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Association**

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December 18, 2008

The Honorable Christopher Dodd
Chairman, Senate Committee on Banking, Housing and Urban Affairs
United States Senate
Washington, DC 20510

The Honorable Richard Shelby
Ranking Member, Senate Committee on Banking, Housing and Urban Affairs
United States Senate
Washington, DC 20510

Dear Chairman Dodd and Ranking Member Shelby:

The National NeighborWorks® Association (NNA) is a national association of over 170 NeighborWorks® organizations (NWOs) that advocate for better neighborhoods and housing for low- and moderate-income individuals and families. Our members use Neighborhood Reinvestment Corporation (dba NeighborWorks® America) funds to leverage private dollars in order to create new homeowners, revitalize distressed communities, and build single family and multi-family housing in urban, suburban and rural communities.

Since the beginning of the financial crisis, non-profit community development organizations have been struggling to secure credit resources to serve our clients. At the very time when our services (including affordable rental housing, energy efficiency grants, and access to purchase capital) are in greatest need, the avenues for securing these resources are dwindling. There are two ways that Congress can help non-profit community development groups in the NeighborWorks® Network better serve our communities through an economic recovery plan. The first is to provide capital for shovel ready, stick and brick developments (single-family, rental, and commercial). The second is for lending that stimulates the economy through the homebuilders, realtors and other local housing partnerships.

First, there are a large number of affordable housing projects in jeopardy due to the lack of investment capital. We support additional capital for “shovel-ready” development projects that are idle or potentially lost due to the rapidly deteriorating market conditions. NeighborWorks® America recently conducted a survey related to these projects. Of the 240 NeighborWorks network members, 168 responded to the survey. In all, Network members reported 22,300 units in 367 projects around the country that were ready to go or under construction, with total development costs of \$1.4 billion, including an estimated \$67 million for energy efficiency components. Network members reported a total financing gap of \$615 million, including a \$106 million gap in 9% LIHTC funding, a \$56 million gap in 4% LIHTC funding, \$25 million gap in HOME funding, and a \$19 million gap in CDBG funding. Network members reported that a significant number of projects reported gaps resulting from tightening credit from commercial banks for permanent and construction funding, as well as gaps in CDFI funding, philanthropic dollars, and other public funding sources. We strongly support a federal investment, whether through NeighborWorks® America, or some other federally designated entity, to provide the capital for these projects. NeighborWorks® America estimates that funding the total financing gap could create almost 15,000 jobs in communities across the country, and

not only will new construction projects create jobs, but they will also leave valuable infrastructure improvements for generations to come.

Second, we encourage Congress to allocate \$240 million to the NeighborWorks® Network through NeighborWorks® America for lending capital. NeighborWorks® organizations around the country are in need of capital to lend to families in the form of second loans to rehabilitate their homes, avoid foreclosure, purchase properties from the Neighborhood Stabilization Program, and make energy efficient improvements. NNA surveyed its membership and a majority of NeighborWorks® organizations spanning the nation detailed a need for over \$240 million in capital for these types of activities. Based on our preliminary survey results, our Network alone is ready to facilitate over \$35 million worth of “green-rehab” projects, if this capital were available. Also, while lenders are abandoning our neighborhoods, NNA members are seeing an increased need for capital to lend to homeowners who are willing to buy in the very neighborhoods where foreclosures hit hardest. Without access to loans to facilitate these purchases, our neighborhoods are taking a second hit from the foreclosure crisis. This small amount of federal investment would stimulate local economies through increased employment from rehabs, increased tax base from purchases, while simultaneously stabilizing the communities devastated by the foreclosure crisis.

The NeighborWorks® Network stands ready to assist the Congress and the new Administration in stimulating the economy and bringing recovery to our country. As the economic crisis started in our neighborhoods, we feel uniquely qualified to help the country rise from the economic downturn by focusing on neighborhoods and the housing and families that make them work. A federal investment of \$615 million to move projects and a federal investment of \$240 million to meet the lending needs of our communities can and will leverage the necessary resources to repairing our neighborhoods.

We appreciate your efforts to date and look forward to working with you as we move to help America move forward.

Sincerely,



Eddie Latimer
President



David C. Brown
Executive Director