Presentation Outline

Local Housing Trust Fund

1. **INTRO: What is a Local Housing Trust Fund?**

Fundamental Characteristics

* Established via an official action by local government
* Public revenues from one or more sources must be dedicated to the LHTF
* Allocated revenues are protected for housing uses in the community (held in trust)
  + Administrative expenses (no more than 10% of funds balance
  + Grants, loans, and loan guarantees for development, rehabilitation, or financing housing
  + Matching other funds from federal, state, or private resources for housing projects
  + Local down payment assistance, rental assistance, and homebuyer counseling services
* A local government may finance its LHTF with any sources of revenue available to local governments
  + Employer contributions,
  + Donations
  + Can also be used as match for non-governmental funding
* Must report annually to local government that created the fund
* A non-profit ay administer the LHTF

Ideal Characteristics Ideal Characteristics

* Public revenues are dedicated and recur each year
* Official govt action establishing the LHTF should specify the amount of dollars or percent of a funding source
* Communities establishing a LHFT should solicit public input on priorities or needs that the fund should address and spell out community engagement

1. Why a LHTF

* Flexibility to respond to local community needs
  + Provide a consistent, dedicated revenue stream for affordable housing
  + Serve as local leverage for affordable housing programs and developments
  + An economic multiplier by supporting investment in housing construction and rehabilitation, including redevelopment sites, leading to job creation and increases in the community’s property tax base
  + Catalyze revitalization of a community via reinvestment in the existing housing stock
  + Support public health by increasing housing options for vulnerable populations in the community
  + Improved educational outcomes for children by promoting housing stability.

1. LHTF in Rural Communities
   * A LHTF can be an important tool to address needs and issues that face rural communities including
     1. Lack of affordable housing options
     2. Greater prevalence of substandard housing conditions
     3. Less access to mortgage products and local down payment assistance programs
   * LHTF can be used to
     1. Increase rural homeownership
     2. Rehabilitate existing housing stock
     3. Provide affordable rental housing and supportive housing options
     4. Build farmworker housing
     5. Help prevent homelessness, among other housing-related uses.
2. **Process to Establish a LHTF in Minnesota**
   1. Overall Goal for Lake County HRA
      1. Fundamental to the success of the LHTF
   2. Need and Priorities
   3. Funding Sources to Consider
      1. Identify a Target Population
      2. Housing Needs Assessment
      3. Community
         1. Household income
         2. Household characteristics
         3. Tenure status (renter, owner, etc.)
3. **Operations of a LHTF**

* Types of Uses (Project and/or Programs)
* Specific Income and Geographic Targeting Criteria to use
  + Income targeting
  + Geographic targeting
* Criteria to determine LHTF support
  + Need more info – read more here
* Eligible Applicants
  + Competitive applications must specify types of organizations
* Distribution of Funds (form of awards)
  + Grants
  + Loans
  + Loan Guarantees
* Affordability periods (security mechanisms)
  + Homeownership
  + Rental
  + Performance Period
  + Mechanism
* How to report results of the LHTF
  + “a local or regional housing trust fund established under this section must report annually to the local government that created the fund”
* Future Planning of LHTC Revenues
  + Create a revenue or capital plan
  + In-house, staff exercise or input from community representatives or other organizations
* Coordination with other local housing Programs
  + Addressing different or overlapping components of a region’s housing needs