



The Honorable Mel Watt  
Director  
Federal Housing Finance Agency  
Office of Housing and Regulatory Policy  
400 7th Street, S.W., 9th floor  
Washington, D.C., 20219

October 26, 2017

**Re: Request for Input on FHFA's *Strategic Plan Fiscal Years 2018-2022***

The National Coalition for Asian Pacific American Community Development (National CAPACD) submit the following comments in response to Federal Housing Finance Agency's (FHFA) Request for Input on FHFA's *Strategic Plan: Fiscal Years 2018-2022*.

National CAPACD is a coalition of more than 100 community-based organizations, including housing counseling agencies, community development corporations, preservation agencies, community-based social service providers, and advocacy agencies. Our members are in 21 states and the Pacific Islands, implementing innovative affordable housing, community development and community organizing strategies to improve the quality of life of low-income Asian American Pacific Islander (AAPI) communities.

The AAPI community is the fastest growing racial group in the country, growing over four times as rapidly as the total U.S. population, and is expected to double to over 47 million by 2060. AAPIs living in poverty increased from 1.16 million to 1.73 million, for an increase of 46% for Asian Americans. Over the same period, Native Hawaiian and Pacific Islander (NHPI) poverty increased by 77% - reaching 12.1% for Asian Americans and 18.8% for NHPIs in 2010. AAPIs have suffered a severe loss in wealth since the recession and housing crisis. The majority of

National CAPACD's members are based in the highest cost cities. AAPIs living in poverty are concentrated in a limited number of metropolitan statistical areas (MSAs) with more than 50% of the total AAPI poor living in the largest ten MSAs compared to 25% of the nation's poor population. AAPIs are also disproportionately concentrated in metro areas with the highest housing costs. On the other side of this problem, AAPIs experience severe hardship when attempting to secure housing finance, with their challenges compounded by linguistic barriers.

To these ends, the housing finance system should recognize the importance of contributing to affordable housing markets and reaffirm the commitment to support of the production and maintenance of quality, affordable housing for those who have the greatest need. Of the three goals articulated in the FHFA's *Strategic Plan for 2018-2022*, this letter focuses on Strategic Goal 2: Ensuring Liquidity, Stability, and Access in Housing Finance. More specifically, National CAPACD makes the following recommendations:

1. **Responsible Lending to Mitigate Against Displacement:** Rents and home prices have escalated quickly where the largest populations of Asian American and Pacific Islander (AAPI) families reside. In AAPI neighborhoods, rent increased by 74% compared to a nationwide increase of 54%. Additionally, homeownership values in AAPI neighborhoods increased by 114% compared to a 57% increase nationwide. Incomes have not kept pace with these rising costs in “hot markets,” leading to displacement and overcrowding of thousands of families across the country. From 2010-2014, AAPI households in select neighborhoods have lost 1,500 families, despite a national population growth rate of 6%. To prevent more displacement in higher poverty populations, FHFA should look more closely at lenders who lend to upper income borrowers in low income neighborhoods and hot markets and modify its loan practices. FHFA should ensure that the GSEs' policies and loan practices do not cause displacement to low-income communities and communities of color.
2. **Low Income Housing Tax Credit ( LIHTC):** Due to the shortage of home affordability for AAPIs, many in our community rely on low income housing units, such as those funded by LIHTC. However, AAPI tenants still face economic hardship as the nationwide median gross rent increased by 53% in AAPI neighborhoods, with median gross rent increasing by 74%. Prior to conservatorship of Fannie Mae and Freddie Mac (GSEs), the GSEs represented roughly 40% of the market for LIHTC. The sharp decline of the GSEs' LIHTC investments has undermined the overall market and put many individual affordable housing projects where AAPI low-income communities reside in extreme jeopardy. Although FHFA and the GSEs stated a goal to increase LIHTC investments in its “Duty to Serve Underserved Markets,” we hope to see a finalized version of the *Strategic Plan* include an explicit commitment to LIHTC investments through a reliable, stable investment presuming a consistent, predictable level of tax liability. This participation could include both direct investments in tax credits as

well secondary support such as guarantees of the tax credit investments of other institutions.

3. **National Housing Trust Fund (NHTF):** National CAPACD is pleased to see that the GSEs have resumed contributions to the NHTF in 2016 since it was suspended in 2014. We hope that FHFA can consider an ongoing, permanent source of funding for the NHTF (e.g., a portion of the fees generated from guaranteeing mortgage backed securities on the secondary market). The funding directed to the NHTF is essential to funding housing and rent for extremely low-income households.
4. **Credit access and alternative credit evaluation models:** The GSEs are essential sources of capital for affordable housing and essential components of a liquid, stable and affordable U.S. rental market. Many AAPIs cannot currently qualify for a mortgage not because of bad credit, but rather because they have no credit. AAPIs, particularly in the older generation, use exclusively cash and do not have credit cards. Many also rely exclusively on cash payments for utilities and rent, and are “credit invisible.” FHFA should consider alternative scoring models that would provide a more accurate picture of a person’s ability to repay a mortgage. Additionally, FHFA should consider researching the challenges of limited credit populations, such as AAPIs, and find ways to better serve these communities.
5. **Language Access:** We thank FHFA for recently adding language preference on the URLA. Language access continues to be a significant hurdle for AAPI households. Collectively, AAPIs speak more than 100 different dialects and represent more than 50 different ethnic groups. Many low-income AAPI communities also include a high proportion of LEP families. According to the U.S. Census, approximately 71% of Asian Americans speak a language other than English at home, compared to 20% of the total population. Of these, 32% of Asian Americans and 8% of Native Hawaiians and Pacific Islanders are considered LEP, compared to 9% of the total US population. Households who speak English as a second language, or who cannot read English, are particularly disadvantaged in their ability to review and understand mortgage terms, statements and notices related to the status of their home mortgage as well as any other financial products. As such, many LEP households are more likely to be victims of outright or perceived fraud or misconduct by servicers. National CAPACD urges FHFA to make an explicit commitment continue expanding LEP resources pursuant to Executive Order 13166 issued in 2000 by translating federal mortgage documents, offering in-language outreach, and working with local community groups that service LEP clients.

FHFA has a very important role in ensuring stability of the housing market, and we appreciate the opportunity to provide feedback on the agency's Strategic Plan. We welcome the opportunity to meet and discuss our recommendations in further detail. If you have any questions, feel free to contact Lauri Ng, Senior Policy Advisor at [lauri@nationalcapacd.org](mailto:lauri@nationalcapacd.org) or (202) 223-2442 ext. 204.

Sincerely,

A handwritten signature in black ink, appearing to read "Seema Agnani", enclosed in a thin black rectangular border.

Seema Agnani

Executive Director