

Alliance Housing Initiative Roadmap

2024

Prepared For



**African American
Alliance** of CDFI CEOs

Prepared By



Sponsored by

Melville 
Charitable Trust

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GLOSSARY

Affordable Housing	Housing that costs no more than 30% of a household's income, usually applied to households making less than 100% of the Area Median Income.
Area Median Income	The midpoint of the income distribution of a specific geographic area, calculated by the Department of Housing and Urban Development (HUD)
Anti-racism/ Anti-racist housing policy	The practice of actively identifying and opposing racism by changing policies, behaviors, and beliefs that perpetuate racist ideas and actions.
BIPOC	"Black, Indigenous, and People of Color": a comprehensive term to describe ethnic minorities who have been structurally oppressed in the United States.
CLT	"Community Land Trusts": Nonprofit organizations governed by a board of CLT residents, community residents and public representatives that provide lasting community assets and shared equity homeownership opportunities for families and communities
CDFI	Community Development Financial Institution
CDBG	Community Development Block Grants: a grant program funded by HUD and administered at both the State and Municipal level.
Federal Home Loan Banks	A government-sponsored enterprise system of 11 regional banks across the United States that support mortgage lending and community investment.
HOME	"Home Investment Partnerships Program": A housing grant program funded through HUD and administered at state and local levels.
Housing Co-op	An approach to housing ownership wherein residents jointly own the building they live in.
Housing Counseling	Educational and financial literacy programs for prospective homeowners
Housing Justice	The assurance of stable, high-quality, safe, and affordable housing to residents of all income levels. Ensuring that one's housing conditions are stable, high-quality, and affordable are directly tied to one's health.
Housing Opportunity	A category for any programs that develop or place households in affordable rental or for sale housing.
Housing Stability	A category for any programs that seek to fight involuntary displacement and gentrification.
HUD	Department of Housing and Urban Development, a federal department that administers affordable housing programs
LIHTC	"Low Income Housing Tax Credit" - Created by the Tax Reform Act of 1986, this program provides tax credits to investors in exchange for investment in affordable rental housing development
PHA	"Public Housing Authority": local governmental agencies that manage public housing funded by HUD
SPCP	"Special Purpose Credit Program" - a program to extend credit to a class of persons who would otherwise be denied credit or would receive it on less favorable terms, under certain conditions.

Housing Roadmap

INTRODUCTION

In 2023, the African American Alliance of CDFI CEOs (The Alliance), with support from the Melville Charitable Trust, collaborated with Cappelli Consulting to understand how Black-led CDFIs were striving for housing justice in their communities, particularly for BIPOC (Black, Indigenous, and People of Color) households.

Over the course of six months, the Alliance invited members to identify the most pressing obstacles limiting their ability to participate in housing justice efforts, and to identify solutions to overcome those obstacles. The Alliance Housing Initiative is the product of this collective visioning.

Members identified a wide range of challenges to delivering effective housing justice interventions, from insufficient federal resources to develop affordable housing, to local public officials who do not have a clear understanding of the causes of and solutions to the housing crisis.

When asked how the Alliance could be most effective in supporting Black-led CDFIs in the fight for housing justice, members identified three key areas: **federal level advocacy**, **state and local advocacy**, and **organizational capacity-building**.

The Alliance Housing Initiative Roadmap puts forth the Alliance's plan to ensure that it and its members can increase their impact on housing justice initiatives and help build a more equitable housing landscape for the BIPOC communities they serve.

Housing Justice

The assurance of stable, high-quality, safe, and affordable housing to residents of all income levels. Ensuring that one's housing conditions are stable, high-quality, and affordable are directly tied to one's health.

Source: The Praxis Project

VISION

Alliance members have full access to the resources they need to pursue housing justice for BIPOC communities.

MISSION

Strengthen the Alliance's ability to effectively campaign for anti-racist housing justice policy reforms and support members in increasing housing opportunity and stability for BIPOC communities.

GOALS

1. Promote and advocate for statutory and regulatory reforms at the federal level that maximize member access to community development resources that support housing justice
2. Empower members to become housing justice advocates in their communities and to advocate for anti-racist policy at the state and local levels
3. Strengthen the capacity of members to develop, deliver, and evaluate effective anti-racist housing programs

OBJECTIVES

- Coordinate and streamline activities of the Alliance Housing Initiative (AHI) across the organization
- Directly advocate for federal-level housing justice reforms and indirectly support state and local housing justice reforms through member training
- Improve organizational and member data collection and impact measurement techniques to quantify collective housing justice progress and identify compelling housing justice narratives
- Facilitate capacity-building opportunities for members to improve and innovate on their approach to housing justice

CDFI Housing Justice Obstacles

Historic and ongoing racial inequities combine to create an acute housing crisis for Black and Brown households served by Alliance members. CDFIs play an important role in leveling the playing field, but chronic public and private underinvestment threaten to derail the initiatives and dilute the impact of their efforts in communities across the country. These and other barriers appear at the federal, state and local levels.

Market-based

Local level policy decisions around land use, density, and development contribute to market conditions that make it difficult for CDFIs to stabilize BIPOC households.

Operational

As Black-led CDFIs are called to do more with less, human resources are often stretched thin.

Household

When the government does not respond to widening income inequality and housing cost gaps, CDFIs struggle and stretch subsidies to the limit to meet program outcomes.

Finance and Funding

Lack of investment in social equity by the financial sector has deprived Black-led CDFIs of critical resources to meet community needs

Federal Programs and Policy

Insufficient funding, cumbersome bureaucracy, and a lack of targeted support within existing programs hinders small, emerging, and Black-led CDFIs

State and Local Government

Lack of knowledge and understanding of housing justice issues leads to a dearth of affordable housing and racial equity policies that assist CDFIs in achieving positive housing outcomes.

Public Perception

Stiff local resistance to multi-family housing impedes on high-impact affordable housing projects.

Environmental Justice

Black-led CDFIs must grow their green finance knowledge and capacity to contribute to climate solutions in housing.

Alliance Housing Initiative Action Plan

The Alliance Housing Initiative aims to empower members to overcome housing justice obstacles, amplify member impact, and change the narrative on housing justice in BIPOC communities.

Together with members, the Alliance has identified specific ways the Alliance can provide value to members in their fight for housing justice. Below is a summary of the goals of the Alliance Housing Initiative, and the strategies that we will pursue over the next few years.



Goals	Strategies
<p>Goal #1 Promote and advocate for statutory and regulatory reforms at the federal level that maximize member access to community development resources that support housing justice</p>	<p>1a) Coordinate federal policy advocacy efforts, informed by member priorities, that increase Black-led and small-mid sized CDFI access to capital and housing programs</p> <p>1b) Establish partnerships with federal agencies that shape how CDFIs participate in the housing ecosystem, including the Department of Housing and Urban Development, US Department of Agriculture, and the Department of the Treasury, among others</p> <p>1c) Support federal policy initiatives that advance housing justice for BIPOC communities</p> <p>1d) Build relationships with actors in the housing ecosystem that are pursuing housing justice policy (e.g. CDCs, CHDOs, environmental organizations, etc.)</p>

Alliance Housing Initiative Action Plan

Goals	Strategies
 <p>Goal #2 Empower members to become housing justice advocates in their communities and to advocate for anti-racist policy at the state and local levels</p>	<p>2a) Develop and disseminate advocacy training materials for members to use in local communities</p> <p>2b) Research and present case studies of best-practice local policy solutions that members can implement in their communities</p> <p>2c) Facilitate collaboration of members working in the same state or region to help them coordinate around local policy advocacy</p>
 <p>Goal #3 Strengthen member capacity to develop, deliver, and evaluate effective anti-racist housing programs</p>	<p>ac) Facilitate collaboration among members on BIPOC housing strategies and programs by geography and focus area.</p> <p>3b) Gather data on member housing activities and outcomes and use data to demonstrate members' collective impact on housing justice</p> <p>3c) Build the capacity of members to evaluate performance along housing-related indicators</p>

AHI Goal #1

Federal Advocacy Framework

To kickstart implementation of the Action Plan, members have identified specific areas for policy and regulatory intervention at the federal level in support of **AHI Goal #1: to promote federal-level policy change**. The Alliance's federal efforts are concentrated on four federal initiatives chosen for their strong alignment with the challenges faced and the capabilities within member organizations. The Alliance should take on a direct advocacy role, working with members and partners across government to advocate for federal-level reforms.

Federal Advocacy

Clarify HUD Funding Guidelines

Challenge: Members have experienced a general lack of transparency in award decision-making for key funding programs of the Department of Housing and Urban Development (HUD), including Community Development Block Grants (CDBG) and HOME Investment Partnerships Program (HOME). They have also noted that states and local governments that receive HUD funds have inconsistent standards for implementation.

Alliance Strategy: Leverage the Alliance's network of elected officials to identify a legislator willing to sponsor legislation that would standardize administration of Community Development Block Grants and HOME Investment Partnerships Program funds.

CDFI Fund Equity Initiative

Challenge: Members have observed that Black-led CDFIs—especially smaller and mid-size CDFIs—have difficulty accessing signature programs of the CDFI Fund. For example, the Capital Magnet Fund tends to favor Housing Finance Authorities; and the Banks Enterprise Award Program does not offer sufficient incentives for lending to Black-led CDFIs.

Alliance Strategy: Engage with the Treasury Department to advocate for legislative and/or regulatory reforms that promote capital access for Black-led CDFIs.

Federal Advocacy

Federal Home Loan Bank Policy Reform

Challenge: FHLB lending policies do not currently meet CDFI-specific housing finance needs.

Alliance Strategy: Leverage its collective influence to push for reforms that would:

- Reduce the collateral needed for affordable housing loans, making it easier for CDFIs to obtain financing;
- Lower interest rates for affordable housing loans to make these ventures more financially viable;
- Shift the FHLB's lending focus to prioritize affordable housing projects; and
- Collaborate with influential organizations, like the Institute of International Finance (IFF), to modify the Affordable Housing Program criteria to be more inclusive and effective.

Low Income Housing Tax Credit (LIHTC) Reform

Challenge: The Low-Income Housing Tax Credit (LIHTC) program, a central tool for affordable housing financing, is currently facing a major funding shortfall and an overly complex application process that disadvantages smaller organizations.

Alliance Strategy: Leverage the Alliance's network of elected officials and administrators to advocate for:

- An increase in the allocation of the 9% LIHTC to meet the rising need for low-income housing;
- A reduction in the threshold for the Private Activity Bond (PAB) test from 50 percent to 25 percent or below, thus widening access to these funds;
- Streamlining the application process to level the playing field for smaller, often BIPOC-led, organizations; and
- Adjustments to the application scoring system to reflect the particular challenges and contributions of BIPOC-led CDFIs.



AHI Goal #2

Empowering State and Local Member Advocacy

To achieve **AHI Goal #2—empowering local member action**—we propose a focus on creating robust support systems for key policy areas that are broadly relevant nationwide, enabling members to effectively tailor their local advocacy efforts. Rather than direct engagement, the Alliance should offer advocacy training and tools to members, enabling them to become informed and influential policymakers in their respective communities.

State Advocacy

Standardizing Housing Needs Assessments & Action Plans

Challenge: Many states lack comprehensive data on housing needs and requirements across programs and populations. The Alliance suggests advocating for a uniform methodology for conducting these assessments to obtain a clearer picture of housing needs and inform more strategic and effective action.

States should also develop Housing Action Plans to translate data collected from Housing Needs Assessments into concrete programs and initiatives, especially those that enable CDFI action.

Alliance Strategy: Coordinate members on a state by state basis to identify a legislator to sponsor statewide needs assessment and action plan bills.

Increase State Funding for Housing

Challenge: Reliance on federal funds like those from HUD is no longer sufficient. The Alliance believes in encouraging members to lead campaigns that increase state funding for housing and Black-led CDFI initiatives via state legislatures and direct engagement with housing departments.

Alliance Strategy: Help members determine state-specific funding requirements, identify sustainable revenue sources, and legislate for them to be spent on housing programs. The Alliance can share insights from successful state tax credit programs (e.g., the Massachusetts Community Investment Tax Credit Program) to help members advocate for new state-specific tax incentives for affordable housing.

State Advocacy

Public Official Education Initiatives

Challenge: Public officials' lack of understanding regarding affordable housing finance and the role of CDFIs leads to missed opportunities.

Alliance Strategy: Provide members with materials to educate officials about the critical need for affordable housing and CDFIs' place within the funding landscape.

Local and Municipal Advocacy

Strengthening Equitable Housing Ecosystems

Challenge: Members operate in communities that lack policies that promote housing justice, such land use policies that promote multi-family housing development, or limited public revenue streams for affordable housing.

Alliance Strategy: Train members and build their fluency in local policy levers that can strengthen their local housing justice ecosystem. **Key policy areas include:**

- **Development Incentives.** Density bonuses, fee waivers, reduced parking requirements, and fast-track permitting are other tools that reduce the cost and increase the speed and production of affordable housing development. Adjusting local zoning codes can also make a significant difference by allowing smaller lot sizes and reducing house size requirements, thereby lowering development costs.
- **Development Regulations.** Inclusionary zoning, impact fees, and other tools can mandate that new developments incorporate a specific number of affordable housing units and designate fees to support affordable housing initiatives.
- **Direct Funding.** Sustainable local revenue streams, like dedicated property taxes, sales taxes, and funds generated from real estate transactions are critical to support affordable housing.
- **Public Private Partnerships.** Collaboration between the public and private sectors can take many forms, such as utilizing public land for development, creating social impact bonds, or establishing tax exemptions for developers who build or preserve affordable housing. Rights of first refusal enable municipalities to purchase property to maintain or convert it into affordable housing, and homestead exemptions can protect residents in gentrifying areas from being priced out by rising taxes.





AHI Goal #3: Direct Support and Capacity Building

Equally important to policy and advocacy are the boots-on-the-ground efforts of members. Direct housing justice programs differ widely between members according to the needs of their communities. As such, members have much to learn from each other and from innovative efforts of other organizations across the country to maximize their impact. To achieve **AHI Goal #3**, the Alliance should facilitate capacity-building and collaboration opportunities for members.

Direct Support & Capacity Building

Alliance Role

Curate and offer training and other resources for members to improve housing programs

CDFI Housing Justice Education Resource Hub

The Alliance should develop an online hub for members that archives and showcases innovative CDFI housing programs, with a focus on replicable models and best practices.

Providing Direct Services to Members

1. **Human Resources Collaboration:** Facilitate or create HR shared services to decrease HR costs for Alliance members.
2. **Inter-Member Collaboration:** Host opportunities for members to convene, collaborate, and strategize on how to best implement services they have in common.
3. **Communications Support:** Develop communications templates that members can use to increase awareness about Black-Led CDFIs and housing justice programs.
4. **Communication Amplification:** Work with members to collect and highlight stories of housing victories as well as innovative and successful housing justice programs or policies

Hosting Housing Justice Workshops/Webinars

The Alliance aims to host regular workshops on innovative CDFI policy and programmatic strategies. Below are a sample of topics elevated by members via interviews and meetings conducted over the course of the Housing Initiative:

- HUD Section 108
- Alliance African American Equity Impact Scorecard
- Special Purpose Credit Programs (SPCP)
- Limited Equity Housing Co-ops
- Market-Alternative Inclusionary Housing
- Private Sector Collaboration on Property Tax Reduction
- Private-Sector Collaboration on Inclusionary Housing
- Federal Home Loan Bank Relationship-Building
- Harnessing Social Media to Elevate Housing Programs
- Leveraging the Greenhouse Gas Reduction Fund (GGRF)

Data Monitoring & Evaluation

CDFIs were created to provide access to financial products and services to economically underserved markets. As such, most data collection efforts focus on number of clients served and amount of commercial and residential finance delivered. However, when it comes to advancing racial housing justice, many of those metrics are too broad to capture important nuances in transformational work of members. Ultimately, members struggle with communicating their housing impact. The Alliance aims to build strong housing impact measurement frameworks and systems both within the organizations and across membership.



Data Monitoring & Evaluation Framework

Alliance Role

Monitor and evaluate the impact of organizational progress on collective housing justice goals, and strengthen member capacity to evaluate their impact.

Monitor and evaluate the impact of member progress on collective BIPOC housing goals

The Alliance should work with members to set clear impact goals and targets. Key impact areas could include: creation of housing opportunities for BIPOC households; minimization of involuntary displacement through the provision of housing stability programs; and the socio-economic and indirect impacts of increasing housing opportunity and housing stability.

Construct a compelling narrative about the impact of member activities that can be used to advance advocacy

Communicating impact is just as essential as impact measurement. The Alliance should communicate social and economic impacts of members' housing work on other indicators that the advocacy target deems important. Examples of key metrics include the number of BIPOC renters that become homeowners and financial stability and wealth outcomes of new homeowners.

Data Monitoring & Evaluation Framework

Close data collection gaps with members

Several gaps persist in the member data collected by the Alliance. To close these gaps, the Alliance should consider the following actions:

- **Dis-Aggregate Tenure:** Distinguish between the impact of member programs by tenure (rent vs homeownership)
- **Specify Impacts by Housing Program:** Collect data on both homeownership activities (rehabilitation, foreclosure interventions, etc) and rental activities (new development, preservation, senior, PSH, etc)
- **Distinguish Between Units Financed and Units Built:** While the Alliance asks questions about the number of units financed by members, this question does not illustrate how many units are directly built by members - a key statistic
- **Demonstrate Ancillary Impacts:** Collect data on the outcomes of renters and homeowners, such as number of renters-served that are in arrears or the number of renters served that become homeowners.

Conclusion

In the United States, housing justice is economic justice.

We cannot close the racial wealth gap without major interventions in the housing system that center the needs of BIPOC communities. And we cannot make those interventions without the Black-led financial institutions, who have been on the frontlines of housing and economic justice movements for more than a century.

As the Alliance proceeds to implement the AHI Action Plan, we invite all parts of the Alliance ecosystem, from members and governmental partners, to elected officials and funders, to take part in the Alliance's housing justice efforts:

- Work with the Alliance to advocate for a federal housing environment that enables Black-led CDFIs to better serve BIPOC communities
- Join us in training members to be effective advocates in their communities for anti-racist housing policy
- Support capacity-building efforts to ensure members are well-resourced to deliver the most impactful housing programs
- Celebrate and amplify collective impact on housing justice across the country

We look forward to collaborating with you to creating healthier, wealthier, more economically stable BIPOC communities and a more just housing system.