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History's Lesson for HUD and Tribes

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HISTORY'S LESSON FOR HUD AND TRIBES

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ABSTRACT

In 1998, Indian housing entered a new era. HUD ended its practice of channeling funds for Washington-designed Indian housing programs to HUD-sponsored local Indian Housing Authorities (IHAs) and converted programmatic funds into block grants to tribal housing agencies, which were allowed to design and implement their own programs. The hope was that increased tribal control would greatly improve the quantity and quality of housing available in Indian Country. This paper analyzes the differential success of the IHAs and provides important information about the conditions under which the new tribal efforts will be successful. Results suggest that unless the new approach addresses core issues of tribal governance, it will be inadequate for real reform of Indian housing. IHAs that had access to capable judicial, political, bureaucratic, and socio-cultural governance mechanisms could better enforce rent payment, deter vandals, and constrain official opportunism—factors that negatively affect IHA performance. IHAs located in environments that lacked such governance institutions were less able to develop and maintain the community's housing resources. Thus, unless tribal housing program development proceeds hand-in-hand with tribal institutional development, the promise of new, tribally controlled programs may go unfulfilled.

I. INTRODUCTION

The Native American Housing Assistance and Self-Determination Act of 1996 (NAHASDA)—which was implemented in the spring of 1998—changed the system for funding housing development in American Indian areas dramatically. NAHASDA specified that the U.S. Department of Housing and Urban Development (HUD) would continue to provide money for housing development, rehabilitation, and rent or lease-to-own subsidies, but that funding was to take the form of block grants rather than appropriations to nationally designed Indian housing programs. Further, money was to flow directly to wholly tribal agencies rather than to local HUD-approved Indian Housing Authorities (IHAs).

Indian leaders hailed these changes as an important acknowledgment of tribal self-determination and self-governance. Jacqueline Johnson, then HUD Deputy Assistant Secretary for Native American Programs, declared in a newsletter to tribes, "Congress and HUD have fully recognized the sovereignty and authority of the tribes. Tribes have been released from the overly regulated patterns of the past and now have the flexibility to carefully assess their own needs, plan for the future of their own tribe and its members, and then make it happen" (Johnson 1998, p. 1).

Significantly, however, Johnson's enthusiastic description of program changes ends with this warning: "With that freedom comes tremendous responsibility. The success of the program now lies with the Tribe and its housing entity" (*ibid.*). In other words, while the old system could be criticized in many ways—and has been (see below)—the new system is not without risk to Indian nations. On the up side, block grant funding might result in a much-improved reservation housing stock. Since the Act frees tribes from many regulatory burdens and from the individually sub-optimal "cookie cutter" programs developed for all of Indian Country (or, worse, for urban public housing authorities), the money might be used to develop more and better housing in communities where it is desperately needed. Conversely, the downside is much worse than before. Not only might funds be

squandered, but the federal government could deny responsibility for program failures. As one analyst summarized, "Most experts feel that NAHASDA is a mixed bag for tribes. Some tribes may thrive because of NAHASDA's flexibility while others will flounder" (Carroll 1998, p. 12).

Will tribal communities really experience different results under the new funding regime? If so, what will drive this difference? Which tribes will experience better outcomes? The changes put in place by NAHASDA are too fresh to generate direct answers to these questions. However, the program that immediately preceded NAHASDA provides important guidance; this paper analyzes the performance of the Indian Housing Authorities in the early 1990s and shows that the institutional environment in which a housing program operated was a critical determinant of its success. The distinctive contribution of this study is the finding that, regardless of their programmatic drawbacks, IHAs were best able to create public value when they operated in Indian communities with well-developed formal mechanisms for rule enforcement and/or ongoing social enforcement traditions.

Section II provides a more detailed description of the IHAs, their failings, and prior research on the reasons for their success and failure. Section III responds to this evidence. In particular, it explores the potentially powerful connection between effective institutions of governance and IHA success intimated by the examples of failure and by the (limited) findings of previous research. The section makes more explicit links between theories of good government and IHA success; introduces data on tribe-specific legal, political, bureaucratic, and socio-cultural governance capacities; and tests the hypotheses. Section IV discusses the implications of the findings of this research for current Indian housing policy and, based on these conclusions, recommends ways for the U.S. government and individual tribal governments to better support Indian housing programs.

II. INDIAN HOUSING PROGRAMS IN THE EARLY 1990S

Much of the housing in Indian areas is and has been publicly provided—both because reservation residents have been poor and because land ownership issues have complicated the development of private real estate markets. While the Bureau of Indian Affairs has provided a limited amount of housing support through its "Housing Improvement Program" and some tribes have had small programs of their own, HUD has been the major supplier of housing in Indian areas since it began offering services to tribes in the 1960s under the auspices of the U.S. Housing Act. By the early 1990s, there were many Indian communities in which HUD-funded Indian Housing Authorities provided and serviced more than 50 percent of the occupied housing stock (see Table 1).

The specific functions of the IHAs were to plan, build or purchase, manage, and rent or sell assisted housing units under the provisions of the U.S. Housing Act. In particular, the IHAs sought funding for and implemented HUD's two Indian programs. As its name implies, the Rental Program empowered IHAs to lease homes to low income individuals at subsidized rates, with each IHA retaining ownership of the homes and full responsibility for their maintenance and repair. By contrast, the Mutual Help Program encouraged home ownership. IHAs purchased or built the homes and sold them to Indian tenants at subsidized rates; as owners, tenants were responsible for home upkeep and repair. Organizationally, IHAs carried out these functions under the terms of a tribal charter (while funded by HUD, IHAs are nonetheless tribal entities[1]), under the general supervision of a tribal board of directors, and under the day-to-day management of an executive director.

[1] As tribal entities, there is no need for tribes to "contract" to take over the services IHAs provide, a structural change proven important to institutional performance in other research (Krepps and Caves 1994).

TABLE 1
Percentage of Indian-Area, Native-Occupied Housing Served by IHAs

Region	All Households 1990	Low Income Households* 1990	All Households 1994
Total US	25.9	42.0	25.3
North Central†	46.8	64.3	46.0
Eastern††	15.2	27.3	13.9
Oklahoma	15.8	31.7	14.5
South Central‡	8.0	13.7	6.8
Plains‡‡	55.2	78.0	54.1
Arizona-New Mexico	24.5	33.3	25.8
California-Nevada	51.8	72.5	55.9
Pacific Northwest§	28.0	46.7	28.8
Alaska	32.9	49.7	33.5

Source: Kingsley *et al.* 1996, p. 86, Table 3.5
Notes:
***** "Low Income" households are those that earn less than 80 percent of the local median income
† Michigan, Minnesota, Wisconsin
†† Alabama, Connecticut, Delaware, Florida, Georgia, Illinois, Indiana, Iowa, Kentucky, Maine, Maryland, Massachusetts, Mississippi, New Jersey, New Hampshire, New York, North Carolina, Ohio, Pennsylvania, Rhode Island, South Carolina, Tennessee, Vermont, Virginia, West Virginia
‡ Texas, Louisiana, Arkansas, Missouri, Kansas
‡‡ Nebraska, Montana, South Dakota, North Dakota, Wyoming, Colorado, Utah
§ Washington, Oregon, Idaho

Clearly, HUD programs have been of vital necessity on most reservations, yet by the early- to mid-1990s, there was a general feeling that IHAs were not very good at their jobs. For example, the National American Indian Housing Council titled one of its advocacy reports "Indian Housing in the 1990s: Still Waiting"

(Harjo 1991). 1990 Census statistics (released in 1995) demonstrated the persistence of deplorable reservation housing conditions and made the point even more profoundly. Twenty percent of American Indian households in reservation areas lacked complete plumbing facilities, and 18 percent lacked complete kitchen facilities (rates comparable to overall U.S. population rates in the 1950s)[2]; wood (a fuel rarely used nationally) was used to heat 1 in every 3 American Indian reservation homes; and American Indians living on reservations were twice as likely as Americans in the general population to live in mobile homes (14 percent versus 7 percent) (Bureau of the Census 1995a, 1995b, 1995c). In sum, 40 percent of Native Americans on tribal lands lived in overcrowded and inadequate housing, as compared to 6 percent of the U.S. population as a whole (Kingsley *et al*. 1996). The efforts of IHAs had not changed the fact that American Indians living on reservations occupied some of the worst housing available in the United States.

In describing these circumstances, the Executive Director of the National American Indian Housing Council asserted, "It points to a failure of the program and a failure of Congress to get the funds out there to the reservation" (Carroll 1997, p. 13). But other evidence suggests that the problem was not one of funding alone and, in fact, that funding may not even have been the most important problem. In 1996, a series of Pulitzer prize-winning investigative reports in the *Seattle Times* added fuel to the fire of criticism surrounding HUD programs (Nalder *et al.* 1996).[3] The

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[2] Complete plumbing facilities consist of hot and cold piped water, a flush toilet, and a bathtub or shower. Complete kitchen facilities consist of a sink with piped water, a range or cookstove, and a refrigerator.

[3] The series ran in the week of December 1, 1996. See, for example, "State by State Examples of Mismanagement and Abuse," "Tribal Housing: From Deregulation to Disgrace," "The Otoes: Leaders at Housing Authority Replace Needy on Waiting List for Homes," "The Tulalips: Despite $92,000 Income, Couple Got Federal Aid to Build 5,300 Square-foot House," all printed on December 1, 1996; and, "From Deregulation to Disgrace: Tribal Housing" and "South Dakota: 'Viscious Politics' Gets the Blame for Nepotism," from December 3, 1996. All articles in the series

paper printed state-by-state and tribe-by-tribe bullet points describing abuses and longer articles about the worst offenders. The director of the Tulalip Housing Authority used funds intended for "low income" housing to build a 5,296 square foot home for herself. Managers of the Northern Pueblos IHA gave themselves and their employees priority on the housing placement and repairs lists. Administrators of the Sisseton-Wahpeton Sioux Tribe's IHA admitted that they often gave preference to political, not absolute, needs. The reports left the impression that, all too often, serving needy residents and improving reservation housing conditions were not IHA officials' main goals.

Rightly, HUD asserted that both the Census statistics and *Seattle Times'* investigative reports obscured the fact that many authorities were extremely effective in the uphill battle to improve Indian housing. Objective evidence to support this rebuttal was the result of an earlier round of reform. In the 1980s, HUD had established a rating system for evaluating IHA performance, the Administrative Capacity Assessment (ACA). Each year, an IHA received a separate rating, scaled from 1 to 100, for its record on a variety of reasonable performance measures, including development, modernization, administration, financial management, occupancy, and maintenance.[4] An authority's final ACA score was the average of these pre-specified, independent indicators and, therefore, was a very good measure of an IHA's overall performance. The ACA ratings underscored HUD's point: The lower quartile scores from the period 1990-93 ranged from 16.75 to 66.27, while the upper quartile scores ranged from 84.06 to 97.32. Some IHAs were functioning very well.[5]

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may be accessed from the *Seattle Times'* website: http://archives.seattletimes.com

[4] In other words, all of the problems with IHAs cited by critics are taken into account by these measures.

[5] These ACA score comparisons are unlikely to suffer from between-tribe or between-region inconsistencies in measurement: One component of the Urban Institute study discussed in the next several paragraphs was a comprehensive evaluation of the Administrative Capacity Assessment

On the other hand, HUD itself had been interested in understanding the differential success of IHAs. In 1994, the Department commissioned the Urban Institute (UI) to assess American Indian housing needs and programs; one of the central goals of the study was to determine the factors that contributed to IHA success. UI used regression analysis to test a variety of possibilities. For instance, IHAs responsible for managing a larger group of homes might have been more (or less) efficient. Older IHAs may have climbed the learning curve and developed more effective practices (or, on the other hand, have been less effective because their housing stock was particularly old). IHAs with limited access to quality human capital might have suffered from relatively worse management. IHAs operating in more poverty-stricken communities might have faced more severe housing problems and have been less able to swim against the tide. IHAs operating in communities nearer to urban areas or in the midst of large non-Indian populations might have faced lower hurdles to housing development, because of their access competitive commercial sectors and the existence of better physical infrastructure. While each of these explanations is plausible *ex ante* (and, indeed, HUD and IHA administrators had stressed many of them[6]), the Urban Institute did not find that any of the factors significantly affected housing authority performance.

Instead, the Urban Institute study suggested that political and institutional explanations told more of the story. UI's argument begins with the observation that the measure of IHA financial performance used in the ACA calculation, the total value of

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system. The research concludes, "Our review of this system suggests that it is well specified and employs reasonable quality control procedures to promote reliability" (Kingsley *et al*. 1996, p. 167). This is an advantage for the empirical work presented later in this paper as well.

[6] For example, in a contemporaneous General Accounting Office (GAO) study, the most common answer offered by HUD and IHA officials in response to the question "Why is providing housing assistance for Native Americans challenging and costly?" was "the remoteness and limited human resources of many IHAs and the Native American communities they serve" (GAO 1997, p. 9).

tenant accounts receivable (TARs), had a critical effect on the overall ACA score. Besides entering the calculation directly, it appeared that TARs affected many of the other ACA component scores. Because many IHA responsibilities were funded out of rent and mortgage collections, if an IHA was unable to collect from tenants, it was the beginning of a vicious circle: The IHA could not maintain rental housing, modernize existing housing units, or if a unit did become empty, offer the now dilapidated property to new tenants. Low tenant collections also prevented an IHA from developing or purchasing additional units beyond any specific allocations from HUD for such activities. In other words, besides determining an IHA's financial score, high TARs affected an IHA's maintenance, modernization, occupancy, and development performance and, subsequently, its ratings in these areas.[7] Faced with fairly dramatic data on the variation in tenant accounts receivable,[8] and the apparent consequences of these statistics for IHA performance, UI researchers made their argument for political and institutional factors explicit:

> While some tribes enforce strong eviction policies (and therefore avoid large TARs), others either are unwilling or unable to do so. Explanatory factors include the existence of weak tribal court systems and the conflict of such policies with tribal culture, as well as the lack of forceful management" (*ibid.*, pp. 158-9).

In sum, IHAs with real eviction capabilities could rely on that power (or the threat of that power) to decrease tenant accounts

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[7] The argument accords well with other anecdotal evidence. For example, GAO also determined that "the high level of unpaid rent among assisted Native American families has exacerbated the problem of accomplishing needed maintenance" (GAO 1997, p. 16) and limited individual IHAs' overall capabilities.

[8] The 10 percent of IHAs with the best accounts receivable records reported an average outstanding rent balance of only $5 per tenant, while the 10 percent with the worst records reported an average outstanding rent balance of $1,256 per tenant (Kingsley *et al*. 1996).

receivable and improve their financial management, maintenance, modernization, occupancy, and even development performance profiles.[9]

Despite the attractiveness of this conclusion, the only factor that UI was able to test, even obliquely, was the third—the existence of forceful management, which was proxied with a measure of IHA executive director turnover. IHAs in the lowest performance quartile had an average of six executive directors over the decade from 1984 to 1993, about twice the average for those in the highest performance quartile (*ibid*.). Similarly, in a regression specification controlling for the economic and environmental variables listed above (number of homes managed by the IHA, IHA age, available human capital, reservation poverty rate, proximity to an urban area, and the racial composition of the reservation population), UI found that the turnover of IHA executive directors was statistically significant and negatively correlated with ACA scores.[10]

Because UI lacked the necessary data, the remaining hypotheses on effective enforcement mechanisms remain untested—yet the results of such tests may be of great importance to the success of new housing programs created under NAHASDA. If a lack of

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[9] It may seem that this explanation blames poor IHA performance on poor people. That conclusion is incorrect. The unpaid rents were *means-tested* rents (the IHAs provided "assisted housing"), so tenants were not being asked to pay amounts that their incomes could not justify. Further, when the hypothesis is tested in regression analysis, it is possible to control for community-level wealth, which further lessens blame on the poor.

[10] It should be noted that executive director turnover could be the result rather than the cause of poor IHA performance. Urban Institute researchers cite anecdotal evidence to support their assumed direction of causality; this paper offers an additional anecdote in Section III.A. In the absence of a good instrument to control for the variable's endogeneity (to the extent it exists), UI researchers opted to leave it their regression equations, and initial analysis presented in this paper follows suit. After other, more fundamental "strong management" and effective governance variables are added to the specifications in this paper, however, the turnover variable declines in significance, and it is excluded from later regression estimates.

effective tribal-level governance institutions was a concern for IHAs, institutional weakness is likely to affect the performance of the new tribal agencies as well. Block grants allow tribes to design more appropriate housing programs and, therefore, address some of the issues that IHAs were unable to—but community-level institutional problems would likely plague even these approaches and, thus, continue to stand in the way of housing program improvement.

The next section argues that the characteristics of the institutional environment in which a housing authority operated were even more important to IHA performance than TAR-based reasoning suggests, proposes a variety of data that describes tribes' institutional environments, and presents tests of the influence of these variables.

III. GOVERNANCE IN INDIAN NATIONS

III.A. Further Connections between Governance and IHA Performance

The Urban Institute study focuses narrowly on one enforcement concern (getting tenants to pay rents or mortgage bills). In doing so, the work fails to recognize that a variety of problems that plagued IHAs might be addressed with the same general set of solutions—better institutions of governance, which provide better discipline over inappropriate individual behavior. Additional examples of how undisciplined individual behavior may have dampened IHA success, and how effective governance might have improved performance, are offered below. The discussion also highlights the fact that governance can occur in many ways—through legal threats, cultural admonishments, political sanctions, and even through bureaucratic rules that specify how things *should* be done. The point is to show why an institutional explanation might be an even more comprehensive explanation of IHA performance than earlier research suggested, and to begin to introduce the kinds of institutional controls that should be evaluated in empirical tests.

Before proceeding, however, it should be noted that this paper still will not offer evidence of whether and where eviction policies conflict with culture, as UI reasoned they might. (In fact, requiring individuals to leave their homes is distasteful in *most* societies.) Instead, this paper suggests an alternate way in which culture enters the IHA performance equation—cultural and social norms may be important elements of the institutional and governance environment in which IHAs operate. Enforcement against inappropriate individual behavior may be provided by formal constraints based in a society's legal, political, and bureaucratic structure *and* by informal constraints embedded in its citizens' social ties and shared culture.

For example, one of the additional impacts of effective governance on IHA performance may be the way that known and appreciated checks on individual behavior affect the tasks on which a housing authority spends its resources. The TARs data demonstrate that an IHA's performance depends on its managers' ability to follow through on planned maintenance, modernization, and development tasks—managers cannot pursue these goals if funds are uncollectable. But the goals also are compromised if unforeseen circumstances channel IHA spending in undesirable directions. Consider, for instance:

> When homes are abandoned [through eviction or when tenants abscond], the home is usually left in shambles, vandalism occurs to many homes while they wait for repair. This adds unwarranted expense to the housing authority and creates another substandard unit for some family to occupy (Harjo 1991, p. 18).

In other words, even in communities where eviction is possible, IHAs may yet face enforcement and money problems that lead to poor performance scores. And they do: 65 percent of the IHA officials responding to the Urban Institute's telephone survey reported that tenants' abuse of the homes they occupied and vandalism of vacant homes were the factors contributing most to maintenance costs (Kingsley *et al.* 1996, see also GAO 1997).

Research from the criminal justice field on the methods and outcomes of so-called "community policing," where community members and the police jointly employ their resources against such disturbances, provides the link to effective governance. The literature suggests that the police and community's use of formal and informal enforcement mechanisms (active patrol by police and "eyes are watching you" vigilance by community members, swift and certain judicial punishment if apprehended, and clear community approbation of violators) prevent the occurrence and escalation of such acts of vandalism (Kelling and Coles 1996; Wilson and Kelling 1982, 1989). In sum, here is a second role for effective judicial institutions and social control in the determination of IHA performance. By deterring vandals (and perhaps even tenant negligence), effective enforcement institutions should make upkeep problems less prevalent; decrease unscheduled maintenance and preserve the money an IHA has available to pursue its community development purposes; improve the authority's maintenance, modernization, development, and occupancy scores; and lead to greater overall IHA success.

An even bigger problem for an IHA may have been its location within a system of government that was ineffective and failing overall. For example, while UI researchers find IHA executive director turnover to be a significant indicator of housing authority success, they also observe, "It seems likely that IHA director turnover is itself influenced by unstable or ineffective tribal governance" (Kingsley *et al.* 1996, p. xxiv). Indeed, executive director turnover may simply be a proxy for an important aspect of government failure—a high degree of "politicization" in a tribe's system of government. And as the National Indian Housing Council notes, IHAs perform poorly in overly politicized systems:

> Housing authority board members can be appointed and removed by tribal governing bodies for purely tribal political reasons rather than questions of suitability or qualification. What often happens is that newly appointed commissioners are directed to replace the current IHA administration and appoint

> individuals more closely aligned with the politics of the newly elected tribal leader. This often leads to the destruction of the authority's level of administrative effectiveness. It can take several years to restore the IHA's capacity (Harjo 1991, p. 15).

The abuses reported in the *Seattle Times* are in many ways similar. They reflect self-interested behavior not only by politicians but also by IHA officials, which ineffective tribal governments were unable to check. In these cases, *any* mechanisms that might de-link politics from management control of the IHA (for example, a capable bureaucracy, an independent court, the rules governing election processes, social control, etc.), minimize opportunities for "agent slippage" (and at worst, corruption), and motivate officials to serve community rather than personal purposes should improve IHA performance and be reflected in an authority's ACA scores.

In sum, effective governance underwrites IHA performance in many ways. It makes eviction possible and threats of eviction credible, it deters vandals and others who would seek to abuse homes, and it limits the self-serving behavior of housing authority managers and their political overseers. These arguments provide even an stronger motivation for investigating the argument of previous research, that institutional differences between tribes may have been a critical determinant of differences in IHA performance, and thus, there is even more reason to seek tests of the hypothesis.

III.B. Governance Data

The examples above suggest several types of governance that may have mattered to IHA performance:

- *Legal Governance*—Court action or the threat of court action may have motivated renters to pay-up, vandals to desist, and opportunistic officials to refrain from self-dealing.

- *Political Governance*—Incentives provided by the democratic process, especially the desire to be re-elected, may have constrained political officials to behave well.

- *Bureaucratic Governance*—Clear models of and rules for appropriate behavior, and sanctions against inappropriate behavior, may have limited the inherent politicization of the system and motivated good official behavior by example or coercion.

- *Informal, Socio-Cultural Governance*—Shared values and socio-cultural means of showing approval or disapproval may have disciplined renters, vandals, and officials who sought to use the IHA's resources for personal gain.

The trick, of course, is to find data describing the between-tribe variability in these institutional capacities. Three data sources provide promise: tribal constitutions (which describe political and judicial differences between tribes), BIA records (which provide some indication of tribes' bureaucratic capacities), and U.S. Census data (which offer some purchase on socio-cultural capacities). The sources and data are discussed in turn below.

III.B.1. Tribal Constitutions (Legal and Political Governance Data)

Since the 1930s, most American Indian nations have been politically organized under tribal constitutions, which (among other things) outline the powers of government, assign functional responsibilities to various branches, define the leadership structure for the nation, and delineate citizenship rules. These documents, in combination with field observation, provide a rich source of data on the governance systems of American Indian nations.

For example, tribal constitutions offer information about the possibilities for and strength of legal governance. Planks within the tribe's primary document often specify whether a judiciary is

or can be constitutionally created and, if so, whether it will be answerable to the executive or legislative branches of government. In other words, and at least for the time period studied,[11] tribal constitutions generally indicate whether an American Indian nation lacks a judiciary, possesses only a "weak" judiciary (one under executive or legislative branch control), or possesses an "independent" judiciary (one that operates as a wholly separate third branch of government and, hence, has power to both make and enforce judicial decisions). Variables coded to reflect these differences could be used to test the influence of court systems on IHA performance. Presumably, an IHA would have performed better (because of its ability to enforce evictions and prosecute vandals and because of the tribe's ability to bring self-dealing politicians and IHA managers to justice) when the American Indian nation it served had a court system or, perhaps in particular, an *independent* court system.

Tribal constitutions also specify the way in which chief executives and legislators are selected (which, in turn, indicates which individual or group within the tribe holds the majority of decision-making power) and term lengths—aspects of institutional structure that may further influence the behavior of tribal members and affect IHA performance through the provision of political governance. For example, there are three general types of leadership structures, which can be roughly categorized "presidential" (the chief executive is popularly elected), "parliamentary" (the tribal legislature elects the tribal chief executive), and "Athenian" (the voting populace holds the majority of power). Evidence from the field and from other empirical research suggests that the latter two systems are more likely than presidential systems to become highly politicized (see, for example, Bryan 1996, especially pp. 82-83 and pp. 89-90, and Cornell and Kalt 2000), and thus, tribes' leadership and power

[11] This caveat takes note of the fact that from approximately the mid-1990s onward (largely due to the demands of more sophisticated tribal government operations), there has been a significant *extra-constitutional* effort both to improve tribal court systems and, for tribes that lacked judiciaries, to create them.

structures may have had important implications for IHA performance. Because parliamentary systems bind leaders' more tightly to the desires of legislators than to the wishes of the populace, leaders in these systems may have been tempted to "play politics" with housing authority resources in an attempt to purchase their legislative colleagues' goodwill. Because Athenian systems in Indian Country are notoriously unstable and factionalized, they too may have allowed ample opportunities for unchecked self-dealing with IHA resources by politicians and IHA officials. By contrast, leaders in presidential systems may have been held most accountable to the individuals who should have been served by the tribe's IHA.[12]

Information on term lengths may describe similar opportunities for political leaders to serve private versus public interests—although the relationship is not clear *a priori*. On the one hand, longer terms of office may encourage politicians to maximize over a longer time horizon. Theoretically, such thinking increases the probability that individuals will choose actions that increase community utility[13]—and with respect to IHA performance, longer terms may have led tribal leaders to the assessment that their re-election prospects were best served by supporting reliable and consistent IHA service to needy citizens. On the other hand, longer terms limit citizens' opportunities to punish bad behavior (for example, acquisitioning the resources of the IHA for personal purposes) and may have led to lower IHA performance scores.[14] Yet in spite of these conflicting predictions, the arguments suggest that—either through their

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[12] Another way of making these points is to note that in Indian Country, presidential systems offer the greatest separation of powers between the executive and legislative branches of government, Athenian systems offer the least, and parliamentary systems occupy the middle ground.

[13] Grossly, this is the familiar "folk theorem" in game theory.

[14] Apparently, citizens of Indian nations with short terms do view their franchise in this light. Bryan (1996) quotes a member of the Fort Peck Tribe of Assiniboine and Sioux Indians: "We don't want to go to four-year terms, as we could elect one bad council member and not be able to get him out in four years" (p. 47).

influence on politicians' preferences or the opportunities they provide for censure by citizens—terms of office are a component of the institutional environment that may have an important impact on IHA performance.

III.B.2. BIA Records (Bureaucratic Governance Data)

As noted above, IHAs were likely to have performed more poorly when they were embedded in government systems that were failing overall. Such systems allow questionable behavior to go unchecked and provide no incentives for or examples of effective performance. In that light, it is probably the case that tribal governments with well-developed, well-functioning bureaucracies were not failing governments. Governments with capable bureaucracies would have had the internal capacity to provide oversight and to offer examples of sound management (if not technical assistance *per se*) to housing authorities. For example, they may have offered built-in checks on self-dealing (such as anti-nepotism rules and clear conflict-of-interest guidelines) and models for achieving financial and administrative performance goals. These effects might well be termed "bureaucratic governance."

Data from Bureau of Indian Affairs (BIA) financial records offer the possibility of proxying for this type of bureaucratic sophistication. During the 1970s and 1980s, a number of tribal governments had difficulty repaying subsidized loans from the BIA. They either went into default or found it necessary to reschedule payments on or refinance the loans—which already were offered on easy terms. Field observation suggests that the problems were caused by thin and ineffective bureaucratic structures for overseeing the disposition and repayment of loan monies.[15] In sum, poor loan payment records, incapable bureaucracies, and failing government are versions of the same problem, writ small and writ large, and the loans data makes it

[15] Jorgensen (1993) provides an example of the systemic bureaucratic difficulties faced by one tribe with particularly severe loan payment problems.

possible to control for the problem in assessing IHA performance.[16]

III.B.3. U.S. Census Information (Socio-Cultural Governance Data)

Thus far, the proposed mechanisms of governance have been formal. But as noted in the discussions of TARs, vandalism, and opportunism, socio-cultural mechanisms may be an additional source of leverage over inappropriate individual actions. In other words, informal governance mechanisms are an important part of the institutional environment as well.[17] Unfortunately, given human emotions and creativity, socio-cultural control can take place in a multitude of ways and surely occurs in very different ways from society to society and culture to culture. Perhaps the best actual examples of socio-cultural governance are case-specific, such as those detailed in Ostrom (1990). In large dataset work (as conducted here), these considerations make direct study of the methods and institutions of social and culturally based enforcement difficult. Fortunately, the idea of "bureaucratic capacity," discussed above, suggests a useful alternative: It

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[16] Upon examination of the data, one American Indian nation stands out as a case in which the "problem loan" code is probably not a good indicator of bureaucratic capacity: the Crow Nation. The Crow own one of the largest deposits of "clean coal" in the world, a resource that may have allowed them to stay out of debt trouble with subsidized U.S. government loans. Yet the Crow government bureaucracy is inefficient and incapable in many ways. Analysis presented in Table 5 adds a Crow dummy to account for this observed difference. Other treatments are possible (the Crow data could be left out of the analysis altogether, or the Crow "problem loan" code could be artificially set to 0) and have been tested. Neither changes the core results of this research.

[17] That HUD also believed this to be the case is evidenced in the Department's efforts to create community watch groups and neighborhood associations within Indian communities. Likewise, in interviews with the author, members of the Gila River Indian Community cited lower levels of social control ("No one knows each other") as the reason that housing projects in one community were in worse physical condition than housing projects located elsewhere on the reservation.

should be possible to compare societies on their capacity or potential to provide socio-cultural means of control.

Especially sociologists, but also economists and political scientists who have considered the phenomenon, suggest that a society's capacity to practice social control is determined by its stock of social resources. Capable societies are rich in trust (Fukuyama 1996, La Porta *et al.* 1997, Sabel 1993), inter-personal networks (Granovetter 1985, Powell and Smith-Doerr 1994) and, most generally, "social capital" (Coleman 1990, Loury 1977, Putnam 1993), which refers not only to trust and networks, but to "any aspect of informal social organization that constitutes a productive resource for one or more actors" (Coleman 1994, p. 170). Operatively, the idea is that members of societies rich in trust, friendships, overlapping obligations, ritual associations, colleague groups, information flows, norms and stories, etc., have many social resources that they can employ to ensure cooperation, reinforce mutual preferences, discourage malfeasance, constrain opportunism, and limit exactly the sorts of behavior that may have led to poor housing authority performance. Thus, even without knowledge of specific informal governance mechanisms, a society's stock of social resources offers information about the possibility of governance through social control.

Empirical researchers have used a variety of techniques to control for or measure a society's stock of social resources. Some authors (for example, Menashi 1997) use direct survey methods to count common relationships, quantify network size, and assess information flows. Others use indirect survey tools to compare society-wide levels of trust (for example, La Porta *et al*. 1997) or network density (for example, Putnam 1993). Still others use more general proxies. A particularly instructive subset of this research uses language variables as indicators of the existence of informal institutional resources. Mauro (1995) and La Porta *et al.* (1999) use the degree of "ethno-linguistic fractionalization" (the probability that two randomly selected members of a country's population will not belong to the same ethno-linguistic group) to control for the possibility that groups with very different social and cultural ties will be unable to

sustain political cooperation. Similarly, Hall and Jones (1997) use colonial language as an indicator of "inherited institutions," which are likely both formal and informal in nature. This study follows suit and uses variables describing Native language use, derived from U.S. Census data, to account for the existence of shared social resources and a capacity for informal governance.

Beyond empirical precedent, there are specific reasons why language variables may be a good way to account for social resources, or why language-use variables may provide information about the likelihood that a tribal community can call on social-cultural enforcement methods to improve IHA performance. First, Native language use develops and thickens networks, which as noted, are an important component of social infrastructure. More specifically, networks may provide more and better means of sanctioning inappropriate behavior—they increase the number of avenues by which one person can communicate her disapproval to another, and they are an efficient means of locating "experts," who, with respect to IHA performance, might be the individuals (clan leaders, grandmothers, coaches) best able to provide discipline. Native language use and language learning call into existence, bound, and reinforce network relations because they can only occur via networks. For example, as the Advocates for Indigenous California Language Survival point out, personal relationships are vital to language learning: "Nothing can replace the give and take of teacher and student, master and apprentice" (Whittemore 1997, p. 49). And, in writing about the connection between Native language use and the resurgence of indigenous nations in the U.S., Deloria and Lytle (1988, p. 251) argue, "Language is the first glue that links peoples together."

Second, shared language may be a powerful indicator of shared social or cultural norms, and if a shared language is the vehicle by which norms are best expressed, it may itself be a social resource. Support for these ideas comes from both within and outside the Native language literature. Participants in the California indigenous language project reason, "Knowing the language can resurrect a value system… it is not just the words, it is what they mean, the nourishment they impart" (Whittemore 1997, p. 50).

Their goal in teaching indigenous languages to younger generations is that, "The words—and not just the words, but words as aquifers of values and culture—will thus flow on" (*ibid.,* p. 46). Basso (1990) cites a Western Apache example of how socio-cultural norms may be best or most efficiently expressed in a shared language. In Western Apache culture, metaphors—that either are not or cannot be expressed in English—are commonly used to communicate Apache "wise words," or culturally based personal criticism. Likewise, Ostrom *et al.* (1992) reason that the use of specific words in communication can become an important means of achieving "covenants without a sword," or behavior enforcement without formal coercion. Most generally, Light and Karageorgis (1994) view language as a typical "ethnic resource," or socio-cultural attribute of an ethnic group that members can rely on to accomplish their goals; for example, they suggest that language and other ethnic attributes are resources that "co-ethnic entrepreneurs actively utilize in business or from which their business passively benefits…" (p. 659).

The specific variables to be used to describe the IHAs' informal institutional environment are the degree of language knowledge in the population overall (the percentage of the population age 5 and above who use the Native language at home), the degree of language learning among youth (the percentage of the population age 5-17 who use the Native language at home), and the degree of language knowledge among adults (the percentage of the population age 18 and above who use the Native language at home).[18] By proxying for the density of network ties, the existence of shared norms and cultural ideas, and other types of social resources, these variables should provide empirical purchase on community members' ability to know of, feel the pressure of, and use socio-cultural means to promote appropriate behavior—in this case, to enforce tenants' payment commitments, make eviction possible when necessary, limit vandalism, and curb rent-seeking by politicians and IHA officials.

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[18] These age groupings may not be ideal, but they are the ones provided by U.S. Census data.

Table 2 summarizes these and all other institutional variables used in the next section's tests of IHA performance.

TABLE 2
Institutional Variables Summary, 61-Tribe Dataset

Variable	Definition	Expected Effect	Mean & Std. Dev.
Legal Institutions			
Independent Court	Tribe's court functions as an independent, 3rd branch of government	+	$\mu = 0.16$ $\sigma = 0.37$
Non-Independent (Weak) Court	Court constitutionally allowed, but under control of legislature or chief exec.	+	$\mu = 0.64$ $\sigma = 0.48$
No Constitutionally Created Judiciary	Constitution does not create a court; excluded category	n/a	$\mu = 0.20$ $\sigma = 0.40$
Political Institutions			
Presidential Political System	Tribe's chief exec. holds majority of political power	+	$\mu = 0.57$ $\sigma = 0.50$
Parliamentary Political System	Tribal legislature holds majority of political power; excluded category	n/a	$\mu = 0.33$ $\sigma = 0.47$
Athenian Political System	Tribal citizens hold majority of political power	–	$\mu = 0.10$ $\sigma = 0.30$
Administrative Term of Office	Length in years of tribal admin.'s term of office	+ or –	$\mu = 2.49$ $\sigma = 1.09$
Bureaucratic/Management Institutions			
Tribal Bureaucratic Capacity	Tribe had difficulty repaying subsidized BIA loans in the 1970s-80s	–	$\mu = 0.46$ $\sigma = 0.50$
Effective IHA Management	# of IHA Executive Directors, 1984-93	–	$\mu = 3.81$ $\sigma = 2.66$
Socio-Cultural Institutions *(3 alternatives)*			
Alt 1. Population Language Knowledge	% of reservation's Indian pop., age 5+, that speak the Native language	+	$\mu = .27$ $\sigma = .23$
Alt 2. Youth Language Knowledge	% of reservation's Indian pop., ages 5-17, that speak the Native language	+	$\mu = 0.15$ $\sigma = 0.20$
Alt 3. Adult Language Knowledge	% of reservation's Indian pop., age 18+, that speak the Native language	+	$\mu = 0.33$ $\sigma = 0.26$

III.C. New Tests of IHA Performance

In 1993, there were approximately 181 operational Indian Housing Authorities in the continental United States and Alaska (Kingsley, *et al.*1996), but data limitations make it impossible to test the effect of institutional variables on the entire group. The two most significant restrictions on data set size arise because the new variables are appropriately collected at the reservation (Indian nation) level[19] and because consistent data describing formal institutions are available only for the largest, non-Oklahoma, and non-Alaska tribes in Indian Country.[20] Thus, the effects of formal and informal governance on IHA performance are tested on a 61-observation subset; these are the only large, non-Oklahoma, non-Alaska American Indian nations that also had a sole-service IHA.

Table 3 compares the universe of IHAs to this smaller group. They are similar in many respects: The mean ACA scores, reservation poverty rates, and executive director turnover rates are nearly identical. Predictably, IHAs serving the large tribes that comprise the 61-tribe subset were established earlier, managed more housing units, and were located in more ethnically Indian communities. The tribes in this smaller subset are also somewhat nearer to large urban areas (a difference driven

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[19] Over 30 percent of the IHAs operating in 1993 served more than one reservation.

[20] This paper relies on constitutional data coded and verified by Stephen Cornell and Joseph P. Kalt for Cornell and Kalt (2000). Observations in this data set were restricted to the largest tribes in Indian Country because of theoretical concerns about the differences in large and small group dynamics and because verifying governance structure codes is time-consuming. Oklahoma tribes are excluded because their organization under the Oklahoma Indian Welfare Act makes them incomparable to other continental-U.S. Indian communities: they lack reservations, Census data is reported in a different way, and they are in other ways institutionally distinct. Alaska tribes were excluded largely because of their size (the vast majority are quite small) and the fact that their geography tends to make them outliers in other respects when compared to tribes in the lower 48 states.

entirely by the exclusion of Alaska IHAs) and had a lower rate of private and non-profit sector employment (a difference that also may be a function of the tribes' larger size—larger tribes probably had larger governments, which then may have accounted for a larger share of available employment opportunities).

TABLE 3
Comparison of IHA Universe to Subset for Institutional Tests

Variable	Universe Mean* & Std. Dev.	61-Tribe Subset Mean &Std. Dev.
Average ACA Score 1990-93	$\mu = 74.74$ $\sigma = 12.78$	$\mu = 72.47$ $\sigma = 9.77$
# of Units (Homes) Managed by IHA	$\mu = 411.66$ $\sigma = 543.33$	$\mu = 499.43$ $\sigma = 358.50$
IHA Age	$\mu = 22.73$ $\sigma = 6.53$	$\mu = 26.23$ $\sigma = 5.57$
Non-govt emps/1000 AI pop in 1989	$\mu = 132.52$ $\sigma = 70.71$	$\mu = 108.30$ $\sigma = 48.25$
% Low Income AI Households in 1989	$\mu = 0.66$ $\sigma = 0.15$	$\mu = 0.68$ $\sigma = 0.13$
Miles to City with >50K population	$\mu = 101.63$ $\sigma = 115.50$	$\mu = 87.85$ $\sigma = 55.73$
Total reservation pop/AI pop in 1989	$\mu = 3.79$ $\sigma = 5.59$	$\mu = 3.07$ $\sigma = 5.30$
IHA Exec Director Turnover (#, 1984-93)	$\mu = 3.97$ $\sigma = 2.61$	$\mu = 3.81$ $\sigma = 2.66$

*There are 176 ACA score observations, although there were 181 operational IHAs in 1993-94. Of these 176 observations, 4 are missing poverty rate, remoteness, private sector employment, and racial mix data; 3 are missing executive director turnover data; 5 are missing IHA age data; and 9 are missing both executive director turnover and IHA age data. Thus, the "universe" summary data report on only 155 IHAs. Six additional observations are likely to have truncated executive director turnover counts, since in 1993 they had been in existence fewer than 10 years.

But as shown in Table 4, and especially in the second specification, which clarifies the controls on human capital and reservation economic conditions, these differences do not alter the Urban Institute's conclusion that executive director turnover—a

sign of institutional weakness—was a primary indicator of IHA performance (as measured by the Administrative Capacity Assessment, or ACA, score).[21] Indeed, the main difference between these findings and that of prior research on a larger dataset is the effect of reservation economic circumstances on IHA performance. In the 61-tribe sample, IHA performance was worse in tribal communities characterized by higher unemployment rates and greater poverty. Yet rather than being a by-product of the data set size restrictions, the difference is probably due to this paper's use of a somewhat different (and better)

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[21] UI's human capital and reservation poverty controls suggest a lack of familiarity with Indian Country data. For example, their model uses the rate of private and non-profit sector employment as a measure of human capital, apparently under the assumption that government jobs do not provide adequate training in the type of "business" experience necessary to manage a successful IHA. But in Indian Country, government employment may not mean the same thing it does outside Indian Country. Programs that tribal governments manage under contracts with the federal government (such as wildlife management operations) may be "business-like." Similarly, a number of tribes have opted for public ownership of businesses, which makes many enterprise managers government employees. And certainly in 1989 (when 1990 Census data were collected and before tribal gaming became a significant engine of non-government employment for some tribes), many reservation communities were characterized by limited non-governmental employment opportunities—but that did not mean that human capital was scarce. For lack of opportunity, there were many educated, but unemployed tribal citizens. For these reasons, the UI measure is a flawed measure of human capital, and college completion among Native reservation residents is a better control. On the other hand, the private and non-profit employment measure *is* an indicator of something—the fact that a tribal economy had an active non-transfer sector. In that sense, the variable is controlling for economic conditions and should perhaps be left in the specification. This is only one way to take account of the economic milieu, however, and UI was right to seek a more comprehensive control. But their choice, a poverty rate measure, suffers from still other problems. The relative poverty of all American Indians living on reservations in 1989 limits variation in this variable. As compared to non-Indians, most Indian households were poor and had incomes lower than the local all-races median. Whether or not a reservation is economically prosperous is better reflected in a variable that compares Indians to Indians without the intervening comparison to non-Indians. Thus, reservation-level Native employment rates are much more indicative of Indian communities' relative economic circumstances.

dependent variable. Here, models estimate the average ACA score over the period 1990-1993, while the Urban Institute's model estimated the ACA score for 1993. Multiple year aggregates are more likely to reflect persistent correlations between IHA under-performance and poor economic conditions, which may not be evident in a single year's "chance" good performance.[22] In sum, the 61-tribe subset does not appear to differ in important ways from the larger group of IHAs.

[22] To the extent that they are possible, tests confirm this hypothesis. Among the 155 IHAs for which relative poverty rate data is available, the rate is correlated with mean 1990-93 ACA scores at the 89 percent significance level in a regression model identical to column 2 of Table 3. And, among the 111 IHAs serving a single reservation for which complete data exist, the unemployment rate is correlated with mean 1990-93 ACA scores at the 97 percent significance level in a regression model identical to column 3 of Table 3. Repeated attempts to obtain single year ACA data (and the score components) failed, so attempts to replicate UI tests exactly and confirm their findings were impossible.

TABLE 4
Baseline IHA Performance Models
(Mean ACA Score, 1990-93)

Variable	UI Specification	Human Capital & Economic Conditions Clarifications
# of Units (Homes) IHA Managed, 1993	0.001 (0.003)	0.002 (0.003)
IHA Age, 1993	-0.015 (0.264)	-0.040 (0.269)
Non-government Emps/1000 AI Pop, 1989	0.053* (0.031)	0.034 (0.030)
% College Graduates, Age 25+, 1989		0.587 (0.523)
% Low Income AI Households, 1989	-15.266† (10.314)	
Reservation Unemployment Rate, 1993		-15.325** (6.393)
Miles to City with >50K Population	0.053* (0.029)	0.038 (0.028)
Total Reservation Pop/AI Pop, 1989	-0.228 (0.325)	-0.100 (0.290)
Effective IHA Mgt. (Exec Director Turnover)	-0.816* (0.448)	-0.927** (0.413)
+ Regional Controls		
Constant	79.408*** (12.186)	81.827*** (10.513)
Adjusted R^2	0.17	0.22
# of Observations	61	61

Notes:
1) ***significant at the 0.01 level, **significant at the 0.05 level, *significant at the 0.10 level, †significant at the 0.15 level; all models use the White-Huber method for calculating robust standard errors.
2) Footnote 20 of this paper explains the clarifications made in column 3.

Table 5 presents several institution-augmented models of IHA performance. Institutional variables increase the explanatory power of the model by 21-22 percentage points (adjusted R^2=0.17-0.22 in Table 4 and adjusted R^2=0.38-0.44 in Table 5).

TABLE 5
Institution-Augmented Models of IHA Performance (Mean 1990-93 ACA Score)

	I	II	III	IV
Legal Institutions				
Independent Judiciary	10.924***	10.775***	9.390***	11.175***
	(3.855)	(2.145)	(2.200)	(2.204)
Weak Judiciary	1.411			
	(3.555)			
Political Institutions				
Presidential Political System	-3.288			
	(3.525)			
Athenian Political System	-1.882			
	(3.720)			
Administration's Term of Office	-2.230†	-2.620**	-2.476**	-2.550**
	(1.473)	(1.269)	(1.248)	(1.282)
Bureaucratic/Management Institutions				
Bureaucratic Capacity	-6.744**	-6.433***	-6.232***	-6.531***
(Government Loan Problems)	(2.896)	(2.253)	(2.189)	(2.276)
Effective IHA Management	-0.235			
(Executive Director Turnover)	(0.641)			
Socio-Cultural Institutions				
Social Resources 1: Population 5+	13.947**	14.812***		
Language Knowledge, 1989	(6.425)	(5.246)		

Social Resources 2: Youth Language Knowledge, 1989			16.272*** (4.507)	
Social Resources 3: Population 18+ Language Knowledge, 1989				11.424** (5.628)
Infrastructure and Market Conditions				
# of Units (Homes) IHA Managed, 1993	0.004 (0.003)			
IHA Age, 1993	-0.046 (0.216)			
Non-government Employees/1000 American Indian Population, 1989	0.043 (0.035)			
% College Graduates, 1989	0.850† (0.533)	1.070** (0.477)	0.959* (0.489)	1.081* (0.490)
Reservation Unemployment Rate, 1993	-23.864*** (7.162)	-24.673*** (5.349)	-24.103*** (5.406)	-24.638*** (5.617)
Miles to City with >50K Population	0.013 (0.036)			
Total Reservation Population/American Indian Population, 1989	-0.190 (0.209)			
Regional & Crow Controls		(coefficients not reported)		
Adjusted R^2	0.377	0.436	0.445	0.418
# of Observations	61	61	61	61

Notes: *** significant at the 0.01 level, ** significant at the 0.05 level, * significant at the 0.10 level, † significant at the 0.15 level; all models use the White-Huber method for calculating robust standard errors.

Remarkably, a wide variety of institutions are correlated with higher scores: independent judiciaries, opportunities to sanction bad behavior at the ballot box, the constraints and examples provided by capable bureaucracies and bureaucrats, and socio-cultural controls. Indeed, the results suggest that the conjectures above are correct—access to effective governance institutions, whatever the particular institutions might be, improves IHA performance. By enforcing payment commitments (and when necessary, eviction orders), deterring vandals, and shutting down official opportunism, effective governance mechanisms put IHAs in a better position to meet their goals.

Specific examples reinforce this point. Consider two tribes, one with an independent judiciary, the other without, but that are identical in all other respects. Based on the models in Table 5, the fitted ACA score of the IHA serving the tribe with the effective court system is 9-11 points higher—which is the difference between an average ACA score and a top quartile score. Other formal governance mechanisms provide less dramatic, but still compelling comparisons. An IHA operating under the auspices of a tribal administration serving a four-year term of office posted an ACA score that was, on average, five points lower than the score of an IHA working with a two-year administration. IHAs serving tribes with historically weak government bureaucracies received performance ratings that were 6-7 points lower than average. Such differences explain the entire score gap between, for example, the IHA serving the Hoopa Valley Indian Nation (mean ACA 1990-93=75.93, independent judiciary, two-year administrative terms, no history of loan repayment problems) and the IHA serving the Northern Cheyenne Indian Tribe (mean ACA 1990-93=58.72, no independent judiciary, four-year administrative terms, history of loan repayment problems[1]).

The findings also demonstrate the power of socio-cultural control. Tribal communities rich in social resources—measured

[1] Notably, the Northern Cheyenne Tribe has undertaken substantial institutional reform since the early 1990s and may now have better governance options.

here in several slightly different ways, but with similar findings on each measure—had better performing IHAs, a result which lends support to the postulate that IHAs in these communities had access to strong informal (socially and culturally based) enforcement mechanisms. ACA score differences associated with typical differences in communities' stocks of social resources compare well with the influence of formal institutions. For example, if two tribes differ only in their members' reported knowledge of the Native language, with the difference being that virtually no members know the language in one tribe versus approximately forty percent reporting language knowledge in the other, the fitted IHA performance score is 5 points higher. The meaning of this result is that IHAs serving tribes that were in some way more "traditional" were more effective; clearly, traditional does not mean backward.

IV. CONCLUSIONS AND RECOMMENDATIONS

How will tribes fare under the Native American Housing Assistance and Self-Determination Act? What can HUD do to best assist tribes in the development of housing programs that are fully their own? And what can tribes do to help ensure program success?

History's lesson for HUD and tribes, derived from the performance experience of the Indian Housing Authorities, begins to answer exactly these questions. The experience suggests that effective, tribal-level governance institutions will be key to the success of block-granted tribal housing programs. An Indian nation whose tribal government is characterized by a sound institutional infrastructure—one that helps housing managers enforce program rules, deters tribal citizens from abusing housing resources, offers the means to curb official misbehavior—is more likely to implement a successful, community-improving housing program. Tribal programs operating in institutional environments that do not provide methods to shut down such behavior are much less likely to succeed. With respect to policy, this finding suggests a dual role for HUD and tribes—together, they must focus on the specific development of

housing programs *and on the general development of effective tribal government institutions*. Indeed, broader institutional development may be a critical step in the development of wholly tribal housing entities under NAHASDA. The federal government must come to understand the importance of supporting effective tribal government, and tribes must come to understand the importance of creating it.

HUD is well placed to pursue this strategy. Tribes receive funding after submitting a plan that designates an agency to administer the tribal program and that provides certain specific information about program services and goals. Review of these plans provides an ideal opportunity for HUD officials to encourage tribal representatives to think through their options for effective governance. Additionally, judicial effectiveness in eviction and foreclosure proceedings is already a key focus in HUD's Section 184 Indian home loan guarantee program. Technical assistance available under the Section 184 program could include or be designed to complement technical assistance in the more general types of institutional development necessary for successful NAHASDA implementation. Finally, the findings of this research—especially when they are linked with findings on successful overall economic development in Indian Country (Cornell and Kalt 1995, 1997, and 2000)—suggest that HUD's Community Development Block Grant (CDBG) might be leveraged to the cause. While CDBGs traditionally have been used to fund industrial development, environmental improvements, additional housing, and the like, the lead role of effective institutions in economic development argues that CDBGs also should be viewed as a source of support for institutional development.

Certainly, it is in the best interest of tribal leaders to pursue institutional development. Under NAHASDA, full control over Indian housing resources shifts to the appropriate parties—Indian nations themselves—but this control also exposes tribal government to new risks. Fault for poor program results will fall on tribal leaders' shoulders alone. The development of effective governance institutions, which help ensure that housing dollars promote on-going community purposes, may be the best means

of blame avoidance. Furthermore, the growing reservation-based American Indian population will increase pressure on the tribal housing designees. Return migration spurred by recent economic growth and high rates of natural population increase[2] already are putting pressure on tribal governments to provide services and develop infrastructure. Institutional development is a means of increasing the chances of housing program success in the face of these mounting pressures.

Given these recommendations, it is worth noting that the findings of this research provide some specific advice for institutional development. Certainly, the creation of independent judicial systems is indicated. But the evidence presented here also shows that effective governance can occur through a variety of means. In sum, results are more important than methods—institutional development should focus on the creation of governance mechanisms that sanction individuals who violate the public trust (by self-dealing or by abusing community resources, as vandals do), separate politics from program management, provide oversight over public officials, and provide independent, respected law enforcement.

This result-oriented advice is particularly relevant to the implementation of effective socio-cultural governance. *Creating* specific beneficial norms may be difficult or even impossible, yet the findings suggest that Indian communities rich in social resources may be able to find ways to harness those resources in support of their housing programs. The Hopi Credit Association

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[2] Data from the 1990 Census showed that 27 percent of the American Indian families living in tribal areas were "large" families, with five or more household members; this can be contrasted with 11 percent among non-Indian families in the population at large (Kingsley *et al* 1996). Among the 61 tribes in the sample considered here, 1990 Census data also showed that, on average, children and teenagers (that is, individuals age 17 and below) comprised 44 percent of the tribal population—with a high of 52 percent and a low of 35 percent (Bureau of the Census 1993). These data suggest that natural rates of reservation population growth will continue to be high—placing strong pressure on housing and other services and resources.

provides an instructive example. This non-profit agency performs for the Hopi Nation some of the tasks that other tribes' new housing agencies will perform for their communities: it leverages and then lends financial capital for home building and home-ownership. A former board member offers this anecdote: When a borrower defaulted on his home loan, the Credit Association repossessed the home, but did not offer it for sale to just any Hopi citizen. Instead, the Hopi Credit Association elicited the support of the defaulter's clan leadership in the eviction decision and invited them to participate in decision-making about the future of the property, which was within the clan's jurisdiction. Credit Association managers explained to clan leaders the consequences for Association operations, other loans, and future applicants of allowing the defaulter to stay in his home. Then, they asked these traditional leaders to seek out another eligible clan member to take over the property and the mortgage.[3] By sharing its resources in this way with the clans, the Hopi Credit Association is able to rely on the additional power of clan authority in the enforcement of eviction decisions—if the clan supported the defaulter against the Credit Association, they would face some probability of a net loss in clan resources, but by supporting the Credit Association, the group as a whole will not lose.[4] Creative policies of this type might be possible in many Native communities.

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[3] Personal communication, April 2000.

[4] This program has many practical and theoretical similarities to rotating credit associations, such as the Korean lending circles of the urban U.S. and the loan funds established by the Grameen Bank. In all of these instances, the creative combination of both formal and informal governance underwrites economic success.

APPENDIX: DATA DICTIONARY AND SOURCES OF DATA

This appendix defines variables and gives data sources. The variables are listed by type, as broken out in Table 5 (Dependent Variable, Legal Institutions, Political Institutions, Bureaucratic/ Management Institutions, Socio-Cultural Institutions, Infrastructure and Market Conditions, and Regional Controls). The three most common sources are provided immediately below and referenced in the appendix by number; other sources are provided in full in the variable listing.

Common Sources:

1. Harvard Project on American Indian Economic Development constitutional archive. In addition to the physical archive of written constitutions, this source includes background research for "Where's the Glue?" (Cornell and Kalt 2000), which combined document-based variable codes with field observation to verify actual government structures.
2. Bureau of the Census, *1990 Census of the Population, Social and Economic Characteristics: American Indian and Alaska Native Areas,* Washington, U.S. Department of Commerce, Economics and Statistics Ad1ministration, 1993.
3. HUD Office of Policy Development and Research and the Urban Institute. This is the extract from the UI/HUD research effort in 1994-96 made available to the author.

Dependent Variable:

IHA Performance

An IHA's average Administrative Capacity Assessment score over the period 1990-93 (Source: No. 3)

Legal Institutions:

Independent Court

Variable coded 1 (and 0 otherwise) for tribes with an independent judiciary (Source: No. 1)[5]

Non-Independent (Weak Court)

Variable coded 1 (and 0 otherwise) for tribes with constitutional provision for a tribal judiciary, but one, which is under Tribal Council control (Source: No. 1)

No Judiciary

Variable coded 1 (and 0 otherwise) for tribes that lack constitutional provision for a judiciary (Source: No. 1)

Political Institutions:

Presidential Political System

Variable coded 1 (and 0 otherwise) for tribes that popularly elect their chief executive, but not within an "Athenian" system (Source: No. 1)

Athenian Political System

Variable coded 1 (and 0 otherwise) if a tribe operates largely as a direct democracy (Source: No. 1)

Parliamentary Political System

Variable coded 1 (and 0 otherwise) for tribes that elect a chief executive from within the legislative body (Source: No. 1)

Administration Term of Office

Length of the principal leader's term of office in years (Source: No. 1)

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[5] Field observation suggests that although the Rosebud Sioux Tribe does not have a guarantee of judicial independence in its written constitution, it nonetheless should be coded as having an independent judiciary. The Tribe has a relatively well-developed and well-documented system of checks and balances via an ethics board composed of elders, which is, to some extent, part of its *unwritten* constitution (Cornell and Kalt 2000).

Bureaucratic/Management Institutions:

Bureaucratic Capacity

Variable coded 1 (and 0 otherwise) if, in the period 1976-1986, any BIA loans to the tribal government had overdue payments, were refinanced, or went into default (Source: Bureau of Indian Affairs, "Status of Loan Commitments in BIA's Credit Program," U.S. Department of the Interior, Washington, 1986)

IHA Executive Director Turnover

Number of Executive Directors an IHA had in the period 1984-1993 (Source: No. 3)

Socio-Cultural Institutions:

Social Resources Measure 1: Population Language Knowledge

Percentage of the population age 18 and older who spoke a Native language at home in 1989 (Source: No. 2)

Social Resources Measure 2: Youth Language Knowledge

Percentage of the population age 5-17 who spoke a Native language at home in 1989 (Source: No. 2)

Social Resources Measure 3: Adult Language Knowledge

Percentage of the population age 18 and older who spoke a Native language at home in 1989 (Source: No. 2)

Infrastructure and Market Conditions:

# of Units in Management

Total number of housing units (homes) managed by an IHA in 1993 (Source: No. 3)

IHA Age

Age of an IHA, in years in 1993 (Source: No. 3)

Non-government Employees/1000 AI Population

Proportion of a reservation's American Indian population employed in the non-governmental (here, for-profit) sector in 1989 (Source: No. 3, based on a special 1990 Census data extract)

% College Graduates

Percentage of the reservation population, age 25 and above, that had completed four years of college in 1989 (Source: No. 2)

% Low Income AI Households

Percentage of the reservation households that earned less than 80 percent of the local median household income in 1989 (Source: No. 3, based on a special 1990 Census data extract)

Reservation Unemployment Rate

Unemployment rate on reservation, calculated to include discouraged workers (Source: "Indian Service Population and Labor Force Estimates, 1993" U.S. Department of the Interior, Bureau of Indian Affairs, Washington, DC, 1993)

Miles to City with >50K Population

A measure of geographic remoteness; miles to nearest metropolitan area with a population of at least 50,000 (Source: No. 3)

Total Reservation Population/American Indian Population

(Total Reservation Population in 1989) / (Reservation American Indian Population in 1989) (Source: No. 3, based on a special 1990 Census data extract)

Regional Controls:[6]

Region 1, North Central

Michigan, Minnesota, and Wisconsin

Region 2, Eastern

Alabama, Connecticut, Delaware, Florida, Georgia, Illinois, Indiana, Iowa, Kentucky, Maine, Maryland, Massachusetts, Mississippi, New Jersey, New Hampshire, New York, North Carolina, Ohio, Pennsylvania, Rhode Island, South Carolina, Tennessee, Vermont, Virginia, and West Virginia

Region 3, Oklahoma

Region 4, South Central

Arkansas, Kansas, Louisiana, Missouri, and Texas

Region 5, Plains

Colorado, Montana, Nebraska, North Dakota, South Dakota, Utah, and Wyoming

Region 6, Arizona-New Mexico

Region 7, California-Nevada

Region 8, Pacific Northwest

Idaho, Oregon, and Washington

Region 9, Alaska

[6] These regions correspond to HUD's Field Offices for Native American Programs. Data restrictions confine this paper's analysis to regions 1-2 and 5-8.

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