



Many of our neighbors of modest incomes
are unable to afford a
safe and decent place to live.



Arkansas Housing Trust Fund - Senate Bill 396 FACT SHEET

WHAT IS A HOUSING TRUST FUND? A housing trust fund is a dedicated source of public revenue to address the affordable housing needs of a community. SB396 creates a housing trust fund for Arkansas. Due to federal housing dollars declining 70% since the 1980s, 38 states and more than 350 cities and counties operate housing trust funds to meet the housing needs of their most vulnerable citizens. Combined these trust funds provide more than \$1.6 billion each year to address critical housing needs. Every \$1 from a housing trust fund leverages on average another \$7 in public and private resources. **Arkansas is one of only 12 states without a state housing trust fund.**

The Need:

- 44% of lower income households in Arkansas spend more than a third of their income on housing, up from 37% in 2002.
- The Arkansas Legislative Task Force to Study Homelessness reported more than 20,000 Arkansans were homeless in 2008, about 4,300 of them children.
- Numerous studies demonstrate that *low quality housing significantly impacts the health and educational attainment of children*. Children living in inadequate housing have increased hospitalization and respiratory infections, and school and residential changes can reduce the chances students will graduate by 50%.
- Current housing and economic crises are exacerbating these needs: 2 million children have been impacted by the recent foreclosure crisis, and 500 school districts nationwide had recent increases of 25% in the number of homeless children.
- New or potential employers are increasingly face difficulty meeting housing needs for their employees.

The Arkansas Housing Trust Fund will:

- Create a dedicated stream of funding for housing that is affordable to families earning at or below 80% of state or area median household income.
- Provide a flexible source of funds for communities to address their affordable housing needs, and help children, families and other vulnerable populations build economic stability.
- Leverage additional investment in Arkansas communities. Not only does \$1 in housing trust fund monies leverage on average \$7 of public and private housing monies, but improved housing attracts other community revitalization investments.
- Contribute to economic growth through increased housing production, employment, and tax revenues. The National Association of Home Builders estimates that in a typical U.S. metropolitan area, building 100 units

Visit www.housingarkansas.org for more information.

generates up to 284 local jobs in the first year alone, \$1.8 million in local tax revenue, and \$16 million in local income.

Affordable housing practitioners and advocates in the private, government and nonprofit sectors formed Housing Arkansas to address the crucial need for safe, decent and affordable housing for Arkansans. The coalition collectively crafted a state housing trust fund proposal with the following parameters.

Eligible Uses

Housing Trust Fund dollars will be used to provide grants, loans, loan guarantees, and/or loan subsidies to eligible applicants to fund residential housing and/or related activities. Eligible activities will include new construction, rehabilitation, rental or homeownership housing, rental assistance, land acquisition, predevelopment costs, infrastructure, transitional housing, down payment assistance, housing and foreclosure counseling, and technical assistance.

Eligible Applicants

Eligible applicants for the funding will include local governments, local public housing authorities and agencies, non-profit organizations and non-profit and for-profit housing developers. Funds will be awarded through a competitive process based on review criteria to be established by Arkansas Development Finance Authority (ADFA) in collaboration with the Housing Trust Fund Advisory Committee.

Fund Administration

The Arkansas Development Finance Authority (ADFA) will administer the fund. A Housing Trust Fund Advisory Committee comprised of affordable housing developers, advocates and beneficiaries will work with ADFA staff to draft program rules, regulations, compliance issues and funding priorities. Housing Trust Fund Advisory Committee recommendations will be submitted to the ADFA Board for final approval.

Target Populations

The Fund will target families at or below 80% of the state or area median household income, with attention to serving rural areas and very low income populations, including, but not limited to, the disabled, the homeless, victims of domestic violence, and the elderly.