



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



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### **Housing coalition highlights legislation to create statewide housing trust fund for Arkansas**

Proposal would give more families access to quality housing, leverage additional housing investment, enhance educational attainment and contribute to economic growth

**LITTLE ROCK, ARK.**—Housing Arkansas, a coalition of affordable housing advocates in the private, government and nonprofit sectors, held a news conference today to highlight legislation that would create a statewide housing trust fund for Arkansas. The trust fund would allow access to quality housing for a broad range of Arkansans.

Senate Majority Leader Joyce Elliott, D-Little Rock, is the lead Senate sponsor of SB396. The bill would establish the organizational framework of the housing trust fund, which is a vehicle to distribute a dedicated source of public revenue to address the affordable housing needs of a community. Arkansas is one of just 12 states without a state housing trust fund.

The legislation, Senate Bill 396, is expected to be presented this Thursday, March 5, to the Senate Insurance and Commerce Committee. The committee meets at 10 a.m. in Room 171 of the state Capitol.

During Monday's news conference, held at the Old Supreme Court Room in the state Capitol, Sen. Elliott said that the current economic downturn should make establishing a state housing trust fund even more of a priority.

"Lack of access to adequate and affordable housing is much more than a housing issue; it's also an educational, economic and public health issue," Sen. Elliott said. "Thirty-eight of our 50 states operate housing trust funds, and Arkansas has a great opportunity this legislative session to become the 39th."

Housing Arkansas Co-Chair Mike Leach, Director of Southern Good Faith Fund's Public Policy Program, said SB396 is the product of inclusion and dialogue among many organizations. A complete list of organizations endorsing SB396 is included in the press kit, which also can be downloaded at [www.housingarkansas.org](http://www.housingarkansas.org)

"Housing Arkansas brings together an unprecedented and wide-ranging coalition of key stakeholders on this issue: non-profit and for-profit developers, community development corporations, advocates for the elderly, disabled, homeless, and against domestic violence, local housing agencies, banks and the Arkansas Development Finance Authority," Leach said. "Senate Bill 396 will empower our state to make decent, affordable housing a reality for many more Arkansans."

In the current economic downturn, an increasing number of lower-income Arkansans struggle to afford housing. The U.S. Department of Housing and Urban Development and other housing authorities recommend that families spend no more than one-third of their income on housing. The most recently available U.S. Census data shows that almost half of moderate-income families in Arkansas—for example, a family of four earning \$40,000 a year or less—spend more than one-third of their income on housing.

Many Arkansans have troubles beyond just affording their rent or mortgage. The Arkansas Legislative Task Force to Study Homelessness reported that more than 20,000 Arkansans were homeless in 2008; almost 20 percent of them (4,300) were children.

Numerous studies demonstrate that low quality housing significantly diminishes 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 percent.

A housing trust fund also can leverage additional investment in Arkansas communities. Each \$1 in housing trust fund money leverages, on average, about \$7 more in public and private housing money, according to a 2007 report from the Housing Trust Fund Project of the Center for Community Change of Frazier Park, Calif. Additionally, improved housing attracts other community revitalization investments.

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

The Arkansas Development Finance Authority (ADFA) will administer the Arkansas Housing Trust 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.

Under SB396, the Arkansas Housing Trust Fund will:

- **Target families at or below 80 percent of the state or area median household income.** Area median household income ranges depending on location and family size. For example, 80 percent of area median household income for a family of four currently ranges from \$33,600 a year in several rural counties to \$42,500 in the Fayetteville-Springdale-Rogers Metropolitan Statistical Area (MSA). Attention will be given 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.
- **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.
- **Make eligible for funding 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 ADFA in collaboration with the Housing Trust Fund Advisory Committee.

“Quality housing that is accessible and affordable for our members is a large part of what makes a community livable for a lifetime,” said Lou Tobian, Co-Chair of Housing Arkansas and Associate State Director-Outreach for AARP Arkansas.



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## 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 face increasing 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, which currently ranges for a family of four from \$33,600 a year in several rural counties to \$42,500 in the Fayetteville-Springdale-Rogers Metropolitan Statistical Area (MSA).
- 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 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**

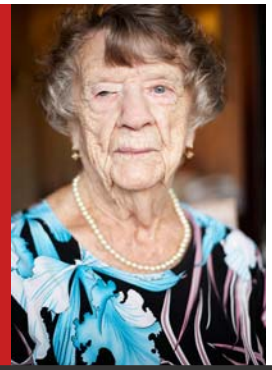
The Arkansas Development Finance Authority (ADFA) will administer the fund. A Housing Trust Fund Advisory Committee comprised of affordable housing developers, advocates, and beneficiaries will work with ADFA staff to draft program rules, regulations, compliance issues, and funding priorities. Housing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



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## NATIONAL PERSPECTIVE OF HOUSING TRUST FUNDS

Housing trust funds are distinct funds established by cities, counties and states that permanently dedicate a source of public revenue to support the production and preservation of affordable housing.

In the United States, there are nearly 600 city, county and state housing trust funds in 43 states. Thirty-eight states have 49 state housing trust funds; the rest are city and county trust funds.

About \$1.6 billion is spent for affordable housing through these trust funds every year. For every \$1 committed to a housing project by a housing trust fund, another \$5 to \$10 is leveraged in other public and private resources.

Hundreds of thousands of housing units have been supported through housing trust funds.

Housing trust funds support a variety of housing activities for low and very low income households, including new construction, preservation of existing housing, emergency repairs, homeless shelters, housing-related services and capacity building for nonprofit organizations.

At any given time, as many as 30 additional jurisdictions are considering creating a new housing trust fund or adding revenues to existing housing trust funds. These unique funds are a fundamental aspect of emerging housing policy in the United States.

Housing trust funds have demonstrated that when government makes a commitment to address critical housing needs, the on-going dedicated source of revenue allows for more intelligent planning to address housing needs and for improved proposals submitted by the housing industry in an effort to effectively use existing resources.

Housing trust funds enable jurisdictions to elevate their funding of critical housing needs by committing resources to a process that treats affordable housing as an essential component of maintaining healthy communities. Jurisdictions have documented increased jobs, growing sales taxes and higher property values.

*-Center for Community Change*



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## BENEFITS OF A STATE HOUSING TRUST FUND

### New Businesses and Jobs

Businesses are more likely to locate in areas with adequate housing for workers, so an increase in housing means attracting more business and economic development. Also, more housing means more consumers in the neighborhood. This increases foot traffic and sales in retail and service industries. The National Association of Home Builders (NAHB) estimates that in a typical U.S. metropolitan area, building 100 units generates up to \$16 million in local income and 284 local jobs in the first year alone, with nearly 30% of the new income spent locally.

### Sales Tax and Other Revenues

The purchase of goods and services that accompanies the construction, furnishing and decoration of affordable housing also has an economic effect. The NAHB reports that home buyers and renters spend a significant amount of money on furnishing and improvements after moving into their new homes. In the first 12 months after buying new homes, owners spend \$8,642 on furnishing and improvements. Buyers of existing homes spend \$3,408 more than non-moving households in the 12 months after purchase.

### Leveraging

When states and local jurisdictions invest in the production and rehabilitation of affordable housing, they attract additional resources from financial institutions, equity from developers, foundation funds and federal housing programs. With leverage ratios of 1:7 on average, state and local housing trust funds have proven to be important and lucrative stimuli for leveraging additional housing funds.

### Healthier Families

One out of every three people living in severely substandard housing is a child. Children in such housing are more likely to experience violence and hunger and to suffer from injuries, burns, infectious diseases and asthma attacks. They are at increased risk of lead poisoning, which has been shown to lead to learning disorders, reading disabilities, aggression and anti-social behavior. As a result of these negative health effects, children in substandard housing are more likely to fall behind in school and often drop out altogether. By contrast, when children move to stable housing in safer, lower poverty areas their behavior and school performance improves markedly. Therefore we must do more to provide quality housing for children.

### Banks

Banks can earn Community Reinvestment Act points when they invest in or finance Trust Fund Developments, as well as generating other development capital from mixed income projects that depend on conventional financing.

## **Developers**

Both for-profit and non-profit developers are eligible to use Housing Trust Fund dollars to develop new housing. In addition, they often gain business as new stores, doctor's offices, and other services locate in these new neighborhoods.

## **Medicaid Costs**

Many illnesses can be acquired as a direct result of substandard living conditions. Healthcare costs decline as children are healthier. Another study showed children with housing problems were more likely to be placed in foster care! Beside the long lasting negative effects on children, the costs to Arkansas are estimated at nearly \$50,000 each year per child.

## **Education Benefits**

Often times many low income Arkansans families are forced to move because of the lack of decent affordable housing. This lack results in tenuous living conditions and a high rate of residential mobility, particularly for poor families with children. As a result, at schools in areas with high rates of poverty as few as 30% of the students enrolled in September remain at the school at the end of the year, a mobility rate of 70%. Our children who move frequently often change school districts, jeopardizing their academic success. It is harder for transient children to form relationships with teachers and peers. Mobile children must change teachers, curricula and schoolmates and are also more likely to have to repeat a grade. Arkansas's General Assembly should create a state housing trust fund that will provide our state's most vulnerable children with the opportunity for a stable address.

## **Disabled and Elderly**

Will benefit from this program as well. The affordability gap for people with disabilities and on fixed incomes continues to worsen, especially in the current economic climate. Trust Fund dollars can be applied to the production, preservation, and retro-fitting of accessible housing.

## **Domestic Violence**

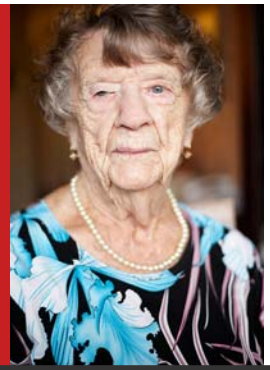
All people with limited economic resources have difficulty affording safe and decent housing. Low income women face increased barriers to housing stability because of wage discrepancies. Approximately 36% of single women headed households live in poverty (U.S. Census, 2005), compared with 6% of all families. Additionally, studies increasingly find that women living in poverty experience higher rates of domestic violence than the general population. A lack of decent and affordable housing can trap women in abusive relationships.

## **Rural Arkansans**

Across the nation, nearly 24% of households outside metro areas, or 5.5 million, pay more than 30% of their monthly income for housing costs. Of those, 2.4 million pay more than half their income for housing. The frequency of inadequate housing is also higher among nonmetro households - 12% of low income households in nonmetro areas live in substandard housing. Rural Arkansans will benefit from the program because special emphasis has been placed on meeting the current and future housing needs of this population.



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## ORGANIZATIONAL ENDORSEMENTS OF SENATE BILL 396

1. AARP Arkansas
2. Affordable Housing Association of Arkansas
3. ARC of Arkansas
4. Argenta Community Development Corporation
5. Arkadelphia Housing Authority
6. Arkansas Advocates for Children and Families
7. Arkansas Association of Community Action Agencies
8. Arkansas Coalition Against Domestic Violence
9. Arkansas Coalition of Housing & Neighborhood Growth for Empowerment (ACHANGE)
10. Arkansas Development Finance Authority (ADFA)
11. Arkansas Fair Housing
12. Arkansas Homeless Coalition
13. Arkansas Interfaith Alliance
14. Arkansas Land and Farm Development Corporation
15. Arkansas Municipal League
16. Arkansas Single Parent Scholarship Fund
17. Arkansas Supportive Housing Network, Inc.
18. Association of Community Organizations for Reform Now (ACORN), Arkansas chapter
19. Bald Knob Housing Authority
20. The Benefit Bank of Arkansas
21. Benton Public Housing Authority
22. Black Community Developers, Inc.
23. Blue Horizon Homes for Humanity
24. Boys, Girls, Adults Community Development Center
25. Central Arkansas Real Estate Investors Association
26. Chicot Housing Assistance Corporation
27. College Station CDC
28. Community Action Program for Central Arkansas
29. Community Development Agency
30. Community Resources Technicians
31. Crews & Associates, Inc.
32. Crowley's Ridge Development Council, Inc.
33. Dark Hollow Community Development Corporation
34. Des Arc Housing Authority
35. Disability Rights Center
36. Downtown Little Rock CDC
37. Economic Opportunity Agency of Washington County
38. Family Service Agency
39. Forrest City Housing Authority
40. Fred Darragh Foundation
41. Harrison Housing Agency
42. Hoover United Methodist Church
43. Houseaboutit
44. Jefferson County ACORN
45. Lee County Community Development Corporation
46. Little Rock Housing Authority
47. Mid Delta Community Consortium
48. Mid-Delta Community Services
49. Mid South Affordable Housing
50. Mid South Delta LISC
51. Mississippi County Arkansas EOC
52. National Association of Housing and Rehab Organizations (NAHRO), Arkansas chapter
53. North Little Rock Housing Authority
54. Novas Land Resources
55. Office of Human Concern, Inc. (OHC)
56. Our House, Inc.
57. Park Central Little Rock
58. PDC Companies
59. Pine Bluff Housing Authority
60. Pocahontas Housing Authority
61. Pulaski County HOME Program
62. Searcy Housing Authority
63. Southeast Arkansas Cornerstone Coalition, Inc.
64. South Arkansas Community Development
65. Southern Bancorp, Inc.
66. Southern Good Faith Fund
67. St. Francis County CDC
68. Star City Housing Authority
69. Universal Housing Development Corporation
70. University District Development Corporation

List complete as of March 1, 2009

## Additional Documents

[Senate House Bill-396](#)

[States with Housing Trust Funds](#)