Local Housing Trust Funds: Concept to Implementation

Minneapolis Housing Partnership

Habitat for Humanity MN
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Presenters

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Areas of Focus

Research | Policy | Community Development

Advancing POLICY solutions and funding for affordable housing

Producing RESEARCH that makes the case for investing in home & community

WORKING DIRECTLY WITH COMMUNITIES to achieve local housing and development goals
About this Project

LOCAL HOUSING TRUST FUND MANUAL FOR MINNESOTA
Exercise:

1. List your community’s most pressing housing needs
2. Rank them in order of priority
3. What do you currently have funding for?
4. What you would prioritize if you had more resources?
Presentation Outline

• What is a Local Housing Trust Fund?
• Establishing a LHTF
• Operating a LHTF
• Examples
• Q & A
What is a Local Housing Trust Fund?

Housing Trust Funds (HTFs) are established by elected government bodies at the city, county, or state level.

They dedicate public revenues to a distinct fund that is used to address housing needs.
462C.16 HOUSING TRUST FUNDS FOR LOCAL HOUSING DEVELOPMENT.

Subdivision 1. Definitions. (a) For the purposes of this section, the following terms have the meanings given to them.

(b) "Commissioner" means the commissioner of the Minnesota Housing Finance Agency.

(c) "Fund" means a local housing trust fund or a regional housing trust fund.

(d) "Local government" means any statutory or home rule charter city or a county.

(e) "Local housing trust fund" means a fund established by a local government with one or more dedicated sources of public revenue for housing.

(f) "Regional housing trust fund" means a fund established and administered under a joint powers agreement entered into by two or more local governments with one or more dedicated sources of public revenue for housing.
Why a LHTF?

- Housing shortages
- Cost-burdened households
- Substandard housing units
Why a LHTF: Take Two!

• Q: We already have an HRA in our community. Why do we need a Local Housing Trust Fund?

• Q: We already have a community land trust. Why do we need a Local Housing Trust Fund?
Benefits

1. Dedicated
2. Predictable
3. Leverages
4. Flexible
5. Promotes
Benefits - Dedicated

• Best practice recommendation: Recurring funding source, not subject to annual appropriation or budgeting process
Benefits - Predictable

- Allows for long-term planning for municipalities and developers

“And now the 7-day forecast…”
On average, every $1 a city trust fund invests in housing leverages $6 in additional public and private funds.
Benefits - Flexible

- Can encourage a variety of activities
- Can address changing needs over time
- Can fill gaps not served by other programs
Benefits - Promotes

• Elevates housing as a local priority
“Local control for a local issue”

- Randal Hemmerlin, Executive Director
Red Wing Housing & Redevelopment Authority
Proven Nationwide

49 states

800 HTFs in cities, counties and states

$2.5 billion a year generated
Proven in Rural Communities

LOCAL HOUSING
TRUST FUND MAP

IOWA FINANCE
AUTHORITY
LOCAL HOUSING TRUST FUND MANUAL FOR MINNESOTA
Define Goals

Based on your community’s needs, what problem(s) do you want your LHTF to help solve?
Build Community Support

• Who is championing the LHTF?
  – *Partnerships*

• Who gets involved and when?
  – *Targeted groups, residents, elected officials, community orgs, employers*

• Getting the message right
Identify Funding Sources

- HRA levies
- Bond proceeds
- Tax Increment Finance (TIF)
- Donations or private contributions
- Grants & loans from gov’t or private sources
- Loan repayment proceeds
- Appropriations by local gov’t

Recurring and dedicated funding is best!
Select an Administrator

- Government Agency or Nonprofit
  - Establish the HTF’s programs
  - Develop program documents that guide day-to-day operations
  - Fund projects
  - Take fiscal responsibility for the fund
  - Oversee fund operations
  - Create an annual report
Alexandria Housing Trust Fund

Idea to City Ordinance
HRA Staff Presents HTF Concept to HRA Board of Commissioners

HRA Presents to City and EDA Staff (2–3 meetings)

HRA, City & EDA Staff Presents HTF to Cities Budget Committee

First Reading Of HTF Ordinance Presented at City Council Meeting – Tabled (Jeff goes home with his head between his knees)

HRA, EDA & CITY Staff Hold Meetings Revising the HTF Ordinance (2)

HRA & City Staff Present HTF to the Cities Legislative Committee

EDA Staff Presents HTF to the Cities Tax Increment Finance Attorney

HRA, City & EDA Staff Presents HTF to Cities Budget Committee

HRA & City Staff Present HTF to the Cities Legislative Committee

HRA, City & EDA Staff Presents HTF to Cities Budget Committee

1ST READING OF HTF CITY ORDIANCE

2ND READING OF HTF CITY ORDIANCE
Alexandria HTF Funding Priorities

- Single Family New Home Construction / Acquisition
  - Affordability Gap Financing
  - Value Gap Financing
  - Down payment / Closing Cost Assistance
- Single Family Rehabilitation
- Rental Rehabilitation
- Other as requested as long as it does not deviate from MN State Statue 462C16.
Operating a LHTF

- Types of Projects/Programs to Support
- Demographic/Geographic Targeting
- Distribution of Funds
- Affordability Period
- Reporting
- Future Planning & Coordination
Projects/Programs to Support

- Grants
- Loans
- Loan guarantees
- Match other funds
- Down payment assistance
- Rental assistance
- Homebuyer counseling services

*Up to 10% of the fund may go towards admin expenses
Demographic/Geographic Targeting

Examples:

- ≤ 30 - 80% Area Median Income (AMI)
- Seniors
- Larger families
- Downtown
- Transit Corridors
- Near Education or Employment Centers
Distribution of Funds

• Distribution Process:
  – Competitive application process (i.e. RFP or NOFA)
  – Non-competitive set-asides
  – Channel through existing programs
Building Political Will

- Appetite of your Local Government Entity
- Determine your partners
- Quantify the need for a LHTF
- Have answers ready for decision points
- Identify how you deliver the message
Community Involvement in LHTF's

Community influence and power
- Grassroots campaigns
- Issue momentum pre and post election

Community engagement design
- Participatory design to public process
- Community as part of public process (i.e. advisory/elected bodies)
LHTF’s in Minnesota

**Adopted:**
- Alexandria
- Bloomington
- Crow Wing County
- Edina
- Goodhue County
- Hennepin County
- Minneapolis
- Red Wing
- Saint Louis Park
- Saint Paul

**In consideration:**
- Chicago County
- Fairmont
- Kasson
- Duluth
- Roseau
- Swift County
- Winona
+ growing!
What do you need for a LHTF?

• Political Will
• Technical Assistance
• A state match to local funds
• Peer jurisdiction examples
• Other
Additional Resources

- MN Statute 462C.16 – Housing Trust Funds for Local Housing Development
  
  [https://www.revisor.mn.gov/statutes/cite/462C.16](https://www.revisor.mn.gov/statutes/cite/462C.16)

- Community Change – Housing Trust Fund Project
  
  [housingtrustfundproject.org](http://housingtrustfundproject.org)

- MHP – Local Housing Trust Fund Manual
  
  [www.mhponline.org/community-development/lhtfmanual-minnesota](http://www.mhponline.org/community-development/lhtfmanual-minnesota)
County of Goodhue
Housing Trust Fund – City of Saint Paul
August 19, 2019
Kayla Schuchman, Director of Housing – Department of Planning and Economic Development
Local Housing Trust Fund State Match: HF 1402/ SF 1961

Dear Rep/Senator ____:

I [live/work] in _____. Please support a State Match for Local Housing Trust Funds (H.F. 1402 / S.F. 1961). Local Housing Trust Funds help cities and counties fund housing priorities specific to local needs; the State Match program will help communities create Local Housing Trust Funds and leverage greater investments with local match dollars.

[personal story]

Please prioritize the State Match for Local Housing Trust Funds this session.
Questions?

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