



Low-Income Housing Development Fuels Economic Gains in Distressed Neighborhoods, Stabilizes Families' Economic Outlook

New study commissioned by Local Initiatives Support Corporation and Enterprise Community Partners focuses on all Low Income Housing Tax Credit developments in New York

NEW YORK (June 23, 2010) - A new study of New York low-income housing released today proves affordable housing development fuels economic gains in distressed neighborhoods. The study, commissioned by Local Initiatives Support Corporation (LISC) and Enterprise Community Partners (Enterprise) shows affordable housing development is a proven economic stimulus that can expand neighborhood spending power, raise surrounding property values and help low-income families stabilize their economic outlook. Enterprise and LISC released this report based on data analysis done by the Furman Center for Real Estate and Urban Policy at New York University and independent consultants.

The LISC and Enterprise study considered the impact that new and rehabbed low-income housing has on residents and the communities in which it is built. The data indicate that supporting the construction and preservation of affordable housing-particularly housing financed by the federal Low-income Housing Tax Credit (LIHTC) Program-has a broad, positive effect that generates a significant return on investment.

The new study points to three clear conclusions, all of which connect to a significant return on the LIHTC investment.

- **Family financial stability:** Families in affordable housing more than double their discretionary income, allowing them to pay for health care, pay down debt or save. Citing an example in the Bronx, researchers noted a 12 percent immediate annual return to residents living in a development that had received Low-income Housing Tax Credit investment, based on the additional disposable income available to residents.
- **Increased local purchasing power:** Affordable housing boosts business for nearby merchants. By paying rent within their means, residents of a cluster of Bronx rental developments expanded estimated local purchasing power by more than one-third.
- **Higher property values:** LIHTC project investments increase adjacent property values and help generate additional property tax revenue. More specifically, they increased the value of surrounding properties by 6 percentage points right away and resulted in consistent increases over time.

The positive impacts were felt in low-, moderate- and high-income communities alike, with clusters of small projects having the most significant effect, the study found. Copies of the study are available at www.lisc.org and www.enterprisecommunity.org.

“Quality affordable housing alone cannot solve all a neighborhood’s problems,” noted Denise Scott, executive director of New York LISC. “But it anchors so many positive developments within a community. Affordable housing creates jobs, contributes to safer streets, supports neighborhood retail and encourages economic stability among resident families. It is a critical part of a comprehensive approach to neighborhood revitalization.”

“The study supports what Enterprise has long believed: investing in affordable housing not only benefits the residents, but the community as a whole,” said Abby Jo Sigal, Vice President and New York City Office Director, Enterprise Community Partners, Inc. “At a time when many New Yorkers and businesses are struggling to make ends meet, investing in the Low-Income Housing Tax Credit and developing affordable housing can play a significant role in invigorating the economy and providing greater opportunities for low-income New Yorkers.”

“The research shows no evidence of the significant reductions in property values that communities sometimes fear when new subsidized housing is proposed,” commented Ingrid Gould Ellen, faculty co-director of the Furman Center for Real Estate and Urban Policy at New York University. “To the contrary, the research finds these developments can lead to increases in nearby property values over time.”

Researchers analyzed home prices for properties near all 660 New York City Low-income Housing Tax Credit developments, looking at an impact ring that represents a several block radius around each. It also incorporated interviews with developers and residents of two sample tax credit projects in the Bronx.

About LISC

LISC combines corporate, government and philanthropic resources to help nonprofit community development corporations revitalize distressed neighborhoods. Since 1980, LISC has raised more than \$9.6 billion to build or rehab more than 252,000 affordable homes and develop 38 million square feet of retail, community and educational space nationwide. LISC support has leveraged nearly \$30 billion in total development activity. For more information, visit www.lisc.org.

About Enterprise Community Partners

Enterprise is a leading provider of the development capital and expertise it takes to create decent, affordable homes and rebuild communities. For more than 25 years, Enterprise has introduced neighborhood solutions through public-private partnerships with financial institutions, governments, community organizations and others that share our vision. Enterprise has raised and invested more than \$10 billion in equity, grants and loans to help build or preserve more than 250,000 affordable rental and for-sale homes to create vital communities. Enterprise is currently investing in communities at a rate of \$1 billion a year. Visit www.enterprisecommunity.org and www.enterprisecommunity.com to learn more about Enterprise's efforts to build communities and opportunity.

###