

# Housing Trust Fund Initiative

Economic Development and  
Housing Committee

October 1, 2007



# Purpose

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To describe how a City of Dallas Housing Trust Fund might be initiated

# What are Housing Trust Funds?

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- ▣ Dedicated sources of revenues used to support:
  - Housing Production
  - Housing Preservation
- ▣ Include long-term public commitment leveraged for additional resources
- ▣ Provide a continuous stream of funding not dependent on annual budget debates

# The Need

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## □ Housing Need:

- Over three million Texans are homeless, living in housing they cannot afford, or enduring conditions deemed to be substandard
- According to forwardDallas!, by 2030, the potential future demand for affordable housing will be approximately 31,500
- Continuation of higher housing costs outpacing household income

# Solutions

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- ❑ Housing Programs
- ❑ Economic Opportunity & Jobs
- ❑ Private/Public Partnerships
- ❑ Non-profit support
- ❑ Education/Job Readiness
- ❑ Knowledge of housing  
accessibility and home maintenance
- ❑ Housing Trust Funds

# Common Trust Fund Revenue Sources

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In 2007, nearly 600 city, county and state housing trust funds generated more than \$1.6 billion a year to support critical housing needs in 43 states

City	County	State
<ul style="list-style-type: none"><li>▣ Fees<ul style="list-style-type: none"><li>• Developer Impact Fees</li></ul></li><li>▣ Taxes<ul style="list-style-type: none"><li>• General Property</li><li>• General Sales</li><li>• Hotel – Motel</li></ul></li><li>▣ Other<ul style="list-style-type: none"><li>• Bond Revenues</li><li>• Loan Repayments</li></ul></li></ul>	<ul style="list-style-type: none"><li>▣ Fees<ul style="list-style-type: none"><li>• Document Recording Fees</li><li>• Developer Fees</li></ul></li><li>▣ Taxes<ul style="list-style-type: none"><li>• General Property</li><li>• Real Estate Sales</li><li>• Hotel – Motel</li></ul></li></ul>	<ul style="list-style-type: none"><li>▣ Fees<ul style="list-style-type: none"><li>• Developer Recording Fees</li></ul></li><li>▣ Taxes<ul style="list-style-type: none"><li>• Real Estate Transfer</li></ul></li><li>▣ Other<ul style="list-style-type: none"><li>• Real Estate Escrow Account</li></ul></li></ul>

(See Appendix A for a list of Housing Trust Funds)

# Dallas-

## Prior History

## Housing Trust Fund

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- September 2000 - City Council approved a Housing Trust Fund for the City of Dallas
  - Serves as a revolving loan fund for low cost interim construction gap financing for affordable housing
  - Supported by a one-time General Funds appropriation of \$1.0M
  - 14 loans executed for the construction of 14 single family housing units
  - Due to the ease in obtaining conventional construction financing, institutional interim construction financing became less needed
  
- September 2004 - Trust fund originated its last interim construction loan
  - Funds from loan repayments reprogrammed for other housing programs

# Austin Housing Trust Fund

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Date:	2000
Fund Amount:	Approximately \$1.0M / annually
Funding Source:	Appropriation – General Fund Revenue
Uses of Funds:	Development and preservation of multi- and single-family housing
Administration:	City of Austin via Austin Housing Finance Corporation



# San Antonio Housing Trust Fund

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Date:	1989
Fund Amount & Source:	Received cable franchise fee of which \$10M was used as initial investment. Loan repayments and interest on this investment (approximately \$700,000), serve as the fund's annual revenue source
Use of Funds:	Homebuyer mortgage program, downpayment/ closing cost assistance, homeownership counseling, predevelopment loans
Administration:	San Antonio Housing Trust Foundation, Inc. [501 c(3) foundation under contract to the City of San Antonio]

# Ft. Worth Trust Fund

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Date: August 14, 2007 - Approved by Council -

Fund Amount: Approximately \$7.7 M \*

Funding Source: Interest from Endowment Fund, General Funds, HOME, CDBG

Uses of Funds: S/F Rehab, New/Rehab M/F, Gap Financing for S/F development, transitional & supportive housing for the homeless

Administration: Ft. Worth Housing Finance Corporation

- Note: \$7.7M funding level is for 2007. Annual endowment fund interest and General and Federal appropriations will vary from year to year.

# State Efforts

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## □ Texas Housing Trust Fund

- Established in 1993
- Awards funds on a competitive basis to non-profits & for-profits, local governments, public housing authorities, CHDOs and income-eligible families for the acquisition, rehabilitation and new construction of affordable housing
- Sets aside approx. 10% of each annual allocation for capacity building activities and up to 10% for predevelopment loans
- **Program Administration:** Texas Department of Housing & Community Affairs (TDHCA)
- **Funding Level:** \$4.0M Average funding level \*
- **Funding Source:** General Revenue (Also, approx. 10% comes from loan repayments)

\* Note: Appx. \$3.0M of the \$4.0M used for the Texas Bootstrap Loan Program which provides mortgage loans for very low-income families for home purchase and rehabilitation primarily in rural areas (Appx. 75-80%)

# State Efforts (Con't)

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- 2007 Legislative Session ([Texas Housing Trust Fund](#))
  - Effort for a dedicated revenue source to increase the existing Texas Housing Trust Fund.
    - \$40M fund per annum, generated from a \$10.00 document-recording fee
    - Effort led by Housing Texas, an ad hoc group comprised of industry, non-profit, financial and other groups throughout the state of Texas
    - Outcome: Legislature concerned that document fee could open the door to larger fees which resulted in an alternative proposal.
  - **Final Alternative Proposal:**
    - \$5.0 M one-time appropriation @ \$2.5 M/yr.
    - Under the current Regional Allocation Formula, the Dallas region stands to realize \$1.0 M or \$500,000/yr.
      - Funding for Dallas is not likely as funds are tied to the Texas Bootstrap Program

# Federal Efforts

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## □ National Housing Trust Fund

- June 28, 2007, H.R. 2895 - National Housing Affordable Housing Trust Fund Act of 2007 introduced in the U.S. House of Representatives
- Bill sponsored by Rep. Barney Frank [D-MA] and cosponsored by Rep. Ruben Hinojosa [D-TX] and Rep. Al Green [D-TX]
- Bill will establish a National Housing Trust Fund with dedicated source of revenue to support the production and preservation of 1.5 million homes for extremely low-income families over a 10-year period
- Initial allocation proposed to be between \$800 million and \$1 billion
  - HUD to develop allocation formula based on population, housing affordability, percentage of very and extremely low income families, cost of construction and rehabilitation and the extent of substandard and aging housing.
- Bill in first stage of legislative process; Being considered by the House Financial Services Committee

# Next Steps

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- **Identify Funding for and Modify Existing City of Dallas Trust Fund**
  - 2006/2009 Bond Programs
  - Possible Endowment Fund
  - Other dedicated Revenue Sources, such as State/National Trust Fund
- **Utilize trust fund to enhance CHDO efforts and support the development of land bank lots**
- **Support legislation for proposed new State and National Housing Trust Funds**
  - Include in City's Legislative Agenda for the 2009 Legislative Session
- **Brief Housing Committee on recommendations in November 2007**