Center for Community Change

Housing Trust Fund Project NEWS

New Mexico Passes Housing Trust Fund

The New Mexico legislature unanimously passed legislation establishing the New Mexico Housing Trust Fund and Governor Richardson signed it on April 4, 2005. House Speaker Ben Lujan (HB 409) and Senator Nancy Rodriquez (SB115) each introduced companion legislation. The fund, to be administered by the New Mexico Mortgage Finance Authority is budgeted for $10 million in capitalization dollars from the state's capital outlay fund.

The purpose of the Housing Trust Fund is to provide flexible funding for housing initiatives and to produce additional housing investments in the state. The Fund may be used to finance, through loans and grants, projects that will provide affordable housing to persons of low and moderate income. Funds may also be used to match federal, local or private funds.

The New Mexico Housing Trust Fund Coalition has worked on passing this legislation since the summer of 2003. Coalition members include: Bernalillo County Housing Authority, Community Action Agency of Southern New Mexico, Enterprise Foundation, Homewise, Jubilee Housing, Lutheran Office of Governmental Ministry-New Mexico, New Mexico Coalition to End Homelessness, New Mexico Conference of Churches, New Mexico Human Needs Coordinating Council, and the New Mexico Mortgage Finance Authority.

The New Mexico Human Needs Coordinating Council directed the grassroots field campaign for the Coalition. More than 150 organizations, municipalities, and community leaders endorsed the proposed legislation. The Coalition worked with faith, labor, advocacy, community groups, and individual activists across New Mexico to organize and build support to win the affordable housing campaign.

The Coalition helped draft the legislation, engaged in a statewide effort to secure endorsements for the proposed legislation, prepared educational materials and provided extensive testimony to members of the legislature. During legislative hearings,

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2005 SPRING

HUMAN NEEDS COORDINATING COUNCIL

Coalition members pose with Governor Richardson at signing of the Housing Trust Fund legislation.

CENTER *for* COMMUNITY CHANGE

News is published by the Housing Trust Fund Project of the Center for Community Change. The Center for Community Change is a national nonprofit which helps low-income people build powerful, effective organizations through which they can change their communities and public policies for the better.

The Housing Trust Fund Project operates as a clearinghouse of information on housing trust funds throughout the country and provides technical assistance to organizations and agencies working to create and implement these funds.

For more information or to request technical assistance, please contact:

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testimony in support of the housing trust fund legislation was provided by the New Mexico Human Needs Coordinating Council, New Mexico Catholic Conference, New Mexico Federation of Education Employees AFT, New Mexico Home Builders Association, and residents of New Mexico. Other supporters were the Communication Workers Association of America, Parents Reaching Out, Senior Affairs Department of the City of Albuquerque, and the New Mexico Coalition to End Homelessness.

NEW MEXICO MORTGAGE FINANCE AUTHORITY

Sandpiper Apartments in Albuquerque provides 235 apartments for those earning less than 60% of median income.

The legislation will result in the creation of a New Mexico Housing Trust Fund Advisory Committee. This nine-member committee will have three members each appointed by the Governor, the President Pro Tempore of the Senate, and the Speaker of the House of Representatives. Members must represent the state geographically and the spectrum of affordable housing advocates and practitioners.

The Committee will develop an application and review process that encourages applicants to develop solutions that are responsive to local needs and are consistent with sound housing policy. The Committee will make recommendations for funding and is responsible for ensuring that the total funds awarded attract at least three times as much funding from other sources. Funds will be awarded on a competitive basis.

The Housing Trust Fund is designed to fund new development, low-interest mortgages, transitional housing, senior housing, rehabilitation of older homes, and weatherization. Funds may also be used for the Authority's administrative costs related to the housing trust fund, not to exceed 5% of the total funds disbursed. The legislation expands the Authority's powers enabling it to act as trustee and administrator of the trust fund.

More than one in four New Mexicans pay too much of their income for housing. Two-thirds of renters earning less than $20,000 cannot afford market rents. And some 13,000 people are homeless on any given day within the state.

Housing advocates are committed to make sure the trust fund is financed on a recurring basis. This victory is a critical first step in providing the Authority with increased flexibility in creating new housing for those who need it throughout the state.

Contact: Amber Lopez Lasater, New Mexico Human Needs Coordinating Council, P.O. Box 16737, Albuquerque, NM 87191 (505-265-5005) www.hncc.org.

Washington Increases Document Recording Fee for Homeless Trust Fund

The Washington State Legislature has authorized a second $10.00 surcharge on the state's document recording fee to help eliminate homelessness. Estimates are that this will raise about $20 million annually. The first such action by the legislature enabled counties to create housing trust funds with revenues from a document recording fee surcharge. This second action allows them to augment their efforts to address the full range of housing needs throughout the state.

The Department of Community, Trade and Economic Development will create a homeless housing program to develop and coordinate a statewide strategic plan aimed at housing homeless persons. The program will be developed and administered by the Department with advice and input from the Affordable Housing Advisory Board. In addition, the Governor is to establish a statewide Interagency Council on Homelessness to further the goals of the state ten-year homeless housing strategic plan.

Counties are to prepare their first local homeless housing plans by December 31, 2005. The Department will issue temporary guidelines consistent with the best available data on each community's homeless population.

The Department is also charged with conducting an annual census of the homeless in the state. In consultation with the Interagency Council on Homelessness and the Affordable Housing Advisory Board, the Department will report annually on the state's performance in furthering the goals of the state ten-year homeless housing strategic plan and the performance of each participating local government.

The $10.00 document recording surcharge will be charged by each County. The county auditor can retain 2% for collection of the fee and of the remainder, 60% goes to the County to be deposited into a fund that must be used by the County and its cities and towns to further the homeless housing strategic plan. Six percent of the county's share may be used by the County for administrative costs related to its homeless housing plan.

The funds must be used for programs which directly accomplish the goals of the plan. However, for each city in the county which elects to operate its own homeless housing program, a percentage of the surcharge equal to the percentage of the city's local portion of the real estate excise tax collected by the county will go to the city to support program costs related to the city's homeless housing plan.

The remaining funds go to the state for deposit in the Homeless Housing Account. The Department may use 12.5% for administrative costs.

The funds must be distributed by the Department to local governments through the homeless housing grant program. The Department may give preference to applications relative to the total homeless population in the service area; local expenditures to provide housing for the homeless; local government and private contributions; projects that will serve the homeless for at least twenty-five years; evidence of collaboration

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HOUSING DEVELOPMENT CONSORTIUM OF SEATTLE-KING COUNTY

Mitchell Place in Federal Way was developed by Multi-Service Center and provides 50 units of affordable housing for seniors.

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among governments, organizations, agencies, and the private sector; among other criteria.

A county may decline to participate in the program by forwarding a resolution adopted by the County Legislative authority to the Department. Under such circumstances, all funds will be remitted to the Homeless Housing Account. The Department is to provide technical assistance to any participating local government that requests assistance.

Funds from the Homeless Housing Account may be used to assist homeless individuals and families gain access to adequate housing, prevent at-risk individuals from becoming homeless, address the root causes of homelessness, track and report on homeless-related data, and facilitate the movement of homeless or formerly homeless individuals along the housing continuum toward more stable and independent housing. The Department will allocate grant moneys from the Homeless Housing Account to finance programs and projects in approved local homeless housing plans.

HOUSING DEVELOPMENT CONSORTIUM OF SEATTLE-KING COUNTY

Windermere House is a four-plex for transitional housing developed by Seattle Emergency Housing Service.

Contact: Shane Rock, Washington Low Income Housing Alliance, 811 First Avenue, Suite 408, Seattle, WA 98104 (206-442-9455).

Homeless Families in Washington State

An estimated 750 families relied on shelters during one night in mid-2000, including 2,529 children.

39% of the families came to the shelter from a shared-living arrangement.

58% of the respondents participated in WorkFirst in the month before the study took place.

Physical abuse was reported by 27% of those interviewed.

Almost half got into a shelter without delay. One-third did so within a week. 20% of the respondents waited longer than a week to get into a shelter.

This study was conducted by the Washington State Department of Social and Health Services from June through September 2000. The report, "Homeless Families in Washington State: A Study of Families Helped by Shelters and Their Use of Welfare and Social Services," is available at: www.dshs.wa.gov.

Connecticut State Treasurer Proposes $100 Million Housing Trust Fund for Economic Growth and Opportunity

CONNECTICUT HOUSING COALITION

Connecticut State Treasurer Denise Nappier has proposed the establishment of a $100 million Housing Trust Fund for Economic Growth and Opportunity. The funds would come from a first-time sale of special obligation bonds securitizing the state's future abandoned property revenue. The bonds would be repaid from annual abandoned or unclaimed property revenue. House Bill 6785 is now going through the legislative committee process and has been approved by the Select Committee on Housing and the Planning & Development Committee. It is expected to be referred next to the Finance, Revenue & Bonding Committee.

According to the Connecticut Housing Coalition, on an annual basis, the trust fund would support an additional 750 housing units. Moreover, the effort to create the state housing trust fund has documented that housing is an engine of economic expansion and essential to Connecticut's future. Last year, the Connecticut General Assembly passed legislation permitting the State Treasurer to securitize unclaimed property revenue to fill a then-projected $300 million revenue gap. That plan proved unnecessary when the greater than expected revenues produced a budget surplus. Nappier's proposal would revise the legislative authorization to create the housing trust fund, which she described as a long-term investment, rather than the one-shot revenue approved last year.

The legislation would establish a housing trust fund program to be developed and administered by the Connecticut Housing Finance Authority. The program is to:

- Promote the rehabilitation, preservation and production of quality, well-designed housing affordable to low and moderate income families or persons;
- Maximize the leveraging of state funds by encouraging private sector investment in housing developments receiving assistance;
- Encourage housing that maximizes housing choices of residents;
- Enhance economic opportunity for low and moderate income individuals and their families;
- Promote the application of efficient land use that utilizes existing infrastructure and the conservation of open spaces; and
- Encourage the development of housing which aids the revitalization of communities.

Cobbs Mill Crossing is a limited equity cooperative in Glastonbury, Connecticut. Of the seventy residents, eleven have physical or cognitive disabilities.

Funds will be provided to nonprofit or for-profit entities or community development financial institutions for the development of quality rental housing and homeownership for low and moderate income families or persons. No more than 30% of these household's incomes are to be spent for housing. Funding will be in the form of loans, loan guarantees, and grants. Funds will be made available at least semiannually on a competitive basis. In any given year, no more than $10 million will be made available from the proceeds of abandoned property fund bonds, plus investment earnings credited to the housing trust fund. In addition,

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$300,000 shall be made available for funding matching grants dedicated to purchases of primary residents.

The Connecticut Housing Finance Authority is to establish the housing trust fund program advisory committee. The seven-member committee is to represent a nonprofit or for-profit housing development corporation, a community development financial institution, the Connecticut Housing Coalition, an elected or appointed official of a municipality with a population of less than 50,000, an elected or appointed official of a municipality with a population between 50,000 and 100,000, an elected or appointed official of a municipality with a population in excess of 100,000, and the employers of the state or a representative from a state business and industry association or regional chambers of commerce. The committee is to advise on the development of written procedures for the housing trust fund and advice the Authority on the administration, management and objectives for the program.

The Authority is responsible for developing written procedures to set forth the criteria for rating various proposals and establish other provisions for the administration of the fund. The Authority is also responsible for preparing and submitting an annual report concerning activities of the housing trust fund and efforts of the authority to obtain private support for housing developments financed through the fund.

A Blue Ribbon Commission study in 2000 estimated the shortfall of affordable housing in the state at 68,000 units. Studies by the Connecticut Housing Coalition, the Business Council of Fairfield County, Southeastern Connecticut Council of Governments, Regional Plan Association of New York, New Jersey and Connecticut, and Lower Naugatuck Valley Regional Housing Coalition, as well as numerous Connecticut-based economists, have cited both the significant need for affordable housing and the economic ramifications of the lack of sufficient housing.

Treasurer Nappier has said that for every $1 of state funding from the housing trust fund, the program could yield between $10 and $12 in additional housing development, which would translate into additional economic activity reaching $120 million annually, or nearly $1.4 billion, including interest, over the next ten years. Based on recent surveys in Connecticut and experience around the country, it is estimated that in addition to the creation of 750 additional homes per year, 1,290 jobs and nearly $42 million in wages would result on an annual basis.

The implementation of a new development approach requires linking the key issues of economic development, community revitalization and human services to housing production. This initiative has been supported by the Women's Institute for Housing & Economic Development, Fannie Mae, Local Initiatives Support Corporation, Partnership for Strong Communities, Connecticut Housing Investment Fund, and the Connecticut Housing Coalition.

Contact: Jeffrey Freiser, Connecticut Housing Coalition, 30 Jordan Lane, Wethersfield, CT 06109 (860-563-2943) www.ct-housing.org.

CONNECTICUT HOUSING COALITION

Carwin Park serves residents of Parkside Gables--the first mutual housing community built in Connecticut.

White Paper for Los Angeles County Outlines Potential Housing Uses for Proposition 63 Funds

In the November 2004 elections, California voters approved Proposition 63 which imposes an additional one percent tax on individuals' taxable income in excess of $1 million to provide dedicated funding to expand mental health services for children, adults and seniors. The Mental Health Services Act passed with 53.4% of the vote. Proposition 63 includes funds to provide housing through a capital facilities provision.

A White Paper has been developed for Los Angeles County that suggests housing as a priority use for Proposition 63 funds in Los Angeles County. California will allocate most of the increased revenues to county mental health programs. The Mental Health Services Act will fund community mental health programs with voluntary outreach, access to medicines, and a variety of support services for children and adults with mental disorders. The initiative lays out a model of integrated, recovery-based services, which includes outreach, medical care, short and long-term housing, prescription drugs, vocational training, and self-help and social rehabilitation. It is estimated that the proposition will raise some $800 million a year in state funds.

The White Paper for Los Angeles County proposes to invest $28.5 million in permanent affordable housing. It proposes to do so by supporting an interim loan fund for low-income housing development; a pre-development revolving loan fund; a fund for new initiatives and model programs; and a forgivable pre-development loan fund. In addition to putting resources into development, Prop 63 funding should be provided on an annual basis to support the implementation of the Olmstead ruling which formalized the expectation of integrating disabled persons in the community in the least restrictive setting possible, according to the White Paper. Finally, it recommends funding for the development of mental health professionals at all levels of the educational spectrum and to grow the capacity of entities involved in creating and managing new affordable housing for eligible client populations.

The White Paper stresses that only by developing a stock of permanent housing affordable to low income disabled persons can we truly respond to this crisis. Permanent supportive housing improves mental health functioning; affordable permanent housing reestablishes dignity, a fundamental part of living a more productive life. In short, permanent affordable housing ends homelessness.

Proposition 63 was supported by mental health and health care communities, education and housing advocates, organized labor, and law enforcement. It is believed to be the first of its kind in the country.

SCANPH

The Homes for Life Foundation developed Palms Court to address the dire need for affordable housing for people with chronic mental illness on the west side of Los Angeles County.

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Proposition 63 specifies that the new revenues must be used for:

- Services for children with severe mental illness through the existing Children's System of Care model;
- Services for adults and seniors with severe mental illness through the existing Adult and Older Adult System of Care model;
- Innovative programs;
- Prevention and early intervention programs designed to prevent mental illness from becoming severe and disabling;
- Education and training programs to address the shortage of qualified mental health service provides; and
- Capital facilities and technology needed to provide mental health services.

Over the past several decades, California's mental health system has moved increasingly toward a community-based service delivery system. California has shifted all program and funding responsibilities for certain mental health services to the counties, including community-based services.

The Mental Health Services Act requires each county mental health program to develop and annually update a three-year plan for these programs with local stakeholders. The Department of Mental Health is responsible for approving the county plans after review and comment by a Mental Health Services Oversight and Accountability Commission.

The measure's proponents believe that these programs will produce hundreds of millions in savings by reducing hospitalizations and incarcerations. In pilot projects similar to those that will be funded by Proposition 63, participants had a 56% reduction in hospital stays, a 72% reduction in jail stays, and a 65% increase in full-time employment.

The White Paper was developed by Geoffrey Gilbert-Hamerling of the Polis Consulting Group, Inc. in consultation with James Bonar and Chas Belknap, National Mental Health Association of Greater Los Angeles.

Housing Security and Health in New Orleans, Louisiana

A study investigating the relationship between housing status and health related quality of life has been taking place in New Orleans since October 2004, under the sponsorship of the National Policy and Advocacy Council on Homelessness (NPACH) and the Bill Emerson National Hunger Fellows Program of the Congressional Hunger Center.

Representatives of Tulane University's School of Public Health have recently joined the study and are utilizing a Health-Related Quality of Life Survey Tool to assess health status and examine how community health can be improved with more effective targeting of housing resources to those with the greatest housing needs.

The pilot study, which focuses on the Irish Channel and St. Thomas neighborhoods, two of the city's poorest communities, aims to expand the understanding of homelessness, housing security, and at risk populations while connecting the provision of secure housing as a unique and significant contributor to the health and well being of individuals and families. The investigators expect their findings to serve as a catalyst for future research in housing and health as well as help frame definitions and policies in the area of housing, health and homelessness.

To date, the research includes interviews with numerous neighborhood organizations and social service providers and a comprehensive survey of community residents, assessing income spent on rent, other housing problems, and health issues. Preliminary findings indicate most households have incomes at less than half the area median, spend more than half of that income on housing, and receive no housing assistance, that is, "worst case" housing needs as defined by the U.S. Department of Housing and Urban Development. The majority of households with severe housing needs include at least one member with asthma, diabetes, hypertension, or clinically diagnosed depression. Research is expected to continue until August 2005.

For more information, contact either Grant Martsolf or Nick Nelson at the Tulane University School of Public Health (gmartsol@tulane.edu) or (nnelson@tulane, edu) or Alexandra Cawthorne at NPACH (504-524-8751) (acawthorne@npach.org).

Metropolitan Housing Coalition in Louisville Releases Study on Asthma and Housing

A new report released by the Louisville Metropolitan Housing Coalition documents why children who live in substandard housing may be paying a high price with their health. "Out of Breath: Childhood Asthma, Poverty and Housing" examines the relationship between childhood asthma, concentrated poverty and substandard housing in the Louisville metropolitan region.

Concentrated poverty and substandard housing each have a direct impact on childhood asthma. In Metro Louisville, an estimated 20,000 children are affected by asthma. Children who live in neighborhoods with high rates of poverty are more likely to go to the emergency room or be hospitalized for asthma.

The report makes the case that the provision of decent, affordable housing across the region is essential for ensuring that children's health does not deteriorate simply because of where they live. Affordable housing in Louisville is highly concentrated in relatively few areas, leaving low-income working families few alternatives should their housing conditions pose health risks for their children. The report documents that in neighborhoods which are likely to have a lot of substandard housing, children are more likely to suffer from severe asthma conditions, resulting in more hospitalizations than those who live in neighborhoods with a higher quality of housing.

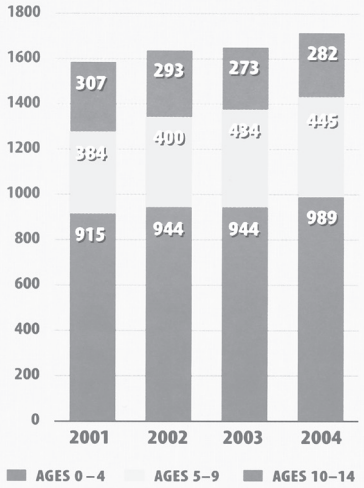
Since 2000, there have been nearly 1,400 children hospitalized with the primary diagnosis of asthma in Louisville and surrounding Kentucky counties. More than half of child asthma hospitalizations in Metro Louisville were for children living in eight low-income zip code communities out of 39 Metro zip codes. Childhood asthma not only presents challenges to children's overall health and well-being, but children with asthma often miss school. Parents and their employers lose productivity at work when parents must stay at home or seek treatment for their children. The direct financial costs of treatment and hospitalization to families and the community are great.

Increasingly, studies link substandard housing with a host of chronic illnesses such as asthma, even after controlling for factors such as income and smoking indoors. One childhood asthma study involving inner-city children found that cockroach exposure, which can be caused by the need for external repairs, was a major factor for asthma severity. Likewise, when a leaky roof or poor plumbing causes mold to form, excessive moisture in the air acts as an asthma trigger. Cramped conditions can lead to inadequate ventilation and crowding, factors that are linked with excess dust and potential pest infestations, both of which exacerbate asthma symptoms.

While there is no cure for asthma, the disease can be managed by reducing asthma triggers and following recommended medication regimens. Clearly, ensuring healthy homes is an important component. Removing and/or fixing unhealthy housing stock would reduce exposure to allergens and irritants for children.

Childhood Asthma Emergency Room Visits

Kosair Children's Hospital: 2001-2004



Over the last four years, the incidence of emergency room visits related to asthma has increased steadily. In 2004, nearly six out of ten emergency room visits were by children under age five.

Source: Kosair Children's Hospital

The report can be obtained from the Metropolitan Housing Coalition, P.O. Box 4533, Louisville, KY 40204-4533 (502-584-6858) www.metropolitanhousing.org.

ARCH Named Inaugural Winner of the Innovations in American Government Award in Affordable Housing

A Regional Coalition for Housing (ARCH) has been named the first winner of the Harvard and Fannie Mae Innovation in American Government Award in Affordable Housing. The award comes in recognition of ARCH being a one-of-a-kind organization created by Eastside cities and King County, Washington to preserve and increase the supply of housing for low and moderate income households in East King County.

ARCH is a unique partnership of fifteen cities and King County. ARCH involves them in programs that assist households looking for affordable rental and ownership housing; provides financial support to groups creating affordable housing; and assists member governments in developing housing policies and programs.

Redmond Mayor Rosemarie Ives: "I have seen cities step up to the mark in working together through ARCH by bringing our vision for affordable housing into reality."

Bellevue Mayor Connie Marshall: "ARCH ... shows how governments can work together to address a common issue and to find successful solutions."

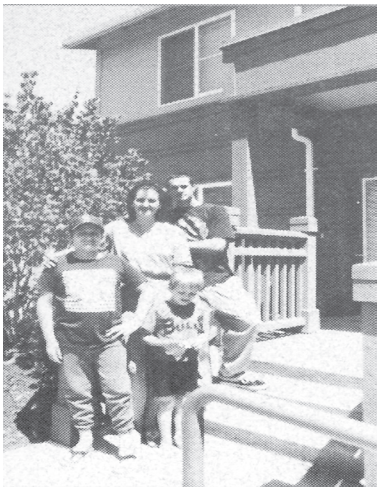
Woodinville Mayor Don Brocha: Our experience with ARCH ... "has shown us that Woodinville can provide much needed housing for our local work-force."

The organization was created eleven years ago with the specific goal to help suburban cities become more effective and efficient partners in community-wide efforts to meet local housing needs. Working through ARCH, participating cities have an effective voice influencing regional and state policies, including distribution of resources, to more effectively serve suburban areas.

The Eastside Housing Trust Fund is administered by ARCH as a collaborative effort of these cities and King County. Through the trust fund, ARCH has been able to help member cities coordinate their financial support to groups creating affordable housing and assist member governments in developing housing policies to allow a diversity of housing types throughout the region.

The Housing Trust Fund was created in 1993 as a way to directly assist the development and preservation of affordable housing in East King County. The trust fund is capitalized by both local general funds and locally controlled, federal Community Development Block Grant funds. The trust fund process allows ARCH members to jointly administer their housing funds and assist the best available housing opportunities that meet the housing needs of the community.

ARCH



Easternwood Apartments in Bothell are owned and operated by Lutheran Alliance to Create Housing.

The Eastside Housing Trust Fund has made loans and grants totaling more than $20 million to support community nonprofit and private housing groups. These funds have assisted in the development of at least 2,100 units of housing for lower income Eastside families, seniors, and persons with special needs, leveraging more than $200 million in other public and private resources for housing. In some cases cities have also made surplus land available and/or reduced building permit fees.

The Innovations in American Government Award is a partnership of the Fannie Mae Foundation and the Ash Institute for Democratic Governance and Innovation at Harvard University.

Contact: Arthur Sullivan, ARCH, 16225 N.E. 87th Street, Suite A-3, Redmond, WA 98052 (425-861-3677) www.archhousing.org.

New Report: Expanding Opportunity: New Resources to Meet California's Housing Needs

PolicyLink has prepared a background report, "Expanding Opportunity: New Resources to Meet California's Housing Needs" for Housing California. The report, authored by Kalima Rose and Judith Bell, is intended to stimulate the discussion and action necessary to help ease California's housing crisis. Housing California is launching a campaign to establish a permanent funding source for the state's housing trust fund and this report not only documents how essential such a campaign is, but lays out clear options for how California could join other states in creating an effective housing trust fund.

The rising cost of housing in California now greatly outpaces the earning power of its residents. Today, to purchase a home at the current median price of $469,170, a family must earn above $110,000—more than 175% of the state median income. The production of lower-priced housing has not kept pace with demand. More than 1.7 million California households are overcrowded. In Los Angeles, the fair market rent for a 2-bedroom apartment is affordable only to families with earnings equivalent to nearly three full-time minimum wage jobs. In San Francisco, it requires more than the income from five full-time minimum wage jobs.

The report lays out a pretty daunting challenge for securing the resources that will be required to address the future affordable housing needs in California, including the backlog of unmet needs. With federal resources becoming increasingly uncertain, it is clear that California needs to secure additional state resources to help address this crisis.

PolicyLink points out that just as market rate housing is dependent upon capital markets that make construction and mortgage financing available on a predictable basis year after year, low and moderate income housing production and preservation require multi-year planning and predictable financing. PolicyLink studied revenue sources that would produce between $300 million and $1 billion a year for the state's housing trust fund. The options they explored include:

- Real estate transfer tax. In California, real estate transfer taxes are allowed only at the local governmental level and only for general fund purposes. Proposition 13 prohibits a statewide real estate transfer tax. However, recent polling data from the Public Policy Institute of California showed that 60% of all adults were in favor of changing the limits of Proposition 13, perhaps making the constitutional change that would be required to engage the real estate transfer tax possible.
- Document recording fee. California counties are responsible for filing and recording a wide variety of documents and instruments. A surcharge on the cost of California real estate transactions would be a possible revenue source for the state housing trust fund.
- Reduced mortgage interest deduction cap. If the state lowered the mortgage interest deduction that homeowners take from $1 million to $500,000, the state could generate significant revenues for a state housing trust fund.
- Transient Occupancy Tax. California does not currently have a state hotel/motel occupancy tax, which could provide an alternative revenue source for consideration.

The report concludes with a discussion of the economic benefits of funding a housing trust fund, a review of a few other state housing

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LOCAL GOVERNMENT COMMISSION

This smart growth development in Redwood City Center locates affordable housing near transit and commercial amenities.

CALIFORNIA STUDY *continued from page 11*

trust funds, lessons learned from the creation of these state housing trust funds, and reflections from interviews with more than 50 experts in California to gauge interest and expertise about pursuing a dedicated revenue source for affordable housing. Some of the themes that emerged include:

(1) Housing is at the top of the priorities list in most California localities;

(2) A secured funding source is needed;

(3) Local control is desired;

(4) Local incentives are very appealing; and

(5) Principles of smart growth, improved land use, and jobs-housing balance should be taken into account.

PolicyLink concludes by stating that the research for their study uncovered many forces that were seen as positive indicators for what can be accomplished in California. Such indicators include the success of many other states in establishing a dedicated revenue source; the recognized need for new affordable housing resources by many constituencies and interests in California; the willingness of California interest groups to explore potential revenue sources; the evidence of economic expansion generated by the dedication of revenue to the construction industry; and the potential of crafting new working partnerships for affordable housing.

The research and interview responses reveal the potential interest of many key constituencies: real estate and homebuilding industries in other states, for example, have experienced growth and benefit from dedicated housing funding streams; the environmental community has allied itself with housing advocates to advance better land use and smart growth practices along with housing affordability; civil rights groups have seen the homeownership and quality housing status of their constituencies improve with well-financed, sustained housing trust funds; labor unions whose members are affected by high housing costs—most specifically service sector workers and public sector workers like teachers—see trust funds as key to improving their members' quality of life; and county supervisors and local agencies see affordable housing in the top tier of critical needs in their jurisdictions.

To obtain a copy of this report, contact: PolicyLink, 101 Broadway, Oakland, CA 94607 (510-663-2333) www.policylink.org or Housing California, 801 12th Street, Suite 210, Sacramento, CA 95814 (916-447-0503) www.housingca.org.

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