



## 2010 POLICY PRIORITIES

### Encourage Holistic, Green, Sustainable Development

The negative consequences of neighborhoods with concentrated and intergenerational poverty are numerous and notorious. Enterprise supports programs such as HUD's Choice Neighborhoods and Sustainable Communities Initiatives, which combine affordable housing with other transformative investments to create diverse, thriving communities that help connect families to broader opportunities in society. Enterprise supports funding for mixed-income affordable housing combined with access to jobs, transportation and quality schools.

Green development is a key component of holistic and sustainable community development. Green development – energy-efficient, healthy and environmentally sustainable – offers cost-effective ways to address housing challenges, rising energy and transportation costs, and the effects of global warming, all of which disproportionately affect low-income people. Enterprise has called on its public and private partners to make all affordable housing – new and existing – green by 2020.

Enterprise is leading efforts to make affordable housing more energy efficient by looking at new ways to finance energy-saving retrofits, including retrofitting the HUD and USDA inventory of assisted housing and public housing. Enterprise supports legislation that includes new resources and incentives for developing housing that is healthy, energy-efficient, transit-oriented and environmentally sustainable. Enterprise also supports expanding the existing new energy-efficient home tax credit to affordable multifamily rental housing.

### Expand Investments in Capacity Building for Community Development and Affordable Housing Production

Section 4, part of the HUD budget, is one of the most valuable tools for community development and will become even more important in these challenging economic times. Section 4 ensures that community-based organizations have adequate resources to create and sustain jobs, adapt to new socioeconomic challenges, increase housing production, and preserve the vitality and affordability of existing housing developments. For FY 2011, Enterprise is requesting that Congress preserve the core of Section 4 by fully funding the program in its current form.

Another crucial federal support that promotes investment in low-income communities is the Community Development Financial Institutions (CDFI) Fund, a part of the Treasury Department. The CDFI Fund's mission is to expand the capacity of financial institutions to provide capital, credit and financial services to underserved populations and communities. The fund's Capital Magnet Fund (CMF) provides competitive grants to leverage public and private financing of affordable housing and community development in low-income communities nationwide. However, the CMF was not funded in the President's FY 2011 budget. Enterprise is urging Congress to appropriate \$80 million for the CMF.

## Support Tax Incentives for Investments in Affordable Housing and Economic Development

The Low-Income Housing Tax Credit (LIHTC) is the nation's largest and most successful affordable rental housing production program to date, having financed more than 2 million homes since 1987 and about 120,000 annually in recent years. However, over the past two years, the LIHTC program has been hit hard by the financial crisis. LIHTC investment fell from about \$9 billion in 2006-2007 to \$4.5 billion in 2009, and is expected to remain down in 2010. Enterprise, in partnership with industry and affordable housing advocates, is leading a campaign that supports key policies to bring back LIHTC investment to previous levels. While Congress has provided important but temporary fixes to stabilize the LIHTC market through the exchange and Tax Credit Assistance Programs (TCAP), it must do far more to bring investment back into the LIHTC market.

The New Markets Tax Credit (NMTC) stimulates economic growth in low-income neighborhoods and rural communities with a tax incentive for qualified investments in commercial and mixed-use developments. The NMTC expired at the end of 2009. NMTC authority should be increased to at least \$5 billion annually, and Congress should extend the program on a permanent basis.

## Stabilize Communities Hit Hardest by the Foreclosure Crisis

Enterprise was a leader in creating the Neighborhood Stabilization Program (NSP), which was established in the Housing and Economic Recovery Act of 2008 (HERA) to help cities and states acquire and rehabilitate foreclosed homes to return them to productive use. The scale of the foreclosure crisis highlights the importance of state and local governments making effective use of these funds. To that end, Enterprise and its partners are advocating for several legislative and regulatory improvements to the NSP program that will improve its implementation around the country.

In addition, Enterprise supports funding of at least \$1 billion for a third round of the NSP. Enterprise also believes that neighborhood stabilization activities are an appropriate use of Troubled Assets Recovery Program (TARP) funds, given the program's ultimate goal of stabilizing the housing market. Finally, Enterprise supports comprehensive stabilization policies that connect foreclosure prevention with REO disposition in targeted communities.

## Encourage Financial and Regulatory Reform that Brings Greater Financial Resources into Local Communities

Congress and the Obama administration have proposed to substantially change regulation of financial institutions and overhaul the Government Sponsored Enterprises (GSEs), Fannie Mae and Freddie Mac. In carrying out that overhaul, Congress should seek opportunities to increase or improve financial-sector investment in low-income communities, particularly communities experiencing disinvestment. Policymakers should preserve the role of the GSEs in multifamily mortgage lending and the LIHTC investment market. The GSEs should also contribute to a dedicated funding source for the Capital Magnet Fund and National Housing Trust Fund, as the Housing and Economic Recovery Act of 2008 (HERA) intended.

Enterprise also supports updates to the Community Reinvestment Act (CRA) that increase the amount of sound lending, investment and services in underserved neighborhoods. Both the underlying statute, and the regulations that enforce it, need to reflect the realities of the current financial services industry.

Enterprise is a leading provider of the development capital and expertise it takes to create decent, affordable homes and rebuild communities. For more than 25 years, Enterprise has introduced neighborhood solutions through public-private partnerships with financial institutions, governments, community organizations and others that share our vision. Enterprise has raised and invested \$10.6 billion in equity, grants and loans to help build or preserve more than 270,000 affordable rental and for-sale homes to create vital communities. Enterprise is currently investing in communities at a rate of \$1 billion a year. Visit [www.enterprisecommunity.org](http://www.enterprisecommunity.org) and [www.enterprisecommunity.com](http://www.enterprisecommunity.com) to learn more about Enterprise's efforts to build communities and opportunity.

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