

Financial and Policy Tools to Support Affordable Housing

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Affordable Housing Requires Multiple Layers of Support

Why Affordable Housing Is So Difficult to Build

Challenges include:

- High land costs
- Rising construction costs
- Financing gaps
- Lengthy development timelines
- Limited public funding

Key Reality

- Most affordable housing projects require:
- Local support
- State funding
- Federal funding
- Private financing



A Powerful Local Tool: Housing Trust Funds

Housing trust funds can provide:

- Gap financing
- Acquisition loans
- Predevelopment funding
- Preservation financing
- Capitalized reserves
- Down-payment assistance

Why It Matters

- Housing trust funds often provide the local funding needed to make affordable housing projects feasible.

Why Housing Trust Funds Work

Benefits of a Housing Trust Fund

Creates Permanence

- Long-term commitment to housing production
- Less dependence on annual budget cycles

Creates Flexibility

- Can receive public and private funding
- Can make loans or grants
- Can fund acquisition opportunities quickly

Creates Leverage

- Local dollars often unlock much larger outside investments



Local vs. Regional Housing Trust Funds

Two Models

Local Trust Funds

Advantages:

- Local control
- Local priorities

Regional Trust Funds

Advantages:

- Larger pools of capital
- Shared expertise
- Lower administrative costs
- Greater competitiveness

California Examples

- San Gabriel Valley Regional Housing Trust
- Burbank-Glendale-Pasadena Regional Housing Trust
- Housing Trust Silicon Valley

How Housing Trust Funds Are Capitalized

Common Revenue Sources

- Inclusionary housing in-lieu fees
- Development impact fees
- General Fund contributions
- Housing Successor assets
- Loan repayments
- Philanthropic contributions
- Employer contributions

Important Point

Trust funds are most successful when they have a reliable, recurring source of revenue.



State Matching Funds for Housing Trust Funds



Benefits

- Doubles local investment
- Rewards regional collaboration
- Helps fund acquisition and development
- Supports affordable rental and ownership opportunities

Key Message

A local housing trust fund can attract additional state investment beyond local resources alone.

Local Policy Tools That Support Affordable Housing

Local Policies Still Matter

Key tools include:

- Affordable units
- In-lieu fees
- Revenue for housing trust funds

Accessory Dwelling Units (ADUs)

- Naturally occurring affordability
- Incremental housing production

Local Gap Financing Programs

- Soft loans
- Deferred repayment loans



State Funding Opportunities

Major California Programs

Multifamily Housing Program (MHP)

Deferred-payment loans for affordable rental housing.

Affordable Housing and Sustainable Communities (AHSC)

Housing linked with transportation and climate goals.

Infill Infrastructure Grant Program (IIG)

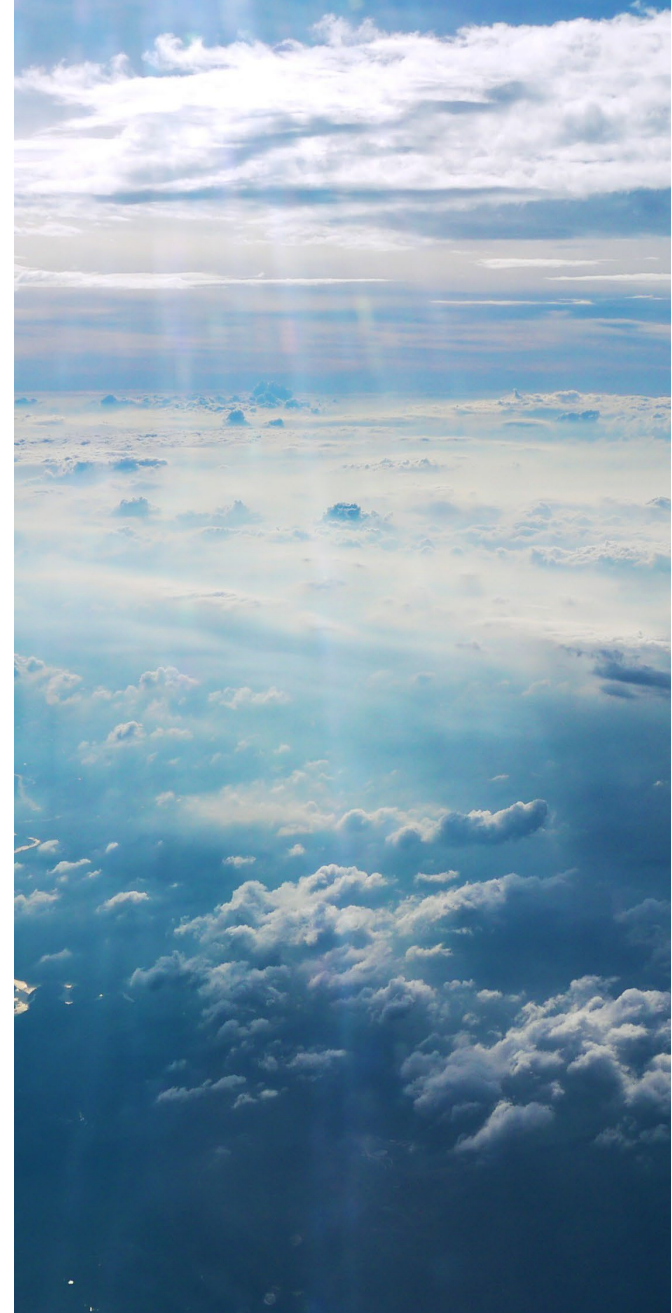
Infrastructure funding that supports housing production.

Homekey+

Acquisition and conversion of properties for supportive and homeless housing.

CalHome

Homeownership and rehabilitation assistance.



Federal Funding Opportunities

Federal Resources Continue to Play a Major Role

Low-Income Housing Tax Credits (LIHTC)

The primary equity source for affordable rental housing.

HOME

Flexible funding for construction, acquisition, rehabilitation, and rental assistance.

Community Development Block Grants (CDBG)

Flexible local funding for housing and community development.

Section 8

Rental assistance that supports long-term project operations.



Building the Capital Stack

How Affordable Housing Gets Financed

Every project tends to combine:

- Private debt
- Tax-credit equity
- State funding
- Federal funding
- Local funding

Local Dollars Matter

Even relatively small local contributions can unlock millions of dollars in state and federal resources.



Key Takeaways

What Can Cities Do Today?

- 1. Consider Creating or Joining a Housing Trust Fund**
Build long-term local capacity.
- 2. Leverage State Matching Opportunities**
Stretch local dollars further.
- 3. Align Local Policies with Housing Production**
Use inclusionary programs, ADUs, and local gap financing.
- 4. Pursue State and Federal Funding Aggressively**
Most projects require layered financing.
- 5. Think Regionally**
Regional collaboration often improves efficiency and competitiveness.

Thank You!

Questions?

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