Acknowledgements

Tawney Brunsch and Kelsie Whiting of Lakota Funds provided invaluable assistance to the project’s coordinators by conducting outreach to the interviewees and survey respondents for this study. Information provided by the following individuals contributed significantly to the study and its findings: Darkfeather Ancheta, David Baker, Juel Burnette, Eric Christianson, Rodney Clark, Emma Clifford, Brian Gatzke, Chad M. Harrison, MeChelle Lang, Gary LaPointe, Kim Larson, Terry Leibel, Shelli Marshall, Lori Moen, Barb Schaer, Joseph Shields Sr., Colleen Steele, Vincent Thompson, Lakota Vogel, Sharon Vogel, Prentice Weaver, and Karen Woodward. Without their contributions, this report would not have been possible.

Assessment of housing unit condition on the Rosebud Indian Reservation.

- Report prepared by Kevin Klingbeil and Harry Maher of Big Water Consulting
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Executive Summary

The Appraisal Market Study was commissioned by the South Dakota Native Homeownership Coalition (SDNHC) to describe the market for home appraisals on the nine Indian reservations in South Dakota and enable appraisers to evaluate the potential business opportunities available to them on reservation lands. The market for home appraisals, as well as agricultural and commercial appraisals, on Indian reservations in South Dakota is consistent, relatively robust and steadily growing. At present, the demand for appraisals is approximately 149 to 224 appraisals per year across the nine reservations and the anticipated annual growth of the demand in the near-term ranges from 20% to 50%. Given an average appraisal cost of between $750 and $1,000, depending on the reservation and specific location of the appraisal, the total annual value of the market for home appraisals is currently estimated to be between $120,950 and $185,750. According to information gathered during interviews for this study, fewer than ten appraisers currently serve this market on a consistent basis.

Appraisal work on reservations requires a comfort level with the cost approach for home valuation but is otherwise largely similar to other remote/rural appraisal work. Many newer appraisers may be unfamiliar with working on reservations and unaware of where to find relevant housing sales and other data but can overcome this lack of experience with hands-on orientation to homes and sources of information.

Distance to the location of the appraisal, the volume of appraisal work that can be completed in each trip, and the time and legwork required to conduct research regarding comparable sales and other necessary data drive the per-appraisal price. The availability of local valuation and sales information reduces the complexity and price of appraisals and lowers one critical barrier to entry into this market. Presently, a few appraisers maintain their own personal database of information based on prior work on reservation lands, but the proposed development of a shared database of home sales would help appraisers determine home valuations.

Currently, the housing market within the nine reservations in South Dakota comprises 24,534 homes occupied by 70,672 people. Population growth has outpaced housing unit development by 3.4% over the past eight years, with many employed individuals forced to live in their family members’ affordable housing units due to a lack of available fair market rental units or homes for sale, which is steadily increasing the demand for new housing development. While tribal housing entities have built fewer homes in recent years due to funding issues, tribal homeownership programs, low-income housing tax credits (LIHTCs) and other new housing funding sources have emerged to create new opportunities for
housing development. The increased capacity of Native Community Development Financial Institutions (Native CDFIs) and the homeownership programs of tribal housing entities, in addition to the availability of federal loan guarantee programs to support lending on trust lands, have spurred growth in reservation-based mortgage lending capacity.

Historically low interest rates, increasing property values off-reservation that are pushing tribal members back to the reservation, and the increase in capital directed to communities of color (with a new racial equity lens applied to the investment of capital) are heightening both the demand for and capital available to support housing purchases and new home construction in tribal communities. The effort to actively facilitate and provide structure for the appraisal market on reservations by the SDNHC, CDFIs, tribal housing entities and other partners will only strengthen the opportunities available to appraisers who choose to make work on reservations a consistent part of their workload.
Background and Purpose

Housing markets on the Indian reservations in South Dakota have historically been stunted due to a range of factors, including the predominance of inalienable trust lands which cannot serve as collateral for traditional home loans, high unemployment rates, low household incomes, distance from urban areas, the lack of a tradition of homeownership within tribal families, and generations of inadequate public and private investment in tribal areas. The critical components of a thriving housing market, including a stable supply of appraisers to establish concrete and certified home values that allow buyers and sellers to act with confidence, as well as public repositories of home sales information, are often absent on reservations.

In an effort to address (and ultimately strengthen) a critical piece of the larger housing market, the South Dakota Native Homeownership Coalition (SDNHC) commissioned this Appraisal Market Study to quantify and describe the collective market for appraisals on the nine Indian reservations in South Dakota. SDNHC is a coalition of tribes, federal and state agencies, tribally designated housing entities (TDHEs), nonprofit organizations, housing developers, lenders, and community development financial institutions (CDFIs) working to promote Native American homeownership in South Dakota. This study was commissioned for the purpose of enabling appraisers to evaluate the objective and subjective barriers to entering the market for appraisals on Indian reservations in South Dakota and assess the potential business opportunities available to them within these tribal lands. SDNHC selected Big Water Consulting to conduct the study and summarize its findings.

This report is broken into sections that: specify the methodology employed to conduct the study; provide a description of the relevant industry and the target market; list objective and subjective barriers to entering the market, and the opportunities created by those barriers; summarize the market in terms of its current composition; assess the current size and potential growth of the market; provide a summary of efforts to support market structure and growth; and note the unpredictable nature of some market growth variables.
Methodology

Big Water Consulting utilized a mixed-methods data collection approach for this study which included key-informant interviews, online surveys, and existing data analysis. Most state and federal data sources do not accurately or completely depict housing markets on Indian reservations in South Dakota. Due to the lack of publicly available data, it was necessary to interview and survey individuals familiar with the housing markets and the markets for valuation services on the reservations in South Dakota.

Interviews

Project coordinators conducted 60-minute interviews via videoconference with appraisers, lenders, and other individuals familiar with the relevant housing market. Interviews with appraisers helped determine where appraisers currently worked, factors that influence their decisions to work on reservations or in other areas, and steps that tribes, homeowners, lenders, and others could take to remove objective (e.g., licensing) and subjective (e.g., lack of personal comfort or familiarity with reservation communities) barriers to working on South Dakota reservations. Interviews with lenders helped project coordinators determine their service areas, the factors that influence their choices to lend in specific areas or on trust land, and whether they require the sales comparison approach, as opposed to the cost approach, for determining home value.

Surveys

Tribally Designated Housing Entities (TDHEs) and lenders, including several Native CDFIs, were asked to complete brief surveys to help determine the demand for appraisal services as reflected in the wait time, cost, and number of appraisals conducted in the past year reported by each entity. Housing providers and lenders also described the impact that they believed improved access to appraisers would have on housing markets. Surveys were conducted using an online form sent out to all TDHEs and lenders working on reservations in South Dakota. This allowed for coverage of the entire appraisal market on reservation lands in South Dakota.
Residence on the Cheyenne River Indian Reservation.

Home on the Yankton Reservation.
Industry and Target Market

This study evaluated the market for residential appraisals on lands within the nine Indian reservations in South Dakota. This particular market is further stratified, or divided, based on the type of appraisal work, the entity requiring the appraisal, and the trust or fee simple status of the land on which the structure is located.

In South Dakota, appraisers obtain valuation work on reservation land from different sources that can be thought of as “pipelines.” These pipelines can be characterized as “open,” consisting of work that can be completed by any qualified and competent appraiser, and “closed,” consisting of work that can only be completed by appraisers who work for or contract with a specific government agency, such as the U.S. Department of the Interior.

“Open” valuation pipelines consist of appraisals for individual homeowners; appraisals for Native CDFIs, Credit Unions, and Tribally Designated Housing Entities (TDHEs); appraisals offered through Appraisal Management Companies (AMCs—e.g., Mercury and Streetlinks); and appraisals of estate assets arranged by attorneys. Even appraisals that are assigned through “open” pipelines may be assigned to preferred appraisers. For example, a TDHE may use an AMC to select an appraiser or cycle through a list of appraisers who they know are available, or the TDHE may select their own preferred appraiser. Similarly, while many lenders may work through AMCs or a list of available appraisers, some smaller lenders (e.g., CDFIs) may choose to work exclusively with one or two preferred appraisers.

Generally, for open appraisals, lenders select the appraiser they will use based on a combination of appraisal price and how quickly the available appraisers can complete the work. For example, surveyed lenders gave the following explanations of how they work with clients to select an appraiser that will suit their needs:

“*We go by availability. We send the bid to two appraisers and we usually go with the fastest or cheapest, depending on the client's needs.*”

“*Appraisal Desk keeps [a] list of appraisers we have used in the past and always looking to add more to the list.*”

“*There are] only 2 [appraisers] available... [one in Nebraska, one in Colorado]”

Appraisals in “closed” pipelines can only be completed by staff of private companies or government agencies. Examples of closed pipelines include Bureau of Indian Affairs (BIA) trust land valuation appraisals (through the Appraisal and Valuation Services Office or
AVSO); agricultural appraisals; appraisals for United States Department of Agriculture (USDA) loan programs; appraisals for Veterans Affairs (VA) loans; and private appraisals for certain companies that may have their own closed list of appraisers. Eminent domain appraisals are limited to the very few appraisal professionals who are qualified to complete them.

With some effort, “closed” appraisal pipelines may be opened. For example, several tribes have contracted with the Department of Interior to assume realty and title roles that had previously been fulfilled by the Department of Interior’s Appraisal and Valuation Services Office and have effectively “opened” new pipelines of appraisal work that were previously closed to licensed private appraisers.

**Barriers to Entry into the Market**

The decision whether to enter a new market or not requires a balancing of the barriers to entry into the market, then determining if the benefits of overcoming these barriers outweigh the costs. The following section identifies the primary barriers to market entry and briefly discusses opportunities to either reduce these barriers or turn them into opportunities for early market entrants to obtain a competitive advantage.

Appraisers, lenders, and TDHEs interviewed and surveyed for this project listed numerous potential barriers to appraisers entering the appraisal market in tribal areas as well as opportunities the market presents. These barriers can be divided into the following two categories: objective barriers that apply universally to all appraisers, and subjective barriers that relate to the particular experience, sensibilities and location of the individual appraiser.

Objective barriers to entry into this market include:

- The state appraiser licensing process is lengthy and requires finding a supervisory appraiser to oversee the appraisal work done by apprentice appraisers, which limits openings because many appraisers are retiring and not taking on apprentice appraisers
- Appraisers face substantial difficulties finding comparable sales information on reservations that generally do not uniformly record all sales, which forces appraisers to use the cost approach when traditional home valuations use a sales comparison approach
• Valuations of trust land currently must be performed by the Department of the Interior's Appraisal and Valuation Services Office (AVSO) which closes off trust asset valuation work to appraisers in South Dakota

• Lenders and Tribally Designated Housing Entities have difficulties knowing which appraisers will work on reservation lands, have no central place or listing to publish available work for appraisers, and appraisers must reach out to TDHEs and lenders to access available work

• The relatively small size of the market for appraisals on reservations and in remote rural areas when compared to the markets near larger towns and urban areas in the rest of the state

• Appraisers currently have substantial existing workloads outside of reservations due to historically low interest rates and may have limited interest in learning about and accessing a new market

• A small number of appraisers are already performing a limited amount of work on reservations and represent competition for available work

Subjective barriers to entry into this market include:

• Appraisers reported that the distance they are required to travel to work in remote areas makes the work less accessible (the significance or severity of this barrier depends on the location of the appraiser and the extent to which they are willing to travel)

• Some appraisers may be uncomfortable working on reservation lands due to inexperience and a lack of cultural awareness

Each of these listed barriers has likely constrained the level or extent of appraiser entry into the market to date. Most of these objective and subjective barriers can be addressed by consistent housing market growth; the housing and appraisal market facilitation activities of SDNHC, CDFIs, and TDHEs; and through the work of appraisers themselves to familiarize themselves with new markets, valuation techniques and data sources. Overcoming these barriers will potentially allow appraisers to develop a competitive advantage, or at least diversify their workload, in a growing market. A list of barriers and the opportunities presented by these barriers are presented in Table 1 below.
Table 1 | Barriers and Opportunities for Appraisers Working On-Reservation

<table>
<thead>
<tr>
<th>BARRIERS</th>
<th>OPPORTUNITIES</th>
</tr>
</thead>
<tbody>
<tr>
<td>Comparable sales on reservations are hard to find; the cost approach is common and depreciation can be hard to calculate</td>
<td>Appraisers more comfortable or familiar with using the cost approach have an advantage in both tribal and rural areas and can develop connections to obtain data</td>
</tr>
<tr>
<td>Stunted housing market on SD reservations:</td>
<td>Populations and income are slowly growing as well as the number of housing units on reservations</td>
</tr>
<tr>
<td>• Depressed overall reservation economy, lack of historic investment, and few job opportunities outside tribal government</td>
<td>New homeownership programs and growing Native lenders (CDFIs) are offering new loan products tailored to reservations and anticipate relatively substantial housing loan growth on Indian reservations in next few years; a growing number of families are taking homeownership classes and preparing to become homeowners</td>
</tr>
<tr>
<td>• Heavily subsidized rental units owned by tribal housing entities limits market</td>
<td>A small pool of lenders that provide loans on trust land makes market easy to enter for a small number of appraisers</td>
</tr>
<tr>
<td>• Trust land status limits lending (fewer lenders willing to loan)</td>
<td></td>
</tr>
<tr>
<td>• Historic lack of housing market and lack of intergenerational wealth building</td>
<td></td>
</tr>
</tbody>
</table>

COST APPROACH ON RESERVATION LANDS

Real estate appraisers generally use one of two dominant methods of valuing residential homes: the sales comparison approach and the cost approach. For the sales comparison approach, appraisers compare the recent sales of comparable homes that are similar in location, features, size, and condition. The cost approach is significantly less common for home resales and requires that appraisers value homes by determining the cost to build an equivalent building by factoring the cost of land and the cost of home construction, less the depreciation of the home. Appraisers are commonly more comfortable conducting the sales comparison approach based on their familiarity with it and the extent of their experience applying it, and the cost approach is not be accepted by all lenders due to issues related to the selling of loans on the secondary mortgage market. However, several lenders and Native CDFIs working on reservation lands in South Dakota accept appraisals conducted using the cost approach, and Fannie Mae has developed a new program that expands eligibility to use the cost approach for its products on the reservations of tribes that complete a formal process.
<table>
<thead>
<tr>
<th>BARRIERS</th>
<th>OPPORTUNITIES</th>
</tr>
</thead>
<tbody>
<tr>
<td>Closed “pipeline” of appraisals forvaluations of trust land performed by DOI's AVSO</td>
<td>Potential to “open” pipeline by having tribes contract with AVSO to subcontract appraisals on-reservation and expand market for appraisers</td>
</tr>
</tbody>
</table>
| Substantial existing workload outside of reservations means limited interest in entering new market | Provides opportunities for newer appraisers and potential niche for experienced appraisers  
The market for homeownership on reservations is steadily growing, especially due to current low interest rates, and have been more insulated from the effects of economic downturns |
| Lenders and tribal housing entities unaware of available appraisers who will work on reservations and appraisers are unaware of work on reservations | Registering with lenders and tribally designated housing entities via phone or email can ensure appraisers are on list for potential work; potential for central listing of available appraisals in tribal lands |
| Travel distance to rural areas                                            | Depends on appraiser’s location, willingness to travel, and ability to group appraisals; there is potential for travel vouchers from tribes with hotel/casinos |
| Appraisal licensing process in general requires finding supervisory appraiser; one tribe may require tribe-issued license | Those who have a supervisory appraiser to work with or those who are already licensed have an advantage due to limited competition |
| Existing competition of appraisers working on-reservations               | Very few appraisers currently working on reservations  
TDHEs and lenders are very interested in having more than one reliably available appraiser |
Composition, Size, Value, and Projected Growth of Market for Valuation Services on Reservations in South Dakota

The following section provides a description of the composition of the housing market and related appraisal market based on the type, age and amount of housing on reservation lands relative to the current populations and population growth in these areas, the size of the appraisal market in terms of the annual demand for residential appraisals within reservation lands, the estimated value of the current residential appraisal market on reservations, and the likely and potential growth of this market over time. A regional breakout of the projected market in 2021 is also provided.

Market Composition

Evaluation of the market for appraisals on the nine Indian reservations included in this study required an initial assessment of the composition of the underlying housing market and housing stock. This assessment included a review and compilation of the type, amount, and age of the housing stock that currently exists on all nine reservations in South Dakota. According to the Census Bureau’s American Community Survey (ACS) data, a majority of homes on these reservation lands are single-family homes and there are a relatively substantial number and high percentage of mobile homes; these homes tend to be older on average than those located outside of the reservation; and there are many units that are described as vacant that may actually be uninhabitable or require significant renovation or remediation. In addition to illustrating the types and number of potential appraisals available on reservations, the composition of the housing stock on reservations also informs the type of training that appraisers must complete if they wish to work on reservation lands.

Overall, 21% of units on-reservations in South Dakota are labeled as “vacant” but it is unknown how many of these units are uninhabitable (Table 2). Units that are vacant may also be subject to legal restrictions, including fractionated ownership interests which can prevent any one owner from being able to occupy the home, or they may require repair and remediation by the tribal housing entity or private owner prior to occupancy, which could provide opportunities for renovation loans and potential “as-repaired appraisals.” A
majority (55%) of homes on reservations in South Dakota are owner-occupied, but only one quarter of owner-occupied homes currently have a mortgage showing that many homes have either been purchased without a mortgage or have not been resold recently and the current owners have paid off their mortgage (Table 2).

In terms of housing unit value, half of the units with a current mortgage are valued at an owner-estimated value of over $100,000. Homes valued above $100,000 are more likely to need more traditional loans and are thus substantially more likely to require valuation services (Table 3).

Most homes on reservations are one-unit detached (73%), and the next largest category of home is mobile homes (16%) (Table 4). This means that appraisers working on reservations need to understand both single family and mobile home valuations. Appraisers working primarily on reservations in East River are likely to encounter fewer mobile homes than those working in West River reservations including Pine Ridge, Cheyenne River, and Rosebud. There are very few units (5%) in multi-family buildings containing more than 4 units on the nine reservations, so very little appraiser work will require specific competency in working on larger multi-family buildings.

The housing stock on reservations is older relative to other areas. The largest proportion of units were built in the 1970s across all reservations while a substantial amount of housing on South Dakota reservations was developed during the 80’s, 90’s, and early 2000’s (Table 5). According to ACS data, there have been few recently constructed homes. In recent years, new home construction has not kept up with the growth in population both in South Dakota tribal lands and in tribal lands across the United States due to limited mortgage lending within tribal lands and a lack of sufficient federal and other funding for the maintenance of existing affordable housing or the development of new housing. The aging of the existing housing stock, lagging development of new affordable housing units and expansion of home loan options for reservation residents means that there is a potential market for home renovation loans and sales of existing privately-owned homes, as well as the need to increase development of new homes.
Map showing locations of 9 reservations, numbered for ease of use in below tables

### Table 2 | Housing Units on Reservation

<table>
<thead>
<tr>
<th>Map</th>
<th>Name of Reservation</th>
<th>Total Population</th>
<th>Housing Units</th>
<th>Occupied Units (% of all units)</th>
<th>Vacant Units (% of all units)</th>
<th>Owner-Occupied (% of occupied)</th>
<th>Renter-Occupied (% of occupied)</th>
<th>Owner-Occupied Without a Mortgage (% of owner-occupied)</th>
<th>Owner-Occupied With a Mortgage (% of owner-occupied)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Standing Rock</td>
<td>8,618</td>
<td>2,897</td>
<td>2,311 (80%)</td>
<td>586 (20%)</td>
<td>1,136 (49%)</td>
<td>1,175 (51%)</td>
<td>872 (77%)</td>
<td>264 (23%)</td>
</tr>
<tr>
<td>2</td>
<td>Cheyenne River</td>
<td>8,556</td>
<td>3,014</td>
<td>2,396 (79%)</td>
<td>618 (21%)</td>
<td>1,380 (58%)</td>
<td>1,016 (42%)</td>
<td>1,069 (77%)</td>
<td>311 (23%)</td>
</tr>
<tr>
<td>3</td>
<td>Pine Ridge</td>
<td>19,895</td>
<td>5,413</td>
<td>4,246 (78%)</td>
<td>1,167 (22%)</td>
<td>2,313 (54%)</td>
<td>1,933 (46%)</td>
<td>1,868 (81%)</td>
<td>445 (19%)</td>
</tr>
<tr>
<td>4</td>
<td>Rosebud</td>
<td>11,418</td>
<td>3,572</td>
<td>3,050 (85%)</td>
<td>522 (15%)</td>
<td>1,336 (44%)</td>
<td>1,714 (56%)</td>
<td>1,192 (89%)</td>
<td>144 (11%)</td>
</tr>
<tr>
<td>5</td>
<td>Lower Brule</td>
<td>1,631</td>
<td>470</td>
<td>418 (89%)</td>
<td>52 (11%)</td>
<td>148 (35%)</td>
<td>270 (65%)</td>
<td>121 (82%)</td>
<td>27 (18%)</td>
</tr>
<tr>
<td>6</td>
<td>Crow Creek</td>
<td>2,164</td>
<td>687</td>
<td>570 (83%)</td>
<td>117 (17%)</td>
<td>234 (41%)</td>
<td>336 (59%)</td>
<td>201 (86%)</td>
<td>33 (14%)</td>
</tr>
<tr>
<td>7</td>
<td>Yankton</td>
<td>6,829</td>
<td>2,564</td>
<td>2,085 (81%)</td>
<td>479 (19%)</td>
<td>1,379 (66%)</td>
<td>706 (34%)</td>
<td>917 (66%)</td>
<td>462 (34%)</td>
</tr>
<tr>
<td>8</td>
<td>Flandreau</td>
<td>509</td>
<td>218</td>
<td>202 (93%)</td>
<td>16 (7%)</td>
<td>90 (45%)</td>
<td>39 (19%)</td>
<td>68 (76%)</td>
<td>22 (24%)</td>
</tr>
<tr>
<td>9</td>
<td>Lake Traverse</td>
<td>11,052</td>
<td>5,999</td>
<td>4,021 (71%)</td>
<td>1,678 (29%)</td>
<td>2,568 (64%)</td>
<td>1,453 (36%)</td>
<td>1,618 (63%)</td>
<td>950 (37%)</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td>70,672</td>
<td>24,534</td>
<td>19,299 (79%)</td>
<td>5,235 (21%)</td>
<td>10,584 (55%)</td>
<td>8,715 (45%)</td>
<td>7,926 (75%)</td>
<td>2,658 (25%)</td>
</tr>
</tbody>
</table>

(Source: ACS 2018 5-year Estimates)
### Table 3 | Housing Units with Mortgage by Housing Unit Value by Reservation

<table>
<thead>
<tr>
<th>Map</th>
<th>Name of Reservation</th>
<th>Less than $50,000</th>
<th>$50,000 to $99,999</th>
<th>$100,000 to $149,999</th>
<th>$150,000 to $199,999</th>
<th>$200,000 to $299,999</th>
<th>$300,000 to $499,999</th>
<th>$500,000 to $750,000</th>
<th>$750,000 to $999,999 or more</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Standing Rock</td>
<td>82 (31%)</td>
<td>54 (20%)</td>
<td>28 (11%)</td>
<td>32 (12%)</td>
<td>29 (11%)</td>
<td>32 (12%)</td>
<td>0 (0%)</td>
<td>0 (0%)</td>
</tr>
<tr>
<td>2</td>
<td>Cheyenne River</td>
<td>88 (28%)</td>
<td>130 (42%)</td>
<td>43 (14%)</td>
<td>25 (8%)</td>
<td>18 (6%)</td>
<td>5 (2%)</td>
<td>2 (1%)</td>
<td>0 (0%)</td>
</tr>
<tr>
<td>3</td>
<td>Pine Ridge</td>
<td>79 (18%)</td>
<td>192 (43%)</td>
<td>107 (24%)</td>
<td>16 (4%)</td>
<td>43 (10%)</td>
<td>0 (0%)</td>
<td>8 (2%)</td>
<td>0 (0%)</td>
</tr>
<tr>
<td>4</td>
<td>Rosebud</td>
<td>49 (34%)</td>
<td>63 (44%)</td>
<td>8 (6%)</td>
<td>9 (6%)</td>
<td>0 (0%)</td>
<td>7 (5%)</td>
<td>0 (0%)</td>
<td>8 (6%)</td>
</tr>
<tr>
<td>5</td>
<td>Lower Brule</td>
<td>13 (48%)</td>
<td>2 (7%)</td>
<td>0 (0%)</td>
<td>5 (19%)</td>
<td>4 (15%)</td>
<td>0 (0%)</td>
<td>0 (0%)</td>
<td>0 (0%)</td>
</tr>
<tr>
<td>6</td>
<td>Crow Creek</td>
<td>24 (73%)</td>
<td>0 (0%)</td>
<td>4 (12%)</td>
<td>5 (15%)</td>
<td>0 (0%)</td>
<td>0 (0%)</td>
<td>0 (0%)</td>
<td>0 (0%)</td>
</tr>
<tr>
<td>7</td>
<td>Yankton</td>
<td>99 (21%)</td>
<td>89 (19%)</td>
<td>98 (21%)</td>
<td>70 (15%)</td>
<td>32 (7%)</td>
<td>45 (10%)</td>
<td>17 (4%)</td>
<td>4 (1%)</td>
</tr>
<tr>
<td>8</td>
<td>Flandreau</td>
<td>7 (32%)</td>
<td>13 (59%)</td>
<td>0 (0%)</td>
<td>2 (9%)</td>
<td>0 (0%)</td>
<td>0 (0%)</td>
<td>0 (0%)</td>
<td>0 (0%)</td>
</tr>
<tr>
<td>9</td>
<td>Lake Traverse</td>
<td>101 (11%)</td>
<td>265 (28%)</td>
<td>144 (15%)</td>
<td>130 (14%)</td>
<td>157 (17%)</td>
<td>103 (11%)</td>
<td>25 (3%)</td>
<td>5 (1%)</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td>542 (20%)</td>
<td>808 (30%)</td>
<td>432 (16%)</td>
<td>294 (11%)</td>
<td>283 (11%)</td>
<td>192 (7%)</td>
<td>52 (2%)</td>
<td>17 (1%)</td>
</tr>
</tbody>
</table>

(Source: ACS 2018 5-year Estimates)

### Table 4 | Housing Unit Composition by Reservation

<table>
<thead>
<tr>
<th>Map</th>
<th>Name of Reservation</th>
<th>1 unit detached</th>
<th>1 unit attached</th>
<th>2 units</th>
<th>3 or 4</th>
<th>5 to 9</th>
<th>10 to 19</th>
<th>20 to 49</th>
<th>50 or more</th>
<th>Mobile Home</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Standing Rock</td>
<td>2,279 (79%)</td>
<td>16 (1%)</td>
<td>34 (1%)</td>
<td>94 (3%)</td>
<td>17 (1%)</td>
<td>33 (1%)</td>
<td>0 (0%)</td>
<td>0 (0%)</td>
<td>424 (15%)</td>
</tr>
<tr>
<td>2</td>
<td>Cheyenne River</td>
<td>1,952 (65%)</td>
<td>9 (0%)</td>
<td>117 (4%)</td>
<td>54 (2%)</td>
<td>64 (2%)</td>
<td>75 (2%)</td>
<td>62 (2%)</td>
<td>0 (0%)</td>
<td>681 (23%)</td>
</tr>
<tr>
<td>3</td>
<td>Pine Ridge</td>
<td>3,616 (67%)</td>
<td>133 (2%)</td>
<td>47 (1%)</td>
<td>102 (2%)</td>
<td>33 (1%)</td>
<td>67 (1%)</td>
<td>3 (0%)</td>
<td>0 (0%)</td>
<td>1,412 (26%)</td>
</tr>
<tr>
<td>4</td>
<td>Rosebud</td>
<td>2,339 (65%)</td>
<td>19 (1%)</td>
<td>122 (3%)</td>
<td>80 (2%)</td>
<td>149 (4%)</td>
<td>140 (4%)</td>
<td>61 (2%)</td>
<td>0 (0%)</td>
<td>659 (18%)</td>
</tr>
<tr>
<td>5</td>
<td>Lower Brule</td>
<td>369 (79%)</td>
<td>2 (0%)</td>
<td>30 (6%)</td>
<td>10 (2%)</td>
<td>21 (4%)</td>
<td>0 (0%)</td>
<td>4 (1%)</td>
<td>0 (0%)</td>
<td>34 (7%)</td>
</tr>
<tr>
<td>6</td>
<td>Crow Creek</td>
<td>488 (71%)</td>
<td>26 (4%)</td>
<td>17 (2%)</td>
<td>4 (1%)</td>
<td>0 (0%)</td>
<td>28 (4%)</td>
<td>0 (0%)</td>
<td>0 (0%)</td>
<td>124 (18%)</td>
</tr>
<tr>
<td>7</td>
<td>Yankton</td>
<td>2,093 (82%)</td>
<td>43 (2%)</td>
<td>52 (2%)</td>
<td>53 (2%)</td>
<td>64 (2%)</td>
<td>67 (3%)</td>
<td>49 (2%)</td>
<td>3 (0%)</td>
<td>140 (5%)</td>
</tr>
<tr>
<td>8</td>
<td>Flandreau</td>
<td>139 (64%)</td>
<td>8 (4%)</td>
<td>4 (2%)</td>
<td>9 (4%)</td>
<td>14 (6%)</td>
<td>8 (4%)</td>
<td>22 (10%)</td>
<td>0 (0%)</td>
<td>14 (6%)</td>
</tr>
<tr>
<td>9</td>
<td>Lake Traverse</td>
<td>4,691 (82%)</td>
<td>38 (1%)</td>
<td>39 (1%)</td>
<td>78 (1%)</td>
<td>114 (2%)</td>
<td>101 (2%)</td>
<td>74 (1%)</td>
<td>5 (0%)</td>
<td>559 (10%)</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td>17,966 (73%)</td>
<td>294 (1%)</td>
<td>462 (2%)</td>
<td>484 (2%)</td>
<td>476 (2%)</td>
<td>519 (2%)</td>
<td>275 (1%)</td>
<td>8 (0%)</td>
<td>4,047 (16%)</td>
</tr>
</tbody>
</table>

(Source: ACS 2018 5-year Estimates)
Table 5 | Housing Unit Age by Reservation

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Lower Brule</td>
<td>0 (0%)</td>
<td>4 (1%)</td>
<td>39 (9%)</td>
<td>103 (23%)</td>
<td>57 (13%)</td>
<td>179 (40%)</td>
<td>59 (13%)</td>
<td>12 (3%)</td>
<td>0 (0%)</td>
<td></td>
</tr>
<tr>
<td>Crow Creek</td>
<td>0 (0%)</td>
<td>35 (5%)</td>
<td>91 (14%)</td>
<td>143 (22%)</td>
<td>75 (12%)</td>
<td>174 (27%)</td>
<td>85 (13%)</td>
<td>22 (3%)</td>
<td>21 (3%)</td>
<td></td>
</tr>
<tr>
<td>Yankton</td>
<td>32 (2%)</td>
<td>52 (3%)</td>
<td>169 (9%)</td>
<td>280 (15%)</td>
<td>281 (15%)</td>
<td>464 (25%)</td>
<td>249 (13%)</td>
<td>244 (13%)</td>
<td>91 (5%)</td>
<td></td>
</tr>
<tr>
<td>Flandreau</td>
<td>1 (0%)</td>
<td>7 (3%)</td>
<td>23 (11%)</td>
<td>48 (23%)</td>
<td>47 (22%)</td>
<td>72 (34%)</td>
<td>5 (2%)</td>
<td>6 (3%)</td>
<td>2 (1%)</td>
<td></td>
</tr>
<tr>
<td>Lake Traverse</td>
<td>125 (3%)</td>
<td>179 (4%)</td>
<td>748 (17%)</td>
<td>452 (10%)</td>
<td>599 (14%)</td>
<td>1,004 (23%)</td>
<td>456 (10%)</td>
<td>539 (12%)</td>
<td>263 (6%)</td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>248 (1%)</td>
<td>491 (2%)</td>
<td>2,536 (12%)</td>
<td>3,757 (18%)</td>
<td>3,521 (17%)</td>
<td>5,372 (25%)</td>
<td>2,746 (13%)</td>
<td>1,759 (8%)</td>
<td>879 (4%)</td>
<td></td>
</tr>
</tbody>
</table>

(Source: ACS 2018 5-year Estimates)

Table 6 | Estimated Demand for Valuation Services by Reservation

<table>
<thead>
<tr>
<th>Map</th>
<th>Name of Responding Entity</th>
<th>Estimated Total Demand Within Next 12 Months</th>
<th>Estimated Individual Homeowner Appraisals</th>
<th>Estimated TDHE Purchases Appraisals</th>
<th>Estimated TDHE Insurance</th>
<th>Estimated Mutual Help Conveyances</th>
<th>2019 Total</th>
<th>2019 Individual Home Sales - Housing Units</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Estimated Total Appraisals</td>
<td>Estimated Individual Homeowner Appraisals</td>
<td>Estimated TDHE Purchases Appraisals</td>
<td>Estimated TDHE Insurance</td>
<td>Estimated Mutual Help Conveyances</td>
<td>2019 Total</td>
<td>2019 Individual Home Sales - Housing Units</td>
</tr>
<tr>
<td>1</td>
<td>Standing Rock Housing Authority</td>
<td>14</td>
<td>2</td>
<td>2</td>
<td>10</td>
<td>0</td>
<td>1</td>
<td>2,897</td>
</tr>
<tr>
<td>2</td>
<td>Cheyenne River Housing Authority</td>
<td>7 - 32</td>
<td>5</td>
<td>2</td>
<td>0</td>
<td>25</td>
<td>15</td>
<td>3,014</td>
</tr>
<tr>
<td>3</td>
<td>Oglala Sioux Tribe Partnership for Housing, Inc.* (Pine Ridge)</td>
<td>29</td>
<td>8</td>
<td>12</td>
<td>9</td>
<td>0</td>
<td>1</td>
<td>5,413</td>
</tr>
<tr>
<td>4</td>
<td>Sicangu Wicoti Awayankapi Corporation (Rosebud)</td>
<td>16 - 20</td>
<td>2</td>
<td>7</td>
<td>7</td>
<td>4</td>
<td>14</td>
<td>3,572</td>
</tr>
<tr>
<td>5</td>
<td>Lower Brule*</td>
<td>4</td>
<td>1</td>
<td>2</td>
<td>1</td>
<td>0</td>
<td>1</td>
<td>470</td>
</tr>
<tr>
<td>6</td>
<td>Crow Creek Housing Authority</td>
<td>25 - 39</td>
<td>5</td>
<td>10</td>
<td>10</td>
<td>14</td>
<td>0</td>
<td>687</td>
</tr>
<tr>
<td>7</td>
<td>Yankton Sioux Housing Authority</td>
<td>9 - 14</td>
<td>5</td>
<td>2</td>
<td>2</td>
<td>5</td>
<td>0</td>
<td>2,564</td>
</tr>
<tr>
<td>8</td>
<td>Flandreau Santee Sioux Housing Authority</td>
<td>4</td>
<td>1</td>
<td>2</td>
<td>1</td>
<td>0</td>
<td>3</td>
<td>218</td>
</tr>
<tr>
<td>9</td>
<td>Sisseton Wahpeton Housing Authority (Lake Traverse)</td>
<td>41 - 68</td>
<td>26</td>
<td>15</td>
<td>0</td>
<td>27</td>
<td>23</td>
<td>5,699</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td>149 - 224</td>
<td>55</td>
<td>54</td>
<td>40</td>
<td>75</td>
<td>58</td>
<td>24,534</td>
</tr>
</tbody>
</table>

(Source: ACS 2018 5-year Estimates)

*Lower Brule and OSLH at Pine Ridge did not complete a survey, and data representing these areas was imputed using information given data received from other nearby entities, appraisers, and lenders.
Market Size
Since publicly available data regarding on-reservation home sales and appraisals does not exist for these nine reservations, study coordinators interviewed and surveyed tribally designated housing entities, lenders, and appraisers familiar with the market for appraisals in South Dakota.

The survey responses provided by the TDHEs\(^1\) indicated an estimated total demand for 149-224 appraisals on reservations in South Dakota over the next year (see Table 6). This includes an estimated 55 appraisals for homeowners for home purchases, 94 appraisals from TDHEs for new home purchases and insurance purposes, and 75 Mutual Help units being conveyed to homeowners by tribally designated housing entities that may or may not be appraised before and/or after being conveyed.

According to the TDHEs, there were an estimated 58 home sales across the nine reservations in 2019. The survey of lenders working in tribal areas almost mirrored this number as these lenders indicated that they provided at least 60 loans for home sales requiring appraisals on reservation lands in South Dakota in the past year.

Market Value
The total estimated value of the appraisal market on Indian reservations in South Dakota was determined by multiplying the size of the market referenced above by the average appraisal price in each of the three regions of the state as provided by lenders and TDHEs. Given the average appraisal costs, the total annual value of the market for home appraisals is currently estimated to be between $120,950 and $185,750.

The prices that lenders reported paying per appraisal on reservation lands in South Dakota ranged from $500 to $2,300, depending on the location and required timeframe for completion. The price paid per appraisal heavily depends on how many appraisals can be grouped together, the travel time to the appraisal location from the appraiser’s office, and whether the appraisal needs to be expedited. For example, a lender or TDHE that is able to group three appraisals in similar locations may be able to negotiate a per-appraisal price as low as $500, while a buyer or lender who needs an expedited appraisal in a remote area may pay as much as $2,300.

While lenders were careful to note that there was a wide range of fees paid for appraisals, they were able to report average appraisal prices by region. Lenders estimated that the

---
\(^1\) TDHEs provided responses related to their reservations, and lenders provided data covering multiple reservations that overlapped with the information TDHEs supplied but did not include appraisals that were conducted for TDHEs.
average appraisal price was approximately $750 in South West River; $1,000 for in North West River; and $800 in East River (see map of regions on page 23).

Market Growth

Data collected through surveys and interviews concerning the number of recent and anticipated home loans as well as American Community Survey housing and population data and Home Mortgage Disclosure Act (HMDA) data provide clear evidence that the market for home appraisals on reservation lands in South Dakota is growing and has considerable growth potential.

American Community Survey data illustrates a growing population within reservations (Figure 1), increasing household incomes (Figure 2), increased overcrowding in homes (Figure 3), and slow growth in the total number of housing units in South Dakota tribal areas (Figure 4), which demonstrates both the slow recent expansion of the housing market and the growing demand for new housing development in these areas.

The observed average annual 0.3% growth in the total number of housing units on the nine Indian reservations is lower than expected when compared to an average annual 0.7% growth in population for these areas over an eight-year period starting in 2010 (See Figures 1, 4). For comparison, the U.S. is experiencing an average annual 0.6% growth in housing units with an average of 0.8% annual growth in population, while South Dakota is experiencing an average of 1.0% growth in both the number of housing units and population. As noted above, the recent lack of parity between the growth in new housing units on reservations and the growing population as well as existing overcrowding in reservation homes shows a substantial need for new home construction.

A recent report from the Consumer Financial Protection Bureau\(^2\) shows that, in the United States in 2019, there were 8.1 million closed-end mortgage originations that would have required valuation services across the United States. Given a population of 70,672 individuals living on reservation lands in South Dakota, if these reservation lands experienced a similar rate of mortgage originations as a percentage of the overall population, we would expect approximately 1,700 closed-end mortgage originations on South Dakota tribal lands that would require appraisal services. This potentially illustrates an opportunity for an increase in demand for home appraisals on reservation lands.

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\(^2\) Data Point: 2019 Mortgage Market Activity and Trends: A First Look at the 2019 HMDA Data, June 2020
Figure 1 | Population Living in South Dakota Tribal Areas

(Source: ACS 5-year Estimates)

Figure 2 | Median Household Income

(Source: ACS 5-year Estimates)
Figure 3 | Persons Per Occupied Housing Unit

(Source: ACS 5-year Estimates)

Figure 4 | Housing Units on South Dakota Reservations

(Source: ACS 5-year Estimates)
Lenders anticipated substantial growth in the number of home loans on reservations over the next five years and reported varying levels of expected growth. They reported anticipating 20-50% annual growth in home loans that will require appraisal services in the near-term (see Table 7 for growth projections using the figures provided by lenders).

Table 7 | Projected Appraisal Growth on Reservation Lands by Lending Entities

<table>
<thead>
<tr>
<th></th>
<th>2021 Appraisals Estimated Range</th>
<th>2022 Appraisals Estimated Range</th>
<th>2023 Appraisals Estimated Range</th>
<th>2024 Appraisals Estimated Range</th>
<th>2025 Appraisals Estimated Range</th>
</tr>
</thead>
<tbody>
<tr>
<td>20% Annual Growth Projection*</td>
<td>149 - 224</td>
<td>179 - 254</td>
<td>215 - 290</td>
<td>258 - 333</td>
<td>310 - 385</td>
</tr>
<tr>
<td>50% Annual Growth Projection*</td>
<td>149 - 224</td>
<td>224 - 299</td>
<td>336 - 411</td>
<td>504 - 579</td>
<td>756 - 831</td>
</tr>
</tbody>
</table>

*Note: These growth projections are derived from estimated annual growth by different lenders working on South Dakota Tribal Lands. As noted above, the higher number of the estimated appraisal range is due to the uncertainty surrounding the need for appraisals for homes conveyed to reservation residents by TDHEs.

Much of this growth in on-reservation home loans appears to have been spurred by the members of the South Dakota Native Homeownership Coalition as demonstrated by the large number of potential home loans in the SDNHC “loan pipeline,” which is a compilation of data reported by members via a portal maintained by SDNHC. According to SDNHC’s 2019 Annual Survey, reported in July 2020, coalition members had 370 American Indian/Alaska Native families in the loan pipeline on the path to homeownership, which illustrates substantial current activity and growth potential in the market for home loans on Indian reservations. Additionally, SDNHC members closed 47 home-related loans totaling over $3 million in 2019 and had already closed 40 home-related loans as of July 2020, an early sign of potential growth in 2020 over 2019.

The reduction of barriers to entry into the market for consumers can also present substantial opportunities for market growth, and potential homeowners on reservation lands have a unique set of historical, informational, credit-related and other barriers that have prevented them from purchasing homes, but which are now being addressed by CDFIs, TDHEs and tribal credit unions. For example, housing and homeownership needs studies conducted by South Dakota Native Homeownership Coalition members found that a majority of survey respondents interested in homeownership on the Yankton, Standing Rock, Cheyenne River, and Rosebud Indian Reservations found it either “very difficult” or “somewhat difficult” to get a mortgage.3 The most commonly selected barrier among

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3 South Dakota Native Homeownership Coalition Housing Needs Studies were jointly funded by the South Dakota Housing Development Authority (SDHDA) and participating tribes.
survey respondents was “saving enough for down payment and closing costs,” and other
top-reported barriers included “poor credit history,” “not enough income to make a
monthly loan payment,” “low credit score,” “lack of available housing” and “lack of
information and understanding about the buying process.” As CDFIs continue to expand
their pools of capital and experience addressing these concerns on reservation lands in
South Dakota, many of the top barriers to potential homeowners will continue to be
meaningfully addressed, which is likely to subsequently increase the demand for valuation
services on reservation lands.

Analysis of Market by Region
The larger market for appraisals can be broken
into smaller regional markets to allow appraisers
to better distinguish work that is within range for
them. These three markets include region 1 (East
River), region 2 (North West River), and region 3
(South West River). These regional markets are
summarized below.

Region 1, East River (Lake Traverse, Flandreau, Yankton, Crow Creek)
• Estimated annual demand in 2021: 79 - 125 appraisals
• 3:59 drive time from Lake Traverse to Yankton
• Estimated Average Appraisal: $800
• Estimated Total 2020 Market: $63,200 - $100,000

Region 2, North West River: Standing Rock and Cheyenne River
• Estimated annual demand in 2021: 21- 46 appraisals
• 2:42 Drive Time from Pierre to northern Standing Rock
• Est. Average Appraisal: $1,000
• Estimated Total 2020 Market: $21,000 - $46,000

Region 3, South West River: Pine Ridge, Rosebud, Lower Brule
• Estimated annual demand in 2021: 49 - 53
• 3:00 Drive Time from Rapid City to Lower Brule
• Estimated Average Appraisal: $750
• Estimated Total 2020 Market: $36,750 - $39,750
Efforts to Support Market Structure and Growth

Markets are rarely static and the activities of individual businesses and organizations to catalyze, strengthen, support and reduce barriers to entry into a market can significantly impact the size, stability and growth potential of a market, and, in this case, the activities of SDNHC and its partners have the potential to restructure and develop a solid foundation for a more robust appraisal market on Indian reservations in South Dakota. For example, SDNHC organized a task force consisting of appraisers and housing professionals to address the challenges of obtaining appraisals on reservation lands and it helped coordinate a paid training for 11 appraisers in October 2020 in Pierre, South Dakota to address the cost approach and other issues related to conducting appraisals on reservations. TDHEs and other SDNHC members have also discussed recording home sales in a uniform database that would make it easier for appraisers to find comparable sales, “seeding the market” by arranging for appraisals of existing housing stock to help familiarize appraisers with working on tribal lands, offering appraisers tours of reservations to meet relevant staff and identify critical sources of information, and potentially offering travel vouchers for stays at casino hotels for appraisers traveling long distances to complete work on their reservations.

Homeowners at Eagle Nest Housing at Wanblee, SD on the Pine Ridge Reservation. They utilized a Lakota Funds Veterans Homeownership Match Savings Account and financed the home through Mazaska.
Unpredictable Market Growth Variables

The information gathered and reviewed during this study identified steady, and potentially substantial, growth for the appraisal market on reservation lands in South Dakota, but there are several factors that may impact the size, stability and growth of the market that cannot be accurately predicted. The following is a non-exhaustive list of these issues:

1. Due to the historic insulation of tribal housing markets from fluctuations in the larger national housing market, the amount of growth or the longer-term impacts of record-low interest rates on home purchases and sales on reservations that are currently driving significant loan activity both on- and off-reservation lands in South Dakota and nationwide cannot be accurately projected.

2. The impact that expanded residential valuation and the availability of reliable property value information will have on the number of buyers and sellers who will enter the housing market based on their increased faith in the accuracy of the prices at which properties are bought and sold is unknown.

3. The number of Mutual Help homeowners who will ultimately seek renovation or rehabilitation loans following the conveyance of their homes from the tribal housing entity cannot be predicted. (According to lenders familiar with this submarket, most owners will be interested in appraisal services to support renovation or rehabilitation loans post-conveyance since most of these homes have not likely been renovated during the 25-year term of the purchase agreement.)

Left: Homeowners in front of Eagle Nest Housing home on the Pine Ridge Reservation.
Right: Homeowners who were served by Four Bands Community Fund, Inc. in their home on the Cheyenne River Indian Reservation.
Conclusion

The market for home appraisals on Indian reservations, while smaller than other urban and suburban markets, is steady and growing and presents the potential for significant future growth based on the recent stimulation of a previously dormant market for homeownership on reservations by Native CDFIs and TDHEs; the age of the existing housing stock and increasing shortage of housing due to decades of underfunding of affordable housing; and the efforts of SDNHC, its members and its partners to strengthen and restructure the market for appraisals and facilitate the smooth entry of appraisers into the market for residential appraisals on reservations. Lenders working on reservation lands, including Native Community Development Financial Institutions (Native CDFIs) have been able to increase capacity and anticipate 20%-50% annual growth in home loans requiring appraisals on reservations. Expanding homeownership programs within tribal housing entities as well as the increased availability of federal home loan guarantee programs to support additional lending on trust lands have increased the number of reservation-based housing loans requiring appraisal services. Tribes, TDHEs, and others expressed interest in actively working to break down barriers for appraisers as well as barriers for potential homeowners. The combination of these proactive steps and developments will further grow and fortify the housing markets, and corresponding need for home appraisals, on Indian reservations in South Dakota.
APPENDIX A

Summary of Recommendations for SDNHC

The list below provides a set of recommended steps that the South Dakota Native Homeownership Coalition could consider taking in order to support, restructure, strengthen and expand the market for appraisal services on reservation lands in South Dakota.

- Create a tribal consortium to contract with the BIA and the Department of Interior’s Realty/Title Appraisal and Valuation Services Office (AVSO) that will expand the market for appraisers so that they can appraise tribal trust lands including land on residential, agricultural, and commercial land. A tribal consortium could also work to gain access to the Trust Asset and Accounting Management System (TAAMS) and act as a Land Titles and Records Office (LTRO) that could allow tribes to manage their own trust assets more efficiently. Currently, long waits for appraisals from the AVSO and Title Status Reports (TSRs) from the BIA’s LTRO act as market barriers to homeownership.

- Develop a tribal, or inter-tribal/statewide, database to record sales. This can be supported by tribal ordinances from each tribe that make the recordation of sales a requirement. This software would require specific size, condition, feature and location information for each unit. Such a database could be overseen by a data analyst working for a tribe, or on behalf of all the tribes. Preexisting database software, such as AgWare, can allow access for appraisers statewide. Two of eight responding housing entities reported that their tribe already records sales; all others expressed interest in recording or having their tribe do so in the future. Interviews with appraisers confirmed that there is not consistency between recordation in the two areas, and the system would improve if they could access the same sales. In order to best record home sales, we recommend that a consortium of tribes use valuation recordation software, such as AgWare, to uniformly record sales in a centrally managed and accessible repository.

- TDHEs (or tribes) can pay for a specific number of appraisals/valuations throughout reservation to “seed” the market for appraisers, support appraiser work, and maintain lists of appraisers who will work on reservations; some TDHEs participating in our survey offered to help seed the market for appraisers by guaranteeing them work.
• TDHEs and tribes can host orientations for appraisers to get acquainted with data sources, meet relevant contacts, and review and evaluate structures on tribal lands where they can work in the future.

• TDHEs and tribes can explore partnering with Fannie Mae\(^4\) to make new mortgage products available on tribal lands. With this newly available potential partnership, on-reservation home loans could be sold on the secondary market using the cost approach. This can increase liquidity among lenders working in tribal areas, increase the number of lenders who would be willing to work on reservations, provide more opportunities to finance home loans, and potentially lead to more home sales, loans and appraisals.

\(^4\) Read more about how to partner with Fannie Mae through a formal MOU process here: [https://singlefamily.fanniemae.com/native-american-homeownership](https://singlefamily.fanniemae.com/native-american-homeownership)
APPENDIX B

Model – Morongo Band of Mission Indians

Ten tribes nationwide have contracted with the Department of the Interior to issue Title Status Reports (TSRs) that had previously taken place under the Bureau of Indian Affairs (BIA) Division of Land Titles and Records. The Morongo Band of Mission Indians also manages its own appraisal program that was previously managed by the Department of Interior’s Appraisal and Valuation Services Office (AVSO). Big Water Consulting reached out to the Morongo Band of Mission Indians in California to learn more about this process and how other tribes may be able to reproduce their success.

The Morongo Band of Mission Indians in Southern California has direct access to TAAMS (Trust Access and Accounting Management System) so the Tribe can more efficiently manage trust assets. The process to access TAAMS took about three years, and it took another two years before the Tribe was able to issue its first title status report in 2008. This was a big step forward for tribal sovereignty: the Tribe no longer had to wait for the local Land Title and Records Office to issue Title Status Reports (TSRs) and was able to certify each allotment on the reservation within eighteen months.

In 2015, the Tribe was also able to contract with the Department of the Interior’s AVSO to appraise land in addition to issuing TSRs. This meant the Tribe could hire local appraisers and get appraisals done within a month as opposed to waiting nine months to a year for getting an appraisal on Tribal Trust Land.

As a result of this process, the valuation market for appraisers on the reservation expanded to include agricultural and commercial land appraisals that were previously completed by the AVSO. The Tribe’s role in recording of sales allows them to ensure all sales are recorded and readily available to appraisers. From the outset, the Tribe worked closely with appraisers working on tribal lands to ensure that appraisers were properly supported; they also ensured they were able to discourage appraisers from discounting the value of the land based solely on its on-reservation location.

The credibility that the Tribe gained from contracting with the BIA and accessing TAAMS increased the comfort and activity of mortgage lenders, and significantly increased the speed of the home buying process. Since 2008, the tribe built approximately 300 homes through the HUD 184 program, many on its trust land. Prior to 2008, the Tribe had difficulties closing HUD 184 loans due to long waits for TSRs and long waits for appraisals.
According to ACS estimates, the number of occupied housing units on-reservation increased by 19.6% from 2010 to 2018.\(^5\)

In addition to the Morongo Band of Mission Indians, tribes with their own Land Titles and Records Offices include: Cherokee Nation of Oklahoma, Choctaw Nation of Oklahoma, Muscogee (Creek) Nation, Colville Tribes, the Flathead Nation, Agua Caliente Band of Cahuilla Indians, Salt River Pima–Maricopa Indian Community, Soboba Band of Luiseno Indians, and Cabazon Band of Mission Indians. The Morongo Band of Mission Indians’ Realty Department has offered to help other tribes or consortiums develop similar programs to help break down the barriers to homeownership.

\(^5\) 5-Year ACS