

RESOLUTION NO. 02-08 CMS

A RESOLUTION WITH REGARD TO THE NATIONAL AFFORDABLE HOUSING TRUST FUND FOR THE CITY OF OBERLIN

WHEREAS, 5.4 million households in the United States are in worst case housing or are spending more than 30% of their income for housing expenses according to the US Department of Housing and Urban Development; and

WHEREAS, 3.5 million people will experience homelessness in the United States this year and 1.35 million of those people will be children according to the Urban Institute; and

WHEREAS, in Ohio 38% of renter households pay more than 30% of their income for rent; and

WHEREAS, in Ohio, an extremely low-income household earning \$16,560 (30% of the Area Median Income of \$55,200) can afford monthly rent of no more than \$414, while the Fair Market Rent for a two bedroom unit is \$591; and

WHEREAS, a worker in Ohio must earn \$11.37 per hour working 40 hours per week to afford a two bedroom unit. This is 221% of the present Minimum wage (\$5.15 per hour). A worker at minimum wage would have to work 88 hours/week to afford a two-bedroom unit. A worker must earn \$13.96 per hour working 40 hours per week to afford such a two bedroom unit and would have to work 108 hours a week at minimum wage in Lorain County; and

WHEREAS, a recipient of SSI (Receiving \$512/month) can afford monthly rent no more than \$154, while the Fair Market Rent for a one-bedroom unit is \$466; and

WHEREAS, the Ohio Public Interest Research Group (Ohio PIRG) recognizes the need for more affordable housing units and the need for additional funding resources.

NOW, THEREFORE, BE IT RESOLVED by the Council of the City of Oberlin, County of Lorain, State of Ohio, a majority of all members elected thereto concurring:

SECTION 1. that Oberlin City Council reaffirms the importance and need for affordable housing and hereby petitions Senator Mike DeWine to support the National Affordable Housing Trust Fund Act of 2001 (S1248).

SECTION 2. It is hereby found and determined that all formal actions of this Council concerning or related to the adoption of this resolution were adopted in an open meeting of this Council and that all deliberations of this Council and of any of its committees that resulted in such formal action, were in meetings open

to the public in compliance with all legal requirements, including Section 121.22 of the Ohio Revised Code.

SECTION 3. That this resolution shall take effect at the earliest period allowed by law.

PASSED: 1st Reading - May 6, 2002 (E)
 2nd Reading -
 3rd Reading -

ATTEST:



CLERK OF COUNCIL



CHAIR OF COUNCIL

POSTED: May 7, 2002

EFFECTIVE DATE: May 7, 2002

Res-05

National Affordable Housing Trust Fund Resolution for Oberlin City Council

A resolution petitioning Senator Mike DeWine to support the National Affordable Housing Trust Fund that will create, rehabilitate, and preserve 1.5 million units of affordable housing over the next 10 years. Seventy five percent of the funds are targeted to households with incomes less than 30% of the median income.

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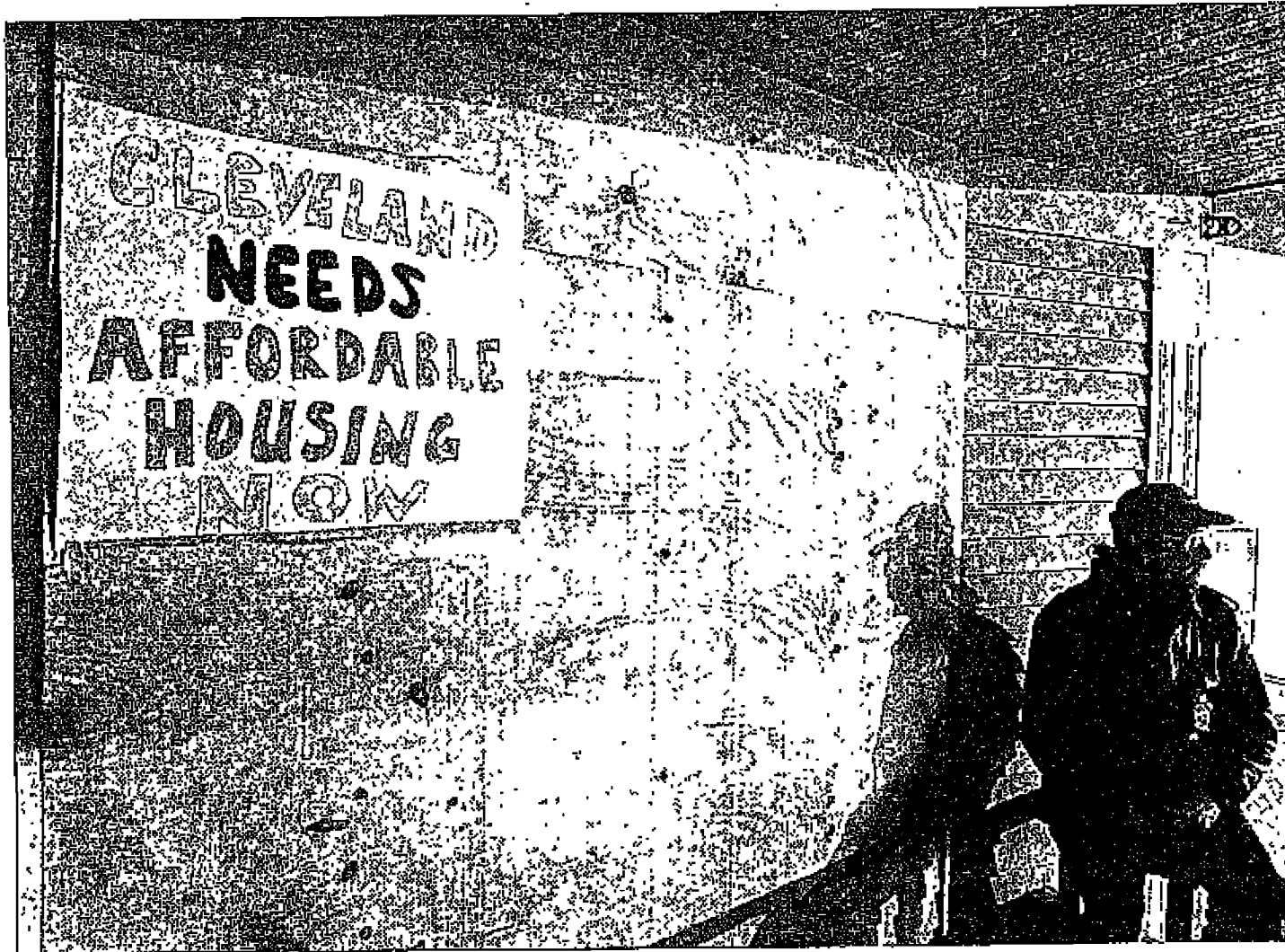
Whereas, a recipient of SSI (Receiving \$512/month) can afford monthly rent no more than \$154, while the Fair Market Rent for a one-bedroom unit is \$466.

Whereas, the Ohio Public Interest Research Group (Ohio PIRG) recognizes the needs for more affordable housing units and the need for additional funding resources.

Now, therefore, be it resolved that Oberlin City Council reaffirms the importance and need for affordable housing and hereby petitions Senator Mike DeWine to support the National Affordable Housing Trust Fund Act of 2001 (S1248).

Data from the Out of Reach Report at the National Low Income Housing Coalition web site:
<http://www.nlihc.org/oor2001/index.htm>

MAKING A POINT



MIKE LEVY / THE PLAIN DEALER

A small band of advocates for affordable housing took over this dilapidated, abandoned house in Cleveland's Glenville neighborhood last night to call attention to the need for a National Housing Trust Fund to finance the development of homes for the poor and homeless. Don Messitt, who is homeless, was to spend the night at the house along with eight other people, including five Oberlin students.

I. Executive Summary

A safe, affordable home is the American dream come true. For close to half of American families, however, owning an affordable home or even finding a safe and affordable rental unit is financially unattainable.¹ In fact, the problem is getting worse. The number of American families with “worst case” housing needs continues to grow, while the inventory of affordable housing shrinks.²

Local communities around the country have begun to address their affordable housing needs by creating housing trust funds. These housing trust funds – which exist in more than 170 states, counties, cities and towns – provide low-interest loans and grants to affordable housing developers. The developers leverage housing trust fund loans to attract additional private and public money until they can afford to build an affordable home for low and moderate-income families.

In addition to creating more affordable housing options in a community, an investment in housing construction or rehabilitation creates jobs and wages. By using a U.S. Department of Commerce model, this report estimates that investing \$5 billion directly into housing construction would result in 184,300 new jobs. Local Housing Trust Funds leverage an average of \$9 from private, non-profit, and other governmental sources for every \$1 spent by the Housing Trust Fund. When this leverage ratio is considered, an investment of \$5 billion in a National Housing Trust Fund results in 1.8 million new jobs and \$50 billion in wages. In addition, this report provides estimates of the economic impact of investing in housing for 20 states.

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Lack of safe affordable housing has an enormous impact on American families and our communities. Families with high housing costs are forced to choose between paying for housing and putting food on the table. Children who live in substandard housing are more likely to suffer from debilitating conditions such as asthma and lead poisoning.³ Children need safe and stable housing to grow up educated, healthy, and well-adjusted.⁴

Without more financial resources, the need for safe affordable housing will not go away anytime soon. A U.S. Department of Housing and Urban Development (HUD) study published in 2001 found that the private market is not producing enough affordable rental housing to meet the existing demand.⁵ For many private developers, building affordable units without some type of low-interest loan or grant isn't financially feasible. Housing trust funds help by providing the funds housing developers need to make their projects affordable.

After seeing the success of local Housing Trust Funds, a bipartisan group of Congressional leaders has come together to support the creation of a National Housing Trust Fund. For the past twenty years, Congress has prioritized enhancing the ability of local communities to implement policies that address local needs. Paramount to this discussion is the belief that states and local communities know best how to solve local problems. A National Housing Trust Fund will encourage innovative housing development by allowing communities to define their own needs and design their own solutions. At the same time, the National Housing Trust Fund will provide local communities with the flexible, dependable source of income they need to create more affordable housing opportunities.

Ohio

"The Housing Trust Fund has proven to be a practical, cost effective and flexible way to help meet Ohioans' affordable housing needs." — Ohio Coalition on Housing and Homelessness.¹²

Housing and the Ohio Economy

PEOPLE ARE STRUGGLING TO BUY A HOME

Median price of a home	Monthly mortgage payment	Estimated % of Ohio households unable to afford a house
\$96,000	\$758	52%

PEOPLE ARE STRUGGLING TO RENT AN APARTMENT

Average rent	Annual income needed	Estimated % of Ohio renters who cannot afford to rent
\$535	\$21,418	38%

Affordability problems in Ohio:¹⁰⁵

- ▶ Ohio is becoming less affordable for working families: In 1990, there was only one affordable housing unit available for every two low-income households, compared to a *surplus* of affordable housing in 1980.
- ▶ Ohio's economy relies on the housing industry: One out of every seven jobs in Ohio is directly or indirectly related to housing. This means an infusion of housing dollars will have an immediate impact on a thriving economic base in the state.
- ▶ Inadequate housing stock is driving up the price of homes: Ohio has fewer houses on the market than the national average. Increased demand for housing drives up the cost of existing stock, shutting lower income families out of the housing market.

Unsafe Housing in Ohio¹⁰⁶

- ▶ Substandard housing, overcrowded conditions, or paying over 30% of their income towards housing afflicts one out of every four Ohio residents. Similar housing needs afflicts one out of every three minority residents.

How a National Housing Trust Fund will help Ohio's economy and families¹⁰⁷

FOR EVERY \$10 MILLION INVESTED IN OHIO'S HOUSING INDUSTRY, THE STATE'S ECONOMY WILL BENEFIT FROM		
Ohio	New jobs created	New wages created
Initial impact	300	\$7,409,300
Leveraged impact	2,497	\$66,685,700
Total Impact	2,997	\$74,093,000

What You May Not Know...

Over 22,000 people are homeless each year--on the street or in shelters. Requests for shelter and services are on the rise nationally and locally.

Nationally

☉ Close to 40% of the total homeless population are in families, the rest are single men, women or youth (age 18 and under)

☉ Up to 50% of homeless women and children are fleeing domestic violence. Children under the age of 18 make up 25-30% of all homeless people.

Of housing and federal assistance:

☉ There is a 4.7 million unit shortage in safe, decent, affordable housing.

☉ Many families will lose their housing because of funding reductions in federally assisted housing programs and welfare reform initiatives.

☉ The 1998 U.S. conference of mayors Report found that 37% of those seeking assistance in receiving food were employed, and 61% of the people requesting emergency food assistance were members of families (children and their parents)

☉ In 1996, 41.7 million people lacked health insurance--more than one third of the people living in poverty had no health insurance of any kind.

☉ In 1999, The National Law Center on Homelessness and Poverty estimated that over 700,000 people are homeless on any given night and up to 2 million people experience homelessness during one year.

Locally

☉ HUD estimated in 1998 that 4,562 people are annually homeless in Lorain County.

☉ 1,141 of those people are children between the ages of 1-16.

☉ In Ohio, an extremely low income household (earning \$16,560, 30% of the Area Median Income of \$55,200) can afford monthly rent of no more than \$414, while the Fair Market Rent for a two bedroom unit is \$591. In Lorain County, the Fair Market Rent of a two bedroom apartment goes up to \$726.

☉ In Lorain County, a worker earning the Minimum Wage (\$5.15 per hour) must work 108 hours per week in order to afford a two-bedroom unit at the area's Fair Market rent.

Sources:

- U S. Census date 1996
- FY 1995 HUD consolidated plan
- City of Cleveland Consolidated Plan
- National Coalition for the Homeless
- National Low Income Housing Coalition

The National Housing Trust Fund Campaign

c/o National Low Income Housing Coalition • 1012 Fourteenth Street NW, Suite 610 • (202) 662-1530
www.nhtf.org

Proposal for Legislation

- **Goals and Objectives.** A National Housing Trust Fund should be established to serve as a source of revenue for the production of new housing, and the preservation or rehabilitation of existing housing that is affordable for low income people. The initial goal of the National Housing Trust Fund should be to produce, rehabilitate, and preserve 1,500,000 units of housing by 2010.
- **Source of capital.** The Trust Fund should be capitalized with ongoing, permanent, dedicated and sufficient sources of revenue to meet the goal of 1,500,000 housing units by 2010. The initial sources should be excess FHA and Ginnie Mae revenue, above what is necessary to maintain the soundness of the FHA and Ginnie Mae programs. At a minimum, revenue produced by federal housing programs should be used to solve housing problems. Other sources of funding should be identified and dedicated to the Trust Fund and, if necessary, additional appropriations should be made to meet the goal.
- **Eligible activities.** The Trust Fund should be used for the production of new housing, preservation of existing federally assisted housing, and rehabilitation of existing private market affordable housing. The Trust Fund should be primarily used for rental housing. We support allowing between 15 and 25% of funds to be used for homeownership activities, so long as low income people are served.
- **Income targeting.** At least 75% the Trust Fund dollars should be used for housing that is affordable for extremely low income households, that is, those with incomes under 30% of the area median. Within that, 30% of total Trust Fund dollars should be used for housing that is affordable to households with income at the equivalent of full time minimum wage earnings (\$10,700 annually) or less. The rest of the funds can be used for low income households with incomes up to 80% of the area median provided these funds are restricted to housing production, preservation, or rehabilitation in low income neighborhoods. In all cases, no one should pay more than 30% of their income for housing.
- **Term of affordability.** Housing funded through the Trust Fund should be required to remain affordable for the useful life of the property.
- **Operating subsidy.** Projects funded through the Trust Fund should assure that any operating subsidy needed to make the housing affordable for a range of extremely low income people is provided. That could be by using Trust Fund assistance to underwrite the operating subsidy for new or rehabilitated units for one year, after which the operating subsidy will be funded from the Housing Certificate Fund and renewed through the Section 8 program thereafter, or the applicant could devise another operating subsidy mechanism (which may be able to be applied to the match requirement).

(over)

- **Distribution.** Ninety percent of Trust Fund assistance should be distributed by **formula allocation**. The formula should be developed by HUD, using criteria that assure distribution in proportion to the need for eligible housing. The distribution of funds should ensure that every type of community has access to funds, and should encourage regional consortia. If an eligible grantee declines to apply for Trust Fund assistance, an alternative application process should be established so that other entities in the jurisdiction can receive and distribute the Trust Fund dollars. Grantees will distribute the funds to eligible entities prepared to conduct activities that are eligible for Trust Fund support. The remaining 10% of Trust Fund assistance should be distributed through a national competition that supports eligible entities that are pursuing innovative approaches to production, preservation, and rehabilitation of affordable housing.
- **Match.** States, localities, or non-profit organizations receiving Trust Fund assistance should **match the federal funds** in the following manner. If the entity uses state, local, or private revenue for the match, they will receive two federal Trust Fund dollars for every dollar they provide. If an entity uses locally controlled federal dollars (HOME, CDBG, LIHTC, private activity bonds, TANF funds, project based assistance) for the match, they will receive one Trust Fund dollar for every dollar of match they provide.
- **Mixed Income.** New housing production and financing should be done in a way that assures that **extremely low income households are not segregated from other income groups**. Thus, Trust Fund dollars should be utilized in conjunction with other funds to complete the financing for a new multifamily housing development, with the Trust Fund dollars supporting the construction of housing for extremely low income households. Trust Fund applicants that propose small projects in low-poverty neighborhoods, rural communities, or that serve special populations may be able to assure economic integration with Trust Fund dollars alone.
- **Compatibility with other housing programs.** The use of Trust Fund funds should be **flexible** to ensure its compatibility with Low Income Housing Tax Credits, private activity bonds, CDBG, HOME, Section 8, public housing, USDA rural housing programs, and other forms of assistance.
- **Tenant Protections.** Existing federal tenant protections and rights to participate in decision making about their homes should be extended to tenants in homes funded by Trust Fund dollars.
- **Other housing funds.** In addition to establishing a National Housing Trust Fund, we recommend additional investment in affordable housing with substantial increases in HOME, CDBG and USDA Rural Housing programs, as well as an examination of ways to reform the Low Income Housing Tax Credit program to improve access to the program by a wider range of non-profit, community-based housing developers. Substantial increases in the housing voucher program will also be necessary to assure affordability for the lowest income households.

For further information, please call the National Low Income Housing Coalition at (202) 662-1530.

May 14, 2001

Crisis in affordable housing needs fix

October 08, 2001

It's getting a lot tougher for many people in this area (or anywhere in the U.S.) to afford an apartment, according to a recent report that calls for remedies on the federal and state level.

A Lorain County resident must earn \$13.96 an hour to afford an average two-bedroom apartment. That's nearly three times the minimum wage, and is up significantly from \$10.04 an hour needed in 1997 to afford the same apartment.

Affording a one-bedroom apartment in the county requires earning \$11.29 an hour.

A person who earns only the minimum wage of \$5.15 an hour, would have to work 88 hours a week to afford a one-bedroom apartment or 108 hours a week to afford a two-bedroom apartment in Lorain County, according to the report released by the Catholic Action Commission of Lorain County, in conjunction with the Coalition on Homelessness and Housing in Ohio and the National Low Income Housing Coalition.

The report, entitled "Out of Reach 2001: America's Growing Wage-Rent Disparity," shows that "the affordable housing crisis in this country continues to worsen," said Sharon Kleppel, director of the commission. Lorain County has about 1,000 homeless people, according to Kleppel, adding, "People are working, and they are still homeless. Maybe we aren't paying enough."

The commission notes that in the past 20 years, federal investment has dropped sharply for rental housing that low income people can afford. And the overall prosperity of recent years has pushed rents upward.

The general standard for "affordable" housing means spending not more than 30 percent of one's income on housing. Around the nation, however, low income families sometimes are spending 50 percent to 70 percent of their income on housing.

The report endorses creation of a National Affordable Housing Trust Fund which is being considered by Congress. The trust fund would provide money for building new housing or preserving and rehabilitating existing housing that low income people can afford. The initial goal is to produce, preserve and rehabilitate 1.5 million units by 2010. The trust fund would significantly help Lorain County's community organizations to rebuild neighborhoods here, the commission noted.

On the state level, the report urges the Taft administration to develop an affordable housing strategy as a blueprint for directing much-needed resources.

These are worthy goals that deserve support. The crisis is clear. The solutions for providing affordable housing are available. And in the current tough economic climate, the Bush administration recently signaled its openness to looking at an increase in the minimum wage.

We need to close the widening gap between minimum wage and a decent place to live.

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