

U.S. House of Representatives, Committee on Economic Disparity and Fairness in Growth
Promoting Economic Prosperity and Fair Growth through Access to Affordable and Stable Housing
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Chairman Himes, Ranking Member Steil, and members of the Committee, thank you for the opportunity to provide testimony on the ways in which structural barriers in the housing market prevent the United States economy from reaching its full potential and how Congress can take proven actions to address these disparities. I commend the Committee for its bipartisan commitment to housing as a critical component of economic security and mobility, jobs, and individual success in life.

I am President of the Solutions Division of Enterprise Community Partners, a national nonprofit working to make home and community places of pride, power and belonging for all. In order to create that change, we draw on our strength as an end-to-end housing platform, providing programmatic and advisory services, capital and community development under one roof. We advocate on a nonpartisan basis for sound public policy at every level of government. We develop and deploy programs and support community organizations on the ground nationwide. We invest capital to build and preserve rental homes, and we own and operate 13,000 apartments and provide resident services for 22,000 people. In short, our work contributes to thriving, supportive and equitable communities that prioritize safe, stable and affordable housing options.

Over the past 40 years, Enterprise has collaborated with thousands of local partners to build and preserve 873,000 affordable homes, invested \$54 billion across all 50 states and improved millions of lives. Our strategic priorities are advancing racial equity, building climate resilience and upward mobility and creating and preserving housing people can afford.

Despite our progress, the need for advancing racial equity and providing economic mobility through housing and community development policy and programs is tremendous. This testimony: 1) describes how current inequities in social and economic outcomes have roots in housing policies; 2) highlights the steps Enterprise is taking to build racial equity, economic resilience and upward mobility; and 3) recommends immediate actions the federal government can take to address the legacy of systemic barriers to housing and economic prosperity, so that together we can create a more equitable future for all.

Summary of Recommendations

The United States Congress holds the power to address economic disparities, including racial disparities, and promote economic growth so that people across all communities can thrive. Policy that supports housing stability for all types of housing and upward mobility for people of modest means must be a crucial component of the nation's economic strategy. Systems change can lead to individual upward mobility and expansion of what's possible for children born into poverty, creating a brighter future for them and for the communities in which they live. Actions that Congress should take include:

- Increase Housing Choice Voucher funding levels commensurate with need;
- Expand protections for renters as proposed under the *Fair Housing Improvement Act*, protecting families who rely on child support, vouchers, or other non-traditional sources of income;

- Address access to affordable homeownership through fair lending practices and appraisal industry standards;
- Provide grant funding for community land trusts (CLTs), which can serve as a bridge for families from renting to owning;
- Support sustainable conversion of mobile home communities to resident-owned cooperatives;
- Enact critical protections to support renters and their housing stability, including the right to form tenant councils, eviction only for just cause, access to counsel in the event of eviction and fair evaluation of criminal convictions;
- Increase support for the upward mobility of current residents of affordable housing through proven policies such as:
 - Earned Income Disregard;
 - The Family Self-Sufficiency (FSS) Program, Jobs Plus Initiative, and Mobility Mentoring/coaching programs;
 - Service coordination;
 - Access to job training and education;
 - Direct resources to escrow savings accounts for low-income families with Housing Choice Vouchers and those who live in public housing and project-based rental assistance units;
 - Increasing asset maximums;
 - Expanding access to individual development accounts (IDAs); and
 - Rent reporting to build credit for people receiving federal rental assistance;
- Provide incentives for states and localities to modernize zoning, as proposed in the Unlocking Possibilities Program;
- Strengthen and improve tax incentives that create and preserve affordable housing through enactment of the *Affordable Housing Credit Improvement Act*, and ensure continued affordability by modernizing related provisions regarding qualified contracts (QCs) and the right of first refusal;
- Prioritize federal investments in local affordable housing and community development efforts through increased investments in programs such as the HOME Investment Partnership Program, the Community Development Block Grant (CDBG) Program, the Section 4 Capacity Building Program, Project Based Section 8 Rental Assistance (PBRA), Community Development Financial Institutions (CDFIs), and the United States Department of Agriculture Rural Housing Service; and
- Ensure that federal funding supports the stability and prosperity of communities through investments in climate-ready, affordable homes, including appropriations used for construction that take into consideration current and future risk of harm due to climate change, which disproportionately impacts low-income and communities of color.

How Disparities in Housing Reinforce Racial Equity and Hinder Economic Mobility

Communities of color have long been denied wealth building opportunities in this country, whether by law, practice or lack of access. Many efforts to strip communities of color of their wealth – and their ability to pass that wealth down to next generations – were legal at the time they were in force, such as the *Indian Removal Act*, slavery, the Indian Adoption Project and crop-sharing. Some targeted housing specifically, such as the federal policy of redlining, which prohibited the Federal Housing Administration from insuring mortgages in and near Black neighborhoods, which effectively endorsed similar practices

throughout the private sector. Blockbusting, where real estate speculators persuaded white homeowners to sell their homes cheaply because of the fear of Black and/or Latino people moving into the neighborhood, also harmed communities of color, allowing real estate speculators to profit by reselling at a higher price to incoming residents of color.

Thankfully and rightfully, these practices were outlawed over time. But while practices that denied people access to certain neighborhoods and housing resources because of their race have been outlawed since passage of 1968 *Fair Housing Act*, the damage done prior to the Civil Rights era has never been fully redressed. The legacies of these past actions continue to put communities of color at a distinct disadvantage to white households, whose earlier access to wealth and high-opportunity neighborhoods has reaped considerable benefits for multiple generations. Moreover, other practices took their place and have now resulted in more subtle forms of discrimination. Policies such as single-family-only zoning and practices such as property owner denial of voucher holders – while racially neutral at face value – have served to limit wealth building for communities of color and persist today.

The statistics are clear: while Black households make up only 12% of the population, they make up nearly 46% of people in HUD-assisted housing and 40% of people experiencing homelessness. This disparity in HUD-assisted housing is largely due to the overall precarious economic conditions of Black households. Strikingly, 35% of Black renter households earn extremely low incomes (defined as incomes up to the federal poverty level or 30% of their area median income) compared to 22% of white non-Hispanic renter households (Source: [NLIHC](#)). The racial discrepancies don't stop with Black communities. Hispanic households make up 18.4% of the population – approximately the same as the percentage (18.5%) of all HUD-assisted households in the United States – and 22.5% of the people experiencing homelessness. Native Americans are also disproportionately represented among the nation's homeless population and have a higher likelihood of experiencing poor housing conditions, including lack of indoor plumbing (Source: [Urban](#)).

Unfortunately, we can see the continuing legacy of housing discrimination and community disinvestment not only in the disparate outcomes in housing status, but also in every other aspect of life as well. Unstable or unsafe housing is linked to poorer health, education, employment and economic outcomes.

Looking at health outcomes specifically, housing instability increases the likelihood of exposure to childhood trauma, which in turn, is linked to higher rates of anxiety, cancer, depression, diabetes, cardiovascular disease, obesity, post-traumatic stress syndrome, stroke and substance use disorders that carry into adulthood (Source: [Kempe](#)). Among children, housing quality is associated with the baseline symptoms of depression, anxiety and aggression expressed from elementary school through young adulthood (Source: [Urban](#)). Current residents of formerly redlined communities also report significantly higher rates of asthma, chronic obstructive pulmonary disease, diabetes, hypertension, high cholesterol, kidney disease, obesity and strokes. As a result, life expectancy in such communities is 3.6 years shorter relative to previously highest-rated neighborhoods (Source: [NCRC](#)).

In terms of education, Black students are seven times more likely than white students to attend high-poverty schools with a high share of students of color, which have been consistently linked to lower levels of academic achievement. In one study, the transition of families from high-poverty neighborhoods to lower poverty neighborhoods was associated with a 32% increase in the likelihood of attending college (Source: [Chetty & Hendren](#)). In order to ensure that all children in our country are prepared to succeed, we must guarantee that they have access to a high-quality public education regardless of neighborhood, income or race. Alongside efforts to improve underperforming schools and lessen the role of geography in

determining access to high-quality schools, communities should make it possible to offer a variety of housing options to meet the full spectrum of incomes in a region.

The persistence of segregation also yields a wide range of negative economic consequences for Black, Indigenous, and people of color (BIPOC) communities. While growing up in a predominantly white neighborhood increases lifetime earnings, regardless of one's own race or ethnicity, highly segregated communities of color have lower incomes, housing values and homeownership rates relative to segregated white neighborhoods (Source: [OBI](#)).

Homeownership is an intergenerational factor in personal net worth. Children of homeowners are more likely to become homeowners themselves (and at earlier ages), which provides more time for them to build equity in their homes, a major source of wealth (Source: [Urban](#)). As of the fourth quarter of 2021, 43% of Black households owned their homes, compared to 74% of their non-Hispanic white counterparts and 58% of households of other races (Source: [US Census](#)). Hispanic homeownership rates finally exceeded 50% in 2020 (Source: [NAR ACS analysis](#)) but ended 2021 back below that milestone at 48% (Source: [US Census Q4 2021 Housing Vacancy Survey](#)). However, the financial benefit homeownership confers is not equal. Black homeowners are almost five times more likely to own a home in a formerly redlined neighborhood, and over the last 40 years, have gained \$212,023 less on average in personal wealth than homeowners in greenlined neighborhoods, exacerbating racial economic disparities (Source: [Redfin](#)). This cycle of disparity is made more concrete by persistent biases in housing markets that have undervalued homes in predominantly-Black neighborhoods by a cumulative \$156 billion (Source: Andre Perry at [Brookings](#)), leaving owners in these communities with fewer assets to pass down to their children.

These racial disparities even extend to the climate in Black, urban neighborhoods, with these communities having less green space and enduring hotter temperatures, sometimes by 10 degrees Fahrenheit or more (Source: NYT). Unsurprisingly, this too has roots in misguided or ill-intentioned former policies. There are striking overlaps between contemporary flood risk maps and New Deal-era maps used by the federal government to assess risks in mortgage lending. These historically redlined neighborhoods face a greater risk of flooding today – across 38 major United States' cities, more than \$107 billion worth of homes at high risk for flooding are located in historically redlined neighborhoods, which is 25% more than in non-redlined areas (Source: [Redfin](#)). These disparities reflect decades of disinvestment and the disproportionate climate impacts underserved communities face when compared to wealthier and non-redlined areas.

While unsafe and unstable housing has extensive negative overall consequences, the opposite is also true: access to good, quality affordable housing in childhood pays dividends in adulthood. In fact, a recent study by Elena Derby for the Joint Committee on Taxation found that individuals who grew up in tax-subsidized affordable housing created by the Low-Income Housing Tax Credit (Housing Credit) program were more likely to enroll in post-secondary education programs and have higher earnings as adults (Source: [Derby](#)). Clearly, at least part of the solution to the myriad of social and moral detriments caused by racial inequality must be housing.

Building Racial Equity, Financial Resilience, and Upward Mobility

Enterprise seeks to eliminate disparities in economic outcomes through systems, community and people-focused partnership models centered on racial equity and housing security. To that end, we focus on improving access to the full “housing bundle” – the interdependent factors that must work together for

housing to act as a pathway to economic success, power and autonomy (as in, the ability to shape how communities function), and being valued in community. These are the three core principles that define upward mobility, according to the US Partnership on Mobility from Poverty.

This “housing bundle” consists of housing stability, housing quality, housing affordability, neighborhoods that support the ability of residents to thrive and housing that builds assets and wealth. The union of these goals is out of reach for so many people in this country. Families of color are disproportionately negatively impacted in each of the five components of the housing bundle, forcing low-income BIPOC residents to make trade-offs between affordability and quality or housing stability and asset-building at the expense of their own upward mobility.

Through our upward mobility initiatives, Enterprise is supporting a networked approach that integrates housing, effective services and supports, education and access to family sustaining employment and wealth-building opportunities, while at the same time changing the policies, practices, capital flows and power dynamics that have historically withheld opportunity, undermined self-efficacy, or promoted exclusion.

A cross-Enterprise team brings all our capabilities – program design and management; technical assistance and capacity-building; research and evaluation; policy development and advocacy; and capital innovation – to this effort. Our flagship example of this approach has involved supporting the Strive Together Network in the development of cross-sector partnerships between local housing and education sector actors across the country. In this model, we provide direct technical assistance and capacity building support to local community partners to build understanding, formalize new cross-sector collaborations and help them launch and sustain locally relevant strategies. This engagement prioritizes the inclusion of a broad range of community voices, identifying systemic disparities, coordinating work to advance equity, embracing a culture of continuous monitoring and improvement and leveraging existing resources to maximize impact on targeted outcomes. These partnerships are youth-focused and oriented toward the kind of systems change that can advance economic mobility across generations within a community.

Informed by our work with the private sector and local partners, and in the service of supporting equitable economic development at scale, Enterprise has instituted Equitable Path Forward and the Neighborhood Investment Program, two signature community investment programs that are representative of our coast-to-coast approach and designed specifically to increase upward mobility in urban, suburban and rural communities and in partnership with organizations of all sizes.

Equitable Path Forward

Our Equitable Path Forward Initiative is a five-year, nationwide initiative to help dismantle the legacy of racism in housing. This includes what types of homes get built, where they're built, who builds them and the wealth that they generate. Through this initiative, Enterprise has created a \$350 million Growth Fund that will leverage an additional \$3.5 billion in new capital investment into BIPOC-led and other marginalized Community Development Corporations (CDCs), companies, projects and communities. This provides entity- and project-level capital and will serve to fill the gap in access to “friends and family” and traditional bank financing created by decades of systemic racism, strengthen providers through advisory services and other nonfinancial support and create new career pathways to diversify leadership in real estate. Through this work, we are leveling the playing field for developers of color so

they can realize their full potential to building high quality housing, hold on to more of their profits and growth potential and serve their communities from within.

Our Growth Fund includes products furnished through Enterprise Community Loan Fund, our nationally recognized Community Development Financial Institution (CDFI). It provides unsecured lines of credit, entity-level grants, project-level debt and equity, support for meeting investor guaranty requirements, philanthropic capital and support for organizational growth. In 2021, its inaugural year, Equitable Path Forward has already committed more than \$163 million in grants and capital, which in turn has leveraged \$1.8 billion.

Empowering Black Futures Neighborhood Program

Enterprise also recently partnered with Fifth Third's Empowering Black Futures Neighborhood Program, a \$180 million effort to accelerate revitalization in nine majority-Black communities that have experienced disinvestment. Over a three-year period, Enterprise will support each neighborhood to develop economic mobility plans and related strategies, align cross-sector partnerships and deploy Fifth Third capital and other private and public sector investments to advance economic mobility. Enterprise will also partner with each of the nine neighborhoods to evaluate how their plan is improving the economic mobility of residents and small businesses and provide tools for each neighborhood to measure progress over time. In support of this effort, Enterprise will create a peer learning platform so that stakeholders from each of the nine neighborhoods can exchange ideas, share innovative and scalable approaches and learn with and from each other.

Enterprise Housing Strategy and Implementation Work

Enterprise partners with communities to develop and implement affordable housing strategies that expand local tools, capacity and facilitate more equitable housing solutions. By working together, we identify and right-size solutions to address the most pressing housing challenges of today and the future.

In recognition that private and public sector partnerships drive innovation and dynamic action, and informed by community partners, our public sector consultancy has led place-based efforts in over 700 communities across the country. This includes developing comprehensive housing plans to facilitate greater access to opportunity, creating more equitable outcomes and facilitating upward mobility through investments in housing, while also addressing systemic barriers in local housing delivery systems. Our work supports state and local public agencies and makes connections to private sector partners whose investments allow substantial leveraging of public funds.

To date, we've partnered with more than 15 regions and developed over 20 long-term housing plans, while improving over 87 local delivery systems, creating over 43 new partnerships, 39 new regulatory tools and establishing more than 84 new financing tools for communities to address housing affordability and related barriers over time.

The Low-Income Housing Tax Credit

Enterprise is also a leader in developing affordable housing through the Housing Credit program, which has created or preserved more affordable housing than any other tool in the country since its inception in 1986. A model public-private partnership, the Housing Credit incentivizes investment in the development or rehabilitation of affordable rental housing in exchange for tax credits. Unlike many other tax expenditures – which subsidize activity that would occur at some level without a tax benefit – virtually no

affordable rental housing development would occur without the Housing Credit. In 2021, Enterprise had a record-setting year, investing \$1.56 billion to create or preserve 9,700 affordable homes in 97 developments spread across 24 states and the District of Columbia.

The Housing Credit plays an important role in addressing the pervasive residential and economic disparities that exist today, many of which stemmed from redlining, and enable families to focus on economic mobility. As noted previously, [studies have shown](#) that living in a Housing Credit unit not only improves health outcomes, including longer life expectancies, but that for every year spent in a Housing Credit financed unit as a child, individuals are 3.5 percent more likely to obtain a degree in higher education and go on to earn 3.2 percent more as adults.

Qualified Allocation Plans

A strong and unique feature of the Housing Credit program is that it is administered primarily at the state level, which allows for affordable housing projects that satisfy the specific housing needs and priorities of each jurisdiction. Through Qualified Allocation Plans, or QAPs, states and cities release specific criteria and requirements for developers to be eligible to be awarded Housing Credits. Across the country, the QAP has become a critical way to advance economic mobility and address racial equity in affordable housing.

For instance, QAPs can require developers to build projects near proven components for economic mobility, such as access to healthy food, transit, jobs and more. By diversifying where affordable housing developments are located, states and cities can also allow families and individuals a *choice* in where they live, so that residents may make their own decisions and exercise autonomy in their lives.

Chicago’s Racial Equity Impact Assessment

Using both our policy and local expertise, last year Enterprise performed multiple layers of research, led stakeholder engagement and submitted wide-reaching recommendations to advance racial equity within Chicago. In partnership with the City of Chicago and Chicago United for Equity, Enterprise supported the first ever racial equity impact assessment (REIA) of a QAP. This assessment was undertaken to help the city ensure equitable access to affordable housing and other community benefits for communities of color and working-class families.

By examining existing data as well as engaging community participation – including more than 130 residents, developers, housing advocates and other affordable housing stakeholders – the city identified key ways that the Housing Credit may advance racial equity and remedy long-standing inequities in affordable housing for low-income communities of color. As a result, Chicago’s QAP now includes a commitment to utilizing the Housing Credit program to promote racially equitable outcomes, incentivizing work with BIPOC communities and developers and serving residents most in need.

Advancing Homeownership Opportunities in Native Communities

Enterprise has a robust program of training, technical assistance and resource deployment to expand homeownership opportunities in Native communities, explicitly on trust lands.

Tribal Leader’s Handbook on Homeownership

In 2018, Enterprise, in partnership with the Center for Indian Country Development, released the Tribal Leaders Handbook on Homeownership in order to address the obstacles that low-income Native Americans face on their path to homeownership. This resource provided a comprehensive overview of mortgage lending process, examined challenges to homeownership on trust lands and included “best

practice” case studies that showed how tribes overcame obstacles through innovation and perseverance to create homeownership in their communities.

Implementation and Enhancement of Homeownership Programs in Native Communities Curriculum and Training

Building off the handbook, Enterprise developed a curriculum designed to build the capacity of Tribally Designated Housing Entities (TDHEs), Tribal Housing Authorities, and Native CDFIs to address the needs that their communities face in advancing homeownership programs. The curriculum, developed with support from Freddie Mac, includes a series of 12 interactive modules that enable practitioners to determine what assets they already have in place, identify gaps and outline concrete next steps for creating or strengthening a homeownership program for the communities they serve.

Native Homeownership Learning Communities Cohort (NHLCC)

This first of its kind cohort pairing TDHEs and Native CDFIs was launched in 2020 and brought together 18 organizations across eight Native communities to provide a deeper level of engagement to support organizations in their efforts to advance homeownership opportunities and build a peer-to-peer learning network.

Native Homeownership Coalitions

Enterprise has a long-standing history of supporting state-wide coalitions focused on supporting Native homeownership. Enterprise has supported and served as a founding steering committee member of the New Mexico Tribal Homeownership Coalition and the South Dakota Native Homeownership Coalition. We are serving in this capacity currently as Montana Tribes look to stand up their statewide Native Homeownership Coalition. We continue to serve and support these coalitions today.

Detailed Federal Policy Recommendations

Fair Housing and Tenant Protections

This year marks the 54th anniversary of the passage of the *Fair Housing Act of 1968* (the *Act*). The *Act* is responsible for the elimination of many discriminatory housing practices, which historically impeded housing and economic opportunities for racial, ethnic and religious minorities, women and others. While the *Act* has provided important legal protections against discriminatory practices, there is still hard work to be done to achieve its full potential to provide access and opportunity where decades of policy and practice have restricted it. Full implementation of the *Act* is not only our duty but is essential to create vibrant communities that offer opportunities for all people.

Removing Barriers in Fair and Equitable Access to Rental Housing

All levels of government play a key role in implementing policies that promote access to safe, quality affordable housing and greater neighborhood choice. The United States Department of Housing and Urban Development (HUD) has the primary role of setting policy under federal fair housing laws such as the *Act*. HUD’s strengthening of the Affirmatively Furthering Fair Housing Rule (AFFH) and the Assessment of Fair Housing (AFH) were important steps in providing clear guidance and tools to support local governments. Still, there is much more to be done to redress the ongoing legacy of racial discrimination and segregation in housing. Congress must expand access to rental assistance and ensure that such assistance does not limit access to well-resourced neighborhoods.

Expansion of the federal Housing Choice Voucher (HCV) program is one of the most impactful ways the federal government can provide housing stability and economic mobility to low-income households. As the nation's largest rental assistance program, the HCV program is proven to increase housing stability, improve access to quality housing and reduce homelessness and poverty (Sources: [NLIHC](#), [Urban](#)). However, only one in four renter households eligible for federal rental assistance receives it, leaving 16 million renters with unmet needs in precarious housing situations (Source: [CBPP](#)).

Expanding HCVs universally to reach all those who qualify would have a tremendous impact, lifting as many as 9.3 million people out of poverty and cutting the child poverty rate by one-third (Source: [CBPP](#)). Unfortunately, many HCV recipients still face discrimination and limited neighborhood choice. In fact, half of all HCV recipients live in jurisdictions that lack protection against source of income discrimination (Source: [PRRAC](#)), allowing property owners to legally discriminate against voucher-holders and limiting residents' access to safe, quality affordable housing. Enterprise urges Congress to expand protected classes covered under the *Act* to include source-of-income, thereby protecting renters who rely on HCVs, child support or other non-traditional sources of income. The *Fair Housing Improvement Act of 2019*, which Enterprise strongly supported, would have expanded protected classes under the *Act* to protect renters from discrimination based on source of income or veteran status.

Enterprise urges Congress to increase HCV funding levels commensurate with need, and to pair such action with expanded protections as proposed under the *Fair Housing Improvement Act*. Doing so would stabilize millions of low-income Americans through access to affordable housing as well as thriving communities.

Removing Barriers in Fair and Equitable Access to Homeownership

It shocks the conscience that the racial wealth gap between Black and white Americans is as wide as it was when then *Fair Housing Act* was passed in 1968 (Source: Washington Post). Although homeownership is the main driver of wealth creation in the United States, this principle does not apply uniformly to all Americans. Disparities in access to credit continue to limit homeownership opportunities for BIPOC homebuyers, and racial bias in home appraisals limit wealth creation for those who do buy a home. In fact, Black would-be homebuyers receive denials on their mortgage applications 84 percent more often than white homebuyers (Source: [Zillow](#)). When they can purchase a home, owner-occupied homes in Black communities are undervalued by \$48,000 on average (Source: [Brookings](#)) due to inconsistent appraisal standards and lack of industry oversight that makes space for implicit racial bias (Source: [NFHA](#)) in real estate valuations.

This directly impedes the ability of Black homeowners to generate wealth at the same rate as their white counterparts and is attributable in no small part to the fact that the Black homeownership rate has eroded over most of the past two decades, leaving today's 43% rate of homeownership essentially unchanged from the 42% rate in 1970 (Source: [US Census](#)).

Congress must address access to affordable homeownership through fair lending practices and improvements to appraisal industry standards. In response to growing awareness of this persistent issue, the Biden Administration established the Interagency Task Force on Property Appraisal and Valuation Equity (PAVE). Co-chaired by HUD Secretary Marcia Fudge, this task force will be instrumental in understanding bias in the appraisal industry, creating uniform industry standards in the appraisal process and ensuring that the benefits of homeownership are equitable to homeowners of all races and ethnicities.

In alignment with the National Fair Housing Alliance’s comprehensive analysis of impediments to fair real estate appraisals, **Congress should examine opportunities to provide oversight of the appraisal industry through robust governance of the Appraisal Foundation, expanded requirements for fair housing training, diversification of the appraisal profession and funding for enforcement and compliance.** One example would be supporting training programs such as appraisal apprenticeships for Native Americans. There is currently a dearth of appraisers available on trust land; resulting in often exorbitant rates by appraisers to travel to rural locations. These appraisals are completed with a lack of understanding of trust land or the available market for housing. Another challenge often seen across rural communities is appraisals that are lower than the cost of construction, making access to conventional mortgage capital impossible.

Protecting Tenants’ Ability to Access, and Keep, Affordable Housing

The expansion of federal tenant protections would shield tenants across the country from threats to housing access, quality, affordability and stability, and ensure that government funds spent on housing assistance achieve their desired impacts.

There are four elements critical to such rights. Tenant screening protections for people with criminal records can help to ensure equitable access to housing opportunities. Research demonstrates that housing access dramatically reduces the chances of further involvement with the criminal justice system and that this population does not pose greater problems or safety concerns than the general population of affordable housing renters (Sources: [Urban](#), [Wilder Foundation](#)). Just cause eviction requirements prevent arbitrary, retaliatory or discriminatory evictions by establishing that property owners can only evict renters for specific reasons such as nonpayment of rent, intentional damage to the unit or other substantial noncompliance with the terms of the lease. The right to form tenant associations allows residents to deploy their collective power to negotiate suitable terms with property ownership and management entities.

Several studies indicate that tenants with legal representation have a much greater likelihood of avoiding an eviction judgment and maintaining possession of their homes than unrepresented tenants (Sources: CityLab, NLCHP). Guaranteeing access to legal counsel is a key step in affirming the ability of tenants to secure fairness in rental housing experiences. In eviction lawsuits nationwide, an estimated 90% of property owners have legal representation, while only 10% of tenants do (Source: [IRP](#)). Without this essential resource, most tenants lose their cases and ultimately face eviction (Sources: [JSTOR](#), [Harvard Law Review](#)).

Evictions result in a devastating cascade of consequences for individuals, families and communities. More widely, eviction records further exacerbate low-income households’ access to quality, affordable rental homes, which is particularly detrimental as the share of families renting homes in the United States grows and the supply of affordable rental housing becomes increasingly limited (Source: [Pew](#)). In addition to these primary benefits, a right to counsel offers additional advantages, including keeping eviction filings off tenant records, arranging for alternative housing, negotiating reasonable timelines for tenants to exit their homes, reducing or eliminating money owed to property owners, helping tenants apply for rental assistance and preserving eligibility for federally subsidized housing programs. ((Sources: [CityLab](#), [NLCHP](#))) In addition, keeping eviction filings off tenants’ credit reports not only protects their credit scores, but also makes it more likely that they will be able to secure healthy and safe housing in the future, as property owners will not be able to reject their housing applications due to eviction history (Source: [Harvard](#)).

Advancing Upward Economic Mobility: Program Appropriations and Additional Supports for Renters Receiving Federal Housing Subsidies

Limited funding for federal housing assistance leaves many people unable to access programs proven to increase economic mobility. Expansion of program funding and eligibility would make them more effective on-ramps to economic mobility by increasing the prospects of employment, education, savings, credit building, family support and resource coordination.

This includes [Earned Income Disregard](#), which would allow individuals and families receiving housing assistance to keep more of their earned income for up to two years following an increase in employment income. This helps them form a solid financial foundation from which to secure long term improvements to economic health and stability.

This approach would also mean **increased appropriations for the Family Self-Sufficiency (FSS), Jobs Plus Initiative, and Mobility Mentoring/coaching programs, service coordination, and access to job training and education.**

Other opportunities for supportive engagements could **direct resources to escrow savings accounts for low-income families with HCVs and those who live in public housing and PBRA units, increasing asset maximums, expanding access to individual development accounts (IDAs) and rent reporting to build credit for people receiving federal rental assistance.**

Advancing Upward Economic Mobility: Inclusive Communities

In an effort to deconstruct concentrated poverty and make access to affordable housing a platform for economic mobility, zoning regulations and other elements of local housing policy must be addressed. **Allocating funding and influencing program design to implement zoning changes are critical, like the proposed Unlocking Possibilities Program and Equitable Transit-Oriented Development (eTOD).** The Unlocking Possibilities Program would deploy funding to communities that streamline regulatory requirements and processes, reform zoning codes or engage in other initiatives that reduce barriers to housing supply elasticity and affordability. Communities would be expected to develop and evaluate housing policy plans and substantially improve housing strategies in alignment with established criteria. The approach of eTOD improves the availability of affordable homes near transit, which could greatly expand the number of employment opportunities available to workers with lower incomes by connecting employers with workers. eTOD can also support economic vibrancy by connecting businesses with customers and households with their everyday needs (Source: [Enterprise](#)).

Advancing Upward Economic Mobility: Community Ownership

Community ownership can help preserve affordability over long term time horizons. Community ownership directly targets resident power and autonomy, as well as being valued in community (which are two of the three core principles of economic mobility noted above). A federal focus on community ownership opens the door to generate modes of housing and development practices that are more resident centered and more responsive to the evolving needs of communities.

One such approach would create a pilot program and interagency task force to support the long-term affordability of manufactured home communities through preservation efforts, tenant

ownership and community land trust models. These efforts would incentivize proper maintenance practices and other tenant protections, prevent predatory acquisitions and ensure the long-term preservation of this critical supply of affordable housing. As Fannie Mae and Freddie Mac have instituted requirement that all new manufactured housing community transactions include tenant site lease protections, a pilot program would support those efforts and ensure similar protections in private market transactions.

Enterprise recommends that Congress provide grant funding for community land trusts (CLTs), CLTs are nonprofit, community-based organizations that can bridge the gap for families from renting to owning. CLTs acquire and maintain permanent ownership of land where housing (and commercial space) is leased to homeowners on a long-term, affordable basis. Upon leaving the property, the homeowner earns a portion of the property’s appreciated value, which can be employed to help secure traditional homeownership elsewhere, while the CLT enters into a new long-term lease with another homeowner. CLTs help to ensure that residents of color in the communities that have borne the challenges of intentional disinvestment, racially biased practices and discriminatory policy have a way to avoid displacement, benefit from revitalization in their areas and have a voice in the processes that shape their communities. Federal support of this housing strategy will support the expansion of affordable homeownership for communities of color.

Expand and Strengthen the Housing Credit

The need for affordable housing has continued to climb for decades, which has been exacerbated by the economic fallout of Covid-19 and rising inflation. Housing accounts for 33 percent of the factors considered to determine the consumer price index, or CPI, which makes it the single largest part of the inflation calculation making headlines. A *Washington Post* article by Jim Parrott and Mark Zandi cited that rents are up a record 13.5 percent this year on average, with some metropolitan areas seeing a 20 percent increase.

This is layered onto a pre-existing severe shortage of affordable rental housing available to low-income families. The nation is not producing nearly enough affordable rental homes to keep pace with the rising demand, and wage rates have also not kept pace with inflation. Nationwide, approximately 10.5 million renter households pay more than half their monthly income on rent, leaving too little for other necessary expenses like food, healthcare, transportation and higher education. Currently, there is a shortage of more than seven million affordable rental units for extremely low-income (ELI) renters, with only 37 affordable and available units for every 100 ELI renter households.

Congress Must Enact Legislation to Strengthen and Expand the Housing Credit program

Since its creation, the Housing Credit program has provided approximately 8 million low-income families, seniors, veterans and people with disabilities homes they can afford, financing over 3.6 million affordable homes. It has provided affordable housing to all 50 states, the District of Columbia and United States territories, and to all types of communities, including urban, suburban and rural.

The bipartisan, bicameral *Affordable Housing Credit Improvement Act* would not only increase the supply of Housing Credit developments but would also streamline the program to better meet the needs of rural communities, veterans, seniors, Native Americans and extremely low-income families. The legislation is estimated to finance over two million additional affordable homes over the next 10 years. Ultimately,

strengthening and expanding the program is foundational to advancing racial equity and economic mobility for low-income Americans across the country.

In addition, Enterprise strongly supports legislative efforts to ensure the continued affordability of Housing Credit units by updating rules related to QCs and the ROFR.

The QC provision corrects a loophole in the tax code allowing properties to get out of their affordability requirements after just 15 years, rather than 30 years as intended by Congress, leading to the premature loss of some 10,000 low-income homes annually. The ROFR changes also protect the affordability of Housing Credit properties by enabling nonprofit property owners to buy the buildings they develop for a minimal price at the end of the 15-year compliance period when the tax credit investor exits the partnership agreement, which is how Congress intended the program to work. Both changes are particularly important to maintain the integrity and longevity of this highly successful program. Provisions to correct issues related to QCs and the ROFR were included in the *Build Back Better Act* bill that passed the House in November.

Create and Preserve Affordable Housing by Investing in Proven Federal Programs

Investing in federal programs proven effective in creating and preserving affordable housing is a key component of addressing racial disparities and supporting economic mobility.

The HOME Program

No program is better suited to address the wide range of housing challenges we face as a nation than HOME, which is our country's most flexible and proven affordable housing program for delivering resources to urban, suburban and rural communities. Not only is HOME central to efforts that combat the affordable rental housing crisis, but it also meets critical homeownership needs by allowing states and localities to provide down-payment assistance to credit-worthy homebuyers, lower mortgage interest rates and assist with homeowner rehabilitation.

In 2021, the Administration and Congress made clear that HOME is a key priority. In addition to providing funding for this critical program in coronavirus pandemic relief bills, the president's fiscal year 2022 budget request proposed \$1.9 billion for HOME, \$550 million above the level enacted for fiscal 2021. The House offered a similar amount in their bill, providing \$1.85 billion for HOME, \$500 million above fiscal 2021 enacted levels. The Senate came in slightly lower but still offering an increase to \$1.45 billion for HOME, \$100 million above fiscal 2021. Enterprise urges Congress to provide the highest possible funding levels for HOME in appropriations legislation, as well as future economic and pandemic recovery packages.

The CDBG Program

CDBG is a critical resource for communities nationwide to invest in low- and moderate-income neighborhoods, producing and preserving homeowner and rental housing, providing fundamental infrastructure, vital public services and public improvements and spurring economic development and public-private partnerships at the local level. The flexible nature of these funds also allows them to address a wide range of challenges faced by both small rural towns and major metropolitan areas, making it an effective tool for localities in their effort to stabilize and maintain affordable housing and vibrant communities. These funds are commonly also used for water and sewer, sidewalks and other community enhancement projects.

The Community Development Fund, the appropriations account for CDBG, received \$3.8 billion in the president's fiscal 2022 budget request, \$320 million above the fiscal 2021 enacted level. The House allocated \$4.69 billion, \$1.21 billion above fiscal 2021 levels. The Senate also came in well above the amount appropriated in fiscal 2021, providing \$4.19 billion for the fund in its proposal. Enterprise encourages Congress to provide the highest possible funding for CDBG in appropriations legislation, as well as future economic and pandemic recovery packages.

Section 4

HUD's Section 4 capacity building program enhances the technical and administrative capacity of CDCs and community housing development organizations (CHDOs) so they can help strengthen rural and urban communities across the nation by developing affordable housing, financing small businesses, revitalizing commercial corridors and helping address local healthcare, childcare, education and safety needs. These organizations are critical stakeholders in community development, working in neighborhoods across the country to address unique challenges and provide critical services that create jobs and enhance economic opportunity. An example of a successful public-private partnership, Section 4 leverages more than \$20 for every \$1 invested by the federal government, making it very cost-effective. Enterprise urges Congress to provide at least \$50 million in annual appropriations for the Section 4 Program to ensure these community development organizations can further expand their important work.

PBRA

Project Based Rental Assistance (PBRA) is a public-private partnership to build and maintain affordable rental housing for low-income households. Currently PBRA provides assistance to over two million people in 1.2 million households, with an estimated two thirds of PBRA households containing older adults or people with disabilities (Source: [CBPP](#)). Increasing funding to honor existing PBRA contracts and expand to cover more renters is one of our most powerful tools for lifting up low-income communities by promoting access to opportunity and providing housing stability. PBRA allows families to build foundations for economic security, resilience and independence by improving prospects for employment, access to supportive services and opportunities for saving money. We urge Congress to increase funding for the PBRA program to honor existing contracts and expand coverage, in order to protect the housing security and access to opportunity for millions of Americans.

CDFI Fund

CDFIs are an essential tool for delivering needed capital to historically underserved areas, financing a range of activities from consumer and small business credit to affordable housing and community projects that support health and education. Providing better access to debt relief, working capital and consumer loans to small business and non-profit borrowers through CDFIs increases the capacity for economic growth and opportunity that would not otherwise be available in some of our nation's most distressed communities. Enterprise urges Congress to allocate robust funding for the CDFI Fund in annual appropriations to continue providing transformative resources to vulnerable communities.

USDA Rural Housing Service

USDA's Rural Housing Service provide vital housing opportunities for low-income households in rural communities. The Section 515 Rural Rental Housing Loan Program in particular provides low cost, long-term loans to developers for the construction or rehabilitation of rural rental housing targeted for those with the greatest needs. The Section 515 Program is often the only affordable rental housing option in rural communities, making it integral to improving access to housing in much of the country.

Unfortunately, due to the mortgage maturing challenge, USDA's portfolio of affordable housing is dwindling. A recent report by the Housing Assistance Council showed that over 700 developments face maturing mortgages between 2016 and 2027, which equates to a loss of close to 18,000 units per year. Over the next four to five years, maturities will accelerate, averaging up to 3,000 developments and up to 92,000 units with that trend continuing through 2050. When these units enter the private market, rent for thousands of families could increase dramatically, putting many at risk of displacement and homelessness. We recommend Congress appropriate a minimum of \$45 million for the Section 515 Rural Rental Housing Loan Program. We also recommend a federal legislative fix to address the maturing mortgage challenge.

Community Reinvestment Act Modernization Efforts

The Office of the Comptroller of the Currency (OCC), the Federal Reserve (Fed), and the Federal Deposit Insurance Corporation (FDIC) are the three banking regulators charged with overseeing the Community Reinvestment Act, or CRA, a law enacted in 1977 which aims to help low- and moderate- income (LMI) communities gain access to financial services, loans, and community development investments that would otherwise be unavailable. Enterprise provided recommendations to the regulators following requests for comments on modernizing the CRA in the last few years.

Chief among those recommendations was the call for a unified approach to updating the CRA in a manner that is true to the law's original intent of directing lending and investment in formerly redlined areas, while adapting to changes in technology and the financial services landscape since the regulations were last changed.

The three banking regulators' commitment this past fall to issue a final joint rule to regulate the CRA was a critical step forward. Increased clarity and consistency of the regulation is a desirable outcome, but regulators must also incorporate and emphasize local perspectives and needs, specifically through a commitment to measuring bank performance and impact in LMI communities using both quantitative and qualitative measures.

CRA plays a critical regulatory role in addressing discrimination and redlining by financing the production and preservation of affordable rental homes and the purchase of affordable owner-occupied homes by LMI borrowers. CRA is also an important driver of access to capital by incenting financial institution investment in critical affordable housing and community development programs, including the Housing Credit, the New Markets Tax Credit (NMTC), and CDFIs. To that end, we have encouraged regulators to consider greater flexibility in designating statewide non-metropolitan assessment areas and allowing high-performing banks to adopt statewide assessment areas for community development activities. Both of these changes would benefit rural areas and other communities with fewer financial institutions, often referred to as "CRA deserts."

In updating the CRA along these lines, the needs of people and places that have historically suffered from discrimination and disinvestment will be better met on a consistent basis.

Climate Resilience

We recommend appropriations used for construction take into consideration current and future risk of harm due to climate change, which disproportionately impacts low-income and communities of color. Protecting federal investments from foreseeable risks ensures that taxpayer dollars are invested in projects

that will deliver maximum results. **Congress should ensure that federal funding supports the stability and prosperity of communities through investments in climate-ready, affordable homes.**

Millions of Americans across the country are facing catastrophic, life-threatening, extreme weather events, including stronger hurricanes, extreme heat, unprecedented drought and severe wildfires. In 2021, the United States recorded at least 20 disasters that cost \$1 billion or more in losses, totaling more than \$145 billion in recovery costs, leaving behind devastated households and communities across the country (Source: [Washington Post](#)). This comes after multiple disasters in 2020, including Hurricanes Laura and Delta in Southwestern Louisiana, a deadly derecho in Iowa, major flooding across the Midwest and earthquakes in Puerto Rico.

Low-income populations and people of color are less likely to have the resources necessary to prepare for a storm and are more likely to lack savings before disasters strike. An Urban Institute study finds that people with financial burdens who also live in communities of color experience an average 31-point credit score decline, compared with a 4-point decline for people in majority-white communities when a disaster strikes (Source: [Urban Institute](#)).

These deadly disasters disproportionately affect underserved communities and people of color the most because of our country's legacy of discriminatory housing and economic practices. The combined impact of legacy land use and financing policies such as redlining have marginalized communities politically, economically and structurally through increased exposure to climate risk, leaving them with fewer local resources and capacities to either mitigate risks or fully recover in the aftermath of an adverse event. Too often, these inequities and the overlapping risks they present persist long after the initial storm, fire or pandemic.

Besides being more likely to live in physically vulnerable areas with greater natural hazard risks, residents of these communities also tend to live in lower-quality homes that are less stable in the event of extreme weather events. These same individuals tend to be less likely to have the resources necessary to prepare for a disaster and to lack the savings needed after disasters strike. As a result, they take longer to recover, if they recover at all.

According to the federal United States Global Change Research Program's Fourth National Climate Assessment, climate risk prevention efforts can reveal existing inequalities. While better-resourced communities have access to stronger, more resilient infrastructure and mitigation initiatives to address climate hazards, smaller or under-resourced communities lack the capacity and means to put in place a robust mitigation response (Source: [US Global Change Research Program](#)). Even at the household level, some property owners can afford retrofits to make their home more resilient to climate shocks, such as elevations to protect against flooding. That being said, specific recommendations include:

Increase Awareness and Accessibility of Information on Foreseeable Risks

Enterprise recommends that the federal government increase awareness of the actual hazards communities face by providing the best available science and data on climate risk uniformly across the country, at the address level. Many communities and homeowners do not fully understand their current and future risk of hazards, especially from flooding, which causes the most significant economic damage. Research suggests that FEMA flood maps only account for one-third of buildings at risk of serious flooding. **Congress should set resilient building standards as the minimum quality standard for all new construction and substantial rehabilitation projects built with agency dollars, ensuring that federal funding supports climate-ready, affordable buildings.**

Minimum standards must be enforced to ensure that when we are rehabilitating and building affordable housing that we are making climate ready homes. These standards will ensure that whether a resident is facing the slow creep of rising temperatures or the sharp impact of a hurricane, that they are able to survive and thrive. Some HUD programs such as the Choice Neighborhoods Program and the CDBG-Disaster Recovery (CDBG-DR) program have implemented building standards that address both climate change mitigation and adaptation. However, there are not common or consistent standards across all federal programs, leading to grantee confusion. We recommend the inclusion of technical assistance to ensure local jurisdictions and their stakeholders have the technical expertise needed to implement and ensure compliance with applicable standards.

Encourage Strong Building Codes

A study released in November 2021 by FEMA shows that modern building codes continue to be one of the most cost-effective ways to safeguard against natural disasters (Source: [FEMA](#)). If all new construction adopts modern building codes, it could result in a \$600 billion loss avoidance by 2060. Despite this, 65% of counties, cities and towns across the country still have not adopted modern building codes.

Provide Stable Recovery Funding to Disaster-Stricken Communities

As the only source for federal long-term disaster housing recovery funding, the CDBG-DR program plays a crucial role in rebuilding homes and restoring livelihoods for people of modest means. Enterprise strongly supports the permanent authorization of CDBG-DR through the bipartisan *Reforming Disaster Recovery Act*, which would improve outcomes for families across the country by providing long-term recovery funds to disaster-stricken communities in a more efficient and equitable way.

Incentivize Private Investments in Resilience.

We strongly support the National Green Bank proposal to support the rapid deployment of low- and zero-emission technologies, as well as to invest in nonprofit financing institutions designed to support projects that reduce or avoid emissions by leveraging investment from the private sector. It is critical to ensure that any creation of a National Green Bank carves out a portion of the investments to benefit low-income and disadvantaged communities, including through affordable housing.

Engage Residents in the Recovery and Resilience Process

Public participation is a critical component of preparedness, particularly during mitigation and pre-planning, both to educate people about their personal risk and to involve them in community-informed solutions, ensuring all Americans have the opportunity to thrive.

Conclusion

On behalf of Enterprise, I offer my thanks to Chairman Himes, Ranking Member Steil and the Committee for its bipartisan leadership on these issues and the recognition of a need for bold action to move our country forward in a more equitable and prosperous direction. My Enterprise colleagues and I look forward to partnering with you to uplift affordable housing and community development policies that advance racial equity and economic mobility, so that hard-working families can build and sustain wealth and enable the further growth of our economy. Together, we can align private sector incentives with good public policy, for the benefit of every American.