The Status of State Housing Trust Funds
... from a 2011 survey with updates

A Toolkit for Advocates
The 2011 State Housing Trust Fund Survey

This survey was part of on-going periodic surveys conducted by the Housing Trust Fund Project to assess the status of existing housing trust funds throughout the United States.

At the time of this survey, there were 42 states with operative state housing trust funds. In addition, the District of Columbia has a housing trust fund. Eight of these states (Connecticut, Illinois, Massachusetts, Nebraska, Nevada, New Jersey, Oregon, and Washington) have created more than one state housing trust fund for a total of 52 state housing trust funds (Connecticut has created three and the total number includes the District of Columbia). At the time of publishing this report, there are now 47 states with state housing trust funds for a total of 57 state housing trust funds, including the District of Columbia Housing Production Trust Fund.

The classic and broadly accepted view of what constitutes a housing trust fund is that a distinct fund is established through state legislation to receive the dedication of on-going public revenues. This objective is challenging in some states where state constitutions prohibit dedication of funds to specific purposes or require additional appropriation through the budget process or some other limitation. For the purposes of this survey, the Housing Trust Fund Project included state housing trust funds that have been established with the stated intent as defined above. Far from all state housing trust funds have reached this goal and these distinctions are identified in this report.

The Housing Trust Fund Project would like to thank Nina Dastur, Madeline Jaks, Timothy Anderegg, and Nancy Nagler Engelken for their assistance in the collection, translation and preparation of the information collected through this survey. And we wish to thank the Ahmanson Foundation for their support, making it possible to provide this information to the housing trust fund movement.

The Housing Trust Fund Project received responses to our survey from 43 state housing trust funds and we supplemented this information with additional inquiries and research.

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Introduction

This report summarizes findings reported by state housing trust funds in late 2011 to assess their progress and innovation. While reports on overall revenues received have continued the decline reported in our last survey of 2009, several state housing trust funds report some reversal in this trend, others illustrate the ability their flexibility permits to respond to current market trends, and housing advocates won many significant victories in 2011 and 2012 to advance state housing trust funds.

Since the beginning of 2011, five new state housing trust funds have been created:

- North Dakota created a state housing trust fund with revenues derived from income tax credits in exchange for contributions from taxpayers. The Housing Investment Fund has reached its $15 million authorization in contributions.

- Virginia initiated its state housing trust fund with a commitment of $7 million in National Mortgage Settlement funds (www.nationalmortgagesettlement.com/). The Virginia Housing Trust Fund was passed into state code and an additional $1 million was committed to the Trust Fund from the robo-signing foreclosure settlement funds.

- Alabama passed housing trust fund legislation establishing program parameters and administration. No funding has yet been identified.

- Colorado initiated its state housing trust fund with a commitment of $13.2 million in National Mortgage Settlement funds. The Division of Housing has received applications for more than $17 million in response to the initial request for proposals for short term low interest loans and loan guarantees from the Colorado Housing Investment Fund.

- South Dakota created its state housing with revenues from a contractors excise tax and unclaimed property funds. The SD Housing Opportunity Fund will also receive $1.75 million in an initial appropriation to capitalize the fund.

In addition, numerous advances were made to increase revenues to existing housing trust funds which are described later in this report. In spite of the continued challenges presented by current economic and political climates, state housing trust funds have thrived, for the most part, and continue to demonstrate the unique and enduring contributions they make to addressing this nation’s call for secure affordable homes for all of us.

Table of Contents

Introduction ............................................. 3
Map of State Housing Trust Funds ........ 4
Program Characteristics of State
  Housing Trust Funds ...................... 5
Revenues Supporting State
  Housing Trust Funds ...................... 7
Administrative Characteristics of State
  Housing Trust Funds ..................... 9
Highlights Shared by State
  Housing Trust Funds ...................10
Visit our Website for more .................12
47 States and the District of Columbia Have Created a State Housing Trust Fund

State housing trust funds with dedicated public revenues:
- Arizona
- Connecticut (3)
- Delaware
- District of Columbia
- Florida
- Hawaii
- Illinois (2)
- Indiana
- Iowa
- Kentucky
- Maine
- Maryland
- Massachusetts (2)
- Minnesota
- Missouri
- Nevada (2)
- New Jersey
- North Dakota
- Ohio
- Oregon (2)
- Pennsylvania
- South Carolina
- South Dakota
- Vermont
- Washington (2)
- West Virginia
- Wisconsin

State housing trust funds with ongoing revenue commitments:
- Georgia
- New York
- North Carolina
- Tennessee
- Texas
- Utah

State housing trust funds with sporadic or initial funding:
- Colorado
- Kansas
- Louisiana
- Michigan
- Montana
- New Hampshire
- New Jersey
- New Mexico
- Oklahoma
- Virginia

State housing trust funds with no funding commitments as of yet:
- Alabama
- Arkansas
- California
- Idaho
- Rhode Island
Program Characteristics of State Housing Trust Funds

Half of the housing trust fund reporting* on their application process indicated that they distribute available funds through distinct programs established as part of the housing trust fund. The other half indicated that they use a request for proposals (RFP) or notice of funding availability (NOFA) process for releasing funds.

Flexibility: Almost half of the housing trust funds identified that they had the ability to provide funds outside the customary award process for special and/or emergency circumstances.

Coordination: Twenty-two housing trust funds indicated they coordinate the application process for the housing trust fund with other available resources, including federal programs. This process enables applicants to submit a single application for multiple sources of funding or to coordinate applications within a defined time line.

Funds Awarded: Half of the housing trust funds awarded funds as either grants or loans. Ten housing trust funds reported providing only grants and fewer reported providing only loans.

Eligible Applicants: Most state housing trust funds enable non-profit developers, local housing authorities, for-profit developers and tribal units of government to apply for funds. About one-fourth of the state housing trust funds indicated local units of government were eligible applicants. First time homebuyers were eligible for some programs, but individuals were not commonly listed as eligible applicants.

Eligible Activities: Housing trust funds indicated the following activities as eligible for funding (descending from most common to least):
- new construction
- acquisition
- rehabilitation and preservation
- housing for those with special needs
- housing for seniors
- housing with green technology
- permanent housing for homeless
- transitional housing
- match for federal or other funds
- emergency repairs
- transit-oriented housing
- down payment programs
- weatherization
- housing for ex-offenders
- pre-development activities
- education and counseling programs
- emergency rental assistance
- foreclosure prevention
- operating and maintenance programs
- homeless services
- supportive services
- tenant based rental assistance
- community land trusts and/or land banks
- capacity building for nonprofits
- project based rental assistance
- family services

* The Housing Trust Fund Project received responses to our survey from 43 state housing trust funds.
**Program Requirements**

State housing trust funds may have priorities established legislatively for activities funded by the trust fund or requirements and priorities may be created administratively that are consistent with the legislation establishing the housing trust fund.

The survey attempted to capture key requirements that are commonly used by state housing trust funds. These program qualifiers fall into distinct categories:

- established requirements governing the expenditure of funds and awards made.
- set-asides of a portion of available revenues to address specific goals.
- priorities established for evaluating applications submitted to the housing trust fund.

**Who benefits from the housing supported:** In response to the question: what is the maximum income limit for **renter** housing supported by the housing trust fund, the most common response was 80% of area median income. Fifty percent of area median income was the second most common and then “other” (generally defined as the requirements differ for different programs).

In response to the question: what is the maximum income limit for **owner** housing supported by the housing trust fund, the most common response was 80% of area median income or “other” (generally defined as the requirements differ for different programs).

In addition, seventeen state housing trust funds indicated they set aside a portion of funds to serve designated income groups. The most common set aside was for 50% of area median income (7); then 30% of area median income (4); 60% of area median income (3); and 80% of area median income (3).

**Long-term affordability:** In response to the question: how long is housing supported by the housing trust fund required to remain affordable to the target population: forty housing trust funds employed long term affordability requirements for rental housing and half as many for owner housing.

For rental housing, the range was from 5 years to in perpetuity. The most common response was that the term of affordability varied depending on other funding sources and/or the term of the mortgage. Five states imposed a thirty year limit. Only three states employed longer requirements: District of Columbia: 40 years; New Hampshire: 99 years; and Vermont: in perpetuity.

For owner housing, the range was from 5 years to 25 years, with several indicating that the term of affordability varied depending on other funding sources and/or the term of the mortgage. Vermont ties their home owner support to community land trusts.

**Other Program Set-Asides:** The most commonly reported other set-asides were to ensure a portion of the funds served rural areas of the state (5); the second most common was for homeless programs (4); and other states (3) set-aside funds for first time homebuyers and nonprofit developers. Washington has a legislative mandate that all developments funded employ green technologies.

**Program Priorities:** In response to the question as to the use of points in the application evaluation process awarded for specific objectives identified in proposals to the trust fund, the most common response related to serving the lowest incomes (15) and providing leveraged funds (funding supporting the activity from other public and private sources) (15). Twelve states gave points for activities to address homelessness.
Revenues Supporting State Housing Trust Funds

State housing trust funds collected nearly $450 million in FY11, according to the 2011 survey conducted by the Housing Trust Fund Project. This continued decline in the revenues state housing trust funds have collected reflects a reduction in funds generated through the dedicated revenue sources which are dependent on economic activities and the continued confiscation by a few states of trust fund revenues to fill budget gaps.

Regardless, affordable housing and homeless advocates have been unyielding in their advocacy and report many successful campaigns since early 2011, including these:

- Vermont advocates won nearly full funding of the Housing and Conservation Trust Fund in 2011, including funds from the state’s capital budget, to reach closer to its obligated one-half of the revenues generated by the state’s property transfer tax. And they continued their success in FY13 by increasing revenues another $1.2 million to reach $14 million for the trust fund.
- Delaware advocates were successful in gaining an additional $10 million from the capital budget for the state’s Housing Preservation Fund embedded within the Housing Development Fund--the state’s housing trust fund.
- Florida advocates were victorious in lifting the cap that was placed in 2007 on revenues generated from the documentary stamp tax committed to the William E. Sadowski Act.
- Washington advocates won an increase and extension of an expiring document recording fee to fund the homeless trust fund and secured $67.1 million for the Housing Trust Fund to reach $118.9 million for the biennium during the 2012 legislation session.
- Pennsylvania advocates secured its first source of dedicated revenue, from a marcellus shale impact fee, for the state housing trust fund--committing at least $5 million a year to the fund.
- New Mexico celebrated the results of their campaign efforts with a $3 million commitment from the General Fund for FY13 for the state’s Housing Trust Fund.
- Connecticut advocates appreciate their Governor’s commitment to affordable housing and won $25 million in the biennial budget split between the Connecticut Housing Trust Fund and the state’s FLEX Fund.
- The Washington, D.C. Housing for All campaign were victorious in getting the District Council to restore $18 million to the Housing Production Trust Fund in FY13. The fund receives dedicated revenues from the Deed Recordation and Transfer Tax.
- Both Nebraska and Michigan won a portion of National Mortgage Settlement funds for their respective state housing trust funds. Nebraska secured $1 million and Michigan $3.2 million.
- Massachusetts advocates advanced the state Community Preservation Act by securing $25 million for FY13 for the state match to local CPA funds--the state match is funded from fees collected at the state registries of deeds.

The merger of Washington State Coalition for the Homeless with Washington Low Income Housing Alliance has strengthened their voice.
While state housing trust funds are defined by the dedication of ongoing public revenues, in fact, numerous avenues have been created for funding state housing trust funds.

**Capitalizing State Housing Trust Funds:** Sixteen state housing trust fund reported that at the outset of establishing the trust fund, one-time initial funding was made available. Most often these were general funds (even surplus funds) or from a one-time availability of funds from another program or activity.

**Leveraging Housing Trust Fund Resources:** Virtually all state housing trust funds leverage their resources because the housing trust fund support is only one of several sources of funding for funded activities. Other state or federal funds, private funds, bank loans, foundation support and other sources of funding complete the financial package necessary to make affordable housing development feasible. Of those state housing trust funds that had these records, most reported a leverage ratio of 1:1 to 1:11, with ratios of 1:3 to 1:6 range frequent.

**Revenues Supporting State Housing Trust Funds:** Currently, thirty six state housing trust funds have dedicated public revenues. Four reported that in FY11 the fund also received General Fund support. In the FY11 survey--the latest period for which trust funds had complete fiscal information--virtually every state housing trust fund collecting more than $4 or $5 million a year received revenues from either a state real estate transfer tax or state document recording fees. Nine state housing trust funds reported their funds coming from the General Fund or Capital Budget.

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**Revenue Sources Committed to State Housing Trust Funds**

- Real estate transfer taxes (including documentary stamp taxes): 13
- Document recording fees: 9
- Interest on real estate or title escrow accounts: 5
- Unnamed Unclaimed Property fund: 2
- Contractors excise tax: 1
- Interest on tenant security deposits: 1
- Marcellus Shale impact fee: 1
- Mobile home park owners fee: 1
- Penalties from failure to pay transfer tax: 1
- Public purpose charge: 1
- Smokeless Tobacco tax: 1
- Tax credit for contributions: 1

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**Native American Connections opened Devine Legacy which is the first affordable housing community in Phoenix built along the Metro Light Rail. Offering 65 low-income units and 6 market rate units for families, the development was supported by the Arizona Housing Trust Fund.**

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**“Living in my house is really fun and safe. Before we lived in a trailer and a hurricane ripped the roof off. Now, I’m not scared in my house anymore.” Daniel and his family are now homeowners and recipients of the Florida Housing Trust Fund SHIP funds through Habitat for Humanity Collier County.**

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**Iowa Housing Trust Fund Revenues: Innovative Increase over Time**

The Iowa State Housing Trust Fund is funded with an annual appropriation from the Rebuild Iowa Infrastructure Fund and an increasing portion of the proceeds of the real estate transfer tax, capped at $3 million per year.

Beginning in 2009, 5% of the tax proceeds are transferred to the housing trust fund; this increases to 10% in 2010; 15% in 2011; 20% in 2012; 25% in 2013; and 30% in 2014 and each succeeding fiscal year.
Administrative Characteristics of State Housing Trust Funds

State housing trust funds are generally administered by either a state housing finance authority/agency or a department/agency of the state government. And of all existing state housing trust funds, approximately half fall in each category with slightly more being administered by state housing finance authorities/ agencies. A few states have created distinct entities to administer their housing trust funds, such as the Vermont Housing and Conservation Board which administers both the housing and conservation programs.

Oversight: A majority of the 43 state housing trust funds responding to the survey (35) indicated they have either or both an advisory committee or oversight board to assist in the administration and oversight of housing trust fund policies and operations. These boards are typically appointed and represent broadly the affordable housing industry, advocates, and, often, low income people from the community.

Administrative Costs: Twenty six state housing trust funds indicated there exists a legislative cap on the administrative costs of implementing the housing trust fund, that is, costs that go to the entity administering the housing trust fund for staff and administrative costs. Twenty-two trust funds indicated that revenues dedicated to the trust fund could be used for these administrative costs. Number of staff for housing trust fund administration ranged from less than one full time staff to more than seven. The most commonly reported was 1-3 staff members.

Reporting: Twenty six state housing trust funds reported that they produce an annual report on the operations and activities of the housing trust fund. This is a very important element in protecting and advancing housing trust funds by demonstrating the success and impact of investing in affordable housing/homelessness. Most indicated the reports were available on their websites.

Ohio Housing Trust Fund Advisory Committee

Ohio Housing Trust Fund dollars are allocated based on recommendations by a Governor-appointed 14-member advisory committee representing various sectors of the housing and lending industry and local governments. They represent:
- lenders,
- for-profit builders and developers,
- families and individuals of targeted income groups,
- religious, civic, or social service organizations,
- counties,
- municipal corporations,
- townships,
- local housing authorities,
- fair housing organizations,
- nonprofit organizations,
- real estate brokers, and
- for-profit rental housing industry.
The Missouri Housing Development Commission dedicated $1.7 million from the Housing Trust Fund to provide housing for residents in disaster areas after the storms of 2011.

Funds were used to provide housing to Missouri residents who were displaced as a result of the disasters. The Board agreed to provide immediate shelter for people who are homeless and to provide assistance to those in imminent danger of becoming homeless. “We are committed to keeping a roof over the head of every child in Missouri,” says Executive Director Margaret Lineberry.

The Board also approved the creation of Mo-AID, a program designed to help displaced Missourians purchase a replacement home. Mo-AID offered first-time and repeat homebuyers cash assistance of up to five percent of their first mortgage amount to assist with down payment and closing costs.

The Washington Housing Trust Fund created the Communities of Concern and Homeless Veterans Setaside Funding Round in 2012. The Trust Fund had previously supported such projects, including McDermott Place developed by the Low Income Housing Institute. In 2012, the decision was made to set-aside more than $6 million in funds which leveraged in excess of $13 million in additional funding.

The Low Income Housing Institute was honored by the Home Depot Foundation for renovations at the Arion Court Apartments, a 37 room apartment building for persons who have been homeless, many of whom are veterans. The project painted the exterior, replaced windows and renovated two courtyards. These modifications will improve the conditions and safety of these apartments which veterans call home. Arion Court is the first self-managed permanent housing for previously homeless people in Washington state.
The North Carolina Housing Trust Fund created the Urban Repair Program that provides deferred, forgiven loans of up to $6,000 for emergency home repairs and modifications to very low-income owner-occupied homes with one or more member with special needs.

Nonprofit organizations, local governments and regional councils with the technical capacity to manage residential construction projects are eligible to apply. Eligible applicants must cover service areas with a population of 5,000 or greater.

Since 1987, the Trust Fund has improved housing in all 100 counties in the state with $167 million in state funding supporting:
- 26,127 homes and apartments with
- $971.4 million in construction and rehabilitation financing.

The Trust Fund’s activities have generated 17,521 construction jobs; $56.9 million of state tax revenues; and $65.1 million of local tax revenues. Historically, nearly 83% of Trust Fund housing benefits very-low-income households and almost half benefits extremely-low-income households.

The Oregon Housing Development Grant Program has been a key partner in the Oregon Housing Preservation Project which is run by the Network for Oregon Affordable Housing (NOAH). Using federal, state (including the state housing trust fund), private sector and foundation funds, the Project has created a loan fund that helps nonprofit organizations acquire properties and secure permanent financing to rehabilitate and keep the properties and committed subsidies operative.

“Preservation properties provide housing for some of the most vulnerable populations in the state. With average incomes around $800 per month, these families and sniors have few other housing options,” says Martha McLenna, Executive Director of Northwest Housing Alternatives.

The Network for Oregon Affordable Housing purchases expiring properties and after a one to two year period, the properties are obtained by other organizations to manage with new financing from the state Housing Development Grant Program (housing state fund). The program has preserved and sustained thousands of homes throughout the state.
Other publications and reports from the Housing Trust Fund Project

State Enabling Legislation to Promote Local Housing Trust Funds: A Toolkit for Advocates (2013)

The Impact of Research Evidence as an Advocacy Tool in Housing Trust Fund Campaigns (2013)

Model Approaches to Providing Homes for Extremely Low Income Households (2011)

Profiles of Homeless Trust Funds-Miami Dade County Homeless Trust (2011)

Profiles of Homeless Trust Funds-Philadelphia Housing Trust Fund (2011)

Profiles of Homeless Trust Funds-Washington Homelessness Housing and Assistance Act (2011)

Lessons from State Housing Trust Funds on Providing Housing for Extremely Low Income Households (2009)

Housing Trust Fund Progress Report (2007)

Winning at the Local Level: 5 Housing Trust Fund Campaigns Tell Their Stories (2004)


A Workbook for Creating a Housing Trust Fund (1999)

Visit our website: www.housingtrustfundproject.org