St. Louis County

AFFORDABLE HOUSING TRUST FUND TASK FORCE

Recommendations for Establishment of an Affordable Housing Trust Fund in St. Louis County

April 2019

Saint Louis County
ST. LOUIS COUNTY
AFFORDABLE HOUSING TRUST FUND TASK FORCE

CO-CHAIRS
Adrian Bracy, YWCA Metro St. Louis
Chris Krehmeyer, Beyond Housing

MEMBERS
Amelia Bond, St. Louis Community Foundation
Zack Boyers, U.S. Bancorp Community Development Corporation
Ethel Byndom, St. Louis County Office of Community Empowerment
Paula E.W. Carey-Moore, Urban League of Metropolitan St. Louis
Cynthia Duffe, Gateway Housing First
Karl Guenther, University of Missouri – St. Louis, Public Policy Research Center (now the Community Innovation and Action Center)
Erica Henderson, St. Louis Promise Zone
Veta Jeffery, Midwest Bank Centre
Will Jordan, Metropolitan St. Louis Equal Housing Opportunity Council
John Kennedy, St. Louis Equity Fund
Molly Metzger, Center for Social Development, Washington University
Gary Parker, Clark-Fox Policy Institute, Washington University
Kate Reese, The Housing Partnership
Susan Rollins, Housing Authority of St. Louis County
Esther Shin, Urban Strategies
Donald Stevens, Community resident

ST. LOUIS COUNTY STAFF
Shannon Koenig, Office of the County Executive
Lori Fiegel, Office of Strategy + Innovation
Jim Holtzman, Department of Planning
Kevin McKenna, Office of Community Empowerment
Yusef Scoggin, Department of Human Services
EXECUTIVE ORDER

Re: Creating Task Force to Develop Recommendations Regarding Establishment of An Affordable Housing Trust Fund in St. Louis County

WHEREAS, pursuant to Section 3.050(7) of the St. Louis County Charter, it is within the powers and duties of the County Executive to recommend measures that improve county government and the general well-being of the people; and

WHEREAS, pursuant to Section 3.050(8) of the St. Louis County Charter, in matters of equity, it is imperative that St. Louis County promote and encourage cooperative relationships between the county and political subdivisions within the county relating to land use planning, public health, safety, and public welfare; and

WHEREAS, for over a century, African Americans in St. Louis County have endured housing policies and development strategies that have trapped generations of some families in segregated and disinvested neighborhoods; and

WHEREAS, disinvestment in low-income and African American neighborhoods has led to significant inequities in access to quality, affordable housing in areas of opportunity; employment and health care; strong schools; nutritious food and essential household goods; effective public transportation; and critical social networks; and

WHEREAS, recent reporting by For the Sake of All and others has affirmed these conclusions regarding inequity in St. Louis County;

WHEREAS, the growth and development of each and every St. Louis County resident deserves honor, respect, and above all – opportunity – which can be promoted through establishment of affordable housing measures;

NOW, therefore I, Steven V. Stenger, St. Louis County Executive, hereby order and create the St. Louis County Affordable Housing Trust Fund Task Force, as follows:

1. The Task Force shall be led by the following members:
   a. The President and Chief Executive Officer of Beyond Housing; and
   b. The Chief Executive Officer of YWCA Metro St. Louis.
2. The Task Force shall also consist of the following members:
   a. The County Executive or his designee;
   b. The Executive Director of the Housing Authority of St. Louis County;
   c. The Executive Director of the St. Louis Promise Zone;
   d. The Executive Director of the Metropolitan St. Louis Equal Housing and Opportunity Council;
   e. The President and Chief Executive Officer of the Urban League of Metropolitan St. Louis;
   f. The Executive Director of Gateway Housing First;
   g. The Chairman and Chief Executive Officer of U.S. Bancorp Community Development Corporation;
   h. The President and Chief Executive Officer of the St. Louis Equity Fund;
   i. The President of Urban Strategies;
   j. The Executive Director of The Housing Partnership;
   k. The President and Chief Executive Officer of the St. Louis Community Foundation;
   l. The Senior Vice President for Community and Economic Development at Midwest Bank Centre;
   m. The Director of the Clark-Fox Policy Institute at Washington University;
   n. The Faculty Director for Inclusive Housing at the Center for Social Development at Washington University;
   o. The Community Development Specialist at the Public Policy Research Center at the University of Missouri—St. Louis; and
   p. A St. Louis County resident who will benefit from programs offered by the St. Louis County Housing Trust Fund, once established.

3. All Task Force members shall serve at the pleasure of the St. Louis County Executive.

4. The co-chairs of the Task Force shall be responsible for developing a work plan, setting the agenda, and providing leadership and direction for the Task Force.

5. The Task Force shall use current data and research to inform and develop recommendations for establishment of an Affordable Housing Trust Fund in St. Louis County. Recommendations shall include:
   a. An outline of strategic funding priorities that collectively will address affordable housing and related needs of the citizens of St. Louis County. The Task Force shall assign proportions of funding that should be allocated to each strategic priority.
   b. The amount of revenue needed to meaningfully fund strategic priorities. The Task Force shall identify potential revenue sources, including existing financial resources that could be reallocated and possible new sources of revenue.
   c. The appropriate governance and administrative framework for the Trust Fund.
   d. Complementary policy proposals that would enhance the establishment and functionality of the Trust Fund, as necessary.

6. The Task Force shall conclude its work by providing a written report of recommendations to the County Executive in the spring of 2019.

7. A quorum for the Task Force meetings shall consist of a majority of the members. The Task Force shall make recommendations on an affirmative vote of a majority of its members.
8. In developing recommendations, the Task Force may form working groups.

9. Support for the Task Force shall be provided by the St. Louis County Executive’s Office, as well as the St. Louis County Departments of Planning and Human Services.

10. The members of the Task Force shall not receive any compensation for their activities as members of the group.

SO ORDERED this 20th day of June, 2018.

ST. LOUIS COUNTY, MISSOURI

[Signature]

Steven V. Stenger
County Executive
FROM THE TASK FORCE
CO-CHAIRS

DEAR COUNTY EXECUTIVE STENGER,

Thank you for the opportunity to lead the St. Louis County Affordable Housing Trust Fund Task Force. It has been an honor to serve with such a thoughtful and dedicated group of community members and housing advocates. Each of us on the Task Force accepted our charge from you in earnest; we believe that every St. Louis County resident deserves a decent, safe, affordable place to live and that an affordable housing trust fund can provide that opportunity.

The recommendations in this report have been informed by local public input and in-depth research and data, analyzed through extensive discussions, and ultimately reflect our best thinking about how to meet housing needs in our community. At the outset of our work, we developed and issued two surveys that were taken by nearly 600 residents and over 100 stakeholders. We also spent several months analyzing current data to identify which residents are in need, and what services will best benefit them. We examined affordable housing trust funds across the country, and met with representatives from Missouri and St. Louis City trust funds. During the course of our work, it became clear that there is no model template for an affordable housing trust fund; each must individually fit the community. Our recommendations are for an affordable housing trust fund that meets the needs of St. Louis County residents.

In closing, we thank you for your leadership in establishing this working group and for charging us to develop a set of recommendations that have power to drive real change in our community. We are confident in our findings and stand ready to assist you in the pursuit of a community that is more equitable for all.

Sincerely,

Adrian Bracy
Chris Krehmeyer

Co-Chairs, St. Louis County
Affordable Housing Trust Fund Task Force
PREFACE

Although conversations about equity have been ongoing in the community for some time, the work of the Task Force was spurred in part by the 2018 release of Segregation in St. Louis: Dismantling the Divide, written by For the Sake of All (now Health Equity Works) and others. The first recommendation from Dismantling the Divide is to create an affordable housing trust fund for St. Louis County. County Executive Stenger was actively listening to the ongoing national, state, and local conversations and decided it was time to act.

At the first meeting of the Task Force, Dr. Jason Purnell, one of the primary authors of Dismantling the Divide, presented research findings from the report. Much of the work of the Task Force was undertaken with the notion that a new tool for affordable housing in St. Louis County should be aimed at more equitable outcomes for all, with a focus on promoting access to areas of opportunity.

This report of recommendations is organized to be responsive to the Executive Order establishing the Task Force and outlining its charge. The supporting data and information that were considered during meetings is available on the website for this initiative: www.stlouisco.com/housingtrustfund.
STRATEGIC FUNDING PRIORITIES

The first part of the Task Force charge was to outline strategic funding priorities that collectively will address affordable housing and related needs of the citizens of St. Louis County. The Task Force examined a considerable amount of data to inform and drive the chosen priorities. Combining both people-based and place-based variables, the Task Force used interactive spatial data to investigate overall housing trends, as well as affordability disparities and inequities in St. Louis County. The Task Force examined factors that significantly affect both individuals and households including poverty, housing cost burden, and homelessness. The Task Force also considered how factors such as foreclosures, vacancies, and evictions impact communities. When possible, data was disaggregated by variables such as race, household type, and housing tenure to provide a fuller understanding of housing needs.

The Task Force recommendations for funding priorities, eligible populations, goals, and activities are outlined here and on the next three pages.

FUNDING PRIORITIES

The Task Force’s deliberation included both place-based strategies (how to invest in previously disinvested areas) and mobility-based strategies (how to help low-income households access “areas of opportunity”). The task force strongly believes that the solution to the affordable housing crisis is not either/or but rather lies in supporting both revitalization and creating pathways for very low- and low-income families to move into neighborhoods with existing opportunity.

People

1) Single-person headed households in poverty with children
2) Cost-burdened households earning less than $35,000 year, especially renters
3) Senior citizens (65+), especially renters
4) Households experiencing homelessness, especially those with children/students
5) Households experiencing evictions and foreclosures

Place

1) North County, especially Inner North County
2) Areas with high vacancy rates
AREAS OF OPPORTUNITY

As noted earlier, the work of the Task Force was undertaken with the idea that a new tool for affordable housing in St. Louis County should advance more equitable outcomes for all. As such, the Task Force spent a significant amount of time addressing how to promote access to areas of opportunity.

Background
The concept of “areas of opportunity” regarding access to affordable housing is not a new one. In fact, the concept is rooted in the federal Fair Housing Act of 1968 which not only prohibited discrimination in housing related activities and transactions but also imposed a duty to affirmatively further fair housing. References to areas of opportunity or “high opportunity areas” can be found in various federal, state and local rules, court cases, and policies.

Definition
What are areas of opportunity? Generally, they are communities with sustainable employment, quality schools, safe neighborhoods, and access to goods and services, such as grocery stores, transportation, and health care. They are typically characterized as areas with a low poverty rate and low share of subsidized housing. Overall, they are places with conditions and resources conducive to healthy communities and positive life outcomes for residents.

Specific definitions vary by jurisdiction and there is a range of indicators and thresholds used to determine areas of opportunity in any given place. In the late 1990s, the use of opportunity mapping was pioneered by Professor John A. Powell, currently Director of the Haas Institute for a Fair and Inclusive Society at the University of California Berkeley. Opportunity mapping provides a framework to analyze and measure (through spatial data analysis) opportunity in a specific geographic area. Communities across the U.S. have created opportunity indexes and maps to guide service delivery and public policy, including access to affordable housing. (See resources below.)

Recommendation
Based on research and national best practices, the Task Force recommends that upon the establishment of an affordable housing trust fund in St. Louis County, an opportunity index and map be developed to guide policies and decision-making about the allocation of trust fund resources.

Resources
1. USR Opportunity Index: https://ohiohome.org/ppd/documents/USR-Opportunity-Index.pdf, Note: See pps.10-12 of this report for indicators relating to Transportation, Education, Employment and Housing

2. Opportunity Dallas: https://www.opportunitydallas.org/, Note: This is a comprehensive website with excellent policy, research and mapping resources

3. Baltimore Regional Housing Partnership: https://www.hcdnmj.org/assets/documents/sheila%20proano%20ppt.pdf Note: This PowerPoint provides a summary of Baltimore’s Housing Mobility program which arose from a partial consent decree in 1996; implementation uses opportunity mapping.
ELIGIBILITY

Eligibility for housing assistance is typically determined by assessing household income. On an annual basis, the U.S. Department of Housing and Urban Development (HUD) develops income limits based on median family income estimates and fair market rent areas. The annual limits change over time to reflect income changes in the region.

The Task Force recommends using household income to determine eligibility. In 2018 and the first quarter of 2019, for a family of three in St. Louis County, the income limit at 30%, 50%, and 80% is $20,780, $34,600, and $55,350 respectively. A household with income exceeding these limits would not be eligible for assistance from the affordable housing trust fund.

BY AREA MEDIAN INCOME (AMI)

- 30% AMI (very low-income)
- 50% AMI (low-income)
- 80% AMI (moderate-income)

PRIORITY ELIGIBILITY

- 30% AMI (very low-income)
- 50% AMI (low-income)

GOALS

The Task Force recommends the following goals for a new affordable housing trust fund in St. Louis County:

1) Increase housing stability;
2) Provide prevention services;
3) Preserve existing affordable and accessible housing;
4) Increase quality affordable and accessible housing options;
5) Promote mobility to areas of opportunity; and
6) Align with communities where there are significant existing investments based upon community voice.

ELIGIBLE ACTIVITIES

The Task Force identified several strategies to serve eligible populations and accomplish the goals of the trust fund. Table 1 on the next page lists these strategies.

The Task Force recommends authorizing eligible activities that include but are not limited to these strategies. A comprehensive list of common housing trust fund activities is shown in Appendix A.

At this time, the amount of revenue that will be dedicated to a future affordable housing trust fund is unknown. Therefore, the Task Force defers to the first board members who preside over the St. Louis County Affordable Housing Trust Fund to assign proportions of funding to priorities. The Task Force also recommends that the assignment of funding and priorities be re-examined at regular intervals.
Table 1. Proposed goals and corresponding strategies.

<table>
<thead>
<tr>
<th>GOALS</th>
<th>Renter</th>
<th>Homeowner</th>
<th>Special Populations (e.g. senior, homeless, disabled)</th>
<th>All or Multiple Populations</th>
</tr>
</thead>
<tbody>
<tr>
<td>Increase Housing Stability</td>
<td>Tenant-based rental assistance</td>
<td>Foreclosure prevention</td>
<td>Transitional housing</td>
<td>Supportive services</td>
</tr>
<tr>
<td>Provide Prevention Services</td>
<td>Emergency rental assistance</td>
<td>Energy efficiency improvements</td>
<td>Rapid re-housing</td>
<td>Utility assistance</td>
</tr>
<tr>
<td>Preserve Affordable Housing Options</td>
<td>Preservation/rehabilitation of existing single-family units</td>
<td>Gap financing in disinvested areas, also known as greenlining</td>
<td>Housing counseling</td>
<td>Financial counseling</td>
</tr>
<tr>
<td>Increase Affordable Housing Options</td>
<td>Acquisition</td>
<td></td>
<td>Legal services to prevent eviction</td>
<td>Project-based rental assistance</td>
</tr>
<tr>
<td>Promote Mobility to Areas of Opportunity</td>
<td>Supplemental rental assistance for most costly opportunity areas</td>
<td></td>
<td>Housing production - permanent supportive</td>
<td>Home maintenance and repair</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Housing production - supportive services</td>
<td>Housing production in conjunction with matching state and federal resources</td>
</tr>
</tbody>
</table>
MISSION AND VISION

Although outside of its specific charge, the Task Force also contemplated a possible mission and vision for an affordable housing trust fund. The mission and vision statements are reflective of the desire to ground the work of a St. Louis County affordable housing trust fund in promoting equitable housing opportunities for all. The Task Force acknowledges the history of structural racism and discrimination in housing and has a vision of an affordable housing trust fund that reverses the geography of inequity created by these barriers to housing.
REVENUE

The Task Force was charged with identifying the amount of revenue needed to meaningfully fund strategic priorities and with recommending potential revenue sources. In order to sufficiently investigate and understand the revenue landscape, the Task Force formed a Revenue Subcommittee which made recommendations that were ultimately adopted by the full Task Force.

Data provided to the Task Force showed that in 2018 there were about 115,000 cost-burdened households in St. Louis County. The amount of funding needed to address the housing needs of 1%, 5%, or 10% of this population on an annual basis is approximately $8.5 million, $43 million, and $85 million, respectively. Taking into account resources which St. Louis County already receives to fund housing and community development activities (which is approximately $7 - 9 million annually) the Task Force recommends an annual revenue target of $30 - $35 million to provide moderate funding for the priorities of a St. Louis County affordable housing trust fund. To achieve this funding goal, the Task Force recommends the pursuit of multiple revenue sources, including two major sources and three supporting sources.

MAJOR SOURCES OF REVENUE

SALES TAX – ESTIMATED $20 MILLION ANNUALLY

BACKGROUND

Several recently enacted sales taxes provide an estimate of the amount of revenue that could be generated from a sales tax for affordable housing:

- The Proposition Z St. Louis Zoo tax (2018) enacted at 0.125% is expected to generate approximately $20 million annually.
- The Children’s Services Fund sales tax (2008) enacted at 0.25% generates approximately $40 million annually.
- The Proposition P Public Safety tax (2018) enacted at 0.50% generates approximately $80 million annually.

IMPLEMENTATION

A sales tax initiative must be placed on the ballot locally and would be subject to a vote of the people. There are at least two other groups (early childhood and regional adult mental health) which may be in the process of mounting a sales tax campaign. Therefore, the recommendation is to work with these groups (and any others) to identify a collaborative approach to garnering a new sales tax. The appropriate rate to pursue is still to be determined.

It is important to note that the statute enabling this sales tax at the local level has two important limitations. First, a new sales tax initiative cannot be placed on the ballot within two years of a previous initiative. This means that November 2020 is the earliest possible date to put an affordable housing initiative to a vote. Additionally, taxes enacted locally using this statute cannot total more than 1%. The current total of sales tax levied under the statutory cap is 0.625%.
TENTATIVE TIMELINE FOR IMPLEMENTATION

- Spring 2019 – Begin meeting with existing groups pursuing sales tax.
- Spring 2020 – Work with St. Louis County Council to place the initiative on ballot.
- November 2020 – Sales tax initiative on the ballot.

USE TAX – ESTIMATED $10 MILLION ANNUALLY

BACKGROUND
A use tax is essentially a sales tax paid by local residents and businesses on out-of-state purchases. In prior campaigns, the use tax was strongly promoted as a tax on businesses because of a $2,000 threshold set forth in state statute. Due to increasing online retail purchases, support for enacting a local use tax is premised more on the need to capture individual sales tax revenue lost through online purchasing.

IMPLEMENTATION
Before the use tax can be enacted locally, the state enabling legislation needs to be revised to broaden possible uses for the revenue in St. Louis County. Additionally, the threshold for out-of-state purchases must be removed in order to capture sales tax revenue from individual purchases. After the state statutory language is revised, the initiative would need to be placed on the ballot locally and would be subject to a vote of the people.

TENTATIVE TIMELINE FOR IMPLEMENTATION

- Spring 2019 – Enact statutory changes at the state level.
- Fall 2019 – Work with St. Louis County Council to place the initiative on ballot.
- Spring or Fall of 2020 – Use tax initiative on the ballot.

SUPPORTING SOURCES OF REVENUE

TAX ON THE SALE OF RECREATIONAL MARIJUANA – ESTIMATED $2 MILLION ANNUALLY

BACKGROUND
In the event recreational marijuana becomes legal in Missouri, the sale of this product will likely present an opportunity for new tax revenue.

IMPLEMENTATION
Affordable housing advocates could join current and ongoing conversations with other groups who have an interest in obtaining revenue from the sale of recreational marijuana. Ultimately, a recreational marijuana initiative and any associated revenue allocations would have to be placed on the ballot, either statewide or locally, and would be subject to a vote of the people.

TENTATIVE TIMELINE FOR IMPLEMENTATION

- Spring 2019 – Begin working with groups that are discussing potential revenues generated by the legalization of recreational marijuana.
- 2019 and beyond – Work to ensure the ballot initiative provides for a portion of revenues to be dedicated to an affordable housing trust fund in St. Louis County.
TAX INCREMENT FINANCING – ESTIMATED $350,000 ANNUALLY

BACKGROUND
Local Tax Increment Financing (TIF) allows the use of a portion of local property and sales taxes to assist funding the redevelopment of certain designated areas within a community. The existing state enabling statute for TIF does not require any development monies to be set aside for affordable housing.

IMPLEMENTATION
To require funds from a TIF development in St. Louis County to be deposited in an affordable housing trust fund, changes to TIF law must be enacted at the state level. Local TIFs are subject to review by the local presiding TIF commission.

TENTATIVE TIMELINE FOR IMPLEMENTATION
- Spring 2019 – Enact necessary statutory changes at the state level.
- 2020 and beyond – Ensure newly approved TIF developments in St. Louis County include a set aside for affordable housing.

TAX ON THE SALE OF MEDICAL MARIJUANA – ESTIMATED $50,000 ANNUALLY

BACKGROUND
In November of 2018, Missouri voters passed Constitutional Amendment 2, which generally provides permission to use, prescribe, cultivate, manufacture, and dispense medical marijuana in the State of Missouri. Prior to the passing of Amendment 2, Missouri did not permit the use or possession of marijuana for medical or recreational purposes.

IMPLEMENTATION
The sale of medical marijuana is subject to local and state sales taxes, which includes the 1% county sales tax. This is in addition to a 4% tax on the sale of medical marijuana that is set aside specifically for statewide veterans’ services. Local general revenue generated by the sale of medical marijuana would be new to the County and could also be set aside for a specific purpose, such as affordable housing. This set aside would require authorization by the County Council. Revenue would be collected as soon as there are applicable sales.

TENTATIVE TIMELINE FOR IMPLEMENTATION
- Spring 2019 – Enact local ordinance through County Council to set aside new revenue generated by the sale of medical marijuana for an affordable housing trust fund.
- 2019 and beyond – Collect revenue as soon as there are applicable sales.
REVENUE SOURCES CONSIDERED BUT NOT RECOMMENDED

In total, the Revenue Subcommittee considered 17 sources of revenue, including those already listed in this report and several others, which were not recommended for various reasons.

Table 2. Revenue sources not recommended.

<table>
<thead>
<tr>
<th>Fund Source</th>
<th>Reason Not Recommended</th>
</tr>
</thead>
<tbody>
<tr>
<td>Children’s Service Fund</td>
<td>State enabling statute restricts allowable uses.</td>
</tr>
<tr>
<td>Delinquent Property Tax Penalties</td>
<td>Already collected for another purpose in St. Louis County.</td>
</tr>
<tr>
<td>Developer Impact Fees</td>
<td>Not suitable considering rate of development in St. Louis County.</td>
</tr>
<tr>
<td>Document Recording Fee</td>
<td>Already collected for another purpose in St. Louis County.</td>
</tr>
<tr>
<td>Food and Beverage Tax</td>
<td>Not a common source of revenue for housing trust funds.</td>
</tr>
<tr>
<td>General Revenue</td>
<td>Not a dedicated source of revenue.</td>
</tr>
<tr>
<td>Hotel/Motel Tax</td>
<td>State enabling statute restricts revenue to dedicated funds.</td>
</tr>
<tr>
<td>Inclusionary Zoning</td>
<td>Not necessarily revenue generating.</td>
</tr>
<tr>
<td>Property Tax</td>
<td>Too many political barriers at the present time.</td>
</tr>
<tr>
<td>Real Estate Transfer Tax</td>
<td>Not permissible, per Missouri Constitution.</td>
</tr>
<tr>
<td>Sale of Tax Foreclosed Properties</td>
<td>Revenue source is more commonly associated with land banking.</td>
</tr>
<tr>
<td>Tax on Short-term Rentals</td>
<td>Too many political barriers at the present time.</td>
</tr>
</tbody>
</table>
GOVERNANCE AND ADMINISTRATIVE FRAMEWORK

In preparation for recommending an appropriate governance and administrative framework for an affordable housing trust fund, the Task Force analyzed housing trust funds across the country, met with representatives of housing trust funds in Missouri and the City of St. Louis, and examined the composition of various boards and commissions in St. Louis County. Ultimately, the Task Force was able to outline an ideal framework for an affordable housing trust fund in St. Louis County, which is comprised of several elements that are addressed individually in this report.

AGENCY TYPE

The Task Force recommends the creation of a new independent body with linkages to an existing organization with capacity to deliver and connect with other resources. The authorizing language for the trust fund should include language that protects against possible political influence.

BOARD MEMBERSHIP

For board membership, the Task Force recommends 13 members in total who are appointed by the County Executive and subject to confirmation by the County Council:

- Director of St. Louis County Department of Human Services.
- Executive Director of St. Louis County Housing Authority.
- Five St. Louis County residents, at least three of whom are from the most highly distressed areas of the County as indicated by poverty, crime, unemployment, and homeless rates.
- Six representatives of various areas of expertise including but not limited to legal services, fair housing, homeless services, disabled services, and the lending community.

BOARD RESPONSIBILITIES

Recommended responsibilities for the newly created board include:

1) Establish bylaws.
2) Oversee general governance.
3) Oversee fiduciary responsibilities.
4) Use data to set policy, direction, and other priorities.
KEY ADMINISTRATIVE RESPONSIBILITIES

Staff supporting the new board and administering the trust fund will have key roles. The Task Force recommends that staff be assigned the following responsibilities:

1) Establish and maintain an independent, fiscally accountable fund.
2) Establish policies and procedures for distributing funds.
3) Disperse funds with appropriate oversight.
4) Establish procedures for monitoring and evaluating the fund’s activities.
5) Evaluate housing needs.
6) Develop responsibilities for engaging the public and reporting to elected officials.
7) Coordinate the trust fund with other available funds.
8) Seek additional funds to support trust fund activities.
9) Provide board support.

ADMINISTRATIVE COSTS

The Task Force recommends that no more than 15% of annual revenues be allocated for operating and administrative costs (which cover both direct and indirect costs). Additionally, any surplus funds should be allocated to a reserve administrative fund or be deposited into the general pool based on the recommendation of the board.

ELIGIBLE Awardees

The following groups are recommended to be eligible to receive awards from the trust fund:

1) Developers, both nonprofit and for-profit.
2) Other service providers.
3) Government agencies or quasi-government agencies.
4) Native American tribes.
5) Any others decided on by the trust fund board.

FORM OF AWARDS

The Task Force recommends providing the following types of awards to eligible recipients:

1) Loans with interest and an established repayment schedule.
2) Grants or forgivable loans that need not be repaid.
3) Other funding mechanisms that support affordable housing.
COMPLEMENTARY POLICY PROPOSALS

During the course of discussions, the Task Force identified several policies that would enhance the establishment and functionality of an affordable housing trust fund in St. Louis County. While each of the complementary proposals supports a goal of the housing trust fund, each proposal also has stand-alone merit. Therefore, the Task Force recommends that St. Louis County policymakers pursue the complementary proposals listed here regardless of whether or not an affordable housing trust fund is established.

TARGETED USE OF LOW-INCOME HOUSING TAX CREDIT RECOMMENDATIONS

State and federal low-income housing tax credits are a valuable and scarce resource. In the Task Force’s survey of stakeholders, the program was cited as one of the top three programs available to housing agencies, landlords, and developers that is effective but too scarce. As such, the Task Force recommends a targeted use of this resource in order to align with the priorities outlined in this report.

HOUSING INVESTMENT IN CONJUNCTION WITH COMPREHENSIVE COMMUNITY DEVELOPMENT

During conversations about place-based priorities, Task Force members discussed the impact of housing investments in places experiencing a range of development. Task Force members agreed that a way to both protect and enhance housing investment is to ensure that investments are made in conjunction with other comprehensive community development efforts. This supports the goal of aligning with communities where there are significant existing investments.

ENDORSE PROJECTS THAT MEET MULTIPLE GOALS

With the acknowledgement that resources for housing development in St. Louis County are scarce and may remain so, the Task Force recommends that the affordable housing trust fund endorse projects that meet multiple priorities. This type of investment is both smart and fiscally responsible and would support multiple goals outlined in this report.
COORDINATE HOMELESS SERVICES FOR CHILDREN WITH THE ST. LOUIS COUNTY CHILDREN’S SERVICE FUND

The Task Force identified that housing activities are not eligible for funding from the Children’s Service Fund (CSF). However, the CSF can be used to cover services for homeless youth. The Task Force recommends coordinating with the Children’s Service Fund to ensure resources are used appropriately for addressing the needs of homeless youth, which is a priority population identified by the Task Force. This would support the goal of increasing housing stability and providing prevention services.

ST. LOUIS COUNTY SHOULD ADOPT A “SOURCE OF INCOME” LAW PROTECTING RESIDENTS WHO USE HOUSING CHOICE VOUCHERS TO PAY THEIR RENT

Data analysis and discussions identified low-income renters and/or senior renters as priority populations for an affordable housing trust fund. The housing choice voucher is a traditional form of rental assistance provided to low-income families so that the family is limited to paying 30% of its household income on rent. Stakeholder survey results identified housing choice vouchers as the top housing service or benefit that is effective but too scarce. However, according to pilot work with housing choice vouchers and helping low-income families move to areas of opportunity, the Task Force learned that discrimination plays a role in where renters can live. In order to increase the effectiveness of housing choice vouchers in promoting renters to move to areas of opportunity, the Task Force recommends that St. Louis County adopt a “source of income” law which would protect renters from being discriminated against based on their source of income (i.e. a housing choice voucher). This supports the goal of promoting mobility to areas of opportunity.

IMPLEMENT INCENTIVE-LINKED INCLUSIONARY ZONING PRACTICES WHEN PUBLIC FUNDS ARE USED TO FINANCE A DEVELOPMENT

Inclusionary zoning is a tool that requires developers to make a percentage of housing units in new residential developments available to low- and moderate-income households. The Task Force recommends that St. Louis County implement inclusionary zoning for publicly financed projects. This supports the goal of increasing quality affordable and accessible housing options.
APPENDIX A – COMMON ELIGIBLE ACTIVITIES FOR COUNTY HOUSING TRUST FUNDS

In 2016, the Housing Trust Fund Project at the Center for Community Change issued the *Housing Trust Fund Survey Report*, which summarizes the findings from surveying how state, city, and county housing trust funds are operating throughout the country. Below is an alphabetical list from this report of the most common eligible activities of county housing trust funds along with a description of the activity.

**Acquisition** – acquisition of real property for the purpose of providing affordable housing.

**Accessible home modifications** – home improvements and modifications that facilitate independent living for senior or disabled homeowners.

**Community land trusts** – nonprofit, community-based organizations that acquire land and maintain permanent ownership in order to ensure long-term housing affordability.

**Down payment assistance** – a set amount of money for a homebuyer that can be used to cover their down payment or closing costs.

**Emergency rental assistance** - emergency assistance to avoid eviction or homelessness. Rental assistance, including security deposits and arrearages, in the form of a one-time payment with a maximum benefit that may be waived in extreme situations.

**Emergency repair assistance** – funds for emergency capital repairs that present an immediate threat to the health, safety, and quality of life of the tenant.

**Employment and savings incentive program** – modeled after HUD’s family self-sufficiency program operated by public housing authorities. The program helps tenants obtain employment and then requires resulting increased rent payments to be deposited into a restricted savings account.

**Energy efficiency improvements** – capital investment in existing affordable housing that reduces energy costs in an amount sufficient to recover the total cost of making the improvement.

**Financial counseling** – education for managing personal finances with a goal of financial stability.

**Foreclosure prevention** – support to obtain affordable refinancing or loan modifications to help an individual homeowner or family stay in their home.

**Greenlining** – the practice of issuing mortgages in excess of the appraised value of a home in order to foster home ownership in previously redlined areas.

**Home maintenance and repair** – funds for limited home improvements for homeowners.

**Homeless services** – specialized services for homeless people, such as transitional housing or rapid re-housing services.

**Housing for ex-offenders** – affordable housing for recently released prisoners.

**Housing counseling** – training to provide all the information needed to become a successful mortgage applicant and homeowner, such as budgeting for mortgage payments, money management and avoiding predatory lending practices.

**Housing for people with special needs** – long-term community-based housing and supportive services for people with disabilities. This type of housing enables people with special needs to live as independently as possible in a permanent setting.
Housing for seniors – housing that permits seniors to meet their needs and age in place.

Innovation fund – funds set aside specifically to support innovative models of affordable housing production.

Land banking activities – assemblage, management, and disposition of vacant land for the purpose of stabilizing neighborhoods and encouraging reuse or redevelopment of property.

Match for state/local funds – funding that complements state or local funding in an affordable housing development.

Mortgage assistance – limited financial assistance to cover the cost of a person’s mortgage payment.

New construction – new construction of affordable housing.

Operating and maintenance costs – costs of operating and/or maintaining affordable housing units.

Permanent supportive housing – long-term rental assistance provided with onsite supportive services targeted to individuals and families with chronic illnesses, disabilities, mental health issues, or substance abuse disorders who have experienced long-term or repeated homelessness.

Predevelopment activities – include a variety of costs related to determining the feasibility of a particular project, such as the costs of the preliminary financial applications, legal fees, architectural fees, and engineering fees.

Preservation and rehabilitation of multi-family housing – preserve and improve existing affordable multi-family housing through refinancing and reinvestment.

Preservation and rehabilitation of existing single-family – preserve and improve existing affordable single-family housing through refinancing and reinvestment.

Project-based rental assistance – rental assistance that remains with the property when the tenant moves.

Rapid re-housing – search and location services along with short- and medium-term rental assistance to move homeless individuals and families (with or without a disability) into permanent housing as quickly as possible.

Renewable energy upgrades – capital investment in a property owned by an income qualified homeowner that reduces energy costs in an amount sufficient to recover the total cost of making the improvement.

Supportive services - services provided to residents of supportive housing to facilitate residents’ independence. Examples include case management, medical or psychological counseling and supervision, childcare, transportation, and job training.

Tenant-based rental assistance – rental assistance that remains with the tenant after he or she moves.

Transitional housing – affordable housing meant to facilitate the movement of homeless individuals and families to permanent housing within a reasonable amount of time (usually 24 months). Transitional housing includes housing primarily designed to serve deinstitutionalized homeless individuals and other homeless individuals with mental or physical disabilities and homeless families with children.

Transit oriented housing – housing located near public transportation, thereby reducing dependence on automobiles.

Utility assistance – one-time financial assistance to help offset an eligible household’s energy costs.

Vacant and/or abandoned properties – property that is vacant or abandoned for a designated length of time.

Water efficiency upgrades – capital investment in a property owned by an income qualified homeowner that reduces water costs in an amount sufficient to recover the total cost of making the improvement.

Weatherization upgrades – capital investment in a property owned by an income qualified homeowner that reduces energy costs in an amount sufficient to recover the total cost of making the improvement.
For more information, visit stlouisco.com/housingtrustfund.