



## Housing: A Look at the Housing Trust Fund

A state housing trust fund can provide stable funding for housing development and other community economic development needs in communities. Funds from the trust can play a pivotal role in community economic development by helping to fund projects involving new construction, rehabilitation, home purchase assistance, project-based subsidies, and energy efficient upgrades, among others. **The thirty-seven states that have chosen to implement a state housing trust fund build their funds from multiple sources including property transfer taxes, document recording fees, unclaimed property revenue, interest from escrow accounts, and other revenue streams.**

### **A Review of the Michigan Housing and Community Development Fund: FY 2008**

Michigan's Housing and Community Development Fund (MHFCD)'s mission is to develop our state's economy by creating vibrant cities, towns and villages where people will want to live, work, retire and play. Creating strong communities where families can prosper and businesses can grow will attract and keep both our workers and our jobs right where they belong—in Michigan.

**The fund was created to support the development and coordination of public and private resources to meet the affordable housing needs of low-income households and revitalize downtown areas and neighborhoods in Michigan.** It was funded for one year in 2008 as a general appropriation but was subsequently cut the following year.

The MHCDF, housed within the Michigan State Housing Development Authority (MSHDA) was endorsed in FY 2008 by more than 25 statewide trade organizations representing more than 5,000 members. MSHDA worked with these community members to fund their visions for their communities. Some of the key areas targeted by the MHCDF included:

- Financing downtown and neighborhood improvements to make them attractive places to live and do business.
- Financing affordable and market-rate housing for young people, knowledge workers, immigrants, early retirees and people with low and moderate incomes.
- Financing supportive housing for the homeless and people with disabilities.

In 2008, the MHCDF was able to fund 18 projects. These projects took place in both rural and urban areas including Detroit, Flint, Grand Rapids, Bay City, Linden and the Greater Traverse City Area. These projects worked not only to improve the image of communities and benefit the surrounding market, but also to reenergize neighborhoods and empower residents by giving them a stronger sense of control over the future of their neighborhoods.

**While this initiative supported individuals, it also had a positive impact on a larger economic scale. In its year of funding, projects awarded leveraged \$1 of MHFCD to \$11 of public/private sources (\$2,163,400 appropriated; \$24,041,009 investment leveraged).**

Thousands of jobs were created, generating millions of dollars in state and local taxes. Also, this community development helps to make Michigan cities look more attractive to the young and newly educated people who can help to continue economic progress for their communities and the state.

### **Renovation, Rehabilitation, and Repurposing: Current Projects Funded by the MHCDF**

In 2012, \$3.7 million from the Homeowner Protection Fund was allocated to the Michigan Housing and Community Development Fund. The following projects awarded funding are examples of the various projects that have been and can be supported by the MHCDF:

- A 120 unit high-rise apartment building and 26 townhouse units in the midtown neighborhood of Detroit. The project will provide permanent supportive housing for persons with physical, mental and/or emotional impairments
- A 70 unit building in Highland Park to provide permanent supportive housing for 70 homeless men
- Historic renovation of the Herkimer Building in Grand Rapids, providing 55 one-unit bedroom units, including 40 supportive housing units
- A re-purposed high school building built in 1926 to create 38 affordable, energy-efficient, senior apartments with walkable access to downtown Fremont, MI
- A mixed-use building in downtown Grand Rapids which includes residential units and commercial space
- A mixed-use development in downtown Mason which includes residential apartments and commercial space
- A development which includes mixed-income apartments and townhouses as well as commercial space in Grand Rapids
- Renovations of a historic building that include 27 units of mixed-income housing in downtown Detroit
- Rehabilitation of a historic theater building in downtown Flint, including the theater as well as office and retail space

Unfortunately, only 9 projects out of the 65 submitted were able to receive funding due to the limited resources of the MHCDF. **It is clear that a larger and more stable funding source is needed in the state of Michigan in order to continue funding projects that serve to strengthen our neighborhoods and communities in a number of ways.**