HAC
Housing Assistance Council

We help build homes and communities across rural America.

December 19, 2022

Jessica Milano
Chief Program Officer
Office of Recovery Programs
Interagency Community Investment Committee
Department of the Treasury
799 9th St NW
Washington, DC 20001

RE: Community Investment Request for Information Comments

Dear Ms. Milano,

The Housing Assistance Council (HAC) appreciates the opportunity to provide comments to the Interagency Community Investment Committee (ICIC) on its Request for Information (RFI) on opportunities and challenges in federal community investment programs.

HAC is a national nonprofit organization that helps build homes and communities across rural America. Since 1971, HAC has provided below-market financing for affordable housing and community development, technical assistance and training, research and information, and policy formulation to enable solutions for rural communities across the country. In our work, HAC places a special focus on high-needs rural regions – including the Mississippi Delta and the Black Belt, rural Appalachia, Indian Country, the border colonias, and farmworker communities. With over 50 years of experience supporting and developing affordable housing across rural America, HAC is uniquely positioned to comment on ICIC's RFI with a lens toward rural equity.

HAC'S GENERAL RESPONSE TO THE RFI

First, HAC is glad to see the list of agencies that comprise the ICIC. We are especially pleased to see that both the Department of Housing and Urban Development (HUD) and Department of Agriculture (USDA) are participating, given the tendency toward "siloing" that can take place in the field of rural housing.

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More broadly, it is our view that many federal policy and programs benefit some areas of the United States while harming others. Focusing the benefits of government on a handful of thriving metropolitan regions, while overlooking the needs of underserved rural regions, is driving economic, social, and political problems that the nation ignores at its peril. This is fundamentally a question of equity, which is why HAC was pleased to see the Administration's Executive Order on Advancing Racial Equity and Support for Underserved Communities Through the Federal Government, published on President Biden's first day in office.[1] In Section 2 of that Order, we were glad to see "persons who live in rural areas" included in the list of groups who need to be granted "consistent and systematic fair, just, and impartial treatment."[2] Further, we were glad to see "geographic communities" a category that should be considered when determining an "underserved community."[3]

These themes are also present in the ICIC's RFI. We appreciate the explicit inclusion of both rural and Tribal communities in the RFI, which states, "This Request for Information (RFI) offers the public the opportunity to provide information on effective approaches for supporting access to affordable capital and financial services in historically underserved communities, including communities of color, rural communities, and Tribal communities."[4] And the four areas of focus under the RFI also speak to the challenges and opportunities of community development in rural places. HAC is especially well-suited to comment with a lens toward the first and fourth focus areas – the role of community development financial institutions (CDFIs) and the power of investing in community facilities and infrastructure.

Rural America is home to about 20 percent of the U.S. population and covers more than 90 percent of the U.S. landmass. Its small towns and rural regions are diverse demographically and economically, and face a wide array of local

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[1] 1 Executive Order on Advancing Racial Equity and Support for Underserved Communities Through the Federal Government. January 20, 2021. https://www.whitehouse.gov/briefing-room/presidentialactions/2021/01/20/executive-order-advancing-racial-equity-and-support-for-underserved-communities-through-thefederal-government/

[2] Ibid.

[3] Ibid.

[4] Notice and Request for Information-Opportunities and Challenges in Federal Community Investment Programs. October 4, 2022. https://www.federalregister.gov/documents/2022/10/04/2022-21524/notice-and-request-for-information-opportunities-and-challenges-in-federal-community-investment

challenges and opportunities for developing their communities and housing. While each place is unique, HAC has documented several themes. Persistent poverty is a predominantly rural condition. Habitable rural housing is in severely short supply. The adequate housing that does exist is often unaffordable because rural incomes are low and run well below the national median. Rural housing lacks adequate plumbing and kitchen facilities at a rate above the national average. Overcrowding is not uncommon in some rural regions. Decades of stagnant rural house prices have denied owners the wealth and mobility so often associated with buying a home. And racial inequity is endemic as the result of housing policies and banking practices that excluded rural people of color. Complicating these challenges, a lack of reliable rural data obscures rural realities.

In previous eras, the United States promoted geographic dispersion in economic activity. Regulatory policies in the areas of transportation, communications, housing, trade, and antitrust helped construct an era of geographic convergence in the mid-twentieth century. Wealth was less concentrated and opportunity more evenly distributed. The unraveling of this regulatory order around 1980 coincided with the beginning of an era of growing divergence. To combat geographic inequality and its attendant downsides, we recommend reincorporating geographic factors into federal regulatory policymaking. In our experience, and given the landscape outlined above, there are two critical factors necessary to build equity in rural places: local organizational capacity and access to capital.

Capacity Building

Federal investment in capacity building launched almost every successful local and regional housing organization that we know today. However, very few of those local organizations are in rural regions. Fewer still work in areas of persistent rural poverty. The power of capacity building in rural communities cannot be overstated. Rural communities often have small and part-time local governments, inadequate philanthropic support, and a shortage of the specialists needed to navigate the complexities of federal programs and modern housing finance. Targeted capacity building through training and technical assistance is how local organizations learn skills, tap information, and gain the wherewithal to do what they know needs to be done. Rural places need increased capacity building investment in order to compete for government and philanthropic resources. Without deeply embedded, high-capacity local organizations, available federal funding and other capital will never evenly flow to rural communities.

Access to Capital

In recent decades, many rural regions have been stripped of their economic engines, financial establishments, and anchor institutions. Federal trade and antitrust policy has contributed to this situation, conceding the consolidation of wealth, industry, and employment opportunity mostly into metropolitan centers. The result is that rural America faces a dire lack of access to capital. And it is in these rural places where you can find the nation's deepest and most persistent poverty. Without access to financial services and capital, individuals cannot obtain safe credit and financial literacy resources, businesses cannot grow and serve the needs of their communities, and ultimately the communities' economies cannot thrive. The banking industry has undergone considerable consolidation, with the number of lenders insured by the Federal Deposit Insurance Corporation (FDIC) dropping from approximately 15,000 in 1990 to fewer than 5,000 in 2022. There are around 150 rural counties that have one or no bank branches to serve their residents. Building access to capital in underserved rural regions is critical for the equity and long-term viability of rural communities.

HAC'S SPECIFIC RESPONSES TO THE RFI

1. *Please describe examples of best practices and lessons learned from community investment projects that have layered a mix of public, private, and/or philanthropic capital. How could these projects have been more impactful or more cost effective to implement? In responding to this question, examples may address any of the four substantive areas of focus described in this RFI: (1) strengthening the capacity of community financial institutions; (2) supporting small businesses and entrepreneurship; (3) improving financial health and inclusion; and (4) investing in community facilities and infrastructure. In addition, a non-exhaustive list of example programs is provided in the appendix of this RFI as a reference.*

   It is essential to accelerate interagency sharing of best practices in supporting community investment transactions. Because of the substantial resource and capacity constraints faced by affordable housing providers in rural communities, their projects are especially vulnerable to bureaucratic delays and cost increases that can result. HAC recently worked with a nonprofit developer that purchased two small multifamily rental projects from the same seller in the same town for the purpose of preserving them as federally subsidized housing. One project received project-based HUD Section 8 assistance and the other was a USDA Section 515 property. The transfer of the USDA property took 18 months longer than the HUD property, a delay that led to interest rate and materials/labor cost increases that nearly ended the transaction. To its credit, USDA provided $1 million of additional Section 515 funding to fill the growing funding gap. And to be sure, there are programmatic differences between the two funding streams. Nonetheless, as USDA continues to increase its focus on preserving its multifamily portfolio, this could be an area to engage in the sharing of best practices between the two agencies. More broadly, the ICIC should serve as a mechanism to ensure signatory agencies do not have to "reinvent the wheel" when it comes to balancing the dual mandate to fund and provide oversight for federal community development investments, thereby avoiding costly delays.

Even small interagency alignments can yield larger benefits. There are also examples of successful collaboration between HUD and USDA to improve program efficiency that should be lifted up as best practices. For example, a HUD decision to use a USDA approach for self-help housing is a positive step when it comes to blending program funding across agencies and administrative streamlining. Rural self-help housing organizations often combine site development funds from HUD's Self-Help Homeownership Opportunity Program (SHOP) with home purchase mortgages from USDA's Section 502 direct loan program. In 2019, however, USDA adopted a new "income banding" approach to qualify homebuyers,[5] making some families eligible for Section 502 but not for SHOP. To eliminate the gap, in 2020 HUD began allowing the use of income banding for SHOP as well.[6] HUD could now widen this beneficial effect by extending the same change to apply to the HOME and Community Development Block Grant programs.

While not the stuff of press releases, such streamlining efforts are true "win-wins." Not only do they often save the federal government

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[5] Rural Housing Service, USDA. Final Rule, Single Family Housing Direct and Guaranteed Loan Programs. Federal Register. June 21, 2019. https://www.federalregister.gov/documents/2019/06/21/2019-12988/single-family-housing-direct-and-guaranteed-loan-programs

[6] Community Planning and Development, HUD. Notice of Funding Availability, Self-Help Homeownership Opportunity Program. Section III.F(13). June 18, 2020. https://www.hud.gov/sites/dfiles/SPM/documents/fy20_SHOP_FR-6400-N-19.pdf

money, in high needs places like rural and persistent poverty communities they can be the difference between a project moving forward to completion or stalling out because of the fragility of the financing, public sector, and developer ecosystem.

2. *From the examples provided in response to question 1, what specific changes could agencies consider to facilitate the layering of federal funds to attract greater private follow-on funding, as they implement new community investment programs and contemplate modifications to others?*

   HAC suggests that the focus should not just be on leveraging private sector funding – which is far more scarce in rural areas – but also rewarding leverage of public sector funding. Agencies could invest in technical assistance through intermediaries to help rural and underserved places gain the expertise necessary to help develop successful projects that layer complex funding sources effectively. Specific to HAC's expertise, USDA Rural Development should find a way to streamline bringing in new private capital to assist with the preservation of their multifamily housing portfolio. Additionally, HUD and USDA should agree to the same environmental review process and requirements, to streamline when both HUD and USDA requirements need to be met.

   Align with Community Reinvestment Act modernization. HAC strongly encourages the ICIC generally, and Treasury in particular, to consult with the other financial regulators as they move forward in implementing a new regulatory framework for the Community Reinvestment Act (CRA). Along with the Low-Income Housing Tax Credit (LIHTC),[7] CRA is a driving force behind much private capital available for community investment financing. Rural areas remain at a disadvantage because they are often excluded from large banks' CRA assessment areas.[8] Banks seeking CRA credit are the primary investors

[7] LIHTC's contribution to affordable housing production and preservation in rural communities has been essential: Of the over 13,000 properties that received LIHTC allocations from 2006-2016, over one quarter were located in census tracts defined by the Federal Housing Finance Agency (FHFA) as rural. Notably, rural LIHTC properties were substantially smaller (44 units versus 88 units on average) and served a poorer population (94 percent low-income versus 86 percent low-income) than non-rural properties.
[8] CRA in America. https://ruralhome.org/reports/rrr-cra-in-rural-america/. January 2015.

in LIHTCs, so they compete to purchase tax credits in larger cities, driving up their contributions in those places while paying less for rural tax credits. This lower equity pricing further compounds the financing gaps faced by rural communities. Accordingly, HAC's comments[9] on the proposed CRA rule, as well as those submitted by many other stakeholders, called upon the regulators to ensure the final rule incorporates a robust qualitative element in the CRA assessment regime, rather than focusing only on a quantitative approach to assessing bank community investments. HAC urges the ICIC to embrace a similar, nuanced approach.

3. *As agencies are implementing new programs under recent CHIPS and IRA legislation, how can they best incorporate these lessons to streamline design and delivery, as well as ensure historically underserved communities benefit from federal funds?*

   Use technical assistance, funding set asides, and more. The following steps could be considered to ensure that historically underserved areas benefit from the recent CHIPS and IRA legislation, as well as more broadly from federal programs that do not equitably serve rural places:
   - Incorporate technical assistance through intermediaries when possible to help underserved communities understand what funds are available and successfully compete for those funds.
   - Include rural/Tribal/persistent poverty set asides in funding streams that might not otherwise naturally reach those places.
   - Engage with underserved populations to incorporate local consultation into program design.
   - Involve CDFIs and intermediaries who have established relationships in underserved areas in program rollout.
   - Avoid over-weighting leverage or matching requirements in competitive programs, which could inadvertently disadvantage historically underserved areas.

4. *Community financial institutions play a critical role in providing safe, affordable capital and financial services to historically underserved*

[9] HAC Submits Community Reinvestment Act Comments. August 9, 2022. https://ruralhome.org/hac-submits-cra-comments/

communities. How can federal agency coordination help build the capacity of these organizations to serve their communities?

Include CDFIs in multifamily risk sharing. CDFIs could better serve their communities if they could access the HUD/Federal Housing Administration (FHA) multifamily risk sharing program. Currently, only state housing finance agencies actively participate in HUD/FHA multifamily risk sharing (and, by extension, Federal Financing Bank funding). However, CDFIs are also well positioned to provide the long-term, fixed-rate multifamily mortgages that are especially important to historically underserved communities. No additional congressional authority or appropriation is needed to include CDFIs in risk sharing.

To facilitate inclusion of CDFIs, planned efforts to revise risk sharing policy guidance should intentionally accommodate CDFIs. HAC also supports completion of current plans for FHA and FFB to offer a forward interest-rate lock (or its equivalent) to accommodate new construction and substantial rehabilitation. In addition, FHA should consider ways to enable risk sharing loans to support unsubsidized affordable housing (sometimes called naturally occurring affordable housing, or NOAH), whose owners keep rents affordable but do not routinely certify residents' income, including by offering a five-year prepayment lock-out (in addition to the current ten-year lock-out that is suitable for subsidized, rent-restricted properties).

Provide guidance on nonprofits' right of first refusal under the Low-Income Housing Tax Credit. Outside entities have been taking advantage of Section 42(i)(7), a provision in the Internal Revenue Code that allows nonprofit organizations to exercise rights of first refusal (ROFR) at the end of the required 15-year compliance period for LIHTC properties. The ROFR is intended to enable a nonprofit developer to obtain full ownership of the property and preserve its long-term affordability, but other entities' attempts to intervene have led to loss of affordable housing as well as costly legal battles with inconsistent results. The Internal Revenue Service should issue guidance clarifying Section 42(i)(7).

Make definitions consistent. Federal agencies should also coordinate on definitions to help community financial institutions better serve their communities. For example, for the New Markets Tax Credit

(NMTC) program the Internal Revenue Service should use the better tailored definition of "rural" adopted for the Capital Magnet Fund (CMF), rather than nonmetropolitan. Rural set asides using the county-based "nonmetro" as a proxy for rural often do not help the states – largely in the West – where counties are vast, with very rural places found within metropolitan counties.

5. *What specific changes to federal credit or securitization programs could facilitate additional private investment in community financial institutions, and what are the most important existing limitations of these programs that may prohibit additional scale that could be achieved?*

   Allow Fannie Mae and Freddie Mac to invest in CDFIs. Rural areas do not typically have as rich a mix of public, private, and philanthropic capital as urban and suburban places; therefore, it is especially critical that community financial institutions and intermediaries have access to patient, flexible, low-cost capital to work with when serving rural communities. Permitting the Government Sponsored Enterprises (Fannie Mae and Freddie Mac) to make targeted equity investments in CDFIs is, in HAC's opinion, the most impactful action that the Federal Housing Finance Agency (FHFA) could currently take to improve outcomes for rural and underserved places through the Duty to Serve rule. This change would allow community-based nonprofit lenders to bring the power of the Enterprises to markets in which little to no mortgage activity currently occurs, and it would allow community-based nonprofits to grow new markets for future activity by the Enterprises.

6. *How can the Agencies incentivize or structure data collection and reporting to promote increased private sector and philanthropic investment in community financial institutions?*

   Improve accuracy of public data. The usefulness of USDA's data could be expanded by increasing data scrutiny. In several cases the data include multiple measures to capture similar information, so a comparison of the measures could be used to troubleshoot problems before they arise and limit confusion.

   Provide rental housing preservation information. USDA could help stakeholders learn more about the possible preservation uses of USDA Rural Development's Community Facilities programs and the Business and Industry guarantee program. For example, HAC's research has found that numerous stakeholders are unaware that non-housing Rural Development programs could be used for housing preservation. USDA could help by making field office and state office staff aware of all possibilities and including this information in notifications to owners and on its website.

USDA's Rural Housing Service (RHS) could provide or support an exchange where stakeholders can share information with each other about preserving rural rental housing. These could include buyer-seller conferences, which USDA has arranged in the past, as well as meetings to swap best practices, and others. The regular calls USDA holds with rental housing stakeholders have been appreciated.

Additional information and data would also be useful for rural rental preservation. Stakeholders generated a list of information that could help owners, purchasers, and others:

- what has worked to preserve properties of various types and sizes in various situations;
- what properties leave the program, and why;
- where tenants have moved when leaving properties when (or just before) they left the portfolio, and what impact the change has had on them;
- details on the number of tenants USDA's programs serve, the amount needed to fully renew existing Rental Assistance, the number of Rental Assistance units retired, and the number of properties at risk of being removed from the portfolio;
- regular updates to the Preservation Information Exchange (PIX) system;
- details on individual properties compiled in a single place online (following HUD's example); information could include owner contact information, rent information, the amount of each mortgage payment, how many payments remain, whether the owner has requested prepayment approval, when the mortgage(s) will mature, and more, but proprietary and personally identifiable information such as owners' Social Security numbers should be omitted; and
- a list of properties whose mortgages have matured in the past few years.

7. *How can further alignment of and coordination between federal agencies in the four areas of substantive focus result in stronger outcomes with regards to reducing racial economic disparities, improving financial security and economic mobility, and generating broadly shared economic opportunity?*

   Prioritize rural persistent poverty areas. HAC strongly supports the ICIC's goals of reducing racial economic disparities, improving financial security and economic mobility, and generating broadly shared economic opportunity. We believe further that increasing alignment of and coordination between federal agencies in the RFI's four areas of substantive focus could result in stronger outcomes with regard to those goals. But such alignment and coordination will do so only if the ICIC member agencies collectively prioritize high needs rural communities, in particular rural persistent poverty counties.

   As discussed in HAC's general comments on the RFI, rural America has for too long remained an afterthought in the design and implementation of much federal economic and community development policymaking. While USDA's Rural Development programs remain essential to changing the trajectory and geography of opportunity in rural communities, they are not sufficient to do so. Indeed, given the extent to which rural America features unique capacity and scale challenges that do not fit well with most public and private sector models of community facility financing, the onus must remain on the other ICIC member agencies to prioritize high needs rural communities.

   In particular, any credible effort to make real the American dream more broadly and equitably must focus on the communities that have been denied it the longest – persistent poverty counties, where over one-fifth of residents have been below the federal poverty line for at least three decades.[10] The vast majority of persistent poverty counties are rural – concentrated in regions including the Mississippi Delta or Black Belt, central Appalachia, and Native lands. Sixty percent of people living in persistent poverty counties are people of color and 42 percent of persistent poverty counties have majority populations of color. HAC's comments elsewhere offer specific recommendations for

[10] HAC estimates there were 377 persistently poor counties in 2020. Approximately 78 percent of persistent poverty counties in 2020 have been in this status consistently since 1980. https://financialservices.house.gov/uploadedfiles/hhrg-117-ba04-wstate-georgel-20221115.pdf

improving ICIC member agency alignment and coordination to address the needs of rural persistent poverty counties (e.g., targeted technical and capacity building investments in community financing institutions with demonstrable expertise, set asides within federal funding streams). Here, we simply reiterate the importance that the ICIC member agencies jointly prioritize these high needs rural communities.

Similarly, to increase economic mobility and broaden economic opportunity in America will require the ICIC agencies to prioritize rural America more broadly. Well over half a century of macroeconomic trends, exacerbated rather than counterbalanced by federal economic and community development policies, has resulted in fewer than 15 percent of census tracts designated by the FHFA as "high opportunity" being rural.[11] If this trend is not reversed, the nation faces political as well as economic dangers, as a substantial swath of the country becomes increasingly skeptical of the ability of their elected government to better their lives and those of their children. Again, HAC elsewhere offers specific recommendations for how the ICIC can most effectively align and coordinate their investments in rural communities across the four areas of substantive focus. The critical initial step is for the ICIC to have the collective will to do so.

8. *What data should the Agencies consider collecting to better understand and report the impact of community investments in reducing racial, gender, and geographic, or other economic disparities?*

   RHS should report Section 502 direct loans under the Home Mortgage Disclosure Act (HMDA). HMDA data is an invaluable resource for understanding and improving home lending markets across the country. Congress enacted HMDA in 1975 to help inform the public and policymakers of mortgage lending activity, and, in doing so, make it possible to identify communities where access to credit is being denied or discrimination is occurring. With some exceptions, the law mandates institutions originating home purchase, refinance, and home improvement loans, to publicly disclose certain information on the loan applicants and loan characteristics. Policy makers and researchers rely on HMDA data to better understand mortgage

[11] Federal Housing Finance Agency. Duty to Serve Eligibility Data. https://www.fhfa.gov/DataTools/Downloads/Pages/Duty-to-Serve-Eligibility-Data.aspx

lending markets, federal financial regulators use HMDA data to perform Community Reinvestment Act evaluations, and housing practitioners use HMDA to evaluate local lending activity.

HMDA currently excludes rural activity through some of its reporting exemptions that limit coverage. Reporting exemptions exist for extremely small asset lenders ($50 million in 2022) and lenders that do not operate a bank office or branch in an OMB designated metropolitan area. As a result, many smaller banks and banks that operate exclusively in rural areas do not report home lending data. This exemption calls into question the thoroughness of HMDA data for some small markets. Recent changes that have exempted even more lenders from reporting have further exacerbated the problem of data coverage, particularly for small rural areas.

To help counterbalance these omissions, HAC recommends that USDA voluntarily report data on the applications and loan originations for USDA Section 502 direct loans. Most USDA Section 502 guaranteed loans are already reported to HMDA. The inclusion of information on Section 502 direct applicants and borrowers would help provide a more comprehensive picture of rural mortgage dynamics and also highlight the dynamics of a source of quality and affordable housing finance provided by USDA.

Ultimately, financial and mortgage market information is vital to understanding and improving affordable and appropriate lending activity, especially in rural communities. We believe that practitioners, policymakers, and regulators should have an adequate understanding of rural home credit markets and help ensure that all residents have access to fair and affordable credit.

HUD should restore rural in the American Housing Survey (AHS). The American Housing Survey is one of the richest data sources on housing conditions in the U.S. But the rural codes have been inexplicably removed from the Public Use File (PUF). HUD should make rural data available to AHS users again in the PUF.

Reconsider use of rural Area Median Incomes (AMIs). HAC often hears from housing advocates that the use of AMIs to establish housing program eligibility is inherently biased against rural areas and reduces the ability of community-based groups to serve their communities. In an economically depressed area, the median income can be so low that providing housing assistance only to those earning less than 50 percent of AMI means families earning very little are ineligible for aid because they are technically at 75 percent or even 100 percent of AMI. Also, AMIs are based on counties, which may not correspond to the boundaries of local economic systems. A more strategic and equitable approach would revisit and re-envision the entire system. For example, HUD could conduct or fund a parallel analysis of HUD's Small Area Median Income Pilot[12] for rural areas using Zip Code Tabulation Areas (ZCTAs) instead of counties for better income targeting.

Undertake analyses on housing conditions and solutions for each high need and persistently poor rural region or population. The persistence of poverty is most evident within several predominantly rural regions and populations such as Central Appalachia, the Lower Mississippi Delta and the southern Black Belt, the Colonias region along the U.S.-Mexico border, Native American lands, and migrant and seasonal farmworkers. HUD commissioned a large-scale research report on housing for Native Americans, published in 2017.[13] The Housing Assistance Council recommends that HUD commission or contract similar analyses for each high need rural region or population. HAC is ready to consult and work with HUD on this much needed research to inform strategies that reduce racial and ethnic disparities across rural America. As an example, in the early 2000s HAC conducted one of the only national surveys and analyses of farmworker housing conditions.[14] HUD was a major funder of that research. That work is now more than 20 years old, however. There have been substantial changes in farmworker demographics and dynamics in that time, and we know

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[12] Office of Policy Development and Research, HUD. Assessment of Small Area Median Family Income Estimates. May 2018. https://www.huduser.gov/portal/sites/default/files/pdf/Assessment-of-Small-Area-Median-Family-Income-Estimates.pdf

[13] U.S. Department of Housing and Urban Development. 2017. Assessment of American Indian, Alaska Native, and Native Hawaiian Housing Needs. https://www.huduser.gov/portal/native_american_assessment/home.html

[14] Housing Assistance Council. 2001. No Refuge from the Fields: Findings From a Survey Of Farmworker Housing Conditions in the United States. https://ruralhome.org/wp-content/uploads/storage/documents/norefuge.pdf

very little about how the housing situation has changed for this population.

9. *How can the Agencies collaborate on providing technical assistance, opportunities for peer-to-peer learning, and other non-financial resources to support the deployment of capital or implementation of community-serving projects in historically underserved communities?*

   Allow other federal agency match. One recommendation for agency collaboration, in instances where leverage or match funding is required, would be to allow "other federal agency" leverage or match. For instance, USDA allows other federal agency match, while HUD's Rural Capacity Building Program does not. This change would explicitly foster cross agency collaboration on technical assistance for capacity building and on brick-and-mortar projects on the ground.

   Assign staff to manage cross collaboration. Another option to better foster interagency collaboration would be to have a programs office or officer in each agency who would be tasked with specifically managing this desired cross collaboration. If that capacity is not possible internally, a trusted external partner could be designated as a rural programs intermediary to coordinate such collaboration.

10. *Please describe best-in-class examples of how federal technical assistance has been best implemented through public-private partnerships.*

    Support capacity building programs. As mentioned earlier, capacity building is critical for the equitable flow of federal investments to rural, Tribal, and underserved communities. Several small-but-mighty programs serve as best-in-class examples of how technical assistance can level the playing field for these communities. The Rural Capacity Building (RCB) Program at HUD and the Rural Community Development Initiative (RCDI) at USDA are powerful and flexible programs that invest in the capacity of nonprofits and Tribes to undertake affordable housing and community development activities in rural areas. This capacity building is provided by national organizations, like the Housing Assistance Council, who have the expertise and trust-based relationships to move the needle on rural capacity challenges.

Establish a national rural intermediary. Historic levels of federal funds for pandemic recovery and infrastructure are flowing to communities, but no amount of federal investment will succeed in creating lasting rural equity if not paired with the establishment of a federally backed national rural intermediary to ensure the most underserved and persistently poor rural places are in a position to access available federal resources. Interagency support for new capacity building resources, such as the proposed Rural Partnerships Program, is critical to bolster these efforts.

Thank you for your time and consideration of these comments. We greatly value our partnership and look forward to continuing to work with the ICIC to address these important challenges.

Sincerely,

David Lipsetz

David Lipsetz
President & CEO