

# Housing Trust Funds



Housing Committee

December 3, 2007



# Purpose

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To provide a recommendation to modify and fund the City of Dallas Housing Trust Fund and participate in a statewide effort to secure a dedicated revenue source

# What are Housing Trust Funds?

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Housing trust funds are dedicated sources of revenues used to support the production and preservation of affordable housing. They demonstrate a long-term public commitment that can leverage additional resources and bring together various stakeholders to develop coordinated housing solutions

The defining feature of a housing trust fund is that it **provides a continuous stream of funding that is not dependent on annual budget debates**, thus advancing the way affordable housing initiatives have historically been funded

# Why does Dallas need to modify and fund its Housing Trust Fund and participate in statewide effort to secure a dedicated revenue source?

- ❑ Housing Crisis: Today, 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
- ❑ The lack of adequate funding is one of the largest obstacle to overcoming the affordable housing crisis today
- ❑ Housing trust funds are distinct funds established by legislation, ordinance or resolution to receive dedicated public revenues which can only be spent on housing

# Revenue Sources

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According to the *Center for Community Change*, in 2007 there were nearly 600 city, county and state housing trust funds that generate more than \$1.6 billion a year to support critical housing needs in 43 states.

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

## Common Revenue Sources for Housing Trust Funds

### State Trust Fund

- ▣ R/E Transfer Tax, Document Recording Fees  
R/E Escrow Accounts

### City Trust Fund

- ▣ Housing Linkage Program (Impact Fees), Property/RE/Hotel-Motel Taxes, Developer Fees

### County Trust Fund

- ▣ Document Recording Fee, R/E/Sales Taxes, Developer Fees

# Dallas- Prior History

## Housing Trust Fund

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- ❑ In September 2000, the City Council approved a Housing Trust Fund for the City of Dallas
- ❑ The trust fund served as a revolving loan fund for low cost interim construction gap financing for affordable housing
- ❑ This trust fund was supported by a one-time general funds appropriation of \$1.0M, as opposed to a dedicated revenue stream
- ❑ Under the trust fund, 14 loans were executed for the construction of 14 housing units
- ❑ Due to availability of and ease in obtaining conventional construction financing, the need for institutional interim construction financing became less attractive which made the program less effective

# Dallas-

## Prior History Cont.

## Housing Trust Fund

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- ❑ In September 2004, the trust fund originated its last interim construction loan
- ❑ Funds from loan repayments were reprogrammed for other housing programs

# Texas Housing Trust Fund

## Program Description

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- ❑ The Texas Housing Trust Fund was established in 1993 and 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
- ❑ The Texas Housing Trust Fund also 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)



# Texas Housing Trust Fund

## Program Description Con't.

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- ▣ Between 2000 and 2006, the TDHCA Trust Fund awarded nearly \$50.5M in grants and loans. Of this amount, approximately \$22.7M was allocated for the production of 7,629 affordable housing units and the balance of \$50.5M was used for capacity building and predevelopment.

### Program Constraints

- ▣ Currently, the TX Trust Fund is not competitive for participation by local governments
  - Annual funding allocation is approx. \$4.0M
  - Of this amount, legislation requires \$3.0M to be 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. The balance of funds is typically used for capacity building and predevelopment

# Austin Housing Trust Fund

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

Note: In November 2006, the citizens of Austin approved \$55M for housing as part of a general obligation bond election. These bonds will be available over a six-year period. 70% of the funds will be used for acquisition, rental subsidies, and S/F & M/F housing development & preservation; 30% of the funds will be allocated for City Council priorities

Note: Except for the rental subsidies, this mirrors very closely to the Dallas Proposition 8 Bond Program approved in November 06

# San Antonio Housing Trust Fund

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Date:	1989
Fund Amount & Funding 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:	501(c)(3)

# Ft. Worth Trust Fund

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Date:	Approved by Council - 08/14/2007
Fund Amount:	Approximately \$10.4 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

• Includes:	\$ 4.0M	Endowment Fund
	\$ 4.0M	General Funds
	\$ 1.75M	HOME
	<u>\$ 0.65M</u>	CDBG
	\$ 10.4M	TOTAL

# Texas Housing Trust Fund

## Current Initiative

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- ❑ 2007 Legislative Session - Housing Texas, an ad hoc group comprised of industry, non-profit, financial and other groups throughout the state of Texas, led the effort for a dedicated revenue source to increase the existing Texas Housing Trust Fund. The proposal called for a \$40M fund per annum, generated from a \$10.00 document-recording fee
  - Legislature was reportedly concerned that document fee could open the door to larger fees
  - Alternative proposal included:
    - ❑ \$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. However, if these funds are tied to the Texas Bootstrap Program, it is likely that the Dallas Region will not realize any additional funding

# Texas Housing Trust Fund

## Current Initiative Con't.

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- Housing Texas will reportedly continue to seek a dedicated funding source in the next legislative session

\*Dallas region is comprised of the following counties: Cooke; Grayson; Fannin; Wise; Denton; Collin; Hunt; Palo Pinto; Parker; Tarrant; Dallas; Kaufman; Erath; Hood; Johnson; Ellis; Somervell & Navarro

# NATIONAL HOUSING TRUST FUND

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- ❑ On June 28, 2007, H.R. 2895, the National Housing Affordable Housing Trust Fund Act of 2007 was introduced in the U.S. House of Representatives.
- ❑ This bill will establish a National Housing Trust Fund with a sufficient, 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.
- ❑ The initial allocation is proposed to be between \$800 million and \$1 billion. HUD will be required to develop a formula for allocations based on a number of factors including 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 is sponsored by Rep. Barney Frank [D-MA] and cosponsored by Rep. Ruben Hinojosa [D-TX] and Rep. Al Green [D-TX]
- ❑ This bill is in the second stage of the legislative process
  - The bill was passed in the House on October 10, 2007
  - The bill now goes on to the Senate for vote (date uncertain)

# Recommendation

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Recommendations are being finalized in City Manager's Office and will be presented to Housing Committee January 7<sup>th</sup>



# Next Steps

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- ❑ Final recommendations presented to the Housing Committee January 7<sup>th</sup>
- ❑ Individual Action Items will be presented to City Council on various dates in the future for including multiple funding sources in the Housing Trust Fund

# Appendix A

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- ▣ List of Housing Trust Funds across the nation

## CITY HOUSING TRUST FUND ADMINISTRATION

<b>Jurisdiction</b>	<b>Housing Trust Fund</b>	<b>Date Created</b>	<b>Administering Agency</b>
Tucson, Arizona	Housing Trust Fund	2006	Community Services Department
Berkeley, California	Housing Trust Fund	1990	Housing Development
Citrus Heights, California	Affordable Housing Trust Fund	2003	Housing and Grants Division
Cupertino, California	Affordable Housing Fund	1987	Community Development Department
Elk Grove, California	Affordable Housing Fund	2003	Planning
Livermore, California	Housing Trust Fund	2005	Community Development
Long Beach, California	Housing Trust Fund	2005	Housing Services Bureau
Los Angeles, California	Affordable Housing Trust Fund	2002	Housing Department
Mammoth Lakes, California	Housing Trust Fund	2003	Mammoth Lakes Housing
Menlo Park, California	Below Market Rate Housing Program	1988	Community Development
Oakland, California	Affordable Housing Trust Fund	2003	Community and Economic Development Agency
Oxnard, California	Affordable Rental Housing Trust Fund	2003	Housing
Palo Alto, California	Affordable Housing Fund	1974	Planning and Community Development
Pasadena, California	Housing Trust Fund	1993	Housing and Community Development Department
Petaluma, California	Housing Fund	2003	Housing
San Diego, California	Housing Trust Fund	1990	San Diego Housing Commission
San Francisco City and County, California	Affordable Housing Funds	1987	Office of Housing
San Jose, California	Housing Trust Fund	2003	Department of Housing
Santa Cruz, California	Affordable Housing Trust Fund	2003	Planning and Community Development
Santa Monica, California	Citywide Housing Trust Fund	1986	Housing Division
Santa Rosa, California	Housing Trust	2004	Economic Development and Housing
West Hollywood, California	Affordable Housing Trust Fund	1989	Rent Stabilization and Housing
Boulder, Colorado	Community Housing Assistance Program	1991	Housing and Human Services
Longmont, Colorado	Affordable Housing Fund	2000	Community Services
Chicago, Illinois	Low Income Housing Trust Fund	1989	Department of Housing
Highland Park, Illinois	Affordable Housing Trust Fund	2004	Planning Division
Bloomington, Indiana	Housing Trust Fund	1996	Housing and Neighborhood Development
Indianapolis, Indiana	Housing Trust Fund	2000	Division of Economic Development
Oskaloosa, Iowa	Housing Trust Fund	2004	Housing and Community Development
Lawrence, Kansas	Housing Trust Fund	2000	Neighborhood Resources
Massachusetts, CPA communities	Community Preservation Act	2000	State Department of Revenue
Boston, Massachusetts	Neighborhood Housing Trust	1983	Department of Neighborhood Development
Boston, Massachusetts	AFSCME Council 93 AFL-CIO Housing Trust Fund	2005	Metro Boston
Cambridge, Massachusetts	Affordable Housing Trust	1988	Community Development Department
Ann Arbor, Michigan	Housing Trust Fund	2004	Office of Community Development
Duluth, Minnesota	Housing Investment Fund	2005	Community Development Division
Minneapolis, Minnesota	Affordable Housing Trust Fund	2003	Community Planning and Economic Development
St. Paul, Minnesota	Neighborhood STAR Program	1994	Department of Planning and Economic Development
St. Louis, Missouri	Affordable Housing Trust Fund	2001	Affordable Housing Commission
New Jersey, COAH communities	Council on Affordable Housing	1985	Council on Affordable Housing
Santa Fe, New Mexico	Community Housing Trust	1990	Division of Community Development
New York, New York	Battery Park City Housing Trust Fund	2005	HPD Office of Development
Asheville, North Carolina	Housing Trust Fund	2000	Community Development
Charlotte, North Carolina	Housing Trust Fund	2002	Neighborhood Development Department
Portland, Oregon	Housing Investment Fund	1996	Bureau of Housing and Community Development
Philadelphia, Pennsylvania	Housing Trust Fund	2005	Office of Housing and Community Development
Charleston, South Carolina	Lowcountry Housing Trust	1998	Lowcountry Housing Trust
Knoxville, Tennessee	Affordable Housing Trust Fund	1993	East Tennessee Foundation
Austin, Texas	Housing Trust Fund	1999	Neighborhood Housing and Community Development
San Antonio, Texas	Housing Trust	1988	San Antonio Housing Trust
Salt Lake City, Utah	Housing Trust Fund	1991	Salt Lake City Corporation
Burlington, Vermont	Housing Trust Fund	1987	Community and Economic Development
Montpelier, Vermont	Revolving Loan Fund	2005	Department of Planning and Community Development
Alexandria, Virginia	Housing Opportunities Fund / Housing Trust Fund	1992	Office of Housing
Manassas, Virginia	Housing Trust Fund	1992	Department of Social Services
Bainbridge Island, Washington	Housing Trust Fund	1999	Planning and Community Development
Seattle, Washington	Housing Levy Program	1986	Office of Housing
Madison, Wisconsin	Affordable Housing Fund	2004	Community Development Office

## STATE HOUSING TRUST FUND ADMINISTRATION

	<b>Housing Trust Fund</b>	<b>Date Created</b>	<b>Administering Agency</b>
Arizona	Housing Trust Fund	1988	Department of Housing
California	Housing Trust Fund	1985	Department of Housing and Community Development
Connecticut	Community Investment Act	2005	Housing Finance Authority
Connecticut	Interest on Real Estate Brokers Trust Account	1992	Housing Finance Authority
Connecticut	Housing Trust Fund for Economic Growth and Opportunity	2005	Department of Economic and Community Development
Delaware	Housing Development Fund	1986	State Housing Authority
District of Columbia	Housing Production Trust Fund	1988	Department of Housing and Community Development
Florida	William E. Sadowski Act	1992	Housing Finance Corporation
Georgia	Homeless Trust Fund	1988	Department of Community Affairs
Hawaii	Rental Trust Fund	1992	Housing Finance and Development Corporation
Idaho	Housing Trust Fund	1992	Idaho Housing and Finance Association
Illinois	Affordable Housing Trust Fund	1989	Housing Development Authority
Illinois	Rental Housing Support Program	2005	Housing Development Authority
Indiana	Affordable Housing and Community Development Fund	1989	Housing Finance Authority
Iowa	Housing Trust Fund	2003	Iowa Housing Finance Authority
Kansas	Housing Trust Fund	1990	Department of Commerce and Housing
Kentucky	Affordable Housing Trust Fund	1992	Kentucky Housing Corporation
Louisiana	Housing Trust Fund	2003	Housing Finance Agency
Maine	Housing Opportunities for Maine	1985	Maine Housing
Maryland	Affordable Housing Trust	1992	Department of Housing and Community Development
Massachusetts	Affordable Housing Trust Fund	2000	Massachusetts Housing
Massachusetts	Community Preservation Act	2000	Department of Revenue
Michigan	Housing and Community Development Fund	2005	Housing Development Authority
Minnesota	Housing Trust Fund	1988	Housing Finance Authority
Missouri	Housing Trust Fund	1994	Housing Development Commission
Montana	Revolving Loan Account for Housing	1999	Board of Housing
Nebraska	Affordable Housing Trust Fund	1992	Department of Economic Development
Nebraska	Homeless Assistance Trust Fund	1994	Department of Health and Human Services
Nevada	Account for Low Income Housing	1989	Housing Division
Nevada	Assistance for Low-Income Owners of Mobile Homes	1992	Manufactured Housing Division
New Hampshire	Affordable Housing Trust Fund	1988	Housing Finance Authority
New Jersey	Balanced Housing Program	1985	Department of Community Affairs
New Jersey	Special Needs Housing Trust Fund	2005	Housing and Mortgage Finance Agency
New Mexico	Housing Trust Fund	2005	Mortgage Finance Authority
North Carolina	Housing Trust Fund	1987	Housing Finance Agency
Ohio	Housing Trust Fund	1991	Housing Finance Agency
Oklahoma	Housing Trust Fund	1996	Housing Finance Agency
Oregon	Housing Development Grant Program	1989	Housing and Community Development Services
Oregon	Low Income Rental Housing Fund	1991	Housing and Community Services Department
Rhode Island	Housing and Conservation Trust	1990	Housing and Conservation Board (hbc)
South Carolina	Housing Trust Fund	1992	Housing Finance and Development Authority
Texas	Housing Trust Fund	1991	Department of Housing and Community Affairs
Utah	Olene Walker Housing Trust Fund	1986	Division of Community Development
Vermont	Housing and Conservation Trust	1987	Housing & Conservation Board
Washington	State Housing Trust Fund	1987	Department of Community, Trade, and Economic Development
Washington	Homeless Trust Fund	2005	Department of Community, Trade, and Economic Development
Washington	2060 Program	2002	Department of Community, Trade, and Economic Development
West Virginia	Affordable Housing Trust Fund	2001	West Virginia Housing Development Fund
Wisconsin	Interest Bearing Real Estate Trust Account	1993	Department of Administration

## COUNTY HOUSING TRUST FUND ADMINISTRATION

<b>Jurisdiction</b>	<b>Housing Trust Fund</b>	<b>Date Created</b>	<b>Administering Agency</b>
Pima County, Arizona	Housing Trust Fund	2005	Community Development and Neighborhood Conservation
Alameda County, California	Affordable Housing Trust Fund	2003	Housing and Community Development
Marin County, California	Housing Trust Fund	2004	Community Development Agency
Napa County, California	Affordable Housing Fund	1992	Napa Valley Housing Authority
Sacramento City and County, California	Housing Trust Funds	1989	Housing and Redevelopment Agency
San Luis Obispo County, California	Housing Trust Fund	2003	San Luis Obispo County Housing Trust Fund
San Mateo County, California	Housing Endowment and Regional Trust	2003	HEART of San Mateo County
Santa Clara County, California	Housing Trust of Santa Clara County	1997	Housing Trust of Santa Clara County
Sonoma County, California	County Fund for Housing	2005	Department of Community Development
Aspen/Pitkin County, Colorado	Housing, Day Care Fund	1989	Aspen/Pitkin County Housing Authority
Telluride/San Miguel County, Colorado	Housing Trust Funds	2003	San Miguel Regional Housing Authority
Dade County, Florida	Homeless Trust Fund	1993	Metropolitan Dade County
Dallas County, Iowa	Local Housing Trust Fund	2004	Dallas County Housing Trust Fund
Johnson County, Iowa	Housing Trust Fund of Johnson County	2003	Housing Trust Fund of Johnson County
Dickenson County, Iowa	Lakes County Community Land Trust	2005	Lakes County Community Land Trust
Polk County, Iowa	Polk County Housing Trust Fund	1996	Polk County Housing Trust Fund
Scott County, Iowa	Scott County Housing Council	2003	Scott County Housing Council
Southwest COG (nine counties), Iowa	Southwest Iowa Housing Trust Fund	2005	Southwest Iowa Housing Trust Fund, Inc.
Howard County, Maryland	Community Renewal Fund	1970	Housing and Community Development Department
Montgomery County, Maryland	Housing Initiative Fund	1981	Department of Housing and Community Affairs
Ramsey County, Minnesota	Housing Endowment Fund	2001	Housing and Redevelopment Authority
St. Louis County, Missouri	Housing Resources Commission	1990	Department of Human Services
Columbus/Franklin County, Ohio	The Affordable Housing Trust for Columbus/Franklin County	2001	The Affordable Housing Trust
Montgomery County, Ohio	Montgomery County Housing Trust	1991	County Corp
Toledo/Lucas County, Ohio	Toledo/Lucas County Housing Fund	1991	Toledo/Lucas County Housing Trust Fund
Pennsylvania Counties	Act 137	1992	Pennsylvania Housing Finance Agency
Arlington County, Virginia	Affordable Housing Investment Fund	2001	Department of Community Planning, Housing and Development
Fairfax County, Virginia	A Penny for Affordable Housing (Flexibility Fund)	2006	Department of Housing and Community Development
Fairfax County, Virginia	Housing Trust Fund	1990	Department of Housing and Community Development
East King County, Washington	ARCH Housing Trust Fund	1993	A Regional Coalition for Housing
King County, Washington	Housing Opportunity Fund	1990	Department of Community and Human Services