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National NeighborWorks® Association

**Statement for the Record of Lou Tisler,
Executive Director, National NeighborWorks Association**
U.S. Senate Committee on Banking, Housing, and Urban Affairs
April 26, 2023

INTRODUCTION

Chairman Brown, Ranking Member Scott, and Members of the Committee, thank you for this opportunity to testify this morning on building consensus to address housing challenges. My name is Lou Tisler, and I am the Executive Director at the National NeighborWorks Association (NNA).

NNA, as the trade association for NeighborWorks America chartered organizations, has been advocating for better neighborhoods and housing for low- to moderate-income American families since 1996. Representing 235 NeighborWorks organizations (NWOs) nationwide, NNA gives voice to the issues faced by its membership of ground-level practitioners and experts. NNA actively offers solutions to advance affordable housing and economic opportunities for communities and families across the country. We are grateful for your support of NeighborWorks America that allowed us to leverage \$163 million into more than \$10 billion of affordable housing and community development in FY22.

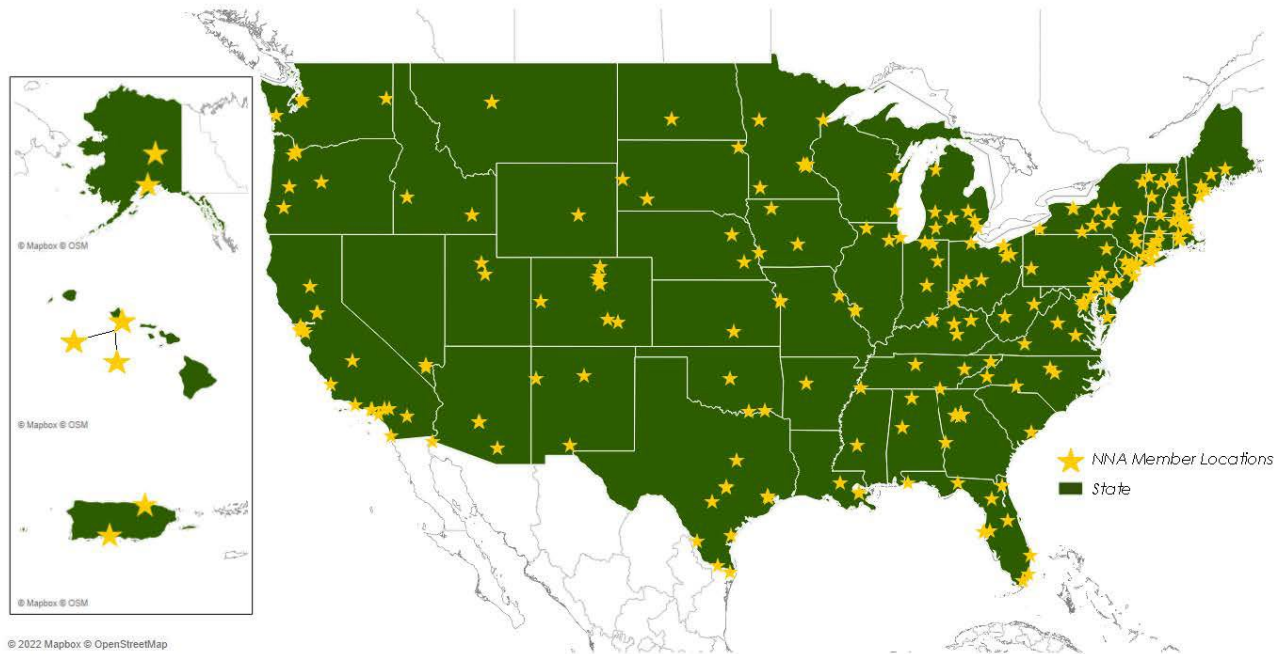
Federal funding for affordable housing is vitally important not only to NeighborWorks America, but to the many organizations that provide a lifeline to affordable housing and comprehensive community development.

NNA also provides programs and services to our members by providing technical assistance, peer to peer learning spaces, access to cost-savings programs, and other benefits to help our members be efficient and effective.

NNA's mission is to unite housing and community development practitioners to advocate for housing and economic opportunities for individuals, families, communities, and neighborhoods across the country.

NNA is independent and nonpartisan. Support to our network members is provided by NeighborWorks America, a Congressionally-chartered 501(c) (3). NNA is grateful for decades of support, cooperation, and trust between the network, NeighborWorks America and Congress to ensure focus remains on creating communities of opportunity. We continue to be focused on federal funding and policy, as we maintain focus on representing the network in advancing our members' issues, needs, and recommendations to NeighborWorks America. To learn more, please visit www.nnwa.us.

National NeighborWorks Association Members - 2022



There is not one silver bullet to address all the housing challenges faced across our nation. These challenges span all income levels, impacting everyone, having an increasingly negative impact on those at or below the area median income. These challenges span all areas; not just urban areas, but also middle neighborhoods, inner-ring suburbs, rural areas and tribal lands. These challenges span all racial demographics though having much more negative impact on communities of color. And they span occupations; first responders, essential workers, teachers, nurses, and a whole host of others.

What are the possibilities for federal solutions? My testimony speaks to a wide spectrum of housing stock needs; from increasing housing supply, to repairing existing housing stock, to addressing blighted housing whose removal would be of community benefit.

This body, as well as the entire Congress, should build consensus solutions that could lead to successfully addressing our nation's housing issues. These solutions could address:

- Accessing capital that would effectively increase and improve housing stock through community development finance legislation through bipartisan caucuses such as the Community Development Finance Caucus.
- Creating manufactured housing solutions for rural, suburban, and even urban areas.
- Jump starting neighborhood revitalization through a national land banking program.
- Supporting and replicating effective home repair programming like the Whole-Homes Repair program in Pennsylvania that leveraged American Rescue Plan Act funding.
- Revisiting rules and regulations related to current federal funding - cutting red tape to make these programs more effective and efficient.

- Opportunity zones should increase the incorporation of private investment to spur to greater lengths the production and rehabilitation of affordable housing – relying on increasing private investment to lead the resurgence of opportunity zones.
- Supporting and enhancing shared equity programs like Community Land Trusts and Resident Owned Communities.
- Working closely with the Senate Committee on Agriculture to create housing synergies and capacity building through the Farm Bill reauthorization.
- Leveraging the impact and success of HUD-certified housing counseling to create new homeowners, stable renters, and financially resilient residents.

Finally, while we know that the Neighborhood Homes Investment Act or Neighborhood Homes is not in the purview of this committee, it does demonstrate consensus building between industries, with bipartisan and bicameral support that could be used as a shining example of the pathways to success.

NNA knows from experience that broad consensus works, whether here on Capitol Hill or between our partners at the Mortgage Bankers Association, the National Association of Realtors, and the National Home Builders Association. Between organizations like ours and NeighborWorks America and the National Housing Conference; between the Housing Assistance Counsel and Grounded Solutions Network or the Affordable Housing Tax Credit Coalition and a host of others, including my colleagues testifying beside me today. The urgency of consensus is now and will lead to success in addressing our housing challenges. A consensus in addressing our housing challenges will show taxpayers that there are achievable solutions that are good for them, our communities, and our country.

The appendix of my written testimony contains the nationally aggregate work of NeighborWorks America chartered organizations throughout the network. Also included in the appendix are statewide impact sheets for every state that is represented by members of the Senate Committee on Banking, Housing, and Urban Affairs.

CONSENSUS OPPORTUNITIES AS IDENTIFIED BY NNA MEMBERSHIP

Capital Funding: Access and Affordability

Numerous NeighborWorks America chartered organizations provide access to capital to their communities that are not readily accessible or available elsewhere. NeighborWorks organizations distribute this capital through various methods including CDFI lending, providing small dollar consumer loans, rehab/repair lending, secured and unsecured lending products. In FY 2022, network CDFIs made over 5,900 residential loans totaling \$328 million. In addition, NeighborWorks America organizations made \$356 million in commercial loans, with 76% of the funding going to real estate development. In addition to the principal investment, the commercial loans made by CDFIs leveraged \$1.1 billion in additional investment.

CDFI Bond Guarantee Program Improvement Act

The CDFI Bond Guarantee Program was enacted in 2010 to provide long-term, low-cost capital to Community Development Financial Institutions (CDFIs), which use the funding for economic development activities in underserved communities. With over 80 CDFIs in the NeighborWorks network, this bipartisan supported legislation has the possibility of creating greater opportunities not just for housing, but for small businesses, private schools, and other possible recipients of lending capital. Making the CDFI Bond Guarantee Program permanent and accessible to smaller CDFIs (lowering the minimum loan size to \$25 million) would open capital access to more communities across the nation.

NeighborWorks America chartered member Fahe, which works with over 50 nonprofits across the Appalachian portion of Kentucky, Tennessee, West Virginia, Virginia, Alabama, and Maryland, uses their expertise in finance, collaboration, innovation, advocacy, and communication to achieve a more prosperous Appalachian region. Since 1980 Fahe has invested \$1.36B generating \$1.73B in finance. This investment was channeled through Fahe members and community partners, directly changing the lives of over 858,000 people.

Fahe's recommendations as a participant in the CDFI Bond Guarantee Program, align with NNA. They are:

- *Further lowering the minimum loan size. For midsized organizations like Fahe with \$100 million of assets, a loan of \$25 million is still outside of the organization's risk tolerance.*
- *Assets classes need to include second mortgages.*

- *Organizations should be able to service their own loans vs being required to contract with a sub-servicer, especially if the organization is already a Fannie Mae/Freddie Mac sub-servicer.*

Scaling Community Lenders Act

Introduced in the 117th Congress, reintroducing and passing this bill would increase liquidity, support innovation, and provide for a secondary market of CDFIs. The CDFIs that our members operate provide capital across a variety of asset classes including residential real estate, home improvement, home purchases, commercial real estate, business loans and consumer loans. Also, by creating a secondary market for non-Qualified Mortgages, CDFIs would be able to move loans to replenish capital lines, as well as improving balance sheet health.

Investing in Native Communities

NNA and our members support federal investment in capital that is accessible and specific to Native communities and Native CDFIs. For example, Marcia Erickson, CEO of GROW South Dakota, testified to this committee on September 20, 2022, in support of numerous stakeholder interests, including the importance of the Native American Rural Homeownership Improvement Act.

Veterans Programs Improvement Act of 2023

Though this Act is in the VA's jurisdiction and was marked in the Committee on Veterans Affairs, this is an example of the importance of Native community development financial institutions in addressing capital issues on Tribal lands. We support and hold up as an example of successful consensus building, the Veterans Programs Improvement Act.

The Veterans Programs Improvement Act of 2023 consists of five bills marked up in the Committee on Veterans Affairs in February. The legislation would advance direct housing loan benefits for Native veterans and other improvements to Veteran programs. NeighborWorks America chartered organizations working in tribal communities view this bill as a consensus solution for access to capital for Native veterans. The Native American Direct Loan (NADL) Improve Act of 2023 as part of the Veterans Programs Improvement Act of 2023 package would:

- **Create a \$5 million NADL relending program** that would allow Native community development financial institutions (CDFIs), who are more familiar with Native communities and the mortgage lending process on trust land, to obtain a loan through the Native American Direct Loan program at a 1% interest rate and relend those funds

to qualified Native American veteran borrowers. The CDFI would repay the loan to the VA Department.

- **Expand VA's NADL outreach program** by partnering with tribes, tribally designated housing entities, Native CDFIs and local nonprofits to conduct outreach, homebuyer education, housing counseling, post-purchase education, and other technical assistance as needed. It would also require VA to attend conferences and conventions conducted by the network of Native community development financial institutions and other Native American homeownership organizations to provide information and training to Native community development financial institutions about the availability of the relending program.
- **Direct the VA Secretary to assign a sufficient number of personnel** to the newly created Native American Direct Loan staff, including construction analysts who assist Native veterans with financing for new construction and rehabilitation.
- **Allow veterans to use NADL to refinance non-VA mortgages** so that Native veterans have the same opportunity as non-Native veterans to use their VA loan benefit to refinance any existing mortgage loan.
- **Remove the statutory requirement for tribes to enter an MOU with VA** to participate in the NADL program by providing the authority to rely on agreements or determinations of other Federal agencies to guarantee, insure, or make loans on trust land.

This bill is expected to be on the floor of the Senate soon. The Native communities that our members work in will benefit greatly from the passage of this bill. Coming together to address veteran and Native American needs exemplifies successful consensus building to address housing challenges.

Low-Income First Time Homebuyers Act (LIFT)

Allowing first-generation homebuyers to access affordable mortgages (through reduced interest rates) allowing for the acceleration of building equity and generational wealth.

By allowing borrowers to build equity in their homes at twice the rate of a comparable 30-year loan, without meaningfully increasing their monthly payment, LIFT will improve the power of homeownership for millions of families. If LIFT is coupled with well targeted down-payment assistance, policymakers would make meaningful progress in closing the racial wealth gap, expanding and greatly strengthening the wealth building benefits of homeownership in communities too long left behind.

Community Development Improvement Programs

NeighborWorks America chartered organizations provide technical assistance, grant funds, loan capital, construction oversight and additional activities in community development improvement activities. In FY22 NeighborWorks organizations repaired over 72,000 homes across the country as well as providing health, safety and energy-efficient programs and services.

Whole-Homes Repair Act

Based on the statewide Whole-Homes Repair Program in Pennsylvania that provides funding for county-wide agencies to address habitability and safety concerns, the Whole-Homes Repair Act would provide support for improving energy or water efficiency, making units accessible for individuals with disabilities, and improving the efficiency of existing federal government programs. This legislation would allow for homeowners and small landlords to access repair funds, not typically accessible through traditional lending sources, or lacking inter-agency coordination. Repairs are vital to sustaining existing housing stock; the deferral of maintenance and repairs leads to increased costs, increased blight, increased crime and other negative consequences to the homeowner, the renter and the community.

An example of the success of a NeighborWorks America chartered organization using the Pennsylvania Whole-Homes Repair Program:

NeighborWorks Northeastern Pennsylvania (NeighborWorks NEPA) partnered with Wayne County to distribute funds received through Whole Home Repair funds. NeighborWorks NEPA had already established a critical safety and accessibility modification program through its Aging in Place program that is used as a model. NeighborWorks NEPA serves older adult homeowners, age 60 or above, with incomes at or below 80% AMI, in Lackawanna and Wayne counties with Whole Home Repair funds. The housing stock in the state continues to age and the vacancy rate is climbing rather than falling. The national percentage of homes built before 1939 is 13%; and in NEPA service area, 39% of homes were built in 1939 or earlier. According to The Institute for Public Policy and Economic Development, older homes cost more to maintain and often require modifications to meet the needs of older adults. Additionally, higher numbers of seniors in Lackawanna County (11,953 in 2019) and Wayne County (1,842 in 2021) and are facing living alone with an increasing wealth disparity (14.5% of people living in poverty in 2017 versus 10.6% in 2010) making financing for repairs a significant barrier for many.

Working with a Licensed Social Worker, Certified Aging in Place Specialist (CAPS) staff, Occupational Therapists, Residential Housing Inspectors, a Construction Manager and licensed and reputable construction teams, NeighborWorks NEPA takes a personal and professional approach to assessing and identifying the housing repair and accessibility

needs of older adults throughout northeastern Pennsylvania. Repairs and improvements address time-sensitive needs like roof repairs, accessibility improvements (stairs, porches, entryways, etc.), systems replacement (heating/cooling units, water heaters, etc.) and unsafe electrical or plumbing conditions. Other improvements focusing on the home's long-term habitability are also addressed when possible, such as siding, windows, insulation, ventilation systems, and other items impacting the home's energy efficiency and overall envelope. Each older adult referred to the Aging in Place program to utilize Whole Home Repair services is also given access to each of the other services offered through the Aging in Place program (small home repair, volunteer led repair services, smart home technology, social isolation prevention, community resource connection and financial guidance), all of which allow each older adult to continue to reside safely and with dignity in their homes and communities.

Lead Safe Housing for Kids Act

When speaking of repair and rehabilitation of homes, one very important piece of legislation that we would recommend be reintroduced is the Lead Safe Housing for Kids Act. This legislation was introduced in the previous Congress and holds as much importance today as it did during the 117th Congress.

Prohibiting the use of visual assessments for low-income housing constructed prior to 1978 and requiring the use of more stringent risk assessments or more accurate evaluation tools that align with prevailing science to identify lead hazards before a family moves into the home; providing a process for families to relocate on an emergency basis, without penalty or the loss of assistance, if a lead hazard is identified in a home and the landlord fails to control the hazard within 30 days of being notified of the presence of lead; and requiring landlords to disclose the presence of lead if lead hazards are found in the home. Though these aspects this bill would lead to increased health, education, and economic well-being of children in these homes by addressing the scourge of lead-based paint.

Neighborhood Revitalization and Land Banking Act of 2023

The establishment and success of land banks, especially in Ohio, has shown that identifying, mapping, planning and then creating land banks can reduce blight and lead to community and economic development. This includes residential, commercial, and industrial properties. The ability to implement a national revitalization and land banking program that leverages local, regional, state, and national support could lead to the reduction of blight, the increase in job opportunities, the increase of revenue generating development, as well as the increased health and wealth of communities across the country.

NeighborWorks America chartered member CHN Housing Partners, is a 41-year-old, Cleveland-based affordable housing developer, housing services provider and residential lender. CHN has developed over 7,000 affordable units in Northeast Ohio, Western Pennsylvania, Western New York and soon in Detroit. It has pioneered the single-family lease purchase model using the Low Income Housing Tax Credit, converting more than 1,600 families from renters to homeowners, changing the trajectory of their lives and that of their children.

CHN has relied on the Cleveland and Cuyahoga land banks since their inception in 1976 and 2009 respectively. The land banks strategically acquire properties and return them to productive use. This reduces blight, increases property values, supports community goals and improves the quality of life for residents. Most importantly, it creates quality affordable housing in communities that desperately need it, and, in the case of CHN's Lease Purchase Program, fundamentally alters the financial position of families using the most powerful tool, homeownership.

The land banks help CHN realize significant cost savings in land acquisition lowering the total development cost by thousands of dollars. For example, in Cleveland's Detroit Shoreway neighborhood, a popular, diverse community near downtown with enormously escalating housing costs, CHN recently built 60 affordable single family homes using land bank lots which it acquired at \$100 or \$200 each. Other market rate developers are spending thousands of dollars to purchase lots in the same neighborhood. Without the cost savings realized through the work of the land banks, the affordability of CHN's units would be jeopardized. Land banks are a critically important tool for the creation of affordable housing and must be protected and strengthened.

Shared Equity Programs

Shared equity housing creates lasting affordability, builds wealth for people with limited incomes and helps create vibrant and inclusive communities. Shared equity programs typically realize these outcomes by limiting the sale or rental price of homes in their portfolios; requiring the sharing of home appreciation gains; and providing homeownership assistance to program residents. Residents and community members often participate in governing shared equity programs through democratic decision-making and/or a cooperative ownership structure.

Shared equity housing models are a specific type of housing strategy that creates permanently affordable homes, build wealth for families and create vibrant, inclusive and equitable communities. Some models of shared equity housing include:

- Community land trusts
- Deed-restricted homes
- Limited-equity housing cooperatives

- Resident-owned manufactured housing communities

These models all ensure that families with modest incomes can access stable homeownership while also making sure that affordability remains in the community over time. This can be achieved when ownership is shared between a homeowner and a nonprofit representing the community, between a group of homeowners, or when an initial subsidy is shared from one family to the next over generations to keep it affordable over time. As a result, long-time residents can remain in their neighborhoods, affordable housing investments are stretched to serve more families, and communities remain stable and inclusive.

Shared equity housing strategies ensure homes for families who may not otherwise be able to afford stable housing in their neighborhood of choice. This means that subsidies put into a community remain in that community over time, allowing affordable housing to serve multiple families over generations. By sharing the risks and rewards of homeownership over time, these models also serve as a pathway to traditional homeownership and wealth building for families who would normally have access to equity-building opportunities.

NeighborWorks America has been operating a Shared Equity pilot program created by Congress for several years. For additional information, NeighborWorks America provided a report: [Advancing the Promise of Shared Equity Models](#)

Preservation and Reinvestment Initiative for Community Enhancement

In the 117th Congress, the Preservation and Reinvestment Initiative for Community Enhancement (PRICE) was introduced and passed. The PRICE Fund is the most significant investment of federal funding for existing and new manufactured housing in our country's history. The PRICE Fund presents a unique opportunity to address both the pervasive need for mobile home replacement in both manufactured home communities and persistent poverty regions and open a whole new market segment of low- to moderate-income homebuyers.

An estimated 18 million people in the U.S. live in a manufactured or mobile home. Manufactured homes are a critical part of the nation's housing stock and are particularly important in the supply of affordable housing for low-income Americans.

We align with our colleagues at Next Step whose mission is to put sustainable homeownership within reach of everyone, while transforming the manufactured housing industry through consumer education, affordability, and energy-efficiency, in recommending that the following be considered when developing the framework for the PRICE Fund:

- *Prioritize the use of new, ENERGY STAR® manufactured homes to replace older mobile homes.*
- *Prioritize mobile home replacement efforts in persistent poverty regions (e.g., Appalachia, the Mississippi Delta, the Colonias, and Tribal communities).*
- *Prioritize resident-owned communities and communities owned by nonprofit or mission-driven entities for mobile home replacement efforts in qualified MHCs.*
- *Allow for the development of infill housing and new home subdivisions with manufactured homes.*
- *Consider ENERGY STAR manufactured homes as the minimum quality standard for home replacement or new home development.*

Eviction Crisis Act

Introduced in 2022 with bipartisan sponsorship, reintroducing this act in the current Congress would be beneficial not only for renters, but also for landlords. Reducing evictions, homelessness caused by evictions, and decreasing the costs borne by landlords in re-occupying units would not only benefit those involved in the landlord/tenant relationship but also the neighborhoods and communities where these units are located.

The Eviction Crisis Act would:

Improve Data and Analysis on Evictions

Create a national database to standardize data and track evictions, in order to better inform policy decisions.

Establish a Federal Advisory Committee on Eviction Research to make recommendations related to data collection, as well as policies and practices that can prevent evictions or mitigate their consequences.

Allocate funding for a comprehensive study to track evictions, analyze landlord-tenant law, and assess varying factors in urban, suburban, and rural areas.

Reduce Preventable Evictions and Mitigate Eviction's Consequences

Create a program to fund state and local governments expanding the use of landlord-tenant community courts and increasing the presence of social services representatives for tenants, which help both tenants and landlords avoid the high cost of eviction.

Establish an Emergency Assistance Fund at \$3 billion annually to provide financial assistance as well as housing stability-related services to eviction-vulnerable tenants.

Express support for substantially increasing funding for the Legal Services Corporation, a public-private partnership that provides legal services to low-income Americans.

Improve Information on Tenant Screening Reports

Require consumer reporting agencies to provide consumers with tenant screening reports when they are requested as part of a rental application process, so tenants can contest and correct inaccurate or incomplete information.

When a court rules in favor of a tenant in an eviction proceeding, requires those judgments and eviction filings related to that proceeding to be removed from tenant screening reports.

Increasing Access to Home Ownership That Is Affordable

NeighborWorks America chartered organizations have helped families to realize their dream of owning a home for many years. Affordable and sustainable homeownership can be an important pathway to building wealth. It also provides security during difficult economic periods, offering stability and protection against the extreme or unexpected rent increases that are increasingly common in many markets. Promoting homeownership is central to NeighborWorks America's mission of strengthening communities. In FY22, the NeighborWorks network created 18,775 new homeowners and provided pre-purchase, post-purchase, or foreclosure counseling to 105,253 families and individuals.

HOME Investment Partnership Reauthorization and Improvement Act of 2023

Introduced previously, reauthorizing and improving the HOME program is paramount to many of our members' efforts in addressing housing issues throughout their communities.

When the HOME program was created in the early 1990s, over two-thirds of its funding supported homeownership. Today, less than one-third of HOME funds are used to increase access to homeownership. The HOME Program has the potential to serve as a major source of funding for homeownership promotion. However, several program regulations have been written or interpreted in such a way as to create barriers to its utilization.

HOME for Down Payment Assistance

Many of our members have decided to forego using the HOME program, especially for downpayment assistance, specifically since the program changes of 2013.

As interest rates and home prices continue to escalate, saving funds for an ever-increasing down payment has become a significant barrier to homeowners, especially low-income and

minority families. This is one area where the Safe Harbors are needed to address the legal risk and uncertainty in the existing regulations. Specifically, safe harbors are needed around underwriting and the “appropriateness” standard for assistance. Addressing this legal risk will help attract banks and other financial institutions to this market.

- Underwriting: The Qualified Mortgage (QM) standard should be employed as an alternative, rather than having each jurisdiction decide on the underwriting requirements. Applying a well-understood, clear standard will ensure borrowers receive safe mortgage products without necessitating the complexity and uncertainty of an underwriting overlay. HUD should issue guidance explicitly creating a safe harbor, declaring that all first mortgages that meet QM standards are considered to have met the HOME underwriting requirements.
- Appropriateness: There continues to be significant confusion around arriving at the “appropriateness standard” related to the level of down payment assistance granted in this program. HUD could significantly reduce these issues by creating a safe harbor for assistance amounts below a given threshold, adjusted by market. Using a percentage of the local median home value could be the starting point of determining the level of “appropriateness”. A safe harbor could simplify program marketing and facilitate the entire mortgage process by providing certainty of the assistance amount at the front end.

Through the HOME Investment Partnership Reauthorization and Improvement Act of 2023 we enthusiastically support the following provisions that are included in this bill:

- Authorize \$5 billion in HOME funding for fiscal year (FY) 2023 and increase funding for the program five percent annually through FY 2027.
- Increase the administrative cap from 10 percent to at least 15 percent, bringing the administrative fees closer to the 20 percent available under the Community Development Block Grant (CDBG) program.
- Allow additional administrative expenses that exceed the administrative cap to count towards the local match.
- Establish a threshold of no less than \$750,000 from the HOME formula to qualify as a HOME PJ and index that amount for inflation for future years.
- Eliminate the 24-month commitment deadline, codifying the provision that has been included in appropriations legislation in recent years.
- Permit Participating Jurisdictions to allow Community Land Trusts to maintain preemptive purchase properties, in accordance with the terms of the legal instrument used to ensure lasting affordability.
- Amend the Community Housing Development Organization (CHDO) requirements to enable additional capable organizations to qualify, increasing potential partner

and project options for PJs, by eliminating the requirement that low-income community residents must have “significant” representation on a CHDOs governing board. HUD has interpreted “significant” to require that low-income residents make up at least a third of a CHDOs governing board, a very hard standard to meet in rural or other underserved communities.

- Create a broader and more practicable definition of community land and removes the overly restrictive definition.

We will continue to advocate for clarity, certainty and the reduction of unnecessary costs associated with the HOME program. We anticipate that the HOME Investment Partnerships Reauthorization and Improvement Act of 2023 will lead to greater utilization in the homeownership space.

HUD Certified Housing Counseling

Independent, trained, federally certified housing counselors assist homeowners and renters as they navigate the financial challenges of developing a sustainable household budget, owning a home, or renting an apartment. Housing counselors help prospective homeowners purchase their first home. They help tenants secure safe and affordable rental housing. Housing counselors also save homeowners from the devastation of foreclosure, protect seniors as they explore options for a reverse mortgage, and assist consumers impacted by national emergencies and disasters.

Housing counselors meet the demands of many American families facing housing-related challenges. Our members continue to serve a growing number of low-to-moderate income households. Similarly, increases have been seen in the number of Immigrant, African American, Native American, and Hispanic households counseled by our organizations. According to HUD’s current data, federal funds allowed for more than 1 million consumers to be served by HUD-Approved intermediaries and their affiliates.

When examining recent housing data, it appears likely the need for housing counseling services will only continue to grow. According to a recent U.S. Foreclosure Market Report by AATOM, U.S. foreclosure filings were up 36 percent from a year earlier. This marks the 21st consecutive month foreclosure filings have increased. During the week of February 26 to March 4 of this year, there were 15,087 eviction filings in the nine states and 32 cities monitored by the Eviction Lab at Princeton University. This represents a nearly 40 percent increase since just the first week of January earlier this year. This data supports the trends housing counselors are experiencing as more and more homeowners reach out each day with worries about the threat of foreclosure and renters contact housing counselors seeking assistance to avoid eviction.

Housing concerns extend beyond current homeowners and renters to potential first-time homeowners. After many years of historically low-interest rates, the recent rise in mortgage rates has created another obstacle for families to participate in the American dream of owning and sustaining their first home. Housing counselors and financial coaches help families, improve their knowledge of mortgage products, increase their savings, and understand how credit impacts their ability to secure a mortgage. This is especially important as our nation tries to tackle the growing homeownership gap between black and white families, which is bigger today than it was before the Fair Housing Act became law in 1968 according to the Urban Institute. Hispanic homeownership also significantly lags behind non-Hispanic white homeownership.

HUD-approved housing counseling organizations and their certified housing counselors are well-positioned to take on these challenges by providing direct services to empower consumers with the financial, budgetary, and money-management advice that studies show helps families secure affordable housing, purchase their first home, and find alternatives to evictions and foreclosures.

Strengthening the United States Interagency Council on Homelessness

As the only federal agency with a sole mission focused on preventing and ending homelessness in America, eliminating the sunset of USICH would provide continuity of the ongoing work of the USICH on its work across local, regional, state, and federal levels to achieve this mission.

Increasing Access to Rental Housing That Is Affordable

In communities across America, low- and moderate-income families face a severe shortage of rental housing. To combat this problem, NeighborWorks organizations are working to expand the supply of affordable rental homes by developing new properties and acquiring and rehabilitating existing ones. These units enrich the communities where they are located and provide stable, secure homes for low- and moderate-income individuals and families, veterans, senior citizens, and people with disabilities. NeighborWorks America chartered organizations acquired, developed, and/or preserved 13,200 rental units in FY 2022, bringing the total portfolio to 204,900.

Choice in Affordable Housing Act

The need to not only increase, but sustain, the supply of affordable rental units has never been greater. This bill, introduced in the 117th Congress and reintroduced this year, would provide increased opportunities for renters, increased incentives for landlords to participate in the Housing Choice Voucher program, reduces red-tape, and brings units

online faster. This is a consensus-building opportunity that benefits Tribal lands, rural, suburban, and urban areas that our members' communities desperately need.

This bill would:

1. Provide \$500 million to create the Herschel Lashkowitz Housing Partnership Fund. Named after the longtime Fargo, North Dakota, mayor who was an advocate for affordable housing, the funds would be distributed for:
 - a. Public Housing Authorities (PHAs) to offer a signing bonus to a landlord with a unit in an area with less than 20% poverty;
 - b. PHAs to provide security deposit assistance, so that tenants can better afford to meet required deposits and landlords are assured greater protection against damages;
 - c. HUD to provide a bonus to PHAs that retain a dedicated landlord liaison on staff; and
 - d. Other uses as determined by the PHA and approved by the Secretary to recruit and retain landlords.
2. Increase funding to the Tribal HUD- Veterans Affairs Supportive Housing (VASH) program. To help renters on tribal land, the bill supports the [Tribal HUD-VASH](#) program for Native American veterans who are homeless or at risk of homelessness.
3. Use neighborhood-specific data to set rents fairly. The bill would require HUD to expand its 2016 rule requiring the use of [Small Area Fair Market Rents](#) to calculate fair rents in certain metro areas.
4. Reduce inspection delays. Units in buildings financed by other federal housing programs would meet the voucher inspection if the unit has been inspected in the past year. New landlords could also request a pre-inspection from a PHA prior to selecting a voucher-holding tenant that would be good for 60 days.
5. Refocus HUD's evaluation of housing agencies. The bill would encourage HUD to reform its annual [evaluation](#) of PHAs to promote an increase in the diversity of neighborhoods where vouchers are used. The bill also requires HUD to report to Congress annually on the effects of the bill.

Family Stability and Opportunity Vouchers Act

Introduced in the 117th Congress, our members' communities would greatly benefit from the reintroduction and passing of this important bill. Providing the opportunity and benefit for children to access high-performing schools, early childhood education, and areas with

high-opportunities neighborhoods would lead to increased health, education, and economic well-being.

Specifically, the bill would:

- Create a significant increase in vouchers over five years for low-income, high-need families with young children. Pregnant women and families with a child under age 6 would qualify for these new vouchers if they have a history of homelessness or housing instability, live in an area of concentrated poverty, or are at risk of being pushed out of an opportunity area.
- Provide voucher recipients with access to counseling and case management services that have a proven track record of helping families move out of poverty.
- Enable housing agencies to engage new landlords in the voucher program and connect families with information about housing in high-opportunity neighborhoods, and community-based supports for families as they move.

Housing Market Transparency Act

Data is important to gauge programmatic efficiencies and effectiveness, as well as informing tenants and communities of property status. Achieving consensus on this bill is important to all.

Opportunities for Rural Housing

NeighborWorks America chartered organizations work to build and support strong, vibrant rural communities by delivering essential services and investments in homeownership, affordable rental housing, foreclosure intervention, community revitalization, economic development, and quality manufactured homes. Nearly two thirds of the 247 NeighborWorks organizations served rural Americans in FY22.

Farm Bill Reauthorization

This year's Farm Bill reauthorization offers an opportunity for bipartisan, cross-Committee collaboration aimed at improving the USDA rural housing programs. These important programs fall under the jurisdiction of the Banking Committee but commonsense improvements to the programs could be included in the Farm Bill reauthorization.

Rural communities stand to lose more than 100,000 units of affordable rental units in the next 10 years if trends continue concerning the maturation of federally subsidized loans. This leads to two community consequences; first is that the landlords' obligations to keep rents affordable would end, and second, the renters in those units that no longer need to be affordable would lose their eligibility for rental assistance through the Department of Agriculture.

Rural Capacity Building Programs

Geographic equity for rural places is a stated priority for the Administration, but no amount of federal investment will succeed in creating lasting rural equity if not paired with robust capacity building to ensure the most underserved and persistently poor rural places are in a position to access available federal resources. There are several programs that would provide communities with much needed capacity building support, including the proposed Rural Partnership Program and the well-established Rural Community Development Initiative.

USDA Multifamily Preservation

Although homeownership is more common in rural areas than in urban and suburban communities, rental options remain a crucial part of the affordable housing landscape. RHS's Section 515 program provides an especially important housing opportunity for many rural communities. Since the program's inception in 1963, Section 515 Rural Rental Housing Loans have financed nearly 28,000 properties containing over 533,000 affordable apartment homes across rural America. The average annual income of people living in Section 515 properties is only \$14,665. For many low-income rural residents, purchasing a home is not an option, and the Section 515 program provides them with affordable rental units.

Despite the importance of the Section 515 program for creating and maintaining multifamily rural housing, many of these properties are aging out of the program through mortgage maturations, resulting in the loss of thousands of rural affordable rental units each year. Between 2016 and 2021, 921 properties, which contained 21,693 units, left the Section 515 program.¹ And due to lack of appropriated funding, no new Section 515 units have been added to the program in over a decade. When properties leave the program, the owners are no longer required to maintain the affordability of the units or otherwise comply with the standards of the program.

The preservation of affordable housing options is critical to ensuring the well-being of rural communities across the country. Some areas for bipartisan action on USDA preservation include:

- Authorize Important Multifamily Preservation Programs
 - Multifamily Preservation and Revitalization (MPR) program

¹ Housing Assistance Council, *Rural Research Brief: An Update on Maturing Mortgages in USDA's Section 515 Rural Rental Housing Program*, March 2022, <https://ruralhome.org/update-maturing-mortgages-usda-section-515-rural-rental-housing-program/>.

- Preservation Revolving Loan Fund (PRLF)
- Multifamily Preservation Technical Assistance (MFTA) program
- Improve Opportunities for Mission-Focused Nonprofits to Preserve Maturing Properties
- Increase Data Transparency at USDA
- Extend Section 521 Rental Assistance for All Units
- Decouple Rental Assistance and RHS Mortgages
- Strengthen the Rural Voucher Program

Manufactured Housing

There are approximately 6.7 million occupied manufactured homes in the United States, comprising about 6 percent of the nation’s housing stock. More than half of all manufactured homes are located in rural areas around the country and manufactured homes make up 13 percent of all occupied homes in rural and small-town communities. Manufactured housing accounts for about 10 percent of all new single-family housing starts in the U.S.²

Living in manufactured homes is often characterized by unique financing and land tenure challenges. While the purchase price of manufactured homes can be relatively affordable, financing costs can be much greater than for conventional housing mortgages. The majority of manufactured homes are financed with personal property, or “chattel,” loans. With shorter terms and higher interest rates, personal property loans are generally less beneficial for consumers than conventional mortgage financing, putting vulnerable, low-income borrowers at risk.

Land tenure status is another unique characteristic for many manufactured homes. Manufactured housing units are often located in land lease communities, where residents own their unit but pay rent to a landlord for the lot on which it is located. Though about three quarters of manufactured homes are owner-occupied, estimates suggest that approximately 40 percent of all manufactured homes are in land lease communities.³

In addition to the longstanding challenges of high-cost financing and land tenure status, newer issues have also arisen such as the emergence of private equity investment in manufactured housing communities. Private equity investors purchase manufactured housing communities and profit by increasing lot rents for residents, often significantly.

² Housing Assistance Council, *Rural Research Brief: Manufactured Housing in Rural America*, July 2020, https://ruralhome.org/wp-content/uploads/2021/05/Manufactured_Housing_RRB.pdf.

³ HAC, *Manufactured Housing*.

This practice can lead to reduced affordability, eviction, or displacement for these families – even when they own the unit itself. There is little federal or local regulation to prevent this practice, and nearly no public funding to counter this growing issue.

CONCLUSION

We know that housing is the bedrock of success and the current challenges in housing continue to limit our ability to meet the housing needs of many Americans. Solutions will come more expeditiously with committed consensus in Congress and within and outside of the community development industry. NeighborWorks America chartered organizations in partnership with NeighborWorks America, in collaboration with our partners, are in the forefront of production, thought leadership, and innovation. The ability to have organizations across the nation share resources, share successful strategies, and share learned challenges can inform and advise members of the Senate Banking, Housing, and Urban Affairs Committee. Through consensus in this room and on the floor of Congress, solutions are possible to make housing a reality to those all along the various spectrums of incomes, race, geographies, and other divides. We can do this together or we can watch as those from the most vulnerable to middle class Americans are left without options; the consensus that we build here and elsewhere will determine how we meet the housing challenges in our neighborhoods, communities, and country.