Cornerstone Partnership

Potential Dedicated Revenue Sources to Support Affordable Housing Production

Revenue Source	How it Works	Implementation	Revenue Generation Potential	Examples
Taxes and Fees				
Real Estate Transfer Tax	A real estate transfer tax, also called a documentary stamp tax or real estate excise tax, assesses a tax based on the value of real property at the time of sale or transfer.	Enacted via legislation passed at the municipal or state level, and implemented via a housing trust fund.	Typically between $.10 per $100 to $.7 per $100 of transferred value.	Florida raises on the order of $300 million annually for the State's Housing Trust Fund using this source. Under the Sadowski Act, the document stamp tax was raised $0.10 to reach $0.70 per $100 of real estate value. 70% of the HTF revenues go to local government.
Document Recording Fees	Document recording fees are assessed when real estate and other legal documents are recorded with the official body designated by individual states or jurisdictions.	Enacted via legislation and implemented via a housing trust fund.	Typically between $5-$100 per transaction. 10,000 transactions per year would yield up to $1M in revenue.	The document recording fee is used by more county housing trust funds as their revenue source than any other option. Due to State framework, are especially popular in Pennsylvania Counties and Washington State Counties.
Property Tax Levies	A an additional levy on property taxes.	Successful examples have been passed by voters (Seattle) and implemented by local offices of housing.	Varies widely. The 2009 Seattle housing levy raised $145M over seven years.	Seattle voters have passed a tax levy three times; in Massachusetts, State law allows the imposition of an additional local tax levy of up to 3% to support affordable housing. A majority vote of the public adopts the tax by ballot.
Transient Occupancy Taxes	Also know as a hotel occupancy tax, some jurisdictions have appropriated funds from this source to fund housing programs.	Enacted via legislation and implemented by local government agencies.	Taxes can range widely up to 15%.	San Francisco and other cities with strong tourism sectors have used this source to fund housing programs, but the nexus may be less evident in other places.
Commercial and Residential Linkage Fees	A fee assessed on new residential or commercial development.	Enacted via ordinance at the local level; must typically demonstrate a nexus between the type of development and the need for a fee to support housing programs.	Commercial linkage fees are assessed on a square foot basis (i.e. $15 per square foot); residential linkage fees -like inclusionary in-lieu fees - are usually assessed on a per unit basis.	The most common revenue source collected by city housing trust funds are developer fees—used by twenty-six city housing trust funds. Especially popular in New Jersey cities and California cities.
Voter-Approved Bonds				

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Local General Obligation Bonds	A bond passed by the voters at the municipal or county level to fund local infrastructure needs, including affordable housing.	Must be passed by a majority or 2/3 of voters. Creates an obligation against the local general fund.	Austin's 2013 general obligation bond approved $65M for affordable housing.	Austin, TX voters passed general obligation bonds in 2006 and 2013 to fund housing programs.
Debt and Equity Funds				
Structured Loan Funds	Loan funds are created by a funding partnership of local government agencies, private foundations and philanthropic lenders and investors.	These funds depend on the investment of "top loss" capital by public agencies. This capital leverages other sources.	Capitalized by an initial investment from the regional transportation agency (MTC), the Bay Area Transit-Oriented Affordable Housing Fund (TOAH) raised $50M for housing and services near transit infrastructure.	Denver TOD Fund, Bay Area TOAH
Special Purpose Revenue Districts				
Tax Increment Financing	In many states, jurisdictions are permitted to bond against the "incremental taxes that are created when a vacant or underutilized property is redeveloped." A portion of the TIF funds can be set aside for housing.	Local "TIF" or urban renewal areas are established by the local jurisdiction and bonds are issued against projections of future tax increment revenues; housing fund are set aside in some cases.	The largest program, in Chicago, includes 131 districts with tax receipts of approximately $500 million annually since 2006.	Before the elimination of redevelopment agencies in California by Governor Brown, billions of dollars in housing tax increment set aside funding was generated annually. With the exception of Arizona, every state and the District of Columbia has enabled legislation for tax increment financing.
Special Purpose Districts	Community Benefits Districts and other types of special purpose districts have been established in some cities to capture a portion of increased real estate values made possible by public investments (up zoning, infrastructure projects, etc.).	These districts are widely varied but typically are enacted with local business- and property-owner engagement. They assess a fee or tax to business or property owners to fund local community benefits needs, including affordable housing.	Variable.	Los Angeles, CA Sports and Entertainment ("Staples") Community Benefits Agreement was created through the concerted advocacy efforts of a coalition of labor and community organizations. Other cities with CBA/CBD's include Atlanta, Denver, Milwaukee, Minneapolis, New Haven, New York City, Philadelphia, Pittsburgh, San Diego, San Francisco, San Jose, Seattle, Syracuse, Washington, D.C., and Wilmington.

Source: Cornerstone Partnership; Partnership for Working Families, 2014.
Other Resources: Center for Community Change Housing Trust Fund Project - http://housingtrustfundproject.org; "Expanding Opportunity: New Resources to Meet California's Housing Needs", PolicyLink & Housing California