Housing Our Future: The Positive Economic Impact of Affordable Housing

October 2020

Thanks to our webinar series sponsor:

PNC BANK
Joy Pierson
Community Development Administrator for Hamilton County
Lydia’s House – Virginia Coffey House
Building a Bridge Between Vision and Capital

Housing Our Future Panel

October 22, 2020
About CDF

• **Mission** - To provide innovative real estate financing for projects that strengthen low-income neighborhoods and improve lives.

• **Vision** - To be at the forefront of redevelopment plans in Greater Cincinnati, helping low-income communities preserve their historic buildings and create vibrant, inclusive neighborhoods.
• Created in 1988 as a “Multi-Bank CDE”
  ○ Provided banks a cost-effective, shared-risk method to invest in complex community development lending

• In 1999 CDF began expanding
  ○ Certified CDFI, CDE and sought alternative sources of loan capital

• In 2005, CDF received its 1st NMTC Allocation

• In December 2010, CDF was among the first non-regulated CDFIs to attain membership in the Federal Home Loan Bank system
CDF’s Lending Focus

• CDF’s Culture
  o To be nimble, creative and collaborative
  o Be responsive to ever-changing community development needs

• Create and/or preserve affordable housing

• Produce developments in areas experiencing population loss or blight

• Provide capital solutions for nonprofit facilities

• Improve access to healthy food in “food deserts” and low-access communities

• Promote Energy Efficiency
CDF’s Objectives

• CDF favors projects that are compatible with broader community development efforts that will further the goals of the Neighborhood, Municipality or Economic Development Agency.

• Projects must result in substantial redevelopment of property.

• Borrowers must demonstrate financial capacity and the development expertise to bring the proposed projects to fruition.
CDF’s role in Affordable Housing

• Staff and Board engagement
• Seek and deploy grants and patient loans to support affordable housing projects
• Pass-through FHLB AHP grants to projects
• Finance acquisition and predevelopment costs
• Make construction loans to non-profit CDC’s and small developers for homeownership
• Construction/permanent loans for affordable and mixed-income rental developments
HISTORIC WEST END

Predevelopment financing for the creation of:

57 units of permanent supportive housing, with wrap around services, for individuals coming out of homelessness, with mental illness.

Developer: Tender Mercies, Inc and Over the Rhine Community Housing

Total Project Cost: 10.5 million
Historic Pendleton Neighborhood

Financing for the creation of:

**Commercial**: 12 commercial units (11,665 s.f. retail)

**Residential**: 39 rental units
- 20 affordable
- 19 market rate

**Developer**: The Model Group

**Total Project Cost**: $12.2 million
Lower Price Hill Thrives

Lower Price Hill Neighborhood

Predevelopment financing for the creation of:

47 units of affordable housing in 10 historic rehabilitated buildings and one new construction building.

Developers: Community Matters and Over the Rhine Community Housing.

Total Project Cost: 12.6 million
Robert Sanders
Principal of Sanders Development Group

Liz Blume
Executive Director of the Community Building Institute
“Increasing access to affordable housing has such broader economic benefit. Lack of affordable housing stands in the way of economic productivity and undermines the fundamental premise that full-time workers should be able to achieve a decent standard of living.”

Bruce Katz and Margery Austin

Source: Expanding the Supply of Affordable Housing for Low-Wage Workers, By Michela Zonta; https://www.americanprogress.org/issues/economy/reports/2020/08/10/488313/expanding-supply-affordable-housing-low-wage-workers/
Homes Available for Sale

Source: Multiple Listing Services, Cincinnati; City of Cincinnati DCED Balanced Development Report
Housing Production

Unit Count Peer Cities 2008-2018

Source: 2018 Building permit database https://socds.huduser.gov/permits; City of Cincinnati DCED Balanced Development Report
Opportunity to rebuild production pipeline

• Contractors of all sizes
• Building trades training and employment
• Living wage jobs
Housing Production

Employees in Construction and Related Industries
National, seasonally adjusted

The top 5 jobs in the Cincinnati region do not pay enough to afford housing.

The average salary of employees in construction and extraction occupations in Cincinnati in 2019 was $50,315.

ANNUAL HOME STARTS IN THE CINCINNATI METROPOLITAN AREA

<table>
<thead>
<tr>
<th>Annual single-family home starts</th>
<th>Cincinnati Metro Area</th>
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</thead>
<tbody>
<tr>
<td>2000</td>
<td>9,426</td>
</tr>
<tr>
<td>2004</td>
<td>10,906</td>
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<tr>
<td>2010</td>
<td>2,839</td>
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<tr>
<td>2015</td>
<td>3,426</td>
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<tr>
<td>2019</td>
<td>4,444</td>
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</tbody>
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Source: Federal Reserve Economic Data (FRED) Economic Division Research, St. Louis Federal Reserve
Affordable housing development is an economic development opportunity.

• Production goal of 2,000 new affordable units each year for ten years

• Support rebuilding of the construction industry by offering employment opportunities

• Relieves price pressure on housing markets
The estimated one-year impact of building 2,000 units of affordable housing in Cincinnati and Hamilton County

• $234,000,000 in local income
• $44,000,000 in taxes and revenue for local governments
• 3,220 local jobs