Federal Policy and Community Development

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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