

Enterprise  
Community  
Partners  
**2023 Public  
Policy Priorities**





# Introduction

For 40 years, Enterprise Community Partners has collaborated with policy makers, housing providers, investors, and community stakeholders to build and preserve affordable homes nationwide. We are the only national nonprofit that does it all: support community development, invest capital, build and manage communities, and advance housing policy at every level of government. We know that an affordable home is the foundation for stability and opportunity, and we draw on the depth and breadth of our experience to inform our policy work at the federal, state and local levels.

Last fall, voters resoundingly endorsed ballot initiatives and policies designed to address the nation’s crushing affordable housing shortage. Even with potential showdowns amid a divided Congress, the demand for more affordable rental homes is acute, cutting across geographies and party lines. A recent Moody’s analysis found that, for the first time in 20+ years of tracking, the average American renter is now considered cost burdened, paying in excess of 30 percent of income for rent.<sup>1</sup>

In this document, we outline our main federal policy priorities for the 118th Congress, building on our work with thousands of partners across the public and private sectors, our prior recommendations and policy successes at every level of government, and our strength as an end-to-end housing platform. Our unique perspective means that we are not solely policy experts; we are experts in how those policies affect the lives of the people they are designed to serve.

These priorities are based on Enterprise’s three organization-wide pillars: increasing housing supply, advancing racial equity, and building resilience and upward mobility. **To further these goals, each policy recommendation works to:**

- 1. Increase access to and investments in federal programs that produce and preserve affordable housing for people nationwide.**
- 2. Advocate for underserved communities, address systemic racial inequities and end cycles of poverty in support of upward mobility.**
- 3. Advance sustainable communities and healthy homes through resilience and equitable disaster recovery.**

The broad scope of Enterprise’s work allows us to continue to engage around the issues on which we traditionally lead, while simultaneously remaining nimble enough to expand and explore innovation. As we emerge from the coronavirus pandemic, a global event that exacerbated housing instability and inequity, our unique approach to policy development and advocacy is vital. We look forward to working with the White House, Congress, state and local elected officials, and affordable housing stakeholders to protect, expand and improve critical housing programs, ensuring that all communities are places of pride, power and belonging.

<sup>1</sup> Chen, Lu and Mary Le. 2023. “Key Takeaways from the 4th Quarter Housing Affordability Update.” Moody’s Analytics. January 19. <https://cre.moodyanalytics.com/insights/market-insights/q4-2022-housing-affordability-update/>

Priority One:

**Increase access to and investments in federal programs that produce and preserve affordable housing for people nationwide**





## Increase access to and investments in federal programs that produce and preserve affordable housing for people nationwide

Prior to the coronavirus pandemic, millions of Americans were already struggling to pay rent or even find safe, stable housing. Since 2020, the situation faced by renters and homeowners – no matter their economic circumstance – has become even more challenging. Rising interest rates make building and buying homes more difficult, and a major driver of the inflation we are experiencing is rising rents, impacting the entire affordable housing ecosystem. In addition to precipitously rising rents, the cost to develop housing of all sorts, both affordable and market rate, has rapidly increased over the last few years due to supply chain disruptions, workforce shortages and rising interest rates.

Housing has been and continues to be the single largest component of the Consumer Price Index, making up about one-third of total costs and driving inflation up. Renters are struggling to afford increased costs, homeownership is increasingly out of sight for prospective buyers on tight budgets, and affordable housing developers must find creative sources to fill budget gaps created by increased borrowing costs.

The solution is to create more housing people can afford – and make sure we preserve the stock that already exists. To that end, Enterprise supports a wide range of policies that increase housing production, affordability and accessibility, including tax credits, direct federal funding and subsidized lending.

## *Expanding and strengthening the housing credit*

In 2023, Enterprise will advocate for tax and appropriations programs that create and preserve affordable housing. Many of these are particularly impactful because they are public-private partnerships, bringing additional investments into the process of building affordable housing to bolster federal dollars. Specifically, we will leverage the visibility and support gained for our tax priorities in the last Congress to expand and strengthen the Low-Income Housing Tax Credit (also called the Housing Credit) and establish the Neighborhood Homes Tax Credit to create more opportunities for homeownership in distressed communities. We will also continue to advocate for appropriations for vital programs at HUD, USDA and Treasury to build and preserve affordable housing and improve the capacity of local organizations to serve their communities.

Enterprise will continue our work to build nonpartisan, bicameral support for strengthening and expanding the Housing Credit, in addition to regulatory efforts to improve implementation of the program and access to resources. In 2023, we will work with members of Congress in the House and Senate to introduce and advance legislation, similar to the Affordable Housing Credit Improvement Act (AHCIA) of 2021. This includes leading local, state and national advocacy coordination, both individually as Enterprise and in our capacity as co-chair of the [ACTION Campaign](#), the largest national coalition of Housing Credit advocates.

The Housing Credit is the nation's largest and most successful tool for encouraging private investment in the production and preservation of affordable rental housing. Expanding and strengthening the Housing Credit is critical to combat rising rents for scores of low-income individuals, working families, seniors, veterans, people with disabilities, and people experiencing homelessness in communities nationwide. The Housing Credit is a successful public-private partnership, where private-sector investors bear the financial risk, and more resources are desperately needed to meet growing demand.

Since 1986, the Housing Credit has financed the development of approximately 3.6 million apartments and provided affordable homes to about 8 million low-income families. The development of these apartments has supported 5.7 million jobs for one year, and has generated \$643 billion in wages and business income and \$223 billion in federal, state and local tax revenues.

### **Qualified contracts and the right of first refusal**

Enterprise strongly supports reforms to the qualified contract (QC) and the right of first refusal (ROFR) provisions in Housing Credit law in order to protect our nation's affordable housing supply and ensure federal investment in the Housing Credit is preserved for no less than 30 years. In 2023, Enterprise will continue advocacy to close the QC loophole and enact ROFR changes that enable the Housing Credit program to function as Congress intended, and to protect federal investment in affordable rental housing.

The QC process, under current law, results in the premature loss of well over 10,000 low-income units annually. As of 2020, approximately 93,300 units nationwide had already been lost. Presently, a Housing Credit property owner may, as early as 14 years after being placed in service, request a QC from the state Housing Credit allocating agency, beginning a one-

year period during which the agency must find a qualified buyer to purchase the property in order to maintain affordability. While the original intent was to create a limited return and some liquidity for investors when the Housing Credit was a new, unproven program, for some properties it has come to function as a nearly automatic affordability opt-out due to the statutory QC formula price, which in nearly all cases significantly exceeds the market value of the property as affordable housing due to market changes since the law's enactment. If the allocating agency fails to identify a qualified buyer within one year, the property is released from the affordability requirements and the owner is free to either sell the property at market value, without any deed restriction, or to continue to own and manage the property while charging market rents after a three-year rent protection period for existing tenants.

The issues surrounding the ROFR are also jeopardizing the long-term affordability of properties financed by the Housing Credit. For most of the program's history, the vast majority of participating nonprofit sponsors have exercised their ROFR, allowing them to secure full ownership of the property after 15 years, and to continue operating it as affordable housing in accordance with their missions. However, outside sources of capital have recently begun acquiring control of investor partnerships at year 15, challenging general partners' project transfer rights. Recognizing that nonprofit general partners often do not have the resources to litigate these issues in court, these investors leverage a profitable cash payment on the sale of the affordable property in return for leaving the partnership, undermining the long-term viability of the properties and diverting precious resources for resident services, maintenance and other related housing initiatives.

## ***Establishing the Neighborhood Homes Tax Credit***

Enterprise supports the creation of the Neighborhood Homes Tax Credit (NHTC), a proposed public-private partnership that aims to mobilize private equity investment to develop or renovate one- to four-unit family housing in once-thriving urban, suburban and rural communities that now have distressed, blighted neighborhoods and low homeownership rates.

Modeled after the Housing Credit, the program covers the “value gap” between the cost of building or renovating a home and the price at which it can be sold to lower- and middle-income homeowners, providing more equitable opportunities for homeownership and upward economic mobility. Enterprise will work to build support for the reintroduction of bipartisan, bicameral legislation along the lines of the Neighborhood Homes Investment Act of 2021, including through our tax advocacy work and as a member of the Neighborhood Homes Investment Act Coalition.

## ***Maximize federal appropriations for affordable housing and community development***

Enterprise will continue our advocacy to ensure the highest possible levels of federal funding for affordable housing and community development programs across several federal agencies.



## **U.S. Department of Housing and Urban Development**

### **The HOME Investment Partnerships Program**

Enterprise calls on Congress to increase funding for the HOME Investment Partnerships Program (HOME), and to modernize and reauthorize it. No program is better suited to address the wide range of housing challenges we face as a nation than the HOME program, which is our country's most flexible and proven affordable housing program for delivering resources to urban, suburban and rural communities. Not only is HOME central to efforts that combat the affordable rental-housing crisis, but it also meets critical homeownership needs by allowing states and localities to provide down-payment assistance to credit-worthy homebuyers, lower mortgage interest rates, and assistance with home rehabilitation.

In 2022, the administration and Congress made clear that HOME is a key priority. In addition to increasing the funding for HOME in the Fiscal Year 2022 (FY22) omnibus appropriations bill to \$1.5 billion, the president's Fiscal Year 2023 (FY23) budget request proposed \$1.9 billion for HOME – \$450 million above the level enacted for FY22. And the FY23 omnibus appropriations bill continued the strong levels of support for the program as provided in 2022. Enterprise will continue to work in support of robust increases and provisions for the HOME program through the annual appropriations process.

In addition to robust funding for HOME, the program also is in need of updates and reauthorization. Initially authorized in the Cranston-Gonzalez National Affordable Housing Act of 1990, HOME was last reauthorized in the Housing and Community Development Act of 1992, which lapsed in 1994. Since then, Congress has been funding HOME through annual appropriations, which puts the program in a precarious position. Enterprise urges Congress to reauthorize the HOME program and increase its authorized funding level, taking into consideration inflation and affordable housing need.

In modernizing HOME, Congress should also consider common sense reforms such as eliminating the 24-month commitment deadline, codifying a provision that has been included in appropriations legislation since FY17. This deadline in some instances does not provide participating jurisdictions sufficient time for the proper oversight and vetting of properties. Moreover, HOME also has a four-year project completion deadline, which ensures timely outcomes for the program, making the commitment deadline unnecessary.

### **The Community Development Block Grant**

Enterprise will continue to advocate for the highest possible funding for the Community Development Block Grant (CDBG) in appropriations legislation. CDBG is a critical resource for communities nationwide to invest in low- and moderate-income neighborhoods, producing and preserving home-owner and rental housing, providing fundamental infrastructure, vital public services and public improvements, and spurring economic development and public-private partnerships at the local level. The flexible nature of these funds also allows them to address a wide range of challenges faced by small rural towns, major metropolitan areas, and everything in between, making it an effective tool for localities in their effort to stabilize and maintain affordable housing and vibrant communities. These funds are commonly also used for water and sewer, sidewalks and other community infrastructure projects.

CDBG, which is funded under the Community Development Fund account, received \$3.7 billion in the president's FY23 budget request, \$470 million above the FY22 enacted level, while the FY23 omnibus appropriations bill included \$3.3 billion for the program, level with FY22.

## Section 4

Enterprise strongly supports increasing federal funding for HUD's Section 4 Capacity Building for Community Development and Affordable Housing Program, otherwise known as Section 4. Section 4 enhances the technical and administrative capacity of community development corporations (CDCs) and community housing development organizations (CHDOs) so they can help strengthen rural and urban communities across the nation according to local needs. This flexible program can be used to develop affordable housing, finance small businesses, revitalize commercial corridors and help address local healthcare, childcare, education and safety needs. In addition, Section 4 leverages more than \$20 for every \$1 invested through public-private partnerships, making it extraordinarily cost-effective.

Since the start of the pandemic, many CDCs have strived to meet surging demands for their services while simultaneously experiencing increasing costs and financial pressures. Section 4's flexible resources have never been more important to communities as they grapple with diminished health and economic outcomes, making it essential to the economic recovery and resilience of the diverse communities this program serves.

Section 4 helps local nonprofits address these challenges by increasing the capacity of the organizations and thereby bolstering their impact in communities. Funding from Section 4 grants can allow nonprofits to complete activities such as [hiring community outreach coordinators](#), [managing the complexities of acquiring property in competitive real estate markets](#), and expanding capacity for tribal housing development. To ensure that communities around the country can continue to access these ground-up solutions, Section 4 must be a priority. The FY23 omnibus appropriations bill provided \$42 million for the program, a \$1 million increase over FY22. The legislation also created a set-aside for Indigenous populations.





## **U.S. Department of Agriculture Rural Housing Service**

Enterprise supports increased funding for the U.S. Department of Agriculture’s (USDA) Rural Housing Service programs, which provide housing opportunities for low-income households in rural communities. In 2023, Enterprise will also work to ensure that the Farm Bill includes the necessary changes, new programs and additional funding authorization for the USDA Rural Housing Service to maintain and increase affordable housing in rural America.

### **Section 515 Rural Rental Housing Loan Program**

Enterprise encourages Congress to appropriate strong funding levels to programs that preserve Section 515 Rural Rental Housing, such as the Multifamily Preservation and Revitalization (MPR) Demonstration Program, Section 538 Multifamily Housing Loan Guarantees, additional direct loans through Section 515, and Multi-Family Housing Non-Profit Transfer Technical Assistance Grants. Enterprise also supports regulatory changes to make sure that USDA funding can be easily combined with other funding sources for affordable housing development and preservation, especially the Housing Credit and state and local sources.

Section 515 loans have historically provided low-cost, long-term loans to developers for the construction or rehabilitation of rural rental housing targeting those with the greatest need. In many rural communities, the rental housing originally financed by the USDA’s Section 515 Rural Rental Housing Program is the only income-restricted affordable housing. Rental units financed through Section 515 loans retain their affordability requirements and their ability to receive rental assistance through the USDA only as long as their mortgages are still active. Maturing mortgages are an urgent policy issue. There are approximately 400,000 units in the Section 515 portfolio and the mortgages for 83% of them

are on track to mature by 2050, at a rate of 16,000 units per year between 2028 and 2032, more than 22,000 per year between 2033 and 2036, and over 23,000 per year between 2037 and 2041. Additionally, 40% of mortgage holders have the right to pre-pay their mortgages and leave the Section 515 program before maturity.

### **Section 521 Rural Rental Assistance Program**

Enterprise continues to support additional funding for the Section 521 Rural Rental Assistance Program, as well as for rental assistance to be “decoupled” from requirements that a property must have a USDA mortgage to receive assistance. Section 521 is currently only available to units in buildings with a Section 515 or Section 514 mortgage. When the mortgage matures or is prepaid, the rental assistance disappears. With mortgage maturation accelerating, a nuanced and strategic policy of decoupling is necessary. Increasing funding for Section 521 Rural Rental Assistance will make sure as many households as possible living in Section 515 or Section 514 units receive rental assistance. The American Rescue Plan Act included \$100 million in additional funding for Section 521 rental assistance, which provided additional coverage for almost 27,000 previously unassisted households. Increased Section 521 funding should be included in the FY24 budget to further support rural cost-burdened residents.

## U.S. Department of Treasury

Enterprise strongly encourages Congress to provide higher funding for housing and community development programs at the Treasury Department, and will continue to provide support and guidance for Treasury on program implementation.

## Community Development Financial Institutions Fund

Enterprise will continue to support increases in appropriations for the Community Development Financial Institutions (CDFI) Fund and efforts to reauthorize it. CDFIs finance a range of essential activities in low-income communities, from consumer and small business credit to affordable housing and community facilities that support health and education. This funding bolsters the ability of consumers and small businesses to enter the private market. Secure and ample funding provides debt relief, working capital and consumer loans to small business and nonprofit borrowers and expands the Fund's capacity to generate economic growth and opportunity that would not otherwise be available in some of our nation's most distressed communities. The FY23 omnibus appropriations bill provided \$324 million for the CDFI Fund, \$29 million over FY22 levels.

In addition to advocating for increased appropriations, Enterprise will continue to support the Fund's Healthy Food Financing Initiative, which provides resources to CDFIs specifically for the purpose of financing healthy food investments, and the creation of a Housing Investment Fund that would provide competitive grants to CDFIs and nonprofit developers to build and preserve affordable housing.

Enterprise also supports efforts to reauthorize the CDFI Fund, which has not happened since its initial authorization in 1994. Reauthorization will allow the Fund to make a number of improvements and enhancements to its programs in response to the significant growth of the industry, and the increase in the number and scope of initiatives administered by the Fund since its initial authorization.



Priority Two:

**Advocate for underserved communities, address systemic racial inequities and end cycles of poverty in support of equitable opportunities for upward mobility**



## **Advocate for underserved communities, address systemic racial inequities and end cycles of poverty in support of equitable opportunities for upward mobility**

Housing has an enormous impact on shaping racial disparities, in large part due to past policies that actively and legally fostered racial segregation, and systematically removed and limited access to opportunities for many Black, Indigenous and other people of color (BIPOC) communities. These disparities persist despite the passage of laws intended to make them illegal. BIPOC communities experience staggeringly higher rates of poverty, housing insecurity, and poor health outcomes than white communities. Addressing racism in housing and economic investment benefits everyone by creating strong local economies, thriving neighborhoods and communities that treat all residents justly.

Undoing this country's legacy of racism will require direct and purposeful policy actions to advance racial equity in housing and non-housing outcomes. In addition to our strong support for programs that directly fund the construction, affordability and accessibility of housing, Enterprise will advocate for policies and programs that remedy the historic marginalization and exploitation of communities of color and create vibrant economies by supporting housing providers in keeping tenants stably housed.

## ***Ensure the housing finance system and Community Reinvestment Act modernization efforts strengthen and expand affordable housing investments***

Enterprise has long advocated for capital to be available for the development and preservation of affordable homes in multiple forms. Looking forward, we will continue to engage with the Government-Sponsored Enterprises (GSEs) and Federal Housing Finance Agency (FHFA) to ensure the ongoing availability of capital for affordable housing, with a focus on the needs of renters, residents of manufactured housing communities, Native CDFIs and housing serving Native and tribal communities, and climate resilience.

In 2022, we provided extensive comments on the joint Notice of Proposed Rulemaking for the Community Reinvestment Act (CRA) that fundamentally changed how banks would be evaluated on their community development activities. We supported changes that would automatically make Housing Credit and CDFI support CRA-eligible, incorporate activities that make vulnerable communities more resilient, and expressly include activities that address the unique challenges facing Native communities. These changes would be significant steps in countering the continuing effects of historically discriminatory housing and banking practices.

In our CRA comments, we also raised significant concerns that revisions to the examination process conflated lending and investment activities, which would make equity investment in affordable housing harder to obtain. Additionally, we expressed concern that insufficient attention was paid to the need to directly address the legacy of redlining through the development of new products to better serve communities of color. We also elevated the need to focus more meaningfully on impact, and the terms under which loans and investments are made, rather than the volume of activities alone. We anticipate the final CRA rule in 2023, and will continue to engage with regulators and banks to address any outstanding issues, seek clarification where needed, and advocate for a steadfast commitment to address the legacy of redlining and disinvestment in communities of color.

Legislative reforms of Fannie Mae and Freddie Mac (GSEs), which are still in conservatorship more than a decade after the Great Recession, remained off the table in 2022, and will likely stay there in 2023. However, in April 2022, we saw the release of revised Duty to Serve (DTS) plans from the GSEs, plans that had increased targets and additional activities in support of underserved markets over the initial plans, which had failed to meet a non-objection standard in 2021.

In June, the GSEs' first-ever equitable housing finance (EHF) plans were released. Enterprise provided extensive comments on both the DTS and EHF plans and has engaged with FHFA on multiple occasions regarding their content. FHFA also announced a comprehensive review of the Federal Home Loan Bank System. Enterprise will continue to engage in this review and weigh in on the role the banks play in Indian country.



## Fair housing

To advance racial equity through housing policy, Enterprise will continue to support the enforcement and expansion of fair housing protections. Actions to meet this goal include:

- Expand funding for and acceptance of housing choice vouchers and other rental subsidies that allow low-income households – who are disproportionately BIPOC – to live in secure and affordable housing.
- Combat source-of-income discrimination at the federal, state and local levels to support the inclusion of additional protected classes under the federal Fair Housing Act.
- Create incentives for municipalities and local housing jurisdictions to remove exclusionary zoning, i.e., ordinances that exacerbate segregation of different housing types and households that occupy them.

The reinstatement of the Affirmatively Furthering Fair Housing (AFFH) rule in 2021 mandates that jurisdictions receiving HUD funding through CDBG, HOME, and other programs provide annual assessments of their fair housing impediments and plans to reduce racial disparities. To fully realize the potential of the Fair Housing Act will require more than just self-certification of compliance. For one, grantees that receive federal funding should be required to track on and report towards desegregation efforts in their communities. HUD should act quickly to develop updated tools for this purpose that provide grantees with clear and consistent definitions and metrics to track these efforts, along with technical support to reduce the burden on administrators seeking to complete these actions.

Protections provided under the federal Fair Housing Act should also be expanded to prohibit discrimination based on source of income, such as government assistance and veteran status, and create greater adoption of Fair Chance Housing laws. The omission of such provisions prevents many BIPOC households from accessing suitable housing.<sup>2</sup>

With these additions, however, there needs to be greater attention and resources committed to enforcing fair housing and legal support for plaintiffs, including in disparate impact claims. Only with a robust set of protections and the tools to administer them can BIPOC households realize an even playing field for housing access.

## Economic mobility

Enterprise’s economic mobility policy priorities center around keeping tenants stably housed, economic sustainability supports for residents, land use policy, and community ownership. Housing policy must do a better job of helping people move out of poverty at a systemically consequential scale, incentivize individual economic progress, and break intergenerational cycles of poverty. Enterprise continues to focus on addressing these opportunities in federal housing policy and advocate for the transformation required to make the housing system a durable and equitable pathway out of poverty.

<sup>2</sup> Boshart, Abby. 2022. “How Tenant Screening Services Disproportionately Exclude Renters of Color from Housing.” Housing Matters. December 21. <https://housingmatters.urban.org/articles/how-tenant-screening-services-disproportionately-exclude-renters-color-housing>

## Federal tenant protections

Enterprise supports access to counsel for legal proceedings with implications for housing status, and federal source-of-income protections to protect people from discrimination. Enterprise also supports tenant screening protections for people with a criminal record seeking access to housing, just cause eviction criteria, and the right to form tenant associations, while ensuring that owners and operators can generate sufficient revenue to meet the operational and maintenance needs of their buildings and thus maintain affordability.

## Economic sustainability supports for residents

Enterprise supports the expansion and streamlining of the Earned Income Disregard provision, which allows individuals and families receiving housing assistance to keep more of their earned income for up to two years following an increase in employment income. This critical policy tool provides individuals and families with an opportunity to build assets and wealth, both of which are fundamental to economic mobility.

Enterprise also continues to advocate for increased funding for key programs such as the Family Self-Sufficiency (FSS) and Jobs Plus programs, and increased access to Mobility Mentoring/coaching, service coordination, job training and education, and escrow savings accounts to low-income families supported by federal rental assistance programs. These programs allow families to build foundations for economic security, resilience and independence by improving prospects for employment, access to supportive services, and opportunities for saving money.

## Land use and zoning

Enterprise will continue to work at the federal, state and local level to support efforts to design and implement land use and zoning changes that can ease regulatory barriers to affordable housing production, ultimately having a positive impact on states and localities' housing supply and affordability. This includes legislative proposals that would provide communities with resources and incentives to explore and implement zoning changes designed to address regulatory barriers to affordable housing production, as well as reward states and localities that have taken such steps.

Enterprise will also support efforts to induce land use and zoning changes that support affordable housing production through several programs administered by the U.S. Department of Transportation, including the Pilot Program for Transit-Oriented Development (TOD) Planning, which provides funding for local efforts to integrate land use and transportation planning with transit investments.

## Community ownership

In addition to our manufactured housing priorities (below), Enterprise supports community ownership, shared equity and other ownership models for affordable housing preservation, community stabilization and wealth building programs. This includes community land trusts in which nonprofit, community-based organizations acquire land and maintain permanent ownership of land on which housing, retail and commercial space can be leased to tenants on a perpetually affordable basis.



## Manufactured housing

In tandem with our local partners and through a series of grants, Enterprise will continue working to prevent eviction and displacement; advance tenant protections and resident-owned communities; preserve the long-term affordability of manufactured housing communities (MHCs); and improve the health, safety and quality of manufactured housing across the country. Manufactured homes are a vital component of the nation's unsubsidized affordable housing, and account for 6% of the overall housing stock. Roughly 40% of manufactured housing units are located in [lot-lease MHCs](#) where tenants own their manufactured homes but rent the land beneath their homes from a community owner. This arrangement can place MHC residents at greater risk of financial burden and involuntary displacement and threatens the supply of affordable housing.

As part of our efforts to expand tenant protections, Enterprise has invested [\\$1 million across more than 15 states to support state and local policy](#) and related efforts to provide MHC residents with robust housing protections and to preserve the long-term affordability of this critical housing stock. This work builds off our successful advocacy at the federal level to make tenant site lease protections mandatory on all GSE MHC mortgages. We also actively support and engage in the work of the Center for Manufactured Housing Research and Policy at the Lincoln Institute of Land Policy, which includes policy and research briefs, data snapshots and advocacy tools.

## Native and tribal housing

Enterprise supports policies that remove legal and regulatory barriers and advance Native homeownership, as well as those that support the development of multifamily and single-family housing on trust land, and the adoption of building codes to address housing quality and health issues. This includes the reauthorization of the Native American Housing and Self-Determination Act (NAHASDA); the passage of laws like the Native American Rural Homeownership Improvement Act, the Native American Direct Loan Improvement Act, and the Tribal Trust Land Homeownership Act to remove legal and regulatory barriers to developing, financing and buying houses on trust land; and the direct investment of public and private capital by government agencies in tribes, Tribally Designated Housing Entities and Native CDFIs.

Due to centuries of land theft and cascading legal decisions, land on Indian reservations or otherwise held in trust by the United States government for Indian tribes (trust land) is treated very differently than other land in the United States. Tangled regulations and program requirements have made it hard to improve housing, while the land's title status has deterred banks and investors because trust land cannot be used as collateral for borrowing. These circumstances have led to housing opportunities for Native Americans being systematically limited in the United States. As a consequence, there is a dramatic shortage of housing on trust land, and 40% of housing on reservations is considered "substandard" due to overcrowding, a lack of amenities like indoor plumbing, and health issues caused by poor construction.



The work of Enterprise's Native American Housing Program team is growing quickly, and Enterprise will continue to develop and refine our Native housing policies over the coming year. As part of this work, Enterprise established the Native American Advisory Council in 2022. The inaugural members of the advisory council are the Native CDFI Network, the National American Indian Housing Council, and the Sovereign Council of Hawaiian Homestead Associations. The role of the council will primarily be to consult with Enterprise to create a shared policy platform and strategies to address affordable housing on trust lands. Enterprise is also increasing engagement with the federal government, and signed a [Memorandum of Understanding](#) with the Department of the Interior in November 2022. Both parties have agreed to an analysis of existing housing, homeownership and community development projects among tribal nations; engagements with private capital to increase understanding of tribal sovereignty and housing disparities across Indian country; and trainings, technical assistance and capacity building activities.

### *Community development programs*

#### **Making the New Markets Tax Credit a permanent and equitable resource for communities**

Enterprise fully supports making the New Markets Tax Credit (NMTC) a permanent part of the tax code, and the promotion of greater equity in awards and NMTC investments. The public-private partnership facilitated by the NMTC [has delivered](#) more than \$120 billion to economically distressed rural and urban communities, financed more than 7,500 businesses and community-driven projects, and created well over one million jobs since its inception in 2000. Making the NMTC permanent would provide certainty and stability for both investors and communities, allowing for greater diversification of the investor market and promoting greater efficiency in delivering patient, flexible capital

to low-income and marginalized communities, thereby creating jobs and increasing economic opportunity. Enterprise will work with Congress and our partners to introduce and advance legislation in the 118th Congress, along the lines of the NMTC Extension Act of 2021. This bipartisan, bicameral legislation is aimed at making the NMTC permanent at \$5 billion in annual credit authority, indexing it to inflation and providing an exemption from the Alternative Minimum Tax.

In addition to advocating for the NMTC Extension Act, Enterprise will support efforts to promote policies that lead to greater equity in awards and NMTC investments. One example is an additional allocation to serve tribal communities and U.S. territories, which was included in federal legislation in 2021. We will also continue our efforts to increase NMTC awards to Minority Community Development Entities.

#### **Strengthen the Credit Enhancement for Charter Schools Facilities Program**

Enterprise supports an allocation of 12.5% of the total Charter School Programs (CSP) appropriation for facilities financing, and the dedication of no less than 65% of CSP facilities funds for the highly successful Credit Enhancement for Charter Schools Facilities Program (CEP). The CEP was established by the U.S. Department of Education to help charter schools access appropriate accommodations. CEP provides grants to eligible entities (states, local governmental entities, private nonprofits, and state/local/private nonprofit consortiums) to help public charter schools improve their credit in order to obtain private-sector capital to buy, construct, renovate or lease academic facilities. CEP awardees should have additional flexibility including the authority to re-deploy CEP loan guarantee dollars as direct loans to charter schools once the original guaranteed loans have been fully repaid.

## **Investing substantially in community health center operations and facilities**

Enterprise supports long-term authorization of the mandatory expense accounts for Community Health Centers (CHCs), and continued supplemental funding as necessary through annual appropriations. CHCs, also known as Federally Qualified Health Centers (FQHCs), provide primary medical services to close to 30 million people, mostly low-income, at over 14,000 sites in urban and rural communities across the country. In order to carry out their vital missions, CHCs rely on support from the Community Health Center Program of the U.S. Department of Health and Human Services (HHS). Congress provides close to \$5.6 billion annually to support CHC Section 330 operating grants, through a mix of annual appropriations and mandatory spending accounts created by the Affordable Care Act.

Enterprise also supports education and outreach to raise awareness about the newly streamlined and improved Health Center Facility Loan Guarantee Program, including how the funds can be combined with other federal subsidy sources such as the New Markets Tax Credits.

## **Protecting the Capital Magnet Fund**

Enterprise continues to support efforts to increase and preserve the Capital Magnet Fund (CMF). This critical resource provides flexible funds to attract private investment into affordable single-family and rental housing properties. CMF award recipients must leverage their award with other sources of capital, and the leveraged amount must be at least 10 times the CMF award amount, although in practice it has been 20 times or greater. This public-private partnership is a critical source of funding for CDFIs and nonprofit housing developers financing affordable housing and related economic activities. The CMF program is funded through a very small, annual assessment fee on new business

revenues generated by Fannie Mae and Freddie Mac. This funding source must be protected, with any subsequent reforms of the housing finance system ensuring a continued supply of funding for this program.

## **CDFI investment tax credit**

Enterprise will continue to support the efforts in the 118th Congress to build on the power of CDFIs in order to leverage private capital and supercharge their work to address systemic inequities in access to capital in low-income communities. In June 2022, Sens. Mark Warner (D-VA), Roger Wicker (R-MS), Cindy Hyde-Smith (R-MS), and Chris Van Hollen (D-MD) introduced legislation for a new tax credit called the Community Development Investment Tax Credit to unleash economic growth in low-income communities and communities of color. The new tax credit would realign incentives for the private sector to better match funding for all types of CDFIs and ease the financial demand on the federal government.

## **Opportunity Zones**

Enterprise supports the reintroduction of bipartisan, bicameral Opportunity Zone (OZ) legislation, similar to the Opportunity Zones Improvement, Transparency, and Extension Act. Such legislation is necessary to increase transparency and accountability within the OZ incentive enacted in the Tax Cuts and Jobs Act of 2017, and to ensure the program is reaching the communities it was intended to serve. We will continue to work towards the enactment of important updates to OZs that are necessary to promote inclusive and equitable growth and improve the collection and reporting of high-quality data. Enterprise also looks forward to working with regulators in 2023 to ensure that the law is being implemented as intended: to enhance equitable growth in low-income communities.

Priority Three:

**Advance sustainable communities and healthy homes through resilience and equitable disaster recovery**





### **Advance sustainable communities and healthy homes through resilience and equitable disaster recovery**

Climate change is a pressing issue across every part of society, and housing is not exempt. Storms, heat waves and wildfires have become more frequent and intense, but most affordable homes weren't built to withstand these threats. Serious and costly damages to homes and communities and loss of life will continue to increase without comprehensive action to both mitigate and adapt.

The U.S. loses more than \$10 billion every year in damages from disasters worsened by climate change. People of color and families with less wealth are disproportionately affected as they are more likely to live in areas impacted by disasters such as flooding and dangerous heat waves — and more likely to experience homelessness after disaster strikes. Enterprise will continue to play a key role as a national leader in both climate resilience and green building, advocating for robust federal funding in disaster recovery and mitigation, energy security programs, and the permanent authorization of the CDBG-Disaster Recovery (CDBG-DR) program. The need for affordable housing that is built to last is tremendous, and Enterprise will continue to lead on advocacy around these issues in 2023.

## *The Inflation Reduction Act*

Enterprise will stay engaged with all levels of government to ensure that the programs laid out by the Inflation Reduction Act of 2022 (IRA) help make homes and communities more sustainable, affordable and climate resilient. As federal agencies work on drafting rules and regulations to roll out IRA funding, Enterprise will continue to weigh in with the Administration and other stakeholders to ensure affordable housing remains a priority, and that the funds reach the communities who need them most. We will also continue our engagement with states and localities to ensure federal funds flow effectively and efficiently. Although deployment of funds in some instances has already begun, implementation of the various programs will be long term.

The Inflation Reduction Act is one of the most substantive climate actions in U.S. legislative history, with \$369 billion for investments in climate resilience, energy security programs and efficiency improvements. Enterprise is pleased that \$25 billion in direct spending is targeted to or can be leveraged for affordable housing in addition to the various tax credits included in the law that aim to increase energy efficiency and renewable energy projects, including HUD's Green and Resilient Retrofit Program (GRRP), the EPA's Greenhouse Gas Reduction Fund (GHGRF), and the Department of Energy's High-Efficiency Electric Home Rebate Program and Home Energy Rebates Program.

## *Permanent authorization of HUD's Community Development Block Grant Disaster Recovery Program*

Enterprise strongly supports the permanent authorization of the Community Development Block Grant Disaster Recovery (CDBG-DR) Program through the bipartisan Reforming Disaster Recovery Act, which would improve outcomes for families across the country by providing long-term recovery funds to disaster-stricken communities in a way that is more efficient, equitable and accountable to taxpayers.

CDBG-DR is the only source for federal long-term disaster housing recovery funding. When disaster strikes, local teams are the first responders, then the Federal Emergency Management Agency (FEMA) steps in to provide critical emergency aid including offering funds to individuals and families for basic support, short-term rental housing (often hotel rooms), and temporary repairs. Once disaster survivors are out of immediate danger, HUD's CDBG-DR program serves as a safeguard for filling any needs left unmet by insurance claim proceeds, FEMA grants and other homeowner loans have been exhausted. The CDBG-DR program is crucial as a long-term disaster recovery program to rebuild homes and restore livelihoods for people of modest means. In 2022, the House of Representatives passed the legislation with bipartisan support as an amendment to the National Defense Authorization Act (NDAA). It was also included in the FY23 appropriations legislation released in the Senate. Enterprise will continue advocating for this important bipartisan legislation to be enacted.

## *Increase community knowledge and input*

Enterprise will continue to advocate for increased awareness around the actual environmental hazards communities face. This is most effectively handled at the federal level, mobilizing scientific data on climate risk, which can be directed down to individual addresses and uniformly distributed across the country. Resilience is not possible without communities and individual homeowners fully understanding their current and future risk. Inclusive public participation is also a critical component of preparedness, particularly during mitigation and pre-planning, both to educate people about their personal risk and to involve them in community-informed solutions that boost their resilience and increase a sense of shared ownership and belonging.

## *Incentives, requirements and regulations for resilient housing*

Enterprise encourages Congress to set enforceable, resilient building standards as the minimum quality standard for all new construction and substantial rehabilitation projects built with agency dollars, ensuring that federal funding supports climate-ready, affordable buildings. To ensure local jurisdictions and their stakeholders have the technical expertise needed to implement and ensure compliance with applicable standards, we also recommend the inclusion of technical assistance in any such standards. We will continue to work at the local and tribal level to encourage the adoption of strong building codes for all new construction, regardless of funding source. Finally, we will continue to work with state housing finance agencies to encourage or require compliance with the Enterprise **Green Communities Criteria**, the nation's only national green building program, which was designed explicitly with and for the affordable housing sector.

Enterprise also continues to support policies to ensure that all new homes receiving federal support are either all-electric or built with adequate utility infrastructure to be electric-ready, and all unsustainable conventional power systems are replaced with renewable power systems. We will continue to ask Congress to eliminate barriers and disincentives to the affordable housing community's use of existing federal resources for decarbonization. Examples of this include the current incompatibility of funding from the Weatherization Assistance Program with the Housing Credit basis.

## *National resilience strategy*

Enterprise supports the creation of a national resilience strategy to help reorganize how the federal government spends money on disasters. A national resilience strategy should, among other things, establish a chief resilience officer in the White House to bring agencies together, identify national goals, coordinate planning requirements and applications for federal resources, direct support to under-resourced communities, increase the accessibility of climate information, improve resilience measurement, prioritize federal resilience funding, and develop ways to support nonfederal partners' resilience building. To ensure the strategy addresses the on-the-ground needs of Americans bearing the brunt of disasters, we urge Congress and the Administration to create an external working group of partners to ensure that the national resilience strategy ensures equitable federal allocation of resources and better support for vulnerable populations.

# Conclusion

As another new Congress begins, Enterprise will continue to draw on the expertise that comes from over 40 years of involvement in every aspect of affordable housing. Our residents, staff, partners and board work in close collaboration, allowing us to advocate for a broad range of policy initiatives, from expanding resources and addressing climate change to tackling systemic racial inequity and cycles of poverty. All this advocacy works towards our goals of increasing housing supply, advancing racial equity, and building resilience and upward mobility nationwide. We look forward to another year of working together with our partners, at all levels of government, to ensure homes become places of power, pride and belonging for all.





## About Enterprise Community Partners

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, the District of Columbia, Puerto Rico and the U.S. Virgin Islands – all to make home and community places of pride, power and belonging. Join us at [enterprisecommunity.org](https://www.enterprisecommunity.org).