



+ HR&A

# A Regional Housing Trust Fund Concept for San Joaquin County

**SJV REAP Webinar**

March 2024

## San Joaquin County Affordable Housing Needs

The need for affordable housing continues to grow in San Joaquin County with more limited tools for local support.

- Increasing Rents** → **+19% increase** in asking rents between 2019 and 2022
- Affordable Homes Shortfall** → **~19,000** low-income renter households in San Joaquin County do not have access to an affordable home
- Heavy Cost Burden** → **69% of low-income households** pay more than 30% of their income on rent
- Increase in Homeless Population** → **+100% increase** between 2018 and 2022
- Large Low Income RHNA Allocation** → **>21,00 low-income units** needed to meet RHNA goals for 2023-2031
- Limited Resources** → Between 2019 and 2023 only **2 projects received state LIHTC** allocations and **0 projects** received funding in HCD 20222 super NOFA

## Affordable Housing Gap by Income

San Joaquin County has an **affordable housing deficit of over 17,600 rental units** for households making less than \$35,000/year.

**Affordable Housing Supply Gap in San Joaquin County (2021)**

Income Bracket	Renter Households	Affordable Supply	Supply Gap/Surplus
<\$20K	14,600	4,200	(10,400)
\$20K-\$35K	23,400	16,200	(7,200)

## Tools to Fill Gap

There are **three main funding strategies** that can be used to fill the affordable housing supply gap.

### New Construction Low Income Housing

New construction of rent restricted units for low-income households requires a **subsidized source for construction costs and often HUD Section 8 vouchers for rents** to incentivize developers and investors to provide more low-income housing.

### Permanent Supportive Housing (PSH)

PSH combines **affordable housing with supportive services** that help those exiting homelessness and other institutions obtain and maintain housing as well as improve health and connect with the community. It is targeted to individuals and families with high-acuity needs.

### Naturally Occurring Affordable Housing (NOAH)

NOAH refers to residential rental properties that are **affordable but are unrestricted and unsubsidized** by any local or state program. NOAH rents are relatively low compared to the regional housing market. These unassisted rental buildings offer an opportunity to preserve units for low-income households using subsidized loans.

## Total Cost to Fill the Affordable Supply Gap

A **Regional Housing Trust Fund**, with **dedicated funding sources**, could help finance the **\$2.9 billion estimated cost** to fill the County's affordable housing supply gap

### Estimated Cost to Fill the San Joaquin County Affordable Housing Supply Gap

Program	Total Units	<30% AMI*	30-60% AMI*	Total By Program
New Construction	8,490	\$633M <i>\$150,000 cost per unit</i>	\$657M <i>\$150,000 cost per unit</i>	\$1.29B
Permanent Supportive Housing	5,210	\$1,302M <i>\$250,000 cost per unit</i>	-	\$1.30B
NOAH Preservation	3,920	\$78M <i>\$75,000 cost per unit</i>	\$252M <i>\$88,000 cost per unit</i>	\$0.33B
<b>Total by AMI</b>	<b>17,620</b>	<b>\$2,013M</b>	<b>\$909M</b>	<b>\$2.92B</b>

\*The area median income for San Joaquin County was \$85,000 in 2021.

Source: US Department of Housing and Urban Development (2021); HR&A Analysis

## Regional Precedents

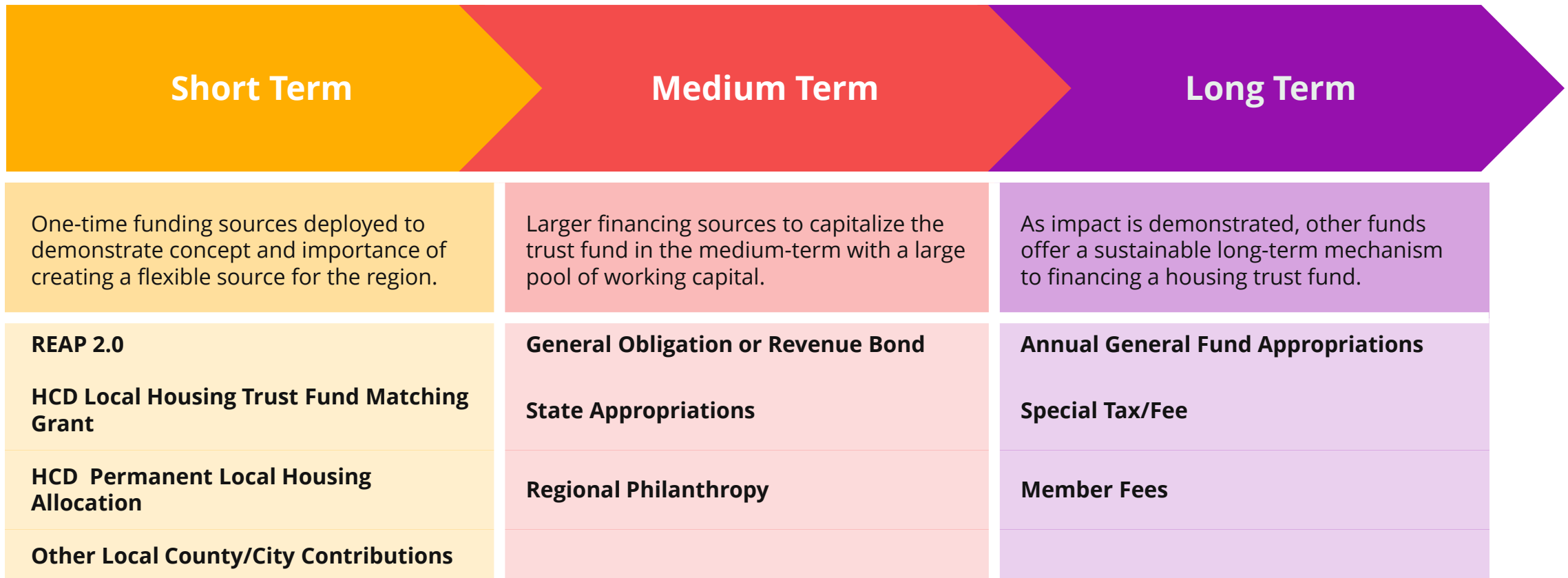
Other regions in California **have established regional housing trust funds** with the purpose of raising and allocating funding for the planning and production of affordable housing. Here are a few examples.



	San Gabriel Valley Regional Housing Trust	Orange County Housing Finance Trust	Sacramento Housing and Redevelopment Authority	Bay Area Housing Finance Authority
<b>Year Established</b>	2020	2019	1990	2019
<b>Annual Funding</b>	\$1.35 million	\$11 million	\$2 million	NA
<b>Total Funding</b>	\$21 million	\$25 million	\$47 million	\$15 million
<b>Funding Sources</b>	HCD & State Appropriations	County Mental Health Services Act & General Fund, and State Appropriations	Commercial Property Transfer Fee	State Appropriations & Philanthropy
<b>Housing Focus Type</b>	Supportive housing, and extremely low, very low and low-income housing projects	Supportive housing, and extremely low, very low and low-income housing projects	Very low-income housing production	Displacement mitigation, preservation of existing middle and low-income housing, and production of new housing
<b>Governing Board Members</b>	Board of Directors, General Counsel and San Gabriel Valley Council of Governments support staff	Board Supervisors, countywide elected officials, and representatives and city council members from each member city	County Board members representing one of five districts	Board composed of Metropolitan Transportation Commission and Association of Bay Area Governments board members

## Identifying Sources of Funding

The financial feasibility of a housing trust fund depends on sourcing several different types of capital.



## Year One Implementation Plan

Finally, additional seed and recurring funding sources need to be identified and approved.

	Next Steps
<b>1. Establish a Housing Trust Fund</b>	<ul style="list-style-type: none"><li>• Secure SJCOG, County and other local government support</li><li>• Define governance structure details</li><li>• Allocate \$1 million REAP 2.0 to fund initial administrative and seed money costs</li></ul>
<b>2. Develop Program Design</b>	<ul style="list-style-type: none"><li>• Hire a consultant to administer, draft bylaws, establish underwriting guidelines, and draft initial NOFA</li><li>• Define the process for evaluating and approving financing for projects</li><li>• Identify a pipeline of eligible housing projects</li></ul>
<b>3. Secure Seed Funds</b>	<ul style="list-style-type: none"><li>• Secure participating agency financial contributions—with the goal of raising \$5 million</li><li>• Explore additional sources of support</li><li>• Apply for HCD LHTF matching grant in Spring 2024</li><li>• Develop strategy to pursue State budget and other forms of support</li></ul>