

Home Sweet Home

VIRGINIA IS TRYING TO JOIN 39 STATES THAT HAVE HOUSING TRUST FUNDS. HOW COULD IT HELP YOU REALIZE YOUR DREAMS?



An assistant at state Sen. Yvonne Miller's office had to call back when asked if the senator supported the idea of a housing trust fund. "Is that a state or a federal bill?" she wanted to know.

Leaders of the Virginia Housing Coalition, a state-wide organization that wants affordable housing in Virginia, would be disappointed. Del. Terrie Suit, a republican representing parts of Virginia Beach and Chesapeake, and state Sen. Mary Margaret Whipple, a democrat representing Falls Church and parts of Arlington and Fairfax, would be, too.

For the last several years, they've sponsored housing trust fund bills in the General Assembly.

The fund, ideally, would offer many different things to many different people—families looking to buy their first home; seniors who need to spruce up their home or move into special-care housing; single parents struggling to make ends meet; families wanting to live closer to work; people with disabilities who need special accommodations; and the homeless.

The money might go directly to individuals

through loans or grants. Or cities might win matching dollars if they established a local trust fund. Or builders might receive incentives to build affordable homes.

Where would the money come from? Virginia Housing Coalition members don't care. They're not pushing for a tax increase, and they're wide open to suggestions. The only thing they insist on: The money must be earmarked for the fund on a regular basis.

One idea is to collect two cents of the 25 cents the state already receives from every \$100 of recorded real estate transactions. In 2004, the trust fund would have grown by \$23.8 million if that method was used. In 2005, the coffers would have swelled by \$42.2 million.

The Coalition appears to be more flexible than a yoga master. Members mention on their website that not only are they willing to negotiate where the money comes from, they'd even decline new funding if the real estate transaction collection dipped below \$200,000 in any given year.

Again, all they really want is a dedicated source of income. That way, the fund will stay alive—unlike the Virginia Housing Partnership Fund.

accomplished a great deal—aiding 1,800 first-time home buyers; providing shelter for 1,050 homeless and special-need people; and creating 11,600 affordable rental units. (Note: This writer moved to Virginia during that time period and, on her pittance of a freelance writing income, qualified for a lower-rent, government fund-supported apartment. She's not sure of the exact source, but maybe she should be thanking the folks behind the Virginia Housing Partnership Fund.)

The Department publicizes that for every \$1 spent by the state on the fund, \$5 were attracted by private businesses. Yet by 1998, the third year of being left out of the state budget, the trust fund was empty.

"It was too difficult to sustain," says Bob Adams, a former deputy director of the Department of Housing and Community Development and a current director with the Virginia Housing Coalition board.

Adams half jokes that he's been working on affordable housing his whole life. He knows with 100 percent certainty that the state's next trust fund must have a regular line of income, not one dependent on the whims of elected officials. He and other board directors have promoted this idea for the last four years and presented House and Senate bills during the last several sessions.

"We've made great progress in connecting with representatives about the link between housing, the economy and transportation," Adams



Learning from the past

Hopes were high in 1989 when the state's first trust fund—the Virginia Housing Partnership Fund—was approved. The goal was to offer \$20 million a year to people throughout Virginia.

For six years, the Department of Housing and Community Development received money from the state, and it was invested it in a variety of projects. Then, for the next three years, the Department received no money because the governor and the General Assembly axed support—but not the fund itself.

The Housing Department still did its best to support projects, loans and grants. It

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says. "It's not just a one-dimensional issue. Housing is critical to other issues such as transportation."

Look at Hampton Roads. Sprawl is rampant, and suburban house prices have skyrocketed in the last decade. For example: A 2,300-square-foot house in Chesapeake was priced at \$157,000 in 1999. Its assessed value in 2008 is \$357,000—a 127 percent increase.

Experts used to recommend spending three times the family's annual household income on housing. So in 1999, a family should have made about \$52,000 to afford that home. This year, they should make \$119,000. According to a *Virginian-Pilot* website, the average median household income in Hampton Roads is \$58,196.

Adams says a trust fund could help people around that income level with "soft second mortgages," mortgages that can be slowly forgiven if homeowners show financial responsibility.

And before people can argue "don't live in the suburbs if it's too expensive!" Adams' former boss and current co-board member, Neal Barber, points out that more jobs are popping up in Virginian suburbs than ever before.

"People want to live near their jobs," says Barber, once a director of the Virginia Department of Housing and Community Development. "They can't. The local city governments want higher-priced houses because they (through the

taxes paid by the homeowner) offset the cost of schools and infrastructure." So many are left to drive their cars more than 30 minutes each way to work every day, causing bumper-to-bumper traffic and wear and tear on the roads.

Most Virginians see this link between housing and transportation. A Brooks Adams Research survey found that 25.9 percent of people say that the best way to solve Virginia's transportation problems is to build affordable housing near where people work.

Just more than 20 percent say to build more roads and bridges.

A smart 53.8 percent say do both.

Bringing it Home

When certain people hear the words "affordable housing," they think that only *others* are affected by the lack of it. But following Barber's logic, nearly everyone is influenced. Even if a family can afford a home close to work, the roads they travel on are being destroyed by those who can't.

Also, families who once thought they were doing okay financially, even though they weren't taking annual vacations or getting a new car every three years, might be stretched thinner nowadays. The cost of gas, food and health insurance are all up.

Mortgage rates are down; some housing prices have decreased; and there is a little help available through cities and the Virginia Housing and Development Authority, but all that doesn't matter as much as the reality that families have less to spend.

Could you be living dangerously?

The odds are better than you'd think: The Virginia Housing Coalition says about one out of every three Virginians is paying 30 percent or more of their income for a mortgage or rent—and thereby stretching their budgets to the limits.

They've seen the number of people in this category jump by 70 percent since 2000. One glitch—a layoff, an illness—and those 450,000 Virginians could struggle to stay in their homes.

So far, 39 states have established trust funds—including our neighbors North Carolina and Maryland—in hopes of helping. Counting local initiatives, such as those in Fairfax, Charlottesville and

Arlington, America has more than 350 housing trust funds.

The Virginia Housing Coalition is inspired by states' and communities' successes: In North Carolina, houses and condominiums were built in Asheville specifically for families who couldn't afford to own a home otherwise. An added bonus: the families could save on home maintenance costs because the homes were built "green." In Des Moines, Iowa, a county trust fund purchased and refurbished more than 100 former public housing units and sold or rented them. In Seattle, an old motel was brought back to life and is now home to 42 families. The trust fund-supported organization behind the renovation, Low Income Housing Institute, says it has created 2,700 affordable homes in 13 years.

Virginia Housing Coalition Board Director Bob Adams especially likes Florida's trust fund. "They bring in \$500 million a year," he says. "I would be thrilled with \$50 million for Virginia, but I know it'll take a while."

Adams, who has worked closely with Sue Rowland, a contract lobbyist for the Virginia Housing Coalition, notes that many General Assembly representatives support the trust fund.

(Sen. Miller's assistant called back this writer and said the senator liked the idea of a trust fund because it "offers a number of people some options because right now there's a housing shortage for low- and middle-income people; it offers options to localities builders." Local state Sens. Frank Wagner, Ken Stolle and Mamie Locke did not return calls asking for their opinions.)

Our state government appears to have bought into the idea of a trust fund—but they have yet to figure out how to pay for it:

"We have tried several different formulas to see what we can get support for in the appropriations and finance committees, says Del. Terrie Suit, who sponsored the House bill. We will work on this again this year ... the State is dealing with a very tight budget period. The revenue forecasts have been lower than expected. Many programs had to be cut or kept at 2007 funding levels in this year's budget.

Here's hoping that our state budget improves in 2009—as well as all of ours.

HRM