couples to become eligible."

"The Urban Indian Housing program is very good. The money doesn’t depend on tribal affiliation and this makes it very flexible. However, the money has stayed the same since its inception."

Section Three

Analysis of Conventional Mortgage Lending within the Urban American Indian Community

Theme One: Analysis of HMDA

Original research conducted by the Roy Wilkins Center for Human Relations and Social Justice attempted to determine whether a gap between the rejection rates for mortgage applications for whites and non-whites existed in the Upper Midwest (i.e. Iowa, Minnesota, Nebraska, North Dakota, South Dakota, and Wisconsin). This analysis found that a gap or disparity did exist between rejection rates for whites and non-whites and more specifically, between whites and American Indians.

The rejection rate for mortgage loan applications for American Indians in the Upper Midwest was 11.8 percent in 1992. This means that of the total applications for mortgage loans reported under HMDA for American Indians, 11.8 percent were rejected. For whites during that same time, only 7.5 percent of the loan applications were rejected. (Myers, et al., 1993)

The analysis went further to determine whether this gap between rejection rates could be explained by characteristics of the loan, applicant, or neighborhood. To do this, the 1992 HMDA data was merged with the 1990 Census data in order to describe characteristics of the neighborhood from which the loan applications were generated.4

1992 Mortgage Loan Rejection Rates by Race of Applicant, Upper Midwest

<table>
<thead>
<tr>
<th>Type of Loan</th>
<th>White</th>
<th>American Indian</th>
</tr>
</thead>
<tbody>
<tr>
<td>Conventional Loans</td>
<td>7.00%</td>
<td>11.80%</td>
</tr>
<tr>
<td>Federal Housing Administration (FHA) Insured Loans</td>
<td>11.20%</td>
<td>10.40%</td>
</tr>
<tr>
<td>Veterans Affairs Loans (VA)</td>
<td>9.40%</td>
<td>13.80%</td>
</tr>
<tr>
<td>Farmers Home Administration (FmHA)</td>
<td>33.30%</td>
<td>*100.00%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Purpose of Loan</th>
<th>White</th>
<th>American Indian</th>
</tr>
</thead>
<tbody>
<tr>
<td>Home Purchase</td>
<td>10.10%</td>
<td>16.40%</td>
</tr>
<tr>
<td>Home Improvement</td>
<td>10.80%</td>
<td>14.10%</td>
</tr>
<tr>
<td>Refinancing</td>
<td>4.70%</td>
<td>7.20%</td>
</tr>
</tbody>
</table>

Source: HMDA, 1992
* N=1

4 1992 data can be applicable to the current mortgage lending situation. Interest rates had fallen by this time and are similar to current rates. The demand for mortgage lending in the conventional market should be very similar between 1995 and 1992.
The following information describes the number and characteristics of the loans applied for by American Indians reported during 1992. In addition, the reason for denial (or rejection) is also noted. These reasons were provided by the lenders. The total number of applications for American Indians in this Upper Midwest dataset is 1,468.

<table>
<thead>
<tr>
<th>Type of Loan</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Conventional Loans</td>
<td>84.20%</td>
</tr>
<tr>
<td>Federal Housing Administration (FHA) Insured Loans</td>
<td>11.80%</td>
</tr>
<tr>
<td>Veterans Affairs Loans (VA)</td>
<td>4.00%</td>
</tr>
<tr>
<td>Farmers Home Administration (FmHA)</td>
<td>0.00%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Purpose of Loan</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Home Purchase</td>
<td>35.20%</td>
</tr>
<tr>
<td>Home Improvement</td>
<td>19.60%</td>
</tr>
<tr>
<td>Refinancing</td>
<td>45.10%</td>
</tr>
<tr>
<td>Multifamily Dwelling Purchase</td>
<td>0.10%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Reasons for Denial</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Debt to Income Ratio (too high)</td>
<td>19.30%</td>
</tr>
<tr>
<td>Employment History Insufficient</td>
<td>5.20%</td>
</tr>
<tr>
<td>Credit History</td>
<td>35.40%</td>
</tr>
<tr>
<td>Collateral Insufficient</td>
<td>9.40%</td>
</tr>
<tr>
<td>Insufficient Cash</td>
<td>4.20%</td>
</tr>
<tr>
<td>Unverifiable Information</td>
<td>1.60%</td>
</tr>
<tr>
<td>Credit application Incomplete</td>
<td>2.10%</td>
</tr>
<tr>
<td>Mortgage Insurance Denied</td>
<td>0.50%</td>
</tr>
<tr>
<td>Other</td>
<td>6.80%</td>
</tr>
</tbody>
</table>

Data: HMDA, 1992

For American Indians in Minnesota, the HMDA dataset had 523 loan applications in 1992. The mean (or average) income for American Indian applicants was $52,470. The average amount for loans requested by Indian applicants was $65,580. Similar to the Upper Midwest dataset, American Indian applications in Minnesota had a rejection rate of 11.3 percent.

One aspect of this analysis was to examine where mortgage loan applications were originated, rejected, and "accepted." To do this, we created eight categories to describe particular areas and neighborhoods by income. These categories are broken down into percentages of the state median income for a family of four ($30,909):

- less than 40%  less than $15,960
- 40% to 60%    $15,960 - 23,940
- 60% to 80%    $23,940 - 31,920
- 80% to 100%   $31,920 - 39,900
- 100% to 120%  $39,900 - 47,880
- 120% to 140%  $47,880 - 55,860
- 140% to 160%  $55,860 - 63,840
- greater than 160% greater than $63,840

Categories for describing neighborhoods which are predominately white, integrated by race and ethnicity, and predominately people of color were also constructed. The following six categories describe the percentage of nonwhites living in a census tract as defined by the U.S. Census Bureau:
- less than 10 percent nonwhite population
- 10 percent to 20 percent nonwhite population
- 20 percent to 30 percent nonwhite population
- 30 percent to 40 percent nonwhite population
- 40 percent to 50 percent nonwhite population
- greater than 50 percent nonwhite population

The following breakdown of the total 523 American Indian loan applications for 1992 in Minnesota by neighborhood characteristics are:

<table>
<thead>
<tr>
<th>1992 American Indian Loan Applications in Minnesota by Census Tracts with the following average annual income compositions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Census tracks by average annual household income</td>
</tr>
<tr>
<td>----------------------------------------------------</td>
</tr>
<tr>
<td>less than $15,960</td>
</tr>
<tr>
<td>$15,960 to $23,940</td>
</tr>
<tr>
<td>$23,940 to $31,920</td>
</tr>
<tr>
<td>$31,920 to $39,900</td>
</tr>
<tr>
<td>$39,900 to $47,880</td>
</tr>
<tr>
<td>$47,880 to $55,860</td>
</tr>
<tr>
<td>$55,860 to $63,840</td>
</tr>
<tr>
<td>greater than $63,840</td>
</tr>
</tbody>
</table>

Data: HMDA, 1992

---

3 "Accepted" means "not rejected." There are instances where loan applications may not have been rejected but were not accepted either. For example, loan applications may have been withdrawn during the process by the applicant.

13
1992 American Indian Loan Applications in Minn. by Census Tracts with the following racial and ethnic (nonwhite) composition

<table>
<thead>
<tr>
<th>Census tracks by percent of nonwhite population</th>
<th>Percent of all loan applications</th>
</tr>
</thead>
<tbody>
<tr>
<td>less than 10% nonwhite</td>
<td>88.30%</td>
</tr>
<tr>
<td>10% to 20% nonwhite</td>
<td>7.60%</td>
</tr>
<tr>
<td>20% to 30% nonwhite</td>
<td>0.80%</td>
</tr>
<tr>
<td>30% to 40% nonwhite</td>
<td>0.20%</td>
</tr>
<tr>
<td>40% to 50% nonwhite</td>
<td>0.00%*</td>
</tr>
<tr>
<td>more than 50% nonwhite</td>
<td>3.10%</td>
</tr>
</tbody>
</table>

Data: HMDA, 1992; * no applications were made (n = 0)

An interesting note is the number of loan applications generated in low and moderate income census tracts and in tracts which are predominately nonwhite. There were five (5) loan applications made in the lowest income census tracts. Four of those loans fell into census tracts with greater than 50 percent people of color. An additional seven (7) loan applications came from census tracts with median incomes between $15,960 and $23,940 and which are greater than 50 percent nonwhite.

When examining the applications for these tracts in more detail, we found seven applications by American Indians were generated in the census tracts which make up the Phillips neighborhood in Minneapolis. All seven applications were accepted. 7

We can also determine the number of loan applications rejected by “neighborhoods.” For example, as shown in the first line, those applications generated in the lowest income census tracts had a rejection rate of 40 percent. The rejection rates for all American Indian loan applications by neighborhood characteristics are as follows.

American Indian Loan Applications

<table>
<thead>
<tr>
<th>Census tracks by percent of nonwhite population</th>
<th>Percent of loans rejected</th>
</tr>
</thead>
<tbody>
<tr>
<td>less than 10% nonwhite</td>
<td>10.20%</td>
</tr>
<tr>
<td>10% to 20% nonwhite</td>
<td>15.00%</td>
</tr>
<tr>
<td>20% to 30% nonwhite</td>
<td>0.00%</td>
</tr>
<tr>
<td>30% to 40% nonwhite</td>
<td>0.00%</td>
</tr>
<tr>
<td>40% to 50% nonwhite</td>
<td>0.00%*</td>
</tr>
<tr>
<td>more than 50% nonwhite</td>
<td>37.50%**</td>
</tr>
</tbody>
</table>

Data: HMDA, 1992
* no applications were made (n = 0), ** n = 16

The HMDA data also allows us to examine the actual location where loan applications were made. By determining the census tract numbers for the central city limits of Minneapolis and St. Paul, we found that 23.7 percent of all loan applications were made within the city of Minneapolis and 13.5 percent were made within the city of St. Paul. These figures do not include the percentage of loans granted or rejected. Because HMDA data is collected for Metropolitan Statistical Areas (MSA’s), we can assume that a substantial portion of the remaining loan applications were generated within the seven county metropolitan area. Further examination of the census tracts will determine the exact percentage.

Similar to the loan applications for American Indians in the entire Upper Midwest, the reasons for the denial of loan applications within the state of Minnesota follow the same pattern. See the chart on the opposite page.

One special note should be made: A substantial portion of the loan applications rejected did not have a reason reported by the lending institutions. Roughly 32 percent of the 59 loan applications made by American Indians did not have a reason for denial reported. For home purchase loans only, there were 26 loan applications rejected. The primary reasons for the rejections of home purchase loans as compared to all of the loan applications were for debt-to-income ratio and bad credit; approximately 19.2 percent of home purchase loans were rejected for high debt-to-income ratios and 30.8 percent were rejected for bad credit, respectively.

In addition to the reasons provided by the banks and the cultural implications and economic barriers described in the ear-
lier portion of this report, are there other explanations for the gap between rejection rates for American Indians and whites? Is there something about the mortgage lending process that could impact the outcome of the lending decision?

<table>
<thead>
<tr>
<th>Reasons for denial</th>
<th>Number of loans rejected</th>
<th>Percent of all rejected loans</th>
</tr>
</thead>
<tbody>
<tr>
<td>Debt to income ratio (too high)</td>
<td>13</td>
<td>22.00%</td>
</tr>
<tr>
<td>Employment history insufficient</td>
<td>0</td>
<td>0.00%</td>
</tr>
<tr>
<td>Credit history</td>
<td>18</td>
<td>30.50%</td>
</tr>
<tr>
<td>Collateral Insufficient</td>
<td>4</td>
<td>6.80%</td>
</tr>
<tr>
<td>Insufficient cash</td>
<td>2</td>
<td>3.40%</td>
</tr>
<tr>
<td>Unverifiable Information</td>
<td>0</td>
<td>0.00%</td>
</tr>
<tr>
<td>Credit application incomplete</td>
<td>1</td>
<td>1.70%</td>
</tr>
<tr>
<td>Mortgage insurance denied</td>
<td>0</td>
<td>0.00%</td>
</tr>
<tr>
<td>Other</td>
<td>2</td>
<td>3.40%</td>
</tr>
<tr>
<td>No reason given</td>
<td>19</td>
<td>32.00%</td>
</tr>
</tbody>
</table>

Data: HMDA, 1992
n = 59

Section Four

Home Ownership & the Mortgage Lending Process

Conversations with American Indian community members and housing providers.

Theme One: Understanding the Process
For many American Indian people, the concept of home ownership is riddled with complexities about personal credit, mortgages and the lending process, and tax and maintenance responsibilities. These complexities influence the choices American Indians make regarding home ownership. Some of these issues were offered by roundtable participants.

"For example, all houses and apartments have mortgage loans, therefore, someone is owning the property."

"I had to fully understand that I could sell the home (house) before buying it."

"In my own personal situation, I didn’t own a home for a long time—not until I comprehended that I could get out of this thing by selling it. It is such a long term commitment. I needed to understand how owning permits equity in the house so you don’t lose anything. It was hard to understand what owning a house meant."

"I don’t want to go to bank until I know I won’t be turned down. We need an Indian bank so that money doesn’t keep going to white America.

(Who is framing the questions? White people. Who benefits from the loans? White people. When is Indian country going to benefit from people being home owners?)"

Theme Two: The Application Process
The Community Reinvestment Act requires banks and other lending agencies to disclose where and to whom they are lending for home mortgages. The data that is compiled is found within the
Home Mortgage Disclosure Act (HMDA). Information about each individual loan applicant is collected through a confidential form attached to loan applications. Loan officers for banks and lending institutions are not privy to this information. However, many community members feel that some information such as the neighborhood location of the house to be purchased can disclose a person's race and income status to a substantial degree. This is particularly prevalent in long-standing Indian communities within the Twin Cities area.

While loan officers are not allowed to view HMDA data at an individual level or during the application process, face to face contact when a person applies for a loan could sway the outcome of the application if the loan officer is acting on any prejudices he or she may have. However, many people of American Indian decent may be able to "pass" as white during the application process. Several roundtable participants discussed their own personal experiences with application processes and the disclosure of personal information.

"Sometimes I will check "Indian" when it seems ok, otherwise I will check white if think it will be used against me. Sometimes I check nothing or check both."

"I didn't put my ethnic background down on the loan application even though there were other characteristics that would identify me."

"I didn't disclose that I was American Indian on my form. I was afraid I'd be turned down. It was also an economic thing for me. It's cheaper to buy in North Minneapolis than Edina [meaning that buying in North Minneapolis may identify your background, etc.]."

"There are many Indian people who can say they are not Indian. There was a person two weeks ago, clearly Indian to me but visually she could pass as non-Indian. When she got down to the box of racial category, she really wanted that home more than anything else, she didn't check the American Indian box. I don't know whether it was just her perception or piece of knowledge she possessed."

"Another participant said she sometimes checked both racial categories (white and American Indian) at same time."

"My brother and I are attempting to buy a house. It may not make a difference marking what race you are. His income is per capita which reveals his source of income from the reservation. When we buy a home, we know our family will be there in the future—our children and relatives. The community should know how to pool its resources; it has helped me and my brother."

"Another example of how situations may reveal backgrounds is gaps in credit history (i.e. chemical dependency problems) and having to explain it."

**Theme Three: Loan Officers Fight for Applications**

Personal credit is probably the most significant factor for determining the outcome of a loan application. However, not all loan applicants have perfect credit histories. Eighty percent (80 percent) of successful white applicants have blemished credit records. Why are these applicants receiving loans with blemished records? The most prevalent answer is that loan officers fight for applications within the lending process if they feel the applicant will be a worthy credit risk in the future regardless of their past.

"Loan officers often fight for applications. If a loan officer isn't comfortable with an applicant, then he or she probably won't fight for the application. I've been in housing industry for 25 years. The most important ingredient is when a loan officer is willing to fight for the applicant. My loan officer fought for me. My credit history was a rocky road—I paid eventually. When the bills get a foot high, I pay them. He figured I would pay my bills and my mortgage and fought for me."

"If an Indian person goes into a bank and sees no Indian people there, he or she asks themselves who would fight for me and why should I trust it here. They [loan officers] want to look at everything. They want to look at my underwear drawer."

"That's why I asked [earlier] if there was distinction between African American and Native American applicants. It appears African Americans are in the system now, but I don't know if there are Indians in the system. That's part of how I feel."

**Note:** A further course of action could be to determine the number of Indians or non-Indians, who are knowledgeable of Indian culture and experiences, working for lending institutions.
Policy Discussions Regarding Housing & Home Ownership

In several of the focus group discussions, policy issues were raised. People debated about the merits of one effort over another; at other times, a brainstorming session occurred about what could be done to improve the housing situation for American Indians in the Twin City metropolitan area. The excerpts noted below offer a flavor for these discussions.

One roundtable participant offered that the term multiracial doesn’t strike with much reality; the melting pot theory doesn’t make much sense to Indians, and assimilation was a gross failure with Indians. In addition, the public practice of one’s culture may need some concentration to feel safe and comfortable.

“I’m getting at something Christopher Alexander put into his work by talking about the nature of the public practice of one’s culture. Look at the concept of culturalism. For whites, it would mean that the first house is Hmong, the second house is Black, the third Latino, and so on. Then block after block after block it would be that way and it would be great. But this concept flies in the face of coming together. Anishabae. You need enough people to have a big drum ceremony. In order to make it work, people have to be comfortable. How can you be sure that those around you are American Indians and you have sense of community?”

As a follow-up to the previous point about concentration, another participant asked, “If we cluster people with similar problems, how does that help them with their problems? Should we build ownership into those clusters?”

“What we worry about with Little Earth is clustering people with same economic difficulties. Where is the leadership? How can we build in some home ownership and rentals in the same place? It would be more economically varied but culturally American Indian.”

Several participants echoed comments about spending scarce resources. The debate about how the government should spend its housing dollars was brought to the table in one of the focus groups.

“Should we be subsidizing homes to keep people in the community? This would be largely targeted to middle income people [who may choose to buy in the suburbs]. Those efforts can also be done for those with lower incomes as well. There are people who want to live in the inner city. We need to think about where we invest those dollars. We need to continue to subsidize low income households.”

“We need to build partnerships between builders, architects, developers, and funding folks. We need to examine the programs and resources we don’t regularly tap into (e.g. Family Housing Fund). We need to build partnerships.”

“Sometimes we forget as Indian people how fortunate we are to be here in Minnesota. There exists a large amount of money for housing programs when compared to other states. This makes a world of difference, and has to do with responsiveness to state legislature. In other places, it’s only federal money that goes to Indian communities. The leadership that got the program passed is important.”

Another participant offered the Habitat for Humanity model as a possible model for the Indian community.

“This could be one of the tools for involvement. There is a mortgage on the house but no interest. There is donated labor and donated materials. I think it would be interesting to have the Indian community work together to provide that home for an Indian family. This could be a house specially designed for multi-family or an extended family.”

As a final thought, one participant asked the following series of questions of the group:

“What do we need to know? We need to proceed on that basis of discovery about our own situation in this area. So many things are framed in the material world and many times at expense of what we feel.”

Summary

In many ways, the previous comments captures the essence of the project. The role of the American Indian Research and Policy Institute (AIRPI) is to create a space for the American Indian community to come together to ask each other what they need or want to know about the past and current experiences of others in order to better form responses to situations in the future. Instead of recommending any specific policies, the Institute facilitates discussions and provides a forum for the American Indian community to develop ideas.

Until politicians and policy makers in our society become more informed and educated about historical and contemporary Indian issues, the chance of continued misunderstanding and mishandling of Indian issues remains substantial.

We encourage community members to utilize the information provided in this report as they see fit. We hope this report can provide insights to the American Indian experience for the broader non-Indian community that is developing policies and programs which relate to housing and home ownership activities.
Addendum

Housing Programs

Minneapolis Urban Indian Housing Program

In the 1970’s, the city of Minneapolis sponsored an Urban Indian Housing Program to address the problem of substandard housing for American Indians. The intent of the program was to rehabilitate or build new housing that Indian families would rent for up to three years. These families would become eligible to buy the homes during this period.

A member of the Advisory Board for the program talked with us about the program. They believed that the staff were naive about the need for hand-holding with the Indian families as they attempted to secure their housing and build toward homeownership. For example, maintenance of the properties was one of the greatest challenges for the soon to be home owners. Looking back, a suggestion they offered was to conduct workshops for the families entering the program.

Minnesota Housing Finance Agency: Tribal Indian Housing Program and Urban Indian Housing Program

The MHFA provides administrative assistance and coordination to these programs primarily aimed at providing mortgage assistance to low and moderate income American Indian households on the eleven reservations, and rural and urban areas. Since the inception of the Tribal Indian Housing Program in 1976, approximately $38 million has been directed toward mortgage financing of new construction or rehabilitation of existing housing, loans for home purchase, and some rental assistance. The interest rates on loans vary between 4 percent and 8 percent.

The Urban Indian Housing Program was enacted in 1978 by the Minnesota State Legislature and to date, over $5 million has been provided as mortgage assistance to American Indian families and individuals. This money has also leveraged additional resources from local communities including Minneapolis, St. Paul, Duluth, and communities within the seven county metropolitan area. In 1993, the city of Bemidji was added under the definition of urban areas for this program. During 1993, 35 American Indian households were provided assistance between the two programs. The households possessed an average annual income of roughly $25,000. (Information provided by MHFA document on Minnesota Indian Housing Programs.)

A key component to the Urban Indian Housing program has been developed in recent years which is a home ownership counseling workshop for prospective buyers. The workshops provide critical information to prospective buyers so that they can make an informed choice about whether or not they want to purchase a house and what home ownership actually entails. One component of the program is to talk about the cultural aspects to home ownership and how home ownership can fit with the values community members possess. For example, a house that is owned can be shared among a family, cared for by the current owner(s), and passed on the next generation within the family.

Federal Housing Programs

Many of the federal housing programs serving American Indians are directed toward reservations. Please note the “Building the Future: A Blueprint for Change” listed in the bibliography for a comprehensive overview of past and current federal housing policies and programs for American Indians.

Bibliography


“Minnesota Minority Populations,” U.S. Census data prepared by Minnesota Planning, Office of State Demographer (September, 1994).


“State of the City Report,” City of Minneapolis Planning Department, 1993.


