



June 13, 2022

The Honorable Maxine Waters, Chair
House Financial Services Committee

Dear Chair Waters:

On behalf of the nation's state housing finance agencies (HFAs), the National Council of State Housing Agencies (NCSHA)¹ writes to express our enthusiastic support for the Downpayment Toward Equity Act (H.R. 4495). We thank you for introducing this legislation and scheduling it for a Financial Services Committee mark-up on June 14. We urge members of the Committee to vote for this important bill.

A healthy and equitable home purchase market is crucial for economic growth and to address our nation's affordable housing crisis. Expanding access to down payment assistance is the single biggest step Congress can take to building such a market, expanding homeownership opportunities for working families, and addressing the racial homeownership gap. Saving for a down payment is perhaps the primary barrier to affordable homeownership for low- and moderate-income families and people of color. More than two-thirds of renters cited saving for a down payment as an obstacle to homeownership, according to the Urban Institute.²

The Downpayment Toward Equity Act addresses this issue head-on by providing working families who can otherwise purchase a home the assistance they need to pay the down payment and/or other upfront costs necessary to buy a home. It also will help traditionally underserved households build equity in their homes faster, increasing the amount of savings and wealth available to them.

One of the bill's key strengths is that it will empower state HFAs to deliver more down payment assistance to borrowers. HFAs are the ideal choice to administer such a program. HFAs have decades of experience responsibly lending to low- and moderate-income home buyers and are the largest source of down payment assistance in the market today. In 2020 alone, HFAs provided down payment assistance to more than 122,000 borrowers, accounting for 82 percent of all HFA program loans that year. NCSHA studies have shown that state HFA loans with down payment assistance generally outperform loans that include down payment assistance from another programs.

¹ NCSHA is a nonprofit, nonpartisan organization. None of NCSHA's activities related to federal legislation or regulation are funded by organizations that are prohibited by law from engaging in lobbying or related activities.

² "Barriers to Accessing Homeownership Down Payment, Credit, and Affordability," Goodman, et. al., 2018, Urban Institute.

While we believe the Downpayment Toward Equity Act will expand homeownership opportunities for underserved households significantly, fully responding to the shortage of affordable homeownership opportunities for working families will require solutions that address the supply shortage as well. Looking ahead, we hope to continue working with you and the rest of the Financial Services Committee to identify and advance policies that will support the development of affordable for-ownership housing.

Thank you again for your leadership in expanding down payment assistance and making housing more affordable. We look forward to working with you to advance this critical legislation.

Sincerely,

A handwritten signature in black ink, appearing to read "Garth Rieman", with a long, sweeping horizontal flourish extending to the right.

Garth Rieman

Director of Housing Advocacy and Strategic Initiatives