



HARVARD Kennedy School

ASH INSTITUTE

for Democratic Governance and Innovation

For more information, contact:

Kate Hoagland

Ash Institute

617-495-4347

kate_hoagland@harvard.edu

Amanda Pitman

NYC Dept. of Housing Preservation and Development

212-863-6166

pitmana@hpd.nyc.gov

NEW YORK CITY ACQUISITION FUND HONORED AS INNOVATIONS IN AMERICAN GOVERNMENT AWARD WINNER

***Harvard University's Ash Institute Recognizes New York City's Acquisition Fund as
National Model for Creating and Preserving Affordable Housing***

Cambridge, Mass., – September 9, 2008 – The Ash Institute for Democratic Governance and Innovation at Harvard Kennedy School today announced the New York City Acquisition Fund as a 2008 Innovations in American Government Awards winner. This \$230 million partnership finances the purchase of land and buildings for affordable housing by using cutting-edge private finance tools to allow small developers to compete in a tough real estate market. Honored at tonight's Innovations in American Government Awards reception and gala, the program will receive \$100,000 towards dissemination and replication efforts around the country.

In New York City, the supply of City-owned land for affordable housing is nearly exhausted. While using this *in-rem* property has produced more than 300,000 apartments and houses, it has also contributed to the problem of affordability by decreasing the stock of available land. Many of the developers interested in developing affordable housing are not-for-profit organizations and small for-profit developers who typically do not have the financial resources to compete to acquire property in the private market. Established in 2006, the Fund creates a private sector lending market to address this critical public sector challenge, leveling the playing field for developers seeking to acquire property prior to assembly of a project's permanent financing.

The Fund provides affordable housing developers with faster access to equity and predevelopment capital than under more traditional loan processes. The Fund does this by providing low-interest capital at higher advance rates and lower recourse levels than are available from conventional financial institutions, and it can respond faster than typical government funding cycles. Using a sustainable model that will allow the Fund to continue without further investments from foundations or taxpayers,

the Fund will build and preserve 30,000 affordable housing units over 10 years with 75 percent of units reserved for low income residents.

Supported through a collaboration of the City's leading financial institutions, ten national philanthropies, and the City of New York, the Fund encourages banks to offer credit to smaller developers by insulating their contributions from the highest risk positions within the Fund. Foundation contributions of \$33 million and city funds of \$8 million take the riskiest positions and are combined with \$192.5 million in private bank contributions. Fund managers work directly with Community Development Financial Institutions, the originating lenders and direct touch points for loans, to build up a pipeline of projects, provide financial backing, and expand the scale of lending while remaining behind the scenes.

"It is an honor for the City of New York to be recognized by the nationally-renowned Innovations in American Government Awards Program," said New York City Department of Housing Preservation and Development Commissioner Shaun Donovan. "The Acquisition Fund is a key element of New York City Mayor Michael Bloomberg's \$7.5 billion New Housing Marketplace Plan to provide affordable housing for 500,000 New Yorkers, the largest municipal affordable housing plan in the nation's history. The commitment from foundations and banks made the Acquisition Fund possible and is evidence of the new thinking and creative partnerships required to build and preserve affordable housing. This unique collaboration demonstrates our Mayor's belief that innovation grows from combining public programs with the best ideas from the private and philanthropic sectors."

"The Acquisition Fund addresses one of New York City's most pressing issues, that of a lack of affordable housing," said Stephen Goldsmith, director of the Innovations in American Government Awards at Harvard Kennedy School. "The Fund's innovative combination of structured finance techniques of the private sector with the mission-driven commitment of the public sector is already resonating with other cities around the country. Los Angeles, New Orleans, Washington, DC, and Atlanta are all adopting similar strategies to ensure that low-cost housing is available in their communities."

Since 1986, the Ash Institute's Innovations in American Government Award Program at Harvard Kennedy School has honored 187 federal, state, and local government agencies through Ford Foundation support. In highlighting exemplary models of government innovation, the Program drives continued progress in improving the quality of life of citizens and encourages scholarly research and teaching cases at Harvard University and institutions worldwide. Many award-winning programs have been replicated across jurisdictions and policy areas, and have served as harbingers of today's reform strategies or as forerunners to state and federal legislation.

About the Ash Institute for Democratic Governance and Innovation

The Roy and Lila Ash Institute for Democratic Governance and Innovation advances excellence in governance and strengthens democratic institutions worldwide. Through its research, education, international programs, and government innovations awards, the Institute fosters creative and effective government problem-solving and serves as a catalyst for addressing many of the most pressing needs of the world's citizens. Asia Programs, a school-wide initiative integrating Asia-related activities, joined the Ash Institute in July 2008. The Ford Foundation is a founding donor of the Institute. Additional information about the Ash Institute is available at www.ashinstitute.harvard.edu. Applicants for the 2009 Innovations in American Government Awards are encouraged to apply at www.innovationsaward.harvard.edu.

###