



DCUC
DEFENSE CREDIT UNION COUNCIL

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Jason Stverak
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The Honorable Tim Scott
Chairman
Banking, Housing and Urban Affairs Committee
United States Senate
Washington, DC 20510

The Honorable Elizabeth Warren
Ranking Member
Banking, Housing and Urban Affairs Committee
United States Senate
Washington, DC 20510

Dear Chairman Scott and Ranking Member Warren,

On behalf of the Defense Credit Union Council (DCUC) and our member credit unions, we appreciate the opportunity to provide insight into the pressing issue of affordable housing and the vital role credit unions play in addressing this national crisis. As the Senate Committee on Banking, Housing, and Urban Affairs convenes this hearing on "Housing Roadblocks: Paving a New Way to Address Affordability," we commend your commitment to finding solutions to improve housing affordability across the United States. DCUC represents credit unions stateside and overseas serving military and veteran communities as well as their families, encompassing over 40 million members and having over \$525 billion in assets.

The Affordable Housing Crisis and Its Impact on Military Families

The affordable housing crisis is one of the most pressing challenges facing millions of Americans today. The U.S. faces an **estimated shortage of 7.3 million affordable homes** for the lowest-income renters, leaving only **34 affordable and available units per 100 extremely low-income households** (National Low Income Housing Coalition, 2024). Nearly **half of all renter households are cost-burdened**, meaning they spend more than 30% of their income on housing, with over **8.53 million households** experiencing severe cost burdens (HUD, 2023).

For military families, this crisis is even more pronounced. Service members face unique challenges, including frequent relocations, high housing costs near bases, and housing allowances that often fail to keep pace with rising rents. The Defense Credit Union Council (DCUC) reports that **77% of military families pay more than \$200 out-of-pocket monthly for housing beyond their Basic Allowance for Housing (BAH)**, leading to financial strain (DCUC, 2024). Additionally, rising interest rates and home prices have made homeownership increasingly difficult for service members, particularly those in junior enlisted ranks.

How Credit Unions Are Addressing the Affordable Housing Challenge

Credit unions, particularly defense credit unions, play a significant role in financing homeownership and affordable housing solutions for military families. These member-owned, not-for-profit financial institutions provide tailored products and services that directly address affordability challenges. Some of the keyways credit unions contribute include:

Serving Those Who Serve Our Country

1. **VA Home Loans Assistance:** Many defense credit unions specialize in VA home loans, offering lower interest rates, reduced fees, and guidance to help service members and veterans navigate the home buying process. Despite these efforts, some service members struggle with VA loan acceptance in competitive housing markets.
2. **First-Time Homebuyer Programs:** Credit unions actively participate in first-time homebuyer programs that provide down payment assistance, special loan products, and financial literacy programs.
3. **Affordable Mortgage Options:** Defense credit unions offer **low-interest or zero-down payment mortgage products**, which are critical for military families dealing with frequent relocations and financial uncertainties.
4. **Emergency Relief and Housing Counseling:** Credit unions operate emergency assistance programs, financial literacy initiatives, and housing counseling services, helping members avoid eviction, manage PCS-related housing expenses, and achieve homeownership.
5. **Community-Based Affordable Housing Investments:** Some credit unions participate in the **Federal Home Loan Bank Affordable Housing Program (AHP)** or partner with non-profits like Habitat for Humanity to develop affordable rental and ownership options. HOPE Credit Union, for example, financed **\$124 million in affordable housing projects from 2019-2023**, preserving over **2,500 affordable housing units** (HOPE Credit Union, 2024).

Policy Recommendations to Support Credit Unions in Affordable Housing

To enhance credit unions' ability to serve their members and provide more affordable housing solutions, we urge the Committee to consider the following policy recommendations:

1. **Increase the Credit Union Member Business Lending (MBL) Cap:** Raising the MBL cap would enable credit unions to finance more affordable housing projects and increase lending to small housing developers.
2. **Enhance VA Home Loan Accessibility:** Streamlining the VA home loan process, increasing awareness, and ensuring fair acceptance of VA loan offers in competitive markets would help more service members and veterans achieve homeownership.
3. **Expand Credit Unions' Participation in Federal Housing Programs:** Credit unions should have broader access to HUD and CDFI affordable housing initiatives, allowing them to finance and support more housing solutions.
4. **Ensure Basic Allowance for Housing (BAH) Reflects Market Trends:** Regularly reassessing BAH rates and ensuring they align with actual housing costs in military communities would reduce financial strain on service members.
5. **Reduce Regulatory Burdens on Credit Unions' Mortgage Lending:** Simplifying mortgage lending regulations would allow credit unions to offer more competitive home loan options and reduce unnecessary costs for borrowers.

HUD, NCUA, and Credit Union Collaboration in Affordable Housing

Credit unions actively collaborate with federal agencies to promote affordable housing. The **National Credit Union Administration (NCUA)**, recognizing the importance of housing

stability, has supported credit union lending initiatives for first-time buyers and low-income borrowers. According to NCUA data, federally insured credit unions held **\$725 billion in home mortgage loans** as of 2024, demonstrating their commitment to affordable lending.


Additionally, HUD's **Small Buildings Risk Sharing (SBRS) Initiative** has provided risk-sharing arrangements to CDFI credit unions, enabling them to finance multi-family affordable housing. Programs like **HUD-VASH** (housing vouchers for homeless veterans) and HUD's housing counseling network also integrate credit unions as key financial partners, helping members access stable housing solutions.

The affordable housing crisis in the U.S. requires urgent action. Military families face unique housing affordability challenges, and defense credit unions are committed to providing solutions through innovative mortgage products, financial counseling, and affordable housing investments. However, policy support is needed to scale up credit unions' impact, from increasing lending flexibility to strengthening VA home loan programs and adjusting BAH levels.

DCUC appreciates the Committee's leadership in addressing this critical issue, and we stand ready to collaborate on solutions that ensure military families and communities have access to safe, stable, and affordable housing. We welcome the opportunity to discuss these recommendations further and provide additional data as needed.

Should you or your team have any questions or desire additional information, please do not hesitate to contact me at 202.557.8528 or by email at jstverak@dcuc.org.

Sincerely,



Jason Stverak
Chief Advocacy Officer
DCUC

CC: Senate Banking, Housing and Urban Affairs Committee Members