

Housing Trust Fund Project NEWS



A Special Project of the Center for Community Change

Affordable Housing Trust Fund Task Force Proposes Housing Trust Fund for Baltimore

The Baltimore Affordable Housing Trust Fund Task Force has presented a proposal to the City of Baltimore, Maryland to create a housing trust fund. The Task Force is a collaborative effort of fifteen organizations that have been meeting over the last year to prepare the proposal.

The Task Force decided that a housing trust fund was necessary in Baltimore to address its growing hous-

ing needs. With a high poverty rate and entry-level jobs moving outside city limits, decent rental housing is inaccessible to many low-income families in Baltimore. To afford a market rate two-bedroom apartment, a household must make \$12.23 per hour in the City. Baltimore is home to 42,481 vacant units and there is nearly as much vacant land (9%) as park land (10%). Poverty is more concentrated and racial segregation more widespread in

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Baltimore Affordable Housing Trust Fund Task Force

- ACORN
- Bon Secours' Operation Reach Out South West
- Center for Poverty Solutions
- Chesapeake Habitat for Humanity
- Citizens Planning & Housing Association
- Druid Heights Community Development Corporation
- Empower Baltimore Management Corporation
- Govans Ecumenical Development Corporation
- Harlem Park Community Development Corporation
- Maryland Center for Community Development
- Patterson Park Community Development Corporation
- People's Homesteading Group
- Save A Neighborhood
- Tri-Churches Housing
- University of Maryland, Baltimore School of Law

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**ENDORSE THE
NATIONAL HOUSING
TRUST FUND CAMPAIGN
SEE PAGE 6.**

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**CENTER for
COMMUNITY CHANGE**

News is published quarterly by the Housing Trust Fund Project, a special project of the Center for Community Change. The Center for Community Change is a national nonprofit which helps low-income people build powerful, effective organizations through which they can change their communities and public policies for the better.

The Housing Trust Fund Project operates as a clearinghouse of information on housing trust funds throughout the country and provides technical assistance to organizations and agencies working to create and implement these funds.

Publications are funded by a grant from the Ahmanson Foundation. For more information or to request technical assistance, please contact:

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BALTIMORE *continued from page 1*

Baltimore than nearly anywhere in the nation. Some 17,000 families languish on waiting lists for Section 8 certificates. In the first nine months of 2003, 15% of inspections found code violations in Baltimore's housing supply.

Building on a concept paper prepared through the University of Maryland School of Social Work, the group began to meet early in 2002. It has developed a mailing list of more than 50 different organizations and met with various experts and advisors as they developed their proposal.

The proposal is seeking to develop a \$5-10 million annual housing trust fund for the City of Baltimore. The Fund would be used to increase affordable housing choices and rebuild Baltimore's neighborhoods through flexible gap financing for housing development and neighborhood revitalization.

Recipients would be allowed only to use the funds to for projects that are already leveraging funds from a variety of sources. Agencies could use the funds for capital costs, developer fees, pre-development, and for operations (up to 5%). Some housing-related nonprofit capacity-building will also be eligible. Recipients may include private for-profit developers, community development corporations, other nonprofit developers, and community-based groups that have 501(c)(3) status.

Eligible activities will include affordable rental and homeowner projects, including:

UNITARIAN UNIVERSALIST AFFORDABLE HOUSING CORPORATION



Homes on both sides of Stricker Street have been rehabilitated by Sandtown Habitat--a nonprofit organization in West Baltimore.

- Projects that address needs all along the housing continuum, including: homeownership, rental units, service-linked permanent rental, transitional housing, and emergency shelters;
- Rehabilitation projects or new construction;
- Projects that seek to transform deeply challenged neighborhoods as well as projects that are building true neighborhood wealth in more stable areas; and
- Neighborhood revitalization projects.

The Affordable Housing Trust Fund Task Force completed extensive legal and budget research to determine the revenue sources that could sustain the Housing Trust Fund at the proposed level of \$5-10 million a year. The most significant criteria used in their analysis, includes: a close relationship to housing, an ability to generate a significant revenue stream, not discouraging continued market success, control at the Baltimore city level, and ease of administration.

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Oakland, California Passes New Linkage Ordinance and Creates Housing Trust Fund

The City of Oakland, California has passed a linkage ordinance creating a new housing trust fund for this City in the San Francisco Bay. The ordinance was passed in the summer of 2002 following the recommendation of a Task Force, established in July 2000. Among the recommendations was consideration of establishing linkage fees. The linkage ordinance would assess fees on new non-residential development in order to mitigate the impact of increased demand for affordable housing caused by such development.

Subsequently, the City Council contracted for a nexus study to demonstrate the relationship between non-residential development and the demand for affordable housing, as required by California law. The study was completed in the fall of 2001. The study documented the nexus analysis, performed an economic impact analysis, and estimated potential revenues from a housing linkage fee.

The City is responding to a severe shortage of affordable housing. The median rent for an available two-

EAST BAY HOUSING ORGANIZATIONS



Las Bougainvilleas Senior Housing was developed on 37th Avenue in Oakland by the Spanish Speaking Unity Council. The Unity Council helps build the assets of families and low-income communities through a comprehensive program of sustainable physical, economic and social development. Through its residential and community programs, the Unity Council provides a number of high quality services for more than 250 seniors living throughout the neighborhood.

bedroom rental unit is nearly \$1,500. A household would need an income of \$60,000 to afford such an apartment without spending more than the 30% of their income. Development costs throughout the Bay Area are extremely high and it is not unusual for costs to exceed \$200,000 per unit for apartments with modest amenities. The gap between these development costs and the rents that are affordable to lower income households is sub-

stantial. Affordable housing cannot be developed without significant public investment.

The study documented that with projects in the pipeline in Oakland, a linkage fee could generate \$5.8 million to \$28.7 million by imposing a linkage fee of \$2.00 to \$20.00 per square foot. The nexus study demonstrated that even at levels of \$8.00 to 10.00 per square foot, a linkage fee would have relatively small effects on development. However, the City Council recommended a lesser fee, because of other impact fees under consideration, including an open space fee and a traffic mitigation fee.

The linkage ordinance passed by the Oakland City Council places a jobs/

The Association of Bay Area Governments, through its Regional Housing Needs Allocation, estimates that based on anticipated economic growth, the City will experience demand for 3,207 new housing units affordable to low and very low income households between 1999 and 2006.

City of Oakland

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Oakland Community Housing, Inc. developed the Villas at Jingletown on 29th Avenue and 10th Street in Oakland. Oakland Community Housing, Inc. has been developing and managing quality affordable housing for low-income families, elderly, disabled and other special needs populations in Oakland and the East Bay since 1973.

housing impact fee on new office and warehouse/distribution space development. The impact fee is \$4.00 per square foot after the first 25,000 square feet of development. The ordinance takes effect on July 1, 2005. The impact fee will be assessed at the time a building permit is issued. Payment will occur in three installments: 25% prior to the issuance of a building permit; 50% at the issuance of a Temporary Certificate of Occupancy (TCO); and 25% eighteen months from the date of the TCO.

As an alternative to paying all or part of the linkage fee, a developer may elect to produce affordable housing. Any applicant electing this in-lieu option must demonstrate that it will construct or cause to be constructed new affordable housing units in accordance with a formula, that states:

number of gross square feet in the development project devoted to office or warehouse/distribution uses minus 25,000 square feet x .00004 = number of affordable housing units. The applicant must secure a Certificate of Occupancy for all affordable housing units no later than eighteen months from the issuance of the Certificate of Occupancy for the development project.

The ordinance also requires the City Manager to establish an Affordable Housing Trust Fund into which the linkage fees are to be placed. The Fund is to provide assistance in developing affordable housing throughout the City of Oakland. Funds are to be used to increase, improve and preserve the supply of affordable housing, with priority given to housing for very low income households.

Eligible uses include assistance with staff costs or other administrative costs attributable to a specific affordable housing project, equity participation in affordable housing projects, loans and grants (including pre-development loans or grants) to affordable housing projects, or other public/private partnership arrangements. Funds may support rental housing, owner occupied housing, limited equity cooperatives, mutual housing developments, or other types of affordable housing projects.

The Affordable Housing Trust Fund will be administered by the City Manager. All allocations of funds from the Affordable Housing Trust Fund must be approved by the City Council. An annual report showing impact fees imposed, revenues collected, funds committed, expenditures made, and any decisions made as to requests for reductions or exemptions is to be presented by the City Manager to the City Council. The City Manager will develop rules and regulations governing the implementation of the ordinance. ■

Contact: Sean Heron, East Bay Housing Organizations, 538 Ninth Street, Suite 200, Oakland, CA 94607 (510-663-3830).

San Diego Association of Governments Develops Regional Housing Trust Fund Strategy

The San Diego Association of Governments (SANDAG) recently formed a Trust Fund Working Group, made up of interested members of their Regional Housing Task Force, to work on expanding the use of housing trust funds in the San Diego region. The challenge comes from SANDAG's report, "Solving the San Diego Region's Housing Crisis," which identifies the growing challenge of providing affordable housing, who is affected by the need, and how the region got into a situation so severe. Among a set of recommendations to create funding sources and incentives for housing and smart growth is creating housing trust funds.

Late last year, SANDAG's Regional Housing Task Force held a workshop on housing trust funds with representatives from other California communities with experience in creating housing trust funds. As follow-up to the workshop, a Housing Trust Fund Working Group was formed to discuss trust fund strategies for the region. The Working Group reported on trust funds and provided plans to the SANDAG Board of Directors in its report early this year.

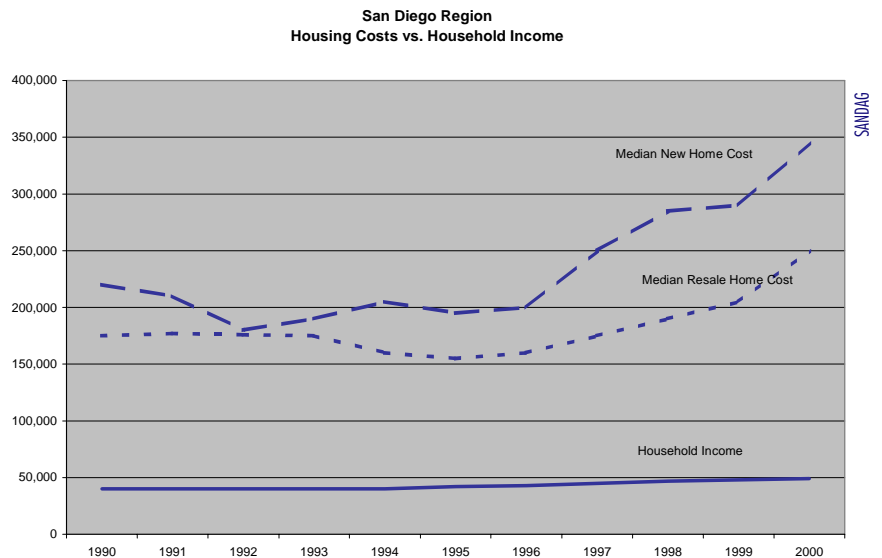
The Working Group discussed several options for increasing the use of housing trust funds in the San Diego region:

1. Increase the number of local housing trust funds: One option would be to encourage local jurisdictions to start their own hous-

ing trust funds and provide them with technical assistance in developing and administering these funds. This strategy could greatly increase the amount of funding for affordable housing development in the San Diego region.

2. Form multi-jurisdictional trust funds: Another option would be to explore multi-jurisdictional trust funds encompassing a city and

After reviewing these options, the Housing Trust Fund Working Group recommended that SANDAG work with local jurisdictions to determine the potential for implementing trust funds. This would allow the programs to be customized to fit individual jurisdictional needs. SANDAG staff would begin by educating City Councils and Boards of Supervisors throughout the region through presenta-



county or more than one city. This strategy could provide more opportunities for potential revenue and for leveraging available resources, as well as reducing administrative costs for smaller cities.

3. Form a regional housing trust fund: The third option of creating a regional housing trust fund would reduce competition among cities and could potentially increase revenues.

tions on housing trust funds. Each of the nineteen jurisdictions throughout the region will be surveyed to answer these questions:

- Is the jurisdiction interested in developing a trust fund?
- What is the jurisdiction's capacity to administer a housing trust fund?
- Would the jurisdiction be willing to participate in multi-juris-

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dictional or regional efforts?

- What is the potential for implementing a commercial linkage fee, and how much could be raised through such a fee?
- Does the jurisdiction have other potential funding sources that could be developed and contributed to affordable housing?

Following the initial fact finding and education phase, SANDAG will explore how to integrate a housing trust fund strategy into its Regional Comprehensive Plan, which is being developed this year. The Housing Trust Fund Working Group will propose a specific strategy for encouraging and expanding local,

multi-jurisdictional and/or regional trust funds.

If the proposal is approved, this strategy could be included in the housing element of the Regional Comprehensive Plan. By integrating the trust fund strategy in the Plan, SANDAG would have the opportunity to tie incentives to the development of these innovative funding strategies. Additionally, the Plan could include methods to provide credit toward meeting affordable housing goals to those jurisdictions that contribute funds to assist in meeting the



Cedar Road Apartments in Vista contains forty units of affordable housing for lower income residents.

region's affordable housing needs. ■

Contact: Rebecca Davis, San Diego Association of Governments, 401 B Street, Suite 800, San Diego, CA 92101-4231 (619-595-5300) (www.sandag.org).

National Housing Trust Fund Bill is Introduced in the 2003 Congress

The National Housing Trust Fund Campaign is off to a great start in 2003. H.R. 1102 was introduced into the House on March 5, 2003 with all of the original co-sponsors plus some for a total of 167 co-sponsors. The bill would establish the National Affordable Housing Trust Fund in the Treasury of the United States to provide for the development, rehabilitation, and preservation of decent, safe, and affordable housing for low-income families.

The bill would amend Title II of the Cranston-Gonzalez National Affordable Housing Act in order to:

- Fill the growing gap in the national ability to build affordable housing by using profits generated by Federal housing programs to fund additional housing activities, without supplanting existing housing appropriations;
- Enable rental housing to be built, for families with the greatest economic need, in mixed-income settings and in areas with the greatest economic opportunities;
- Promote homeownership for low-income families; and
- Produce, rehabilitate, and preserve at least 1,500,000 affordable dwelling units over the next decade.

Monies to be deposited into the National Affordable Housing Trust Fund would include: (1) the amount of the balance in the Mutual Mortgage Insurance Fund that exceeds what is necessary for the Fund to maintain the capital ratio required under law and (2) the amount of funds collected or received by the Government National Mortgage Association that exceed what is necessary to pay the administrative costs and expenses necessary to ensure the safety and soundness of GNMA.

The Secretary of HUD will be able to allocate 40 percent of these re-

sources to states and the remaining 60 percent to local jurisdictions. The Secretary will establish a formula to allocate funds based on the following factors:

- The percentage of families in the jurisdiction that live in substandard housing;
- The percentage of families that pay more than 50% of their annual income for housing costs;
- The percentage of persons at or below the poverty line;
- The cost of developing or carrying out housing rehabilitation;
- The percentage of the population that resides in counties having extremely low vacancy rates;
- The percentage of the housing stock that is extremely old housing; and
- Any other factors the Secretary determines to be appropriate.

The awards to eligible recipients will be the lesser of the allocation amount or four times the amount of funds provided by the recipient from non-Federal sources. Non-Federal sources include a portion of: low-income housing tax credits, mortgage bond revenue, tax exempt bond proceeds, CDBG, HOME, project-based voucher assistance, temporary assistance for needy families, rural housing assistance, and general state revenues. The matching contribution requirement can be reduced for jurisdictions when the Secretary certifies that it is in fiscal distress or eliminated entirely for severe fiscal distress.

Each eligible recipient that receives funds must use not less than 45% for rental housing affordable to extremely low-income families. No less than 30% can be used for rental housing for minimum wage-income

families. And not more than 25% can be used for rental housing or homeownership assistance for low-income families. Not more than 5% of the grant amount can be used to fund operating assistance for nonprofit housing development organizations.

Eligible applicants will be required to submit an allocation plan to be approved by HUD. The allocation plan must contain application requirements for eligible recipients, selection and preference criteria for recipients, forms of assistance, coordination with other assistance, effect the program, administration of the program, and labor standards.

Selection and preference criteria must include at least:

- the amount of assistance leveraged by the applicant from other private and non-Federal sources of financing;
- the extent of local assistance that will be provided (financial support, extent to which barriers to affordable housing have been addressed and reduced);
- the degree to which residents will have various incomes;
- the extent to which employment and other economic opportunities are in the area;
- the extent to which the units will be maintained;
- vacancy rates in the surrounding county;
- the extent to which the percentage of housing that is extremely old exceeds 35%;
- accessibility to persons with disabilities;
- proximity to public transportation, job opportunities, child care, and community revitalization projects; and
- service in areas where the



number of families having incomes less than the poverty line is less than 20%.

Funds may be used for new construction, acquisition, site preparation and improvement, rehabilitation, project-based rental assistance for not more than twelve months, and incentives to maintain existing housing as affordable, including covering capital expenditures and operating costs.

Eligible entities include public or private nonprofit or for-profit entity, unit of general local government, regional planning entity, and any other entity engaged in the development, rehabilitation, or preservation of affordable housing.

The Campaign now has more than 4,000 endorsers. As more Representatives sign on to the H.R. 1102 introduced by Bernard Sanders (I-VT), campaigners await for a companion bill to be introduced in the Senate. ■

**FOR MORE INFORMATION
AND TO ENDORSE THE CAMPAIGN,
GO TO WWW.NHTE.ORG OR CALL
202-662-1530.**

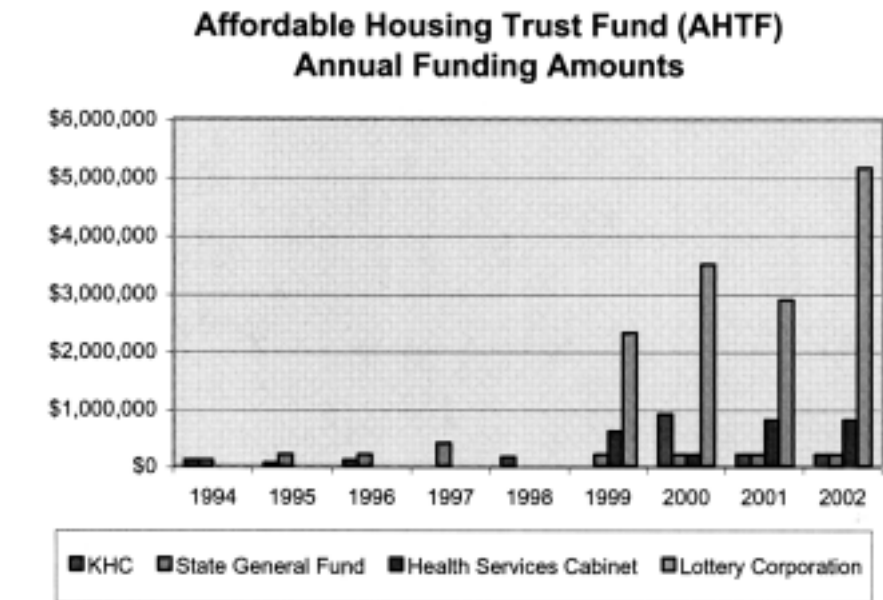
Kentucky Affordable Housing Trust Fund Builds on Commitment of Lottery Funds

The Kentucky Affordable Housing Trust Fund has committed more than \$13 million to provide some 3,666 units of affordable housing throughout the state since it was created in 1992. Begun with marginal funding from the Kentucky Housing Corporation and revenues from the Kentucky Derby Day Breakfast, it grew substantially with a commitment in 1999 of unclaimed lottery earnings.

The Fund primarily provides no-interest home loans to households that generally cannot afford down payments and who would probably not qualify for bank credit. Its consolidated funding round combines the HOME Program, Housing Credits, Housing Development Fund, Renaissance Kentucky and other KHC multi-family finance programs with the Affordable Housing Trust Fund.

Its latest funding round provided funds to 36 applicants in support of more than 680 units of affordable housing. Recipients include: Transitions, Inc.; Faith Community Housing Foundation; Claire Village, Limited; Greater Community Housing, Inc.; Cumberland River Comprehensive Care; Frontier Housing, Inc.; Kentucky Mountain Housing Development Corporation, Inc.; People's Self-Help Housing, Inc.; and Green River Housing Corporation, among others.

Among these is the Hazard-Perry County Housing Development Alliance recently featured in an article in the Lexington Herald Leader



providing the Affordable Housing Trust Fund with invaluable press coverage. The article begins with “Rachel Miller is a lottery winner, sort of.” It then explains that \$17.5 million in unclaimed lottery prizes has been committed to the construction and renovation of homes for the working poor and elderly across the state through the Affordable Housing Trust Fund.

This includes, according to the article, a \$45,000 two-bedroom home that Rachel Miller was able to purchase a year ago. At 69 years of age, she never thought she would be able to save the money needed to buy a house from her Social Security income. Because of funds made available to the Hazard-Perry County Housing Development Alliance through the Kentucky Affordable Housing Trust Fund, people with incomes as low as \$6,000 a year can qualify for loans with monthly payments as low as

\$250. Often the mortgage payments are less than what a family might be paying in rent.

In four years, the Hazard group has built or renovated 24 houses and 20 apartments using the unclaimed lottery revenues from the trust fund. They have been able to leverage these funds with an additional \$150 million.

The Affordable Housing Trust Fund had approximately \$6 million in resources in Fiscal Year 2002. Administered by the Kentucky Housing Corporation, the Trust Fund divides its resources to support transitional housing, home buyer assistance, homeowner rehabilitation, and rental production/rehabilitation activities. ■

Contact: Faye O'Dell, Kentucky Housing Corporation, 1231 Louisville Road, Frankfort, KY 40601 (502-564-7630) (www.kyhousing.org).

Vermont Housing and Conservation Board Celebrates Fifteenth Year!

The Vermont Housing & Conservation Board (VHCB) is celebrating its fifteenth year of operating the very successful Housing and Conservation Trust Fund. Providing support to more than 200 towns across Vermont since 1987, the Board has invested in the construction and rehabilitation of 6,700 units of housing, the conservation of more than 95,000 acres of the state's best agricultural land and more than 235,000 acres of natural areas, woodland and recreational lands, and contributed to the preservation of numerous historic sites and buildings.

The Board not only has its direct impacts to be proud of, but its investments have leveraged one half billion dollars over the fifteen years. In a recent report, *The Economic Benefits of Investments by the Vermont Housing & Conservation Board*, the Board reported that it estimates that from 1988 to 2001, VHCB housing expenditures contributed to \$290 million in construction activity and to the creation of 10,321 construction-related jobs. Much of the income earned from these jobs was spent locally, generating still more economic activity. Every dollar of construction activity is estimated to leverage nearly two dollars in other economic activity.

VHCB's housing and historic preservation policies have given priority to projects in downtown areas. Rehabilitating downtown buildings helps to maintain a mix of commercial and residential uses, making these areas more desirable business

locations. Reinvestment in downtown areas increases commercial activity and tourism. The rehabilitation of vacant and deteriorated buildings spurs further reinvestment in downtown neighborhoods. Other benefits identified in the report, include:

- Attraction and retention of employers due to the proximity of affordable housing opportunities;
- Increased state and municipal revenues from taxes on wages, construction materials, and property transfers;
- Reduced infrastructure costs to municipalities by concentrated development in town centers;
- Greater local spending from reduced housing costs for households; and

- Lower health care costs from removal of toxic substances; better health, nutrition and growth for children; and safer and more supportive environments for senior citizens.

In 2002, twenty housing developments were funded by the Vermont Housing & Conservation Board providing 419 homes. These developments provide homeownership opportunities for lower income Vermonters, create rental housing in some of the state's tightest housing markets including a number of upper-income communities, acquire and rehabilitate mobile home parks, develop affordable assisted living for frail elders, revitalize downtowns, and preserve the affordability of developments that

VHCB



Through the Community Connections program, these East Montpelier School students worked with Chore Buddies, a program of the Vermont Center for Independent Living, to stain ramps for people with disabilities in Central Vermont. VHCB provides funds to VCIL to design and build ramps and make accessibility modifications for homes and apartments statewide.



Maple Tree Place at Taft Corner, Williston, was developed by the Burlington Community Land Trust and Housing Vermont. Fifty apartments are contained in eight different buildings. Fifteen units carry project-based rental assistance.

previously received federal funding.

The residents of Vermont, provided with housing opportunities, have a variety of backgrounds and needs, such as low-wage workers, persons with disabilities, homeless families and individuals, and senior citizens. VHCB funds pay for acquisition and rehabilitation of existing properties and construction of new buildings. VHCB investments also ensure that the housing will remain

affordable over time to benefit both current and future Vermonters.

Of the rental apartments funded this year, half will be additional units located in some of the state's tightest housing markets—Stowe, Manchester, Burlington, Quechee, Colchester, and Randolph. Some of these developments will leverage rental assistance, making those apartments affordable to any Vermonter, no matter how low his or her income. Working with the Chittenden Bank and Federal Home Loan Bank of Boston, the Board has leveraged additional funds to make homeownership a reality for more low-income Vermonters in targeted counties throughout the state. VHCB also funded two assisted living developments, among the first to use that particular model to create affordable, service supported housing for frail elders.

In addition to prioritizing new construction in tight housing markets, the Board continues to focus on developments that help to revitalize downtowns and village centers

and on mobile home park acquisitions that will improve infrastructure and quality of life for the residents. The Board gives priority to developments served by public infrastructure that are conveniently located near jobs, community facilities, and served by public transportation.

Studies continue to show that Vermont's most serious housing need is for rental housing for lower-income households. These households must now earn more than two times the state minimum wage to afford a typical two-bedroom apartment. In one year, the income that a renter needs to afford a two-bedroom apartment in Vermont increased by eleven percent.

The Vermont Housing & Conservation Board makes grants and loans to non-profit organizations, housing co-ops, municipalities, and qualifying state agencies. The Board meets and makes decisions on applications approximately seven times a year. All applicants are required to show long-term benefit to Vermonters through deed restrictions or other mechanisms that ensure the funds provided will have a lasting effect. Housing projects must target Vermonters with incomes at or below median. VHCB also provides awards to assist with feasibility analysis for individual projects and provides organizational grants to non-profits for some of the costs associated with developing affordable housing and conservation projects. ■

Contact: Larry Mires, Vermont Housing and Conservation Board,
149 State Street, Montpelier, VT 05602 (802-828-3250)
(www.vhcb.org).

What is heartening is the continued work of public agencies and private companies to help solve this affordable housing crisis. These collaborations often start with "seed money" from the Vermont Housing & Conservation Board, providing an inducement for private parties such as Vermont's banking community to invest in, lend to, or develop affordable housing.

President, National Bank of Middlebury

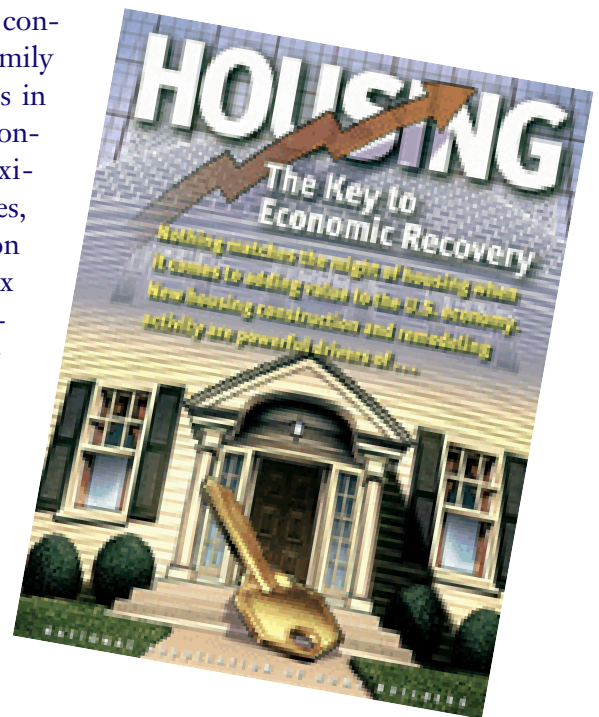
National Association of Home Builders Releases Report on Housing and Economic Recovery

Housing: the Key to Economic Recovery is a new report issued by the National Association of Home Builders (NAHB) that provides additional evidence of how important housing production is to local economies. Housing accounts for about fourteen percent of the nation's Gross Domestic Product and drives other closely related sectors of the economy, according to the Home Builders. Housing creates millions of jobs each year and generates billions of dollars in tax revenue.

Housing's performance in current economic conditions can be attributed to a number of factors, according to the NAHB report. In addition to historically low mortgage interest rates, new construction and home sales have reflected strong underlying demand for new housing, low inventories of unsold units on the market, and belief in the value of real estate as a long-term investment.

The report states that the construction of 1,000 single family homes generates: 2,448 jobs in construction and construction-related industries, approximately \$79.4 million in wages, and more than \$42.5 million in federal, state and local tax revenues and fees. Construction of 1,000 multi-family homes generates: 1,030 jobs in construction and related industries, approximately \$33.5 million in wages, and more than \$17.8 million in federal, state and local tax revenues and fees.

According to the report, housing's economic impact doesn't end when a home is sold and the new owners move in. In fact, housing continues to be an economic force long after the sale is closed. In the first twelve months after purchasing a newly built home, owners spend an average of \$8,900 to furnish, decorate and improve their homes—



more than twice the \$4,000 spent by non-movers. Buyers of existing homes spend \$7,766 during the twelve months after purchasing the home. Renters also spend significant amounts on furnishing their new apartments.

Of the \$8,900 spent by new home buyers, 77 percent is spent on home furnishings and property alterations. The most common purchases include household decorations, linens, furniture and mattresses ... providing important sales to local businesses. ■

The report is available from the National Association of Home Builders, 1201 Fifteenth Street, N.W., Washington, D.C. 20005 (202-266-08254) or at www.nahb.com.

Housing's Economic Impact Continues Long After the Sale

Spending by New Home Buyers in the First Year After Purchase

Description	Amount
Property alterations	\$3,194
Furnishings	3,632
Appliances	2,079
Total	\$8,905

SOURCE: NAHB, BUREAU OF LABOR STATISTICS
CONSUMER EXPENDITURE SURVEY

The proposed Affordable Housing Trust Fund will be funded through a combination of two housing-related city-level sources: the recordation tax and the transfer tax.

The recordation tax in Baltimore has remained at the same level for several years and is among the lowest in the State of Maryland. The current rate is \$2.75 per \$500 of the sales price. Increasing this tax by \$0.50 to \$1.00 would generate \$1.8 million to \$3.65 million a year for the Affordable Housing Trust Fund.

The real estate transfer tax has the potential for raising significant revenue from a very small increase. The current rate of 2% on the cost of the property is divided between

the City (1.5%) and the state (.5%). Increasing this tax by 0.1% to 0.5% would raise \$1.3 million to \$6.6 million a year for the Affordable Housing Trust Fund.

A community-based Board of Directors will have oversight and decision-making authority for the Baltimore Affordable Housing Trust Fund. The Board will be fully empowered to select projects receiving funding from the Trust Fund. The Mayor will appoint one third of the board members with approval from the City Council. The remaining two thirds will be elected by the board each year. All members must be residents of Baltimore, have experience with and/or expertise in affordable housing and reflect the changing ethnic and demographic make-up of the City.

Board members will consist of com-

munity leaders and representatives from the following areas: foundations, realtors, financial institutions, not-for-profit organizations, developers, and other unrestricted seats.

The Baltimore Affordable Housing Trust Fund will be staffed by the City's Department of Housing and Community Development. Up to five percent of the funds may be spent on staffing and other administrative costs of the fund.

The Affordable Housing Trust Fund Board will be required to provide a written annual report on the performance of the trust fund, including a full audit on its financial status, to the Baltimore City Council at a public hearing . ■

Contact: Steve Soifer, University of Maryland, School of Social Work, 525 West Redwood Street, Baltimore, MD 21201 (410-706-7927).



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Housing Trust Fund Project

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