



August 24, 2021

The Honorable Sherrod Brown
Chairman
Senate Banking Committee

The Honorable Maxine Waters
Chairwoman
House Financial Services Committee

The Honorable Patrick Toomey
Ranking Member
Senate Banking Committee

The Honorable Patrick McHenry
Ranking Member
House Financial Services Committee

Dear Chairman Brown, Chairwoman Waters, Ranking Member Toomey, and Ranking Member McHenry:

Thank you for your efforts to support critical affordable housing programs. In particular, on behalf of our Housing Finance Agency (HFA) members, the National Council of State Housing Agencies (NCSHA)¹ wishes to show our gratitude to Chairwoman Waters for demonstrating her commitment toward boosting support for affordable housing through the Housing is Infrastructure Act (H.R. 4497), the Down Payment Toward Equity Act, and the Ending Homelessness Act (H.R. 4496).

As your committees consider budget reconciliation legislation this fall to advance infrastructure and other priorities not included in the bipartisan Infrastructure Investment and Jobs Act, we urge you to make critical investments in affordable housing programs. Affordable housing is essential infrastructure. Like other physical forms of it, affordable housing is a part of the built environment every community needs that only public-private partnerships can ensure exists in sufficient supply and condition. It is the foundation for the human infrastructure on which the nation relies; the place where jobs go to sleep, caregivers support families, and kids get what they need to succeed in school.

This letter outlines NCSHA's top housing priorities for the reconciliation bill, all of which also are included in the Housing is Infrastructure Act. While our priorities include many commonsense programmatic modifications that would not impact the deficit, this letter focuses on those that do have a budgetary impact and thus, in our opinion, do not run afoul of congressional rules for a reconciliation bill.

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.

Expand the HOME Housing Block Grant

The HOME Investment Partnerships (HOME) program is a vital, proven tool for increasing the supply of affordable housing. States and localities use HOME to fund affordable apartment construction, rental assistance, and home repairs for low-income owners. Every dollar in HOME funds leverages nearly five dollars in other public and private resources.

Year after year, HOME is needed to do more and lately has been pressed to fill financing gaps caused by lumber shortages and other construction cost increases; support transformation of public housing developments serving some of the neediest Americans; respond to housing destruction after natural disasters; and prevent a spike in homelessness caused by the pandemic.

NCSHA thanks Chairwoman Waters (D-CA) for including \$35 billion for HOME in the Housing is Infrastructure Act. President Biden includes the same amount of funding in his American Jobs Plan. Such a substantial infusion of resources for the flexible HOME program would jumpstart housing production – especially when paired with an expanded Housing Credit program – and would enable states and local governments to take a substantial and important step toward reducing the extensive shortage of affordable housing supply in many communities throughout our country.

Invest in Targeted Down Payment Assistance

A healthy and equitable home purchase market is crucial toward strengthening the nation's housing infrastructure. Increasing home purchases will spur new home construction and rehabilitation, prompt other infrastructure investments, and open multifamily housing options for those who wish to rent.

Expanding access to down payment assistance is the single biggest step Congress can take to expand homeownership opportunities for working families and address the racial homeownership gap. Saving for a down payment is perhaps the primary barrier to affordable homeownership for low- and moderate-income families and racial and ethnic minorities: more than two-thirds of renters cited saving for a down payment as an obstacle to homeownership, according to the Urban Institute. Many of these households are otherwise able to afford a home mortgage but are finding it increasingly difficult to amass the requisite savings for a down payment.

Any federal down payment assistance program should use state HFAs to deliver help to those that need it. HFAs have decades of experience responsibly lending to low- and moderate-income home buyers. Down payment assistance has been a key part of these efforts, growing substantially over the past 10 years. In 2020 alone, HFAs provided down payment assistance to more than 122,000 borrowers, just over 77 percent of all HFA program loans last year.

NCSHA is pleased that Congress is considering several proposals to help home buyers pay for a down payment. We specifically support Chairwoman Waters' Down Payment Toward Equity Act, which would provide funds to state HFAs (as well as a separate pool of funding for Community Development Financial Institutions and other eligible entities) for down payment assistance grants of up to \$20,000 for low- and moderate-income home buyers (\$25,000 for socially disadvantaged individuals).

In order for such an important initiative to succeed, HFAs must have the resources necessary for running their down payment assistance grant programs. The Down Payment Toward Equity Act allows states to use only five percent of grant funds for administrative costs and training. This percentage is not high enough to provide the funds necessary to set-up and administer effective down payment assistance programs. We urge you to allow grantees to use at least 10 percent of program funds to administer their down payment assistance programs, though 15 percent would be preferable for ensuring the best possible operation of these programs.

Increase Housing Trust Fund Resources

The Housing Trust Fund provides critically needed resources to increase and preserve the supply of housing for people with the lowest incomes, including families experiencing homelessness, people with disabilities, and other extremely low-income (ELI) households.

Though HTF typically is funded by a transfer of a modest percentage of Fannie Mae's and Freddie Mac's new business income rather than the annual appropriations process, it is very appropriate that Congress devote one-time additional resources to this program as part of reconciliation legislation to address the immediate and significant shortage of housing affordable to Housing Trust Fund-eligible households. Our country currently has a shortage of 6.8 million rental homes affordable and available to ELI renters.²

Both the Administration's American Jobs Plan and Chairwoman Waters' Housing is Infrastructure legislation would provide a \$45 billion investment in the Housing Trust Fund. NCSHA supports including these resources in reconciliation legislation.

Separate from our spending priorities, NCSHA also has [recommendations for affordable housing tax incentives](#), which we have made to the leaders on the Senate Finance and House Ways and Means Committee.

Thank you for the opportunity to provide our top housing priorities to you as you craft the reconciliation bill. Please do not hesitate to reach out if there is anything we can do to be of assistance.

Sincerely,



Stockton Williams
Executive Director

² The Gap: A Shortage of Affordable Rental Homes, National Low Income Housing Coalition, March 2021