

# Housing Trust Funds

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# Housing Trust Funds: Advancing the way we fund affordable housing ...

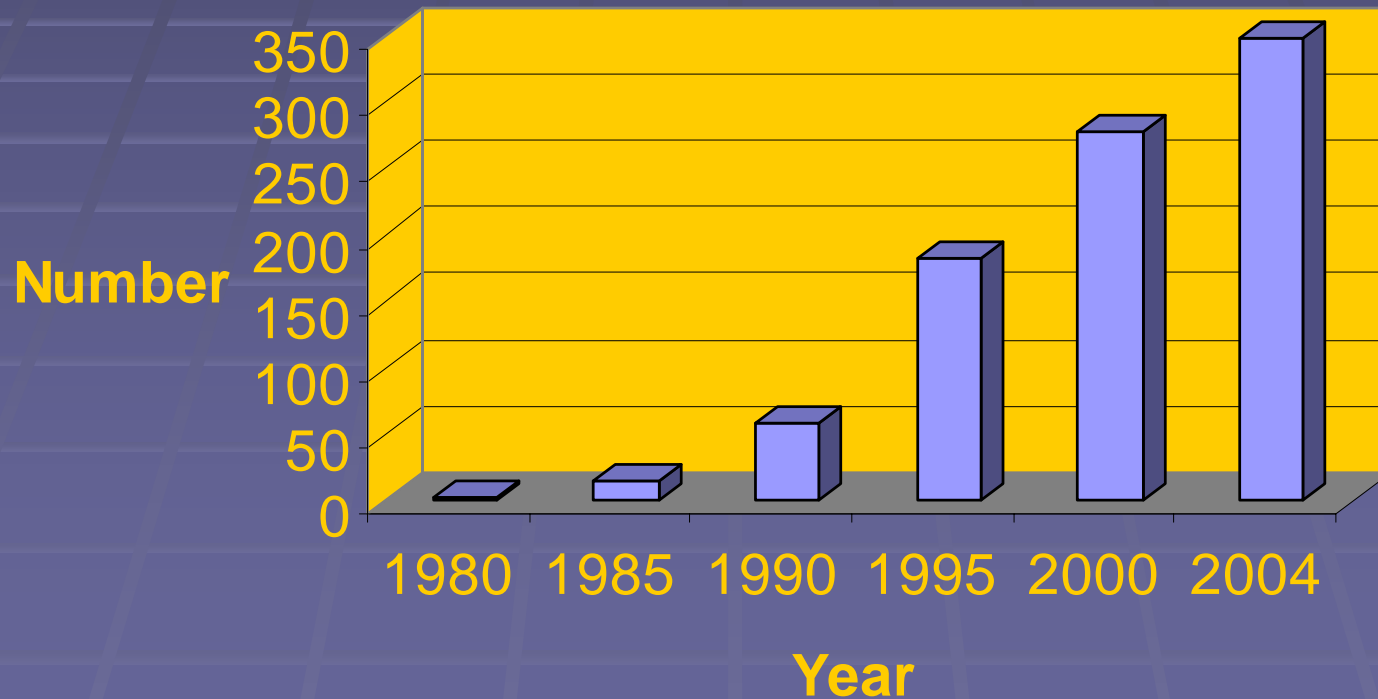
- **Securing Dedicated Sources of Public Revenue**



- **Committing that Revenue to Support Critical Housing needs**

# Today ... there are more than 300 housing trust funds

## Growth of Housing Trust Funds



# By 1990

## Eighteen states had created housing trust funds

- *Arizona*
- *California*
- *Delaware*
- *Georgia*
- *Illinois*
- *Indiana*
- *Kentucky*
- *Maine*
- *Minnesota*
- *Nevada*
- *New Hampshire*
- *New Jersey*
- *North Carolina*
- *Oregon*
- *[Tennessee]*
- *Utah*
- *Vermont*
- *Washington*



*Illinois SHAC and then-Governor Thompson at Trust Fund signing ceremony*

# Today there are 38 states with Housing Trust Funds

- *Connecticut*
- *Florida*
- *Hawaii*
- *Idaho*
- *Iowa*
- *Kansas*
- *Louisiana*
- *Maryland*
- *Massachusetts*
- *Michigan*
- *Missouri*
- *Montana*
- *Nebraska*
- *New Mexico*
- *Ohio*
- *Oklahoma*
- *Rhode Island*
- *South Carolina*
- *Texas*
- *West Virginia*
- *Wisconsin*



*Connecticut affordable housing*

# Florida Passes the William E. Sadowski Act

*Raised the state documentary stamp tax (transfer tax on deeds) by ten cents per \$100 and transferred another ten cents from existing tax.*

- *State housing trust fund receives 30% of revenues; local government housing trust fund receives 70% = SHIP Program.*

- *Created powerful coalition of all housing industry interests in the state.*

- *Annual revenue = \$300,000,000*

- *Leverage = 1:7*



*Florida housing*

# Vermont Housing and Conservation Board



- *Dual purpose of supporting affordable housing and conserving open space and agricultural lands.*
- *Funded through a dedicated portion of the Property Transfer Tax and Capital Bond funds, along with General Fund surpluses.*
- *Overseen by a 9-member Board with five citizen members and four ex-officio members who are heads of designated state offices.*

## VHCB Commitments: Fiscal Year 2003

Housing                      \$7,277,260                      490 homes

Also administered HOME Program  
and Lead-based Paint Hazard Reduction Program.

# Ohio Housing Trust Fund is a Work of Dedication



- Twelve year campaign, lead by COHHIO, secures recordation fee for state's trust fund.
- \$50 million annual revenue possible.

# Dedicated Revenues We've Won!

- Real estate transfer tax
  - *Florida, Hawaii, Illinois, Maine, Nebraska, Nevada, New Jersey, South Carolina, Vermont*
- Interest from real estate or title escrow accounts
  - *Connecticut, Maryland, Minnesota, Washington, Wisconsin*
- Lottery earnings
  - *Kentucky, Oregon*
- Document recording fees
  - *Delaware, Missouri, Ohio*
- Interest from tenant security deposits
  - *Oregon*



*Affordable housing in Oregon*

- Interest from Unclaimed, Unnamed Property Fund
  - *Arizona*
- Bond and fee revenues
  - *Kansas, Nevada, New Hampshire,*
- Capital budget funds
  - *Washington*
- State income tax
  - *Louisiana, Massachusetts*

# Pennsylvania Act 137



- Enables county commissioners to double recording fees for deeds and mortgages.
- At least 85% must be set aside in a separate account.
- Funds must be used to support affordable housing efforts in the county.
- 15% may be used for administrative costs associated with affordable housing.

# Washington and Missouri Pass Enabling Legislation

## ■ Missouri

- *Enabling legislation allows three counties to use document recording fee for homeless programs.*
- *St. Louis County supports homeless service agencies and an award winning hotline.*

## ■ Washington

- *Passes legislation enabling jurisdictions to approve property tax levies for housing.*
- *Seattle voters have approved the levy four times in a row!*



# California and Iowa Pass Legislation to Fund Local Housing Trust Funds

**California** voters approve bond initiative that includes \$25 million for local housing trust funds.



**Iowa** passes legislation committing \$800,000 to local housing trust funds.

# Washington Passes Legislation Enabling Local Housing Trust Funds

- Washington HB2060 authorizes an increase in the document recording fee charged by counties.



- 60% of the funds stay with counties and 40% goes into state fund for operating and maintenance costs of housing serving very low income persons.
- 27 counties have responded

# Massachusetts Passes Legislation Enabling Local Housing Trust Funds

- **Massachusetts  
Community  
Preservation Act**  
enables property tax  
revenues to be used for  
affordable housing  
= 50 jurisdictions have  
responded.



*Chip's House in Massachusetts*

# New Jersey Responds to State Enabling Legislation



*Housing and Community Development  
Network of New Jersey*

- New Jersey Balanced Housing Act permits developer fee ordinances  
**= 112 municipalities respond**

# Boulder, Colorado

## Community Housing Assistance Program

- **\$3.1 million made available in 2002 through RFP process combining funds from CHAP, HOME, CDBG, and Inclusionary Zoning.**
- **CHAP receives funding from property tax and an excise tax on new developments-- generates \$1-1.5 million annually.**



# Chicago Creates Low Income Housing Trust Fund

All funding supports households earning 30% of area median income or less.



A majority of the funds provide rental assistance.

Funds also support homeless initiatives and essential services.

# St. Louis Campaign Wins Voters Approve Proposition H

- 58% of the voters approve use tax for housing trust fund and a health trust fund.
- Campaign for Housing and Jobs, ACORN, SEIU, and others prevail.

Vote  Yes  
on Proposition H

Healthy Families - Healthy Homes

Voting YES means

- Access to Health Care
- Increased Home Ownership
- Health and Housing for Families, Seniors, and Neighbors with Disabilities



Punch #65 on the ballot

**This Tuesday, April 3**  
Polls are open from 6am – 7pm

For more information call 314 531 7023

or visit our website: [affordablehousingfund.20m.com](http://affordablehousingfund.20m.com)

Paid for by Healthy Families - Healthy Homes, Treasurer, Louisa Gilbert

# Seattle Advocates Win Housing Levy for 4th Time



*"Let's keep a  
good thing  
going..."*

*Seattle levy campaign*

- 54% of Seattle voters approve continuation of property tax support for affordable housing.
- Action will produce 2,000+ affordable homes.
- Provides \$86 million over the next seven years.

# Washington, D.C. Advocates Win Full Funding for HPTF

- 15% of real estate transfer and recordation tax committed to Housing Production Trust Fund
- City-wide citizen groups and housing advocates secure \$20+ million for needed housing.



# Housing LA Wins!



*Housing LA members join ACORN in march and rally -- Shelterforce*

**Los Angeles  
commits to  
\$100 million  
housing trust  
fund.**

Broad-based coalition includes SCANPH, ACORN, unions, disability groups, tenants, seniors, and others.

# Housing is good for the Economy

*The argument shifts ...*

Media gives wide coverage to broad impacts of housing.

**Workforce Housing**  
**HOMETOWN CRISIS**  
How Marin's soaring housing costs are affecting the people who live and work here

Priced out of Marin  
Housing: Build it or pay  
The battle over where  
A search for solutions

A reprint of an IJ special project  
**Marin Independent Journal**  
www.marinij.com



Center for Community Change releases “*Home Sweet Home: Why America Needs a National Housing Trust Fund*” and documents economic and other benefits of housing.

NAHB documents 1,000 multi-family homes generates 1,000+ full time jobs, \$33.5 million in wages, and \$17.8 million in tax revenues and fees.



# Economic Benefits of a Colorado Housing Trust Fund

**An investment of \$26.5 million would produce:**

- *More than 3,200 new jobs each year.*
- *More than \$334 million of economic activity each year (construction and real estate would experience \$160 million of spending and 1,158 jobs each year alone).*
- *Formerly rent-burdened households will have an average of \$2,460 of annual income per household to spend on goods and services other than housing.*
- *New economic activity will generate more than \$26 million of annual tax revenues, more than \$13 million of which goes to state and local government.*

# How Housing Trust Funds Work

Legislation or Ordinance



Establishes the Housing Trust Fund

**Administration**  
Agency or Department  
Oversight Board

**Dedicated Revenue Sources**  
Taxes or Fees  
Program Generated Revenue  
Interest Earned  
Other Revenues

**Programs**  
Distribution of Funds  
Program Requirements  
Eligible Applicants  
Eligible Uses

# Administration



## Housing Trust Fund

Department or Agency  
*Public, Quasi-public, or  
Nonprofit*

Staff

\$\$\$\$\$\$

Eligible Applicants

*Nonprofit Developers, For-profit  
Developers, Jurisdictions, Native  
American Tribes, Regional Entities,  
and Housing Authorities*

### Board Responsibilities:

- *hiring executive director*
- *approval of overall policy and direction of HTF plan*
- *evaluation of activities (annually)*
- *managing and auditing funds*
- *development and approval of program guidelines*
- *final approval of funding awards*

### Staff Responsibilities:

- *day to day operations of the HTFund*
- *staff to the Board*
- *preparation of policy, plans, program guidelines*
- *announcement of fund availability*
- *technical assistance to potential applicants*
- *initial review of applications*
- *monitoring project compliance and reporting requirements*

# Programs



Funded Programs  
Requests for Proposals

Grants and/or Loans  
Bridge financing  
Line of credit

Eligible Applicants  
*Nonprofit Developers*  
*For-profit Developers*  
*Jurisdictions*  
*Native American Tribes*  
*Regional Entities*  
*Housing Authorities*

Eligible Uses  
*Acquisition*  
*New construction*  
*Rehabilitation*  
*Capacity building*  
*Predevelopment costs*  
*Housing related services*  
*Operating costs*

Application Requirements  
*Income targeting*  
*Affordability term*  
*Leveraging*  
*Accessibility*

# Dedicated Public Revenues

- Dozens of revenue sources have been committed to city, county and state housing trust funds.
- Most engage a study of potential sources.
- Once dedicated, housing trust funds provide the most flexible funding source of any program.



*Fairfax County, VA*

# In a nearly 30 year history with housing trust funds ...

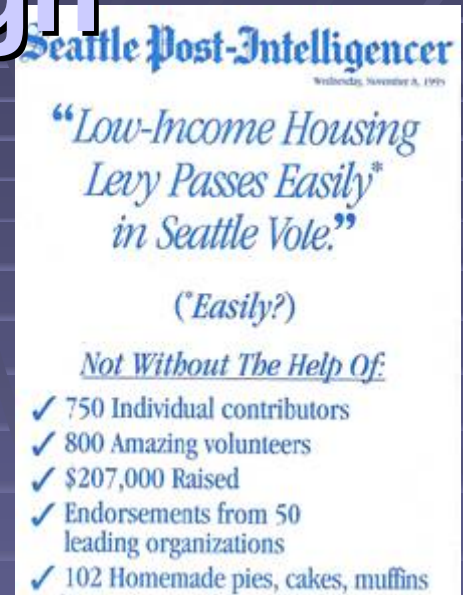
- More than **\$750 million** each year is committed to affordable housing.
- Housing trust funds have produced **hundreds of thousands** of affordable homes.
- Only **one** housing trust fund has been dismantled.



*Massachusetts affordable housing*

# Absolute musts for a successful housing trust fund campaign

- ❖ Make sure the right people are at the table.
- ❖ Do your homework--develop a good proposal; have background work ready.
- ❖ Have a clear \$ goal and an understandable mission for the housing trust fund.
- ❖ Develop milestones for the campaign and meet them.
- ❖ Believe you will win!



# The Sustainability of Housing Trust Funds

- ┌ An on-going government commitment of public funds.
- ┌ A community-based process to create and sustain the fund.
- ┌ A component of housing policy that drives innovation and cooperation.
- ┌ A flexible model that can adapt to changing market conditions.

