



Federal Policy and Community Development

Buzz Roberts

Local Initiatives Support Corporation

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State of Tax Credits

- Low Income Housing
 - Market recovery varies by geography per CRA
 - Tougher projects hit hardest
 - Distressed econ; rural; Sec 8; NP; inner-city
- Optional 9% cash exchange likely to continue
 - No policy changes yet to stimulate investment
- New Markets
 - Lower prices/higher yields, but no collapse ...yet
 - \$5B 2010 proposed, legislation pending
 - Hard to find project/leveraged debt
 - Affects project types; unconventional debt

Broad CD Finance Policies

- Financial Reform
 - Impact on consumers; communities indirectly
- CRA: more important than ever but...
 - Fallen behind changing industry, communities
 - Non-local banks; non-banks; deposit driven; enforcement
 - CD needs more attention
 - Focus on home mortgages/quantity over CD/high value
 - Focus on full-scope exam areas (“CRA markets”)
 - Regulatory change more likely than legislation
- Housing finance system reform
 - Looking beyond Fannie and Freddie
 - Crucial to CD and affordable housing
 - Public purposes

New/Proposed CD Programs

- Capital Magnet Fund (CDFI Fund) - housing/CD
 - FY10 \$80M; FY11 budget \$0
- Choice Neighborhoods (HUD) - redevelopment
 - FY10 \$65M; FY11 budget \$250M
- Catalytic Investments (HUD) - neighborhood ED
 - FY11 budget \$150M
- Healthy Foods Financing - FY11 budget
 - \$250M NMTC; \$25M CDFI; \$50M USDA; \$20M HHS
- Sustainable Communities (HUD) - regional plans
 - FY10 \$150M; FY11 budget \$150M
- Housing Trust Fund (HUD)
 - FY 11 budget \$1B