

Background Information on Housing Trust Funds and Inclusionary Housing Programs

Housing and Neighborhood Services
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Program:	Housing Trust Fund (HTF)
How it Works:	A Housing Trust Fund is a distinct, flexible fund comprised of dedicated, recurring revenue sources to support the production of affordable homes. A HTF is usually run by a non-profit or local government agency.
Benefits:	<ul style="list-style-type: none"> • Sustainability— funding stream that is not subject to federal and state budget cuts • Flexibility— locality determines use of funds
Background:	<ul style="list-style-type: none"> • There are 32 City and County Housing Trust funds in California, including: Redding, Citrus Heights, Elk Grove, Petaluma, Santa Rosa, Santa Cruz, Sacramento City and County, and San Luis Obispo County (all but Sacramento were created since 2003). • The number of City Housing Trust Funds in the country has doubled over the last five years. There are now 432 throughout the country. On average, the trust funds generate \$632,000 per year of revenue. • Most common revenue sources: 1) impact fees; 2) inclusionary in-lieu fees; 3) property tax revenues; 4) hotel/motel occupancy tax; 5) document recording fees; 6) general fund revenues. • HTF leverage an average of \$6.50 in public and private funds for every dollar of HTF invested.
Funding Options:	<ul style="list-style-type: none"> • Impact Fee • Commercial Linkage Fee • Inclusionary In-lieu Fee • Transfer Tax • Hotel/Motel Tax • Loan Repayments / Interest on Account • Donations • Donations incentivized by tax credits (CDFI Model) • State Matching Funds (\$1 million - \$2 million)
Housing Produced:	All types- rental and homebuyer unit construction, first time homebuyer assistance, rehabilitation, rental assistance, foreclosure prevention, and homeless services.

<p>Case Studies:</p>	<p><i>City of Redding (population 90,033)</i> Year Established— 2009 (Housed at the Shasta Regional Community Foundation- Public/Private Partnership) Annual Fund Balance— Initial \$5.5 million Sources— Lowe’s mitigation fee (\$1 million); Catholic Healthcare West (\$1.5 million); Northern California Community Loan Fund (NCCLF) (\$1 million); 2 banks (\$1 million each) Uses— Specific housing types not yet identified Production— none to date</p> <p><i>City of Santa Rosa (population 147,595)</i> Year Established— 2002 Annual Fund Balance— \$4.5 million Sources— inclusionary in-lieu fees; real estate transfer tax Uses— financing for new housing (for-sale and rental) Production— 130 units to date</p> <p><i>San Luis Obispo County (Separate 501c3 Organization)</i> Year Established— 2003 Annual Fund Balance— \$3.5 million Sources— local jurisdiction member fees; bank investments (CDFI); charitable donations; loan fees and interest Uses— financing for housing that serves the workforce, seniors, and special needs; technical assistance Production— 32 units to date</p>
<p>Community Development Financial Institutions (CDFI):</p>	<ul style="list-style-type: none"> • Mission-driven private financial institutions dedicated to providing financial products and services to people and communities underserved by traditional financial markets. A CDFI may be a housing trust fund, community development loan fund, credit union, or bank. • CDFI’s are certified and administered by the California Organized Investment Network (COIN), which facilitates investment in CDFI’s (mostly banks and insurance companies), and allocates tax credits to investors. • Potential hosts for the CDFI Trust Fund are: Tri-County Economic Development Corporation; Rural Community Assistance Corporation; and North Valley Community Foundation.

Program:	Mixed Income Housing (Inclusionary Housing)
How it Works:	A policy that requires developers to set-aside a certain percentage of new homes as affordable to various income levels. Inclusionary Zoning can include alternatives to building the units, such as land dedication or payment of in-lieu fees. It can also offer incentives to developers, such as density bonuses, use permit variances, public subsidy, and impact fee deferrals or waivers.
Benefits:	<ul style="list-style-type: none"> • High Production— harnesses the private market to build affordable units • Economic Integration— results in mixed income communities
Background:	<ul style="list-style-type: none"> • Chico currently has a form of voluntary inclusionary housing, with the density bonus code provision that allows projects with affordable units to receive a units-per-acre density bonus of up to 25%. • About one-third of California jurisdictions have an inclusionary housing program. • Jurisdictions under 50,000 population comprise nearly 60% of California programs. • More than 80,000 Californians have been housed through inclusionary housing programs. • Over 29,000 new units have been produced through inclusionary housing since 1999. • Most units (about 90%) have been built on-site, integrated with market-rate units. • The most productive inclusionary programs are mandatory and flexible.
Funding Options:	Not a funding program
Housing Produced:	New construction rental and homebuyer, some special needs housing through partnerships with nonprofits.
Incentive Options:	<ul style="list-style-type: none"> • Density bonuses • Design flexibility • Fee waivers & deferrals • Subsidies • Fast-track entitlements • Clustering inclusionary units • Building inclusionary units last • Product type substitutions- attached townhome instead of detached SF • Development partnerships with nonprofit builders

<p>Alternatives to Building On-site:</p>	<ul style="list-style-type: none"> • Development on another site • Land dedication • In-lieu fees
<p>Case Studies:</p>	<p><i>City of Davis (population 64,000)</i> Year Adopted— 1990 Inclusionary Requirement— 35% for very low income for rental; 25% median income and 10%-20% middle income for ownership</p> <p>Minimum Units— 5 Alternatives— in-lieu fee for 15 units or fewer in downtown area or land dedication Incentives— density bonus; fee deferral; fee reduction; subsidies Uses— rental and ownership housing for low to moderate, and above moderate “workforce” households Production— 1,750 units</p> <p><i>City of Winters (population 6,125)</i> Year Adopted— 1994 Inclusionary Requirement— 15% (6% for very low income, 9% for low to moderate income) applies to rental and ownership</p> <p>Minimum Units— 5 Alternatives— in-lieu fee, land dedication, off-site construction Incentives— density bonus; fee deferral; fee reduction; fee waiver; flexible design standards Uses— rental and ownership housing for low to moderate income households Production— 267 units</p>