

The following memo was developed by Pat Tatich AICP for the Warren County Planning Department in 2022. Additionally, the 2023 Warren County Housing Needs Assessment specifically recommended the establishment of a housing trust. This memo provides background information on and a basis for discussion amongst members of the Housing Task Force a proposal to establish a Housing Trust Fund is considered for Warren County. What follows is the original 2022 memo which has not been updated to reflect findings from the 2023 study or 2025 Housing Strategy.

Housing Trust Funds

Purpose, Structure, Funding & Examples for Warren County to Consider

Identifying Housing Issues, Needs and Quantifying Goals

Warren County Officials and the Economic Development Corporations' Housing Work Group have determined that the lack of available, single family and rental housing is negatively impacting communities and the growth of local businesses. Households with annual incomes less than 80 percent of the area medium, seniors and empty nesters who desire to downsize as well as potential new residents are unable to purchase a home or find rental housing that is suitable to their needs and income. The lack of available housing, due to pandemic related impacts, has severely limited the supply of new housing, particularly for lower and middle-income households in the workforce.

The County requested and received funding from the NYS Housing Trust Fund Corporation to undertake a Housing Needs and Market Demand Analysis to address condition and supply issues. These reports will address demographic analysis and projected demand for housing within rural towns, hamlets and in the sub-urban areas of the County. Equally important will be an understanding of population projections, trends, and income issues that impact housing for householders under 65 and 65 plus. Developing scenarios based on a series of assumptions will be important to developing goals and strategies that will be incorporated into the County's Comprehensive Plan, the Town of Queensbury's Comprehensive Plan Update and will augment local planning initiatives.

Determining Market Demand, Identifying Financial Resources and Organizational Structure

Warren County's housing reports will incorporate a Market Demand Analysis which will define housing types and quantity desired by residents based on current and projected household incomes. The analysis will address demand differences for rural up-county communities compared with sub-urban areas of down-county. Information will also address the general condition of the existing housing stock, structures suitable for re-purposing to multi-family housing and property suitable for development.

The financial resources necessary to address housing goals will be identified and discussed to include Warren County's ARPA fiscal recovery fund allocation, NYS Housing Trust Funds and Community Development Block Grants, Low Income Housing Tax Credits enacted as part of the 1986 Tax Reform Act awarded to NYS, regional foundations and trusts, community tax incentive programs (PILOT) and other investor partnerships that may include financial institutions.

The efficiency and expediency of using one or more financial sources to develop new housing will best be achieved by a collaborative effort of planning actions and non-traditional approaches. A new or existing entity should be dedicated to addressing housing needs and market demand as well as be responsive to the development community. The creation of a Local Housing Trust can function as an



element of the County's Local Development Corporation to insure program and financial accountability for housing program resources. This entity can establish criteria for funding, provide technical assistance to communities and be the point of contact for the private developers. Additionally, it can function as a land bank for the County.

The following is an overview of Local Housing Trusts to provide guidance in determining the appropriate organizational structure for Warren County concerning funding and achieving housing goals.

Overview of Housing Trusts

Housing Trust Funds are a flexible source of funding that can be used to support a variety of affordable housing activities. Because they are created and administered at the city, county, or state level, housing trust funds are not subject to the restrictions of federal subsidy programs and therefore can be designed specifically to address local priorities and needs.

The entity administering the fund determines eligible activities, which vary widely from community to community, from emergency rent assistance for families facing the threat of eviction or homelessness to gap financing for new construction of affordable housing or a home improvement program. Ideally, funding for the trust fund comes from a dedicated revenue source established with the support and approval of key stakeholders. While the actual amount of funding received each year may fluctuate, securing a dedicated revenue source allows some predictability and eliminates the need to go through the budget allocation process each year.

Local jurisdictions interested in creating an affordable housing trust fund will need to make a series of decisions about where the revenue comes from, how the trust fund is administered, and eligible uses. In this section we walk through the primary considerations.

Approach

Cities, towns, and counties that are interested in creating a housing trust fund will need to determine whether the fund will be administered by an existing public office or nonprofit organization, or whether a new entity will be established to perform this function. Typically, trust funds are administered by existing public offices that have experience working with housing development partners, administering grants, and managing a competitive application process, such as the local department of housing or community development. In some cases, however, it may be expedient to identify a partner organization or to create a separate entity charged solely with managing trust fund operations.

The entity responsible for managing the housing trust fund will need to make a variety of administrative decisions about the fund's operation. Many of these decisions relate to housing trust fund awards, including:

- **How will awards be structured—as grants, low-interest loans, credit guarantees, or in some other form?** This decision will be guided in large part by the activities to be funded.
- **How will the application process be structured?** Some cities, towns, and counties allow applications to be submitted on a rolling basis, while others issue an annual or semi-annual request for proposals, often in coordination with other funding programs. Alternatively, some jurisdictions automatically allocate housing trust fund proceeds to designated housing and services providers to fund existing programs.
- **How will applications be evaluated?** Will priority be given to any types of projects, or projects with certain characteristics?



Local cities, towns, and counties will also need to establish other rules and guidelines regarding administration of the housing trust fund, including establishing the agency or department responsible for day-to-day management of the fund and expectations for reporting on housing trust fund activities. Many cities, towns, and counties also establish an advisory body composed of stakeholders from diverse backgrounds to help guide trust fund administration and provide program oversight. Smaller localities

should consider the potential of partnerships with other localities, regional authorities, or the state to assist in the management of the administration of the housing trust fund.

Funding

There are many possible sources of revenue for a local housing trust fund. These sources often have some connection to the policy goal(s) of the trust fund—for example; many cities, towns, and counties deposit the revenue from linkage fees associated with new commercial development in the trust fund. The related section on dedicated revenue sources has more information on potential sources of funding for a housing trust fund.

Decisions about which source(s) are most appropriate for a given community will depend on several factors. One key consideration is the revenue potential of a given source, and whether it is likely to generate sufficient funds to provide meaningful support for affordable housing activities.

The *reliability* of that funding source from year to year is a closely related consideration. The trust fund infrastructure allows funds to be carried over from year to year, making it possible to provide an even level of support for affordable housing activities even as funding levels fluctuate over time. However, trust funds that are funded with government appropriations similar sources receive only a one-time funding boost with little assurance of ongoing support. For this reason, some advocates limit the definition of housing trust funds to those funds that are linked to a dedicated revenue source that assures the availability of resources on a regular basis. ^[1]Localities experiencing economic contraction should ensure that funding will be sufficient for affordable housing needs and protected from appropriation for other uses.

Cities, towns, and counties will also need to assess the practical and political feasibility of creating a new fee or re-directing an existing revenue stream for affordable housing purposes. Support from local officials or approval from key stakeholders will be needed to designate an annual funding source for a County Housing Trust Fund.

Eligibility

One of the key decisions in designing a trust fund is identifying the activities that the trust fund will support. Cities, towns, and counties may choose to limit eligibility for trust fund expenditures to one high priority activity, or allow a variety of possible uses. When deciding on eligible uses of trust fund expenditures, local jurisdictions should consider whether there are any high-priority housing needs that are difficult to fund with other sources, such as the creation of rental units for moderate-income households earning between 80 and 100 percent of the area median income who aren't eligible for federal housing programs. Trust fund revenue can also be used to fill gaps in other funding streams—for example, to provide deep rent subsidies that make federal tax credit units affordable to extremely low-income households.

Estimates of the amount of revenue likely to be raised in a given year should also inform this decision. For example, in cities, towns, and counties that expect to generate a very modest funding stream, it may be better to focus on small grants to support home safety modifications for senior homeowners, while cities, towns, and counties that anticipate a robust amount of revenue could choose to create a more costly program such as a local tenant-based rental



assistance program.

Depending on local priorities and subject to state regulations, essentially any housing-related activity can be funded with a housing trust fund. Examples of the types of activities that can be funded with housing trust fund proceeds include:

- [Capital subsidies for affordable housing developments](#)
- [Below-market financing of affordable housing development](#)
- [Operating subsidies for affordable housing developments](#)
- [Acquisition and operation of moderate-cost rental units](#)
- [Targeted efforts to create and preserve dedicated affordable housing](#)
- [Targeted efforts to expand the supply of rental housing and lower-cost housing types in resource-rich areas](#)
- [Community land trusts](#)
- [Deed-restricted homeownership](#)
- [Limited equity cooperatives](#)
- [Use of publicly owned land for affordable housing](#)
- [Land banks](#)
- [Property acquisition fund](#)
- [State- or local-funded tenant-based rental assistance](#)
- [Security deposit and/or first and last month's rent assistance](#)
- [Downpayment and closing cost assistance](#)
- [Shared appreciation mortgages](#)
- [Subsidized mortgages](#)
- [Energy-efficient retrofits](#)
- [Foreclosure prevention programs](#)
- [Assistance for home safety modifications](#)
- [Homeowner rehabilitation assistance programs](#)
- [Weatherization assistance](#)

All requirements regarding eligible applicants, income thresholds required affordability period, and other limits on the use of housing trust fund awards should be clearly established in the program guidelines.

Examples

The Somerville, MA Affordable Housing Trust focuses on preserving and creating affordable rental and homeownership units, as well as providing direct assistance to renters and homeowners. Funds may be used for a variety of activities that support these goals, including site development for new construction; rehabilitation subsidies and arson prevention for existing developments; and assistance with security deposits or down payments and closing costs for renters and homebuyers. Trust documents also allow for funds to be used to research other appropriate activities or to provide seed money for new programs or organizations. Funding for the Trust comes from a variety of sources, including linkage fees and in lieu payments from the city's inclusionary zoning programs, as well as allocations from the city and from the federal Emergency Shelter Grant program. At least 20 percent of funds must be used to serve households with incomes below 50 percent of AMI, although the Trust "encourages deeper affordability" and the use of funds to serve people experiencing homelessness. Another 20 percent is reserved for households at 51 to 80 percent of AMI, and 10 percent must go towards those with incomes between 81 and 100 percent of AMI. The Trust is governed by a nine-member Board of Trustees that includes the Mayor, President of the Board of Aldermen, and Executive Director of the Somerville Housing Authority (or their designees), as well as six



members appointed by the Mayor or approved by the Board of Aldermen including representatives from the housing or real estate and banking or finance sectors and at least one Somerville resident who is eligible for state or federal public housing programs. [The Somerville Affordable Housing Trust Strategic Vision Plan & Guidelines provides more details.](#)

To support its housing trust fund, **Austin, TX** dedicates property tax revenue from projects built on land that was previously owned by the city. When the city's Affordable Housing Trust Fund was first created in FY 1999-2000, the City Council voted to direct 40 percent of property tax revenue generated by developments on former city-owned property to the fund; in 2016, they increased that share to 100 percent. The city's Neighborhood Housing and Community Development Department administers the fund, which also receives support from the city's tax increment financing program, property sales, and other local sources. Funds support rehabilitation and creation of new affordable housing, including in higher-income neighborhoods and Homestead Preservation Districts that have been targeted for reinvestment, among other activities. [The Housing Trust Fund Project lists more details about Austin's Housing Trust Fund.](#)

Related Resources General

- The Center for Community Change [Housing Trust Fund Project](#) – The most exhaustive source of information on housing trust funds; includes detailed information about components of housing trust funds and campaigns to establish housing trust funds, as well as case studies and up-to-date examples.
- [Opening Doors to Homes for All: The 2016 Housing Trust Fund Survey Report](#), Housing Trust Fund Project (2016) – Annual report of the Housing Trust Fund Project provides a comprehensive overview of housing trust funds at the state, city, and county levels, including revenue sources, administration, and program requirements.
- [Establishing a Local Housing Trust Fund: A Guide for California Officials](#), Institute for Local Government (2007) – Although prepared for local jurisdictions in California, this report provides guidance that will be of interest to all cities, towns, and counties interested in creating a housing trust fund, with special focus on program design, administration, and coordination.
- [Municipal Affordable Housing Trusts](#), Massachusetts Housing Partnership (2013) – While prepared for local jurisdictions in Massachusetts, this guidebook may be a useful reference point for all cities, towns, and counties, with sections on defining the vision of the trust and strategies for gaining support and approval.

State Enabling Legislation

State Legislation to Promote Local Housing Trust Funds, Housing Trust Fund Project (2013) – Provides information on the various forms of state legislation that have helped to advance local housing trust funds.

1. See the Center for Community Change Housing Trust Fund Project write-up at <https://housingtrustfundproject.org/htf-elements/revenue-sources/>
2. For more detail, see the National League of Cities fact sheet, [Cities 101 – Delegation of Power](#).

