Creating Opportunity through Holistic Affordable Housing and Community Development Partnerships and Investments
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ABSTRACT
The recent recession and the stunted recovery have resulted in economic and social hardship throughout the country. However, our current challenges sometimes mask the fact that pre-recession economic growth was highly uneven. The downturn exacerbated growing income disparity and has aggravated U.S. poverty levels and basic needs, especially among seniors and other vulnerable individuals. While national solutions and leadership are necessary to provide all Americans with the opportunity to have a good and prosperous life, holistic community-scale initiatives and interventions are crucial to efforts to promote economic and social growth for people of all incomes. Enterprise’s vision for communities holds that affordable housing in diverse, thriving communities can serve as the foundation of a good life, provided that it exists in a supportive living environment with jobs, quality schools, and other services and amenities crucial to meeting a person’s needs. Achieving this goal requires comprehensive and inclusive planning; investments of effort and capital from the private, public and philanthropic sectors; a policy environment that promotes interventions that are both innovative and accountable; but most of all partnerships among the many people and organizations working to create a better future for our communities.
INTRODUCTION
The United States is still struggling to overcome the damage resulting from the “Great Recession” and the ensuing weak recovery period. While the economy grows slowly, the unemployment rate remains stubbornly high (8.2 percent in May 2012) and the foreclosure crisis continues to challenge households, communities and policymakers. While it is easy to focus on our current troubles, they mask the fact that pre-recession economic growth was not universal. Income inequality has grown by 18 percent since 1967. The downturn exacerbated a growing income disparity and has aggravated U.S. poverty levels and basic needs, especially among seniors and other vulnerable individuals.

A significant amount of attention has been paid to the national solutions to the economic and housing crisis, and rightfully so. A large-scale response was necessary to ensure that the social safety net functioned properly, the banking system stabilized, states could balance their budgets and capital could continue to flow into the economy (which it has done, albeit at a depressed level). That being said, the Future of our Communities will largely be determined by the decisions and investments made at the local and regional levels. Enterprise believes that truly thriving, inclusive communities must have housing that is not only affordable for people of all incomes, but also situated in proximity to transportation, services and employment opportunities. To achieve this, cross-industry and sector partnerships and collaborations are necessary to achieve the desired goals.

AFFORDABLE HOUSING AS A SPRINGBOARD TO A GOOD LIFE
Enterprise is an affordable housing and community development organization whose mission is to create opportunity for low- and moderate income people through affordable housing in diverse thriving communities. Enterprise has introduced solutions through public-private partnerships with financial institutions, governments, community organizations and other partners that share our vision that one day, every person will have an affordable home in a vibrant community, filled with promise and the opportunity for a good life. Enterprise works to create affordable housing opportunities in high-cost, high-opportunity communities and to revitalize existing low-income communities suffering from disinvestment.

The need for affordable housing is significant and growing. The Harvard Joint Center for Housing Studies’ recently released State of the Nation’s Housing 2012 report illustrates numerous challenges in the housing market. Over the course of the last decade and during the recession, low- and moderate income households have fallen further behind. Real net household wealth declined drastically from 2006-2011, largely caused by a 57 percent drop in housing wealth. Meanwhile, households with incomes under $30,000 accounted for 57 percent of all household growth from 2001-2010. With wages stagnating, fewer households can make the transition from renting to ownership. In addition, former homeowners facing foreclosure often enter the rental market, increasing the demand for affordable rental housing. Unfortunately, the supply of such housing has not kept pace, and rental costs are rising.
The National Low Income Housing Coalition calculates that the gap between the average hourly wage for a renter household trails the average hourly wage needed to afford a 2-bedroom apartment by $4.10 per hour. According to American Community Survey data, 37 percent of American households are cost burdened (spending 30 percent or more of income on housing), while 18 percent can be characterized as severely cost burdened (spending 50 percent or more of income on housing). The number of severely cost-burdened households increased by 6.4 million from 2001-2010.

This burdening has significant ripple effects. A household that has excessive housing costs has less money left over to pay for life's other necessities. Households at the bottom expenditure quartile spend approximately 40 percent less on food and 50 percent less on clothes and healthcare. Furthermore, foreclosures and resulting housing vacancies can harm communities directly (through blight and property deterioration) and indirectly (decreased property tax revenues from declining values often leading to cuts in services, which are often in increased demand).

Since the private market alone is not providing an adequate amount of housing affordable to households across the income spectrum, it is necessary for mission-driven entities to fill this gap. Numerous government, nonprofit and for-profit entities have stepped in to develop dedicated affordable housing reserved for low- and moderate income households. Since 1982, Enterprise has raised and invested more than $11 billion in equity, grants and loans to help build or preserve nearly 300,000 affordable rental and for-sale homes to create vital communities and more than 410,000 jobs nationwide. Our work, along with that of our numerous partner organizations throughout the country, is made possible by a diverse range of financing and incentives, such as Low Income Housing Tax Credits, the HOME Investments Partnership Program and the Section 8 program. In most cases, the community development field leverages federal, state and local resources to raise private sector capital from both philanthropic and for-profit sources. Many of these incentives and funding sources are market-based, making the field accountable for ensuring that projects are physically and financially sound.

**HOUSING IS NOT ENOUGH – THE BROADER COMMUNITY CONTEXT**

Yet while developing and preserving affordable housing is an important step, it is not the ultimate goal. Housing should be a springboard to a good life. Well-placed and -developed affordable housing can make an impact on a number of social indicators, including economic self-sufficiency and personal health. However, in order to achieve this, affordable housing must be addressed within the context of the broader community. To achieve a bright future for our communities, leaders need to look at development as a holistic endeavor. Housing options are important, but they must exist in a supportive living environment with jobs, quality schools, child care, transportation, health care and support for seniors, with access to parks, community spaces and food and retail services that support a healthy lifestyle. An economically thriving community where low-wage workers cannot live is not inclusive. However, an area that has
plenty of affordable housing but is unsafe, or requires households to incur excessive transportation costs to reach jobs and services, will struggle to thrive as well.

Therefore, local and regional stakeholders must coordinate and plan to address the many issues facing communities in an integrated manner. This is not easy – from the federal level down, agencies are more familiar with working in silos. However, an increasing number of communities and regions are realizing that they can achieve more efficient and less costly outcomes when they coordinate investments. While these efforts can come from official planning entities (for example, the greater Washington, D.C. Region Forward Plan), others were born out of grassroots efforts (such as the Denver region’s Mile High Connects initiative). Private sector Community Development Financial Institutions (including Enterprise) are investing in diverse projects, including housing, economic development, services for vulnerable populations and charter schools. Finally, despite funding and political challenges, the federal government has begun to take a more integrated approach, both at the regional and project scale. Such programs include:

- The Department of Housing and Urban Development’s (HUD) Choice Neighborhoods Initiative, which seeks to redevelop public housing while taking into account the broader community context, with a particular focus on education;
- HUD’s Sustainable Communities Regional Planning Grants, which provide funding for holistic and inclusive planning efforts; and
- The Department of Transportation’s TIGER program, which provides competitive funding for projects that will make a significant impact on a metropolitan area, region or the nation.

The Enterprise Green Communities Criteria provide a framework for the type of integrated development that allows people to lead prosperous lives. The Criteria were developed collaboratively with leading national organizations and experts to provide a clear, cost-effective framework for all affordable housing development types throughout the country to deliver significant health, economic and environmental benefits to low-income families. The Criteria are grouped into eight categories, including integrative design, energy efficiency, water conservation and healthy living environment. The location and neighborhood fabric category assesses connections to existing development and infrastructure, proximity of services and preservation of and access to open space, among other elements. These assessment factors take into account community type and geographic location; rural projects can demonstrate compliance differently than those in dense urban centers.

Taken as a whole, the Criteria illustrate a model for development that combines social equity, environmental stewardship, and economic development. Research has shown that such development is cost-effective. Enterprise-commissioned reports in 2009 and 2012 affirmed that the utility cost savings achieved by meeting the Criteria exceed the incremental costs of implementation. Furthermore, this evaluation only measures energy and water cost savings, and does not include savings to households resulting from decreased transportation costs,
improved health outcomes, or other benefits.

PARTNERING TO ACHIEVE A BETTER FUTURE FOR OUR COMMUNITIES
While there are numerous strategies and tactics that can be employed to achieve the vision laid out in the preceding paragraphs, two themes stand out as having the utmost importance. First, truly strong communities are also socially equitable. A community is only as healthy as its most vulnerable residents. Second, strong partnerships must support community development and growth. The words “partnership,” “integrated,” “cooperation,” “comprehensive” and “holistic” were used throughout the preceding pages to underscore the two key realities of development:

- the various aspects of communities are interrelated and cannot be successfully addressed in an ad hoc manner; and
- no single entity, whether public or private, has the resources, expertise and capacity to address the present challenges alone.

Therefore, coordination and communication must be the default community development paradigm. As Enterprise has learned through its experience in green building, projects can be completed more efficiently when an integrated design approach is undertaken from the very beginning. Therefore, we hope that you will join us in partnership as we work to build a healthy, safe, inclusive and thriving future for our communities.

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vi Out of Reach 2012, Page 3.
vi State of Nation’s Housing 2012, Page 27.
ix State of Nation’s Housing 2012, Page 29.