



**National Community
Stabilization Trust**

The National Community Stabilization Trust (NCST) is a non-profit organization that works to restore vacant and abandoned properties to productive use and protect neighborhoods from blight. We do this work through our partnership with a network of over 300 **single-family affordable housing developers**, the majority of which are small, nonprofit, business entities.

NCST works with these nonprofit developers in two primary ways: first, by facilitating the sale of foreclosed properties to these entities through our REOMatch® platform, and second, by creating and administering loan funds that support the acquisition and rehab of single-family housing by for- and non-profit organizations. The REO Capital Fund — a subsidiary of NCST that provided financing for the acquisition and rehabilitation of distressed property — made over \$61 million in loans to twenty-two community-based organizations between 2019 and 2019, facilitating the acquisition and rehabilitation of over 660 units of previously distressed housing. NCST is also in the process of creating a loan fund to support small single-family developers in Baltimore City.

Based on our 12 years of experience partnering with these organizations, we know that giving nonprofits access to affordable capital strengthens local economies and helps these organizations create affordable housing and revitalize communities. Unfortunately, the vast majority of our local partners will be shut out of the Main Street Lending Program simply because they have fewer than 50 employees. The same will be true for countless other non-profits who develop or rehabilitate affordable homes across our country.

Excluding nonprofit entities such as affordable housing developers is especially puzzling given that these nonprofits are financially sophisticated entities that are particularly hard hit by Covid -- both due to general economic conditions and foreclosure moratoria that are preventing them from obtaining inventory to rehab and resell. These entities need access to flexible capital as much if not more so larger nonprofits. Not only are they equally creditworthy, but they contribute to their communities by providing both jobs and affordable housing at a time when both are in extremely short supply.

Consequently, we urge the Federal Reserve to rethink the proposed requirement that eligible borrowers have at least 50 employees. The Federal Reserve should either replace that requirement with another measurement of creditworthiness, such as the strength of the organization's balance sheet, or — if that is not feasible — create a special program set-aside for other, larger lenders to subsequently lend to organizations like these developers. Productive, small nonprofits should not be excluded from this important source of financial support solely due to the size of their payroll.

Furthermore, we encourage the Federal Reserve to encourage and monitor lender use of non-traditional underwriting. Nonprofit entities sometimes need to be underwritten in creative ways that account for their unique organizational structures and strengths, offer flexible loan structures and terms, and limit personal guarantees.

Thank you for the opportunity to comment, and please do not hesitate to be in touch if you have any questions.

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