

**Affordable Housing Policy  
Committee Report  
to the  
City Council, Mayor and City Manager**



**February 18, 2008**

# Affordable Housing Policy Committee Members

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## Executive Summary

This report to the City Council, Mayor and City Manager presents the work, findings and recommendations of the Affordable Housing Policy Committee established by resolution in September 2005. The committee of 18 commenced work in July of 2006 and met for 14 public meetings. There have been numerous sub-committee meetings, where the bulk of the work was accomplished. The group is as diverse as envisioned and includes the members mentioned earlier in our previous report.

The first order of business was to debate a definition of affordable housing. While that process sounds simple, arriving at a consensus was difficult. Many different definitions were considered but the main criteria; was to find a definition that “fit” the City of Columbia and that was representative of its housing needs. The consensus definition is as follows:

**“Any housing where basic housing costs, including rent, utilities, mortgage payments, and home repairs necessary to maintain a reasonably safe and secure home in standard condition are less than 38% of household income for home occupants and 30% of household income for renters.”**

The next step in the process was to come up with some goals for increasing the available housing stock for various levels of low and moderate income households. The purpose for this was to come up with reasonable goals and then find the action steps necessary to achieve those goals. As a bit of background, it is necessary to make a statement about the availability and state of the affordable housing market. In very general terms, the rate of increase in housing costs has significantly outpaced the increase in household income. While simplistic, this is the case and the situation continues. This general phenomenon has caused fairly large gaps in the availability of affordable housing. The upper middle income and upper income groups have an abundance and an oversupply currently of housing stock available to them but the real gaps come in the lower end of the income spectrum.

The next step in the process was to develop some goals with respect to addressing the affordable housing stock or affordable housing inventory. We settled on four goals as follows:

1. Goal A: Using supply and demand side strategies provide incentives to allow the purchase of at least 300 owner occupied housing units affordable to those between 50-80% of the Median Family Income (MFI);

*In 2007, this income range includes persons earning from \$28,650 - \$45,840 per year. A household in this income range making 70% of the MFI would have an income of approximately \$38,000, which could support a \$120,000 mortgage, however, in today’s market, it would be realistic to suggest that most buyers would be willing and able to qualify for a mortgage of \$105,000. The actual average purchase price would not be less than \$130,000 without subsidy; therefore, to meet this goal, a minimum of \$20,000 per unit or about **\$6,000,000 annually** (assumes \$5,000 downpayment by owner) would be necessary to achieve this goal. Future increases in material and utility costs could widen the gap between what people can afford to pay and the cost of housing further.*

2. Goal B: Provide direct subsidies; including rental assistance and other programs and incentives from existing direct mainstream Federal and State funded programs, to make

at least an additional 400 units annually of rental housing, not occupied by students with other means of support, affordable to those below 30% of the median income.

*Households in this income range have incomes below \$17,190 and are not self-sufficient. Currently, the average subsidy from the Columbia Housing Authority through its rental subsidy programs is \$4,814. This would amount to **\$1,925,600 needed annually to meet this goal.***

3. Goal C: Provide incentives, and state and federal financing, including owner occupied and rental housing; to make affordable an additional 400 housing units annually for those below 60% of the median family income.

*Households in this income range make less than \$34,380, and include mostly rental households. Meeting this goal will include use of existing buildings, acquisition and rehabilitation of rental units, mixed use housing options, and new construction of rental units. It is expected that a mix of rental and owner households in this income range may vary considerably from year to year depending upon opportunities for housing suppliers and demand from recipients. For the purposes of this report; we will assume that there will be 100 households seeking owner occupancy at \$25,000/unit, using a deep subsidy approach; 100 households that are not self sufficient and need rent subsidies at \$3,000 household; and 200 affordable rental housing conversions and constructions averaging \$30,000 per unit; **for a total cost of \$8,800,000.***

4. Goal D: Provide incentives and regulatory relief that will result in the construction and/or conversion of 1,000 additional housing units available to the elderly, physically disabled, or others with special needs.

*Current data in Columbia on the cost of constructing housing for special needs populations, including such programs as low income housing tax credits, HOME funding, and HUD funding through Section 811 and Section 202; indicate that the average new construction development cost per unit is approximately \$200,000; including all amenities and rent subsidies required by special needs populations. However, the use of existing buildings would cost significantly less, suggesting an acquisition/rehabilitation cost of \$100,000 per unit as an alternative for producing good quality multi-family housing. Costs vary greatly depending upon the demands of each special needs population group. We believe that housing acquisition and development costs would average \$150,000 per unit, or **\$150,000,000 spread over a ten year period; estimated at \$15,000,000 annually.***

The next step was to organize our efforts to address ways that the above goals could be accomplished. There are a variety of measures that can be implemented to stimulate, facilitate, provide incentives, and generally encourage affordable housing. Without doubt, it will take a multitude of efforts to make a significant difference in the availability of affordable housing. The committee was divided into several sub-committees to try to address the various areas to be scrutinized. The four sub-committees studied and made recommendations in the following areas:

1. Financial Incentives
2. Regulatory Barriers/Building Cycle: Fees, Codes and Ordinances

3. Housing Production: Design, Zoning and Energy Efficiency
4. Fair Housing, Regulation, Consumer Education, Manufactured Housing, and Life Cycle Costs

A Summary of the Principle Recommendations:

1. Develop Affordable Housing Criteria included in a Development Agreement to:
  - Modify zoning code to allow higher density housing options for both single family and multi-family residential categories (see appendix on tandem and cottage housing)
  - Encourage infill development by modifying regulations to allow non-conforming lots within the central city without Board of Adjustment oversight
  - Establish a fast track development process
2. Expand consumer education programs on energy management and conservation and budgeting, managing credit, and the home buying process
3. Establish a housing trust fund
4. Create a private not-for-profit affordable housing development organization
5. Acquire and convert private rental housing to affordable rental housing
6. Adopt universal design in affordable housing to aid seniors and those with disabilities
7. Create a new position for an affordable housing planner to act as city advocate for comprehensively developing affordable housing recommendations contained in this report
8. Conduct a formal survey of the low to moderate income segment to ratify findings found in the survey conducted by this committee

Like many cities across the country, the City of Columbia lacks sufficient affordable housing for its low and moderate income residents; however, there are some tangible low cost solutions. Since the cost of building dwellings has increased faster than relative income, a simple and more cost effective approach would be to build smaller, high-density units that are also energy efficient. This practice is already being implemented in many cities to increase the stock of affordable housing. Additionally, we suggest that the city and its planners modify existing regulatory barriers, such as reducing the minimum lot size from 7000 sq. ft. to something like 3500 sq. ft. for affordable housing projects. Other restrictions such as lot width, setbacks, etc. need to be examined to facilitate the construction of affordable housing units.

Additionally, there are several recommendations in this report that could be accomplished over the long-term such as the establishment of a housing trust fund and a not-for-profit organization to benefit affordable housing. We believe that such entities can have a real impact on the development and implementation affordable housing strategies. Our diverse committee represents different points of view that worked together to find consensus and create this report.

Finally, the committee hopes that the council, mayor and city manager will all act quickly and forcefully on these issues. As with most everything, there is no silver bullet to solving the affordable housing problem. However, by implementing the items suggested in this report, we believe significant and substantive progress can be made. Those of us who were asked to serve on this committee appreciate the opportunity to meet our civic duty.



# **FINAL REPORT OF AFFORDABLE HOUSING POLICY COMMITTEE**

## **A. DEFINITION OF AFFORDABLE HOUSING**

The first task the committee was to debate a definition of affordable housing. As simple as that sounds, arriving at a consensus was difficult. After reviewing definitions from other communities and considerable debate, the committee decided that the definition should be applicable to all residents of the City of Columbia regardless of income. The definition that was agreed upon was as follows:

**“Any housing where basic housing costs, including rent, utilities, mortgage payments, and home repairs necessary to maintain a reasonably safe and secure home in standard condition are less than 38% of household income for owner occupants and 30% of household income for renters.”**

## **B. NEED TO ADDRESS AFFORDABLE HOUSING**

As a bit of background, it is necessary to make a statement about the availability and state of the market for affordable housing. In very general terms, the rate of increase in housing costs has considerably outpaced the increase in household income. The situation has gotten progressively worse as primarily land costs have risen (the median lot price in Columbia in 2005 was about \$45,000), as well as the overall cost of building real estate. This general phenomenon has caused fairly large gaps in the availability of affordable housing stock. The upper middle income and upper income groups have an abundance of housing stock available to them but the real gaps come in the lower end of the income spectrum.

To reach the above conclusion, the committee reviewed statistics provided in the City’s Consolidated Plan and from the Columbia Board of Realtors to determine housing needs based upon income level for rental and owner occupied housing. Currently, the Median Family Income (MFI) for Columbia is \$57,300. However, according to the 2000 Census, non-family households comprise 48% of all the households in Columbia, but are not included in this number. Data from the 2000 Census shows also indicates the median *household* income was 65% of the median *family* income, therefore, we concluded that the median household income, counting all persons in the City, is currently estimated at \$37,245.

### ***1. Affordability of Owner Occupied Housing***

In keeping with our definition of affordable housing, a family making the median household income of \$37,245 would qualify for about a \$115,000 loan, assuming good credit and some funds set aside for a down-payment; enough to buy a \$125,000 - \$135,000 house in 2007. Conversely, under the scenario presented, 50% of all of the households in Columbia could not afford a \$115,000 loan even if they had good credit because they lack \$10 - \$15,000 in savings for a down-payment.

<b>TABLE 1</b>							
<b>INCOME REQUIREMENTS FOR HOME PURCHASES</b>							
<b>For a 2 person Household to Determine Median Family Income (MFI \$49,600)</b>							
<b>Mortgage (at 6.5% for 30 years)</b>	<b>Monthly P &amp; I</b>	<b>Monthly Tax</b>	<b>Monthly Insurance</b>	<b>Monthly Utilities</b>	<b>Monthly Totals</b>	<b>Yearly Income Needed at 30% of Income</b>	<b>Yearly Income Needed at 38% of Income</b>
<b>\$80,000</b>	\$506	\$70	\$90	\$225	\$ 891	\$35,640 72% MFI	\$28,137 57% MFI
<b>\$100,000</b>	\$632	\$92	\$100	\$225	\$1,049	\$41,960 85% MFI	\$33,126 67% MFI
<b>\$120,000</b>	\$758	\$115	\$110	\$235	\$1,218	\$48,720 98% MFI	\$38,463 78% MFI
<b>\$140,000</b>	\$885	\$117	\$120	\$245	\$1,367	\$54,680 110% MFI	\$45,252 87% MFI
<b>\$160,000</b>	\$1,011	\$136	\$130	\$260	\$1,537	\$61,480 124% MFI	\$51,410 98% MFI

*Table 1* shows the minimum amount of income (assuming good credit), to afford a home at 30% and 38% of the median income. The “30% of Income” numbers are presented to provide numbers for the higher end of the income spectrum that would need to be targeted by housing providers to allow adequate market demand to justify increasing the supply of affordable housing units.

## 2. Supply of Affordable Homes

Data from the Columbia Board of Realtors for the Columbia School District indicated that the median sales price of a home rose from \$126,370 during 2003 to \$145,000 in 2005, an increase of 15% in two years; while the median sales price of a new home rose by 25% during this period, from \$138,250 to \$174,000. The largest portion of this was attributed to the increase in lot prices that rose from \$26,250 to \$44,950 (71%) during this same time period. At the same time the HUD calculated median family income for Boone County did not increase between 2003 and 2007. The income levels of City employees increased at an average rate of 2 – 3% per year during this time period.

<b>TABLE 2</b>	<b>1999</b>	<b>2002</b>	<b>2005</b>
<b>Price Range Residential Sales</b>			
<b>&lt;\$50,000</b>	111	77	25
<b>\$50-79,000</b>	365	296	114
<b>\$80-100,000</b>	436	343	222
<b>\$100-130,000</b>	694	732	275
<b>\$130,000 - \$160,000</b>			696
<b>&gt; \$160,000</b>	359	562	562
<b>TOTAL</b>	<b>1965</b>	<b>2208</b>	<b>2215</b>

Board of Realtors data (*Table 2*) also indicates that for 2005, 2,215 homes sold in the local market. Of the sale of affordable housing units:

- 25, or 1% were sales of \$50,000 or less; and decreased to 6 units in early 2008
- 114 or 5% were homes that sold in the range of \$50-79,000; decreasing to 40 units in early 2008
- 222 or 10% were sold on the range of \$80-100,000; decreasing to 94 units in early 2008
- 275 or 12% sold in the range of \$100-130,000; decreasing to 142 units in early 2008

In total, 636 homes or 29% of the total sold in the “affordable” range. The foregoing clearly indicates the need for increasing sales of housing below \$130,000. However, the most basic new single family home (defined as a three-bedroom, one-bath, single car garage on an inexpensive lot, assuming it could be found), according to builders on the committee, could be built in the \$115,000 - \$125,000 range, making it affordable to the higher end of the lower income range. This suggests that some incentives could be used to increase the supply of affordable owner occupied housing.

**TABLE 3**  
**Income and Housing Cost Burden for Owner Occupied Households**  
**January 2004 (Consolidated Plan)**

<b>INCOME (Cost Burdened)</b>	<b>Elderly 1 and Two Member HH</b>	<b>Small Related HH (2 - 4 persons)</b>	<b>Large Related HH (5 or more persons)</b>	<b>Other HH (Mostly Single Persons)</b>	<b>TOTAL OWNERS 17,245</b>
<b>&lt;30% MFI \$18,600/yr</b>	589	274	55	451	<b>1,369 (8% Of total)</b>
<b>Cost Burden &gt; 30%</b>	224(38%)	203(74%)	23(42%)	356(79%)	<b>806(59%)</b>
<b>30-50% MFI \$18,600 to \$31,000/yr</b>	729	654	112	374	<b>1,869 (11% Of total)</b>
<b>Cost Burden &gt; 30%</b>	233(32%)	386(59%)	48(43%)	254(68%)	<b>921(49%)</b>
<b>51-80% MFI \$31,000 to \$49,600/yr</b>	1,179	1,081	229	787	<b>3,276 (19% Of total)</b>
<b>Cost Burden &gt; 30%</b>	259(22%)	389(36%)	44(19%)	283(36%)	<b>975 (30%)</b>
<b>Over \$49,600/yr</b>	2,254	6,117	858	1,502	<b>10,731 (62% of total)</b>
<b>Total Population</b>	<b>4751</b>	<b>8126</b>	<b>1254</b>	<b>3114</b>	<b>17,245 (100% of total)</b>

*Table 3* indicates that before the recent increases in the cost of purchasing and building housing units, a significant number of households owning their own homes were considered cost burdened by HUD. 1,727 households making less than 50% of the median household income were paying more than 30% of their income for housing expenses. Of these, HUD data indicates that the majority, 1,128 households paid more than 50% of their income for housing expenses. The number of foreclosures under these circumstances is not surprising. The committee believes that; with the exception of subsidized housing and providers like Habitat for Humanity; those making less than 50% of the median income cannot afford to become new homeowners.

### **3. Affordability of Rental Housing**

*Table 4* indicates the income needed to pay Fair Market Rents (FMR) in 2007. HUD sets FMRs are set at the rate where 60% of the rents for the Columbia Metropolitan area are considered higher and 40% are considered lower. A review of *Table 4* indicates that a housing unit in standard condition with moderate energy efficiency, for those with incomes below 30% of the median income will need a large subsidy to pay the FMR. For households making between 30%

and 50% of the median income, rent at FMR levels is not affordable for above average sized households seeking three and four bedroom units.

<b>TABLE 4</b>				
<b>Income Requirements for Rental Units (2007 Fair Market Rents*)</b>				
<b>Unit Size</b>	<b>Utility Allowance (average of CHA UA)</b>	<b>2007 40th Percentile Rent (HUD) less UA</b>	<b>40th Percentile Fair Market Rents</b>	<b>Income requirement for a family paying 30% of its Income (% of HUD published Median Family Income adjusted by household size)</b>
<b>0 BR</b>	<b>135</b>	<b>278</b>	<b>413</b>	<b>\$16,520 (38% MFI; 1 person HH)</b>
<b>1 BR</b>	<b>152</b>	<b>342</b>	<b>494</b>	<b>\$19,760; (46% MFI; 1 person HH)</b>
<b>2 BR</b>	<b>189</b>	<b>425</b>	<b>614</b>	<b>\$24,560 (44% MFI; 2 person HH)</b>
<b>3 BR</b>	<b>228</b>	<b>666</b>	<b>894</b>	<b>\$35,760 (64% MFI; 3 person HH)</b>
<b>4 BR</b>	<b>269</b>	<b>728</b>	<b>997</b>	<b>\$39,880 (64% MFI; 4 person HH)</b>

\*40th percentile rents estimated from HUD Published Fair Market Rents for the Columbia Metropolitan Area

<b>TABLE 5</b>					
<b>Income and Cost Burden for Rental Households</b>					
<b>January 2004 (Consolidated Plan)</b>					
<b>INCOME (Cost Burdened)</b>	<b>Elderly 1 and Two Member HH</b>	<b>Small Related HH (2 to 4 persons)</b>	<b>Large Related HH (5 or more persons)</b>	<b>Other HH (Mostly Single Persons)</b>	<b>TOTAL RENTERS 20,638</b>
<b>&lt;30% MFI \$18,600/yr</b>	437	1,661	262	6,381	<b>8,741 (42% Of total)</b>
<b>Cost Burden &gt; 30%</b>	271(62%)	1,229(74%)	86(33%)	5,232(82%)	<b>6,818(78%)</b>
<b>30-50% MFI \$18,600 to \$31,000/yr</b>	369	1,185	104	3,078	<b>4,736 (23% Of total)</b>
<b>Cost Burden &gt; 30%</b>	229(62%)	794(67%)	21(20%)	2,216(72%)	<b>3,260(69%)</b>
<b>51-80% MFI \$31,000 to \$49,600/yr</b>	375	1,353	114	2,597	<b>4,439 (22% Of total)</b>
<b>Cost Burden &gt; 30%</b>	79(21%)	230(17%)	16(14%)	649(25%)	<b>974(22%)</b>
<b>Over \$49,600/yr</b>	163	1,034	136	1,389	<b>2,722(13% of total)</b>
<b>Total Population</b>	<b>1344</b>	<b>5233</b>	<b>616</b>	<b>13,445</b>	<b>20,638 (100% of total)</b>

**Table 5** indicates that there were as many as 6,818 households in Columbia with incomes below 30% of the median income that were cost burdened and paying more than 30% of their income for housing expenses. 5,769 of these tenants were severely cost burdened, paying more than 50% of their income for housing expenses. A large proportion of these tenants are single unrelated households, suggesting that many are students. However, **Table 5** indicates there are also 1,229 small related households in this group, suggesting that there is a major problem with non-student households as well.

**Table 5** also indicates that there are 3,260 households earning between 30% and 50% of the median income that are cost burdened and paying more than 30% of their income for housing. Within this group, 852 of households are severely cost burdened and paying more than 50% of their income for housing expenses. Similar to households below 30% of the median income, the largest portion of those below 50% of the median were also single, small and unrelated households.

Given the increase in energy costs since 2004, it is likely that the percentage of cost burdened rental households is much higher today than in 2004.

**4. Recommendation: Council Policy Resolution on Affordable Housing:** Based upon the findings indicated above there is a clear gap in the ability of persons to afford housing that can be made available, given the housing costs, including the increasing cost of land, utilities, financing, building materials, and regulatory barriers. The committee's recommendation is for the Council to pass a Resolution declaring that:... *it is in the best interest of the City to promote affordable housing through financial and regulatory incentives to increase and/or maintain the supply and demand of affordable housing for low and very-low income households.* The resolution should become part of the City's 2020 Comprehensive Plan and Consolidated Plan documents for the future.

## **C. GOALS TO ADDRESS AFFORDABLE HOUSING NEEDS**

The next step in the process was to develop some goals with regard to addressing the affordable housing stock or affordable housing inventory. The projected goals are based upon the need for affordable housing through the year 2020, which should be incorporated into the 2020 comprehensive planning document. Based on the needs analysis, we came up with four goals:

**Goal A: Using supply and demand side strategies provide incentives to allow the purchase of at least 300 housing units affordable to those between 50-80% of the Median Family Income annually.**

In 2004, there were close to 8,000 households between 50% and 80% of the Median Family Income; representing a group that is at and slightly below the 50 percentile of "household" income in Columbia. 58% of these households were renters in 2004 (See **Tables 3 and 5**). The committee recognizes that the need to build wealth and community stability within the housing environment; therefore, City should set a goal of homeownership for more than 50% of the households in the community. In 2004, it was estimated that only 46% of households owned their own homes. Households in this income category cannot afford to purchase newly constructed single family homes without substantial subsidies nor can they afford to purchase 70% of the homes that were sold during 2005 (See **Table 2**).

Since 2005, there has been a substantial increase in the cost of new construction, utilities, and land. The committee recognizes that tightening of underwriting guidelines as a result of the mortgage crisis has made it more difficult to become a homeowner.

**Goal B: Provide direct subsidies, including rental assistance and other programs and incentives from existing direct mainstream Federal and State funded programs; to make at least an additional 400 units annually of rental housing, not occupied by students with other means of support, affordable to those below 30% of the median income.**

*Table 5* indicates that in 2004, there were 5,769 cost burdened households in this income range. Apart from students, whom are believed to make up less than half of this total, the committee believes that households in this income ranges do not have the ability to be fully self sufficient. Households in this group tend to need more than housing; however, the provision of education and employment opportunities will not generate wealth for this population without the availability of affordable housing.

**Goal C: Provide incentives via state and federal financing, including owner occupied and rental housing, to make affordable an additional 400 units annually of housing for those below 60% of the median family income.**

In 2004, *Table 5* indicates that 69% of renters with incomes between 30 and 50% of the median income (3,260 households) paying more than 30% of their income for housing expenses, and are considered cost burdened. Between 2004 and 2007, HUD's *Fair Market Rent* levels increased by 25% for a three bedroom unit (about 8% per year) and by 5% per year since 2000. Rent levels are increasing faster than income levels. The income level of this group of households suggests that it contains the lower income portion of the workforce in service and retail sectors. The committee recognizes the need to support the continued self-sufficiency of households in this income range.

**Goal D: Provide incentives and regulatory relief that will result in the construction and/or conversion of 1,000 additional housing units available to the elderly, physically disabled, or those with other special needs.**

The committee recognizes a need for providing additional resources to house special needs populations, particularly those that have physical disabilities. In 2003, the City's Consolidated Plan indicates that there were more than 1,500 persons in the City with special needs in need of affordable housing. The largest portion of this population is made up of those that are physically disabled, frail and/or elderly households, approximately 1,000 households. The senior population is increasing as a percentage of the overall population. Special needs housing may, in certain situations, require higher standards of accessibility and additional supportive services.

#### **D. QUALIFYING "AFFORDABLE HOUSING" FOR INCENTIVE AND REGULATORY PROGRAMS**

The next step was to organize our efforts to address ways that the above goals could be accomplished. There are a variety of incentives and policy enhancements to stimulate, facilitate, provide incentives, and generally encourage affordable housing. Without doubt, it will take many a combination of strategies to make a significant difference in the availability of affordable housing. The committee was divided into several sub-committees to address various areas of concern. The four sub-committees studied and made recommendations in the following areas:

1. Financial Incentives
2. Regulatory Barriers/Building Cycle: Fees, Codes Process, and Ordinances
3. Housing Production: Design, Zoning, and Energy Efficiency
4. Fair Housing, Regulation, Consumer Education, Manufactured Housing, Life Cycle Costs

In order to develop programs, revise procedures, and remove regulatory barriers to affordable housing, the committee believes it is appropriate to provide a working definition for housing providers and other organizations to help the City meet its goals for increasing the supply and demand for affordable housing. The definition includes the general characteristics for housing that is affordable. The design of the specific requirements is not within the purview of this committee and needs to be assigned to an existing committee or Commission appointed specifically for this purpose:

### ***1. Housing in Standard Condition***

If constructed, affordable housing must be code compliant and built in accordance with the most current version of the City's building codes, and upon completion, should meet the City's Property Maintenance Code.

### ***2. Accessibility Requirements***

A minimum of 10% of all new housing units in an affordable housing project must meet five of the seven "Universal Design" principles for all projects where more than two units are being addressed.

### ***3. Energy Efficiency***

Energy efficiency is increasingly a key factor in contributing to the number of cost burdened households. The committee discussed situations where homes are unaffordable based upon energy costs alone. The City currently has established a rebate program for improvements that save energy in existing homes. Energy improvements should be conditioned on minimum standards that would include ceiling and wall insulation, the existence of an existing HVAC system with a minimum 80% efficiency (no baseboard electrical systems) or equivalent system, weather-stripping windows and doors and eliminating other major sources of air infiltration; and have windows systems with two panes of glass. Standards of efficiency should be based upon the type of incentives being provided. For example, a rental assistance program addressing an existing house with no construction involved would be less restrictive than a new construction program. As an alternative, an owner or builder could demonstrate energy efficiency in accordance with the Home Energy Rating System (*HERS*). For example: a *HERS* rating of 125 for existing housing would qualify for affordable housing incentives, 105 for rehabilitation and renovation projects, and 90 for new housing construction. By comparison, City building codes for new construction is equivalent to a rating of 100. A *HERS* rating of 85 qualifies for the Energy Star Program.

Additional incentives to be provided by Water and Light are strongly encouraged to bring homes up to Energy Star Standards. We note that the City does not have a major energy incentive program targeted specifically at for rental housing.

#### ***4. Maximum Rent***

Homes shall be considered as affordable if the proposed maximum rent, plus “*actual*” utility costs, do not exceed a payment standard set by the Columbia Housing Authority.

#### ***5. Maximum Home Prices***

The maximum home price to a buyer shall be set at \$120,000 plus an annual percentage increase based upon the Consumer Price Index.

### **E. Removing Regulatory Barriers**

#### **1. Short term – High priority (Goal A) Policy Recommendations:**

- Re-development or Infill – Establish a new criteria allowing an infill lot that is currently considered a legal non-conforming lot, to receive a variance from the Board of Adjustment. “Grandfather” and exempt individual dwelling lot surveys whether pre- or post- annexation, provided parcels have adequate infrastructure and dimensions to satisfy zoning requirements.
- Allow administrative approval of replats that create additional dwelling unit lots but do not increase the number of dwelling units above allowed limits set by zoning; for example, the conversion of a single duplex lot into two fee simple lots.
- Modify zoning codes to allow for higher density housing options when housing complies with Affordable Housing Criteria, including Tandem and Cottage Housing (See APPENDIX B).

#### **2. Long term – High priority (Goal A) Policy Recommendations:**

- Encourage re-development of infill areas by establishing a process for allowing a reimbursement of a portion of the fees when housing complies with established affordable housing construction standards. Said reimbursement would only be applicable after “X” percent of development is completed and proven by providing Certificates of Occupancy.
- Fast Track Development Process – Appoint a separate task force of “stakeholders” to set prospective goals and develop standards and processes for the following:
  - Minor subdivisions (maximum of five lots)
  - Major subdivisions
  - Combination of preliminary/final plats for small-scale (define) projects that have zoning in place
  - Expedited plan review process
  - Single permit application process “one stop shop” for all applicable departments – Facilitator/contact person to assist applicant with all interdepartmental requirements

- Time limits for review of development permits by applicable departments – failure to act within time frame – due process
- Grant administrative review and approval authority to Planning Department staff for plans that meet affordability criteria as established by City Council

## **F. Resources Needed**

There are a number of resources that communities can develop to increase access to affordable housing. Community resources must be paired with development strategies to assist people in accessing affordable housing.

### ***1. Consumer Education***

#### **The Problem**

- Many people lack the ability to make good consumer choices about rental housing with regard to related housing costs, utilities, and transportation costs.
- Many people lack basic household budgeting skills to manage their finances and improve their credit scores.
- Many people lack the knowledge and financial training necessary to plan for and achieve homeownership.

#### **The Context**

- Many low-income renters have limited housing choices which often include locating housing stock further away from employment, shopping and schools. Additionally, they are not able to afford newer or updated housing units and end up living in housing with outdated utilities, resulting in excessively high energy costs.
- Low-income persons often carry high credit card and other consumer debt that paired with poor budgeting practices often limits their housing choices and/or puts their housing at-risk.
- The complexity of the home buying process is often intimidating to the first-time homebuyer, particularly if there is no prior family history of homeownership.

#### **The Solution**

- Consumer education programs and information to aid renters in making wise housing choices related to utility costs and conservation practices.
- Consumer financial education programs that focus on budgeting, managing credit, and the home-buying process to increase access to homeownership.

### ***2. Housing Trust Fund***

#### **The Problem**

- The private market does not provide sufficient affordable housing stock to adequately house persons at or below 80% of the median family income.

### **The Context**

- Increasing costs of land, labor and building materials makes it less profitable for developers to build affordable housing. Financial incentives are needed help to bring balance to the affordable housing market.

### **The Solution**

- Establish a housing trust fund to provide flexible funding for the preservation and development of affordable housing. Housing trust funds are distinct funds established to receive and distribute funds from dedicated public revenues, such as taxes, fees or loan repayments; the sale of public lands; or established by private donations. There are 38 states with housing trust funds and more than 400 unique housing trusts exist in one form or another, as cities, counties and states have developed many different models that work.

[See *Housing Trust Fund Report* in Appendix.]

## ***3. Private Not-for-Profit Affordable Housing Organization***

### **The Problem**

- Developing affordable housing often lacks adequate financial incentives for private developers.

### **The Context**

- Developing affordable housing often requires mixed or layered financing from multiple public and private sources with small or marginal profit margins. The complexity of entities involved results in considerable paperwork and bureaucratic burdens that act as barriers and disincentives for private developers.

### **The Solution**

- Create a private not-for-profit organization to use all available funding sources to actively pursue the development or purchase of affordable housing units. The organization should collaborate with the *Columbia Housing Authority* and other organizations serving low-income, senior, and disabled populations so that independent living can be encouraged and sustained. The private not-for-profit organization should use strategies to leverage its capital for development. It should also collaborate with the private sector to further the development of affordable housing.

## ***4. Use of Existing Housing Resources***

### **The Problem**

- Private market rental housing does not always match the demand for affordable housing particularly for persons at or below 60% median family income.

### **The Context**

- The private market often provides an excess of speculative new market-rate rental housing that may be converted to subsidized or less-than market-rate rental housing due to foreclosure or bankruptcy. In addition, new market-rate rental housing can also lead to an excess of older rental housing stock that goes un-rented and begins to deteriorate.

### **The Solution**

- Acquire and convert private market rental housing to affordable rental housing. Acquiring property through foreclosure or bankruptcy can be less expensive than building new housing or make rehabilitating older housing for cost effective.

## ***5. Special Needs Housing***

### **The Problem**

- Seniors and persons with disabilities have limited incomes and have a disproportional need for accessible, affordable housing.

### **The Context**

- As the number of seniors and persons with disabilities increases in our community, the need for accessible, affordable housing increases.

### **The Solution**

- Affordable housing should be developed utilizing universal design to provide increased housing accessibility for seniors and persons with disabilities.

## ***6. Affordable Housing Planner***

### **The Problem**

- Additional staff resources are needed to guide the community planning and development process for the implementation of affordable housing strategies.

### **The Context**

- While the Affordable Housing Task Force has provided comprehensive recommendations addressing the need for affordable housing, a dedicated staff person is necessary if these recommendations are to be implemented in an efficient and expeditious manner.

### **The Solution**

- Funding from local and federal sources should be secured to fund a new city position of Affordable Housing Planner with the purpose of guiding the community planning and development process for the implementation of affordable housing strategies outlined in this report.

## **G. Future Actions for Council Consideration**

1. Pass a resolution specifying that it is in the best interest of the City to promote and provide incentives for affordable housing; including a definition of affordable housing and adoption of the Affordable Housing Goals of the Committee.
2. Provide guidance to the Planning and Zoning Commission to review short and long term recommendations for removing regulatory barriers to affordable housing; including consideration for amending the City's 2020 Comprehensive Plan, Zoning, and Subdivision Ordinances.

3. Establish a Committee specifically charged with preparing recommendations, including suggested sources of revenue and the make-up of a permanent Board to oversee the establishment and operation of a housing trust fund.
4. Establish a committee to specifically review ways of maintaining and improving manufactured housing.
5. Establish a permanent fair housing committee with the following tasks:  
implementing the recommendations stated in the existing City's Analysis of Impediments to Fair Housing Choice, and overseeing an update of this document before 2010; educating and promoting affordable housing and financial education programs, promote affordable housing for persons with disabilities; and pursue necessary funding sources to implement recommendations of the committee.
6. Using existing funding sources in the short term and funding sources recommended above in the long term, hire a Planner with the task of promoting and implementing affordable housing programming.

# **APPENDIX A**

## **SURVEY RESULTS**

### **Prepared by the Affordable Housing Survey Subcommittee**

The development of housing stock is a customer-centric endeavor. The Survey Subcommittee understood the need to collect “real world” market data. Even though the committee had access to the most comprehensive information available from HUD and U.S. census data, we discovered most of this data was outdated and not truly reflective of the realities of the community. The committee members felt it necessary to create a subcommittee to address these issues.

#### **Limitations of the Survey**

The Survey Sub Committee quickly realized that they lacked the resources to conduct a city-wide random survey. The Survey Committee opted to take a “Snap Shot” of the most likely beneficiaries of the policies the Affordable Housing Policy Committee would recommend to the city council. Based on the adopted definition of affordable housing, the committee reviewed statistics provided in the City’s Consolidated Plan and from the Columbia Board of Realtors to determine housing needs by income categories for rental and owner occupied housing. Currently, the Median Family Income (MFI) for Columbia is \$57,300. However, according to the 2000 Census, non-family households, which comprise 48% of all the households in Columbia, are not included in this number. Current data shows that the median household income was 65% of the median family income, therefore, the median household income, counting all persons in the city is currently estimated at \$34,380-\$37,245. The sub committee’s “educated guess” was people working for the city, county, state as well as education would fit this income bracket. The committee clearly understands this is not a purely random survey.

#### **PRIMARY OBJECTIVES OF THE AFFORDABLE HOUSING POLICY COMMITTEE SURVEY**

1. Create a profile of our core customers: gender, age, employment, marital status, and dependants
2. Define core customers’ barriers to homeownership
3. Gauge knowledge/tolerance to different housing types

#### **SECONDARY OBJECTIVES**

1. Used survey results to fine tune recommendations to City Council.
2. Used results to address educational needs of potential customers
3. Focus future marketing campaigns to support affordable housing initiatives.
4. Learn from this prototype to create a more comprehensive citywide survey.

#### **DISTRIBUTION OF QUESTIONIARE**

The subcommittee, with the help of the policy committee, at large, distributed and collected the survey from the following organizations:

- City of Columbia-Human Resources Department.
- Board Office for the Columbia Public Schools.
- Online through the City of Columbia Website.

- Daniel Boone Public Library.
- Columbia Housing Authority's "Money Smart" classes
- Home Ownership 101 classes conducted at the public library
- The Affordable Housing Forum conducted by Ms. Almeta Crayton.

## SUMMARY OF SURVEY RESULTS

Responses: 267

Number Answering Most Questions: 210

### Characteristics of Persons Responding

- 71% female
- Average Age 30 – 39
- Most have some college education
- Household size averaged 1.5
- Disproportionately African American (23%)
- 7% had a disability that would affect where they live
- 45% with incomes below \$25,000 and 77% with incomes below \$40,000
- Of 139 responding to employment question, 55% worked for the public sector or College, University or Hospital. 25% worked in the private sector.

### Significant Opinions (Either very important or somewhat important):

- 88% wanted to be homeowners
- 41% considered current housing conditions as unacceptable
- Types of housing that people would **not** want to live in:
  - 4% single family homes
  - 9% rehabilitated home
  - 21% duplex
  - 25% condominium
  - 35% modular home
  - 46% cottage housing
  - 69% manufactured home
- Barriers to homeownership
  - 85% down payment assistance
  - 77% income too low
  - 75% can't afford a home in a desirable neighborhood
  - 64% bad credit
  - 48% not knowledgeable concerning buying a home
  - 46% planning a major life change in the near future
  - 39% do not want to deal with upkeep and repairs
  - 21% too young to own a house
  - 20% do not want to move from current neighborhood
  - 18% can't find a home that meets the needs of a disabled family member

## ANALYSIS OF THE RESULTS

**The overwhelming barrier is financial**--the cost of housing and the availability of credit. 77% of those surveyed believe they don't generate enough income to cover monthly payments. When we compared data on home sales prices and calculated monthly payments based upon price and down payment, the down payment was the greatest barrier. **Programs that can cover down payments or reduce prices to the level that monthly payments are affordable are essential.**

**Alternative home styles do seem acceptable, except for manufactured homes (as they the respondents define manufactured housing).** Over half of the respondents would live in any listed type of housing and two-thirds or more would find modular homes, condos or duplexes acceptable.

**It's also noteworthy that half of the respondents see a need for a better knowledge base before setting out to buy.** Education programs can be tailored to target "the issues" we learned about from the survey. Likewise, the council should realize that these responses do not come from the low end of society. Nearly half the respondents are college grads and 80% have attended some college.

## RECOMMENDATIONS

### Marketing

- **Use what the committee has learned in conducting its own survey to implement a more scientific and comprehensive survey citywide.**
- **Analyze the data from a city-wide survey to create a ward-specific action plan for affordable housing.**
- **Create a ward-specific "customer profile" that will act as a marketing tool for all future programs in that area.**

### Education

- **Continue and expand existing programs that educate Columbians on: credit repair, homeownership, and financing opportunities.**
- **Partner with the private sector and higher education to expose Columbians to alternative building practices unfamiliar to Columbia. (Modular housing, ICF, Cottage Development, Universal Design, New Urbanism)**

## **APPENDIX B**

### **COTTAGE AND TANDEM HOUSING OPTIONS**

#### **TANDEM HOUSING**

**Definition:** Two single-family detached dwelling units on one lot.

**Where Permitted:** Tandem Housing could be permitted as an alternative to duplex developments (in districts that permit duplexes). *The primary argument against tandem housing is that it is generally a form of housing that is not conducive to home ownership. However, there are some positive aspects of tandem housing to consider:*

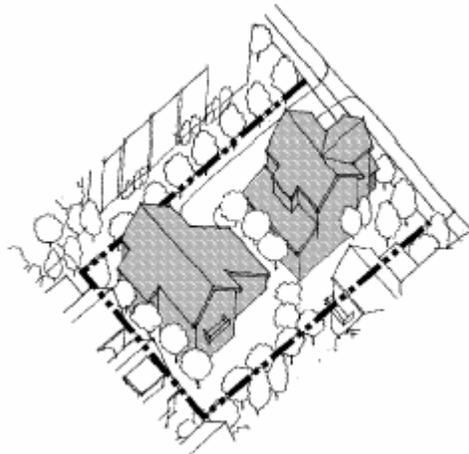
- It provides a viable alternative to duplexes, allowing housing units to maintain and/or fit in with the character of an existing neighborhood.
- Could allow for infill opportunities on larger lots in existing neighborhoods without necessitating a tear down or awkward conversion or addition.

**Density:** Two single-family detached dwelling units on one lot should be equivalent to one duplex in the measurement of density.

**Approval Process:** Administrative – same as for all single-family detached dwelling units.

**Development Standards:** Same as single-family detached dwelling units, with the following exceptions:

- Minimum space between houses must be at least 10 feet.
- Dwelling units sited on the interior of a lot should maintain a setback of at least 20 feet on at least one side (as determined by the director) to provide space for a private yard. All other setbacks to property lines shall be at least 5 feet.
- Shared vehicular access is encouraged for all applicable dwelling units may be required per Parking and Vehicular Access recommendations based on lot frontage. *Enough flexibility is needed to allow for separate driveways where lot widths are wide enough and/or where shared driveways wouldn't work well on a given lot with a pre-existing house.*
- Figure 9: Example of tandem housing.
- At least one enclosed parking space per dwelling unit should be required. This is desirable to reduce the impact of parked cars on the neighborhood – increased standards over a regular dwelling unit are warranted due to the extra density.
- A pedestrian walkway from the street or alley to the primary entrance of all dwelling units on a Tandem Housing lot shall be provided.



*Figure 9. Example of tandem housing.*

## COTTAGE HOUSING

**Definition:** Small single-family detached dwelling units arranged around a common open space.

*The intent/purpose for providing this housing type:*

- Provide a housing type that responds to changing household sizes and ages (e.g., retirees, small families, single person households);
- Provide opportunities for ownership of small, detached dwelling units within a single-family neighborhood;
- Encourage creation of more usable open space for residents of the development through flexibility in density and lot standards;
- Support the growth management goal of more efficient use of urban residential land; and
- Provide guidelines to ensure compatibility with surrounding land uses.

**Where Permitted:** Ideally, Cottage Housing should be permitted in any zoning district that permits single-family detached dwelling units (including the current R1 zone). *Typically, land prices are too high in multi-family areas to support the development of cottage housing. See discussion under “Density” below.*

**Density:** Cottage housing units should be permitted at a rate of 2:1 over regular single-family detached dwelling units due to their reduced size. In other words, where four single-family detached lots are permitted, eight cottage housing units should be permitted on the same site. *There needs to be density bonus in order to encourage cottage housing. A “2 for 1” cottage ordinance is said to work where land is relatively inexpensive; in higher demand area, a “3 for 1” bonus may be needed to balance the scales. They should be allowed in any residential zoning district as long as the project meets the affordable housing criteria approved by the Director of Planning and Development.*

**Approval Process:** Administrative – same as for all single-family detached dwelling units.

### Design Standards:

- To ensure that the overall size, including the bulk and mass of cottage structures and cottage housing developments, remain smaller and incur less visual impact than standard size single-family dwellings, particularly given the allowed intensity of cottage dwellings.



Figure 10: Example of cottage housing.

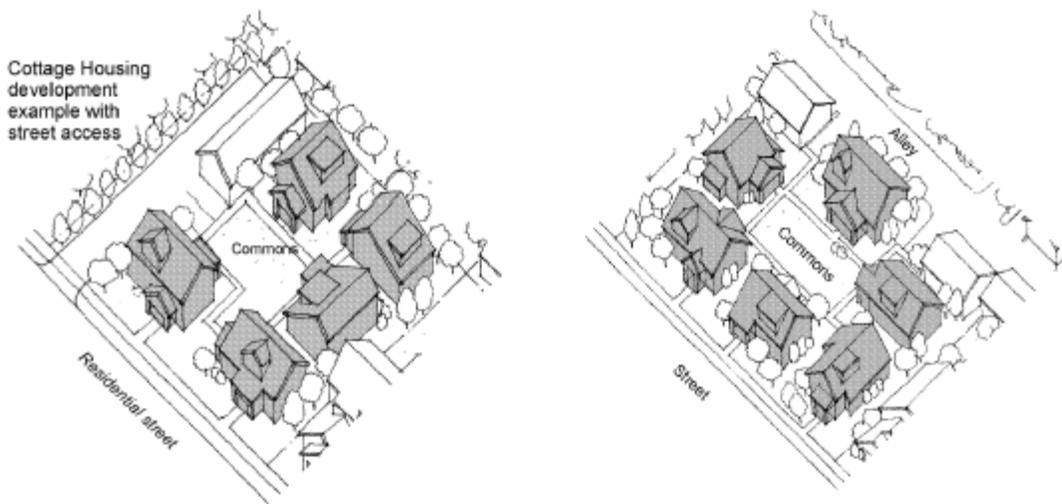


Figure 11: Aerial of a cottage housing development centered around a common open space. Note the configuration of walkways and vehicular access.

- To provide centrally located and functional common open space that fosters a sense of community and a sense of openness in cottage housing developments.
- To provide private area around the individual dwelling to enable diversity in landscape design and foster a sense of ownership.
- To ensure minimal visual impact from vehicular use and storage areas for residents of the cottage housing development as well as adjacent properties, and to maintain a single-family character along public streets.
- Cottage housing developments shall contain a minimum of four and a maximum of 12 cottages located in a cluster to encourage a sense of community among the residents. A development site may contain more than one cottage housing development.
- Common Open Space requirements:
  - Must abut at least 50% of the cottages in a cottage housing development.
  - Must have cottages abutting on at least two sides.
  - Cottages must be oriented around and have the main entry from the common open space.
  - Cottages must be within 60 feet walking distance of the common open space.
- Suggested Private Open space shall be adjacent to each dwelling unit, for the exclusive use of the cottage resident(s).
- Cottage facades facing the common open space or common pathway must feature a roofed porch at least 60 square feet in size with a minimum dimension of 6 feet on any side.
- Cottages located adjacent to a public street shall provide a covered entry feature facing the street. *(This is usually secondary to the porch facing the commons, but it's still important – and reasonable.)*
- Parking shall be:
  - Located on the cottage housing development property.
  - Screened from public streets and adjacent residential uses by landscaping or architectural screening.
  - Located in clusters of not more than five adjoining spaces.
  - Prohibited in the front yard setback area.
  - A pitched roof design is required for all detached parking structures.

**Table 2. Dimensional Standards for Cottage Housing**

<b>Standard</b>	<b>Requirement (Rationale/Discussion)</b>
<b>Maximum Floor Area</b>	1,200SF (this is typical of other cottage housing ordinance)
<b>Maximum Floor Area/Ground or Main Floor</b>	800 SF
<b>Maximum Impervious Surface Area</b>	50% in districts where the max or avg density is 7,200 SF lots or larger; 60% in districts where the max or avg density is between 5,000 SF and 7,199SF lots; and 70% in districts where the max or avg density is smaller than 5,000 SF lots. <i>(This is essentially the same standard as single-family detached)</i>
<b>Minimum Common Space</b>	400 SF/unit
<b>Minimum Private Open Space</b> <i>(See Design Standards below for more info)</i>	200SF/unit <i>(key design component of successful cottage housing developments)</i>
<b>Maximum Height for Cottages with Minimum Roof Slope of 6:12</b>	25' (all parts of the roof above 18' must be pitched) <i>(this eliminates the possibility of skinny two story cottages packed onto a site)</i>
<b>Front, Side Yard Flanking Street, Side, and Rear Yards (to exterior property lines)</b>	Same as Single-Family Detached
<b>Minimum Distance Between Structures (Including accessory structures)</b>	10'
<b>Maximum Height for Cottages and Accessory Structures</b>	18'
<b>Minimum Parking Spaces per Cottage:</b>	See Chapter 3, Table 5.



*Figure 12: Examples of cottage housing development, with and without alley access.*

# APPENDIX C

## LOCAL HOUSING TRUST FUNDS

Prepared by the Housing Authority of the City of Columbia, Missouri

### EXECUTIVE SUMMARY

Housing trust funds are one of the most popular and rapidly growing responses to help provide flexible funding for the preservation and development of affordable housing. Housing trust funds are distinct funds established by legislation, ordinance or resolution to receive dedicated public revenues, such as taxes, fees or loan repayments. These government-established public funds, which can only be spent on housing, support the production and preservation of homes for low income households throughout economic hardships and tough political climates. The primary benefit of housing trust funds is that they are flexible funds, designed locally to address specific community needs. Because safe and affordable housing are essential to the health of every community, committing public resources in the form of housing trust funds can provide a secure and sensible way to fund affordable housing and address critical areas of community need.

Housing trust funds have existed for over 30 years and have been well-established as a vital part of the affordable housing field. Today, there are 38 states with housing trust funds and more than 400 unique housing trusts exist in one form or another, as cities, counties and states have developed many different models that work. These individualized trust funds support innovative approaches to all aspects of affordable housing, including those with special needs, seniors and homeless. The programs demonstrate that decent affordable housing can be created for everyone if we are willing to commit resources to do so. Benefits resulting from housing trust funds include expanded local economies, new partnerships and improved local capacity to engage in public policy initiatives. Creating housing trust funds is a proactive step that housing advocates can take to make systemic changes in the housing policy.

Because cities must individually design, approve and put into operation a tailored housing trust fund, city sponsored housing trust funds are probably the most diverse among any category (city, county, state, regional, and national). All cities have assorted needs, areas of concern, and challenges to identifying dedicated revenue streams with various levels of support from the community.

Therefore, each city must evaluate their unique characteristics to address specific needs that exist within their community. Specifically, four primary issues must be discussed and debated to determine the most sensible form that the trust fund will take within the local community. These four issues include:

- 1) Identifying a Purpose for the Trust Fund**
- 2) Administration Assessment**
- 3) Program Criteria; and**
- 4) Determining a Dedicated Revenue Source**

Two good sources of general information about housing trust funds can be found at the following websites:

- <http://www.communitychange.org/issues/housing/trustfundproject/>
- <http://financialservices.house.gov/media/pdf/041002mb.pdf>

The following pages contain an **outline** of the four primary issues to be addressed in establishing a local housing trust fund.

## **I. Purpose for the Housing Trust Fund**

- A. Housing trust funds are established to provide the financial resources needed to address the housing needs of low- and very low-income households. Some extend this mission to moderate-income; others focus on the needs of the homeless or other special groups. The main purpose is to serve the unmet housing needs of the poorest residents.
- B. The goals of the housing trust fund should be clearly defined in ordinance, resolution or legislation that establishes the fund to help avoid changing administrative/legislative agendas.

## **II. Administration**

- A. Housing Trust Funds are usually administered by a public or quasi-public agency or department that is familiar with federal housing programs, like HOME and CDBG. Most county housing trust funds are administered by a governmental agency or department.
- B. An Oversight Board is usually appointed to provide oversight and their responsibilities range from an advisory to a decision-making capacity. Generally, the board will recommend/determine which projects will receive funding from the trust fund. Usually, the board will consist of representatives of the Housing Community, Banks, Realtors, Developers, Nonprofit Development Organizations, Faith Based Organizations, Housing Advocates, Labor, Service Providers and Low Income Residents.
- C. City Council or County Commissioners generally appoint the Oversight Boards. It is not uncommon for the City Council or County Commissioners to have final say over the direction of the fund and the awards made, but the Boards bring representation from the community as well as support from all segments involved in housing issues.
- D. Staff and Board need to develop an application cycle, program requirements and administrative rules.
- E. Staff will be assigned to run the day-to-day operations of the trust fund.
- F. Examples of local housing trust funds (differences in administration):

- **Santa Fe, NM** - has established a housing trust fund that is overseen by an affordable housing roundtable that decides how the funds are spent and determines distribution of available funding member organizations. This roundtable consists of fourteen members that meet to share information, lobby for initiatives and support each other's individual projects.
- **Sacramento City and County, CA Housing Trust Fund** (A Multi-Jurisdictional Housing Trust Fund) - is administered by a redevelopment agency that has jurisdiction over both the city and county. SHRA oversees the investment of public funds for residential and commercial redevelopment activities in 12 designated neighborhoods throughout the City and County of Sacramento. We also take on special projects in targeted communities and administer the federal funds for a variety of community service programs. Check out what we're doing to make these neighborhoods better places to live and work.
- **Columbus and Franklin County, OH Housing Trust Fund** (A Multi-Jurisdictional Housing Trust Fund) – is administered by nonprofit Columbus/Franklin County Affordable Housing Trust Corporation. An 11 member board is appointed by the mayor. For more information see pages 6-7 in the below newsletter.
- **Seattle, WA Housing Levy Program** - The housing trust fund is administered by Seattle's Office of Housing, a 13 member oversight committee appointed by City Council, reviews and approves the administrative and financial plan for the levy. The Office of Housing appoints and works with a Citizen Advisory Committee.

### **III. Programs**

A. The Board/Council/Agency/Department must determine **Who are Eligible Recipients for the funds?**

1. Non-Profit Development Organizations
2. For Profit Developers
3. Public Housing Authorities
4. Governmental Entities
5. Homeowners
6. Potential/First Time Homeowners
7. Service Agencies
8. Tenants; and/or
9. Santa Fe, NM: Roundtable members (see above)

B. The Board/Council/Agency/Department must determine **What are the Eligible Activities that can receive funding?**

1. New construction
2. Rehabilitation
3. Acquisition
4. Pre-development activities
5. Transitional housing

6. Homebuyer initiatives/Assistance for first time owners
7. Matching funds
8. Education
9. Counseling activities
10. Emergency repairs
11. Accessibility
12. Weatherization
13. Tenant based assistance
14. Rental assistance
15. Homeless services, Activities to address homeless needs
16. Other housing related services;
17. Subsidize expiring federal or state funding; and/or
18. Revitalization of selected neighborhoods

C. **How will the city/county distribute the funds?** Loans, grants or both?

D. What **Requirements** must the projects meet?

1. Income Targeting Requirements? - Who will benefit from the housing provided? Will the fund target specific populations? Homeless and persons earning < 80% of the area median income (AMI), households earning up to 120% of the AMI. Or the funds can earmarked to different socioeconomic classes by percentage.
2. Long-Term Affordability Requirements? Should the housing units be supported through a trust fund so that they remain affordable to the targeted population for a defined amount of time or in perpetuity?
3. Set-Asides and Preferences? Targeting - Will the trust funds encourage that available funds be spent to address specific needs? Set aside a specific portion of available funds to address specific purposes or areas. Also might give preference to projects that leverage housing trust fund dollars, sponsor nonprofit development organizations, or provide employment opportunities for low-income communities.
4. Will programs have accessibility requirements?
5. Will programs have mixed-income requirements?
6. Will programs have housing-related services Requirements?

E. What gets funded? Housing Trust Fund Models:

1. Seattle, WA Housing Levy Program – was designed to ensure that a portion of the housing created through the rental production program was affordable to extremely low-income households and included an *Operating and Maintenance Trust Fund* – to help fill gaps between eligible operating costs and rental income. Program targets youth and victims of domestic violence.

2. St. Louis, MO – 40% of funds awarded must go to activities that benefit households with incomes at or below 20% of AMI. All units built with trust fund required to remain affordable.
3. Cambridge, MA CITYHOME Initiative Program – City’s response to changes in the local housing market, includes four programs:
  - a. Nonprofit Acquisition and Development of Multifamily Properties
  - b. Homebuyer initiative;
  - c. Preservation of Expiring Use Restriction Properties; and
  - d. Affordable Housing Rehab Loan Programs
4. San Diego, CA Capacity Building Program - provides grants, early assistance loans, or other capacity building assistance to nonprofit corporations and community-based organizations whose mission is to provide housing for low-income households.
5. Chicago, IL Low Income Housing Trust Fund – targets/supports households earning 30% of AMI or less by funding rental assistance, homeless initiatives and essential services.
6. Boulder, CO Community Housing Assistance Program (CHAP) – Long-Term Affordability Policy - Strategy to secure 10% of the city’s housing stock as permanently affordable within a ten-year time frame. Boulder developed a covenant that runs with the land to ensure property remains affordable in perpetuity in association with title officers and assessors. RFP process combines funds from CHAP, HOME, CDBG and Inclusionary Zoning.
7. Burlington, VT Housing Trust Fund – A Long-Term Affordability Policy provides funds to non-profit developers motivated to ensure that properties remain affordable to target populations. Policy: The tenure of residents is not threatened at any level and the fund helps create opportunities at every step, and helps ease the process of moving from one housing option to another.
  - a. Housing Tenure Ladder
    - i. Fee Simple Ownership
    - ii. Community Land Trust Ownership
    - iii. Limited Equity Ownership
    - iv. Condominium
    - v. Limited Equity
    - vi. Condo Cooperative
    - vii. Limited Equity Cooperative
    - viii. Resident Controlled Non-Profit Rental
    - ix. Non-Profit Rental
    - x. For-Profit Rental
    - xi. Rental with Support Services
    - xii. Transitional Housing
    - xiii. Shelter Housing

#### IV. Revenue Sources

As the revenue source search is undertaken, it is extremely important that a goal for the housing trust fund be established that identifies the amount of revenue needed each year. This can be based on actual need, a realistic assessment of what can be secured or an evaluation of the capacity to use new funds. This goal will be the measure by which each potential revenue source will be judged as sufficient. A combination of revenue sources may be necessary. **It is critical to keep the focus on dedicated sources of public funding that will provide an ongoing stream of revenue for the housing trust fund.** Other alternatives, such as a one-time appropriation, bond revenues or private sources, will be proposed, but the campaign must keep its sights on putting into place an ordinance or legislation that will change the future of affordable housing.

**Funding dedicated by Ordinance, Resolution or Legislation is different for Cities, Counties and States because they each control different taxes and fees.**

A. Revenue Sources received by **City Housing Trust Funds** include: (Best revenue sources in **bold**)

1. **Transit occupancy tax (hotel/motel tax)**
2. Business license tax
3. **Property tax**
4. **Sales tax**
5. **Real estate transfer tax**
6. **Use tax (modification of sales tax)**
7. Housing excise tax
8. Redevelopment tax increment
9. Sale of city owned land
10. City-owned parking revenues
11. Settlement funds
12. UDAG repayments
13. CDBG loan repayments
14. Bond revenues
15. Interest from accounts held
16. **General fund or city corporate funds**
17. Housing fees
18. **Linkage (non-residential developer impact) fees**
19. Inclusionary zoning in-lieu fees
20. Developer proffers
21. Density bonuses
22. Condominium conversion fees; and/or
23. Others

B. Revenue Sources received by **County Housing Trust Funds** include: (Best revenue sources in **bold**)

1. Document recording fees (most common)
2. Sale of county owned land
3. **Real estate transfer tax**
4. Developer fees

5. Fees from condominium conversions
6. Sales Tax
7. **Food and beverage tax**
8. Non-residential impact fees
9. Loan repayments; and/or
10. **General funds**

C. Other Revenue Sources

1. **Dedicated Public Revenue Sources**

- a. Endowment-Like Funds – Funds that operate on interest/ earnings.
  - i. Denver, CO - Skyline Housing Fund – resulted from the sale of urban renewal land in the City.
  - ii. San Antonio, TX – Housing Trust – resulted from the sale of a city-owned cable TV franchise.

2. **Non-Dedicated Revenue Sources**

a. Non-Dedicated **Public** Revenue Sources

- i. Appropriations
- ii. Initial Capitalization of one-time funds to enable the fund to get underway while waiting for the dedicated funding to accumulate.

b. Non-Dedicated / **Non-Public** Revenue Sources (examples)

- Polk County, Iowa – Operating and Supportive Services Pool is funded through Polk County and private sector funding (more than 25 foundations, corporations and individuals) – provides grants to 6 nonprofit housing agencies.
- Santa Clara County, CA – Collected pledges of \$20 million, 13% from the County, 23.5% from cities within the county, and 12.1% from private foundations, community organizations and individuals. Today, the Housing Trust consists of a coalition of more than 70 public and private sector housing leaders, lenders, environmental organizations, city and county officials.
- Nashville, TN – Resulted from Nashville’s Agenda planning process – designed to be a resource agency that pools funds for affordable housing. 47% of its funds come from government, 43% from banks, 4% from other financial institutions, 4% from corporations and institutions and 2% from charitable organizations.

## **How to establish a Housing Trust Fund**

- I. A Workbook for Creating a Public Housing Trust Fund:**  
<http://www.communitychange.org/shared/publications/downloads/workbook.pdf>
- II. Campaigning:**  
[http://www.realtor.org/HousOpp.nsf/files/winning.pdf/\\$FILE/winning.pdf](http://www.realtor.org/HousOpp.nsf/files/winning.pdf/$FILE/winning.pdf)
- III. Community Involvement / Faith Based Organizations**  
<http://www.freepress.org/journal.php?strFunc=display&strID=146&strJournal=20> and/or  
<http://www.breadcolumbus.org/BREADabout.html>

## **Research:**

- I. Additional Housing Trust Fund Websites can be found at**  
[http://www.hud.gov/offices/pih/pihcc/housing\\_trust\\_fund\\_websites.pdf](http://www.hud.gov/offices/pih/pihcc/housing_trust_fund_websites.pdf)
- II. Websites / Links to housing trust funds referenced in the outline above:**

Santa Fe:

- <http://www.santafenm.gov/community-services/community-development/Affordable-Housing/index.asp> and/or
- <http://www.practitionerresources.org/redir.html?id=26110&url=http%3A%2F%2Fwww.practitionerresources.org%2Fcache%2Fdocuments%2F26110.doc>

Sacramento City and County, CA Housing Trust Fund:

- [www.shra.org](http://www.shra.org)

Columbus and Franklin County, OH Housing Trust Fund:

- [http://www.communitychange.org/shared/publications/downloads/HTF\\_newsletter\\_Fall\\_2004.pdf](http://www.communitychange.org/shared/publications/downloads/HTF_newsletter_Fall_2004.pdf)

St. Louis Housing Trust Fund:

- <http://stlouis.missouri.org/development/otherprojects/rfp-rfq/ahcS07/Complete%20Spring%202007%20For-Sale%20Application%20Instructions.pdf>

Cambridge, MA CITYHOME Initiative Program:

- [http://www.cambridgema.gov/~CDD/cdbg/1yrplan/fy05\\_1yrplan/cdbg\\_1yrplan\\_05\\_p.pdf](http://www.cambridgema.gov/~CDD/cdbg/1yrplan/fy05_1yrplan/cdbg_1yrplan_05_p.pdf)

San Diego, CA Capacity Building Program:

- <http://www.sandiego.gov/planning/community/pdf/cpc/agendas/fy04modelprogramscpghandout.pdf>

Boulder, CO

- [http://www.metrodenver.org/documents/dataCenter/Denver\\_Report.pdf](http://www.metrodenver.org/documents/dataCenter/Denver_Report.pdf)

Burlington, VT

- <http://www.cedo.ci.burlington.vt.us/legacy/strategies/08-subj-housing.html>

Burlington Zoning Ordinance:

- <http://www.ci.burlington.vt.us/planning/zoning/znordinance/article14.html>