

**CHALLENGES IN PRESERVING THE U.S. HOUSING
STOCK**

HEARING
BEFORE THE
SUBCOMMITTEE ON
HOUSING, TRANSPORTATION, AND COMMUNITY
DEVELOPMENT
OF THE
COMMITTEE ON
BANKING, HOUSING, AND URBAN AFFAIRS
UNITED STATES SENATE
ONE HUNDRED EIGHTEENTH CONGRESS
SECOND SESSION
ON
EXAMINING THE CHALLENGES IN PRESERVING THE U.S. HOUSING
STOCK

APRIL 16, 2024

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CHALLENGES IN PRESERVING THE U.S. HOUSING STOCK

TUESDAY, APRIL 16, 2024

U.S. SENATE,
COMMITTEE ON BANKING, HOUSING, AND URBAN AFFAIRS,
SUBCOMMITTEE ON HOUSING, TRANSPORTATION, AND
COMMUNITY DEVELOPMENT,
Washington, DC.

The Subcommittee met at 10 a.m., in room SD-538, Dirksen Senate Office Building, Hon. Tina Smith, Chair of the Subcommittee, presiding.

OPENING STATEMENT OF CHAIR TINA SMITH

Chair SMITH. Well, good morning, and the Subcommittee on Housing, Transportation, and Community Development will come to order.

So without a safe, decent, affordable place to live, we know that nothing else in your life works. Not your job, not your education, not your health, not your family, not anything.

So if your roof is leaking, or the apartment that you've lived in for years has a big rent increase, or you're having trouble getting around your home as you age, all of these challenges are going to stick with you in every single part of your life.

And we know that nearly half of the homes in this country are more than 40 years old. And of those homes and the Americans living in them, as they continue to age, it's important for us to understand that it will take—what it will take to keep our homes habitable, affordable, and accessible, both for current residents and for the future.

Around the country, around 400,000 apartments that the Government helped build years ago in small towns and rural places are on the verge of becoming unaffordable without action by Congress.

Our bipartisan Rural Housing Service bill would address that. And I'm so grateful for Senator Lummis for her cosponsorship of that legislation. That would help to preserve about 9,000 of these affordable units just in Minnesota, where the average tenant income is only about \$17,000 a year.

So today in this hearing, I am looking forward to hearing about the ways that Pennsylvania has worked to keep up older homes that are in need of repairs. And I believe that the people who know best how to do this are going to be those that are closest to the work. So I know that all of you on this panel will have some really good lessons to share with us.

In addition, I'm interested in hearing about how some home modifications have helped seniors to live in their homes as they age in place. After all, if the installation of a ramp or a lift or an accessible shower can help keep a senior stay independent, then that allows them to lead the life that they choose, and helps also to save taxpayer dollars when compared to the cost of nursing home care, just as one example.

So I'm hoping that we can learn a lot today on this hearing. I'm grateful for all of you being here, and I particularly appreciate Senator Lummis's partnership on this hearing. Senator Lummis, you are recognized for your opening statement.

OPENING STATEMENT OF SENATOR CYNTHIA M. LUMMIS

Senator LUMMIS. Thank you, Madam Chairman. We've been talking a lot in this Committee about the need for new homes. But today we're really going to focus on the challenges of ensuring the housing stock we do have remains safe and in use.

To catch up and meet the needs in Wyoming, we'll need to build somewhere between 20 and 38,000 housing units this decade. And in Wyoming, that's a lot, because we're the smallest population in the Nation, as you know, and it goes up every time an existing house falls into disrepair and becomes uninhabitable.

Home preservation is particularly a problem in rural areas, where houses tend to be older and more likely to need major repairs are abandoned. You know, I moved back into the house I grew up in and on the ranch, and the foundation and the basement are made of cinder block.

And so getting that those French drains set up, and all of the exterior work that needed to be done to protect the basement from water leakage, was extremely expensive for me. And you know, I've got nothing to show for it because it's all the kind of expense that is hidden from public view.

Our rural homeowners work hard to achieve the American dream, and they're more likely to own their own homes outright. But inflation has made things much more expensive lately, and home repairs and construction costs have risen, just have gone up dramatically.

So when a major repair is needed, rural homeowners are often unable to obtain the mortgage or home equity line of credit that could fund these projects. Banks and appraisers can be in short supply in rural areas. Heaven knows, I know that firsthand. It's hard to bring an electrician or roofer to your home to make repairs. They're hard to find.

When these properties are abandoned by their owners, that's often the end. There's no economic incentive to rehabilitate the homes, and they often aren't replaced either. Right now, I'm trying to repair the little bunk house on our ranch. We think it was the first home to proof up a homestead in Wyoming. It has hand-hewn logs on the inside.

We've moved it twice. It is—now it's covered with concrete, and it's in desperate need of repair. And I'm just starting to repair it. There's no way the cost of repairing would justify the cost of doing it, because it's so tiny. This is a labor of love. This is not a labor

of good economic sense, and that's true on a lot of rural farms and ranches.

So when the properties are abandoned by those owners, that's often the end. They're not usually replaced.

So despite the housing shortage, building new homes in a rural area, especially at a price that's affordable to a working family, is just not feasible. Rates are high, and to cover costs means that developers either add more square footage or sell for higher cost per square foot.

When it comes to affordable housing, Congress needs to consider the burden of regulation and what we could be doing better. And that's true of local governments as well. Local governments place a tremendous burden on affordable housing with regulations.

We know that the high cost of regulations have limited the construction of new homes, but I'd also like to hear today about how we're limiting access of repairs, and why existing programs haven't helped as many families as they could.

So here's an example. Building codes change over time as building materials and construction techniques evolve. We don't require a home that renovates their kitchen to install sprinklers or widened doorways in other parts of the house, but that can be a requirement when HOME Investment Partnership Program funds are used. Burdens like this limit the number of families that can be helped by these programs.

So I'd like to talk today about what changes we need to make, so the money the Federal Government spends on houses goes to support the broadest number of families, and is spent efficiently and responsibly. I appreciate the work of Senator Smith and Rounds on the Rural Housing Service Reform Act, and I've partnered with Senator Fetterman on the Whole Homes Repair Act. And I think both of these are small efforts that really will help.

But it took decades for our housing challenges to evolve, and fixing them is going to take very different approaches, and different approaches in different parts of the country. So I want to thank our witnesses for being here today, and I look forward to hearing your solutions to preserve the housing stock we already have, as we work to fix the affordable housing shortage.

And Madam Chairman, I yield back.

Chair SMITH. Thank you so much, Senator Lummis.

So for witnesses, we're going to now go to witness introductions, and I will turn to Senator Fetterman to introduce Jesse Ergott. And then I will introduce Ms. Wolff, and then Senator Lummis will introduce our last witness.

Senator Fetterman.

Senator FETTERMAN. All right. And thank you to the Chairwoman from Minnesota and my colleague from Wyoming.

Today, the witness is Jesse Ergott, and he is the president and CEO of NeighborWorks Northeastern Pennsylvania. This organization is dedicated to creating stable, vibrant communities by providing critical housing assistance, financial guidance, and computing development services.

A committed advocate, Mr. Ergott has been active on multiple local, State, and national boards, and cofounding NeighborWorks

Association of Pennsylvania, and on the National NeighborWorks Association board.

During Mr. Ergott's 16-year tenure in NEPA, he has helped launch their Aging in Place program, numerous blight reduction efforts, and their administration of the Whole Homes Repairs Program, is in Lackawanna and Wayne Counties in my home State.

NeighborWorks NEPA's focus is working with communities to ensure access to quality homes, which has a positive effect on neighborhood, community, and region. I'm proud to have him here today, and I look forward to hearing his testimony.

And I also want again the opportunity to shout out my colleague to Wyoming to co-supporting this. And I really wanted to talk about what we're really here today. You know, we really have a crisis here in Pennsylvania, and we need a very kind of crisis-level kinds of response.

And I really want to discuss that the genesis of this, the whole home bill came from my home State, Pennsylvania, and that was actually championed by my former colleague in the Pennsylvania Senate. His name's Senator Saval, outside of Philadelphia. And on the political side, it's safe to say that Senator Saval is fairly, fairly left. Is that accurate, Mr. Ergott?

[Laughter.]

Senator FETTERMAN. Yeah. And yet, generously, yeah. But yet, even some of the most conservative members of the Pennsylvania Senate all understood and realized the value in this, and they signed on that. And truthfully, that was actually remarkable, particularly as Senator Saval was a first-term senator as well.

And I guess that really illuminates just how this is a red-county, this is a blue-county kind of an issue, and we have a housing crisis regardless of where you are, and this is a very smart way in order to target and allow people to maintain in their homes and remain in dignity as well.

So I am grateful to be here to have that conversation, and I turn that over to Mr. Ergott.

Question?

Chair SMITH. Senator Fetterman, we're going to complete the witness introductions, and then we'll go to our testimony. Thank you very much.

Next, I'd like to introduce Ms. Robin Davey Wolff, who is the senior director for rural communities at Enterprise Community Partners, where she leads their housing and economic development strategies, including the provision of direct technical assistance to nonprofit organizations, Government agencies, and Tribal communities across the Nation.

Prior to joining Enterprise, Ms. Wolff served as the deputy director of Community Resources and Housing Development Corporation, a nonprofit housing developer and service provider with an extensive rural portfolio.

She also has worked on the creation of the Colorado Housing Finance Authority Developers Guide and the Native Housing Developers Guide.

Ms. Wolff resides in Denver and holds a B.S. in corporate communication from the University of Texas, Austin, and an M.A. in global finance, trade, and economic interchange from the

University of Denver's Joseph Korbel School of International Studies.

And I'll turn now to Senator Lummis for the final introduction. Senator LUMMIS. Thank you, Chairwoman Smith.

I'm pleased to introduce Christopher Volzke, deputy executive director of the Wyoming Community Development Authority. He currently acts as the chief operating officer for the Authority, with a focus on internal operations, program development, and strategic planning for Wyoming housing policy.

He's a fantastic representative of Wyoming with a deep family history in farming and ranching, so he's the right person to be here from Wyoming today.

I'm so pleased you can join us, Chris, and I look forward to hearing your remarks.

Madam Chairman, I yield back.

Chair SMITH. Thank you so much.

We will now turn to our witnesses for their opening statements. You each—ask each of you to keep your testimony to about 5 minutes. There's a clock in front of you to remind you of how much time you have left.

And we'll start with Mr. Ergott. Thank you very much.

**STATEMENT OF JESSE ERGOTT, PRESIDENT AND CEO,
NEIGHBORWORKS NORTHEASTERN PENNSYLVANIA**

Mr. ERGOTT. Well, thank you, Chairwoman Smith, Ranking Member Lummis, Senator Fetterman, and Members of the Subcommittee for the opportunity to testify this morning on the challenges our Nation faces with preserving our housing stock. My name is Jesse Ergott, and I have the privilege of serving as the president and CEO of NeighborWorks Northeastern Pennsylvania, headquartered in the city of Scranton.

NeighborWorks Northeastern Pennsylvania was founded over 40 years ago, specifically to assist modest-income families who were finding it difficult to obtain financing for home repairs and improvements.

Now, over four decades later, we serve our neighbors across the region in multiple ways, including home ownership assistance, foreclosure prevention services, comprehensive community development initiatives, aging-in-place programming, and critical home repairs. We've repaired or approved over 1,600 homes to date and have also helped to facilitate numerous community improvement projects addressing blight and neglect in our neighborhoods.

All this work has been deeply rooted in our core organizational belief that home is where it all starts. We believe that having a safe, dignified, and stable place to live leads to better health, more financial opportunity, better educational outcomes, and other real benefits for individuals, families, and our community. We've been supported in this work as a longstanding chartered organization in the National NeighborWorks Network and as a proud member of the National NeighborWorks Association.

The current housing challenges facing our Nation touch all types of communities, urban, suburban, and rural areas alike, and span all income levels. The lack of available housing to meet an individual's specific needs can have a ripple effect that negatively impacts

regional economies, hampers revitalization efforts by local government, and can ultimately lead to economic stagnation and the deterioration of our neighborhoods.

While there are many different concurrent strategies needed to address these challenges, one key element must be the modernization and preservation of as much of our housing as possible. Implementing coordinated and scaled efforts to preserve our existing housing stock is becoming more important than ever. Deteriorating housing stock can be a root cause of other types of community instability and housing insecurity.

My testimony speaks to creative efforts taking place in the Commonwealth of Pennsylvania, including the Pennsylvania Whole Home Repairs Program, to invest in the preservation of our existing housing stock, while also addressing the individual needs of our neighbors. With one of the oldest housing stocks in the country, combined with an aging population that also marks us as one of the most elderly States, Pennsylvania can be a fertile testing ground for creative policies and solutions that will benefit the rest of the Nation.

As homes age and deteriorate, preservation of housing in many communities becomes even more significant due to the nature of the housing itself. Although aging, many homes are irreplaceable, meaning if the units were lost, they either could not or would not be replaced because of a lack of economic incentive to build new single-family units in those communities. Likewise, when there's extensive deferred maintenance, there can be little to no economic incentive for investors to purchase these homes in many markets.

Pennsylvania's Whole Home Repairs Program has been a critical new tool in our State and region to address this challenge. While other State and Federal resources have been available for decades to address housing preservation, we have found many to be very challenging to use on the front lines. These programs tend to be broad in their potential uses, but burdensome in implementation and difficult to leverage with other resources.

By contrast, the Whole Home Repairs Program is specific in its intended use and very flexible in its practical implementation. We currently manage approximately \$1.2 million in whole-home repair funding for two counties in our footprint, which has helped us to leverage and stretch another \$3.5 million in Federal, State, and private investment into our aging-in-place program and home repair work.

This ability to leverage, layer, and unlock other funds has been critical. For example, our partners at a local Community Action Agency have used the funds to great effect to address a large deferral list for their weatherization program. And at NeighborWorks, we can layer whole-home repairs funding with other Federal resources, including HUD's Older Adult Home Modification Program and funding from the Administration for Community Living.

The flexibility of this program also extends to the way it is administered, which can be tailored at the municipal and county levels to meet the most pressing needs of local communities and residents.

Advancing programs like the Whole Home Repairs Act will be an important next step in providing scaled investment and preserving our Nation's housing stock.

Thank you again for the opportunity to testify today on this important topic. I look forward to answering any questions the Subcommittee may have. Thank you.

Chair SMITH. Thank you.

Thank you so much, Mr. Ergott.

We'll now turn to Robin Davey Wolff. Thank you.

STATEMENT OF ROBIN DAVEY WOLFF, SENIOR DIRECTOR FOR RURAL COMMUNITIES AT ENTERPRISE COMMUNITY PARTNERS

Ms. WOLFF. Chair Smith, Ranking Member Lummis, and Members of this Subcommittee, thank you so much for the opportunity to speak with you today. My name is Robin Davey Wolff, and I'm the senior director of rural communities at Enterprise Community Partners, where I work to lift up and support the needs of rural housing developers, providers, and residents across the country.

Before joining Enterprise, I worked as an affordable-housing developer, serving rural communities across the State of Colorado with programs for renters and homeowners. It was through this work I first became familiar with unique challenges of preserving and developing affordable housing in rural communities, places where we often struggle to meet economies of scale, and where resources developed are more scarce.

Communities across the country are losing affordable housing supply faster than new homes can be developed. Targeted resources, programs, and policies are critical to maintain the existing affordability of multifamily properties, because once affordable units are lost, they are difficult and cost-prohibitive to replace.

At Enterprise, my team and I focus a great deal on the preservation of USDA Section 515 housing stock, supporting affordable housing providers across the country as they work to preserve homes at great risk of losing affordability.

This program, which houses approximately 400,000 low-income rural renters, is projected to lose up to 137,000 units over the next 10 years. Much of this housing was developed 50 years ago, is in danger of losing its rental assistance, and needs significant repair.

Each week, my team and I receive new inquiries from nonprofits, and housing authorities, and local leaders who want to preserve the 515 properties in their communities, but who are struggling to understand the best way to recapitalize the housing, and to fund the needed repairs and improvements.

I want to thank the Subcommittee and the full Banking Committee for the work that has been done to address housing preservation, including the Whole Home Repairs Act introduced by Senators Fetterman and Lummis, which is being discussed today.

I also want to thank Senator Smith and Rounds for their work on the Rural Housing Service Reform Act, which would give property owners of 515 and prospective buyers of those properties the flexibility to keep this housing affordable and in good condition.

That said, additional resources still must be leveraged to preserve all units at risk. And the need for affordability preservation

extends beyond currently subsidized housing stock. In rural and urban communities alike, market pressures and disinvestment pose significant threats to existing affordable housing.

As I discuss in my written testimony, a full ecosystem of funding types is needed. We must expand and modernize programs that are already in place, such as the low income housing tax credit, the home program, and the Indian Housing Block Grant program.

There are also newly proposed programs that would be helpful in preserving and expanding the housing supply. Chairman Brown has introduced several pieces of legislation that would further facilitate housing preservation, the Housing Supply Fund Act, the Affordable Housing Preservation and Protection Act, and the Yes in God's Backyard Act, which promotes faith-based development.

We are rapidly losing affordable units, and there is a profound need for directed tools, resources, and policies to mitigate and prevent the loss. Affordable housing helps households avoid housing cost burden and contributes to housing stability, creating positive outcomes that can last for generations.

Simply put, we cannot build our way out of our housing crisis. Preservation of affordable housing is necessary to address the critical lack of affordable housing supply.

Preservation is faster and more cost effective than new construction. It also provides housing stability and prevents displacement of existing residents, homeowners and renters alike.

For this reason, the inclusion of home ownership and home repair in the preservation and conversation is very important and appreciated. The need for single-family home repair is especially true in rural communities, where we see higher rates of home ownership and homes in need of significant repair.

Housing preservation is a critical component of Enterprise's strategy to connect low income households to opportunity. From our home repair programs in Detroit and Cleveland, to our rural multifamily preservation work, and our housing resilience programs, Enterprise works with nonprofits, developers, local governments, landlords, and homeowners to improve financial health, resiliency, and sustainability of homes.

I am appreciative of the opportunity to share my experiences and perspectives today. On behalf of Enterprise, I would like to thank the Subcommittee, especially Chair Smith and Ranking Member Lummis, for their leadership on rural and Tribal housing issues, as well as their bipartisan cooperation on issues that affect so many Americans in every corner of the country.

I hope the conversations we have today will bring more attention to the needs surrounding housing preservation and home repair, and that together we can make home and community places of pride, power, and belonging for all.

Chair SMITH. Thank you so much for your testimony.

And now we'll turn to Mr. Volzke.

STATEMENT OF CHRISTOPHER VOLZKE, DEPUTY EXECUTIVE DIRECTOR, WYOMING COMMUNITY DEVELOPMENT AUTHORITY

Mr. VOLZKE. Chair Smith, Ranking Member Lummis, Members of the Committee, thank you for the opportunity to testify today

about the challenges in preserving the U.S. housing stock. I'm Christopher Volzke, deputy executive director of the Wyoming Community Development Authority.

Since 1975, the WCDA has been championing affordable housing in Wyoming. WCDA was created as an instrumentality of the State, though we receive no State funding for our programs. I'm grateful for the opportunity to speak about housing and specifically from a rural housing lens.

My written testimony, which your offices have a copy of, includes more specifics regarding inventory, data elements, programmatic examples, and legislative consideration. However, due to time constraints, I'll focus my verbal testimony on Wyoming and rural America in general. That's more of my wheelhouse anyway.

I've not only spent most of my career in the housing space, but I've lived exclusively in rural States, South Dakota, southwest Minnesota, and Wyoming. I'm from a fifth-generation farming and ranching family, and had a high school graduating class of sixteen. You can say I've not only worked in rural housing, I've lived it.

Our Nation's stock for ownership housing is aging. As homes get older, they require necessary repairs and upgrades to remain habitable. Unfortunately, many working families have trouble accessing affordable financing to pay for such projects. I applaud Ranking Member Lummis for acting to tackle this issue when you introduced with Senator Fetterman the Whole Homes Repair Act, which would establish a repair grant program for low- and moderate-income homeowners.

One of the most important Federal resources we have for rental preservation is the Home Investment Partnerships program. This is why I want to thank Senator Cortez Masto for introducing the Home Investment Partnerships Program Reauthorization and Improvement Act, which would make a number of changes to HOME.

Moving to a more local perspective, the state of housing in Wyoming is complex, it's expensive, and it's lacking. The WCDA recently published a statewide housing needs assessment. It's a lengthy report, 300 pages, which I feel further illustrates the point that this is not a problem we solve with one silver bullet. Rather, it's a complex set of dials, each needing to be adjusted, so we can collectively bring about change.

The median household income in Wyoming cannot afford the median home value in every county. The situation is no better if you rent; 38 percent are cost-burdened per HUD, meaning that in many cases, renters are spending close to half of their net pay on housing.

From a demographic perspective, the population of Wyoming is aging. Our fastest growing age group is 65-plus and expected to increase another 40 percent by 2030.

Not only is our population aging, but housing stock in Wyoming includes 32 percent of inventory built over 50 years ago. That's pre-1970; and 66 percent built prior to 1990. They need new roofs, furnaces, and windows.

Additionally, the needs of the owner may have changed, and conditions for accessibility and a needed upgrade for homeowners to age in place.

As we transition to the discussion around rural capacity, especially those isolated from major cities, they face difficulties accessing the technical expertise and incur high costs for material transport, making it challenging to attract developers due to their small-scale housing needs.

A city manager, a clerk, even a mayor can be part-time positions while they work their full-time career outside of city administration. And this creates a barrier for rural municipalities to fully participate in the process when programs become available.

I also touch on community banking needs to assist rural populations in my written testimony. I mentioned the Whole Homes Repair act earlier. I don't need to look any farther than central Wyoming to imagine the impact. Mills, Wyoming is one of the top 20 cities in Wyoming in terms of population. The city has a bit over 4,000 residents. And yes, you heard that correctly; 4,000 residents will get you in the top 20 in Wyoming. We're talking about rural Wyoming, after all.

At the same time, Mills is in the bottom 20 percent for income. The median household income is barely above 44,000. And that's household, that's not individual. The city has an old housing stock, with 69 percent of its households built prior to 1990. We must invest in transforming the housing stock we have, rather than losing it to obsolescence.

In rural America, we pride ourselves in pulling ourselves up by our bootstraps and lending a helping hand when needed. We look to embrace the challenges posed by our aging single-family housing stock and solving the rental affordability for the future.

I'd be remiss if I didn't take a few moments to thank our allies in Wyoming and here in DC for your willingness to engage in this conversation and partner on solutions.

I would also like to specifically thank my team back at the WCDA. You show up every day. You put in the hard work, work that makes real life impacts for your fellow Wyomingites. Be proud and thank you.

Finally, I'd like to close with a quote from a recent post of Governor Gordon's team. "The world needs more cowboys and cowgirls. In Wyoming, we need more housing for our cowboys and cowgirls."

[Laughter.]

Mr. VOLZKE. Thank you, and I look forward to the conversation.

Chair SMITH. Thank you very much.

Thanks to all of you for your excellent testimony.

We will now turn to a round of questions from my colleagues, and I will begin with Senator Fetterman.

Senator FETTERMAN. Oh, I'd defer to the—either one, please.

[Laughter.]

Chair SMITH. OK. All right, well, then, in that case, I'd be happy to start.

Thank you again very much for your testimony.

And I'd like to—I'm going to start with you, Mr. Ergott. A couple of years ago, HUD secretary Marcia Fudge came to Minneapolis, and we had an opportunity to visit with some homeowners in the Older Adult Home Modification program. It was really great to see firsthand how a little bit of assistance making that house that they had lived in for years and years and years work for them as they

were in their sixties and seventies. Just what a difference it made in their lives. Just simple modifications, like grab bars, or a ramp to make a shower accessible were just a huge change.

So could you talk a little bit about the intent of this program, how it fits with other things that your organization does, and what in particular you think Congress could do to make this grant funding work better for communities and families.

Mr. ERGOTT. Thank you for your question. The Older Adult Home Modification program has really been a significant opportunity for organizations and communities who are seeking to help seniors age-in-place safely and with dignity. As you mentioned, things like grab bars, accessible bathrooms, wheelchair ramps, really can be a game-changer in keeping seniors in their homes for as long as they want to live there.

Some of the challenges with the programs are sometimes its limit, you know, funding. So if you can only do about \$5,000 worth of modifications with that—

Chair SMITH. Mm-hmm.

Mr. ERGOTT. —it can take care of a lot of great smaller needs, like we mentioned. But, you know, if you're modifying a bathroom or adding a grab bar, and the roof is leaking—

Chair SMITH. Mm-hmm.

Mr. ERGOTT. —it still doesn't stabilize that older adult in their home, which is why programs like the Whole Home Repairs Act can provide that kind of additional leverage for those funds.

Chair SMITH. I see what you're saying. So if it's \$5,000, and you got to come up with \$15,000, and how do you come up with the other 10? And how do you see those two programs working together, if we were—you know, when we're successful in passing Senator Fetterman and Senator Lummis' bill?

Mr. ERGOTT. Well, we can attest that they work very well together, you know, when we have, for example, a home that needs that \$15,000 worth of various repairs. So it might need some kind of accessibility improvements; it might need a new furnace; you know, it might even need a wheelchair ramp. You can really be creative with how you layer those funds together from those two programs and others, frankly, to kind of accomplish the whole need of that home, to keep that homeowner in their home safely and with dignity.

Chair SMITH. Thank you very much.

Ms. Wolff, I'd like to ask you a bit about Tribal housing. Senator Lummis and I have both made Tribal housing a real priority in this Subcommittee. And we also know that there are significant challenges with housing stock on Tribal lands, where we see properties that are four times more likely to see have major physical deficiencies, like even things as basic as plumbing and heating just not working at all. So could you talk a bit about those challenges and what you think we should be doing to address that uniquely in Indian country?

Ms. WOLFF. Certainly. I think Enterprise is really committed to serving Tribal Nations. You have met with my colleague Tonya Plummer, also, who talks a lot about this and is an enrolled Tribal member herself, and who gives our team tremendous perspective

and cultural awareness as we enter into working on Tribal housing.

Really, the biggest challenges with getting Federal resources out to Tribal communities, partly you also, many of them are coming through State agencies. And there are a lot of requirements related to how those dollars go out, and related to things on the back end, such as recapture. They are sometimes in conflict with Tribal sovereignty, to be frank. And I think—

Chair SMITH. I'm sorry to interrupt, but—

Ms. WOLFF. Yeah.

Chair SMITH. —do you see those as primarily Federal law challenges, or State law challenges, or a mix?

Ms. WOLFF. I think it's—I really do think it's a mix. I think it's partly how States deploy Federal dollars.

Chair SMITH. Right.

Ms. WOLFF. And how they underwrite those dollars. What additional requirements, as Senator Lummis was talking about, sort of additional requirements that come with dollars. States can tack on additional requirements if you're going to use their HOME dollars, for example.

Also remember, Tribal Nations are generally rural communities, so they're non-entitlement communities. They're not entitlement communities de facto.

Chair SMITH. Right.

Ms. WOLFF. And so they have to work through additional agencies in order to access these dollars.

The way that that's not true is through, like, programs like the Indian Housing Block Grant, which is a tremendous program. But we've been talking about how a suite of resources is necessary to layer and leverage together. And when you're focused on only one set of dollars, then Tribal homes are not getting access to that full capital stack.

Chair SMITH. Right.

Ms. WOLFF. And so I think this has really been the challenge that we're facing. I'm excited to have other resources come to the table. The real key is flexibility with how those resources are deployed, and that those resources are sensitive to Tribal sovereignty.

Chair SMITH. I really appreciate that point very much. And I also just have to acknowledge that we have been waiting to reauthorize NAHASDA for—what, since 2013?

Ms. WOLFF. Yes.

Chair SMITH. And so a source of great frustration for me and others, I know, so.

Well, lots to talk about, but I will turn now to Senator Lummis.

Senator LUMMIS. Thank you, Chairwoman.

This is a question for all witnesses. Some Federal programs like CDBG or NAHASDA, which is that Federal block grant program for Tribal housing, can be used for repairs and rehab, but in practice, they're not. So can you talk about why in practice it's hard to spend CDBG or HOME funds on rehabilitation and repairs?

Mr. Ergott, would you like to begin?

Mr. ERGOTT. Sure. No, I think that's a very relevant question to all the challenges that we see locally, specifically in the HOME program, which we administered for the city of Scranton for many

years. Some of the challenges we are running into is that when you use a HOME dollar to start to repair a home, you have to take care of all of the necessary issues in that home, no matter if it's \$5,000 or \$50,000.

And the challenge is, with matching and leveraging those dollars is very difficult. And so you're stuck with trying to put a significant amount of dollars—and when you look at our homes in north-eastern Pennsylvania, there are many needs, and it's rare that you have a small price tag on that total renovation cost. And so you can use a lot of funds on very few properties.

And so it's one of the reasons that we started to back away from using that program, frankly. And I know in Pennsylvania, only about 25 percent of HOME funds are actually used for home repairs. That's, you know, that's the stat we have from the State. And that just kind of speaks to the fact that they're just difficult to implement and layer with other types of funding.

Senator LUMMIS. Thank you.

Ms. Davey Wolff.

Ms. WOLFF. Yeah, I think this is a particularly interesting question for rural communities, because they do not get direct entitlement allocations of HOME and CDBG. So in that effect, they are also just harder to access. Again, you're having to navigate another—it depends on HOME or CDBG, the process for navigating that. There's a tremendous amount of administrative hoops you have to jump through in order to access those dollars for rural communities.

I also want to point out that they're really just critically underfunded resources. And so there's a lot of different demands for those funds. CDBG has been flat-funded since fiscal year 2022, and HOME has received a \$250 million cut in FY24. So I think that part of it is just, there's not enough of those funds to leverage in, and home repair doesn't end up being really the priority for that.

We do see HOME dollars going into multifamily rehab often, and it does work. It can work in communities that have USDA housing stock. HOME can be part of that rehabilitation and repair. Again, sometimes there's additional hoops that need to be jumped through. Sometimes there's misunderstanding of whether or not you can use HUD dollars in a USDA program. They are allowed to be leveraged, but often that's also where the technical assistance comes in about helping those agencies that are on the ground to navigate how to layer those resources together.

Senator LUMMIS. Do you ever see something like Habitat for Humanity go in on some of these projects? And does that help you utilize HOME funds, or is it irrelevant?

Ms. WOLFF. Sure. So I live in Denver, Colorado. We have a very strong Habitat affiliate in Denver, and Habitat uses a lot of Federal resources for their programs and leverages them into home repair and to home ownership. And it does help those dollars stretch, because Habitat has a tremendous amount of fundraised resources as well. And so it's a significant source of leverage for those programs.

Senator LUMMIS. Thank you. Same question, same last two questions for you, Christopher, but I want to point out something interesting to you. Fort Fetterman in Wyoming is a very famous fort in-

volved in the Bozeman Trail, a very historic fort, it turns out in conversation with Senator Fetterman, he is related to Wyoming's Fort Fetterman.

Mr. VOLZKE. Fantastic.

Senator LUMMIS. Yeah. So very historic note.

[Laughter.]

Senator LUMMIS. There you go.

Anyway, Mr. Volzke.

Mr. VOLZKE. Thank you for the question. So I'm going to focus mainly on CDBG. We've had some testimony here on HOME already.

So CDBG, I like to call it a little bit of a sticky widget for the municipalities. It's a great program. We can do very flexible as far as what we can usually do.

At the same time, it can be complicated for small municipalities to do correctly. You know, as the State allocating agency for CDBG, we only have one entitlement community at Cheyenne. Otherwise, everything else has to go through the WCDA.

What you normally find in these communities is they want to deploy those funds, because it's a limited resource for larger-community impacts. We've seen a lot of water and sewer. And I think, you know, some of these people may think, "What's water and sewer? Isn't that already set up?"

I mean, I think we have to remember, like the rural nature of Wyoming, we have the population smaller than what's in interior DC. We're less than 600,000 people, yet we have the square footage or mileage, so to say, of the size of Germany.

So you've got, you have to—infrastructures—infrastructure dollars fairly far, they're pocketed. And for municipality to bite off and do a CDBG program that's going to be a home-repair style, it's an administrative burden. The only community I'm aware that has actually tried that and accomplished it, this was years ago, was Casper. And they've since backed away from that. And we're doing other programs with Casper, but more on a, not on a home repair.

So I just don't know if CDBG and home repairs are a good match. Hence the reason the Whole Home Repairs Act seems to be a better deployment of those dollars.

In regards to your second question on Habitat for Humanity, you know, we do deploy these funds and CDBG to units of local government. So local government would have to sponsor, say, this, Habitat for Humanity to do that. We haven't necessarily seen that happen here in Wyoming. We'd be happy to see, you know, do that if there's the ability to do that. But once again, it kind of comes down to a capacity thing, and with the amount of municipalities coming in for the money, so.

Senator LUMMIS. Thanks, Madam Chairwoman.

Chair SMITH. Thank you so much.

Senator TESTER.

Senator TESTER. I want to thank the Chair and Ranking Member for having this hearing. It's very, very important.

I also want to thank the panelists for being here. Sometimes we have hearings, and the panelists are great, but they're not panelists that actually have solutions. I think all three of you have solu-

tions, and I want to commend both the Chairman and the Ranking Member for having the folks here that are here.

Look, housing is a big issue everywhere. It's a big issue in Montana, communities of all sizes. In many areas, there aren't houses available, and if there are houses available, nobody can afford to buy them that makes a reasonable wage.

In some of our more rural communities, housing is not fit to live in, unless it's rehabbed.

It's the first thing I hear about when I talk to Main Street businesses. We just had a sawmill shut down in Montana, and this is just one example of many. And the reason they shut down, lack of workforce; lack of housing, even if they had the workforce.

So if we're going to have an economy and communities that are vibrant, both of them, I think we need to get the Rural Housing Service Reform Act passed, something that Senator Smith and Senator Rounds both have been working on, because our rural communities have significant housing needs.

I think our urban communities do, too. But the bottom line is if we're going to get housing on track in rural America, this is one step in the right direction.

So Ms. Wolff, could you just let me know as concisely as you can, more concisely than I just said, how this bill will make sure that we preserve housing in rural areas, so that those communities can continue to grow.

Ms. WOLFF. Sure. Thank you, Senator Tester, for your question.

Enterprise supports the Rural Housing Service Reform Act, which is led by Senators Smith and Rounds and is supported by the majority of the Committee. This legislation is going to make long overdue updates to RHS programs that are really needed, including allowing Section 521 rental assistance to continue at properties where the USDA mortgage expires.

Right now, that's a big concern, because we have have a tie of that rental assistance to the mortgage on the property. We have many mortgages; the peak starts in 2028, but we are already right now on the cusp of losing a tremendous amount of housing to just mortgage maturity.

And with that housing stock, we are also going to lose rental assistance. So I'm really excited about the conversations around decoupling that are included.

It's also going to help leverage—tack housing credits into debt to recapitalize the properties, while ensuring that the tenants can continue to be stably housed. It allows for different resources to come in. This is super important, since there are around 400,000 units of Section 515 housing remaining.

On the single-family side, the bill would also build off the successes using the Section 502 direct lending program for native communities, which we're very much in support of as well, and make important updates to USDA's home repair loan limits, which I think could really be leveraged by the Whole Home Repairs Act and other sources such as that.

So all really important to have that RHS Reform Act put in place.

Senator TESTER. Thank you.

Mr. Ergott, manufactured homes have long been a widely utilized option for affordability in Montana.

Recent years, we've seen out-of-State investors come in and buy manufactured-home communities. They start with adding fees, and then they jack up rent, and all of a sudden those affordable-housing options aren't so affordable anymore. And quite honestly, the people they're putting at risk don't have a lot of options, period.

So what tools do we have to keep the big national investors from buying up, whether it be in Montana or any other State, buying up these manufactured-home communities, eliminating the only affordable option for many of the hardworking families, and for Montana seniors. What can we do about that?

Mr. ERGOTT. So thank you, Senator Tester. We, in northeastern Pennsylvania, it's not one of our primary areas of expertise or work, but what I do know is that many across our network, in the National Labor Works Network, are helping to try to organize local mobile-home parks, manufactured-home parks, to purchase ownership themselves. And so finding ways, I think, to empower the folks who live in those homes, and enable them to find their own local solutions to ownership, is a way to control some of that before the out-of-town investors come in.

Senator TESTER. Thank you.

Mr. Volzke, I do not have a question for you at this moment in time, but I appreciate you being here. Your description of what's going on in Wyoming versus Washington, DC, is a pretty damn good description of why one-size-fits-all policies don't work in Washington, DC. Because the distance issue in a State like Wyoming, our good neighbor to the south, is just a killer in rural America. So if we don't take that into account, it becomes a problem. So thank you for being here.

Chair SMITH. Thank you Senator Tester.

Senator FETTERMAN.

Senator FETTERMAN. Thank you. So Mr. Volzke, strange as it might sound, but I've spent a lot of time in Wyoming, and I know that a town about 4,000 size is meaningful and a big deal in Wyoming. In fact, I was a small—I was a mayor of a town of roughly that size as well. So I understand that.

So let me ask you a question. Do you have leaky roofs in Wyoming?

Mr. VOLZKE. Yes, I'd say there's leaky roofs across the State.

Senator FETTERMAN. Do furnaces break down?

Mr. VOLZKE. Unfortunately, the mechanics also break down in Wyoming, correct.

Senator FETTERMAN. Oh, yeah. Well; why, we need to confirm. Mr. Ergott, do roofs leak in Pennsylvania?

Mr. ERGOTT. Senator, many of the roofs leak in Pennsylvania, yeah.

Senator FETTERMAN. And furnaces? Do they break down?

Mr. ERGOTT. Often. Yeah.

Senator FETTERMAN. Hmm. Well, that's—and in my community and in western Pennsylvania, they do, and they do. And this is the kind of a bill that it can address to those kinds of a thing.

It's also that once a roof is breached, and now the home is allowed to deteriorate, and become uninhabitable, and then that be-

comes abandoned, and that creates all kinds of other costs as well. And it's not very cheap to actually demolish them.

And that's a significant issue in my community is right now. For every abandoned home, that becomes a 20,000 to 25,000 IOU to demolish, and that's one less home for someone to live in. And this is the kind of bill that can address that with the kind of flexibilities of that.

Have any of you, when you are providing some kind of service, did you ever ask them, "Who are you voting for?" Or "What are your political beliefs are?"

Mr. ERGOTT. No. No.

Senator FETTERMAN. So it's really agnostic to politics or red or blue counties. It's just something for all of us, for Americans, that they have these kinds of very common issues, and it allows them that typically skew more elderly, and they just want to remain in dignity and this kind of security of living in their home. Is that accurate? Seems pretty reasonable as well.

And also when you often deal with the Government, things can be less inefficient then. But this is the kind of flexibility that allows those things to directly is all. Is that accurate?

Mr. ERGOTT. [Nods.]

Senator FETTERMAN. Flexibility can be helpful in that. Right? And it addressed these very specific kinds of a thing. And it is undeniable that making someone's bathroom more comfortable or usable means, or bars and things, that's helpful. But to that point earlier, it's like you can't live with a better bathroom if you can't heat your house, or it's leaking, and it may sit there. So this really gets that.

And this also allows that if you are forced to leave your home, that cannot preserve any kind of wealth or anything as well.

So this undermines a lot of different things as well. And this was born in a senator from Pennsylvania in a very, very blue, liberal, and that was embraced by a very, very conservative members of my former chamber in Pennsylvania. And now as politics become more and more, you know, divisive and everything, it's encouraging to have something like this we could, hopefully we can come together and acknowledge, that we want to, you know, we want to serve everyone and allows them to provide elderly to live in dignity, and to preserve our housing stock, and remind everybody that, as what my colleague from Montana pointed out, that we need kind of solutions like that.

So I want to thank all of you on what your works do and how important that is. Small town, where I live in right now, regardless of where in this Nation, this is the kind of bill that can address that and allow people to live in dignity and to preserve our housing stock in a Nation that is now faced with a significant housing crisis. So I want to thank you for coming here and joining us today.

And I turn back to our Chairwoman.

Chair SMITH. Thank you so much, Senator Fetterman, and thanks for your work on this legislation.

I believe that Senator Cortez Masto will be joining us shortly.

But in the meantime, I'll turn to Senator Lummis, if you have any additional follow-up questions.

Senator LUMMIS. Thank you, Madam Chairwoman.

A quick question for Mr. Volzke. We talked earlier about CDBG and HOME. So now I'd like to turn to CDFIs. What are some of the reasons that banks and even community-focused lenders like CDFIs have not been able to provide sufficient financing for needed repairs and rehab in rural areas?

Mr. VOLZKE. Thank you for the question, Ranking Member Lummis. I think it's a very interesting piece of this particular equation, because you would think, we have a financing mechanism out there, why can't these people just go get some loans from their local bank and solve this, right?

The fact of the matter is, you know, banks have a different profile. They're looking at the credit, and they're looking at that risk profile, whether that's a national bank or even a community bank. So they're governed to make sure that the risk they're putting out there, whether it's a cash-out refi, whether it's a HELOC, that person has the ability to repay.

Unfortunately, if you've got a 540 FICO and a 45 percent debt ratio, you may not qualify for any bank financing, but that doesn't make your leaking roof go away, right? So that's kind of the impact of the people that we're trying to help through, say, the Whole Homes Repair Act bill. Right? You're capturing the folks that don't have access to credit.

Even though folks that do have access to credit, typically, especially in a rural area, it's going to be more expensive. By way of example, I know a couple who recently the wife became wheelchair-bound, and they needed to do some accessibility modifications to the kitchen and ramps and et cetera. They needed about \$20,000.

They go and do a cash-out refi. Most banks are going to sell that in the secondary market to Fannie or Freddie. You now have got to find a appraiser.

The nearest appraiser is a 3-hour round trip.

Senator LUMMIS. Yeah.

Mr. VOLZKE. You've got the cost of that coming in, and then also just the cost of doing that loan, that \$20,000 suddenly became like 23 or \$24,000, just for the origination fees on it. So even if you got the ability to, it can be very costly.

CDFIs? I think in certain States, they're very robust, and they maybe can be a more nuanced approach. Unfortunately, in other areas of the country, you have very few CDFIs. I'm only personally aware of one in the State of Wyoming. There may be some others that I haven't ran into, but we've only interacted with one here in Wyoming.

Senator LUMMIS. Is that the one on the reservation?

Mr. VOLZKE. It is, yes. Thank you. Yeah, so that's the only CDFI I am aware of in the entire State of Wyoming.

So that's also a little more nuanced and not going to solve our statewide problems. So you've kind of got this dual edge thing of community lending, whether it's accessible and the cost, and then the CDFI piece doesn't—it's not a one-size-fits-all.

Senator LUMMIS. OK. Thank you so much. I note that we've been joined by our colleagues, Senator Cortez Masto. So I will yield additional time to her.

Chair SMITH. Thank you, Senator Lummis.

Senator LUMMIS. Thank you, Senator Cortez Masto.

Senator CORTEZ MASTO. Thank you.

And I have to thank both the Chair and Ranking Member for their continued focus on really addressing affordable housing needs. So thank you so much. It is an issue in Nevada I've been working on, to address affordable housing needs.

So Mr. Volzke, let me ask you. This is regarding the HOME Investment Partnerships Program. I have a piece of legislation that reauthorizes the legislation. It's S. 3793.

But can you do me a favor? Why is the home program so important to our ability to invest in affordable housing, construction, and preservation? Can you touch on that a little bit?

Mr. VOLZKE. Yes. Thank you for the question, Senator. For us, you know, HOME is one of the most-used programs we have for rental rehabilitation and rental creation. That's primarily how we use that program in Wyoming. It's got some other flexibilities that could be used for other items, but to be quite honest, we've never quite cracked the code on how to do that for single-family development and rehab.

It's a little scattershot. Other States will use that. Some States for their single-family piece will use it for downpayment assistance. We roll that into our mortgage revenue bonds. We finance those. So we don't want to take HOME dollars and use them for something that I can solve in a different way.

So really, it's one of the main tools to help create inventory and rehab inventory that the—otherwise, the private market isn't doing 50 percent AMI units. So it's a good tool.

Senator CORTEZ MASTO. And that's what I hear in Nevada as well. And that's why for me, this piece of legislation is so important, not just in Nevada, but as you identified, in Wyoming and other communities as well. And I'd hope all of my colleagues join me in this legislation.

Let me touch on something else as well. It's the Mortgage Revenue Bond and Mortgage Credit Certificate programs. Again, this is—there's a piece of legislation that I have focused in this space.

And again, Mr. Volzke, let me ask you this. How do State housing finance agencies use the Mortgage Revenue Bond and Mortgage Credit Certificate to improve middle-class families' ability to buy homes?

Mr. VOLZKE. Yeah. So in Wyoming, the Mortgage Revenue Bonds is really our bread and butter for how we finance what we call our first-time homebuyer program. And that's, I think, what most people in Wyoming recognize, and they see the WCDA acronym, they think first-time home buyers.

Those tax-exempt bonds allow us a lower cost of issuance, and then we're allowed to pass that savings on to prospective homebuyers that are trying to buy. It kind of depends on the market, but a lot of times, especially the rates being higher, we get actually a better competitive advantage in the tax-exempt revenue space. So we could be sometimes up to a point lower. And a point lower on a 30-year mortgage for a first-time homebuyer can sometimes be the difference between whether they qualify to buy a home. or whether they're still in the rental space.

So opening equity and the ability for them to share in wealth creation.

Senator CORTEZ MASTO. And this is in my legislation. But why is it essential to increase the Mortgage Revenue Bond and home improvement loan limit from 15,000 to 50,000?

Mr. VOLZKE. Yeah. So that's a piece of the legislation that would allow for rehabilitation work. And it hasn't been adjusted, from my understanding, in decades, and I think we've heard plenty of testimony here that \$15,000 is most likely not going to create the necessary rehabilitation pieces; or maybe it'll address one of the rehabilitation pieces, but not holistically. So I think it's a more all-in number that allows a homeowner to properly get their house ready for the next 10 years, 20 years.

Senator CORTEZ MASTO. And thank you. And again, legislation that actually, Senator Cassidy and I introduced, the Affordable Housing Bond Enhancement Act, really focuses on all these issues that we're hearing about. We've heard from our housing communities. How do we address this? How do we bring affordable housing?

We know that at the end of the day, putting together affordable housing is cobbling financing together. It is not easy. You need people that understand it, but we also need those programs that we can rely on to help address and bring in that financing. So that is key for all of us.

I thank you for giving me the opportunity, as I bounce around between Committee hearings this morning, to come in and talk about this important issue.

Chair SMITH. Thank you, Senator Cortez Masto.

Senator LUMMIS.

Senator LUMMIS. You know, this question is for you, Madam Chairwoman, I'm glad you came. It seems like we're getting good momentum, good feedback, good validation for these bills, from a variety of panels and witnesses.

What do you think are the chances that we can put together sort of a package of housing bills and bring them to the full Banking Committee, and get a vote, and get these bills moving before the end of the calendar year? I know we don't have many—a surprisingly few number of days on the Senate calendar that are available for things other than, you know, budgets and the big stuff, but these bills seem to have so much—use case has been established. The bills have good support. What are the chances?

Chair SMITH. Well, thank you for that, Senator Lummis. And I agree with you that there are a group of bills that are defined by being really focused on solutions to problems, and that are bipartisan. And I know that the Chair is very interested in moving forward a set of bills that would allow us to take action. Not only on the Rural Housing Service bill, but on many of these other bills that have bipartisan support and that are within the jurisdiction of this Committee.

And so I think all of the Members of this Committee should give that message to both the Chair and the Ranking Member, that we think it would be really valuable to do a markup and to move them forward.

Senator LUMMIS. Thank you. I will make a point of doing that with the Ranking Member. I know housing has always been a high priority of his—

Chair SMITH. Yes.

Senator LUMMIS. —on this Committee, so I think we're in a decent position to rattle some cages around here.

Chair SMITH. Thank you. I think we could make real headway. Thank you for sharing that.

Senator LUMMIS. Thanks very much, Madam Chairwoman.

Chair SMITH. Chairwoman, I have just one follow-up question, and then I think we'll be ready to conclude, unless any of my colleagues have other questions.

Ms. Wolff, when I was asking you about Tribal housing issues, you noted that a lack of understanding of Tribal sovereignty is often a barrier for program implementation, both at the Federal and the State level. And I wanted you just to elaborate on that a bit and explain to us kind of where the—where that breakdown is. I note that in Federal policy, there is frequently a challenge with Federal agencies not always grasping how Tribal sovereignty affects the way that these programs are implemented.

Ms. WOLFF. Yes. Thank you for the question. And I want to say I'm still a learner about this as well. And I've been working—I've had the privilege to support our Tribal Nations team through a deployment of technical assistance, primarily in the State of California last year, as they were working to leverage State resources into Tribal housing.

But again, I continue to learn, and as we're all learning about this, this matter. And each Tribal Nation is different. And it's a different Government. It's own Government, and we have to think about it as Government-to-Government relations. And I think that's just something different for many of us to wrap our heads around, for our bureaucracies to wrap their heads around, because we're so used to all the different boxes.

So an example of kind of where you might run into this is the State resources might say you have to have a—this is also, I think, not really responsive to rural communities either. But a State resource might say, "You need to have your transit committee sign off on this"—

Chair SMITH. Yeah.

Ms. WOLFF. —you know, "in order to build X amount of housing units."

Well, there's no transit community. And so then the conversation needs to be, "Well, can we have the Tribal council, which is the authority, sign," and it was, "Well, that requires a waiver, because that's not the transit authority."

And so those—like, even those little things make it so hard and so difficult to access, that many Tribes have just given up on trying to access those resources at that level. So I think that's just one small example.

I think the other piece that's really interesting in terms of direct kind of conflict is a conversation of recapture. And we understand that as you're deploying Federal dollars, you want to have a way to ensure those dollars are underwritten, or as a bank, that you can foreclose, they can take back. But we have to recognize that this is on Tribal land. And so you can't really foreclose on a property in the same way, because that land—it would be similar also to being in a community land trust—

Chair SMITH. Right.

Ms. WOLFF. —is entrusted to the Tribe. And so there are things like that that are subtle, but create real, real obstacles for Tribes accessing those dollars.

Chair SMITH. Thank you very much. I appreciate that. I think that's absolutely right. And too often, I think Federal and State agencies treat Tribal governments as if they are, you know, some other form of nonprofit or grantee, rather than appreciating that Government-to-Government relationship. And so it's a real challenge we have to keep working on.

Ms. WOLFF. Yes.

Chair SMITH. Well, I want to thank our witnesses for being here today and for providing excellent testimony.

I want to let my colleagues know—for Senators who wish to submit questions for the record, those questions are due 1 week from today, which will be Tuesday, April 23rd.

For our witnesses, you will have 45 days to respond to any questions for the record.

And thank you again. I think we've gotten great input and feedback as we think about legislation that we want to move forward. So I'm grateful for your testimony.

And with that, this hearing is adjourned.

[Whereupon, at 11:19 a.m., the hearing was adjourned.]

[Prepared statements, responses to written questions, and additional material supplied for the record follow:]

PREPARED STATEMENT OF JESSE ERGOTT
PRESIDENT AND CEO, NEIGHBORWORKS NORTHEASTERN PENNSYLVANIA

APRIL 16, 2024

Thank you, Chairwoman Smith, Ranking Member Lummis, and Members of the Subcommittee, for the opportunity to testify this morning on the challenges our Nation faces with preserving our housing stock. My name Jesse Ergott, and I have the privilege of serving as the President and CEO of NeighborWorks Northeastern Pennsylvania (NeighborWorks Northeastern PA) headquartered in the City of Scranton.

NeighborWorks Northeastern PA was founded in 1981 by a group of local lenders, resident leaders, and officials in the city of Scranton specifically to assist modest-income families who were finding it difficult to obtain financing for home repairs and improvements. With growing instances of blight and neglect in our neighborhoods, a more creative approach to providing resources was sorely needed to preserve home ownership opportunities for our neighbors. In our early years, our work focused on a few target neighborhoods in Scranton and consisted of pooling both private capital from various local lending institutions and public dollars from the City of Scranton to assist our neighbors with paying for and managing critical home repairs.

Now, 43 years later, NeighborWorks Northeastern PA has an expanded geographic footprint including 7 counties throughout the region and serves our neighbors in multiple ways, including home ownership assistance, foreclosure prevention services, comprehensive community development initiatives, aging in place services, and critical home repairs. Over the course of our history, we have helped create over 1,200 new homebuyers, repaired or improved 1,600 homes, provided home ownership and financial counseling to thousands of residents, and helped to facilitate countless community improvement projects and investment valued at over \$250 million.

All this work has been deeply rooted in the following core organizational belief that “Home is Where it All Starts”. We believe that having a safe, dignified, and stable place to live leads to better health, more financial opportunity, better educational outcomes, and other real benefits for individuals, families, and our community.

We have been supported in this work as a longstanding chartered organization in the National NeighborWorks Network and a proud member of the National NeighborWorks Association (NNA).

NeighborWorks America is a private nonprofit organization, established by Congress in 1978 as the Neighborhood Reinvestment Corporation (P.L. 95-557) to expand opportunities for people to live in affordable homes, improve their lives and strengthen their communities. NeighborWorks pursues this mission through its support of a network of nearly 250 nonprofit housing and community development organizations like ours, which provide on-the-ground support to families and communities in every State, the District of Columbia, and Puerto Rico. The experience of this national network is extremely relevant to today’s hearing, as our organizations have extensive collective experience in various housing preservation efforts. For example, NeighborWorks organizations across the country facilitated the repair of 82,500 homes in fiscal year 2023 alone.

Addressing our Nation’s significant housing challenges will require comprehensive solutions. These challenges touch all types of communities—urban, suburban, and rural areas alike, and span all income levels. The lack of available housing to meet an individual’s specific needs can have a ripple effect that negatively impacts regional economies, hampers revitalization efforts by local government, and can ultimately lead to stagnancy and deterioration of neighborhoods.

Building more affordable housing to increase supply, improving access to capital, addressing localized zoning impediments to smart community growth, and cutting red tape which currently makes various Federal programs difficult to implement are just a few of the approaches that are needed. One key element in this continuum of strategies needs to be the modernization and preservation of as much of our existing housing as possible.

Deteriorating housing stock can be a root cause of other types of community instability and housing insecurity. My testimony speaks to creative efforts taking place in the Commonwealth of Pennsylvania, such as the Pennsylvania Whole Home Repairs Program, to invest in the preservation of our existing housing stock while also addressing the individual needs of our neighbors.

Housing Preservation: The Challenge

So how did we get here and what are the issues driving the need to invest in preserving our housing stock? Although the challenges we face in Pennsylvania, and particularly in northeastern Pennsylvania, are especially acute due to our aging housing stock and an older population, this also means we have a unique opportunity and fertile testing ground for policies and solutions that may benefit the rest of the Nation.

Pennsylvania has one of the oldest housing stocks in the country, with 26 percent of existing homes built prior to 1939 compared with 12 percent across the country.¹ In fact, Pennsylvania's housing stock is on average 16 years older than the national average. Housing is even older in northeastern Pennsylvania, where in many communities upwards of 40 percent of homes were built more than 85 years ago. Most of the homes in Pennsylvania are single family structures (76 percent), with some rural counties in our region seeing single family dwelling numbers closer to 85 percent. Home ownership rates in both Pennsylvania (70 percent) and our northeastern counties (67 percent) are higher than the nationwide average (65 percent).

As homes age and deteriorate, preservation of housing in many communities becomes even more significant due to the nature of the housing itself. Although aging, many homes are irreplaceable, meaning if the units were lost, they either could not or would not be replaced because of a lack of economic incentive to build new single-family units in those communities. Likewise, when there is extensive deferred maintenance, there can be little to no economic incentive for investors to purchase these homes in many markets.

Challenges for Seniors

Aside from our older housing stock, possibly the most important trend shaping housing issues in Pennsylvania is our aging population. The statewide population of seniors has increased by 14 percent in the last two decades and Pennsylvania is now one of the most elderly States in the country, with over 17 percent of its population aged 65 or older. The 2020 Census estimates that 18.4 percent of all citizens in Lackawanna, Luzerne, and Wayne counties in northeastern Pennsylvania are 65 years of age or older, and another 14 percent are considered "future seniors" (aged 55–64).²

The combination of one of the oldest housing stocks in the Nation with one of the oldest populations presents a unique challenge, especially when it comes to preserving existing housing. Seniors tend to own their own homes (76 percent home ownership rate in Pennsylvania)³ but also live on lower (and many times fixed) incomes, making it more challenging to tackle larger repairs or absorbing other increases in the cost of their housing (such as taxes, etc.), which ultimately increases the likelihood of deferred maintenance for these properties. The vast majority of seniors we serve express interest in staying in their homes and neighborhoods as they age, and a lack of affordable and physically viable housing options in their communities often leaves them without other options even should they seek them.

Older homes are also more likely to have higher utility costs due to insufficient insulation, inefficient windows and doors, and outdated heating and cooling systems. In addition, most were not built with ease of access in mind, and steep stairs, narrow entryways, high-sided tubs, and other similar features often create accessibility barriers for homeowners as they age. Ultimately, these older homes often equate to a smaller amount of accessible housing with universal design elements such as low or no threshold entryways, wider doorways, and walk-in showers. A third of Pennsylvanians aged 65 or older have a disability, which may require adaptive housing modifications or a move to accessible and/or supportive housing.

To illustrate this issue, I have personally visited several homes where the homeowner was restricted to living on their first floor due to a lack of ability to get up the stairs safely. This often meant sleeping in a chair or on a couch for extended periods of time. And without a full bathroom on the first floor, they often ended up sponge-bathing in their kitchen or bathroom sink.

In northeastern Pennsylvania, the typical structure we encounter is a two-story home which has an entryway with multiple steps, one full bathroom upstairs (and perhaps a half-bath on the main level), steep and narrow stairways, and a small laundry area in the basement. Homes typically have deferred maintenance ranging

¹"Pennsylvania Comprehensive Housing Study, May 2020. <https://www.phfa.org/forms/housing-study/2020/pennsylvania-comprehensive-housing-study-full-report.pdf>

²*Aging in Place*, The Institute for Public Policy & Economic Development, at Wilkes University.

³"Forecasting State and National Trends in Household Formation and Homeownership", The Urban Institute.

from a few thousand dollars (smaller accessibility improvements and repairs) to over \$30,000 for significant structural and systems repairs).

A critical question to ask is how these types of repairs can be funded, especially for modest-income working families and seniors on limited incomes. Previous data released by The Federal Reserve Bank of Philadelphia showed that in northeastern Pennsylvania, 50 percent of all requests for conventional home improvement financing were denied for low-to-moderate income borrowers. With limited access to private capital to help address these much-needed repairs, individuals and communities often turn to various Federal, State, and local funding sources to address these needs.

Existing Federal Investments in Housing Preservation

In our experience, only a relatively small amount of funding from existing Federal programs which include home rehabilitation as an allowable use is utilized for this purpose. For example, the Community Development Block Grant (CDBG) program and HOME Investment Partnership funds can provide a meaningful amount of resources, but many communities opt to use them for other purposes due to the challenges involved in utilizing them for home repairs. These programs tend to be broad in their potential uses, but onerous in practice and difficult to leverage with other resources.

Specific to HOME funding, the requirement to address all deficiencies in a property, instead of just tackling the most critical repairs, can lead to putting in an excessive investment of resources into one project and diluting their overall impact on an area. These requirements were a critical factor in NeighborWorks Northeastern PA deciding to discontinue managing HOME-funded owner-occupied rehab programs on behalf of the City of Scranton.

Another example of this is the U.S. Department of Energy's Weatherization Assistance Program. This program can provide a significant amount of funding to make homes more energy efficient and habitable, but other issues in the home including moisture/mold, old electrical wiring, roof damage or other structural problems can prevent an eligible client from receiving WAP services unless they are able to correct the specific problems with other funding.

These are just a few examples of the barriers that can exist to utilizing existing Federal funding to address housing preservation at a scale that makes a difference in our communities. Finding ways to remove these barriers and incentivize the use of these programs for housing preservation would help to leverage and expand other local and regional efforts.

A Critical Opportunity: The Whole-Home Repairs Act of 2024

The Whole-Home Repairs Act, which is based on Pennsylvania's highly effective program of the same name, would be a much-needed addition to the relatively small list of Federal resources focused on addressing housing preservation.

Pennsylvania's Whole Home Repairs Program received bipartisan support due to the universal nature of home repair needs in the Commonwealth. Rural, urban, and suburban communities across the State all tend to have modest-income homeowners with older housing and deferred maintenance needs; it is an issue which is apparent to anyone who lives here. Pennsylvania State Senator Nikil Saval, who spearheaded its creation, helped to craft a flexible program that could address home repairs at scale. Here are some of the major benefits of the program model:

1. *Flexibility.* Whereas other funding sources (HOME, CDBG, etc.) tend to have broad potential uses but are restrictive in their uses for home repair, the Whole-Home Repairs Program is specific in its intended use and flexible in its practical implementation. The funding can address any/all issues of habitability, accessibility, energy efficiency, and safety and can be prioritized on at a local (or even a home-by-home) level.
2. *Maximizing Use.* Has the ability to only address the issues that are most critical for safety and stability in the home without needing to tackle every other issue. This helps to maximize the impact of the funds by spreading them out.
3. *Speed.* By eliminating burdensome requirements and red tape, we have found that some projects are often able to be completed in a matter of weeks or even days depending on the circumstance.
4. *Layering and Leverage.* Because of the program's flexibility, the funds are extremely leverageable and can be effectively layered into projects in ways that wouldn't be possible with other Federal funds, ultimately resulting in more creative funding strategies for individual rehabilitation projects and more impact for the program overall.

5. *Local Strategies and Oversight.* By putting the implementation of the program at the local municipal/county level, local leaders can tailor the program to meet the most critical needs of their communities and residents. This autonomy allows administrators to be better stewards of public funds and to build the program into larger local and regional efforts.
6. *“Unlocking” Other Funds.* Programs like the Weatherization Assistance Program are not able to fund projects at homes with other significant repair needs. Much time can be lost in evaluating and assessing properties that ultimately cannot be assisted due to the lack of other resources to address the deferral items. The Whole-Home Repairs Program can address these deferrals and leverage other Federal, State, and local investments.

These factors, along with a backlog of need in many parts of the State, contributed to an unprecedented public response to the program. Many counties had to close their application process during the first few days because they had already reached their maximum project limit. The most recent data reported to the Pennsylvania Department of Community and Economic, the statewide administrator of the program, showed that there are over 16,500 homes currently on waitlists for funding across the State.

I believe these same benefits which are unique to this program could be expanded to other areas of the country through the pilot program created by the Whole-Home Repairs Act.

Integrating Whole-Home Repairs With Aging in Place Strategies

In our case, the flexibility of the Whole-Home Repairs Program has allowed NeighborWorks Northeastern Pennsylvania to effectively integrate it into our comprehensive Aging in Place Program.

NeighborWorks Northeastern PA’s Aging in Place program provides homeowners in our region aged 60 and above with services that focus on assisting them with continuing to live safely and with dignity in their home and community. After over 3 decades of managing various home rehabilitation programs utilizing a variety of Federal, State, local and private funds, we found that approximately 70 percent of applicants requesting assistance were seniors. This ultimately led to a shift in our focus to providing home modifications and repairs exclusively to seniors over the past 5 years.

When tackling a project for an older adult, our primary concern is to remove any barriers that the homeowner may have to remain in their home. Often, we have found that older homeowners have a variety of challenges that create instability in their housing situations. We seek to take a holistic approach to addressing habitability and accessibility to address as many issues as possible to both fix the property and preserve or improve the homeowner’s health. By taking this approach, we have been able to attract significant new health-focused public and philanthropic resources to our housing preservation efforts.

For example, our Aging in Place program has secured a \$1 million grant from the HUD Older Adult Home Modification Program (OAHMP), an additional \$1 million from the Administration for Community Living (ACL), and ongoing LIHEAP and Medical Assistance (waiver) resources for home modifications, energy needs, and accessibility improvements through local Area Agencies on Aging. These funds, along with flexible resources from Pennsylvania’s highly successful Housing Affordability and Rehabilitation Enhancement (PHARE) fund, have allowed us to address hundreds of home modification and accessibility improvement projects across 3 counties. Many of these projects include critical safety modifications such as grab bars, wheelchair ramps, bathroom modifications, tub cuts, and other accessibility improvements.

However, home modifications are often only one piece of the puzzle when it comes to housing stability. For example, providing an accessible bathroom for a homeowner is impactful, but if that same homeowner has a leaking roof or major structural issue in their home, their housing stability remains threatened. As most other funding sources we had access to don’t allow for larger structural repairs, the Whole-Home Repairs Program was the missing piece for our Aging in Place program.

Now, in addition to providing a bathroom modification, wheelchair ramp, or stairlift, we can replace the roof, improve energy efficiency, and replace an old furnace. The Whole-Home Repairs Program has allowed us to take a comprehensive approach to addressing issues of the whole home and as well as the critical needs of the person living in it. NeighborWorks Northeastern PA manages a total of approximately \$1.2 million in Whole-Home Repairs Program funding for two counties,

and these funds are currently helping to stretch and leverage an additional \$3 million in State, Federal, and philanthropic investments.

Working with a team of Certified Aging in Place Specialists (CAPS), Occupational Therapists, Residential Housing Inspectors, a Construction Manager and licensed and reputable construction teams, we take a personal and professional approach to assessing and identifying the housing repair and accessibility needs of older adults throughout northeastern Pennsylvania. The various assessments conducted by this team helps to prioritize the work that needs to be accomplished at the home and to identify which funding sources will be layered into the project. Projects are then bid out per relevant requirements from the various funding sources and/or local municipalities. We have found that this model allows us to deploy funding quickly and in a comprehensive manner.

Repairs and improvements address time-sensitive needs like roof repairs, accessibility improvements (stairs, porches, entryways, etc.), systems replacement (heating/cooling units, water heaters, etc.) and unsafe electrical or plumbing conditions. Other improvements focusing on the home's long-term habitability are also addressed when possible, such as siding, windows, insulation, ventilation systems, and other items impacting the home's energy efficiency and overall envelope. Each older adult referred to the Aging in Place program to utilize Whole Home Repair services is also given access to each of the other services offered through the Aging in Place program (small home repair, volunteer led repair services, smart home technology, social isolation prevention, community resource connection, and financial guidance), all of which allow each older adult to continue to reside safely and with dignity in their homes and communities.

Whole-Home Repair Success Stories

The Whole-Home Repairs Program has made a direct and measurable impact on our neighbors here in northeastern Pennsylvania, and a small sample of success stories are included below.

In one of our rural counties, the program assisted a family of five, comprised of three children and two adults. The father, a veteran, struggles with PTSD, and the mother is a postal worker within the community. They were in urgent need of various and time-sensitive improvements, including a new roof. Through the Whole-Home Repairs Program, these major safety concerns were able to be addressed quickly and efficiently.

In another rural county, the program assisted a 64-year-old retiree living by herself in an older home which is in good condition except for the roof, which is over 30 years old. Her monthly income is \$3,206.60 from Social Security and retirement benefits. A contractor was secured to address the aging roof, and the property was stabilized for a total cost of \$17,070.

In Scranton, Mr. and Mrs. Walter Gardner are both in their 80s and have lived in their family homestead in the city since 1955. Mr. Gardner is a veteran. In early February, NeighborWorks Northeastern PA received a call from the Gardners reporting a complete lack of heat in their home. A Plumbing and Heating specialist was sent to the home and confirmed the furnace had a cracked heat exchanger, necessitating a full replacement. It was also relayed that the Gardners' carbon monoxide detector was going off and the Scranton Fire Department and UGI Utilities were also deployed to the home. The source of the CO being emitted into the home was caused by the broken furnace, as emissions were escaping through the crack in the heat exchanger rather than being ducted out with the exhaust, creating a dangerous situation. Due to the availability of Whole Home Repair Funds, NeighborWorks was able to facilitate the installation of a new furnace within 5 days from that initial phone call, likely preventing even more costly repairs from frozen pipes and other issues resulting from lack of heat in the home. The Gardners received a new Comfort Maker 95 percent Efficient Hot Air Furnace utilizing a total of \$6,800 of Whole Home Repair funding. NeighborWorks was also able to use this situation as an opportunity for our Certified Aging in Place Specialist to assess and plan for other critical home repairs and safety modifications needed in the home.

Another older client we have served resides in the City of Carbondale. Despite having replaced a portion of his roof in recent years, he had a leaking roof and missing gutters, both of which contributed to water infiltration into his home, a deteriorating and leaning chimney, and a completely corroded boiler that wasn't working properly. We have been able to provide a new boiler for him and repair some other plumbing problems and a potentially dangerous ventilation issue that he had, in addition to replacing the leaking areas of his roof as well as installing gutters where they were missing to minimize and/or hopefully eliminate the water infiltration into his home. Whole-Home Repairs funding allowed us to address all these issues at once.

Conclusion

We know that safe, dignified, and affordable housing options are critical to the health of any community. However, many communities are facing shortages across much of the housing continuum, including affordable rental units, entry-level homes for first-time homebuyers, and accessible dwellings for seniors as they age. These factors and others have created an extreme sense of urgency in many communities like ours to preserve the housing that exists before it deteriorates past the point of economically viable rehabilitation. Passing the Whole-Home Repairs Act will be an important first step in providing a scaled investment in our Nation's aging housing stock by empowering States and municipal governments to address the housing preservation needs of their own communities.



Appendix

1. NeighborWorks America: Information & Impact
2. NeighborWorks Network Impact in Pennsylvania
3. NeighborWorks Northeastern PA's Aging in Place Program & FY23 Overall Impact
4. Pennsylvania Whole Home Repairs Program Information

Statement for the Record of Jesse Ergott, President & CEO, NeighborWorks Northeastern Pennsylvania

U.S. Senate Committee on Banking, Housing, and Urban Affairs
Subcommittee on Housing, Transportation, and Community Development
April 16th, 2024



NeighborWorks America is a private nonprofit organization, established by Congress in 1978 as the Neighborhood Reinvestment Corporation (Public Law 95-557) to expand opportunities for people to live in affordable homes, improve their lives and strengthen their communities. NeighborWorks pursues this mission through its support of a network of nearly 250 nonprofit housing and community development organizations, which provide on-the-ground support to families and communities in every state, the District of Columbia and Puerto Rico.

NeighborWorks leveraged more than \$9.95 billion in direct investment in communities in FY 2023, attracting \$59 for each federal dollar appropriated.

NeighborWorks leverages its national reach and expertise to build technical skills and organizational capacity, supplement financial resources, and amplify the efforts of these local and regional nonprofit organizations while also acting as a bridge to partners from across the nonprofit, for-profit and public sectors to achieve lasting results. Through a unique mix of programming and services tailored to meet local needs, NeighborWorks network organizations develop service-enriched rental housing, spearhead community stabilization and engagement activities to revitalize neighborhoods affected by economic downturn or natural disasters, and work to rebuild pathways to improved credit, savings and sustainable homeownership for low- to moderate-income families and families of color.

NeighborWorks America provides network organizations with resources that include flexible grants, tailored technical assistance, best-in-class training and more. As a steward of taxpayer resources, NeighborWorks America also conducts rigorous oversight and annual assessment of the network.



NeighborWorks® America

How We Built Strong Communities in FY2023

NeighborWorks America creates opportunities for people to live in affordable homes, improve their lives and strengthen their communities. Together with our network of nearly 250 local organizations, we build stronger communities in every state, the District of Columbia and Puerto Rico.

Creating Affordable Homes

12,000 Affordable homes preserved

204,600 Rental homes owned and/or managed

16,300 Homeowners created

82,500 Homes repaired

11,500 Quality, affordable rental homes developed & preserved

Delivering Expertise

15,600 training certificates issued to affordable housing and community development practitioners



Investing in Communities

45,240 Jobs created and supported in communities across America

111,600 families and individuals provided with counseling on financial capability, pre-purchase, post-purchase or foreclosure issues

\$59:1 Congressional appropriation leverage



Creating Pathways to Homeownership

For more than 45 years, NeighborWorks America has helped families realize their dream of owning a home. Affordable and sustainable homeownership is a critical pathway to building wealth and long-term financial security. Homeownership offers stability and protection against economic shocks, while also strengthening communities.

Our Approach

NeighborWorks America works to create and maintain homeownership opportunities for families and individuals in urban, suburban and rural communities across the country. A key part of NeighborWorks' strategic approach is working with network organizations to strengthen the continuum of services offered to support the financial health and wealth of low-income and households of color.

- **Housing and Financial Capability Counseling:**

NeighborWorks organizations provide best-in-class education, counseling and coaching to families seeking to build and repair their credit; increase savings; manage debt and access affordable financial products.

- **Lending:** NeighborWorks organizations provide education and counseling and offer down payment and other financial assistance through loans and grants to make homeownership more affordable.

- **Homeownership Preservation:** NeighborWorks organizations assist homeowners by providing post-purchase education, foreclosure mitigation counseling and assistance with refinancing and reverse mortgage financing.

- **Home Rehabilitation:** NeighborWorks organizations help homeowners to maintain, repair and rehabilitate their homes; retrofit them for energy efficiency and increase accessibility through specialized loan products and staff construction specialists who help residents find qualified contractors, write work specifications and oversee property improvements so that work is done correctly and within budget.

Compared to the general marketplace, NeighborWorks network organizations far exceed the national rates of outreach and service to households of color – with low- to moderate-income households of color making up more than half of network-assisted homebuyers.

Our Work in Action

When Akidda Gopyy became a mother, she set a goal of buying a home in which to raise her family. Knowing she was not yet ready, she looked for help and found the Fast Track program from Neighborhood Housing Services of Baltimore, which provides financial education services to clients who are not yet buyer-ready. Working one-on-one with a dedicated coach, Gopyy tackled her financial challenges and cleared her path to homeownership. Speaking at a Fast Track graduation, she shared how much she loves her new home. "Of all the programs we run, this is the one that has the greatest level of appreciation from our clients," said Dan Ellis, NHS of Baltimore Executive Director. "People come back, trust us, know us and stay in a relationship with us. That is the piece that is absolutely critical."



Promoting Equity through Minority Homeownership

NeighborWorks America is committed to intentional, comprehensive action to close the racial homeownership and wealth gaps created by legacies of discrimination and systematic exclusion from credit access that have created decades of obstacles for communities of color.

To overcome these obstacles, NeighborWorks is actively engaged with several multi-sector coalitions striving to create homeownership opportunities for underserved households.

"We must, as a country, keep the pathways of property ownership and homeownership open," says NeighborWorks America's President & CEO Mariotta Rodriguez.

Working in partnership with minority communities, NeighborWorks network organizations have developed innovative and impactful strategies to address the barriers homebuyers face. By providing credit counseling, homeownership education, down payment assistance, home

rehabilitation and repairs and many other services, NeighborWorks organizations make the dream of ownership a reality for minority homebuyers.

In recognition of the need to scale up efforts in this area, NeighborWorks launched the Accelerating Homeownership for People of Color grant program to facilitate engagement between peer organizations and to identify replicable models, tools and best practices. This grant program is just one example of the way NeighborWorks and the network are leading the charge to meaningfully expand homeownership opportunities for people of color.

NeighborWorks® America
How We Built Strong Communities in FY2023

82,500
homes repaired

12,000
families and individuals assisted in preserving homeownership

111,600
families and individuals counseled and educated on housing issues

16,300
families and individuals assisted in purchasing a home

**NeighborWorks
in Pennsylvania
FY 2023 Impact**

\$2,064,250

GRANTS FROM NEIGHBORWORKS AMERICA
to NeighborWorks organizations from core appropriation

The NeighborWorks network consists of housing and community development organizations across the country, including sixteen organizations serving Pennsylvania.

11,871

**TOTAL HOUSING AND COUNSELING
SERVICES PROVIDED**

645

NEW HOMEOWNERS

Purchased homes with assistance or directly from
NeighborWorks organizations

3,621

RENTAL HOMES

Owned and/or managed single-family and
multifamily rental homes as of 9/30/2023

2,754

HOMES REPAIRED

Owner-occupied and rental homes improved with
basic repairs

4,642

CUSTOMERS COUNSELED AND EDUCATED

Enrolled in pre-purchase, post-purchase, financial
capability or foreclosure counseling

209

PRESERVED OR REHABILITATED HOMES

Rehabilitation, foreclosure counseling with retained
home, refinancing, and other preservation services

873

JOBS CREATED AND/OR MAINTAINED

Modeled using organizations' FTE count plus
multipliers from NAR, NAHB, and BEA

81:1

GRANTS LEVERAGE

Total investment per dollar of grants from
federally appropriated funds

\$166,395,083 TOTAL LEVERAGED INVESTMENT
in Pennsylvania



www NeighborWorks.org

NeighborWorks in Pennsylvania FY 2023 Impact

Organizations Located in Pennsylvania

HACE	Philadelphia	www.hacecdc.org
Housing Development Corporation MidAtlantic	Lancaster	www.hdcweb.org
Neighborhood Housing Services of Greater Berks, Inc.	Reading	www.nhsgb.org
NeighborWorks Northeastern Pennsylvania	Scranton	www.nwnepa.org
NeighborWorks Western Pennsylvania	Pittsburgh	www.neighborworkswpa.org
New Kensington Community Development Corporation	Philadelphia	www.nkcdc.org

Organizations Also Operating in Pennsylvania

Arbor Housing and Development	www.arbordevelopment.org
CHN Housing Partners	www.chnhousingpartners.org
Fahe, Inc.	www.fahe.org
GROW South Dakota	www.growsd.org
Homewise, Inc.	www.homewise.org
Neighborhood Housing Services of Baltimore, Inc.	www.nhsbaltimore.org
New Jersey Community Capital	www.newjerseycommunitycapital.org
PathStone Corporation	www.pathstone.org
St. Mary Development Corporation	www.stmarydevelopment.org
Wealth Watchers, Inc.	www.wealthwatchersfl.org

**NeighborWorks
Pennsylvania Housing Activities and Investment
FY2023**

Organization Name	Total Staffing - Full-Time Equivalent	Customers Counseled and/or Educated	Homeowners Created	Homeowners Preserved	Rental Homes Constructed, Rehabilitated or Preserved	Rental Homes Portfolio Owned and/or Managed	Homes Repaired	Total Investment	Grants Received	Jobs Created and/or Maintained
NeighborWorks Western Pennsylvania	9.0	256	114	0	0	0	0	\$18,001,191	\$253,000	66
Neighborhood Housing Services of Greater Berks, Inc.	19.5	591	213	0	0	0	0	\$39,844,359	\$461,000	130
NeighborWorks Northeastern Pennsylvania	18.0	742	87	138	2	2	139	\$16,525,489	\$305,500	70
New Kensington Community Development Corporation	47.5	1,019	114	30	0	81	0	\$25,565,382	\$207,000	125
Housing Development Corporation MidAtlantic	147.0	0	3	0	105	2,759	2,615	\$10,925,833	\$487,750	352
HACE	24.5	1,662	45	41	30	470	0	\$22,930,710	\$350,000	131
Neighborhood Housing Services of Baltimore, Inc. (MD)		10	0	0	0	0	0	\$2,112		
Neighborhood Housing Services of Chicago, Inc. (IL)		1	0	0	0	0	0	\$0		
Ireca Neighborhood Housing Services, Inc. (NY)		3	0	0	0	0	0	\$0		
NeighborWorks Southern Colorado (CO)		4	0	0	0	0	0	\$0		
NEST (CT)		1	0	0	0	0	0	\$0		
HomeWise, Inc. (NM)		2	1	0	0	0	0	\$244,258		
Troy Rehabilitation & Improvement Program, Inc. (NY)		1	0	0	0	0	0	\$0		
NewVue Communities, Inc. (MA)		1	0	0	0	0	0	\$0		
PathStone Corporation (NY)		132	26	0	0	101	0	\$6,085,737		
BCL of Texas (TX)		1	0	0	0	0	0	\$0		
DreamKey Partners, Inc. (NC)		3	0	0	0	0	0	\$0		
Interfaith Community Housing of Delaware, Inc. (DE)		50	0	0	0	0	0	\$0		
Home HeadQuarters, Inc. (NY)		2	0	0	0	0	0	\$0		
Arbor Housing and Development (NY)		2	0	0	0	120	0	\$0		
St. Mary Development Corporation (OH)		0	0	0	0	48	0	\$0		
CommunityWorks North Dakota (ND)		1	0	0	0	0	0	\$0		
Community Ventures Corporation, (KY)		50	0	0	0	0	0	\$0		
Manna, Inc. (DC)		3	0	0	0	0	0	\$0		
Housing Partnership for Morris County (NJ)		3	0	0	0	0	0	\$0		
Avenue Community Development Corporation (TX)		1	0	0	0	0	0	\$0		
Chautauqua Home Rehabilitation and Improvement Corporation (NY)		4	0	0	0	0	0	\$0		
Neighbor to Neighbor, Inc. (CO)		2	0	0	0	0	0	\$0		
NeighborGood Partners, Inc. (DE)		80	0	0	0	0	0	\$0		
East Akron Neighborhood Development Corporation Inc. (OH)		1	0	0	0	0	0	\$0		

Organization Name	Total Staffing - Full-Time Equivalent	Customers Counseled and/or Educated	Homeowners Created	Homeowners Preserved	Rental Homes Constructed, Acquired and Preserved	Rental Homes Portfolio, Owned and/or Managed	Homes Repaired	Total Investment	Grants Received	Jobs Created and/or Maintained
St. Ambrose Housing Aid Center (MD)		1	0	0	0	0	0	\$0		
NeighborWorks Montana (MT)		2	0	0	0	0	0	\$0		
GROW South Dakota (SD)		0	37	0	0	0	0	\$6,985,270		
Fairfax, Inc. (KY)		0	4	0	0	0	0	\$1,150,504		
Avesta Housing Development Corporation (ME)		1	0	0	0	0	0	\$0		
St. Joseph's Carpenter Society (NJ)		4	0	0	0	0	0	\$0		
cdcb I come dream, come build. (TX)		0	0	0	0	0	0	\$0		
Housing Development Fund, Inc. (CT)		1	0	0	0	0	0	\$0		
New Jersey Community Capital (NJ)		0	0	0	0	0	0	\$2,895,000		
Windham & Windsor Housing Trust (VT)		1	0	0	0	0	0	\$0		
Wealth Watchers, Inc. (FL)		1	1	0	0	0	0	\$418,770		
CHN Housing Partners (OH)		2	0	0	40	40	0	\$15,020,468		
Piedmont Housing Alliance (VA)		1	0	0	0	0	0	\$0		
Pennsylvania Totals	265.5	4,642	645	209	177	3,621	2,754	\$166,395,083	\$2,064,250	873

**NeighborWorks
Pennsylvania Housing Activities and Investment
FY2019 - FY2023**

Organization Name	Customers Counseled and/or Educated	Homeowners Created	Homeowners Preserved	Rental Homes Constructed, Acquired and Preserved	Homes Repaired	Total Investment	Grants Received
NeighborWorks Western Pennsylvania	3,306	851	0	0	0	\$109,804,215	\$1,261,971
Neighborhood Housing Services of Greater Berks, Inc.	3,510	1,177	10	0	0	\$168,408,442	\$2,313,420
NeighborWorks Northeastern Pennsylvania	2,288	414	487	4	622	\$64,485,621	\$1,223,150
New Kensington Community Development Corporation	7,481	578	162	0	0	\$112,624,983	\$1,651,390
Housing Development Corporation MidAtlantic	0	8	0	506	13,757	\$63,950,527	\$2,204,800
HACE	3,607	66	212	30	4	\$28,685,983	\$723,000
Foundation Communities (TX)	0	0	0	0	0	\$0	\$0
Neighborhood Housing Services of Baltimore, Inc. (MD)	22	0	0	0	0	\$2,112	\$0
Neighborhood Housing Services of Chicago, Inc. (IL)	3	1	0	0	0	\$228,451	\$0
Ireca Neighborhood Housing Services, Inc. (NY)	3	0	0	0	0	\$0	\$0
NeighborWorks Southern Colorado (CO)	4	0	0	0	0	\$0	\$0
Neighborhood Housing Services of South Florida, Inc. (FL)	2	0	0	0	0	\$0	\$0
NeighborWorks Toledo Region (OH)	0	0	0	0	0	\$0	\$0
NEST, (CT)	1	1	0	0	0	\$241,530	\$0
NeighborWorks Home Partners (MN)	1	1	0	0	0	\$246,802	\$0
Neighborhood Housing Services of Los Angeles County (CA)	1	0	0	0	0	\$0	\$0
Homewise, Inc. (NM)	2	1	0	0	0	\$244,258	\$0
Troy Rehabilitation & Improvement Program, Inc. (NY)	1	0	0	0	0	\$0	\$0
NewVue Communities, Inc. (MA)	1	0	0	0	0	\$0	\$0
Codman Square Neighborhood Development Corp. (MA)	2	1	0	0	0	\$389,900	\$0
PathStone Corporation (NY)	296	149	0	0	0	\$28,456,557	\$0
BCL of Texas (TX)	1	0	0	0	0	\$0	\$0
Champlain Housing Trust (VT)	0	0	0	0	0	\$0	\$0
DreamKey Partners, Inc. (NC)	3	0	0	0	0	\$0	\$0
Interfaith Community Housing of Delaware, Inc. (DE)	131	1	0	0	0	\$241,986	\$121,100
NeighborWorks Orange County (CA)	0	1	0	0	0	\$0	\$0
Home HeadQuarters, Inc. (NY)	2	0	0	0	0	\$0	\$0
Arbor Housing and Development (NY)	4	0	0	0	0	\$0	\$0
St. Mary Development Corporation (OH)	0	0	0	0	0	\$0	\$0
CommunityWorks North Dakota (ND)	1	0	0	0	0	\$0	\$0
Community Ventures Corporation (KY)	139	0	0	0	0	\$0	\$0

Organization Name	Customers Counseled and/or Educated	Homeowners Created	Homeowners Preserved	Rental Homes Constructed, Acquired and Preserved	Homes Repaired	Total Investment	Grants Received
Manna, Inc. (DC)	3	0	0	0	0	\$0	
Housing Partnership for Morris County (NJ)	14	4	0	0	0	\$824,500	
Avenue Community Development Corporation (TX)	4	0	0	0	0	\$0	
Chautauque Home Rehabilitation and Improvement Corporation (NY)	4	0	0	0	0	\$0	
Homeport (OH)	2	0	0	0	0	\$0	
Neighbor to Neighbor, Inc. (CO)	2	0	0	0	0	\$0	
NeighborGood Partners, Inc. (DE)	126	2	0	0	0	\$435,563	
East Akron Neighborhood Development Corporation Inc. (OH)	1	0	0	0	0	\$0	
Origin, SC (SC)	4	0	2	0	0	\$145,820	
St. Ambrose Housing Aid Center (MD)	2	1	0	0	0	\$166,199	
Frontier Housing, Inc. (KY)	0	2	0	0	0	\$126,520	
NeighborWorks Montana (MT)	2	0	0	0	0	\$0	
GROW South Dakota (SD)	0	271	0	0	0	\$53,071,089	
Falhe, Inc. (KY)	0	4	0	0	0	\$1,150,504	
Way Finders, Inc. (MA)	0	2	0	0	0	\$347,900	
Avesta Housing Development Corporation (ME)	1	0	0	0	0	\$0	
St. Joseph's Carpenter Society (NJ)	11	0	0	0	0	\$0	
edcb I come dream, come build (TX)	0	0	0	0	0	\$0	
Affordable Housing Alliance, Inc. (NJ)	6	0	4	0	0	\$1,974,000	
Success Housing Connections (FL)	1	0	0	0	0	\$0	
Housing Development Fund, Inc. (CT)	1	0	0	0	0	\$0	
New Jersey Community Capital (NJ)	0	0	0	0	0	\$2,695,000	
Windham & Windsor Housing Trust (VT)	1	0	0	0	0	\$0	
Chicanos Por La Causa, Inc. (AZ)	0	0	0	0	0	\$196,308,805	
Wealth Watchers, Inc. (FL)	3	2	0	0	0	\$586,226	
CHN Housing Partners (OH)	4	0	1	40	0	\$15,258,683	
Mission Economic Development Agency (CA)	1	0	0	0	0	\$0	
Piedmont Housing Alliance (VA)	1	0	0	0	0	\$0	
Pennsylvania Totals	20,986	3,538	878	580	14,383	\$869,231,197	\$9,377,671

CUSTOMERS COUNSELED AND/OR EDUCATED: This is a sum of NeighborWorks America network clients given pre-purchase, post-purchase, and/or foreclosure counseling. It also includes workshops such as financial management, fair housing, and predatory lending, as well as disaster related, homelessness prevention, and rental counseling and education categories. As of FY2022, clients are allocated to the state in which the client resides, otherwise to the state in which the NeighborWorks organization's office is located.

HOMEOWNERS CREATED: This is the number of clients where NeighborWorks America network organizations constructed a new home, sold a home in their portfolio, provided a mortgage for home purchase or served as counselor and/or facilitated a home purchase. Clients are allocated to the state in which the client resides; hence, a NeighborWorks organization's production in its home state may appear smaller than its total production where it has out-of-state customers.

HOMEOWNERS PRESERVED: Total number of clients for whom a NeighborWorks organization provided direct rehabilitation services, lending for rehabilitation, foreclosure mitigation counseling that resulted in retention of the home, refinancing, or a reverse mortgage. Like Homeowners Created, customers are allocated to the state of the customer's address.

RENTAL HOMES CONSTRUCTED, ACQUIRED AND PRESERVED: This is the number of rental homes that were constructed, acquired for new renters or with existing renters, refinanced to extend affordability, or rehabilitated by a NeighborWorks America network organization. This also includes rental homes developed with fee-for-service assistance, and rental homes rehabilitated with NSF funds. Units are allocated to the state in which the rental housing is located.

HOMES REPAIRED: This encompasses the number of owner-occupied homes repaired by NeighborWorks America organizations, where repairs are at least \$100 and less than \$2,000 for a given home. This also includes the sum of repairs made on rental homes managed by a NeighborWorks America organization where the organization made a repair of between \$100 and \$6,000. The data does not count routine maintenance activities in rental homes. Note that any repairs that cost more than \$2,000 (owner-occupied) or \$6,000 (rental) are considered a home preservation. Units are allocated to the state in which the NeighborWorks organization's office is located.

TOTAL INVESTMENT: Total investment is the sum of the total costs for:

- Commercial real estate development
- Rental production (including repair)
- Real estate developed for sale
- The value of commercial loans made
- Total financing for homeownership (new and preserved, the latter including any costs related to foreclosure mitigation outcomes that retain the home, financing costs related to refinance, rehab, and replacement)
- The cost of financial assistance and supportive services, which include resources to maintain residency, food security services, short-term housing, emergency rental and utility assistance, and other supportive services to provide housing, food, safety, or other necessities to individuals and families within the community
- The cost of special projects, which are small community improvements like community gardens, the cost of repairs of owner-occupied units, the costs of infrastructure investments (parking lots, street lighting, etc.), and costs associated with land banking.

GRANTS RECEIVED: Grants received are from NeighborWorks America core appropriation funds only (does not include NFMG, EHLF, MHA, or Urban LIFT).

UNIT COUNTS: Organizations who are affiliated into the NeighborWorks network have a grace period of 3 quarters to report production to NeighborWorks America. For FY2023, organizations that were affiliated in Quarters 3 and 4 (April – September, 2023) would not have reported production within the FY2023 fiscal year, although they may have received grant funds or other resources during that time period.

Total staffing full-time equivalents, rental homes portfolio owned and/or managed and jobs created and/or maintained are all annual measures and available in the one-year impact report.



NeighborWorks Northeastern PA's Aging in Place program provides homeowners age 60 and above with services that focus on assisting them to continue living safely and with dignity in their home and community.

Program Components:

Critical Safety Modifications & Home Repairs - Through recommendations provided by occupational therapists, NWNEPA coordinates and facilitates home modifications and crucial repairs for older adults to prevent them from having to move into a facility-type living environment.

Volunteer Services - Working with local businesses, universities, schools, and the community, NWNEPA coordinates small home repairs, interior/exterior painting, porch and step repair, weatherization services, and home safety kit installation.

Financial Counseling and Education - NWNEPA has partnered with the Lackawanna County Tax Claim Bureau and the Lackawanna County Area Agency on Aging to offer support for the Elderly Property Tax and Extension Program which can extend, defer, or assist older adults who are behind on their property taxes. Older adults are also assisted with foreclosure prevention/loss mitigation counseling, budgeting and financial coaching.

Community Partnerships and Connections - NWNEPA helps to identify and serve socially isolated seniors through our Friendly Visitor and Care Call programs.

The Aging in Place program has been made possible with assistance from The Harry and Jeanette Weinberg Foundation, NeighborWorks America, HUD, Lackawanna, Luzerne, Wyoming, and Wayne County Area Agencies on Aging, PHFA, The Moses Taylor Foundation, PPL Foundation, AllOne Charities, Highmark, HNB Foundation, The United Way of Lackawanna & Wayne Counties, Geisinger, and the PA Whole Home Repairs Program.



Our Impact

 **800+**
OLDER ADULTS HAVE RECEIVED AGING IN PLACE SERVICES

Critical Safety Modifications:

-  BATHROOM MODIFICATIONS
-  GRAB BARS/ RAILING INSTALLATIONS
-  HOME REPAIRS
-  RAMP INSTALLATIONS

\$6,300,000+

WORTH OF INVESTMENT AND COMMUNITY IMPACT

-  FINANCIAL COACHING
-  SENIOR ISOLATION PREVENTION

**NeighborWorks
NeighborWorks Northeastern Pennsylvania Housing Activities and Investment
FY2023**

Production State	Total Staffing - Full-time Equivalent	Customers Counseled and/or Educated	Homeowners Created	Homeowners Preserved	Rental Homes Constructed, Acquired and Preserved	Homes Repaired	Rental Homes Portfolio, Owned and/or Managed	Total Investment	Grants Received	Jobs Created and/or Maintained
Pennsylvania	18.0	742	87	138	2	139	2	\$16,525,488	\$305,500	70
New Jersey		7	0	0	0	0	0	\$0		
New York		22	1	0	0	0	0	\$207,984		
Grand Total	18.0	771	88	138	2	139	2	\$16,733,473	\$305,500	70

TOTAL STAFFING - FULL-TIME EQUIVALENTS: The total number of full-time equivalent staff (FTEs) reported in the FY2023 Annual Survey for NeighborWorks organizations only.

CUSTOMERS COUNSELED AND/OR EDUCATED: This is a sum of NeighborWorks America network clients given pre-purchase, post-purchase, and/or foreclosure counseling. It also includes workshops such as financial management, fair housing, and predatory lending, as well as disaster related, homelessness prevention, and rental counseling and education categories. As of FY2022 clients are allocated to the state in which the client resides, otherwise to the state in which the NeighborWorks organization's office is located.

HOMEOWNERS CREATED: This is the number of clients where NeighborWorks America network organizations constructed a new home, sold a home in their portfolio, provided a mortgage for home purchase or served as counselor and/or facilitated a home purchase. Clients are allocated to the state in which the client resides; hence, a NeighborWorks organization's production in its home state may appear smaller than its total production where it has out-of-state customers.

HOMEOWNERS PRESERVED: Total number of clients for whom a NeighborWorks organization provided direct rehabilitation services, lending for rehabilitation, foreclosure mitigation counseling that resulted in retention of the home, refinancing, or a reverse mortgage. Like Homeowners Created, customers are allocated to the state of the customer's address.

RENTAL HOMES CONSTRUCTED, ACQUIRED AND PRESERVED: This is the number of rental homes that were constructed, acquired for new renters or with existing renters, refinanced to extend affordability, or rehabilitated by a NeighborWorks America network organization. This also includes rental homes developed with fee-for-service assistance, and rental homes rehabilitated with NSF funds. Units are allocated to the state in which the rental housing is located.

HOMES REPAIRED: This encompasses the number of owner-occupied homes repaired by NeighborWorks America organizations, where repairs are at least \$100 and less than \$2,000 for a given home. This number also includes a count of repaired rental homes owned and/or managed by a NeighborWorks America network organization where the organization made a repair of between \$100 and \$6,000. The data does not count routine maintenance activities in repaired homes. Note that any repairs that cost more than \$2,000 (owner-occupied) or \$6,000 (rental) are considered a home preservation. Units are allocated to the state in which the NeighborWorks organization's office is located.

RENTAL HOMES PORTFOLIO, OWNED AND/OR MANAGED: This is the number of rental homes owned and/or managed by NeighborWorks America network organizations. For FY2023 units are allocated to the state in which the rental property is located.

TOTAL INVESTMENT: Total investment is the sum of the total costs for:

- Commercial real estate development
- Rental production (including repair)
- Rental production (excluding repair)
- The value of consumer loans made
- Total financing for homeownership (new and preserved, the latter including any costs related to foreclosure mitigation outcomes that retain the home, financing costs related to refinancing, rehab, and replacement)
- The cost of financial assistance and supportive services, which includes resources to maintain residency, food security services, short-term housing, emergency rental and utility assistance, and other supportive services to provide housing, food, safety, or other necessities to individuals and families within the community
- The cost of special projects, which are small community improvements like community gardens, the cost of repairs of owner-occupied units, the costs of infrastructure investments (parking lots, street lighting, etc.), and costs associated with land banking.

GRANTS RECEIVED: Grants received are from NeighborWorks America core appropriation funds only (does not include NFMIC, EHELP, MHA, or Urban LIFT).

JOBS CREATED AND/OR MAINTAINED: This calculation estimates the total jobs created and/or maintained by the NeighborWorks America organizations' activities. It combines the current full-time employee count from each organization with a modeled estimate of full-time employees created or supported in the overall economy as a result of NeighborWorks America organizations' activities, including new construction, rehabilitation and repair for residential and commercial developments, and sales of existing homes. The modeled estimates are generated using publicly available multipliers from National Association of Realtors, National Association of Home Builders, and the Bureau of Economic Analysis. Job estimates are represented here as full-time employees.

UNIT COUNTS: Organizations who are affiliated into the NeighborWorks network have a grace period of 3 quarters to report production to NeighborWorks America. For FY2023, organizations that were affiliated in Quarters 3 and 4 (April - September, 2023) would not have reported production within the 2023 fiscal year, although they may have received grant funds or other resources during that time period.

WHOLE-HOME REPAIRS PROGRAM

Help for Homeowners and Small Landlords



OVERVIEW

The COVID-19 ARPA Whole-Home Repairs Program addresses housing insecurity and the climate crisis by providing grant funding to county programs supporting up to \$50,000 per unit in repairs for homeowners and small landlords to support upkeep and weatherization. Additionally, this program provides funding to PA counties for construction-related workforce development.

WHO'S ELIGIBLE?

Pennsylvania homeowners whose household income does not exceed 80% of the area median income are eligible for grants. Pennsylvania small landlords who own no more than 5 properties and no more than 15 rental units of affordable housing are eligible for loans.

HOW TO APPLY

A complete list of the agencies providing services through the Whole-Home Repairs Program can be found at dced.pa.gov/whr.

The PA Department of Community and Economic Development (DCED) provides local governments and non-profit service providers with funding to implement the Whole Home Repairs Program to residents of their counties.



SERVICES

The Whole-Home Repairs Program covers services in but not limited to:

- Habitability and safety concerns
- Measures to improve energy or water efficiency
- Accessibility for individuals with disabilities

Homeowners should contact their county servicer with questions about the program or to apply.



04/12/2023

WHOLE-HOME REPAIRS

Program Guidelines
September 2023



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Section I – Statement of Purpose

The **Whole-Home Repairs Program** will provide funding for county-wide agencies to address habitability and safety concerns, provide measures to improve energy or water efficiency and make units accessible for individuals with disabilities.

The Whole-Home Repairs Program addresses housing insecurity and the climate crisis by providing grant funding to county programs supporting up to \$50,000 per unit in repairs for homeowners and small landlords to support upkeep and weatherization. Additionally, this program provides funding to the counties for construction-related workforce development.

Pursuant to Section 3002(1) of the act of July 8, 2022 (Act No. 1A of 2022), known as the General Appropriation Act of 2022, the General Assembly of the Commonwealth appropriated federal funds from the COVID-19 Response Restricted Account to the Department of Community and Economic Development for COVID Relief – ARPA – Whole Home Repairs Program.

Pursuant to Section 135-C of the act of July 11, 2022 (Act No. 54 of 2022), known as the Fiscal Code, the Department of Community and Economic Development is authorized to establish the Whole-Home Repairs Program, issue guidelines and award grants in accordance with the Statement of Purpose set forth above.

Section II – Eligibility

A. Eligible Applicants

1. An eligible applicant for direct funding from DCED under the Whole-Home Repairs Program shall be a county government, a nonprofit organization, or a governmental entity, such as a municipal authority, selected by a county as follows:
 - For a county of the first class, the eligible applicant shall be determined by the mayor and approved by city council.
 - For a county of the second class, the eligible applicant shall be determined by the county executive.
 - For any county other than a county of the first or second class, the eligible applicant shall be determined by the county government.
2. Each county will receive an allocation to be used for the purposes of this program. By submitting an application to DCED as outlined under Section V of these guidelines, an eligible applicant agrees to commit funding to eligible projects outlined under Section II (B). Any county allocation that is not applied for by an eligible applicant during the application period will be re-allocated to those counties that have applied to participate in the program based on the allocation formula referenced in Section VI of these guidelines.

B. Uses of Funds

Eligible applicants shall use the funds for all of the following:

1. Create and/or implement grant and loan programs to address habitability concerns, improve energy or water efficiency, or to make units accessible for individuals with disabilities.

- a. An eligible applicant will make grants available to homeowners whose household income does not exceed 80% of the area median income.
 - b. An eligible applicant will make loans available to small landlords renting affordable units with the loans secured by a mortgage recorded against the rental property.
 - c. A single grant to a homeowner or a single loan to a small landlord may not exceed \$50,000 per owner-occupied or rental unit.
 - d. Loan forgiveness may be available if all of the following criteria are met:
 - i. Small landlord offered a three-year extension of the lease to a tenant occupying a unit when the funds were accepted by the small landlord.
 - ii. Annual increases in monthly rent have not exceeded 3% of the base rent or the unit has been occupied by a tenant participating in the Housing Choice Voucher Program for a period of no less than 15 years beginning on the date the loan was received.
 - iii. In the prior 15 years beginning on the date the loan was received, the small landlord has not committed a serious code violation with regard to the small landlord's rental property for which the small landlord has taken no substantial steps to correct the violation.
 - iv. The small landlord has maintained ownership of the unit for a period of no less than 15 years beginning on the date the loan was received.
 - e. An eligible applicant, being the county government or nonprofit entity authorized by the county, is responsible for ensuring the loan terms are met to receive loan forgiveness or proper repayment is made to recapture a loan that is not forgiven.
2. Administer the program, including staff, implementing systems and data management tools designed to leverage and maximize enrollment in all existing home repair programs administered by nonprofit organizations, government entities, and public utilities.
 - a. Up to 4% of the grant award may be used for administration costs.
 - b. Up to 10% of the funds awarded may be used for the provision and enhancement of all of the following:
 - i. Technical assistance and case management services for homeowners, renters, and small landlords.
 - ii. A universal program application process evidenced by a single point of contact for homeowners and/or small landlords.
 - iii. Coordination across waitlists for existing home repair programs.
 - iv. Program and policy analysis, outcomes reporting, and program evaluation.
 - v. Referrals, where appropriate, to legal aid, social service providers specializing in mental, developmental, and physical health conditions, and other relevant community-based services.
 3. Invest in workforce development programs that will connect trainees to jobs through committed employer partnership related to improving the habitability and performance of homes, including any of the following:
 - a. Cash stipends for trainees. Applicants seeking to provide stipends as an eligible use must outline limits or requirements in the required Project Plan as part of the application required under Section V and Appendix I.
 - b. Costs related to the design and implementation of pre-apprenticeship, apprenticeship, and publicly funded on-the-job training programs.

Section III – Definitions

The following words and phrases when used in the Whole-Home Repairs Program guidelines are defined accordingly:

- **“Affordable unit”** – Units where rents are affordable to tenants at or below 60% of area median income, adjusted for household size, as defined annually by the Pennsylvania Housing Finance Agency’s PennHOMES countywide limits.
- **“Accessibility”** – Home modifications should be designed to meet the needs of the person with the physical disability who will be residing in the home. Eligible modification items may include, but are not limited to the following: bathroom modifications, installation of grab bars and handrails, kitchen modifications, lifting devices, main level bathroom or bedroom addition, ramp addition or repair, sidewalk addition or repair, widening doorways or hallways, as defined by the Pennsylvania Housing Finance Agency’s Access Home Modification Program.
- **“Code”** – The term includes the following:
 1. All applicable state and local building, housing, property maintenance, fire, health or other public safety ordinances, laws or codes related to the use or maintenance of real property. The term does not include a subdivision and land development or a zoning ordinance enacted by a municipality.
 2. All applicable state and local tax laws; ordinances and resolutions.
- **“Disabilities”** – As the term “handicap or disability” is defined in section 4 of the act of October 27, 1955 (P.L. 744, No. 222), known as the Pennsylvania Human Relations Act.
- **“Existing home repair programs”** – Programs administered by such entities that provide services to repair residential housing and to make home modifications for accessibility that are funded in accordance with or through, but not exclusively limited to the following programs:
 1. The weatherization assistance programs administered as a part of the programs authorized under the Low-Income Home Energy Assistance Act of 1981 (Public Law 97-35, 42 U.S.C. §8621 et seq.) or the Energy Conservation in Existing Buildings Act of 1976 (Public Law 94-385, 42 U.S.C. §6851 et seq.).
 2. The Community Development Block Grant Program under Title I of the Housing and Community Development Act of 1974 (Public Law 93-383, Stat. 633), as amended.
 3. The HOME program under the act of December 18, 1992 (P.L. 1376, No. 172), known as the Pennsylvania Affordable Housing Act.
 4. The Medical Assistance Community Health Choices Program.
 5. The Pennsylvania Housing Affordability and Rehabilitation Enhancement Program under Article IV-D of the act of December 3, 1959 (P.L. 1688, No. 621), known as the Housing Finance Agency Law.
 6. The Keystone Communities Program administered by DCED.
 7. Low-Income usage reduction programs established under 52 Pa. Code Ch. 58 (relating to residential low-income usage reduction programs).
 8. The Energy Efficiency and Conservation Program established under 66 Pa.C.S. §2806.1(b)(1)(i)(G) (relating to energy efficiency and conservation program).

- **“Habitability concerns”** – Home repairs that are required to ensure residential units are any of the following:
 1. Fit for human habitation.
 2. Free from defective conditions or health and safety hazards, including asbestos, mold, pests or lead.
 3. Free of conditions preventing installation of measures to improve energy or water efficiency and lower utility costs.
- **“Homeowner”** – A person who is any of the following:
 1. An owner of record evidenced by a publicly recorded deed.
 2. An owner-occupant of a manufactured home who leases a space in a manufactured home community.
 3. An equitable owner who can demonstrate an ownership interest in a property as provided by law, including: (i) A person who has inherited an interest in a property; (ii) A person who has entered a contract to purchase a property; (iii) A person who was the owner of record before a fraudulent conveyance of the property; (iv) A person who is a trust beneficiary and a person holding a partial ownership interest in a property such as tenancy by the entirety, joint tenancy, tenancy in common and life estate.
- **“Serious violation”** – A code violation that poses an imminent threat to the health and safety of a dwelling occupant, occupants in surrounding structures or passersby.
- **“Small landlords”** – A person who meets all of the following criteria:
 1. The person is a landlord.
 2. The person has an ownership stake in no more than five properties and no more than 15 rental units.
 3. The person rents those properties or units described immediately above for use as a primary residence for a fee, regardless of the length or form of the lease.
- **“Substantial step”** – An affirmative action as determined by a property code official or officer of the court on the part of a small landlord or property managing agency to remedy a serious code violation, including physical improvements or repairs to the property, which affirmative action is subject to appeal in accordance with applicable law.

Section IV – Program Requirements

A. General Information

1. DCED will award grants to no more than one applicant per county as outlined under Section II, A. This shall not be construed to prohibit DCED from awarding more than one grant to a county applicant to serve multiple counties.
2. Nothing in this program shall be construed to prohibit an applicant which receives funds from subcontracting the funds to another entity to perform any of the purposes specified in Section II, B.
 - Applicants must receive approval from DCED for all subgrantees. The name of the subgrantee, their contact information, and expected participation should be included.
 - Subgrantee names and contact information, in addition to applicant name and information, will be published on DCED's website.
3. Program funds shall not supplant existing resources dedicated to existing home repair programs, but may be used to support, expand, and enhance existing home repair programs as provided under Section II, B.

B. Reporting

1. Applicants are required to submit quarterly and annual grant reports to DCED, on a form and in a manner prescribed by the department, containing information necessary for DCED to comply with legislative requirements as well as any other reporting required by the US Treasury and ARPA – State and Local Fiscal Recovery Funds. The report shall include all of the following information related to program funds expended under Section II, B:
 - The total number of units, and the average cost per unit, for which homeowners addressed habitability concerns, installed energy efficiency measures and made accessible for individuals with disabilities as a result of program funds awarded under this act.
 - The total number of units, and the average cost per unit, for which small landlords addressed habitability concerns, installed energy efficiency measures and made accessible for individuals with disabilities as a result of program funds awarded under this act.
 - The total amount of program funds invested in addressing habitability concerns, installing energy efficiency measures and making units accessible for individuals with disabilities.
 - The total number of grant and loan applications that were received, approved and denied.
 - The total number of grant and loan applications where funds were leveraged with other existing programs for home repair and accessibility, and a summary of those programs
 - A summary of the most common reasons for denial of applications.
 - The income and demographic information for households assisted under the program.
 - The number of new staff hired to fulfill the services.
 - A summary of systems improvements to fulfill the services.
 - The total amount of program funds invested in workforce development programs.
 - The total number and average amount of cash stipends provided to trainees.
 - The income and demographic information for individuals assisted by funds utilized.
 - The total number of small landlords participating in the program.

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- The total number of people in the individual units being repaired.
- Any additional reporting requirements as mandated by the U.S. Treasury under the American Rescue Plan Act of 2021 (ARPA) – State and Local Fiscal Recovery Funds (SLFRF) Compliance and Reporting Guidance.

C. Other Requirements

1. Nondiscrimination

No assistance shall be awarded to an applicant under this program unless the applicant certifies that the applicant shall not discriminate against any employee or against any person seeking employment by reason of race, gender, creed, color, sexual orientation, gender identity or expression, or in violation of the Pennsylvania Human Relations Act, which prohibits discrimination on the basis of race, color, religious creed, ancestry, age, sex, national origin, handicap or disability, or in violation of any applicable federal laws. All contracts for work to be paid with grant funds must contain the Commonwealth's official nondiscrimination clause.

2. Conflict of Interest

An officer, director, or employee of an applicant who is a party to or has a private interest in a project shall disclose the nature and extent of the interest to the governing body of the applicant, and may not vote on action of the applicant concerning the project, nor participate in the deliberations of the applicant concerning the project.

3. Project Records

The applicant must maintain full and accurate records with respect to the project and must ensure adequate control over related parties in the project. The program office requires access to such records, as well as the ability to inspect all work, invoices, materials, and other relevant records at reasonable times and places. Upon request of the program office, the applicant must furnish all data, reports, contracts, documents, and other information relevant to the project.

4. Payments

Fund payments are subject to the following requirements in the Uniform Guidance (2 C.F.R. Part 200): 2 C.F.R. § 200.303.

5. Financial Audit

For subgrantees with expending federal funds, a single audit may be required. Title 2 CFR Subtitle A, Chapter II, Part 200, Subpart F – Audit Requirements should be reviewed to determine if a single audit is required.

6. Worker Safety

Pursuant to Executive Order 2021-06, Worker Protection and Investment (October 21, 2021), the Commonwealth is responsible for ensuring that every Pennsylvania worker has a safe and healthy work environment and the protections afforded them through labor laws. To that end, contractors and grantees of the Commonwealth must certify that they are in compliance with all applicable Pennsylvania state labor and workforce safety laws. Such certification shall be made through the Worker Protection and Investment Certification Form (BOP-2201) and submitted with the bid, proposal or quote.

7. Prevailing Wage

The Pennsylvania Prevailing Wage Act applies to all construction, reconstruction, demolition, alteration and/or repair work that is: 1) done under contract, 2) has an estimated cost of over \$25,000 and is funded in whole or in part but funds of a public body, 43 P.S. § 165-2(5). The funds for the Whole Home Repair Program constitute funds from a public body and, as such, any recipient of Whole Home Repair Program funds who uses them for construction, reconstruction, demolition, alteration and/or repair work that is estimated to cost over \$25,000 must comply with all applicable requirements under the Prevailing Wage Act, including but not limited to ensuring that all construction workers are paid the prevailing wage. Please direct any specific questions regarding the Prevailing Wage Act to the Department of Labor and Industry, Bureau of Labor Law Compliance at RA-LJ-SLMR-LLC@pa.gov

Section V – Application Procedures

To apply for funding, the applicant must submit the electronic on-line Department of Community and Economic Development Single Application for Assistance located at dced.pa.gov/singleapp. Required supplemental information outlined in Appendix I of these guidelines must be attached electronically to the application as directed on the Addenda tab. County allocation amounts will be made available on DCED's publicly available webpage prior to the application acceptance period.

Section VI – Application Evaluation

The Department of Community and Economic Development will review all submitted applications on a rolling basis for adherence to the guidelines and all required program information.

Each county will receive an allocation (no less than \$200,000) based on calculations using a variety of metrics, including but not limited to the U.S. Census Bureau's Median Income by Household Size, Number of Households by Household size, Year of Structure Built and the Number of Households with Conditions and HUD's 80% Income Limits by Household Size by County.

Section VII – Procedures for Accessing Funds

Upon approval of an application by DCED, a grant agreement (contract) will be issued electronically to the applicant explaining the terms and conditions of the grant to include the approved scope of work. The contract must be electronically signed and returned timely, or the offer may be withdrawn.

- At the time of application, the applicant will be requested to provide the name, title, and email address of two individuals authorized to execute a contract, if awarded.

Upon full execution of the grant agreement, the applicant will receive an advanced payment request form and instructions for requesting funds.

Whole-Home Repairs Program Guidelines
09/21/2023

Section VIII – Program Inquiries

Program inquiries should be directed to:

PA Department of Community and Economic Development
Community Affairs and Development
Whole-Home Repairs Program

Telephone: 1.866.466.3972

E-mail: RA-DCWHOLHOMEREPROG@pa.gov

Appendix I – Supplemental Items

1. **Project Plan** – Provide a project plan which discusses all of the following:
 - a. Planned approach and/or execution of each of the eligible uses of funds outlined in Section II, B to include organizational capacity, partnerships, local evaluation criteria.
 - b. Brief description of the eligible applicant's expertise with relation to the program's intent.
 - c. If applicable, the name, contact information, and a brief description of expertise and funding breakdown for all anticipated subgrantee partnerships
2. **Draft Guidance**
Loan forgiveness process and proposed monitoring.
3. **Cost Estimates** –
 - a. Amount of program funds being requested and intended use breakdown, including subgrantees if applicable.
 - b. Estimated total cost of eligible uses outlined in Section II, B.
 - c. Estimated commencement dates for funds to be utilized for eligible uses.
4. **Resolution/Designation** – Eligible applicants must provide appropriate documentation indicating the eligible applicant has been designated as the eligible applicant by the applicable entity identified in Paragraph A of Section II – Eligibility of the Guidelines.

PREPARED STATEMENT OF ROBIN DAVEY WOLFF

SENIOR DIRECTOR FOR RURAL COMMUNITIES AT ENTERPRISE COMMUNITY PARTNERS

APRIL 16, 2024

Chair Smith, Ranking Member Lummis, and Members of the Subcommittee, thank you for the opportunity to share perspectives on the needs related to Affordable Housing Preservation and Home Repair with you today.

My name is Robin Davey Wolff. I am the Senior Director of Rural Communities at Enterprise Community Partners, where I work to lift up and support the needs of rural housing developers and providers across the country. Enterprise is a national nonprofit on a mission to make home and community places of pride, power and belonging for all. To make that possible, we listen to what our communities need and bring everything under one roof to deliver it to them. That means 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 23,000 people.

This end-to-end approach, combined with more than 40 years of experience and thousands of local partners, has enabled Enterprise to build and preserve affordable homes nationwide, invest \$72 billion in communities, and improve millions of lives. This month, we are celebrating the one millionth affordable home that Enterprise has created and preserved since our founding. Our strategic priorities are advancing racial equity, building climate resilience and upward mobility, and creating and preserving housing people can afford.

Enterprise's Tribal Nations and Rural Communities Team has sought to support safe, decent, and culturally appropriate housing in rural communities and on Tribal lands since 1997. Our commitment to rural and Tribal communities is deep: over the last 20 years Enterprise has invested more than \$1.1 billion in grants, loans and equity, and developed more than 40,000 affordable homes in rural communities nationwide. Prior to joining Enterprise, I worked for an affordable housing developer serving rural communities. I now apply that experience to help rural nonprofits, housing authorities, Tribes and Tribally Designated Housing Entities (TDHE) preserve and develop affordable housing in their communities. Our team offers direct technical assistance, training, peer learning sessions, and other capacity building services to expand access to home ownership opportunities and develop or preserve affordable rural rental homes.

Much of this work is supported by Federal contracts through the Department of Housing and Urban Development's (HUD) Rural Housing and Economic Development program, the United States Department of Agriculture's (USDA) Rural Community Development Program and the USDA 515 Technical Assistance Program, through which we are able to support affordable housing providers across the country as they work to preserve housing at risk of losing affordability due to mortgage maturity or prepayment. According to USDA projections, the USDA Section 515 program, which currently provides stable affordable housing to approximately 400,000 low-income rural renters nationwide, is projected to lose up to 137,000 affordable-housing units over the next 10 years due to mortgage maturities. Work is being done to address this, inclusive of the recently approved Rental Decoupling pilot in the Consolidated Appropriations Act, 2024 (H.R. 4366) and the Rural Housing Service Reform Act (RHSRA), recently introduced legislation that our team has worked on in partnership with Senator Smith and Rounds' office, which would include various provisions to modernize the USDA rural housing programs. That said, these programs and reforms alone are not adequate to stave off the loss of affordability we are facing nationally.

In this testimony, I will discuss (1) The need for housing preservation; (2) The challenges communities across the country are facing as they work to preserve existing affordable housing; (3) The need for affordable single-family preservation and home repair programs; (4) The Enterprise approach to address housing preservation challenges; and (5) Ways congress can take action to support the preservation and production of affordable housing.

The Need for Housing Preservation

The country is in the middle of an affordable housing crisis. Communities across the country are losing a vital source of the existing affordable housing supply faster than new affordable units can be developed. With each year that passes, more mortgages and affordability restrictions expire, and countless nonrestricted properties are lost to the market, making more homes unaffordable. It is not possible to build new homes fast enough to make up for those that are being lost. We must prioritize affordable housing preservation in addition to new construction. Depending on the

level of rehabilitation needs, preservation can often be faster and more cost effective than new construction.

Harvard's Joint Center for Housing Studies published a report stating that since 2012, the market has lost more than 2.1 million units renting for less than \$600 and 4.0 million units renting for \$600 to \$999. During the same period, the market gained 8.4 million units renting for at least \$1,400, driven by rent increases and high-end new construction. Not only have rents risen, but they have outpaced incomes over the last two decades. Among renter households with an annual income under \$30,000, the median amount of money left over after paying for rent and utilities was just \$310 a month.¹

Data from the 2022 American Community Survey (ACS) supports this and clearly shows that newer properties are more expensive than older ones. More specifically, the most recently built rental units (those built in 2020 and later) command a 35 percent premium over the median, and even properties built in the 2010s are 24 percent more expensive on average than the median rental unit.² Older properties are at risk of being acquired and upgraded above the point of affordability.

The Benefits of Housing Preservation

Preservation is often more cost-effective than new construction and avoids significant changes to the existing built environment, mitigating community concerns over neighborhood change that can stall or prevent new affordable development. It should be further noted that preservation directly affects some of our lowest income and most vulnerable populations. Displacement of renters in subsidized units that lose their restriction and subsidies are at far greater risk of homelessness or living in unsafe conditions.

Targeted resources, programs, and policies are critical to maintain the existing affordability of multifamily properties and mitigate the risk that they will be lost permanently from the affordable housing supply. Once affordable units are lost, they are very difficult and cost prohibitive to replace, risking the displacement of long-time residents.

The Challenge of Preserving Multifamily Housing Stock

Many existing affordable rental homes are in small- to medium-multifamily (SMMF) properties (defined as having between 2 and 49 units). In fact, this housing stock is the largest single source of housing affordable to low-income households.

The 2022 ACS data tells us that 23 million SMMF units exist in the U.S., and 87 percent of those units are occupied by renters. 80 percent of SMMF units are affordable to households with incomes at or below 80 percent AMI.³ This represents 52 percent of all affordable housing in the country. 95 percent of these units receive no Federal project-based subsidy. Of the 996,000 SMMF units that are subsidized, about 22 percent are set to expire by 2027.⁴

Market pressures and disinvestment pose significant threats to this housing stock. There is limited financing to keep properties affordable. Without robust investment in this housing, residents are at risk of eviction, displacement, and homelessness.

The Low-Income Housing Tax Credit (Housing Credit), which is our Nation's most effective tool for the development of affordable rental housing, is oversubscribed and requires improvements to better address the needs of smaller properties. A program that does not rely on tax credits and that prioritizes preservation presents an opportunity to slow the loss of affordable units, provide stability for low, moderate, and very low-income residents who live in these homes, keep communities intact by combating residential and cultural displacement, and deepen the impact of all affordable housing strategies.

Single-Family Preservation and Home Repair

On the single-family side, including Home Repair in this conversation is crucial and appreciated. The impact of a well-run home repair program can prevent utility shut offs, foreclosure, and homeowner displacement. The need for single family home repair is especially true in rural communities where we see higher rates of home ownership than the national average (73 percent vs. national average of 65 percent).

¹ Joint Center for Housing Studies of Harvard University, "America's Rental Housing 2024", 2024, <https://www.jchs.harvard.edu/americas-rental-housing-2024>.

² Ibid.

³ Enterprise Community Partners calculations of 2022 1-year American Community Survey, as provided by IPUMS USA, University of Minnesota, www.ipums.org. AMI is calculated based on HUD Section 8 income limit data for the applicable year.

⁴ Ibid.

Single-family housing in rural communities is, in general, older stock which is more likely to have deferred maintenance and capital needs that should be addressed. This is particularly true for households living in manufactured homes, which make up a significant portion of housing for lower-income families living in rural communities.⁵

Homeowners often feel stuck when they try to address the needed repairs. The market simply does not work for people living on low or fixed incomes. Costs of labor and materials are high, driving up the average cost of a home repair project and conventional loans are at high rates, which makes funding needed repairs more expensive. This is true even when there is significant equity in the home.

We must continue to identify new strategies to meet the needs of vulnerable homeowners beyond the existing offerings. In rural communities the USDA 504 Home Repair program, which provides subsidized loans and grants for seniors over the age of 62, is useful but often does not allow for enough funding to get homeowners to where they need to be when it comes to truly safe and decent housing. This source can be leveraged with other sources. Many States and localities operate home repair programs funded with HUD's Community Development Block Grant (CDBG) program or the HOME Investment Partnership (HOME) program funds, for instance. New programs should leverage these existing programs to allow for more significant or comprehensive repairs.

The Enterprise Approach

Enterprise Community Partners has decades of experience supporting repair of small properties and preserving affordable rental housing.

Enterprise deploys capital to produce new housing, preserve existing affordable housing and build the capacity of our partner organizations. In the preservation realm, Enterprise supports the acquisition, rehabilitation, and refinancing of affordable housing, in addition to providing grants that support nonprofit partners' preservation efforts. Over the last 10 years, Enterprise has invested more than \$6.6 billion in the preservation of affordable housing, which accounts for 54 percent of Enterprise's total investment in affordable housing and has ensured the continued affordability of 140,000 homes.

Enterprise cochairs the "A Call To Invest in Our Neighborhoods" (ACTION) campaign, a coalition of over 2,400 of local, State, and local organizations and businesses advocating working together to protect, expand, and strengthen the Housing Credit. Part of the coalition's advocacy has been focused on the bipartisan, bicameral Affordable Housing Credit Improvement (AHCIA) Act. This legislation 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. Ultimately, strengthening and expanding the program is foundational to advancing racial equity and economic mobility for low-income Americans across the country.

City and Regional Solutions:

Enterprise Advisors and market teams work with cities and regions to develop comprehensive housing strategies that address the unique housing challenges in that location. Based on complex data analysis, stakeholder interviews and expertise in affordable housing programs, Enterprise helps develop preservation strategies that are tailored to individual communities, such as an emphasis on the preservation of Naturally Occurring Affordable Housing (NOAH) or the development of preservation-related funds.

Support for Community-Based Organizations, Developers, and Landlords:

Enterprise supports existing property owners to improve the financial health, resiliency, and sustainability of their properties so they can continue to provide affordable homes for local communities.

Preservation grants support either organizational infrastructure or project redevelopment. To strengthen partners' organizational infrastructure, Enterprise builds organizations' current staffing, software, and professional development models, and provides the operating capital necessary to effectively pursue preservation.

Through project redevelopment grants, Enterprise supports the actual redevelopment of existing real estate by assisting with predevelopment expenses, staffing, consultants, or capital.

⁵Housing Assistance Council, "Rural Research Brief", July 2020, <https://ruralhome.org/wp-content/uploads/2021/05/Manufactured-Housing-RRB.pdf>.

Training and Resources:

Through the Rural Rental Housing Preservation Academy and the Preservation Next Training Academy, Enterprise organizes a series of training sessions for affordable housing developers across the county and advocates to acquire, rehab, and stabilize affordable homes and prevent resident displacement.

Enterprise also provides online resources, information, and tools to help:

- Developers acquire, rehab, and preserve affordable homes
- Practitioners and advocates to understand preservation opportunities and advocate for resources and policies
- Existing owners and operators to improve the stability and sustainability of their properties

Policy Advocacy:

Enterprise works with a broad range of public and private partners to advocate for policies at the local, State, and national levels that:

- Protect, expand, and improve tenant protections
- Replicate best practices and policies in eviction prevention
- Increase resources to enable the acquisition and preservation of affordable housing by mission-minded owners and residents

Investing in Healthy, Sustainable, and Resilient Homes:

Properties that are currently affordable and that need preservation, both subsidized and unsubsidized, are often older and suffering from deferred maintenance. Preservation can address unmet and ongoing capital needs and repairs that affect health, safety, and sustainability.

More than 38,000 homes have been created or rehabilitated to meet the Enterprise Green Communities Criteria since its inception in 2004. When buildings meet energy efficiency standards, both property owners and tenants can see savings in their utility costs, which improves the affordability of the property.

Home Repair Programs

Enterprise is leading Home-Repair programs in several markets across the country:

Detroit Home Repair

Enterprise Community Partners serves as manager of the Detroit Home Repair Program, which is a \$20M initiative providing no cost support to low-income households in Detroit. The program, which aims to support 1,000 households, has a waiting list of over 14,000. To date, over \$4.3MM has been deployed for repairs in over 200 homes, including \$1.2MM in energy-efficiency and weatherization measures. The University of Michigan estimates that 37,630 Detroit households live in inadequate conditions (exposed wiring, broken furnaces) and local program sponsors estimate total repairs costs at well over \$5B. It is this type of local work and knowledge that highlights the need for additional focus and resources, like those outlined in the Whole-Home Repairs Act of 2024 led by Senator Fetterman, that could be leveraged to meet the existing needs of the communities where we work.

Lead Safe Cleveland Coalition and Home Fund

Enterprise is a founding member and program manager of Lead Safe Cleveland and its \$45M Fund which aims to implement lead safe practices in over 40,000 rental properties throughout the city.

Make It Home Cleveland

Enterprise and the City of Cleveland with others is piloting a repair and purchase program for Cleveland homeowners who live in tax forfeited properties. The program aims to work with 50 households in 2024.

Actions Needed From Congress

We urge Congress to continue its commitment to supporting affordable housing and community development efforts by enacting critically needed legislation, most of which has bipartisan support, which would expand existing programs or else create new programs where there are gaps in the housing and community development financing ecosystem.

Support Production and Preservation of Affordable Housing

- (1) Enact the Rural Housing Service Reform Act (RHSRA) (S. 2790)

RHSRA is a bipartisan and bicameral bill introduced by Chair Smith and Senator Mike Rounds and would help preserve rural affordable rental housing and expand home ownership opportunities for Native communities. This legislation does this by improving the tools that USDA has available to address the housing preservation crisis that USDA faces by allowing for decoupling of rental assistance from USDA multifamily mortgages to ensure families living in USDA-financed properties are not cut off from rental assistance. Furthermore, the legislation would improve rural vouchers by allowing the value to change based on the fluctuations in tenant income and unit rent levels, and by expanding its use to tenants in properties with maturing mortgages. The bill would also allow for funding to improve the agency's capacity through additional staffing and upgrading of outdated technology that the agency uses. This bill also would make the highly successful USDA Section 502 Native CDFI Relending Program, Multifamily Preservation and Revitalization Program, Multifamily Transfer Technical Assistance Program, and the Rural Community Development Initiative permanent. Finally, the bill will raise outdated funding caps, bring multifamily foreclosure process in line with those at HUD, increase data transparency, and require studies on the efficacy of programs.

(2) Enact the Affordable Housing Credit Improvement Act (AHCIA, S. 1557)

This legislation, sponsored by Senators Maria Cantwell (D-WA) and Todd Young (R-IN), has 34 cosponsors, including leads, split evenly between Democrats and Republicans. The bill has several financing provisions that will expand production and preservation of affordable housing. It also includes several dozen provisions that would enable State Housing Credit agencies to strengthen program administration. Some of the changes would update rules to improve access for veterans, students, and victims of domestic violence and human trafficking. We have never seen an affordable housing production bill with such deep and widespread support in Congress, and this is by far the most important piece of legislation we can enact to help put a dent in our current housing crisis. The AHCIA will create or preserve close to 2 million additional affordable rental homes over the next decade.

(3) Enact Housing Credit provisions in the House-passed Tax Relief for American Families and Workers Act of 2024 (H.R. 7024)

We are excited to see that two key provisions of the AHCIA Act were included in the bipartisan and House-passed tax package, the Tax Relief for American Families and Workers Act of 2024. This bill would make it easier to finance affordable rental housing in two key ways: it would restore the 12.5 percent increase to the 9 Percent Credit, which expired in 2021, from 2023 (retroactively) until 2025, and it would lower the 50 percent Private Activity Bond (PAB) threshold for the 4 Percent Credit to 30 percent for 2 years. Together, the provisions could finance an estimated 200,000 additional affordable homes nationwide through new development and preservation; generate over \$34 billion in wages and businesses income; support over 304,000 jobs; and generate nearly \$12 billion in Federal, State, and local tax revenue.⁶

(4) Enact the New Markets Tax Credit (NMTC) Extension Act of 2023 (S. 234)

This bipartisan legislation introduced by Senators Ben Cardin (D-MD) and Steve Daines (R-MT) would permanently authorize the NMTC program (which is set to expire in 2025) at \$5 billion per year—adjusted annually for inflation—and exempt investments in the credit from the Alternative Minimum Tax. NMTCs are predominantly used to support commercial revitalization, businesses, and community facilities in lower-income communities, and are one of the most effective of all Federal economic and redevelopment programs—spurring over \$120 billion of total investments in distressed communities and creating over 1 million jobs to date.

While the NMTC is not intended to be used to support residential rental properties, some NMTC investments have nonetheless supported housing activities—principally through investments in mixed-use commercial redevelopment projects that include on-site housing, and to a lesser extent, home

⁶Enterprise Community Partners, “A Crucial Moment for the Housing Credit and the Future of Affordable Housing” February 2024, <https://www.enterprisecommunity.org/blog/crucial-moment-housing-credit-and-future-affordable-housing>.

ownership activities. The Treasury Department indicates that the NMTC has helped to finance over 18,000 affordable homes.

(5) Enact the Neighborhood Homes Investment Act (NHIA, S. 657)

This bipartisan legislation reintroduced by Senators Cardin and Young would create a Neighborhood Homes Tax Credit (NHTC), which would spur the renovation or development of one- to four-unit homes in once-thriving urban, suburban, and rural communities that now have distressed, blighted neighborhoods and low home ownership rates.

Modeled after the Housing Credit, the NHTC would cover the “value gap” between the cost of building or renovating a home and the market-rate price at which it can be sold to low- and middle-income homebuyers. This credit would provide low- and middle-income households with more equitable opportunities for home ownership and upward economic mobility. If enacted, the NHTC could finance the construction or renovation of an estimated 500,000 homes over the next decade.

(6) Tax-Exempt Controlled Entity Issue

An issue has arisen with regard to the proper interpretation of an arcane provision of the tax code designed to prevent tax-exempt entities from indirectly benefiting from tax incentives provided to taxable entities who either lease property to, or are in partnership with, tax-exempt entities. Because of the Preferred Stock Purchase Agreements between the Treasury Department and the GSEs, some lawyers for Housing Credit investors have been questioning whether the GSEs, which pay taxes, could be considered TECEs, because Treasury is a tax-exempt entity that controls the GSEs. This interpretation has caused concern among Members of Congress, and a bipartisan group of 20 Senators sent a letter in June to Sec. Yellen requesting clear guidance on the issue. Otherwise, rural areas could be particularly devastated, as the GSEs invest significantly in these areas, and Housing Credit investments in these communities could dry up.

The potential application of this law to Fannie Mae and Freddie Mac is interfering with their ability to invest in Housing Credit properties because the law would require slower depreciation and loss of certain energy and rehabilitation tax credits. GSE Housing Credit investments help the GSEs fulfill their Duty to Serve requirements set by FHFA, bringing capital to underserved markets, including rural multifamily housing. If this issue does not get resolved, investments by State and local equity funds could also be negatively impacted.

We request that congress encourage the Treasury Department to provide clear guidance on this tax issue so that GSE capital can begin flowing again to underserved rural areas.

(7) Enact the Stop Predatory Investment Act (S. 2224)

This legislation would preserve the affordable housing stock by restricting tax breaks for large institutional investors purchasing single-family homes to convert to rentals and incentivizing affordable rental housing and the construction of new housing supply. Enterprise supports this legislation led by Committee Chair Sherrod Brown (D-OH) and Members of the Subcommittee.

(8) Enact the Native American Housing Assistance and Self-Determination Reauthorization Act of 2023 (S. 2285)

The Native American Housing and Self Determination Act of 1996 (NAHASDA) was the first instance of Congress recognizing that the United States’ trust responsibility to Tribal Nations includes “working with Tribes and their members to improve their housing conditions and socioeconomic status.”

To meet this responsibility, NAHASDA created the Indian Housing Block Grant (IHBG) and eliminated the ability of Tribes to access almost all other HUD programs, such as Housing Choice Vouchers, HOME, and public housing operating fund dollars.

However, the authorization for NAHASDA last expired in 2013, leaving necessary improvements unaddressed. While last year’s appropriations saw the largest increase for the IHBG program, funding level remained flat in inflation-adjusted dollars from 2011–2021 and has been a decreasing percentage of the HUD budget since its creation. Enterprise supports as much increased funding for the IHBG as possible, and the passage of the Native American Housing Assistance and Self-Determination Act of 2023.

(9) Enact increased appropriations and modernizations of key housing and community development programs

Section 4

HUD's Section 4 Capacity Building for Community Development and Affordable Housing (Section 4) program enhances the technical and administrative capacity of community development corporations 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 health care, 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.

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 home ownership needs by allowing States and localities to provide downpayment assistance to creditworthy homebuyers, lower mortgage interest rates and assist with homeowner rehabilitation. Enterprise urges Congress to provide the highest possible funding levels for HOME in appropriations legislation. We also urge Congress to enact the HOME Investment Partnerships Reauthorization and Improvement Act (S. 3644) led by Senator Cortez Masto which would reauthorize and modernize the HOME program.

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. Enterprise encourages Congress to provide the highest possible funding for CDBG in appropriations legislation.

USDA Rural Housing Service Programs

USDA's Rural Housing Service (RHS) programs are vital to rural communities. The USDA Section 515, USDA Section 514/516, Section 521 Rental Assistance Programs, Multifamily Preservation and Revitalization Program, provide critical affordable rental housing throughout rural America. The 515 Multifamily Transfer Technical Assistance Program helps communities preserve the rental stock. RHS programs that support affordable home ownership include the USDA 523 Mutual Self Help Program, 502 direct loan and guaranteed loan programs and the 504 Home Repair Program provide tremendous opportunity for rural residents. The Rural Community Development Initiative works to build capacity of housing providers in rural communities. Enterprise urges Congress to provide robust funding for USDA Rural Housing Service programs in the upcoming fiscal year.

HUD's Native American Programs

The Indian Housing Block Grant (IHBG) program is one of the only dedicated sources of housing construction, rehabilitation of rental assistance funding available to Tribal Nations, who do not receive money from programs like HOME or Housing Choice Vouchers. Enterprise urges Congress to provide increased funding for the formula and competitive grants.

Community Development Financial Institutions (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 nonprofit 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.

Capital Magnet Fund

Enterprise continues to support efforts to increase and preserve the Capital Magnet Fund (CMF). This critical resource provides flexible funds to attract private investment into developing, preserving, rehabilitating, or purchasing affordable single-family and rental housing properties. CMF award recipients must leverage their award with other sources of capital, and the leveraged amount must be at least 10 times the CMF award amount, although in practice it has been 20 times or greater. The CMF program has awarded grants totaling nearly \$1.1 billion to CDFIs and qualified nonprofit organizations and of reported projects, awardees have attracted nearly \$13.3 billion in total leverage. Recipients have 5 years to complete projects after receiving an award. As of September 30, 2022, awardees reported supporting 37,650 affordable rental housing units, 5,500 affordable home ownership units, and several community service facility projects, such as health care and other community facilities that are located near affordable housing.

This public-private partnership is a critical source of funding for CDFIs and nonprofit housing developers financing affordable housing and related economic activities. The CMF program is funded through a very small, annual assessment fee on new business revenues generated by Fannie Mae and Freddie Mac. This funding source must be protected, with any subsequent reforms of the housing finance system ensuring a continued supply of funding for this program. Enterprise also urges Congress to work with Treasury to encourage streamlining and additional flexibilities in the program.

Preservation and Reinvestment Initiative for Community Enhancement (PRICE) Program

The PRICE program is a competitive grant program for housing residents and communities to preserve and revitalize manufactured housing and eligible manufactured housing communities. The program was first funded in FY23 and received additional funding in FY24. The program provides resources to support residents of manufactured housing through repairs and rehabilitation of homes. Eligible uses of funds include infrastructure, planning, resident and community services (including relocation assistance and eviction prevention), resiliency activities (defined as reconstruction, repair, or replacement to protect the health and safety of manufactured housing residents and to address weatherization and energy efficiency needs), and assistance for land and site acquisition. Enterprise urges Congress to provide robust funding for this program and to continue to work with HUD to ensure that the program remains effective for tenants of manufactured housing and manufactured housing communities. We also support the passage of the Preservation and Reinvestment Initiative for Community Enhancement Act led by Senators Cortez Masto, Shaheen, and Smith, which would permanently authorize the program.

Public Housing Capital Fund

Public Housing remains one the largest source of affordable housing for low-income families, the elderly, and persons with disabilities. With nearly 900,000 units across all 50 States, which is why is it important that Congress provide increased funding to the Public Housing Capital Fund. The Capital Fund provides funds to Public Housing Agencies for the development, financing, and modernization of public housing developments. Due to underfunding and disinvestment in Public Housing, it is estimated that the backlog of public housing capital needs is more than \$70 billion. Enterprise urges Congress to provide increased funding to the Public Housing Capital Fund and to continue to support other forms of Public Housing preservation such as the Rental Assistance Demonstration (RAD) program. Enterprise thanks Committee Chair Scott for his leadership on the ROAD to Housing

Act. We particularly appreciate the provision to expand the RAD program as a means to help modernize and preserve affordable housing units, provided there are appropriate tenant protections.

Conclusion

While we do need more housing supply, we simply cannot build our way out of our housing crisis. Preservation of affordable housing is necessary to address the critical lack of affordable housing. We are rapidly losing affordable units, and there is a profound need for more targeted tools, resources, and policies to mitigate and prevent the risk of loss of affordable properties. Preserving existing affordable housing is both cost-effective and crucial for maintaining and increasing the supply of affordable homes. Preservation also provides housing stability and prevents displacement of existing residents and families, homeowners and renters alike.

We at Enterprise are committed to finding solutions and helping the organizations on the ground preserve and develop housing in their communities. The preservation of affordable housing is a critical component of Enterprise's strategy to connect low-income households to opportunity. Affordable housing helps households avoid housing cost burden and contributes to housing stability, creating positive outcomes that can last for generations.

I am appreciative of the opportunity to share my experiences and perspectives today. On behalf of Enterprise Community Partners, I would like to thank the Committee, and especially Chair Smith and Ranking Member Lummis for their leadership on rural and Tribal housing issues, as well as their bipartisan cooperation on issues that affect so many Americans in every corner of the country. I hope that the conversations we have today will bring more attention to the needs surrounding housing preservation and home repair—in addition to the other critical housing and community development bills addressed in this testimony and that together we make home and community places of pride, power, and belonging for all.

PREPARED STATEMENT OF CHRISTOPHER VOLZKE

DEPUTY EXECUTIVE DIRECTOR, WYOMING COMMUNITY DEVELOPMENT AUTHORITY

APRIL 16, 2024

Introduction

Chair Smith, Ranking Member Lummis, and Members of the Committee, thank you for the opportunity to testify today about the Challenges in Preserving the U.S. Housing Stock. I am Christopher Volzke, Deputy Executive Director of the Wyoming Community Development Authority. Since 1975, the WCDA has been championing affordable housing in Wyoming. WCDA was created by State statute, as an instrumentality of the State, for the purpose of raising capital to finance affordable housing. WCDA receives no State funding. WCDA's largest housing program is the Single-Family Mortgage Purchase Program for first-time homebuyers. In addition to its single-family programs, WCDA currently administers five major Federal housing and community development programs: the Low-income Housing Tax Credit (LIHTC) Program, the National Housing Trust Fund (NHTF) Program, the HOME Investment Partnerships Program (HOME), the Community Development Block Grant Program (CDBG), and the HOME Investment Partnerships American Rescue Plan Program (HOME-ARP). Together, these five Federal programs have funded more than 5,500 units of affordable rental and home ownership housing across the State, along with dozens of water, sewer, and other public infrastructure projects.

I am grateful for the opportunity to speak about housing, and specifically from a rural housing lens, which can be overlooked during national scope conversations. I'd like to structure this testimony to discuss Wyoming-specific and rural housing needs, provide demographic and supporting examples, and finish with contemplation over the role of certain pieces of legislation.

In the aftermath of the Great Recession, construction of new for-ownership homes has not kept up with demand. As a result, our Nation's stock of for-ownership housing is aging. According to the American Community Survey, the median age of owner-occupied homes in the United States is 40 years old. A little less than half of the owner-occupied homes were built before 1980, and around 35 percent were built before 1970.

As homes get older, they require necessary repairs and upgrades to remain habitable. Unfortunately, many working families have trouble accessing affordable financing to pay for such projects. I applaud Ranking Member Lummis for acting to tackle this issue when you introduced with Senator John Fetterman the Whole-

Home Repairs Act of 2024 (S. 3871), which would establish a whole-repair grant program for low-and moderate-income homeowners.

Wyoming

Moving to a more local perspective, the State of housing in Wyoming is complex, expensive, and lacking. The WCDA recently published a Statewide Housing Needs Assessment.¹ It is a lengthy report, 300 pages, which further illustrates the point that this is not a problem we can solve with one silver bullet. Rather it is a complex set of dials, each needing to be adjusted until we can collectively bring about change.

Summary of Key Housing Datapoints in Wyoming:

- *Housing Supply:* Current housing needs indicate the State has over 50,000 households under 100 percent Area Median Income (AMI) with at least one housing problem including cost burden,² overcrowding,³ lack of complete kitchen facilities, or lack of complete plumbing facilities. In addition, as the State is projected to experience moderate population growth in the coming years and between 2021 and 2030, the State will need to add between 20,700 and 38,600 additional units of housing.
- *Rental Market:* The rental market experienced an increase in the amount of cost burdened households overall from 32 percent in 2010 to 38 percent in 2021. Among households with incomes between \$20,000 and \$35,000, the increase was from 41 percent in 2010 to 67 percent in 2021 and among households with income between \$35,000 and \$50,000, from 13 percent to 35 percent.
- *Home Ownership Market:* The typical home value is unaffordable to households earning the median income in every county in Wyoming in 2023. In addition, 44 percent or close to 1 out of every 2 homes was sold to someone making 151 percent of the AMI. While only 1 out of 4 homes sold went to someone in the middle band of 80 percent–120 percent AMI and those making less than 80 percent AMI were limited to 12 percent of home sales.
- *Demographic Trends:* The population of Wyoming is aging; the proportion of individuals aged 65 and over has risen from 12 percent in 2010 to 17 percent in 2021. This demographic is expected to increase by another 40 percent+ by 2030. The percentage of seniors living alone is greater than 1 out of 10 Wyomingites (12 percent). It is crucial to prepare for the growth of that population because they are more likely to require housing accessibility modifications, in-home care, meals, transportation, health services, and institutional care facilities.

When discussing challenges to housing preservation, the conversation can differ based upon what definition we are discussing. The first way of looking at preservation is the affordable nature of the stock. This is a focus to keep affordable housing that is restricted or naturally occurring, exactly that, affordable. The second conversation is the actual preservation of the physical unit itself. The question becomes, as units age, does the owner have the ability to maintain or adapt the housing as needed.

Typical in Federal rental programs such as LIHTC, HOME, or NHTF is at a certain point after the affordability period has run its course, the rental community needs large capital inputs to be rehabilitated. We have a process for that. By using those same Federal programs in a way that can infuse the necessary capital back into the project, we can ensure it is rehabilitated to quality and safe standards for the tenant, the project has the capital health it needs to operate, and it is locked back into a new affordability period—thus achieving the end goal of preserving the affordable rental stock. By way of example, in my own backyard of Casper, we have partnered with the Wyoming Housing Network to use HOME funds to rehabilitate 127 units. This project included elements such as shoring up foundations, asbestos mitigation, stair access repair, and full interior updates. The rehabilitated units will now extend the life of the property and improve the health and well-being of the people living there, all while remaining part of our affordable housing stock.

Similarly, single family ownership properties eventually age. We have aging housing stock in Wyoming with 32 percent of inventory built over 50 years ago (pre-1970) and 66 percent built prior to 1990. They need new roofs, furnaces, and win-

¹ <https://www.wyomingcda.com/demographics/>

² Cost burden is defined by HUD as a monthly housing cost (including utilities) exceeding 30 percent of monthly income and severe cost burden is monthly housing costs (including utilities) exceeding 50 percent of monthly income.

³ Overcrowding is defined by HUD as more than 1 person per room and severe overcrowding is defined as more than 1.5 persons per room.

dows. Also, the needs of the owner may have changed, and conditions for accessibility become a needed upgrade for homeowners to age in place. This is a real concern, as demographics data in Wyoming demonstrate that the disability rate in the State is 12.9 percent, with the rate of disability increasing with age. For people over the age of 75, the rate of disability exceeds 48 percent.

As we transition to the discussion around rural capacity, it hits home as I come from a fifth generation farming and ranching family with roots in rural South Dakota. Rural areas, especially those isolated from major cities, face difficulties accessing technical expertise and incur high costs for material transport, while also making it challenging to attract developers for their smaller-scale housing needs. It is common for many smaller municipalities to have part-time city positions. A city manager, clerk, or even mayor, can be a part-time position while they work their full-time career outside of city administration. This creates a barrier for rural municipalities to fully participate in the process when programs become available. Part of the equation for funding needs to include adequate technical assistance to help rural communities to navigate rules that they may not be familiar with. Otherwise, even a well-funded program may not be properly enacted in these areas.

Critical infrastructure, including water, sewer, electricity, floodplain management, roads, and others, presents a major barrier for rural communities in making homes livable, often at prohibitive costs. The USDA Rural Development as you can imagine is a strategic partner for rural America. Their expertise and specific programs tailored to our constituents fill a need that other Federal programs do not. Yet, like many other agencies, they are underfunded. Water infrastructure is a major concern in a high elevation arid State like Wyoming. USDA-RD community development loans can help keep community infrastructure functioning. To give an example, the USDA-RD recently helped the Wyoming city of Manville with a partial loan and partial grant to fund and update their water system. Manville is a community of approximately 100 Wyomingites. With the cuts to USDA-RD, this program will no longer be able to offer the grant portion of the funding had they been applying in the upcoming cycle. As you can imagine, even at subsidized rates, a community of 100 does not have the tax base to fund a roughly \$4.7M water project. While this may be a specific example to a Wyoming community, there are hundreds of similar sized communities across the mountain plains region. These are communities similar to where I grew up: ranchers and farmers working hard to provide for our national food supply, but with aging infrastructure that their housing depends on.

As mentioned earlier in my testimony, Ranking Member Lummis, along with Senator John Fetterman recently introduced the Whole-Home Repairs Act of 2024 (S. 3871), which would establish a whole-repair grant program for low- and moderate-income homeowners. A similar yet much smaller version of this concept exists within the USDA-RD as the 504 program. This program allows very low-income persons (VLIP) to qualify for low interest loans and grants for necessary home repairs. This has shown to be a successful program directly tackling the needs we are discussing today. The Whole-Home Repairs Act works to amplify the impact of this concept to the low- and moderate-income homeowners. This vision of Senators Lummis and Fetterman allows our working-class citizens to access the help they need to keep their homes in a safe, sanitary, and repaired state.

The bipartisan legislation proposes establishing a nationwide 5-year pilot to assist homeowners facing critical home repair needs and combat the housing crisis. Escalating repair and utility expenses often compel low-income homeowners and renters to endure conditions such as mold, lead paint, faulty plumbing, and other hazards to health and safety. When households cannot manage repair costs, it results in housing deterioration, contributing to the affordable housing challenges.

This proposed legislation could be instrumental in changing communities. I don't need to look any farther than central Wyoming to imagine the impact. Mills, WY, is one of the top 20 cities in Wyoming in terms of population. The city has a bit over 4,000 residents; and yes, you heard that correctly, a city of 4,000 can be in the top 20 in Wyoming. We are talking about rural America after all. At the same time, Mills is in the bottom 20 percent for income, as the median household income of Mills in 2021, was \$44,115. The city has an increasing property age with 69 percent of households built prior to 1990. At the same time close to 1 out of 4 property owners are cost-burdened and more than 1 out of 3 renters are cost-burdened. This example of a rural community with limited resources is exactly the type of place that could benefit from the legislation and alter the trajectory of its residents.

While I know this program could help rural Wyoming, similar communities exist all across the Nation. Retaining and rehabilitating our existing housing stock is urgently important, as in many communities there is not the capacity, let alone the ability to absorb the higher building expense to add inventory. We must invest in transforming the housing stock we have, rather than losing it to obsolescence.

Inventory

While it may not be the exact focus of this hearing, housing rarely can be discussed without a more holistic view. As such it is important to also touch on new inventory constraints as an important piece of the housing problem. Rural projects lack the density and proximity that make most urban projects work. A series of constraints can compound new inventory creation.

Prior to my relocation to Wyoming, I was fortunate to spend nearly a decade with the Hopkins family, who are the fourth-generation family owners of a community bank serving South Dakota and Minnesota. The community bank model is at the heart of lending in rural America. Construction costs for housing projects in rural communities can be significantly higher compared to urban areas. This challenge is amplified in rural regions that already struggle with limited returns on investment, hindering small-scale market-rate developments. A possible solution is to support rural and small-scale developers by offering tools or programs like credit enhancements and guarantees to reduce development risks, which could include guarantees on infrastructure costs to create buildable lots.

Additionally, costs for credit can unduly fall on rural borrowers. In the scope of rural consumers accessing financing for home preservation or necessary updates, two main tools exist. Traditionally consumers can access funds from a cash out refinance of the collateral, or agree to a home equity line of credit (HELOC). I am excluding unsecured personal lines or loans, as they typically have even higher borrower costs due to the interest rate needing to offset the lack of a security. The majority of cash out refinances are sold on the secondary market. These transactions can be caught in appraisal scrutiny by those who don't understand that a comparable can be a town away based on limited listings and sales in small communities. Rural appraisals can also cost more due to the nature of the available appraisers and associated travel costs. Secondary market models that allow for valuation flexibility could ease some of this strain. HELOC financing typically resides on the financial institution's balance sheet, allowing for some flexibility in terms of valuation method. However, financial lenders must weigh their loan risk with the customer profile. High loan to value loans may not meet the lending matrix or may carry higher costs. When considering the origination cost to access funds either through a cash out refinance or a HELOC, the percentage of expense to the loan proceeds can make the cost of borrowing prohibitive to consumers.

The workforce housing crisis extends to nearly all counties, particularly impacting households with incomes ranging from 80 percent to 120 percent of the AMI. The scarcity of affordable, accessible, and quality single-family and multifamily housing in these income brackets often forces families into costly housing options that do not adequately meet their needs. Moreover, the housing shortages at all price points pose significant challenges for businesses in attracting new employees and retaining their current workforce.

The lack of affordable and available housing remains a significant barrier to economic prosperity for many, limiting business and workforce opportunities in these communities. This shortage hampers efforts to attract new workers, potentially leading to reduced capital investment in rural projects or businesses opting not to establish themselves in Wyoming.

In Wyoming, both urban and rural counties are grappling with a shortage of new and renovated single-family and multifamily housing across all price ranges. The lack of affordable, accessible, and high-quality housing stems from several factors, including a scarcity of shovel-ready land, the steep costs of construction, a limited pool of construction workers, and insufficient capital. This situation has led developers, investors, and families to hesitate in making new investments in construction or renovation, especially in rural areas where the high construction costs often outweigh potential returns on investment.

One solution that may hold promise are the technical advances in manufactured and modular housing to promote affordable and accessible housing in rural Wyoming, addressing workforce challenges. Like many States in the mountain plains region, we have a short building season. Manufactured housing has the ability to be constructed in a more efficient process, in a controlled environment, and can be done in any weather condition. In the past, manufactured housing may have simply meant constructing a stick-built property using the same methods, just under a roof. The process in many businesses now more closely resembles that of a car assembly line. This allows for less waste and tighter building tolerances. These units are then able to be moved on-site and set with utilities, reducing the construction timeline and allowing for more housing to come online during a given season.

Legislation

The last topic I'd like to visit is that of legislation and how it may offer solutions. Legislative reform is multifaceted and even considerate bills contain underlying costs. These financial commitments must be weighed against the public need for such programs and if viable alternatives exist. Oftentimes there are multiple solutions to the same problem, so finding the optimal path forward can be complex. With that mindset in the forefront, I offer commentary on possible options for Committee consideration.

One of the most important Federal resources we have for preservation is the HOME Investment Partnerships program. HOME is a flexible block grant which States like Wyoming use to meet our most pressing affordable housing needs for rental housing, including new construction and rehabilitation.

Despite how essential the program is, HOME has never been fully funded. It was last reauthorized in the mid-1990s at just over \$2 billion, but actual appropriations have never reached that level. In FY 2024, Congress provided only \$1.25 billion for HOME, a \$250 million cut from the previous year. We expect Wyoming will receive approximately \$3.5 million. With that amount of resources, Wyoming will again need to choose whether it is better to focus those funds on preservation activities or new construction.

In the decades since Congress last reauthorized HOME, we have learned much. Needs and priorities have also evolved. This is why I want to thank Senator Cortez Masto (D-NV) for introducing the HOME Investment Partnership Program Reauthorization and Improvement Act (S. 3793), which would make a number of changes to HOME, including adjusting the authorized funding for the program to reflect inflation. Some of the programmatic changes this bill makes would help us to cut unnecessary red tape, which will allow us to use these funds more efficiently.

According to the Joint Center for Housing Studies at Harvard University, America's rental housing stock has never been older than it is now, with the median age of properties as of 2021 sitting at 44 years. Many of these properties no longer meet habitability and safety standards due to structural deficiencies and lack of basic features like electricity and hot and cold running water. Others are habitable but still in need of major repairs or lack accessibility features needed for an aging populace.

In the last century, our Nation invested billions of dollars in affordable rental housing through direct subsidy and insurance programs run by the U.S. Department of Housing and Urban Development (HUD) and the U.S. Department of Agriculture (USDA). Most of this housing was built decades ago. Beginning in the 1980s, the Government largely changed the way it supports affordable housing production by instead using the tax code to incentivize the production of affordable rental housing, creating what became the most successful housing production program ever, the Low Income Housing Tax Credit (Housing Credit).

Today, the Housing Credit is the cornerstone of how we finance affordable rental housing. But it is called on to do more than new construction. We rely on the Housing Credit to preserve the affordable housing we initially financed with HUD and USDA programs, recapitalizing and rehabilitating these properties so that they do not fall into obsolescence as they age or transition to market rate. State agencies receive a finite amount of Housing Credit authority each year. With it, they must decide how much to devote to new production in areas of opportunity to support economic growth, and how much to use to preserve the aging housing stock that we cannot afford to lose. We simply do not have enough to do it all.

That is why I say thank you to the Members of the Subcommittee who have cosponsored the Affordable Housing Credit Improvement Act (S. 1557). This legislation would restore a cut in resources the program suffered when a modest temporary increase expired after 2021 and build on top of that by expanding the program by 50 percent. It would also modify the rules related to the use of tax-exempt Housing Bonds so that State Housing Finance Agencies like the WCDA could make more efficient use of bond resources. Moreover, this legislation would make programmatic reforms that would streamline the way the Housing Credit works, increasing its efficacy making common sense changes so that we can do more to preserve affordable rental housing for our most vulnerable residents. If passed, the Affordable Housing Credit Improvement Act would allow a national projection of financing nearly 2 million additional affordable homes, including preservation of existing properties.

Aspects of this bill—enacted on a temporary basis—are included in legislation currently before the Senate, the Tax Relief for American Families and Workers Act. Even though temporary, these changes would provide financing for over 200,000 additional homes nationally.

There are two other legislative priorities that, while not under the jurisdiction of the Banking Committee, I feel should garner consideration in preserving the supply

of affordable for-ownership homes. With the support of Housing Finance Agencies across the Nation, the National Council of State Housing Agencies (NCSHA) urged Congress to pass the Affordable Housing Bond Enhancement Act (AHBEA; S. 1805), which was introduced by Banking Committee Member Senator Catherine Cortez Masto (D-NV) and Senator Bill Cassidy (R-LA). This bill would make a number of simple, but effective changes to the Mortgage Revenue Bond (MRB) and Mortgage Credit Certificate (MCC) programs. MRBs and MCCs are the primary means by which State Housing Finance Agencies (HFAs) finance their affordable home ownership programs.

Among other changes, the AHBEA would increase the MRB home improvement loan limit from \$15,000, where it has been since 1980, to \$50,000. The limit would also be indexed to increase with inflation. The current loan limit, which has not been increased in 44 years, is not adequate to cover the costs of most rehabilitation projects. Increasing the loan limit will open up a new avenue for HFAs to preserve affordable for-ownership homes.

Further, the Neighborhood Homes Investment Act (NHIA), introduced by Ben Cardin (D-MD) and Todd Young (R-IN), would establish a new tax credit, the Neighborhood Homes Credit, modeled after the highly successful Housing Credit. It would incentivize developers to construct new or substantially rehabilitate housing by closing the value gap, up to 35 percent of eligible development costs. In many census tracts and rural areas, developers cannot sell homes for what it costs to construct or substantially rehabilitate them, known as the "value gap". It is estimated that the equity raised by the Neighborhood Homes Credit would finance the building and substantial rehabilitation of 500,000 affordable homes nationwide for low- and moderate-income homeowners over the next 10 years.

Finally, for legislative topics, I want to raise awareness about another issue that I believe is impacting preservation of affordable housing in Wyoming and across rural America. The Government Sponsored Enterprises (GSEs) Fannie Mae and Freddie Mac are important participants in the Housing Credit program, able to invest up to \$1 billion each in 2024. They are also required by Congress to serve rural areas and support preservation under their Duty to Serve obligations. However, a little-known tax issue is currently preventing the GSEs from participating in multi-investor Housing Credit funds.

These multi-investor funds are better able to invest in small, rural deals because the risk associated with these deals is spread across multiple properties and multiple investors, in contrast to proprietary funds that have just a single investor and invest in only a small number of developments. Fannie Mae in particular has been active in multi-investment funds since the GSEs re-entered the Housing Credit equity market in 2018. Freddie Mac currently invests only in proprietary funds.

The issue at hand is the question of whether or not the GSEs are so-called Tax-Exempt Controlled Entities (TECEs) due to the Preferred Stock Purchase Agreement with the Treasury. Other investors in multi-investor funds have become worried that they might be TECEs, which are ineligible for certain tax benefits that impact the yield investors make on these investments. Unfortunately, the inclusion of a TECE in a multi-investor fund taints the fund for all participating investors. Thus, while this question is open, other investors will not join a fund in which the GSEs participate.

This TECE issue has forced Fannie Mae to pull out of multi-investor funds, leaving many of these funds scrambling to make up for the investment Fannie otherwise would have provided. This is having a direct negative impact on Housing Credit investment. In fact, Fannie Mae even reduced its Duty to Serve commitment to rural investment for 2024.

Last year, Senators Warner (D-VA) and Moran (R-KS) led a bipartisan letter to Treasury signed by a total of 20 Senators urging the Secretary to issue guidance that the GSEs are not TECEs. However, Treasury has not yet done this, as the legal issues are complex. Treasury is continuing to investigate possible solutions. In the meantime, we believe that Credit pricing in rural areas is suffering because of this. Our last allocated round of Tax Credits had the lowest pricing that we have encountered during underwriting review: pricing in the low 80s, when not that many years ago credits were priced in the 90s. While tax credit pricing is driven by a variety of variables, such as Community Reinvestment Act (CRA) needs, and the supply of other credits in the market, this new development may be an additional cause for consternation in the market.

All of the Legislative initiatives mentioned seek to solve a common problem. Yet, they go about the process in unique ways. Open dialogue regarding the merits and costs will be necessary to find common ground and determine the best route.

Closing

In closing, rural housing challenges while sharing many of the same constraints as housing in general, have unique nuances. Unfortunately, those most greatly affected are Wyoming's most vulnerable populations, including the working poor, individuals with physical and mental health challenges, those experiencing homelessness, and the elderly.

In Rural America, we pride ourselves in pulling ourselves up by our bootstraps and lending a helping hand when needed. We look to embrace the challenges posed by our aging single-family housing stock, including how needed repairs that contribute to a healthy and safe living environment are financed. We desire to partner with State and local home improvement and repair programs that are successfully enabling homeowners to age in place, improve the energy efficiency of their homes, and make critical health and safety repairs. This includes our Federal partners from the U.S. Departments of Housing and Urban Development, Agriculture, and Energy. Finally, we look to discuss ideas and policy considerations for scaling successful programs, as well as opportunities for interested parties to invest in or support home improvement and repair programs that work.

I would be remised if I didn't take a few moments to thank our allies in Wyoming and here in Washington, DC, for your willingness to engage in this conversation and partner on solutions. I also would like to specifically thank all of the team back at the WCDA. You show up each day and put in the hard work; work that makes real life impacts to your fellow Wyomingites. Be proud and thank you. Finally, to close I'd like to quote a recent post by Governor Gordon's team; "The world needs more Cowboys and Cowgirls, and . . . Wyoming needs more housing for our Cowboys and Cowgirls." Thank You.

**RESPONSES TO WRITTEN QUESTIONS OF SENATOR CRAPO
FROM JESSE ERGOTT**

Q.1. The Biden administration recently announced it would cap annual income limit and maximum rent increases for LIHTC and Section 8 projects at 10 percent year-over-year.

What impact will this change have on existing properties in high-cost areas?

A.1. While I represent an organization that does not currently engage in affordable housing development through the LIHTC program or property management utilizing Section 8, I can share a response to this question based on general experience in the affordable housing space and from insights gathered from colleagues who are more directly involved in this work. The decision by the Biden administration to limit rent increases has generally been well received by tenant advocates as an important cost-control measure to protect the most vulnerable renters, many of whom are considered severely cost burdened, from egregious rent increases. While these protections may be especially helpful in the short term to tenants in high-cost areas where there is additional pressure for pricing increases, there is concern that this cap will also limit the ability of developers/owners to keep pace with rising operating costs should the need arise. In some areas, especially those where a property may already receive a maximum rent and a typical increase may be more than 10 percent due to market conditions, the cap may ultimately result in lower rental income than is needed to sustainably operate a LIHTC property. Many developers and property managers also seek to provide other critical wrap-around services to tenants, but if normal operating costs can't be covered through rents and subsidies, these services are often the first to suffer by losing funding.

Q.2. What impact will this change have on new LIHTC development in general and in high-cost areas specifically?

A.2. In general, while adding protections for economically vulnerable renters can be considered a "win", there also seems to be a level of concern among affordable housing developers who now have another factor to consider when making a decision regarding whether or not to move forward with a project, especially in a high-cost area where price increases may need to be factored into the sustainability plan for the project. Costs for developing affordable units have risen significantly in recent years across the board, and the assembly of capital stacks and long-term financing plans for the projects tend to already be incredibly complex. For properties currently under development, this change will affect future anticipated rents which ultimately alters the supportable debt of the project.

If a project in a high-cost area requires a price increase greater than 10 percent to be sustainable, then the 10 percent cap will likely lead to a larger financing gap and will increase the need to seek other types of funding (tax credits, soft financing, bonds, grants, etc.) which can be difficult to secure. Taking these factors into account during the development process, there is concern that this change could discourage the creation of additional affordable housing supply by adding another challenge to the already long list of

barriers developers face to bringing (badly needed) new units on-line.

**RESPONSES TO WRITTEN QUESTIONS OF SENATOR CRAPO
FROM ROBIN DAVEY WOLFF**

Q.1. The Biden administration recently announced it would cap annual income limit and maximum rent increases for LIHTC and Section 8 projects at 10 percent year-over-year.

What impact will this change have on existing properties in high-cost areas?

A.1. At this time, Enterprise does not believe that capping annual income limits and rent increases at 10 percent will have a negative impact on Housing Credit properties, even for properties in high-cost areas. Enterprise Community Partners has over 40 years of experience in affordable housing, investing \$72 billion nationwide and creating one million homes. Enterprise is one of the largest Low-Income Housing Tax Credit (Housing Credit) syndicators in the country, with more than 1,300 properties in our portfolio. We also own and operate 115 properties serving 24,000 residents in the Mid-Atlantic. Many of these properties are in high-cost areas.

As part of our standard underwriting of a Housing Credit property, we assume that expenses and rent will increase at a rate well below 10 percent. An in-depth analysis of the reasonableness of initial rent levels and operating expenses allows us to rely on a more moderate level of annual increases, though we model to ensure financial stability even if higher levels should occur.

Q.2. What impact will this change have on new LIHTC development in general and in high-cost areas specifically?

A.2. Enterprise does not believe that the imposition of a 10 percent limit on increases in income and rents will have a chilling effect on the development of new Housing Credit properties, even in high-cost areas. Enterprise is a mission-based organization with the creation and preservation of affordable housing as our central tenet. In general, Enterprise has not observed tenant incomes increasing at an annual rate close to 10 percent. Because rent limits for a unit are based on what would be affordable for a target percentage of AMI, rather than the tenant's actual income, allowing rent to increase more than 10 percent each year could quickly make Housing Credit homes unaffordable to residents if their income is not keeping pace. Operating expenses have increased, especially in high-cost areas; however, every effort should be made to avoid passing off those costs to Housing Credit tenants in the form of higher rent. An increase over 10 percent would certainly not be sustainable for residents.

**RESPONSES TO WRITTEN QUESTIONS OF SENATOR CRAPO
FROM CHRISTOPHER VOLZKE**

Q.1. The Biden administration recently announced it would cap annual income limit and maximum rent increases for LIHTC and Section 8 projects at 10 percent year-over-year.

What impact will this change have on existing properties in high-cost areas?

What impact will this change have on new LIHTC development in general and in high-cost areas specifically?

A.1. Thank you for the question. Maintaining the balance of resident affordability and ownership costs is an important piece of long-term rental preservation. We are understanding of the owners and know how much the cost of managing housing has increased, especially in insurance, cost of goods, salary, and staffing costs. That said, we also have to consider the population that we serve, and their capacity to absorb cost increases. Many States already have an overlay on rental caps. Locally here in Wyoming, our State overlay contemplates rent cap restrictions on the non-LIHTC funding sources (HOME & NHTF); yet we remain 3–4x oversubscribed on new development applications indicating a healthy market. In underwriting a multifamily property, long term projections do not expect a 10 percent year over year increase in rents; rather that type of assumption would most likely be a red flag for a new development application. While there may be isolated cases where these caps pose challenges, I don't view this as a widespread industry issue, nor do I perceive it impacting investor interest in the Housing Credit. Instead, factors like Community Reinvestment Act (CRA) reform and new energy credits are more likely to have a lasting impact. So as with other policy changes, they should continue to be evaluated to ensure they support project viability amidst evolving market conditions.

ADDITIONAL MATERIAL SUPPLIED FOR THE RECORD

Statement for the Record
Submitted to the
United States Senate Committee on Banking, Housing, and Urban Affairs
Housing, Transportation, and Community Development Subcommittee
for the Hearing
Challenges in Preserving the U.S. Housing Stock
Tuesday, April 16, 2024
Guy Cecala
National Board Chair, Rebuilding Together

Chair Smith, Ranking Member Lummis and Members of the subcommittee, thank you for the opportunity to submit a statement for today's hearing and thank you for your attention to a topic of critical national importance as the cost of housing maintenance continues to rise and disproportionately impact low-income older Americans in our communities.

My name is Guy Cecala, I am the National Board of Directors Chair of Rebuilding Together, a nonprofit organization that has been preserving owner-occupied affordable housing across the country since 1988, improving the lives of nearly seven million Americans.

Rebuilding Together is the recipient of nine federal grants and has a proven track record of effectively delivering HUD grants to communities nationwide in addition to administering and overseeing grants ranging from federal agencies such as AmeriCorps, the Administration on Aging, and the United States Department of Agriculture.

As part of today's hearing I would like to draw your attention to the Older Adult Home Modification (OAHMP) Grant Program made available through HUD. The program has been challenging to administer due to system and reimbursement hurdles, which impacted our ability to deliver on program goals due to payment and drawdown delays. Rebuilding Together made the difficult decision to release unspent funds rather than request an extension for the OAHMP program. Process requirements for the grant can be time intensive and take away resources that can be spent serving the homeowners. Several Americans who were to receive repairs through the grant waited over two years for work to begin due to the frequent need for environmental reviews and other requirements. Some of them passed away before we could complete the work. The program does not take into account the severe disrepair of the housing stock in which these vulnerable populations live and the urgency to address critical needs to increase home safety. Grants to address urgent, whole home repairs to ensure low-income Americans can safely stay in their home would not only create opportunities for families but also preserve the existing affordable housing stock.

Our experiences with other HUD and Federal grants and their drawdown systems have been positive. Those grants are crucial to our work, providing much-needed funding for critical home repairs and accessibility modification services for underserved, low-income older adults and other vulnerable Americans.

Rebuilding Together values these grants and urges that future OAHMP programs continue with less complex systems and simplified protocols. Thank you for the opportunity to share these concerns and for considering the housing needs of low-income older Americans across our country.



We build homes and communities in rural America

April 16, 2024

Chairwoman Tina Smith
Subcommittee On Housing,
Transportation and Community
Development
Senate Committee on Banking,
Housing, and Urban Affairs
United States Senate
720 Hart Senate Office Building
Washington, DC 20510

Ranking Member Cynthia Lummis
Subcommittee On Housing,
Transportation and Community
Development
Senate Committee on Banking,
Housing, and Urban Affairs
United States Senate
127A Russell Senate Office Building
Washington, DC 20510

Dear Chairwoman Smith and Ranking Member Lummis,

The Housing Assistance Council (HAC) would like to applaud the Subcommittee for holding this important hearing on the preservation of the housing stock in the U.S. HAC would like to submit the following comments for the hearing record on this topic.

HAC is a national nonprofit that helps build homes and communities across rural America. Founded in 1971, headquartered in Washington, DC, and working in all 50 states, we provide technical assistance to community-based organizations, loans for affordable housing development, and in-depth research on rural community economics. HAC has a specific focus on high-needs rural regions and areas of persistent poverty, including rural Appalachia, Native American communities, the Mississippi Delta and southern Black Belt, farmworker communities, and the Southwest border colonias. Our current lending portfolio is helping to construct, preserve, or renovate over 3,000 homes, spread across 27 states and concentrated in communities of economic distress and majority non-white census tracts with persistently high poverty.

HAC also produces robust research on rural housing, demographics, and poverty, with leading public and private sector institutions relying on HAC's research and analysis to shape policy. We are independent and assiduously nonpartisan and regularly respond to Congressional committees and Member offices with the

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HAC is an equal opportunity provider, employer, and lender.

research and information needed to make informed policy decisions. To learn more, please visit www.ruralhome.org. If you need to know how a new program or policy could impact America's smallest towns, please do not hesitate to call on us.

We would like to focus these comments on the pressing preservation needs of the USDA multifamily housing portfolio, which is losing thousands of units each year; and the prevalence of substandard single family housing in need of repairs in rural areas.

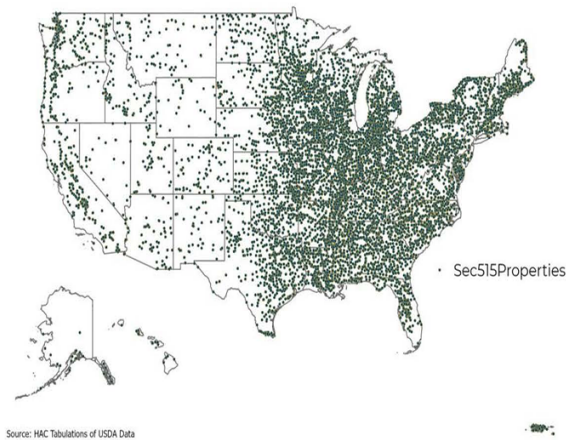
Preserving USDA's Section 515 Multifamily Properties

The USDA's Rural Housing Service (RHS) administers a suite of housing programs targeted specifically to residents of rural communities. These programs span the spectrum from multifamily rental to single family homeownership to capacity building and community facilities, and are authorized under Title V of the Housing Act of 1949.

The RHS programs support single family and multifamily housing through grants, direct loans, and loan guarantees. Multifamily programs at RHS include loans to develop or rehabilitate rental housing, loans and grants to finance housing for farm laborers, and rental assistance to assist tenants in those homes. The single-family programs include loans to purchase homes, loans and grants to repair homes, and grants to support self-help housing programs (programs where families invest their own labor – called "sweat equity" – in the construction of their home). And additional programs exist within RHS to help build the capacity of rural communities through targeted technical assistance, and to develop or improve essential community facilities. While all the RHS programs are critically important, we want to take some extra time to focus on the Section 515 multifamily program, which is facing a serious preservation crisis.

Rental properties financed by USDA Section 515 loans are an important source of rental housing in many rural communities. Since the program's inception in 1963, Section 515 Rural Rental Housing loans have financed nearly 28,000 rental properties containing over 533,000 affordable apartment homes across rural America. With just under 400,000 affordable apartments in USDA's current Section 515 Rural Rental Housing portfolio, there is at least one USDA Section 515 property in 87 percent of all U.S. counties.

**USDA SECTION 515 MULTIFAMILY HOUSING PROPERTIES,
June, 2021**

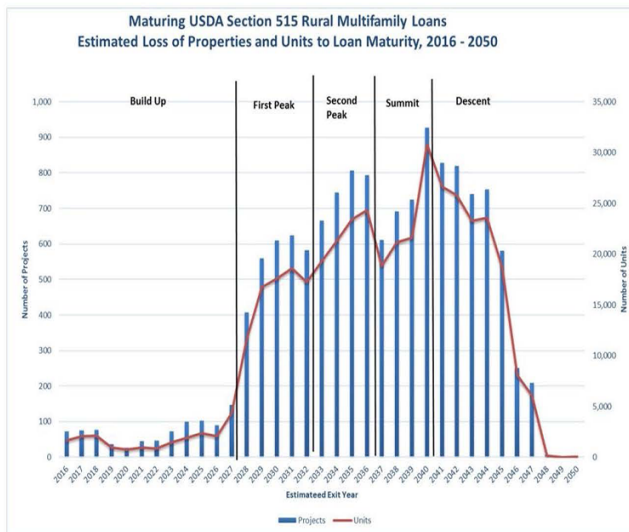


Section 515 rental units house an economically vulnerable population – two thirds are occupied by seniors and people with disabilities and tenants' annual income averages only \$13,600. Yet not all tenants in Section 515 properties receive rental assistance that limits their rent to 30 percent of household income. Approximately three quarters of all Section 515 tenant households live in units that are rent subsidized through USDA's Section 521 Rental Assistance (RA) program. Another 15 percent receive some other help with their rent, such as Housing Choice Vouchers, Project-Based Rental Assistance (PBRA) or HOME program rental assistance administered by HUD. The remaining 15 percent receive no rental subsidy, with the result that more than one-third of these unassisted tenants are cost-burdened.¹

No new construction of Section 515 properties has been financed since 2012 and, because most of these properties are several decades old, their original mortgages are reaching the ends of their terms. As the Senate report on the fiscal year 2018 agriculture appropriations bill noted, there is an "alarming number of multi-family housing mortgages scheduled to mature in the next few years. As these mortgages mature, projects and units will be removed from USDA's affordable rural housing

¹ Joaquin Altoro, "Results of the 2022 Multi-Family Housing Annual Fair Housing Occupancy Report," Unnumbered Letter, March 21, 2023, https://www.rd.usda.gov/sites/default/files/RDUL-MFH_Occupancy_Report.pdf.

program, placing very low-income rural residents in jeopardy of untenable rent increases and possible eviction.⁷²



HAC recently determined that from 2016 through mid-2021 maturing mortgages removed these properties from USDA's Section 515 portfolio slightly more slowly than previously predicted. Far more properties than expected, however, left the program for reasons unrelated to mortgage maturity. HAC identified 921 Section 515 properties that left the portfolio between 2016 and July 2021 – nearly three times more than USDA had projected for maturing mortgages alone during the five-year period.³

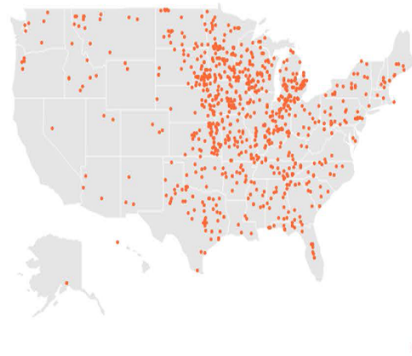
² Committee on Appropriations, U.S. Senate, *Agriculture, Rural Development, Food and Drug Administration, and Related Agencies Appropriations Bill 2018*, Report S. 115-131, July 20, 2017, <https://www.congress.gov/115/crpt/srpt131/CRPT-115srpt131.pdf>.

³ Housing Assistance Council, *Rural Research Brief: An Update on Maturing Mortgages in USDA's Section 515 Rural Rental Housing Program*, March 2, 2022, <https://ruralhome.org/update-maturing-mortgages-usda-section-515-rural-rental-housing-program/>.

The residual impacts of this trend are exponential. Once the USDA mortgage has ended, the property owner is generally no longer subject to government oversight or regulations on use of their property (unless the project has other subsidies still in place), the federal government is no longer paying to support that housing, any remaining or replacement financing has a higher interest rate than the USDA loan, the tenants are no longer eligible for USDA Rental Assistance, and in some instances, the homes may no longer be affordable

USDA Section 515 Property Exits, 2016-2021

● Exited Property



Source: Housing Assistance Council Tabulations of USDA Data



The bipartisan Rural Housing Service Reform Act (S. 2790), led by Senators Smith and Rounds, would make several critical improvements to multifamily programs at USDA to help address this preservation crisis. That important bill would, among other things:

Authorize Important Multifamily Preservation Programs

Several of the current USDA preservation programs are funded through appropriations but are not authorized. This bill would change that by authorizing the Multifamily Preservation and Revitalization (MPR) program and the Multifamily Preservation Technical Assistance (MFTA) program. Authorizing these two successful programs is a critical step in ensuring they are stably funded into the future.

The MPR program allows existing properties in the Section 515 rental housing and Section 514/516 farmworker housing programs to refinance their loans and receive more funding to help revitalize their properties and maintain affordability. This

program not only preserves the affordability of rental housing through continued government oversight but also provides owners with the capital they need to maintain and repair their aging properties. USDA estimates that \$30 billion in funding is needed over the next 30 years to preserve 80 percent of the existing Section 515 portfolio.

To help address the growing crisis of multifamily maturing mortgages, the MFTA program was first funded through Congressional appropriations in FY2017. The program provides competitive grants to eligible nonprofit organizations and public housing authorities (PHAs) to provide technical assistance and other services to enable affordable housing preservation through the transfer of Section 515 properties from current owners to nonprofits or PHAs. The original intent of the program was two pronged: to subsidize preservation transactions by providing individual property owners with technical assistance in the sale, restructuring, or acquisition of properties; and to focus on transforming the program through research and policy development.⁴ To date, only the first intent has been funded in the first two program rounds.

Authorizing these two programs will help ensure they are stably funded into the future, that the intent of the programs is better reflected in use of funds, and that they remain part of the suite of preservation tools available at RHS.

Improve Opportunities for Mission-Focused Nonprofits to Preserve Maturing Properties

Preserving the Section 515 portfolio requires collaboration with RHS, current owners, and public and private sector purchasers. However, the current process for transferring properties is overly burdensome and prohibitively difficult for small, mission-focused nonprofits. Many of these properties are aging and in need of repair. When new buyers want to purchase Section 515 properties, all immediate and long-term repair and rehabilitation needs must be identified by a Capital Needs Assessment (CNA). The nonprofit purchaser must demonstrate the availability of reserves to adequately cover the cost of addressing the property's capital needs – an often insurmountably high bar.

This bill would cut that red tape by allowing nonprofit transfers to move forward before funds for rehabilitation are identified, as long as the nonprofit purchaser makes a commitment to address rehabilitation needs during ownership and accepts long-term use restrictions on the property.

The bill further supports nonprofit transfers by increasing the current 9 percent nonprofit set-aside within the Section 515 program to 50 percent. Small nonprofits often struggle to be competitive with larger and more powerful organizations, but these smaller organizations often work in areas that have the deepest need, specifically persistently poor communities. Preservation funding should be equitably

⁴ “Consolidated Appropriations Act, 2017, Division A--Agriculture, Rural Development, Food and Drug Administration, and Related Agencies Appropriations Act, 2017,” § 771, P.L. 115-31, May 5, 2017, <https://www.congress.gov/115/plaws/pub31/PLAW-115pub31.pdf>.

distributed to ensure that geographies are not being left out due to lack of capacity, and this change would help make that happen.

Decouple Rental Assistance from RHS Mortgages Under Certain Parameters

Under current law, the availability of Section 521 Rental Assistance to residents of a Section 515 or 514/516 property is tied to the term of the mortgage. When the mortgage is paid off, the property loses its Rental Assistance. Decoupling the mortgage and the Rental Assistance has been considered as a solution to this situation. HAC would prefer to see RHS's multifamily programs funded at a level that would adequately meet the portfolio's preservation needs. However, thousands of units are leaving the program each year and that funding has not materialized to meet the need.

As a result, RHS needs a suite of preservation strategies – including decoupling – to be available in the absence of adequate funding. This bill would allow for the mortgage and rental assistance to be decoupled if the Secretary determines that a maturing loan for a project cannot reasonably be restructured or otherwise preserved. Long-term affordability of the decoupled properties would be ensured through a 10-20 year Rental Assistance contract (subject to annual appropriations). And because this change would be a significant one, RHS would be required to engage in a rulemaking process to gather stakeholder input.

As an aside, decoupling was allowed on a limited basis for 1,000 units as a pilot in the FY2024 appropriations bill, and USDA will need resources for that pilot effort to be successful.

Strengthen the Rural Voucher Program

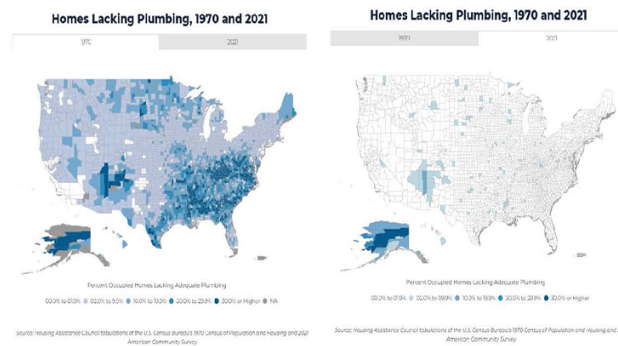
Under the current appropriations, the RHS Section 542 rural housing voucher subsidy is set at the time of prepayment and never changes as rents increase or household income decreases. As a result, voucher holders face displacement from their housing if they have a loss of income or their rents are increased. This bill addresses this issue by allowing the value of a voucher to be adjusted over time. Additionally, it allows tenants in properties whose mortgages are maturing or being foreclosed on to access vouchers, in addition to those in properties that are prepaying.

An Aging Housing Stock in Need of Repair

In recent decades, the incidence of substandard and dilapidated housing has been dramatically reduced. Even so, according to estimates from HUD's American Housing Survey (AHS) over 1.4 million, or 5.6 percent, of homes in rural areas are classified as inadequate. Roughly 368,000 of these substandard homes have serious

deficiencies with plumbing, heating, electric/wiring, or upkeep, and are considered severely inadequate.⁵

Among the most basic housing quality indicators is access to running water and working plumbing facilities. While inconceivable to many, approximately 146,000 occupied homes in rural areas lacked adequate plumbing in 2021. The incidence of rural homes without basic plumbing is twice the suburban rate and higher than for homes in urban areas or nationally. More than 30 percent of homes lacking plumbing are in rural areas. Below are maps showing the improvement between 1970 and 2021 in plumbing access across the country.



While inadequate homes are present across the nation, a large portion of these substandard homes are located in persistently poor rural communities such as Central Appalachia, the Lower Mississippi Delta and the rural Southeast, the colonias region along the U.S.-Mexico border, and among migrant and seasonal farmworkers. In some rural communities, especially on Native American lands, the incidence of homes lacking basic plumbing can exceed 20 times the national rate.

The Section 504 Single Family Housing Repair Loan and Grant programs at USDA provide loans to very-low-income homeowners to repair, improve or modernize their homes or grants to elderly very-low-income homeowners to remove health and safety hazards. The Rural Housing Service Reform Act, mentioned earlier, would also make modernizations to this program to make it less burdensome for eligible homeowners to access.

To help address this issue further, Senators Fetterman and Lummis introduced the bipartisan Whole-Home Repair Act (S.3871) to create a national five-year pilot program that expands on a successful Pennsylvania initiative to support homeowners with critical home repairs. When homeowners cannot afford needed

⁵ Housing Assistance Council. *Taking Stock: Rural People, Rural Places, Rural Housing*. <https://takingstockrural.org/taking-stock/rural-housing/>

repairs, then critical homes are lost to blight, further exacerbating our supply shortage.

These and other commonsense, bipartisan proposals are awaiting markup, and we encourage the full Committee to move expeditiously to consider these important bills.

Thank you for your time in considering these comments, and for holding this important hearing. In a time when the nation's housing supply is lagging behind demand, preservation of our existing homes is absolutely critical to addressing the supply crisis.

Sincerely,

A handwritten signature in black ink that reads "David Lipset". The signature is written in a cursive style with a large, stylized initial "D".

David Lipsetz
President & CEO



April 15, 2024

The National Leased Housing Association (NLHA) and the Institute for Responsible Housing Preservation (IRHP) would like to thank the Subcommittee on Housing, Transportation, and Community Development for holding this hearing on "Challenges in Preserving the U.S. Housing Stock". NLHA and IRHP are leaders in the preservation of the federally assisted and insured multifamily housing properties, particularly the project-based Section 8 portfolio. Our members include for profit and nonprofit developers, owners and managers as well as housing finance agencies.

On the preservation front, our most recent legislative achievement was the inclusion in the Omnibus appropriations bill for Fiscal Year 2023 a provision that authorizes a budget-based rent increase for the Section 8 properties which were restructured under the Multifamily Assisted Housing Reform and Affordability Act of 1997 (MAHRA). Unfortunately, due to a technical issue, the only rent increase provided to these aging properties for the past 24 years has been a statewide operating cost adjustment factor (OCAF). The compounded effect of these OCAF-only rent adjustments is that many of the more than 2,000 Mark-to-Market (MTM) properties have rents substantially below comparable market rents resulting in insufficient cash flow to cover operating costs and much needed physical improvements. A number of these 40-year-old properties are struggling under the weight of substantial increases in insurance costs and property taxes and as a result lack the resources to accomplish a major rehabilitation.

Although Congress passed this important change to help preserve this housing stock, no additional funds were provided. HUD issued implementing guidance for the MTM Budget-Based Rent Adjustment (MTM BBRA) program less than two months ago establishing criteria for eligibility to focus on those properties with the greatest needs. We believe more than 150 properties applied under the initial submission, demonstrating the need for a rent adjustment (not to exceed the comparable market rent). Most will not be funded unless HUD is able to identify existing resources, which at this point has not been the case.

Preserving this aging portfolio is critical to maintaining the existing availability of affordable rental housing. Congress recognized this initially with MAHRA and again when it amended the rent adjustment provision in 2022. HUD has implemented the statutory change, but this preservation tool must be funded at the appropriate levels to ensure that preservation of the MTM portfolio is achieved.

Thank you. Please contact Denise B. Muha at 202/785-8888 or dmuha@hudnlha.com for more information.