



# How the Housing Trust Fund Works

## HTF's \$78 million is matched by other funds to meet our state's housing needs.

The Housing Trust Fund is a critical piece of a large funding puzzle for affordable housing projects. Housing Trust Fund monies do not fund an entire project; they attract money—**four outside dollars** from private and other public sources for each HTF dollar.

*Here's an example of how Housing Trust Funds work:*

<b>Project:</b>	<b>Plymouth Place, Seattle</b> 70 units of permanent extremely low-income service-enriched housing														
<b>Nonprofit Developer:</b>	<b>Plymouth Housing Group</b>														
<b>Cost:</b>	<b>\$8.9 million</b>														
<b>Population Served:</b>	Formerly homeless and developmentally disabled persons.														
<b>Funders:</b>	<table> <tr> <td><b>State Housing Trust Fund</b></td> <td><b>\$2,000,000</b></td> </tr> <tr> <td>City of Seattle</td> <td>\$2,545,000</td> </tr> <tr> <td>Federal Home Loan Bank Grant</td> <td>\$ 365,000</td> </tr> <tr> <td>Tax Credit Equity</td> <td>\$3,300,000</td> </tr> <tr> <td>PHG Developer Fee loaned back to project</td> <td>\$ 200,000</td> </tr> <tr> <td>Fundraising (private funds)</td> <td>\$ 200,000</td> </tr> <tr> <td>Bank Loan for commercial space</td> <td>\$ 300,000</td> </tr> </table>	<b>State Housing Trust Fund</b>	<b>\$2,000,000</b>	City of Seattle	\$2,545,000	Federal Home Loan Bank Grant	\$ 365,000	Tax Credit Equity	\$3,300,000	PHG Developer Fee loaned back to project	\$ 200,000	Fundraising (private funds)	\$ 200,000	Bank Loan for commercial space	\$ 300,000
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**Facts:**

- On average, Housing Trust Funds leverage **four** additional dollars for every **one** HTF dollar. On this project, the Housing Trust Fund leveraged an additional \$6.9 million—4.5 times.
- If Plymouth Housing Group hadn't received state funding, this project would not have proceeded—it would have been lost. Timing is critical on most affordable housing projects. There are deadlines for when all funding must be in; otherwise some funds may disappear.
- HTF funds were very important in this project because of the population Plymouth Place serves. Because it serves homeless persons in transition who pay very low rents, no cash flow is generated from rent to pay off debt. This means a private bank would not have loaned Plymouth Housing Group any money, no matter how deserving the population served.

**What this means:**

**Many people working in King County either cannot afford to live here or are paying too much for rent**

- \$14,581:** Annual income of a minimum-wage earner in Seattle/King County.
- \$16,350:** Annual income of a person earning 30% of area median income in Seattle/King County.
- \$27,250:** Annual income of a person earning 50% of area median income
- \$47,625:** Median annual income of a person earning in Seattle/King County.
- \$77,900:** Median annual income of a four-person household in Seattle (2 parents/2 children).

**IN KING COUNTY, THE AVERAGE MONTHLY RENT OF A TWO-BEDROOM APARTMENT: \$930**

**What is affordable?**

**Affordable monthly rent for a minimum-wager worker: \$365**

**Affordable monthly rent for a person at 30% of median income: \$409**