

## 7 FUNDING SOURCES

Many OKC stakeholders agree that securing adequate and sustainable funding for programs is the greatest challenge facing organizations who serve people experiencing homelessness in the City. To address these concerns and enhance funding focused on homelessness services and housing affordability, the City should consider the following strategies:

7.A Priority Driven, Outcomes-Based Coordinated Funding

7.B Develop Housing Trust Fund

### 7.A) PRIORITY DRIVEN, OUTCOMES-BASED COORDINATED FUNDING

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For many cities, combatting homelessness requires creating new partnerships, investment strategies and funding sources. Federal grants can mandate collaborative partnerships to achieve the greatest return on investment for awarded grant funds. Private foundations increasingly want to see multi-agency collaboration as a part of their request for proposals and grant awards. Collaboration provides an opportunity to access expertise and joint knowledge from a variety of partners, as well as explore innovative service design and positive outcomes for clients.<sup>24</sup>

#### Strategy Description

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Stakeholders and planning participants agree that securing adequate funding is the greatest challenge organizations face to combat homelessness in OKC. To better align organizations with funding opportunities, planning participants suggested coordinated funding of private and government resources aimed at specific priority service areas with the goal of more effectively achieving desired outcomes. This would require foundations and other organizations to form a partnership to determine priorities and outcomes and coordinate all or a portion of their resources towards those priority areas.

This partnership could agree to a common request for proposals for local foundation grants with standard criteria for agencies to apply for funds such as requiring the use of the Homeless Management Information System (HMIS) or participation in the Coordinated Entry (CE) system. The Partnership could create a support structure for smaller nonprofit organizations to receive reimbursement grants or sub-grants and possibly provide matching funds to make other federal or

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<sup>24</sup> <https://files.eric.ed.gov/fulltext/EJ1013312.pdf>;  
[https://ori.hhs.gov/education/products/niu\\_collabresearch/collabresearch/need/need.html](https://ori.hhs.gov/education/products/niu_collabresearch/collabresearch/need/need.html)

state grants more impactful. This targeting of resources would ideally lead to better outcomes and lead more organizations to develop a stronger outcomes-based approach to services.

## Recommended Actions

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1. Convene implementation group to determine the initial membership of the partnership which should be comprised of both organizations focused on funding services as well as service leaders.
2. Determine structure and criteria for Coordinated Funding Partnership, which could include:
  - a. Whether all resources or a dedicated pool of resources will be coordinated
  - b. Priority service areas to address and desired outcomes
  - c. Preferred best practices to achieve desired outcomes
  - d. Eligibility criteria for applicants
  - e. Criteria for performance evaluation
3. Establish Coordinated Funding Partnership and track outcomes.

## Implementation Group

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|--------------------------------------|---|
| • Inasmuch Foundation                | • Shell   |
| • Communities Foundation of Oklahoma | • CoC Lead Agency (Oklahoma City Homeless Services) |
| • Arnall foundation                  |   |
| • Zarrow Foundation                  |   |

## Possible Performance Measures

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1. Number of participating organizations
2. Funds awarded
3. Number of determined outcomes achieved



## 7.B) DEVELOP HOUSING TRUST FUND

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A Housing Trust Fund (HTF) is an affordable housing production program that complements existing federal, state and local efforts to increase and preserve the supply of decent, safe and sanitary affordable housing for low and very low-income households, including homeless families. HTF funds may be used for the production or preservation of affordable housing through the acquisition, new construction, reconstruction, and/or rehabilitation of non-luxury housing with suitable amenities.

Many states administer Housing Trust Funds as a formula grant program and can choose to administer their own program or designate an entity to administer the funds on its behalf. HTF grants require grantees to use at least 80 percent of each annual grant for rental housing, up to 10 percent for homeownership housing and up to 10 percent for administrative and planning costs.

Eligible activities and expenses include:

- ❖ Real property acquisition
- ❖ Site improvements and development hard costs
- ❖ Related soft costs
- ❖ Demolition
- ❖ Financing costs
- ❖ Relocation assistance
- ❖ Operating cost assistance for rental housing (up to 30% of each grant)
- ❖ Administrative and planning costs

Cities can establish their own housing trust fund. Indeed, 116 city housing trust funds exist in thirty-three states, including another 176 jurisdictions participating in Massachusetts' Community Preservation Act and 296 communities certified in New Jersey by the Council on Affordable Housing, for a total of 588 city housing trust funds.<sup>25</sup>

In 2018, housing trust fund revenues generated by cities exceeded \$1 billion. Many city housing trust funds collect revenue through developer impact or linkage fees, inclusionary zoning in-lieu fees and property taxes. Other revenue sources include tax increment districts, hotel/motel tax and short-term rentals, demolition taxes, recordation taxes, real estate transfer taxes, land sales, and bond revenues. According to the Housing Trust Fund Project's 2016 Housing Trust Fund Survey Report, the average amount of public and private funds leveraged for every dollar invested in affordable housing by city housing trust funds is \$6.00, with the highest leverage reported at \$14.00.<sup>26</sup>

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<sup>25</sup> <https://housingtrustfundproject.org/housing-trust-funds/city-housing-trust-funds/>

<sup>26</sup> <https://housingtrustfundproject.org/wp-content/uploads/2020/05/City-htfund-revenue-sources-2020.pdf>

## Strategy Description

The City should establish a Housing Trust Fund specifically for OKC that may include both private and public funding, as well as tax initiatives, bond issuances and fee programs, and a grant-making mechanism that satisfies statutory and regulatory requirements. This could include engaging non-traditional funding sources such as corporations, hospitals, foundations and other nonprofits.

The Fund must be flexible and designed based on the OKC's most essential housing needs. The City and implementation group will need to determine who will administer the housing trust fund, what and who the fund will support, how it will be funded as well as how priorities will be determined, and outcomes evaluated.

### KALAMAZOO COUNTY, MICHIGAN LOCAL HOUSING ASSISTANCE FUND

The Local Housing Assistance Fund Millage Program in Kalamazoo County, Michigan was approved by voters in November 2015 with a focus on rehousing families with school-age children experiencing homelessness. Families began accessing funds in August 2016.

As of August 2017, the program housed over 100 families including 242 children. Of the \$545,000 funds allocated for this program, 60% was invested in direct client assistance such as rental subsidies, back utilities and security deposits, and 25% was used for family supportive services. Other outcomes included reduced family vulnerability by 24%, reduced suspensions, increased school attendance and improved language arts grades. Over 90% of participants were at or below 50% of area median income.

<https://housingtrustfundproject.org/kalamazoo-passes-housing-millage-to-assist-homeless-students/>;  
<https://www.kalcounty.com/userfiles/boc/file/boards/iEval%20Q3%20Report%202019.pdf>

Administering a trust fund usually includes four major components, including:

- ❖ **Establishing the housing trust fund's programs.** Program materials guide day-to-day operations such as administrative and program guidelines, and request for proposals. These establish the ways eligible applicants can access the funds.
- ❖ **Funding projects.** Administering the housing trust fund also includes funding projects. Duties include reviewing applications, making awards, providing technical assistance, and monitoring and reporting on expenditures and outcomes.
- ❖ **Taking fiscal responsibility for the trust fund.** Administration involves holding, investing and administering the fund itself. If the fund is administered by a government entity, then that government's fiscal agent usually takes fiscal responsibility. If the trust fund is administered by an outside entity, then a fiscal agent will be established or appointed.
- ❖ **Overseeing housing trust fund operations.** If the fund is a government program, then authority may rest with the state legislature, county commissioners or city council. An advisory board or board of trustees may be assigned to ensure that the fund meets its obligations. If the trust fund is not run by government, it may have an independent board with similar responsibilities.



Housing trust funds can be administered by the government or other entity. Most housing trust funds follow the government agency model.

- ❖ **The Government Agency Model.** The trust fund is established as a program within its operating jurisdiction. The fund usually resides in the agency or department with the most experience operating housing programs, such as the HOME program or the Community Development Block Grant (CDBG) program. Other options include a quasi-public body such as a housing or redevelopment authority or a state housing finance agency.
- ❖ **The Non-Governmental Model.** A few trust funds have been established through government action but are administered by an outside nonprofit entity such as a community foundation or a nonprofit corporation, with operations overseen by a Board and paid staff.<sup>27</sup>

## Recommended Actions

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1. Determine Trust Fund model, administrator, priorities and other criteria as well as sources of funding.
2. Secure commitments for funding and establish the housing trust fund programs.
3. If a non-governmental model is used, establish Board of Directors. Hire additional staff to administer the fund if necessary.
4. Launch the housing trust fund and track outcomes.

## Implementation Group

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- OKC Planning – Community Development Division
- Inasmuch Foundation
- Arnall Foundation
- CoC Lead Agency (Oklahoma City Homeless Services)
- Housing Solutions Tulsa (Advisor)

## Possible Performance Measures

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1. Number of individuals and families served
2. Number of determined outcomes achieved

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<sup>27</sup> <https://housingtrustfundproject.org>