



**NATIONAL COALITION FOR ASIAN PACIFIC AMERICAN COMMUNITY  
DEVELOPMENT**

**Housing and Community Development  
Federal Legislative Priorities**

**June 2, 2009**

## **Who we are**

Founded in 1999, National CAPACD is a member-based network of organizations addressing the housing, community, and economic development needs of our nation's diverse and growing Asian American and Pacific Islander communities. Joined together by a shared commitment to equity and social justice, National CAPACD has more than 100 member organizations working in over 25 metropolitan areas across the country.

Our member organizations are involved in a wide range of community development activities. We have developed over five thousand units of affordable housing. We provide job training to thousands of workers, microenterprises, and small businesses every year. We have built neighborhood health clinics and youth centers. We are working to address unmet needs for language accessible counseling for homeowners facing foreclosure. As a network we also provide training and technical assistance to grow the capacity of new nonprofits to address needs in underserved areas.

## **Expanding Support for Affordable Housing**

The financial crisis that has enveloped the nation has caused serious new challenges for efforts to revitalize low income communities and to provide affordable housing for the growing numbers of families and vulnerable seniors in need.

The restrictive credit market has caused a chain reaction for community-serving affordable housing development. The shrinking pool of tax credit investors, the primary source of affordable housing financing in most states, is particularly impacting community-based infill and supportive housing projects. Affordable housing developers who have completed projects but are waiting for state or local bond funds to pay construction debt face the risk of foreclosure on their projects; those who are ready to build cannot start because banks are no longer closing construction loans for fear that the other financing will not be available to pay off those loans after construction is completed. The disruption and potential loss of affordable housing development projects will cause both immediate and long term harm to communities that are struggling to get back on their feet. The ARRA partially and temporarily fills the gap created by the decline in private lending and investment but much more needs to be done.

Federal initiatives and policies that will assist in addressing the crisis and prepare us for the future:

- **Restore and strengthen HUD.** The Administration's overall FY2010 budget is an important step toward repairing HUD after years of neglect. Continued strong support for the HOME program and expanding support for CDBG is particularly welcome because both programs can adjust to address local conditions and needs. We also look forward to working with HUD's restructured and hopefully more accessible Technical Assistance program to support emerging communities address unmet needs.

- **The Section Eight and Voucher Reform Act (SEVRA)**  
 Housing vouchers and the Section 8 program delivers critically needed assistance to low income families and seniors. As approved by the House in the last session, SEVRA would have increased the supply of housing vouchers at a critical moment, with increasing unemployment and home losses. We strongly support the reintroduction of similar legislation this year. SEVRA's proposals to enhance and provide secure funding for Project Based Section 8 in particular are important to stabilizing and strengthening the supply of both existing and future affordable housing. For example, by allowing public housing agencies, smaller projects, and projects in tight markets to project base additional units, the new SEVRA bill would improve the use of one of the most important development tools for building affordable housing for the lowest income families.
- **Stabilize and support the Low Income Housing Tax Credit program**  
 The recently enacted economic stimulus bill partially addressed the serious loss of investor support for the program. More complete and longer term reforms are needed to continue the most significant single source of affordable housing financing prior to the financial meltdown. We support the proposal by the Local Initiatives Support Coalition to allow investors to 'carryback' credits to increase the attractiveness of the program. We would also support an extension and expansion of the 'exchange' program under the ARRA to cover 4% tax-exempt bond/tax credit projects.
- **National Housing Trust Fund**  
 Passage of the National Housing Trust Fund in 2008 established the first new federal housing production program since 1990. Unfortunately, additional sources of funding are needed to fulfill its goals. The President took a historic step in his FY 2010 budget by providing an initial capitalization of \$1 billion for the Housing Trust Fund. This funding would provide much needed support to development of affordable housing projects in this current economic environment.
- **Grow and strengthen the Section 202 program**  
 The population of seniors will grow rapidly in the coming years, many whose retirement savings and pensions were devastated by the financial meltdown. We need to strengthen and grow our investment in senior housing now in order to meet the already unmet need for affordable and supportive housing for seniors. The Section 202 program needs both expanded support and reform. Elements of S 118 could address a part of the critical unmet need for senior housing.
- **Enact a stronger Community Reinvestment Act**  
 Since its passage more than thirty years ago, the CRA has resulted in significant increases in lending and investments in low-income and minority communities but gaps in the existing structure failed to extend regulation to all the sources of investment and lending that would benefit underserved neighborhoods. We support HR 1479 and the efforts to modernize CRA, strengthen its application to banks, and expand its reach to non-bank financial institutions such as insurance companies, securities firms, and investment banks. These improvements would provide low-income AAPI communities with greater leverage to access credit and capital to address their affordable housing needs.

## **Easing the Foreclosure Crisis**

As with all communities, the foreclosure crisis has caused great losses to AAPIs, particularly in areas where real estate values have collapsed. According to a recent study by the Federal Reserve Bank of San Francisco, California AAPI's are at a 60 percent greater risk of foreclosure than non-Hispanic whites.<sup>1</sup> The data also suggests that Southeast Asian immigrant communities in other parts of the country are also at greater risk of loss given more recent entry into homeownership and with more limited equity in their homes.

Many immigrant communities were targeted by brokers and sales agents selling hazardous mortgage products with inadequate regulations protecting consumers. After these high risk products began to fail, immigrant communities are now having great difficulty finding reliable and linguistically accessible foreclosure counseling. The lack of accessible services is forcing many community members to turn to scam artists who charge high fees for services that often leave homeowners in even more dire conditions.

With the support of our coalition with National Council of Raza and National Urban League, more nonprofit AAPI organizations are providing homeowner counseling services, but they have not been able to access federal resources for their services. The National Foreclosure Mitigation Counseling (NFMC) program's restrictive eligibility guidelines excluded most AAPI community based organizations as well as qualified groups in other minority communities.

The reform we need:

- Mortgage reform (HR 1728): We applaud the approval by the House of legislation that will expand protection against predatory and abusive lending practices. We urge Senate action of these important reforms.
- President Obama's mortgage rescue proposal to restore the right of homeowners to access bankruptcy protection, was approved by the House but rejected by the Senate. We encourage Senators to reconsider this important proposal that the Center for Responsible Lending estimates would prevent 600,000 foreclosures in one year.
- HUD and Neighbor Works America should partner with minority communities to improve access to foreclosure and housing counseling services particularly for persons with limited English skills.

## **Support sustainable and equitable development**

In addition to infrastructure spending in the ARRA, the reauthorization of the Safe, Accountable, Flexible, Efficient, Transportation Equity Act (SAFETEA) will redirect billions of dollars into new transit projects in urban areas. Along with federal spending will be increased private and other public investment in transit oriented development. Such public and private investments

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<sup>1</sup> Laderman, E., Reid, L. (2008). "Lending in Low and Moderate Income Neighborhoods in California: The Performance of CRA Lending During the Subprime Meltdown." Federal Reserve Bank of San Francisco, p.14.

are important parts of a ‘green’ or sustainable strategy for our nation. But without advanced planning and appropriate controls, such development will also threaten to displace existing communities and intensify economic disparities. Proactive policies need to be in place so that low income and minority communities are not excluded from the benefits of a renewal of transit accessible urban development. Displacement of lower income persons by development would result, resulting not only in social inequity but also merely shifting environmental costs from one sector to another. Truly sustainable and equitable development strategies should include federal policies that require:

- Updating existing community planning requirements (e.g., HUD’s Consolidated Plans) to include provisions that anticipate and address Smart Growth policies and programs, including mitigating the impact of large scale transit projects on the existing affordable housing along transit corridors.
- Equitable and inclusionary housing policies and financing conditions that support the development of additional affordable housing so that low income communities are served and not displaced through gentrification. Some state and local governments have led the way in adopting policies to assure low and moderate income households have housing opportunities in publicly facilitated development.
- Restore requirements under the Uniform Relocation Act that provided for replacing affordable housing lost due to federal projects.

### **Expand Community Development Opportunities**

Immigrant labor and private enterprise have played a particularly important role in revitalizing declining urban areas. Along side other historic ethnic communities, emerging AAPI neighborhoods and districts have made and can continue to play a vital social and cultural contributions to America’s cities. There continues to be a need to support local community infrastructure capacity, including AAPI serving service agencies and community development corporations, who act as intermediaries and translators between the public sector and the communities. But continued growth and transformation will need public investment particularly in these difficult times.

The health of local communities depends in large part on the economic well-being of its residents. For AAPIs who live in ethnic neighborhoods, many are struggling to find better jobs and to increase their earnings. To help these residents become more self-sufficient, the local workforce development system (including One-Stop Career Centers) must be linguistically accessible and responsive to their employment needs.

Some additional recommendations:

- Fully fund English language programs within the Workforce Investment Act (WIA): Adult education programs play a particularly important stepping stone for millions of Americans who need basic English language and literacy education in order to participate in other job training programs. Years of inadequate federal support for adult education mandated by Title II of WIA has resulted in long waiting lists and overcrowded classes

for adults seeking to learn how to speak or read English.<sup>2</sup> Unless there is a significant increase in support for English language education, a large sector of America's workforce will be unable to participate in future employment training programs.

- Extend CRA to support small businesses: With improved data as provided by HR 1479 the CRA could become an even greater tool for small business development. We support legislation that would require the reporting data on race and gender on small business loans, similar to data reporting requirements for home mortgages which helped to increase the number of home loans that were made to minority communities.
- Extend authorization for the New Market Tax Credit Program. While the program could improve its targeting and reduce the costs of accessing capital, it does provide economic development financing for projects in low income communities, including community facilities projects that assist in the revitalization of neighborhoods.

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<sup>2</sup> Tucker (2006) "Waiting Times for Adult ESL Classes and the Impact on English Learners." National Association of Latino Elected and Appointed Officials (NALEO), Washington DC.