

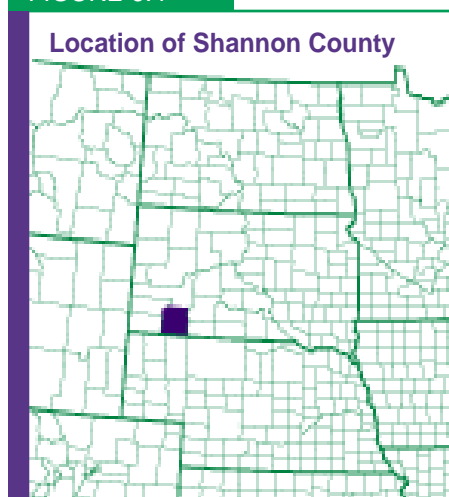
Native Americans Case Study

Shannon County, South Dakota

The Pine Ridge Indian reservation, set amidst the rolling grassland hills of southwestern South Dakota, is one of the largest reservations in the United States (second only to the Navajo reservation), and it is also one of the most impoverished. Yet, despite its sad origins and historic poverty, Pine Ridge is also a place of hope, cultural resurgence, and locally driven development.

The Oglala Lakota Sioux,* who occupy the Pine Ridge reservation, originally roamed widely as part of a larger group of Dakota/Nakota/Lakota nomadic people. They subsisted on the land and hunted the buffalo that roamed the plains in great herds. White expansion in the mid-1700s pushed these Lakota Sioux into parts of five plains states. By 1778, the Lakota begun to move into the Black Hills in western South Dakota. The Lakota divided into seven bands at this time, the largest of which came to be known as the Oglala. These seven bands now constitute the Teton Lakota Nation.²³

FIGURE 6.4



The Black Hills became — and today still remain — the religious and spiritual center of the Oglala Lakota culture.

The Indian Removal Act of 1830 forced Native tribes living in the east to move west of the Mississippi River, into what was then called Indian Territory. More than a century of struggle, punctuated by broken treaties and several bloody wars, was to follow between the Lakota people and the U.S. government. In 1875, after the presence of gold in the Black Hills had been confirmed, over 15,000 miners invaded the region.

On December 6, 1875, the U.S. Commissioner on Indian Affairs ordered the Lakota onto the reservation by January 31, 1876, threatening to treat them as “hostiles”

FIGURE 6.5

Shannon County Quick Facts, 2000

	Shannon County	S. Dakota
2000 Population	12,466	754,844
Population Change 1990-2000	25.9%	8.5%
Population Native American	94.2%	8.3%
Median Household Income	\$20,916	\$35,282
Female-Headed Households	36.4%	9.0%
Persons Below Poverty	52.3%	13.2%
Homeownership Rate	49.6%	68.2%
Cost Burdened	16.1%	20.5%
Crowded	39.1%	3.1%
Lacking Complete Plumbing	13.0%	0.6%
Lacking Complete Kitchen	9.2%	0.9%

*They made us many promises,
more than I can remember;
but they never kept but one;
they promised to take our land,
and they took it.*

— Red Cloud, Oglala Lakota Chief,
shortly before his death in 1909 ²²

* The collective appellation Sioux was first used by the early French trappers and is the corrupted form of an original Ojibway descriptive term. Because of the colonial origin of the Sioux designation, many individuals and communities now identify themselves by their tribal grouping (Lakota, Santee, or Yankton) or by their subtribal name (Oglala, Hunkpapa, Sisseton). All of the terms are commonly used, however, and tribal members frequently use Lakota and Lakota Sioux interchangeably. The people who participated in this case study identified themselves as the Oglala Lakota.

and have them arrested if they did not obey. Following this ultimatum, the U.S. Army was called in, and over the following year several battles were fought with different Lakota bands. On June 25, 1876, General Custer and approximately 600 cavalry were defeated (resulting in the death of Custer himself and 200 of his men) by a combined force of Lakota, Cheyenne, and Arapaho Indians in the famous Battle of the Little Big Horn. The Indians' victory was short-lived, however, and the last vestiges of their autonomy were eroded by the U.S. government over the ensuing 20 years.²⁴

In 1878 the Pine Ridge and Rosebud agencies (later made into reservations) were created in South Dakota, and in 1879 the first Lakota children were removed from their families by the U.S. government and sent to the Carlisle Indian School in Pennsylvania where they were to be “civilized” for assimilation into white culture. This assimilation process included cutting their hair, burning their traditional clothing, forcing them to wear European American dress, and prohibiting the use of their native Lakota language.²⁵

The Dawes Act of 1887 divided tribal land into individual allotted tracts, thereby destroying traditional tribal land tenure in an attempt to promote Indian assimilation. Those tracts not allotted to individual Native families could be leased to whites, thus further reducing the size of Lakota Sioux lands. In 1889, after the federal government confiscated 7.7 million acres of the Sioux's sacred Black Hills, the Oglala Lakota were assigned to live permanently on the Pine Ridge reservation.²⁶

HAC researchers conducted case study research on the Pine Ridge reservation in the early 1980s and in 1994, and in February 2002 returned to investigate the prevailing housing conditions. The legacy left by more than two centuries of colonial subjugation and economic marginalization is still quite visible on the reservation. HAC found that, since 1990, the general scope of the economic deprivation on Pine Ridge has remained largely unchanged. Pine Ridge still bears the unenviable distinction of being one of the least developed Native reservations in the United States, characterized by a lack of economic and physical infrastructure, a shortage of services, prevalent substandard housing, and high rates of diseases like diabetes, tuberculosis, and alcoholism. The reservation still lacks a strong economic base, private-sector investment continues to be minimal, and the population remains impoverished. At the same time, efforts to improve life at Pine Ridge continue.



This small, weather-beaten house is typical of homes on the Pine Ridge reservation.

Population Characteristics

The Pine Ridge reservation is spread across three rural counties — Shannon, Jackson, and Bennett — in the southwestern corner of South Dakota. The 2000 Census found that 12,466 (nearly 80 percent) of the reservation's 15,521 residents live within Shannon County, which is entirely subsumed by the reservation. Some local residents interviewed for this case study estimate the Pine Ridge reservation's total population to be closer to 20,000.²⁷

Shannon County's population increased by 26 percent from 1990 to 2000, according to U.S. Census data (Figure 6.5). In 1990 the County's population was reported at 9,902, and in 2000 it was 12,466. The vast majority (94.2 percent) of county residents are Native American and most of the rest are white, with only negligible numbers of other racial or ethnic groups. This mix did not change from 1990 to 2000. Population density is low, only six people per square mile.

The village of Pine Ridge is the seat of tribal government, and the 16-member tribal council is based there. The bulk of the reservation's limited economic, physical, and administrative infrastructure — including the Bureau of Indian Affairs office, the Oglala Sioux (Lakota) Housing Authority, the Oglala Sioux Tribe Partnership for Housing, the South Dakota Department of Social Services office, a food distribution warehouse, a youth center, the tribal energy assistance department, and a handful of small private businesses — is located in Pine Ridge.

Other towns on the reservation include Oglala, Redshirt, Kyle (home to the Oglala Lakota College), Porcupine, and Wanblee. These villages are quite far apart and the population tends to cluster around them,

while the rest of the reservation is sparsely dotted with isolated homesteads often set back from the road on distant hills.

The geographic remoteness of the reservation itself (the nearest metropolitan area, Rapid City, is over 100 miles away), and of its individual settlements, is inextricably linked to the lack of physical infrastructure like roads, water and electricity lines, and sewage systems. The vast distances between homesteads and villages make the provision of such infrastructure prohibitively expensive. An acute shortage of local contractors and other businesses means that construction services, for example, often have to be brought to the reservation from distant Rapid City.²⁸

Economic Conditions

Given Pine Ridge's history and isolation, it is not surprising that Shannon County's economy is government-dependent, transfers-dependent, and characterized by persistent poverty, according to the Economic Research Service typology. In government-dependent counties, government activities contributed a weighted annual average of 25 percent or more of labor and proprietor income over the three years from 1987 to 1989.²⁹

Local economic conditions may have improved during the 1990s. The median income in Shannon County rose from \$11,105 in 1990 (equivalent to \$14,659 in 2000 dollars) to \$20,916 in 2000, a 42 percent increase in real terms. The county's poverty rate improved from 63 percent in 1990 to 52.3 percent in 2000. The 52.3 percent rate, however, is almost four times the poverty rate for South Dakota.

In 2002, as in 1990, the largest single employers on the entire Pine Ridge reservation are public entities like the tribal government and the Bureau of Indian Affairs (BIA). A few small, private service sector businesses provide additional jobs. The Census Bureau reports that a total of 1,504 people in Shannon County were employed in various private nonfarm establishments in 1999 (a 53.8 percent increase since 1990), while in 1997 local government employed the equivalent of 318 people.

Because of the lack of local employment opportunities, many people leave the reservation for extended periods of time to find jobs elsewhere—the most frequent destination being Rapid City—and some join the military as a way of escaping poverty and acquiring skills. It is common for these migrants to then return to the reservation, periodically or permanently, because of kinship ties. These local patterns of job migration are responsible for the increase in population since 1990 according to local respondents and housing experts.³⁰



Estimates of the unemployment rate in Shannon County, and on the reservation in general, vary greatly. Popular local opinion puts the figure anywhere between 70 and 85 percent, and articles in the regional media support that assertion.³¹ The executive director of the Oglala Sioux Tribe Partnership for Housing suggests the figure should be around 60 percent.³² In contrast, the Bureau of Labor Statistics reported a conspicuously lower figure of 8.3 percent, and the South Dakota Department of Labor reported an even lower figure of 7.6 percent for January 2002.³³

The large disparities in unemployment estimates are most likely caused by the fact that, without employment opportunities, Pine Ridge residents reduce their job-seeking efforts and become “discouraged workers,” who are not counted among the unemployed. In Shannon County, only 48 percent of adults over age 18 are counted as within the workforce.³⁴

An estimated 11 percent of Shannon County's population received Temporary Assistance for Needy Families (TANF) cash payments in January 2002, and approximately 36 percent received Food Stamps.* The field program specialist at the social services office in Pine Ridge village estimates that 30 to 40 percent of all TANF cases in South Dakota are processed by that office, which serves neighboring Jackson County as well as Shannon County.³⁵

In 2001, Shannon County TANF recipients stayed on the program for an average of only 5.2 months, despite the fact that South Dakota's 60-month TANF time limit

* These figures were calculated using the entire number of recipients in each category—TANF and Food Stamps—as reported by the South Dakota Department of Social Services for January 2002. Dependency was not measured in terms of the number of households that receive assistance, because that unit of analysis does not accurately capture the entire recipient population in Shannon County, as several families often occupy the same household.

did not apply to them.³⁶ When unemployment rates exceed 50 percent in their areas, Native American families living on reservations in South Dakota are exempt from public assistance time limits while they are within reservation boundaries. Every month a family lives outside reservation territory while receiving TANF counts toward the lifetime limit of 60 months.³⁷

Another federal assistance program, part of the U.S. Department of Agriculture's Food Distribution Program on Indian Reservations, is headquartered in a large warehouse in the village of Pine Ridge from which a wide variety of food commodities are dispensed to local residents. Recipients must qualify for benefits each month, based on family size and income. Many families on the Pine Ridge reservation participate in this program as an alternative to the Food Stamp program because there are few privately owned food stores at Pine Ridge.³⁸

Federal funding has also enabled the tribe to institute a five-year comprehensive mental health services project aimed at providing recuperative support to children and families in domestic crisis. Known as Nagi Kicopi (or "Calling the Spirit Back" in Lakota), the project commenced in 1999 with funding from the Substance Abuse and Mental Health Services Administration (SAMHSA). It brings together traditional Lakota healers, parents, children, and professional service providers to confront issues like alcoholism, domestic violence, juvenile delinquency, and child abuse. Nagi Kicopi embodies a holistic, community-based approach to healing that incorporates traditional Lakota peace-making strategies.³⁹

Traditional log homes without basic facilities are still in use as residences.



Housing Conditions

Housing Characteristics

Housing conditions in Shannon County are even worse than those experienced by most households on other Native American lands throughout the United States. Most homes on the reservation fall into one of four categories: traditional log homes, wood-frame houses, mobile homes, or low-rent homes funded by the Department of Housing and Urban Development (HUD).

Like Shannon County's population, the number of occupied housing units there rose 26 percent from 1990 to 2000, when the Census identified 2,785 units. Nearly half of them are owner-occupied, a slight increase from 45 percent in 1990. By contrast, South Dakota's state-wide homeownership rate is 68.2 percent, and the rate in all nonmetropolitan areas of the country is even higher.

Housing conditions in Shannon County are worse than in the rest of South Dakota. While only 3.1 percent of South Dakota homes have crowded conditions, 39.1 percent of homes in Shannon County are crowded. Complete kitchens are lacking in 9.2 percent of Shannon County households, compared with 0.9 percent of households statewide, and complete plumbing is lacking in 13 percent of Shannon County households, compared with 3.1 percent statewide.

Additional information about Pine Ridge housing conditions is maintained by the tribe's Energy Assistance office, which provides maintenance services on existing units and helps pay for installation or ongoing costs of utilities such as water, electricity, and sewer. Because this agency serves the lowest income residents of the reservation, the housing conditions it reports are not necessarily representative of conditions in Shannon County or on the reservation as a whole.

FIGURE 6.6

Pine Ridge Reservation Housing Conditions

by Type of Homes Serviced by Energy Assistance Office, 2000-2001

	Log	Wood Frame	Mobile	HUD Low Rent	HUD Owner-Occupied
Total units	97	782	976	1,118	504
No electricity	10	25	45	0	0
No water	56	161	327	0	0
No sewer	53	159	313	0	0
Type of heat					
Electric	20	64	35	27	139
Fuel oil	8	22	1	0	0
Propane	21	494	807	1,091	365
Wood	58	202	133	0	0
Condition ¹					
Adequate size ²	0	119	8		
Major repairs	40	227	20		
Minor repairs	11	167	25		
Standard	0	67	5		
Replace	31	77	10		

Notes: ¹ The conditions of homes are defined in terms of their general physical appearance; the quality of important structural features like the roof, walls, and flooring; and the presence of utilities like plumbing, sewage, electricity, and heat.

² Adequate size is determined in relation to the number of inhabitants per unit, using the U.S. Census Bureau guideline of 1.01 persons per room.

Source: Low Income Home Energy Assistance Community Services Department, Pine Ridge, 2000/2001.

Among the homes on which the Energy Assistance office has performed work, none of the traditional log houses have adequate space and only a relatively small number of mobile and wood-frame homes are of sufficient size (Figure 6.6). Large proportions of the non-HUD homes lack water and/or sewer service, while smaller numbers lack electricity. Wood-framed homes are most likely to need major repairs or replacement.

Low-cost HUD-funded rental and ownership units constitute the most affordable type of housing on the reservation. All of them provide water, sewer, and electricity. However, several local residents — including a former tribal housing authority employee who now works as a nonprofit credit counselor on the reservation — indicate that many people do not like the living conditions and cluster format of these neighborhoods. Despite the generally adequate utilities in these homes, the prevailing structural conditions are visibly poor and

some units appear almost derelict. Another observer familiar with the reservation states that Pine Ridge residents do not like to live in subdivision type developments regardless of their condition.⁴⁰ Many families leave the cluster developments during times of the year when the weather is pleasant enough to allow outdoor camping in the traditional Lakota fashion.⁴¹

Approximately 39 percent of Shannon County’s homes are crowded, compared to 3 percent for all of South Dakota and less than 5 percent for the nation. Ironically, residential crowding is increased by the way in which many Native communities deal with homelessness. In Lakota culture it is customary for families to give shelter to indigent relatives. As a result, several families may share an inadequately sized dwelling. According to records compiled in 2001 and 2002 by the Energy Assistance office, 588 people on the reservation were classified as homeless. These people did not own or rent their own units and they shared accommodation with relatives.⁴²

Another indication of the extent of the tribe’s housing need is the tribal housing authority’s waiting list of 1,200 names. Furthermore, in an effort to quantify some of the tribe’s housing requirements, the housing authority has identified a need for 4,000 additional units on the reservation.⁴³

Infrastructure

A report prepared for the U.S. Department of Commerce states that American Indian households across the United States score greatly below national averages in terms of access to basic technologies like telephones, personal computers, heating (electricity and gas), radio stations, and cable television.⁴⁴ Pine Ridge is no exception. According to the report, only 41 percent of Pine Ridge reservation households have telephones. Furthermore, nearly 40 percent of households on the reservation receive their water from individual wells, and just over



The director of the Lakota Fund's Individual Development Account program shows off one of the rental homes developed and managed by the fund outside the village of Wanblee.

20 percent lack complete plumbing facilities. While an estimated 55 percent of Pine Ridge households are linked to a public sewer system, approximately 21 percent dispose of sewage by other means, excluding a septic tank or cesspool.⁴⁵

According to the data coordinator at the tribe's Low Income Home Energy Assistance Community Services office in Pine Ridge, the largest infrastructural obstacle to housing and utilities development is the serious lack of quality roads on remote parts of the reservation. The primary barrier to construction of roads and other infrastructure, he adds, is the lack of a strong economic base that could foster private investment, yielding a tax base for the tribal government.⁴⁶

The tribally managed Mni Wiconi water pipeline project, still under construction, will eventually serve over 50,000 people including residents of the Pine Ridge, Rosebud, and Lower Brule reservations, by bringing water from the Missouri River to remote rural areas. Many distant settlements and homesteads on the Pine Ridge reservation have no access to fresh water, and they rely almost exclusively on regular deliveries from three supply trucks operated by the Mni Wiconi project. The project is scheduled to be finished in 2006 or 2007.

Smaller scale infrastructure improvements are provided by an American Indian nonprofit called Running Strong, which began drilling wells and delivering water to residents of the Pine Ridge reservation in 1986. Billy Mills, an Oglala Lakota from the reservation who won a gold medal in the 10,000 meter race at the 1964 Olympic Games, serves as Running Strong's

national spokesperson. Running Strong's well-drilling project on Pine Ridge assists families (13 are chosen annually) who are not scheduled to receive water through either the Indian Health Service (IHS) or the Mni Wiconi project within the next two years. In 2000-2001, the average cost for a 180-foot well was \$6,500, which included drilling, submersible pumps, pressure tanks, pipes, and wiring.⁴⁷ When the recipient of a Running Strong well owns a house that can support indoor plumbing, the IHS installs a septic system and connects the well to the structure.

Financial Services and Mortgage Lending

Like Native Americans on reservations throughout the United States, Pine Ridge residents have little access to private credit. According to local housing practitioners, the possibility of obtaining a mortgage is further complicated by the legal complexities of tribal land ownership structure.⁴⁸ In Lakota culture, land tenure traditionally passes along family lineage and therefore multiple people can own the same parcel, with each individual having an equal right of proportional ownership. This results in shared or fractionalized land ownership — a condition known as undivided interest. Before any individual who shares land with others in this type of ownership can build a house of his or her own, s/he has to get permission from all the other owners before subdividing the parcel. Obtaining such a consensus can prove extremely difficult, and in some cases, even impossible. The Oglala Sioux Tribe Partnership for Housing (OSTPH) helps prospective homeowners arbitrate disputes over shared land ownership, and in-house credit counselors also assist borrowers in

completing the paperwork required to lease land from the BIA.

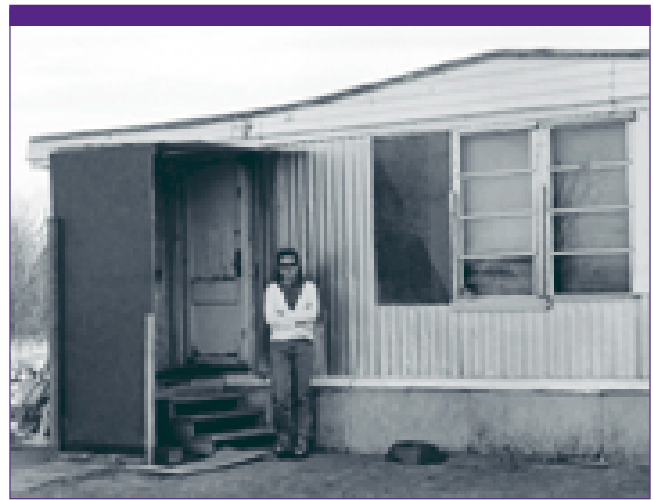
In addition, according to OSTPH credit counseling staff, an important obstacle to successful homeownership on the reservation has been a lack of financial literacy among borrowers. Many Native borrowers are not aware of the basic creditworthiness required to start a realistic homeownership process, and most of those who have bad credit do not know how to repair it. Many people on the reservation have inadvertently ruined their credit by not realizing that a voluntary repossession, of a vehicle for example, blemishes their personal credit history. Finance companies sometimes capitalize on this deficit in borrower education by engaging in predatory lending practices.

Local development experts, housing practitioners, and credit counselors agree that aspiring homeowners on the reservation are often exposed to predatory lending practices in the mobile home market and elsewhere. Low-income families on Pine Ridge find the prospect of buying a mobile home attractive because of its relatively low cost, the simpler legal and administrative procedures associated with the purchase, and the obvious absence of lengthy construction periods. However, uninformed borrowers often unwittingly commit themselves to unfeasible loan repayment schedules because some subprime lenders extend credit to them that exceeds their ability to repay.

According to a rural development specialist at the USDA Rural Development regional office in Rapid City, multiple requests are received every month from tribal mobile home owners wishing to refinance their mortgages because they are unable to meet the unfriendly repayment terms of their original loans.⁴⁹ Strong anecdotal evidence therefore indicates that foreclosures on mobile homes and repossessions of vehicles are widespread problems on the reservation and result from predatory lending practices.

Home Mortgage Disclosure Act (HMDA) data make clear the shortage of conventional credit on the Pine Ridge reservation. During 1999, Shannon County residents applied for a total of 228 loans. The vast majority of them (177, or nearly 78 percent) applied to subprime or mobile home lenders, while only 22 percent of applications were processed by lenders classified as mainstream or prime.* Approximately 60 percent of the applicants were American Indian and most of the loans applied for (nearly 93 percent) were conventional mortgages to be used for home purchases.⁵⁰

* In order to classify lenders, HAC used a list of financial institutions, maintained by the Department of Housing and Urban Development, that are generally recognized as specializing in subprime lending and the mobile home market.



This woman and her family will move from this mobile home in Kyle to the self-help home shown on page 109.

An unusually high 73 percent of these applications were unsuccessful. Denial rates were high for both Native American and white applicants, but Indians were denied more often: 78 percent of the time, compared to 61 percent for whites. Just over 70 percent of all unsuccessful requests were from applicants with incomes below the \$18,000 county median used in the HMDA reporting system.

Nearly 54 percent of all Shannon County applications were processed by one subprime lender that “specialize[s] in non-conforming loans.”⁵¹ This acute lack of competition in the private-sector lending industry probably contributes to the pervasive debt problem in Shannon County.

Housing Assistance Efforts

Housing aid on the Pine Ridge reservation is delivered by two tribal offices, three nonprofit organizations, the Bureau of Indian Affairs (BIA), and USDA Rural Development. The federal government provides almost all the funds used, although some private lending is included. The Housing Assistance Council has provided capacity building funds and technical assistance to the tribal housing authority, the Lakota Fund, and the Oglala Sioux Tribe Partnership for Housing.

As noted above, the Low Income Home Energy Assistance Community Services office — commonly called the Energy Assistance department — is part of the tribal government. It receives direct federal, state, and BIA funding to build homes, perform structural maintenance on existing units, assist residents with energy payments, and provide financial assistance to households for the installation of utilities like water, electricity, and sewer. The department built 41 homes between 1998 and 2001.⁵²



This new self-help home being constructed at an OSTPH site will be moved to the land of the woman shown on page 108 when completed.

The Oglala Sioux (Lakota) Housing Authority, located in the village of Pine Ridge, provides most of the low-cost rental housing in the village. The housing authority is the entity designated by the tribe to receive and spend block grant funds provided by HUD to the tribe pursuant to the Native American Housing Assistance and Self Determination Act (NAHASDA). It also uses the USDA Rural Development/Rural Housing Service programs.

Running Strong, the nonprofit that drills wells on the reservation, does some housing work as well. Named Tipi Waste Un Zanipi (meaning “wellness through a good home” in Lakota), its program makes small repairs to reservation homes, provides emergency funds for heat, and builds ramps and entrance modifications to facilitate access for people with disabilities.

The nonprofit Lakota Fund was established in 1986 as a project of the First Nations Development Institute of Falmouth, Va., in partnership with the Oglala Lakota tribe. It originally focused on helping small businesses on the reservation. Today it is a separate, community-based organization that builds homes and provides aspiring homeowners with comprehensive credit and ownership counseling as well as fostering business development.

The Lakota Fund recently started a new two-year Individual Development Account (IDA) program and will further diversify its mission in the future by adding a financial literacy program for TANF clients and a schedule of evening classes on the historical trauma left on Lakota culture by colonialism. According to the Lakota Fund’s IDA director, the program will recruit 30 families to participate in a two-year matched funds savings plan.⁵³ Families will save money to be used for the development of a major asset (education,

homeownership, or small business) and the IDA program will match those savings with \$2 for every \$1 saved.

The Lakota Fund has used Low Income Housing Tax Credit funding to develop 30 rental units on the outskirts of the village of Wanblee. The development consists of three- and four- bedroom units set in a circular pattern around a large, open stretch of field. The Lakota Fund counsels residents on maintaining their properties, and the development has a tenants’ association that regularly meets in different homes. There are plans to secure funding for the construction of a children’s playground and a meeting hall for the tenants’ association on the open field in the middle of the development.

The Lakota Fund enforces evictions for nonpayment and neighborhood ordinances set standards for keeping properties well-maintained and clean. One such ordinance, for example, limits the number of derelict vehicles that residents can have in their yards. According to the Lakota Fund’s executive director, this well-regulated approach to providing housing may be considered unusual on the rest of the reservation because environmental ordinances and evictions for non-payment are not regularly enforced in tribal housing. The Lakota Fund’s strictly enforced eviction policy initially met with resistance from local activists, but the policy has endured.⁵⁴

The newest housing provider on the reservation, the Oglala Sioux Tribe Partnership for Housing (OSTPH), is a tribally chartered, 501(c)(3) tax-exempt nonprofit housing development organization established in 1999 with a \$2 million grant from HUD’s Rural Housing and Economic Development program. Created as a result of Clinton Administration efforts to improve conditions on the reservation, OSTPH works with HUD to develop

new affordable housing on Pine Ridge. From its inception through early 2002, OSTPH has constructed 60 homes on the reservation.

OSTPH requires homebuyers to have reasonably good credit histories, some available land of their own, the potential to meet loan repayment schedules, and the ability to maintain their homes. For those who qualify, the organization has access to several sources of mortgage funds.

Most often OSTPH uses conventional mortgages from Wells Fargo Home Mortgage with government guarantees through HUD's Section 184 Indian Home Loan Guarantee program. OSTPH is the only intermediary on the reservation for the Section 184 program, through which Native borrowers living on trust land can access conventional private sector mortgage financing. HUD's guarantee serves as collateral, enabling lenders to make secure loans without needing mortgages on land as security.

Some families on the reservation have become homeowners through OSTPH's self-help housing program, in which several families construct their homes at the same time, working together on each other's units. OSTPH's administrative and supervisory costs are funded largely by a technical assistance grant from USDA Rural Development through its Section 523 Mutual Self-Help Housing program. The Section 523 grant required OSTPH to develop at least 16 units between 2000 and 2002, and OSTPH successfully constructed 18.

Because the land available to (or already owned by) the self-help participants is scattered throughout the reservation, the owner-builders work together at OSTPH's self-help construction yard in Kyle. Foundations are prepared on each site, and the homes are moved to their final sites when they are almost complete. The entire process is overseen by a qualified supervisor provided by the organization. Most of the participating

families receive mortgages from USDA Rural Development's Section 502 direct loan program, requiring no down payment and providing an interest rate as low as 1 percent.

The OSTPH self-help homebuyer counselor annually recruits prospective applicants for the program by targeting families in low-income rental housing who may have the potential to successfully repay a mortgage. With its self-help housing program, OSTPH typically provides homeownership opportunities to very low- and low-income families, while it serves the reservation's moderate-income constituency with the HUD Section 184 program.

OSTPH also manages its own revolving loan fund for homebuilding with money received from HUD under NAHASDA, helps residents apply for Section 502 mortgage loans and, with funding from HUD and other sources, provides pre- and post-homeownership credit counseling to borrowers. As of February 2002 OSTPH's executive director planned to expand the organization's developmental role by providing borrowers with more comprehensive technical assistance and by obtaining Community Development Financial Institution (CDFI) status from the U.S. Treasury Department.

Significant Developments

While numerous funding sources have contributed to the improvement of housing on the Pine Ridge reservation, one has clearly increased its activity there since 1990. During the early 1990s visit to the area, HAC researchers noted that USDA's Farmers Home Administration was working to become more active on the reservation. USDA Rural Development, the successor agency to Farmers Home, seems to have succeeded. USDA Rural Development staff report that the agency's Rapid City office funded approximately 60 units from 1998 through 2001.⁵⁵



This new home in Pine Ridge Village was constructed through OSTPH's self-help program.

USDA Rural Development programs active on Pine Ridge as of February 2002 include the Section 502 direct homeownership mortgage program, Section 504 home repair loans and grants, and the Section 515 rural rental housing loan program. Staff say the agency has not been able to use its Section 502 guaranteed loan program because it has not been able to find a lender willing to make guaranteed loans on trust land, although it continues to try to identify such a lender.⁵⁶

According to USDA Rural Development personnel in Rapid City, in 2003 the tribal housing authority will construct 24 additional units of subsidized housing for elderly people with funds from the Section 515 rental program. This development will be owned and operated by the housing authority, and all contractors will be required to be licensed by the Oglala Lakota tribe.⁵⁷

Thus, although no metamorphosis has occurred on the Pine Ridge Reservation since 1990, nor even since 1980, some housing improvements are underway. Yet massive unemployment, meager infrastructure, substandard housing, and extensive poverty remain.

Additional change may still be possible. In 1998 the federal government designated the Oglala Sioux Tribe Empowerment Zone, a chartered organization of the Oglala Sioux Tribe with access to \$10 million to implement a ten-year strategic plan addressing family needs, business assistance, housing, and education. The designation also makes the area eligible for tax benefits designed to lure private investment. As of February 2002 the Empowerment Zone is formulating a plan to create a housing manufacturing plant on the Pine Ridge reservation in the near future. This project will receive funding for technical assistance from USDA Rural Development, and local carpenters will be trained at the Oglala Lakota College in Kyle.

Conclusion

The Lakota people have a resilient culture with vibrant civil institutions, but the basic economic deprivation of their environment continues to stifle economic development efforts. The housing situation on the Pine Ridge reservation remains problematic, with an abundance of substandard, overcrowded homes and a shortage of access to affordable credit. Several HUD and USDA Rural Development housing programs are being implemented, with positive results, through intermediary nonprofit organizations. Access to these programs must be expanded, however, to meet the reservation's needs.

The increased presence of private sector lending institutions on the reservation in recent years is encouraging and necessary. Unfortunately, it appears that there has also been a related increase in the overall incidence of predatory lending practices. Federal housing agencies, the Oglala Lakota tribe, and the tribally chartered nonprofits must guard against the possible financial victimization of vulnerable tribal borrowers by some for-profit lenders.

The poverty on the Pine Ridge reservation, and its population's subsequent high dependency on public assistance, are emblematic of a dire absence of economic opportunity. Despite the unforgiving economic conditions that define their contemporary environment, the Oglala Lakota are working to create solutions to their own problems.