

September 9, 2021

VIA ELECTRONIC SUBMISSION

The Honorable Nancy Pelosi
Speaker
U.S. House of Representatives
Washington, DC 20515

The Honorable Charles E. Schumer
Democratic Leader
U.S. Senate
Washington, DC 20510

The Honorable Maxine Waters
Chairwoman
Committee on Financial Services
U.S. House of Representatives
Washington, DC 20515

The Honorable Richard Neal
Chairman
Committee on Ways and Means
U.S. House of Representatives
Washington, DC 20515

The Honorable Sherrod Brown
Chairman
Committee on Banking, Housing, and Urban
Affairs
U.S. Senate
Washington, DC 20510

The Honorable Ron Wyden
Chairman
Committee on Finance
U.S. Senate
Washington, DC 20510

Dear Speaker Pelosi, Leader Schumer, Chairwoman Waters, Chairman Brown, Chairman Neal
and Chairman Wyden,

On behalf of the undersigned civil rights, consumer protection, and housing policy organizations, we write to urge your continued prioritization of the housing-related provisions in the upcoming reconciliation package. These provisions are a down payment on this Administration's commitment to addressing long-standing inequities in our housing system and addressing the worsening racial wealth gap exacerbated by the nation's housing crisis.

Our groups were disappointed by the exclusion of housing priorities in the Infrastructure Investment and Jobs Act (H.R. 3684). For us, housing is not only infrastructure but also is a foundation for basic civil rights. Communities of color, women, and others facing systemic barriers have borne the brunt of carrying our nation toward economic recovery for far too long. However, these groups have not benefited from public investments - leading to continued growth in housing insecurity and a growing wealth gap.

While the affordable housing crisis has many dimensions, a primary issue is the mismatch between the increases in housing costs—which now make up the single largest expense for U.S. families—

and wages for U.S. workers, which have barely changed since 1978 after accounting for inflation. Increased income inequality levels are also playing a role—a 2019 report by the National Bureau of Economic Research found that income inequality in the U.S. has reached levels last seen prior to the Great Depression. While housing is less affordable for low-income households in cities with higher levels of inequality, research shows that this trend is happening in rural and suburban communities alike.

The concepts (detailed below) that are part of today's reconciliation package discussion are necessary but insufficient to address the affordability crisis. Bold, sustained action is needed. For example, we respect the efforts made to address the scourge of racial redlining in the form of exclusionary land use and zoning rules. However, encouraging change through incentives will not be enough to reach all communities or to meet the deep need for affordable housing across the income spectrum. The tax credits available to modest means homebuyers- or owner-occupants- and housing developers are small and akin to risk-avoidance insurance programs. They are insufficient to foster the scale of renovation and new construction needed to keep up with the demand created by creditworthy borrowers ready to enter the market now while interest rates are so attractively affordable. In addition, our subsidized housing programs are severely underfunded, and too many households face severe rent burdens, housing instability, or homelessness. Significant funding is needed to support those programs, including the voucher program, the Housing Trust Fund, public housing, and the Capital Magnet Fund, in addition to the Low Income Housing Tax Credit program. Significant investment in other infrastructure that supports housing is also needed- funds to provide clean water, run sewers, gas lines, pave roads and develop broadband capacity for a new generation of families.

Each housing provision must be implemented in a manner that affirmatively furthers fair housing and community opportunity and in accordance with civil rights statutes, including Title VI, Title VIII, the Americans with Disabilities Act, and the Community Reinvestment Act. In this moment, we must put measures in place that will expand the availability and improve the quality of rental units and create opportunities for sustainable homeownership through upgrading and building housing that is accessible to all Americans. Both are critical to ensuring a successful and equitable recovery for everyone.

We urge you to move forward with the investments (detailed below) in housing at this unique time in history when we can move our country from crisis to opportunity. In particular, we strongly support these drafted provisions and urge you to include them in the final package:

Part 1: Homeownership:

Mortgage-ready, prospective homebuyers of color continue to be shut out of homeownership in today's market due to the legacy of federal policies that excluded families of color from accessing

homeownership and other credit opportunities that produce intergenerational wealth. These proposals will help alleviate these conditions.

- **Equity-Focused Down Payment Assistance.** We strongly urge Congress to provide down payment assistance to first-generation homebuyers. This special support is needed to provide homeownership opportunities to homebuyers whose lack of access to generational wealth eliminates a critical resource that many other home purchasers use. We call for \$100B in funding (the amount called for in the *Downpayment Toward Equity Act*) and measures that are well designed to promote racial equity in homeownership. This is a once-in-a-generation opportunity to address systemic inequality fueled by previous exclusionary federal housing policies.

o We strongly support efforts to reverse one of the more insidious impacts of the nation's history of housing discrimination: the fact that homeowners beget homeowners, and wealth begets wealth. Families of color have historically been shut out of homeownership opportunities and are then unable to transfer the accumulated wealth to the next generation to use as a down payment. Righting this wrong presents an important opportunity to help families take advantage of this historical moment and play a key role in expanding our economy on an equitable basis.

- **Support Housing Construction and Rehabilitation:** Tax credit programs designed to incent more private investment to renovate homes for owner occupancy by modest means individuals is a critical element of addressing the critical lack of housing supply.

o We strongly support efforts to make more homes available to low- and moderate-income owner-occupants. There are currently few federal levers available to relieve the dire inventory crisis plaguing would-be homebuyers of modest means who, despite being creditworthy and having accumulated down payments, are still locked out of homeownership due to the lack of available homes under \$300k for purchase.

Part 2: Reducing Rent Burdens and Restoring Dignity to Public Housing Residents: The Urban Institute notes in 2019, 20.4 million renters were cost-burdened, spending more than 30 percent of their incomes on housing. There is a deteriorating stock of available, affordable rental units, including our public housing – often raising severe habitability concerns. We support efforts to address cost burdens for renters by broadening our subsidized housing resources across a range of housing programs to increase the available supply and provide rental assistance. We also emphasize the need to improve the conditions of our public housing. Resources should be spent in a way that affirmatively furthers fair housing by improving housing and neighborhood conditions

where needed, preserving and rehabilitating existing housing, and expanding housing choices into areas that are already well-resourced.

- **Expand the Housing Choice Voucher Program:** The Housing Choice Voucher Program serves only one in four eligible households (based on pre-pandemic figures), lagging far behind the need. It should be broadly expanded (\$180 billion) to provide immediate support to low-income households and secure housing in the existing market. Critical to the success of this initiative is the need for wrap-around service provisions for renters.
- **Expand Funding for Other Critical Subsidized Housing Programs, Including the Housing Trust Fund, the Capital Magnet Fund, Project-Based Rental Assistance, and the Low Income Housing Tax Credit:** The supply of affordable rental units has decreased dramatically in recent years.¹ As the National Low Income Housing Coalition has documented, for every 100 very low-income households, there are only 37 available homes.² This situation demands significant resources to increase unit supply. Such resources must include funds for the rehabilitation, preservation, and new construction, including in highly-resourced areas and areas where residents are threatened by displacement. Legislation must include stronger fair housing standards for the LIHTC program to avoid reinforcing segregation and ensure housing equity and neighborhood opportunity moving forward. Congress should also consider encouraging the Secretaries of the U.S. Department of the Treasury and the Department of Housing and Urban Development to attach specific conditions to investments operating through the LIHTC, including plans that bring additional community resources and other equity-oriented components that create greater neighborhood opportunity.
- **Provide Capital Funding and Renovation Resources for Public Housing.** There are dire health and habitability issues within our public housing stock. Congress should fully fund the capital needs of public housing, which includes funding for rehabilitation and repairs (\$70 billion),³ appropriate and necessary demolition and relocation (for example, due to severe health risk exposures or habitability problems), and green retrofitting and climate response.⁴ Public housing locations in environmentally damaged areas expose residents to

¹ Harvard Joint Center, p. 4 (noting that: “Between 2012 and 2017, the number of units renting for \$1,000 or more in real terms shot up by 5.0 million, while the number of low-cost units renting for under \$600 fell by 3.1 million. Meanwhile, the supply of units with rents in the \$600–999 range also declined, but by a more modest 450,000.”).

² The Gap: The Affordable Housing Gap Analysis 2021, National Low Income Housing Coalition, p. 6 , https://reports.nlihc.org/sites/default/files/gap/Gap-Report_2021.pdf.; See Center on Budget and Policy Priorities, An Agenda for the Future of Public Housing, www.cbpp.org/research/housing/an-agenda-for-the-future-of-public-housing.

³ See the work done by the National Low Income Housing Center for more details. Available here: [American Jobs Plan \(nlihc.org\)](http://AmericanJobsPlan.nlihc.org)

⁴ See Center on Budget and Policy Priorities, An Agenda for the Future of Public Housing, www.cbpp.org/research/housing/an-agenda-for-the-future-of-public-housing. See also Shriver Center,

toxic waste, flood risks, and other health hazards. Funds for relocation and reconstruction resources are also needed.⁵

- **Fund Expanded Services (Such As Counseling) For Subsidized Households By Housing Authorities And Other Entities:** Additional services should also be provided to subsidized households, including counseling services (such as mobility counseling) and other supports.⁶

Part 3: Cross-Cutting Improvements for More Economically Diverse Communities: Efforts to reduce the nefarious impacts of exclusionary zoning and land use are an essential step to creating more economically, socially, and culturally diverse communities. Efforts to tackle such local zoning and land use regulations are based on the premise that state and local regulations are a significant inhibitor of new home construction, including multifamily homes. Homebuilders often cite single-family zoning requirements, minimum lot sizes, prohibitions on accessory dwelling units, parking restrictions, aggressive code enforcement, and demanding permitting processes as the main deterrent to new, affordable housing production. Sometimes referred to as "NIMBY-ism" (Not in My Backyard), these locally restrictive policies have long been seen as a way to prohibit high-density living. The New York Times dubs "NIMBY-ism" the new racial redlining. The effect of these restrictive policies is to discriminate against and exclude poorer populations, including many people of color. We strongly support efforts to incent communities to take affirmative steps to eliminate "NIMBY-ism" and racial redlining.

Part 4: Securing Resources for Fair Housing and Fair Lending Enforcement: Housing and lending discrimination remain significant obstacles toward economic well-being for people of color, people with disabilities, women, and families with children. HUD's Fair Housing Initiatives Program (FHIP) is essential to providing critical fair housing services to victims of discrimination in housing markets across the country. FHIP is the only federal funding for nonprofit fair housing organizations to carry out fair housing enforcement and education in local communities. State and local governments seldom grant fair housing enforcement funding. Through support from FHIP, nonprofit fair housing organizations investigate nearly three-quarters of all reported complaints annually and more than twice the number of reported complaints handled by local, state, and federal government agencies.⁷ These local, grassroots organizations are uniquely positioned to

Earthjustice, et al., Poisonous Homes: The Fight for Environmental Justice in Federally Assisted Housing, www.povertylaw.org/article/ej-report-release/ (noting that "An estimated 77,000 people who live in federally assisted housing across the United States are at risk of being poisoned by dangerous toxic contamination and the federal government has been aware of this hazard for years but taken no action").

⁵ See Furman Center, Housing in the U.S. Floodplains (2017), available at https://furmancenter.org/files/NYUFurmanCenter_HousingInTheFloodplain_May2017.pdf.

⁶ See the work done by the National Low Income Housing Center for more details. Available here: [American Jobs Plan \(nlihc.org\)](http://AmericanJobsPlan(nlihc.org))

⁷ See National Fair Housing Alliance, "2021 Fair Housing Trends Report," available at https://drive.google.com/file/d/1-qkD1FQj8GjOT2UdF4buBaJ74or56_qn/view?usp=sharing.

operate as boots on the ground to tackle test for and investigate discrimination that will undoubtedly occur in the implementation and dissemination of the various housing and community development investments in reconciliation. We call on Congress to provide \$1.005 billion for the Fair Housing Initiatives Program to ensure that its significant housing and community development investments do not contribute to residential segregation and housing and lending discrimination.

Thank you for your continued support and consideration. We are looking forward to the opportunity to speak with you in more detail about our support for these housing provisions.

Sincerely,

The Center for Responsible Lending

The Leadership Conference on Civil and Human Rights

The National Association for Latino Community Asset Builders

The National Coalition for Asian Pacific American Community Development

The National Community Reinvestment Coalition

The National Fair Housing Alliance

The NAACP

The NAACP Legal Defense and Educational Fund, Inc

The National Urban League