

**NEWBERG AFFORDABLE
HOUSING COMMISSION**
Tuesday, November 26, 2013
1:30 p.m., Newberg City Hall
Permit Center Conference Room
414 E. First Street, Newberg, OR

- I. Open Meeting**
- II. Roll Call**
- III. Approval of Minutes - October 22, 2013 meeting**
- IV. Status of Notice of Funding Availability (NOFA) Process**
- V. Promotion of Rental Rehabilitation Loan Program**
- VI. Growing the Trust Fund**
- VII. Next Meeting – January 28, 2013**
- VIII. Other Business**
- IX. Adjourn**

ATTACHMENTS

- 1 - September October 22, 2013 Meeting minutes (Pages 2-3)
- 2 - Revenue Sources Dedicated to the Housing Trust Fund (Pages 4-19)
- 3 - Revenue Sources Dedicated by Existing Housing Trust Funds (Page 20)
- 4 - Newberg Affordable Housing Action Plan Strategy #6:
Develop and support public and private programs (Page 21)

NEWBERG AFFORDABLE HOUSING COMMISSION MINUTES**Tuesday, October 22, 2013, 1:30 PM****Newberg City Hall Permit Center Conference Room****414 E. First Street****I. OPEN MEETING**

David Beam, economic development coordinator/planner, opened the meeting to at 1:34 PM.

II. ROLL CALL

Members Present: Steve Comfort Terry Emery

Members Absent: Stuart Brown (excused) Mayor Bob Andrews, Ex-officio

Staff Present: Barton Brierley, Planning & Building Director
David Beam, Economic Development Coordinator/Planner
DawnKaren Bevill, Minutes Recorder

III. APPROVAL OF MINUTES

Approval of September 24, 2013, Newberg Affordable Housing Commission Meeting Minutes.

MOTION: Emery/Comfort approved the affordable housing commission minutes for September 24, 2013. Motion passed (2 Yes/0 No/1 Absent [Brown]).

IV. REVIEW OF NOTICE OF FUNDING AVAILABILITY**A. Discussion selection process**

David Beam referred to the meeting packet and noted a few corrections. The competitive loan program is at least \$26,250.00, instead of \$24,500.00 and the rental rehabilitation loan program is up to \$29,750.00 instead of \$28,000.00. Mr. Beam explained there are 16 points laid out in the bylaws for the competitive grant or loan award selection criteria. Additional selection criteria may be developed and included in the request for proposals (RFP) to best direct the trust funds toward an identified priority need. Applications are due by the end of December, 2013, and the selection process will end in January, 2014. The notice of funding availability (NOFA) will be advertised in the Newberg Graphic and directed to organizations and individuals that provide affordable housing and/or related services within the City of Newberg. The goal of the NOFA is to inform the intended audience of the availability of funds to assist with activities that will assist with the creation/acquisition of new affordable housing or the maintenance of existing affordable housing inventory within the community. The application form will be on the city's website or available at City Hall.

Commissioner Terry Emery asked what is the interest rate on a competitive loan. Mr. Barton Brierley, planning & building director, replied it is not listed in the bylaws and can be set at 2% below prime. Commissioner Emery asked does the loan stay fixed at or adjust every year. Mr. Beam answered he assumes it is fixed. Commissioner Emery asked how long a competitive loan is. Mr. Brierley replied the bylaws do not specify the length of time. Commissioner Emery believes that is an important piece and suggested exploring the purpose of why these three types of loans were set up in the bylaws as well as consulting with Chair Stuart Brown regarding term length. Mr. Beam will contact Chair Brown regarding the term length and forward information to the committee via email.

Mr. Beam reviewed the Newberg affordable housing trust fund (NAHTF) competitive awards and grant scoring information that will be attached to the funding request application. Mr. Beam welcomed further suggestions and hopes to finish up the forms soon.

V. NEXT MEETING – NOVEMBER 26, 2013

The committee will discuss how to increase the trust fund at their next scheduled meeting on Tuesday, November 26, 2013.

VI. OTHER BUSINESS

No other business was brought forward.

VII. ADJOURN

The meeting adjourned at 2:10 PM.

Approved by the Newberg Affordable Housing Commission this 22nd day of October, 2013.

AYES:

NO:

ABSENT:

ABSTAIN:

Recording Secretary

Affordable Housing Commission Chair

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Revenue Sources Dedicated to the Housing Trust Fund

The issue of where the money will come from to create a housing trust fund is the most challenging part of the process for most people. Securing the money may be the most work, but it is not a complex task. The political issues that surround money make securing a revenue source for a housing trust fund difficult. (If providing decent, affordable housing to everyone were a priority, the revenue source search would not be so tough!)

Get an attitude about securing a *dedicated* revenue source!

It will help to adopt a positive attitude about the need for – and possibility of achieving – a *dedicated* revenue source before you begin.

Why a dedicated revenue source is so crucial

Remember that what makes a housing trust fund is securing a *dedicated* revenue source. This means that the source of funding is committed by law to generate funds for the housing trust fund. Thus, by resolution, ordinance or legislation, a certain percentage or amount of funds are automatically deposited in the housing trust fund each year.

Securing a dedicated revenue source for a housing trust fund is a significant advance over the way low income housing has historically been funded. With a dedicated revenue source, advocates no longer have to argue for scarce resources with city council members, county commissioners or state legislators during the annual budget process. They will no longer have to compete with other worthy causes in a budget process that is generally neither fair nor generous towards low income housing. The dedicated revenue source guarantees a regular, but possibly fluctuating, source of funds.

There will be numerous pressures to go for something other than a *dedicated* revenue source. Some people will argue for a bond issue. Others will want to search for foundation and corporate support. Others will believe that some kind of voluntary contribution process will be sufficient. And still others will suggest seeking general revenue funds.

These are not bad ideas. They just don't provide a *dedicated* source of revenue. These ideas may even strengthen an existing housing trust fund, but they do not *create* a housing trust fund. Searching for foundation or corporate support or seeking voluntary contributions is just like fund raising and will take as much, if not more, work than seeking funds through a budget process, but probably with even less success. Bonds have provided and continue to provide significant resources for housing, but they are neither long-term nor guaranteed. General revenue funds can be a very good way to capitalize a housing trust fund (that is, get it under-way), but they are only a one-time infusion of funds.

The smorgasbord of available funding

It would be foolish to suggest there is an unlimited number of possible revenue sources for housing trust funds. There isn't. But there are more than most people think. More than 40 different revenue sources have been committed to housing trust funds. And more possibilities are uncovered every year.

Be creative in looking for revenue sources. No two situations are the same, and you may uncover an idea no one has thought of. The mark of a good revenue source campaign is a willingness to search. Those who begin by thinking nothing will be found usually find nothing.

Evaluating revenue sources

There are always reasons not to go after a particular revenue source. You may be warned: "It isn't available," or someone may say, "It's already committed." Others may say, "It's too controversial." It is far easier to think of reasons a potential revenue source won't work than to spend time figuring out how to make it work. The latter approach will pay off.

There are many nay-sayers in the revenue source search. It doesn't hurt to ignore them. Don't rely on hearsay when considering possible revenue sources. Check the facts before you decide to reject a source that may appear promising.

Getting money into the fund

Housing trust funds always describe their funds as "dedicated", but dedicated is a fuzzy term. While some funds are truly dedicated, which means that an ordinance or legislation ensures the money must be transferred to the housing trust fund on a regular basis, such guarantees are not always possible.

In some instances, funds may be committed to the housing trust fund, but an elected body must still appropriate the funds each year. For example, a certain percentage of real estate transfer tax revenues may be committed to the trust fund by law, but the state legislature must still appropriate the funds during the budget process. So work for the most secure commitment of funds you can win.

And remember that whatever a legislative body enacts as law can be undone in the same way, with a new law. So while we like to think of housing trust funds as permanent, they actually are not. Nonetheless, they are far more reliable than most of the alternatives. And, to date, no housing trust fund with a dedicated source of revenue has been undone.

Notes

Hints...

- Do not make securing the revenue source the center of your housing trust fund effort. Securing needed revenue is difficult because providing decent, affordable housing is not a priority. Once it becomes a priority, the revenues will follow.
- Keep the issue of where the money will come from within the larger context of why the housing trust fund is needed and what it will accomplish. The theme of your campaign will determine how you do this — housing is good for the economy, safe homes for a healthy community, etc.
- Always use your dollar goal to evaluate alternative revenue sources.

Establish a dollar goal for the fund

Do not skip this step! Begin by setting an annual amount of revenue you believe necessary to create a responsive housing trust fund. Don't make it a large task. This figure can be based on a number of alternatives:

- **Estimate the housing needs** of the trust fund's target population. Then determine how much it would cost to address these needs. The result will likely be shocking. You may need 10,000 units of affordable housing at \$50,000 each, totaling \$500 million. Of course, stating such a need would scare everyone off. But remember that the housing trust fund does not provide all the money needed to address housing needs. Federal funds, other state funds and many other sources of money can be leveraged by a trust fund. So the total you determine can realistically be divided by anywhere from five to 10 to achieve your goal.
- **Estimate how much money your community's housing providers would need** to fund the projects they have the capacity to complete. This means surveying all potential developers for their best guess about how much money their proposed projects would require on an annual basis.
- **Take a look at the funding applications that have been received by other programs**, such as the HOME program or the Community Development Block Grant program, and build on this information. A good estimate of need will be what was *not* funded by these agencies.

Your goal should be reasonable but it need not be so precise. Obviously, housing needs far exceed the revenues you are likely to win, so it will help if you make the goal both understandable and pragmatic.

Why is a goal important? It will be the bottom line against which you measure each revenue source you consider. If you have a \$5 million per year goal, and you consider a revenue source that brings in \$1.5 million a year, you know what is left for you to do. And as the process moves along, and some people suggest substitute revenue sources, these, too, can be measured against your goal, in order to determine their acceptability.

Decide how to search for revenue sources

Virtually every effort to create a housing trust fund involves some research. For some, it is a search from scratch. For others, the search has been narrowed by some initial suggestions or past history in searching for funds. There are basically three ways that revenue sources have been identified for a housing trust fund:

- **Independent research.** This is the most common way to uncover potential revenue sources. It involves bringing together an informed, committed group of people to brainstorm and research various potential sources of funding. It is wise to involve people who understand government finance, the development process and financial institutions. But it is not essential. Some very good research has been done by individuals who were not experts but were committed and energetic enough to get the information needed to make solid recommendations for potential revenue sources.
- **The official task force.** This is probably the second most popular way to explore potential revenue sources. Elected officials appoint a task force to recommend potential sources of revenue for a housing trust fund. An advantage is that the task force has official status, so it can more easily gain access to information. But a disadvantage is that once the recommendations are made, the task force plays no role in ensuring that its recommendations are enacted.
- **A consultant study.** In some cases a consultant has been hired to investigate potential revenue sources. The consultant reports are as useful as the consultants are good. If they know the field, their reports are invaluable.

What is Leverage?

Leverage refers to other public and private funding used to provide affordable housing, in addition to the funds coming from the housing trust fund. Most housing that is affordable to low or very low income people has several sources of financing. The sources other than the housing trust fund are referred to as leverage. Such funds may come from state or federal programs, private lenders, foundations, low income housing tax credits, etc.

Remember that, on average, state housing trust funds have leveraged \$9.25 for every \$1 the trust fund invests in projects. County housing trust funds on average leverage \$7.50 for every \$1. City housing trust funds leverage \$4.89 for every \$1.

Create guidelines for your search

While there are no rules to guide your search for revenue sources, certain guidelines have been useful in weighing the options. You may want to create your own guidelines to help you assess alternative revenue sources. Here are a few guidelines to get you started:

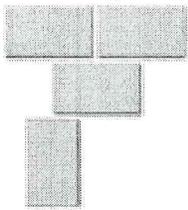
- **Housing-related sources.** Most of the best revenue sources are housing-related. They come from some part of the process that develops and transfers real estate. Real estate transfer taxes, document recording fees, various developer fees, building permit fees and interest on real estate escrow accounts may all be good revenue sources.
- **The local market.** Understanding where and what kind of growth is occurring will help you select a revenue source that is productive enough to be viable for trust fund purposes.
- **New money.** If you go after funds that are already committed to another program or issue, you make it harder to secure a source of revenue. It is wiser to seek a new source of revenue—either by increasing an existing source or by identifying funds that are not currently *dedicated* elsewhere.
- **Multiple sources.** Do not get stuck on the idea that a single revenue source can provide sufficient resources for your housing trust fund. There are important advantages to securing more than one source:
 - You can bring in more money.
 - Multiple sources mean fewer fluctuations in revenues.
 - You involve more elements of the community in an issue that is community-wide.
- **New taxes and fees.** Few if any housing trust funds have been created by passing an entirely new tax or fee. The revenue source quest is tough enough without taking on what is probably an impossible task. The issue of government taxes and fees is so volatile that an effort to pass a new tax or fee is not even remotely feasible in most political climates. While nothing is impossible, this approach is highly unlikely to be successful.
- **Opposition.** Folks are always looking for a revenue source that will not create any opposition—that will magically appear and will please everyone. Such a source probably does not exist, and a search for it may take the hunt in the wrong direction. Opposition accompanies almost every potential revenue source and is simply part of the equation you must consider.

Notes

Hints...

- Don't make these criteria so cumbersome you can't really use them to compare your options.
- It is unlikely that you will be able to get comparable information for the alternative revenue sources you are considering. Compare what is available and don't let the inability to get certain information keep you from considering a potential revenue source.

Examples



Criteria for evaluating revenue sources

Ohio: Related to housing and/or real estate; can generate \$10-20 million annually; and can be efficiently and fairly administered.

Chicago: Robust and reliable; feasible; appropriate; ease of administration; and level of funding generated.

San Diego: Modest, fair and broadly based; fee levels far below statewide averages; no voter approval required; significant, net new money; revenues may be dedicated; non-regressive; administratively efficient; and nexus to affordable housing.

King County, Washington: Develop multiple funding sources; establish reasonable funding levels; ask all jurisdictions to participate; and build public-private partnerships to increase funding for affordable housing.

Kentucky: Potential revenue; adequate revenue; housing related; and administrative costs.

Identify revenue sources

Revenue sources are either public or private. Public sources of revenue are controlled by government and include taxes, fees and many other funds. Some of these funds are controlled by quasi-public bodies such as a redevelopment agency or a state housing finance agency. Private funds are part of the marketplace and include interest from various accounts held by financial institutions.

Once you have decided how to search for funding sources and developed guidelines for your search, the following steps may be useful:

1. Look at revenue sources committed to other housing trust funds

Look at what other housing trust funds have been able to secure as dedicated sources of revenue, because then you will know what is possible. Be careful to pay attention to which

resources are available to cities, which ones counties can tap into, and which ones are controlled by states. There is no point in a city considering a document recording fee, for example, if the city has none. In researching other trust funds' funding sources, remember that states, cities and counties vary widely across the country. Laws governing sources of public revenue differ considerably from state to state.

2. Brainstorm all possibilities

Start with a group of energetic, positive people listing every possible revenue source they can think of. Make no initial judgments, so no one's creativity will be inhibited. You may be surprised at what can come from such a session. The results are seldom disappointing, and folks often discover a great deal.

When you've exhausted your group's creative suggestions, take a closer look at what's been suggested. A few of the ideas will be obviously crazy and can be taken off the list. But don't eliminate something unless you are absolutely positive it won't work. An argument that "Oh, this will never fly," or "This is already committed to the general fund," isn't usually sufficient to eliminate an idea. Only eliminate a potential source if it is legally impossible to use it, or it is so politically explosive that no campaign could secure it, or it is so regressive that its overall impact would be negative.

3. Make your list of potential revenue sources

A search for revenue sources should include at least the following:

- **Taxes and fees associated with real estate.** These include real estate transfer tax, document recording fees (typically applied to more than real estate documents), developer fees (linkage and inclusionary zoning ordinances), permit fees (for development, conversions, demolitions, etc.), property taxes, and payments in lieu of taxes and others.
- **Other taxes and fees.** Revenue can potentially come from sales taxes, hotel/motel taxes, restaurant surcharges on meals, wheel taxes, etc.
- **Interest on market and government accounts.** This category has many possibilities. Market account interest includes interest on real estate escrow accounts, interest on title escrow accounts and interest on tenant security deposits. Interest on government accounts is an increasingly popular revenue source. It includes interest from the rainy day fund; interest from the unnamed, unclaimed property fund; and interest from many other funds.
- **Government-owned property and repayments.** The sale of government-owned property may not be a regular source of income, but it can be a very useful one, in combination with other sources. Income from the lease or operation of government-owned property like parking garages, or development funded through federal CDBG, UDAG or HOME funds, can add up. Repayments from government loan programs such as CDBG or HOME are also useful. Unclaimed lottery winnings are another potential source. And reserve funds from bond issuing agencies are another alternative.

If you follow these three steps, you will open most possible doors to revenue for a housing trust fund. At a minimum, you will be compelled to think about a broad range of possibilities. Remember: think creatively!

State Encouragement of Local Housing Trust Funds

Several states have enacted laws enabling local jurisdictions to establish a housing trust fund by generating funds through a particular revenue source. In all instances, the city or county must take certain actions and meet criteria outlined in the legislation. Here's what six states are doing:

Connecticut. The Municipal Housing Trust Fund Program provides matching funds to municipalities creating housing trust funds that receive direct contributions from private, municipal or federal sources. Municipalities must commit to financing housing with a majority of lower income occupants.

California. The Low and Moderate Income Housing Fund, enacted in 1976, requires all redevelopment projects established by redevelopment agencies to set aside 20% of their tax increment revenues to increase the supply of affordable housing. Moreover, agencies with a surplus of more than \$1 million in unused set-aside funds, after a certain time period, must turn the funds over to their respective county housing authorities.

New Jersey. The Fair Housing Act, enacted in 1985, has standardized developer fees which municipalities may charge to help meet their needs for affordable housing.

Missouri. The Homeless Assistance Program, enacted in 1990, enables counties to impose a \$3 document recording fee to create a homeless assistance program funding qualified local agencies.

Pennsylvania. The Optional County Affordable Housing Funds Act, enacted in 1992, allows all counties, except Philadelphia, to double their document recording fees if the added revenues will be used to fund affordable housing for county residents with incomes at or below the county median.

Washington. The Levy Option Bill, enacted in 1993, enables jurisdictions to impose an additional property tax levy of up to \$0.50 per \$1,000 of assessed value of property for 10 years to finance affordable housing for very low income households.

Notes

Hints...

- **Consider alternatives to increasing a tax or fee.** Increasing a tax or fee is a good way to secure revenue for a housing trust fund. But if an increase is impossible, consider seeking to transfer a portion of existing revenues from a good source to the housing trust fund. Another alternative is to commit the growth in revenues from a given source to the trust fund. After an established base year, any added revenues collected from this tax or fee would go into the housing trust fund.
- **Seize unique opportunities.** If a tax, such as a property tax, has been increased to help pay off bonds for a convention center, but will expire at some point, don't let the tax revert to its previous position. If it remains at its current rate, revenues could go into the housing trust fund.

Revenue Sources Dedicated by Existing Housing Trust Funds

Property transactions

Taxes on real estate transfers, real estate conveyances or document stamp taxes on transfers
 Fees on the recording of deed and mortgage documents
 Taxes on mortgage transfers
 Interest from pooled real estate escrow accounts
 Interest from pooled title escrow accounts
 Penalties against the failure to pay the real estate transfer tax

Development charges

Fees, taxes or proffers on new development
 Fees-in-lieu from inclusionary zoning
 Payments for density bonuses or transfers of density
 Tax on conversion of rental units to condos and other uses
 Proceeds from the sale of inclusionary units

Municipal taxes

Taxes on restaurant meals
 Sales taxes
 Property taxes
 Tax on hotel/motel rooms
 Tax increments from redevelopment districts

Government Activities

Proceeds from the sale of publicly-owned land
 Repayments from government loan programs
 Proceeds from settlements for housing code violations
 Fees from landfill activities
 Fees on mobile home park owners
 Funds from the Securities Act cash fund
 Interest or funds from unnamed, unclaimed property funds
 Interest from rainy day funds

Bond Programs

Funds from government bonds
 Surplus from bond reserve programs
 Surplus from bond refinancing
 Fees from bond-financed programs
 Fees on mortgage revenue bond and mortgage credit certification programs
 Fees on applications for bond revenues

Others

Lottery earnings or unclaimed lottery earnings
 Contributions from employers
 Interest from tenant security deposits

Evaluate the revenue sources

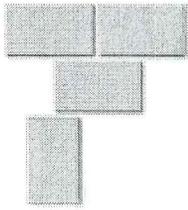
The work you have done so far is likely to yield a handful or more of potential revenue sources. You will probably not know everything you need to know about them to accurately evaluate their potential. It is one thing to put together a good list of possible revenue sources, but it is quite another to know how feasible it is to get these revenue sources committed to the housing trust fund and whether they are the best sources to go after. To narrow your list of revenue sources, answer the following questions:

- **How much income does this revenue source generate in any given year?** Study the revenue source over several years to see how much the revenue fluctuates from year to year.
- **Who collects the revenue and how is it regulated?** Is it collected at the local level, regulated at the state level? Are there options for increasing the tax or fee at the local level? Is there a cap on how much this tax or fee can be increased? What is required to increase the tax or fee? Does an increase require a majority vote of elected officials? Does it require a public vote? Must it be approved at the state level?
- **Can revenue from this source be dedicated to a specific purpose and, if so, to what?** What other general laws govern the dedication of public revenues to specific purposes?
- **Where do the revenues from this source go now?** Have they already been committed, in law or through tradition, to a specific purpose? Do they go into the general fund?
- **Who will be affected by what you propose?** You need to understand who pays this tax or fee, whether it is progressive or regressive, and what specific industries or individuals will be affected if it is directed to a housing trust fund.

To answer the above questions:

- **Check out public information.** Most of the information you need is public information. It should be available if you find the right person to ask. You may, however, run into someone who doesn't feel like doing you any favors, or you may discover that the information is not kept in a very useful or accessible fashion.
- **Make an estimate.** If you have no luck getting the information from public sources, use information from other jurisdictions that have dedicated this source to their own housing trust fund, and admit you are only making an estimate.
- **Look for friendly help.** It may be possible to get a government staff person—someone in the budget office or elsewhere—to collect this information for you. Or you may be able to find a supportive elected official who will secure the needed information.
- **Learn what you can about alternative sources.** It is unlikely that you will be able to get comparable information for the alternative revenue sources you are considering. Compare what is available, and don't let the inability to get certain information keep you from considering a potential revenue source.

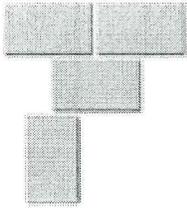
Examples



Narrowing the revenue source search¹

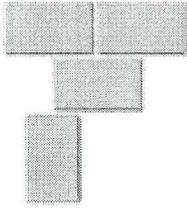
<u>Place</u>	<u>First List</u>	<u>Final List</u>
<i>Ohio</i>	real estate conveyance fee surcharge on estate tax interest on tenant security deposits mortgage recording fee interest on mortgage escrow accounts fee on home equity loans tax on construction materials discontinued exemption from corporate franchise tax on REITS, etc. surcharge on state income tax state unclaimed funds check-off on state income tax discontinued exemption from sales tax on professional services related to housing/real estate excise tax on video rentals surcharge on building permits recaptured portion of Federal mortgage interest deduction interest on utility deposits interest on sale escrow deposits	real estate conveyance fee surcharge on estate tax interest on tenant security deposits mortgage recording fee
<i>San Diego, California</i>	sale escrow account interest earnings mortgage impound accounts interest earnings tenant security deposits title transfer/conveyance fees sales and use tax CDBG allocations inclusionary zoning in-lieu fees transient occupancy tax port fees and assessments business fees and taxes condominium conversion fee housing preservation fee speculative real estate profits tax utility users' tax increased utility franchise payments	transient occupancy tax gross receipts business tax commercial development fee citywide landscaping, lighting, park maintenance district fee utility users fee

¹The San Diego study was done by David Rosen and Associates, Keyser Marston Associates, and Shute Mihaly & Weinberger; the Chicago study was done by the University of Illinois Great Cities Institute and the Metropolitan Planning Council; the Santa Clara County study was done by Hausrath Economics Group; and the Ohio and Nebraska studies were completed by task forces.



Narrowing the revenue source search (continued)

<i>Place</i>	<i>First List</i>	<i>Final List</i>
<i>San Diego, California</i>	negotiated agreements on prepaying subsidized housing projects general obligation bonds entertainment ticket tax citywide assessment districts surplus bond reserves secondary market loan sales tax increment district housing set-asides commercial development fee	
<i>Nebraska</i>	documentary stamp tax filing and recording fees department of insurance tax solid waste landfill closure assistance fund (lottery revenues) general fund appropriation sales tax on utilities interest on unclaimed property account	documentary stamp tax filing and recording fees department of insurance tax reallocation of solid waste landfill closure assistance fund general fund appropriation
<i>Chicago, Illinois</i>	sales tax on condo conversion of rental properties recording fee/document surcharge impact fees on market-rate housing portion of permit fees reduced taxes for property owners who rent to residents earning at or below 60% of area median income real estate transfer tax linkage with commercial increment financing (TIF) district contributions from private, government, and foundation-invested endowment Community Reinvestment Act contribution tax credit syndicator contribution hotel tax hotel employer contribution mortgage refinancing fee proceeds from sale of city-owned land sales tax on building supplies City Corporate Fund	building permits real estate transfer tax sale of vacant land and buildings document recording fee Community Reinvestment Act contribution tax credit syndicator contributions City Corporate Fund



Narrowing the revenue source search (continued)

<i>Place</i>	<i>First List</i>	<i>Final List</i>
<i>Santa Clara County, California</i>	sales tax property tax General Fund revenue document recording fee housing bond program fees public land sales redevelopment tax increment commercial development linkage fee inclusionary zoning in-lieu fee real estate transfer tax transient occupancy tax utility tax	sales tax property tax General Fund revenue document recording fee housing bond program fees public land sales

Notes

Steps To Search for Revenue Sources

Step One: Launch a study group to identify potential revenue sources.

- Include people knowledgeable about the development process, government budgets, housing finance, etc.
- Include people who are involved in and dedicated to creating affordable housing.

Step Two: Establish an annual revenue goal.

- Know what housing needs exist and how much money is needed to meet those needs.
- Be realistic about what those who provide needed housing have the capacity to produce.

Step Three: Agree on guidelines for your search.

Guidelines might include:

- Identify revenue sources that are related to housing needs.
- Look for sources that generate significant money.
- Make sure funds can be collected efficiently.
- Look for sources that do not impose too much burden on one industry or segment of the community.

Step Four: Study revenue sources committed to other housing trust funds.

- There are more than 150 housing trust funds in the United States. As a group, they suggest what is possible.
- Pay special attention to other funds in your state or in other jurisdictions similar to yours.
- Identify precedents for dedicating specific revenues to a designated agency or purpose in your state or community.

Step Five: Brainstorm about every possible revenue source.

- Encourage absolutely every idea, even those that don't appear sensible. Don't eliminate any ideas; just keep adding to the list.
- Ignore those who will oppose a revenue source.
- Think creatively about the budget in your jurisdiction, who pays fees and how funds are collected.
- Pay particular attention to healthy industries in your economy.

Step Six: Develop your best possibilities list.

- Eliminate revenue sources that have some legal or administrative barrier to efficient collection.
- Identify revenue sources that require more information and study.
- Remember that it is easier to increase an existing tax or fee than to impose a new one.
- Try to find new or increased sources of revenue rather than seeking revenue from an agency or fund already accustomed to receiving that revenue.
- Consider alternatives for a given revenue source. For example, instead of increasing a tax, dedicate the amount of revenue in excess of what was collected in a base year.

Step Seven: Refine your selection.

- Complete the research on your list of best revenue sources to make sure you know:
 - How much revenue will be generated.
 - How revenue will be collected.
 - Who will be affected by the revenue collected.
 - What steps must be taken to gain access to the revenue.
- Identify who will oppose this revenue source and why.
- Find any similar programs elsewhere that can be cited as supporting evidence.
- Note the advantages of this revenue source.

Revenue Sources Dedicated by Existing Housing Trust Funds

Property transactions

Taxes on real estate transfers, real estate conveyances or document stamp taxes on transfers
Fees on the recording of deed and mortgage documents
Taxes on mortgage transfers
Interest from pooled real estate escrow accounts
Interest from pooled title escrow accounts
Penalties against the failure to pay the real estate transfer tax

Development charges

Fees, taxes or proffers on new development
Fees-in-lieu from inclusionary zoning
Payments for density bonuses or transfers of density
Tax on conversion of rental units to condos and other uses
Proceeds from the sale of inclusionary units

Municipal taxes

Taxes on restaurant meals
Sales taxes
Property taxes
Tax on hotel/motel rooms
Tax increments from redevelopment districts

Government Activities

Proceeds from the sale of publicly-owned land
Repayments from government loan programs
Proceeds from settlements for housing code violations
Fees from landfill activities
Fees on mobile home park owners
Funds from the Securities Act cash fund
Interest or funds from unnamed, unclaimed property funds
Interest from rainy day funds

Bond Programs

Funds from government bonds
Surplus from bond reserve programs
Surplus from bond refinancing
Fees from bond-financed programs
Fees on mortgage revenue bond and mortgage credit certification programs
Fees on applications for bond revenues

Others

Lottery earnings or unclaimed lottery earnings
Contributions from employers
Interest from tenant security deposits

Strategy #6: Develop and support public and private programs

There are many organizations, both public and private, whose mission is to encourage, develop and maintain affordable housing. The City should support these programs in ways best further the missions of those organizations. In addition, there other tools that support affordable housing that the City should develop, sometimes in concert with other partners. The following are action that the City should undertake to strengthen affordable housing in Newberg.

Action 6.1: Create a Newberg Housing Trust Fund

Newberg could create a housing trust fund. The fund could be used for a number of programs to promote affordable housing, such as:

- Housing rehabilitation loans or grants (rentals and owner-occupied)
- Purchase of land for affordable housing
- Grants to non-profit groups to purchase land or construct affordable housing
- Home-buyer education programs
- Direct construction of affordable housing
- Permit fee subsidies
- Rehabilitation consultation
- Downpayment revolving loan fund
- Transitional housing
- Foreclosure prevention
- Pre-development and acquisition financing for affordable housing projects

Several sources could be used to provide money for the fund, including:

- Housing developer “affordable housing in-lieu” fees
- Commercial development affordable housing fees
- Public grants
- Foundation grants
- Charitable gifts
- City or County funds
- Asset sales, such as condemned property
- Banks
- Transient Room Tax funds
- Fee assessment through existing business license program
- Community-wide fee assessment

Exact program fund uses and funding sources should be determined as part of the trust fund formation process. The Affordable Housing Ad Hoc Committee recommends that rehabilitation of rental properties should be a high priority for the funds.

Responsible parties: The trust fund could be set up under the City, under an existing agency, such as the Housing Authority of Yamhill County or Mid-Willamette Valley COG, or under a new non-profit.