



Housing Subcommittee Proposal

The Establishment of Regional Housing Trust Funds
and Creating a Regional Affordable Housing Funding Program

Overview

Housing is the most consequential issue in California today. Housing in itself impacts a wide range of political, public health, and socioeconomic issues. To best address the ongoing crisis, Contract Cities calls for a local yet regional solution that demonstrates a statewide effort to address the housing crisis. The Contract Cities' Housing Proposal (Proposal) calls for the mandated establishment of Regional Housing Trust Funds and the creation of an optional tool for local governments to fund affordable housing developments.

The Proposal would mandate each local government participate in a regional Housing Trust Fund. Housing Trusts are defined by [California Health and Safety Code Section 50842](#). These Housing Trusts will be governed and provide oversight by local governments to a regional body, such as a joint powers authority and/or a council of government. Housing Trusts are not new concepts and have been in existence for years, allowing for regional collaboration to fund affordable housing developments across local jurisdictions. However, these Trusts are often constrained by scarcity of resources. New funding is needed that would allow for new projects to become available and help cities expand and preserve affordable housing.

The Proposal would also allow the regional body to create a regional housing funding program to support the construction and preservation of affordable housing. As an allowable use, the regional body would have the ability to collect a regional housing development impact fee on new market-rate commercial and residential developments from member agencies. The program would utilize these fees as a funding source for member agencies to work collaboratively with other member agencies to support regional projects, including a "cap and trade" exchange program that would leverage member agencies' share of Trust Fund fees collected to support projects in the region. The project would also allow for an expedited review process of projects, if the project met certain requirements outlined in the Proposal.

Objectives

- I. Preserve existing affordable housing
- II. Create new affordable housing
- III. Support local government's efforts with Regional Housing Needs Allocations
- IV. Address the needs of individual local governments



The Proposal

I. Mandate

Requires all local governments to participate in a regional Housing Trust Fund. Existing Statute governing Housing Trust Funds would remain the same, allowing a trust to seek funding for affordable housing programs by bonding for money, providing loans, and seek other funding sources, including public and private funding that would support affordable housing.

II. Program

By establishing a regional Housing Trust Fund, local governments, as member agencies of a regional body, would be allowed to establish an affordable housing program and collect a regional housing development impact fee on new market-rate commercial and residential developments:

- I. Allow for the creation of a regional affordable housing impact fee that would apply to all member agencies in the regional body on new market-rate residential and commercial developments. The regional body would be allowed to determine the appropriate fee structure that would best represent the needs of the region and that is equitable for all member agencies.
- II. Authorize the regional body to collect the fees from member agencies, account for fees collected by each city, and administer funds for qualifying projects.
- III. Establish a formula for qualifying affordable housing projects to receive funds from the Trust Fund.
- IV. Establish a process and formula for local governments to receive additional funding from the Trust, based on a member agency's contributions (shares) of Trust Fund dollars and create a "cap and trade" exchange funding program between local governments, based on a rate of RHNA count for "x" dollars.
- V. Affordable housing multi-family developments would be exempt from the regional impact fee.
- VI. Projects that meet a minimum percentage of affordable housing units, as established by the regional body, would be granted expedited CEQA Review.
- VII. Existing regional Housing Trust Funds would be required to comply with the new legislation.



III. Requirements for Funding an Affordable Housing Development

Regional bodies, in partnership with member agencies, may establish additional guidelines to expand the success of the program and are in addition to guidelines set forth below:

- I. A regional body, in partnership with member agencies, may establish a list of compatible affordable housing projects that would qualify for funding from the Trust Fund, including but not limited to mixed-use developments, accessory dwelling units, for-rent, for-sale, and projects in inclusionary zoning.
- II. Projects must meet local development standards, local housing elements, and zoning requirements, as established by a member agency's jurisdiction, including but not limited to objective design standards, heights, and F.A.R ratio.

IV. Funding Formula Requirements and Processes

- I. Use of funding shall be based on certain criteria, established by the regional body, which would encompass the following requirements:
 - i. Must meet a minimum percentage of a member agency's share of RHNA, specifically for low- to very low-income housing.
 - ii. A member agency's shares of the Housing Trust Fund
- II. A formula for project funding would be based on, but not limited to:
 - i. A base percentage of the member agency's shares of Trust Fund contributions (i.e. 20% of the member agency's Trust Fund dollars).
 - ii. A base percentage, less than the member agency's shares, that would come from other member agencies' share of Trust Fund contributions (i.e. 5%).
 - iii. Establish a minimum and maximum limit to funding, based on a per-unit limit (i.e. project can receive funding for up to 20% of an affordable housing unit's costs)



- III. A project may also seek additional funding from the Housing Trust Fund, specifically through a “cap and trade” exchange, if another member agency is willing to exchange its share from the Trust Fund, in exchange for the member agency’s RHNA.
 - i. The exchange of RHNA for funding will be determined by the regional body to equate one RHNA to a percentage of funding or a dollar value (i.e. 1 RHNA for 10% of a unit’s costs, or \$50,000).
- IV. The project applicant would be required to provide all necessary documentation to establish a project as an affordable housing development (i.e. covenants, etc.).
- V. CEQA Expedited Review

Projects that meet certain requirements, established below, would be granted, at a minimum, expedited CEQA Review.

 - I. Meets qualifications established in California Code of Regulations [15192](#), [15193](#), and/or [15194](#), and
 - II. Meets a city’s zoning and objective design standards, and
 - III. Provides a minimum percentage of affordable housing, as established by the regional body.