

Three Funds in California Demonstrate Innovation Toward Housing Trust Fund Goals

Editor's Note: The California constitution requires a 2/3 vote of the public in order to allow an increase in a tax committed to a specific purpose. As a consequence, California communities have relied heavily on developer fees to fund local housing trust funds. When California passed Proposition 46 in 2002, committing \$2.1 billion dollars to affordable housing programs, \$25 million was set aside as matching funds for local housing trust funds. This has generated considerable interest in housing trust funds throughout the state. In the Winter 2006 Housing Trust Fund News, the Housing Trust of Santa Clara County was profiled. In the next issue, the innovative work of advocates in Contra Costa County will be highlighted. Here, are three funds that have not yet secured dedicated public funding, but are setting the stage by demonstrating what can be done with local funds, to ensure success in the future.

HOUSING TRUST FUND OF SANTA BARBARA COUNTY

The Housing Trust Fund of Santa Barbara County was established in 2003 as an innovative model for raising private, nonprofit, and public resources to support affordable housing throughout the County. The fund is unique to Santa Barbara County as a private, nonprofit agency that will provide direct funding to qualified developers, public entities, nonprofit organizations, community groups and individuals to undertake activities that create, maintain, preserve or expand the County's affordable housing stock.

The Housing Trust Fund has a current multi-year goal of establishing \$15 million revolving loan fund and grant making entity. The Fund will financially support efforts to acquire land for affordable housing, construct new affordable units, rehabilitate and convert existing buildings and properties into new affordable units, leverage public and private funds, and offer rental and homeowner assistance for individuals and families.

The Fund was initiated in 2005 with commitments from community lending partners Santa Barbara Bank

& Trust, Mid-State Bank & Trust. The initial \$2 million enabled the Fund to establish a Revolving Loan Fund last spring to help finance affordable housing. In September, the Housing Trust Fund completed its first loan of \$1 million to support the 62-unit El Carrillo project sponsored by the Santa Barbara City Housing Authority. The project will provide studio apartment living for individuals who live and work in the downtown area of Santa Barbara. El Carrillo will serve very low-income single persons earning 30-40% of the area median income, including downtown workers, homeless persons and disabled persons. The project is designed to provide replacement housing for the community that was lost with the closure or renovation of older downtown hotels.

The Revolving Loan Fund currently has \$2.7 million available for below-market interest rate loans to qualified affordable housing sponsors for site acquisition, predevelopment expenses and construction costs. Mid-State Bank & Trust has made a ten-year commitment to the Revolving Loan Fund and both Santa Barbara Bank

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El Carrillo is a 62-unit apartment complex under construction in Santa Barbara with support from the trust fund.

& Trust and Montecito Bank & Trust have made commitments. In addition, the Erich & Hannah Sachs Foundation made a Program Related Investment (PRI) loan. The goal for 2006 is to build the Fund to \$3 million, with a multi-year aim of developing \$5 million in capital resources for this particular program component.

The Santa Barbara County Housing Trust Fund anticipates funding two additional construction loans

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this year: (1) a 27-unit low-income homeownership project for agricultural workers in Los Alamos sponsored by the County Housing Authority and (2) a small 5-unit multi-family project for low-income families in Lompoc sponsored by the nonprofit Lompoc Housing & Community Development Corporation.

These activities will help establish credibility for the Fund in launching

future capital campaigns as well as a public funding effort. The Revolving Loan Fund is also helping establish working partnerships with local jurisdictions. It is anticipated that the Fund will work in collaboration with the County of Santa Barbara on a joint outreach program to faith-based organizations interested in using excess land to sponsor affordable housing projects.

A second program envisioned by the Trust Fund is a Workforce Housing Program to help a broad

range of local employees access affordable housing so that they can live in the community where they work. The Fund has already begun roundtable discussions reaching out to the business and agricultural communities. The Fund will host a Workforce Housing Summit in the fall of 2006.

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SAN MATEO COUNTY CREATES HOUSING ENDOWMENT AND REGIONAL TRUST

The Housing Endowment and Regional Trust of San Mateo County, California's mission is to raise funds from public and private sources to meet critical housing needs. HEART is a collaborative, public/private venture and is structured as a joint powers agreement. Currently fifteen cities plus San Mateo County participate as members.

HEART's goal is to secure a dedicated source of public revenue to invest in affordable housing. Meanwhile, HEART is embarking

on a \$3 million campaign to challenge the private sector to match the County's investment in HEART. HEART has already received \$3 million from San Mateo County as seed money which qualified it for another \$2 million from the State of California's local housing trust fund matching program, funded through the \$2.1 billion housing bond passed by voters in 2002.

The HEART board of directors consists of eleven public-sector representatives and ten at-large members representing the private

sector. Staffing is provided on an annual contract basis by the Housing Leadership Council of San Mateo County, a nonprofit community-based organization and the San Mateo County Office of Housing. HEART's member agencies pay dues annually to finance basic administrative costs. All donations to HEART are committed to building affordable housing.

HEART made its first funding award to Hillcrest Senior Housing in Daly City. This development will become home to 40 low-income

HEART



Architect Van Meter Williams Pollack north elevation of Hillcrest Senior Housing in Daly City for American Baptist Homes of the West.