



# Local Housing Fund

A local housing fund provides a dedicated source of funding for affordable housing projects. Jurisdictions can use the funds in a variety of ways:

- Direct loans or grants to owners or developers of affordable housing.
- The underwriting of general obligation or councilmanic bonds sold to support low-income housing.
- Direct low-income renter or first-time homebuyer subsidies.

Typically, a local housing fund is established through a legislative process that generates fund revenue, such as a special purpose housing levy enacted through voter approval, general funds, or a portion of sales tax from new development.

## BACKGROUND

Local housing funds have become increasingly popular with local jurisdictions. Financing for affordable housing is complex and limited. Local housing funds can offer new resources to leverage available funding and directly support investments in affordable housing.

## TOOL PROFILE

### Objectives

[Housing in Centers and Near Transit](#)

[Housing Options in Expensive Markets](#)

[Missing Middle Density](#)

[Mitigate Residential Displacement](#)

### Type of Tool

**Other Financial Tools**

### Project Type

**Multifamily**

**Ownership**

**Rental**

### Affordability Level

**Most effective for units <80% AMI**



The flexibility of fund types makes them ideal for affordable housing developers and useful to large and small jurisdictions alike. Although funds have unique components, local housing funding sources are specific vehicles by which government entities can consistently address the shortage of funding for affordable housing. The resolution, ordinance or legislation establishing the local housing fund specifies the priorities, key elements and implementation of the fund based on community needs. [HB 1590](#) (2020) allows jurisdictions to implement a local sales and use tax to support housing by council vote rather than submitting a proposition for voter approval.

[Commercial linkage fees](#) can serve as a designated revenue stream for a local housing fund. Local jurisdictions can also pool resources through a shared local housing fund with [interjurisdictional cooperation](#). [Partnerships with non-profit developers](#) can also be built through a local housing fund by providing technical assistance or direct loans or grants to developers of affordable housing.

The state approved a local revenue sharing program in 2019 under [HB 1406](#). This program allows local governments to use a tax credit for up to 20 years to make housing investments for low-income residents.

## RESOURCES

Association of Washington Cities: [Implementing HB 1406](#) (2020)

