

# **A PHILADELPHIA HOUSING TRUST FUND**

**ENSURING A FUTURE OF AFFORDABLE HOUSING  
AND NEIGHBORHOOD REVITALIZATION**



A Report by the Philadelphia Association of Community Development Corporations

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PACDC implements its mission through the following goals and programs:

- (1) PACDC creates a more supportive environment for community development activities in Philadelphia through policy development, advocacy and public education, enabling CDCs to more effectively meet the needs of lower income residents and advance neighborhood revitalization.
- (2) PACDC's Technical Services initiative builds the capacity of CDCs and helps them utilize technology to more effectively and efficiently implement their housing and community development goals.
- (3) PACDC serves as an information clearinghouse on local CDCs, community development issues and available resources, and provides a forum for CDCs to exchange information and network with other practitioners in the field.

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# **A PHILADELPHIA HOUSING TRUST FUND: ENSURING A FUTURE OF AFFORDABLE HOUSING AND NEIGHBORHOOD REVITALIZATION**

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## Executive Summary

The Philadelphia Association of Community Development Corporations proposes the creation of a \$20 million per year Philadelphia Housing Trust Fund to:

- create affordable housing to meet the needs of low and moderate income Philadelphians;
- provide housing investment to revitalize distressed neighborhoods; and
- leverage additional outside resources.

A **Housing Trust Fund** is a dedicated source of revenue, set aside to address the housing needs of a community. The first Housing Trust Funds were established in the late 1970's, and there are now over 275 nationwide, raising more than \$750 million annually to meet local housing needs. Of the seven largest cities in the country, three have Housing Trust Funds, and only Philadelphia and Houston do not invest substantial local resources in housing production. Philadelphia has historically relied almost exclusively on federal funding to support housing, particularly housing production. Declining federal support and inadequate state support have left us increasingly unable to address increasingly severe housing problems.

A Philadelphia Housing Trust Fund will **bolster the City's Neighborhood Transformation Initiative**. NTI is an important and proactive move by the City to invest in neighborhood revitalization by clearing blight, preserving neighborhoods, acquiring property, and laying the foundation for redevelopment. In the second year of NTI, it is becoming increasingly clear that additional resources are required in order to build on the vacant property being prepared for redevelopment. The Housing Trust Fund will provide the resources needed for the City to achieve its housing goals.

The Philadelphia Housing Trust Fund's primary mission will be to support **housing production** – both rehabilitation and new construction – by non-profit community development organizations, including partnerships with for-profit developers. At least \$15 million will be invested annually in housing production, split evenly between rental and homeownership housing. The Trust Fund will support mixed-income homeownership housing for households at up to 115% of area median income (AMI), with one-third of homeownership funds set aside for homebuyers with incomes below 50% of area median. Rental housing will be affordable to households below 50% of area median income, with approximately half of these dollars earmarked for units affordable to households under 30% of area median income. This investment will allow Philadelphia to **increase housing production by 80%**, and will **leverage more than \$50 million annually** in outside public and private resources that would not otherwise come to Philadelphia.

Supporting **housing preservation** will also be an important purpose of the Housing Trust Fund. At least \$5 million per year will be designated for housing preservation programs, with a portion targeted around existing or new developments or to neighborhoods where a community-based-organization is working on a broader revitalization strategy. As many as 1,000 homeowners will be aided each year.

The Housing Trust Fund will be administered by existing City housing agencies, with Trust Fund revenues coordinated with other housing and community development funding, to maximize impact. To ensure accountability and flexibility, an **Oversight Board**, with representation from community members and housing advocates, will monitor funding decisions and periodically review Trust Fund guidelines.

Potential sources of revenue to support the Philadelphia Housing Trust Fund include:

- joining 51 other counties in Pennsylvania's highly successful Optional County Affordable Housing Trust Fund Program by adding a \$30 surcharge to deed and mortgage recording fees to raise up to \$5.5 million per year;
- tapping the City's recent windfall from the real estate transfer tax by dedicating 10-15% of transfer tax revenues to the Housing Trust Fund, raising up to \$14.9 million per year; and
- using proposed increases in state Housing and Redevelopment Assistance appropriations (up to \$5 million per year).

**Together these sources could raise over \$25 million annually** in new resources for housing.

## Philadelphia's Housing Challenges

Our city's housing needs are immense. Philadelphia has tens of thousands of families who do not have affordable housing. We struggle with the problems of abandoned housing, declining population, and disinvested neighborhoods. Philadelphia's homeowners and neighborhoods are challenged by the city's aging housing stock. Furthermore, as the city's housing needs have grown, the resources we receive to address housing and neighborhood revitalization issues have shrunk dramatically. A Housing Trust Fund would provide desperately needed investment and leverage for additional funds to reverse these trends.

According to a recent study, almost 130,000 households in Philadelphia (1 out of 5 households in the city) have annual incomes below \$20,000 and pay more than they can afford on housing. More than 31,000 Philadelphia households are living in overcrowded conditions, and nearly 60,000 more affordable units of rental housing are needed in Philadelphia to meet this housing crisis.<sup>1</sup> The 1999 American Housing Survey showed that 17% of Philadelphians pay more than half their income on housing.<sup>2</sup> The *Philadelphia Inquirer* reported in May that homeless families now stay in shelters for an average of two years because of a lack of permanent affordable housing opportunities.<sup>3</sup>

Creating more affordable housing is critical for improving the well-being of Philadelphia's children. In fact, housing came in second (behind only protecting children from abuse and neglect) in a recent survey by Philadelphia Citizens for Children and Youth on the priorities for our city's children.<sup>4</sup> Children are the largest share of Philadelphia's homeless, with over ten thousand having spent time in shelters in 2002.<sup>5</sup> Children who are homeless or do not have stable, safe, affordable housing are significantly more likely to have health problems, go hungry, and fall behind in school.<sup>6</sup>

Half of the housing in Philadelphia was built before 1956.<sup>7</sup> As Philadelphia's homes age, their maintenance needs increase. Compounding this problem, the city's population is aging. Thirty percent of homeownership units are owned by people 65 or older, many of whom are low-income.<sup>8</sup> Older residents are less able to maintain their homes, and an accumulated backlog of deferred maintenance often leads to abandonment.

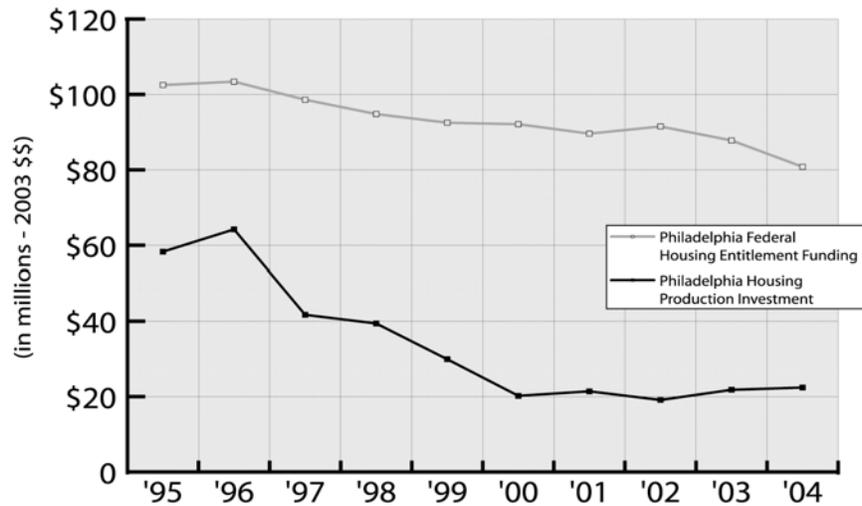
As Philadelphia's population has declined, from more than 2 million in 1950 to fewer than 1.5 million in 2000, we have suffered a calamitous rise in abandonment and disinvestment. Philadelphia has almost 60,000 abandoned buildings and vacant lots, more per capita than any other city in America.<sup>9</sup>

On an inflation-adjusted basis, the average home in the greater Philadelphia area has lost value over the past decade.<sup>10</sup> Homes in the city have lost even more value. Because accumulating wealth through homeownership is the historical American route to the middle class, this fact has extremely alarming implications for our citizens and our neighborhoods. Many of our communities are becoming increasingly income-segregated and need help to attract middle-income families in order to become more economically diverse and strengthen neighborhood property values.

The focus of the City's Neighborhood Transformation Initiative (NTI) on eliminating blight and preparing land for redevelopment has brought renewed attention to the need for more resources for housing production. In the second year of NTI, it is becoming increasingly clear that a way must be found to devote additional resources to housing production in order to build on the vacant land being acquired and prepared for redevelopment.

**Existing resources are inadequate to address these problems.** Over the past quarter century, the federal government has pulled away from assisting cities to meet their housing and neighborhood revitalization needs. In the last decade, the federal entitlement resources Philadelphia receives have fallen from \$97 million in 1994 to \$81 million in 2004 (in constant 2003 dollars).<sup>11</sup> Historically, Philadelphia has relied almost exclusively on outside, mostly federal, resources to support housing production. During the past decade, our shrinking entitlement funding has led to a reduction of more than 60% in the city's housing production investment.<sup>12</sup>

## HISTORY OF PHILADELPHIA'S FEDERAL HOUSING FUNDING AND INVESTMENT IN HOUSING PRODUCTION



As Philadelphia's federal entitlement funding has contracted, the amount of money the City has been able to invest in housing production has fallen by more than 60%.

Other cities provide a different model. Los Angeles, Chicago, and San Diego all have Housing Trust Funds.<sup>13</sup> New York has invested more than \$631 million of its own resources in housing production over the past decade, representing 2/10ths of one percent of the total New York City budget.<sup>14</sup> In comparison, Philadelphia has only invested .03% (three hundredths of one percent) of its budget in housing production – a rate seven times less than New York City's.<sup>15</sup> Even Phoenix, a city whose population and federal Community Development Block Grant funding is growing, does more than Philadelphia.<sup>16</sup> Of the seven largest cities in the country, Philadelphia and Houston are the only two that do not put significant local revenues towards housing production.

### **Our lack of investment costs the City opportunities to leverage additional private and public resources.**

Last year, the Pennsylvania Housing Finance Agency had over \$6 million in Low Income Housing Tax Credits that were not distributed because of a lack of tax credit applications from strong projects with other funding in place. This \$6 million would have generated about \$45 million in private investment for affordable rental housing. State funding for homeownership development through PHFA's Homeownership Choice Program was recently doubled to \$15 million per year. Leveraging these resources will require additional local matching funds. In addition, Philadelphia is denied access to Pennsylvania's Brownfields for Housing program, used to match Act 137 County Affordable Housing Trust Funds, because we do not have a Trust Fund.

### **Learning from Experience: Successful Housing Trust Fund Models**

There are currently more than 275 Housing Trust Funds in cities, counties and states around the country, providing in excess of \$750 million every year to address the housing needs of their communities. Together, these Housing Trust Funds have created affordable housing for more than 65,000 families. Housing Trust Funds are extremely successful at leveraging resources – the average reported leveraging ratio of city Housing Trust Funds is 1:9.6.<sup>17</sup>

Housing Trust Funds are not typically endowed funds operating on interest. Rather, they use an automatically replenishing, dedicated revenue source, such as a real estate transfer tax or document recording fee, to address housing needs. A dedicated revenue source provides a steady stream of resources for housing and identifies it as a priority that must be supported year in and year out.

Most Trust Funds are administered by a public agency and provide loans and grants to community development corporations and others. To ensure community accountability, they typically have oversight boards that set Trust Fund priorities and monitor funding awards.<sup>18</sup>

Trust Fund programs vary widely, since Housing Trust Funds are designed to meet the housing needs of a specific community. Most designate the majority of funds to serve households earning less than 80% of area median income (AMI), although some Housing Trust Funds serve households earning up to 120% of AMI. Many have more detailed income targeting within these broad parameters. For example, San Diego targets 10% of its Housing Trust Fund resources for transitional housing, 60% to very low income households (those with incomes below 50% of area median), 20% for households between 50% and 80% AMI, and 10% for median-income first-time homebuyers.<sup>19</sup> In most cases, Housing Trust Fund dollars can be used to support rehabilitation, new construction, and acquisition; less commonly, housing preservation, home repair, pre-development, transitional housing, and first-time homebuyer assistance are eligible uses. Several Housing Trust Funds have set-asides to support non-profit capacity-building.<sup>20</sup>

Pennsylvania is already a national leader in establishing Housing Trust Funds. A 1992 state law, the Optional County Affordable Housing Trust Funds Act (“Act 137”), allows counties to set up their own Housing Trust Funds through a small surcharge on deed and mortgage recording fees. Fifty-one of the 67 counties in the Commonwealth have created Housing Trust Funds since the Act was passed, generating about \$8 million in annual revenue (see Appendix 3 for listing and map).<sup>21</sup> A survey done in 2001 showed that 95% of counties with Housing Trust Funds strongly agreed their fund was a valuable tool for promoting affordable housing in their county.<sup>22</sup> Unfortunately, counties of the first class (i.e. Philadelphia) are not currently included in the Act 137 enabling legislation. Philadelphia is the only county in Pennsylvania that is not currently allowed to establish an Act 137 Housing Trust Fund.

This extensive track record provides a broad range of experience that can inform Philadelphia as we consider ways of meeting our housing needs. As part of our research for this white paper, PACDC contacted city staff and housing advocates at many of the most significant Housing Trust Funds around the country, including Los Angeles, Chicago, Washington, D.C., Allegheny County, other Pennsylvania counties, San Diego, St. Louis, St. Paul, Sacramento, Seattle, Cambridge, MA, and the Baltimore Affordable Housing Trust Fund Task Force. Information about these Housing Trust Funds is included in Appendices 1, 2, and 3.

## **Proposal for a Philadelphia Housing Trust Fund**

Three issues need to be addressed in any Housing Trust Fund: How should Trust Fund dollars be used? How can the Trust Fund be administered in a fair, open, and cost-effective manner? What revenue sources will be used to support the Trust Fund?

### **A. Program**

Because Housing Trust Funds are local responses to housing needs, they vary widely in their programs and priorities. Some Trust Funds, such as Chicago’s, are focused on supporting affordable rental housing. Others, such as many Pennsylvania County Affordable Housing Trust Funds, make enabling first time homeownership one of their top priorities. This range of uses shows the flexibility and potential of the Housing Trust Fund model.

### **Recommendations for Philadelphia**

Philadelphia’s three major housing problems are a critical lack of affordable housing, the need to revitalize residential neighborhoods (including the need to make our communities more economically integrated), and a crippling reduction in the resources available to address housing needs. We therefore recommend that the mission of the Philadelphia Housing Trust Fund be **to create affordable housing to meet the needs of low and moderate income Philadelphians, to provide housing investment to revitalize distressed neighborhoods, and to leverage additional outside resources.**

**Housing Production:** The Philadelphia Housing Trust Fund’s top priority should be to support housing production by non-profit community development organizations, including partnerships with for-profit developers. The Trust Fund should support homeownership housing and affordable rental housing, both rehabilitated and newly built. We recommend that at least \$15 million annually be invested in housing production. This investment will leverage more than \$50 million annually in outside public and private resources that would not otherwise come to Philadelphia, and will increase the City’s housing production by 80%.<sup>23</sup>

There is a need for more production of both rental and homeownership housing, at a range of income levels (see chart), to increase the supply of affordable housing and to support the revitalization of distressed and disinvested neighborhoods.\*

- At least \$7.5 million annually should be invested in producing **long-term affordable rental housing**, targeted to households at or below 50% of area median income. Approximately half of these funds – \$4 million annually – will be designated to assist households at or below 30% of area median income, the households with the most severe housing needs. This would produce approximately 240 additional units of affordable rental housing per year.
- At least \$7.5 million annually should be invested in **affordable and mixed-income homeownership housing**, creating about 170 additional units each year. These funds will support housing at a range of incomes, up to 115% of area median, for projects that are part of a comprehensive neighborhood plan, including affordable units within mixed-income developments. At least \$2.5 million of these funds should be set aside to support homeownership for families earning below 50% of AMI.

**Housing Preservation:** At least \$5 million per year should be designated for housing preservation programs, to assist homeowners at or below 80% of AMI with home repair. A portion of these funds should be targeted around existing or new developments or to neighborhoods where a community-based organization is working on a broader neighborhood revitalization strategy.

**Supporting Community Residents and Organizations:** The Housing Trust Fund should support community based organizations and neighborhood residents. The Trust Fund should provide economic opportunity to Philadelphia’s lower-income neighborhoods and residents by encouraging the employment of neighborhood residents and the use of small, local contractors on Trust Fund supported projects.

For our city to thrive, our housing and neighborhood policies must support lower-income residents and provide concrete rewards for long-term neighborhood residents, as well as attract new families to our neighborhoods. Long-term residents should benefit from new investment and be able to enjoy improved neighborhoods and quality of life.

The Trust Fund should support community development organizations. Community development corporations (CDCs) are the logical choice to implement a Philadelphia Housing Trust Fund. CDCs are uniquely positioned to partner with and leverage resources from the public, private and philanthropic sectors. As organizations with a

\* For reference purposes, here is a chart of household size and income for the Philadelphia area.

<b>Philadelphia Family Incomes by Household Size and Percent of 2003 Area Median Income (AMI)</b>				
	Family of 2	Family of 3	Family of 4	Family of 6
30% AMI	\$16,350	\$18,400	\$20,450	\$23,750
50% AMI	\$27,300	\$30,700	\$34,100	\$39,550
80% AMI	\$43,650	\$49,100	\$54,550	\$63,300
100% AMI	\$54,600	\$61,400	\$68,200	\$79,100
115% AMI	\$62,790	\$70,610	\$78,430	\$90,965

long-term commitment to their neighborhoods, CDCs undertake comprehensive approaches to neighborhood revitalization, including housing preservation, development, and counseling, neighborhood planning, vacant land management, economic development, workforce development and social services.

The housing development capacity of local CDCs is not currently being fully utilized. The Housing Trust Fund would enable the City to take full advantage of the abilities of Philadelphia’s CDCs, and provide opportunities for them to partner with for-profit developers and further increase their ability to develop neighborhood housing.

<b>Summary of Recommended Program for the Philadelphia Housing Trust Fund</b>	
Affordable Rental Housing	\$7,500,000
Affordable to Families at up to 30% AMI	\$4,000,000
Affordable to Families at up to 50% AMI	\$3,500,000
Mixed-Income Homeownership Housing	\$7,500,000
Affordable to Families at up to 50% AMI	\$2,500,000
Affordable to Families at up to 115% AMI	\$5,000,000
Housing Preservation for families below 80% AMI	\$5,000,000
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<b>TOTAL HOUSING TRUST FUND ANNUAL INVESTMENT</b>	<b>\$20,000,000</b>

## **B. Administration**

Because the Housing Trust Fund will be dedicated to meeting community housing needs and will be funded with public revenues, it must be publicly accountable. Almost all city Housing Trust Funds – 181 out of 184 – are administered by a public agency. In addition, many have an Oversight Board composed of community members and housing experts, which provides ongoing direction on Trust Fund programs, policies, and priorities, and reviews expenditures of funds to ensure consistency with Trust Fund objectives. Many successful Housing Trust Funds, including Chicago, Washington, D.C., Los Angeles, Seattle, Cambridge, and St. Paul, use this model (see Appendix 1).<sup>24</sup>

### **Recommendations for Philadelphia**

The administrative structure of the Housing Trust Fund must be efficient and cost-effective, and must support the accountability and flexibility so crucial to a Trust Fund’s success.

**Administering Agency: Grant dollars should be administered by the existing City agency or agencies charged with administering the Community Development Block Grant and other housing entitlement funding.** Currently, this is the Office of Housing and Community Development, in conjunction with the Redevelopment Authority. The City has sufficient capacity to carry out the administrative tasks of the Trust Fund, given previous housing production rates and current staffing levels. We recommend that administration be supported with existing resources, in order to use Trust Fund resources exclusively for programs.

**Allocation Process: Housing Trust Fund dollars should be awarded through a clear, fair, and transparent RFP process.** To coordinate with other City-controlled resources, the City should issue annual Requests for Proposals for rental and homeownership housing production, and should issue Requests for Proposals for housing preservation as needed. This will provide a single, unified RFP process for all City housing resources: Housing Trust Fund, CDBG, HOME, HOPWA, McKinney, and/or others. A proposal review panel should rank each proposal, subject to scoring criteria developed by City staff and the Trust Fund Oversight Board. The overall ranking of applications should be public information to ensure a transparent and fair evaluation process.

**Oversight Board: The Trust Fund will be overseen by a nine-member Board composed of community members and housing experts to provide ongoing guidance on Housing Trust Fund policies, programs, and priorities.** Board members will be appointed by the Mayor with the advice and approval of City Council. Members will come equally from three sectors: lower income residents and community based organizations; business and philanthropic organizations; and representatives at large, including community leaders, religious

leaders, and public officials. The Board will hold its meetings in public. Existing City housing agencies should provide appropriate staffing and support for the Board.

Responsibilities of the Board will include:

- Setting criteria for awarding Trust Fund dollars to implement the Trust Fund ordinance and promote the overall goals of the Trust Fund.
- Reviewing Trust Fund awards to assess whether they adhere to Trust Fund guidelines, and making recommendations for changes if needed.
- Reviewing Trust Fund program priorities bi-annually and making changes if necessary.
- Issuing a public report on the accomplishments of the Trust Fund each year, to remain accountable to the community.
- Seeking out private sector resources to leverage Housing Trust Fund resources.

**Flexibility:** Flexibility is crucial to a Trust Fund's success, because the housing needs of communities change with time. While we recommend priorities for Trust Fund investment above, consistent with the proposed mission of the Fund, we believe that the Oversight Board must be able to readjust Philadelphia Housing Trust Fund priorities periodically to reflect changing conditions.

### **C. Potential Revenue Sources**

The 275 existing city, county, and state Housing Trust Funds across the country use many different sources of revenue. The most common are real estate transfer taxes, document recording fees, and linkage/impact fees on non-residential development. Other revenue sources that have been used for Housing Trust Funds include: property taxes, building code violation fees, building permit fees, UDAG repayments, escrow account interest, and CDBG loan repayments (see Appendix 2).<sup>25</sup>

The Pennsylvania Optional County Affordable Housing Trust Fund Program, established through the passage of Act 137 in 1992, allows individual counties in Pennsylvania to up to double their real-estate-related recording fees to support a Housing Trust Fund. Fifty-one of the 67 counties (including all of the state's larger counties and all counties bordering Philadelphia) in the Commonwealth of Pennsylvania have since created Housing Trust Funds through adding surcharges to recording fees (see Appendix 3). As of 1999, Pennsylvania County Affordable Housing Trust Funds raised a total of about \$8 million per year.<sup>26</sup> Although counties of the first class were excluded from the enabling legislation, the legislation could be amended to allow Philadelphia to be included as a county eligible for Act 137 funding.

Real estate transfer taxes are considered by experts to be among the best sources for funding a Housing Trust Fund, because of their link to housing and their reliability as a revenue source.<sup>27</sup> While some Housing Trust Funds have been funded through adding a real estate transfer tax surcharge, others have instead dedicated a portion of already existing transfer tax revenues to support their Trust Fund. Washington, D.C., for example, charges deed recordation and real estate transfer taxes that total 3% of sales value, and in 2002 began dedicating 15% of this revenue to their Housing Production Trust Fund, which is expected to have annual revenue of \$21.5 million.<sup>28</sup>

### **Recommendations for Philadelphia**

Philadelphia has several options to support the creation of a Housing Trust Fund. In our consideration of a large number of potential revenue sources, our goal was to find sources that together generated sufficient revenue to support a \$20 million annual Housing Trust Fund; that were related to housing; that were appropriate for the Philadelphia real estate market; and that would not place an undue burden on tax-payers. We recommend that City leaders consider the following sources to support a Housing Trust Fund. Together these sources could raise up to \$25 million, more than enough to support our proposal.

**Document Recording Fees:** Philadelphia should seek state legislation allowing us to participate in the Act 137 County Housing Trust Fund program. Not only does this program have a proven record of success in 51 other counties, but the state has also established a program, Brownfields for Housing, that provides a 4-to-1 match for local Act 137 Trust Fund dollars. Without a Trust Fund, Philadelphia is excluded from this statewide program.

Act 137 allows counties to apply a surcharge on filing fees for real-estate-related documents of up to 100% of the fee in effect in February 1993, when the Act went into effect. Other counties have found this to be a stable source of funding, with no negative impact on real estate markets or residents. The maximum surcharge that Philadelphia could impose under this mechanism would be \$35 per deed and \$30 per mortgage. In addition, Act 137 allows surcharges of \$35 on mortgage assignments and releases, and \$32 on mortgage satisfactions. By adding a flat \$30 surcharge to fees for recording real-estate-related documents, Philadelphia could raise approximately \$5.5 million per year for the Housing Trust Fund (see Appendix 4).

**Real Estate Transfer Tax Revenue:** Although real estate transfer tax surcharges – imposing an additional tax on the sale of real property – are a very common source of revenue for Housing Trust Funds, Philadelphia’s transfer tax is already high, compared to other Pennsylvania counties. Thus, we do *not* recommend an increase in the transfer tax. However, Philadelphia has experienced a huge and increasing windfall from real estate transfer tax revenues. In FY2002 and FY2003, the annual transfer tax revenue was over \$20 million more than in prior years. The City’s Five Year Plan projects that revenues will remain well above historical levels for the foreseeable future.

It is appropriate that a portion of the City’s increased revenue be dedicated to the Housing Trust Fund. **We suggest dedicating 10-15% of the City’s annual real estate transfer tax revenue to support the Housing Trust Fund.** In FY2003, this would have raised between \$9.9 million and \$14.9 million for affordable housing, leaving the undedicated transfer tax income still higher than its FY2001 level (see Appendix 4).

**Housing and Redevelopment Assistance:** Philadelphia has historically received between 14% and 20% of the annual state appropriation of Housing and Redevelopment Assistance funds. In FY2004, the appropriation was increased from \$15 million to \$25 million statewide, resulting in a total of \$3.5-\$5.0 million for Philadelphia. Governor Ed Rendell has committed to a further increase to \$50 million a year statewide by FY2006. If the statewide line item were to increase to \$50 million, Philadelphia would receive up to \$10 million annually from this source (see Appendix 4). **Future increases in HRA above the FY04 level could be used to support the Housing Trust Fund.**

**Maintenance of Effort:** Because the purpose of the Trust Fund is to expand resources for housing, **the Fund must be established with strong “anti-supplantation” language, requiring that the City also maintain its current levels of support for housing efforts.** One solution is to require that entitlement funds be spent on housing production and preservation at least at current levels; that is, that at least 15.7% of the City’s outside housing resources must be spent on housing production and at least 10% should be spent on housing preservation, based on FY02-04 average funding levels. Another approach is to allocate this level of outside housing resources directly to the Trust Fund, to be used in concert with the additional local revenue to be raised.

## **Economic Impact of the Philadelphia Housing Trust Fund**

It is well known that investing in housing has an extremely high “multiplier effect” on the economy. For example, according to the National Association of Homebuilders, constructing 1,000 single-family homes generates 2,448 full-time jobs, \$79.4 million in wages, and \$42.5 million in combined federal, state, and local revenues.<sup>29</sup>

We intend to have a comprehensive analysis produced of the economic impact of creating a Philadelphia Housing Trust Fund. Initial estimates suggest that the Housing Trust Fund could bring significant benefits to the

Philadelphia economy besides the direct effects of producing housing, repairing homes, and leveraging outside funds.<sup>30</sup> These include:

- The affordable rental housing created by the Housing Trust Fund would add \$1.3 million annually to the spending power of low-income families.<sup>31</sup>
- Every year, new homeowners would take out mortgages totaling over \$13 million.<sup>32</sup>
- The economic stimulus of first-time homeownership would pump more than \$850,000 per year into the local economy due to “move-in effect” purchases.<sup>33</sup>
- The Housing Trust Fund would lead to the direct and induced creation of more than 900 jobs each year, most but not all in residential construction.<sup>34</sup>
- The City could realize \$3.1 million annually in increased tax and fee revenue due to Housing Trust Fund investment.<sup>35</sup>

**The opportunity to leverage additional private and public sector funds is one of the major reasons for Philadelphia to create a Housing Trust Fund.** Currently, we are missing out on many opportunities to draw significant funding to Philadelphia. As the result of the recent increase in federal Low Income Housing Tax Credit allocations, last year the Pennsylvania Housing Finance Agency had more than \$6 million in Low Income Housing Tax Credits that were not distributed because of a lack of strong projects with sufficient other funding applying for tax credits.<sup>36</sup> This \$6 million would have generated about \$45 million in private investment for affordable rental housing.<sup>37</sup>

Furthermore, state funding for homeownership development through PHFA’s Homeownership Choice Program was recently doubled; leveraging these resources requires additional local matching funds. Philadelphia is also denied access to Pennsylvania’s Brownfields for Housing program because we do not have an Act 137 Trust Fund. This program matches local Housing Trust Fund dollars 4:1. Finally, some versions of the legislation to create the proposed National Housing Trust Fund call for those funds to be used to match local Trust Funds. If this legislation were to pass and Philadelphia did not have a Trust Fund in place, we would be excluded from access to these moneys.

Nationally, Trust Funds are highly successful in leveraging resources. We have conservatively estimated that the Trust Fund dollars invested in housing production will leverage \$3.52 for every \$1.00 spent, for a total of an additional \$50 million in outside resources leveraged on an annual basis.<sup>38</sup> In fact, the national leverage average is significantly higher than this. The most recent national report on local Housing Trust Funds found that the reported leverage ratios ranged from 1:1 to 1:34, and that “Nine city Housing Trust Funds report a leverage ratio of more than 1:10 for their Housing Trust Fund commitments. Another ten reported between 1:3 and 1:9. The average of those reporting was about 1:9.6.”<sup>39</sup> If Philadelphia were able to leverage funds at the national average, it would bring \$192 million dollars to Philadelphia in leverage funds each and every year.

## Endnotes

<sup>1</sup> Amy Hillier and Dennis Culhane, “Closing the Gap: Housing (Un)Affordability in Philadelphia,” (University of Pennsylvania Cartographic Modeling Laboratory, 2003), 4, 12-13.

<sup>2</sup> Reported in Gordon Whitman and Adam Pine, “More than a Home: Affordable Housing and Quality of Life in Philadelphia,” (Research for Democracy, 2002), 8-9.

<sup>3</sup> Clea Benson, May 28, 2003, “Families wait at shelter for homes beyond reach,” *The Philadelphia Inquirer*, A1.

<sup>4</sup> “How Philadelphians Want to Spend the First 1% More for Kids” (Philadelphia Citizens for Children and Youth, 10/9/2003).

<sup>5</sup> *Year 29 Consolidated Plan* (City of Philadelphia Office of Housing and Community Development, 2003), 27-28.

<sup>6</sup> “There’s No Place Like Home: How America’s Housing Crisis Threatens Our Children” (Housing America, 2000).

<sup>7</sup> American Housing Survey for the Philadelphia Metropolitan Area, 1999 (issued 2001).

<sup>8</sup> Whitman and Pine 2002, 5.

<sup>9</sup> Michael A. Pagano and Ann O’M. Bowman, “Vacant Land in Cities: An Urban Resource,” (Brookings Institution Center on Urban and Metropolitan Policy, 2001).

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- <sup>10</sup> “Choices: A Report on the State of the Region’s Housing Market” (The Reinvestment Fund and the Metropolitan Philadelphia Policy Center, 2001), 30.
- <sup>11</sup> Calculations based on City of Philadelphia *Consolidated Plans* for 1994-2004. Figures adjusted for inflation.
- <sup>12</sup> *Ibid.*
- <sup>13</sup> Mary E. Brooks, *Housing Trust Fund Progress Report 2002: Local Responses to America’s Housing Needs* (Center for Community Change, 2002), 22.
- <sup>14</sup> New York City Independent Budget Office.
- <sup>15</sup> City of Philadelphia *Consolidated Plans* and Finance Office.
- <sup>16</sup> Over five years, Phoenix is investing more than \$70 million in capital funds in housing production, according to the Phoenix Office of Budget and Research.
- <sup>17</sup> Brooks 2002, 1, 30.
- <sup>18</sup> *Ibid.*, 22.
- <sup>19</sup> San Diego Housing Commission.
- <sup>20</sup> Brooks 2002, 25-28.
- <sup>21</sup> Pennsylvania Low Income Housing Coalition, “Pennsylvania’s Optional County Affordable Housing Trust Fund [sic]” (PowerPoint presentation, 2002).
- <sup>22</sup> *Update on the Implementation of Pennsylvania’s County Housing Trust Fund Legislation*, (Penn State Harrisburg Economic Development Research and Training Center, 2001), 21.
- <sup>23</sup> Since the beginning of 2000, the City of Philadelphia has produced a total of 1,788 units of affordable housing (this figure does not include PHA units, because of the net decrease in the number of PHA units over this time period), an average of 511 units per year. The 410 additional housing units that the Housing Trust Fund would create annually would thus increase City housing production by 80.2%.
- <sup>24</sup> Brooks, 22-23, conversations with city housing staffs.
- <sup>25</sup> Brooks 2002, 29-30.
- <sup>26</sup> PALIHC 2002.
- <sup>27</sup> Conversation with Mary Brooks, August 2003.
- <sup>28</sup> Bob Pohlman, Coalition for Nonprofit Housing and Economic Development, Washington, D.C.; *Summary of Major Taxes in the District of Columbia, 2003*.
- <sup>29</sup> “Housing: The Key to Economic Recovery” (National Association of Home Builders, 2002).
- <sup>30</sup> Calculations modeled on “Estimating the Economic Benefits of Home Ownership: A Step-by-Step Guide” (Neighborhood Reinvestment Corporation, 2002).
- <sup>31</sup> Estimate of cumulative effect of moving from an apartment at Fair Market Rent for Philadelphia area to an apartment renting for 30% of household income, the level considered affordable.
- <sup>32</sup> Based on calculating number of homeownership units Trust Fund could produce. Sales prices vary from \$40,000 to \$115,000; mortgages assumed to be 97% of sales price.
- <sup>33</sup> “Move-in effect” spending on household items is typically 9.3% of family income for first-time homebuyers, according to Neighborhood Reinvestment Corporation 1998, 12.
- <sup>34</sup> Based on a total of \$54.2 million in annual construction spending leveraged by the Trust Fund; see Neighborhood Reinvestment Corporation 1998, 15.
- <sup>35</sup> *Ibid.*; based on national averages for tax and fee returns to municipalities from housing construction.
- <sup>36</sup> Pennsylvania Housing Finance Agency.
- <sup>37</sup> Housing tax credits provide investors with a 10 year federal tax credit, so \$6 million in state-issued tax credits would provide a stream of \$60 million in actual tax credits. The current market value of housing tax credits is roughly 75-80 cents on the dollar; thus \$60 million in tax credits would retail for about \$45 million in equity investment.
- <sup>38</sup> Based on leverage figures of \$4.43 for affordable rental housing, and \$2.60 for homeownership. If President Bush’s proposed Homeownership Tax Credit becomes law, the leverage potential of homeownership development will increase significantly.
- <sup>39</sup> Brooks 2002, 30.

## Appendix 1: Housing Trust Fund Examples

Allegheny County, which includes the City of Pittsburgh, generated \$2.1 million for its Housing Trust Fund in 2002 through document recording fees. The County has a set formula for distributing its Housing Trust Fund revenue, with 20% going to the Department of Human Services to assist with homeless needs and 75% to the Department of Economic Development to match HOME funding and for other programs, including down payment assistance.<sup>1</sup>

Fifty other Pennsylvania counties, including all of Philadelphia's neighbors, also participate in Pennsylvania's Optional County Affordable Housing Trust Fund Program (see Appendix 3).

Washington, D.C.'s Housing Production Trust Fund was established in 2002, and in the first year of its existence, created or renovated 2,055 affordable homes. It is projected to create 700 new jobs each year and will generate an extra \$1 million a year in new property taxes for the District. The Fund has leveraged about \$145 million in investments, with every local dollar leveraging \$6-\$7 in outside funding.<sup>2</sup>

The Fund dedicates 15% of the District of Columbia's real estate transfer tax and deed recordation revenue to "facilitate the creation of affordable housing and related activities." The Fund is carefully income-targeted, with 40% of funds targeted for households earning 30% or less of AMI, 40% to those earning between 30% and 50% AMI, and the remaining 20% to those earning between 50% and 80% AMI. In addition, the Fund supports the City's neighborhood strategy by focusing 65% of its funds on the thirteen areas that the Mayor has designated as Strategic Neighborhood Reinvestment Areas.<sup>3</sup>

D.C.'s Department of Housing and Community Development (DHCD) has a team of outside experts that reviews applications made in response to Requests for Proposals. The team makes its recommendations on awards to the DHCD director. Members of the review panel include the local director of the Local Initiatives Support Corporation, a representative from Freddie Mac, a local banker, and the director of the D.C. Fiscal Policy Institute. An Advisory Board is also appointed by the Mayor and confirmed by the Council.<sup>4</sup>

Chicago's Low Income Housing Trust Fund supports the largest locally funded rent subsidy program in the country and has provided access to more than 11,400 affordable apartments. The Fund has leveraged more than \$37 million since its inception in 1989.

The Low Income Housing Trust Fund ordinance requires that its independent Oversight Board be appointed by the mayor with the advice and approval of City Council. The Board must be composed of 15 public, private and nonprofit sector executives who equally represent three groups: low income housing residents and community based organizations; business and philanthropic organizations; and representatives at large, including community leaders, religious leaders, and public officials. Presently the organizations represented on the Board include: Metropolitan Tenants Organization, Latino Leadership Foundation, City Department of Housing and Department of Human Services, CDCs, a religious organization, a bank, and a realty group. The Fund is administered by the City Department of Housing.<sup>5</sup>

Los Angeles's Housing Trust Fund, established in 2002, is already the largest Housing Trust Fund in the country, and after 2004 will have a dedicated revenue of \$100 million annually. The Fund was established to address a housing crisis in Los Angeles. Unattainably high real estate prices meant the city had a homeownership rate of only 39%, while one in seven apartments was substandard and a third of all apartments were overcrowded.

The Fund supports expanding and preserving the supply of affordable rental housing in Los Angeles County (serving households at incomes up to 60% of area median), supporting first-time homeownership for low and middle-income families, with incomes up to 120% of area median, and preventing homelessness by providing one-time grants to tenants facing eviction. In its first year, the Fund has already built 700 low-cost homes and apartments.<sup>6</sup>

The Los Angeles Affordable Housing Commission operates as a Policy Oversight Board. Members are appointed by the mayor and approved by City Council. The Commission annually reviews projects that were funded by the Housing Trust Fund to determine if they are in accord with guidelines and makes recommendations for changes when they are not. The Los Angeles Housing Department administers the Trust Fund.<sup>7</sup>

San Diego's Affordable Housing Trust Fund has created more than 6,200 affordable homes and apartments and funds about 450 transitional housing beds per year.<sup>8</sup> In 2002, \$11.7 million was invested in multifamily rental housing assistance to developers of nine new construction and acquisition/rehabilitation projects, providing over 600 affordable homes to very low-income residents.<sup>9</sup>

Sacramento has a multi-jurisdictional program that maintains two separate Housing Trust Funds for the City and the County. The Funds have created more than 2,700 affordable houses and apartments, with an estimated total regional economic impact of \$582 million and 2,726 worker years of employment generated. The Funds give priority to workforce housing – projects that provide affordable homes and apartments likely to be occupied by persons in the labor force.<sup>10</sup>

The City of St. Paul has developed a “housing plan for all incomes,” designed to support affordable housing and to attract more middle-income residents to the city. St. Paul is in the middle of its four-year “Housing 5,000” plan, which will create 5,000 new units of affordable and middle-income housing in the city. Twenty percent of the units will be affordable to households earning at or below 50% of area median income. The plan is structured as a “Mixed Income Housing Fund,” and is supported by St. Paul’s Neighborhood Sales Tax Revitalization (Neighborhood STAR) program, which dedicates a one-half percent sales tax to support housing, economic development, and cultural organizations.<sup>11</sup>

While Baltimore, which is often compared to Philadelphia, does not yet have a Housing Trust Fund, the Baltimore Affordable Housing Trust Fund Task Force has been advocating for the establishment of a fund that would address persistent problems with vacant housing and access to affordable housing. The proposed Trust Fund would support affordable units in market-rate housing developments, create affordable rental housing, fund housing equity partnerships to make homeownership more accessible, and would fill gaps in projects that are already leveraging funds from other sources.<sup>12</sup> The Task Force has suggested small recordation and transfer tax increases to generate revenue, and is currently in discussions with the City administration around their proposal.<sup>13</sup>

## Endnotes

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<sup>1</sup> Allegheny County Department of Economic Development.

<sup>2</sup> Washington, D.C. Coalition for Nonprofit Housing and Economic Development.

<sup>3</sup> Ibid.

<sup>4</sup> Ibid.

<sup>5</sup> Chicago Department of Housing.

<sup>6</sup> *Report of Mayor James K. Hahn's Housing Trust Fund Advisory Committee* (Los Angeles: 2002), 21-23; Jan Breidenbach, “L.A. Story,” *Shelterforce Magazine*, March/April 2002, 12, 14.

<sup>7</sup> *Report of Housing Trust Fund Advisory Committee*.

<sup>8</sup> *San Diego Housing Trust Fund FY04 Implementation Strategy* (San Diego Housing Commission, 2003), 1.

<sup>9</sup> *San Diego Housing Trust Fund Annual Report*, (San Diego Housing Commission, 2002), 2-3.

<sup>10</sup> Sacramento Housing and Redevelopment Agency; *Performance Report for the Housing Trust Funds of the City and County of Sacramento*, (Sacramento Housing and Redevelopment Agency, 2001), 3, 16.

<sup>11</sup> City of St. Paul.

<sup>12</sup> Amy Menzer, Baltimore Affordable Housing Trust Fund Task Force.

<sup>13</sup> *Baltimore City Needs a Housing Trust Fund: Proposal to the Mayor and City Council*, ([Baltimore] Affordable Housing Trust Fund Task Force, 2003), 2-5; Amy Menzer.

## Appendix 2: Cities with Housing Trust Funds<sup>1</sup>

(in order of size, largest first)

City	Name of Trust Fund	Administering Agency	Revenue Source(s)
Los Angeles, California	Housing Trust Fund	Department of Housing	Tax Increment Funds; Street Furniture Revenues; Program Income; Tobacco Settlement Funds; Hotel Occupancy Tax; DWP Public Benefits Fund
Chicago, Illinois	Low Income Housing Trust Fund	Department of Housing	City Corporate Funds
San Diego, California	Housing Trust Fund	Housing Commission	Linkage Impact Fees
San Antonio, Texas	Housing Trust Fund	San Antonio Housing Trust Foundation	Interest on Corpus
Indianapolis, Indiana	Housing Trust Fund	Department of Metropolitan Development	N/A
San Francisco, California	Office of Affordable Housing Production Program	Mayor's Office of Housing	Linkage Impact Fees; Hotel/Motel Tax; Bond Revenues
Austin, Texas	Housing Trust Fund	Neighborhood Housing Department	General Funds
Boston, Massachusetts	Neighborhood Housing Trust	Department of Neighborhood Development	Linkage Impact Fees
Washington, D.C.	Housing Production Trust Fund	Housing and Community Development Department	Real Estate Transfer Tax; Document Recording Fees
Seattle, Washington	Housing Assistance Funds	Office of Housing	Property Tax Levy; City Fees
Denver, Colorado	Skyline Housing Fund	Housing and Neighborhood Department	Interest on Corpus
Nashville, Tennessee	Nashville Housing Fund, Inc.	Nashville Housing Fund, Inc.	UDAG Repayments; Metro Government Funds
Portland, Oregon	Housing Investment Fund	Bureau of Housing and Community Development	General Fund
St. Louis, Missouri	Housing Trust Fund	N/A	User Tax
Toledo, Ohio	Housing Fund	Jarret Consulting Services	Parking Garage Proceeds
St. Paul, Minnesota	STAR Program	Department of Planning and Economic Development	Sales Tax
Greensboro, North Carolina	VM Nussbaum Housing Partnership Fund	Department of Housing and Community Development	Property Tax
Fort Wayne, Indiana	Central City Housing Trust Fund	Community and Economic Development Department	Disposal Waste Fees; State Funds
Salt Lake City, Utah	Housing Trust Fund	Division of Housing and Economic Development	UDAG Repayments
Knoxville, Tennessee	Housing Trust Fund	East Tennessee Community Foundation	Repayments; General Fund
Tallahassee, Florida	Housing Trust Fund	Neighborhood and Community Services Department	Inclusionary Fees; Infrastructure Revenue; General Fund
Alexandria, Virginia	Housing Trust Fund	Office of Housing	Developer Proffers
Ann Arbor, Michigan	Housing Trust Fund	Community Development Department	General Funds; Sale of City Land

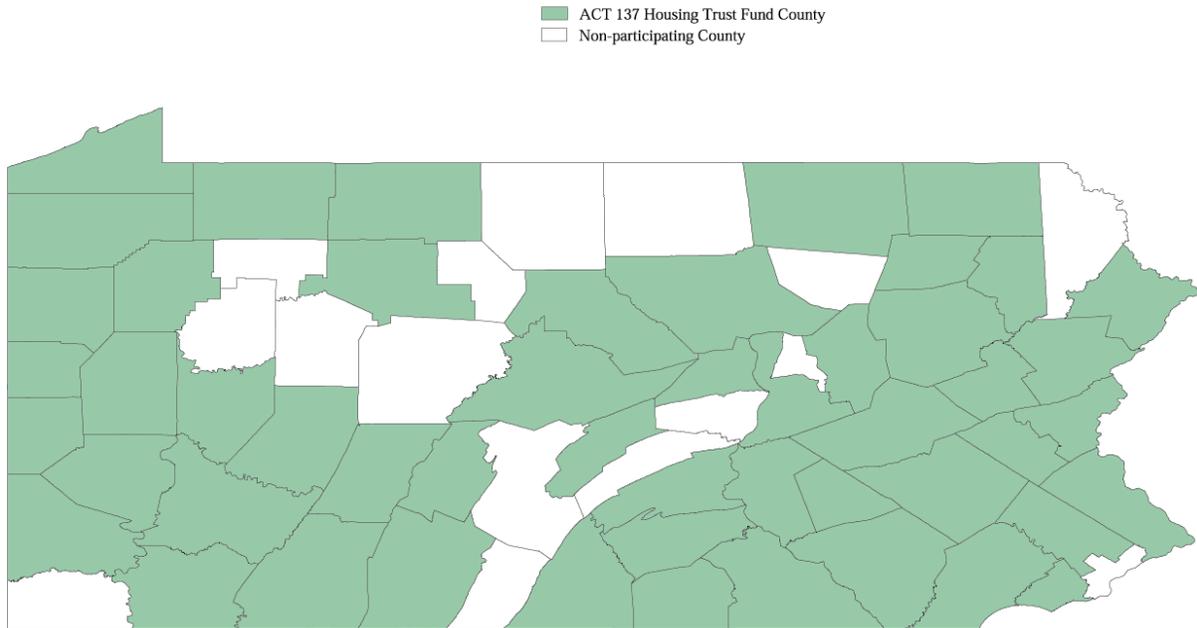
<b>City</b>	<b>Name of Trust Fund</b>	<b>Administering Agency</b>	<b>Revenue Source(s)</b>
Berkeley, California	Housing Trust Fund	Housing Department	General Fund; CIP Fund; Housing Mitigation Fees; Tax Increment Funds; HELP Funds
Cambridge, Massachusetts	Housing Trust Fund	Community Development Department	Linkage Impact Fees
Charleston, South Carolina	Housing Trust Fund	Department of Housing and Community Development	N/A
Boulder, Colorado	Community Housing Assistance Program and Affordable Housing Fund	Housing and Human Services Department	Property Taxes; Housing Excise Tax; Sale of Units
Santa Monica, California	Citywide Housing Trust Fund	Housing and Redevelopment Division	Linkage Impact Fees; Housing Fees; Condominium Conversion Fees
Lawrence, Kansas	Housing Trust Fund	Department of Neighborhood Resources	General Fund
Longmont, Colorado	Affordable Housing Fund	Affordable Housing Office	General Fund
Bloomington, Indiana	Housing Trust Fund	Department of Housing and Neighborhoods	General Fund
Santa Fe, New Mexico	Community Housing Trust	Community Services Department	Inclusionary Zoning Fees
Palo Alto, California	The Housing Reserve	Department of Planning and Community Development	Linkage Impact Fees
Cupertino, California	Affordable Housing Fund	Community Development Department	Linkage Impact Fees
Burlington, Vermont	Housing Trust Fund	Community and Economic Development Department	Property Tax
West Hollywood, California	Affordable Housing Trust Fund	Rent Stabilization and Housing Department	Linkage Impact Fees
Manassas, Virginia	Manassas Housing Trust Fund, Inc.	Manassas Housing Trust Fund, Inc.	SFRL Funds
Morgan Hill, California	Senior Housing Trust Fund	Business Assistance and Housing Services	N/A
Menlo Park, California	Below Market Rate Housing Reserve	Housing and Redevelopment Agency	Linkage Impact Fees
Bainbridge Island, Washington	Housing Trust Fund	Housing Resources Board	Permit Fees; General Fund
Aspen, Colorado	Housing Day Care Fund	Housing Office	Real Estate Transfer Tax; Sales Tax
Telluride, Colorado	Housing Trust Fund	Special Projects	N/A
New Jersey municipalities	142 Commission on Affordable Housing approved developer fee programs	varies	Developer Impact Fees

## Endnotes

<sup>1</sup> Mary E. Brooks, *Housing Trust Fund Progress Report 2002: Local Responses to America's Housing Needs* (Center for Community Change, 2002), 24, 29.

## Appendix 3: Pennsylvania Counties with County Affordable Housing Trust Funds<sup>1</sup>

### PA Counties with ACT 137 Housing Trust Funds



County	Trust Fund?	Year Fund Established	Class of County
Philadelphia	Not eligible		First Class
Allegheny	Yes	1993	Second Class
Bucks	Yes	1993	Second Class A
Delaware	Yes	1993	Second Class A
Montgomery	Yes	1993	Second Class A
Berks	Yes	1994	Third Class
Chester	Yes	1993	Third Class
Dauphin	Yes	1994	Third Class
Erie	Yes	2000	Third Class
Lancaster	Yes	1994	Third Class
Lehigh	Yes	1996	Third Class
Luzerne	Yes	2001	Third Class
Northampton	Yes	1997	Third Class
Westmoreland	Yes	1993	Third Class
York	Yes	1995	Third Class
Beaver	Yes	1991	Fourth Class
Butler	Yes	1994	Fourth Class
Cambria	Yes	1995	Fourth Class
Cumberland	Yes	1996	Fourth Class
Lackawanna	Yes	1993	Fourth Class
Schuylkill	Yes	1996	Fourth Class
Washington	Yes	1994	Fourth Class
Blair	Yes	2001	Fifth Class
Centre	Yes	1992	Fifth Class
Fayette	Yes	1994	Fifth Class
Franklin	Yes	2001	Fifth Class
Lawrence	Yes	2000	Fifth Class
Lebanon	Yes	2000	Fifth Class
Lycoming	Yes	2001	Fifth Class

<b>County</b>	<b>Trust Fund?</b>	<b>Year Fund Established</b>	<b>Class of County</b>
Mercer	Yes	2000	Fifth Class
Monroe	Yes	1996	Fifth Class
Northumberland	Yes	1996	Fifth Class
Adams	Yes	1996	Sixth Class
Armstrong	Yes	1995	Sixth Class
Bedford	Yes	2002	Sixth Class
Bradford	Yes	2001	Sixth Class
Carbon	Yes	2000	Sixth Class
Clarion	No		Sixth Class
Clearfield	No		Sixth Class
Clinton	Yes	2001	Sixth Class
Columbia	Yes	1996	Sixth Class
Crawford	Yes	1994	Sixth Class
Elk	Yes	1996	Sixth Class
Greene	No		Sixth Class
Huntingdon	No		Sixth Class
Indiana	Yes	1993	Sixth Class
Jefferson	No		Sixth Class
McKean	Yes	2002	Sixth Class
Mifflin	Yes	1995	Sixth Class
Pike	Yes	1995	Sixth Class
Somerset	Yes	1997	Sixth Class
Susquehanna	Yes	2001	Sixth Class
Tioga	No		Sixth Class
Venango	Yes	1995	Sixth Class
Warren	Yes	1996	Sixth Class
Wayne	No		Sixth Class
Juniata	No		Seventh Class
Perry	Yes	2000	Seventh Class
Snyder	No		Seventh Class
Union	Yes	1996	Seventh Class
Wyoming	Yes	1994	Seventh Class
Cameron	No		Eighth Class
Forest	No		Eighth Class
Fulton	No		Eighth Class
Montour	No		Eighth Class
Potter	No		Eighth Class
Sullivan	No		Eighth Class

## Endnotes

<sup>1</sup> *Update on the Implementation of Pennsylvania's County Housing Trust Fund Legislation*, (Penn State Harrisburg Economic Development Research and Training Center, 2001); Pennsylvania Low Income Housing Coalition, "Pennsylvania's Optional County Affordable Housing Trust Fund [sic]" (PowerPoint presentation, 2002).

## Appendix 4: Data on Potential Trust Fund Revenue Sources

### 1. Act 137 Document Recording Fees

<b>History of Document Recordations and Potential Revenues from Recording Fees<sup>1</sup></b>					
<b>Fiscal Year</b>	<b># of Deeds</b>	<b># of Mortgages</b>	<b># of Assignments, Satisfactions, and Releases</b>	<b>Maximum Potential Housing Trust Fund Revenue</b>	<b>Revenue from uniform \$30 document surcharge</b>
1990	36,059	57,755	68,274	\$5,248,651	\$4,862,640
1991	33,783	47,971	62,775	\$4,696,701	\$4,335,870
1992	34,675	52,856	74,404	\$5,267,413	\$4,858,050
1993	33,477	50,703	60,475	\$4,693,088	\$4,339,650
1994	36,066	56,170	66,318	\$5,155,047	\$4,756,620
1995	36,731	54,791	95,609	\$6,124,514	\$5,613,930
1996	43,895	40,179	69,387	\$5,051,635	\$4,603,830
1997	49,452	56,078	76,216	\$5,960,708	\$5,452,380
1998	44,528	67,070	80,681	\$6,271,469	\$5,768,370
1999	43,592	64,760	87,870	\$6,410,311	\$5,886,660
2000	45,119	57,001	84,004	\$6,115,269	\$5,583,720
2001	43,806	51,349	77,066	\$5,674,924	\$5,166,630
2002	47,704	61,917	80,733	\$6,232,406	\$5,710,620

### 2. Real Estate Transfer Tax Revenues

<b>History of Real Estate Transfer Tax Revenues<sup>2</sup></b>	
<b>Fiscal Year</b>	<b>Real Estate Transfer Tax Revenue Generated (millions)</b>
1994	\$46.6
1995	\$45.6
1996	\$54.8
1997	\$62.0
1998	\$82.5
1999	\$74.9
2000	\$77.7
2001	\$77.0
2002	\$96.7
2003	\$99.0
<b>Projected Real Estate Transfer Tax Revenues</b>	
2004	\$93.0
2005	\$90.0
2006	\$92.2
2007	\$94.5
2008	\$96.9

### 3. State Housing and Redevelopment Assistance Appropriations

<b>History of HRA Appropriations to Philadelphia<sup>3</sup></b>		
<b>Fiscal Year</b>	<b>State HRA Appropriations</b>	<b>Philadelphia Share</b>
2002	\$15 million	\$2.1-\$3.0 million
2003	\$15 million	\$2.1-\$3.0 million
2004	\$25 million	\$3.5-\$5.0 million
<b>Projected HRA Appropriations<sup>4</sup></b>		
2005	\$30 million	\$4.2-\$6.0 million
2006	\$50 million	\$7.0-\$10.0 million

## Endnotes

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<sup>1</sup> City of Philadelphia Recorder's Office.

<sup>2</sup> City of Philadelphia Department of Finance.

<sup>3</sup> No more than 20% of the total HRA state budget can be granted to a single municipality. Historically, Philadelphia and Pittsburgh have each received 14-20% of the total appropriation each year.

<sup>4</sup> Projected revenue is based on the historical range of appropriations to Philadelphia, and on Governor Edward G. Rendell's commitment to increase total appropriations to \$30 million in FY05 and \$50 million in FY06.