



March 17, 2021

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The Honorable Maxine Waters
Chairwoman
House Committee on Financial Services
Rm. 2221, Rayburn House Office Building
Washington, DC 20515

The Honorable Patrick McHenry
Ranking Member
House Committee on Financial Services
Rm. 2004, Rayburn House Office Building
Washington, DC 20515

Dear Chairwoman Waters and Ranking Member McHenry,

Thank you, Chairwoman Waters and Members of this Committee, for the opportunity to share a written statement on behalf of our 4.7 million Hispanic Business Enterprises (HBEs) that contribute an estimated \$800 billion to the U.S. economy annually. The USHCC, through our programming and network of more than 250 Hispanic chambers across our country have been providing necessary resources and technical assistance to ensure that all the Small and Minority-Owned Businesses can access the Government economic relief programs and climb out of this economic crisis.

The USHCC's ongoing advocacy during the COVID-19 pandemic and after is focused on three driving pillars: increasing public and private sector procurement opportunities for Hispanic Business Enterprises (HBEs), advocating for issues affecting Hispanic business and the more than 61 million Hispanics living in America, and creating synergies of strategic collaboration with our network of more than 250 local Hispanic chambers across our country. Furthermore, we strive to do this work under three overarching goals which are: influence policy makers to adopt recommendations into stimulus related legislation and administration policies, expand Hispanic and minority-owned small business access to government and private sector procurement, and secure inclusion of the Hispanic community with decision and policy makers throughout the process.

In our USHCC 2020-2021 Policy Platform we talk about the urgent need for equity in financial services. While there are various lenders including large and small banks, corporations, pension funds, insurance companies, credit unions, venture capital funds, angel investors, and family offices, minority-owned businesses still have less access to capital than White-owned businesses.

According to the Minority Business Development Agency (MBDA), the average loan amount for minority-owned firms with more than \$500,000 in gross receipts was \$149,000, while the average for non-minority firms was more than twice that amount at \$310,000. Furthermore, minority-owned firms are less likely to receive loans than nonminority firms and, in fact, are more likely not to apply for loans due to rejection fears. If they do get loans, minority-owned firms are more likely to receive lower loan amounts than nonminority firms and pay higher interest rates on business loans. That is why we make a call to the establishment of a new fair playing field, as well as increasing access to capital, at reasonable interest rates, in order to overcome the disparities between minority and nonminority business owners in our country.



The main component of individual capital for the United States middle class has historically been property ownership. Access to affordable housing is vital to the American economy. According to the Harvard Joint Center for Housing studies, affordable housing contributes to significant economic impacts, including increases in local purchasing power, job creation, and new tax revenues. To support both the national economy and lower income workers who contribute to the American economy, we propose major reform to make housing more affordable and accessible. The USHCC is a strong advocate for an increase in housing credits, as we recognize that equitable access to home ownership is a critical pathway towards building wealth and equity which provide access to loans which can be used start or scale businesses in our community. The approval of bipartisan legislation to strengthen the Low-Income Housing Tax Credit is essential to ensure a controlled expansion of the United States economy.

The Affordable Housing Credit Improvement Act of 2019 (AHCIA) represented a bipartisan effort to modernize the backbone of the American household economy. This bill, if passed, would provide a tremendous economic opportunity to SMBs through the building of over 550,000 affordable homes within ten years and generate \$48.5 billion in new wages and business income. Moreover, this legislation would directly generate \$19.1 billion in additional tax revenue and over 500,000 jobs. The correct implementation of a comprehensive Housing Credit reform can be extremely beneficial to the American economy. Furthermore, it can protect future investments by guaranteeing the stable development of our labor force.

Furthermore, Congress needs to consider the creation of debt and equity options to ensure that all financial institutions, especially FinTech's, asset managers, and diverse capital funds, are treated fairly in the lending process and that financial facilities allocated to the U.S. Treasury, the U.S. Small Business Administration (SBA), and the Federal Reserve Bank be granted to these groups to help with our economic recovery. Action is needed to expand lending for minority and community banks, debt, and equity capital for minority asset managers. Moreover, we need to address the capital needs and lending abilities of Minority Depository Institutions (MDIs), Small Business Investment Companies (SBICs), community banks, smaller regional banks, minority asset managers, and Community Development Financial Institutions (CDFIs) that serve minority and low-income communities who represent some of the most vulnerable businesses as it pertains to cash flow and liquidity. Legislative action is needed to expand the \$30 billion under the CARES Act funding that was allocated so that these financial institutions can continue to serve their customers, including businesses who may not have existing relationships with traditional financial institutions or lenders, to get them the necessary operating capital.

Thank you for your service and partnership in supporting America's Hispanic and minority owned businesses. If you have any questions please do not hesitate to reach out to C. LeRoy Cavazos-Reyna, Vice President of Government and International Affairs via phone at 956-844-9628 or email at LCavazos@ushcc.com. We look forward to a positive response and outcome on this important legislative matter.

Respectfully,

Ramiro A. Cavazos
President and CEO