

# How Bond Investors Can Play a Role in Reducing the Affordable Housing Crisis

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This report looks at:

- The impact of housing affordability on the economy
- The role of investment tools in this space
- The role of affordable housing in a fixed income portfolio
- Case studies of fixed income investments financing affordable housing

Housing affordability isn't new; it's been a persistent challenge for decades, shaped by structural, economic, and policy factors. Historically, periods of acute housing stress have prompted targeted interventions, from the expansion of public housing to the creation of programs like the Low-Income Housing Tax Credit (LIHTC). While these efforts have delivered meaningful progress, they have not kept pace with growing demand, particularly among low- and moderate-income (LMI) households. At the same time, structural barriers have compounded the affordability challenge, turning what was once cyclical into a more deeply rooted, systemic issue.

The implications extend well beyond housing itself, influencing health outcomes, educational attainment, workforce participation, and overall community stability. Increasingly, investors are playing a critical role in this effort, deploying capital in ways that seek to generate both financial returns and measurable social impact. As the gap between housing supply and demand persists, the opportunity for impact-driven investment strategies, specifically in fixed income, has never been more significant.

## Housing Affordability on the Economy

Affordable housing broadly refers to housing whether rental or owner-occupied that allows households to meet their housing needs without compromising their ability to afford other essential expenses such as food, healthcare, transportation, and education. Affordable housing is generally defined as housing on which the occupant is paying no more than 30 percent of gross income for housing costs, including utilities.<sup>1</sup>

**Affordable rental housing** provides critical access to stable shelter for households who may not have the financial resources, credit profile, or desire to pursue homeownership.

**Affordable homeownership** is a pathway to long-term wealth building and financial security. When accessible, homeownership enables households to build equity, benefit from home price appreciation, and establish intergenerational wealth.

**A comprehensive approach to housing affordability recognizes the importance of both models. Rental housing provides immediate stability and flexibility, while homeownership offers longer-term financial opportunity.**





Research shows that increasing access to affordable housing is the most cost-effective strategy for reducing childhood poverty and increasing economic mobility in the United States. Increasing access to affordable housing bolsters economic growth.

Research also shows that the shortage of affordable housing costs the American economy about \$2 trillion a year in lower wages and productivity. Without affordable housing, families have constrained opportunities to increase earnings, causing slower GDP growth. In fact, researchers estimate that the growth in GDP between 1964 and 2009 would have been 13.5% higher if families had better access to affordable housing. This would have led to a \$1.7 trillion increase in income, or \$8,775 in additional wages per worker. Moreover, each dollar invested in affordable housing boosts local economies by leveraging public and private resources to generate income—including resident earnings and additional local tax revenue—and supports job creation and retention.<sup>2</sup>

Amid an ongoing housing affordability crisis, local governments are seeking creative ways to help finance housing projects. One example is New York City's five pension funds that announced in April 2026 the launch of a new \$4 billion medium-term investment plan to more than double their existing \$2.8 billion exposure to housing assets across the city's boroughs.

Others include Philadelphia and Durham, North Carolina, who have dedicated millions in municipal bonds to increase housing. Seattle last year instituted a 5% social housing tax on compensation businesses pay to employees beyond \$1 million annually. Communities including Chicago and California also are finding public land they can reallocate to housing.<sup>3</sup>

*The economic and social outcomes described are based on third-party research and are not guarantees of investment results, which may vary.*

### Record-breaking numbers of families cannot afford a decent place to call home



#### Housing Shortage

6.8 million more affordable housing units are needed for extremely low income families



#### Homelessness

580,000+ people are experiencing homelessness on any given night



#### Housing Poverty

70% of all extremely low income families pay more than half their income on rent



#### Underfunded Programs

1 in 4 extremely low income families who need assistance receive it

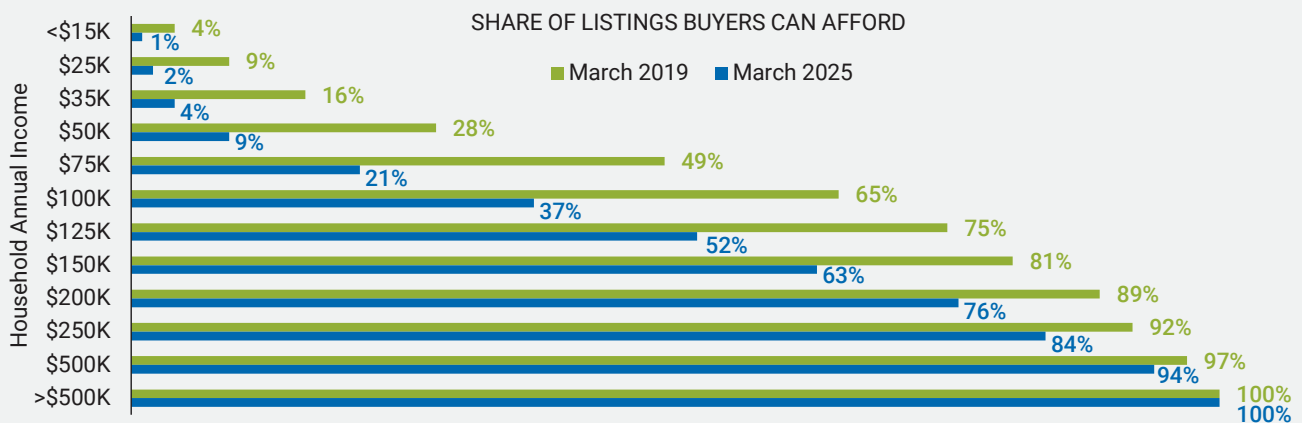
Source: [National Low Income Housing Coalition](#)

As for homeownership, over 75% of U.S. homes on the market are unaffordable to the typical household, according to a Bankrate analysis. The median U.S. household earns roughly \$80,000 a year, per the analysis, which looked at census data. That is \$33,000 less than the \$113,000 needed to afford a \$435,000 median-priced home.<sup>4</sup>

Taking a closer look at housing affordability by income levels, since 2019, the number of homes within reach for a \$100K income household has fallen by 566,000 nationwide.

## Housing Affordability by Income Level in the U.S.

Since 2019, the number of homes within reach for a \$100K income household has fallen by 566,000 nationwide.



Source: National Association of Realtors, [Visual Capitalist](#). Based 30-year fixed-rate mortgages, with 30% of income for financing, taxes, and insurance. Includes mortgage insurance for downpayments under 20%. Figures rounded.

AMI describes the midpoint of an area's income distribution, where 50% of households earn above the median figure while 50% earn less than the median. The AMI was introduced into federal housing policy with the Housing Act of 1937, which institutionalized public housing. Today, metropolitan AMI is used to set income limits for most publicly funded affordable housing programs in the U.S.

Workforce housing typically includes middle-income community service workers such as police officers, firefighters, teachers, and healthcare workers. There are varying definitions of workforce housing but broadly speaking, it is usually incomes too high for traditional subsidized housing but too low to afford market-rate housing.

- Housing affordable to households earning between 60% and 120% of area median income (AMI), according to the Urban Land Institute (ULI)
- Housing that is affordable for families whose incomes are within 60% to 140% of the county's AMI as reported by the U.S. Department of Housing and Urban Development (HUD) and adjusted to family size

## The Role of Investment Tools in this Space

Affordable housing can be supported by a range of investment tools and financing structures that blend public, private, and philanthropic capital.

### Why is LIHTC Important?

- Largest source of affordable housing financing in the U.S. – LIHTC has helped finance more than 3.5 million affordable homes nationwide since its creation.
- Keeps rents affordable – In exchange for tax credits, property owners must keep rents affordable for LMI households, often for at least 30 years.
- Supports community needs – LIHTC projects often include a mix of unit sizes and can target specific populations like seniors, veterans, or families.

<b>Community Development Financial Institutions (CDFIs)</b>	Since the CDFI industry's earliest days, CDFIs have worked to boost homeownership for LMI people and increase affordable rental housing opportunities in rapidly gentrifying areas. In rural, urban, and Native communities, CDFIs offer low-interest rate mortgages with flexible underwriting, invest in the development of high-quality, energy-efficient homes, and innovate in affordable housing preservation and creation. <sup>5</sup>
<b>Low-Income Housing Tax Credit (LIHTC)</b>	Created by the Tax Reform Act of 1986, the LIHTC program gives State and local LIHTC-allocating agencies the equivalent of approximately \$10.5 billion in annual budget authority to issue tax credits for the acquisition, rehabilitation, or new construction of rental housing targeted to lower-income households.
<b>Tax-Exempt and Taxable Municipal Bonds</b>	Tax-exempt and taxable bonds are key financial tools used by state and local housing finance agencies (HFAs) to fund affordable housing development and homeownership. Tax-exempt bonds are fixed-income securities, often municipal bonds, which offer interest payments exempt from federal income tax. Taxable bonds may be used for projects that do not meet strict tax-exempt requirements or for specialized financing needs. They are often used alongside tax-exempt bonds.
<b>Mortgage-Backed Securities (MBS)</b>	MBS finance affordable homeownership by channeling capital from investors into the mortgage market, often guaranteed by entities like Ginnie Mae, Fannie Mae, or Freddie Mac. Loans can be pooled specifically for LMI borrowers.
<b>Opportunity Zones (OZs)</b>	OZs are an economic development tool that allows people to invest in distressed areas in the United States. <sup>6</sup> OZs can spur affordable housing by providing tax incentives for private investment in distressed communities.
<b>Subsidies</b>	There are a variety of ways subsidies can support affordable homeownership. These can include downpayment assistance programs providing grants or low-interest loans, state and local HFAs offering mortgages with reduced interest rates, construction and/or development subsidies allowing developers to build affordable units, and tax incentives, among others.

Legislative actions have also helped promote affordable homeownership in the United States:

**The Civil Rights Act of 1964** is a landmark civil rights and labor law in the U.S. that outlaws discrimination based on race, color, religion, sex, national origin, and later sexual orientation and gender identity.

**The Fair Housing Act** protects people from discrimination when they are renting or buying a home, getting a mortgage, seeking housing assistance, or engaging in other housing-related activities.

**The Community Reinvestment Act (CRA)**, enacted in 1977, requires the Federal Reserve and other federal banking regulators to encourage financial institutions to help meet the credit needs of the communities in which they do business, including LMI neighborhoods.

A holistic approach positions affordable housing as a total-portfolio consideration. Within this framework, investors can deploy capital across a full spectrum, combining non-concessionary, market-rate exposures that can support scalable financing for housing supply and preservation with targeted concessionary capital that can reduce the cost of capital where financing gaps persist.

## The Role of Affordable Housing in a Fixed Income Portfolio

Investors can play a meaningful role in addressing the affordable housing crisis by directing capital toward bonds that finance access to affordable housing along with supply and preservation. Investors operate at the vital intersection of some of today's most pressing challenges, and their capital can complement an organization's or individual's impact by addressing these issues beyond traditional grants and donations.

Looking specifically at market-rate bonds, impact investors can invest in products financing affordable housing initiatives, some of which are specifically intended to help LMI borrowers and/or renters. This can include state-issued bonds supporting affordable housing, private funds, CDFIs, mutual funds investing in pools of affordable mortgage loans and bonds financing affordable rental housing properties, or ETFs focused on affordable homeownership.

### CCM offers four strategies supporting affordable homeownership

#### Impact Core Fixed

- Offered as a separately managed account or through the firm's flagship mutual fund, the CCM Community Impact Bond (CIB) Fund (tickers: CRAIX/CRANX/CRATX)

#### Impact MBS

- Offered as a separately managed account or through the firm's ETF, the CCM Affordable Housing MBS ETF (ticker: OWNS)

#### Impact Securitized

- Offered as a separately managed account

#### Impact Tax-Exempt Municipals

- Offered as a separately managed account

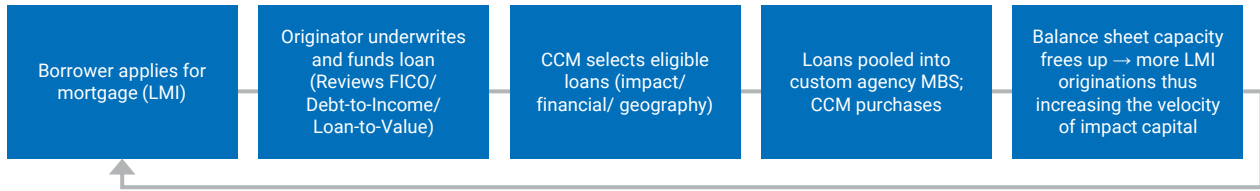
More information on all these strategies is available by visiting [www.ccminvests.com](http://www.ccminvests.com).

*Investors should consider fund objectives, risks, charges, and expenses carefully before investing. A prospectus containing this and other information is available upon request or at [www.ccminvests.com](http://www.ccminvests.com).*



# Mapping Bonds to Housing Outcomes

**Agency MBS** (e.g., Ginnie Mae/Fannie Mae/Freddie Mac) → financing affordable homeownership:



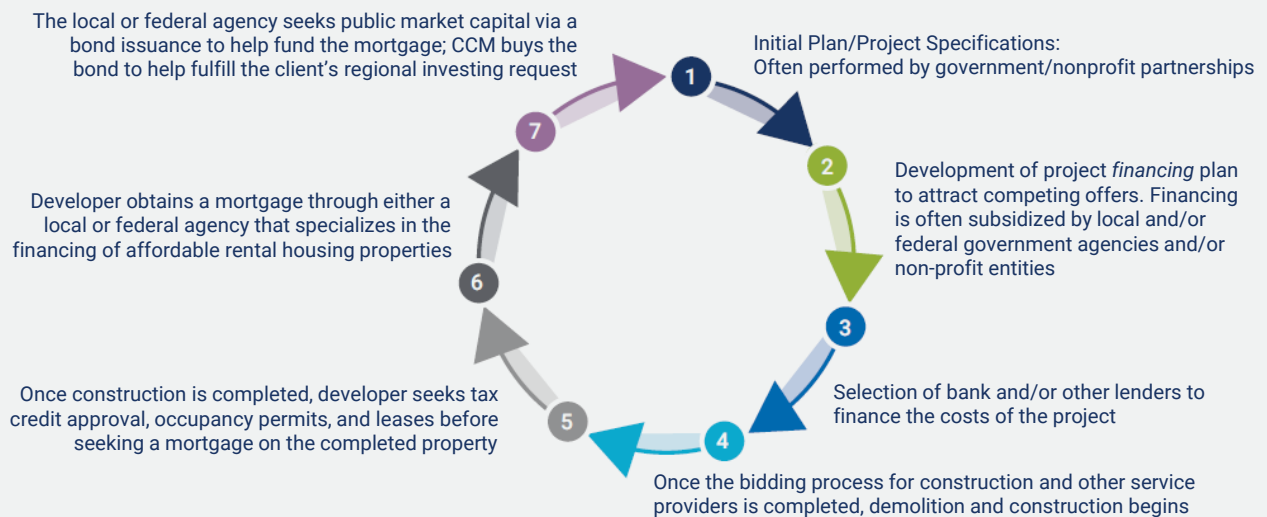
Agency Commercial Mortgage-Backed Securities are pools of one or more loans, mostly representing mortgages on new, recently renovated affordable multifamily properties, or refinancing affordable multifamily properties. Pools can also include mortgages on assisted living facilities and mental health complexes.

**Corporate Bonds** → corporations, CDFIs, foundations, and financial institutions funding community development initiatives that can include affordable housing.

**Agency CMBS** (e.g., Fannie Mae Delegated Underwriting and Servicing (DUS®)/ Freddie K-Deal Program/Ginnie Mae Real Estate Mortgage Investment Conduit (REMICs)) → financing affordable rental housing

**Municipal Bonds** → LIHTC projects, statewide affordable homeownership, infrastructure supporting housing, first-time homebuyer and workforce housing programs, workforce housing

For agency CMBS and municipal bonds, there are many steps in the lifecycle of creating/maintaining affordable multifamily housing. CCM usually participates in step 7 of the process by purchasing bonds issued by federal/local government agencies to help fund the mortgage on the completed property. On occasion, we may also participate in step 3 if there are bonds financing a project or construction loan.



# CCM Case Studies: Fixed Income Investments Financing Affordable Housing

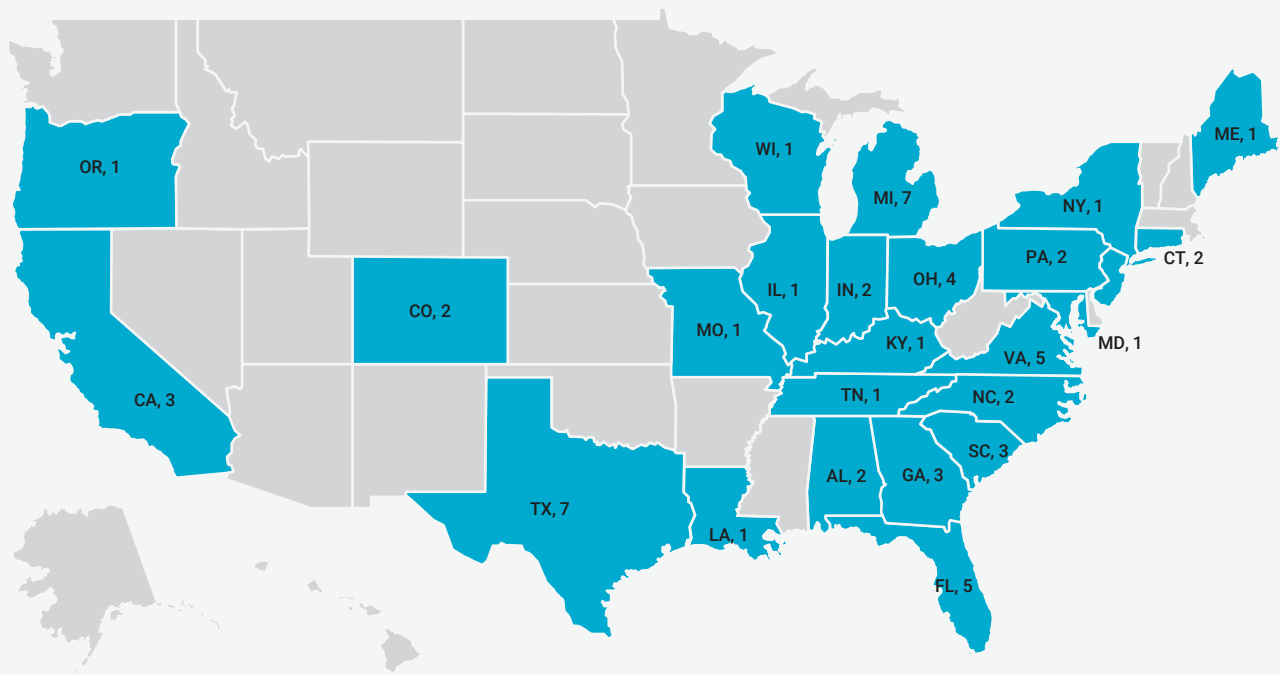
## Case Study #1: Affordable Mortgages

Location: **Nationwide** • Sector: **Agency MBS**

CCM custom created an affordable mortgage pool to LMI borrowers that includes 59 loans across 24 states. We believe that an increased amount of visible investment capital to purchase affordable loans and custom create MBS pools can help increase the number of originations to LMI borrowers.

Homeownership can be a great way to create wealth including the opportunity to build home equity and generational wealth, gain long-term savings over the cost of renting, and strengthen one's credit score. Homeownership can offer substantial economic benefits, making it essential to address the specific challenges faced by LMI individuals and families and increase accessibility and equality for a broader range of people.

### Loan Pool Highlights



**59** loans to LMI borrowers

**24** loans in majority-minority census tracts

**11** loans in high poverty census tracts

**11** loans to first-time homebuyers








**3** loans in rural areas

## Case Study #2: Sorrento Rental Community

Location: Miramar, FL • Sector: Agency CMBS



### Impact Themes

-  Affordable Housing
-  Education and Childcare
-  Enterprise Development and Jobs
-  Environmental Sustainability
-  Human Empowerment
-  Minority Advancement
-  Sustainable Communities

### Impact Designations

- ✓ High Minority Census Tract
- ✓ Low- or Moderate-Income Census Tract
- ✓ Majority-Minority Census Tract

### Walk, Bike, Transit Scores®

**27** Walk Score • **34** Bike Score • **42** Transit Score

Sorrento Rental Community is a Low-Income Housing Tax Credit (LIHTC) property in Miramar, Florida (Broward County) with 320 units. To qualify for the LIHTC allocation, the property owner agreed to reserve all 320 residential units for low-income residents for a period of 30 years. Specifically, 256 units (80%) are reserved for residents earning no more than 60% of the area median income (AMI), and 64 units (20%) are reserved for residents earning no more than 50% AMI. The property is in Census Tract 1103.23, a moderate-income, high-minority census tract where minorities comprise 96% of the population.

Sorrento Rental Community consists of 13 residential buildings with one-, two-, and three-bedroom units. Community amenities include a gated entry, a pool, a fitness center, playgrounds, a dog park, a resident pavilion with a barbecue area, a clubhouse, on-site laundry facilities, and a computer lab. The apartment community has several resident programs: welfare-to-work/self-sufficiency programs, semiannual first-time homebuyer seminars, weekly literacy training, job training (e.g., keyboarding, computer literacy, and secretarial skills), health and nutrition classes, financial counseling (e.g., learning to budget, handling personal finances, predatory lending, comparison shopping for the consumer), and regularly planned social activities (e.g., holiday parties, community picnics, children's functions). Sorrento Rental Community also has a resident assistance referral program.






The property incorporates several green and energy-efficient features. The landscaped property is certified by the Florida Yards and Neighborhood program, requiring exemplary water efficiency, mulch, recycling and composting, wildlife habitat, pest control, invasive plant, fertilizer, and stormwater runoff features and practices. Additionally, the apartment community is adjacent to Miramar Pineland Park, a 156-acre park featuring a picnic area, gazebo, nature trails, playground, exhibit hall, and splash pad.

# Case Study #3: Utah Housing Corporation


Location: UT • Sector: Taxable Municipals



## Impact Themes

-  Affordable Housing
-  Gender Lens
-  Human Empowerment
-  Poverty Alleviation
-  Seniors, Veterans, and People with Disabilities

## Impact Designations

-  First-Time Homebuyer

## Walk, Bike, Transit Scores®

N/A

Utah Housing Corporation (UHC) will use proceeds of its 2025 Series I Single Family Mortgage Bonds to finance mortgage loans made under UHC's single-family programs. All mortgage loans financed will be 30-year, fixed-rate loans and may be accompanied by down payment assistance (DPA) loans. At least 95% of the net proceeds are expected to finance single-family, owner-occupied homes for first-time homebuyers, with exceptions for qualified veterans, single-parent households, and for homes purchased in Targeted Areas.

UHC is a public corporation established to help create affordable housing opportunities for low- and moderate-income households in the state. From 1977 through June 30, 2025, UHC made 115,920 first mortgage loans to borrowers whose average household income was 71% of the area median income (AMI), and 67% of borrowers had incomes at or below 80% AMI. Exactly 92% of borrowers were first-time homebuyers, 13.4% were single-parent households, and 32% of homes purchased were in Targeted Areas.

Between 1977 and June 30, 2025, UHC made single-family mortgage loans in all 29 of Utah's counties. The top ten counties by number of loans are Salt Lake (42,880 loans), Utah (20,721), Weber (17,593), Davis (14,408), Cache (4,121), Tooele (3,397), Washington (3,189), Box Elder (2,100), Uintah (1,456), and Iron (1,085).

The 2025 Series I bonds will finance loans under the FirstHome, FHA/VA Mortgage, and HFA Advantage programs. The FirstHome program is designed for households with lower incomes and credit scores of 660 or higher who are first-time homebuyers, single parents, or veterans. This program typically has lower purchase price limits, income limits, and interest rates. The FHA/VA Mortgage program is for homebuyers with credit scores of 620 or higher who have previously owned a home or are first-time homebuyers, single parents, or veterans. The HFA Advantage program is for borrowers with credit scores of 680 or above who have previously owned a home or who are first-time homebuyers. This program may have a higher interest rate but lower mortgage insurance costs, resulting in a lower monthly payment. Homebuyer Education is required for the HFA Advantage program and recommended for the FirstHome and FHA/VA Mortgage programs.

The bond proceeds will also finance DPA loans, closing costs, and interest-rate buy-down assistance.

According to the U.S. Census Bureau, nearly 70% of single-parent households in Utah were headed by single mothers in 2021, the latest year for which data is available. A research paper published in 2023 by the Utah Women and Leadership Project at Utah State University describes how single mothers may disproportionately face economic disadvantages, mental health concerns, education barriers, and work instability that can lead to poorer long-term outcomes for them and their children.

UHC provides exceptions to its first-time homebuyer requirement for single-parent households to increase their access to financial support for achieving homeownership. This exception is also

extended to veteran homebuyers and to borrowers purchasing homes in Targeted Areas, which are census tracts in which 70% or more families have an income of 80% or less of the statewide median family income, or areas of chronic economic distress designated by the state and approved by federal government agencies.

UHC offers DPA with all mortgage loan programs in the form of a 30-year amortizing loan of up to 6% of the purchase price to help families that do not have sufficient funds for down payment or closing costs. In 2024, UHC invested nearly \$53 million in DPA.



## About CCM

Founded in 1998, Community Capital Management, LLC (CCM) is an investment adviser registered with the Securities and Exchange Commission. The firm's mission seeks to deliver competitive risk-adjusted returns through investment strategies that contribute to positive societal outcomes. For more information, please visit: [www.ccminvests.com](http://www.ccminvests.com).

If you're interested in learning more about how CCM integrates affordable housing into its bond portfolios, email [info@ccminvests.com](mailto:info@ccminvests.com).

## Footnotes

- <sup>1</sup> <https://archives.hud.gov/local/nv/goodstories/2006-04-06glos.cfm>
- <sup>2</sup> <https://nlihc.org/explore-issues/why-we-care/problem>
- <sup>3</sup> <https://www.smartcitiesdive.com/news/affordable-housing-initiative-launches-in-new-york-city/818063/>
- <sup>4</sup> <https://www.axios.com/2026/01/19/affordable-homes-metro-income>
- <sup>5</sup> <https://www.ofn.org/what-is-a-cdfi/key-priorities/affordable-housing/>
- <sup>6</sup> <https://www.irs.gov/credits-deductions/businesses/opportunity-zones>

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