



**CONGRESSIONAL BUDGET OFFICE
COST ESTIMATE**

May 5, 2005

**H.R. 1773
Native American Veteran Home Loan Act**

As introduced on April 21, 2005

H.R. 1773 would permanently extend the Native American Veteran Housing Loan Pilot Program. Under the program, which is scheduled to expire at the end of calendar year 2008, the Department of Veterans Affairs (VA) makes direct loans to veterans living on trust lands for the purchase, construction, or improvement of a home. The bill also would increase the maximum loan amount by indexing this amount to the Freddie Mac conforming loan limit for single-family homes, which is adjusted annually to reflect home prices. Finally, it would expand eligibility for the program to include certain non-Native American veterans who are spouses of Native Americans and have joint ownership of property on trust lands.

In 1993, Public Law 102-389 provided appropriations of \$4.5 million for the subsidy cost of these loans. Since the program's inception, VA has made almost 500 loans at an estimated subsidy cost of \$2.2 million. Although the program initially incurred subsidy costs, it currently has a negative subsidy rate of 13.8 percent and an estimated annual loan level of about \$2.5 million. Based on information from VA, CBO estimates that the increase in the maximum loan amount and the expanded eligibility would not affect the program significantly, and would thus not have any significant effect on the current subsidy rate or loan levels. CBO estimates that enacting H.R. 1773 would lower direct spending by less than \$500,000 a year over the 2009-2015 period. In addition, CBO estimates that VA's administrative expenses, a discretionary cost, would continue after 2008 under the bill. We estimate that those costs would average \$650,000 a year over the 2009-2015 period, assuming the availability of appropriated funds.

H.R. 1773 contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act and would not affect the budgets of state, local, or tribal governments.

The CBO staff contact is Sunita D'Monte. This estimate was approved by Peter H. Fontaine, Deputy Assistant Director for Budget Analysis.