



CPC IMPACT GOALS

The Community Preservation Corporation's (CPC) affordable housing mission drives our focus on three goals that elevate urgent community needs and shape our investments. In FY23, 99% of CPC's dollars were deployed to address one or more impact areas:



Expand housing access and seek new ways to lower the cost of producing affordable housing



Invest in closing the racial wealth gap, and increase diversity and equity in the affordable housing development industry



Increase investment in the green economy and lessen the impact of climate change by financing affordable, energy-efficient housing

FEDERAL LEGISLATIVE AGENDA

ADMINISTRATIVE PRIORITIES

CPC strongly urges the US Congress and the White House to enact comprehensive affordable housing policies that address our nation's growing supply gap; preserve existing affordable homes and enact a tax credit package, that includes the following bipartisan legislation:

- **Community Development Investment Tax Credit Act of 2023 (S.2963):** Senators Warner (D-VA), Van Hollen (D-MD), Wicker (R-MS), Peters (D-MI), Moran (R-KS), and Hyde-Smith (R-MS) introduced a bipartisan proposal to provide tax credits to private sector investors that provide long-term patient capital to or invest equity in community development finance institutions (CDFIs). The bill would benefit CDFIs of all types and provide the maximum flexibility and financial support CDFIs need to increase wealth in low/moderate-income communities.
- **Low Income Housing Tax Credit provisions of the Tax Relief for American Families and Workers Act (H.R. 7024) and Affordable Housing Credit Improvement Act of 2023 (S.1557/H.R.3238):** The Low Income Housing Tax Credit (LIHTC) is the nation's most successful financing incentive for the development and preservation of affordable housing. For nearly 40 years, the Housing Credit has been a model public-private partnership program, bringing to bear private sector resources, market forces, and state-level administration. Every year the Housing Credit supports 6.33 million jobs, \$257 billion in tax revenue generated, and \$716 billion in wages and business income generated. This bipartisan bill would restore the 12.5% increase to 9% LIHTC allocations and decrease the private activity bond financing threshold for 4% LIHTC from 50% to 30%. Congress should include this critical legislation in any tax package it develops and pass it swiftly.
- **Neighborhood Homes Investment Act (S.657/H.R.3940):** The Neighborhood Homes Investment Act (NHIA) is a bipartisan federal tax credit that will produce equity investment dollars for the development and renovation of 1-4 family housing in distressed urban, suburban, and rural neighborhoods. Sponsored by Representative Mike Kelly (R-PA-16), in the House and Senator Cardin (D-MD), NHIA could potentially build or rehabilitate 500,000 homes, spur \$100 billion in total development activity and create nearly 800 thousand jobs in the construction and related industries.

Expand the Federal Financing Bank Risk-Sharing Program to include CDFIs: CPC applauds the decision to issue an indefinite extension of the Federal Financing Bank (FFB) Risk-Sharing Program and implement an interest rate floor and cap, which will provide essential capital for state and local housing finance agencies to issue multifamily loans at reduced interest rates. Simultaneously, Congress should expand the FFB Risk-Sharing Program to include CDFIs to leverage their expertise in community development and ensure geographic diversity of the program.

Exempt Affordable Housing from the Private Activity Bond Volume Cap: Tax-exempt Private Activity Bonds (PABs) are an essential tool to build and preserve affordable housing as they generate as-of-right Low Income Housing Tax Credits (LIHTC), providing equity to development projects at no expense to the developer. However, the federal volume cap on PABs limits a state's ability to issue these bonds, creating a financing barrier to new development and contributing to housing shortages. Congress has already exempted 17 infrastructure activities from this volume cap due to their role in achieving the public good, ranging from transportation infrastructure, school improvements, and green building projects. Addressing our nationwide affordable housing crisis is a critical component of achieving the public good, and CPC urges Congress to pass legislation to exempt affordable housing from the volume cap.

BUDGET PRIORITIES

Fully Fund Section 8 Housing Vouchers: HUD's Section 8 Housing Choice Voucher Program addresses the immediate affordability crisis for families struggling to afford an apartment while also spurring new development as an operating subsidy for multifamily development. 16 million American households that currently qualify for a Section 8 Housing Voucher do not receive one due to limited supply and chronic underfunding. As an affordable housing lender, CPC supports converting Section 8 into an entitlement program to ensure it continues to provide the operating subsidy required for affordable housing budgets. CPC also supports broader use of HUD's Small Area Fair Market Rents and legislation to ban source-of-income discrimination against voucher holders. Additionally, there should be an increase in Tenant Protection Vouchers (TPVs) and an allocation to support the New York City Housing Authority's long term preservation plans.

ADMINISTRATIVE AND PROGRAMMATIC PRIORITIES

Finance a sustainable future for multifamily housing with CPC Climate Capital: CPC Climate Capital, a subsidiary of The Community Preservation Corporation, is a subrecipient of the Climate United Fund and leads Climate United's strategy for decarbonizing multifamily housing across the US. Climate United is a national coalition of three nonprofits — CPC Climate Capital, Calvert Impact, and Self-Help Climate Capital — awarded \$6.97 billion from the EPA's Greenhouse Gas Reduction Fund to build a clean energy future for all Americans. Of the money awarded Climate United, CPC Climate Capital will deploy a \$2.4 billion subaward to finance carbon reducing improvements to new and existing multifamily housing nationwide. CPC Climate Capital is committed to financing an inclusive and affordable clean energy transformation, with more than 60% of its funds going to low-income, disadvantaged, rural, and Tribal communities. Our coordinated strategy will ensure federal investments reach those they are intended to help, making homes more energy-efficient, more resilient to weather events, and healthier for residents.

Address the rising premiums in property insurance: The housing industry across the country has witnessed a significant rise in insurance premiums since the COVID-19 pandemic. From CPC's work managing a large mortgage portfolio for affordable housing, we have seen per-unit insurance premiums increase an average of 17% a year since 2020, resulting in an over 50% increase on pre-pandemic rates. While there are a multitude of drivers contributing to the rising cost of insurance, key factors include the limited markets curtailed by insurance providers withdrawing from markets they deem too risky, increases in large pay-out events, and growing climate risks. As an affordable housing lender and clean energy lender, CPC urges Congress and Federal agencies to regulate these rising premiums and incentivize discounted premiums for buildings that address climate resiliency.



Create an Interagency Council Workgroup for America’s Clean Energy and Infrastructure: To assist and guide the deployment of the GGFR and other IRA funds transitioning affordable housing to be environmentally friendly, CPC urges the White House Environmental Justice Advisory Council to create an interagency clean energy and infrastructure transition workgroup led by the Environmental Protection Agency, Department of Energy, Department of Housing and Urban Development, Department of Commerce, and Department of the Interior. Among other topics, this workgroup should be tasked with overseeing cross-cutting topics that require the collaboration of different government agencies, including the development of an American green workforce, domestic production of new technologies and manufacturing, investments in clean energy generation and storage, regulation of electricity costs, and coordination of shared standards, regulatory tools, and guidance around the green economy transition.

Lower the Cost of Capital to Build More Housing with Fannie Mae and Freddie Mac: CPC Mortgage Company is a first-of-its-kind partnership of impact-driven, nonprofit mortgage lenders and investors with multiple licenses with Freddie Mac, Fannie Mae, and HUD/FHA. This innovative model leverages the unique expertise of its owners, with the shared goal of bringing flexible capital to communities to expand and preserve affordable and workforce housing. CPC Mortgage Company supports creative solutions to expand its reach in partnership with the Government Sponsored Enterprises (GSEs). Using their existing authority, the GSEs can create a secondary market for construction loans that would lower cost of lending and reduce the cost of capital for affordable housing developers. The Center for Public Enterprise estimates that a \$10 billion housing construction fund could generate 300,000 units of new housing by leveraging \$40 billion in private capital. CPC supports such mezzanine lending to help the construction market stay afloat during times of high inflation and insulate development from economic business cycle factors that do not reflect housing demand.

Support the Federal Housing Finance Agency (FHFA)’s efforts to better serve CDFIs and small lenders: CPC continues to provide public input on ways the FHFA and Federal Home Loan Bank (FHLBank) System can enhance its core mission activities to better serve small lenders based on our experience as a nonprofit CDFI system lender. CPC recommends prioritizing support for housing and community development that also closes the racial wealth gap or creates environmentally friendly multifamily housing, expanding eligible liquidity and collateral to meet the needs of small lenders, and aggregating and guaranteeing loans from multiple small lenders to help meet financing thresholds. These enhancements will extend vital liquidity to small financing institutions and advance our shared mission of affordable and equitable community development.

ABOUT THE COMMUNITY PRESERVATION CORPORATION:

The Community Preservation Corporation (CPC) is a nonprofit affordable housing and community revitalization finance company focused specifically on funding affordable housing development and rehabilitation. We provide flexible capital solutions, fresh thinking and a collaborative approach to the complex issues facing communities. Founded in New York City in 1974, CPC is the largest Community Development Financial Institution (CDFI) solely committed to investing in multifamily housing, having invested more than \$14.5 billion to finance the creation and preservation of more than 225,000 units of quality housing in neighborhoods across New York State and beyond. CPC believes housing is central to transforming underserved neighborhoods into thriving and vibrant communities. At CPC, we work as a partner to provide technical expertise and hands-on support to help meet the capital needs and broader community revitalization goals of our customers, local stakeholders and the communities we serve. Learn more at www.communitypc.com