Root Solutions for Housing and Land Justice

Housing Trust Funds as a Tool for Racial Equity

race forward

GARE Government Alliance on Race & Equity

Marj Kleinman, Stoop Stories

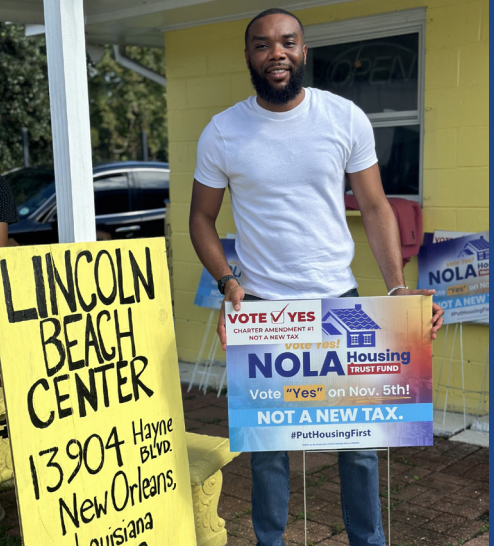
INTRODUCTION

Race Forward's vision of a just housing system is one in which racial hierarchies have been eliminated, housing is a public good, and everyone, regardless of their race, has affordable and dignified housing. This vision is grounded in an understanding of our country's long history of racist exclusion, expropriation and exploitation through policy, practice, and its racialized housing system as detailed in our series "Root Causes of Housing and Land Injustice." Local government housing agencies are reckoning with this history and their role in creating racial inequities and the long-standing practices complicit in maintaining them.

The purpose of this brief is to highlight best practices for local governments with a commitment to advancing racial equity to establish and operate Housing Trust Funds (HTFs) capable of delivering targeted solutions for long-standing disparities. It highlights how the inclusion of racial equity goals and policies in the enabling ordinance text paired with ongoing requirements for community accountability can ensure equitable funding, development, and collaborative governance practices.

HTFs are distinct funds enacted by state and local governments through the commitment of ongoing, dedicated public revenue to address specific housing priorities. Established by legislation, ordinance, or the vote of the people, HTFs shift the question of funding affordable housing from an annual appropriations or budget process to a predictable and consistent revenue stream to execute multiyear housing plans. There are more than 750 HTFs in operation at the city, county, and regional levels, generating nearly $2 billion annually to address local housing priorities[1].

1 Community Change Housing Trust Fund Project (2023)



In November 2024, voters in New Orleans overwhelmingly supported dedicating ongoing revenue for their Housing Trust Fund that is projected to annually generate $17 million in local funds in perpetuity. More than 75% of voters approved new language for the city's charter that orders the city council to dedicate at least 2% of the city's annual budget starting in 2026.

While the primary impact of HTFs is to increase production and preservation of rent-restricted and income-qualified affordable housing, the popularity of HTFs is also indicative of the flexibility of the policy model. HTFs can be designed to address an array of housing needs, and to prioritize housing assistance to populations most impacted by systemic housing inequities. Further, HTFs investments leverage other public and private housing funding so are well- positioned to lead financing reform efforts by aligning these capital sources with community priorities for racial equity[2].

ELEMENTS OF A HOUSING TRUST FUND

HTF authorizing ordinances or legislation generally contain eight common elements. They are:

Administration: The agency, department or organization charged with operating the HTF; almost always within the government unit that enacted the HTF.

Annual report: A report or audit that the agency administering the HTF makes available to the public and to the elected body that enacted the ordinance.

Distribution of Funds: The process by which funds are awarded, most often an annual, competitive Request for Proposals or Notice of Funding Award process.

Eligible Applicants: Who can apply for HTF awards; common eligible applicants include nonprofit and for-profit developers, housing authorities, and other local or tribal governments.

Eligible Uses: What the funds can be used for. The most common uses are gap funding for production, rehabilitation and preservation of housing. Other common uses include programs for land acquisition

2 National surveys of housing trust funds conducted by the Housing Trust Fund Project (formerly of Community Change) report that city HTFs leverage $6 in additional resources for every $1 of local HTF investment; for county HTFs, the leverage is $8.50 to $1.00.

acquisition and predevelopment, community ownership, emergency rent assistance, homelessness programs, homeownership programs, and home repair.

Income targeting/priority populations: Who benefits from the HTF; strategies range from strict set-asides to weighted scoring of project proposals to drive resources to serve the community's priority populations.

Oversight/advisory board: An appointed committee or board charged with oversight and/or the execution of the HTF investments and programs.

Additional requirements: Other policy goals and priorities for funding such as the length of the affordability period, targeting certain geographic areas, or energy-saving measures that reduce carbon footprints and/or utility expenses.

DESIGNING A HOUSING TRUST FUND TO ADVANCE RACIAL EQUITY

For a Housing Trust Fund to advance racial equity, the ordinance language should specify the racial equity goals and impact the fund will achieve. Ordinances that are vague or do not address details of how the HTF will operate and the benefits of housing often reinforce the status quo and can even worsen existing inequities. Conversely, an ordinance with specified goals and outcomes as well as requirements for operation that support those goals and outcomes can be a tool for advancing equity. Applying a racial equity lens to the eight elements above can develop policies and structures to systematize equity outcomes. Below are best practices.

Affordable to Whom?

HTF ordinances can establish funding set-asides and/or numerical goals for housing affordable to households at different income levels. Many HTFs have set-asides at multiple levels of Area Median Income (AMI), such as below 80% AMI, 50% AMI and 30% AMI. However, due to historic and current systems that limit and strip wealth and earning potential from communities of color, people in those communities are disproportionately low-income, particularly at 30% AMI and below. HTFs that mandate the highest housing goals and/or set-asides for the lowest income levels have a greater likelihood of meeting the housing needs of more people and communities of color.

Local Housing Trust Funds with set-asides committing at least 50% of resources for rental housing to serving households below 30% AMI:

- Chicago Low-Income Housing Trust Fund —100% of funds
- Detroit Affordable Housing Development and Preservation Fund — 75% of funds
- Philadelphia Housing Trust Fund — 50% of funds
- Seattle Housing Levy —60% of funds

Additionally, generations of racial discrimination in employment and disinvestment in neighborhoods with large populations of color have resulted in depressed housing prices while still leaving households burdened by housing costs. Thus, "affordable housing" built in these neighborhoods for incomes closer to 80% AMI is still not truly affordable to the current residents and can contribute to a cycle of gentrification and displacement.

The pressures to direct public resources to serve higher income levels are entrenched and result from overlapping public and private systems. One challenge for policymakers stewarding a discrete funding pool is that more public investment per home is required to make developments serving very low-income households financially viable, resulting in fewer overall homes being built or preserved. Further, for reasons of profit margins and how affordable housing development is financed, there are substantial incentives for developers of affordable housing to serve higher incomes (60-80% AMI). For these reasons, ordinances that simply name low-income households as a priority without numerical goals and/or set-asides are simply an insufficient counterbalance to the pressures to direct resources to higher incomes.

Directing HTF resources to the lowest income households can also be done through a scoring system that awards additional points for the development of housing affordable to the lowest incomes. Though not as ironclad as a set-aside, a well-designed RFP or NOFA scoring system and underwriting policies can significantly increase the equitable distribution of HTF resources. For more details, read Race Forward's Root Solutions Brief "Affordable Housing Fund Practices."

Two related equity strategies that an ordinance can address are mandates or incentives for developing three-, four- and five-bedroom homes, and homes that are accessible to people with disabilities. Larger families and people with disabilities are disproportionately lower income and households of color. Families with children or multiple generations living together need housing they can afford and sufficient space for their family to thrive. Similarly, people with disabilities need homes they can fully utilize.

Long-term affordability as a public good

Lengthening the term of affordability requirements extends the public benefit from the investment of public resources. Since many federal housing programs require 15 years of maintaining rent restrictions, a best practice element of HTF ordinances is to increase the period of affordability, with the goal of permanent affordability.

Jurisdictions with long-term affordability requirements:

- Albuquerque (New Mexico) Workforce Housing Fund — 90 years
- Burlington (Vermont) Housing Trust Fund — perpetual affordability or the repayment of the subsidy at the duration of the affordability period.
- Cambridge (Massachusetts) Housing Trust Fund — 50 years
- Portland (Oregon) Housing Bond — 99 years

Extending affordability requirements also addresses a dynamic that fuels inequity in housing: private capital's exploitation and siphoning of public resources intended to meet fundamental community needs. For decades, for-profit developers have benefited from public resources to finance the development of housing that they flip and turn into profit as soon as the project's affordability requirements end at year 15. This business practice reinforces economic inequities by publicly subsidizing profit while weakening the social safety net. Conversely, extending the length of affordability aligns with community ownership models for permanent affordability, creating an incentive to maximize the impact of public investment in housing over time.

Housing models to build community wealth

HTFs can support efforts to de-commodify land and housing, taking properties out of the speculative real estate market to be directly stewarded by community-based organizations. Ordinances can specify community land trusts, co-operatively owned housing, and initiatives to support renters' rights to purchase their buildings as eligible applicants for HTF awards. HTF ordinances that incentivize innovations and invest in community ownership developments can help scale these models.

Providing a portion of HTF investments to fund community capacity activities of community organizations seeking to develop and operate community-owned housing is needed to grow these models that currently account for less than 1% of the U.S. housing market[3]. Eligible uses of funds for capacity building should include operations, overhead, in-house real estate development staffing, professional development training, and staffing and activities for community engagement.

NOTHING FOR US WITHOUT US

Renters, communities of color, and their allies have organized in hundreds of communities to win HTFs. These campaigns have resulted in broader public support and increased capacity of housing advocates to engage in the intricacies of housing policy and finance. Implementing a community's racial equity goals requires ongoing engagement with both.

Implementing an HTF with integrity to the community's priorities requires bringing the best of what the government has to offer and the best of what the community can bring[4]. This can create a positive cycle of building trust that contributes to more public support for housing solutions and increased community capacity to partner in governance.

Equitable Collaborative Governance

Ordinances often establish a committee or a board that advises and/or provides oversight to the operations and impact of the HTF. The size of the board typically ranges between seven and 13

3 See Grounded Solutions 2022 Census of Community Land Trusts and Nonprofits with Shared Equity Homeownership Programs

4 See GARE Housing, Land, and Development Toolbox "Section 2: Racial Equity in Government"

members representing different stakeholders in the affordable housing sector. Most often members are appointed by a mayor, council president, or by other members of the elected body that enacts the HTF. How these boards are selected and by whom can significantly shape the effectiveness of these committees at maintaining accountability to community and advancing equity goals.

Ordinances that mandate an equitable composition of these boards or committees value the expertise people with lived experience of housing insecurity have to offer and account for the imbalance of power they wield in public policy processes[5]. These boards are best positioned to provide the oversight and accountability for the HTF's racial equity goals, especially over time. In practice, this often means a majority of seats reserved for people with lived experience of housing discrimination and insecurity as well as community and affordable housing advocacy organizations, such as advocates for fair housing, racial justice, people with disabilities, families with children, and seniors.

The oversight board is often supported by staff from the agency administering the HTF. Members of oversight boards need accurate and timely information. An equitable composition should be accompanied by agency staffing capable of providing equitable and culturally competent support for full participation in committee activities. For example, not all members will be conversant in the complex world of affordable housing finance. Designing accessible meeting materials and structuring meetings to have adequate time for questions and discussion is fundamental to the board's ability to steward the HTF.

Ongoing Accountability to Communities Most Impacted

Strong HTF ordinances require the administrative agency and/or the oversight body to provide an annual public report detailing the process and progress toward achieving the HTF's racial equity goals. At a minimum, a report can include performance measures such as which neighborhoods are receiving investments and racially disaggregated data on who is benefiting from new housing. More accurate performance measures should disaggregate data on class, gender, disability and family size as well as race.

An annual report can also provide context and public education about the housing crisis. It can retell the local history of systemic racism in housing and restate the case for why the government has an obligation to eliminate disparities. It can include community-level data measuring the broader housing conditions the HTF racial equity goals seek to address such as housing cost burden by race, homeownership rates, displacement and eviction trends, neighborhood-level disinvestment and segregation patterns.

5 "Root Causes of Housing and Land Injustice: Real Democracy or Real Estate Democracy"

These reports are a main tool residents, community leaders, and advocacy organizations have to ensure and, if necessary, demand accountability to achieving HTF's racial equity goals. When possible, making data available more regularly than once a year assists community groups in ensuring the HTF meets and exceeds its equity goals. The complexity of affordable housing finance can be a significant barrier to the public and the advocacy community's ability to discern the ways funds are being invested. The requirement for transparent public reporting provides the community an opportunity to make meaning of complex information and assess for themselves whether intended equity outcomes are being achieved.

With creativity and adequate communications staff capacity, an annual report can also tell the story of housing solutions and the impact they have on people and on the communities they call home. Using narrative frameworks such as the Housing Justice Narrative that provide tools and guidance for centering racial justice in strategic communications is another way that annual reporting can build community knowledge of and support for equitable housing solutions.

Pittsburgh Housing Trust Fund campaign

HOW THE CITY OF PITTSBURGH HTF ADVANCES RACIAL EQUITY

The proliferation of HTFs provides hundreds of examples of creative and effective ordinance language. Pittsburgh provides an example of an impactful HTF developed through a multiyear advocacy campaign with significant input from organized community organizations and community members.

The City of Pittsburgh's Housing Opportunity Fund (HOF) was established by City Council in 2016 and annually funded with $10 million in dedicated revenue from a real estate transfer tax. The HOF was

established after a multiyear community engagement process spurred by the rising cost of housing displacing many long-term Pittsburgh residents, with a disproportionate impact on Black households.

HOF's focus on both equitable process and outcomes provided a successful model that has shaped how the city allocated other housing funds, particularly federal COVID relief funds and a $30 million municipal Housing Bond in 2024. Both were deployed using the HOF's governance structure, infrastructure, priorities and eligible activities.

The community organizing effort to win the HOF was led by Pittsburgh United, a coalition of community, labor, faith, and environmental organizations committed to advancing the vision of a community and economy that works for all people. As a result of community organizing, the HOF's authorizing ordinance addresses many of the best practices described above. The coalition included SEIU 32BJ, SEIU Healthcare PA, Pennsylvania Interfaith Impact Network, Regional Housing Legal Services, Northside Community Development Fund, and Action United. Coalition members participated in then-Mayor Peduto's Affordable Housing Task Force, through which they shaped the recommendations for a housing trust fund and educated City Council members on the potential impact of a housing trust fund. A milestone in the process was a coordinated site visit to Philadelphia with organizers, advocates, city staff and a member of City Council to learn about the operations and accomplishments of Philadelphia Housing Trust Fund.

The ordinance established the Urban Redevelopment Authority of Pittsburgh (URA) as the administering agency, and assigned oversight to a HOF Advisory Board, the URA Board of Directors, and Pittsburgh City Council. The role of the Advisory Board is to review applications and guide program development, which includes drafting an annual plan for the types of eligible programs, projects, and activities. The Advisory Board has seats for community-based organizations and nonprofit housing developers, residents of affordable housing, a homeowner with an income at or below 80% AMI, and either a person who is homeless, formerly homeless, has a disability, or is an advocate for persons who are homeless and/or have disabilities. It also includes institutional representatives from the mayor's office, City Council and the URA.

The ordinance includes several measures for advancing racial equity, beginning with the income levels that would benefit from HOF investments. Fifty percent of the fund is set aside for families and individuals earning less than 30% of AMI, with 25% percent of the funds targeted to families and individuals earning at or below 50% of AMI, and twenty-five percent of the funds to provide homeownership opportunities for families and individuals earning at or below 80% of AMI.

At a time when the federal government is backing away from affirmatively furthering fair housing, it is all the more important for local governments to prioritize fair housing. According to Megan Confer-Hammond, the chief operating officer for the Fair Housing Partnership of Greater Pittsburgh, including a requirement to Affirmatively Further Fair Housing (AFFH) in the HOF was another key component for advancing racial equity.

"HAVING AFFH WRITTEN INTO THE HOF IS IMPORTANT FOR TWO REASONS: FIRST, IT GIVES THE COMMUNITY A FRAMEWORK TO ANALYZE AND CRITIQUE HOW THE HOF IS BEING UTILIZED TO EXPAND HOUSING OPPORTUNITIES FOR PROTECTED CLASS POPULATIONS. SECOND, AFFH IS A CRUCIAL FEDERAL PRINCIPLE THAT IS NOT BACKED WITH A SUFFICIENT LEVEL OF FEDERAL FUNDING OR ENFORCEMENT. WITH THE HOF'S DEDICATED ANNUAL FUNDING, PITTSBURGH HAS THE LOCAL POWER OF THE PURSE TO ACTUALLY FURTHER FAIR HOUSING."

The ordinance directs funding awards to be made through a competitive application process that will consider depth of affordability, length of affordability commitments, geographic distribution, historical disinvestment in the neighborhood where the project is located, and accessibility features.

The ordinance also mandates funding projects that promote permanently affordable housing through structures such as tenant purchase, community land trusts, shared equity or deed restrictions placed upon the land. In the case of rental or cooperatively owned housing, the HOF requires all current and subsequent owners to maintain the housing as affordable for a period of at least 99 years or for the life of the building. In the case of for-sale housing, the deed restricts the resale price to subsequent homebuyers to an affordable price for a period designed to maintain the housing as affordable for at least 99 years or for the life of the building.

Bob Damewood, senior staff attorney in the Pittsburgh office of Regional Housing Legal Services, cites the HOF requirements for relocation of tenants during preservation and rehabilitation projects as an example of how the ordinance advances equity. Prior to the establishment of the HOF, Pittsburgh had a long-standing practice with preservation and rehabilitation projects that routinely displaced families with little support, and had been particularly disruptive to the ability of Black families to remain in Pittsburgh. The HOF ordinance requires that for preservation and rehabilitation projects, all existing residents have the choice to live in the redeveloped housing or receive comparable relocation housing, and replacement housing is built first or otherwise phased so that residents only move once.

The ordinance also prescribes equitable governance practices. The Advisory Board is required to provide community members timely notification of all meetings, a summary of the matters that will be under consideration, an opportunity for public comment at each public meeting, and a summary of actions taken within 10 business days.

The ordinance requires the URA to prepare a publicly available annual audit and report to the city and Advisory Board. However, in practice the report has not tracked racially disaggregated household data trends or reported on how HOF investments are closing gaps in disparities.

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"WITHOUT CAREFULLY CRAFTED, DATA-DRIVEN POLICY TO ADDRESS HISTORIC AND CURRENT INEQUITIES, A RISING TIDE DOES NOT LIFT ALL BOATS; INSTEAD THE RISING TIDE TENDS TO MIRROR THOSE INEQUITIES, SWAMPING THOSE BOATS WITH UNMET REPAIRS AND LEAKY HULLS RESULTING FROM A LEGACY OF DISINVESTMENT."

—Confer-Hammond, Fair Housing Partnership of Greater Pittsburgh

Halbergman, Getty Images

Pioneer Press: John Autey

GUIDANCE FOR GETTING STARTED

Ordinances provide a scaffolding for well-constructed HTFs to break the status quo affordable housing development practices that maintain racial inequity. However, adopting a model ordinance is unlikely to change the status quo alone. The ability of an HTF to advance racial equity increases greatly when organized communities of people experiencing housing insecurity initiate the HTF proposal, help design the ordinance, and play a meaningful role in the implementing governance structure. Additionally, when nonprofit housing developers and local governments are also using their institutional power and assets to address systemic racism, then transformative change to the status quo increases exponentially[6].

For jurisdictions considering enacting an HTF, starting with a plan to resource community engagement with low-income renters and people impacted by systemic racism in housing is as important as drawing from best practices from established HTFs. Direct knowledge and experience with the local issues and opportunities shaped by the larger systemic patterns of housing inequity is essential expertise needed for developing solutions that improve material conditions in people's lives. This expertise should be financially compensated and given a meaningful voice in decision-making.

One strategy local governments can support to inspire excitement and action is to bring key community leaders together to learn about HTF innovations and best practices. Coordinated site visits to other cities or large community forums are excellent opportunities for shared learning, relationship building, and generating momentum for establishing an HTF as a tool to advance racial equity.

"THE ACHE FOR HOME LIVES IN ALL OF US, THE SAFE PLACE WHERE WE CAN GO AND NOT BE QUESTIONED."

—Maya Angelou, poet & activist

6 See Seattle/King County Housing Development Consortium's racial equity initiative and the Government Alliance on Race and Equity's Housing, Land, and Development Networking Group.

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