LISC
LOCAL INITIATIVES
SUPPORT CORPORATION

March 14, 2022

The Honorable Jim Himes
Chairman
House Select Committee on Economic Disparity and Fairness in Growth
3470 O'Neill House Office Building
Washington, DC 20024

RE: Request for Information (RFI) on developing solutions to the key economic issue of our time: the prosperity gap between wealthy Americans and everyone else

Dear Chairman Himes:

The Local Initiatives Support Corporation (LISC) is pleased to offer comments to questions in response to the Select Committee on Economic Disparity and Fairness in Growth Request for Information (RFI) on "developing solutions to the key economic issue of our time: the prosperity gap between wealthy Americans and everyone else."

LISC is a national non-profit housing and community development organization and certified Community Development Financial Institution (CDFI) dedicated to working with residents and partners to forge resilient and inclusive communities of opportunity across America – great places to live, work, visit, do business and raise families. LISC mobilizes corporate, government and philanthropic support to provide local community development organizations, nonprofits, and small businesses with loans, grants, and equity investments, as well as technical and management assistance. Our organization has a nationwide footprint with offices in 38 cities throughout the country, and a rural network encompassing over 130 partners serving 46 different states. LISC invests approximately $2 billion each year in these communities and our work covers a wide range of activities, including housing, economic development, building family wealth and incomes, education, and creating healthy communities.

LISC greatly appreciates the goals and objectives of the Select Committee on Economic Disparity and Fairness in Growth. The formation of this committee sends a strong signal of acknowledgment of systemic inequality across the United States, and demonstrates Congress's willingness to advance equity and promote equal opportunity to communities around the country. This is a critical first step on a path we hope Congress can take towards addressing racial equity issues and closing the racial wealth gap in America, as well as addressing disparities in wealth and opportunity that result from geographic location.

We offer comments below in response to several questions posed in the RFI:

Question 1: What programs or policies has your organization implemented that help create good-paying jobs, increase worker compensation, help Americans create and save wealth, or address long-standing economic inequities among historically disenfranchised Americans?

LISC understands that healthy, sustainable communities are made up of people who have living wage jobs, and feel confident about their economic futures through increased savings and assets. LISC supports these outcomes through a number of focused programs and initiatives, including: (i) our financial stability programs; (ii) our small business support programs; and (iii) our early childcare initiatives.

LISC's financial stability initiatives include a national network of over 110 Financial Opportunity Centers (FOCs) operating in 30 cities and rural areas across the country. LISC provides resources, technical assistance, and curriculum development to the members of our FOC network to support the provision of employment and career services, financial coaching and education, benefits counseling, and low-cost financial products that build credit, savings, and assets of low-moderate income families. Innovation in the FOC model led LISC to more recently develop the Bridges to Career Opportunities (Bridges) initiative. Bridges provides contextualized literacy and numeracy training, connects clients to "middle skills" jobs with a career pathway, and helps local employers staff up with employees who can get the job done. This integrated delivery approach has proven to help people stay motivated and improve their economic prospects: studies show that FOC and Bridges clients have better job retention with opportunities for growth, develop sound financial habits and build credit.

LISC also supports job growth and wealth development within underserved communities by helping equip local businesses with the resources they need to grow, both by providing small business loans, and also by providing financial support to a network of over 140 Business Development Organizations (BDOs) that provide access to capital, coaching, and place-based assistance for small businesses. We strategically support businesses in low- and moderate-income communities, as well as businesses owned by veterans, women, and minority entrepreneurs. This network includes connections to trained employees and districts where the business can thrive. By closing long-standing access to capital gaps and technical expertise, LISC is working to strengthen small businesses within historically disinvested communities and those owned by minority entrepreneurs to reduce income inequities and foster wealth creation.

Lastly, LISC invests significantly in early childcare initiatives, including financing childcare facilities and building the capacity of home based childcare providers, which often are owned by women of color. Communities across the country have limited access to quality child care, with historically disinvested communities of color and rural areas disproportionately affected. As millions of people return to the workforce, equitable access to quality child care and early learning has never been more essential to the health and economic vitality of families and communities.

Question 2: How can the federal government (or other entities) support higher education andworker training/retraining programs to have the necessary skills to compete and earn a good wage?

LISC recognizes that structural changes in the economy have made a high school diploma a less valuable credential for most good-paying jobs, while at the same time, the skyrocketing costs of education mean that a four year college degree may not be a viable option for lower and even moderate income families, without accruing significant debt. LISC therefore encourages the federal government to support robust investments in workforce development, and to advance legislation that helps to ensure that all individuals have access to pathways of opportunity that can lead to living-wage employment and foster economic stability for themselves, their families, and their communities. Achieving this requires that Congress strengthen and expand the core programs that support workforce training, apprenticeships, community and technical colleges and other avenues to high paying jobs with benefits for workers without four year degrees.

As noted previously, the efforts undertaken at our FOCs have been critical to advancing equitable workforce outcomes. The success of our FOC model is not achieved in isolation, as the effectiveness of FOC sites are predicated upon adequate federal support for core and supplemental Workforce Innovation and Opportunity Act (WIOA) programs. Congress can build on the successes of WIOA through its reauthorization, which offers an opportunity to further improve the delivery of workforce development programs by incentivizing state and local stakeholders to deliver integrated services that link training and education to the labor market – thereby helping to aid in an equitable recovery by better connecting un- and under-employed workers with high-quality jobs. LISC encourages Congress to consider changes to WIOA that would better ensure workers have the skills, education, and supportive services necessary to obtain, retain, and grow in their careers.

LISC also recommends that Congress pass the Relaunching America's Workforce Act (H.R.602), which would help ensure strained workforce systems have the resources to meet increased employment need and help address the pandemic's disproportionate impact on low-wage workers. If passed, it would authorize $15 billion, essentially doubling state formula grants under WIOA and the Carl D. Perkins Career and Technical Education (CTE) Act, as well as substantially increasing funding for activities under the Adult Education and Family Literacy Act (AEFLA) and for WIOA national grant programs and registered apprenticeship programs that have established benefits for workers and businesses.

Congress can also do more to support an integral but often overlooked component of our workforce development system, community colleges, which have traditionally served disproportionately low-income and first-generation students. These higher education institutions are essential providers of skills-based training and often offer comprehensive work-based training opportunities in partnership with broader workforce development stakeholders and nonprofit organizations. LISC encourages Congress to pass legislation and increase funding to leverage community colleges' strengths in reaching underserved populations and furthering connections to registered apprenticeship programs. To achieve this, Congress should increase funding dedicated to community colleges under Title I of WIOA, pass the Community College to Career Fund Act (H.R.6108), and fund the Trade Adjustment Assistance Community College and Career Training (TAACCCT) grant program.

Question 3: How can the federal government (or other entities) support innovation and entrepreneurship, particularly for small businesses and women-owned/minority-owned businesses, through better access to credit, capital and training?

LISC believes the federal government can do more to facilitate robust support for small businesses, entrepreneurship, and innovation policy, particularly within historically underserved communities and populations. Inclusive economic development policies can have transformational impacts on individuals, families, businesses, and neighborhoods, and are a critical component of closing the racial wealth gap. 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 and training regularly limits the growth of businesses in low- and moderate-income communities and of businesses owned by veterans, women, and minority entrepreneurs.

Congress can address these barriers by advancing federal policies and investments that support alternative small business financing and technical assistance that is affordable, culturally relevant, and linguistically accessible. By intentionally supporting policies that focus on the financial, technical, and place-based needs of underserved businesses, we can foster more equitable small business ecosystems. To close the financing gap, LISC recommends substantially increasing investments in programs administered by the Small Business Administration (SBA) and Community Development Financial Institutions (CDFI) Fund at the Department of Treasury. CDFI Fund programs and SBA programs, including Community Advantage, 7(a), 504, and PRIME, have a demonstrated ability to expand capital flow to underserved entrepreneurs and communities but have yet to be scaled to maximize their impact.

LISC also believes that the Economic Development Administration (EDA) could be doing more to support small businesses through place-based efforts that focus on the commercial corridor and main street revitalization to ensure entrepreneurs have access to thriving business districts. LISC therefore calls on Congress to enact the Revitalizing Small and Local Businesses Act (S.3340) to support small businesses and business district revitalization in low-income, rural, and minority communities.

We must also ensure that small businesses, particularly those owned by historically disadvantaged populations, have access to high-quality technical assistance that supports entrepreneurs with business coaching and planning services, credit building, securing financing and banking services, marketing, and expansion. LISC applauds the recent authorization of the Minority Business Development Agency at the Department of Commerce, including new provisions that will allow direct support to non-profits that are supporting both capital and technical assistance needs of minority owned businesses; and calls for increased funding for this agency.

The SBA's Community Navigator Pilot Program, enacted by the American Rescue Plan Act, offers another key step forward on building out supportive services that more intentionally support women and minority-owned businesses. The Community Navigator program does this by filling a long-standing gap in the businesses that are supported by SBA's traditional resource partners by integrating community-based business development organizations within SBA's network of service providers and better connecting businesses with specific cultural and linguistic needs to entities equipped to serve them. It should be made permanent.

Question 4: How can people receive bettersupport when starting a family or caring for their family, especiallyin terms of workforce participation?

The federal government can increase its support of policies and ongoing efforts to promote broader economic prosperity and close longstanding disparities in access to resources that support families and children. Doing so will require improving the accessibility of good-paying work and affordable childcare, creating new chances to build credit and wealth, and refining income supports and tax credits to form a more inclusive modern economy. The evidence is clear that income supports such as the EITC and other related programs reduce the number of families living in poverty and contribute to financial stability. Despite these positive effects, many family support programs have yet to be utilized in a way that maximizes their potential.

LISC believes that Congress can build on the successes of the American Rescue Plan Act to make the expansions of the Earned Income Tax Credit (EITC) and Child Tax Credit (CTC) permanent to comprehensively address poverty, build wealth, and increase financial stability. Investing in the EITC and CTC will improve the accessibility of good-paying work and create new chances to build credit and wealth, helping us form a more inclusive modern economy. The federal government must also provide more robust supports for childcare. Providing support to states to offer universal pre-k would be a game changing role for the federal government, and one LISC fully supports. Child care and early learning programs support working parents, prepare young children for success in school and life, and improve family well-being. While all families deserve safe, affordable, quality child care, the workforce participation of families in rural and low-income urban is profoundly affected by the ability to access care.

In order to equitably increase the opportunity for all families to access quality care in appropriate spaces, there must be a sizable increase in public funding for the entire ECE sector, including dedicated, stand-alone funding to support the acquisition, construction, and renovation of child care facilities. Child care business operators deserve equitable access to small business supports tailored to meet their sector needs. The fiscal instability of child care businesses is mostly caused by a grossly underfunded early care and education system and limited private sector supports. Weak, multi-sector child care financing contributes to the subpar state of physical child care spaces and reflects the inequitable treatment of care providers, who are largely women of color who face structural inequities in attempting to build sustainable small businesses (89% of child-care businesses are women-owned, 60% are BIPOC owned). Dedicated resources for child care operator small business training, technical assistance, and capacity building is broadly needed; as is increased funding and alignment of programs that allow providers to offer food and nutrition assistance for children.

Question 6: How can the federal government (or other entities) support investment in critical infrastructure to support businesses, workers and education?

The federal government should play a critical role in supporting environmentally sustainable infrastructure projects that provide equitable opportunities for low-income families to be able to access jobs, education, and meet their daily needs. The recently enacted bipartisan infrastructure law made significant federal investments in this sector, including for public transportation, broadband, clean energy, resiliency, and reconnecting land use in lower income communities bifurcated by surface transportation projects. These investments and the federal government's actions are increasingly important as extreme weather caused by climate change increases in intensity. For instance, natural disasters cost the United States more than $100 billion last year, with a disparate impact on underserved communities, BIPOC populations, and persons with disabilities. Recent research has shown that nearly 1 in 3 Americans has been impacted by a weather disasters.

CDFIs, which are certified by the U.S. Department of the Treasury, play a lead role in financing opportunities in underserved communities and for low-income populations. The projects which CDFIs support include renewable energy, location efficient affordable housing, resiliency and disaster recovery activities, and others which further environmentally sustainable economic growth. For instance, absence any direct federal support, CDFIs originate over $500 million annually in clean energy financing, and this is most likely an undercount since this asset class is not specifically tracked in federal reporting.

The federal government can support equitable infrastructure projects by ensuring that mission aligned entities, such as CDFIs, receive federal resources to support and scale their mission financing in this sector. Specifically, this should include new programs targeted to CDFIs such as the CDFI Housing and Livable Communities program in the Senate's Build Back Better Act; as well as enactment of the Greenhouse Gas Reduction Fund in the BBB legislation, would provide significant resources for entities financing projects that will lessen greenhouse gas emissions. Congress has also introduced other legislation to support these efforts which LISC supports, including the CDFI Crisis Act (S. 4430), Reforming Disaster Recovery Act (S. 2471/H.R. 4707), Building More Housing Near Transit Act (H.R. 2483) and Equitable Transit Oriented Development Act (H.R. 2206).

In addition to legislative efforts, the Administration should explore existing program authorities and resources to ensure they are being targeted to support sustainable infrastructure projects which further opportunities for all Americans. This analysis should include both the resources provided in the Infrastructure Act, and other federal programs. LISC supports targeting such programs through the Administration's Justice40 Initiative to ensure equitable access to these resources. Ultimately, we encourage Congress and the Administration to work through CDFIs and community based organizations to ensure that federal infrastructure resources are targeted to the underserved communities and populations most impacted by climate change.

Question 7: How can the federal government (or other entities) support access to affordable housing, whether renting or owning?

Access to safe, decent, and affordable rental and homeownership housing is essential for the health and economic well-being of families. For rental housing, we need to ensure there are available affordable rental units for all Americans. Currently, there is not a single area in the U.S. where a minimum-wage worker can afford a modest two-bedroom rental home without spending more than 30 percent of their income in rent. High rental housing costs, which have greatly increased during the last year, 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.

LISC supports enhancing and expanding the Low-Income Housing Tax Credit (the Housing Credit). The Housing Credit 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. LISC advocates for the passage of the Affordable Housing Credit Improvement Act of 2021 (S. 1136/H.R. 2573) to expand this critically important program's resources.

We also support increases in funding for other affordable housing development programs, including the HOME Investment Partnership Program, Capital Magnet Fund, and rural housing programs. These should be coupled with increased demand side subsidies, including additional resources for project-based and tenant-based rental assistance programs.

Our nation also 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 supports the passage of the Neighborhood Homes Investment Act (H.R. 2143/S. 98), which 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 Neighborhood Homes 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 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.

Lastly, LISC believes Congress should provide more resources for homeownership counseling and for down payment assistance programs, particularly for first time homebuyers; since a lack of financial knowledge and lack of upfront resources are in many cases larger obstacles to first time homebuyers than affording a monthly mortgage payment.

Question 9: What is the most important thing the federal government can do to improve the likelihood you and your organization will broadlyprosper economically?

Successful community and economic development efforts require strong local partnerships. LISC believes that federal efforts to support economic prosperity in underserved communities and for low-income people should be structured so that the funding can be deployed flexibly by community-based organizations to meet local needs. The needs of communities throughout the United States vary, so federal programs should allow community organizations to use the resources flexibly in response to local challenges.

Community and economic development intermediaries such as LISC are structured to support community-based efforts by bridging the gap between public and private funding and local community development activities. We do this through our role both as a grant maker and as a CDFI, which allows us to serve as a funding aggregator while also providing technical assistance for locally led community and economic development programs and projects.

We encourage Congress to increase appropriations for community and economic development programs, which are routinely oversubscribed. We recommend increased appropriations for the CDFI Fund since those dollars are utilized to the build the capacity of CDFIs to finance and support community and economic development projects across the country. CDFIs significantly leverage resources in communities and with people left out of the economic mainstream, generating $12 in private capital for every dollar in CDFI grants. We also recommend increased funding for the U.S. Department of Housing and Urban Development's Community Development Block Grant (CDBG) program. The CDBG program is the nation's most significant and flexible resource for local community and economic development efforts although it's funding has decreased by 80 percent from its peak in 1979.

LISC also recommends that Congress increase funding for HUD's Section 4 Capacity Building for Housing and Community Development Program. Section 4 is designed to enhance the capacity of community development corporations and nonprofit housing organizations so they can help strengthen rural and urban communities across the nation by developing affordable housing, revitalizing commercial corridors and helping address local healthcare, childcare, education and safety needs. LISC is also calling for the enactment of the Revitalizing Small and Local Businesses Act (S.3340), which will strengthen the capacity of place-based business development organizations to build inclusive local economic development ecosystems in underserved urban and rural communities.

Finally, national service programs provide a foundation upon which capacity building and innovation often occur, while providing 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. The Economic Mobility Corps is a new joint initiative by the CDFI Fund and AmeriCorps offers a promising path forward to better incorporate national service opportunities and achieve equitable outcomes by placing AmeriCorps members at certified CDFIs to expand access to financial education. LISC recommends that Congress increase investments in national service programs to build on the substantial economic and social benefits and helps create resilient communities of opportunity

Question 10: What are the most Important things state and local governments can do?

State and local governments play many important roles with respect to supporting economic opportunities for underserved communities and populations. For instance, they are often recipients of federal funding, which they competitively allocate for local projects and programs. In addition, states and localities play key roles in development projects, since states typically administer building codes while localities often control land use regulation. These regulatory actions can have large impacts on the ability to produce affordable rental housing. We recommend that Congress authorize and fund incentive programs, such as the Unlocking Possibilities Program in the BBB Act, to encourage localities to reform regulatory barriers which drive up the cost of housing and exclude low-income families from living in those communities.

With respect to housing finance, it is important to note that State Housing Finance Agencies (HFAs) are also the primary administrators of federal Low Income Housing Tax Credits (Housing Credits) and tax exempt multifamily housing bonds. These programs support the vast majority of all new multifamily housing development and preservation. States have a great deal of discretion in awarding the credits to projects that meet designated state selection criterion. To this end, states should be prioritizing projects that are the most difficult to finance and can bring the most impact to communities and residents. This includes, for example, projects that: (i) prioritize serving very low and extremely low income families and special needs populations; (ii) aid in the redevelopment of low income neighborhoods; (iii) provide on-site services, or are located near community service providers (e.g., child care, healthcare, financial or employment counseling); (iv) support environmental sustainability (e.g., transit oriented development; energy efficiency); and (v) serve low-income families in high opportunity areas.

More broadly, LISC believes the most important action state and localities can take is for federal programs to allow partnerships with mission aligned entities, such as CDFIs and non-profit CDCs. This is important since many state and local community and economic development offices are thinly staffed and have limited capacity to deploy federal funding. As an organization, LISC advocates for additional resources to reduce economic disparity; although this will only work in practice if the recipients of these dollars are able to administer and deploy them for the most impact. LISC recommends that state and local governments receive necessary resources to administer such programs while also allowing them to work through CDFIs and CDCs. Many CDFIs and CDCs are able to relieve capacity constraints from state and local governmental funding recipients since their organizations are experts at using these resources to further their mission. Importantly, Congress recognized this when it provided substantial resources for states and localities through the State and Local Fiscal Recovery Fund, which allows these governmental entities to work through nonprofit organizations.

Question 11: What successful partnerships have you engaged in with philanthropic, community development, faith-based or other non-profit organizations? How can the federal government support these partnerships?

LISC relies significantly on partnerships with philanthropic entities, including corporate and family foundations, to support its operations and delivery of programs. In 2021 alone, LISC raised close to $192 million in private grants from philanthropic partners. The following represent just a few illustrative of these partnerships:

- The Lilly Endowment provided $6.5 million to support our network of Financial Opportunity Centers in Indianapolis, IN.
- The Cleveland Foundation provided $3 million to enable LISC to open a local site in Cleveland, OH
- Verizon provided $10 million to support grants to small businesses to help them recover from the impacts of COVID-19
- JP Morgan Chase provided $5 million to support a supplier diversity program
- Uber provided $5 million to support grants to restaurants to support their recovery during the pandemic
- Amazon provided $5.5 million to LISC Puget Sound to support a BIPOC Real Estate Development Training and Mentoring Program
- Blue Cross Blue Shield is providing $4 million over four years to support affordable housing development in the state of Rhode Island
- The San Diego Foundation provided $1 million to LISC San Diego to support a Black homebuyers program
- Wells Fargo provided $2 million to support a national LISC disaster recovery strategy

The federal government can support these partnerships through incentives to increase the amount of total giving – primarily through the tax code. For instance, corporations should be given generous tax benefits for charitable contributions and investments that support low income communities and disadvantaged populations. Similarly, individual taxpayers should be encouraged to increase charitable giving, including by providing tax benefits for charitable contributions even in instances where the individual is not otherwise itemizing deductions. With respect to foundation grant making, Congress should consider instituting a minimum pay out requirement for family foundations, and also potentially raising the minimum pay out for foundations and/or tying it more closely to the foundation's asset growth in the prior year.

It's also important to acknowledge that the Community Reinvestment Act (CRA) may be the single largest driver of grants and below market investments made by banks and their affiliated foundations. CRA requires banks to invest in the communities, including low-income communities, in which they take deposits. Numerous studies have pointed to the effectiveness at CRA in getting banks to shift investments into lower income communities. However, the regulations governing CRA have not been substantially updated since 1995 – despite numerous changes to the banking industry including the rise of interstate banking, increased use of ATMs, and the advent of internet banks and banking services. The banking regulatory agencies are in the process of updating their CRA regulations, and it is imperative not only that they modernize the regulations to reflect the latest trends and developments in the banking industry, but they do so in such a way as to encourage more partnerships with non-profits and CDFIs serving distressed urban and rural communities.

Question 12: What successful partnerships with private-sector entities have you pursued to support economic prosperity? How can the federal government support these partnerships?

LISC's most successful engagements with private sector investors have been spurred by incentives created by the federal government, most notably through the Low Income Housing Tax Credit (the Housing Credit) and the New Markets Tax Credit (NMTC). It is critical not only that these programs be strengthened and expanded, but also that new incentives for investments in low income communities, such as the Neighborhood Homes Investment Act (NHIA), be enacted into law.

The Housing Credit was enacted as part of the Tax Reform Act of 1986. Housing Credits are allocated to the states through a formula allocation, and then awarded through competition to developers of qualified projects. Developers sell the credits to investors to raise equity capital for construction of their projects, thus reducing the debt service and allowing the projects to provide affordable rents to low-income families (generally those making less than 60% of area median income). To date, the Housing Credit has leveraged more than $100 billion in private capital, and financed the development of more than 3 million affordable homes in every state. LISC calls on Congress to pass the Affordable Housing Credit Improvement Act (HR 2573/S.1136), which would expand the program to create over 1.5 million units of additional affordable housing over the next ten years, while also creating more incentives to invest in projects in rural communities and those serving lower income families.

The New Markets Tax Credit was launched in 2000 as the next generation community recovery tool. The NMTC provides an incentive in the form of a tax credit for investors to make equity investments in U.S. Treasury-certified Community Development Entities (CDEs), which in turn deploy the capital to support operating businesses, commercial real estate projects and community facilities in low-income communities throughout the country. To date, over $60 billion of equity has been invested in low-income communities through the NMTC Program. The NMTC is set to expire in 2025. LISC calls on Congress to pass the New Markets Tax Credit Extension Act (HR 1321/S.456), which could make the program permanent and allow the credit to offset the AMT.

As successful as these tax credits have been, neither program is particularly well suited towards investing in single family housing for homeownership. In too many communities, investors cannot invest in single family, for sale homes because the cost of developing or rehabilitating the homes is more than the home can be sold for. This problem impacts urban communities with large pockets of vacant homes, as well as rural communities where high development costs and lower family incomes make it difficult for deals to pencil out. LISC calls on Congress to enact the Neighborhood Homes Investment Act (H.R. 2143/S. 98), which would allow states to allocate federal tax credits that can cover up 35% of the total development costs or rehabilitation costs on homes in distressed communities.

Question 13: What successful partnerships have you engaged in with federal, state, local, municipal and tribal governments? How can the federal government support these partnerships?

As a nonprofit CDFI, LISC is able to leverage funding from corporations, foundations and government agencies to provide financing (loans, grants and equity) and technical and management assistance to local partners and developers. Our intermediary role also puts us in the position of engaging in partnerships with the private sector and multiple levels of government to promote best practices across a range of focal areas and ensure that public sector resources are effectively leveraged. These partnerships are integral to addressing the needs of traditionally underserved, high-need low income urban and rural communities. Below are three illustrative examples of successful public sector partnerships we've recently undertaken, with respect to housing, child care and community safety and justice.

Housing: Congress provided $46 billion in emergency rental assistance to assist distressed renters economically impacted by the Covid-19 pandemic. The funding was distributed by formula to states and localities and represented the most significant amount of emergency rental assistance resources in our nation's history. Due to the scale of this funding and the need to reach underserved populations, many states partnered with community based organizations that have longstanding relationships in the communities they serve. LISC was selected by the State of California to bring together our network of community-based partners throughout California as the state implemented its Emergency Rental Assistance program. We engaged diverse and trusted organizations to coordinate a community centered outreach campaign to ensure landlords and renters were aware of the state's program. This helped ensure resources were deployed to some of the state's most distressed renters and shows the value of allowing local partnerships for federal resources administered by state and local governments.

Child Care: Founded in 2001 and housed at LISC Rhode Island, the Rhode Island Child Care and Early Learning Facilities Fund (RICCELFF) is an innovative public-private partnership dedicated to expanding access to quality child care and early education in low-income communities throughout Rhode Island. RICCELFF supports and develops programs that result in safe, high-quality early learning facilities and indoor and outdoor environments. LISC staff and consultants provide the state's child care and early learning centers with technical assistance on all aspects of facility design and development, and administers facility predevelopment and planning grants, recoverable grants and loans. LISC will also be the administering agent for the newly developed $13 million RI Early Childhood Care and Education (ECCE) Capital Fund.

Safety and Justice: LISC is partnering with the Los Angeles County CEO's Alternative to Incarceration Initiative (ATI Initiative) to expand the capacity and reach of two pre-trial diversion programs – the Pre-Booking/Pre-Filing Diversion Project and the Rapid Diversion Program. These programs aim to divert an estimated 10,000-15,000 individuals from incarceration each year, helping them avoid the negative consequences of justice system involvement. LISC will also launch the ATI Incubation Academy to identify and build capacity of additional local nonprofit organizations to provide services to the County though ATI.

Question 14: In your opinion, what would be the most effective way for you and your stakeholders to stay engaged in our process and to hear about the Select Committee's findings and recommendations?

For centuries, structural racism, cultural racism, individual-level discrimination and inequalities related to geography have disproportionately segregated Black, Indigenous, and people of color (BIPOC) from accessing opportunities and securing quality education, child care, jobs, housing, health care, etc. These issues are so pervasive that they cut across the traditional lines of Congressional committee jurisdictions, thus necessitating a comprehensive and all-encompassing approach to meet the moment.

As discussed throughout this document, LISC has leveraged numerous federal programs and funding streams to deploy direct capital and other supports to low-income, low-wealth, and underserved communities. Our ultimate goal is to ensure that everyone, regardless of zip code is able to join the economic mainstream. Given our role, we have a unique perspective on barriers, obstacles, and opportunities to equitably connect communities to resources and promote policy solutions that are both responsive to local needs and can voice demands that advance racial and economic justice. The Select Committee must engage with these communities to ensure that they are represented in conversations and have a voice in the legislative process. The participation of these entities is essential because they can help uplift the voices of those they serve and address the social economic, and opportunity gaps that continue to affect people's daily lives.

As far as operations, the Select Committee should hold frequent hearings to solicit expert testimony and feedback on policies that can help to address the complex issues of systemic inequality. At such hearings, additional testimony from the public should also be solicited, reviewed by committee members and staff, and made available to the public for review. In addition, the Select Committee should be empowered to draft and report legislation that may cut across one or more standing committees of jurisdiction. Lastly, the Select Committee should be made into a permanent committee. Given the Committee's charge to address centuries of inequity, it would be inappropriate and irresponsible to sunset the committee after one or two legislative sessions.

Conclusion

LISC appreciates the opportunity to provide recommendations on steps that the Select Committee on Economic Disparity and Fairness can take to advance racial equity and support underserved communities. We look forward to the Committee's upcoming reports. In the meantime, we invite you to read through our policy proposals as they provide recommendations on ways we can work together to ensure that people and communities have access to the opportunities and resources needed to thrive and succeed. Our policy priorities are available at: https://www.lisc.org/policy/policy-priorities/.

If you have any questions about our submission or if we can be a resource to you on this or any related issues, please contact me at MJosephs@lisc.org.

Sincerely,

Matt Josephs
Senior Vice President for Policy