

June 13, 2022

Hon. Nancy Pelosi  
Speaker  
United States House of Representatives  
H-232 U.S. Capitol Building  
Washington, DC 20515

Hon. Chuck Schumer  
Majority Leader  
United States Senate  
S-230 U.S. Capitol Building  
Washington, DC 20510

Dear Speaker Pelosi and Majority Leader Schumer:

The undersigned civil rights, consumer, and housing organizations write to urge Congress to include historic, equity-minded housing investments in a revised budget reconciliation bill to narrow the racial wealth gap and increase fair and sustainable homeownership opportunities for communities of color.

As reconciliation negotiations stall in Congress, Americans are contending with significant inflation and economic uncertainty. Low-income families face the end of various social safety nets, such as eviction moratoriums and Child Tax Credit (CTC). Critical lines of aid, such as Emergency Rental Assistance (ERA) and Homeowner Assistance Fund (HAF), are slow to reach those who most need them and many states are tapped out. Inflation is also compounding the economic insecurity that American families face as price increases are concentrated in necessities such as food, fuel, and housing costs, while real wages fall.<sup>1</sup> Families on the lower end of the income spectrum are being hit especially hard by these factors and inflation.<sup>2</sup>

As the housing crisis remains a critical concern, access to safe and affordable housing is essential. In the 40 largest metropolitan areas, rents have risen by as much as 30%.<sup>3</sup> Families in urban and rural communities are foregoing other necessities as they spend more on rent each month. Homeownership remains a key driver of wealth, yet it remains economically out-of-reach for many households of color. The rise in variable interest rates in response to inflation is increasing monthly housing payments for many borrowers by hundreds of dollars. Prospective homeowners with limited resources are seeing an overcrowded housing market with fewer and less affordable options, particularly for entry-level homes.<sup>4</sup> Just in 2021 home prices increased by 19%, further delaying the stability and wealth building that homeownership offers.<sup>5</sup> In the same year, 1 in 7 homes sold in 40 major metropolitan areas were bought by investors, driving up purchase prices by outbidding would-be owner-occupants.<sup>6</sup> We call on Congress to make the following investments to close the racial wealth gap and give communities of color tools to combat inflation and an increasingly unaffordable housing market:

- **\$10 billion for a targeted first-generation down payment assistance (DPA), as passed in the House bill.** Targeted first-generation DPA addresses the primary barrier to homeownership for people of color, and allows borrowers to use their reserves for homeownership retention.<sup>7</sup> The data shows that targeted DPA can lead to both lower monthly payments and greater home equity.<sup>8</sup> **\$800 million for local fair housing enforcement through the Fair Housing Initiatives Program (FHIP) and the Fair Housing Assistance Program.** FHIP must be funded at \$700 million to ensure that local nonprofit fair housing enforcement organizations have the resources to address increasingly complicated forms of housing and lending discrimination. FHAP must be funded to ensure that state and local government agencies can properly adjudicate housing discrimination complaints that HUD refers to them.

- **\$5 billion for the Neighborhood Homes Investment Act (NHIA) to rehabilitate distressed properties for new owner-occupants.** NHIA is a financing tool that offers tax credits to cover the gap between the cost of building or renovating homes and the price at which they can be sold, thereby supporting renovation and new construction. NHIA would support the rehabilitation or development of nearly 125,000 homes for purchase to owner-occupants who can establish roots in communities that were the target of discriminatory and unsustainable lending practices in the run up to the 2008 financial crisis.
- **\$15 billion in the national Housing Trust Fund to build 150,000 homes affordable to people with the lowest incomes.** The Housing Trust Fund is the first new federal housing resource in a generation exclusively targeted to build and preserve rental homes affordable for people with the lowest incomes, who have the greatest and clearest needs.
- **Community Restoration and Revitalization Fund (CRRF)** The Community Restoration and Revitalization Fund (CRRF) creates a new competitive grant program at HUD that would invest in community-led civic infrastructure projects and create planning and implementation grants to nonprofits, Community Development Financial Institution Funds (CDFIs) and Community Development Corporations to carry out community-led projects to create or preserve affordable housing. Activities include housing rehabilitation and construction, demolition of abandoned or distressed structures, establishing and operating land banks, and assisting residents experiencing housing instability and at risk of displacement. CRRF's predecessor, the Neighborhood Stabilization Program (NSP) helped to stabilize communities with high rates of abandoned and foreclosed homes. Between 2008 and 2010, Congress authorized three separate enactments to create and support NSP (commonly referred to as NSP1, NSP2, and NSP3). According to a 2015 HUD report NSP successfully supported communities' long-term revitalization efforts by lessening pressure on other funding sources and creating new mechanisms for supporting vulnerable areas, in addition to stimulating the local economy and creating contracting opportunities for local small businesses.

Today's housing crisis calls for innovative and equity-minded investments that strengthen America's middle- and working-class, grow the economy, and ensure the housing market serves its core function in delivering stability and opportunity. More than ever, we ask for the leadership of Congress to level the playing field and ensure that pillars of wealth creation like homeownership remain within reach for everyone, including the 8.3 million mortgage-ready Latinos.<sup>9</sup>

Sincerely,

Americans for Financial Reform

California Reinvestment Coalition

Center for Disability Rights

Center for Responsible Lending

Homeownership Alliance

League of United Latin American Citizens (LULAC)

National Association for Latino Community Asset Builders

National Association for Latino Community Asset Builders

National CAPACD- National Coalition for Asian Pacific American Community Development

National Coalition for the Homeless  
National Community Reinvestment Coalition  
National Community Stabilization Trust  
National Fair Housing Alliance  
National Housing Resource Center  
Poverty & Race Research Action Council  
Prosperity Now  
True Colors United  
UnidosUS

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- <sup>1</sup> <https://www.marketwatch.com/story/inflation-inequality-is-hitting-the-working-class-harder-than-at-any-other-time-on-record-11649966309>
  - <sup>2</sup> <https://www.washingtonpost.com/us-policy/2022/04/05/fed-inflation-poor/>
  - <sup>3</sup> <https://www.washingtonpost.com/business/2022/01/30/rent-inflation-housing/>
  - <sup>4</sup> <https://www.freddiemac.com/research/insight/20210507-housing-supply>
  - <sup>5</sup> <https://www.dallasfed.org/research/economics/2021/1228.aspx>
  - <sup>6</sup> <https://www.washingtonpost.com/business/interactive/2022/housing-market-investors/>
  - <sup>7</sup> <https://www.urban.org/urban-wire/down-payment-assistance-focused-first-generation-buyers-could-help-millions-access-benefits-homeownership>
  - <sup>8</sup> Ibid.
  - <sup>9</sup> <https://nahrep.org/downloads/2021-state-of-hispanic-homeownership-report.pdf>