

# Housing Trust Funds: What, How, & Benefits

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# What is a Housing Trust

- Distinct, flexible fund comprised of dedicated, recurring revenue sources to support the development or acquisition of affordable homes
- Usually Two Types
  - Local Government
  - Public-Private

“Dedicated Source of Recurring/Ongoing revenue”



# Use of funds

- Creation and maintenance of affordable housing
- Homebuyer assistance
- Subsidized rental housing
- Safety net housing
- Gap financing
- Loan source
- Support for nonprofit housing developers
- Leverage additional resources
- Low Income Household Wealth Creation
  - Individual Development Accounts (IDAs)



# How do housing trusts work?

- Manage & Leverage Dedicated Source of Recurring/Ongoing Revenue
  - usually enacted by ordinance or legislation
- Sources:
  - Real estate taxes or fees
  - Developer fees
  - Municipal taxes
  - Tax increment funds from redevelopment districts;
  - Repayments on various loan programs and other kinds of program income;
  - Government owned properties



# How do housing trusts work?

- Program Design
  - Eligible Applicants: dependent on regional needs and should be flexible
  - Eligible Activities: provide for many, diverse uses & restrict use of funds to projects serving households below 80% AMI
  - Awarding Funds: usually through RFP process, form of no-interest loans, forgivable loans, below-market loans and grants
  - Ensure obligations are met



# How do housing trusts work?

- Administering
  - Local jurisdiction – Government Model
  - Nonprofit – Non-Governmental Model
  - Independent Commission
- Key Considerations:
  - What are the goals of the trust?
  - Long term affordability versus wealth creation
  - How will administrative costs be paid
- Leverage/Coordinating with other funds



# Benefits of a housing trust

- No longer have to argue over scarce funds
- Economic Stimulus
  - Create ongoing jobs
  - Diverse economic benefits
  - Stimulate local economy
- Bolster production of affordable homes
- Leverage additional housing investment
- ASSIST IN MEETING RHNA!



# Considerations:

- Encourage the creation of housing for homeownership
- Promote the rehabilitation, preservation and production of quality, well-designed rental housing
- Maximize the leveraging of state and federal funds
- Encourage housing that maximizes housing choices of residents
- Promote efficient land
- Encourage revitalization of communities



# State of California Prop 1C: Local Housing Trust Fund Program

- Help finance local housing trust funds dedicated to the creation or preservation of affordable housing.
- Matching grants (dollar-for-dollar) to local housing trust funds (\$1 mil min.; \$2 mil max)
- Approx \$34 million ( $\frac{1}{2}$  to established funds &  $\frac{1}{2}$  to newly formed as of 9-30-06)
- Used for construction loans & downpayment assistance
- Over the counter awards



# AB 1129: Amending the Local Housing Trust Fund Program

- Allows applicant to adopt a legally binding commitment of matching funds
- Lowers the minimum matching grant \$1 million to \$500,000
- Specifies that the 2000 Census be used to determine whether or not a county has less than 425,000
- Passed Senate floor (Ayes 36, Noes 3)
- In Assembly for concurrence in Senate amendments

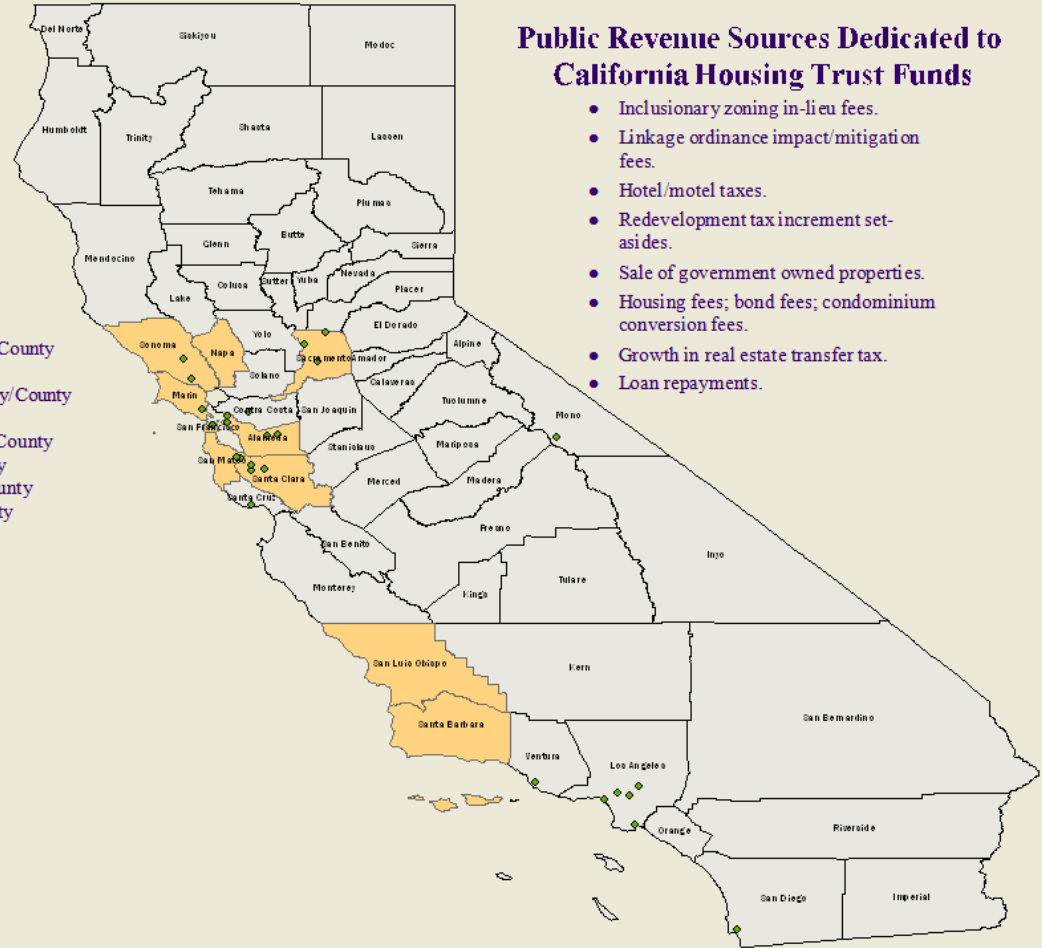


# Housing Trust Funds in California

## Jurisdictions

Alameda County  
 Berkeley  
 Citrus Heights  
 Corte Madera  
 Cupertino  
 Elk Grove  
 Livermore  
 Long Beach  
 Los Angeles  
 Mammoth Lakes  
 Marin County  
 Menlo Park  
 Napa County  
 Oakland  
 Oxnard  
 Palo Alto  
 Pasadena

Petaluma  
 Pleasanton  
 Sacramento City/County  
 San Diego  
 San Francisco City/County  
 San Jose  
 San Luis Obispo County  
 San Mateo County  
 Santa Barbara County  
 Santa Clara County  
 Santa Cruz  
 Santa Monica  
 Santa Rosa  
 Sonoma County  
 Sunnyvale  
 Walnut Creek  
 West Hollywood



## Public Revenue Sources Dedicated to California Housing Trust Funds

- Inclusionary zoning in-lieu fees.
- Linkage ordinance impact/mitigation fees.
- Hotel/motel taxes.
- Redevelopment tax increment set-asides.
- Sale of government owned properties.
- Housing fees; bond fees; condominium conversion fees.
- Growth in real estate transfer tax.
- Loan repayments.

\*\* Source: Housing Trust Fund Progress Report 2007, Center for Community Change





# HOUSING TRUST FUND

## **Mission**

To increase the supply of affordable housing for very low, low and moderate income residents of San Luis Obispo County, including households with special needs.

- The Fund was incorporated on February 27, 2003
- California private nonprofit 501.(c)(3)
- Fund provides financing and technical assistance
- Have yet to secure a permanent source of funding but are diligently working towards this goal.





- Loans for:
  - site acquisition,
  - site development,
  - construction
  - or other activities to create or preserve affordable housing
- Approximately \$3.5 million is currently available
- Since 2005 3 projects funded
  - 5 units transitional housing for emancipated youth
  - 19 units very- & low-income households
  - Habitat Site Acquisition – 4 units self-help housing





The Housing Endowment  
And Regional Trust of  
San Mateo County

- A joint powers agreement between fifteen cities plus San Mateo County participate as members.
- HEART Accomplishments
  - Total funds raised: \$9.78 million
  - Invested \$5.25 million to build nearly 500 new units to date
  - Leveraged funds from other sources at ratio of \$16 to \$1





The Housing Endowment  
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- Programs:
  - **Opening Doors in Our Community:  
HEART's New Homebuyer Assistance Program**
    - offers a below-market rate second loan that will be used to pay some of the closing costs, reduce the first loan's interest rate, and prepay the private mortgage insurance
  - **QuickStart Revolving Loan Fund**
    - provide short-term, quick turn-around pre-development loans for
      - Multi-Family Rental Housing
      - Second (Accessory) Unit – Rental
      - Ownership Housing





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## HEART Accomplishments

- Public funds raised to date:
  - County: \$3,000,000
  - State HCD: \$2,000,000
  - CalHFA: \$1,500,000
  - City & Co. Dues: \$742,000
  - **TOTAL: \$7,242,000**





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## HEART Accomplishments

- Private-sector funds raised:
  - Wells Fargo: \$1,000,000
  - Genentech: \$1,000,000
  - Donors: \$472,500
  - Grants: \$63,500
  - TOTAL: \$2,536,000





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- Staffing provided by the Housing Leadership Council of San Mateo County, and the San Mateo County Office of Housing.
- HEART's members pay dues annually
- All donations to HEART are committed to building affordable housing.



## For Further Information visit:

- Center for Community Change: Housing Trust Fund Program
  - <http://www.communitychange.org/our-projects/htf>
- PolicyLink
  - <http://www.policylink.org/EDTK/HTF/>
- State of California-Dept. of Housing and Community Development
  - <http://www.hcd.ca.gov/fa/ahif/lhtf.html>

