



House Financial Services Committee

Statement of Lisa Hasegawa, Executive Director of the National Coalition for Asian Pacific American Community Development (National CAPACD)

Testimony Before the Subcommittee on Housing and Community Opportunity of the House Financial Services Committee

May 13, 2009

Thank you, Chairwoman Waters, Ranking Member Capito and members of the House Financial Services Committee Subcommittee on Housing and Community Opportunity, for inviting me to testify on the “The Role of NeighborWorks and Housing Counseling Intermediaries in Preventing Foreclosures”.

I want to particularly thank Chairwoman Waters and members of this subcommittee for your leadership on ensuring that communities that have faced disproportionate impacts of the foreclosure crisis and economic downturn receive equitable attention, support and resources, and for acknowledging the unique role that our organizations such as National CAPACD and our members have in reaching those that are most vulnerable – recent immigrants and refugees, people who are limited English proficient and Native Hawaiians and Pacific Islanders.

My name is Lisa Hasegawa and I serve as the Executive Director of the National Coalition for Asian Pacific American Community Development, (National CAPACD). Founded ten years ago, the National Coalition for Asian Pacific American Community Development is the first national policy advocacy organization dedicated to addressing the housing and community development needs of the diverse and growing Asian American and Pacific Islander (AAPI) communities in the United States. Our mission is to be a powerful voice for the unique community

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development needs of AAPI communities and to strengthen the capacity of community-based organizations to create neighborhoods of hope and opportunity.

The strength of our policy analysis and advocacy comes from the knowledge and insight of our network of over 100 member organizations, including community development corporations, preservation agencies, social service providers and advocacy groups, as well as national intermediaries and financial institutions. Working in over 17 states, our members implement innovative affordable housing, community development and community organizing strategies to improve the well-being of low-income AAPI communities. Our network is comprised of local community based agencies representing a diverse constituency including the wide diversity of Asian Americans, Pacific Islanders, Native Hawaiians, refugees, immigrants, and low-income families of all ethnicities.

National CAPACD works to address four core issue areas – Access to Housing, Data Policy, Economic Justice and Community Preservation and Revitalization. Our members respond to a wide range of cultural and linguistic complexities while dealing with housing and community development issues, human service needs and the civil liberties threats facing AAPI communities.

On behalf of the members of the National Coalition for Asian Pacific American Community Development (National CAPACD), I am here today to bring attention to serious structural barriers that we believe have and will continue to prevent Asian American, Native Hawaiian and Pacific Islander (AAPI) communities from accessing resources to respond to the continuing foreclosure crisis. We have been working with Neighborworks, Homeownership Preservation Foundation, Freddie Mac, and a number of financial institutions on our coordinated foreclosure response effort. We have greatly appreciated the partnership and support from the National Council of La Raza, the National Urban League and Home Free USA in both programmatic and strategic systems change efforts.

Together with our members, National CAPACD is well positioned to educate and support AAPIs at risk for foreclosures and rescue scams in the short term, and is committed to ensuring access to credit and a comprehensive asset building infrastructure for the long term. Just six months ago, we were able to form the national AAPI Foreclosure Response Network,

a group of National CAPACD member organizations that are providing foreclosure services to their ethnic communities, but were not able to access any federal resources for these services because they did not fit the criteria of what the NFMC program typically would fund. National CAPACD, with support from Bank of America, Countrywide and Freddie Mac, was able to provide pass through grants to our member organizations so that they could build their capacity to serve their communities directly in the area of foreclosure and mitigation counseling services. This partnership with Bank of America, which includes the National Council of La Raza and the National Urban League and is called the Alliance for Stabilizing our Communities (ASC), has allowed our member organizations to have the crucial access to resources so that they can respond to the foreclosure counseling needs of their communities immediately. (See Attachment A for 2009-2010 plan). Bank of America has recognized the vital importance for trusted community-based entities to conduct the targeted outreach to communities of color that are at-risk of foreclosure. The ASC has allowed National CAPACD and our members to do what we do best – provide in-language and culturally appropriate services, and we expect to see positive outcomes for the families and communities affected by foreclosure because of this strategic investment. We plan to continue to work with Fannie Mae, Freddie Mac, financial institutions and federal agencies to engage them in further commitment to ensure that new loan products and federal initiatives are equally accessible to API borrowers, including the Making Home Affordable program, which currently does not provide materials or services that are accessible to LEP borrowers. The long-term outcomes of the National AAPI Foreclosure Response Network will also be able to ensure that low and moderate AAPIs are credit-ready borrowers who are prepared to participate in local NSP efforts, and remain in their homes.

UNMET NEED

We estimate that \$6,446,424,000 in loans is at risk of foreclosure in AAPI communities.

Subprime loans among Asian Americans almost tripled between 2004 and 2005. Native Hawaiians and Pacific Islanders have significantly higher percentages of high cost loans than the general population. Overall, the percentage of high cost loans to AAPIs is comparable to their percentage of the U.S. population. Lending disparities for Asian Americans and Pacific Islanders have also been documented across the country. In specific metropolitan statistical areas in California, Massachusetts, Nevada, Wisconsin, New Jersey, Hawaii, Minnesota and Washington, Asian American borrowers were significantly more likely to receive a high cost

loan than White borrowers. There are significant AAPI populations in at least 25 of the areas of greatest need identified by NeighborWorks America (NWA), and also in several of the states that have rural areas of greatest need, most notably Hawaii, Minnesota, North Carolina and California.

Like other communities of color, many factors contribute to AAPI families being given high-cost loans. Few banks have bilingual, bicultural staff or offer information about the home-buying process for AAPI immigrant communities. Borrowers with limited understanding of credit and financial institutions and limited credit histories can be penalized, or treated inequitably, by traditional mortgage lending processes, even if they may be creditworthy. There are still very few linguistically and culturally competent housing counselors and financial education programs that specifically target our diverse communities, though we have worked hard over the past several years with Neighbor Works America and other financial institutions to change this fact. A successful model initiated by a financial institution that provides culturally-appropriate educational materials is Freddie Mac's CreditSmart Asian, which is available in multiple Asian languages, and was created in partnership with community-based organizations that serve AAPI and LEP communities.

More recently, the Federal Reserve Board found that there were several Asian sub-populations who were most adversely impacted by the foreclosure crisis. The Hmong community in the Minneapolis-St. Paul metropolitan area have higher current interest rates, are much less likely to be current on their loans. The data has also shown that Hmong families with sub-prime loans are more likely to be in ARMs and in REO than subprime loans in the metro as a whole. A recent study by Chhaya CDC, a member organization of National CAPACD, found that in certain sections of Queens, NY, fifty percent of homes in pre-foreclosure are owned by South Asian immigrants. Finally, in cities with the highest absolute presence of distressed loans across California, the Filipino community has held the highest number of distressed loans in AAPI concentrated communities.

The federal National Foreclosure Mitigation Counseling program currently **excludes** the vast number of CBOs that have the language and cultural expertise to reach diverse AAPI communities across the country. This is due to the fact that the NFMC program is structured to only fund organizations with high-capacity, and a long established history of foreclosure

counseling. Many of National CAPACD's member organizations serve the communities in need, but are still in the process of building their foreclosure counseling programs. There has not been any systematic effort to outreach to AAPI communities via ethnic media or in formal communications in AAPI languages to encourage AAPIs to contact their lenders. There has been no systematic information dissemination to community based organizations serving AAPIs about how to assist or advise clients facing foreclosure. CBOs are often not compensated for providing interpretation or translation by organizations receiving funding for providing counseling services in their area. We are concerned that all of these factors will lead to unequal access to credible information about loan modification options and will allow rescue scams to proliferate in limited English proficient communities. A recent example of this occurred with a Hmong American family living in St. Paul, Minnesota. The family sought help from their bank and a non-profit housing counseling agency. Unfortunately, no one has been able to assist because of cultural/linguistic barriers and their particular financial situation which is not amenable to a solution. They were approached by a for-profit rescue company in their community which claimed they would be able to save their home if the family gave \$2,900 up front to the company to initiate the modification process for the loan. If the company is unsuccessful in achieving an agreeable modification for the family, the family is still required to pay \$900. This information came from a family that is aware of the rescue scams, but is unsure of who is trustworthy to help them in their situation. Further, they are desperate for help, since all other options have failed them. They are in an incredibly vulnerable position.

In light of the nationwide foreclosure crisis, Congress approved significant and needed appropriations to create the National Foreclosure Mitigation Counseling (NFMC) program. The program, focused on the rapid expansion in foreclosure intervention counseling in "areas of greatest need." [1] Given the immediacy of the crisis, that funds are being distributed exclusively to organizations with "demonstrated experience" in foreclosure intervention and loss mitigation counseling, and the grant applications explicitly stated that funds will not be used to establish new housing counseling agencies and new permanent positions that cannot be sustained without NFMC funds.

On the surface, the rationale behind this approach makes sense given the level of urgency. Unfortunately, this strategy will exclude many community-based organizations (CBO) that are best positioned to address this crisis in a culturally and linguistically competent manner with

AAPI communities across the country. These organizations have a proven track record in effectively outreaching to and servicing those in most need. The broader AAPI community is significantly impacted by this regulation because there are few, if any, foreclosure prevention agencies providing culturally and linguistically appropriate services to the 50+ distinct ethnic groups that comprise the AAPI community. We are concerned that the geographic criteria outlined by the NFMC program does not incorporate underserved ethnic communities with high numbers of people who have limited English proficiency.

Because of the lack of outreach, AAPIs facing foreclosure may not be coming to the organizations with the language capacity and cultural competency to help them. This means that the vast majority of AAPI CBOs have had very limited resources to provide the necessary outreach and education to their communities. Without access to the resources provided by NFMC and the design of the program, AAPI CBOs are limited in their ability to provide foreclosure counseling to serve community members at risk for foreclosures and document the need for these services for AAPIs.

In February 2008, National CAPACD made a number of recommendations to Neighborworks America and are committed to continuing the dialogue to design strategies and solutions to reach AAPIs and other communities of color with culturally and linguistically appropriate information and services. We made every effort to ensure that our member organizations were informed about the NMFC program, the availability of funding, the eligibility criteria, taking proactive steps to link organizations with eligible state housing finance agencies or existing HUD approved intermediaries. Our recommendations for NeighborWorks America to effectively address the foreclosure crisis in the AAPI community included the following:

1. **Commit resources to build capacity of CBOs serving AAPI communities to respond to the foreclosure crisis.** The NFMC Final Funding Announcement dated January 25, 2008 references NWA's authority to grant funding to organizations "with a strong track record of providing homeownership counseling services (not necessarily foreclosure counseling services)" to ensure that there is geographic coverage. In addition to geographic criteria, we urge that NWA take into consideration coverage of underserved communities such as those with Limited English Proficiency. Many CBOs serving a predominantly AA or PI community are eligible for funding under the "Factor 6: Strengthening Capacity" category. We

urge NWA to provide funding for Factor 6 eligible organizations that have counselors who speak Asian languages. We know that there are at least seven HUD certified housing counseling agencies with significant Asian or Pacific Islander clientele and language capabilities, and at least another ten who have successful homeownership counseling programs.

2. **Commit resources to educate the AAPI community about the foreclosure issue.**

From numerous discussions with local members and national AAPI organizations, we understand that those at risk for foreclosure may be unaware of the options available to them. We urge that NeighborWorks America partners with National CAPACD and its members to create a comprehensive media and outreach campaign to AAPIs to ensure community members are aware of the issue and the resources available to them.

3. **Ensure that the 1-888-995-HOPE hotline is accessible for AAPIs with Limited English Proficiency (LEP).**

With the demand exceeding the capacity of the hotline, we understand NeighborWorks and its affiliates must hire additional staff to respond to the number of calls. This is an opportunity to build capacity to serve LEP AAPIs as required by recipients of federal funds under Title VI of the Civil Rights Act.

4. **Contract with AAPI CBOs to receive referrals from AAPIs who call the hotline and need foreclosure mitigation and prevention counseling.**

National CAPACD has a list of AAPI CBOs that have the cultural competency and language expertise to provide foreclosure counseling to their community members and that this expertise is necessary to get essential information and services to our communities.

5. **Provide scholarships to NeighborWorks Trainings on foreclosure prevention and mitigation for staff from AAPI CBOs to become certified foreclosure mitigation counselors.**

AAPI CBOs have strong track records providing homeownership counseling but often lack capacity and training to provide counseling on mortgage defaults. A small investment in training for staff from AAPI CBOs would vastly increase the reach of existing foreclosure efforts.

Since last February, we have learned much about what the gaps and challenges are in the existing systems. Additionally, NeighborWorks has provided over 30 training scholarships to National CAPACD and we have a contract with the Homeownership Preservation Foundation to make the HOPE NOW hotline language accessible. These have been small steps forward and we look forward to continuing these partnerships. We also strongly support the recommendations and testimony provided here today by the National Council of La Raza and the National Urban League regarding the importance of the quality and accessibility of counseling and the priority on face to face counseling. Additionally, we also recommend the following:

- Commit resources for case management, translation and interpretation and a system to compensate community based organizations that are not providing direct housing or foreclosure counseling for the service and case management role that they play as trusted messengers to hard to reach populations.
- Ask NeighborWorks and HUD to conduct an assessment of underserved populations whose needs may not be met by the geographically based formulas to determine need.
- Clarify Title VI obligations for Freddie Mac, Fannie Mae and NeighborWorks America and the National Foreclosure Mitigation and Counseling grantees, which includes a prohibition on discrimination based on National Origin or language spoken.
- Look to the health care industry and the U.S. Department of Health and Human Services for models of culturally and linguistically competent care in preventive and primary health care, and the strategies to address minority health disparities, to develop similar strategies at the U.S. Department of Housing and Urban Development.

We stand ready to continue our partnership with federal agencies, intermediaries and financial institutions, and to working with members of this committee on shaping a strategy that ensures that everyone has equal access to information and opportunity, and hope for the future. I look forward to answering any questions that you may have.

Attachment A

NATIONAL CAPACD'S 2009-10 ACTION PLAN FOR AAPI HOUSING/FORECLOSURE COUNSELING NETWORK

Goal: To build a national foreclosure prevention response and counseling infrastructure serving the unique needs of Asian American, Native Hawaiian, and Pacific Islander communities.

Strategies:

- 1) Building capacity in specific ethnic/language groups that are particularly underserved by the banking industry and mainstream housing counseling agencies including Thai, Tagalog (Pilipino), Hmong, Lao, Bengali, Urdu, Hindi, and Korean
- 2) Supporting efforts of emerging organizations that were addressing high need areas (Southeast Asians in Minnesota, South Asians in Queens, Filipinos in California, Native Hawaiians and Pacific Islanders in Hawaii)
- 3) Supporting organizations that have a long-term interest in becoming a HUD Housing Counseling organization.

Tactics:

- 1) Building a Foreclosure Response Network
- 2) Building AAPI Capacity through Training and Peer-to-Peer Learning

1) Building a Foreclosure Response Network & Housing Counseling Infrastructure

National CAPACD recognizes the strength of our member organizations who work to mitigate the devastating effects of foreclosures on a day to day basis. **National CAPACD will expand and strengthen the network of community based organizations working in low income and/or limited English proficient AAPI communities by providing support for an ongoing a peer information sharing and problem solving network and technical assistance to strengthen culturally and linguistically competent housing counseling programs.**

National CAPACD's network of local organizations currently includes the following organizations/collaborations:

- National Korean American Service and Education Consortium (NAKASEC) and their two affiliates Korean Resource Center in Los Angeles and Korean Resource and Cultural Center in Chicago
- Chhaya CDC working in the South Asian community in Jackson Heights, NY
- Asian Pacific Policy and Planning Council, a coalition of Los Angeles-based organizations including Search to Involve Pilipino Americans, Thai CDC, Little Tokyo Service Center, and Chinatown Service Center.
- Council for Native Hawaiian Advancement and Hawaiian Community Assets in Hawaii addressing the needs of the Native Hawaiian population
- Hmong American Partnership and Lao Assistance Center in Minneapolis, MN
- Lao Family in Oakland, CA
- Lao Family in Merced, CA
- Asian Community Development Corporation in Boston, MA
- Philadelphia Chinatown Development Corporation in Philadelphia, PA

- Asian Americans for Equality in New York City
- Chinese American Service League in Chicago, IL
- Pacific Asian Consortium on Employment in Los Angeles, CA
- Union of Pan Asian Communities in San Diego, CA
- International District Housing Alliance in Seattle , WA

Members of the Foreclosure Response Network are the first responders to the crisis in hard hit AAPI communities. National CAPACD has conducted a capacity assessment of our member organizations and has identified 7 organizations that are HUD approved housing counseling agencies and are participating in the National Foreclosure Mitigation and Counseling Program through a partnership with National Council of La Raza or their state housing finance agency. Only a handful are receiving any direct funding from HUD and need additional technical assistance to successfully apply for this funding. This grant will support our work with another 10-15 organizations to build their capacity to be HUD approved and/or effectively partner with existing housing counseling organizations by providing them with one on one technical assistance and training opportunities. They are currently providing case management, referrals and interpretation services for foreclosure counseling with mainstream housing counseling agencies, helping to organize “rescue fairs”, conduct outreach to ethnic media, and coordinate and conduct housing counseling services. Our intention is to build a 9 state network of HUD approved housing counseling organizations and to apply together to become a HUD housing counseling intermediary, dramatically increasing the stability and capacity of the national housing counseling infrastructure to provide linguistically and culturally competent services to low and moderate income AAPIs.

All of the groups listed above will be connected in a national advocacy network to interface with servicers and mainstream advocacy organizations through the coalition with NCLR and NUL. We are continuing to work with and support this broader network of AAPI organizations by:

- Being a liaison to the National Council of La Raza/National Foreclosure Mitigation Program,
- Coordinating participation of AAPI organizations in local rescue fairs with the National Urban League and the National Council of La Raza
- Building a network of multilingual trained housing and foreclosure counselors and promoting their work to federal agencies, intermediaries and financial institutions
- Providing a clearinghouse of translated materials in AAPI languages
- Provide access to training opportunities for housing and foreclosure counseling staff

2) Building AAPI Capacity through Training and Alliances with Communities of Color

Over the last year we have been working to create a pipeline of multilingual, culturally competent housing counseling and foreclosure mitigation counselors to reach out to AAPI borrowers in need. We created the Alliance for Stabilizing our Communities (ASC), a unified multicultural collaborative between **The National Council of La Raza, the National Urban League, and National CAPACD**. With current support from Bank of America, the collaborative seeks to build a comprehensive approach to creating sustainable and accessible homeownership and financial stability across ethnic communities by:

- Establishing a collective voice that represents communities of color in policy and priorities

- Creating increased capacity and efficiency for greater impact in serving families
- Creating, sharing and promoting best practices that lead to a stronger, comprehensive and diverse delivery of services and solutions in multicultural communities

We are working closely with the National Urban League and the National Council of La Raza to forge a coordinated advocacy response about the impacts of foreclosures and the economic downturn on communities of color. We have already participated in joint efforts to educate and advocate about the disparate impacts of the foreclosure crisis on communities of color by conducting joint congressional briefings, meetings with Neighborworks America, Hope Now Alliance, the Federal Reserve, HUD, Treasury, Freddie Mac, Fannie Mae and servicers. We continue to deepen the relationships and work together with other housing advocates to monitor federal housing recovery efforts and ensure that resources are allocated fairly and serve the needs of API communities and communities of color. We hope to play a leadership role for AAPI communities in ensuring compliance with fair lending and civil rights laws and with support from OSI, we would be better prepared to support or engage in litigation towards these ends. While the Federal Reserve conducted much needed research illuminating the impacts of foreclosures on AAPI communities, more research is needed and we hope to conduct additional research with our local partners to document the impacts of foreclosures and lack of access to credit in our communities. Additionally, we are seeking partnerships to develop a more comprehensive strategy to work with ethnic media to provide credible information about available solutions for borrowers at risk of foreclosure or people having challenges with accessing credit, and about in-language counseling services.