



Gateways Housing, located in the Silverlake neighborhood of Los Angeles. Gateways Permanent Housing offers 30 one-bedroom apartments to low-income people with special needs and provides on-site services. Photo courtesy of Enterprise.

AFFORDABLE HOUSING

—Addressing a National Need

BY CHRISTOPHER CUSSAT

Everyone is aware of the housing crisis as it relates to home mortgages and unregulated financing that led to this market's collapse. But there is another housing crisis that has been plaguing America for decades without front-page or evening-news headlines.

Affordable housing may be needed more than ever as people continue to lose their jobs, default on loans, and foreclose on their homes. A recent report from the Wyoming Housing Database Partnership supports this, "Wyoming's housing market is experiencing severe shortages and rising demand—the affordable housing market has largely disappeared from many communities in the state."

Jeff Schaffer, vice president and Los Angeles impact market leader of Enterprise Community Partners (Enterprise), believes that the basic instigator of affordable housing deficit is simply that housing is an expensive commodity and

most developers focus on profit rather than public help. He explains, "Unfortunately, there often isn't sufficient incentive for the private sector to step in and build affordable housing on its own—especially when there are opportunities to generate greater profits developing higher-end housing."

Stephen Grimshaw, president of Grimshaw Investments (GI), agrees, "When an area is booming, most builders prefer to concentrate on market-rate housing." As a contractor, GI is currently addressing Wyoming's needs through the design, development, construction, ownership, and management of affordable, multi-family housing.

Schaffer notes how the current economic crisis is challenging Enterprise's work. "It particularly hits our world because it negatively impacts the banks and financial institutions that have been key investors in affordable housing. With such consolidations and losses in the industry, we see that many of these

supporters have pulled away." In addition, government support for affordable housing over recent decades has generally been reduced.

Cheryl G. Gillum, deputy director of the Wyoming Community Development Authority (WCDA), also attributes the shortage to funding interests and cost issues. "The only real multifamily housing being built in the state was with some form of federal subsidy." Add the fact that because of a decrease in competition among builders, construction costs were also skyrocketing and material, labor, and land costs were high—resulting in even less incentive to construct affordable housing.

Grimshaw adds that it is often still difficult to solidify affordable housing projects even when government support is available. "It is necessary to obtain land at an affordable price, have community and local support, and have the wherewithal to apply for federal grants. Basically, the risk is great and the profit is



Enterprise is currently in the first of a five-year strategic plan that has three major goals:

1. Bringing \$5 billion of financing that will go directly into supporting affordable-housing development across the country.
2. Generating \$2 billion in new resources that will support innovative solutions to housing and community development needs.
3. Effecting successful policy changes that will preserve one million affordable homes across the country.

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small.” It is also difficult to debt-service affordable-income properties because the land, infrastructure, and construction costs associated with these developments are often not supported by their lower rents.

As a result, public, financial, and regulatory support combined with government intervention and the assistance of agencies like Enterprise, are often

needed to meet affordable housing goals. Enterprise was co-founded by Jim Rouse and his wife Patty. They launched Enterprise as an intermediary that supports non-profit, for-profit, and public organizations that develop affordable housing. “We do this through the delivery of technical assistance and training—and we also provide financial products such as grants, loans, and equity investments,” adds Schaffer.