Minnesota Housing Partnership

Close to Home:

An Overview of Local Housing Trust Funds



Housing Institute
May 2019

Presentation Outline

- What is a Local Housing Trust Fund?
- Establishing a LHTF
- Operating a LHTF
- Examples
- Additional Resources

Exercise

1. List your community's most pressing housing needs
2. Rank them in order of priority
3. Circle in **blue** what you currently have funding for
4. Circle in **green** what you would fund if you had more money



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**





MN Statute 462C.16



2018 Minnesota Statutes

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

Resources

Search Minnesota Statutes

About Minnesota Statutes

2018 Statutes New, Amended or Repealed

2018 Table of Chapters

2018 Statutes Topics (Index)

Why a LHTF?

- Housing shortages
- Cost-burdened households
- Substandard housing units



Benefits

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

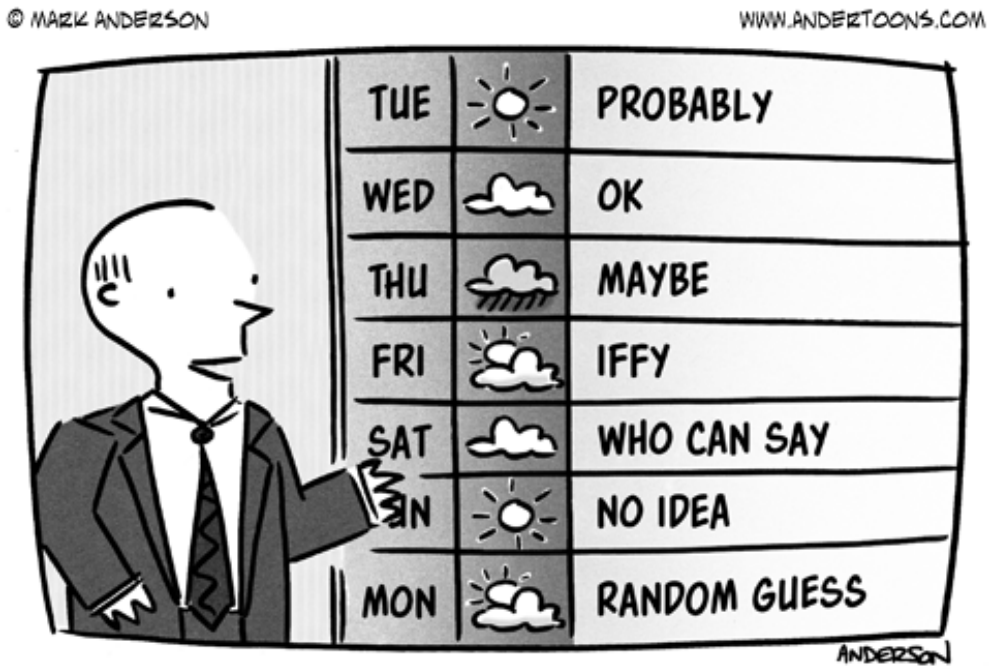
Benefits - Dedicated

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



Benefits - Predictable

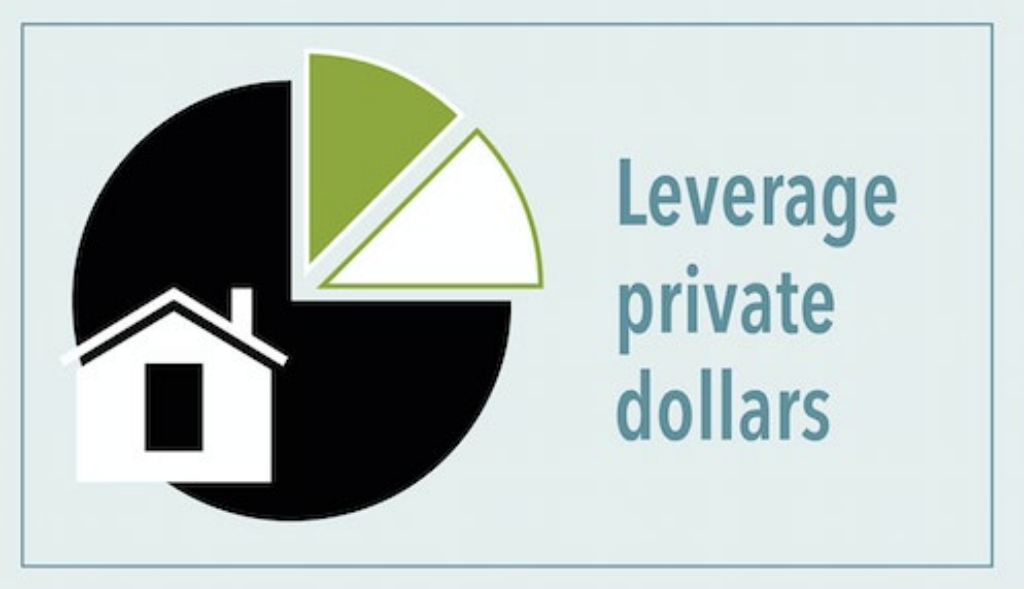
- Allows for long-term planning for municipalities and developers



"And now the 7-day forecast..."

Benefits - Leverages

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



Benefits

“Local control for a local issue”

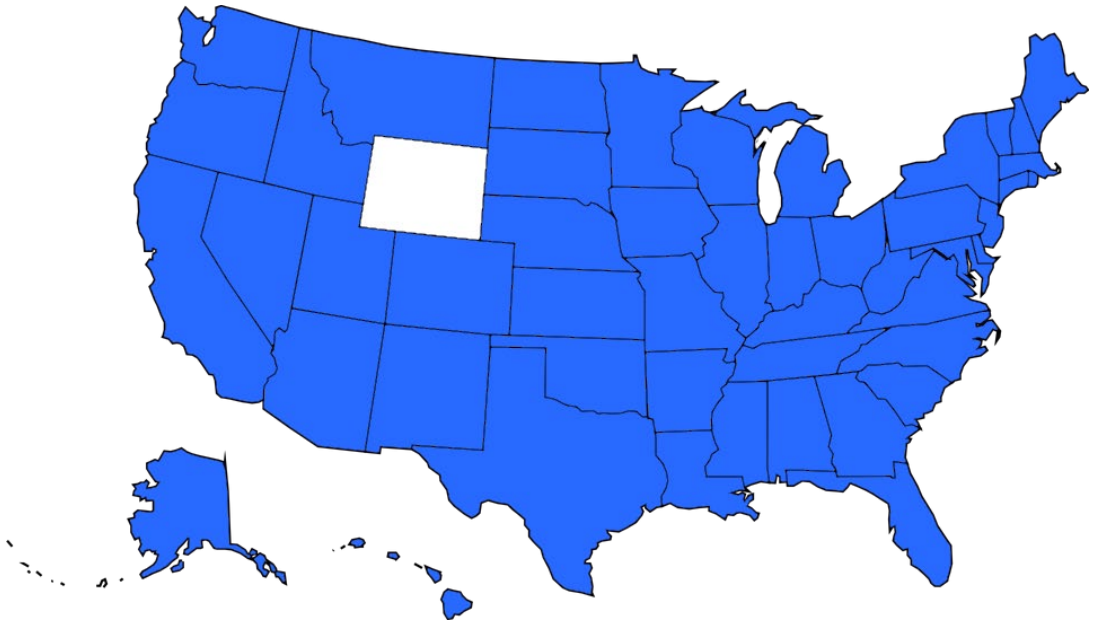
- Randal Hemmerlin, Executive Director
Red Wing Housing & Redevelopment Authority

Proven Nationwide

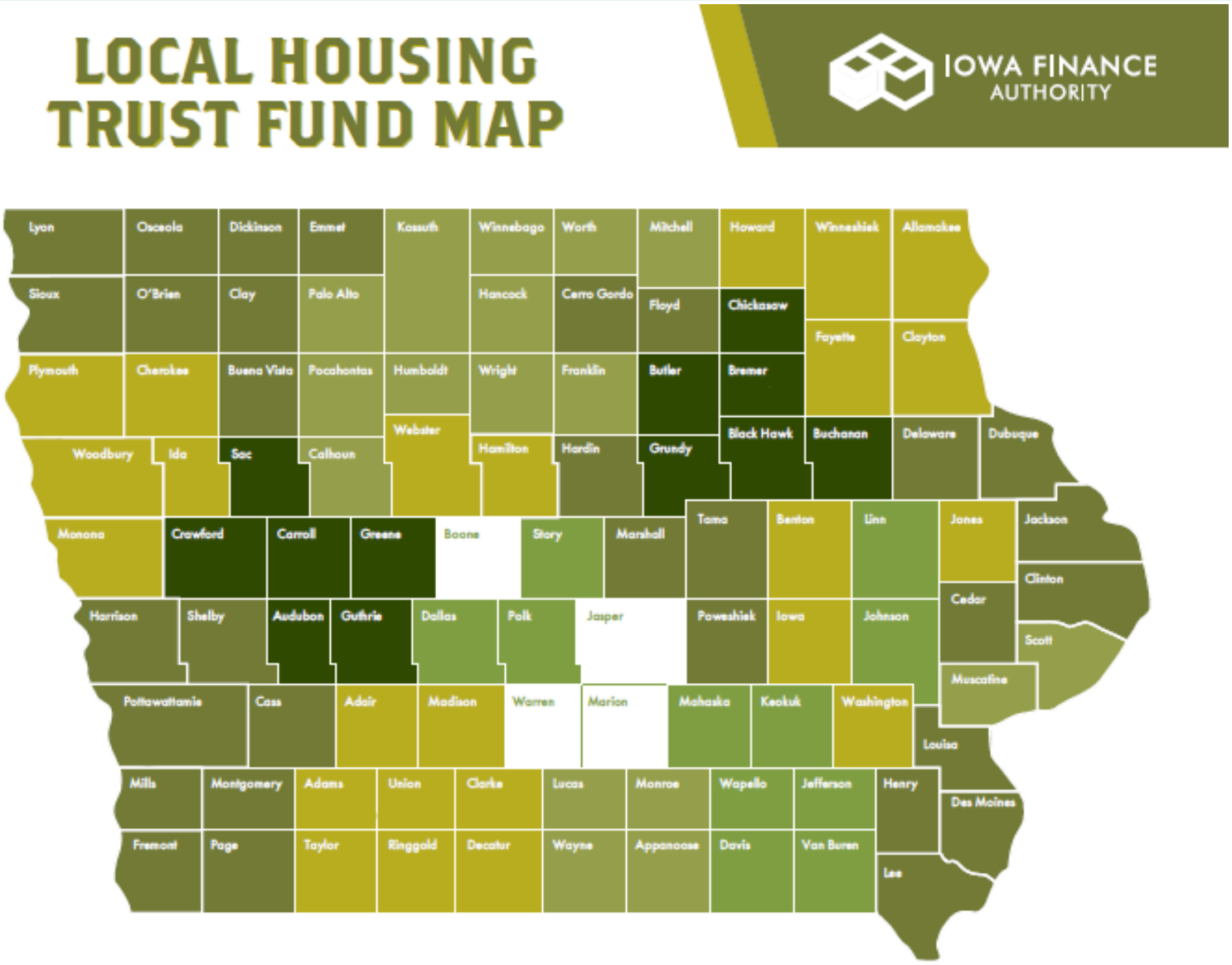
49 states

800 HTFs in cities, counties and states

$2.5 billion a year generated



Proven in Rural Communities



Define Goals

Based on your community's needs, what problem(s) do you want your LHTF to help solve?

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

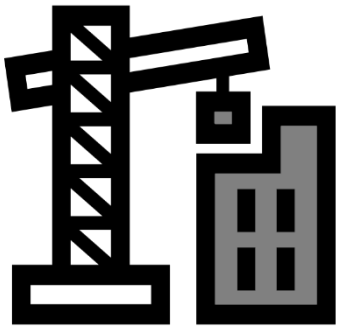


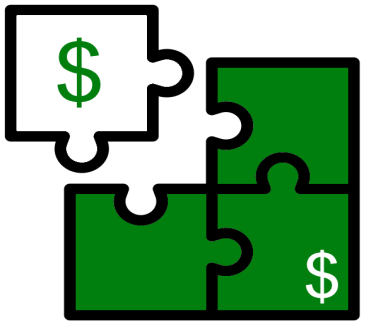
Projects/Programs to Support

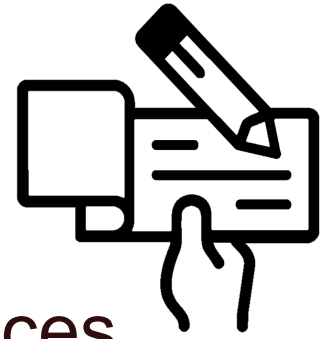
- Grants
- Loans

For development, rehab, or financing

- 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

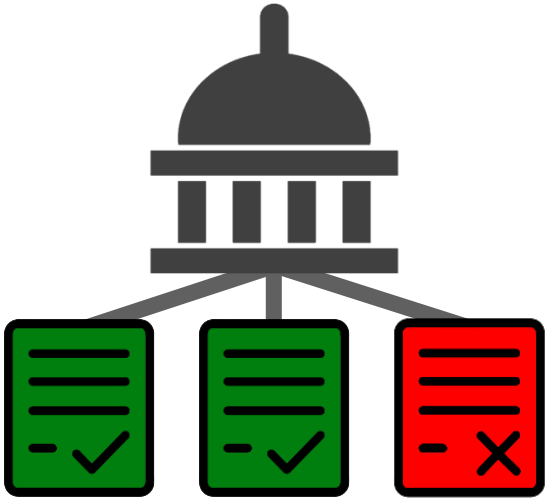
Examples:

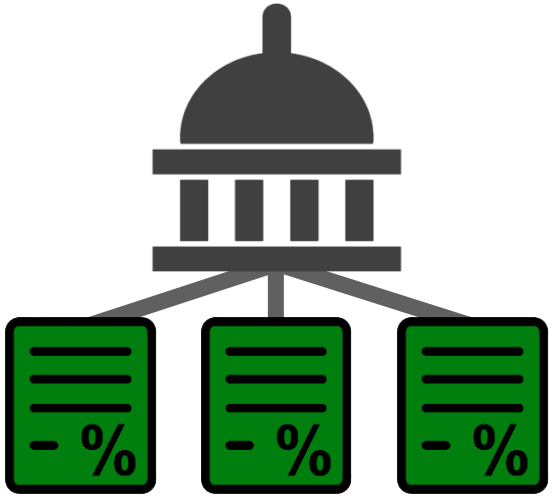
- ≤ 30 - 80% Area Median Income (AMI)
- Seniors
- Larger families
- Downtown
- Transit Corridors
- Near Education or Employment Centers

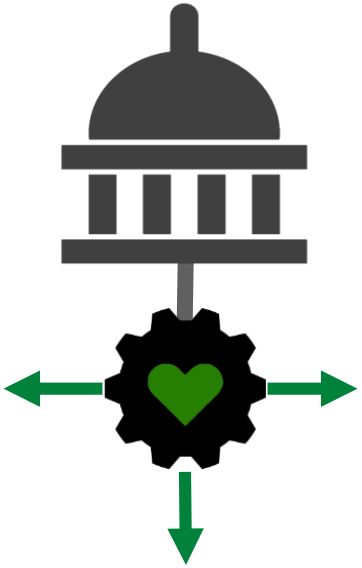


Distribution of Funds

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







MN Municipalities with a LHTF

Adopted:

- Bloomington
- Goodhue County
- Hennepin County
- Minneapolis
- Red Wing
- Rochester*
- Saint Louis Park
- Saint Paul

In consideration:

Alexandria

Northfield

Saint Cloud

Winona

Detroit Lakes



*privately organized, non-public

City of Red Wing



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County of Goodhue



By McGhiever - Own work, CC BY-SA 3.0,
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City of Rochester



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Additional Resources

- **Community Change** – Housing Trust Fund Project
  http://housingtrustfundproject.org
- **Enterprise Community Partners** – *Piecing it Together: A Framing Playbook for Affordable Housing Advocates*
  https://www.enterprisecommunity.org/resources/piecing-it-together-framing-playbook-affordable-housing-advocates
- **MHP** – Housing Research
  https://www.mhponline.org/publications
- **MHP** – Local Housing Trust Fund Manual
  forthcoming



Minnesota Housing Partnership

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