



April 13, 2021

The Honorable Janet Yellen
Secretary
US Department of Treasury

Transmittal via Email

Dear Secretary Yellen:

Thank you for your long-time leadership and continuous service and for that of the Treasury Department as you work delivering emergency rental and homeowner assistance to people impacted by the COVID-19 pandemic through Congressionally enacted programs, most recently through the American Rescue Plan. NeighborWorks is providing these broad comments and recommendations for coordination at the federal, state, and local levels of service with the hope of enhancing effective service for borrowers and renters, particularly to the targeted populations of minority and low-income populations housing instability.

Please note these comments have not been submitted to or approved by NeighborWorks America's board and do not necessarily represent the views of its board members, either collectively or as individuals. These comments have been formed based on the ongoing work of NeighborWorks America with our network of nearly 250 NeighborWorks-chartered local and regional nonprofits (NWOs), our experience as a leading counselor trainer in the field, and with insights of our experience administering the National Foreclosure Mitigation Counseling (NFMC) program serving over 2 million homeowners over ten rounds of funding from Congress totaling more than \$853 million throughout the Great Recession.

For over 40 years, the Neighborhood Reinvestment Corporation (doing business as NeighborWorks America), a Congressionally-chartered, national, nonpartisan nonprofit, has created opportunities for people improving their lives and strengthening their communities by providing access to homeownership and safe, affordable rental housing, increasing financial capability, and promoting community and economic development. NeighborWorks America and its network are extremely effective in helping low- and moderate-income families and communities. Together, NeighborWorks and its network owned or managed nearly 180,000 rental units, as well as assisted almost 438,600 families with their housing needs in fiscal year 2020, including counseling 149,185 families and individuals, and creating 23,400 new homeowners. NeighborWorks has been surveying the network regularly over the past year (every 5-8 weeks) to understand the evolving impact of the pandemic on communities, especially those communities that have been traditionally underserved.

With the passage of the American Rescue Plan by Congress, NeighborWorks will once again develop a housing counseling program to assist households in crisis. As we are designing and standing up the \$100 million pandemic counseling program, serving people in all 50 states, DC



and U.S. territories, we are leaning on the experience and insights gained, in part, from administering the NFMC program while deliberating with stakeholders and partners to better understand the impact of the pandemic on people and communities that is different from the Great Recession. Throughout this process, we seek integration and coordination wherever necessary and possible so program delivery from counselors and other industry experts will be targeted and reach the people who most need their services, including minority and low-income populations and neighborhoods.

NeighborWorks, with the help of key partners, created an anti-scam awareness campaign, [Stop Home Scams](#), targeted at people vulnerable to mortgage and rental scams. A key part of this campaign is to connect people to HUD-approved counseling agencies who can assist people with eviction and foreclosure prevention that includes federal and local relief programs. In our continuing survey of our network throughout the crisis, 48% have reported an increase in scam activity, in their areas, compared to pre-pandemic through the end of fiscal year 2020.

Emergency Rental Assistance (ERA)

NeighborWorks is pleased that renters, who need to remain housed in the pandemic, will finally be eligible to receive Emergency Rental Assistance. This much needed assistance will not only help the millions of low-income renters suffering severe housing hardships, but also their landlords. Although the CDC's eviction moratorium was extended, tenants continue to face evictions and there is a critical need to connect with and serve renters in need of rent, utility, or other assistance to keep them in their homes. Counselors should be considered a resource for connecting renters to the ERA in the states. Additionally, housing counselors can support renters beyond financial relief and set them up for long term financial recovery, given the likelihood many people may have taken on additional debt due to loss of income.

In our discussions with stakeholders, we are also learning there is a building demand for remote counseling and counseling related to rental needs. In response to the need for housing counselors to be certified and to these specific pandemic counseling needs, NeighborWorks has [built upon our existing online training delivery](#) providing numerous counseling classes with varied learning formats. Classes include counseling solutions for vulnerable populations and people who are homeless amid COVID-19, foreclosure intervention, student loan relief, fair housing, and rental and eviction prevention counseling.

Affordable housing landlords also merit attention as rental assistance programs are constructed. It is critically important policies consider how affordable housing landlords can access affordable financing allowing them to restructure debt on their properties, lest they become ripe for investor buy out. In addition to the more obvious financial constraints, NeighborWorks is deeply concerned that as landlords, large and small, have not received rental payments, the loss of revenue has resulted in an inability to afford basic maintenance on properties. In our network through year end 2020, close to \$100 million was lost in rental collections. The resulting deferred maintenance can also make properties ripe for takeover. With the nation already short millions of units of affordable rental housing, we can ill afford to lose any when we can prevent it.

Finally, there is no more important time for housing-based resident services such as nutrition, homecare, and health care, than right now. The COVID-19 pandemic has brought increased and unplanned spending to housing and community development organizations. In our network, through year end 2020, organizations have seen at least \$45 million in COVID-related expenses, including cleaning, PPE, tests and higher maintenance and utility costs. The demand for services has also increased greatly. Eviction prevention, cash assistance, nutrition assistance and health services are increasing, with greater increases/need being seen for people of color. Affordable housing providers are the front line for providing these services critical for the success of tenants and the affordable housing properties. Emergency rental assistance funding should accommodate resident services so needed social services, health care, financial literacy are eligible activities and, to the extent feasible, grants should provide a preference where services are provided. Locally-based nonprofits, such as those in the NeighborWorks network, are stretching to serve the growing needs in communities, responding to new needs such as food insecurity and requests from families who need computers or tablets so their children can access online learning.

Housing Assistance Fund (HAF)

Given the great need for housing assistance and the demand for counseling services, NeighborWorks' goal, as we develop the new ARP housing counseling program, is to ensure those most impacted, particularly people of color and low-income people, are able to remain stably housed and preserve their wealth. This goal is also embedded in the statutory targeting of housing counseling services to minority and low-income people. Neighborhoods and Housing Assistance Funds can and should be a part of the solution for these borrowers.

It is our hope NeighborWorks and Treasury Department can coordinate our efforts. We know through our experience households in need will reach out to their local housing counseling agencies or their lender for referrals to assistance program. The response to households in crisis and programmatic outcomes will be improved through integration and coordination. Building referral recommendations or systems and communicating to and from housing counselors, will greatly assist this endeavor and ensure outreach to organizations, serving minority and low-income people, is intentional and thorough.

Through their normal course of business, housing counselors, whether receiving ARP counseling support or not, will connect people to resources, provide intake, provide eligibility and other financial or credit guidance, to people in crisis. Housing counselors can ably serve as the connection point between the household and servicer or Landlord, to encourage knowledgeable participation, particularly in the communities requiring targeted outreach or that are harder to reach through traditional outreach. It was in this spirit, in fact, that NeighborWorks America partnered with leading mortgage servicers, trade associations, and government agencies to develop the "[Not OK? That's OK](#)" consumer awareness campaign. The campaign was designed to reach borrowers who have missed one or more mortgage payments as a result of the COVID-19 pandemic and may be eligible for forbearance assistance under the Coronavirus Aid, Relief, and Economic Security (CARES) Act or other forms of mortgage payment relief. This model of coordination should continue through the HAF to better serve borrowers. There are, however,

key issues that can be addressed ensuring efficient and effective coordination. These comments come from lessons learned during the last foreclosure crisis:

- Outreach is critical for serving households in crisis, specifically targeted communities in localities across each state. Time must be afforded for outreach to community-based organizations and other agencies that predominantly serve minority and low-income people and communities. While common forms and data files will be needed for the states to stand up and implement the HAF program quickly, some local flexibility is needed for coordination with housing counselors.
- A “common data file” will allow servicers, housing finance agencies (HFAs) and housing counselors to share borrower/applicant data, where applicable. A “uniform servicer agreement” governing servicers’ participation will also enhance coordination.
- Program guidance should allow for payment for services, or partial payment for counseling expenses to operationalize coordination with counselors to connect homeowners to the HAF program funds. While some agencies may receive APR counseling support, given the limitations, many may not receive any or enough funding meeting the needs of their communities.
- Options for assisting borrowers should include direct assistance with mortgage payments, loan modifications, hazard and other insurance, utilities payments, home repairs, and refinancing expenses, especially because and while interest rates are so low. Refinancing can be expensive for a borrower without assistance but could provide hundreds of dollars in monthly payment relief for a lower-income borrower.
- In areas where borrowers are underwater on their mortgages, direct payments could be provided for more sustainable solutions such as offsetting some portion of the loan (forgiveness) in a loan refinancing.
- Common forms should be made available in English and other languages for borrowers with limited English proficiency (LEP), such as those languages covered by the [FHFA’s Mortgage Translations clearinghouse](#).
- Program guidance should ensure that servicers provide all options for repayment plans for which a borrower is eligible and that borrowers are not required to repay missed mortgage payments with an immediate lump sum payment.
- Program guidance should support several models of intake: direct borrower applications; counselor-driven applications where counselors work with their state HFA partners to bring their customers into and through the application process; and, the servicer model that can also work in concert with counselor referrals to ensure sustainable long-term solutions for borrowers. Guidance should also allow for counselor assistance after applications are submitted to ensure the process appropriately serves borrowers.



- Real time collaboration, with government, private sector, and nonprofit organizations around the same table to discuss challenges and solutions, was a success in the previous foreclosure crisis. The ongoing convenings allowed stakeholders to discuss challenges and solutions in the moment, bringing great innovations and coordination while leveraging of each sector’s strengths. NeighborWorks America would welcome that type of convening effort again.

NeighborWorks looks forward to coordinating on these and other aspects of this landmark assistance to troubled borrowers and renters who have been hit hard by the COVID-19 pandemic. We are continuing to put resources and time into ensuring that housing counselors are certified by the August 1, 2021 deadline by passing the housing counseling exam. We are hearing from stakeholders and partners that they are concerned that the housing counseling agencies will be stretched thin at this time of great need. We continue to meet with our partners at the Department of Housing and Urban Development to talk through and address the capacity challenges being faced by the counseling industry.

In closing, NeighborWorks would like to offer the presentation of ‘on-the-ground’ data from the housing and community development field to you and interested staff in the Department. Since the beginning of the COVID-19 pandemic in March 2020, NeighborWorks America has been surveying our network to understand the impacts of the pandemic on their organizations and the communities they serve. By mid-April, we will have a full year’s worth of data that shows the multiple impacts and the evolution of the pandemics impact on our nearly 250 NWOs working in communities all around the country. We would be pleased to provide this information to you or your staff as it may be valuable in helping shape policies responses going forward.

Sincerely,

A handwritten signature in cursive script that reads "Marietta Rodriguez".

Marietta Rodriguez
President & CEO
NeighborWorks America

cc: Alfred Johnson, Deputy Chief of Staff, Treasury
Jacob Liebenluft, Counselor to the Secretary, Treasury
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