

Housing Trust Fund Case Studies

Compiled for the North Valley Housing Trust

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Introduction

Housing Trust Funds (HTFs) are locally generated revenue sources targeted to meet affordable housing needs. In response to the shrinking availability of federal housing funds, there has been a rapid growth in the number of State, County and City HTFs across the United States over the last 10 years. Communities have found that HTFs provide a flexible resource that diversifies housing program revenue streams and enhances sustainability. This year, the Center for Community Change conducted a nationwide survey of Housing Trust Funds. They counted a total of 188 Housing Trust Funds, including 54 at the State level (some states have multiple HTFs), 60 at the County level, and 74 at the City level. California has the most City HTFs with 23, and the second most County HTFs with 9.

A Housing Trust Fund Workgroup has convened to initiate the North Valley Housing Trust Fund. It will initially serve the greater Chico area, with plans for expansion to Butte County and potentially other surrounding counties. The Workgroup has decided to pursue an emerging model that establishes the HTF as a Community Development Financial Institution (CDFI). A CDFI is an entity certified by the federal government to provide economic benefits to underserved populations. CDFIs can provide tax advantages to donors, and receive federal grants from the U.S. Department of Treasury. HTFs that utilize CDFIs are typically setup as nonprofit 501c3 organizations that harness the political and financial resources of the public and private sectors.

The Case Studies summarized in this document are characterized by CDFI utilization and strong public-private partnerships. The North Valley Housing Trust Fund Workgroup believes that this model will be most successful in Chico and Butte County. The Workgroup can learn from these other efforts as it begins to build its own HTF.

Redding

The Redding Affordable Housing Fund Committee was formed to develop a way to use a \$1 million donation paid by Lowe's Home Improvement for the right to construct a store on land previously set aside for affordable housing development. The committee was composed of representatives from the Shasta Regional Foundation, the City of Redding Housing Division, Dignity Health (formerly Catholic Healthcare West), and the Redding Habitat for Humanity. The committee secured about \$5.5 million in commitments to supplement the original \$1 million from Lowe's, including contributions from Dignity Health, the Northern California Community Loan Fund, Premier West Bank, the Redding Bank of Commerce and North Valley Bank.

Features

- Administered by the Shasta Regional Foundation.
- Funding applications reviewed, and loans underwritten, by the Northern Valley Community Loan Fund, who is also working to establish the HTF as a CDFI.
- A loan committee composed of HTF donors approves applications.
- Loans have repayment requirements with below-market interest rates.

Results

The Redding HTF committed funds to its first project in April 2012- a \$625,000 loan to rehabilitate a Single Room Occupancy building with 60 apartments affordable to very low-income seniors. The Redding Affordable Housing Fund Committee began meeting in 2006.

Advantages

The Redding HTF was extremely successful in leveraging the initial Lowe's donation to build a significant fund balance. This was done by reaching out to a diverse group of community stakeholders, including non-profit organizations, major employers and financial institutions.

Disadvantages

The Redding HTF has been slow to put its fund to use. This is due to the established funding criteria and loan approval process. The loan interest and repayment terms do not assist affordable housing projects in need of deferred payment loans or grants.

Applicability to Butte County

- Geographic proximity and demographic similarity
- Public/Private Partnership Model
- Strong community foundation involvement
- Involves local medical center and financial community

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Reference Websites

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San Luis Obispo Co.

The San Luis Obispo County Housing Trust Fund (SLOCHTF) was incorporated in 2003, and initially consisted of loans from banks, religious organizations and the SLO County Community Foundation. By the start of 2009, about \$200,000 of private grants had been added. Since 2009, the SLOCHTF received \$3.1 million in grants from HCD (State of California) and the CDFI Fund (U.S. Treasury). The CDFI was also critical to securing a \$1 million investment from Rabobank. At present, loan funds total nearly \$7 million, of which \$3.3 million is equity and the remainder are loans.

Features

- Administered by a countywide 501c3, with financial support from county and city governments.
- The HTF nonprofit is established as a CDFI.
- Historically provided one product- short-term loans with flexible terms.
- Now initiating forgivable loans and recoverable grants.

Results

SLOCHTF has provided \$7 million in financing and assisted in the creation of 218 affordable units.

Advantages

SLOCHTF has successfully leveraged local resources to secure state and federal funds. The fund was established as a CDFI and has secured \$1.6 million through the U.S. Treasury CDFI Fund. The fund also secured \$500,000 from the California HCD Local HTF Program. Demonstrating community commitment and a strong lending track record were key factors in receiving these funds.

Disadvantages

Until recently, SLOCHTF did not provide deferred payment, forgivable loans or grants that could assist very low-income families and the homeless.

Applicability to Butte County

- Similar scale in terms of area and population
- Public/Private Partnership Model
- Strong community foundation involvement
- Involves local medical center and financial community
- Successful CDFI utilization

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Reference Websites

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Santa Clara County

Established in 1998, the Housing Trust of Santa Clara County (HTSSC) is a nationally known model of a successful nonprofit housing trust fund. It has raised over \$70 million and assisted about 9,500 households, including 2,200 homebuyer loans. It started with donations from Silicon Valley employers, who continue to be the largest donors, and evolved to receive contributions from local governments and financial institutions. In December 2011, HTSSC became a certified CDFI, and received two COIN investments in the past year. Services are now expanding to larger multi-family rental loans and homeless grants.

Features

- Strong participation from local employers.
- Administered by a countywide 501c3, with financial support from county and city governments.
- The HTF nonprofit is established as a CDFI.
- 21- person board representing the public and private sectors.
- Provides loans for homebuyers, multi-family development and preservation, and security deposit grants of up to \$1,500 for the homeless.

Results

HTSSC has provided \$46 million in financing and assisted in the creation of about 9,500 affordable units.

Advantages

HTSSC has successfully engaged large local employers to initiate and sustain their fund. They have diversified their funding portfolio to include local governments, and have recently become a certified CDFI to offer tax benefits to their partners. HTSSC has also diversified their services to include a broad spectrum of the housing continuum of care.

Disadvantages

Due to its location in one of the country's most expensive housing markets, HTSSC has a high subsidy per unit, and therefore serves fewer people per dollar spent than most housing trust funds.

Applicability to Butte County

- Public/Private Partnership Model
- Strong local business involvement
- Homeless assistance program
- Successful CDFI utilization

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Reference Websites

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Orange County

The Orange County Housing Trust (OCHT) was originally formed as an arm of the Neighborhood Housing Services of Orange County, which is a member of the national Neighborworks network, and an established CDFI. This parent organization provided grant funds that were used as match to secure a \$2 million grant from the State of California Housing and Community Development Local Housing Trust Fund program. NHS of Orange County also provided a balance sheet to secure initial investments, office space and other shared resources. OCHT also received \$500,000 from Orange County to help them meet their Regional Housing Needs Allocation, and \$100,000 from five cities in the County.

Features

- Board Committees have representation from all contributing local governments.
- Housed in the NHS of Orange County, an established local nonprofit.
- Established as a CDFI.
- Focus on homeless, veterans, emancipated foster youth, and transitional housing.
- Provides loans for homebuyers, multi-family development and preservation, and security deposit grants of up to \$1,500 for the homeless.

Results

Loans have resulted in 84 units of new affordable housing and 194 new homeowners, loaning over \$13 million in the community.

Advantages

Established in 2004, OCHT has grown rapidly by building on established community resources. They have facilitated partnerships by engaging the community in events such as a Housing Summit. In addition to providing loans for low-income housing, OCHT provides homeless assistance grants.

Disadvantages

Current loan programs have limited benefit to projects that target the homeless or extremely low incomes. Terms are similar to bank loan products.

Applicability to Butte County

- Public/Private Partnership Model
- Built on successes of established local nonprofits
- Developing a homeless assistance program
- Successful CDFI utilization

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Reference Websites

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