

Affordable Housing

A Guide for
Advisors and
Investors

 Enterprise®



INTRODUCTION

Housing affordability is one of the most pressing crises facing our country today.

Impact investing offers a powerful way to align financial goals with social and environmental impact in the affordable housing sector.



“We are coming through the worst housing affordability crisis we’ve ever seen in this country. This isn’t going to turn around by itself. We have too little housing in this country, and we’ve got to build more.”

Shaun Donovan, CEO of Enterprise Community Partners

The nation’s housing challenges are growing in urgency. **The United States has a shortage of 7.1 million rental homes** affordable and available to renters with extremely low incomes (National Low Income Housing Coalition, 2025).

In recent years, affordability has continued to erode for renters and homeowners, while a record-high number of people are unhoused and cost-burdened due to housing. Increasing the overall housing supply will help reduce the national shortage, but modestly priced homes are what we need most.

There are many ways to mobilize your capital to help increase the supply of much-needed quality affordable housing. We hope this guide provides you with the requisite information and inspiration to help ensure everyone has an affordable, safe place to call home.

UNDERSTANDING THE HOUSING CRISIS

What is causing the housing affordability crisis?

We are underbuilding housing due to rising costs and regulatory barriers.

- **Rising costs** are putting strain on owners and operators. Inflation, high interest rates, supply chain disruptions, and a shortage of construction workers acutely impact supply. These market forces lead to rising project costs, cause financing gaps, and create long delays.
- **Regulatory barriers** also restrict new construction and can account for up to 41% of total multifamily development costs, according to a joint study by the National Multifamily Housing Council (NMHC) and National Association of Home Builders (NAHB).



Meanwhile, wages are not keeping up with housing cost growth.

Median Home Price-to-Median Income Ratio



In 1990, the median home price was 3.1 times the median income in the U.S. In 2024, the housing-price-to-income ratio climbed to five times the median income. This spike in home costs has left millions of people stuck renting — driving up competition and prices in the rental market, too.

Data Source: Harvard Joint Center for Housing Studies State of the Nation's Housing 2025

UNDERSTANDING THE HOUSING CRISIS

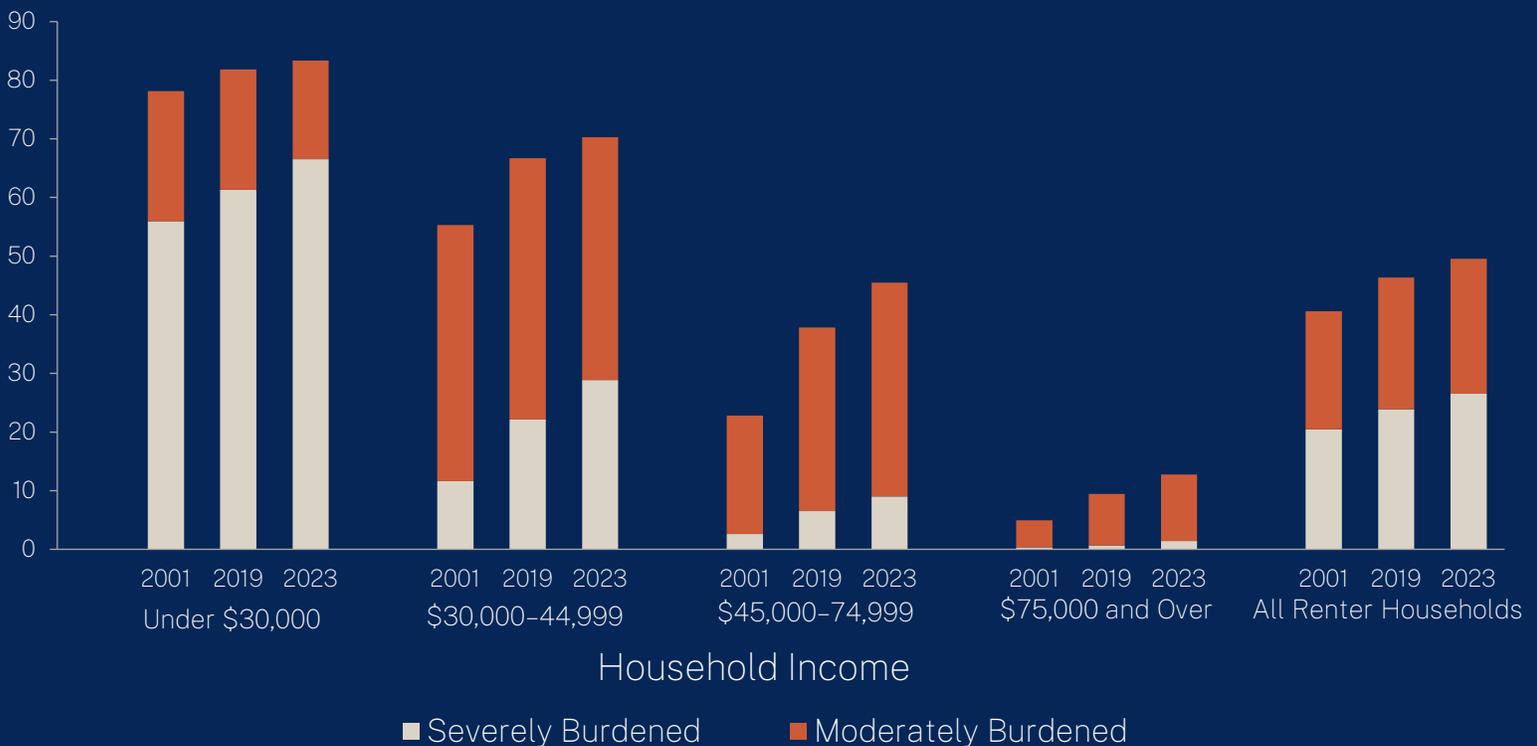
And what are the consequences?

More than half of America's renters live in housing they can't afford.

- **Rising prevalence of cost burdened households** across income levels, with about half of all renter households facing cost burden.
- **Corresponding decline in residual incomes**, with less money available to cover other necessities: in 2023, renters with incomes below \$30,000 had a median of just \$250 per month left over after paying for housing.
- **Sharp rise in homelessness**: in January 2024, 771,480 people were homeless, a 33% increase since January 2020.

33%
increase in number of people experiencing homelessness between January 2020 and January 2024

Share of Renter Households with Cost Burdens (%)



UNDERSTANDING THE HOUSING CRISIS

What is affordable housing?

The U.S. Department of Housing and Urban Development defines affordable housing as housing on which the occupant is paying no more than 30% of their gross income for housing costs. Under the wide umbrella of affordable housing, many programs and strategies are administered from the federal to the local level intended to create and preserve affordable housing options. These programs usually target households earning less than the HUD-designated median income in their area (“area median income”).

Affordable housing is usually achieved through a combination of below-market loans, subsidies, and tax incentives offered in exchange for a set of affordability terms written into a regulatory agreement for a defined period of years.



Affordable housing can include rental homes and homeownership units, and can be found within any residential building typology, from multifamily rental and co-op buildings to single-family homes and manufactured housing communities.

Most affordable housing in the U.S. is privately owned, with nearly three-quarters of assisted households living in privately owned and operated properties, primarily through programs like the Low-Income Housing Tax Credit and Housing Choice Voucher. While public housing owned by public housing authorities is a critical component of affordable housing, it represents a small percentage of the affordable housing stock nationwide.



UNDERSTANDING THE HOUSING CRISIS

Sources of affordable housing

Affordable housing results from a range of building typologies and subsidy programs. This list illustrates some key sources, target populations, and ownership structures.

Unsubsidized

Unsubsidized affordable rental housing: Also known as “naturally occurring affordable housing,” or “NOAH”; unsubsidized rental housing affordable to lower-income households due to age, location, or market conditions, and may be at risk of being redeveloped into market-rate units or lost from the supply entirely due to deterioration. The acquisition and preservation of NOAH is a strategy for maintaining existing affordable housing stock.

Accessory dwelling units (ADUs): Small, self-contained, residential units added to an existing residential property; may be a garage, basement, or part existing structure converted into a separate dwelling unit or a new standalone structure built or placed on the lot. ADUs are typically created on single-family lots, but some places also allow them to be built alongside multifamily buildings.

Micro units: Smaller-than-average studio apartments that include a functioning kitchen and a bathroom and typically measure under 500 square feet. These multifamily units are designed efficiently to create density and affordability for single residents or small families.

Manufactured homes: Factory-built housing built to a federal standard (“HUD Code”) and transported on a chassis to the homesite (which may be owned or rented).

Workforce housing: Targeted at “middle-income” or “workforce” households that earn too much to qualify for subsidized income-restricted units (typically defined as households earning between 80% and 120% AMI) and receive no direct government subsidies; historically provided by the housing market, these types of units are growing harder for renters to find as rents and home prices rise.

Subsidized

Low-Income Housing Tax Credit (LIHTC): Federal tax credits subsidize the construction or acquisition and rehabilitation of affordable rental housing for households earning less than 80% AMI, with most units set aside for very low- and extremely low-income households; LIHTC has generated more than 3.7 million units since its inception and is the dominant financing tool for creating new affordable housing.

Permanent supportive housing: Typically financed with the 9% LIHTC and owned and operated by nonprofit organizations with voluntary services that support people with high needs, including people exiting homelessness, people with disabilities, and older adults; social and behavioral health services are usually provided on-site or through partnerships with community-based organizations.

Housing Choice Voucher program: Also known as Tenant-based Rental Assistance or “Section 8”; this federal program runs through public housing authorities and allows low-income families to rent privately owned housing of their choice: residents pay 30% of their income toward fair market rent while the voucher covers the remainder. A companion program, Project-based Rental Assistance, operates similarly but the subsidy is linked to the unit rather than the individual.

Public housing: The country’s earliest housing subsidy program, these properties are directly owned and operated by public housing authorities; to address significant capital needs, the HOPE VI and Rental Assistance Demonstration programs have facilitated the redevelopment or rehabilitation of these properties, including through added density with a mix of incomes, by bringing private and nonprofit partners into the deals.

INVESTING IN AFFORDABLE HOUSING

Affordable housing presents meaningful investment opportunities across asset classes.

Many impact investing strategies support the creation of affordable housing, from debt investments in community development financial institutions to equity investments in multifamily rental real estate.

Example Investment Options by Asset Class and Impact

Asset Class	Products	Impacts
Cash	<ul style="list-style-type: none"> • Checking and savings accounts, CDs at community banks, credit unions 	<ul style="list-style-type: none"> • Provides affordable mortgages • Serves low-income communities
Fixed income	<ul style="list-style-type: none"> • Debt investment in community development financial institutions 	<ul style="list-style-type: none"> • Provides capital to affordable single and multifamily housing developers
Private equity / Real assets	<ul style="list-style-type: none"> • Equity investments in multifamily rental real estate or real estate investment trust 	<ul style="list-style-type: none"> • Acquires affordable housing, preserving its affordability and improving asset quality
Direct investments	<ul style="list-style-type: none"> • Debt or equity investment in an affordable housing development • Online crowdfunding into projects 	<ul style="list-style-type: none"> • Supports community-owned real estate
Philanthropy	<ul style="list-style-type: none"> • Donations • Recoverable Grants 	<ul style="list-style-type: none"> • Builds capacity of developers • Provides early-stage capital for predevelopment

Where to Learn More

These resources can help you get started with determining which investment options are best suited to your goals.



Impact Assets 50

<https://impactassets.org/ia50/>



CDFI Fund

<https://www.cdfifund.gov/>



Opportunity Finance Network

<https://www.ofn.org>



ImpactAlpha – The LIIST

<https://impactalpha.com/>

INVESTING IN AFFORDABLE HOUSING

Impact is evaluated via frameworks and metrics shared across stakeholders.

Measuring Affordability

Area median income (AMI), sometimes referred to as median family income (MFI), is a key metric in affordable housing. AMI is defined as the midpoint of a specific area's income distribution and is calculated on an annual basis by the Department of Housing and Urban Development (HUD). Using AMI benchmarks for household eligibility is common across affordable housing programs, with affordable housing typically defined as housing for families earning less than 80% of AMI, also defined as "low-income households." Housing for families earning between 80% and 120% of AMI is often called "workforce housing."

UN Sustainable Development Goals

Affordable housing investments aim to further select United Nations 17 Sustainable Development Goals and Targets (UNSDGs), with an investment's target UNSDGs determined by a project's design features, co-located health and social services, and end beneficiaries. For example, an affordable housing property may meet energy efficiency standards, provide behavioral health services to residents, or serve households that are primarily female-led.



IRIS+ Metrics

- # of affordable rental and for-sale units created (IRIS+ PI5965)
- # of affordable rental and for-sale units preserved (IRIS+ PI5965)
- AMI Splits: 0-30% AMI, 31-50% AMI, 51-80% AMI, 81-120% AMI, 121%+ AMI (IRIS+ PD5752)
- # of homes affordable to seniors (IRIS+ PD5752)
- # of homes with supportive housing services (IRIS+ PD5752)
- # of homes occupied by women-led households (IRIS+ PD5752)

Community Development Financial Institutions offer a range of options for retail investors.

CDFIs provide developers with the capital needed to address current and persistent market gaps in the affordable housing industry. As non-bank, mission-driven lenders, CDFI loan funds provide partners with capital they may not find in conventional markets, including early-stage financing for affordable housing projects.

For impact investors, CDFIs provide exposure to real assets with the benefit of geographic and programmatic diversification. And their varied portfolios have demonstrated performance across a variety of market environments — even during the Great Recession and the current market environment.*

***past performance is not a guarantee of future results**



Opportunities for impact investors to partner with CDFIs include:

- 1. Recoverable Grants** are a powerful tool; they provide CDFIs with a greater degree of flexibility in achieving agreed-upon financial or impact milestones before needing to return capital to a funder. Recoverable grants can be blended with other capital sources or passed directly through CDFI intermediaries to support affordable housing projects.
- 2. Impact Note investments** are a broad classification of a fixed-income security that is made with the intention to generate a positive social and environmental impact and financial return. Impact notes can generate a market-rate return; in some cases, investors can give up some financial return for greater social or environmental impact. As of 2025, 28 CDFIs offered impact note programs: 3 rated note programs and 25 direct-issue note programs.

INVESTING IN AFFORDABLE HOUSING

Philanthropic giving provides opportunities to build the affordable housing ecosystem locally and nationally.

Philanthropy plays a critical role in addressing the affordable housing crisis, particularly in parts of the system market forces alone cannot reach — including homelessness prevention, economic mobility, stakeholder training, and policy advocacy. When investors consider the powerful combination of impact investing and philanthropic giving, they can realize profound impact on the housing ecosystem.

Below are a few examples of different strategic levers donors can explore to start layering affordable housing into their philanthropic portfolios:

Building the Field: Much goes into preparing the affordable housing sector to scale the supply of housing available, reach more people, and deliver services that provide safe and adequate housing. Philanthropy helps charities build the capacity of mission-driven developers, develop collective knowledge and experience, and bring more skilled practitioners into the work.

Advancing Policy: Supporting effective advocacy and policy research can be an appealing way to incorporate affordable housing into philanthropy. Advocacy allows for investing limited resources with multiplied effect by advancing systemic public solutions and dedicated public resources for affordable housing.

Funding Services: Funding direct services can support improved access to upward mobility, career opportunities, important clinical care, and financial well-being, helping donors directly impact the lives of individuals.

Supporting Innovation: Donors can seed important innovation in home construction, financing, public programs, and service delivery to meet the scale of the housing crisis. Philanthropic support of organizations testing and scaling promising solutions in home manufacturing, climate-resilient building standards, social impact models, and other critical areas plays an important role in advancing the sector.

For any questions or interest in discussing philanthropy and grants, please reach out to rdg@enterprisecommunity.org

AFFORDABLE HOUSING INVESTMENTS AT WORK

Fund-Level Investment: U.S. Property Acquisition Fund

National

An \$82.5M fund dedicated to helping U.S. Habitat for Humanity affiliates and other mission-aligned developers acquire land and property to advance affordable homeownership nationally.

The fund's \$82.5M capitalization consists of:

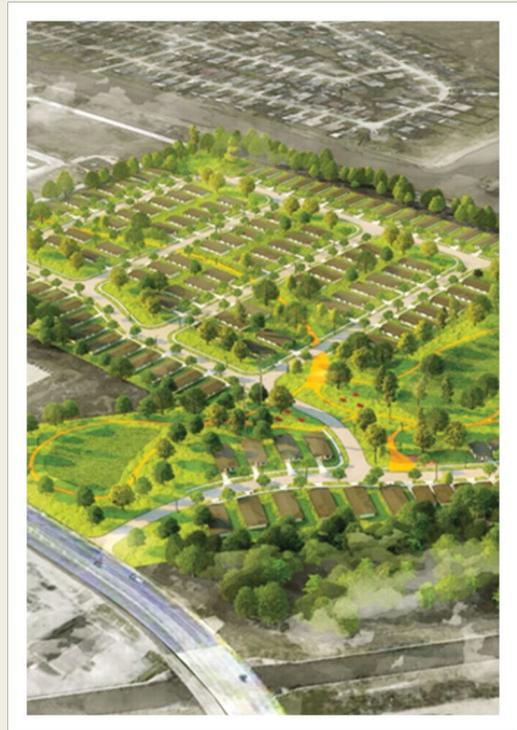
- \$46M in senior investments from banks and CDFIs
- \$26.5M in subordinate impact-first investments from family office and philanthropy PRIs
- \$10M in equity from Habitat for Humanity

1,000

TARGET NUMBER OF
AFFORDABLE HOMES CREATED
BY THE FUND

>75%

OF HOMES FINANCED WILL BE
AFFORDABLE TO LOW-INCOME
HOUSEHOLDS



Project-Level Investment: Cowan Place Apartments

Fort Worth, TX

Enterprise Community Loan Fund provided a \$6.6 million loan to bridge equity pay-ins from a 4% LIHTC project that will be syndicated by Enterprise Housing Credit Investments. The project is the development of a 174-unit multifamily senior affordable housing property.

The \$39.9M project will provide homes affordable to 12 extremely low-income households, 84 very low-income households, and 78 low-income households. It will be built to Enterprise Green Communities Standards.

174

UNITS OF SENIOR AFFORDABLE
HOUSING CREATED

Enterprise Green
Communities

GREEN BUILDING
STANDARD

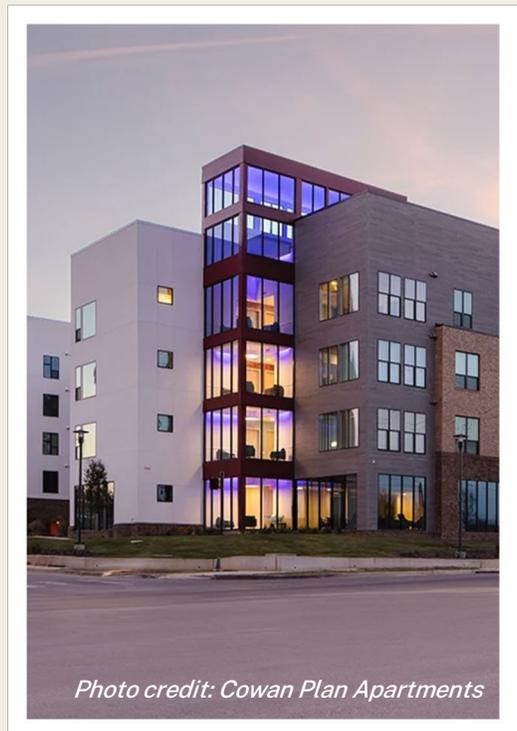


Photo credit: Cowan Plan Apartments

ABOUT THE AUTHORS



Enterprise is a national nonprofit that exists to make a good home possible for the millions of families without one. We support community development organizations on the ground, aggregate and invest capital for impact, advance housing policy at every level of government, and build and manage communities ourselves. Since 1982, we have invested \$64 billion and created 951,000 homes across all 50 states to make home and community places of pride, power and belonging. For more, visit www.enterprisecommunity.org.

Enterprise Community Loan Fund (ECLF) is Enterprise's Community Development Financial Institution. ECLF, partnering with community groups and investors, combines financial discipline, deep expertise, and highly-collaborative partnerships to build and preserve homes people can afford, and invest in neighborhood resources and facilities residents need most, including schools, federally qualified health centers (FQHCs), stores with healthy food options, and more. Enterprise Community Loan Fund has invested \$3.1 billion and created and preserved 149,188 homes and developed 7.02 million square feet of community and commercial real estate. We have \$634 million in Assets Under Management and are rated AA- by S&P.

The Enterprise Community Impact Notes are unsecured debt securities subject to terms, conditions and risks, described in our prospectus, including the risk of possible loss of the amount invested. Payment is dependent on Enterprise Community Loan Fund's financial condition at the time payment is due. This is not an offer to sell you our securities and we are not soliciting you to buy our securities. We will offer and sell our securities only in states where authorized. The offering is made solely by the prospectus, which should be read before investing. The Enterprise Community Impact Notes are not FDIC or SIPC insured.