

Exhibit B to 8-28-07 Measure HO-C Agenda Item

**ESTABLISHING A HOUSING TRUST FUND
Housing Measure HO-K**

INTRODUCTION

California's population increased 42 percent between 1980 and 2000, from 24 million residents to 34 million. By 2025, the state's population is expected to increase by another 44 percent to 49 million people.

California State Law requires every jurisdiction to update their General Plan Housing Element every five years. As part of the update process each jurisdiction has to plan for future growth through a process called the Regional Housing Needs Allocation (RHNA) process. Each jurisdiction is assigned a total number of units that they need to plan for over the next seven years from 2006-2013. As of June 2007, the Sacramento Area Council of Governments was still drafting the RHNA numbers for the 2006-2013 Housing Element timeframe.

Housing trust funds (HTFs) are distinct funds established by cities, counties and states that dedicate sources of revenue to support affordable housing. Housing trust funds are usually created by legislation or ordinance. At present, there are more than 600 housing trust funds in the United States. Measure HO-K of the 2004 General Plan Housing Element directs Human Services and Development Services Department staff to establish a Housing trust fund.

Housing Element Measure HO-K of the 2004 General Plan

Housing Element Measure HO-K states: Establish a housing trust fund as a flexible, locally controlled source of funds dedicated to meeting local housing needs. In order to ensure the security and longevity of the funds, the County should undertake the following activities:

- Identify major stakeholders and begin a housing trust fund Campaign;
- Establish a task force or committee structure;
- Determine fund administration structure and an oversight body;
- Outline key responsibilities and administration funding;
- Evaluate revenue sources and establish a dedicated revenue source and dollar goal;
- Provide clear guidelines for the awarding of funds; and
- Determine program application procedures and criteria.

The Departments of Human Services and Development Services are the parties responsible for this measure. The expected outcome of this measure is the establishment of a housing trust fund as a means to encourage and assist in the development of affordable housing in El Dorado County.

LEARNING FROM OTHERS

Housing trust funds were created as early as the mid-1970s, but they did not become a significant trend until the late 1980s and into the 1990s. There are now more than 600 housing trust funds in cities, counties and states nationwide. They have spent over \$1.6 billion building and preserving in excess of 200,000 units of affordable housing.

Housing trust funds provide jurisdictions maintaining trust funds a flexible way for governments to commit resources to provide affordable housing. They have generated funds, addressed critical housing needs and created new partnerships, building long-term support for housing.

Housing trust funds throughout California generate a variety of resources to fund housing programs. Prior to exploring funding sources, organizers identify local housing needs and determine a targeted dollar amount that will best meet those needs. Funding sources accessed by other housing trust funds include, but are not limited to:

- Developer In-Lieu Fees
- Document Filing Fees
- Condo Conversion Fees
- Commercial Development Linkage Fees
- Real Estate Transfer Fees
- Transient Occupancy Tax
- Housing Mitigation Fees
- HOME Funding
- CDBG Funding
- Emergency Shelter Grant Funds
- Voluntary Contributions
- Public and Private Grant Funds
- Mortgage Recording Fee
- Sales Tax
- Property Transaction Fees
- Interest Accounts
- General Funds

Housing trust funds may be administered by a wide variety of governing bodies; from local government agencies and departments to non-profit corporations. In every success case, representatives from public and private interest groups are included in the oversight of establishing and awarding funds; community leaders, banks, developers, realtors, environmentalists, faith-based groups, and service providers, among others. Housing trust funds can be used to support innovative ways of addressing many types of housing needs.

Eligible activities supported by housing trust funds are responsive to the needs of individual communities. According the 2007 Housing Trust Fund Progress report prepared by the Center for Community Change, the majority of county housing trust funds allowed funds to be used for new construction and acquisition, and most allowed rehabilitation/preservation as an eligible activity. Housing trust funds can

also fund special needs and transitional housing, provide match for other housing dollars such as down payment assistance and for predevelopment activities. On average according to the Center for Community Change, each dollar spent by a housing trust fund leverages seven dollars in additional funding for housing, such as loans from banks and other government funding.

CONCLUSION

Housing trust funds provide significant advantages to both the county and developers of affordable housing by streamlining application processes, making housing projects possible.

Providing for housing that meets the needs of existing and future residents in all income categories is necessary when building a strong economy that supports vibrant communities. Many households and families in El Dorado County meet the affordable housing criteria. Housing prices have become a limiting factor in hiring of personnel for both the County and other local employers. A housing trust fund could ensure more opportunities for affordable rentals and home ownership, and for families to live and work in our community.

Upon the Board of Supervisors accepting the committee recommendations and taking appropriate action, staff would work with stakeholders to prepare and present clear guidelines for the awarding of funds; and determine program application procedures, criteria, and timeline.