Policy Priorities

2023–2024

- Capacity Building, Leadership, and Innovation
- Economic Development
- Education
- Family Income and Wealth Building
- Health
- Housing
- Safety and Justice

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LISC

Foreword

How can our government ensure economic opportunity for all?

That question has long been the guidepost for LISC's federal public policy efforts. For more than 40 years, we have drawn on our community investment experience to advance policies that fuel affordable housing, economic development, health, education, safety, and jobs, all designed to help families and communities thrive. While government tools and resources, on their own, are not sufficient to address the nation's interconnected challenges, we know from experience that federal programs are critical, helping attract private capital to places it might not otherwise flow, and creating pathways to opportunity for families and communities.

In this document, we provide a revised federal policy blueprint, updated from our original report issued in 2020 for building a broadly shared prosperity. Much has changed since 2020, as we've navigated from emergency COVID-19 responses back towards our sustained push for economic equality and social justice. With Republicans securing control of the House of Representatives, we are also now working with a divided federal government, placing an even greater emphasis on finding bipartisan solutions.

There is no one-size-fits-all solution, of course, which is why these recommendations span 17 federal agencies. Our hope is to offer the Administration and Congress a view of what works to expand economic opportunity—from rural broadband to small business support and affordable child care to homeownership—based on our $29.7 billion in community investments to date throughout the country.

And still, we know much more is needed. We are committed to pursuing action on the items highlighted in this document, as well as to identifying additional opportunities for policy development and advocacy in the coming months and years.

We are proud of our work over the years, as we have tested new ideas, developed new partnerships, and tied the lessons we have learned to new programs and policy approaches. We continue to leverage the expertise of our staff in 38 local LISC program offices and a rural investment program that reaches more than 2,200 counties in 49 states, as well as that of LISC affiliates focused on affordable housing, community facilities, and businesses nationwide.

An effective base of federal policies is critical to our national economy and to the well-being of all Americans. We invite you to read through these policy proposals, consider the opportunities they present, and join us in advocating for a strong and growing economy that works for everyone.

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LISC CEO

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LISC's Policy Priorities
Executive Summary

LISC's 40-plus-year history as a community development organization has taught us that people thrive when their communities are supplied with a set of interconnected physical, social, and economic assets. Our approach is comprehensive, embracing affordable housing development, workforce training, initiatives for better health and safer public spaces, and much more. Last year alone LISC invested $2.8 billion in hundreds of historically underserved communities across the United States, with a focus on those communities and populations that are the most disconnected from mainstream financial resources.

Working closely with thousands of local partner organizations—non-profits with deep roots in their distinctive communities – LISC brings resources and technical assistance to city neighborhoods and rural areas that too often have been isolated from American opportunities. Our initiatives focus first and foremost on equity and inclusion, which we know are the basis for a prospering, resilient nation.

Our efforts are enhanced through federal commitments—in the form of both policy development that helps set the agenda for revitalizing disinvested communities and funding that puts that agenda in motion. Federal commitments are the linchpin of LISC's public-private partnership investment model, helping us attract billions of dollars of private capital each year to places it would not otherwise go.

We care deeply about the fine points of federal programs and appropriations; we have seen the difference they make. Here we advance LISC's policy priorities for federal action, which include a mix of aspirational ideas, legislative proposals that can pass a divided Congress, and proposals that can be implemented through administrative action. Updated from our original report released in 2020, these priorities cover seven areas of community development across 17 separate federal agencies, as summarized below. In addition, we have developed separate appendices to highlight how specific proposals will: 1) help close the racial health, wealth, and opportunity gap; 2) support economic recovery in our rural communities; and 3) support disaster recovery and climate resiliency efforts.

We are committed not just to pursuing action on the items highlighted in this document, but also to identifying additional opportunities for policy development and advocacy in the coming months and years across the following seven areas:

Capacity Building, Leadership, and Innovation

Community development relies on the knowledge and hard work of change agents at the local level. We must invest directly in these organizations to support their capacity to deliver critical services, and to help them develop innovative approaches that can be replicated in other communities.

We advocate for federal policies that:

- Support **capacity building and technical assistance**, in particular through increased funding of programs at the U.S. Department of Housing and Urban Development (HUD) and U.S. Department of Agriculture (USDA) that build the capacity of community development corporations in urban and rural communities, and through provision of technical assistance to small local governments under HUD's Community Compass initiative.
- Make **fostering innovation** a priority, for example by supporting federal evidence-based practices like the Social Innovation Fund, expanding cross-agency demonstrations, and financing "Pay for Success" initiatives.
- Promote **national service** by fully funding AmeriCorps, creating a Civilian Climate Corps, and providing funding for the Economic Mobility Corps, which places AmeriCorps members at certified community development financial institutions (CDFIs).

Economic Development

Investing in inclusive economic development initiatives ensures that low-income individuals and families can fully participate in the economic growth of their region and build wealth within their communities.

We support federal initiatives that:

- Enhance critical **community development** programs at Housing and Urban Development (HUD), the U.S. Department of Commerce, U.S. Department of Agriculture (USDA), the U.S. Department of Health and Human Services, the U.S. Environmental Protection Agency (EPA), and the National Endowment for the Arts.
- Strengthen **public-private partnerships** by making New Markets Tax Credits permanent, adding accountability measures and community-benefit incentives to the Opportunity Zones initiative, and modernizing the Community Reinvestment Act to ensure beneficial community outcomes.
- Boost **investments in CDFIs** via, for instance, a new tax credit for investors in CDFIs, access to the secondary market for CDFI loans, and substantial new funding for the U.S. Treasury Department's CDFI Fund.
- Broaden **equitable access to entrepreneurship** by expanding lending, contracting, and technical-assistance programs for small businesses, enterprises owned by people of color, and others underserved by traditional lenders, and through robust funding of the Small Business Administration and Minority Business Development Agency.

- Expand **inclusive economic development** resources through enhanced investments and reauthorization of the Economic Development Administration, including through the passage of the Revitalizing Small and Local Businesses Act.
- Promote programs that support **climate resiliency**, disaster mitigation, and energy efficiency retrofits in lower-income communities, including the Greenhouse Gas Reduction Fund at the EPA.

Education

Education is a sound predictor of well-being and economic stability.

We encourage the federal government to adopt policies that:

- Support **early childhood facilities** through, for example, legislation that would create dedicated federal funding for the new construction or renovation of facilities, and the establishment of technical-assistance and small business supports tailored to the needs of child care business operators, the majority of whom are women and/or people of color.
- Assist with **charter school financing**, in particular by increasing funding for and improving the U.S. Department of Education's Credit Enhancement for Charter Schools Program.
- Increase **postsecondary education** opportunities for low-income families by expanding Pell Grant eligibility, investing in community colleges and historically Black colleges and universities, and promoting partnerships between community colleges and local industries.

Family Income and Wealth Building

In an era marked by growing economic inequality, we must work to expand opportunities for all families, especially those in marginalized communities, to build income and wealth.

We endorse federal initiatives that:

- Improve opportunities to build **credit and savings** by, for instance, enhancing protections against predatory lending, ensuring affordable access to banking and credit services, and providing funding for federal programs that help low-income families build wealth.
- Support **financial coaching** and tax preparation services, by incentivizing workforce development programs to incorporate financial coaching, using the resources of the Consumer Financial Protection Bureau to support financial coaching, and making sure the Volunteer Income Tax Assistance (VITA) program of the Internal Revenue Service is fully funded.
- **Strengthen incomes** by increasing the federal minimum wage, expanding and improving the earned income tax credit and child tax credit, and bolstering vital social safety net programs.
- Promote **digital inclusion** by extending the Federal Communications Commission's Affordable Connectivity Program to subsidize broadband services for low-income families, modernizing the Lifeline program, and implementing key programs at the U.S. Department of Commerce focusing on digital equity projects.
- Invest in **workforce development and support bridge programming** by reauthorizing and fully funding the Workforce Innovation and Opportunity

Act to encompass more inclusive approaches that increase support for capacity-building initiatives, better leverage community-based organizations, and enhance the provision of integrated services.

Health

Disparities in health and longevity are tightly linked to physical, social, and economic conditions. Reducing these disparities is a cornerstone of LISC's holistic strategy to improve health and well-being in underserved places.

We support federal policies that:

- Address **social determinants of health**, for example by implementing networks linking health and social services and leveraging Medicaid funding streams and non-profit hospitals' community health needs assessments (CHNAs) to support investments that will create healthier environments.
- Improve the **provision of health care** in underserved communities through, among other things, substantial long-term funding commitments for federally qualified health centers and permanent adoption of COVID-19-related changes in federal policy that make it easier for people to receive telehealth services.
- Ensure all **healthy food** is available and accessible to all communities, including by robustly funding food-access projects through the USDA and the CDFI Fund.

Housing

Access to safe, decent, and affordable housing is essential for the health and economic well-being of every family—and to the viability of every community.

We support federal strategies that:

- Develop, preserve, and widen access to **affordable rental housing**, for example, by expanding the Low-Income Housing Tax Credit (LIHTC) program, expanding and improving the Section 8 Housing Choice Voucher program, and improving other key affordable housing development programs such as the HOME Investment Partnerships Program and the Capital Magnet Fund.
- Fight **homelessness** by increasing HUD resources for assisting unhoused people and expanding veterans' eligibility for supportive housing and clinical services.
- Restore robust **fair housing** policy, focusing on the Affirmatively Furthering Fair Housing (AFFH) and Disparate Impact rules that have allowed local communities to actively address housing policies that are discriminatory in intent or effect.
- Promote **homeownership** for low-income people by, for instance, sufficiently funding HUD's down-payment assistance programs and passing legislation to scale the land-bank sector and to create incentives to develop and rehabilitate homes in underinvested communities.

Safety and Justice

For 25 years LISC has been operating a dedicated safety and justice program. We spearhead initiatives that allow local people to work together to reduce crime, support formerly incarcerated individuals as they return to community life, and strengthen understanding between police and the people they serve.

LISC endorses federal actions that:

- Promote collaborative approaches to **community safety**, for example by funding the Community Based Violence Intervention and Prevention Initiative at the U.S. Department of Justice, by establishing a federal framework that brings police and community groups together to plan for and respond to major incidents, and by dedicating substantial funds for programs that prevent violence and victimization in schools.
- Uphold **justice** for every individual and all communities by, for example, funding pre-entry and re-entry programs that help dismantle pipelines to prison and supporting formerly incarcerated persons in reintegrating successfully into local communities.

Capacity Building, Leadership, and Innovation

As important as federal resources are, they are only a part of the solution when it comes to rebuilding underserved communities. We rely as well on the knowledge and hard work of change agents at the local level. The federal government must do more than provide resources to support local organizations' programs and project-level investments. It must also invest directly in these organizations to support their capacity to deliver critical services, and to help them develop innovative approaches that can then be disseminated and replicated in other communities.

Capacity Building and Technical Assistance

The needs of local governments and community-based organizations are as varied as the communities they serve. Although local organizations' long-term capacity for housing and community development is critical for stable and affordable communities, the small size and lean budgets of such non-profits often mean that they lack the ability to implement some critical components of development strategies. This is true even for well-resourced city government agencies and larger non-profits, as the structure and financing of development transactions have become increasingly complicated in recent years. We need additional resources for capacity building and technical assistance programs to ensure that community-based organizations have the necessary talent and skill sets to support their work.

LISC supports:

Investing in HUD's Section 4 Capacity Building for Community Development and Affordable Housing Program

The U.S. Department of Housing and Urban Development (HUD) Section 4 program strengthens the nation's lower-income urban and rural communities by bolstering non-profit community developers that build and invest in their neighborhoods. The program provides grants on a competitive basis to national intermediary community development organizations, which provide training, education, financial support, and development assistance to local community development corporations (CDCs). These funds are matched on a three-to-one basis, and then used to leverage additional private capital. Total aggregate leverage has consistently been in the range of $20 or more for each dollar of Section 4 funding. From 2018 to 2022, Section 4 funds have been deployed by 984 CDCs and other non-profit developers, resulting in the creation or preservation of more than 42,000 homes and the attraction of over $10 billion in investment to communities.

The Section 4 program is the sole source of funding at HUD that provides financial support and development assistance to CDCs to support their housing and community revitalization efforts in all types of communities. Unfortunately, funding for the program has been relatively flat in recent years, straining its ability to build the capacity of CDCs to respond to local needs. LISC recommends that the program receive robust appropriations to scale CDCs' affordable housing and community development activities.

Enhancing the USDA's Rural Community Development Initiative

Rural low-income areas experience distinct capacity challenges in responding to local affordable housing and community development needs. It is often difficult for these communities to apply for and receive public and private resources due to capacity constraints, which typically include small, under-resourced local governments and fewer community development organizations. The Rural Community Development Initiative (RCDI) program of the U.S. Department of Agriculture (USDA) is an important resource for funding non-profit housing and community development organizations that invest in housing, community facilities, and community and economic development projects in rural areas. The RCDI program is the only specific capacity-building resource provided through USDA's Rural Development programs, and it helps scale the ability of non-profits to further their community development work in rural areas. RCDI grants are competitively awarded and are capped at $500,000. LISC supports increased appropriations for the RCDI program to build the capacity of rural communities to respond to local needs.

Increasing HUD's Technical Assistance Resources

Community development projects are often complex undertakings, requiring an understanding of how to layer multiple financing programs while staying in compliance with requirements related to the use of federal resources. HUD supports the technical assistance needs of HUD funding recipients and local communities through the Community Compass (CC) and Distressed Cities and Persistent Poverty Technical Assistance (DCTA) programs. The CC program brings all of HUD's technical assistance resources together in one program so applicants can indicate the particular topics or programs for which they would like to provide HUD-funded technical assistance to local communities. Activities funded under CC can include needs assessments, direct technical assistance, development of resources, and other supports. The DCTA program fills an important niche by building the capacity of local governments experiencing economic distress and assisting them and their non-profit partners in alleviating persistent poverty, often in smaller communities. LISC supports sufficient appropriations for the Community Compass and Distressed Cities Technical Assistance programs so HUD grantees and local communities have the support they need to utilize federal funding for their affordable housing and community development priorities.

Continuing the Rural Partners Network

The U.S. Department of Agriculture's Rural Partners Network (RPN) is the first all-of-government initiative to help rural communities access federal government resources and funding to create jobs, build infrastructure, and support long-term economic stability. The RPN program provides on-the-ground technical assistance and helps local stakeholders identify key issues, build local capacity, and navigate federal programs. LISC supports continued appropriations for the RPN program so rural areas have the necessary resources and expertise to meet their local needs.

Fostering Innovation

We can do more to support innovation by expanding the adoption of equitable, evidence-based policymaking across federal agencies. By increasing resources and opportunities for social innovation to occur, policymakers can support the development, refinement, and scaling of the most impactful approaches to fostering economic mobility. Over the past decade, promising approaches have demonstrated how federal policies that make investments in innovation involving partnerships among government agencies, intermediary non-profits, and private investors, alongside community-based organizations, can drive meaningful change. LISC encourages federal investments in innovation, including:

Supporting the Social Impact Partnerships to Pay for Results Act

The Social Impact Partnerships to Pay for Results Act (SIPPRA) was enacted by the Bipartisan Budget Act of 2018, allocating $100 million to support the launch of state and local Pay for Success (PFS) initiatives over a 10-year period. SIPPRA offered communities across the country new resources and discretion to develop and fund evidence-based programs that drive innovation. To date, the U.S. Department of the Treasury has made four awards, offering substantial support to the awarded state and local governments to support social-impact partnership projects that deliver measurable results for individuals and communities in need. This is achieved through funding and contracting practices that reward providers for producing positive program outcomes, as determined by a rigorous evaluation.

LISC supports the goals of SIPPRA, and encourages the Treasury to consider how the application and funding mechanisms can be streamlined to support broader accessibility. This would entail evaluating the process for selecting awardees and the extent to which this process was predictive of success, with a goal of identifying best practices for future funding opportunities. We also support the America Forward Coalition's call for Congress to advance an expanded SIPPRA program that builds on the lessons learned.

Incorporating Pay for Success Concepts Across Federal Agencies

In order to encourage the federal government to focus on achieving desirable policy and program outcomes, to direct funding toward proven practices, to move toward breaking down silos across agencies, and to incentivize innovation, LISC supports the social innovation policy agenda developed by America Forward. The core principles of this platform include, among others:

- creating new funding structures that intentionally support innovation and the development of new evidence-based approaches, including scaling and continued refinement of proven models;
- resourcing innovation, or research and development (R&D), across government to develop and scale effective interventions, and creating a federal office for outcomes-focused practices in order to align efforts;
- investing in updated data systems to support data analysis and data sharing in order to strengthen capacity for conducting evaluations and decrease their cost; and
- resourcing evaluations as a core element of the receipt of discretionary, mandatory, and even entitlement funding.

Specifically, LISC recommends the following:

1. **Engage in outcomes-focused federal training and technical assistance.** Federal contracts for training and technical assistance (T/TA) vary in value and results. Congress could amend relevant T/TA program authorities to call for T/TA resources to be used to support: A) dissemination of evidence-based practices, including through clearinghouses and other registries; B) assistance to help service providers adopt such practices or develop an evidence base for longstanding programs; C) assistance to help service providers access and use data to enhance targeting of service delivery as well as track outcomes and improve quality of service in real time; and D) assistance for communities, including state and local governments, to explore how to sustain evidence-based practices via models like Pay for Success and similar outcomes-based contracting.

2. **Revive and expand cross-agency demonstrations.** Congress should continue performance partnership pilots (P3) such as those awarded to sites through the federal departments of Labor, Health and Human Services, Education, and Justice focusing on disconnected youth. P3 demonstrations allow states or localities to pool certain monies they receive under multiple discretionary federal funding streams and obtain waivers from some program requirements to test innovative outcomes-based interventions. Congress should expand the authority to create these pilots to additional agencies and broaden the focus to include populations of most need in local communities. These pilots would allow communities to develop comprehensive strategies to achieve better results using federal investments through multiple programs.

3. **Promote the use of agency-wide waivers through administrative guidance and support.** Agency-wide waivers enable federal agencies to demonstrate, replicate, and scale innovative interventions and can incorporate Pay for Success and other outcomes-based contracting approaches.

4. **Expand federal support for outcomes-based programming and innovative funding opportunities.** The Social Innovation Fund (SIF), authorized by the Edward M. Kennedy Serve America Act of 2009, was created to catalyze the use of data-driven approaches shown to be effective in local communities. Through an intermediary structure, the AmeriCorps agency leveraged the program to mobilize public- and private-sector resources to address local and national challenges in three priority areas: economic opportunity, healthy futures, and youth development. Congress should reauthorize SIF and provide funding of $150 million. We also recommend that Congress direct AmeriCorps to develop a comprehensive plan that leverages lessons learned and communicates awardee successes to relevant federal agencies, encouraging them to consider using SIF-supported innovations in existing programs.

National Service

National service programs provide a foundation upon which capacity building and innovation often occur. While expanding non-profits' capacity to address unmet needs across the nation, national service also creates jobs and provides pathways to success in the workforce. As a cornerstone of national service, the AmeriCorps program has provided over one million citizens with an opportunity to get things done through innovative service work in their communities. Increased investment in national service programs results in substantial economic and social benefits and helps create resilient communities of opportunity.

LISC supports strong investment in the AmeriCorps program, including:

Robustly Funding the AmeriCorps State and National Programs

Since 1994, the AmeriCorps program has placed members at non-profits, schools, public agencies, and community- and faith-based groups across the country. AmeriCorps has long benefited from bipartisan support in line with the American tradition of community service and the continued demonstration of strong economic returns on national service investments. A recent evaluation found that for each $1 invested, the return to society, program members, and the government is $17.30 – totaling $17.5 billion in economic benefit. Aside from the financial returns, AmeriCorps members serve their communities, expand non-profit capacity, gain transferable skills and work experience, and strengthen local communities.

We support a top-line budget of no less than $764 million for AmeriCorps State and National programs.

Enacting the America's Call to Improve Opportunities Now (ACTION) for National Service Act

LISC supports America's Call to Improve Opportunities Now (ACTION) for National Service Act, sponsored by Senator Jack Reed (D-RI) in the Senate and Representative John Larson (D-CT) in the House, which would equip communities with additional national and community service opportunities to help address pressing challenges. The bill would gradually expand AmeriCorps funding to support no fewer than one million member positions per year, elevate the Corporation for National and Community Service (CNCS) to a Cabinet-level department, increase the value of the AmeriCorps living stipend and education award, and exempt service benefits from federal taxes. The legislation would also create a Civilian Climate Corps at AmeriCorps to increase the capacity of local communities to fight and adapt to climate change. Passage of the comprehensive ACTION for National Service Act is essential to increasing equitable access to service opportunities and augmenting the capacity of organizations on the ground that provide services to those in need.

Supporting the Segal AmeriCorps Education Award Tax Relief Act

AmeriCorps members make a commitment to serve at non-profits, schools, public agencies, and community- and faith-based groups across the country. In return, AmeriCorps members who complete their terms of service are awarded the Segal AmeriCorps Education Award, which is equivalent to the maximum value of the Pell Grant for the year in which the AmeriCorps member served ($7,395 in 2023). Despite their invaluable contributions and service, members' education awards are currently treated as taxable income, which decreases the amount of educational resources available and creates undue administrative burdens. The Segal AmeriCorps Education Award Tax Relief Act, a bipartisan bill sponsored by Senators Michael Bennet (D-CO) and Bill Cassidy (R-LA) in the Senate and Representatives Don Bacon (R-NE) and John Larson (D-CT) in the House, seeks to remedy this longstanding issue by excluding the education award from gross taxable income.

Continuing Funding for the Economic Mobility Corps

The Economic Mobility Corps (EMC), funded for the first time in the FY 2020 appropriations bill for the Community Development Financial Institutions Fund (CDFI Fund), supports the development of a new partnership between the CDFI Fund and AmeriCorps, formerly the Corporation for National and Community Service. In 2021, the interagency partnership launched by awarding more than $2.5 million to place 156 AmeriCorps service members at certified CDFIs for two years beginning in August 2021, thereby expanding national service opportunities and bolstering the capacity of CDFIs to provide critically needed financial services.

CDFIs foster financial inclusion—filling critical gaps in the provision of financial services, products, and wealth-building opportunities for low-income consumers, small business owners, and underserved geographic areas. Despite this critical work, these organizations are often under-resourced and strained for human capital as federal funding typically restricts staff operation costs to 15 percent of funds. EMC members are strengthening the capacity of CDFIs to provide communities— often the very communities that have been overlooked by mainstream financial institutions—with the tools and resources they need to enhance neighborhoods and expand equitable access to economic opportunity.

Economic Development

Equitable economic growth necessitates inclusive economic development policies—policies that expand opportunities for shared prosperity by focusing on low-income communities that have traditionally been underinvested and undervalued in their ability to contribute to regional economic growth. Research from the Urban Institute demonstrates that inclusion and economic health are strongly correlated across the nation. Investing in inclusive economic development initiatives ensures that low-income individuals and families are able to fully participate in the economic growth of the region and build wealth within their communities. In practice, this requires a multi-pronged approach that invests in the people, small businesses, and places that make our communities more equal, inclusive, and resilient.

Community Development Programs

Investments in community resources help to spur broader economic growth. Federal investments often fill gaps in project financing and are at the core of funding that makes inclusive economic development initiatives possible on the local level. This cooperative effort joining federal investment and locally led programs expands the entire economic ecosystem by revitalizing neighborhoods, attracting businesses, creating jobs, and broadening access to opportunity for all residents. LISC supports robust investment in programs across federal agencies that promote comprehensive community development initiatives and facilitate cross-sector partnerships.

LISC supports:

Improving and Enhancing the Community Development Block Grant Program

The Community Development Block Grant (CDBG) program is a critical source of community development funding that benefits low- to moderate-income (LMI) communities. Established in 1974, the block grant program allows grantees to meet locally identified needs within the scope of CDBG regulations, which promote inclusive approaches to community and economic development. Despite the proven impacts and bipartisan support of the program, CDBG has had its funding decreased by 80 percent from its peak in 1979. Meanwhile, many CDBG regulations remain the same as in 1974 and fail to address twenty-first-century needs. As a result, community development efforts are often hampered by limited funding, undue administrative burdens, lengthy processes, and exacting requirements.

When disaster strikes communities, the Community Development Block Grant – Disaster Recovery (CDBG-DR) program provides the resources needed to rebuild, expand resilience capabilities, and strengthen post-disaster opportunities. Timely and well-targeted federal assistance is critical to an inclusive recovery, particularly in Black, Indigenous, and people of color (BIPOC) and rural communities. But the current funding mechanism is cumbersome and inefficient, delaying the delivery of much-needed investments for aid and recovery and leaving disaster-stricken communities stuck in administrative limbo.

LISC recommends the following:

1. **Congress should provide at least $4.2 billion for the Community Development Block Grant (CDBG) program in FY 2024.**
2. **The U.S. Department of Housing and Urban Development (HUD) should conduct a comprehensive review of CDBG regulations to facilitate modernization and innovation.** This should include soliciting stakeholder feedback, with particular attention to the rules governing economic development activities, and developing a report for Congress on recommended legislative updates.
3. **Congress should permanently authorize disaster relief through CDBG-DR and annually appropriate a modest amount to a Declared Disaster Recovery Fund to allow for immediate assistance.** LISC joins the National Low Income Housing Coalition in calling for the Senate to pass the Reforming Disaster Recovery Act to make CDBG-DR permanent and provide much-needed reforms.
4. **Congress should create an independent statutory authority for disaster recovery.** This authority could use CDBG requirements as a foundation but should be updated to reflect the needs in disaster areas, such as allowing flexibility in meeting the "urgent need" national objective for CDBG-funded activities and setting realistic requirements for environmental review.

Strengthening Economic Development Administration Initiatives

The U.S. Department of Commerce's Economic Development Administration (EDA) actively facilitates regional and local economic growth. EDA is the sole federal agency that drives economic development, job growth, innovation, and resiliency within our local economies. It does so through investments in planning, revolving loan funds, technical assistance, industry-driven workforce development, and infrastructure construction to expand the community and economic development capacity of communities. LISC joins the National Association of Counties in calling for Congress to appropriate at least $1.6 billion for the EDA, including increased funding for the recently authorized Recompete Pilot Program, which provides flexible resources to distressed communities to support long-term, comprehensive, and sustainable economic development.

LISC supports efforts to reauthorize EDA and asks Congress to take action to provide the agency with the necessary updates to infrastructure, resources, and programs that can drive inclusive economic development. The modernization and funding proposals outlined by the Brookings Institution are necessary to propelling equitable and resilient approaches to economic growth. By including the bipartisan Revitalizing

Small and Local Businesses Act (RSLBA) within EDA's reauthorization, Congress can establish a proven capacity building framework that equitably drives EDA resources towards business development organizations (BDOs)—place-based organizations that help small businesses and local economies to flourish—and their on-the-ground efforts to revitalize commercial corridors and Main Streets within urban and rural communities.

Business districts are critical community assets that respond to local market needs and create vital spaces for social interaction, attracting additional investments to a community. RSLBA would support these places that stimulate economic activity by supplementing existing regional distribution methods with a strategy that connects national resources to local impacts and better reaches underserved areas in the process. Using trusted non-profit intermediaries, the EDA could equitably and efficiently deploy funding to support the vital work of BDOs throughout the country.

The EDA can also do more to ensure that additional technical resources and funding are directed to support projects that benefit historically disinvested communities and workers. Current funding mechanisms rely too heavily on outdated metrics that focus solely on job creation, which minimizes the ability of community-based organizations to participate in implementing inclusive economic development initiatives that offer broader benefits. LISC recommends that the EDA target a significant portion of funding to projects that take a holistic view of community development within underserved communities, and that it offer financial commitments in the earlier stages of development.

LISC also encourages the EDA to utilize a larger portion of its regional planning funds to support equitable regional economic growth. Accomplishing equitable growth starts with explicitly focusing on promoting racial and geographical inclusion in the development of Comprehensive Economic Development Strategies (CEDS) across the nation. These efforts should build on national models developed through resources provided under the American Rescue Plan Act, which increased funding for technical assistance and community of practice grants to help build the organizational capacity of economic development agencies and demonstration grants to implement innovative pilot programs that offer the promise of replication nationally.

Funding Brownfield Revitalization

The Brownfields and Land Revitalization Program of the U.S. Environmental Protection Agency (EPA) offers communities critical technical assistance, planning, and financing resources to address local environmental concerns while supporting neighborhood revitalization. LISC welcomed the Infrastructure Investment and Jobs Act investment of $1.5 billion in additional federal appropriations for the EPA's Brownfields Program and supports the continuation of increased appropriations. These resources will expand direct funding opportunities that support brownfields assessment, cleanup, revolving loans, environmental job training, technical assistance, training, and research—strengthening the development of sustainable and environmentally just communities.

The Brownfields Area-Wide Planning Program provides communities, particularly those with old and unused industrial areas, with planning and coordination resources that facilitate effective and safe redevelopment. The EPA's Revolving Loan Fund (RLF) grants allow recipients to capitalize a revolving loan fund that provides funding for cleanup activities at brownfield sites. This program contributes to community redevelopment of brownfields, improves environmental conditions, and provides an ongoing source of capital within a community to address brownfield remediation needs. The EPA should leverage its authority provided under the Small Business Liability Relief and Brownfields Revitalization Act and dedicate additional funding as part of the annual appropriations for Brownfields RLF grants in order to capitalize new brownfields revolving loan funds and recapitalize depleted existing funds.

Investing in Broadband Infrastructure

Investments in the deployment of broadband infrastructure can help ensure all of our communities have access to the technology necessary to drive economic growth in the twenty-first century. The Infrastructure Investment and Jobs Act represented the most significant federal investment in internet connectivity to date and provided the National Telecommunications and Information Administration (NTIA) with $48 billion to create several new programs and substantially expand the NTIA's existing Tribal Broadband Connectivity Program. LISC applauded the appropriation of $42.5 billion in grants to states to fund the construction and deployment of broadband networks that meet the needs of underserved communities through the NTIA's Broadband Equity, Access, and Deployment Program.

Assistance programs are required to ensure that disadvantaged communities have the tools and capacity to implement infrastructure projects that meet the needs of all residents.

LISC urges federal agencies charged with broadband deployment to leverage authorities to engage in interagency coordination and support technical assistance in order to promote an equitable distribution of broadband infrastructure resources across the nation. By reauthorizing the Farm Bill, Congress can help to strengthen the provision of flexible resources and predevelopment assistance that are necessary, particularly within rural communities.

LISC also supports efforts to modernize the Federal Communications Commission's Universal Service Fund (USF) by formally expanding the definition of covered communications services to include broadband services, thus drawing contributions to the fund from broadband providers. Funds generated through the USF assist with broadband infrastructure construction and affordability and must be updated to reflect the needs of the twenty-first century. The FCC and Congress must act to safeguard the support that the USF provides for households with low incomes and in rural communities by modernizing the program.

Investing in Creative Placemaking

Creative placemaking fosters the development of arts-related business clusters and creates opportunities for neighborhood businesses to grow and create jobs by highlighting the unique culture of place. The National Endowment for the Arts supports creative placemaking through the Our Town grants program. Our Town provides project-based funding to integrate arts, culture, and design activities into community development efforts to sustain community-driven, comprehensive, and collaborative arts and culture strategies. Similarly, the National Endowment for the Humanities supports creative placemaking by increasing access to cultural and educational resources and funding public projects at cultural organizations and cultural heritage centers, among other sites.

Congress should leverage the creative economy to rebuild local economies by doubling funding for the National Endowment for the Arts and the National Endowment for the Humanities (indexing this funding at $1 per capita) and should increase funding for the Our Town program to address oversubscription.

Congress can also expand arts and culture opportunities in current and forthcoming legislation and regulations by including authorizing language that explicitly allows for the use of federal funds to support the creative economy. We encourage federal agencies to consider how artists may be leveraged to increase inclusive engagement, planning, and design processes. Community development is strengthened by place-based initiatives that harness creativity and distinctive local cultural assets to drive economic growth. Arts-based initiatives strengthen communities by leveraging the unique power of arts and culture to empower residents to build vibrant, resilient, and socially connected communities. Congress should consider opportunities to further the development of interagency partnerships to increase understanding and utilization of creative placemaking practices across the federal government. Adopting artists-in-residence pilots within government agencies for new perspectives and approaches and enhancing coordination between NEA and the Community Development Financial Institutions Fund (CDFI Fund) are two innovative ways of doing so. LISC also supports the Creative Economy Revitalization Act to activate the creative economy in fostering community resilience.

Improving the Community Facilities Relending Program

The U.S. Department of Agriculture (USDA) established the Community Facilities (CF) Relending Program in 2016 to better target direct loan funds to persistently poor communities by delivering them through community development financial institutions (CDFIs) and other relenders with deep local networks and capacity for technical assistance. Under the program, CF relenders are responsible for identifying eligible community facility projects, originating and underwriting eligible loans, and submitting them to USDA for approval. The USDA advances funds after approving loans and has made $401 million available to 27 relenders, with another $175 million in projects currently in the pipeline.

LISC is pleased that the CF Relending Program was extended for five years, so more community facility projects can be financed in persistently poor, rural communities. We support efforts to work with USDA on streamlining the program to produce additional impacts.

Funding the Community Economic Development Grant Program

The U.S. Department of Health and Human Services (HHS) provides critical resources to support community development efforts through its Office of Community Services, which houses the Community Economic Development (CED) grant program. CED grants are awarded to community development corporations (CDCs) to cover initiatives that provide funding for:

- startup or expansion of businesses, physical improvements, or commercial activities;
- capital expenditures such as the purchase of equipment or real property;
- allowable operating expenses; and
- loans or equity investments.

These grants promote economic mobility by creating new employment or business opportunities for low-income individuals.

The program regularly supports neighborhood and corridor revitalization by funding commercial construction projects that have limited access to other subsidy due to their location in historically disinvested communities. Congress should build on the success of the Community Economic Development grant program by annually appropriating no less than $21.6 million.

Implementing the Environmental and Climate Justice Block Grant Program

The Inflation Reduction Act provided $3 billion for a new Environmental and Climate Justice Block Grant program, administered by the U.S. Environmental Protection Agency (EPA). This funding can be utilized by states, localities, and community-based organizations to measure and remediate environmental or public health risks in communities disproportionately impacted by environmental harms. LISC recommends EPA design this program so that community-based organizations of all capacities can access funding for their environmental justice work.

Investing in Community Development Financial Institutions

Community development financial institutions (CDFIs) provide capital, credit, and financial services in underserved communities and to underserved individuals throughout the country. There are over 1,400 certified CDFIs across the country, ranging from credit unions to small non-profit loan funds to large national organizations. CDFIs serve borrowers and geographic areas that are not readily served by mainstream financial institutions, providing loans to first-time homebuyers, financing for affordable housing and community facilities, and small business financing. In many cases, CDFIs provide the gap financing that allows projects to secure traditional financing.

The CDFI industry has grown significantly over the last 20 years, and this growth would not have been possible without the support of the U.S. Department of the Treasury's CDFI Fund. The CDFI Fund certifies CDFIs, and administers several different awards programs to build the capacity and financial strength of CDFIs.

The federal government can continue to support CDFIs in a number of ways, including:

Robustly Funding the CDFI Fund

In FY 2023, the CDFI Fund's top-line appropriations figure was $324 million, which is just a tiny fraction of the total assets of all certified CDFIs, currently estimated to be $222 billion. CDFI Fund programs need to be scaled to meet the growth and needs of the industry, with appropriations of no less than $1 billion annually.

Reauthorizing the CDFI Fund

The CDFI Fund has not been reauthorized since its initial authorization in 1994, despite significant growth in the CDFI industry and in the number and scope of initiatives being administered by the CDFI Fund. LISC has made a number of recommendations for improvements and enhancements to the CDFI Fund's programs, including:

- Expanding and funding a secondary market loan-purchase program for loans issued by CDFIs. LISC supports the Scaling Community Lenders Act.
- Creating and funding an initiative that would support CDFI investments in communities that have been targeted for redevelopment by other federal government initiatives (e.g., Opportunity Zones, Promise Zones, Choice Neighborhoods).
- Establishing a CDFI direct-loan product so that CDFIs can access loan capital from the Treasury Department outside of the annual award rounds.

Authorizing a Tax Credit for Investments in CDFIs

While there do exist tax incentives for investing in low-income communities that CDFIs have successfully administered on behalf of investors (e.g., New Markets Tax Credits, Opportunity Zones), these programs do not support direct investments in CDFIs. LISC supports legislation to create a CDFI investment tax credit, which would provide an incentive for private-sector investments in CDFIs. This bill would give a tax credit to investors that make equity or equity-equivalent investments in CDFIs or that provide them with long-term patient capital, investments the CDFIs then use for their financing activities in low-income communities. A CDFI tax credit would provide additional resources for CDFIs and help overcome funding limitations in the CDFI Fund's oversubscribed programs.

Providing CDFIs with Resources to Support Disaster Recovery Efforts

LISC supports the CDFI Crisis Fund Act, legislation introduced in the 117th Congress that would create a $2 billion fund so that CDFIs have the resources to address both natural and economic disasters.

Scaling CDFI Climate Financing and Technical Assistance Activities

The Inflation Reduction Act provided $27 billion for a new Greenhouse Gas Reduction Fund (GHGRF) program administered at the Environmental Protection Agency. The GHGRF allows EPA to provide flexible competitive funding for financial and technical assistance to support zero-emission technologies and projects that reduce or avoid greenhouse gas emissions and other air pollution, with a focus on low-income and disadvantaged communities. It's anticipated that CDFIs will be able to access these resources to scale their climate-focused lending, and we support equitable implementation that considers the needs of underserved communities and populations.

Public-Private Partnerships

While many federal programs help support local community development efforts through direct financing, some of the most effective programs are those that incentivize the private sector to make these investments. Building off the success of the Low-Income Housing Tax Credit of 1986, Congress has in the past 30 years enacted a number of place-based investment incentives in the tax code, including Enterprise Zones, Empowerment Zones, Renewal Communities, New Markets Tax Credits and, most recently, Opportunity Zones. These incentives have helped get the private sector more engaged in making community development investments and, alongside the Community Reinvestment Act (CRA), have been essential to encouraging regulated financial institutions to make significant investments in community development activities.

LISC supports:

Enhancing the New Markets Tax Credit Program

The New Markets Tax Credit (NMTC) Program attracts investment capital to low-income neighborhoods that have been left behind by the traditional private marketplace. Under the program, investors receive a tax credit for making equity investments in certified Community Development Entities (CDEs), which in turn use the proceeds to make loans and investments in businesses, real estate projects, and community facilities located in underserved low-income communities. To date, $57.5 billion has been invested in communities through the NMTC, supporting a wide variety of activities including small businesses, manufacturing facilities, for-sale housing, charter schools, health care centers, child care centers, and shopping centers and grocery stores, to name but a few.

Through 2022, LISC has placed $1.14 billion in NMTC equity investments in 172 different projects in low-income communities throughout the country, supporting $3.67 billion in total development costs. LISC NMTC investments have created or retained more than 23,000 construction and permanent jobs, developed 13.9 million square feet of commercial and community space, and financed health care facilities serving more than 242,000 patients and educational facilities serving 49,000 students.

In order to ensure the continuing success of the NMTC Program, LISC supports:

1. **Making NMTCs permanent at no less than $5 billion per year.** NMTCs are scheduled to expire in 2025. Congress needs to enact the New Markets Tax Credit Extension Act of 2023, that would make the NMTC permanent, allocate no less than $5 billion in tax credit authority per year, index it to inflation, and permit it to be used to offset the alternative minimum tax (AMT).
2. **Diversifying the NMTC awardee pool.** The NMTC allocation process is incredibly competitive. While this helps ensure that the awardees selected are highly qualified and will be good stewards of the allocations, it also means that many qualified applicants are frozen out each year; and it is becoming increasingly difficult for "new" awardees to get an opportunity. Congress and the U.S. Department of the Treasury should consider options (e.g., priority points, set-asides) that would help ensure participation by a broader diversity of underserved CDEs, including most notably CDEs owned by people of color and those that are located in and serve underserved rural communities.

Improving the Opportunity Zones Initiative

The Opportunity Zones initiative, enacted in 2017, encourages investment in economically distressed communities ("Opportunity Zones") designated by state agencies. Investors with realized capital-gains tax liability reinvest those dollars in businesses and real estate projects located in the zones, and in exchange receive:

- a reduction and deferral of payment on those taxes for up to ten years, and
- elimination of taxes on any gains realized from investments in the Opportunity Zones.

The program has the potential to shift significant investment capital into low-income communities. As promising as the initiative is in its sheer scope, there are structural constraints that should be addressed through legislation or regulation. Specifically, the initiative lacks a requirement that the investments provide direct benefits to the residents of low-income communities in the form of enhanced services, high-quality jobs, affordable housing, etc., and has only minimal reporting requirements, which will make it difficult to ascertain over time whether or not the program is appropriately serving the communities and residents it was designed to serve.

LISC supports bipartisan legislation introduced in the House and Senate that would strengthen Opportunity Zones reporting and disclosure requirements, retire certain less impactful zones from the program, and create a source of funding for states and localities to use to help finance more impactful Opportunity Zone projects.

Strengthening the Community Reinvestment Act

The Community Reinvestment Act (CRA), enacted in 1977, requires banks to invest in the communities, including low-income communities, where they are taking deposits. CRA has proven to be a critical, if not the most critical, resource available to facilitate the flow of private capital into underinvested communities. It has been successful not only for the communities and community residents that have benefitted from these investments, but also for the banks—which have managed to find new and profitable investment opportunities that generally perform as well or better than other bank investments.

As successful as the CRA has been, its regulations have not been substantively updated since 1995. This is despite the fact that the banking industry has undergone significant changes in that period, most notably in the rise of interstate banking, internet banks, mergers of institutions, and mobile banking. A reexamination of the current CRA delivery system is therefore appropriate and, some might argue, even overdue.

In 2022, the banking regulatory agencies released proposed regulations overhauling CRA. LISC provided comments on those regulations, and we will continue to look for opportunities to provide additional comments on future rulemaking and/or other guidance documents put forward by the regulatory agencies as the new regulations begin to take shape. Of note, we will continue to push to ensure that the regulations and related guidance encourage and reward the most impactful community development investments.

Small Business Lending

An inclusive economic development framework requires equitable access to capital and technical assistance for small businesses. The provision of financing, resources, and technical support for entrepreneurs grows businesses, expands employment and asset-building opportunities, and strengthens local economies. Yet a pervasive gap in traditional financing regularly limits the growth of businesses in low- and moderate-income communities and of businesses owned by veterans, women, and people of color. Addressing these barriers to success requires advancing policies and increasing our investments in alternative financing and technical assistance that is affordable, culturally relevant, and linguistically accessible. LISC supports:

Strengthening Capital and Technical Assistance Programs for Small Business

To close the financing gap, we must adopt policies that strengthen fair-lending laws, address structural challenges, and advance access to capital for underserved entrepreneurs. LISC supports the Consumer Financial Protection Bureau's continued efforts to implement Section 1071 of the Dodd-Frank Wall Street Reform and Consumer Protection Act, and provided comments urging the adoption of the comprehensive reporting framework for small business lending.

LISC also urges Congress to reauthorize and substantially increase investments in programs administered by the Small Business Administration (SBA). Many SBA programs, including Community Advantage, 7(a), 504, PRIME, and the Community Navigator Pilot Program, have a demonstrated ability to expand capital flow to underserved entrepreneurs and communities. LISC urges Congress to pass the Small Business Administration (SBA) Reauthorization and Modernization Act to ensure the agency has the resources and updated policies to meet the needs of today. We join the Bipartisan Policy Center in highlighting this critical need given the evolving needs of businesses since the last complete authorization occurred in 2000. To increase equitable access, LISC supports the following actions through reauthorization:

1. **Congress should make the** Community Navigator Pilot Program **permanent.** This SBA pilot program fosters targeted outreach to small businesses, creating hub-and-spoke networks of non-profit and other organizations that can serve specific sectors of entrepreneurs. It is building more inclusive ecosystems to better support all businesses—particularly those in underserved communities and owned by entrepreneurs of color—with access to the capital and technical assistance necessary to recover from the pandemic's disproportionate impacts

and build a pathway to long-term prosperity. It is also enhancing access to SBA services and lending products for critical industries that have been disconnected from SBA, such as child care entrepreneurs.

While the pandemic highlighted the need to invest in ecosystem-building and bridging work, these service gaps existed before COVID-19. Without continued investments in programs like Community Navigators, a lack of capacity building resources will continue undermining equitable business formation and growth. By continuing to invest in this framework serving both small businesses and the non-profits that support them, Congress can break down barriers and silos that inhibit equitable access to publicly funded small-business resources.

2. **Congress should increase funding for the Program for Investors in Microentrepreneurs (PRIME).** PRIME provides community-based organizations with essential resources that assist low-income entrepreneurs. The program focuses on providing financial and technical assistance to disadvantaged micro-entrepreneurs, capacity building for micro-enterprise development organizations and programs, and increasing research and development in the field. Congress should increase appropriations for the program to $10 million to address oversubscription and ensure more communities are able to unlock its benefits.
3. **Congress should adopt the** Unlocking Opportunities in Emerging Markets Act **to establish an Office of Emerging Markets (OEM) within SBA's Office of Capital Access.** The office would ensure that SBA's access-to-capital initiatives address the needs of entrepreneurs in underserved markets, precisely and comprehensively.

Providing Flexible Resources to States and Localities to Support Small Business Lending

Small businesses thrive when they have access to capital and technical assistance. With this in mind, we support policies that increase the provision of capital to states, localities, and community-based organizations dedicated to fostering equitable access to capital and providing coaching for small businesses.

Congress should pass the Small Business Development Centers Improvement Act. This legislation would reauthorize and improve SBA's Small Business Development Center (SBDC) program, which provides critical counseling and training services to small businesses to increase their resiliency and capital readiness. There are nearly 1,000 outreach centers nationwide, with 62 lead SBDC centers, including at historically Black colleges and universities (HBCUs) and Hispanic-serving institutions, that bolster SBA's regional reach. LISC encourages Congress to consider how additional resources for SDBCs could be used to strengthen their support of community-based organizations, via partnership initiatives that connect to local needs. This is of critical importance to communities that are typically underserved by traditional lenders and SBA products, including micro-enterprises and businesses owned by immigrants, minorities, women, and low- to moderate-income entrepreneurs.

LISC strongly supported the reauthorization of the State Small Business Credit Initiative (SSBCI) as part of the American Rescue Plan Act of 2021. The $10 billion reauthorization of SSBCI is critical to ensuring states and their partners can invest in initiatives that advance equitable access to affordable capital and technical assistance, particularly for businesses disproportionally impacted by the COVID-19 pandemic. LISC provided comments on how SSBCI can be leveraged to better serve the needs of socially and economically disadvantaged small businesses, and looks forward to working with the Treasury Department to ensure a successful implementation over the next seven years.

Funding the Expansion of the Minority Business Development Agency

As the only federal agency focused on supporting minority businesses, LISC applauded the recent codification and elevation of the Minority Business Development Agency (MBDA) under the Infrastructure Investment and Jobs Act. The agency plays a pivotal role in fostering equitable access to opportunity. It is poised to reach even further within BIPOC and rural communities with new authorizations to establish rural business centers and partnerships with HBCUs and non-profit organizations. LISC urges Congress to fully fund the MBDA at $110 million annually to ensure the agency has the necessary federal resources to meet its mission.

Transit-Oriented Development

For too many years, transportation policy has not considered the full impact of transportation investments on low-income and BIPOC communities. From highways built through underserved neighborhoods that divide those neighborhoods from the larger community, to new or expanded mass-transit systems that displace existing residents and businesses, transportation investments have often isolated rather than connected communities. The consequences of these transportation policies are long lasting. Recent policy changes seek to address these inequities, giving broader consideration to the scope and impact of transportation investments; however, the effect of these initiatives has been limited because funding mechanisms for transit investments and nearby non-transit investments are largely unaligned.

LISC supports:

Establishing a Federal Transit-Oriented Development Loan Fund for CDFIs

Equitable transit-oriented development (eTOD) projects support investments in transportation infrastructure by bringing complementary investments in nearby projects that meet the needs of low-income families, including affordable housing, small businesses, and community facilities. To support greater investment in eTOD projects by community development financial institutions (CDFIs), we support the establishment of a permanent financing program. This would help maximize investments in equitable developments located along transit hubs.

Congress has recognized the importance of these investments, and in the Fixing America's Surface Transportation (FAST) Act of 2015 created opportunities to invest Transportation Infrastructure Finance and Innovation Act (TIFIA) debt capital in TOD projects through direct project loans. This legislation also authorized the U.S. Department of Transportation to work with State Infrastructure Banks (SIBs) as intermediary lenders for surface transportation projects and related TOD investments. Despite these best efforts and intentions, no TIFIA assistance has been used for TOD projects or through the SIBs' delegated lending authority.

We believe that Congress should build upon the FAST Act's authorities for TOD and pooled loan models by allowing certified CDFIs access to this capital. This would allow CDFIs to aggregate smaller TOD projects in a pooled loan model, facilitating the flow of capital into essential eTOD projects in both rural and low-income urban communities. LISC supports legislation that would modify the TIFIA program to further CDFI eTOD financing activities.

Ensuring Equitable Federal Infrastructure Investments

The Infrastructure Investment and Jobs Act provided historic funding for infrastructure investments, including public transportation. The U.S. Department of Transportation (DOT) and U.S. Department of Housing and Urban Development (HUD) were also provided appropriations for HUD and DOT Thriving Communities Technical Assistance programs. These programs are designed to ensure that federal infrastructure investments are implemented equitably and that housing needs are considered as part of these plans. LISC supports sufficient appropriations for the DOT and HUD Thriving Communities Technical Assistance programs to ensure that disadvantaged communities have the tools and capacity to implement infrastructure projects, which meet the needs of all residents.

Dedicating Federal Resources to Support Equitable TOD Planning and Projects

Local communities need technical and financial resources to help further their eTOD goals and to support the production and preservation of affordable housing near public transportation stops. LISC supports the following legislative proposals designed to assist communities with developing eTOD practices and provide resources to implement their plans:

1. **Congress should modify evaluation criteria for public transportation grant funding through the Build Housing Near Transportation Act, which encourages housing production.** This bipartisan legislation would change the rating standards for the New Starts public transportation program by requiring feasibility assessments to determine how and where housing could be built near transit stops.

2. **Congress should provide new eTOD financing resources and pass the Revitalizing Economies, Housing, And Businesses (REHAB) Act.** Communities need the full array of financing resources to support eTOD projects. The REHAB Act would create a new federal tax credit to support projects near public transportation, with incentives for affordable housing.

3. **Congress should continue to incentivize reform of land-use, zoning, and other regulations that limit affordable housing.** In fiscal year 2023, Congress created a new Yes In My Backyard incentive grant program at HUD to provide grants that reward states, localities, and regional jurisdictions that have made progress in improving inclusionary zoning practices, land use policies, and housing infrastructure that will ultimately increase the supply of affordable housing. LISC supports continued resources for this program.

Education

Education is a sound predictor of well-being and economic stability. Communities can flourish when families have access to quality early childhood education, high-performing safe schools, and enrichment activities for their children, and when adults can get the skills training, continuing education, and higher education they need to land and advance in living-wage jobs. That’s why the foundation of LISC’s education agenda includes robust support of policies that promote educational opportunity in neighborhoods across the country.

Charter School Financing

Access to high-quality public education sets the foundation for a healthy neighborhood and ensures that people, and not just places, prosper. For centuries, structural racism has barred people of color from accessing high-quality public schools. In many communities, charter schools are the predominant providers of high-quality education. The charter school sector serves proportionally more students of color (most notably, African-American students than do traditional public schools, and high-performing charters boast gains in student academic achievement. Today, approximately 7,000 public schools operate under charters in the United States, educating 3.2 million children. As local communities forge agendas to provide equitable access to educational opportunity, it is important that public policies not only increase the availability of quality educational options, but also ensure that public resources are stewarded via frameworks that promote racial equity.

One of the major challenges for public charter schools is funding the costs of facilities. Most jurisdictions with charter laws do not provide a public funding stream for charter school facilities, meaning that charter schools must take significant portions of their operating budgets—usually around 20 percent—to put toward facilities costs.

To address this issue, LISC supports:

Strengthening the Credit Enhancement for Charter School Facilities Program

The Credit Enhancement for Charter School Facilities Program (CEP) was established by the U.S. Department of Education (ED) to help charter schools overcome financial challenges that can limit their ability to access appropriate accommodations. CEP provides grants to eligible entities (states, local governmental entities, private non-profits, and state/local/private non-profit consortiums) to help public charter schools improve their credit in order to obtain private-sector capital to buy, construct, renovate, or lease academic facilities. This program is unique because rather than using grant funds to directly pay for a charter school's construction or repair, funds must be used to support private-sector lending through loan guarantees and other credit-enhancing means.

Specifically, LISC encourages:

1. **Robust funding for the CEP.** LISC supports an allocation of 12.5 percent of the total Charter School Programs (CSP) appropriation for facilities financing, and not less than 65 percent of CSP facilities funds for the highly successful CEP.
2. **Enhanced flexibility for CEP awardees.** CEP awardees should be provided with the authority to re-deploy CEP loan guarantee dollars as direct loans to charter schools, once the original guaranteed loans have been fully repaid.
3. **Incorporating racial equity incentives into CEP application considerations.** Program guidance for the CEP does not include any scoring criteria related to racial equity. In order to promote racial equity in the awarding of federal funding to finance public charter school facilities, LISC encourages ED to adopt a scoring criterion for CEP applications that awards bonus points to those applicants that identify racial equity focus areas—such as those identified in the Racial Equity Matrix—and make institutional commitments to achieving measurable outcomes across these focus areas.[1]

Robustly Funding Public Education

While the federal government doesn't provide the majority of public K-12 education funding, it does play a significant role in ensuring that all students have equitable access to an excellent education. The Title I program created by the Elementary and Secondary Education Act (ESEA), and reauthorized by the Every Student Succeeds Act (ESSA) and grants supported by the Individuals with Disabilities Education Act (IDEA) are essential to ensuring that excellent public education options are made available to all children. Title I provides financial assistance to local educational agencies (LEAs) and schools with high numbers or high percentages of children from working-class families to help ensure that all children receive a fair, equitable, and high-quality education, and to close educational achievement gaps. IDEA makes free appropriate public education available to eligible children with disabilities throughout the nation and ensures special education and related services are provided to those children. LISC supports proposals to double funding for the Title I program and increasing funding for grants to states under IDEA.

1 As part of our commitment to advancing racial equity, LISC joined eight community development financial institutions (CDFIs) in forming the CDFI Racial Equity Collaborative on Education (REC). REC worked with the educational equity non-profit Village of Wisdom to create a racial equity matrix that can be used by CDFIs to measure a school's commitment to supporting equitable learning environments. The development of this tool and an intentional focus on inclusive intake and assessment processes in vetting applications for financial assistance are important factors in promoting racial equity in public charter school facility financing.

Supporting Safe Schools

LISC has long maintained that safety is a fundamental human need and a basic feature of all flourishing communities. Many public schools that function in areas with high concentrations of poverty and community need are confronted with issues that challenge the health, safety, and stability of students and staff. The Bipartisan Safer Communities Act (BSCA) of 2022 provided historic funding to support state educational agencies (SEAs), local educational agencies (LEAs), and schools in establishing safe, healthy, and supportive learning opportunities and environments via the Stronger Connections Grant Program. This includes $1 billion through Title IV, Part A of the Elementary and Secondary Education Act (ESEA) for SEAs to competitively award subgrants to high-need LEAs to establish safer and healthier learning environments, and to prevent and respond to acts of bullying, violence, and hate that impact our school communities at individual and systemic levels. LISC fully supports this intentional focus on safety and well-being in schools and supports maintaining funding for the Stronger Connections Grant Program.

Early Childhood Facilities

Early childhood programs are essential parts of every neighborhood. They prepare young children for success in school and life, support working parents, and improve family well-being. Physical spaces play an important role in child care and early learning; the quality of buildings and indoor and outdoor spaces profoundly impacts child development, and directly influences program quality and the health and well-being of children and staff. Despite what is known about the importance of these facilities, there is no dedicated federal funding to support their acquisition, construction, and/or renovation.

Fortunately, Congress can take decisive and swift action to remedy the facilities challenges facing child care and early learning providers in local communities by establishing dedicated funding streams that help meet the nation's early-learning infrastructure challenges, including those that utilize experienced intermediaries like community development financial institutions (CDFIs) to build the business capacity of child care and early learning providers.

LISC supports:

Establishing Dedicated Federal Funding for Child Care Facilities

Dedicated federal resources to support the acquisition, construction, and renovation of child care and early learning program facilities would ensure that children, families, and providers in urban and rural communities utilize spaces that are healthy, safe, and conducive to high-quality care. The Infrastructure Grants to Improve Child Care Safety provisions included in the Child Care is Infrastructure Act would create a competitive child-care facilities grant program for states, administered by the U.S. Department of Health and Human Services (HHS). The provision directs a minimum of 10 percent and a maximum of 15 percent of the authorized funds to award grants of up to $10 million to intermediary organizations (including CDFIs) that have demonstrated experience in developing or financing early care and learning facilities. It also directs HHS to conduct needs assessments of early child care and learning facilities to understand the impact of the COVID-19 pandemic and evaluate the ongoing needs of child care facilities.

Facilitating Co-Location of Child Care Facilities with Affordable Housing

The facilities challenges facing child care and early learning providers require creative cross-sector solutions. The development of affordable housing in high-need communities can be leveraged to increase access to quality care for children and families, and meet some of the facilities needs of child care operators. The Build Housing with Care Act would provide $500 million to help construct child care centers and support home-based child care providers connected with affordable housing buildings. Funding would be prioritized for projects located in child care deserts or rural communities, including qualified Head Start providers and providers that serve low-income children.

Providing Capacity Building Resources for Early Childhood Businesses

Child care and early learning providers face unique financial challenges as small business operators. Programs serving low-income communities are highly dependent on unpredictable public funding streams for operations, and lack a consistent and effective financing system and capital subsidies. The razor-thin profit margins of child care programs often limit provider eligibility for traditional forms of private sector financial support. Few mainstream banks, credit unions, or lending institutions have developed financial products to support child care businesses, due to the uncertainty of future funding for repayment through government operating subsidies, and because private banks typically don't employ staff with specialized knowledge of the child care sector. Additionally, providers confront challenges related to inequities faced by women entrepreneurs and people of color in accessing small business supports. Fully 96.5 percent of child care businesses are women-owned, and more than half are owned by people of color.

Child care business operators deserve equitable access to small business supports tailored to meet their sector needs. LISC supports the establishment of dedicated resources to provide child care operators with small business training, technical assistance, and capacity building. We also support the establishment of a pilot program that would provide resources for intermediaries to partner with Small Business Development Centers (SBDCs), Minority Business Development Agency (MBDA) Business Centers, and Women's Business Development Centers (WBDCs) to develop innovative approaches related to child-care and early-learning marketing, financing, and business-related technical assistance and capacity building.

Postsecondary Education

Access to quality, affordable options for postsecondary education can boost the economic mobility of low-income individuals. Whether they're first-time, full-time students or are working and going to school part-time, all adult learners should be given the opportunity to pursue pathways that improve their quality of life and lead to fulfilling careers that allow them to be productive and thrive. Federal policies need to support equitable access to postsecondary education opportunities. Individuals with lower incomes and people of color face multiple, particular barriers to postsecondary educational attainment. Policies that support individuals facing obstacles to educational attainment at accredited institutions with a history of specializing in equitable skill and talent development are essential to the success of local communities.

LISC supports:

Expanding Pell Grant Eligibility

The Federal Pell Grant Program is the largest source of federally funded grants for postsecondary education, and grants are awarded based on financial need. Yet, under current law, Pell Grants can be applied only toward programs that are over 600 clock hours or at least 15 weeks in length, even though many job training programs are shorter term. This limitation leaves many students without affordable access to high-quality, short-term career and technical education (CTE) programs that provide meaningful credentials proven to increase lifetime earnings and close skill gaps.

Congress should extend Pell Grant eligibility to students seeking industry-recognized short-term credentials. The bipartisan Jumpstart Our Businesses by Supporting Students (JOBS) Act, sponsored in the Senate by senators Tim Kaine (D-VA) and Mike Braun (R-IN) and in the House by representatives Bill Johnson (R-OH), Lisa Blunt Rochester (D-DE), Mikie Sherrill (D-NJ), and Michael Turner (R-OH), would help close the skills gap and provide workers with the job training and credentials they need for careers in high-demand fields. By expanding Pell Grant eligibility, the JOBS Act addresses the skills gap, along with career and technical education affordability, to ensure more low-income and working students can participate in the modern economy.

Investing in Community Colleges and Promoting Sector Partnerships

Industry-recognized certifications and credentials are prerequisites for most living-wage, "middle skills" jobs with a career pathway. In fact, several of the fastest-growing occupations require education and training beyond a high school diploma. Unfortunately, many low-income individuals are unable to pursue technical training and certifications because they cannot afford to pay for their education. Making community colleges and technical training institutions affordable can connect unemployed or underemployed residents to training and credentialing programs, setting them on pathways to success.

Industry sector partnerships are important to developing inclusive talent pipelines of skilled workers to meet future demand. The Strengthening Community Colleges Training Grants Program at the U.S. Department of Labor (DOL) recognizes this need and invests in the capacity and responsiveness of community colleges to close equity gaps in addressing the skill development needs of employers and workers. Congress should authorize this community college grants program, currently funded through the appropriations process, and provide $100 million in annual funding to support more impactful partnerships between two-year colleges and businesses.

LISC also supports efforts to provide new resources that can build on the demonstrated successes of DOL's Trade Adjustment Assistance Community College and Career Training (TAACCCT) grant program by reauthorizing the successful interagency initiative and appropriating additional funding. The program encouraged partnerships among local community colleges, employers, and workforce entities to create training pathways to in-demand industries through a partnership between DOL and the U.S. Department of Education. In total, the program provided $1.9 billion in four-year grants to 256 community colleges to develop innovative consortia models that support workforce preparedness and deliver high-quality education and training programs for unemployed workers and others seeking postsecondary credentials in high-skill, high-wage, or in-demand industry sectors. By providing renewed support for TAACCT, Congress can strengthen the ability of community colleges to promote economic mobility while also meeting the needs of employers.

Supporting Funding and Research Partnerships with HBCUs

Historically Black colleges and universities (HBCUs) are postsecondary institutions that were established in order to serve the educational needs of Black Americans at a time when they were largely denied admission to traditionally white institutions. HBCUs became the principal means for providing postsecondary education to Black Americans. One could argue that HBCUs were among the first institutions of higher learning to have a focus on racial equity in education. While HBCUs make up only 3 percent of the country's colleges and universities, they enroll 10 percent of all African-American students and produce almost 20 percent of all African-American graduates. HBCUs are most often located in communities that are considered to be economically distressed – 81 percent of HBCUs are located in counties where the median wage is below the national average, and 65 percent are in geographic areas with slower than average net job growth. The historical significance, mission, and location of HBCUs position them as potential strong partners in community development.

The federal government can help to strengthen the ability of HBCUs to carry out their mission and impact their surrounding communities by:

1. **Robustly funding programs that support HBCUs.** Over the past few years, a significant amount of federal funding has been directed to HBCUs in an attempt to assist with challenges presented by the coronavirus pandemic and foster equitable access to higher education. According to the UNCF, despite the recent infusion of federal funding, longstanding fiscal challenges coupled with historical underfunding still places the institutions in vulnerable, insolvent situations. Additional resources must be allocated consistently over a sustained period to

properly support HBCUs. There are several federal programs across multiple agencies that support HBCUs (the Department of Education's Strengthening Historically Black Colleges and Universities Program, the Department of Agriculture's 1890 Land-Grant Institutions National Program, the Department of Defense's HBCU and Minority-Serving Institutions Program, the Department of Commerce's Connecting Minority Communities Pilot Program, etc.). LISC supports robust funding of these federal programs to support HBCU sustainability.

2. **Robustly funding the Historically Black Colleges and Universities Program at HUD.** The U.S. Department of Housing and Urban Development (HUD) HBCU Program helps HBCUs support their local communities with neighborhood revitalization, housing, and economic development. HBCU grants are awarded on a competitive basis and support a range of activities that meet both a Community Development Block Grant (CDBG) Program national objective and the CDBG eligibility requirements, including: property acquisition, clearing land or demolishing buildings, renovating homes and businesses, direct homeownership assistance to low- and moderate-income people, special economic development activities (described at 24 CFR 570.203), and establishment of a community development corporation to undertake eligible activities.

Family Income and Wealth Building

In an era marked by growing economic inequality, we must work to expand income- and wealth-building opportunities. Advancing legislation and investing in programs that broaden financial stability for all families can help ensure we are building resilient communities of opportunity. We must empower individuals, non-profit organizations, and government agencies with supportive policies and the innovative, integrated tools necessary to address poverty, build wealth, and comprehensively increase financial stability. Doing so will require improving the accessibility of good-paying work and affordable financial services, creating new chances to build credit and wealth, and refining income supports and tax credits to form a more inclusive modern economy.

Credit and Savings

Expanding financial stability requires a multi-pronged approach that incorporates building credit and savings alongside the focus on increasing income. This positions low- and moderate-income households for success by increasing their ability to save for emergencies and long-term financial goals, establish or repair credit history, and access affordable lending products. Current estimates by the Federal Reserve indicate that nearly 40 percent of Americans cannot withstand an emergency expense of $400 or more. This lack of savings is especially problematic in vulnerable, underbanked communities, where individuals often turn to predatory financial products for assistance. These high-cost products can deplete income gains, often trapping borrowers in debt cycles that lower credit scores and make it even more difficult to access traditional banking.

LISC supports:

Ensuring Affordable Access to Banking and Financial Products

Access to affordable banking services is essential to strengthening financial stability and resilience. However, in 2021, nearly 1 in 5 households were unbanked or underbanked, a fact that disproportionally impacts families with low incomes, particularly Native American, Black, and Hispanic families. Full participation in the modern banking system remains out of reach for many due to excessive fees. Banks collected an estimated $15.7 billion in overdraft and non-sufficient-funds fees in 2019 alone. Vulnerable populations disproportionally bear these fees, with median account balances of less than $350 and just 9 percent of consumers accounting for nearly 80 percent of all overdraft revenue. Particularly harmful are compounding costs that freeze out many low-income consumers from the financial industry, leaving them with large debts and involuntarily closed bank accounts when they cannot repay.

While several banks have taken steps to rein in their excessive banking fees, we know that we can and must do more to safeguard all consumers. LISC strongly supports the efforts of the Consumer Financial Protection Bureau to do so through enhanced regulatory oversight. We also urge Congress to build on this momentum and pass the Stop Overdraft Profiteering Act to adopt comprehensive banking safeguards. LISC also endorses the Biden Administration's efforts to curtail other forms of excessive "junk fees" that harm consumers and supports future legislative efforts to reign in fees tied to entertainment, travel, and utility services.

Increasing Protections Against Predatory Lending

Payday lending is an industry rife with predatory practices that target vulnerable populations and trap them in a debt cycle. Frequently, payday lenders position themselves in neighborhoods underserved by traditional financial institutions and target individuals who are underbanked, have low incomes, and lack savings or access to affordable lines of credit. Despite some states' best efforts, the payday industry is not effectively regulated at the state or federal levels. The average annual percentage rate (APR) paid by a borrower is 391 percent, and some payday lenders charge an interest rate of up to 1,000 percent.

The loans' high interest rates and usage fees, along with their lump-sum repayment model, are designed to make it difficult for borrowers to pay off the debt, allowing payday lenders to earn exorbitant profits on interest and fees—removing $8 billion in annual household income nationwide and exacerbating racial wealth inequalities. Research by Pew Charitable Trusts indicates that Black Americans are two times more likely than people of any other race and three times more likely than whites to take out a payday loan.

The Veterans and Consumers Fair Credit Act offers an opportunity to regulate the industry by expanding the proven consumer protections enacted under the Military Lending Act. Passing this critical legislation would safeguard all Americans against predatory practices by capping APR at 36 percent and preventing hidden fees and loopholes while protecting access to affordable credit lines. LISC also strongly supports efforts to regulate the growing industry of "buy now, pay later" (BNPL) financial products. For too long, the BNPL model of installment payments has circumvented interest caps and other federal credit laws, which results in a lack of transparency that harms consumers; for instance, the industry's ambiguous approval, repayment, and fee structures can create unanticipated, negative impacts on consumer credit. Regulation of these products is particularly important to fostering more equitable access to affordable credit, considering that BNPL products are more likely to result in delinquency and be used by consumers of color and low-wage earners.

Building Stronger Credit Histories

Strong credit history is crucial to developing financial stability. Yet many low-income individuals have negative or little to no credit history and a low credit score or none at all, which leads to a range of difficulties in accessing capital, securing housing and critical utilities, and even obtaining employment. These are foundational issues, making it vital to ensure that consumer credit reports are accurate; otherwise, we risk allowing errors to continue to shortchange socioeconomic opportunity. In many cases, the current structure of our credit reporting system, which relies on private consumer reporting agencies (CRAs), exacerbates credit challenges faced by communities historically underserved by traditional finance. For example, analysis of errors found on credit reports have been found to disproportionally impact consumers of color and are extremely difficult to dispute.

For too long we have deferred to the private sector to correct these errors, and in doing so have left countless Americans without recourse in fixing credit report errors. In just the last three years, the Consumer Financial Protection Bureau (CFPB) Consumer Complaint Database has received nearly 1.4 million complaints related to credit reporting, which exceeds the number of complaints in the second most common category, debt collection, by more than 1.2 million. Of these complaints, 99 percent are due to incorrect information in reports, and the vast majority are a result of the data being attributed to the wrong individual.

LISC urges Congress to pass the Comprehensive CREDIT Act to enhance federal oversight of CRAs and empower consumers to safeguard their credit reports. The legislation would help to address longstanding disparities associated with inaccurate credit reports through improved data-matching requirements, increased consumer knowledge, and regulation of the dispute and appeal process for those impacted by errors. It would also, importantly, require CRAs to provide timely, direct information to consumers themselves. LISC also supports efforts to lessen any potential bias within CRA algorithms used to determine creditworthiness by increasing public transparency of models utilized.

Supporting Matched-Savings Accounts

Federal investments that incentivize savings and increase household economic assets have substantial positive effects on increasing liquid assets, reducing material hardships, and reducing the use of predatory financial services for beneficiaries. Evaluations of the economic impacts of participation in the now-retired U.S.

Department of Health and Human Services (HHS) Assets for Independence (AFI) and other matched-savings programs that support asset acquisition have demonstrated the power of investing in individual development accounts (IDAs) for families with low incomes. The research indicates that these programs are the most successful savings incentive tool— resulting in large, positive impacts on savings, resiliency in the face of economic shocks, and homeownership. There are also lessons to be learned from successful IDA programs operating at the state and local levels as evidenced by Oregon's IDA Initiative, which is helping working families to strengthen financial capability, build assets, increase incomes, and meet emergency-savings goals.

LISC supports Prosperity Now's Promise Accounts proposal, which would establish a new federal matched-savings program, informed by IDA best practices that would incentivize savings and help build assets for families with low incomes. As outlined in Prosperity Now's Promise Accounts: Matched Savings to Help Families Get Ahead, the accounts can reduce economic inequality and address the racial wealth divide by expanding wealth-building opportunities. In addition, LISC encourages Congress to consider opportunities where proposed matched-savings programs could also be leveraged to expand credit-building opportunities for participants. Research on LISC's Twin Accounts, a tool designed to help families build credit and save money at the same time, demonstrates that credit-building opportunities can be successfully integrated with matched-saving accounts and provide participants with dual benefits.

Increasing Funding for the Family Self-Sufficiency Program

The Family Self-Sufficiency (FSS) program of the U.S. Department of Housing and Urban Development (HUD) is the federal government's most extensive asset-building program for low–income people and serves over 60,000 families living in federally subsidized housing. FSS is a voluntary program that pays for FSS coordinators, who help families living in public housing, tenants in Section 8 Project-Based Rental Assistance (PBRA) properties, and those with Housing Choice Vouchers (HCVs) achieve their employment and asset-building goals. Participants build savings by having a portion of increases in their earned income saved in an escrow account for their goals, which often include attending college, purchasing a home, or starting a small business. FSS combines individual coaching with a rent-based savings mechanism to put families on a pathway to self-sufficiency.

The program was started in 1990 for public housing and HCV residents and was authorized in 2018 to include families living in Section 8 PBRA properties. It has demonstrated results, with a 2017 report finding that participating families gained more than $10,000 in increased income over five years, at a net cost to the government of only $276 per participant. FSS currently serves only a small fraction of the 2.2 million households that are eligible. LISC supports the modernization of the FSS program to increase program utilization through flexible regulations, capacity-building technical assistance, and addressing benefit cliffs to ensure beneficiaries can fully benefit from participation. We also urge Congress to increase the FSS program's appropriation so it can serve more HUD-assisted residents.

Creating a Federal Baby Bond Program

To shrink the racial wealth divide, we need innovative federal approaches that foster equitable access to economic resources and opportunities to build wealth. The uneven accumulation of wealth in the U.S. results largely from policies that historically benefitted white families while discriminating against Black, Indigenous, and people of color (BIPOC) families. Indeed, recent research demonstrates that intergenerational transfers of wealth account for 26 percent of the racial wealth gap. The national adoption of "baby bonds"— establishing a federally funded savings account for every child — would foster a more inclusive economy by intentionally directing resources that can break patterns of generational poverty, providing young adults with a more equitable financial start.

LISC supports the American Opportunity Accounts Act, which would create a federal baby bonds program that builds successes at the local and state levels. Specifically, the legislation would create and seed an interest-bearing savings account of $1,000 for every child at birth. The accounts would receive additional annual payments based on household income to ensure an equitable distribution of resources. Account holders would gain access at age 18 to help pay for education, homeownership, and other eligible expenses that are demonstrated to support economic mobility and the acquisition of wealth.

Establishing a National Financial Inclusion Strategy

The adoption of a national, interagency financial inclusion strategy is essential to advancing comprehensive approaches to shared prosperity. The current financial system falls short in many ways of serving low-income and BIPOC communities, undermining efforts to build financial resilience. To expand equitable access to financial services and economic opportunity, we need intentional federal coordination and planning. LISC joins the Aspen Institute, alongside 114 other public- and private-sector organizations, in urging the federal government to enact a U.S. national financial inclusion strategy that works to improve financial outcomes, lessen inequality, and improve access to income-support systems.

Increasing Incomes and Access to Income Supports

For millions of families, securing financial stability relies upon securing employment with livable wages as well as a robust system of income supports, otherwise known as public benefits. This can be attributed in part to the stagnation of minimum wages and a lack of career advancement opportunities, which leave many households, even those headed by full-time workers, financially vulnerable. The evidence is clear that income supports such as the Supplemental Nutritional Assistance Program (SNAP), public health insurance, the earned income tax credit (EITC), and other related programs reduce the number of families living in poverty and contribute to financial stability. Indeed, certain income supports like the EITC increase employment participation and are critical components of economic mobility work. Despite these positive effects, many income-support programs have yet to be utilized in a way that maximizes their potential.

To strengthen household incomes, LISC supports:

Increasing the Federal Minimum Wage

The federal minimum wage is a key tool in promoting the financial stability of individuals and families who earn hourly wages. Despite this, it has been more than 13 years since the federal minimum wage was last updated (the longest period without an increase since its establishment) in July 2009, to $7.25 per hour. Adjusted for inflation this represents a 27.4 percent decline in value over this same period, despite significant gains in worker productivity. This reality, combined with the rising costs of housing, child care, and other life necessities, has contributed to significant drops in real household incomes, widening inequality, and has left 42 percent of U.S. households unable to meet basic needs.

Passage of the Raise the Wage Act would address this outstanding need to strengthen household incomes by gradually increasing the federal minimum wage from $7.25 to $15 per hour over a five-year period. The legislation would increase wages for nearly 32 million Americans, or 21 percent of the workforce. By increasing the minimum wage, we will also be investing in closing longstanding racial disparities, as nearly a third of all Black workers and more than a quarter of all Latino workers would experience wage increases.

Expanding and Improving the Earned Income Tax Credit and Child Tax Credit

The earned income tax credit (EITC) is a refundable tax credit for low- to moderate-income working people. The amount of credit benefit depends on a recipient's income and number of children. The EITC boosts income and work effort among low-income parents, making it a proven tool in the reduction of poverty. Likewise the partially refundable child tax credit (CTC) for working people with dependent children lifts some three million people out of poverty each year.

LISC welcomed the tax credit provisions in the American Rescue Plan Act (ARPA) that expanded the EITC and CTC for the 2021 tax year and made the CTC fully refundable for the first time. These temporary expansions not only fostered a more inclusive tax system, but also reduced child poverty by nearly 30 percent while increasing incomes for the most economically vulnerable families.

LISC urges Congress to build on these expansions' demonstrated economic and social benefits. We join the Center for American Progress in advocating for a permanent expansion of the EITC and CTC that mirrors the ARPA provisions. We believe the following changes would support a more equitable tax system:

- increase the EITC for families with children to provide more resources to pay for child care, health care, and other needs;
- significantly expand the EITC for workers without children and seniors by making the credit available for people starting at age 19 up to age 67; and
- increase the CTC, adjust it for inflation, and allow families in Puerto Rico to claim the credit.

Strengthening the Supplemental Nutritional Assistance Program

The Supplemental Nutritional Assistance Program (SNAP) is our nation's most important anti-hunger program, providing food assistance to low-wage working families, people with disabilities, low-income seniors, and many more. With over 42 million Americans relying on SNAP to meet their basic nutritional needs, the program plays a vital role in reducing food insecurity and ensuring that vulnerable populations have access to healthy and nutritious food. However, due to the SNAP program's administrative complexity, work requirements, and benefit levels, particularly in an era of increasing inflation and food costs, it often falls short in meeting the needs of families, excluding many that are in need. Recent research points to the success of temporary changes made during the COVID-19 pandemic in promoting food security, particularly for households with children.

LISC supports efforts to preserve flexibility for states and counties to ensure these entities are able to deliver SNAP programs that meet local needs. For example, able-bodied adults without dependents (ABAWD) can generally receive SNAP for only three months in a 36-month period, but states can receive permission to waive the time limit in areas that have an unemployment rate above 10 percent or that lack sufficient jobs. In December 2019, the U.S. Department of Agriculture (USDA) published a final rule that would sharply restrict approval of these waivers, and in addition limit states' ability to carry over unused ABAWD discretionary exemptions from year to year. LISC believes the rule was ill conceived, makes it harder for states to address the needs of populations in poverty, and should be withdrawn.

Through reauthorization of the Farm Bill—a comprehensive piece of legislation that includes provisions related to agriculture, conservation, rural development, and nutrition programs, including SNAP—Congress has an opportunity to ensure that more families have access to the food they need to thrive, while also investing in equitable health outcomes and supporting local economies. As outlined by the Bipartisan Policy Center, updates to SNAP are overdue and must be tailored to ensure alignment with employment and training programs in order to increase earnings without presenting sharp eligibility cliffs for SNAP participants. LISC urges Congress to leverage reauthorization to modernize the SNAP program and address systemic issues that currently limit the effectiveness of SNAP, including inadequate benefit levels, restrictive eligibility requirements, and undue administrative burdens.

Removing Asset Limits for Benefits Eligibility

Fostering more equitable asset-building opportunities requires investments in programs that drive asset accumulation but also, critically, ensuring that social safety net programs do not disincentivize participant gains. Asset limits place restrictions on the amount of savings and other assets a person or family can have and still qualify for income-support programs. While intended to direct resources toward the neediest households, in practice these limits often serve as a barrier to accessing critical support for those working towards economic self-sufficiency. Participants are often impacted by outdated asset limits that are particularly harmful given the income volatility and job insecurity experienced by many low-income families.

LISC supports efforts to remove asset limits to ensure those who receive income supports are better positioned to save and access economic opportunity rather than being penalized. Removing asset limits would not only promote greater financial security for low-income households but also increase access to important benefits and services, reduce administrative costs and complexity, and promote economic mobility. To accomplish this, LISC urges Congress to pass the Allowing Steady Savings by Eliminating Tests (ASSET) Act.

Workforce Development

Investments in workforce development help ensure that individuals have access to pathways of opportunity that can lead to financial stability for themselves, their families, and their communities. Workforce programming helps to match workers with employers by providing the education, skills, and job-readiness preparation necessary to succeed in the twenty-first-century economy. Apprenticeships are especially critical to closing the opportunity and wage gap by assisting in the development of a diverse and highly skilled, competitive workforce. We know that structural changes in the U.S. economy have made a high school diploma a less valuable credential for most well-paying jobs. This has important implications for closing the racial wealth gap and for those facing intergenerational poverty, whose path to the middle class may have been aided by a high school diploma in the past.

LISC supports:

Strengthening the Workforce Innovation and Opportunity Act

The Workforce Innovation and Opportunity Act (WIOA), enacted in 2014 with strong bipartisan support, made essential strides in modernizing workforce development legislation. The U.S. Department of Labor (DOL) utilizes WIOA to fund a range of federal, state, and local efforts to link training and education to the labor market. However, these efforts are shortchanged by declining investments in adult education grants and state career and technical-education grants. To better prepare Americans for career success, we need to ensure that the WIOA program is reauthorized and allocated additional funding while updates are made to improve states' planning, outcomes measurements, and standards for Eligible Training Provider Lists.

We must also bolster the ability of WIOA to invest in critical wraparound services and incentivize partnerships with community-based organizations focused on increasing access to inclusive opportunity within our workforce systems. There is a need for expanded federal support of capacity-building initiatives focused on community-based organizations providing culturally and linguistically accessible workforce programming. These types of bridge-building programs also support broader connectivity among local non-profits, industry, and workforce systems by drawing on a wealth of experience and research that demonstrates the ability of integrated services to help individuals reach their career goals. In turn, this type of innovative programming promotes greater inclusivity for populations that are often beyond the reach of traditional providers and supports more equitable access to career development opportunities.

LISC encourages Congress to consider how reauthorization provides an opportunity to provide incentives and additional resources for workforce boards to partner with community-based organizations, in order to ensure WIOA resources are better connected to historically underserved communities. We also support the inclusion in any reauthorization legislation of the Community-Based Workforce Development Act, which would create a new federal grant program to assist in establishing public-private partnerships that leverage the strengths of community-based organizations.

LISC also supports the Supporting Jobs through Evidence and Innovation Act, which would create a critically needed Workforce Development Innovation Fund at the U.S. Department of Labor. This fund would provide additional WIOA resources focused on evidence-based workforce development programs and foster innovation, accelerating the development and scaling of highly effective approaches. By enabling a wide range of entities to participate, including community-based non-profit organizations, and reserving a small percentage of resources for technical assistance, the bipartisan legislation offers a data-informed approach to supporting workforce innovations.

Funding the SNAP Employment and Training Program at Robust Levels

The SNAP Employment and Training (SNAP E&T) program helps participants in the Supplemental Nutrition Assistance Program (SNAP) gain skills, training, or work experience to increase their ability to obtain regular employment that leads to financial stability. The SNAP E&T program is an important resource that helps states build meaningful partnerships with postsecondary education institutions, occupational skills training programs, and community-based organizations to address the needs of people facing multiple barriers to employment. LISC strongly supports increased funding for SNAP E&T and greater resources for SNAP E&T Data and Technical Assistance Grants to scale efforts that help states and community-based organizations leverage SNAP E&T to improve employment outcomes and financial stability. We urge Congress to incorporate the bipartisan RESET for America's Future Act in any Farm Bill reauthorization as it would afford states new resources to prioritize effective, innovative, and performance-driven activities that foster economic mobility.

Expanding Career Pathways through Bridge Programming, Apprenticeships, and Community Colleges

Community-based organizations (CBOs) are an integral but often overlooked component of our workforce development system. CBOs are trusted local community organizations that are known for their history of providing quality services convenient to where people live and seek employment services. These organizations, alongside community colleges, serve populations that are largely from low-wealth communities, and provide critical employment support that expands equitable access to living-wage career pathways. CBOs are particularly well positioned to provide integrated or bundled services through proven models, such as LISC's Financial Opportunity Center® (FOC) and Bridges to Career Opportunities ® (BCO) programs, that result in improved employment and financial outcomes for participants. Community colleges are also the education sector's most important provider of skills-based training and offer comprehensive work-based training opportunities. We can do more to leverage the strengths of community-based organizations and community colleges in reaching underserved populations and furthering connections to pre-apprenticeship and Registered Apprenticeship programs. These changes would further the impact of WIOA while helping individuals to gain the skills and education necessary to succeed in today's economy.

To this end, LISC proposes:

1. **Supporting bridge programming.** Bridge programs such as LISC's BCO help to address longstanding service gaps in our traditional workforce system by providing foundational skills training to participants within low-wealth communities. By providing integrated services at community-based organizations—trusted, culturally competent, and linguistically accessible partners—these programs promote economic mobility and help individuals overcome barriers to employment. Bridge programming is an evidence-based approach that connects underemployed or unemployed individuals, particularly those in communities of color and rural communities, to well-paying jobs.

   An equitable workforce system also requires new and additional federal resources to support community-based organizations and enable them to collaborate more closely with regional, state, and local workforce organizations as well as employers, in order to expand the ability of historically underserved populations to prepare for and enter the workforce. LISC urges Congress and the Department of Labor to consider funding BCO and similar programming through new or existing funding streams, for example through innovations within current DOL programs, continued support for the Economic Development Administration's Good Jobs Challenge, and reauthorization of the Social Innovation Fund.

2. **Robustly funding the Department of Labor's Reentry Employment Opportunities (REO) program.** The REO program provides critical support to individuals who have been involved with the criminal justice system by helping them gain access to employment and training opportunities. The REO program supports the delivery of comprehensive workforce development programming through community-based and intermediary organizations offering a range of services, such as job-readiness training, education and skills development, mentoring, and support services. These services are key to helping justice-involved individuals to overcome barriers to employment and successfully transition back into the workforce.

   The REO program is an important part of DOL's efforts to promote economic opportunity and reduce recidivism by providing individuals with the skills and resources they need to succeed in the labor market. By preparing and resourcing individuals to secure well-paying jobs, the program increases earning potential and provides a path to economic stability. LISC strongly supports efforts to expand appropriations for the program.

3. **Passing the American Apprenticeship Act.** This bipartisan legislation would expand equitable access to Registered Apprenticeship and critical pre-apprenticeship opportunities. By providing new resources to states on a competitive basis, the bill would incentivize states to develop innovative and effective strategies to diversify, market, and scale Registered Apprenticeship and pre-apprenticeship programs through the Department of Labor. This would provide additional tuition-assistance resources for eligible participants and increase their earnings while supporting small businesses in retaining talent. LISC also encourages Congress to provide more robust funding to expand the ability of DOL to support pre-apprenticeship programs under the Employment and Training Administration (ETA).

4. **Increasing funding dedicated to community colleges under Title I of WIOA.** A national Community College Pathway program could be integrated within existing national competitive grants of DOL's ETA. The program would build upon community colleges' existing infrastructure, align with industry needs, and yield a higher return on secondary education for those participating by coupling a high school diploma with certified college-coursework skills. These skills could be bolstered by relevant, paid work experience through apprenticeships. Students would earn a buildable credential that makes them immediately valuable for middle-skill work while leaving the door open for higher education. Given the evidence supporting both pathway and early-college programming, it's clear that additional WIOA investments in community colleges can help achieve a more equitable workforce system.

5. **Passing the Community College to Career Fund in Higher Education Act.** This bill builds on the Carl D. Perkins Career and Technical Education Act of 2006 (Perkins IV), providing additional resources to support career and technical education. The bill would fund efforts by community and technical colleges to match skilled workers with employers, in collaboration with local industries, workforce boards, and other stakeholders. Specifically, the Act would support increased apprenticeships and credentialing programs that have a demonstrated impact in promoting economic mobility.

Advancing Digital Skilling

Embedding digital skilling within workforce development programs is critical for increasing career opportunities, closing skill gaps, and promoting more equitable economic outcomes. Recent research by the National Skills Coalition indicates that 92 percent of jobs in the United States require digital skills and that a third of workers lack these foundational skills.

Digital skilling can also provide individuals with the opportunity for flexible or remote work, which can be especially beneficial for individuals who may face transportation or child care barriers. At the same time these efforts can help to ensure that employers have access to a diverse pool of qualified candidates. LISC urges Congress to consider opportunities to increase access to digital skills training and to promote greater integration between workforce development and digital inclusion efforts, including but not limited to the Digital Equity Act Programs of the National Telecommunications and Information Administration.

Financial Coaching

Strengthening the ability of all families to manage their finances and marshal their resources is very important to helping them achieve financial stability. The provision of one-on-one financial coaching tailored to the individual's needs and goals is a promising tool that, according to an evaluation by the Consumer Financial Protection Bureau (CFPB), can help participants improve their financial behaviors, build savings and manage debt, and reduce financial stress. These programs can also increase banking and public-benefit participation and promote access to responsible lending products. Moreover, workforce development efforts are enhanced when financial coaching is incorporated, yielding higher job-placement and retention rates, and higher average earnings. Research has demonstrated that financial stress reduces employment retention and that financial capability programs can reduce financial stress, thereby increasing employment longevity.

To expand the availability of these services, LISC supports:

Connecting Financial Coaching to WIOA

The Workforce Innovation and Opportunity Act (WIOA) is well known for the critical federal support it provides for workforce development programs through American Job Centers and other organizations. Congress recognized in WIOA the importance of workers' financial capability, making specific references to the role of financial literacy and allowing for WIOA expenditures to cover related program costs. Despite this, many WIOA programs have yet to integrate financial coaching in their program designs.

LISC encourages Congress to consider how reauthorization of WIOA could be utilized to expand support for evidence-based approaches to workforce development, highlighting the critical role of financial coaches in helping people overcome barriers to long-term employment—like lack of child care and transportation—and expanding community-based partnerships with a track record of measurable improvements. The financial-capability goals of WIOA would be better served by fully funding the program and:

- incentivizing more providers to adopt replicable workforce programming models that incorporate financial coaching directly or in partnership with community-based organizations,
- requiring a percentage of WIOA funds to support wraparound services including financial coaching, and
- tracking key financial health indicators within federal workforce programs, including such indicators as net income, savings, credit scores, and net worth.

Using the CFPB Penalty Fund to Support Financial Coaching

The Consumer Financial Protection Bureau (CFPB) is authorized by statute to utilize the Civil Penalty Fund, a pool of monies collected as fines from companies that violate federal consumer financial law, to support consumer education and financial literacy programs. Despite this authorization and an estimated $481.8 million in available resources, CFPB investments directly supporting these activities have been severely limited. Given the evidence supporting financial coaching, and the lack of federal investments supporting financial capability services broadly, the CFPB's Civil Penalty Fund offers a unique opportunity to fund these critical services.

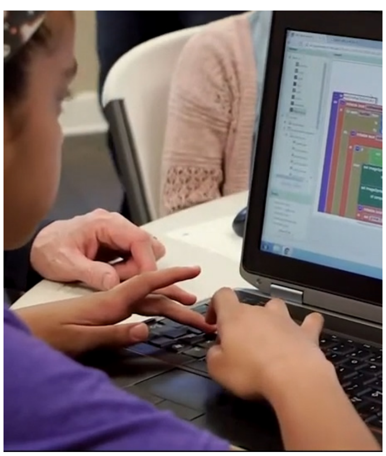
As outlined by the Credit Builders Alliance and endorsed by 234 organizations, this can be done by setting aside a small percentage of the fund to contract with non-profits and community development financial institutions (CDFIs) that have a proven record of delivering financial coaching services. The CFPB has done so successfully in the past and can do so again. It's time for the CFPB to invest in the non-profit infrastructure that empowers consumers and to use the resources at its disposal to scale financial capability programs.

Increasing Federal Funding for VITA Sites

Volunteer Income Tax Assistance (VITA) is an initiative of the Internal Revenue Service (IRS) that ensures low- and moderate-income households have access to high-quality tax preparation services. As a free tax preparation service, VITA contributes to financial capability by expanding access to tax filing and refunds for low-income families. Importantly, VITA offers an alternative to paid, mostly unregulated, and at times predatory tax preparation services that can erode financial returns and make mistakes at a higher rate than VITA volunteers.

We know that for many low-income families, receiving their earned income tax credit (EITC) is an essential source of income. In 2018 alone, VITA helped tax filers access $1.9 billion in tax refunds, including $646 million in EITC. These returns have positive economic benefits on state and local economies and increase workforce participation. However, over 20 percent of eligible workers are not filing taxes to claim their EITC, leaving billions of earned returns each year going unclaimed. The disparity in uptake impacts families with the lowest incomes, who often face challenges in finding accessible and free tax services. VITA provides resources to address this issue and expand financial capability more broadly.

The VITA Permanence Act, codified into law in 2019, is the result of vigorous advocacy by financial capability groups and ensures VITA's long-term availability. However, without adequate funding, the positive impact of the program's permanence is shortchanged. We urge Congress to provide no less than $45 million annually in VITA program appropriations. By increasing funding for VITA, we can ensure that the program's benefits reach more families and communities in need.



Digital Inclusion

Access to high-speed, reliable internet expands a family's opportunities to build income and wealth. One Brookings Institution study found that each percentage-point increase in broadband penetration in a state is projected to increase employment by 0.2 to 0.3 percent per year. Yet up to 42 million Americans still lack access to these services, left behind in an interconnected world that increasingly relies on high-speed connectivity to successfully participate in online education, work, and financial management. The digital divide disproportionally impacts low-income and rural areas, and particularly communities of color, as broadband internet availability (defined by the Federal Communication Commission as meeting a certain speed threshold) is significantly lower in majority-African American and majority-Native American counties.

Obstacles to achieving digital equity are rooted in structural inequities such as a lack of access to affordable, reliable internet service; lack of access to a functioning, connected computer or other appropriate device; and gaps in digital literacy and capability. Addressing these barriers requires the expansion and equitable implementation of federal and local policies that support digital inclusion efforts. Specifically, LISC's proposals to narrow the digital divide focus on the four-legged table of affordable, reliable high-speed broadband service; reliable device ownership, digital skills; and increased digital capability.

LISC supports:

Increasing the Affordability of Internet Access and Related Devices

Historically, policies aimed at addressing the digital divide focus solely on the expansion of broadband infrastructure and, in doing so, overlook a critical issue: many Americans simply cannot afford the service or the devices needed to use it. A recent analysis of households earning less than $30,000 a year found that 44 percent do not have broadband services, and 46 percent do not have a computer or tablet. In contrast, these are nearly universally adopted by households earning more than $100,000. Overall, nearly 20 percent of families who do not have broadband attribute this to a prohibitively expensive monthly cost.

The pandemic highlighted the social and economic costs of the digital divide, resulting in congressional action to enhance affordability. LISC strongly supported the bipartisan Infrastructure Investment and Jobs Act's establishment of the Affordable Connectivity Program (ACP) at the Federal Communications Commission (FCC). The ACP is a long-term initiative to help families afford high-quality broadband service that replaces the FCC's Emergency Broadband Benefit (EBB) program.

Recent evidence shows that the ACP is working to close the affordability gap, with more than 15 million of the estimated 48 million qualified households enrolled. With additional outreach resources, the benefit can reach more families in need. LISC advocated for and provided public comments on the FCC's recent investments in the Affordable Connectivity Outreach Grant Program and the "Your Home, Your Internet" pilot program, calling for increased interagency coordination and public-private partnerships to advance equitable ACP uptake. LISC urges Congress to extend and appropriate an additional $30 billion in funding for the ACP for at least five years to head off abrupt funding cliffs that threaten to disconnect families with low incomes.

One of the most impactful actions that can be taken to foster digital inclusion is to ensure that all residents of federally assisted housing have access to high-quality, affordable broadband. Passage of the Home Internet Accessibility Act would help gather critical information on all federally assisted housing that cannot support broadband service and develop an action plan for retrofitting properties unable to do so. LISC also supports updating federal affordable rental housing policies to allow internet services as eligible costs for federally assisted tenants and for owners who provide internet, computer centers, and related services. We urge Congress to pass the Broadband Justice Act, which would update allowance definitions at the U.S. Department of Housing and Urban Development (HUD), the U.S. Department of the Treasury, and the U.S. Department of Agriculture (USDA) so that they include broadband, thus expanding access to affordable broadband for millions of families.

We also endorse an update of the Federal Communications Commission's Lifeline program to help low-income households overcome the cost of broadband adoption. Originally designed to provide low-income Americans with affordable telephone access, the Lifeline program has been adapted to include wireless and smartphone internet access but not a wireline (fixed) broadband connection. We support the following improvements to address the digital divide:

1. **Pass legislation that allows the Lifeline program to broaden the definition of eligible carriers to include not just telephone companies but also national broadband providers.** This would help low-income households access high-speed internet on computers and tablets more suitable for work, school, and other uses than smartphones.
2. **Enhance coordination of the Lifeline program to facilitate automatic enrollment across other forms of income support, such as the Supplemental Nutritional Assistance Program (SNAP).** This can ensure that all eligible families receive financial assistance, while reducing administrative burdens.
3. **Pass the Promoting Access to Broadband Act, which would help increase awareness and enrollment in Lifeline for low-income households.**
4. **Retool the Lifeline program to provide the computer equipment necessary to overcome technological disparities faced by low-income households.**

Investing in Community-Based Digital Training and Support

Achieving digital equity also necessitates robust support of digital literacy efforts. The need for digital skills to access opportunities in an increasingly digitalized U.S. economy has been noted for years. For too long, we have not prioritized investment in the tools needed to address the digital literacy gap. However, the enactment of the bipartisan Infrastructure Investment and Jobs Act provides a historic opportunity to close the digital divide through a multi-pronged approach that supports community-based efforts. Robust investment in digital literacy efforts can ensure widespread availability of education and training, providing participants with the range of digital skills needed to succeed. Community-based digital education and training can help the disconnected find jobs, develop new skills, and access affordable financial services.

LISC supports:

1. **Passage of the Digital Equity Foundation Act.** The legislation would create a non-profit foundation at the U.S. Department of Commerce, mirroring those at the National Institutes of Health, to leverage public and private resources that can be used to advance digital equity, inclusion, and literacy efforts across the nation.
2. **Equitable deployment of digital equity resources.** The Infrastructure Investment and Jobs Act established two new grant programs administered by the National Telecommunications and Information Administration (NTIA), a State Digital Equity Capacity Building Grant Program to bolster states' ability to develop and implement digital equity plans and a Digital Equity Competitive Grant Program to allow NTIA to directly support digital inclusion and skill-building activities through public-private partnerships, including those with non-profits. These resources provide an opportunity to scale the critical work of digital navigators, who act as connectors and coaches at community organizations to help people address home connectivity, learn digital skills, and find resources related to digital inclusion. LISC looks forward to working with the NTIA on these programs and will continue to advocate for the equitable distribution and deployment of these funds to reduce historical, institutional, and structural barriers to technology use and promote community-based solutions.

Health

The physical, social, and economic conditions in a person's community and everyday life – known as the social determinants of health—constitute 80 to 90 percent of factors affecting health outcomes for a population, with medical care contributing just 10 to 20 percent. LISC recognizes the powerful role that community development plays in preventing chronic disease and bolstering health and wellness, and supports a comprehensive agenda to improve outcomes for people in our local communities. We invest in community health centers and other critical access points for health care services, provide financing and technical guidance to projects that increase access to healthy food, and support recreational fields and facilities that give kids quality places to play. LISC has forged partnerships with hospitals and health insurers to advance this agenda, bringing new capital to communities and leveraging data-analysis capabilities, relationships, and services to advance health equity for people of color.

Healthy Food

Accessing affordable and healthy food can be challenging for many low-income families across the United States. The U.S. Department of Agriculture (USDA) estimates that 12.7 percent of U.S. census tracts fit the category of being low income and having low access to a grocery store or supermarket. Living in poor communities with limited access to healthy food negatively impacts the health and quality of life of residents. We need solutions that increase the availability of healthy food for all Americans.

LISC supports:

Increasing Funding for the Healthy Food Financing Initiative at USDA

In the 2014 Farm Bill, Congress established a Healthy Food Financing Initiative (HFFI) program at the USDA and authorized up to $125 million for the program. The 2018 Farm Bill reauthorized the program and made important changes, including expanding support to include food enterprises. The USDA HFFI program is a public-private partnership that provides financial and technical assistance to local food-access projects. These funds have supported healthy food retail development costs and technical assistance such as feasibility studies. In 2021, the HFFI program provided $22.6 million in financial assistance to 134 projects.

LISC supports efforts to increase the HFFI program's appropriation so more food access projects are able to secure resources, which will lessen food-access inequality.

Continuing Funding for the Healthy Food Financing Initiative at the CDFI Fund

Since 2011, the Community Development Financial Institution Fund (CDFI Fund), an agency of the U.S. Department of the Treasury, has been appropriated funding to provide targeted financial support in the form of grants and loans to CDFIs specifically for the purpose of financing healthy food investments. Unlike the USDA HFFI program, which mainly supports development costs, the CDFI Fund HFFI program provides awards through CDFIs, which leverage the resources to support the full continuum of healthy food projects in low-income, low-food-access communities. LISC supports continued appropriations for the CDFI Fund's HFFI program.

Adopting the Healthy Food Access for All Americans Act

The coronavirus pandemic exacerbated food access challenges, particularly in vulnerable, underserved communities. The Healthy Food Access for All Americans Act (HFAAA) would provide incentives in the form of tax credits and grants directly to "special access food providers" (SAFPs) to expand access to healthy foods in food deserts within census tracts where the poverty rate is 20 percent (or higher) or where the median family income doesn't exceed 80 percent of the median for the state or metro area. LISC supports directing resources to decrease the number of food deserts and expand access to healthy and nutritious food.

Provision of Health Care

In too many American communities, lack of affordable primary health care is part of the landscape of deficit that eats away at the health and longevity of low-income residents and people of color. LISC has a strong programmatic focus on improving community health outcomes that are tightly linked to the physical, social, and economic conditions of a neighborhood, and a policy focus on advocating for federal policies that bridge the gap between the community development and health care sectors.

LISC supports:

Investing Substantially in Community Health Center Operations and Facilities

Community health centers (CHCs), also known as federally qualified health centers (FQHCs), provide primary medical services to close to 30 million people at over 14,000 sites in urban and rural communities across the country. CHCs deliver a broad array of primary and preventive care services to patients, including dental, vision, mental health, and drug treatment services. CHCs primarily serve low-income residents—many of whom lack access to health insurance—and they provide these services regardless of the patient's ability to pay. By helping to reduce instances where patients have to seek initial treatments and services in hospital settings, CHCs produce an estimated $28 billion in annual health savings.

In order to carry out their vital missions, CHCs rely on support from the Community Health Center Program of the U.S. Department of Health and Human Services (HHS). This program provides, among other vital resources, operating grants (known as Section 330 grants) to CHCs, and loan guarantees to private-sector lenders to support the development and rehabilitation of CHC facilities.

LISC's policy priorities for CHCs include:

1. **Full funding for Section 330 grants.** Congress provides close to $5.6 billion annually to support CHC operating grants, through a mix of annual appropriations and mandatory spending accounts created by the Affordable Care Act. We support long-term authorization of the mandatory expense accounts, and continued supplemental funding as necessary through annual appropriations.
2. **More education and outreach to raise awareness about the Loan Guarantee Program.** In 2017, Congress provided an additional $20 million of credit subsidy for the Health Center Facility Loan Guarantee Program, which is anticipated to support over $900 million in loans to CHCs. And in 2020, HHS debuted streamlined and improved application and underwriting protocols. HHS needs to:
    - Market the "new" program to both lenders and CHCs, including through partnerships with trade associations and other governmental agencies such as the CDFI Fund; and
    - Provide program guidance documents to indicate how the funds can be twinned with other federal subsidy sources, including New Markets Tax Credits.

Strengthening Support of Telehealth Initiatives

The coronavirus pandemic dramatically altered federal telehealth policy, moving the federal government to issue temporary measures to make it easier for people to receive medical care through telehealth services during the pandemic public health emergency. These changes include adjustments to remote-care guidelines, broader billing options (both video and audio-only), and allowing FQHCs and rural health clinics (RHCs) to serve as distant telehealth sites and provide telehealth services to patients in their homes. The U.S. Department of Agriculture, Federal

Communications Commission, and Health Resources and Services Administration all received additional resources to provide grants to telemedicine providers, non-profit and for-profit health care providers, rural health care providers, and eligible non-profits, all in an effort to ensure continuity of care.

Because the majority of non-urgent care needs were transitioned to virtual and telehealth platforms, telehealth has become a much more critical social determinant of health, directly impacting patient access to care. The federal government plans to end the COVID-19 public health emergency (PHE) on May 11, 2023. To preserve the gains in access to care enabled by telehealth options, LISC supports:

- Making provisions in the Connect for Health Act and recent COVID-19 emergency measures permanent (e.g., easing restrictive fee-for-service coverage of telehealth services, and lifting limitations for rural locations, originating sites, eligible practitioners and services, and qualifying technology);
- Facilitating access to medical care in underserved and remote (especially rural) areas by supporting digital connectivity of providers and patients; and
- Fully leveraging telehealth capabilities to address social determinants of health.

Investing in Community Health Workers

Community health workers (CHWs) help neighborhood residents access good health care, and have been an effective part of medical care in low-income communities around the world for more than 50 years. Because they often are local people with demographic characteristics similar to those of other community residents, they often share language and life experiences with the individuals and communities they serve, and can build a different trust relationship than do other medical personnel. There is robust evidence that CHWs can undertake actions that lead to improved health outcomes, especially, but not exclusively, in the field of child health.

LISC supports the adoption of federal policies that support and dedicate funding for the CHW model, including the Building a Sustainable Workforce for Healthy Communities Act, which would strengthen the community health workforce by reauthorizing a competitive grant program for eligible entities (including state and local governments, Indian tribes or tribal organizations, urban Indian organizations, or community-based organizations) to develop or expand CHW programs.

Social Determinants of Health

Greater economic opportunity for people and places is inextricably linked to health and wellness. Social determinants of health (SDoH) are conditions in the environments in which people are born, live, learn, work, play, and age that affect a wide range of health, functioning, and quality-of-life outcomes and risks. LISC seeks to advance health equity—the condition in which all community members have the opportunity to attain their full health potential—through its work to improve social determinants. This is achieved through policies and investments that build partnerships and shared goals with the health sector to support housing and commercial real estate, workforce development pathways, safety, social cohesion, and other efforts that create opportunities for families and communities to thrive.

LISC supports:

Leveraging Medicaid Funding Streams to Address Social Determinants of Health

Medicaid provides health coverage to millions of Americans, including eligible low-income adults, children, pregnant women, elderly adults, and people with disabilities. Innovative federal policy approaches should be pursued to leverage the Medicaid system to improve health outcomes and well-being for vulnerable populations in communities across the country. These promising approaches include:

1. **Social determinants of health accelerator grants.** The Social Determinants Accelerator Act would authorize state, local, and tribal governments to devise innovative, evidence-based approaches to coordinate services and improve outcomes and cost effectiveness. The bill provides funds for the Centers for Medicare & Medicaid Services (CMS) to award up to 25 planning grants and technical assistance grants to eligible entities for the development of social determinants accelerator plans that address at least one health and one social outcome for a specified target population. It also establishes the Social Determinants Accelerator Interagency Council and provides funds for the council to: A) assist the CMS in awarding specified grants, B) increase coordination among health and social service programs, and C) provide program evaluation guidance and technical assistance to increase the impact of social service programs.

2. **A social determinants of health capacity building program.** In order to tackle inequities, states and localities must partner with and rely on a strong network of community-based organizations (CBOs) that provide direct services and assistance to vulnerable populations. Despite playing a pivotal role in connecting community members to essential support services and programs that address SDoH, many CBOs struggle to maintain basic operations or expand access to services. These organizations, which are often led and staffed by members of the communities they serve, are often under-resourced and lack capital to support operational capacity. LISC supports the establishment of a five-year, $50 million social determinants of health capacity building grant program, to be administered through the Department of Health and Human Services, Centers for Medicare and Medicaid Services. The program would direct funding to intermediaries to provide desperately needed resources to community-based organizations addressing SDoH and ensure that CBOs have access to critically needed technical assistance and capacity building resources.

Adopting the LINC to Address Social Needs Act

Social service networks (largely powered by community-based organizations) are not generally connected to the health care system in a sustainable, standardized way, which limits data sharing, shared accountability, and service coordination. The establishment of public-private partnerships that convene stakeholders to create networks linking health and social services (and including linked technical infrastructure) would allow states and localities to sustainably track and align the efforts of medical organizations, and community organizations to provide a better understanding of the scope of community needs and the available resources to meet them. LISC joins Aligning For Health in calling for Congress to adopt the bipartisan, bicameral Leveraging Integrated Networks in Communities (LINC) to Address Social Needs Act to enable states, through public-private partnerships, to leverage local expertise and technology to overcome longstanding challenges in helping to connect people to food, housing, child development, job training, and transportation supports and services. The LINC Act would award grants on a competitive basis to states to support public-private partnerships that convene stakeholders and implement networks linking health and social services, and authorize one-time seed funding for states of $150 million in grants to catalyze action and support the engagements needed.

Strengthening Non-Profit Hospitals' Community Health Needs Assessments

When the Patient Protection and Affordable Care Act (ACA) was signed into law in 2010, it required non-profit hospitals to carry out a hospital community health needs assessment (CHNA) every three years in order to maintain their tax-exempt status. The goal of this process was to push hospitals to go beyond their institutional walls and develop a stake in health outcomes of local communities by actively engaging state, local, and community-based entities in developing strategies to address the root causes of health inequity and financing the types of interventions (e.g., investments in healthy housing) that will lead to healthier outcomes.

CHNAs include the development of an implementation strategy—a written plan that either describes how the hospital plans to use a portion of its surplus to address the community health need or explains why it does not intend to address an identified health need. While the implementation strategies can influence hospital community benefit agreements, there is no requirement that hospitals expressly draw a link between community-benefit spending policy and their CHNAs. Nor are hospitals required to allocate benefit spending in a way that includes community-building activities, such as physical improvements in housing, assisting small business development in neighborhoods with vulnerable populations, child care and mentoring programs for vulnerable populations or neighborhoods, neighborhood support groups, violence prevention programs, disaster readiness, and alleviation of water or air pollution. A recently published report revealed that community-building activities accounted for only .1 percent of the $64.3 billion in total benefits that the surveyed non-profit hospitals provided their communities.

Investments in community-building activities are frontline investments that directly address SDoH. We encourage the federal government to revisit the CHNA implementation guidelines and adopt policies that: A) encourage hospitals to engage community development organizations in the development of their CHNA implementation plans, and B) positively incentivize non-profit hospitals to increase the percentage of hospital expenditures allocated to community-building activities.

Incentivizing Community Development Activities Among Health Insurers

In recent years, the insurance industry has started developing strategies to address the social determinants of health. A 2018 survey found that 80 percent of health insurance providers have adopted social determinants initiatives in order to address the needs of their members. This approach is not only good for reducing costs and utilization of acute health care services to treat chronic conditions that arise from poverty, structural racism, and other inequities, but is also essential to reducing health disparities and creating healthier communities. HHS initiatives like Healthy People 2030, CMS regulatory actions (including their work with states seeking to integrate SDoH into their contracts with Medicaid managed care organizations, and rules that allow insurers to offer supplemental SDoH-related benefits for Medicare Advantage and Part D plans) have greatly influenced the insurance industry focus on SDoH.

LISC welcomes this focus and urges the federal government to build upon the existing momentum. Innovative approaches that incentivize insurers to build partnerships with community-based organizations, social service agencies, and community development financial institutions have the potential to radically improve community health outcomes. LISC supports federal approaches that will encourage insurers to direct additional resources to building the aforementioned partnerships and invest in community development activities.

Housing

Access to safe, decent, and affordable rental and homeownership housing is essential for the health and economic well-being of families. We need strategies to fight homelessness and housing instability, which threaten family health, safety, employment, and educational outcomes. We need to invest in affordable rental housing, so that high rent burdens don't impede a family's ability to pay for essential expenses or establish savings to support longer-term goals like education and retirement. And we must open up homeownership opportunities for families living on low and moderate incomes, so that they can build wealth for themselves and their children.

Affordable Rental Housing

All people need safe, decent, and affordable housing, yet there is not a single state, county, or metropolitan area in the U.S. where a minimum-wage worker can afford a modest two-bedroom rental without spending more than 30 percent of their income in rent. High housing costs burden families and strain their ability to afford other essentials such as food, health care, child care, and transportation; and housing instability increases their risk of eviction and homelessness. Investments in federal housing programs, including rental assistance and programs that support the production and preservation of affordable rental housing, are needed in order to solve our nation's affordable housing crisis.

To this end, LISC supports:

Enhancing and Expanding the Affordable Housing Tax Credit

The Affordable Housing Tax Credit, also called the Low-Income Housing Tax Credit (LIHTC), stimulates private investment in affordable rental housing in communities across the nation. Since its inception, it has spurred the development of approximately three million quality homes, financing about 100,000 units of affordable housing per year. Units funded by LIHTC are affordable to people generally earning no more than 60 percent of area median income (AMI), and rents may not exceed 30 percent of the qualifying income. LIHTC units tend to be occupied by families living on extremely low incomes, with 48 percent of the units occupied by families making less than 30 percent of AMI. All properties constructed using the credit must remain affordable for a minimum of 30 years.

LISC calls for passage of the Affordable Housing Credit Improvement Act in the Senate and House to improve the LIHTC program by, among other things:

- increasing the housing credit allocations by 50 percent,
- enhancing the 4 percent credit and multifamily housing bond portion of the program,
- providing states with additional flexibility to serve very low-income populations,
- facilitating housing credit development in rural and Native communities, and
- supporting the long-term preservation of affordable housing.

LISC also strongly endorses efforts to enhance the ability of non-profits to obtain ownership of LIHTC properties through strengthening the "right of first refusal" (ROFR) clause in authorizing legislation, and supports amending the "qualified contracts" clause of the statute to fix a loophole that otherwise allows certain LIHTC properties to opt out of affordability restrictions after just 15 years, as opposed to 30 years.

More information about the Affordable Housing Tax Credit, including advocacy resources, is available from the ACTION Campaign.

Strengthening the HOME Program

The HOME Investment Partnerships Program (HOME) is the largest federal block grant to state and local governments (known as participating jurisdictions, or PJs) designed exclusively to create and preserve affordable housing for low-income households. HOME funds are flexible and may be used for a variety of housing activities that other sources may not cover, including preservation of rental housing, homebuyer assistance, rehabilitation of owner-occupied homes, and rental assistance. HOME Program funds often provide either the early support necessary to initiate new development or the critical gap financing needed to complete developments. The PJs must provide at least a 25 percent match of their HOME funds from local funds.

Despite the critical need for these resources, in fiscal year 2012 HOME funding fell to $1 billion after being as high as $2 billion over 10 years ago. In fiscal year 2023, HOME was funded at only $1.5 billion. LISC calls on Congress to restore HOME funding to sufficient levels, and we support legislative proposals to reauthorize and streamline the program.

Enhancing and Improving the Rental Assistance Demonstration Program

There are almost one million units of public housing, providing critically needed housing to households with a median household income of just $10,800. Years of underfunding have created an enormous backlog in capital spending for these units. As of 2019 projected capital needs stood at $56.6 billion, with an expected annual growth rate of $3.4 billion. This backlog is difficult to remedy with private resources under the existing public housing rules. These and other assisted housing units face physical obsolescence. Given the scarcity of safe and affordable housing for low-income families, these resources must be preserved.

The Rental Assistance Demonstration (RAD) program of the U.S. Department of Housing and Urban Development (HUD) has provided a path to preservation for select units. Expanding the program would help attract private capital to preserve thousands more units. To address the critical backlog of capital needs in public housing and federally assisted housing properties, we propose the following improvements to the RAD program:

1. **Lift the RAD unit cap.** RAD is a voluntary program and is currently authorized for 455,000 units. Eliminating the cap will ensure public housing authorities have the choice to utilize the program to leverage private capital for the rehabilitation or development of thousands of units.

2. **Provide a limited appropriation to assist the most complex preservation transactions.** Because of low rent levels or significant physical needs, some properties cannot support the needed recapitalization with the RAD conversion alone. A small pool of additional funds to be administered as grant support or soft debt would facilitate preservation of these affordable housing resources. Funding could be awarded to the transactions demonstrating the greatest need and to community-supported redevelopment plans.

Protecting the Capital Magnet Fund

The Capital Magnet Fund (CMF) provides flexible funds to attract private investment into affordable single-family and rental housing properties. Capital Magnet Fund 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 program is a critical source of funding for community development financial institutions (CDFIs) and non-profit housing developers financing affordable housing and related economic activities. The CMF program has supported the creation of almost 25,000 homes during the past five years, with over half of all CMF-funded rental housing affordable to very low-income and extremely low-income families.

The CMF program is funded through a very small, annual assessment on new business revenues generated by Fannie Mae and Freddie Mac. This funding source must be protected, and any subsequent reforms of the housing finance system should ensure a continued source of funding for this program. In addition, LISC supports efforts to streamline the CMF program's regulations and administrative requirements to ensure the funding is easier to utilize.

Supporting Rural Multifamily Rental Housing

The U.S. Department of Agriculture (USDA) supports affordable rental housing in rural communities through the Section 515 Rural Rental Housing program, Section 514/516 Farm Labor Housing program, and Section 521 Rental Assistance program. The Section 515 and 514/516 programs provide direct mortgage loans and grants to purchase buildings or land for affordable multifamily and farm labor rental housing in rural communities. The Section 521 Rental Assistance program provides project-based rental assistance to some properties financed by the Section 514/516 and 515 programs.

The Section 515 and 514/516 programs provide an important source of affordable rental housing in rural areas, with over 13,000 properties providing almost 422,000 affordable homes to very poor households. The average income of a Section 515 resident is only $13,600 and the majority of tenants are older adults or persons with disabilities. No new USDA Section 515 housing has been produced in the last few years and there are challenges to preserving these units and ones produced through the Farm Labor housing program.

LISC supports full funding for these programs and passage of the Strategy and Investment in Rural Housing Preservation Act or Rural Housing Service Reform Act, which would provide USDA additional authorities and resources to preserve Section 515 and 514/516 housing.

Expanding the Housing Choice Voucher Program

The Section 8 Housing Choice Voucher (HCV) program is our nation's largest housing assistance program, providing over 2.3 million families access to affordable and safe housing through tenant-based rental assistance. The program is administered by public housing authorities, which contract with private landlords to provide housing to low-income families. Families participating in the program typically pay 30 percent of their income towards rent, with the federal government paying the difference to a private landlord.

The HCV program serves some of our nation's most at-risk populations, with over half either elderly or having a disabled head of household, and 75 percent are extremely low-income with incomes at or below 30 percent of the area median income. Currently, only one in four households eligible for rental assistance receives it. Vouchers have proven to be effective not only at reducing homelessness and providing housing stability to low-income families, but also at offering access to higher-opportunity neighborhoods and improving other life outcomes.

We propose these improvements in the HCV program:

1. **Expand the HCV program so that all qualifying households receive assistance.** This will greatly decrease housing instability for vulnerable populations and provide low-income families great opportunities.

2. **Expand the Housing Voucher Mobility Demonstration.** The purpose of this demonstration program is to provide voucher assistance and mobility services to families with children to encourage such families to move to lower-poverty areas, expand their access to opportunity areas, and evaluate the effectiveness of the strategies pursued under the demonstration. This program has bipartisan support in Congress and legislators must continue to support efforts to couple HCVs with supportive services to allow families the opportunity to live in any neighborhood.

3. **Expand the Small Area Fair Market Rents (SAFMR) program.** Housing Choice Voucher payment standards are based on Fair Market Rents (FMRs), which are typically set at a regional level for metropolitan areas or at a county level in rural communities. The SAFMR program is designed to set rents at a zip code level, reflecting local rents more accurately. Payment standards based on metropolitan-level FMRs are often too low to allow renters access to higher-opportunity areas. Research has shown that the SAFMR program can be effective in helping families using HCVs access higher-opportunity neighborhoods. The program should be expanded to allow any family with an HCV to access the neighborhood of their choosing.

4. **Increase incentives for landlord participation and streamline the program.** Landlord participation in the HCV program, which determines the number of available homes and where they are located, has declined in recent years, making it more difficult for voucher holders to find housing in the community of their choice. LISC supports legislative efforts to increase voucher recipient choices by offering landlord incentives, including signing bonuses, security deposit assistance, funds to pay for damages, bonuses for referring other participating landlords, and a financial incentive to public housing agencies that retain a dedicated landlord liaison on staff. In addition, we support program reforms that expedite the ability of landlords to participate in the program while ensuring tenant protections.

5. **Authorize a national ban on source-of-income discrimination.** States and localities across the United States are increasingly passing laws that ban housing discrimination based on source of income. These efforts expand the ability of families to use HCVs and other federal rental assistance programs by treating federal rental assistance as a lawful source of income subject to fair housing protections. Congress should pass a national source-of-income anti-discrimination law to strengthen these efforts.

Supporting GSE Investments in Multifamily Rental Housing

It has been 15 years since the financial crisis caused the federal government to assume control of Fannie Mae and Freddie Mac. Fannie and Freddie are referred to as government-sponsored entities (GSEs) and they play an important role in supporting affordable single-family and multifamily housing by securitizing mortgages and selling them with a guarantee to private investors. This provides liquidity for the housing finance sector and enables lenders to make longer-term and cheaper loans. Numerous legislative proposals for GSE reform have been introduced since the last financial crisis, and we believe that any reform efforts impacting GSEs' multifamily activities should:

1. **Continue the GSEs' multifamily activity and focus on affordable rental housing.** While Fannie and Freddie experienced losses on their single-family business during the financial crisis, their multifamily business remained profitable. Fannie and Freddie provide vital liquidity for multifamily housing and provide support for affordable rental housing. Both GSEs must adhere to annual housing goals that set unit targets for low-income and very low-income households, as well as for small multifamily properties. These goals have ensured their multifamily financing activity has primarily benefitted low-income households. The GSEs are also subject to Duty to Serve requirements, which require them to reach underserved markets. LISC participates in the Underserved Mortgage Markets Coalition and is supportive of robust Duty to Serve plans and efforts to increase data transparency and increased tenant protections for GSE-backed multifamily mortgages. Any future reforms must include similar goals.

2. **Maintain or increase the annual assessment on the GSEs to fund affordable housing through the Capital Magnet Fund and Housing Trust Fund.** The Housing and Economic Recovery Act (HERA) of 2008 established two affordable housing programs—the National Housing Trust Fund and the Capital Magnet Fund (discussed above)—to further production and preservation of affordable housing for low-income families. We believe that any housing finance reform proposal should sustain or increase the level of funding for these programs in light of the nation's growing affordable housing needs.

3. **Continue supporting underserved areas of the market through the GSEs' Duty to Serve obligations.** The Housing and Economic Recovery Act required the GSEs to help fill gaps in the housing finance market. The GSEs adhere to Duty to Serve regulatory plans established through their regulator, the Federal Housing Finance Agency. These plans ensure that the GSEs are serving all markets, including rural communities, manufactured housing, affordable housing preservation deals, and others. Any future GSE reform must ensure that government-backed securities serve all segments of the market.

4. **Strengthen the Federal Housing Administration (FHA).** The FHA insures mortgages for all housing types, including multifamily housing. It also plays a countercyclical role during times of economic crisis. Despite this, FHA receives limited resources from Congress to modernize its operational functions, threatening its mission. Any GSE reform proposal must preserve FHA's countercyclical multifamily housing function while shoring up its financial health.

Reestablishing the FHA Risk-Sharing Program

HUD's Risk-Sharing programs, Section 542(b) and Section 542(c), allow qualifying participating entities and housing finance agencies to enter into risk-sharing agreements with FHA to provide insurance for affordable multifamily housing loans. Both programs allow entities to participate only if they meet stringent financial health standards for sharing in the risk of FHA-insured multifamily affordable housing loans. These programs are strictly for affordable rental housing and in 2019, Section 542(c) accounted for 13 percent of FHA's total commitments and 26 percent of all LIHTC units financed with FHA multifamily insurance programs.

Unlike other FHA multifamily programs, Risk-Sharing loans are not eligible for Ginnie Mae securitization, which increases pricing. Due to this, HUD and the U.S. Department of the Treasury established an initiative in 2014 to provide a Ginnie Mae-like execution through the Federal Financing Bank (FFB). The FFB support reduced the cost of affordable housing financing through the Section 542(c) program and helped increase FHA's affordable housing insurance volume. This initiative was ended by the previous Administration at the end of 2018 and the current Administration restarted it in September 2021.

To advance support for affordable rental housing, LISC recommends the following:

1. **Congress should provide Ginnie Mae securitization authority for FHA Risk Sharing.** FHA risk-sharing loans perform well and account for a significant part of FHA's affordable housing volume. They should receive Ginnie Mae securitization authority so there's a permanent source of lower-cost capital.

2. **CDFIs should be permitted to participate in the Section 542(b) Risk-Sharing program.** In 2015, HUD published a Federal Register notice implementing a Small Building Risk Sharing (SBRS) initiative and invited CDFIs and other lenders to participate as Qualified Participating Entities. Under this initiative, CDFIs would have received a 50 percent risk-sharing agreement for originating affordable housing loans for small affordable multifamily housing, and FFB would have purchased the loans. In 2017, the SBRS was indefinitely deferred. HUD should reinstitute this initiative.

Providing More Protections From Evictions

Due to a lack of federal rental assistance for all households that qualify, many low-income families experience multiple evictions in the private housing market. In 2016, there were 2.3 million eviction filings, a rate of four every minute. The consequences of these evictions are serious, including increased risks of homelessness, challenges to renting future housing, and decreases in educational attainment for at-risk children.

LISC supports the Eviction Crisis Act, legislation that would tackle this problem by creating a national dataset to better understand evictions, providing legal assistance for families at risk of eviction, establishing an Emergency Assistance Fund to provide financial assistance to prevent evictions, and through other needed supports.

Supporting Service Coordinators for Assisted Housing Residents

Affordable rental housing provides housing stability and a platform for residents to pursue their goals. Service coordination is a key tool at these properties to link families with employment services and job opportunities and to help seniors and persons with disabilities receive the services they need to stay housed. Unfortunately, it's difficult for many affordable housing providers to fund this work due to a lack of resources and tight operating budgets.

LISC supports efforts to increase resources and programs for service coordination at all affordable rental housing properties and to better understand the impacts of service coordination on furthering housing stability for older adults and special-needs populations. We also believe Congress should create new resources to support service coordination at affordable rental housing properties serving families. Lastly, FHA should provide lower-cost multifamily financing for owners that provide robust service coordination, similar to Fannie Mae, and apply those savings to help pay for the service coordination cost.

Implementing the Green and Resilient Retrofit Program

The Inflation Reduction Act provided $1 billion for a new Green and Resilient Retrofit Program (GRRP), which will provide grant and loan funding for retrofits and resilience measures at properties participating in HUD's Section 8 Project-Based Rental Assistance, Section 202 Supportive Housing for Low-Income Elderly, and Section 811 Supportive Housing for Low-Income Persons with Disabilities programs. GRRP will also fund energy and water use benchmarking, allowing HUD to better understand property-level performance for its assisted housing portfolio. LISC supports equitable implementation of GRRP and utilizing data from properties participating in the program for additional retrofit and resilience funding.

Implementing the Home Efficiency and Electrification Rebate Programs

The Inflation Reduction Act provided $9 billion for rebate programs that support energy efficiency retrofits and electrification. State energy offices will administer this funding, with $4.3 billion in formula grants for the Home Energy Efficiency Rebates program and $4.275 billion for the High-Efficiency Electric Home Rebate program. It is estimated that around 1 million low- and moderate-income households will utilize the electrification rebates, which will be distributed at the point of sale, with up to $14,000 per household. The home efficiency rebates will support energy savings retrofits, with higher amounts for affordable multifamily housing properties. LISC supports equitable implementation of these rebates and recommends that the U.S. Department of Energy incorporate program design features that allow the funding to be utilized by underserved people and disadvantaged communities.

Fair Housing

The Fair Housing Act, which was born out of our nation's civil rights movement, requires our country to ensure that all Americans have equal access to housing. The law prohibits housing discrimination based on race, color, religion, sex, familial status, national origin, or disability. We commend the Administration for instructing the U.S. Department of Housing and Urban Development (HUD) to strengthen its fair housing regulations. Our nation's fair housing regulations are critical to increasing the minority homeownership rate and tackling longstanding racial equity issues in housing, such as segregation. For these protections to work, HUD and the federal government as a whole must enact and enforce strong fair housing regulations and practices.

Specifically, we support the Administration's efforts to improve the Affirmatively Furthering Fair Housing (AFFH) rule, while also beefing up enforcement against direct housing discrimination. The AFFH requirement reflects the Fair Housing Act's intent to require covered participants to proactively address practices and policies that lead to discriminatory housing patterns such as segregation. The Administration's proposed AFFH regulation would generally restore the 2015 regulation, with modifications to increase transparency and accountability through public equity plans. In advancing effective AFFH regulation, HUD will need to create tools and resources to help local communities respond better to the regulations, facilitate engagement among covered participants, and support technical assistance to ensure that localities are furthering fair housing opportunity and reducing housing discrimination.

Lastly, we recommend that Congress provide sufficient resources for fair housing programs of HUD's Office of Fair Housing and Equal Opportunity.

Homelessness

Local communities need the full array of affordable housing options and services to prevent people from experiencing homelessness and to provide housing options when homelessness occurs. Federal homeless assistance programs ensure that community practitioners are working together to address homelessness under a coordinated approach. These programs provide vital resources for this work and incentivize communities to prioritize Housing First approaches, which reduce local barriers to accessing housing and other services. We know this approach works because it has helped decrease homelessness nationally and we must continue it.

LISC supports:

Increasing Funding for HUD's Homeless Assistance Programs

The U.S. Department of Housing and Urban Development (HUD) Continuum of Care (CoC) and Emergency Solutions Grant (ESG) programs are the two main federal programs structured to provide assistance to persons experiencing homelessness. The CoC program ensures communities have coordinated entry systems and supports rapid re-housing, permanent supportive housing, and transitional housing. The ESG program is a block grant program through states and local governments and funds emergency shelters and homelessness prevention activities.

LISC supports increased resources for HUD's homeless assistance programs. Increases to these programs, along with additional rental assistance and affordable housing development subsidies, will help our nation make more progress in reducing homelessness. We're also supportive of the Administration's House America initiative, which is engaging communities across the country to leverage housing investments from the American Rescue Plan and the CARES Act, including emergency Housing Choice Vouchers and additional HOME Investment Partnerships Program grants, to address homelessness.

Increasing Resources and Innovations in Supportive Housing for Veterans

Veterans returning home often face significant challenges, including finding employment, accessing affordable housing, and coping with mental health issues as a result of their service. These hardships can increase the risk of homelessness for veterans. Fortunately, our nation has made progress in reducing veteran homelessness through the HUD-Veterans Affairs Supportive Housing (HUD-VASH) program and other permanent supportive housing (PSH) efforts.

The HUD-VASH program combines Housing Choice Vouchers through HUD with case management and clinical services from the U.S. Department of Veterans Affairs (VA). The program began in 2008 and has been an essential resource for reducing veteran homelessness. In fact, the rate of veteran homelessness has declined by 50 percent since 2010, showing how targeted rental assistance with dedicated supportive services can solve our nation's homelessness crisis. LISC supports increased resources for the HUD-VASH program so that all veterans have the ability to be stably housed.

LISC also supports innovative ideas that further HUD's partnership with the VA to reduce veteran homelessness. Specifically, we support a pilot program that would allow underutilized and vacant space at VA health campuses to be leased at no cost for veterans' PSH developments. These properties would be next to VA health departments, facilitating health and case-management services. Under this model, HUD-VASH vouchers should be project-based to support the financing and affordability of this housing for homeless veterans. Related, we also support the Expanding Veterans' Options for Long Term Care Act, which would expand veterans' access to assisted-living services and create a pilot program for eligible veterans to receive assisted-living care paid for by the VA, including on VA campuses.

Continuing the Interagency Council on Homelessness

The U.S. Interagency Council on Homelessness (USICH) is an independent agency that coordinates federal efforts to combat homelessness, working across 19 federal agencies and departments and with partners in both the public and private sectors to find ways to streamline and improve service delivery to people experiencing homelessness. The USICH develops long-term plans to end homelessness and is the only federal agency specifically focused on solving homelessness.

LISC supports legislation that would eliminate the USICH's sunset date so it can continue to lead and coordinate efforts to end homelessness.

Homeownership

Our nation needs to enact policies that increase opportunities for all Americans to achieve affordable and sustainable homeownership. Homeownership is one of the primary ways that low- and moderate-income families are able to build wealth and achieve financial stability. Increasing affordable homeownership is a key component in combatting historical policies that have precluded minorities and others from purchasing a home and widened the racial wealth gap.

LISC's policy priorities for increasing homeownership opportunities include:

Enacting the Neighborhood Homes Investment Act

The Neighborhood Homes Investment Act (NHIA) would provide federal tax credits to support the development and rehabilitation of single-family homes in distressed urban and rural communities, where the cost of developing or rehabilitating a home is often higher than the value of the completed home. The NHIA tax credits would cover the gap between the cost of building or renovating homes and the price at which they are sold, mobilizing private investment to build and substantially rehabilitate 500,000 homes for moderate- and middle-income homeowners over the next decade, while also supporting construction jobs and the local economic tax base. The NHIA would also help existing homeowners in these neighborhoods to rehabilitate their homes. LISC supports bipartisan legislation that would establish the NHIA. More information on the NHIA, including maps of eligible communities, can be found here.

Expanding Down-Payment Assistance

Homeownership rates for minority and lower-income families are at historic lows, exacerbating our nation's wealth inequality. One of the biggest barriers to affordable and sustainable homeownership for low-income and minority families is an inability to save enough for a down payment and closing costs. Small investments in down-payment assistance support affordable homeownership opportunities for families that can afford a home mortgage but lack the wealth to get their foot in the door. The federal government's primary tool for supporting first-time homebuyers and those with lower incomes is through the Federal Housing Administration (FHA). The FHA insures private home mortgages and, importantly, requires a down payment of only 3.5 percent and allows for lower credit scores. LISC is supportive of the

Administration's reduction in FHA insurance premiums to save borrowers money. Even with a low down-payment requirement and more flexible credit, many families struggle to pay these costs. The Community Development Block Grant (CDBG) and HOME Investment Partnerships programs can be used for down-payment assistance. These U.S. Department of Housing and Urban Development (HUD) block grant programs are insufficiently funded and LISC supports funding increases so more resources are available to support affordable homeownership for all creditworthy families. LISC also supports recent legislative efforts to create a new targeted down-payment assistance program.

Creating a Place-Based Affordable Homeownership Program

Economically distressed communities face greater housing challenges than other areas, with higher rates of underwater mortgages, abandoned properties, and housing with deferred maintenance. These communities and the non-profits that serve them tend to have little resources to combat these issues. LISC supports the Restoring Communities Left Behind Act, which would create a new affordable homeownership and community investment program at HUD. This program would provide flexible and market-responsive funding for mission-based partnerships confronting these challenges.

Enacting Federal Land Bank Legislation

Land banks are an important housing strategy for acquiring vacant and abandoned properties and bringing them back to productive use, usually as affordable housing. Land banks typically acquire property through foreclosure and manage the property until it's ready to be sold to meet local community needs. While often used as a response effort in communities with high rates of tax-delinquent housing, land banks are also helpful in stronger markets, where they can secure properties for future affordable housing development.

LISC supports legislation that will bring dedicated resources to scale the land bank sector. There is currently no federal program providing targeted assistance to land bank response efforts, limiting the field's ability to grow. This is even more of a problem as we face the risk of increased abandoned housing as a result of the pandemic. A higher-capacity land bank movement can help ensure that these properties are put back to productive use as affordable housing.

Expanding Housing Counseling Initiatives

Many would-be first-time homeowners, including low-income and minority families, need assistance when preparing to purchase a house. Housing counseling provides prospective buyers the financial education and counseling they need to purchase a home they can afford.

Housing counseling is also an essential tool for supporting current homeowners who are experiencing financial distress. Millions of families are struggling to pay their rent or mortgage as a result of the pandemic. Due to this, there will be increased demand for housing counseling services to help distressed renters and borrowers know their rights and to provide them assistance. Research has shown that housing counseling helps households avoid foreclosure and counseled clients were almost three times more likely to receive a loan modification and were 70 percent less likely to re-default on a modified loan than were similar borrowers who were not counseled.

To support both prospective and current homeowners, LISC supports full funding of HUD's Housing Counseling program. This program provides grants to HUD-approved housing counseling agencies and state housing finance agencies. This assistance is crucial in ensuring distressed families know their options for how to keep their homes.

Preventing Exploitative Investment Practices

There has been growing concern about increases in institutional investors purchasing single-family housing properties and renting them out. Investors owned 5 percent of single-family rentals in 2022 although it's estimated that they may control 40 percent of single-family properties by 2030. These purchases make it harder for low- to moderate-income families to purchase a home and realize asset-building gains. LISC supports legislative efforts that would deter this practice and further the ability of underserved families seeking homeownership.

Expanding Homeownership Opportunities Through GSE Reform

It has been 15 years since the financial crisis caused the federal government to assume control of Fannie Mae and Freddie Mac. Fannie and Freddie are referred to as government-sponsored entities (GSEs) and they play an important role in supporting affordable single-family and multifamily housing by securitizing mortgages and selling them with a guarantee to private investors.

Legislative proposals for GSE reform have been introduced since the last financial crisis, and we believe that any reform efforts impacting GSEs' single-family activities should:

1. **Further the GSEs' support of affordable single-family mortgage credit for low-income families.** The GSEs support affordable homeownership by creating a market for long-term mortgages with low down payments. This allows low-income families an opportunity to achieve homeownership and build wealth over time. The GSEs currently must adhere to annual single-family-housing purchase and refinance goals, which set unit targets for low-income and very low-income households. Any future reforms must include robust goals.
2. **Strengthen the Federal Housing Administration.** The FHA provides homeownership opportunities for first-time homebuyers, many of whom have lower credit scores and are minority households. It also plays a countercyclical role during times of economic crisis. Any GSE reform proposal must preserve FHA's ability to pursue its mission while shoring up its financial health.

Expanding the Availability of Housing Bonds

Housing finance agencies utilize private activity bonds to support affordable homeownership for income-qualified families through mortgage revenue bonds (MRBs) and mortgage credit certificates (MCCs). MRBs are tax-exempt bonds that support mortgages with below-market interest rates while MCCs provide a federal tax credit on the interest paid on a home mortgage by eligible families. These programs are essential tools for creating and sustaining affordable homeownership although they are often limited by outdated statutory restrictions such as low loan limits for home improvements, restrictions on refinancing, and cumbersome rules that limit their impact.

LISC supports legislative efforts that modernize the MRB and MCC programs so that they can increase sustainable and affordable homeownership for more families.

Increasing Protections and Opportunities in Manufactured Housing

Manufactured housing is an important part of our nation's affordable housing stock, with more than 22 percent of manufactured housing residents having incomes at or below the federal poverty line. This type of housing tends to be less expensive than site-built housing; the average sales price of a new single-section manufactured home was approximately $43,000 in the first six months of 2014. But there are challenges with how manufactured housing is financed and managed.

For instance, the majority of manufactured homes are financed as "chattel," or personal property. Chattel loans tend to have shorter terms, higher interest rates, fewer borrower protections, and a more limited lender pool, due to the lack of a secondary mortgage market.

In addition, while many manufactured housing residents own their homes, they often do not own the land, which impacts their legal protections and ability to build wealth over time. Estimates suggest that approximately 40 percent of all manufactured homes are in an estimated 45,000 to 50,000 land-lease communities. Many manufactured housing residents are at risk of displacement when landowners raise pad rents or sell their properties.

LISC supports the new Preservation and Reinvestment Initiative for Community Enhancement program at HUD, which will provide resources to preserve and revitalize manufactured housing communities. This program will help residents and non-profits purchase manufactured housing communities so residents have increased legal protections, housing stability, and the ability to build wealth. We also support strong GSE Duty to Serve goals for manufactured housing to open up new financing opportunities for these residents.

Increasing Federal Support for Rural and Tribal Homeownership

In rural communities, homeownership is the most common form of housing tenure, with more than 71 percent of rural households owning their home. However homeownership rates diverge between racial and ethnic groups, with 75 percent of rural non-Hispanic whites owning their home, compared to 55 percent of minority households.

The U.S. Department of Agriculture (USDA) and HUD administer single-family programs, which support affordable homeownership for low-income families in rural communities. LISC supports full funding for these programs, including the USDA Section 502 Single Family Housing Direct Home Loan program and USDA Section 523 Mutual Self-Help Housing Technical Assistance program.

- The Section 502 Single Family Housing Direct Home Loan program is the only federal homeownership program targeted to low-income and very low-income rural families. Over 60 years, the program has helped more than 2.1 million families achieve homeownership and built over $40 billion in wealth. We also support legislative efforts to expand the use of this program by Native CDFIs serving their tribal communities.

- The Section 523 Self-Help Housing Technical Assistance program has helped more than 50,000 families achieve homeownership over the last 50 years. Under the program, families work together in groups to build their homes and equity. Section 523 grants support the non-profit developers providing training, supervision, and technical assistance to families. The program is targeted to low-income and very low-income families and over 50 percent of participants are minority households. The sweat equity gained by constructing a home, coupled with affordable mortgages through the Section 502 Direct Home Loan program, allows low-income rural families to achieve homeownership and build wealth.
- LISC also supports full funding for HUD's Office of Native American Programs (ONAP) initiatives, which provide housing resources for tribal communities. Programs such as the Indian Housing Block Grant, Indian Community Development Block Grant, and Section 184 Home Loan Guarantee program are essential housing tools and should receive robust funding.

Expanding the Rural Home Repair Program

The Section 533 Housing Preservation Grant (HPG) program provides grants to sponsoring organizations for the repair or rehabilitation of low-income and very low-income housing. The sponsors are local governments and non-profits that provide grants and loans to homeowners to make repairs. Funds are competitively awarded to sponsors, and preference is given to sponsors that will target very low-income homeowners and leverage grant funds. Although the HPG program provides valuable assistance that could be helpful to homeowners wishing to age in place, it has been funded at relatively low levels in the past two years. This level of funding is insufficient to have a meaningful effect, particularly in persistently poor areas that have difficulty competitively accessing funds.

We encourage the development of an enhanced home repair program administered through the Section 533 HPG program to address the needs of rural homeowners targeted to persistent-poverty communities.

Safety and Justice

Safety and justice are fundamental to the health and vitality of communities. For 25 years, LISC has been the only community development financial institution (CDFI) with a dedicated safety and justice program—investing in equity-driven programs run by community-based organizations, working to keep young people, particularly people of color, from getting ensnared in the criminal justice system, and engaging community residents in developing partnerships with law enforcement to address crime. We spearhead initiatives to support individuals as they return from incarceration, helping them to better connect to the larger society and economy. Our ability to show results in local communities and neighborhoods has relied heavily on leveraging federal resources to scale, replicate, and evaluate promising approaches. Federal investments are an essential component of any intersection of places, people, and systems, and are the cornerstone of safety and justice agendas.

Community Safety

Safety is a critical component of a vibrant community, as important as quality affordable housing, good jobs, and high-performing schools. And the perception of safety is just as important to residents' quality of life as the incidence of crime. In neighborhoods that experience higher rates of crime, poverty, and police violence, concerns about police legitimacy erode safety and perceptions of safety. When police officers and residents view each other with suspicion, there is little room for meaningful collaboration, and interactions can escalate and end in tragedy. Successful safety approaches must seek to improve community policing and must be predicated upon consistent and sustained interactions with entire communities for the purpose of establishing a foundation of partnership, trust, and empowerment, a practice known as authentic community engagement.

Safety and perceptions of safety are also critical to attracting new homeowners and businesses to neighborhoods where such investments can be catalysts for revitalization. Improving the welfare and security of community residents in a way that lasts requires a focus on the physical condition of places, the quality of the connections between people in a community, and the strength and tone of relations between local law enforcement and the people they serve. Smart public policies seeking to improve community safety should be data driven, place based, and community centered. With this approach, the adoption of policies and practices rooted in equity reshapes systems, and residents are empowered to transform neighborhoods.

LISC supports:

Providing Funding for Community-Based Violence Intervention and Prevention Programs

Community violence intervention (CVI) approaches use evidence-informed strategies to reduce violence through tailored community-centered initiatives. These multidisciplinary strategies engage with individuals and groups to prevent and disrupt cycles of violence and retaliation and establish relationships with individuals and community assets to deliver services that save lives, address trauma, provide opportunity, and improve the physical, social, and economic conditions that drive violence. While there are a few well-known CVI programs throughout the country, in many communities they do not exist or are underfunded and under-resourced. The federal government is uniquely positioned to support the adoption of CVI interventions that are community centered, equitable and inclusive, evidence informed, and effective and sustainable. The Bipartisan Safer Communities Act, which was signed into law on May 25, 2022, authorizes $250 million per fiscal year for a community violence intervention and prevention initiative (CVIPI). LISC supports full and robust funding for CVIPI at DoJ. We also support the appropriation of $250 million for the Centers for Disease Control and Prevention (CDC) Community and Youth Violence Prevention program to fund a new Community Violence Intervention Initiative.

Supporting the Rural Violent Crime Reduction Initiative (RVCRI)

Rural communities often face unique challenges that complicate their ability to effectively address violent crime. The Rural Violent Crime Reduction Initiative (RVCRI) is an effort funded by the U.S. Department of Justice (DOJ) Bureau of Justice Assistance (BJA) through the State and Local Law Enforcement Assistance account. RVCRI provides funding and assistance to rural law enforcement agencies seeking to reduce violent crime and address problems associated with violent crime. Law enforcement agencies and community partners funded through this program receive support to implement violent crime reduction strategies, improve investigations, improve services to victims, and enhance collaboration among local stakeholders. LISC supports robust funding of the RVCRI.

Sustaining the Byrne Criminal Justice Innovation Program

In neighborhoods with persistent crime problems, the Byrne Criminal Justice Innovation (BCJI) program (formerly the Innovations in Community-Based Crime Reduction program), administered by BJA, supports data-driven, comprehensive, and community-oriented strategies to reduce crime and spur revitalization. BCJI is a competitive grant program that seeks to make some of the country's highest-crime communities safer by mobilizing residents, law enforcement, and other organizational partners to pursue coordinated strategies in "hot spot" locations. Often these locations are streets or intersections where crime has remained high for years, damaging the broader community's chances for stability and revitalization. The BCJI model is:

- Place based. Its interventions target crimes hot spots.
- Data driven. Researchers work with partners using data to analyze problems and identify evidence-informed solutions.

- Community oriented. Residents select strategies in partnership with law enforcement.
- Cost effective. It maximizes local resources and produces lasting solutions.

LISC calls on Congress to adopt legislation that authorizes the BCJI program, and to provide robust funding so that additional communities can benefit from its effectiveness.

Providing Funding for Community Safety Coordinators

Cross-sector partnership teams are essential to the success of comprehensive efforts that address the interconnected challenges of high-crime, high-poverty neighborhoods. Oftentimes, these collaborations fumble due to a lack of dedicated staffing. Community safety coordinators fill this void by leading collaborative efforts to improve safety and quality of life in the neighborhoods and by acting as liaisons among residents, community-based organizations, developers, and law enforcement. They integrate the resources of people and institutions that influence crime and perceptions in the neighborhood to uncover more strategic and effective remedies for safety problems.

Federal investments provide critical support for comprehensive, locally led efforts to address crime in communities across the country. For maximum impact these investments should include resources for community-based organizations and law enforcement to fund community safety coordinators. This approach promotes crime reduction while building public trust to strengthen communities.

Supporting Comprehensive Law Enforcement Training

Training on how to build and sustain partnerships across sectors and with community leaders is essential for local law enforcement, particularly mid-level commanders and executives. There are numerous training resources related to implicit bias, procedural justice, and reconciliation. Principles of Procedurally Just Policing, a guide produced by The Justice Collaboratory at Yale Law School, includes numerous examples of training programs and policies that support equitable engagement with local communities, including de-escalation training. LISC has compiled many resources offering a community-development perspective on policing, including LISC's "Developer + Police = Results" materials; Building Our Way Out of Crime:

The Transformative Power of Police-Community Developer Partnerships, a book co-authored by the LISC Safety & Justice program's founding director; and a LISC curriculum on developer-police partnerships.

Additionally, community policing principles can build resiliency and preparedness in a community, while also building relationships between the community and law enforcement based on the shared goal of recovery. Major incidents, including natural disasters, incidents of mass violence, mass demonstrations, officer-involved shootings, or even long-term exposure to community violence have serious implications for local communities. Healing and recovery require the participation of a full range of community resources and are slowed significantly when appropriate roles and partnerships are not established.

LISC urges the Department of Justice to take the following steps:

1. **Support the development of law-enforcement training that includes a focus on equitable engagement with local communities.** This should include de-escalation training and education on the value of police partnerships with community developers.
2. **Support the development of a framework and tools—using community policing principles—to create collaborative systems approaches to resiliency and recovery following major incidents.** Engaging in planning and preparedness exercises, and coming together as a community to problem-solve and recover—particularly in the wake of major incidents— are processes that embody the primary elements of community policing. These capabilities are necessary for building strong communities.

Justice

The rate of imprisonment for Black Americans is over five times the rate of imprisonment for white Americans, and the rate of imprisonment for Hispanic Americans is almost three times that of white Americans. Justice reform and reinvestment constitute a social, moral, and economic issue at the heart of forging an agenda that promotes racial equity.

Every year, 610,000 people are released from prisons, and 9 million cycle through local jails. Any successful approach to justice reform and reinvestment must include pre-entry (diversion from incarceration) and reentry (exiting incarceration) strategies focused on both people and the places where they live, work, and raise families. The strength of community-based organizations and access to economic opportunity influence both the conditions that lead to incarceration and the ability of the formerly incarcerated to be successful. Federal policies that support education, youth development, career pathways, income and wealth building, and access to health and mental-health services are needed in order to improve outcomes for people living in working-class urban and rural communities.

LISC supports:

Funding Pre-entry and Reentry Programming

People are much more likely to avoid or overcome involvement with the justice system when they have decent housing they can afford, employment that pays a living wage, and access to strong community-based treatment and service options. Federal support related to pre-entry and reentry should include substantial funding for:

- violence prevention and trauma-informed programs and initiatives operated by the U.S. Centers for Disease Control and Prevention (CDC);
- the Juvenile Justice and Delinquency Prevention Act, Title V—Incentive Grants for Local Delinquency Prevention Programs, the only federal program designed to engage law enforcement and community boards in delinquency prevention at the local level in coordination with a statewide plan;
- the Second Chance Act Grant Program (reauthorized at $100 million per year as part of the First Step Act) that aims to reduce recidivism and provide support to people who are involved in the criminal justice system; and
- the Reentry Employment Opportunities (REO) program authorized under Section 169 ("Evaluations and Research") of the Workforce Innovation and Opportunity Act (WIOA).

Addressing School-Based Violence and Victimization

Nearly 60 percent of youth in the United States have been exposed to crime, abuse, and violence in their own homes, neighborhoods, schools, and/or broader communities. Trauma and adverse childhood experiences, whether in young childhood or adolescence, are linked to increased risk for violent and aggressive behavior and criminality in adulthood, activities that may lead to incarceration.

Federal initiatives that support innovative community-based programs can help place youth on productive pathways to education and employment and reduce the chance of arrest or incarceration.

The Enhancing School Capacity To Address Youth Violence program supports targeted efforts to address youth violence through implementing evidence-based prevention and intervention efforts in a school-based setting. This is an initiative of the Office of Juvenile Justice and Delinquency Prevention (OJJDP), funded under the Students, Teachers, and Officers Preventing School Violence Act of 2018 (or STOP School Violence Act).

We encourage the Department of Justice to continue to allocate resources for STOP School Violence Act programs.

Supporting the George Floyd Justice in Policing Act

For decades, the United States has prioritized punitive, reactive tools for establishing community safety and order. The result is an overgrown criminal justice system, fraught with racial and economic bias, that takes on a host of social woes it cannot resolve effectively, much less humanely. In order to right-size the criminal justice system's role in American life and upend its deep-rooted inequities, we must invest in determinants of community safety (for instance affordable housing and quality schools). We also need alternative systems for dealing with troubling situations and transgressive behavior—systems that offer rehabilitative care along with accountability.

The George Floyd Justice in Policing Act seeks to address a wide range of policies and issues related to policing practices and law enforcement accountability. It increases accountability for law enforcement misconduct, restricts the use of certain policing practices, enhances transparency and data collection, and establishes best practices and training requirements. LISC supports this legislation and sees it as an important step toward creating a system that rebuilds trust between local communities and law enforcement.

APPENDIX A
Our Policy Lens on Racial Equity

APPENDIX B
Our Policy Lens on Rural America

APPENDIX C
Our Policy Lens on Disaster Relief and Recovery

APPENDIX D
Programs/Proposals by Federal Agency

Our Policy Lens on

Racial Equity

LISC

Our Policy Lens on
Racial Equity

Structural racism, cultural racism, and individual-level discrimination generate racial wealth, health, and opportunity disparities that systematically undermine the success of Black, Indigenous, and people of color (BIPOC) households. Families of color face barriers to economic mobility and opportunity that negatively impact wealth building. White family wealth is nearly ten 10 times greater than Black family wealth and eight times greater than Hispanic family wealth. The gap in net worth between Black and white families is particularly pervasive—it persists at nearly every income level, meaning that even when Black and white households have similar income, the latter are likely to enjoy more overall wealth.

Racial health disparities caused by inequity are ubiquitous. Black, Hispanic, and American Indian or Alaska Native (AIAN) people fare worse than whites on many measures of health, from diabetes rates to infant mortality. Nationally, life expectancy at birth for Black people is 3.6 years shorter than that of white people, and that gap can be even more pronounced depending on where a person lives. Everything from real estate and banking to education and the tax code is predicated upon structural norms that impose barriers to opportunity for people of color.

LISC is committed to advancing racial equity in local communities and eliminating the racial wealth, health, and opportunity gap across all of our work streams. We are supporting Black and Brown entrepreneurship by creating access to capital for business owners of color. We are working to increase wages and help people build twenty-first-century job skills with our investments in Financial Opportunity Centers. We are promoting housing affordability and homeownership opportunities. And we are investing in quality child care, primary schools, and health care serving communities of color. These are just some of the concerted ways that LISC is hoping to address the racial equity gap.

Creating communities of opportunity for all is a multisector, shared responsibility. We believe that the federal government—which in many instances established policies that have exacerbated the wealth gap—can join us in facilitating the dismantling of inequitable systems by adopting policies and approaches that intentionally address racial wealth inequality.

LISC has released a comprehensive set of policy priorities and proposals that we intend to promote with members of Congress and the Administration in the coming months and years. While in some respects all of these proposals will positively impact BIPOC households and communities, we highlight below a subset of the proposals that we believe can be particularly impactful with respect to closing the health, wealth, and opportunity gap for families and communities of color.

Economic Development

Ensuring opportunity for all necessitates federal policies that adequately address the root causes of the racial wealth gap while fostering broader economic inclusion of Black and Brown communities in regional economic growth. Inclusive economic development programs that support all communities have transformational impacts on individuals, families, businesses, and neighborhoods, and are a critical component of closing the racial wealth gap. LISC has identified the following economic development policy proposals as particularly meaningful given their abilities to address the racial wealth gap:

- **Increasing community development funding streams for disinvested communities.** To help reverse years of disinvestment or deleterious investment in communities of color, we are supporting larger investments in programs like the Community Development Block Grants provided through the U.S. Department of Housing and Urban Development (HUD) and the brownfield remediation initiatives of the U.S. Environmental Protection Agency (EPA).
- **Supporting investments in community-based arts and cultural activities**, to help integrate culturally appropriate arts and design activities into economic development planning.
- **Reauthorizing the Economic Development Administration to advance equitable economic development** through an explicit focus on promoting racial and geographic inclusion in the development of Comprehensive Economic Development Strategy (CEDS) plans across the nation.
- **Supporting structural changes to New Markets Tax Credits, Opportunity Zones, and the Community Reinvestment Act** to help ensure that private capital generated through these initiatives inures to the benefit of BIPOC-owned enterprises and the residents of communities of color.
- **Ensuring equitable implementation of Inflation Reduction Act programs,** including the Greenhouse Gas Reduction Fund at EPA, so they are meeting the needs of Black and Brown populations and communities.
- **Increasing investments in community development financial institutions (CDFIs),** which are increasingly being called upon to fill the gap left by traditional financial institutions in serving BIPOC populations.
- **Strengthening the Small Business Administration's capital and technical assistance programs** to address the gap in the provision of their services to entrepreneurs of color, including through permanent authorization of the Community Navigator Pilot Program.
- **Supporting the expansion of the Minority Business Development Agency.** LISC supported the recent codification and elevation of the Minority Business Development Agency (MBDA), and supports efforts to fund the MBDA at $110 million annually to ensure it has the necessary resources to meet its mission.

Education

Education access, quality, affordability, and availability are important components of any strategy to address inequities faced by BIPOC populations, especially those in low-income communities. While educational attainment does not solely determine economic mobility or wealth, it has been shown to be a key determinant of economic success. LISC believes all community members deserve equitable access to quality educational options. There are several education policy proposals that are essential to bridging the racial wealth gap. They include:

- **Providing equitable access to quality education in quality spaces.** The quality of buildings and indoor and outdoor spaces profoundly impacts child learning, and directly influences the health and well-being of children and staff. LISC advocates for policy solutions that promote equitable access to capital for facilities, including: providing a dedicated federal funding source for child care and early learning facilities; robustly funding the Credit Enhancement for Charter School Facilities Program (CEP), while incorporating racial equity incentives in CEP's application review process; and establishing dedicated technical assistance and capacity building supports for child care operators, including home-based providers.

- **Investing in community colleges and industry sector partnerships.** Families of color, especially those with low income, face multiple barriers to postsecondary educational attainment. LISC advocates for the adoption of federal policies that support equitable access to postsecondary education opportunities. Expanding Pell Grant eligibility, investing in community colleges, and promoting partnerships between two-year colleges and businesses are among the LISC-supported federal policy actions to strengthen postsecondary supports and decrease the racial wealth gap.

- **Adequately resourcing historically Black colleges and universities.** Historically Black colleges and universities (HBCUs) were established to serve the educational needs of Black Americans at a time when they were largely denied admission to traditionally white institutions. They currently enroll 10 percent of all Black students and produce almost 20 percent of all Black graduates. Nearly 50 percent of HBCUs are located in economically distressed communities. LISC's policy proposals would expand funding for HBCUs and increase their capacity to support their local communities through investments in neighborhood revitalization, affordable housing, and economic development.

Family Income and Wealth Building

The racial wealth gap is rooted in longstanding discriminatory policies that actively prevented the accumulation of wealth, limited educational options, prevented families from building credit and owning a home, and broadly undermined opportunities for good-paying jobs in Black and Brown communities. Ensuring financial stability for all requires that we address these past practices by promoting policies and programs that actively increase the income and wealth within communities of color.

LISC has identified several policy proposals that will support income- and wealth-building opportunities for BIPOC families, including:

- **Promoting opportunities to build savings.** LISC supports efforts to increase federal support for matched-savings and savings accounts, including "baby bonds" for every American child, to support asset accumulation and help close the racial wealth gap. We also call on Congress to provide more funding for HUD's Family Self-Sufficiency program—initiatives that help families save for education, homeownership, or starting a small business.

- **Strengthening protections against predatory lending.** The prevalence of predatory payday lending is particularly high in communities of color. Effectively closing the racial wealth gap requires that we address debt traps that disproportionally undermine Black borrowers' financial stability.

- **Expanding access to income supports,** which lift millions of families out of poverty and provide them with the financial stability needed to thrive.

- **Fostering digital inclusion.** The digital divide disproportionally impacts communities of color, as broadband availability is significantly lower in majority-

African American and majority-Native American counties.

- **Investing in workforce development and financial coaching.** Workforce and financial coaching programming can address the racial wealth gap by providing individuals with the education, skills, and job-readiness preparation necessary to success in the twenty-first century economy, as well as with the skills needed to develop long-term strategies to build credit and savings.

Health

Significant and persistent racial disparities in health coverage, chronic health conditions, mental health, and mortality are the result of structural inequities across multiple sectors and health care systems. Poor health and wellness negatively affect the economic opportunity of people of color, which in turn contributes to the racial wealth gap. LISC's health policy proposals seek to advance health equity— the condition in which all community members have the opportunity to attain their full health potential— through its work to improve access to health care and positively influence social determinants of health.

LISC supports:

- **Providing incentives for the medical system to finance activities that address broader social determinants of health.** Social determinants of health are the conditions in which people are born, live, learn, work, play, and age that affect a wide range of health outcomes. LISC supports using the infrastructure of the medical system, including Medicaid funding streams and non-profit hospitals' community health needs assessments (CHNAs), to support investments that will lead to healthier communities and families.
- **Increasing investments in community health centers (CHCs).** CHCs serve the most vulnerable populations: 91 percent of patients are low-income, 82 percent are uninsured or publicly insured, and 63 percent are minorities.
- **Increasing access to healthy food.** LISC calls for increased appropriations for the Healthy Food Financing Initiative (HFFI) at the U.S. Department of Agriculture (USDA) so more food-access projects can secure financial and technical assistance resources, helping to reduce food-access inequality. We also endorse continued funding for the HFFI program at the CDFI Fund.

Housing

Our nation's history of housing discrimination and enforced segregation through government and private-sector practices has resulted in stark housing differences between racial and ethnic groups. For instance, there is an over 30 percent difference in homeownership rates between white families and Black families. This results in less wealth building and exacerbates racial wealth inequality. In addition, many minority families continue to be denied access to housing in the neighborhoods of their choice due to lax enforcement of fair housing laws. LISC has identified several housing policy proposals that we believe will help close the racial wealth gap:

- **Expanding affordable rental housing opportunities.** People of color are more likely than white people to be extremely low-income renters and unhoused. LISC supports policies that increase the creation and preservation of affordable rental housing, including expanding the Low-Income Housing Tax Credit and HUD's HOME Investment Partnership program. We also know we need resources to keep families in their homes, including better eviction policies and additional housing counseling supports, and resources for distressed homeowners.

- **Expanding affordable homeownership.** The difference between the homeownership rates of white and Black populations is at its highest level since housing discrimination was made illegal in 1968. We need resources to support affordable and sustainable homeownership for all families and that allow Black and other people of color to access homeownership and build wealth. LISC supports additional down-payment assistance and other affordable homeownership resources, expanding the use of housing bonds, and the passage of the Neighborhood Homes Investment Act to support the development and rehabilitation of single-family homes in distressed communities.
- **Restoring robust fair housing policies.** LISC supports strengthened Affirmatively Furthering Fair Housing and Disparate Impact regulations, while also beefing up enforcement against direct housing discrimination. In addition, LISC supports a national ban on source-of-income discrimination to expand the ability of families to use federal rental assistance programs as a lawful source of income subject to fair housing protections.

Safety and Justice

Systemic racism influences every aspect of the justice system including policing, prosecutorial decisions, and reentry following incarceration. Black and Brown communities are inequitably policed and overrepresented in the justice system. The data are stark: Black males are six times more likely to be incarcerated than white males, and Indigenous youth are three times as likely as white youth to be held in a juvenile detention facility. Involvement with the justice system and incarceration have devastating effects on wealth building, and contribute to the racial wealth gap.

LISC's safety and justice policy priorities include:

- **Fully funding community-based violence intervention and prevention initiative (CVIPI) programs**, which use evidence-informed strategies to reduce violence through tailored, community-centered initiatives. We also urge **funding for** community safety coordinators, key personnel who lead collaborative efforts to improve safety and quality of life in the neighborhoods and act as liaisons among residents, community-based organizations, developers, and law enforcement.
- **Increasing federal resources for data-driven, place-based, and community-centered approaches to safety and justice concerns.** We advocate for authorization and robust funding for the Byrne Criminal Justice Innovation (BCJI) program—an initiative of the U.S. Department of Justice Bureau of Justice Assistance that supports comprehensive and community-oriented strategies to reduce crime and spur revitalization.
- **Encouraging comprehensive law enforcement training.** Proper law enforcement training has numerous benefits, including improving relationships with community members in a way that reduces disproportionate BIPOC contact with the justice system. LISC urges the Department of Justice to:

  1. Support the development of law enforcement training that includes a focus on equitable engagement with local communities, including de-escalation training and education on the value of police partnerships with community developers; and
  2. Support the development of a framework and tools that use community policing principles to create collaborative systems approaches to resiliency and recovery following major incidents.

- **Funding pre-entry and reentry programming.** Justice reform and reinvestment in underserved communities are social, moral, and economic issues at the heart of forging a national agenda that promotes racial equity. Federal support related to pre-entry and reentry should include adoption of the Medicaid Reentry Act, and substantial funding for the Reentry Employment Opportunities (REO) program, the Second Chance Act Grant Program, violence prevention and trauma-informed programs and initiatives operated by the U.S. Centers for Disease Control and Prevention (CDC), and the Juvenile Justice and Delinquency Prevention Act, Title V—Incentive Grants for Local Delinquency Prevention Programs.

Our Policy Lens on

Rural America

LISC

Our Policy Lens on

Rural America

Rural communities contain approximately 20 percent of the country's population, and many are struggling now due to job loss, limited access to financial services, substandard housing stock, and a lack of infrastructure investment. These factors hinder the growth of rural places and contribute to population loss, higher poverty rates, and basic capacity needs. The challenges are greatest in our nation's most rural and isolated areas, which are disproportionately persistent-poverty counties.

We need a national commitment to support rural America's people and communities. Rural places are increasingly diverse and differ from one community to the next, although all offer a wealth of opportunities. These include less expensive land, high rates of homeownership, and a strong sense of community. LISC, through our Rural LISC program, has made a Rural Promise to achieve 20 percent of our community development impact in rural communities. This impact will be achieved through Rural LISC's focus pillars, which include access to capital, broadband and infrastructure, workforce development, disaster recovery and resilience, and placemaking.

We cannot fulfill this goal without strong alignment with federal policies and programs that support our investments in housing, economic development, family income and wealth building, health, and the capacity building needs of non-profit organizations. LISC has released a comprehensive set of policy priorities that we intend to promote with members of Congress and the Administration in the coming months and years. We highlight below several of those policies and programs that we believe will be critical to supporting our work in rural America.

Persistent Poverty

Communities suffering from persistent poverty face some of our nation's steepest challenges, yet they find it difficult to apply for and receive federal resources due to capacity constraints. The U.S. Department of Agriculture (USDA) defines persistent poverty at the county level as counties where at least 20 percent of the population has been living in poverty for the past 30 years. There are approximately 353 persistently poor counties, more than 300 of which are in nonmetropolitan areas.

Legislative proposals have been introduced in Congress to establish "10-20-30" policies, which would direct that a minimum of 10 percent of federal funds for specific affordable housing, community development, and infrastructure programs go to communities in which the poverty level has been at least 20 percent for the last 30 years. LISC supports efforts to increase the ability of persistent-poverty communities to receive federal resources, and we believe these efforts work best when the programs also receive commensurate increases in funding.

LISC also supports efforts to eliminate federal matching-funds requirements for persistently poor rural communities since these places have less ability to secure such funds, which prevents them from accessing needed federal resources. Eliminating match requirements will help support the comprehensive community development efforts needed to revitalize and provide assistance to small towns.

- **USDA's Rural Partners Network**, which helps rural communities access government resources and funding to create jobs, build infrastructure, and support long-term economic stability.

Capacity Building

Non-profit housing organizations and community development corporations (CDCs) play an essential role in supporting low-income families in rural communities. These groups develop and own affordable housing and provide services that further housing stability and opportunity for residents. CDCs in rural areas face special constraints – most notably, limited public and private resources to support their work and much larger service areas – which can limit their capacity to meet needs.

LISC supports increased investments in capacity building and technical assistance programs, including:

- **The U.S. Department of Housing and Urban Development (HUD) Section 4 Capacity Building Program**, which provides grants to intermediary organizations to provide training, education, financial support, and development assistance to non-profit CDCs and housing organizations in rural and urban communities.
- **HUD's Distressed Cities Technical Assistance and Persistent Poverty program**, which provides small local governments facing challenges caused by natural disasters with the assistance they need to recover.
- **USDA's Rural Community Development Initiative**, which provides grants to help non-profit housing and community development organizations, low-income rural communities, and federally recognized tribes support housing, community facilities, and community and economic development projects in rural areas.

Economic Development

Investments in inclusive economic development and infrastructure are critical to the growth of rural communities. Rural communities offer extraordinary talent, businesses, and assets to our local and national economies. Yet rural areas are often shortchanged of the private and federal investments needed to broaden pathways to opportunity meaningfully. The distinctive challenges of rural communities require robust federal investments that better support economic development, innovation, and infrastructure improvements.

LISC encourages the following federal actions:

- **Increase funding for HUD's Community Development Block Grant (CDBG) Program**, streamline the CDBG Disaster Recovery program, and create a new Community Development Financial Institution (CDFI) Crisis Fund program—so that dollars can flow quickly to communities that have been impacted by natural disasters.
- **Increase funding for the CDFI Fund's CDFI Program and make the New Markets Tax Credit permanent.** Both of these programs carve out significant resources for persistently poor and nonmetropolitan communities.
- **Ensure the Greenhouse Gas Reduction Fund supports rural communities.** The Greenhouse Gas Reduction Fund is a historic investment in supporting projects that avoid or lower greenhouse gas emissions. The U.S. Environmental Protection Agency (EPA) should ensure that rural communities receive a sufficient

share of the program's funding, and that the program design meets the needs of smaller places.

- **Improve the USDA Community Facilities Relending Program**, which provides capital to CDFIs and other lenders to make loans to develop community facilities in rural communities. We support efforts to work with USDA on streamlining the program to produce additional impacts.
- **Reauthorize the Economic Development Agency and pass the Revitalizing Small and Local Businesses Act** to support place-based economic development efforts within commercial corridors and rural Main Streets.
- **Ensure the National Telecommunications and Information Administration equitably implements historic federal broadband infrastructure resources throughout rural and Native American communities.** We also support efforts to strengthen the USDA's Rural Utilities Service Telecommunications Program and provide additional funding for technical assistance and pre-development planning activities to do so.
- **Pass the Expanding Access to Capital for Rural Job Creators Act.** The bipartisan legislation would support the identification and elimination of access-to-capital obstacles that small businesses in rural areas disproportionately face.
- **Support funding for the Minority Business Development Agency (MBDA).** The agency has finally been permanently authorized, and its authorization includes a program to establish rural business centers in partnerships with historically Black colleges and universities and non-profit organizations. LISC supports calls to fully fund the MBDA at $110 million annually to ensure the agency has the necessary federal resources to meet its mission.

Family Income and Wealth Building

Building resilient communities of opportunity throughout rural America requires meaningful investments that strengthen individual and household financial stability. Poverty occurs at higher rates in rural America generally, and in 2018 rural communities accounted for all of the extreme-poverty counties across the nation. Rural communities also tend to be hardest hit during economic downturns; the COVID-19 pandemic has proven to be no different.

We must expand our investments in the people who live, work, and raise families in rural areas. In particular LISC urges these steps:

- **Increase protections against predatory lending practices**, which can trap households in debt and significantly impact credit scores.
- **Expand access to income supports and matched-savings programs**, which lift millions of families out of poverty and provide them with the financial stability needed to thrive.
- **Foster digital inclusion** by making the Affordable Connectivity Program permanent and ensure rural communities are well positioned to receive and implement historic investments in digital equity.
- **Invest in workforce development and financial coaching.** Rural communities need flexible federal support to invest in workforce readiness programming that offers high-quality education and training that is integrated with in-demand employment opportunities. This includes providing enhanced access to and knowledge of social services in addition to upskilling, job training opportunities, and financial literacy. Taken together these investments support economic mobility for workers as well as the growth and sustainability of rural enterprises.

Health

Residents of rural communities face special health challenges, as well as difficulties accessing quality health care. The social determinants of health—the conditions in which people are born, live, learn, work, play, and age that heavily influence health—are often more negatively influential in rural communities. As a result, rural communities experience higher rates of chronic conditions and disability than urban communities. It can also be harder to access health care in rural communities, given a shortage of facilities, a lack of transportation options, and difficulties filling health care positions in rural communities.

LISC supports the following steps to support rural health:

- **Provide incentives for the medical system to finance activities that address broader social determinants of health**, including through Medicaid funding streams and non-profit hospitals' community health needs assessments (CHNAs).
- **Fund efforts to link health and social-service network infrastructures** to better facilitate service coordination and referral management among health care providers, community organizations, and federally funded programs for vulnerable and homebound individuals.
- **Increase investments in community health centers (CHCs).** CHCs serve the most vulnerable populations: 91 percent of patients are low-income, 82 percent are uninsured or publicly insured, and 63 percent are members of racial and ethnic minority groups. Forty-five percent of CHCs are located in rural communities.
- **Increase access to healthy food.** Gaining access to healthy and affordable food can be a challenge for rural residents. LISC calls for increased appropriations for the USDA Healthy Food Financing Initiative (HFFI) so more food-access projects can secure financial and technical assistance resources, helping to reduce food-access inequality. We also endorse continued funding for the HFFI program at the CDFI Fund.

Housing

Rural communities exhibit a very particular set of single-family and rental housing characteristics, with higher rates of homeownership and more families owning their property free and clear. But rural areas also have higher rates of substandard housing, shortages of affordable rental housing, higher prevalence of manufactured housing, and lower household incomes. Low incomes make it challenging for homeowners to maintain their homes and for renters to afford those units, often limited in number, that may be available.

LISC supports the following actions advancing rural housing:

- **Increase federal funding for USDA's single-family and rental housing programs**, along with other federal housing assistance programs, which support the production and preservation of housing in rural communities. In addition, provide USDA additional rental housing preservation authorities so more of its multifamily financed properties remain affordable.
- **Strengthen the Low-Income Housing Tax Credit (LIHTC)** through the Affordable Housing Credit Improvement Act, which has numerous provisions specifically focused on increasing LIHTC investments in rural and Native communities.
- **Make Capital Magnet Fund program reforms**, which would make these resources easier to utilize by smaller organizations and in rural communities.
- **Protect Duty-to-Serve mandates for government-sponsored enterprises (GSEs)**, which require them to serve underserved markets, including rural communities.
- **Enact the Neighborhood Homes Investment Act**, which would create a tax credit to support the development and rehabilitation of single-family homes in disinvested rural communities.

- **Increase protections and opportunities in manufactured housing.** Over half of the 17 million manufactured homes in the Unites States are located in rural communities.
- **Increase federal support for rural and tribal homeownership**, through robust funding for USDA's Section 502 Single Family Housing Direct Loan Program and Native CDFI Relending Program, Section 523 Mutual Self-Help Housing Program, and Section 533 Rural Housing Preservation Grants program, as well as for HUD's Office of Native American Programs, including the HUD Section 184 Indian Home Loan Guarantee Program.

Safety & Justice

Many communities throughout the United States struggle to develop solutions to problems of violence and victimization. This struggle can be especially pronounced in rural areas, small towns, and tribal areas, where vast distances and lack of resources and specialized expertise all work against comprehensive solutions. For more than four decades, LISC has worked in many of these communities to improve quality of life and local partner capacity. To this end, LISC supports funding of the Rural Violent Crime Reduction Initiative. RVCRI is an effort funded by the Bureau of Justice Assistance (BJA), State and Local Law Enforcement Assistance account, that provides funding and assistance to rural law enforcement agencies seeking to reduce violent crime and address problems associated with violent crime. Law enforcement agencies and community partners funded through this program receive support to implement violent crime reduction strategies, improve investigations, improve services to victims, and enhance collaboration among local stakeholders.

Our Policy Lens on

Disaster Recovery and Climate Resilience

Our Policy Lens on

Disaster Recovery and Climate Resilience

The passage of the Inflation Reduction Act (IRA) in August 2022 represents a historic investment by Congress to address the ongoing impacts of climate change. These resources are necessary to meet the Biden Administration's goal of cutting U.S. greenhouse gas emissions in half by 2030. The new law also provides a tremendous opportunity for underserved communities to further environmental equity and climate justice.

The increasing frequency of environmental hazards and natural disasters caused by climate change has a disproportionate impact on the health, income, and housing stability of underserved populations and communities. For instance, roughly 25 percent of natural-hazard mortality is due to heat exposure, and throughout the U.S., neighborhoods that include a greater proportion of low-income people and people of color experience significantly higher extreme surface heat. Poor air quality is another prevalent public health challenge. In nearly all regions of the country, children in lower-income households are most likely to live in areas with the highest projected increases in childhood asthma diagnoses due to climate-driven changes. Lack of affordable health insurance exacerbates these problems, as 60 percent of the uninsured are people of color and 58 percent are below 200 percent of the poverty level.

Despite facing disproportionately high climate-related risk, people of color and those on low incomes are less likely to have the financial resources to protect against and recover from climate-related loss, leaving them particularly susceptible. In addition, these employees experience more challenges resulting from reduced pay from lost labor hours caused by the impacts of climate change. On average, census tracts subject to higher climate impacts are projected to experience increases of up to 49 lost labor hours per worker with 2°C of global warming, and up to 84 lost labor hours per worker with 4°C of global warming for individuals who work outdoors, or indoors without air conditioning.

Climate impacts will also have a disproportionate impact on tenants in our nation's affordable housing properties, many of which are located in coastal zones at risk of floods due to discriminatory land use decisions.

We cannot fulfill our nation's climate goals without strong alignment with federal policies and programs that support investments in all facets of our work. LISC has released a comprehensive set of climate-resilience policy priorities and proposals that we intend to promote with members of Congress and the Administration in the coming months and years. We highlight below a subset of the proposals that we believe can be particularly powerful in combatting climate change impacts on underserved people and communities.

Capacity Building and Technical Assistance

Underserved communities face disproportionate harm from the effects of climate change, yet typically have less capacity to implement resiliency measures or equitably recover when disasters strike. LISC has identified the following capacity-building and technical-assistance policy proposals as particularly meaningful given their abilities to address climate change:

- **Increasing technical assistance resources at HUD and other federal agencies.** Disaster recovery and climate mitigation projects are complicated, with a more limited set of organizations available to implement them in smaller and underserved communities. LISC supports increased resources for technical assistance programs at the U.S. Department of Housing and Urban Development (HUD) and other federal agencies, with a focus on rural and economically distressed communities. These critical programs help communities implement disaster recovery efforts and climate mitigation work.
- **Augmenting capacity building resources.** Non-profit affordable housing organizations are embedded in local communities and provide essential housing and services for underserved people. These organizations assist residents before and after disasters and need additional capacity building resources to scale their work and ensure equitable recoveries.
- **Passage of the America's Call to Improve Opportunities Now (ACTION) for National Service Act.** This legislation would, among other things, establish a Civilian Climate Corps to increase the capacity of local communities to fight and adapt to climate change.

Economic Development

Federal economic development programs are essential resources for climate mitigation projects and to support recovery efforts. LISC has identified the following economic development policy proposals as important for addressing climate change:

- **Permanently authorize disaster relief through the Community Development Block Grant – Disaster Recovery (CDBG-DR) program and annually appropriate a modest amount to a Declared Disaster Recovery Fund to allow for immediate assistance.** LISC joins the National Low Income Housing Coalition in calling for passage of the Reforming Disaster Recovery Act to make CDBG-DR permanent and implement much-needed reforms that expedite assistance and ensure the resources are targeted to those most in need.
- **Expand equitable transit-oriented development** to lower greenhouse gas emissions and to counteract longstanding transportation policies that have directly and indirectly led to pervasive patterns of neighborhood segregation and economic isolation.
- **Ensure federal infrastructure investments are implemented equitably** so people of all income levels can benefit from projects that reduce carbon emissions and make communities more resilient.
- **Remediate public health risks in environmental justice communities** by implementing the **Environmental and Climate Justice program, a new initiative of the** U.S. Environmental Protection Agency (EPA).
- **Scale the climate financing and technical assistance activities of community development financial institutions (CDFIs)** by implementing the

EPA's Greenhouse Gas Reduction Fund program, and allow CDFIs to access these resources for projects that lower greenhouse gas emissions.

- **Authorize the CDFI Crisis Fund Act,** so there's an ongoing source of disaster recovery and resilience funding for CDFIs.

Family Income and Wealth Building

The Inflation Reduction Act, along with other public and private investments, is spurring increased demand for green products and services. It's essential that underserved people access green workforce development training so they can compete for these higher-wage positions. LISC has identified the following proposals as important for ensuring low-income people are able to be a part of our nation's increasingly green economy:

- **Ensure the Inflation Reduction Act's green workforce development training and apprenticeship programs reach underserved populations.** LISC supports the Administration's goal of promoting more equitable access to existing workforce development training programs that target lower-income working people, to ensure broad access to living-wage twenty-first-century jobs.

- **Scale programs to diversify the green workforce.** Participation in the growing green economy has largely benefited white and male individuals, with stagnant participation rates for women and people of color. To diversify the workforce and ensure inclusive economic mobility opportunities, LISC urges Congress to increase funding for Registered Apprenticeship and pre-apprenticeship programs focused on green jobs.

Housing

The building sector is a contributor to climate change, accounting for 13 percent of our nation's annual greenhouse gas emissions. LISC has identified key housing policy proposals that we believe will help improve affordable housing performance, while also making homes healthier for low-income tenants:

- **Implement the Green and Resilient Retrofit Program.** The Inflation Reduction Act (IRA) provided $1 billion for the Green and Resilient Retrofit Program (GRRP), which will provide grant and loan funding for retrofits and resilience measures at properties participating in HUD's multifamily project-based rental assistance housing portfolio. LISC supports equitable implementation of GRRP and utilizing data from properties participating in the program to advocate for additional retrofit and resilience funding.

- **Equitably implement the Home Efficiency and Electrification Rebate programs.** The IRA provided $9 billion for single-family and multifamily housing rebate programs, which support energy efficiency retrofits and electrification. LISC supports equitable implementation of these rebates and recommends that the U.S. Department of Energy incorporate program design features that allow the funding to be utilized by underserved people and disadvantaged communities.

Programs/Proposals by Federal Agency

Federal Agency	Federal Program/ Proposal	Policy Priority Area	Policy Sub-Topic
AmeriCorps (formerly the Corporation for National and Community Service)	AmeriCorps State and National Programs	Capacity Building, Leadership & Innovation	National Service
	Social Innovation Fund	Capacity Building, Leadership & Innovation	Fostering Innovation
Banking Regulatory Agencies (Federal Deposit Insurance Corporation, Federal Reserve Board, Office of the Comptroller of the Currency)	Community Reinvestment Act (CRA)	Economic Development	Public-Private Partnerships
Consumer Financial Protection Bureau	Civil Penalty Fund	Family Income & Wealth Building	Financial Coaching
Department of Agriculture	Community Facilities Relending Program	Economic Development	Community Development Programs
	Healthy Food Financing Initiative	Health	Healthy Food
	Rural Community Development Initiative Program	Capacity Building, Leadership & Innovation	Capacity Building & Technical Assistance
	Rural Partners Network	Capacity Building, Leadership & Innovation	Capacity Building & Technical Assistance
	Section 502 Single Family Housing Direct Home Loan Program	Housing	Homeownership
	Section 514/516 Farm Labor Loans and Grants Program	Housing	Affordable Rental Housing

Federal Agency	Federal Program/ Proposal	Policy Priority Area	Policy Sub-Topic
Department of Agriculture *(continued)*	Section 515 Rural Rental Housing Program	Housing	Affordable Rental Housing
	Section 523 Mutual Self-Help Housing Technical Assistance Program	Housing	Homeownership
	Section 521 Rural Rental Assistance Program	Housing	Affordable Rental Housing
	Section 533 Housing Preservation Grant (HPG)	Housing	Homeownership
	Supplemental Nutrition Assistance Program (SNAP)	Family Income & Wealth Building	Increasing Incomes & Access to Income Supports
	SNAP Employment and Training Program	Family Income & Wealth Building	Workforce Development
Department of Commerce (Economic Development Administration)	Revitalizing Small and Local Businesses Act	Economic Development	Community Development Programs
	Recompete Pilot Program	Economic Development	Community Development Programs
Department of Commerce (National Telecommunications and Information Administration)	Broadband Equity, Access, and Deployment Program	Economic Development	Community Development Programs
	Digital Equity Competitive Grant Program	Family Income & Wealth Building	Digital Inclusion
	State Digital Equity Capacity Grant Program	Family Income & Wealth Building	Digital Inclusion
Department of Commerce	Minority Business Development Agency	Economic Development	Small Business Lending

Programs/Proposals by Federal Agency

Federal Agency	Federal Program/ Proposal	Policy Priority Area	Policy Sub-Topic
Department of Education	Bipartisan Safer Communities Act	Education	Charter School Financing
	Credit Enhancement for Charter Schools Facilities Program (CEP)	Education	Charter School Financing
	Elementary and Secondary Education Act (ESEA), Every Student Succeeds Act (ESSA), and Individuals with Disabilities Education Act (IDEA) Programs	Education	Charter School Financing
	Stronger Connections Grant Program	Education	Charter School Financing
Department of Energy	Home Efficiency and Electrification Rebate Programs	Housing	Affordable Rental Housing
Department of Health and Human Services	Child Care is Infrastructure Act (Child Care Facilities Grant Program)	Education	Early Childhood Facilities
	Community Economic Development Grant Program	Economic Development	Community Development Programs
	Community Health Centers Operating Grants (Section 330)	Health	Provision of Health Care
	Health Center Facility Loan Guarantees	Health	Provision of Health Care
Department of Health and Human Services (Centers for Disease Control and Prevention)	Social Determinants of Health Accelerator Grants	Health	Social Determinants of Health
	Social Determinants of Health Capacity Building Program	Health	Social Determinants of Health
	Community Violence Intervention and Prevention Initiatives	Safety & Justice	Community Safety
Department of Health and Human Services (Centers for Medicare and Medicaid Services)	Medicaid	Health, Safety & Justice	Social Determinants of Health, Justice

Programs/Proposals by Federal Agency

Federal Agency	Federal Program/ Proposal	Policy Priority Area	Policy Sub-Topic
Department of Housing and Urban Development	Affirmatively Furthering Fair Housing	Housing	Fair Housing
	Build Housing with Care Act	Education	Early Childhood Facilities
	Community Compass Technical Assistance & Capacity Building Program	Capacity Building, Leadership & Innovation	Capacity Building & Technical Assistance
	Community Development Block Grant Program	Economic Development	Community Development Programs
	Community Development Block Grant Program – Disaster Recovery	Economic Development	Community Development Programs
	Continuum of Care	Housing	Homelessness
	Distressed Cities and Persistent Poverty Technical Assistance Program	Capacity Building, Leadership & Innovation	Capacity Building & Technical Assistance
	Emergency Solutions Grants	Housing	Homelessness
	Family Self-Sufficiency Program	Family Income & Wealth Building	Credit & Savings
	Green and Resilient Retrofit Program	Housing	Affordable Rental Housing
	Historically Black Colleges and Universities (HBCU) Program	Education	Postsecondary Education
	HOME Investment Partnerships Program	Housing	Affordable Rental Housing
	Housing Choice Voucher (HCV) Program	Housing	Affordable Rental Housing
	Housing Counseling Program	Housing	Homeownership
	Housing Trust Fund	Housing	Affordable Rental Housing
	HUD's Thriving Communities Technical Assistance Program	Economic Development	Transit-Oriented Development

Programs/Proposals by Federal Agency

Federal Agency	Federal Program/ Proposal	Policy Priority Area	Policy Sub-Topic
Department of Housing and Urban Development *(continued)*	Rental Assistance Demonstration Program	Housing	Affordable Rental Housing
	Restoring Communities Left Behind Act	Housing	Homeownership
	Section 4 Capacity Building for Community Development & Affordable Housing Program	Capacity Building, Leadership & Innovation	Capacity Building & Technical Assistance
	Section 8 Project-Based Rental Assistance	Housing	Affordable Rental Housing
	Section 202 Supportive Housing for Low-Income Elderly	Housing	Affordable Rental Housing
	Section 811 Supportive Housing for Low-Income Persons with Disabilities	Housing	Affordable Rental Housing
	Yes In My Backyard Program	Economic Development	Transit-Oriented Development
Department of Housing and Urban Development and **Department of Veterans Affairs**	Veterans Affairs Supportive Housing (HUD-VASH)	Housing	Homelessness
Department of Justice	Byrne Criminal Justice Innovation (BCJI) Program (formerly the Innovations in Community-Based Crime Reduction Program)	Safety & Justice	Community Safety
	Community Violence Intervention and Prevention Initiatives	Safety & Justice	Community Safety
	Enhancing School Capacity to Address Youth Violence Program	Safety & Justice	Justice
	Funding for Community Safety Coordinators	Safety & Justice	Community Safety

Programs/Proposals by Federal Agency

Federal Agency	Federal Program/ Proposal	Policy Priority Area	Policy Sub-Topic
Department of Justice *(continued)*	Rural Violent Crime Reduction Initiative	Safety & Justice	Community Safety
	Second Chance Act Grant Program	Safety & Justice	Justice
	Title V Incentive Grants for Local Delinquency Prevention Programs (includes Comprehensive School-based Approach to Youth Violence and Victimization Prevention, Intervention and Accountability)	Safety & Justice	Justice
Department of Labor	Reentry Employment Opportunities Program	Family Income & Wealth Building	Workforce Development
	Trade Adjustment Assistance Community College and Career Training Grant Program (TAACCCT)	Education	Postsecondary Education
	Workforce Innovation and Opportunity Act Programs	Family Income & Wealth Building	Workforce Development
Department of Transportation	Transportation Infrastructure Finance & Innovation Act	Economic Development	Transit-Oriented Development
	DOT's Thriving Communities Technical Assistance Programs	Economic Development	Transit-Oriented Development
Department of the Treasury	Capital Magnet Fund	Housing	Affordable Rental Housing
	CDFI Fund	Economic Development	Investing in Community Development Financial Institutions
	CDFI Healthy Food Financing Initiative	Health	Healthy Food
	Community Development Financial Institutions Program	Economic Development	Public-Private Partnerships
	State Small Business Credit Initiative	Economic Development	Small Business Lending

Programs/Proposals by Federal Agency

Federal Agency	Federal Program/ Proposal	Policy Priority Area	Policy Sub-Topic
Department of the Treasury (CDFI Fund)	Economic Mobility Corps	Capacity Building, Leadership & Innovation	National Service
Department of the Treasury (Internal Revenue Service)	Child Tax Credit	Family Income & Wealth Building	Increasing Incomes & Access to Income Supports
	Earned Income Tax Credit (EITC)	Family Income & Wealth Building	Increasing Incomes & Access to Income Supports
	Low Income Housing Tax Credit (LIHTC)	Housing	Affordable Rental Housing
	Neighborhood Homes Tax Credit	Housing	Homeownership
	New Markets Tax Credit Program	Economic Development	Public-Private Partnerships
Environmental Protection Agency	Brownfields and Land Revitalization Program	Economic Development	Community Development Programs
	Brownfields Area-Wide Planning Program	Economic Development	Community Development Programs
	Environmental and Climate Justice Block Grant Program	Economic Development	Community Development Programs
	Greenhouse Gas Reduction Fund	Economic Development	Investing in Community Development Financial Institutions
Federal Communications Commission	Affordable Connectivity Program	Family Income & Wealth Building	Digital Inclusion
	Lifeline Program	Family Income & Wealth Building	Digital Inclusion
	Universal Service Fund (USF)	Economic Development	Community Development Programs
National Endowment for the Arts	Our Town Program	Economic Development	Community Development Programs

Programs/Proposals by Federal Agency

Federal Agency	Federal Program/ Proposal	Policy Priority Area	Policy Sub-Topic
Small Business Administration	7(a) Loan Guarantee Program	Economic Development	Small Business Lending
	504 Loan Program	Economic Development	Small Business Lending
	Community Navigator Pilot Program	Economic Development	Small Business Lending
	Program Investment for Micro-Entrepreneurs (PRIME)	Economic Development	Small Business Lending
	Small Business Development Center Program	Economic Development	Small Business Lending