2025

STATE & LOCAL

HOUSING TRUST FUND

NATIONAL LOW INCOME
HOUSING COALITION

ABOUT NLIHC

The National Low Income Housing Coalition (NLIHC) is dedicated to achieving racially and socially equitable public policy that ensures people with the lowest incomes have quality homes that are accessible and affordable in communities of their choice.

Founded in 1974 by Cushing N. Dolbeare, NLIHC educates, organizes, and advocates to ensure decent, safe, and affordable housing for everyone.

NLIHC's goals are to preserve existing federally assisted homes and housing resources, expand the supply of low-income housing, and establish housing stability as the primary purpose of federal low-income housing policy.

NLIHC's staff teams work together to achieve the Coalition's advocacy goals. The research team studies trends and analyzes data to create a picture of the need for low-income housing across the country. The policy team educates lawmakers about housing needs and analyzes and shapes public policy. The field team mobilizes members and supporters across the country to advocate for effective housing policy. The communications team shapes public opinion about low-income housing issues, and the administration team works to ensure that NLIHC remains a sustainable, high-capacity organization.

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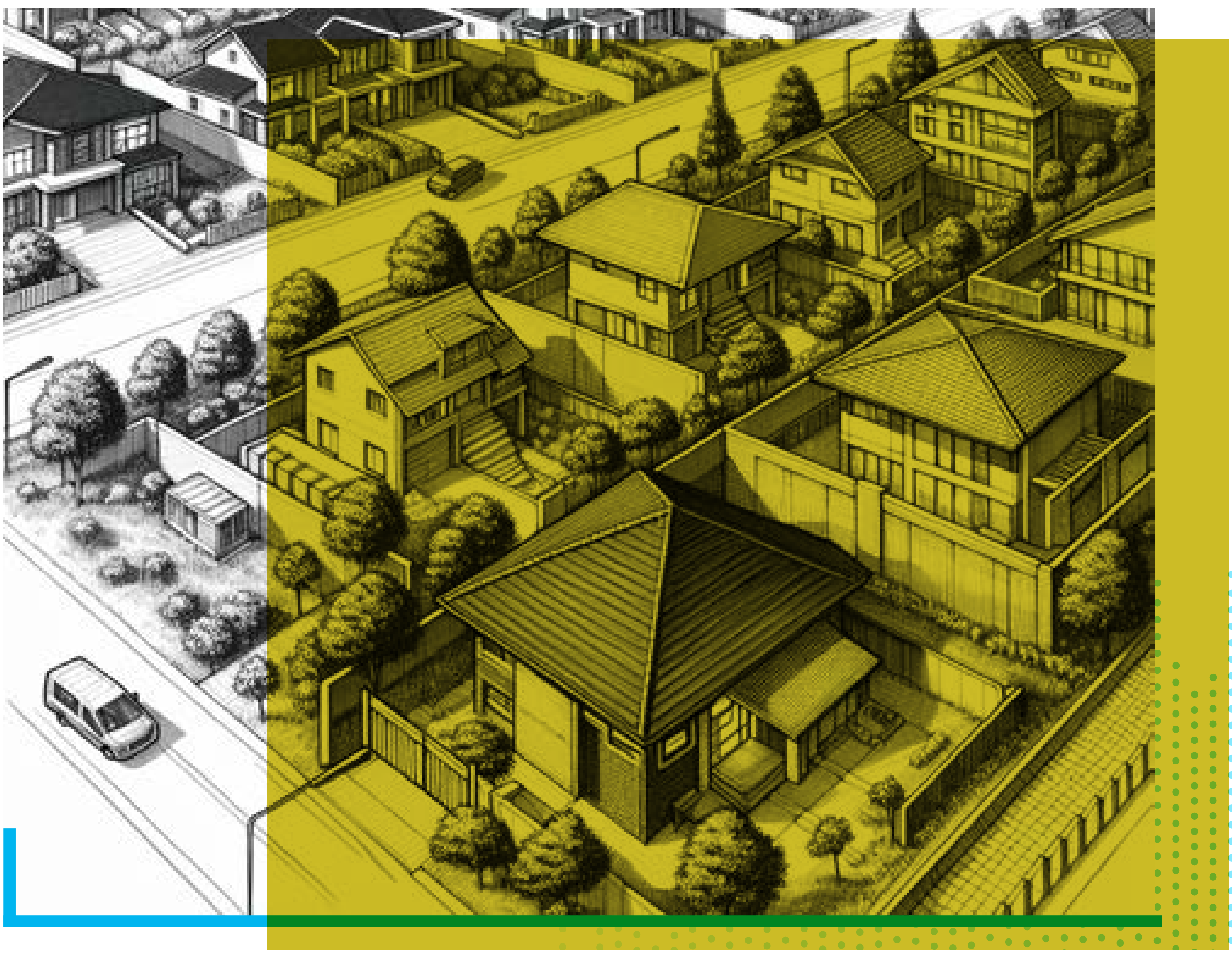
The Housing Trust Fund Project was initiated by Mary Brooks at the Center for Community Change in 1986 and has served as a comprehensive resource on housing trust funds across the country for nearly four decades. In 2024, the National Low Income Housing Coalition (NLIHC) assumed stewardship of the Housing Trust Fund Project to support state and local efforts in advancing housing trust fund initiatives.

NLIHC's *2025 State and Local Housing Trust Fund* report summarizes findings from a national survey of state and local housing trust funds distributed to administrators in February and March of 2025. This report identifies and summarizes common practices in the administration, funding, and operation of state and local housing trust funds surveyed across the country.

In addition, this report highlights how housing trust funds can serve the lowest-income and most marginalized renters who are in greatest need of safe, decent, affordable, and accessible housing. Specifically, it examines how trust funds help bridge the gap between income and housing costs, expand and preserve the supply of rental homes, prevent evictions and housing instability, and address homelessness.



METHODOLOGY

The *2025 State and Local Housing Trust Fund* report presents findings from surveys conducted with housing trust fund administrators across cities, counties, and states in the United States. Electronic surveys were distributed to housing trust fund administrators overseeing 255 state and local housing trust funds. The survey gathered data on the policies, procedures, regulations, activities, and accomplishments of these funds. In addition to the surveys, NLIHC reviewed program documents and reports, as well as information collected through internet research.

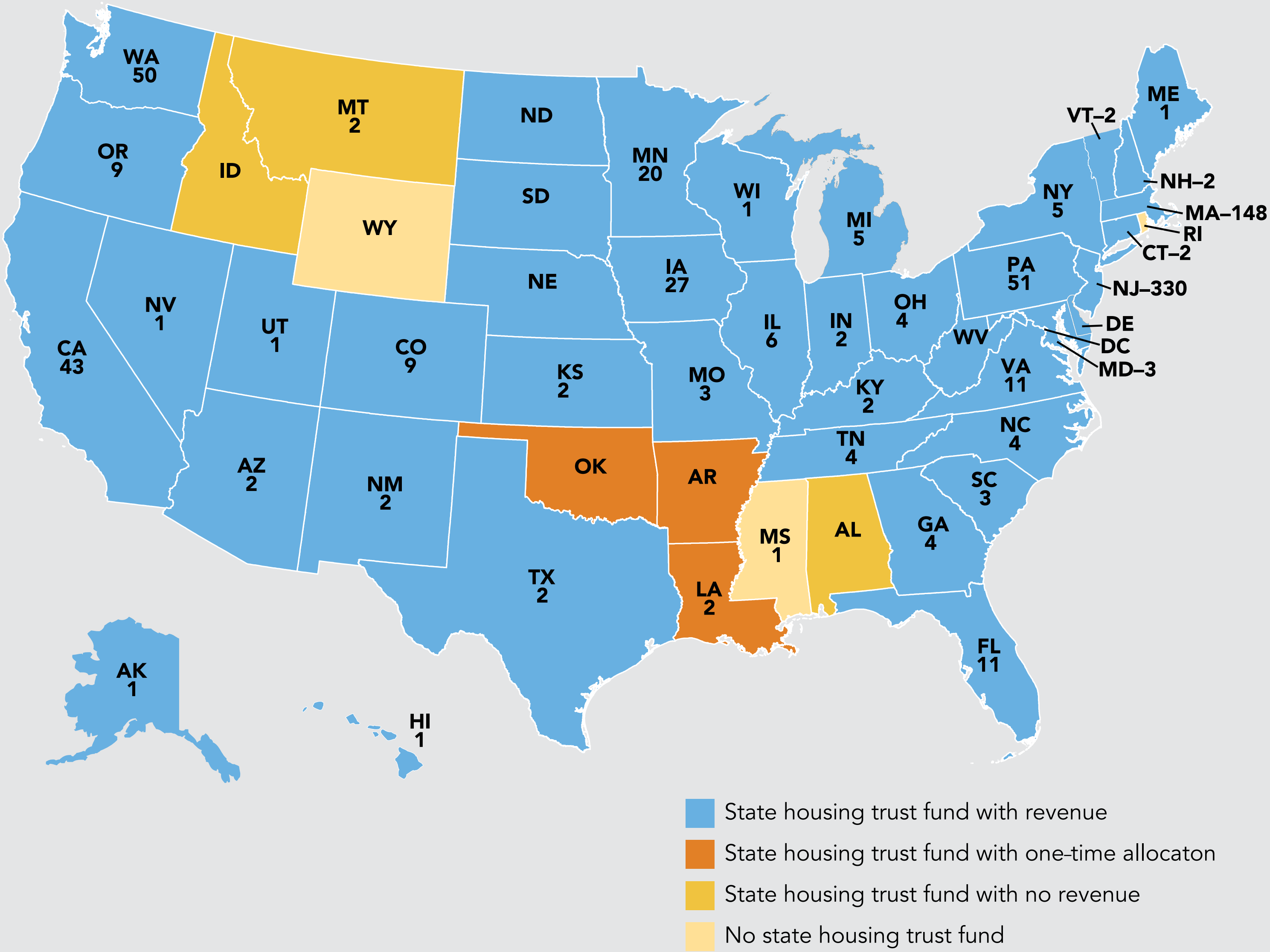
A total of 133 housing trust funds (52% of those surveyed) provided responses that are included in the findings of this report. Local housing trust funds created by state enabling legislation in Iowa, Massachusetts, New Jersey, Pennsylvania, and Washington were not included in the survey due to the limited information publicly available about these funds. However, for these states, information was gathered through established programs that monitor the development and implementation of these local funds.

While the information presented in this report is based on data from respondents of a national survey, and this report aims to reflect the current state of housing trust funds, the author acknowledges the difficulty of providing a complete snapshot of the evolving landscape of the housing trust funds at any given moment.

OVERVIEW

The United States is facing a nationwide affordable housing crisis, particularly for the lowest-income renters. For every 100 extremely low-income renter households, only 35 rental homes are accessible and available. Housing trust funds play a critical role in addressing this gap. In fiscal year 2024 (FY24), state and local housing trust funds in 49 states and the District of Columbia collectively received over $1.6 billion from a variety of revenue sources to meet essential housing needs. These funds are established through state and local legislation and are ideally supported by consistent, dedicated public revenue streams. Housing trust funds help advance state and local affordable housing goals by funding a range of activities, including new construction, housing preservation and rehabilitation, supportive housing services, tenant assistance, homeless services, and more.

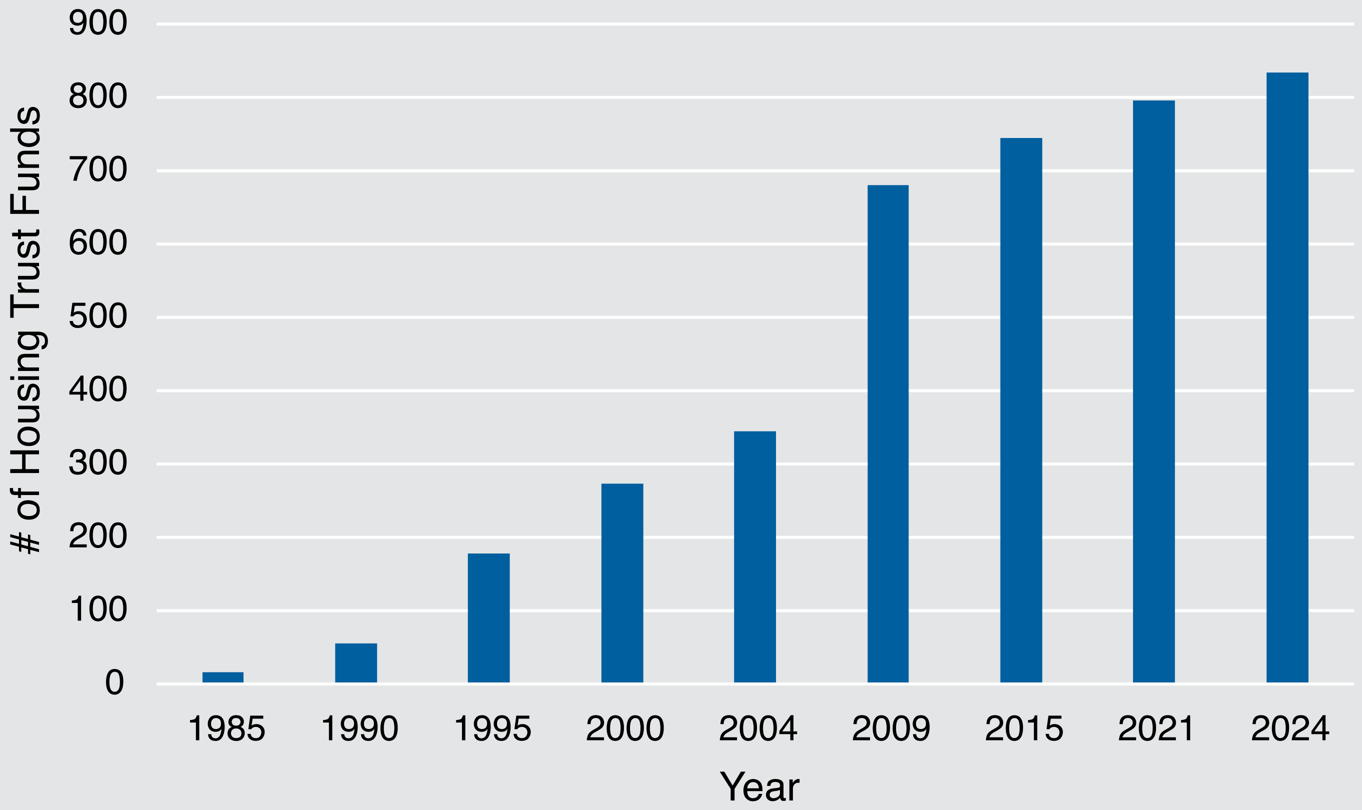
State and Local Housing Trust Funds



780 local housing trust funds

Housing trust funds were first developed in the 1970s in California and Maryland and quickly expanded nationwide. The introduction of state enabling legislation in New Jersey, in 1985, set a precedent by making it easier for local governments to establish their own funding mechanisms for affordable housing. In 2008, the creation of the National Housing Trust Fund provided states and localities with funding they could use in conjunction with existing federal, state, and local resources to serve the lowest-income renters. Grassroots campaigns have been—and continue to be—essential to the expansion of housing trust funds, advocating for reliable, flexible funding mechanisms tailored to each community's needs.

State and Local Housing Trust Fund Growth



Housing trust funds are created when a state, county, or local government enacts legislation dedicating public revenue to a distinct fund specifically for affordable housing. While revenue sources vary widely, the most effective housing trust funds receive automatic annual allocations from a dedicated, ongoing funding stream. In some cases, however, permanent funding mechanisms may not be available, so housing trust funds rely on less consistent sources such as grants or general funds. The housing trust funds featured in this report reflect a range of funding mechanisms, including both permanent and temporary sources.

This report provides a snapshot of the current landscape of housing trust funds across the country, highlighting common components and emerging trends. The report also provides an overview of how housing trust funds are structured, administered, and funded, outlines the types of activities they support, and examines their impact on those with the greatest housing needs.

ADMINISTRATION

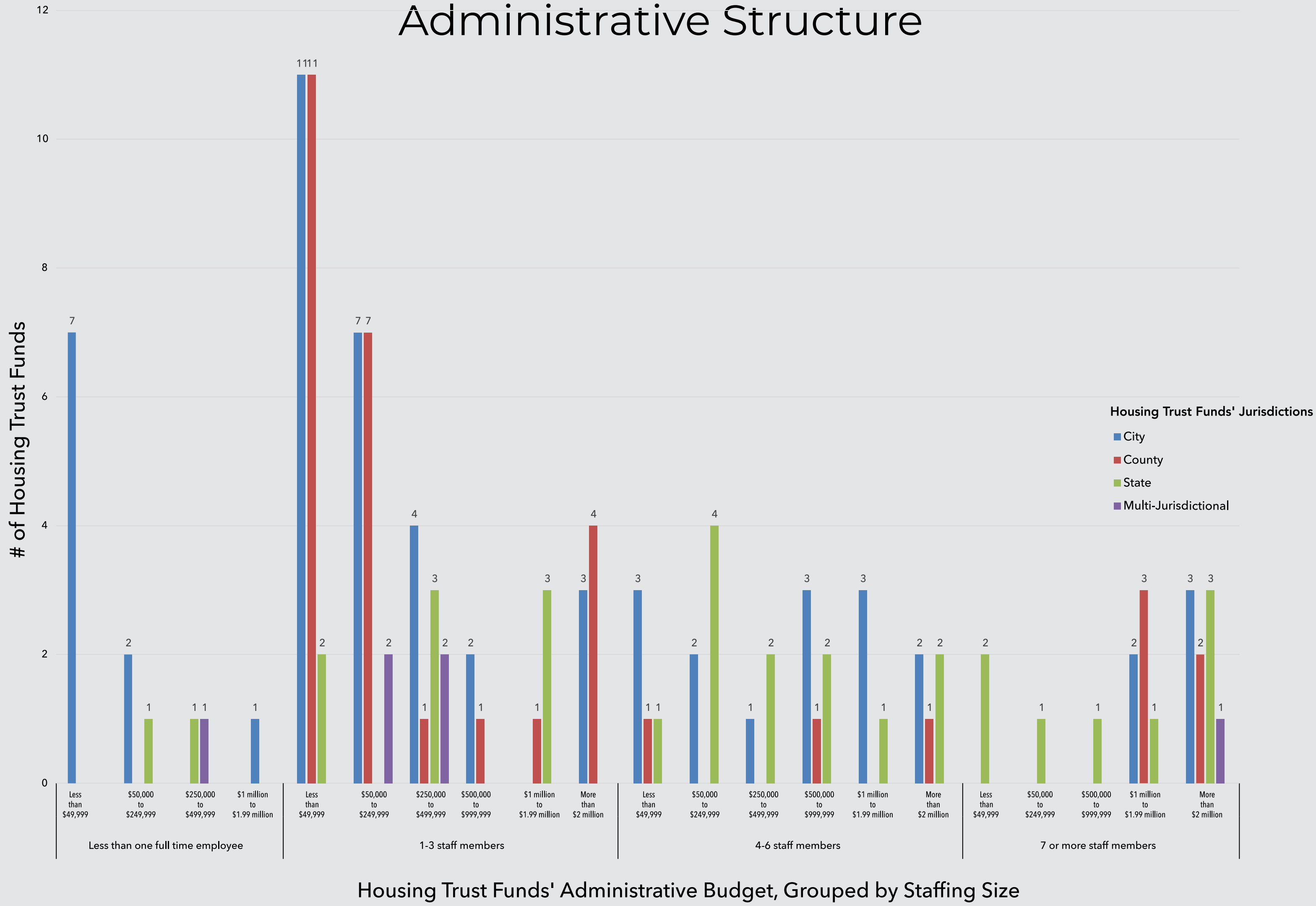
Housing trust funds are administered by government agencies, quasi-governmental housing finance authorities, and nonprofit organizations.

Most housing trust fund administrators surveyed reported that their housing trust funds are administered by a city, county, or joint city/county department or agency. Over 75% of both city and county housing trust funds follow this model. The second most common structure is a nonprofit model, which may operate independently with its own board and staff or in partnership with government personnel. All state housing trust funds surveyed are administered by governmental or quasi-governmental entities. Of these, 74% are managed by a state housing finance agency, while the remainder are overseen by other state government departments or agencies.

Adequate staffing and administrative funding are essential for effective housing trust fund operations. More than half of those who responded to staffing questions indicated that their housing trust funds operate with just one to three staff members. Among those, one-third have an annual administrative budget of less than $50,000. Additionally, 60% of all housing trust funds surveyed reported having a cap on administrative spending, typically ranging from 5% to 15% of total funds.

Administrative costs are commonly supported through a combination of housing trust fund revenue and departmental or agency budgets, jurisdictional general funds, or agency operating budgets.

State and Local Housing Trust Fund Administrative Structure

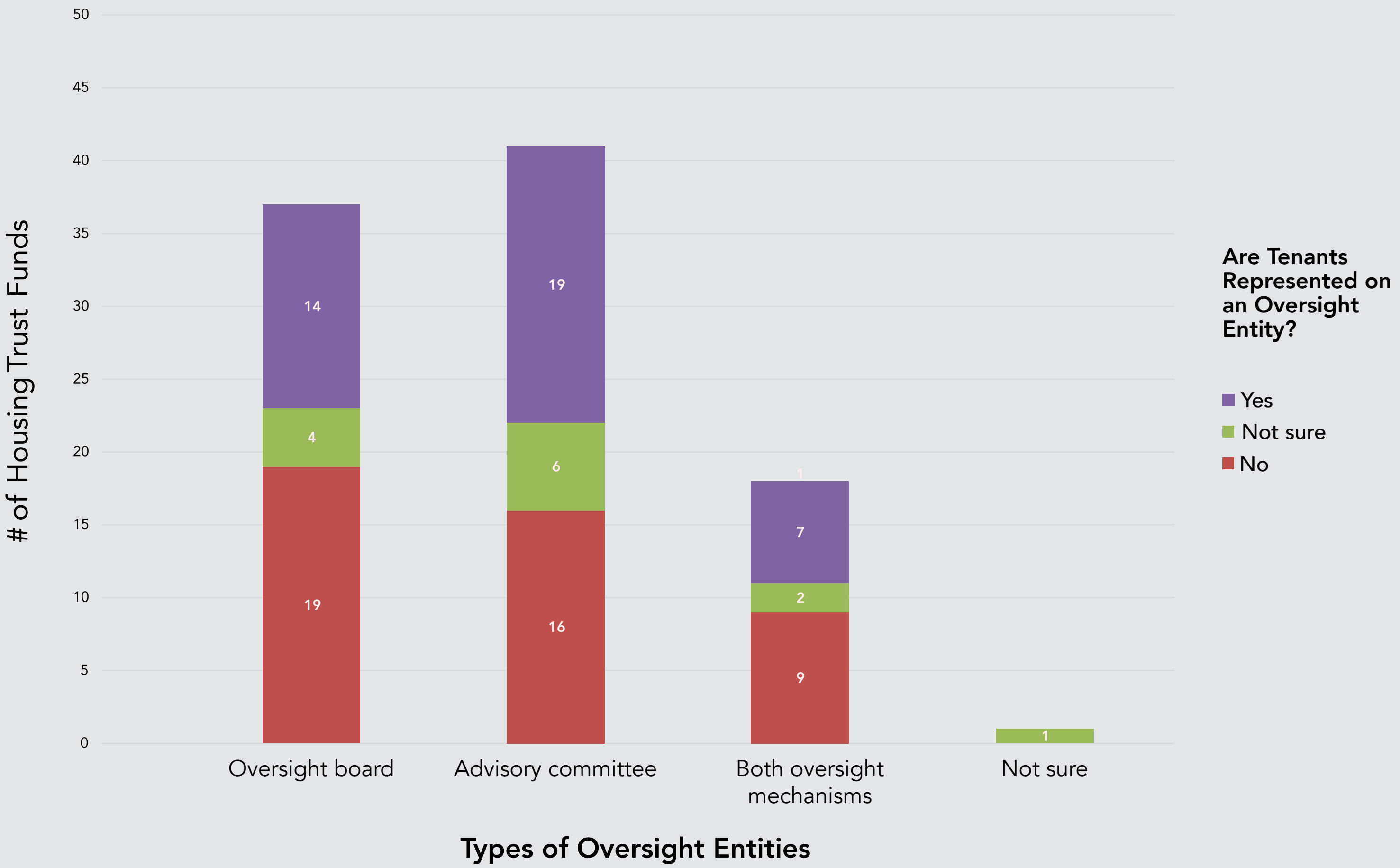


If a category is missing from the graph, it means no Housing Trust Funds meet that criteria.

ENSURING ACCOUNTABILITY

Housing trust fund oversight boards and advisory committees provide a valuable opportunity for community members to influence how funds are allocated to address local housing needs. They also play a critical role in ensuring transparency and public accountability. More than three-quarters of survey respondents reported that their housing trust fund is guided by an oversight board, an advisory committee, or both. Among these, 71% reported that tenants and individuals with lived experience of housing insecurity are represented on the board and/or committee. In addition, most housing trust fund administrators reported that their housing trust fund is required to produce an annual or periodic report. Nearly all state and regional housing trust funds are mandated to publish a progress or annual report, compared to two-thirds of city-level housing trust funds and just over half of country-level housing trust funds.

Are Tenants Able to Play A Key Role In Housing Trust Fund Oversight?



REVENUE SOURCES

A key strength of housing trust funds as a housing investment strategy lies in their funding mechanisms, which enable predictable and sustained investments in affordable housing. Policymakers can establish these funds through ordinances or legislation that specify a certain percentage or amount of public revenue be automatically deposited in the housing trust fund each year. The dedicated revenue source guarantees a regular, but possibly fluctuating, source of funds, depending on the vehicle. For example, Tax Increment Financing (TIF) can generate substantial revenue but is typically restricted to specific geographic areas and available funds may eventually run out.

Although some housing trust funds experience challenges in securing multiple dedicated revenue sources—due to political, legislative, or financial constraints—approximately 90% of housing trust funds nationwide have at least one dedicated revenue source. The remaining 10% rely on temporary sources such as general funds, private donations, or receive no funding at all.

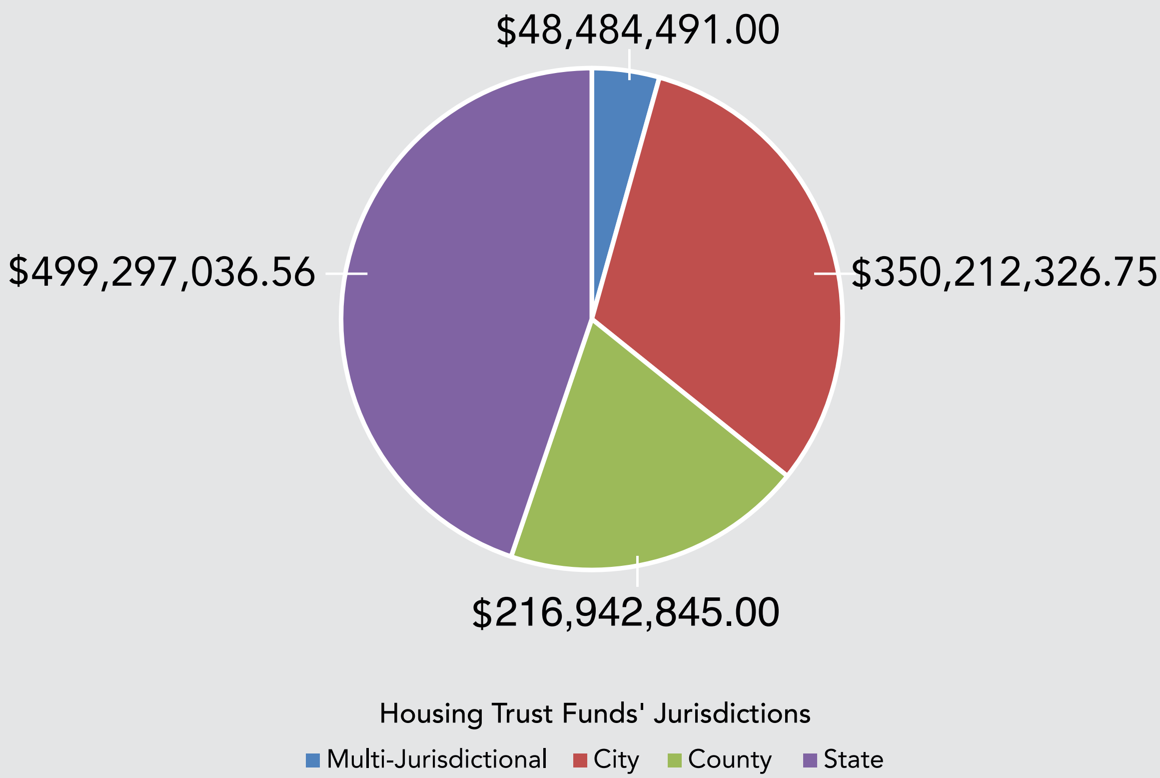
The most common type of dedicated revenue source adopted by housing trust funds are developer fees, with at least 376 housing trust funds using them to support affordable housing. Its popularity stems largely from New Jersey's enabling legislation, which allows municipalities to levy fees on developers to raise funds for affordable housing. To date, 318 municipalities in New Jersey have collected developer fees in accordance with the legislation. In addition, 50 cities, four counties, three multi-jurisdictional entities, and the state of Pennsylvania also use developer fees to fund housing trust funds. The second most common source of dedicated revenue is document recording fees, used by more than 258 housing trust funds at the city, county, and state levels. This mechanism is especially prevalent because it is supported by state enabling legislation in Pennsylvania, New Jersey, Washington, and Massachusetts and is typically collected at the county level.

The real estate transfer tax (including the documentary stamp tax) remains the most common dedicated revenue source for state housing trust funds, with 15 states benefitting from this mechanism. An additional seven state housing trust funds receive dedicated revenue from document recording fees. Other frequently used revenue sources include bonds, general funds, taxes (including sales and use taxes, excise taxes, and property taxes), interest earnings, and public or private funding.

Dedicated revenue sources generate anywhere from hundreds of thousands to millions of dollars annually for individual housing trust funds. Collectively, the housing trust funds surveyed reported receiving over $1.1 billion in dedicated revenue in FY24. State housing trust funds accounted for the largest share, receiving more than $499 million in dedicated funds in FY24. Annual revenue per state ranged from $658,000 in Connecticut to $35 million in Washington. Notably, state housing trust funds reported leveraging an average of $6 in additional funding for every $1 invested through the housing trust fund in affordable housing initiatives

In FY24, city housing trust funds reported more than $350 million in dedicated revenue. Individual fund totals varied from over $280 million in Seattle, Washington to just over $100,000 in Missoula, Montana. On average, city housing trust funds leveraged $10 in additional public and private funding for every $1 invested in affordable housing activities. County housing trust funds received a combined total of almost $217 million in dedicated revenue in FY24. Revenues ranged from approximately $3,400 in Fairfax County, Virginia to $20 million in Broward County, Florida. On average, county housing trust funds leveraged $14 in additional funding for every $1 invested in affordable housing activities. Multi-jurisdictional housing trust funds reported receiving more than $48 million in dedicated revenue in FY24 and leveraged an average of $13 for every $1 invested in affordable housing activities.

State and Local Housing Trust Funds FY24 Dedicated Revenue



STATE ENABLING LEGISLATION

Fourteen states have passed state enabling legislation that allows cities and counties to establish and/or fund their own housing trust funds. Legislation varies in structure, with some laws permitting local governments to create housing trust funds to legislation that identifies a revenue option and provides a match. Collectively, state enabling legislation has led to the creation of more than 500 local housing trust funds.

EXISTING LEGISLATION CAN BE CATEGORIZED INTO THREE TYPES:

Enabling Revenue Source Options for Local Housing Trust Funds

- **Indiana:** In 2007, a law was passed so that counties with a consolidated city and a housing trust fund can charge a document recording fee. Sixty percent of the revenue is allocated to the local housing trust fund and the remainder goes to the state housing trust fund.
- **Massachusetts:** The "Community Preservation Act" (CPA) permits communities to pass a surcharge of up to 3% on real property taxes, subject to voter approval. Funds must be used for historic preservation, open space protection, affordable housing, and outdoor recreation. The CPA statute also established a statewide Community Preservation Trust Fund, which distributes funds each year to communities that have adopted CPA. As of 2024, at least 189 Massachusetts cities and towns had adopted the CPA.
- **Missouri:** The "Missouri Homeless Families Act" enables three first class counties (St. Louis County, St. Charles County, and Jackson County) to charge a user fee of $3 on recorded documents, subject to voter approval. All three counties have approved the funds.
- **New Jersey:** The 1985 "Fair Housing Act" allows for municipalities to collect fees for local housing trust funds to meet their fair share of the region's need for affordable housing. Currently, 318 municipalities operate local housing trust funds. Additional legislation passed in 2009 authorized counties to impose a $3 document recording surcharge to fund county homeless trust funds.
- **Oregon:** In 2016, the Oregon legislature enacted SB1533, which imposes a construction excise tax on new construction or construction adding square footage to an existing structure. The local government may keep 4% of the fee for administrative purposes.
- **Pennsylvania:** Counties in Pennsylvania can double document recording fees for deeds and mortgages via county commissioner approval. Pennsylvania also has the Marcellus Shale Impact Fee, which is distributed to counties impacted by unconventional gas wells. Half of the funds must go to rural counties.
- **South Carolina:** The legislature passed "Act no. 57" in 2023, which permits local governments to allocate up to 15% of short-term rental and hotel tax revenues for workforce housing.

- **Washington:** Washington has numerous distinct avenues for cities and counties to enact local housing trust funds with dedicated revenue sources. The legislature created document recording fee surcharges, some of which go to localities' housing trust funds to end homelessness. A city or county can impose a 1% sales tax for affordable housing, mental health facilities, operations and maintenance services; a.1% sales and use tax to fund housing and related services; and a local sales tax, some of which can be retained by the locality to fund affordable or supportive housing.
- **Wisconsin:** In 2009, legislation was amended to allow tax increment financing to be used to fund affordable housing in cities throughout the state. Cities can extend the life of expired tax increment districts for one additional year and use the funds for affordable housing.

State Funds Supporting Local Housing Trust Funds

- **California:** California jurisdictions can receive redirected funds from the former Low- and Moderate-Income Housing Fund, and a portion of all ongoing annual tax increment revenues can be committed to affordable housing. The state's Local Housing Trust Fund Program provides matching funds to local housing trust funds and is supported by a $2.85 billion voter approved housing bond passed in 2006.
- **Florida:** The "William E. Sadowski Act," passed in 1992, dedicates funds from the documentary stamp tax to a State Housing Investment Partnership program (SHIP) and the Florida Housing Finance Corporation. SHIP provides funds to all counties and entitlement municipalities in the state, and the minimum allocation is $350,000. Governments must meet several criteria to participate.
- **Iowa:** The Iowa Housing Trust Fund receives revenue from the state Real Estate Transfer Tax. At least 60% of the funds are committed to the local housing trust fund program every year. To be eligible to receive the funding, a local housing trust fund must have capacity to administer housing programs, a local match, a local governing board, and a local housing assistance plan.

State Enabling Legislation for Local Housing Trust Funds

- **Arizona:** In 2007, a law was passed that permits general-law counties to establish housing trust funds by resolution. Funds must be administered by a housing trust fund board or a board of supervisors.
- **Massachusetts:** The Massachusetts legislature passed the Municipal Affordable Housing Trust Fund Law in 2005, making it easier for municipalities to pass their own housing trust funds. Housing trust funds must have their own board of trustees and fund the creation and preservation of affordable housing for low- and moderate-income households.
- **Minnesota:** Local governments may establish a housing trust fund or participate in a joint powers agreement to establish a regional housing trust fund, but must meet criteria regarding types of funding, eligible activities, administrative procedures, and annual reporting requirements.
- **South Carolina:** In 2007, the legislature passed state enabling legislation allowing municipalities, counties, or regions to create housing trust funds by ordinance. Funds must be used for construction and rehabilitation of housing targeting households earning 50% of the area median income (AMI) and below.

PROGRAM REQUIREMENTS

APPLICATION PROCESS: Housing trust funds make awards through a number of vehicles including grants, loans, forgivable or deferred loans, lines of credit, or rental assistance. Nearly half of survey respondents reported providing funds through both grants and loans, while the remainder offer only one type of funding or use other mechanisms. A few trust fund administrators noted they provide down payment assistance, rental subsidies, forgivable loans, equity contributions, development incentives such as water/sewer connection fee credits, building permit waivers, and expedited planning review.

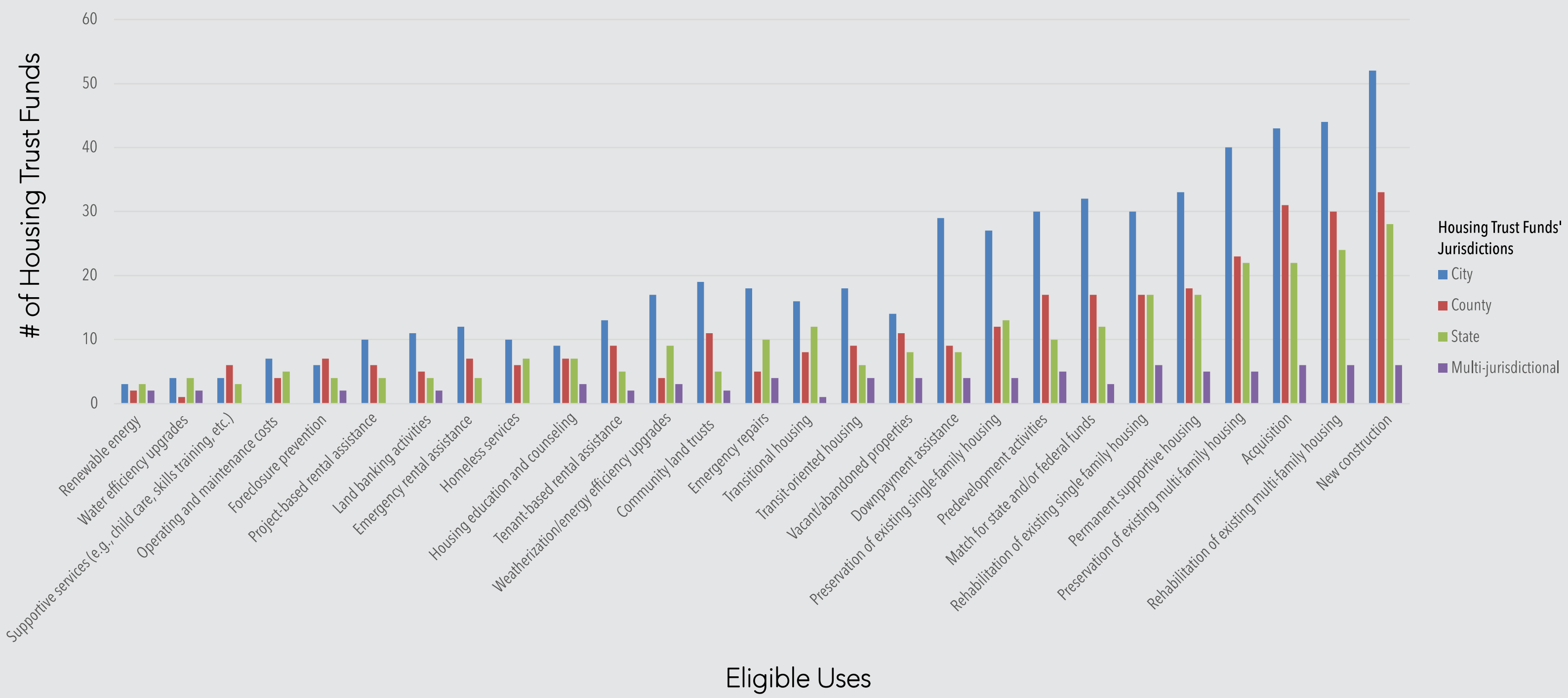
Most housing trust funds allocate funds through a competitive application process and/or via existing programs. Among survey respondents who answered questions about the award process, 62% reported using a Request for Proposals (RFPs) and/or Notice of Funding Availability (NOFA) process to solicit applications. The remaining 38% manage distribution through dedicated programs with their own specific application processes.

Just over half of all respondents stated that their housing trust funds do not distribute funds outside of a formal application process, while just under half do so under limited circumstances. Common reasons for spending funds outside of the formal application process include time-sensitive or emergency projects, developments already under construction experiencing funding gaps, emergency solicitations, and predevelopment needs. A majority of administrators indicated that their housing trust fund processes are coordinated with other sources of funding such as the HOME Investment Partnerships Program, Community Development Block Grant (CDBG), the Low-Income Housing Tax Credit (LIHTC), the National Housing Trust Fund, and local funding programs.

ELIGIBLE APPLICANTS: According to survey data, most housing trust funds allow a wide variety of applicants to apply for funds including nonprofit developers, for-profit developers, housing authorities, Native American Tribes, units of local government, first-time homebuyers, renters, landlords, and other nonprofit organizations. Among all housing trust fund types, nonprofit developers were the most commonly funded entities, followed by for-profit developers and local housing authorities. About 20% of housing trust funds reported making direct awards to renters or landlords, with city-level housing trust funds being the most likely to provide this type of assistance.

ELIGIBLE ACTIVITIES: A cornerstone of housing trust funds is the ability to fund a wide array of activities. Survey respondents indicated that most housing trust funds support new construction (119), acquisition (102), and rehabilitation (104) of multifamily housing. In addition to these core functions, many funds also support services and investments across the housing continuum, including down payment assistance, preservation of affordable units, rental assistance, homelessness services, and supportive housing. This flexibility allows trust funds to respond to local needs and housing market conditions with targeted, adaptable strategies. See below for other activities housing trust funds support.

Uses for Housing Trust Fund Revenue



2025

PRIORITIZING UNIVERSAL, STABLE, AND AFFORDABLE HOMES

Many administrators mentioned that their organization's mission statement guides the process and implementation of their housing trust funds. These are documented in the word cloud below. Many are focused on providing affordable housing to low-income renters, as well as serving people experiencing homelessness and providing opportunities for community and economic development.

Housing trust funds utilize a variety of incentives for encouraging or prioritizing use of funds for specific purposes and populations, particularly for extremely low-income households. Prioritization includes mandating funds are used to serve a specific AMI category, giving more points to specific activities in the application evaluation process, and/or setting aside a portion of revenue for specific populations and/or AMI categories.

Below are examples of how housing trust funds across the country utilize such mechanisms to serve the lowest-income and most vulnerable populations.

EXPAND AND PRESERVE THE SUPPLY OF RENTAL HOMES FOR THE LOWEST-INCOME RENTERS

Nationally, there is a shortage of 7.1 million homes affordable and available to extremely low-income renter households. For every 100 of these households, there are only 35 homes

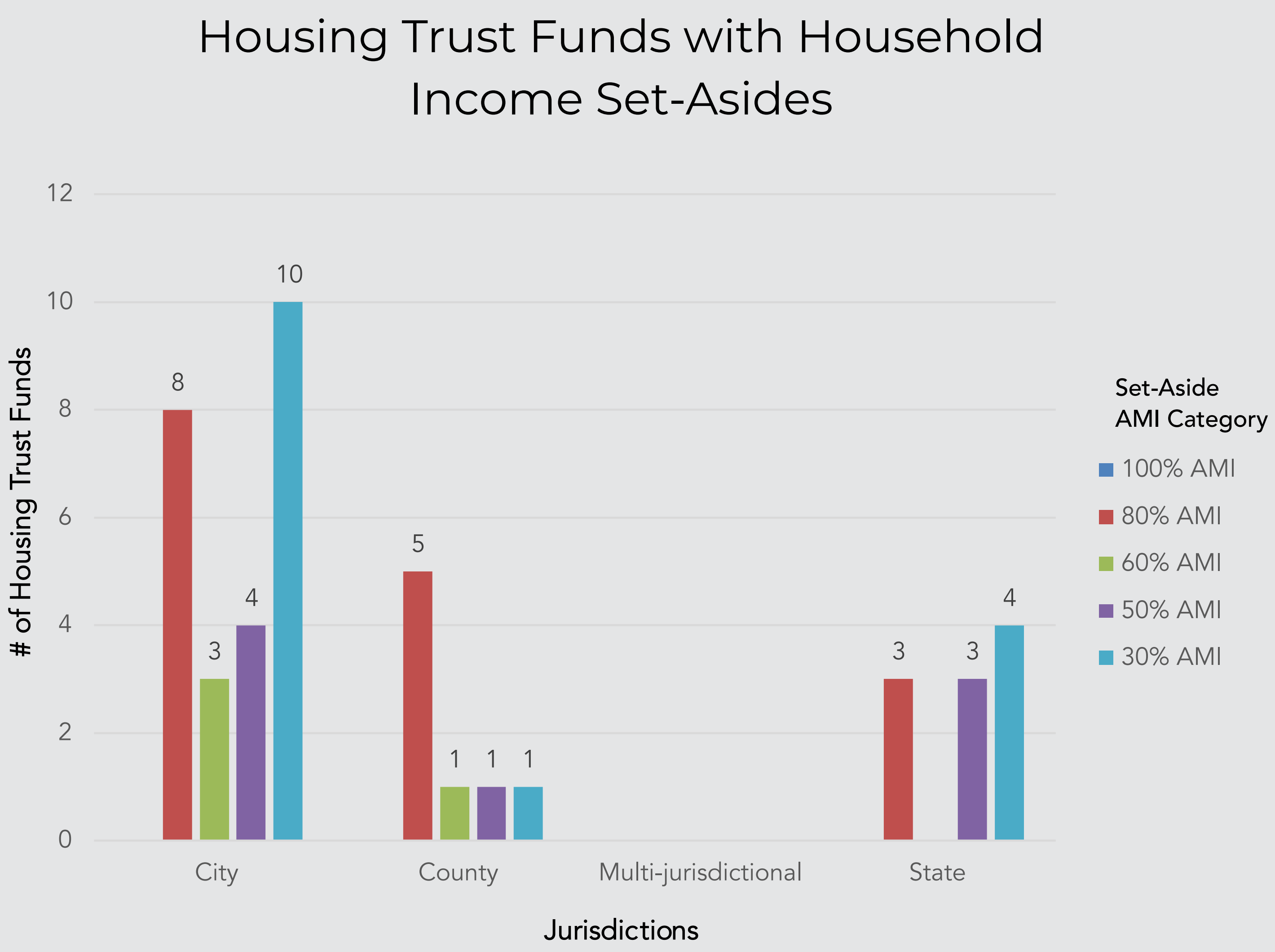
affordable and available to them. Housing trust funds can fill the gap, providing resources for affordable housing development. As mentioned above, most housing trust funds use funds to support new construction, acquisition, and multi-family rehabilitation, and some target funding to specifically serve the lowest-income households.

According to survey respondents, 86% of housing trust funds support rental housing, and of that amount, 39% mandate that all resources be assigned to projects affordable to persons earning 80% of AMI or below. This is the most common maximum income limit among housing trust funds that mandate maximum income limits for rental housing.

Housing trust fund administrators can award extra points or otherwise incentivize or give special consideration to projects that seek to serve specific populations. Forty-nine percent of survey respondents stated that their housing trust fund gives special consideration to projects that serve households earning 30% AMI or below while 38% of administrators stated that their housing trust funds give special consideration to projects that serve households earning 50% of AMI or below. More city housing trust funds give special consideration to projects that serve households earning 50% or 30% of AMI than responding county, state, and multi-jurisdictional housing trust funds.

Housing trust funds can also prioritize the lowest-income renters through set-asides, which can be included in a housing trust fund's statute. Some survey respondents indicated their housing trust funds have set-asides for various AMI categories, with varying requirements for how much funding should be set aside to serve a particular category. Notably, the survey did not ask about set-asides targeting AMI renters specifically, but rather AMI households (renters or homeowners).

Sixteen survey respondents indicated their housing trust funds have set-asides to serve households earning 80% of AMI or below, four have set-asides to serve households earning 60% of AMI or below, eight have set-asides to serve households earning 50% of AMI or below, and fifteen have set-asides to serve households earning 30% of AMI or below. Three housing trust funds allocate all their funding to serve these households (Chicago Low-Income Housing Trust Fund, Nebraska Homeless Assistance Fund, and the Olene Walker Housing Loan Fund). Among respondents who indicated how many households were assisted by their housing trust funds in FY24, 23 indicated that their housing trust funds supported new construction multi-family homes that served 3,186 households with incomes at 30% of AMI or below. Further, 15 respondents stated that their housing trust funds funded the rehabilitation and preservation of multifamily rental housing that served 798 households with incomes at 30% AMI or below.



One way to preserve affordable rental housing is to create policies mandating that properties that receive public funds must remain affordable for a certain amount of time. Of housing trust fund survey respondents who funded rental housing, 62% indicated that their housing trust funds have long-term affordability requirements attached to funding of rental properties ranging from ten to 60 years. Four respondents indicated they have affordability requirements that range from 99 years to perpetuity.

BRIDGE THE GAP BETWEEN INCOMES AND HOUSING COSTS

A person making the federal minimum wage cannot afford to rent a two bedroom at Fair Market Rent anywhere in the country. Renters today need to earn $26.74 an hour to afford a modest two-bedroom apartment, which is almost four times the federal minimum wage. Despite the clear need, only one in four households eligible for rental assistance receives it. State and local resources can help meet this need, including housing trust funds, which have the flexibility to provide property-based and tenant-based rental assistance.

Of the housing trust funds surveyed, 15% provide project-based rental assistance, and 22% provide tenant-based rental assistance. More city housing trust funds provide both types of assistance than state, county, or multi-jurisdictional housing trust funds. Fifteen housing trust funds give priority consideration to applicants who fund rental assistance and six set aside funds for the provision of rental assistance. Among respondents who provided the number of households they supported with rental assistance in FY24, ten served a combined total of 4,310 households.

PREVENT EVICTIONS AND END HOMELESSNESS

Homelessness results from housing instability due to a lack of affordable and available homes for the lowest-income people, an imbalance in tenant protections, the growing gap between income growth and rising housing costs, and a lack of tenant protections and measures to prevent evictions. The only way to end homelessness is through investments in proven solutions, such as permanent supportive housing, emergency rental assistance, and access to health care and supportive services at the scale needed to make homelessness rare, brief, and non-recurring.

Homeless trust funds focus on funding proven solutions to end homelessness, including all of the activities listed above. In total, approximately 60 homeless housing trust funds have been established in counties in Washington, New Jersey, Missouri, Michigan, and Florida as well as statewide in Nebraska, Georgia, and Wisconsin.

In addition to the housing trust funds identified above, 41 housing trust fund administrators indicated that they prioritize applicants who propose to serve individuals experiencing homelessness. Ten respondents indicated that they set aside funds specifically to support applicants serving individuals experiencing homelessness. In FY24, the surveyed homeless trust funds provided housing and services to 19,925 people experiencing homelessness.

EXAMPLES OF RECENT PROJECTS AND SERVICES SUPPORTED BY THE HOMELESS TRUST FUNDS SURVEYED INCLUDE:

- “Launch pad units” funded by the Alexandria Housing Trust Fund, which offers temporary housing;
- Master leases for specific populations, such as homeless youth and formerly incarcerated adults, funded by the Camden County Homelessness Trust Fund; and

- Riverview Hope Campus, funded by the Arkansas Housing Trust Fund, which provides 75 shelter beds, 12 Single Room Occupancy apartments for transitional housing, and a 25 bed facility to help stabilize and provide appropriate care for chronically unhoused persons needing mental health services.

Overall, housing trust funds, whether at the state or local levels, are critical and flexible tools in ensuring that the lowest-income and most marginalized populations have long-term access to safe, stable, and affordable housing. At least 57% of housing trust funds surveyed target resources to individuals earning 50% of AMI or below and/or folks experiencing homelessness through specific set-asides, funding mandates, and points awarded during the application process. These states and localities have taken innovative and lasting measures to target the most vulnerable households, ensuring access to long-term housing stability. They provide a model for expanding homes accessible and available to the 7.1 million extremely low-income households across the country.

For more information on state and local housing trust funds, please contact **Victoria Bourret,** vbourret@nlihc.org.

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