The Cities Program
Follow-the-Money Report

Living Cities: The National Community Development Initiative

Analyzing How Funds Are Used for Real Estate Investment and Production

September 22, 2006

Metis Associates

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Summary of Headlines and Trends

Living Cities: The National Community Development Initiative is a consortia of major philanthropies, corporations, and government agencies that funds community development throughout the United States. Emphasis is placed on inner-city neighborhoods that have had a history of blight and disinvestment. The Cities Program is the core initiative of Living Cities. Through the Cities Program, Living Cities' funds community development projects in 23 cities through two national intermediaries, the Local Initiatives Support Corporation and Enterprise Community Partners, formerly the Enterprise Foundation. The city offices of these intermediaries provide Living Cities' funds to Community Development Corporations (CDCs) for housing construction and restoration, nonresidential development of commercial and community facilities, and CDC internal capacity and development. Since its inception in 1991 through December 31, 2005, Living Cities has expended $350,662,759 of Cities Program funds for real estate project development.

Headlines and Trends Analysis

This report provides a summary of investments and real estate production for the 18-month period July 1, 2004 through December 31, 2005, which is the first half of Living Cities' current, three-year funding cycle ending in June 2007. These **'Report Period Data'** are often compared with outputs data accumulated for the following time frames: **1) 'First Decade Data'** for July 1, 1991 - June 30, 2001, **2) 'Second-Decade Data'** for the 4.5 year July 1, 2001 – December 31, 2005 time frame), or **3) 'First Three-Year Round Data"** of the Living Cities: NCDI second decade (July 1, 2001 – June 30, 2004).

The report highlights the following headlines and trends:

Headlines

- Through its Cities Program, Living Cities has invested over $350 million in real estate project development since its inception in 1991. The $350 million in Living Cities' project funds has directly leveraged $4.5 billion in total development costs. The capital investments resulting from all LISC/Enterprise real estate financing in the 23 Living Cities-sponsored cities now amounts to $14.2 billion.

- LISC/Enterprise intermediary-assisted investment and production has been accelerating since 2001, and momentum is still building. The most recent 18-month period contributed significantly to the strong growth. LISC and Enterprise provided more financing to CDC project development within the past 4.5 years ($453.9 million) than during the entire first 10 years of the initiative ($444.6 million). $211.7 million of the $453.9 million "Second Decade" investment is attributable to the most recent 18 months.

- Living Cites' dollars were a primary funding source for many of the local intermediaries during the 18-month report period. Sixteen, or nearly two-thirds, of the 25 local offices used Living Cities' dollars to support 46% or more of their total real estate development investment for the period. Nine offices sourced 64% or more of their total project financing with Living Cities' funds.

- Increased use of the Living Cities' financing as a funding source during the past 18 months was a key, underlying force driving the increased pace of all of LISC/Enterprise investment and real estate production in the 23 cities. Use of the Living Cuties' funds during the 'Report Period' (July 1, 2004 and December 31, 2005) resulted in increases in the annual rates of investment and development. Better performance was observed for this period than for the very productive 'First Three-Year Round' of the Living Cities/Second decade (July 1st 2001 – June 30th, 2004).

    $84.0 million of Living Cities' funds were expended during the 18-month report period in direct support of real estate deals, compared to 'First Three-Year Round' Living Cities project expenditures of $92.7 million.

    The Living Cities funding leveraged more development in the 18-month period ($1.184 billion) than it did during the previous 3-year period ($1.104 billion).

- The increased use of Living Cities' funds is manifest in housing production statistics. 18-month 'Report Period Data' show that nine (9) intermediary offices: LISC offices in the Bay Area, Boston, Indianapolis, Los Angeles, South Florida, Newark, Twin Cities and Washington DC, plus Enterprise New York each exceeded the number of Living Cities-financed housing units they produced throughout the entire previous three-year period July 1, 2001 - June 30, 2004.

- Living Cities' funds were also influential in spurring non-residential development during the recent 18-month period. The use of Living Cities' loans for non-residential development was concentrated in ten (10) of the seventeen (17) cities that invested in non-residential projects.

    Across the ten city offices tapping the Living Cities pool of funds to finance non-residential projects, $45.8 million or 46.4% of the $98.8 million in financial commitments was Living Cities-financed.

    Living Cities' money was included in financing for 58.8% of the total square footage produced by these cities, suggesting that availability of the Living Cities' funds helps CDCs carry out larger-scale, non-residential projects.

- Rental housing projects receiving Living Cities' support are significant in scale. 151 projects of the 452 projects financed during the 18-month period were rental-only project developments. The median for the 41 Living Cities-supported rental projects is 64 units and the median for the other 117 intermediary projects not using the Living Cities money is 33 units. The relatively high Living Cities' median project size for rental projects suggests that the intermediaries use the Living Cities fund pool to assist with larger scale development. These data add further weight to the evidence that the Living Cities support is helping CDCs take on development of larger-scale projects.

National Trends

- The increase in the pace of investment and real estate production in the 23 cities applies to all types of production, but there are changes in relative emphasis since the 1990s.

Rental-only housing projects[1] are financed by LISC and Enterprise more than any other type of development; however, other forms of project development are now receiving an increased share of the pie. Of the 2,079 projects financed during the 1990's through June 30, 2001, 1,156 were rental-only projects, 55.6% of the total number of project financings. During the 18-months from 7/1/2004 – 12/31/2005, 157 or just 34.7% of a total of 452 projects were rental-only projects. Total development costs associated with rental-only projects for 7/1/2004 – 12/31/2005 were 46.2% of total development costs, down from the 58.9% share in Living Cities' first decade.

- The CDCs in the Living Cities communities produce a large share of the total number of housing units produced by CDCs nationally. According to statistics reported recently in the 5th National Community Development Census published by the National Congress for Community Economic Development (NCCED), LISC/Enterprise housing production in the Living Cities sites since 1991 accounts for 26.8% of the total amount of housing production reported for CDCs serving urban areas nationally during a similar timeframe.

City Trends

- The level of investment by most of the intermediaries' city offices has increased substantially. During the 18-month period July 1, 2004 – December 31, 2005, 17 of the 25 city offices substantially increased their financial commitment to projects, as compared with the prior 3-year period July 1, 2001 to June 30, 2004. Eleven of the city offices raised their level of investment by over 100%. These offices include Enterprise's offices in Atlanta, Baltimore, Dallas, New York and Washington DC offices and LISC's offices in the Bay Area, Indianapolis, Seattle, South Florida, Twin Cities and Washington DC. Six other city offices, Chicago, Detroit, Los Angeles, Newark, Phoenix and Portland increased project investment by 30% – 90 %.

- Variability exists across the cities in emphasis on the development of owner-occupied units. The data for all cities combined show little change in the proportion of projects financing owner-occupied units, but there are substantial city-by-city differences. For the most recent 18-months covered in this report, owner-occupied development is a priority for Greater Kansas City, Atlanta, Newark, Twin Cities and both intermediary offices in Washington, DC. Owner-occupied development in these cities is high in absolute terms, and it is also high relative to the total number of housing development units financed by these offices.

Based on our review of money flows, project commitments and production, we have concluded that **the Living Cities model of funding community development through CDCs is highly effective and continues to grow**. The financial data analyzed here reinforce our earlier evaluation research, which was based on in-depth interviews in all cities, a prior analysis of how Living Cities' funds are used and an examination of each city offices' program plans. **The availability and flexibility of the Living Cities' funds is helping the intermediaries increase the pace and scale of real estate development in the 23 Living Cities-sponsored cities**. **Successful intermediary development of programmatic initiatives is also spurring the pace of**

[1] Follow-the-Money distinguishes and partitions data among Rental-only and Owner-occupied only production because there are projects with a mix of both rental and owner-occupied units. Distinct rental and owner-occupied development is also uniquely integrated with mixed development projects.

development. For example, the emphasis LISC and Enterprise are placing on preservation initiatives are providing for increases in project activity. New staffing models by the intermediaries are helping. Having full-time, skilled lenders on staff in local offices is having a positive impact on production pipeline productivity. Living Cities' program grants continue to help CDCs strengthen their capacity and mature the overall industry in the Living Cities-sponsored cities.

1. Headlines

1.1 Through its Cities Program, Living Cities has invested over $350 million in real estate project development since its inception in 1991. The $350 million in Living Cities' funding has leveraged $4.5 billion in total development costs. The increase in capital resulting from all LISC/Enterprise real estate financing in the 23 Living Cities-sponsored cities now amounts to $14.2 billion.

Table A *presents cumulative indicators of success for the full 14.5 years of Living Cities' Cities Program*. The outputs financed directly with Living Cities' funds are shown in Column 1. Column 2 shows all investment and production resulting from intermediary-assisted financing in the 23 cities supported by the Living Cities' Cities Program.

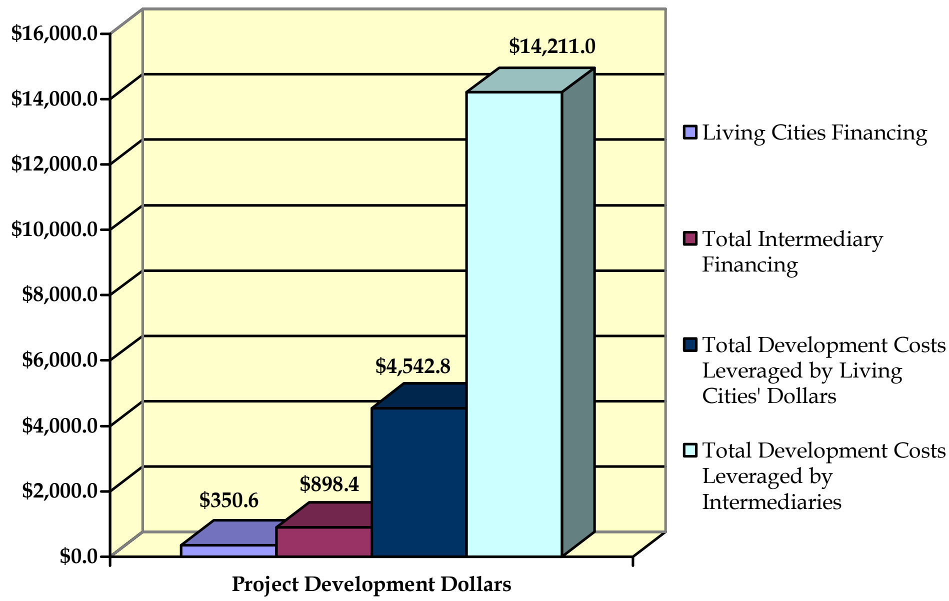
Table A – Total Investment and Real Estate Production Figures for Key Outputs for the Entire History of the Initiative (July 1, 1991 – December 31, 2005)

	Living Cities' Investment 7/1/1991 – 12/31/2005 14.5 Years (1)	All Investment 7/1/1991 – 12/31/2005 14.5 Years (2)
#Development Projects	915	3,257
Investment in Projects	$350,662,759	$898,444,034
Housing Units Produced	36,729	129,739
Non-residential Production (Square footage)	3,994,870	10,645,607
Total Development Costs	**$4,542,847,109**	**$14,210,658,157**

Figure A shows the leveraging of capital resulting from the financial commitments made with Living Cities, LISC and Enterprise dollars.

Figure A

Intermediary Leveraging of Additional Private-Public Capital
1991 - 2005 (Millions)



1.2 The pace of intermediary-assisted investment by LISC and Enterprise increased significantly in the current period. The data show that overall intermediary-assisted investment and production has been accelerating since 2001, and momentum is still building.

LISC and Enterprise have provided more financing to CDC project development within the past 4.5 years ($453.9 million) than during the entire first 10 years of the initiative ($444.6 million). $211.7 million of the $453.9 million "Second Decade" investment is attributable to the most recent 18 months.

Table B shows cumulative totals for key indicators as well as comparisons in annual rates of increase for the past 4.5 years with **"First Decade"** outputs. The table also compares annual rates for the most recent 18-month period ending December 31, 1995 with rates applicable to the **'First Three-Year Round Data"** of the Living Cities: NCDI second decade (July 1, 2001 – June 30, 2004) and rates derived for the entire 14.5 year initiative. These favorable comparisons in the rate of annual increase for the most recent 18-month period demonstrate the extent to which the period contributed to continuation of the strong growth trend established since July of 2001 (see Table B, Columns 6 and 7).

Table B - Increasing Pace of LISC-Enterprise Assisted Investment and Production

	7/1991 – 6/2001 10 Years (1)	7/2001 – 12/2005 4.5 Years (2)	Annual % Increase (3)	7/2001–6/2004 3 Years (4)	7/2004 – 12/2005 1.5 Years (5)	Annual % Increase (6)	Annual % Increase (7)
#Development Projects	2079	1,178	25.9%	726	452	24.5%	34.2%
LISC & Enterprise Investments in CDC Projects	$444,591,337	$453,852,697	126.9%	$242,197,833	211,654,864	74.8%	127.7%
Housing Units Produced	86,095	43,644	12.7%	26,208	17,436	33.1%	29.9%
Non-Residential Production Sq. Feet	3,650,358	6,995,249	325.8%	4,448,602	2,546,647	14.5%	131.2%
Total Development Costs	$7,919,651,000	$6,291,007,157	76.5%	$3,283,259,187	$3,007,747,970	83.1%	104.5%

Column 3 % Increase: Percentage increase in annual rate of development between the first 4.5 Years of Living Cities' second decade and the first decade

Column 6 % Increase: Percentage increase in annual rate of development between the most recent 18-Months and the first three years of Living Cities' second decade.

Column 7 % Increase: Percentage increase in annual rate of development between the most recent 18-Months and the entire 14.5 history of the initiative.

1.3 Living Cites' dollars were a significant funding source for many of the local intermediaries during the most recent 18-month period.

Sixteen or nearly two-thirds of the 25 local offices used Living Cities' dollars for 46% or more of their total real estate development investment for the period. Nine offices used Living Cities' funds to finance 64% or more of their total project financing.

Table C-1 highlights the significant use of Living Cities' project financing by comparing the Living Cities' share of total real estate investment for each office in column 2 with the overall level displayed in column 1. The percentages in Column 3 display the strong reliance upon Living Cities' funds.

Table C-1: The Cities' Use of Living Cities Project-Financing Dollars in Relation to Other Project Funding Sources 7/1/2004 – 12/31/2005

	Total Intermediary Project Commitments (1)	Living Cities Financing (2)	% Of $ (3)
1. San Antonio	$267,400	$267,400	100.0%
2. Cleveland	$3,573,545	$3,498,545	97.9%

3. Kansas City	$2,733,971	$2,628,000	96.1%
4. Portland	$3,572,683	$3,000,000	84.0%
5. Los Angeles	$16,516,918	$13,619,958	82.5%
6. Twin Cities	$3,422,500	$2,535,000	74.1%
7. Indianapolis	$5,958,875	$4,118,275	69.1%
8. Bay Area	$11,544,300	$7,614,300	66.0%
9. Baltimore	$2,818,000	$1,800,000	63.9%
10. Boston	$4,426,636	$2,375,269	53.7%
11. Dallas	$5,825,000	$3,100,000	53.2%
12. Philadelphia	$646,135	$343,000	53.1%
13. Washington D.C. LISC	$8,558,630	$4,494,350	52.5%
14. New York EC	$35,766,672	$18,034,580	50.4%
15. Chicago	$13,128,776	$6,066,668	46.2%
16. Newark	$3,617,738	$1,665,785	46.0%
17. Detroit	$2,989,550	$700,000	23.4%
18. South Florida	$8,517,629	$1,844,616	21.7%
19, Seattle	$23,210,114	$3,000,000	12.9%
20. NYC LISC	$28,098,905	$2,648,888	9.4%
21. Denver	$5,310,750	$303,000	5.7%
22. Phoenix	$2,994,630	$130,000	4.3%
23. Atlanta	$5,993,000	$183,000	3.1%
24. Washington D.C. EC	$12,137,507	$60,000	0.5%
25. Columbus	$25,000	$0	0.0%
Totals	**$211,654,864**	**$84,030,634**	**39.70%**

The 25 local offices also use Living Cities' grant dollars as a significant source for program support, funds primarily used to strengthen CDCs' organizational capacity. Table C-2 shows the relative extent to which each of the offices relies upon the Living Cities' program grant allocations. (This table captures grants allocated directly by LISC and Enterprise and does not include funds that may flow to funder collaboratives that exist in some of the cities from sources other than Living Cities.)

Table C-2: The Cities' Use of Living Cities' Grant Dollars in Relation to Other Sources of Program Grant Funding 7/1/2004 – 12/31/2005

	Total Intermediary Grant Allocations (1)	Living Cities Grants (2)	% Of $ (3)
Denver	**$647,255**	**$560,505**	**86.6%**
Washington D.C. LISC	**$713,601**	**$571,475**	**80.1%**
Cleveland	**$2,055,262**	**$1,621,784**	**78.9%**
Seattle	**$733,166**	**$550,833**	**75.1%**
Atlanta	**$1,580,982**	**$1,115,838**	**70.6%**
Baltimore	**$1,570,388**	**$904,235**	**57.6%**
Bay Area	**$1,125,508**	**$570,500**	**50.7%**
Portland	**$2,490,445**	**$1,227,744**	**49.3%**

Phoenix	$489,245	$240,615	49.2%
New York EC	$1,680,408	$791,578	47.1%
Philadelphia	$1,148,687	$509,552	44.4%
South Florida	$808,937	$340,437	42.1%
Washington D.C. EC	$1,103,588	$448,500	40.6%
Boston	$1,287,328	$494,934	38.4%
Columbus	$578,292	$216,667	37.5%
Newark	$2,104,494	$734,494	34.9%
Los Angeles	$736,378	$240,000	32.6%
Greater Kansas City	$3,420,247	$1,083,238	31.7%
San Antonio	$985,528	$298,255	30.3%
Dallas	$889,685	$202,413	22.8%
Indianapolis	$1,831,469	$371,117	20.3%
NYC LISC	$1,211,000	$240,000	19.8%
Twin Cities	$3,852,192	$532,400	13.8%
Detroit	$3,300,912	$279,852	8.5%
Chicago	$7,000,206	$517,671	7.4%
Totals	$43,345,203	$14,664,637	33.8%

1.4 Increased use of the Living Cities money during the past 18 months was a key, underlying force driving the increased pace of all of LISC/Enterprise investment and real estate production in the 23 cities. Furthermore, Living Cities' funds were used by CDCs to support larger-scale projects.

$176.7 million in Living Cities' dollars has been used in the past 4.5 years of the Living Cities 'Second-Decade', which exceeds the $173.9 million invested in Living Cities' 'First Decade'. Use of the Living Cuties' funding during the 'Report Period' (July 1, 2004 and December 31, 2005) resulted in increases in the annual rates of development. For the indicators shown in Table D, better performance was observed for this period than for the very productive 'First Three-Year Round' of the Living Cities/Second decade (July 1st 2001 – June 30th, 2004).

$84.0 million of Living Cities' funds were used during the 18-month report period, compared to the 'First Three-Year Round' project expenditures of $92.7 million.

Living Cities' funding leveraged more development in the 18-month period ($1.184 billion) than it did during the previous 3-year period ($1.104 billion).

Table D shows the extent to which the Living Cities' funds are used and impressive percentage increases in rates of development achieved during the report period. The average amount of financing per project during the **'First-Decade"** was $345,817, whereas the average amount of financing in the **'Report Period'** jumped to $555,594 per project. Likewise total development costs per project increased from $4.5 million to $8.2 million per project. These figures increases suggest that a significant increase in project scale is associated with the increases in investment and production. As CDCs have become more experienced and savvy, they have been able to organize and carry out larger, more sophisticated projects.

An example of the trend toward increased project scale are the Living Cities-supported loans of $4.7 million by Enterprise New York and $2.0 million by NYC LISC to the Abyssinian Development Corporation (ADC). These loans enabled Abyssinian to acquire Ennis Houses, a 231-unit expiring Section 8 HUD project, and transform it into a larger development plan that includes the rehabilitation of Ennis Houses plus the development of a vacant lot for an additional 200 units.

Table D - Increasing Pace of Living Cities-Financed Investment and Production

	7/1991 – 6/2001 10 Years (1)	7/2001 – 12/2005 4.5 Years (2)	Annual % Increase (3)	7/2001–6/2004 3 Years (4)	7/2004 – 12/2005 1.5 Years (5)	Annual % Increase (6)	Annual % Increase (7)
#Development Projects	503	412	82.0%	268	144	7.5%	52.1%
Living Cities Investments in CDC Projects	$173,945,810	$176,716,951	125.8%	$92,686,317	84,030,634	81.3%	131.6%
Housing Units Produced	19,775	16,954	90.5%	10,723	6,231	16.2%	64.0%
Non-Residential Production Sq. Feet	1,700,000	2,294,870	200.0%	1,334,651	960,219	43.9%	132.4%
Total Development Costs	$2,253,798,000	$2,289,049,109	125.7%	1,104,554,929	$1,184,494,180	114.5%	152.0%

Column 3 % Increase: Percentage increase in annual rate of development between the first 4.5 Years of Living Cities' second decade and the first decade
Column 6 % Increase: Percentage increase in annual rate of development between the most recent 18-Months and the first three years of the Living Cities' second decade.
Column 7 % Increase: Percentage increase in annual rate of development between the most recent 18-Months and the entire 14.5 history of the initiative.

1.5 The increased use of Living Cities' project financing is manifest in housing production statistics. 18-month 'Report Period Data' show that nine (9) intermediary offices: LISC offices in the Bay Area, Boston, Indianapolis, Los Angeles, South Florida, Newark, Twin Cities and Washington DC, plus Enterprise New York each exceeded the number of Living Cities-financed housing units they produced throughout the entire previous three-year period July 1, 2001 - June 30, 2004

Table E displays findings for cities with extremely fast-paced, Living Cities-financed housing development.

Table E – Cities with Living Cities-Financed Housing Production Growth Rates in Excess of 100% 7/1/2004-12/31/2005 Compared to 7/1/2001-6/30/2004

	#Living Cities' Units 7/2001-6/2004 3 Years (1)	#Living Cities' Units 7/2004-12/2005 18 Months (2)	% Increase (3)
Bay Area	401	409	104.0%
Boston	235	613	421.7%
Indianapolis	206	240	133.0%
Los Angeles	463	499	115.6%
South Florida	552	579	109.8%
Newark	171	275	221.6%
New York ECP	318	925	481.8%
Twin Cities	283	434	206.7%
Washington D.C. LISC	52	314	1107.7%
Totals	**2,681**	**4,288**	**219.9%**
Column 3 % Increase: Percentage increase in annual rate of development comparing the most recent 18 Months and the first three years of Living Cities' second decade.			

Such productive use of the Living Cities funds is a key factor underlying the continuance of the growth trend in the rate of housing production. A city's absence from Table E does not mean indicate that the city is not producing at a high rate. [2]

1.6 Living Cities' monies were influential in spurring non-residential development during the recent 18-month period. The use of Living Cities' financing for non-residential development was concentrated in ten (10) of the seventeen (17) cities that invested in non-residential projects.

Across the ten city offices using Living Cities funds to finance non-residential projects, $45.8 million or 46.4% of the $98.8 million in financial commitments was Living Cities-financed.

Living Cities' money was included in 58.8% of the total square footage produced by these cities, suggesting that availability of the funds helps CDCs carry out larger-scale, non-residential projects. Table F on the following page identifies the cities that used Living Cities' funds for non-residential development.

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[2] Table D includes only those cities whose growth rate is greater than 100%. For example, Chicago LISC used Living Cities' funds to finance 609 units between 7/1/2005-12/31/2005, representing 96% of the 636 units it financed with the pool between 7/1/2004 – 6/30/2004. Greater Kansas City LISC, Los Angeles LISC, Enterprise Portland and Enterprise San Antonio are also making more use of the loan pool than previously. Growth data for all cities are provided in the full report.

Table F –City Office Utilization of the Living Cities Loan Fund for Non-Residential Production 7/1/2004-12/31/2005

	Intermediary Commitments (1)	Living Cities Financing (2)	% Of $ (3)	All Sq. Ft. (4)	LC Sq. Ft. (5)	% Sq.Ft. (6)	All Devel Costs (7)	LC Devel Costs (8)
Cleveland	$3,573,545	$3,498,545	97.9%	6,700	6,700	100.0%	$56,620,474	$30,720,287
Los Angeles	$16,516,918	$13,619,958	82.5%	324,433	252,433	77.8%	$209,489,074	$154,477,567
Twin Cities	$3,422,500	$2,535,000	74.1%	70,950	9,600	13.5%	$106,341,996	$34,353,230
Indianapolis	$5,958,875	$4,077,872	68.4%	514,582	235,386	45.7%	$74,803,094	$28,743,017
Bay Area	$11,544,300	$7,614,300	66.0%	67,104	11,500	17.1%	$88,770,877	$78,034,141
Boston	$4,426,636	$2,315,269	52.3%	132,100	103,000	78.0%	$303,288,986	$247,769,464
Chicago	$13,128,776	$6,066,668	46.2%	319,950	280,600	87.7%	$472,044,588	$211,883,280
Newark	$3,617,738	$1,626,013	44.9%	37,596	22,500	59.8%	$48,542,759	$3,311,403
South Florida	$8,517,629	$1,844,616	21.7%	56,140	35,000	62.3%	$113,105,464	$91,339,100
NYC LISC	$28,098,905	$2,648,888	9.4%	112,337	3,500	3.1%	$101,538,809	$39,222,750
Totals	**$98,805,822**	**$45,847,129**	**46.4%**	**1,641,892**	**960,219**	**58.5%**	**$1,574,546,121**	**$919,854,239**

1. Intermediary Commitments. Financial commitments made by LISC and Enterprise during the term July 2004 through December 2005 to development projects sponsored by, or involving, CDCs in their cities.
2. Living Cities Financing. Project commitments made to CDC development projects by LISC and Enterprise using Living Cities' funds, during the 18-month period under review.
3. % of $. The figures in this column represent the percentage of all intermediary project-financing commitments made in each city using Living Cities' funds (Column 2/Column1).
4. All Square Ft. The square footage of non-housing production (e.g., retail, childcare, health or commercial facilities) developed by CDCs with any intermediary financing commitments.
5. LC Square Ft. The square footage of non-housing production developed by CDCs in projects that received some Living Cities investment.
6. % Sq. Ft. The percentage of Living Cities-assisted non-housing production (measured by square footage) of the total (Column 12/Column 11).
7. All Devel Costs. The total development cost of all CDC projects supported by the intermediaries in the cities over the three-year term (housing and non-housing).
8. LC Devel Costs. The total development costs of those CDCs projects that received some Living Cities investment during this term.

1.7 Rental Projects Receiving Living Cities Support Are Significant in Scale. 151 projects of the 452 projects financed from 7/1/2004 and 12/31/2005 were rental-only project developments. The median for the 41 Living Cities-supported rental projects is 64 units and the median for the other 117 intermediary projects not using the Living Cities funds is 33 units.

The relatively high Living Cities' median project size for rental projects suggests that the intermediaries use the Living Cities fund pool to assist with larger scale development. These data add further weight to the evidence that the Living Cities money is helping CDCs take on development of larger-scale projects.

2. National Trends

2.1 The increase in the pace of investment and real estate production in the 23 cities applies to all types of production, but there are changes in relative emphasis since the 1990s.

Rental-only housing projects[3] are financed by LISC and Enterprise more than any other type of development; however, other forms of project development are now receiving an increased share of the pie. Of the 2,079 projects financed during the 1990's through June 30, 2001, 1,156 were rental-only projects, 55.6% of the total number of project financings. During the 18-months from 7/1/2004 – 12/31/2005, 157 or just 34.7% of a total of 452 projects were rental-only projects. Total development costs associated with rental-only projects for 7/1/2004 – 12/31/2005 were 46.2% of total development costs, down from the 58.9% share in Living Cities' first decade.

The growth in the relative importance of mixed development and non-residential development is related to the decrease in the percent of projects that are rental only. For example, only 38 mixed development projects, or 1.8% of total projects, were financed between 7/1/1991- 6/30/2001. Between 7/1/2004 – 12/31/2005, nearly 10% of project financing went to mixed development. The percentage of total development costs consumed by mixed development comprised over 26% of total development costs, up from a first decade level of 10.1%.

From Living Cities' inception in July 1, 1991 through June 30, 2001, there were 38 mixed and 52 non-residential development projects across a total 2,079 intermediary-financed projects. Just within the past 18 months, there were 42 mixed development projects and 49 non-residential projects out of 451 projects. These findings are shown in Table G.

Table G: Financing and Production Figures by Type of Development (7/1/04-12/31/2005)

Type of Development (1)	# Of Projects (2)	Total Intermediary Financing (3)	Living Cities Financing (3)	% LC Funding of Total (4)	# Rental Units (5)	#Owner Occupied Units (6)	Sq. Feet (7)
1. Rental Only	157	$77,319,600	$38,325,793	49.6%	11,326	0	0
2. Owner Occupied Only	90	$33,520,588	$11,705,044	34.9%	0	2,185	0
3. Both Rental/ Owner Occupied	17	$4,367,281	$437,400	10.0%	545	580	0
4. Non-residential Only	49	$20,373,430	$8,622,584	42.3%	0	0	1,335,520
5. Mixed Development	42	$17,719,793	$8,718,800	49.2%	2,429	371	1,211,127
6. Project w/o Production Yet	97	$58,354,171	$16,221,013	27.8%	0	0	0
Totals	**452**	**$211,654,864**	**$84,030,634**	**39.7%**	**14,300**	**3,136**	**2,546,647**

[3] Follow-the-Money distinguishes and partitions data among Rental-only and Owner-occupied only production because there are projects with a mix of both rental and owner-occupied units. Distinct rental and owner-occupied development is also uniquely integrated with mixed development projects.

The percentage of projects devoted to owner-occupied development has remained steady throughout the 14.5 history of the initiative. However, owner-occupied construction during the most recent 18-month period had a somewhat higher percent of total development costs than in the first decade (14.3% vs. 11.7%). Table H presents these and related findings.

Table H: Financing and Production by Type of Development (7/1/91-6/30/01 vs. 7/1/2004 – 12/31/2005)

Type Of Development	#Projects 7/1991-6/2001 10 Years	% Of Total	#Projects 7/2004-12/2005 1.5 Years	% Of Total	Total Development Costs 10 Years	% Of Total	Total Development Costs 1.5 Years	% Of Total
Rental Only	1156	55.6%	157	34.7%	$4,666,660,508	58.9%	$1,390,978,725	46.2%
Owner Occupied Only	412	19.8%	90	19.9%	$927,327,950	11.7%	$431,003,346	14.3%
Both Rental and Owner Occupied	3	0.1%	17	3.8%	$795,963,261	10.1%	$153,729,335	5.1%
Non-residential Only	52	2.5%	49	10.8%	$372,228,253	4.7%	$197,850,375	6.6%
Mixed Development	38	1.8%	42	9.3%	$795,963,261	10.1%	$793,060,301	26.4%
Project w/o Production Yet[4]	418	20.1%	97	21.5%	$361,507,767	4.6%	$41,125,888	1.4%
Total	**2079**	**100.0%**	**452**	**100.0%**	**$7,919,651,000**	**100.0%**	**$3,007,747,970**	**100.0%**

2.2 The CDCs in the Living Cities communities produce a large share of the total number of housing units produced by CDCs nationally.

The organizations supported by LISC and Enterprise in the 23 cities that have received Living Cities support since 1991 have developed a sizable share of all CDC housing production nationwide in urban areas. According to statistics reported recently in the *5th National Community Development Census* published by the National Congress for Community Economic Development (NCCED), LISC/Enterprise housing production in the Living Cities sites since 1991 accounts for 26.8% of the housing production reported doe CDCs serving urban areas nationally during a similar timeframe.

The *5th National Community Development Census* includes information that CDCs serving CDCs in urban areas throughout the country produced approximately 652,400 units of housing between NCCED's 2nd Census of 1991 and the recently released 2005 Census publication. As reported in Table A on page 3 (above) LISC and Enterprise

[4] These projects are primarily comprised of deals focused upon land acquisition financing. Details on development type, unit size or square footage were not known at the time of the commitment and such details have not been updated and shared yet by LISC and Enterprise.

financed 129,739 housing units in the 23 cities supported by Living Cities between 7/1/1991 and 12/31/2005. The Cites Program Follow-the-Money production of 129,739 housing units for its 1991 – 2005 timeframe is 26.8% of the NCCED housing production figure of 484,640 units for its 1991 – 2005 timeframe. [5]

2.3 The Number of Community Development Corporations (CDCs) and Community-based Organizations (CBOs) Receiving Living Cities Funds to Support Production Continues to Expand.

Living Cities provided real estate financing to 296 distinct organizations, or nearly 30 organizations per year, during the initiative's 'First Decade'. In the first three years of the Living Cities: NCDI 'Second Decade', 191 CDCs, or nearly 64 distinct organizations each year, received project development financing from the Living Cities' loan pool.

Within the 18-month 'Report Period' 7/1/2004 – 12/31/2005 Living Cities' loan funds were used by 109 distinct organizations for project development. Only 59 of these 109 organizations previously received Living Cities project funding, thus indicating that the Living Cities loan funds are achieving their impact through broader support of the CDC community, directing funds to a good number of organizations previously not funded by Living Cities. Helping previously unsupported CDCs probably has a beneficial impact because it helps strengthen previously unsupported CDCs.

3. City Trends

3.1 As described earlier, LISC or Enterprise maintain a city office in each of the 23 cities the intermediaries maintain city offices in each of the 21 of the 23 cities receiving funds from Living Cities' Cities Program. The remaining two cities, New York City and Washington DC have both a LISC city office and an Enterprise city office. Thus, there are a total of 25 city offices receiving funds from Living Cities. The level of investment by the intermediaries' city offices has increased substantially. During the 18-month period July 1, 2004 – December 31, 2005, 17 of the 25 city offices substantially increased their financial commitment to projects, as compared with the prior 3-year period July 1, 2001 to June 30, 2004. Eleven of the city offices raised their level of investment by over 100%. These offices include Enterprise's offices in Atlanta, Baltimore, Dallas, New York and Washington DC offices and LISC's offices in the Bay Area, Indianapolis, Seattle, South Florida, Twin Cities and Washington DC. Six other city offices, Chicago, Detroit, Los Angeles, Newark, Phoenix and Portland increased project investment by 30% – 90 %.

Table I on the following page displays financial commitments for the 25 city offices. Cities are listed by rates of increase or decrease in their financial commitment. The

[5] It should be noted that the Living Cities and NCCED time periods are not precisely comparable; however, they are close enough to allow for a high-level comparison of relative housing production. The timeframe relevant to the two NCCED Census publications is January 1, 1991 and December 31, 2004.

percentages in this table pinpoint the cities investing at relatively high rates compared with those investing at relatively low rates. While six cities did not exceed their previous three-year investment level during the most recent 18 months, they did demonstrate strong, positive percentage increases in annual investment rates ranging from 30.2% to 89.2%.

The full Follow-the Money Report explores these data in more depth and examines the cities whose pace in making financial commitments was lower than the prior period. The cities with the most investment owe their success to a number of factors. Many offices have been strategic in development of successful initiatives that are increasing the strength of their production pipelines. Some local offices are more productive in their help to CDCs in underwriting projects by including full-time lenders on staff. There is much evidence that the flexibility inherent to use of the Living Cities' funding continues to drive investment and production. CDCs and the entire industry continue to mature due to productive use of Living Cities' program grants to build CDCs' organizational capacity.

Table I – City Offices with Substantial Growth Rates in Financial Commitments 7/1/2004-12/31/2005 compared to 7/1/2001-6/30/2004

City	Intermediary Commitments 7/1/2001 - 6/30/2004 3 Years (1)	Intermediary Commitments 7/1/2004 - 12/31/2005 18 Months (2)	Percentage[6] Increase in Annual Rate of Development (3)
Group 1 - Extremely Strong Growth Rates (Greater Than 100%)			
Dallas	$1,220,000	$5,825,000	854.9%
Atlanta	$1,661,797	$5,993,000	621.3%
Washington D.C. ECP	$5,110,530	$12,137,507	375.0%
South Florida	$4,760,801	$8,517,629	257.8%
New York ECP	$21,193,292	$35,766,507	237.5%
Seattle	$16,809,998	$23,210,114	188.6%
Indianapolis	$4,362,389	$5,958,875	173.2%
Baltimore	$2,148,435	$2,818,000	162.3%
Washington DC LISC	$7,914,978	$8,558,630	116.3%
Twin Cities	$2,796,475	$3,422,500	144.8%
Bay Area	$10,926,608	$11,544,300	111.3%
Group 2 - Very Strong Growth Rates (Stronger Growth than Previous Period)			
Newark	$3,824,000	$3,617,738	89.2%
Chicago	$14,270,830	$13,128,776	84.0%
Detroit	$3,262,113	$2,989,550	83.3%
Portland	$5,236,523	$3,572,683	36.5%
Phoenix	$4,396,815	$2,994,630	36.2%
Los Angeles	$25,381,018	$16,516,918	30.2%
Group 3 - Lower Growth Rates			
New York LISC	$54,437,102	$28,098,905	3.2%
Greater Kansas City	$6,155,434	$2,733,971	-11.2%
Denver	$11,519,731	$4,945,750	-14.1%
Boston	$12,187,692	$4,426,636	-27.4%
Cleveland	$10,022,030	$3,573,545	-28.7%
San Antonio	$1,492,000	$267,400	-64.2%
Philadelphia	$6,673,699	$646,135	-80.6%
Columbus	$2,538,500	$25,000	-98.0%

3.2 Variability exists across the cities in emphasis on the development of owner-occupied units. The data for all cities combined show relatively little change in the proportion of projects that are for owner-occupied units, but there are substantial city-by-city differences. For the most recent 18-months covered in this report, owner-occupied development is a priority for Greater Kansas City, Atlanta, Newark, Twin Cities and both intermediary offices in Washington, DC. Owner-occupied development in these

[6] Annual Rate of Development Comparison applies to the First 1.5 Years of Second Decade's Second Round and the First 3 Year Second Decade Round of Activity

cities is high in absolute terms, and it is also high relative to the total number of housing development units financed.

While owner-occupied development in the New York, Chicago, South Florida and Boston is less than 20% of units produced, the level of production in absolute terms is high and meaningful in those cities. Table K provides data on owner-occupied units, rental units and total units for each city office.

Table K – Extent of Owner-Occupied Housing Development by City Office 7/1/2004-12/31/2005

City Office	# Of Total Units	# Of Rental Units	# Of Owner-Occupied Units	% Owner-Occupied of Total
Chicago	2,760	2,231	529	19.20%
Seattle/Impact Capital	1,849	1,530	319	17.30%
Atlanta	361	96	265	73.40%
Twin Cities	746	516	230	30.80%
Greater Kansas City	240	40	200	83.30%
Washington, DC (ECP)	760	561	199	26.20%
New York (LISC)	983	794	189	19.20%
Newark	265	79	186	70.20%
Washington, DC (LISC)	476	299	177	37.20%
Boston	801	680	121	15.10%
South Florida	727	606	121	16.60%
New York (ECP)	3,780	3,671	109	2.90%
Phoenix	90	0	90	100.00%
Indianapolis	419	333	86	20.50%
Dallas	84	0	84	100.00%
Denver	497	427	70	14.10%
Detroit	187	148	39	20.90%
Baltimore	48	20	28	58.30%
Los Angeles	549	523	26	4.70%
Bay Area	420	394	26	6.20%
San Antonio	48	24	24	50.00%
Philadelphia	545	536	9	1.70%
Columbus	7	0	7	100.00%
Portland	301	299	2	0.70%
Cleveland	493	493	0	0.00%
Totals	**17,436**	**14,300**	**3,136**	**18%**

Appendix of
Real Estate Investment and Production Information by Office
For the Current Period of July 1, 2004 – December 31, 2005

The appended table provides basic data for each city office funded by Living Cities' Cities Program. The factors shown in the table's 16 columns are described in the following paragraphs.

1. **Intermediary Commitments.** Financial commitments made by LISC and Enterprise from July 2004 through December 2005 to development projects sponsored by, or involving, CDCs in their cities.

2. **Living Cities Loans**. Loan commitments made to CDC development projects by LISC and Enterprise using Living Cities' loan funds.

3. **Living Cities Grants**. Grants committed to the intermediaries and used by their city offices for a wide variety of program support uses.

4. **Total Living Cities Investments.** The total of Living Cities Loans and Living Cities Grants.

5. **% of $.** The percentage of all intermediary-financing commitments made in each city using Living Cities' loan funds (Column 2/Column1).

6. **# All Projects**. The total number of real estate development deals financed by LISC and Enterprise during the 'report period' with any funds.

7. **# Living Cities' Projects**: The total number of individual real estate development deals financed with Living Cities' funds.

8. **All Units.** Total number of housing units developed in CDC projects to which LISC or Enterprise made a financing commitment with any funds.

9. **Living Cities Units.** Number of housing units developed in CDC projects in which Living Cities funds were invested.

10. **% Units.** Percentage of Living Cities-supported housing units as a portion of the CDC-developed housing units (Column 9/Column 8).

11. **All Square Feet.** The total square footage of non-housing production (e.g., retail, childcare, health or commercial facilities) developed by CDCs with any intermediary financing commitments.

12. **Living Cities Square Feet.** The square footage of non-housing production developed by CDCs in projects with some Living Cities investment.

13. **% Square Feet.** The percentage of Living Cities-assisted non-housing production (measured by square footage) as a portion of the total square footage of non-housing production (Column 12/Column 11).

14. **All Development Costs.** The total development cost of all CDC projects supported by the intermediaries (housing and non-housing).

15. **Living Cities Development Costs.** The total development costs of those CDCs projects that received Living Cities' investment during this 'report period'.

16. **Leverage Ratio.** The leveraging impact of Living Cities' investments as a ratio of total development costs to Living Cities' total investment (Column 14/Column 4).

Table of Investment and Real Estate Production Information for Cities Program-Funded Offices (July 1, 2004 – December 31, 2005)

	Intermediary Commitments (1)	LC Loans (2)	LC Grants (3)	Total LC Investments (4)	% of $ (5)	# All Projects (6)	# LC Projects (7)	#All Units (8)	#LC Units (9)	% Units (10)	All Sq. Ft. (11)	LC Sq. Ft. (12)	% Sq.Ft. (13)	All Devel Costs (14)	LC Devel Costs (15)	Leverage Ratio (16)
Atlanta	$5,993,000	$183,000	$1,115,838	$1,298,838	3.05%	6	1	361	14	3.88%	0	0	0.00%	$57,421,460	$2,728,464	44.2
Baltimore	$2,818,000	$1,800,000	$904,235	$2,704,235	63.88%	3	2	48	28	58.33%	0	0	0.00%	$8,065,170	$5,884,798	3.0
Bay Area	$11,544,300	$7,614,300	$570,500	$8,184,800	65.96%	15	11	420	409	97.38%	67,104	11,500	17.14%	$88,770,877	$78,034,141	10.8
Boston	$4,426,636	$2,375,269	$494,934	$2,870,203	53.66%	17	11	801	613	76.53%	132,100	103,000	77.97%	$303,288,986	$247,769,464	105.7
Chicago	$13,128,776	$6,066,668	$517,671	$6,584,339	46.21%	28	7	2,760	609	22.07%	319,950	280,600	87.70%	$472,044,588	$211,883,280	71.7
Cleveland	$3,573,545	$3,498,545	$1,621,784	$5,120,329	97.90%	9	5	493	303	61.46%	6,700	6,700	100.00%	$56,620,474	$30,720,287	11.1
Columbus	$25,000	$0	$216,667	$216,667	0.00%	1	0	7	0	0.00%	0	0	0.00%	$1,048,824	$0	4.8
Dallas	$5,825,000	$3,100,000	$202,413	$3,302,413	53.22%	4	2	84	54	64.29%	0	0	0.00%	$18,932,754	$4,320,500	5.7
Denver	$5,310,750	$303,000	$560,505	$863,505	5.71%	11	1	497	64	12.88%	0	0	0.00%	$113,637,024	$10,530,535	131.6
Detroit	$2,989,550	$700,000	$279,852	$979,852	23.41%	14	1	187	0	0.00%	81,958	0	0.00%	$42,402,556	$0	43.3
Greater Kansas City	$2,733,971	$2,628,000	$1,083,238	$3,711,238	96.12%	27	21	240	216	90.00%	0	0	0.00%	$22,511,765	$19,839,759	6.1
Indianapolis	$5,958,875	$4,118,275	$371,117	$4,489,392	69.11%	45	16	419	240	57.28%	514,582	235,386	45.74%	$74,803,094	$28,743,017	16.7
Los Angeles	$16,516,918	$13,619,958	$240,000	$13,859,958	82.46%	16	11	549	499	90.89%	324,433	252,433	77.81%	$209,489,074	$154,477,567	15.1
New York EC	$35,766,672	$18,034,580	$791,578	$18,826,158	50.42%	51	12	3,780	925	24.47%	45,579	0	0.00%	$578,231,121	$129,673,482	30.7
NYC LISC	$28,098,905	$2,648,888	$240,000	$2,888,888	9.43%	30	4	983	461	46.90%	112,337	3,500	3.12%	$101,538,809	$39,222,750	35.1
Newark	$3,617,738	$1,665,785	$734,494	$2,400,279	46.04%	11	7	265	33	12.45%	37,596	22,500	59.85%	$48,542,759	$3,311,403	20.2
Philadelphia	$646,135	$343,000	$509,552	$852,552	53.08%	10	3	545	275	50.46%	323,200	0	0.00%	$54,931,159	$25,060,002	64.4
Phoenix	$2,994,630	$130,000	$240,615	$370,615	4.34%	4	1	90	0	0.00%	84,771	0	0.00%	$25,197,738	$0	68.0
Portland	$3,572,683	$3,000,000	$1,227,744	$4,227,744	83.97%	13	2	301	70	23.26%	0	0	0.00%	$46,475,744	$10,254,356	11.0
San Antonio	$267,400	$267,400	$298,255	$565,655	100.00%	1	1	48	48	100.00%	0	0	0.00%	$2,081,900	$2,081,900	3.7
Seattle	$23,210,114	$3,000,000	$550,833	$3,550,833	12.93%	73	2	1,849	0	0.00%	129,700	0	0.00%	$265,766,115	$0	74.8
South Florida	$8,517,629	$1,844,616	$340,437	$2,185,053	21.66%	15	4	727	579	79.64%	56,140	35,000	62.34%	$113,105,464	$91,339,100	51.8
Twin Cities	$3,422,500	$2,535,000	$532,400	$3,067,400	74.07%	20	7	746	434	58.18%	70,950	9,600	13.53%	$106,341,996	$34,353,230	34.7
Washington D.C. EC	$12,137,507	$60,000	$448,500	$508,500	0.49%	12	1	760	43	5.66%	71,247	0	0.00%	$106,265,365	$3,920,091	209.0
Washington D.C. LISC	$8,558,630	$4,494,350	$571,475	$5,065,825	52.51%	16	11	476	314	65.97%	168,300	0	0.00%	$90,233,154	$50,346,054	17.8
Totals	**$211,654,864**	**$84,030,634**	**$14,664,637**	**$98,695,271**	**39.70%**	**452**	**144**	**17,436**	**6,231**	**35.74%**	**2,546,647**	**960,219**	**37.71%**	**$3,007,747,970**	**$1,184,494,180**	**30.5**