



## 2009 Policy Priorities

### **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, financing more than two million homes since 1987 and about 120,000 annually in recent years. However, over the past year, it has been hit hard by the financial crisis. Investment in the LIHTC fell from about \$9 billion in 2007 to \$4-5 billion in 2008, and could drop even further in 2009. Enterprise, in partnership with industry and affordable housing advocates, is leading a campaign that supports key policies to bring back LIHTC investment to previous annual production levels.

The New Markets Tax Credit (NMTC) stimulates economic growth in low-income neighborhoods and rural communities with a tax incentive for qualified investments in businesses and projects in these communities. The NMTC is scheduled to expire at the end of 2009. NMTC authority should be increased to at least \$5 billion annually and Congress should extend the program on a long-term basis.

### **Encourage Green and Sustainable 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. In the past four years, Enterprise has committed \$655 million to build more than 14,500 healthy, energy-efficient homes for low-income people through the Green Communities initiative.

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

Another opportunity to improve environmental sustainability is to link housing policy and transportation. Next to housing, transportation is most families' largest expense and long commutes and traffic congestion contribute to greenhouse gas emissions. The new transportation bill should create a preference for transit projects located near affordable and workforce housing. This would give local governments an incentive to encourage affordable housing by giving them more points to compete for transit funding. Coupling access to transit and affordable housing increases both environmental benefits and social equity.

### **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* to help cities and states acquire and rehabilitate foreclosed homes to return them to productive use. The scale of the foreclosure crisis makes plain the importance of state and local governments making effective use of these funds. To that end, Enterprise supports funding for the National Community Stabilization Trust to generate private capital investment to supplement federal, state and local resources for foreclosure mitigation and stabilization. Enterprise also believes that these activities are an appropriate use of Troubled Assets Recovery Program (TARP) funds since the ultimate goal is to stabilize housing markets. Finally, Enterprise supports comprehensive stabilization policies that connect foreclosure prevention with REO disposition in targeted communities.

### **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 the resources they need to create and sustain jobs, adapt to new socioeconomic challenges, increase housing production, and preserve the vitality and affordability of existing projects. For Fiscal Year 2010, Enterprise is requesting \$100 million in Section 4 funding for the community development field.

Another crucial federal support that builds the capacity of institutions to invest 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. Enterprise supports the Administration's FY 2010 budget request for CDFI Fund programs, including providing an initial capitalization of the newly established Capital Magnet Fund. The Capital Magnet Fund provides competitive grants to leverage public and private financing of affordable housing and community development in low-income communities nationwide.

### **Encourage Comprehensive Community Development.**

The negative impacts of neighborhoods of concentrated poverty are well known. Enterprise supports efforts to combine affordable housing with other transformative investments to create diverse, thriving communities that help connect families to broader opportunities in our society. Enterprise supports funding for mixed-income affordable housing combined with access to jobs, transportation and quality schools.