

2025 Financial Innovations Roundtable Summary

Innovative Financial Strategies to Increase the Supply of Unsubsidized Affordable Housing



June 13, 2025, Federal Reserve Bank of New York

Center for Impact Finance, Carsey School of Public Policy, University of New Hampshire



**University of
New Hampshire**
Center for Impact Finance

INTRODUCTION

The Center for Impact Finance, an applied research center affiliated with the Carsey School of Public Policy at the University of New Hampshire, hosted the 27th Financial Innovations Roundtable (FIR) on June 13, 2025 at the Federal Reserve Bank of New York. The Roundtable brought together lenders, investors, developers, researchers, and state and local officials to examine innovative financial strategies to support naturally occurring affordable housing (NOAH). This report summarizes key themes that emerged from the Roundtable. FIR has long served as a forum for creating cross-sector partnerships to expand access to capital in low-income communities. This year's convening focused on the challenge of developing and preserving housing that is affordable to low- and moderate-income residents without direct federal subsidies. Participants explored several guiding questions:

- How can innovative financing increase and preserve the supply of unsubsidized affordable housing?
- What role can private capital play in housing that serves lower-income residents?
- How can community-based lenders work more effectively with small property owners?
- How can affordability be maintained in neighborhoods experiencing market pressures and rising values?
- What lessons can be drawn from prior efforts to finance unsubsidized affordable housing?

FRAMING THE ISSUE

The opening session of the Roundtable underscored both the urgency of the nation's housing affordability crisis and the need for innovative approaches to finance the construction and preservation of housing affordable to lower income residents. Federal subsidies remain critical for many low- and moderate-income households, yet they have long been insufficient to meet the scale of need. As rents and homeownership costs rise faster than incomes across urban, suburban, rural, and Native communities, strategies are needed to preserve affordable housing without relying on additional federal commitments.

- **Ellen Lurie Hoffman, Executive Director of the Center for Impact Finance**, noted that the supply of federally subsidized affordable housing is woefully insufficient to meet the housing needs of the nation's low- and moderate-income residents, particularly at a moment when a growing segment of the population faces housing

costs greater than their incomes can support and when Congress is cutting federal resources supporting the social safety net.. She noted that housing affordability challenges affect a wide range of communities nationwide and called for strategies that can support the construction of new housing and the preservation of existing housing that is affordable to lower income Americans without depending on new federal commitments. For the purposes of the Roundtable, she clearly defined NOAH as housing that serves low- and moderate-income households without federal subsidies, recognizing that state or local resources may provide essential support for otherwise unsubsidized affordable housing and serve to leverage private investment.

- **Geoff Smith, Executive Director of the Institute for Housing Studies at DePaul University**, presented data showing the depth and breadth of housing affordability challenges. In 2023, renter cost burdens reached an all-time high, with more households at higher income levels experiencing affordability pressures and lower income households facing increasingly severe burdens. At the same time, the nation lost six million units renting below \$1,000 per month, even as higher-cost rental stock expanded. Smith emphasized that only 23 percent of income-eligible renters currently access subsidized housing, leaving the majority reliant on the unsubsidized market. He also pointed to the importance of understanding local variation: high-cost areas are losing affordability through rent escalation, while historically disinvested neighborhoods face deterioration and demolition of older housing stock. These trends highlight the need for preservation strategies that are tailored to local markets, property types, and ownership patterns.
- **Dr. Shena Ashley, Vice President for Community Impact & Investment at Capital One and President of the Capital One Insights Center**, added the perspective of a top community development lender focusing on NOAH as an emerging area of practice. Capital One is a leading community development investor in Low-Income Housing Tax Credits (LIHTC) and New Markets Tax Credits. Dr. Ashley emphasized the importance of supporting moderate-income landlords, who often own NOAH properties and risk losing wealth—undermining affordability for their tenants—when they cannot reinvest in their buildings. She highlighted how Capital One’s philanthropic strategy focuses on partnering with CDFIs to stabilize and improve these properties, preserving them as assets for landlords and affordable housing for tenants. Looking ahead, she pointed to a potential expansion of these efforts by developing structures and incentives that draw more financial

institutions into NOAH preservation and by strengthening CDFIs as key partners in this work.

These opening remarks framed the scale of the housing affordability crisis and the complexity of financing unsubsidized housing.

CROSS-CUTTING THEMES

The perspectives shared in the opening remarks set the stage for the subsequent panel discussions. While each panel explored different financing models and strategies, several themes emerged across the conversations:

- **Capital structures must balance market viability with mission alignment.** Strategies that attract institutional investors—such as Real Estate Investment Trusts (REITs), private equity-style vehicles, and tax-exempt acquisitions—work best when paired with governance, exit provisions, or policy tools that ensure affordability commitments endure.
- **Capital is most effective when structured for speed and flexibility.** Approaches like pooled loan funds, mixed-source equity, or flexible refinancing allow mission-driven actors to compete with private buyers and preserve properties that might otherwise be lost.
- **Financing must be tailored to local context.** Diverse types of housing stock, community needs, and available resources all impact which financing strategy will work best to support a specific housing project. For example, small multifamily buildings, large suburban NOAH properties, manufactured housing communities, and high-cost urban developments each require different tools, from straightforward loans to more complex, layered capital stacks.
- **Policy frameworks and partnerships are central to feasibility.** State and local tax abatements, regulatory flexibility, and municipal partnerships can lower costs and accelerate deals, while collaboration with institutional investors and community development financial institutions (CDFIs) expands reach.
- **External headwinds require adaptation and flexibility.** Rising insurance costs and climate risks are altering operating economics, requiring integration of resilience and cost-saving measures such as pooled insurance, efficiency upgrades, and decarbonization strategies.
- **Trust and governance are essential for sustainability.** Models that give residents and communities decision-making power, ensure transparency in compliance and management, or build reliable systems for landlords and tenants enhance the durability and legitimacy of innovative approaches.

REPORT STRUCTURE

The report is organized around the five panel discussions, each examining different approaches to mobilizing capital, adapt financing tools, and align policy frameworks:

- **Panel 1** explored the role of private capital in affordable housing preservation, highlighting how mission-driven REITs, large-scale housing strategies, and nonprofit-compatible preferred equity models can attract investors while sustaining affordability.
- **Panel 2** focused on acquisition strategies, emphasizing the importance of transaction speed, tailoring financing to market conditions, leveraging partnerships and policy tools, and embedding acquisitions in community systems.
- **Panel 3** examined groundbreaking approaches to create affordability, with case studies of cooperative finance, nonprofit development partnerships, and integrated energy and housing strategies.
- **Panel 4** reviewed innovative models for preservation, including neighborhood-based trusts, large-scale conversions of market-rate housing, and shared housing platforms, underscoring the importance of trust, operational efficiency, and supportive policy frameworks.
- **Panel 5** highlighted pioneering partnerships with state and local governments, showcasing tools to fill equity gaps, blend public–private financing, preserve NOAH, and create opportunities for closer coordination with CDFIs.

Together, the panel discussions underscore both the promise and complexity of financing NOAH. The report that follows summarizes the panel discussions, drawing out key themes and lessons for practitioners, policymakers, and investors. It concludes with a closing discussion, which synthesizes key themes across the panels, and a Looking Ahead section, which identifies priorities for practice, policy, and research.

PANEL 1: EXPLORING THE ROLE OF PRIVATE CAPITAL

This panel discussion highlighted several strategies for structuring private capital to support affordable housing preservation. Although the approaches vary in design, they shared common goals: aligning investments with mission objectives, making effective use of public policy tools, and demonstrating that affordable housing can be a reliable asset class capable of attracting mainstream investment.

PANALISTS

- Eric Chatman, Chief Financial Officer, Housing Partnership Network (HPN)
- Lisa Davis, Partner, Real Estate and Head of Asset Management, The Vistria Group
- Matt Glatting, Chief Financial Officer, NeighborWorks Capital (formerly Executive Vice President, Finance and Investor Relations, Housing Partnership Equity Trust)

ORGANIZATIONS

HOUSING PARTNERSHIP EQUITY TRUST

The Housing Partnership Equity Trust (HPET), established in 2012, was a mission-driven REIT aimed at helping nonprofit housing developers preserve NOAH. Fourteen HPN members invested capital, supplemented by foundation support, which acted as the initial common equity, representing ownership that shares in both profits and losses. This was further leveraged with preferred equity from financial institutions, which operate similarly to debt with a fixed dividend and maturity date but hold a higher repayment priority than common equity.

The capital raised by HPET was then invested into multifamily properties across the United States. In each transaction, a nonprofit member contributed approximately 15 percent of the equity, while HPET provided the remaining 85 percent. This structure, with the readily accessible capital at HPET, enabled the nonprofit members to leverage their capital and to be competitive in a market that transacts much quicker than traditional LIHTC developments. For many of the nonprofits, it marked their first entry into market-based preservation after years of working primarily on government-subsidized housing. NOAH acquisitions was a new business line and gave nonprofits another tool to build their portfolios and increase their mission impact.

HPET delivered both preservation and financial benefits. Nonprofit members were able to earn returns from property-level cash distributions as well as HPET distributions through

their common equity ownership. In one case, a property purchased in the mid-2010s sold about five years later for more than double its original purchase price, with a share of the gain going directly to the participating nonprofit.

Over time, structural challenges emerged. Governance was controlled by the nonprofit members, which supported the mission but discouraged some investors from acquiring non-voting common equity. Given the high preferred equity leverage at HPET, it was necessary for the company to raise new capital in the form of common equity. However, it proved challenging for HPET to raise common equity capital at scale. Several factors contributed to this, including the lack of voting rights for new common equity investors and the absence of redemption rights, as new common equity investors did not have a mechanism to exit their investment easily. Furthermore, preferred equity investors held redemption rights where new common capital had to be used to redeem financial institutions, as opposed to HPET being able to utilize new common equity capital to further scale its portfolio to increase profitability. Lastly, HPET did not declare consistent common dividends, as new capital was needed to be profitable long-term and meet preferred distributions.

Preferred redemption amounts significantly increased in the early 2020s; however, the portfolio had not grown sufficiently to be able to meet these redemptions with ongoing cash distributions. Given HPET's inability to raise new common equity at scale, its only options were to dispose of properties and/or partner with another investor. HPET was eventually acquired by Lincoln Avenue Communities in a transaction that closed in 2022.

HPET's experience demonstrates how mission-aligned REITs can enable nonprofits to act quickly and secure the capital necessary to compete for affordable housing. It also emphasizes the importance of balancing mission control with investor involvement, and of designing governance, cash flow, and exit provisions that allow capital to be reinvested in future preservation projects without reducing the supply of affordable homes.

THE VISTRIA GROUP

The Vistria Group's Housing Strategy is a mission-driven investment platform that preserves affordable housing with competitive, market-rate returns. Since 2023, the strategy has deployed nearly \$1 billion in workforce and affordable housing primarily for households earning less than 80 percent of the area median income (AMI).

The strategy seeks to invest in a base of stable, income-generating properties while making targeted investments in properties with slightly higher risk and return potential. Similar to other strategies developed to appeal to large-scale investors, its design delivers

competitive commercial returns that are comparable to market-rate real estate funds as well as social impact.

The Vistria Group also seeks to invest directly in affordable housing in partnership with local joint-venture owners, operators, and developers. Generally, these strategies contribute about 95 percent of the equity, while partners contribute five percent and manage day-to-day operations. These partnerships not only provide access to investment opportunities the strategy would not otherwise have, but also ensure the investments reflect the communities in which they are made.

Vistria's strategy covers three main types of affordable housing. The first is subsidized housing, including public housing redevelopments supported by federal tax credits and project-based Section 8 rental subsidies, where assistance is tied to specific units. The second category includes properties with extended-use tax credits, specifically affordable housing developments that have completed their initial compliance period under the federal Low-Income Housing Tax Credit program but remain affordable through extended agreements. The third is NOAH, where affordability is preserved through state and local programs, most often tax abatements.

For its NOAH investments, Vistria's strategy leverages state and local tax abatement programs to ensure long-term affordability. These programs reduce or eliminate property taxes in exchange for keeping rents affordable. They typically require at least half of the units to be affordable at or below 80 percent of AMI, with some programs permitting affordability up to 100 percent. Certain states add their own requirements; for example, in Texas, at least 10 percent of units must be affordable at 60 percent of AMI. The Vistria Group also adheres to recognized standards for responsible ownership and property management that focus on practices like eviction prevention and eliminating unnecessary fees.

Vistria's strategy invests in larger-scale acquisitions, typically properties with several hundred units, using a mix of equity and debt financing. This investment style is familiar to institutional investors and leverages local partners who manage properties, along with state and local tax abatement programs that ensure long-term affordability. Together, these elements demonstrate how private capital can be used at scale to preserve affordable housing while delivering both financial returns and positive social outcomes.

HOUSING PARTNERSHIP NETWORK (HPN)

HPN's Housing Partnership Fund (HPF), part of a larger network that also operates a homeownership education platform and a property and casualty insurance exchange, has experienced rapid growth over the past eight years. This growth has posed a challenge for its

net asset ratio, the percentage of a lender's total assets financed by its own capital, which now stands just above the 20 percent threshold that many lenders require from CDFIs.

To continue making loans to members without putting additional strain on its balance sheet, HPF has increasingly relied on off-balance sheet lending arrangements with partners. However, the organization faces a broader structural challenge: investor requirements for CDFI capital ratios are significantly more stringent than those for community banks, despite HPF's housing loan portfolio carrying a similar or even lower risk profile.

In response, HPF is developing a preferred equity market tailored to CDFIs. Preferred equity is an investment type that exists between debt and common equity, typically offering funders steady returns and repayment priority over other investors, without granting control over the organization. While for-profit banks frequently use it, CDFIs have not, mainly because as nonprofits, they cannot issue traditional equity with profit-sharing rights. HPF, collaborating with the Center for Impact Finance, is designing a version suitable for nonprofits.

The proposed approach involves establishing a special purpose vehicle, a separate for-profit entity created for a specific, limited purpose and entirely owned by nonprofits, that could issue preferred shares to investors. This structure aims to improve HPF's net asset ratio, offer flexible capital access when market conditions are favorable, and decrease reliance on grant funding. The concept is based on earlier research into creating a pathway for CDFIs to develop an initial market test of \$5-10 million in preferred equity.

If successful, the model would enable preferred equity to be issued quickly during favorable market conditions and withheld when conditions are less favorable. Although this capital would be more costly than grants or retained earnings, it could provide HPF with the flexibility to expand, preserve strong capital ratios, and sustain lending at the necessary scale to support its mission-driven work in affordable housing.

DISCUSSION INSIGHTS

Balancing Market Appeal with Mission Alignment

The discussion underscored the tension between structuring housing investments that appeal to institutional investors and ensuring durable affordability commitments. HPET, for example, combined nonprofit equity with foundation support and preferred equity from major financial institutions, enabling nonprofit housing developers to access readily available capital and compete in a fast-moving acquisition market. For many nonprofit members, this represented a new line of business beyond government-subsidized housing and offered a strategy to expand portfolios and further strengthen their social impact. Yet

HPET's governance structure, designed to keep control in the hands of nonprofit members, limited investor participation. The absence of voting rights, redemption options, and consistent common dividends constrained its ability to raise new equity at scale, illustrating how governance provisions can reinforce mission alignment but also limit long-term growth.

The Vistria Group's Housing Strategy provided another example of how private capital can be structured to appeal to large-scale investors. The strategy has directed nearly \$1 billion toward affordable housing and further strengthened its social impact through responsible management standards and partnerships with local developers. By adopting structures familiar to mainstream investors, the strategy lowers barriers to investor participation. Joint-venture partnerships with community-based developers help ensure investments remain responsive to local markets and community needs. These examples highlight the need for approaches that balance attracting private capital with mechanisms that sustain affordability over time.

Preferred Equity as a Source of Flexible Capital

HPF discussed its effort to create a nonprofit-compatible preferred equity structure to expand its lending in affordable housing. Preferred equity is widely used by banks and other for-profit lenders because it strengthens capital ratios while offering investors steady returns and repayment priority. CDFIs, however, have been unable to use this tool because they cannot issue profit-sharing equity. HPF adapted this model using a special purpose vehicle owned by mission-driven organizations that can issue preferred shares while maintaining nonprofit ownership. This approach could give CDFIs a new way to strengthen their balance sheets and access equity-like capital without relying solely on grants, but as panelists noted, preferred equity comes at a higher cost than grants or retained earnings, making it best suited for specific circumstances rather than as a primary capital source.

Reframing Risk in Affordable Housing Investment

The discussion also reflected a shift in the perception of affordable housing as an asset class. Panelists noted that investors have traditionally demanded higher returns because of the perceived risk of investing in affordable housing; however, recent data suggest this asset class carries less volatility than once assumed, leading some investors to view it more like core real estate. Panelists also emphasized that using established benchmarks and indices, along with recognition in public markets, third-party ratings, and transparent reporting, can further reduce perceived risks and attract more mainstream capital for mission-driven investments in affordable housing preservation.

The Role of Policy in Making Affordable Housing Preservation Feasible

Discussants noted that even well-designed investment models rely on supportive policy environments. State and local tax abatement programs, for example, play a key role in the feasibility of NOAH deals, although requirements and political support vary by jurisdiction. The discussion emphasized that the availability and reliability of such programs determine whether investors can move quickly and close on competitive timelines. Panelists also pointed to broader regulatory factors, such as investor requirements for CDFI capital ratios, affecting the flow of investment into the field. These examples illustrate how policy frameworks, both supportive and restrictive, affect the feasibility of affordable housing preservation strategies.

TAKEAWAYS

The discussion highlighted the potential and complexity of mobilizing private capital for preserving affordable housing. HPET demonstrated how mission-driven REITs can enable nonprofits to compete in fast-moving markets, but also how governance and exit provisions present important scalability challenges. The Vistria Group's Housing Strategy showed that by adopting familiar fund structures and embedding affordability through policy tools, large-scale capital can be directed to preservation. HPF's initiative suggests new pathways for community development finance to expand affordable housing investment. Across all three approaches, panelists pointed to a common theme: preserving NOAH at scale requires continuous innovation in financial structures, aligned with policy support, and an effort to reframe perceptions of risk so that affordable housing becomes a recognized and durable part of the institutional investment landscape.

PANEL 2: UTILIZING PRIVATE CAPITAL TO ENABLE ACQUISITION

This panel featured three organizations: Community Investment Corporation (CIC), BDP Impact Real Estate, and Integrity Community Solutions (ICS). Panelists from these organizations shared how they are leveraging private capital to preserve or expand affordable housing. Although their markets and models vary, each organization is finding ways to act quickly in competitive acquisition environments, tailor financing to meet local needs, and keep housing affordable for those who need it most.

PANELISTS

- Stacie Young, President and Chief Executive Officer, Community Investment Corporation
- Dave Foster, President, BDP Impact Real Estate
- Paul Bradley, Chief Executive Officer, Integrity Community Solutions, Inc., a ROC USA Company

OVERVIEW OF ORGANIZATIONS

COMMUNITY INVESTMENT CORPORATION

For more than 50 years, CIC, a Chicago-based CDFI, has helped preserve affordable rental housing throughout the city. Its financing primarily targets smaller multi-unit buildings, usually with 6-18 units, owned by local individuals who often run these properties as small businesses and typically manage them part-time. CIC also offers a 25-year-old property management training program that covers best practices and relevant laws.

CIC's core innovation is its Note Purchase Agreement, a unique funding model designed to solve the challenges small multifamily property owners face in obtaining affordable rehabilitation financing. Many banks hesitate to lend to these smaller properties due to perceived risks, limited profitability, and high administrative costs. CIC overcame this by pooling capital commitments to originate loans. Once CIC-financed buildings have tenants and a stable cash flow, CIC bundles and sells notes to investors every quarter, recovering funds to lend again. Investors buy portions of these loan packages based on their share of the capital pool, a pro-rata arrangement. Remarkably, no investor has absorbed a loss in over 25 years.

CIC also works through the Preservation Compact, a policy collaborative that brings together community groups, nonprofits, developers, lenders, and city agencies to identify pressing

preservation needs. When rising rents in some markets made it harder to keep rents affordable, the Compact flagged the issue, and CIC created a mezzanine debt product—a lower-cost, second-position loan that helps bridge the gap between a primary mortgage and equity by providing more leverage, to 90% loan to value, in the form of interest-only, second mortgage debt. In exchange for this support, owners agree to long-term affordability, giving Chicago a new tool to preserve housing in higher-cost areas.

Another CIC priority has been Chicago's stock of single-room occupancy (SRO) buildings, many of which were at risk because their repair needs exceeded what could be covered by a first mortgage. CIC partnered with the City of Chicago to provide bridge financing with much higher leverage than typical first mortgage terms in order to cover more rehab. After construction is complete, a city grant pays down the mortgage to a level the building can support. This approach reduces regulatory hurdles and timing delays that often derail deals. This structure has also helped keep privately owned SROs in operation while ensuring they remain affordable.

BDP IMPACT REAL ESTATE

BDP Impact Real Estate is a social impact investment and development company that partners nationally with long-term investors to deliver community-based development and affordable housing. Recognizing that new construction alone cannot address urgent housing needs, BDP Impact Real Estate partnered with Community Solutions, a nonprofit organization dedicated to ending homelessness, and together in 2022, they launched the Community Solutions Large Cities Housing Fund, a large-scale social impact private equity fund. This fund specifically targets individuals exiting homelessness, often veterans, across several communities nationwide.

The Fund acquires apartment buildings in neighborhoods close to transit, jobs, and health care services. These buildings are renovated as needed, with half of the units reserved for individuals with housing vouchers while the remaining units are made affordable for local workers. In addition, the units are integrated into each community's homelessness response system, ensuring residents are connected to the support services they need to stay housed.

Instead of waiting years for new buildings to be constructed, the Fund repurposes existing properties and makes them available for housing within months. By collaborating with each community's homelessness response system, whenever a unit becomes available, the Fund prioritizes individuals exiting homelessness, often veterans, who might otherwise have difficulty finding a landlord willing to rent to them.

The Fund brings together capital from banks, foundations, health systems, and other partners, combining equity offered at below-market returns with conventional Fannie Mae and Freddie Mac mortgages. This mix of financing gives the team the speed necessary to compete in a crowded market, often closing on a building within 60 days. Early philanthropic commitments were critical in establishing the model and gave other investors the confidence to join. This approach is designed to avoid the delays of new construction by buying existing properties and connecting local homelessness response systems directly to available apartments.

Once a property is acquired, it is generally held for about a decade before being refinanced or transferred to new partners, allowing the original capital to be recycled into additional projects while preserving affordability. Policy changes in some states, such as adjustments to property tax rules, have strengthened the economics of the model. The Fund is on track to deliver several thousand apartments, and planning is underway for a second fund to continue the work.

INTEGRITY COMMUNITY SOLUTIONS, INC

Integrity Community Solutions (ICS), a for-profit subsidiary of the nonprofit ROC USA, was established to expand the addressable market for resident ownership in manufactured home communities. Its focus is on “value-add” properties, that is, manufactured housing parks with vacant sites or room for expansion where new, factory-built homes can be added quickly to increase the supply of affordable housing and increase net operating income.

This approach builds on ROC USA’s long-standing model, which supports residents in purchasing the land beneath their homes and operating their communities as limited-equity cooperatives. Over four decades, this model has produced hundreds of resident-owned communities nationwide. By stabilizing lot rents and ensuring community control, the model protects some of the lowest-income homeowners from steep rent increases and helps their homes retain or increase in value.

ICS competes in the open market with private equity to acquire and improve manufactured home communities, removing the properties from the speculative market. This strategy enables ICS to increase housing supply, net operating income and commercial real estate value to the community operation. This allows ICS to invest in capital improvements, generate a modest profit, and sell to the residents at a below market price. Once occupancy is increased, ICS is committed to offering the residents an opportunity to purchase the community using ROC USA’s substantial development services that includes pre- and post-purchase training as well as community financing. ICS’s strategy utilizes market dynamics to

generate value for low-income homeowners. This method shifts property value appreciation, typically captured by private equity, toward providing long-term stability for homeowners. By moving quickly to add homes and transitioning communities, ICS helps expand the supply of affordable housing while ensuring the benefits stay with residents.

DISCUSSION SUMMARY

The Importance of Transaction Speed in Competitive Markets

Panelists emphasized that the ability to move quickly is often the deciding factor in whether affordable housing acquisitions succeed. Acquisition models that allow buyers to close with cash and refinance later were described as especially valuable because they reduce transaction delays and make bids more competitive. Pre-arranged loan pools and streamlined investor approvals were also noted by panelists as effective tools for shortening acquisition timelines. CIC's Note Purchase Agreement, for example, enables rapid loan recycling and quarterly repayment to investors. BDP Impact Real Estate's partnership with Community Solutions illustrates another approach, combining equity at below-market returns with conventional government-sponsored enterprise (GSE) financing to compete in crowded markets and close transactions within 60 days. ICS offers a different variation, acquiring manufactured housing communities with vacant or expandable sites and adding new homes within months to expand supply and prepare properties for a transition to resident ownership.

Tailoring Acquisition Strategies to Local Market Conditions

Panelists highlighted how acquisition strategies must adapt to local market conditions. In disinvested neighborhoods, straightforward, self-sustaining loan products were seen as better suited to small local owners, particularly when complex affordability covenants would add administrative burden. CIC's work with smaller multi-unit buildings in Chicago exemplifies this approach. In higher-cost markets, more layered structures, such as BDP's use of below-market equity combined with conventional financing and long-term affordability requirements, were described as necessary to balance financial feasibility with preservation goals. ICS's approach targets existing manufactured housing communities with room to add residents or sites. Policy Tools and Partnerships Improve Acquisition Feasibility

Panelists emphasized that state and local policy tools and strategic partnerships are essential to making affordable housing acquisitions financially viable. Property tax exemptions and municipal programs that stabilize distressed buildings were cited as measures that lower operating costs and improve feasibility, as illustrated in CIC's

collaboration with the City of Chicago to preserve single-room occupancy housing. In BDP's model, favorable state and local tax policies, such as adjustments to property tax rules, improved operating margins and strengthened the financial feasibility of preserving affordability in large multifamily acquisitions. For ICS, regulatory frameworks that enable manufactured housing communities to transition to resident ownership, particularly state-level provisions such as the right of first refusal, cooperative incorporation statutes, and nonprofit ownership requirements, are critical to expanding the market for resident ownership in manufactured home communities. Finally, the discussion highlighted the importance of partnerships with institutional investors, including pension funds and insurance companies as vital for sharing risk and mobilizing larger pools of capital alongside public and mission-driven funds.

Identifying Properties for Acquisition and Preservation

Panelists described innovative approaches to identifying properties for preservation before they are lost to speculative markets. CIC's work through the Preservation Compact demonstrates how collaboration by local governments and community-based organizations can help identify at-risk properties and shape financing responses. BDP's strategy ties newly acquired units directly into local homelessness response systems, ensuring that available housing serves those most in need. ICS targets manufactured housing communities owned by long-time or retiring operators, offering exit strategies that prioritize transitions to resident ownership over sales to speculative buyers. Across these approaches, panelists emphasized that flexible identification and transfer strategies are essential to aligning acquisitions with mission goals while ensuring sustainable affordability commitments.

TAKEAWAYS

The discussion highlighted both the promise and the challenges of mobilizing private capital to support affordable housing acquisitions. CIC's Note Purchase Agreement illustrated how pooled capital and loan recycling can provide small landlords in disinvested neighborhoods with access to financing, supported by a long history of reliable performance that has kept investors engaged. BDP Impact Real Estate's partnership with Community Solutions demonstrated that blending equity from banks, foundations, health systems, and other partners with conventional GSE financing can enable large-scale multifamily acquisitions to move quickly, while favorable state and local tax policies improve operating margins and make long-term affordability commitments more viable. ICS's strategy showed how manufactured housing communities with vacant or expandable sites can be repositioned rapidly, creating new affordable supply and establishing a

pathway for transition to resident ownership. Across these three approaches, panelists emphasized a common lesson: scaling affordable housing preservation requires financial structures that prioritize transaction speed, state and local policy tools and strategic partnerships that improve feasibility, and mechanisms that connect acquisitions to community systems to ensure long-term affordability and stability.

PANEL 3: GROUNDBREAKING APPROACHES TO CREATE AFFORDABILITY

This panel examined how different types of organizations—a cooperative bank, a nonprofit housing developer, and an energy and housing practitioner—are working to expand and preserve affordable housing. Although their approaches differ, all rely on partnerships and innovative financing solutions to move projects forward, whether through creative ownership, capital stacks, or collaborations. The discussion underscored the need to match financing tools to local conditions and how policy, municipal collaboration, and emerging challenges such as rising insurance costs and climate risks shape what is possible.

PANELISTS

- Mike Chiappa, Senior Vice President, Real Estate, True Ground
- Abigail Corso, Chief Strategy Officer, Elevate Energy
- Casey Fannon, Chief Executive Officer, National Cooperative Bank

OVERVIEW OF ORGANIZATIONS

NATIONAL COOPERATIVE BANK

The National Cooperative Bank (NCB) is a commercial bank headquartered in Washington, D.C., with operations in all 50 states. Its mission is to provide financing to cooperative enterprises and organizations with shared-equity models, spanning worker cooperatives, consumer co-ops, employee ownership conversions, and credit unions. Housing, however, remains its most extensive line of business. In New York City, NCB is the leading lender to housing cooperatives, with a large share of that market, and it finances affordable housing co-ops, senior co-ops, and tenant-in-common structures on the West Coast.

In recent years, NCB has expanded into new areas that align with cooperative and shared-equity models. One example is its equity investment with a developer in the Pacific Northwest focused on creating affordable cooperative housing in high-cost markets. The developer partners with single-family homeowners who serve as co-developers, supporting the development of new multi-unit cooperatives on existing lots. Homeowners retain one unit in the new cooperative, build equity through their participation, and contribute to the creation of additional affordable homes.

NCB also works closely with community land trusts (CLTs), viewing them as a natural extension of its cooperative focus. The bank is helping to launch a pilot fund in Boston, structured with grants, mission-driven mezzanine capital, and senior debt, to provide dedicated financing for the local CLT network. It is preparing to serve as one of the original senior lenders in a national fund being developed to expand CLT housing, designed to acquire single-family homes and transition them into CLTs over time.

Alongside lending, NCB is engaged in policy innovation. Together with partners, it is exploring whether Low-Income Housing Tax Credits could be made more accessible for cooperative housing through a direct-pay mechanism. Because co-ops are not large taxpayers, they cannot typically use tax credits without bringing in outside investors, which undermines the cooperative model. A direct-pay option would allow cooperatives to benefit from tax credits directly, broadening access to equity for this form of affordable housing.

Recognizing that some projects require tools beyond traditional banking products, NCB has helped launch affiliated loan funds to support smaller-scale and community-driven projects. These efforts allow it to complement the work of CDFIs and other local partners, broadening the reach of cooperative and community-based housing finance.

TRUE GROUND

True Ground Housing Partners is a nonprofit real estate developer and long-term owner of affordable housing based in Arlington, Virginia. Founded more than 35 years ago, the organization has steadily grown and now manages thousands of units across the Washington, D.C. region, with additional properties under construction and in development. Its portfolio is largely built using Low-Income Housing Tax Credits, with a strong emphasis on new construction.

In recent years, True Ground has demonstrated how partnerships with large employers can expand the reach of affordable housing initiatives. In a recent project, investment from a significant employer was combined with traditional public financing tools, enabling the development to proceed at nearly twice the originally planned size and in a single phase rather than multiple stages. This expansion not only increased the number of affordable homes but also improved the overall design and incorporated space for community-serving uses.

This financing structure brought together employer investment, tax-exempt bonds, equity from private investors, and permanent loans from housing partners. Aligning the different requirements and timelines of each funding source was complex, but it ultimately made it possible to deliver more than 500 affordable units in a high-cost submarket where such projects are often difficult to achieve. All units were reserved for households earning between 30% and 70% of area median income, addressing a critical need in a community with high housing costs and limited affordable options.

This experience highlights both the opportunities and challenges of blending private, public, and nonprofit resources. While employer investment can accelerate timelines and expand impact, it must be carefully structured alongside traditional housing programs to ensure long-term affordability. True Ground is exploring how similar approaches can be applied not only to new construction but to preservation, recognizing that both strategies are critical to expanding and protecting affordable housing in the region.

ELEVATE ENERGY

Elevate Energy is a nonprofit organization that works at the intersection of housing, energy, and community development. With more than 25 years of experience, Elevate focuses on improving the quality and affordability of existing housing stock, particularly small multifamily buildings that make up a large share of NOAH in many regions. Its approach combines building upgrades, energy efficiency improvements, and decarbonization strategies with efforts to preserve long-term affordability.

A key aspect of Elevate's model is its role as a practitioner. The organization collaborates directly with building owners, contractors, and community-based organizations to implement building improvements. These improvements include modernizing heating and cooling systems, addressing water issues, and installing clean energy technologies. Many of these buildings are owned by small, often local, investors who may not have the resources or capacity to undertake major upgrades on their own. Elevate provides both technical assistance and connections to financing, lowering barriers to investment in preservation.

Elevate's financing often involves layering multiple sources of capital, including federal and state programs, utility incentives, and occasionally private financing to cover costs. Through public-private partnerships with municipalities, Elevate leverages the city's permitting and inspection authority to signal accountability, which helps encourage property owners to maintain affordability.

Community engagement and workforce development are important aspects of Elevate's model. Elevate frequently collaborates with local community-based organizations to implement building upgrade programs focused on energy efficiency, decarbonization, and essential repairs. Additionally, they prioritize working with emerging small contractors to carry out the work for these projects.

Elevate serves as an important bridge between housing preservation and community-based energy solutions. Its model combines technical assistance, capital access, and community partnerships to preserve small-scale affordable housing while supporting healthier buildings and local economies.

DISCUSSION SUMMARY

Partnerships Expand the Reach of Cooperative and Community-Based Housing Finance

Panelists emphasized that no single institution can meet the financing needs of affordable housing on its own. Banks, nonprofit developers, municipalities, and private investors each bring different capabilities, and partnerships across these sectors are often what make projects feasible. NCB's work to establish loan funds for community land trusts, for example, extends financing to smaller, community-driven projects that traditional banks might overlook. True Ground's collaboration with a large employer showed how private investment combined with tax credits and bonds can nearly double the scale of a project. Elevate's partnerships with municipalities and community-based organizations ensure that energy and housing upgrades are integrated with affordability commitments. Across models, panelists pointed to partnerships as essential not only for expanding access to capital but also for embedding affordability into long-term ownership and governance structures.

Financing Tools Must Be Tailored to Scale and Context

The discussion underscored how financing needs differ by property type and market. For small multifamily buildings owned by local landlords, panelists observed that

straightforward loan products paired with technical assistance, as in Elevate's model, are often more effective than complex capital stacks. These projects can braid financing from utility incentives, federal recovery funds, and local programs to make building improvements more feasible. Large developments in high-cost markets, by contrast, require layered capital structures that combine tax credits, bonds, employer contributions, and private investment, as illustrated by True Ground's recent project in the Washington, D.C. region. At the cooperative scale, NCB is advancing funds that blend mezzanine capital, senior debt, and grants to support community land trusts. Taken together, these examples highlight the importance of aligning financing tools with the size of the project, the characteristics of the property, and the broader market context.

Policy and Regulatory Flexibility Shape What Is Possible

Panelists also highlighted the importance of policy and regulatory frameworks in enabling new approaches to preservation and affordability. Banks, such as NCB, face regulatory limits on very small loans, which can constrain their ability to serve smaller properties. Cooperative housing models face challenges accessing federal tax credits, since they cannot typically use them without outside investors; proposals such as a direct-pay option could give co-ops a way to benefit directly while maintaining cooperative ownership. Municipal governments play a dual role, providing financing and reinforcing accountability. Elevate, for example, partners with cities that use their permitting and inspection authority to encourage property owners to maintain affordability while upgrading building systems. These examples underscore how local, state, and federal policy flexibility can determine the feasibility and scale of innovative preservation strategies.

Rising Insurance Costs and Climate Risks Are Reshaping Preservation Strategies

The conversation highlighted rising insurance premiums and climate-related risks as growing obstacles to affordable housing preservation. Costs that were once considered minor are now making some deals difficult to sustain. Potential responses include pooled insurance models that spread risk across properties, as well as integrated upgrades, such as energy efficiency retrofits, electrification, and community solar, that lower operating costs while improving resilience. Elevate's approach, which combines building upgrades with decarbonization strategies and workforce development, reflects the emerging alignment between the clean energy transition and housing preservation. These strategies point to a broader shift: future preservation models will increasingly need to integrate financial feasibility with energy efficiency and sustainability strategies.

TAKEAWAYS

The discussion highlighted both the potential and the challenges of testing new approaches to expand affordability. NCB's cooperative finance strategies demonstrate how tailored loan funds and policy innovation can broaden access to community-based housing. True Ground's work with employer capital illustrates how blending private, public, and nonprofit resources can expand project scale in high-cost markets. Elevate's practitioner model demonstrates how energy and housing strategies can be integrated to preserve small multifamily properties while advancing decarbonization and resilience. Across these approaches, panelists emphasized that scaling affordable housing preservation requires financing tools that are responsive to market conditions, policy flexibility to support cooperative and community-based models, and strategies that address emerging risks such as rising insurance and energy costs and climate change.

PANEL 4: INNOVATIVE STRATEGIES TO PRESERVE AFFORDABILITY

This panel examined emerging models that aim to preserve affordability from different perspectives: neighborhood-based trusts, large-scale conversion of market-rate apartments, and shared-housing platforms. Although varied in structure and scope, each model aims to increase access to housing that remains affordable over time, pairing financial tools with governance structures and technology that responds to local market conditions and community needs. The discussion emphasized how financing structures, regulatory frameworks, operational systems, and community trust shape the feasibility and growth of innovative approaches to financing affordable housing.

PANELISTS

- Cali Slepín, Senior Project Manager, Trust Neighborhoods
- Annie Koo, Chief Operating Officer, Catalyst Housing Group
- Atticus LeBlanc, Founder, PadSplit

ORGANIZATIONS

TRUST NEIGHBORHOODS

Trust Neighborhoods created the Mixed-Income Neighborhood Trust (MINT) model to address a recurring challenge: when residents successfully advocate for improvements in their communities, the resulting rise in property values often displaces the very people who pushed for change. MINTs acquire, renovate, sometimes develop, and then manage a portfolio of housing within a neighborhood or cluster of neighborhoods. Most of the units are kept affordable for existing residents, while the rest are rented at market rates. Income from market-rate units helps cover the cost of maintaining affordable rents across the portfolio, creating a built-in affordability mechanism. The model is designed to ensure residents can remain in their communities as property values rise, while still attracting new investment.

Each MINT combines an operating company with a mission-driven governance structure that is accountable to the community. The operating company, structured as an LLC, manages acquisitions, contracts with builders and property managers, and receives investments. A board of real estate professionals provides oversight, and a perpetual purpose trust maintains governing authority. A trust stewardship committee, comprised of neighborhood residents, MINT tenants, and community advocates, manages the trust. This committee has ultimate decision-making power, setting affordability targets, and ensuring the MINT balances financial sustainability with community interests and needs. The trust stewardship committee is charged with advancing the MINT's purpose and has the power to select and fire operating board members. Investors supply capital through the LLC as passive partners, earning returns without control over governance.

MINTs are designed to accept various types of capital, including grants, equity, subordinate debt, and public funds. Patient equity is a key ingredient. MINT's equity investors sharing in cash flows see their return improve over time as unrestricted rents grow. Equally important are investors who can connect MINTs to the different types of capital needed for success. In practice, this involves bringing together community members and investors to determine how to assemble the right funding mix to meet affordability goals and ensure its sustainability.

In Trust Neighborhoods' first five years, five MINTS have been organized in different regions of the country that own a total of 250 housing units, representing \$70 million dollars invested in neighborhood preservation, affordability, and community belonging.

CATALYST HOUSING GROUP

Catalyst Housing Group is an asset manager dedicated to maintaining affordability within California's multifamily housing market. Its approach involves helping mission-driven owners in the acquisition of large market rate apartment communities, typically 150 units or more, and transforming them into affordable housing. A regulatory agreement is recorded at acquisition that sets rent limits and income eligibility requirements. Over time, these properties become rent-restricted, primarily serving households with incomes between 50% and 120% of AMI.

Catalyst currently provides asset management services for about 4,000 units in its portfolio. Catalyst has historically worked with governmental entities, who can access tools such as tax-exempt bonds and property tax exemptions. More recently, it has piloted nonprofit ownership structures that also qualify for property tax exemptions. In one example, Catalyst acquired a large multifamily property and, within 18 months, transitioned the majority of its units to affordable rents for residents at 50% and 80% of AMI.

Catalyst is exploring an "asset savings" model aimed at expanding wealth-building opportunities for very low-income households by setting aside resources that may support residents over time. Catalyst is also forming resident councils to give tenants a stronger voice in shaping services and supports. While still in its early stages, these efforts reflect Catalyst's broader mission of pairing affordable rents with opportunities for economic mobility.

Operational efficiency is another hallmark of Catalyst's model. By acquiring and converting existing market-rate properties without relying on traditional sources of subsidy, the model creates structural efficiencies that can improve financial flexibility. On the management side, it uses innovative technology and data tools to deliver on complex compliance requirements, including income certification and reporting, standardizing processes across multiple regulatory frameworks to ensure consistency and efficiency, while maintaining a resident-friendly experience. These systems reduce costs while maintaining the scale and rigor required for managing large multifamily portfolios.

PADSPLIT

PadSplit is a public benefit corporation focused on expanding access to affordable housing for low-income renters. Its platform connects renters with limited incomes to affordable rooms in shared homes offered by small property owners. Rents typically include utilities, internet, and laundry, and in some cases, additional supports like access to telemedicine and credit reporting.

PadSplit's platform has grown into one of the largest shared-housing marketplaces in the United States, with operations across 26 states and 23,500 units on the platform, which is adding roughly 1,200 new housing units per month as of this writing. Residents earn a median income of \$27,600/year, and the model is designed to provide an affordable and accessible path to housing. PadSplit has built a marketing and technology system that allows rooms to be filled quickly, with prospective tenants able to complete screening, book a room, and move in within days at relatively low upfront costs without upfront deposits or minimum credit scores.

PadSplit sets itself apart from other rental platforms through both mission and operations. As a public benefit corporation, it has a legal obligation to provide affordable housing, and average rents, which include furniture and all utilities, averages under \$800/month. Its technology is designed to support long-term occupancy, transfers across any housing options in the PadSplit network, and customizable billing cycles to match residents' pay periods. PadSplit's systems are designed to foster trust between residents and property owners, promoting more stable landlord-tenant relationships. For property owners, PadSplit handles marketing, tenant placement, rent collection, and other tasks that might otherwise act as barriers to shared housing.

PadSplit's model has demonstrated that shared-housing arrangements can generate meaningful income for property owners over time, while also creating new affordability options for renters. From a financing perspective, shared housing can be integrated into underwriting to improve returns and, in some cases, help owner-occupants qualify for or sustain homeownership. In the future, tools such as risk-sharing arrangements or first-loss guarantees could encourage broader participation and unlock underused housing supply, while keeping costs affordable for low-income renters.

DISCUSSION SUMMARY

The discussion examined both the opportunities and obstacles facing innovative approaches to preserve affordable housing, with a focus on financing structures, policy frameworks, scalability, and the role of trust.

Financing Structures Must Balance Mission and Flexibility

Panelists emphasized that scaling new approaches to affordability depends on access to the appropriate forms of capital. For MINTs, permanent equity that can wait a decade or more for returns is crucial to support scaling. Catalyst utilizes mission-aligned financing that allows projects to retain full nonprofit ownership, supporting deeper affordability and ensuring eligibility for key tax exemptions. PadSplit highlighted the need for startup capital to launch

new markets and incentives that make participation viable for small property owners and, increasingly, owner-occupants. The discussion underscored that financing must be structured in ways that reinforce mission goals, accommodate local policy and economic conditions, and provide the flexibility needed to support the expansion of these models at scale.

Policy and Regulatory Environments Can Accelerate or Constrain Innovation

Panelists described the “innovation tax” that new models often face because their structures are unfamiliar, they encounter political and regulatory resistance, skepticism, and complex approval processes. Conversion models may face pushback over timelines for achieving affordability, and community-based models which involve partnering with investors often face skepticism in neighborhoods wary of outside ownership. Shared-housing models also face questions about property inspections and protections for residents. Panelists highlighted strategies to address these challenges, including creating resident-led governance structures, having clearer and more uniform compliance and regulatory requirements, and implementing objective, safety-based regulations.

The discussion also highlighted the important role that state and local policies play in shaping the feasibility of these models. Supportive measures, like state-level tax abatements or occupancy laws tied to health and safety standards, can broaden options for preservation and shared housing. At the same time, local policies—such as narrow definitions of “family,” prevailing wage requirements, or restrictive HOA bylaws—can impose significant barriers. The discussion underscored the importance of considering how and at what pace federal programs should adapt to new innovations. For instance, government-sponsored enterprises (GSEs) usually do not consider additional rental income, such as that from room rentals or accessory dwelling units, despite data indicating this type of income can be stable.

Scaling Requires Balancing Local Responsiveness with Operational Efficiency

Panelists emphasized that each model must be tailored to the local context, an approach that establishes credibility and relevance but can slow scaling. Each MINT's structure is designed to address the specific needs and priorities of each neighborhood. For example, Trust Stewardship Committees, which are made up of neighborhood residents and community advocates, are responsible for ensuring that each MINT balances financial

sustainability while also preserving affordability. Although this approach promotes legitimacy and credibility within communities, it can make replication resource intensive.

Catalyst uses technology and data systems to manage compliance and reporting across varied properties, supporting the scalability of affordability initiatives and ensuring operations are both efficient and consistent. PadSplit's model depends on demonstrating to property owners that renting shared rooms can be financially worthwhile. By handling tasks such as tenant screening, rent collection, and basic management support, the platform reduces barriers to entry, making it easier for small landlords and owner-occupants to participate. Panelists agreed that scaling these approaches requires both operational systems that streamline processes and incentive structures that align the interests of investors, property owners, communities, and regulators.

Trust is Central to Scaling Innovative Models

Panelists emphasized that trust is a precondition for success, though it shows up differently in each approach. For MINTs, building trust means not only addressing skepticism in neighborhoods where outside ownership is viewed cautiously, but also placing community members in real decision-making roles through the governance structure. From the Trust Neighborhoods perspective, this requires patience, consistent presence, and resources that enable communities to make informed choices and execute the work of the MINT. For Catalyst, trust comes through transparency and accountability, meeting compliance requirements and providing tools for resident feedback and issue resolution that give communities a stronger voice. For PadSplit, trust is built through systems that provide transparency and predictability between residents and property owners, such as verification, payment, and oversight tools that make shared housing safer and more reliable. While the mechanisms differ, all agreed that trust, whether between investors and communities, regulators and operators, or residents and property owners, is crucial for innovative models to succeed and scale.

TAKEAWAYS

The discussion highlighted both the opportunities and the challenges of testing innovative models to preserve affordability. Trust Neighborhoods' MINTs demonstrated how governance structures that place community members in decision-making roles can embed affordability and stability at the neighborhood level, although this approach requires patience, resources, and long-term commitment. Catalyst Housing Group's model demonstrates how large multifamily acquisitions can be converted to affordability at scale through nonprofit or mission-driven ownership, supported by tax exemptions and

operational efficiencies. PadSplit illustrates how shared-housing platforms can unlock underused housing supply and create new affordability options, particularly for low-income renters, by lowering barriers for small landlords and streamlining property management. Across these approaches, panelists underscored that scaling innovative models relies on financing structures that reinforce mission goals, policy frameworks that promote innovation, and operational systems that balance local responsiveness with efficiency.

PANEL 5: PIONEERING PARTNERSHIPS WITH STATE AND LOCAL GOVERNMENTS

This panel focused on how state housing finance agencies and nonprofit partners are developing new tools to fill financing gaps and advance affordable housing projects. Panelists shared examples of state-led lending programs, preservation funds, and revolving loan pools that can unlock stalled developments. While the models differ, they share an emphasis on aligning financing with public missions and tailoring solutions to local policy and market conditions.

PANELISTS

- Andrea Brennan, President and CEO, Greater Minnesota Housing Fund
- Chrystal Kornegay, Chief Executive Officer, MassHousing
- Paul E. Williams, Founder and Executive Director, Center for Public Enterprise

OVERVIEW OF ORGANIZATIONS

MASSHOUSING

MassHousing is Massachusetts' state housing finance agency, established nearly 60 years ago. It raises capital by selling bonds and lends the proceeds to low- and moderate-income homebuyers and homeowners, and to developers who build or preserve affordable housing and/or mixed-income rental housing. MassHousing lends over \$1 billion annually across multifamily and homeownership programs and operates as a quasi-public agency, administering some publicly funded programs on behalf of the Commonwealth of Massachusetts. Recently, MassHousing launched a new financing strategy to expand housing supply and affordability by addressing a common problem: thousands of permitted housing units that were stalled because developers could not secure financing to move them forward.

MassHousing's Bringing Innovation to Lending and Development (BILD) initiative blends public and private capital to make these projects viable. Working with Freddie Mac, MassHousing takes on what is called the "B-note," the riskier portion of financing. This allows developers to access Freddie Mac's most favorable interest rates and terms. MassHousing also invests a share of project equity funded by the Healey-Driscoll Administration at below-market rates, lowering the overall cost of capital. This strategy encourages other investors, such as pension funds and insurance companies, to participate.

Due to statutory limitations, through BILD, MassHousing invests once a project is stabilized; that is, after construction is complete and rental income is predictable. This provides lenders with a reliable “take-out” (or repayment source), making it easier for developers to secure construction loans. This approach is beginning to unlock hundreds of units and billions of dollars in potential investment across Massachusetts, demonstrating how state-level innovation can mobilize private investment to preserve and expand affordability.

The agency is also working with the City of Boston and large institutional investors to pool additional funds alongside its own. By blending flexible public capital with private investment, the BILD Strategy is expanding the supply of affordable and mixed-income housing across Massachusetts.

GREATER MINNESOTA HOUSING FUND

Greater Minnesota Housing Fund (GMHF) is a statewide community development financial organization dedicated to creating and preserving affordable housing in Minnesota. In response to widespread displacement in the mid-2010s, GMHF launched its first NOAH Impact Fund in 2017 to preserve unsubsidized affordable housing. The Fund pooled commitments from banks, state and local government, philanthropy, and GMHF itself, which assumed the first-loss position. Investors were organized into tiers, with the senior classes being repaid first, while lower tiers assumed greater risk. This tiered structure allowed for financing at a relatively low cost. During its initial two-year investment period, the Fund acquired several hundred units, gaining valuable insights that guided the creation of a second, more conservatively structured fund that closed in 2024.

GMHF found the model most effective for larger suburban NOAH properties, where GSE-backed mortgages provided the primary financing and the Fund replaced what would otherwise be higher-cost equity. At the same time, strong demand for preservation of smaller properties in the Twin Cities prompted GMHF to create a lending product tailored to “small NOAH.” This initiative, which is frequently combined with technical support for emerging developers, has facilitated acquisitions using first mortgages and mezzanine debt as substitutes for market-rate equity. Although smaller properties have faced some challenges, GMHF has avoided foreclosures by restructuring loans when necessary.

Beyond NOAH, GMHF finances workforce housing, new rental developments aimed at moderate-income households in Greater Minnesota where housing shortages hinder regional economic growth. These projects often combine GMHF mezzanine loans with local tax increment financing, a tool that uses future increases in property tax revenue to help fund current development. Demand for this type of long-term, low-cost capital far exceeds current supply.

GMHF also played a role in developing and promoting Minnesota's state housing tax credit, enacted in 2023. The credit provides \$0.85 for every dollar contributed, with eligible contributions ranging from \$1,000 to \$2 million. Donors may designate funds for specific projects. Early participation has been especially strong among employers who see housing shortages as a barrier to hiring and retention. While only \$7 million of the \$10 million authorized in the first year was used, the second and third years were fully subscribed.

Throughout these strategies, GMHF highlights the importance of flexible, blended capital structures and collaborations with state and local governments, philanthropy, and employers. These are essential tools to preserve affordability and address housing needs across Minnesota's urban and rural communities.

CENTER FOR PUBLIC ENTERPRISE

The Center for Public Enterprise is a nonprofit think tank that combines research with technical assistance to housing finance agencies, housing authorities, and green banks across the country. Its work points to a persistent challenge in housing finance: while loans and debt products are widely available, there are far fewer tools to provide the upfront equity needed for new construction. Traditional sources, such as Low-Income Housing Tax Credits, are oversubscribed, and private equity investors typically seek returns too high to support affordability.

To address this gap, the Center has studied and supported models that provide upfront equity without relying on private limited partners. One example is Montgomery County, Maryland, where the local housing authority created a housing production fund. The fund supplies short-term construction equity that is refinanced once projects stabilize. This structure gives the housing authority a direct ownership role, enabling it to share in long-term value and set affordability levels that exceed typical requirements.

The model offers several advantages. By contributing equity directly, public entities can capture future appreciation while recycling capital into new projects once the initial investment is refinanced. This revolving structure allows more developments to move forward, beyond what limited federal subsidies alone can support. It also helps advance viable projects more quickly, particularly those that might otherwise wait years for scarce tax credits, while embedding affordability commitments to ensure a share of units remains accessible to lower-income households.

The Center is now working with other state and local housing finance agencies to adapt similar tools. Some are considering using the approach to fund promising but unfunded

projects that narrowly miss tax credit allocations. While local conditions differ, the core lesson is that pairing revolving public equity with mezzanine or permanent financing can stretch limited federal resources and enable the creation of additional affordable homes.

DISCUSSION SUMMARY

The panel discussion examined how state and local governments, along with CDFIs and other nonprofit intermediaries, are testing new approaches to expand and preserve affordable housing. Panelists discussed financing gaps, regulatory challenges, and partnership opportunities. Several key themes emerged, including the need for equity financing, collaboration with private investors, and supportive state and local policy frameworks.

State and Local Agencies Offer New Tools to Fill Equity Gaps

Panelists noted that many projects stall not because of debt but due to insufficient equity. Traditional sources like Low-Income Housing Tax Credits are oversubscribed, and private equity investors often seek returns too high to support affordability. In response, state and local housing agencies are testing tools that provide upfront capital typically provided by private investors. These include revolving funds and equity-like products that can be reinvested once projects stabilize. By directly providing equity, state housing finance agencies and their partners can help advance developments that would otherwise stall, increase the number of affordable and mixed-income projects that move forward, and ensure affordability commitments are built into projects.

Blending Public and Private Capital Unlocks Stalled Developments

Several examples demonstrated how partnerships among housing finance agencies, local governments, and institutional investors like pension funds and insurance companies can make deals viable. Public funds help reduce the overall cost of capital, while private partners provide additional scale. Employers are also beginning to view housing investment as key to workforce stability. These collaborations show how aligning financial returns with community goals can unlock larger pools of capital for affordable and mixed-income housing.

Preserving NOAH Remains a Central Concern

Panelists emphasized that NOAH is an essential but vulnerable part of the nation's affordable housing supply. Rising operating costs, higher insurance premiums, and competition from market-rate investors all affect the feasibility of preservation. Many NOAH units also serve very low-income households, often at or below 30% of area median income, making their preservation particularly important. Panelists noted differences by scale and geography:

larger NOAH properties are more common in suburban markets and may be supported through pooled equity funds, while smaller properties in urban neighborhoods may require tailored lending products or mezzanine financing. Local market conditions and regulatory tools, like tax incentives or state preservation programs, also may influence the financial viability of preservation efforts.

Stronger Collaboration Between State Agencies and CDFIs Can Accelerate Investment

Panelists observed that state housing agencies and CDFIs often operate in parallel but rarely coordinate, even when they are financing similar types of projects. This lack of collaboration can slow the deployment of resources, as state agencies sometimes lack the staffing or infrastructure to move funds quickly, while CDFIs are already set up to do so. One example discussed was a state initiative that directed resources specifically through CDFIs to create revolving loan funds for affordable housing. By leveraging CDFIs' delivery systems, states can stretch public funds further, multiply the impact of public subsidy through revolving loan pools, and reach local developers and communities more effectively.

TAKEAWAYS

The discussion highlighted how state and local governments, in partnership with nonprofit intermediaries, are testing new ways to fill financing gaps and expand affordable housing. MassHousing's BILD initiative showed how blending public and private capital can unlock stalled developments and attract institutional investors by reducing overall costs of capital. GMHF's NOAH Impact Fund demonstrated how tiered financing structures and targeted products for both large suburban and small urban properties can preserve NOAH at scale. The Center for Public Enterprise's work illustrated how revolving public equity funds can provide upfront capital for new construction and recycle resources for additional projects over time. Across these approaches, panelists pointed to a common lesson: scaling affordable housing preservation requires state and local policy innovation, blended financing that aligns public and private goals, and stronger coordination with CDFIs to ensure funds are deployed quickly and reach communities most in need.

CLOSING DISCUSSION

The 2025 Financial Innovations Roundtable examined the breadth of financial strategies emerging to develop and preserve unsubsidized affordable housing. Each panel highlighted both the opportunities and challenges in designing strategies and tools that can bring capital to scale while preserving affordability over the long term. The closing discussion, led by **Ellen Lurie Hoffman, Executive Director of the Center for Impact Finance**, and **Benjamin Preis, Senior Advisor to the National Housing Crisis Task Force**, highlighted several themes that emerged across the panel discussions.

Capital structures must be designed for both speed and flexibility.

Whether through pooled loan funds, equity vehicles, or revolving public funds, mission-driven actors need ways to compete in fast-moving markets where private buyers often dominate. Tools that allow for rapid deployment and recycling of capital provide organizations the ability to secure properties before they are lost to speculative investment. This is particularly important in markets where property values are rising, to prevent properties from becoming unaffordable to lower income residents.

State and local policy frameworks are central to feasibility.

State and local tax abatements, regulatory flexibility, and municipal partnerships can lower operating costs and reduce delays, while innovations such as direct-pay tax credits or revolving equity funds expand the financial toolkit available to public and nonprofit partners. Without supportive local policies, even the most promising models struggle to gain traction. Housing developers need to understand which tools will be most useful their specific market, given the economic, demographic, and geographic context. In some cases, they may need to advocate with state and local policymakers to modify existing requirements or statutes.

Partnerships broaden the reach of preservation strategies.

A wide range of diverse institutions and organizations may be involved in financing affordable housing. Partnerships and cooperation can help make these complicated projects more feasible. Collaborations among institutional investors, community organizations, and employers extend the pool of available capital and distribute risk. Equally important, partnerships among state housing agencies, CDFIs, and municipalities can accelerate the flow of resources to projects and ensure that funds reach smaller

developers and community-based owners who often lack access to conventional financing.

External headwinds require adaptation and flexibility.

Rising insurance costs, climate risks, and other pressures are currently altering the economics of preservation. Models that integrate resilience measures, energy efficiency upgrades, and cost-saving strategies into financing and operations are better positioned to sustain affordability over the long term. Practitioners should conduct feasibility assessments to consider if their financial strategies and development plans will be feasible if insurance costs or energy prices increase and consider how to minimize those risks and expenses.

Trust and governance are essential for sustainability.

Structures that give residents and community members real decision-making power, transparent compliance processes, and predictable systems for owners and tenants build credibility and help ensure affordability commitments sustain beyond a single transaction. However, important tradeoffs exist between the need to act quickly in a competitive real estate market and the importance of taking the time to build trust and empower stakeholders of projects.

LOOKING AHEAD

Key themes from FIR 2025 suggest several key priorities to support strategies to build and preserve unsubsidized affordable housing. Practitioners, include developers, investors, community-based organizations, and state and local policymakers, should continue testing and refining innovative financing models across varied market contexts. State and local governments play a central role in creating policy frameworks that reduce costs, mitigate risks, and direct resources toward priority housing needs. Expanding the participation of private investors will require broader recognition of affordable housing as a resilient asset class that combines stable financial performance with social impact.

The individual strategies presented at FIR may be replicated or modified in different contexts. Partnerships among strategic partners may create opportunities to build on past success and troubleshoot previous challenges. Researchers can support this work by evaluating outcomes and identifying conditions under which these models are most effective.

The Roundtable underscored that creating and preserving housing affordability at scale requires deliberate testing of new approaches, stronger partnerships across sectors, and ongoing innovation to align capital with long-term policy goals. The strategies discussed here are not prescriptive models, but approaches that can be adapted and blended in different ways to respond to local market and policy contexts. By continuing to bring together diverse perspectives across sectors, geographies, and disciplines, the field can move toward a financing system that not only builds and preserves affordable housing but also strengthens the communities it serves.

About the Center for Impact Finance: The Center for Impact Finance (CIF) addresses income and wealth inequality and the need for increased access to capital for underserved communities through applied research, training, and practitioner-driven solutions.

For 15 years, CIF has conducted applied research and evaluation to build a knowledge base about what works in community and economic development and how innovative financing strategies can increase access to capital in underserved communities. CIF's training programs provide in-depth, university-quality instruction that attract talented people to the community development finance sector and improve the skills of those in the field. CIF also helps to strengthen the institutional capacity of CDFIs and other community-based lenders, assisting them to diversify their sources of capital, advance critical initiatives for the field, take stock of their progress, and build bridges to complementary fields working to foster sustainable communities.

CIF actively engages key stakeholders and brings together thought leaders from the finance, government, U.S. nonprofit, international nongovernmental, and for-profit sectors to create comprehensive solutions and strategies for communities defined by either geography or mission. Many of CIF's applied projects are a direct result of these strategic convenings, facilitating the advancement of impact finance to reduce income inequality.

Contact: Ellen Lurie Hoffman, Executive Director, Center for Impact Finance,
Ellen.LurieHoffman@unh.edu