

U.S. Treasury Financial Literacy and Education Commission Public Meeting Remarks from NeighborWorks America President & CEO Marietta Rodriguez

May 26, 2021

Thank you, Secretary Yellen, Commissioners, Acting Director Uejio, Chairman Harper and my fellow speakers. NeighborWorks America appreciates the Commission hosting this important discussion and providing me the opportunity to share our experience in reducing disparities in the financial well-being for all Americans through financial education.

NeighborWorks America is a trusted and highly engaged, Congressionally-chartered partner to support all of the agencies assembled here in this essential work. Through our network of nearly 250 NeighborWorks network organizations, we provide national scale and scope. Counseling capabilities and capacity are among our highest priorities.

Congress recently appropriated \$100 million to NeighborWorks for housing counseling. As we build what we are calling the [Housing Stability Counseling Program](#), we are leaning on the [lessons learned from administering the National Foreclosure Mitigation Counseling Program](#) from 2008-2018. A portion of the funds will be targeted to provide housing counseling services to minority and low-income populations facing housing instability, or in neighborhoods with high concentrations of minority and low-income populations. We have found financial education to be the most successful when it's delivered by a trusted resource like a trained financial coach, housing counselor or resident services provider. Our network organizations use their many

access points to people in order to build relationships and become trusted resources in their communities. Outreach is critical for serving households in crisis.

Over half of homebuyers reached by the NeighborWorks network are of color, and have low to moderate incomes, which is greater than the overall market as reported by the [Home Mortgage Disclosure Act \(HMDA\)](#). Nearly a quarter (23%) are Hispanic/Latinx compared to 14% for HMDA. 18% are Black or African American compared to 7% for HMDA. And 56% earned under 80% of the area median income, compared to 27% by HMDA.

Minority populations have experienced greater financial loss from COVID-19, as well as from the Great Recession, and can benefit from higher-touch outreach to ensure they get the services and support they need.

In our [eviction prevention guide](#), we recommend that providers invest time building relationships with people *before* they are at risk of losing their housing. This fosters a sense of collaboration and problem-solving and encourages those in crisis to reach out for help rather than to shut down and assume they don't have options. Those in low-income and minority communities may have interacted with unscrupulous landlords in the past, and that can understandably, make it harder to bring them to the table for a conversation.

Time and resources must be afforded for outreach to community-based organizations and other agencies that predominantly serve minority and low-income people and communities. Housing counselors should be considered a resource for educating consumers and connecting renters to emergency rent assistance. Housing counselors can support renters beyond financial relief and set them up for long term financial recovery.

We have heard from our network that the people they serve are often in dire situations. The pandemic has gone on so long, people who *had* emergency funds have exhausted them by the time they meet with a counselor. Investing in financial coaching can help people move from a crisis to long term financial stability. Rental resident services are also critical for the success of tenants and affordable housing properties. In addition to eviction prevention, resident services providers connect renters to other services like nutrition assistance, health services and homecare. Affordable housing providers are the front line for supporting residents who face competing priorities with limited resources. Comprehensive resident services for those in crisis are a strong foundation for future long-term stability through financial coaching.

During the foreclosure crisis of the Great Recession, real time collaboration with government, private sector and nonprofit organizations around the same table to discuss challenges and solutions, was critical to success. We shared these and other comments in a [letter to Secretary Yellen in April](#).

The ongoing convenings allowed stakeholders to discuss challenges and solutions in the moment, bringing great innovations and coordination, while leveraging of each sector's strengths. NeighborWorks America recommends that the federal agencies here lead this type of convening again. Through our experience standing up national programs, and on-the-ground perspective of our engaged network of organizations, we know how to target resources without being overly-prescriptive in program policies, execution and data sources. Community problems are best solved at the community level.

Our network organizations include more than 80 CDFIs, organizations providing resident services, housing counseling and financial coaching. They are experts at leveraging federal, local and private resources to build programs that meet their communities' needs.

- In response to the pandemic, United Housing in Memphis, Tennessee, used multiple funding sources, their expertise in housing counseling and brought in an attorney specializing in renters' rights to rapidly stand up a housing stability program. The program serves the most vulnerable residents, people with low-incomes and renters in their community.
- The Neighborhood Developers in Chelsea, Massachusetts, offers financial education at English as a second language (ESL) classes for hospitality workers in addition to 1-on-1 financial coaching. In a recent project with us, they focused on their customers' flow through their program, starting with their first interaction at the ESL classes, to get more people to achieve their financial goals and graduate from their coaching program.

NeighborWorks America and our network can be tapped at any time for feedback and thought partnership. Education can combat misinformation, either shared in good faith from friends and neighbors or from predatory actors taking advantage of people. Getting high-quality information helps people choose safe, affordable financial products and can have a ripple effect of spreading accurate information in communities of color.

To leverage financial education for greatest impact, our local organizations deliver information just in time, when a consumer is ready to act on it, and provide access to responsible financial products like those available from the CDFIs in our network.

I can share some highlights from a comment letter NeighborWorks America submitted to Secretary Yellen in April:

- Common forms should be made available in English and other languages for borrowers with limited English proficiency, such as those languages covered by the [FHFA's Mortgage Translations](#).
- Tools like a “uniform servicer agreement” or a “common data file” to share consumer data would enhance servicers’ and counselors’ coordination. We also learned about the importance of flexible program guidance that supports several models of intake: direct borrower applications; counselor-driven applications and the servicer model that can also work in concert with counselor referrals to ensure sustainable long-term solutions for borrowers. Local organizations can use that flexibility to tailor their community’s needs rather than excluding people who may not be served by a single, prescriptive intake model.
- Options for assisting borrowers should include direct assistance with mortgage payments, loan modifications, hazard and other insurance, utilities payments, home repairs, and refinancing expenses, especially because and while interest rates are so low. Refinancing can be expensive for a borrower without assistance but could provide hundreds of dollars in monthly payment relief for a lower-income borrower.
- Program guidance should ensure that servicers provide all options for repayment plans for which a borrower is eligible and that borrowers are not required to repay missed mortgage payments with an immediate lump sum payment.