

Affordable Housing Trust Fund

City of St. Louis



COMMUNITY BUILDERS
NETWORK OF METRO ST. LOUIS

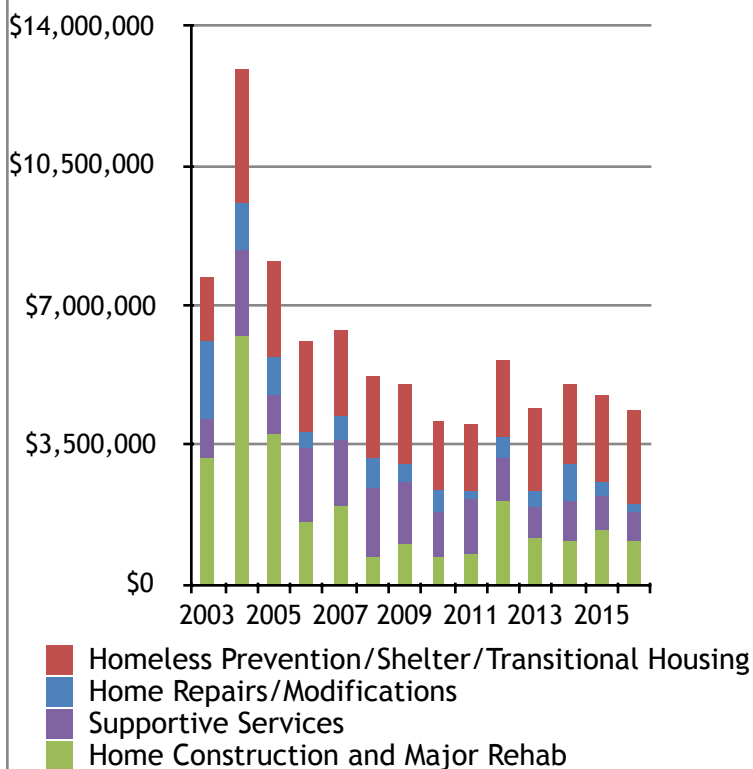
What is the Affordable Housing Trust Fund?

The City of St. Louis Affordable Housing Trust Fund (AHTF) awards loans and grants for affordable housing projects, homeless service provisions, home repair, and more. It is funded by the City's Use Tax.

Why a Robust Affordable Housing Trust Fund is Needed

Federal dollars such as CDBG and HOME funds have been the main gap sources for funding housing and community development in St. Louis. As federal funding has declined dramatically over the past 10 years, growing local sources of revenue for housing and community development has become essential to improving the quality of life in the City of St. Louis.

Awarded AHTF Funds Since 2003



What does the Use Tax Fund?

- Affordable Housing Trust Fund
- Public Health
- Public Safety
- Demolition and Board-Up

The AHTF is a Strategic Investment for St. Louis

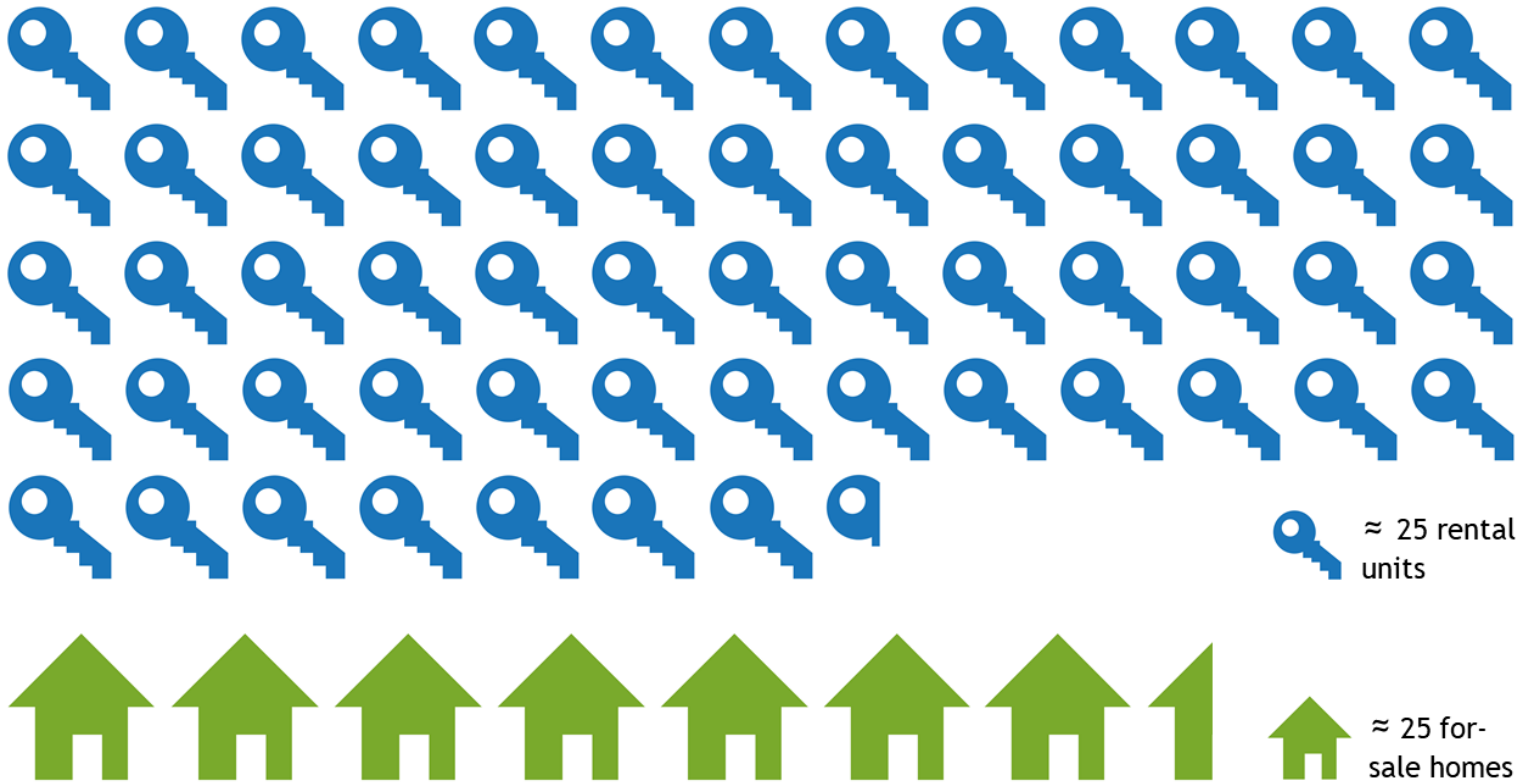
Every dollar invested by the Affordable Housing Trust Fund (AHTF) brings additional investment to St. Louis communities. These dollars are often the last piece of the mix of public and private funding that moves these housing projects forward. For **every \$1** the AHTF spends on construction and major rehab, St. Louis **attracts \$17** more in public and private funds. For rental projects alone, each dollar invested is matched by an additional \$27 in public and private investments. With cuts to federal and state housing funds on the horizon, St. Louis must continue finding solutions to provide affordable housing. Expanding the city's commitment makes St. Louis more competitive and attractive for outside investment.

AHTF Funds are Continually Replenished

Most of the loans the AHTF provides to rental housing developers and home buyers are repaid over time. The AHTF recaptures \$15,000-\$30,000 of these loans annually. These funds can be reinvested in home construction and other projects.



The AHTF has Funded 1,583 Rental Units and 184 Homes for Sale



Investing in Affordable Housing in St. Louis Reduces Vacancy

The AHTF devotes 15-35% of its annual awards to construction and major rehabilitation. By investing in rehabilitating properties, the AHTF puts more vacant and abandoned buildings into productive use for people who need them. These projects replace underutilized, unsafe, and substandard buildings with safe, attractive, energy-efficient, and affordable homes.

Flexible Home Repair Supports Energy Efficiency and Health

The AHTF provides funds for home repair in areas with low access to capital. These funds can improve energy efficiency, which **increases home values by \$10 to \$25 for every dollar saved in reduced fuel costs.**¹ Repair dollars can also be used to remove health hazards like lead paint and improve livability so that families with children can stay in their homes in a healthy environment. Funding these activities keeps buildings up to code, improves the overall quality of St. Louis' housing stock, and supports better living standards for people with a wider range of incomes.



Investing in Affordable Housing Improves Health, Safety, and Property Values and Reduces Crime

Recent research from the Stanford School of Business shows that building affordable housing can improve home values in low-income communities, reduce crime, and attract a more racially and income diverse population.² The Federal Reserve Bank of Kansas City found that the **value of homes within 500 feet of new housing projects** built by community development corporations in low and moderate-income areas **increased by 11.8 percent** compared to homes farther away.³ Property values in Cleveland, Ohio showed increased values near new affordable housing projects in lower income areas with weak housing markets.⁴ **Rising home values increase tax revenues to fund education and public services.**

As evidence linking lead risk and crime increases,⁵ building more lead safe homes and remediating lead in existing homes is a long-term investment in public safety. **Children with lower levels of lead exposure have better third grade reading scores⁶ and are less likely to engage in risky and antisocial behaviors.⁷** Lead testing and remediation has been proven effective. In one study, St. Louis mothers who received prenatal lead testing and home lead remediation had children with lower blood lead levels than similar mothers who did not receive these services.⁸ **Investing in safe, high-quality, and accessible homes and home repair improves our region's housing stock and makes communities in St. Louis safer and more prosperous.**

The AHTF is Essential for providing Long-Term Solutions to Homelessness

Affordable housing is increasingly out of reach for a growing number of people. This is particularly true for low-income Americans. In no county in the United States can a fair market one-bedroom apartment be rented for 30 percent or less of the income earned by someone earning minimum wage.⁹ In St. Louis, a **person earning minimum wage** would have to spend **67 percent of his or her income** to rent a two-bedroom apartment at fair market rent.¹⁰ Now that the Missouri legislature has invalidated St. Louis' ability to increase its own minimum wage, and with state Low-Income Housing Tax Credits at risk, the city needs alternative solutions more than ever to put housing within reach of low-income people.



A person earning minimum wage could spend up to 67% of their income on rent.



AHTF Projects are Injecting Needed Investment to Help St. Louis Flourish

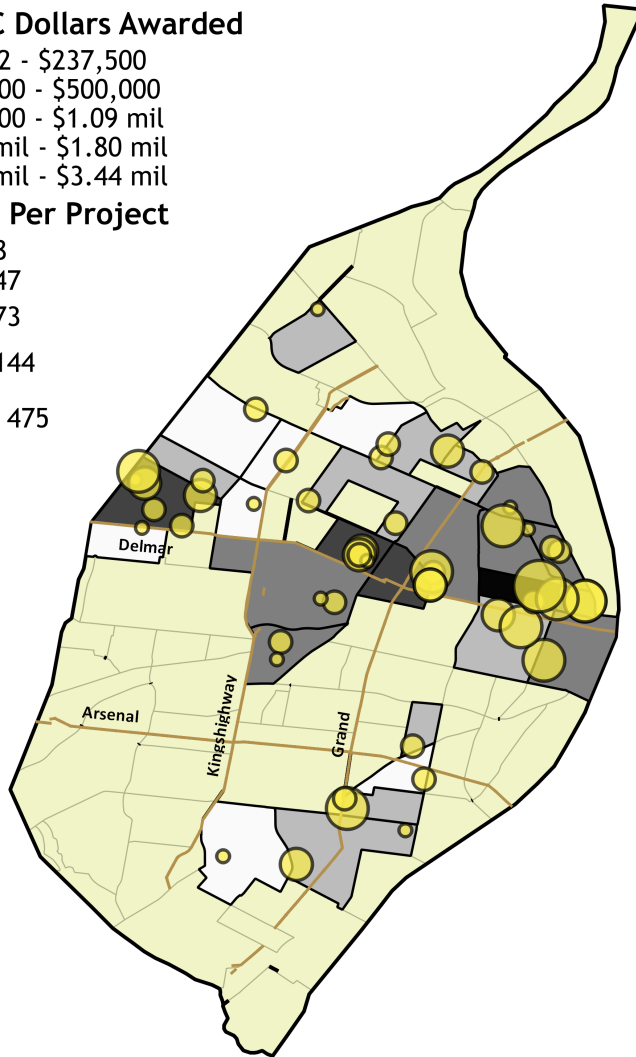
Rental Projects, 2003-2017

Total AHC Dollars Awarded

- \$80,092 - \$237,500
- \$237,500 - \$500,000
- \$500,000 - \$1.09 mil
- \$1.09 mil - \$1.80 mil
- \$1.80 mil - \$3.44 mil

LMI Units Per Project

- 1 - 18
- 18 - 47
- 47 - 73
- 73 - 144
- 144 - 475



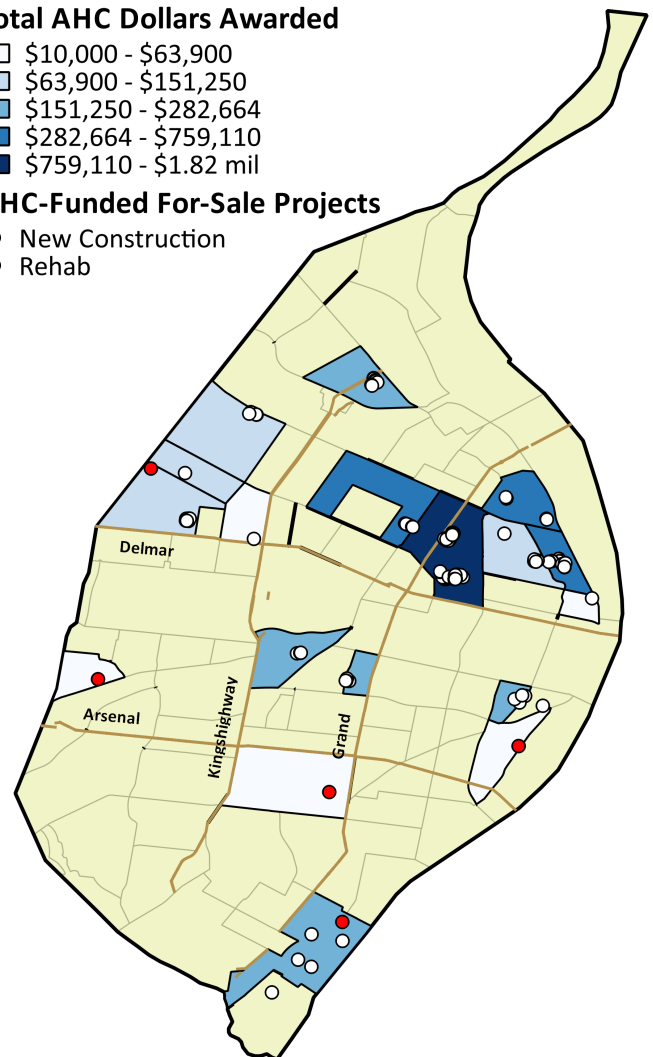
For-Sale Projects, 2003-2017

Total AHC Dollars Awarded

- \$10,000 - \$63,900
- \$63,900 - \$151,250
- \$151,250 - \$282,664
- \$282,664 - \$759,110
- \$759,110 - \$1.82 mil

AHC-Funded For-Sale Projects

- New Construction
- Rehab

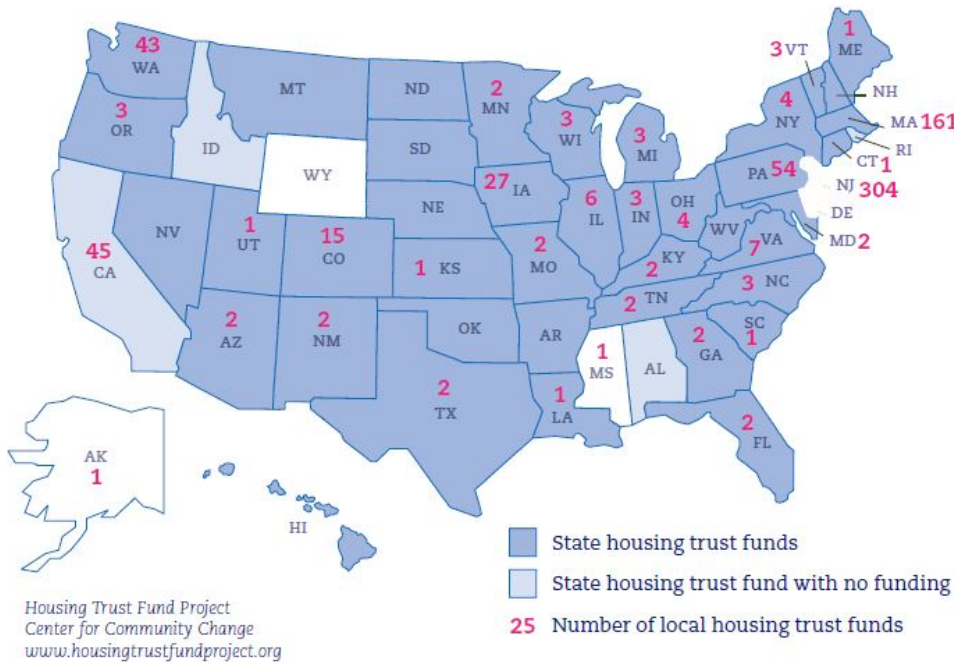


The AHTF awarded funds to the East Fox Homes project led by Rise Community Development and Messiah Lutheran Church in 2016. The project is restoring 47 affordable and energy-efficient rental homes in the historic Fox Park and Tower Grove East neighborhoods. Messiah Lutheran Church is providing social services for Bhutanese refugees that live in these homes.

Affordable Housing Trust Fund City of St. Louis



What Other Cities are Doing with Housing Trust Funds



There are more than 770 housing trust funds (HTFs) across the country.¹¹ City HTFs collected over \$385 in revenues in 2015.¹¹ Twelve cities collected more than \$5 million in revenue, including Chicago, IL, Minneapolis, MN, and Boulder, CO.¹¹

Expanding Housing Opportunities & Revitalizing Neighborhoods

10 Year Anniversary of the
Philadelphia Housing Trust Fund

The Philadelphia Housing Trust Fund celebrated its 10 year anniversary achievements:¹²

- 1,482 new or rehabilitated homes
- 2,281 major home repairs
- 1,381 accessibility modifications
- 12,986 emergency heater repairs
- 2,713 households prevented from becoming homeless
- 6,399 households received utility assistance
- 9,655 construction jobs
- 4.7% property value increase near HTF developments



The Milwaukee Housing Trust Fund developed Thurgood Marshall Apartments based on the Housing First Model:¹¹

- \$4.85 million committed
- Permanent supportive housing for homeless individuals who suffer from chronic alcoholism
- 24 one-bedroom units
- 24/7 social services provided on-site



The Chicago Low-Income Housing Trust Fund partnered with private developers to build Lawrence House Commons, a multi-income development in a gentrifying area.¹¹ It set aside affordable units and used 50% of revenues to subsidize rent.¹¹

Affordable Housing Trust Fund

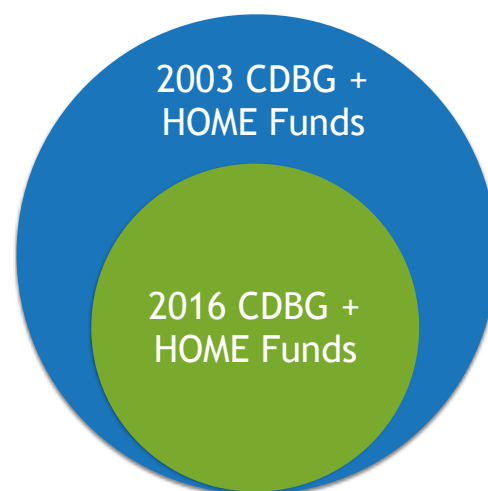
City of St. Louis



COMMUNITY BUILDERS
NETWORK OF METRO ST. LOUIS

The AHTF is a Local Solution to Federal Disinvestment

The value of federal grants the City of St. Louis receives from the Department of Housing and Urban Development has been in consistent decline since the AHTF was created in 2003. Federal funds from the Community Development Block Grant (CDBG) and HOME programs have decreased from \$40.2 million to \$18.8 million (in 2017 dollars), a **decline of 53%.**¹³ Allocating more Use Tax funds to the AHTF can help fill in this gap and keep St. Louis competitive for the private investment that typically accompanies federal grants.



Recommendation for Funding:

A coalition of homeless service, housing, and community development organizations agree that the AHTF should:

- **Receive yearly allocations from the annual Use Tax funds at a minimum of \$5 million on top of unspent funds from prior years AND**
- **Receive ½ of the new Use Tax funds stemming from the passage of Prop 1**

Four strategies from the funding increase that can accelerate the pace of creating quality homes for our city's working families and homeless include:

Gap Financing for Affordable Housing

Create a program to cover 50% of down payment costs in exchange for a lending partner making a 30-year loan to nonprofit developers, who in coordination with service providers will set aside larger family units for households making a transition out of homelessness.

Flexible Home Repair

Dedicated funds for home repair are essential for neighborhood stabilization and keeping residents in their homes. Lengthy waiting lists in the City of St. Louis illustrate the need for flexible local funds to facilitate home repair.

Innovative Strategies to Reduce Vacancy

Projects that put a vacant property into productive use should receive preferential scoring in the proposal selection process.

Redeployment of Unspent Funds

When allocated funds go unspent, they should be re-deployed in quick-use projects like home repair or added on top of the grant pool for the following year.

Footnotes

1. Nevin, R. and Watson, G. (1998, October). Evidence of rational market valuations for home energy efficiency. *the Appraisal Journal* 66(4), 401-409.
2. Diamond, R. and McQuade, T. (2015, July). Who wants affordable housing in their backyard? An equilibrium analysis of low income property development. *Stanford GSB*.
3. Edmiston, K. D. (2012). Nonprofit housing investment and local area home values. *Federal Reserve Bank of Kansas City*.
4. Woo, A., Joh, K., and Van Zandt, S. (2016). Unpacking the impacts of the Low-Income Housing Tax Credit program on nearby property values. *Urban Studies* 53(12), 2488-2510.
5. Feigenbaum, J.J. and Muller, C. (2016). Lead exposure and violent crime in the early twentieth century. *Explorations in Economic History* 62, 51-86.
6. Aizer, A., Currie, J., Simon, P., and Vivier, P. (2016, August). Do low levels of blood lead reduce children's future test scores? *National Bureau of Economic Research*. <http://www.nber.org/papers/w22558>.
7. Reyes, J.W. (2014). Lead exposure and behavior: Effects on antisocial and risky behavior among children and adolescents. *National Bureau of Economic Research*. <http://www.nber.org/papers/w20366>.
8. Berg, D.R., Eckstein, E.T., Steiner, M.S., Gavard, J.A., and Gross, G.A. (2012, March). *American Journal of Obstetrics & Gynecology Meeting Papers*.
9. National Low Income Housing Coalition. (2017). Out of reach 2017. <http://nlihc.org/orr>.
10. Based on Department of Housing and Urban Development's fair market rent for St. Louis City in 2017.
11. Center for Community Change. (2016). Opening doors to homes for all: The 2016 housing trust fund survey report. http://housingtrustfundproject.org/wp-content/uploads/2016/10/HTF_Survey-Report-2016-final.pdf.
12. Division of Housing and Community Development. (2016). Expanding housing opportunities, revitalizing neighborhoods: 10th year anniversary of the Philadelphia housing trust fund. <http://ohcdphila.org/wp-content/uploads/2015/12/htf-ten-year-report.pdf>. City of Philadelphia.
13. HUD Exchange. (2017) Department of Housing and Urban Development <https://www.hudexchange.info/grantees/allocations-awards/>.