



## NEWS RELEASE

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### **Enterprise Leveraged Funds Bring Capital to Affordable Housing** *Report indicates leveraging funds greatly enhances available resources*

(COLUMBIA, Md., September 18, 2009) – Today, Enterprise Community Partners (Enterprise) released “Innovation in Capital Markets: A New Generation of Community Development Funds from Enterprise,” which is a report that illustrates how Enterprise’s innovative community development funds can successfully leverage capital. In recent years, Enterprise launched its funds to support and enhance local government efforts by attracting large amounts of private capital, generally from banks. The funds have been used to successfully turn limited government and foundation capital into resources that can impact more and more communities across the nation.

“While Enterprise created these funds to increase access to more favorable capital, they also are often the only viable source of financing for some affordable housing developers during the current credit crunch,” said Lori Chatman, president, Enterprise Community Loan Fund.

The Enterprise Community Loan Fund is one of the nation’s largest non-bank Community Development Financial Institutions (CDFIs). It has committed more than \$1 billion to low-income communities and has helped build or renovate more than 95,000 affordable homes nationwide.

The current credit crisis offers a stark reminder that access to capital is vital to the health of our economy and to the existence of key industries. For decades, the affordable housing and community development industry has struggled to obtain sources of capital for its building and revitalization efforts, which often require multiple layers of financing. Since leading the development and passage of the Low-Income Housing Tax Credit (LIHTC), Enterprise has continued to seek new solutions that offer partners critical capital.

In addition to the creation of its community development funds, Enterprise has met that financing challenge through both philanthropic and program-related investment grants as well as a myriad of innovative financial products, such as LIHTC equity, New Markets Tax Credits, permanent mortgages and short-term loans for acquisition, predevelopment and construction.

“Leveraged funds are one of the many ways that CDFIs have innovatively invested for the greatest impact in expanding economic growth and improving markets,” said Mark Pinsky, president and CEO, Opportunity Finance Network (OFN).

OFN is the leading network of private financial intermediaries with a proven expertise in lending prudently and productively in unconventional markets often overlooked by conventional financial institutions. OFN provides to its members—such as Enterprise Community Loan Fund—financial services, knowledge sharing and policy development and strategy solutions. OFN also developed and manages the CDFI Assessment and Ratings System™ (CARST™) to assist CDFI investors in making lending decisions.

Since 2005, Enterprise has created six leveraged funds to provide acquisition and predevelopment capital, often the most difficult financing to obtain. The report highlights three of those funds – the D.C. Preservation Pool, the New York City Acquisition Fund and the New Generation Fund in Los Angeles – and briefly evaluates their performance. In addition, Enterprise created the Atlanta Acquisition Pool, the Louisiana Loan Fund and the Enterprise California Green Communities Fund.

Enterprise's leveraged funds have successfully provided large sums of capital to meet an enormous need. To date, the D.C., Los Angeles and New York funds have collectively helped create or preserve more than 3,900 affordable homes – 1,130 in the nation's capital; 2,531 in New York City and 298 in Los Angeles.

### **Funds Overview**

The targeted approach of the D.C. Preservation Pool attracted unprecedented investments. By the end of 2008, the Enterprise Community Loan Fund had closed loans totaling more than \$45 million for affordable housing preservation.

The New York City Acquisition Fund provides acquisition financing for affordable housing developers. As the credit market tightened in 2007 and 2008, the fund became one of the only sources of acquisition financing. To date, the fund has closed funds totaling more than \$100 million. The market's further deterioration in 2009 has spurred Enterprise to explore new ways of using the fund to support the affordable housing industry.

L.A.'s New Generation Fund was created in 2008 amid already tight credit markets. Attracting investment in the fund proved tremendously challenging. Nevertheless, Enterprise established a \$116 million fund that continues making critical loans. Enterprise also is exploring how to use the New Generation Fund to provide other types of resources for the affordable housing industry. By the end of January 2009, the New Generation Fund had produced \$15 million in loans.

The complete report, written by Enterprise Bart Harvey Fellow My Trinh, can be downloaded from the Enterprise Community Partners website, [www.enterprisecommunity.org](http://www.enterprisecommunity.org).

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**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 more than \$10 billion in equity, grants and loans to help build or preserve more than 250,000 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.