Draft September 2022

SAN BERNARDINO
REGIONAL HOUSING TRUST

STRATEGIC PLAN

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INTRODUCTION

In response to an increasing need for access to affordable housing across the San Bernardino region, the lack of sufficient funding to produce needed affordable housing, due in part to the dissolution of redevelopment, and an increased interest in solutions to comprehensively address regional housing needs, the San Bernardino Council of Governments (SBCOG) / San Bernardino County Transportation Authority (SBCTA), referred to as SBCOG from this point forward, is developing pathways for increased funding to support housing-related programs. One such pathway is the establishment of a regional housing trust fund, which would serve as a funding mechanism to support housing programs.

In 2021, in response to increasing concern around the region's housing shortage, the City/County Managers Technical Advisory Committee (CCMTAC) of the San Bernardino Council of Governments (SBCOG) formed an adhoc subcommittee (Subcommittee). The Subcommittee expressed interest in exploring the feasibility of implementing a housing trust fund for the San Bernardino region. In response to the request of the Subcommittee, in January 2022, SBCOG released a Draft San Bernardino Regional Housing Trust White Paper that details the potential benefits, structures, and an assortment of relevant case studies regarding the formation of a Regional Housing Trust Fund. In the White Paper, it is recommended that a housing trust serving the San Bernardino Region be structured as a Joint Powers Authority (JPA) made up of participating members with a non-profit component that allows the Housing Trust to solicit and accept private donations. It is further recommended that a Housing Trust should be administered by SBCOG to utilize existing staff resources and expertise related to the pursuit of regional grant funds and to better connect housing with regional transportation efforts.

To better inform the formation of the San Bernardino Regional Housing Trust Fund (Housing Trust), this report provides a detailed overview and analysis of background information needed to formally establish the Housing Trust. This includes a summary of all outreach and engagement conducted for the Housing Trust to-date, an assessment on housing needs within San Bernardino, an analysis of funding opportunities for funding programs of the Housing Trust, and inventory of existing and pipeline affordable housing developments in San Bernardino. The analyses will provide the foundation for the Administrative Plan of the Housing Trust, which will detail the purpose and structure, participating jurisdictions, administrative responsibilities, and program objectives of the Housing Trust.

SAN BERNARDINO
REGIONAL HOUSING TRUST

OUTREACH SUMMARY

In 2021, in response to increasing concern around the region's housing shortage, the Technical Advisory Committee (TAC) of the San Bernardino Council of Governments (SBCOG) expressed interest in exploring the feasibility of implementing a housing trust fund for the San Bernardino region. In response to the request of the TAC, in January 2022, SBCOG in collaboration with the San Bernardino County Transportation Authority (SBCTA) released a Draft San Bernardino Regional Housing Trust White Paper. The White Paper details the potential benefits, structures, and an assortment of relevant case studies regarding the formation of a San Bernardino Regional Housing Trust Fund (Housing Trust). In the White Paper, it is recommended that a housing trust serving the San Bernardino Region be structured as a Joint Powers Authority (JPA) made up of participating members with a non-profit component that allows the Housing Trust to solicit and accept private donations. It is further recommended that a Housing Trust should be administered by SBCOG to utilize existing staff resources and expertise related to the pursuit of regional grant funds and to better connect housing with regional transportation efforts.

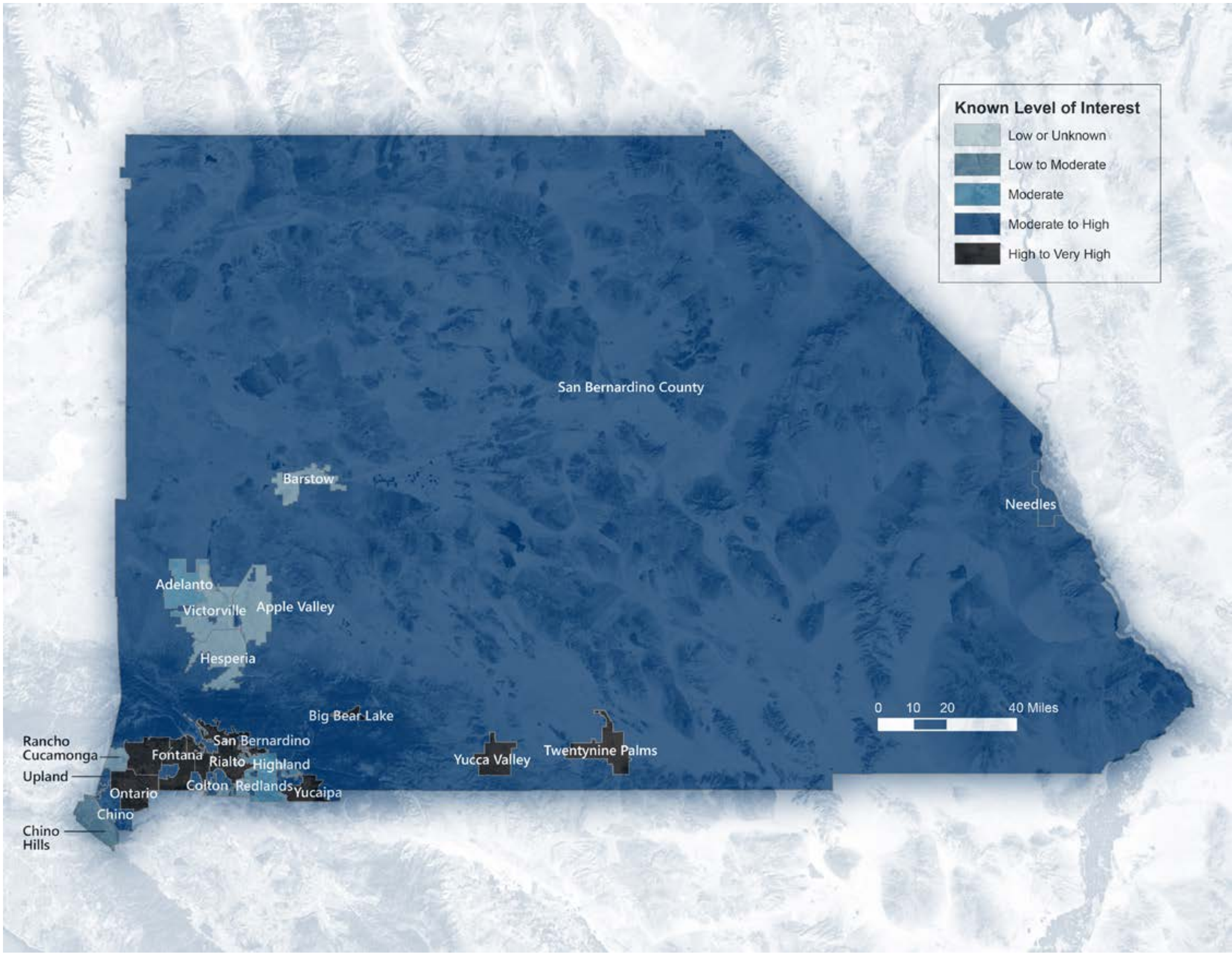
The release of the White Paper garnered interest in a Housing Trust across the region. Building on this momentum, SBCOG conducted a robust outreach effort to engage the SBCOG member jurisdictions, housing trust professionals, and other interested parties. This summary provides a description of the outreach conducted prior to the establishment of the Housing Trust. The contacted parties consist primarily of member jurisdictions of SBCOG. Additionally, representatives of other local or regional housing trusts, jurisdictions, and organizations in Southern California were also consulted. The outreach served to identify and gauge the interest in developing a Housing Trust, while addressing questions, and collecting information on local housing needs and priorities.

Representatives from 24 cities and towns of San Bernardino County were contacted, as well as representatives from the County of San Bernardino and its Housing Authority, and representatives from housing trusts and non-profits across Southern California. Presentations were provided to the COG Board, Planning Directors, and the City Managers TAC, one-on-one meetings were held with all COG member jurisdictions that expressed interest, and a survey was sent out to the SBCOG listserv. Those consulted provided insight on the development of a Housing Trust for the San Bernardino region. Other local or regional housing trusts, jurisdictions, and organizations that were consulted include the County of Orange, Orange County Housing Finance Trust (OCHFT), and San Gabriel Valley Regional Housing Trust (SGVRHT).

SBCOG MEMBER INTEREST

Through the outreach conducted, representatives from jurisdictions expressed their respective jurisdictions level of interest in the Housing Trust and housing-related priorities. A list of all jurisdictions is provided below, and each is categorized based on its known level of interest in participating in the Housing Trust. Categories include “highly interested,” “potentially interested,” or “unknown/uninterested,” as shown in Figure 1, Jurisdiction Interest in Housing Trust Participation.

Figure 1. Jurisdiction Interest in Housing Trust Participation



SBCOG MEMBER JURISDICTION – HOUSING PRIORITIES, ISSUES, CONCERNS, AND IDEAS

Outreach conducted by SBCOG provided an overview of the White Paper detailing what a Housing Trust is, what varying structures can be used for administering a Housing Trust, and what we have learned from neighboring Housing Trusts. Housing Trust interest and housing-related priorities were solicited through outreach and engagement including one-on-one meetings, meetings with the COG Board, the COG CMTAC, Planning Directors, and a survey. The following summarizes the varying housing priorities, issues, concerns, and ideas that were expressed by representatives of the varying SBCOG member jurisdictions.

- **Organization, Structure, and Administrative Cost of the Housing Trust:**
  Most jurisdictions expressed strong interest in understanding the exact cost and benefits that will apply to their respective cities/county.
  - Grants should be sought after to offset the cost of membership.
  - There needs to be a clear benefit of participation.
  - A population-based methodology for determining the membership fee should be considered.
  - Offsetting the cost of the fee is important, but all participants should pay a fee to participate to demonstrate a clear commitment.
  - The structure for the allocation of funds should ensure that funds are allocated to all participating jurisdictions. Should avoid weighted voting powers for larger cities. Small cities want a seat at the table.
  - If weighted toward small cities, it takes the burden off the large cities to construct.
  - All participants should be full participants and partial participation should not be included within the structure.
  - The Housing Trust should establish readily deployable solutions to assist in the near-term as well as long-term solutions.
  - Can Housing Authorities join the Housing Trust? Yes. The Joint Exercise of Powers Act allows two or more public agencies to jointly exercise powers by agreement to form a Joint Powers Authority (JPA). The term “public agency” is defined very broadly and can include, but is not limited to, the federal government or any federal department or agency, this state, another state or any state department or agency,

a county, county board of education, county superintendent of schools, city, public corporation, public district, regional transportation commission of this state or another state, a federally recognized Indian tribe, or any joint powers authority. Housing authorities are independent agencies governed by the U.S. Department of Housing and Urban Development, so while they qualify as a public agency, there may be bureaucratic or political constraints to housing authorities joining a JPA.

- **Funding Sources:**
  Many jurisdictions expressed ideas about potential funding sources for the Housing Trust.
  - The trust should pursue grants on behalf of the participants.
  - A ballot measure could bring funds in to support the Housing Trust.
  - Seek opportunities to coordinate with large employers. This could be a linkage fee, or a donation tied to the number of employees. Many employees in the warehouse sector are commuting long distances.
  - Consider linking fees for housing to vehicle miles traveled fees.
  - There is money to spend but no staff to administer funds.
  - Participating jurisdictions can impose new fees or tap into existing ones to pay into the Housing Trust.
  - Jurisdictions can place funds into the Housing Trust that they may have difficulty expending by the deadline.
  - Jurisdictions should not be required to allocate general funds or in-lieu fees toward the Housing Trust.
- **Expenditure of Funds:**
  While there are many priority areas where jurisdictions have expressed interest in expending available funds, specifics of how funds would be expended were also discussed.
  - Funds can provide a source of gap financing for developments that are seeking or have secured funding.
  - Resources could be allocated by need and interest or geographically.
  - Funding could be prioritized for those projects receiving Low Income Housing Tax Credits (LIHTC).

- **Housing for those Experiencing Homelessness:**
  Jurisdictions expressed a need to support housing and services for those experiencing homelessness.
  - The County oversees many homelessness services and the level of influence the Housing Trust could have on homelessness could play into participation from the County.
  - Existing Permanent Supportive Housing can serve as models for developers. There are some waiting in households for supportive housing units to become available.
  - Staffing can be a challenge for administering programs.
  - The supply and availability of affordable housing is directly tied to homelessness.
  - Emergency shelters are needed in the interim until people can get into housing.
  - There is a need for a taskforce on homelessness.
  - Wraparound services are needed. Need to pair with services tied to mental health.
- **Housing Rehabilitation:**
  Some expressed a need for the rehabilitation and conversion of existing structures.
  - Adaptive reuse can increase units, expedite the development process, and reduce development costs. This can be particularly useful for Supportive Housing, as these units tend to fill up quickly.
  - New construction takes too long. Rehabilitation and conversion can be used to expedite the process. Modular housing is another solution for reducing the cost of development.
  - Acquisition and rehabilitation projects are not competitive for funding.
  - Reserves are limited and do not provide enough for acquisition and rehabilitation.
  - Hotels can present opportunities for conversion.
- **Workforce and Missing Middle Housing:**
  Workforce and missing middle housing refers to housing types that fall somewhere between a single-family home and a mid-rise apartment building, such as townhomes duplexes, triplexes, and bungalow courts, offering increased housing opportunities for households earning between 80% and 120% of the area median income. These housing types are an important component of a diverse housing stock, as they can expand

the diversity and affordability of housing, especially in lower density neighborhoods. Many conversations led to a focus on the need for more workforce and missing-middle housing.

- Much of the affordable housing that is being developed in the region is affordable to households earning between 30% and 60% of the area median income.
- Housing vouchers support households earning up to 80% of the area median income, but there are few housing types for those earning up to 120% of the area median income.
- Single-bedroom units are in high demand. This is the most desirable unit type for older and aging adults.
- Households need to have access to wealth building and to pass wealth and housing along to families.
- Some households need further support to remain in their homes.

- **Land Banking:**
  Land banks acquire, hold, manage, and sometimes redevelop property in order to return these properties to productive use to meet community goals, such as increasing affordable housing or stabilizing property values. Many jurisdictions expressed an interest in land banking.
  - When surplus land is available, it is good to take the opportunity. Few surplus sites are suited for residential uses. They are typically industrial, too small, not zoned for housing, or not a developable piece of property.
- **Community Land Trusts (CLTs):**
  CLTs are a form of shared-equity homeownership that maintain the units as affordable over a long-term. CLTs typically make units affordable through the use of subsidies and maintain long-term affordability to future purchasers through a legally binding mechanism, such as a long-term ground lease or a deed covenant. CLTs are generally managed by a nonprofit or quasi-governmental organization and governed by a body comprised of purchasers of CLT homes, members of the public, and governmental and nonprofit stakeholders to ensure they remain grounded in the needs of the community.
  - CLTs and land banking can go hand-in-hand. As land can be donated for the purposes of support a CLT.

  - Some CLT models do not prioritize ownership and it can be difficult to see the benefits.
  - The benefits of the CLT model should be communicated clearly.
- **Coordination with Other Agencies and Organizations:**
  - It's important to reach out to the tribal groups and work with the San Bernardino Valley Community College District.
  - Loma Linda hospital and the university could certainly be interested in participating.
  - Potential coordination with the federal government, although it may be challenging, the Department of Defense.
  - Seek opportunities to coordinate with Western Riverside COG.
  - Coordinate with other trusts such as the San Diego County Innovative Housing Trust.
  - There is a lot of interest in housing trusts from localities in the Inland Empire. It is important to follow the progress of others to share information.
  - Seek opportunities to coordinate with Habitat for Humanity.
  - Coordinate with Housing Authorities across the region.
- **Other:**

  A variety of other housing priorities, concerns, and needs were discussed that are not categorized. They are as follows.
  - There is a strong need for more housing overall. All types of housing at all income levels.
  - There is a need for funds to support soft costs of development such as predevelopment, land acquisition, and funding for entitlements.
  - The loss of Redevelopment Agencies has left a large gap in the localities ability to support households with grants and loans for home improvement, provide rent relief, and financial support for housing production and rehabilitation.
  - There are no sustainable sources of funding for cities to support affordable housing.
  - The cost of land is rising, and residents are driving to jobs outside of the region. It is important to do more locally (jobs and housing). People need to have the option to live where they work.

- There may be more than can done in the realm of accessory dwelling units.
- There are several entities and developers that want to provide housing for seniors, veterans, and those with disabilities but there are limited funds.
- The cannabis industry is expanding more rapidly than the housing supply, and this is creating a housing supply issue. There needs to be coordination and proactive action to address these concerns. This could look like linkage fees or community benefits agreements.
- Develop creative and cooperative solutions to housing that can be replicated across the region.

OUTSIDE ORGANIZATIONS CONSULTED

In addition to the outreach conducted to the SBCOG member jurisdictions, the following organizations were consulted to provide insight into best practices and strategies for housing trust funds. The following organizations were consulted:

- Orange County Housing Finance Trust (OCHFT)
- County of Orange (County)
- San Gabriel Valley Regional Housing Trust (SGVRHT)
- Inland SoCal Housing Collective (ISCHC)

Key takeaways from meetings with these organizations are detailed below.

Orange County Housing Finance Trust

Orange County Housing Finance Trust (OCHFT) was established by statute in 2018 as a JPA consisting of the County of Orange and 23 cities in Orange County. OCHFT provides funding for housing and services to support those experiencing homelessness. Funding for projects is allocated between Service Planning Areas (SPAs), where geographic boundaries guide public health planning.

The OCHFT receives much of its support through the County of Orange, including significant financial contributions. The County of Orange provided seed funding for administrative costs to the OCHFT for the first year and provides annual contributions. OCHFT notes that the County of Orange is one of their largest contributors and the funding allows the trust to maximize funds provided through the state Local Housing Trust Fund grant program. The Trust partners with the Orange County Community Foundation, which accepts funding on their behalf while pursuing philanthropic opportunities without having a separate board and separate audit.

The County of Orange recognized the challenges of starting up the trust fund, so it provided support by covering all administrative costs for the first year of the housing trust. During the second year, all members contributed based on population size as detailed by the JPA bylaws. By year 3, the housing trust received administrative grant funding. The County continues to provide $200,000 in contributions each year regardless of grant funding. A trust can receive grant funding as soon as the trust is formed, and the OCHFT has recommended to pursue grants as early as possible. There were two NOFAs released in 2 years, and the trust is currently on their third round. The County currently provides 5% of the local housing trust fund (LHTF) towards administrative expenses, and REAP funding is though the Orange County Council of Governments (OCCOG). Since the agency matches dollar to dollar with the state, up to $5 million, more funds are available for more projects.

County of Orange

In 2017 there was momentum building around the Orange County housing need, specific to housing for those experiencing homelessness. The County of Orange (County) has always seen itself as a regional participant, especially in the housing realm and wanted to leverage their positions to bring cities together to collaborate, which is what led to the formation of the OCHFT. The County looked into different Housing Trust models and coordinated with participants to develop a JPA Housing Trust. This strategy unified the participants to use one strong voice to garner support from the State, rather than 34 different voices. The JPA was structured so that the cities have the majority of the appointments to the board and the chair and vice chair switch out between county and non-county. This allows the County to react to the needs of the cities.

The County supported the OCHFT in the first year through staffing to set up the Trust as a separate JPA governing body. Through a Master Services Agreement, the County contributes $20 million to the OCHFT and $5 million through its General Fund. The Local Housing Trust

Fund matching grants helps their money go further. The OCHTF also has a Memorandum of Understanding (MOU) with the County for services annually, not to exceed $165,550. The services provided include—but are not limited to—accounting services, cost, revenue, and budget services, financial reporting, and information technology. At least 90% of the projects that receive funding from the County also receive funding from the OCHFT.

San Gabriel Valley Regional Housing Trust

The San Gabriel Valley Regional Housing Trust (SGVRHT) is established as a JPA and includes member cities from San Gabriel Valley, a region in Eastern Los Angeles County. The trust is restricted to affordable housing and is legislatively able to accept public and private financing and funds. The SGVRHT negotiated with city managers of participating cities to have an administrative fee. The administrative fee is divided between 20 cities and supports at least one full-time staff person and one part-time staff person at a cost of $300k a year. The contributions made per city is population based and the most any city provides is $20,000 annually. The trust allows for affiliate membership for those jurisdictions that wish to participate but do not need funds invested back into their boundaries, an affiliate membership rate is fixed at $2,000 annually. This provides a benefit for both the trust and for partners who wish to contribute.

The trust provides gap financing on a competitive basis for affordable housing developments, applicants that receive funding from the participating jurisdictions are prioritized for funding awards. Additional projects that the trust has provided funding for include a tiny home shelter pilot project and surplus property that was converted into veteran housing. They are looking to the community land trust model, as well as affordable senior housing that is at-risk of converting to market-rate. One of the key challenges faced by households in the region is that they cannot apply for the first-time homebuyer program because the median household income and income limits are incompatible.

The San Gabriel Valley Regional Housing Trust expressed interested in pursuing a 501(c)3 component, which would qualify it for additional grant programs and would provide incentives for donors. This would aid in diversifying funds from a variety of sources including those from both public and private investments. In order to establish SGVRHT for 501(c)3, the trust will be required to identify a fiscal sponsor before pursuing private funding sources. The County is not a member of the SGVRHT, but provides financial assistance through Measure H. Through the State's 2022 budget SGVRHT was awarded a $21 million dollar grant. This will be divided up between several programs, including approximately $8 million for pipeline projects, $4 million for projects to support those experiencing homelessness, and $8 million for its revolving loan program.

San Diego County Innovative Housing Trust

The San Diego County Board of Supervisors directed the creation of the Innovative Housing Trust Fund (IHTF) to increase the regional supply of affordable housing for low income and vulnerable populations. The efforts of IHTF were sparked through an evaluation of excess properties for lease or sale in the county. Since its inception in 2017, the IHTF has helped to create 1,397 affordable units across 20 developments in the region, leveraging over $560 million in public and private capital sources. The IHTF is different than other trusts, in that it does not have any ongoing dedicated resources. Instead, the Board of Supervisors allocates funding when it is available. As of June 2022, the trust has had two allocations of $25 million and one allocation of $20 million. Because the trust does not have a dedicated funding source, they are ineligible for State matching grants, although they are currently evaluating establishing an in-lieu fee program to provide dedicated funding. IHTF staff noted the importance of having a dedicated funding source, to ensure that you have funding from year to year.

Funding of the IHTF is prioritized for development in unincorporated areas, developments that have already secured other sources of funding, and higher preference is given to projects in vehicle miles traveled (VMT) efficient areas. Allowable uses of funds include acquisition, rehabilitation, and new construction of affordable housing. IHTF acts as a lender and provides funds in the form of gap loans. With initial investments in 2017, in June of 2022, the trust has yet to see significant revenues from interest, as several projects are still under construction.

SAN BERNARDINO
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HOUSING NEEDS ASSESSMENT

Housing supply is one of the most critical issues today facing the State of California, including San Bernardino County. The state and county face a significant housing supply and affordability crisis spurred by high land costs, rising construction costs, and limited financing options. These issues and challenges have become localized with compounding, interrelated impacts on housing supply, homelessness, and economies at the local and regional scale. A series of actions are needed at the local, regional, and statewide level to address these growing housing challenges. One such regional action is a regional housing trust fund, which can raise funds for affordable housing production, preservation and rehabilitation, and other affordable housing-related activities. The Housing Needs Assessment provides a regional analysis of demographic and economic characteristics, housing challenges, and housing needs in San Bernardino County. This report provides an assessment of housing-related data that will be used as a baseline to inform the San Bernardino Regional Housing Trust Fund.

GEOGRAPHIES

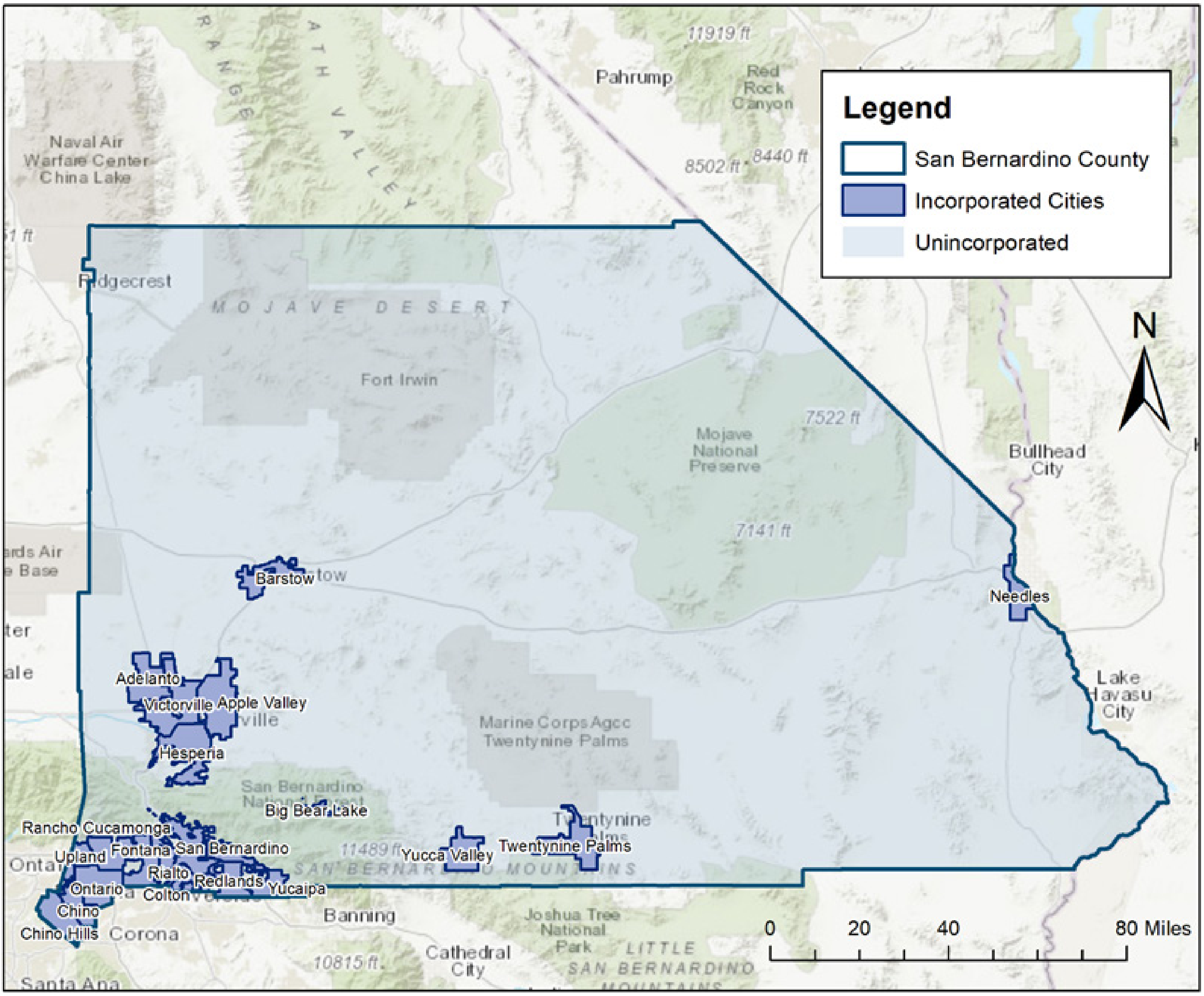
As the largest county in the United States, San Bernardino County (County) comprises a large portion of Southern California. The region is defined by urbanized areas in the southwest, the developing Victor Valley, which is comprised of four cities with expanding residential development, resort communities in the mountains, and vast desert areas with scattered rural communities. San Bernardino County's 24 cities and towns and the San Bernardino County Board of Supervisors work collectively as the San Bernardino Council of Governments (SBCOG) to address regional matters. The jurisdictions that make up the SBCOG are shown in **Figure 2, Incorporated and Unincorporated Areas in San Bernardino County**. The Southern California Association of Governments (SCAG) is the metropolitan planning organization for a six-county region, including San Bernardino County, which is shown in F**igure 3, San Bernardino County in the SCAG Region**. The County faces unique opportunities and challenges compared to its neighboring coastal counties within the SCAG region, which are detailed through this analysis.

DATA SOURCES

This analysis uses State and federal data that is publicly available, as well as private sources. Together, the sources will provide an overview of existing and projected trends relating to demographics, economics, and housing market conditions. These sources include the following:

- U.S. Census Bureau Decennial Census
- U.S. Census Bureau American Community Survey (ACS)
- U.S. Census Bureau Longitudinal Employer-Household Dynamics (LEHD)
- U.S. Department of Housing and Urban Development (HUD) Comprehensive Housing Affordability Strategy (CHAS) dataset
- California Department of Finance
- California Tax Credit Allocation Committee (TCAC)
- Center for Neighborhood Technology
- California Housing Partnership
- Southern California Association of Governments

Figure 2. Incorporated and Unincorporated Areas in San Bernardino County Figure



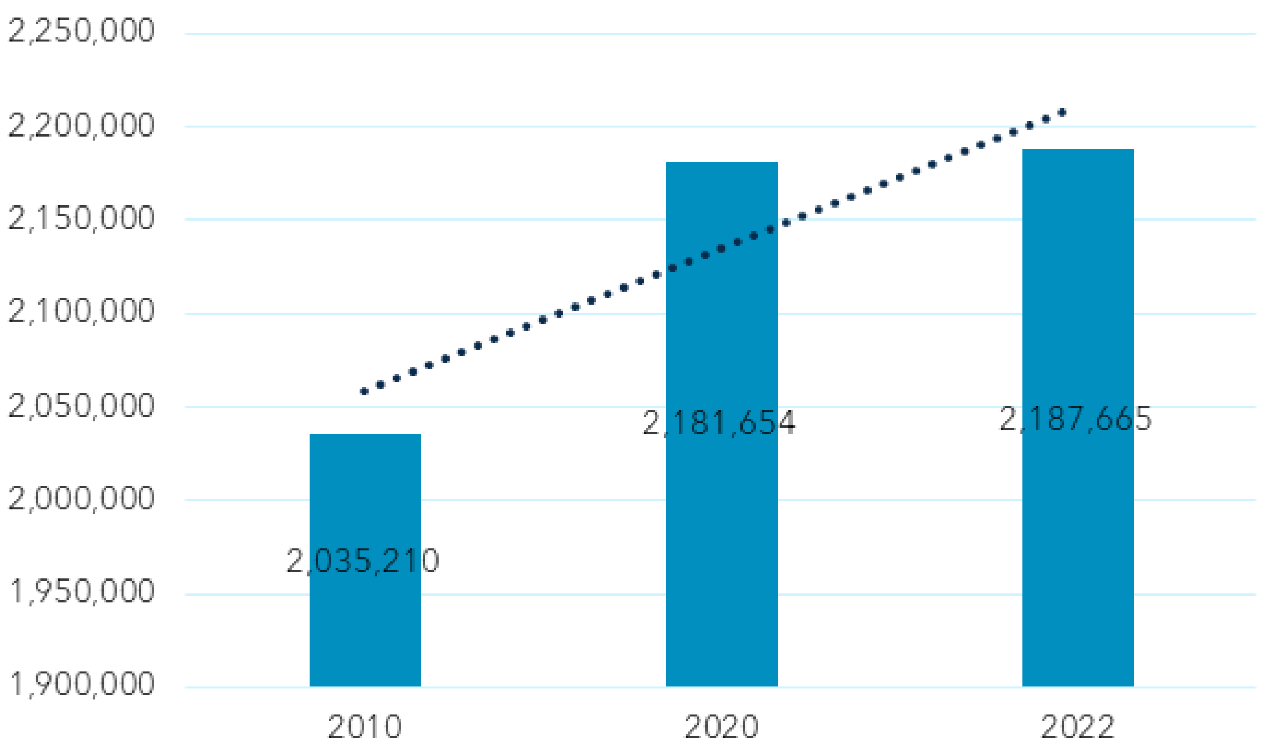
3. San Bernardino County in the SCAG Region

POPULATION

San Bernardino County is one of the most populous counties in the State of California. In 2022, the County's population size was ranked 5th in the State of California and 4th in the SCAG region. Within the County, the City of San Bernardino was the most populated city in 2022. Population trends in the region from **Figure 4, Population Change** and **Figure 5, Population Compared to SCAG Region**, are provided below.

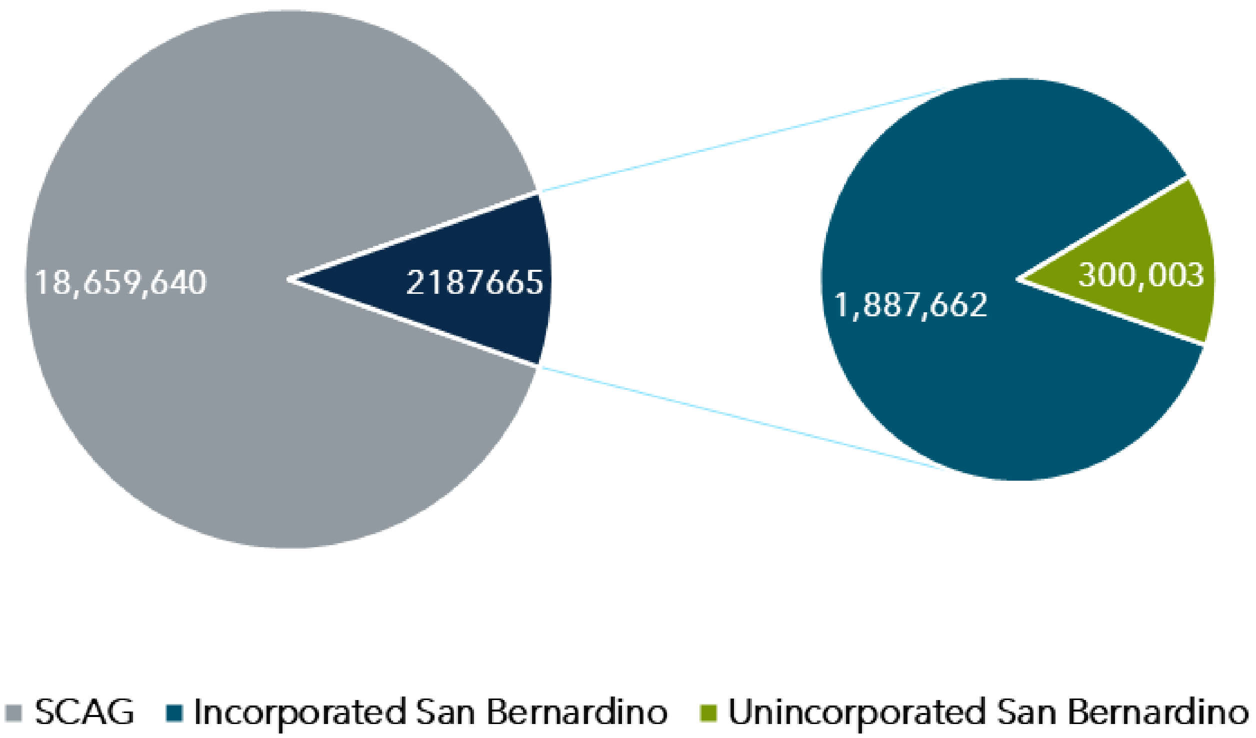
- Between 2010 and 2022, the total population of San Bernardino County increased from 2,035,210 to 2,187,665, or 7.5%.
- In 2022, the total population of San Bernardino County accounted for 11.7% of the total population of the SCAG region.
- Between 2010 and 2022, Victorville had the largest population growth of all the jurisdictions in the County at 20,658 persons. Fontana had the second-largest population growth of 16,740, and Ontario had the third-largest population growth of 15,592 persons.
- Between 2010 and 2022, Chino had the largest percent increase of population at 18.0%.

Figure 4. Population Change (2010–2022)



Source: California Department of Finance E-5, 2010, 2020, and 2022.

Figure 5. Population Compared to SCAG Region



Source: California Department of Finance E-5, 2022.

ECONOMIC CHARACTERISTICS

Economic and employment trends can identify whether households are making adequate income to support their housing needs and if populations are at-risk of facing poverty. The following section highlights economic and employment trends in San Bernardino County.

Housing Costs

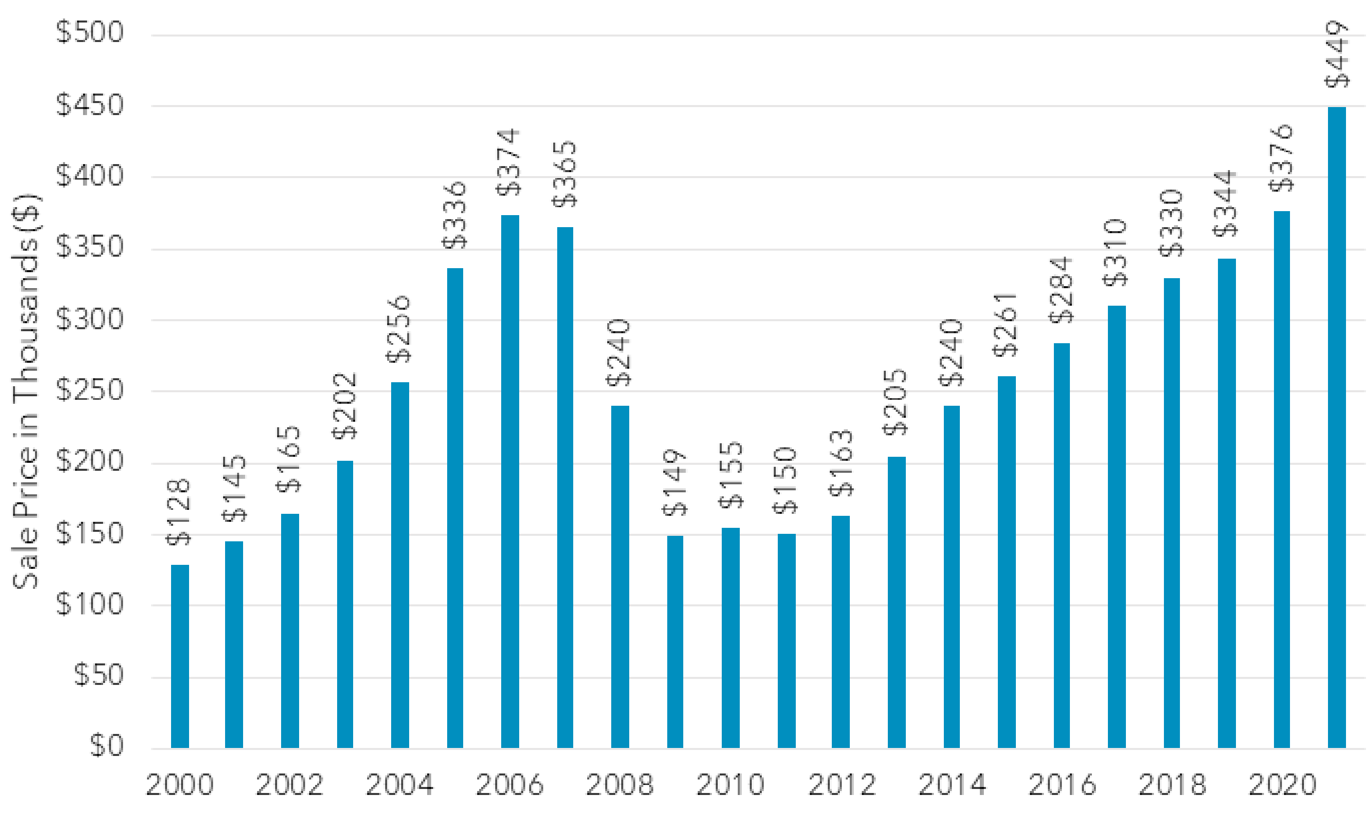
Households in San Bernardino County are affected by housing market conditions, such that the affordability of housing is impacted. This section summarizes the market conditions of for-sale and rental units.

Home Sales Price

The median home sale price in San Bernardino County between 2000 and 2021 is illustrated in Figure 6, Median Home Sale Price in San Bernardino County.

- In 2021, the median home sale price in San Bernardino County is the highest it has been since 2000, at $449,000, an increase of more than 19% from 2020.

Figure 6. Median Home Sale Price in San Bernardino County (2000–2021)



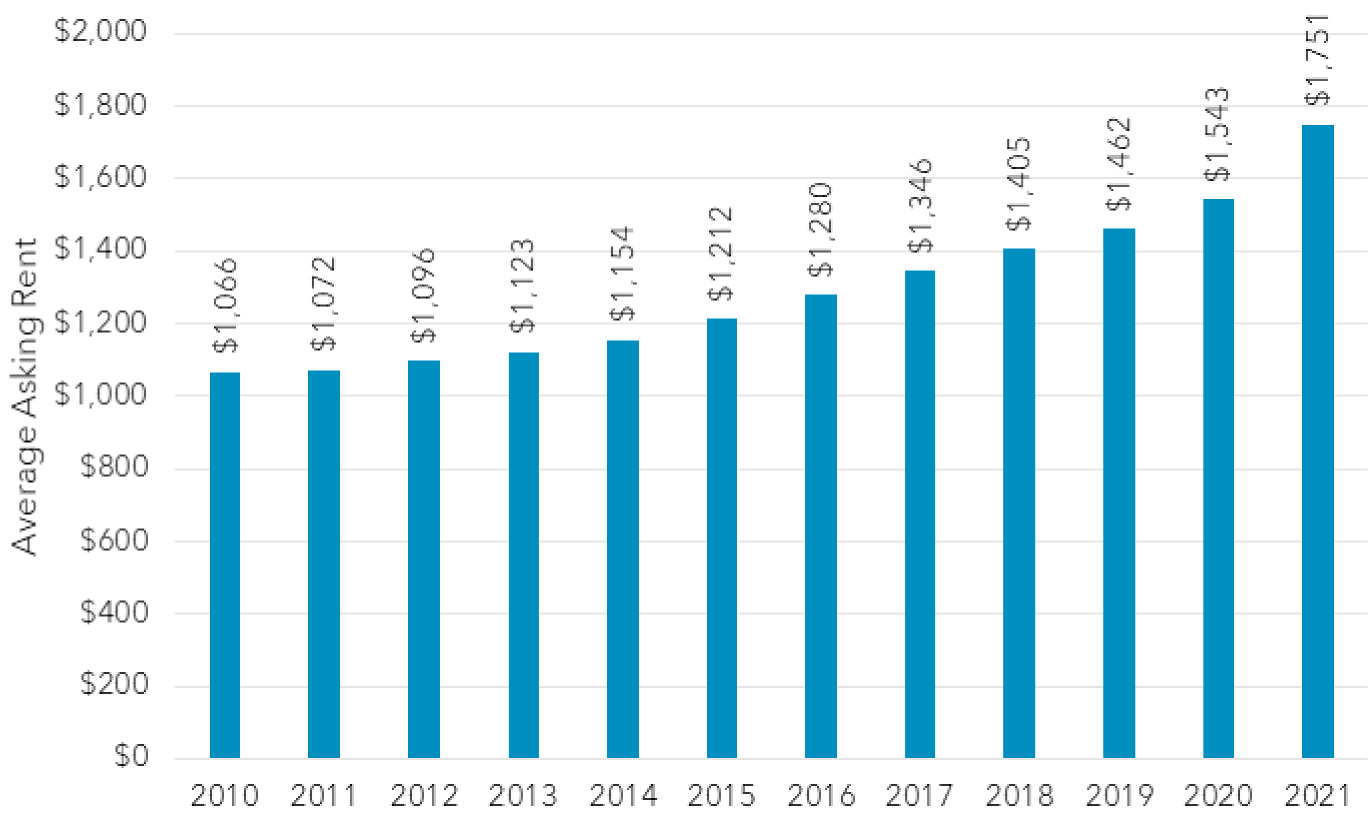
Source: California Department of Finance E-5, 2021.

Rental Price

The average asking rent in San Bernardino County is shown in Figure 7, Annual Average Asking Rent, San Bernardino County. The affordability of rent based on income category and household size is outlined in Table 1, 2022 HUD Income Limits.

- Between 2010 and 2021, the annual average asking rent for a two-bedroom home increased from $1,066 to $1,751.
- In 2021 between the beginning and end of the year, average rents increased from $1,664 to $1,813, an increase of nearly 9%.
- Households need to earn at least $6,043 a month ($72,516 annually) to be able to afford a monthly rent of $1,813.

Figure 7. Annual Average Asking Rent, San Bernardino County (2010–2020)



Source: California Housing Partnership. 2021. https://chpc.net/housingneeds. Source: U.S. Department of Housing and Urban Development.

Income

Table 1 shows the 2022 HUD Income limits for low- very low-, and extremely low-income groups by persons in the family and Figure 8, Median Family Income, indicates the Median Family Income from 2010 to 2022.

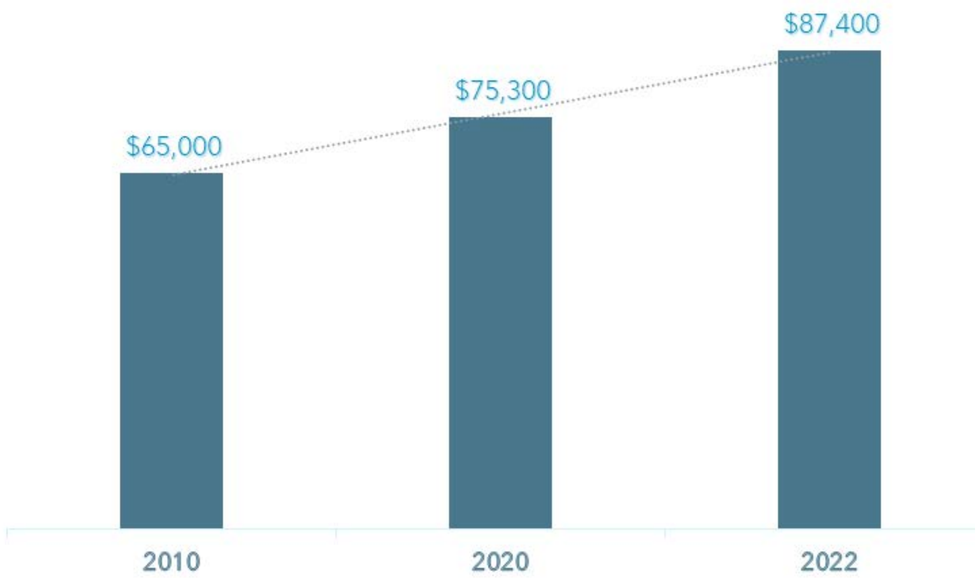
- Households meeting HUD income limits for 5 or more persons in family in the Low-Income (80% of AMI) category would be able to afford the average monthly rent of $1,813 (two-bedroom household).
- From 2021 to 2022, the median family income increased by 12% at rate slightly higher than the average asking rent increase at 9%.

Table 1. 2022 HUD Income Limits

Income Category	Persons in Family							
	1	2	3	4	5	6	7	8
Low-Income (80% of AMI)	$49,300	$56,350	$63,400	$70,400	$76,050	$81,700	$87,300	$92,950
Very Low-Income (50% of AMI)	$30,800	$35,200	$39,600	$44,000	$47,550	$51,050	$54,600	$58,100
Extremely Low-Income (30% of AMI)	$18,500	$21,150	$23,800	$27,750	$32,470	$37,190	$41,910	$46,630

Source: U.S. Department of Housing and Urban Development. 2022. https://www.huduser.gov/portal/datasets/il.html.

Figure 8. Median Family Income (2010–2022)

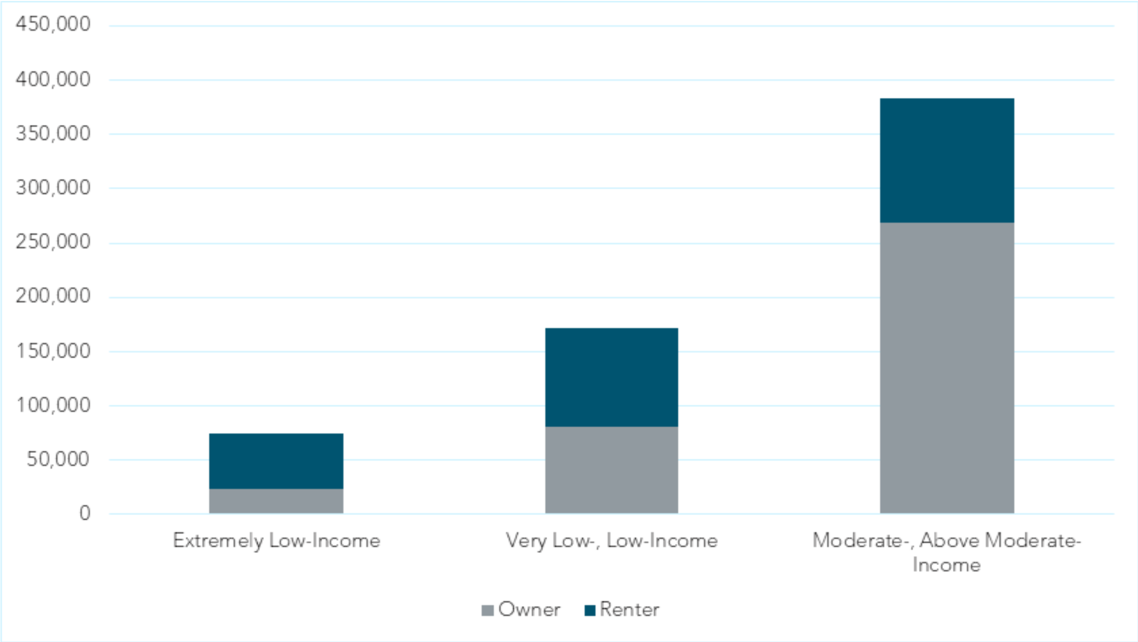


Source: U.S. Department of Housing and Urban Development. 2010 and 2022. https://www.huduser.gov/portal/datasets/il.html.

While median income trends indicate an increase of 16% in the last 2 years, Figure 9, Income Category Distribution, provides a comprehensive understanding of the distribution of various income groups, based on HUD income categories, and are highlighted below:

- Extremely Low-Income income households in the County are disproportionately made up of renters, who are the most at-risk of displacement cause by sudden rent increases.
- Figure 9 also highlights the wealth gap as lower-income groups make up 40% of the households while between and moderate- and above moderate-income groups make up 60%.

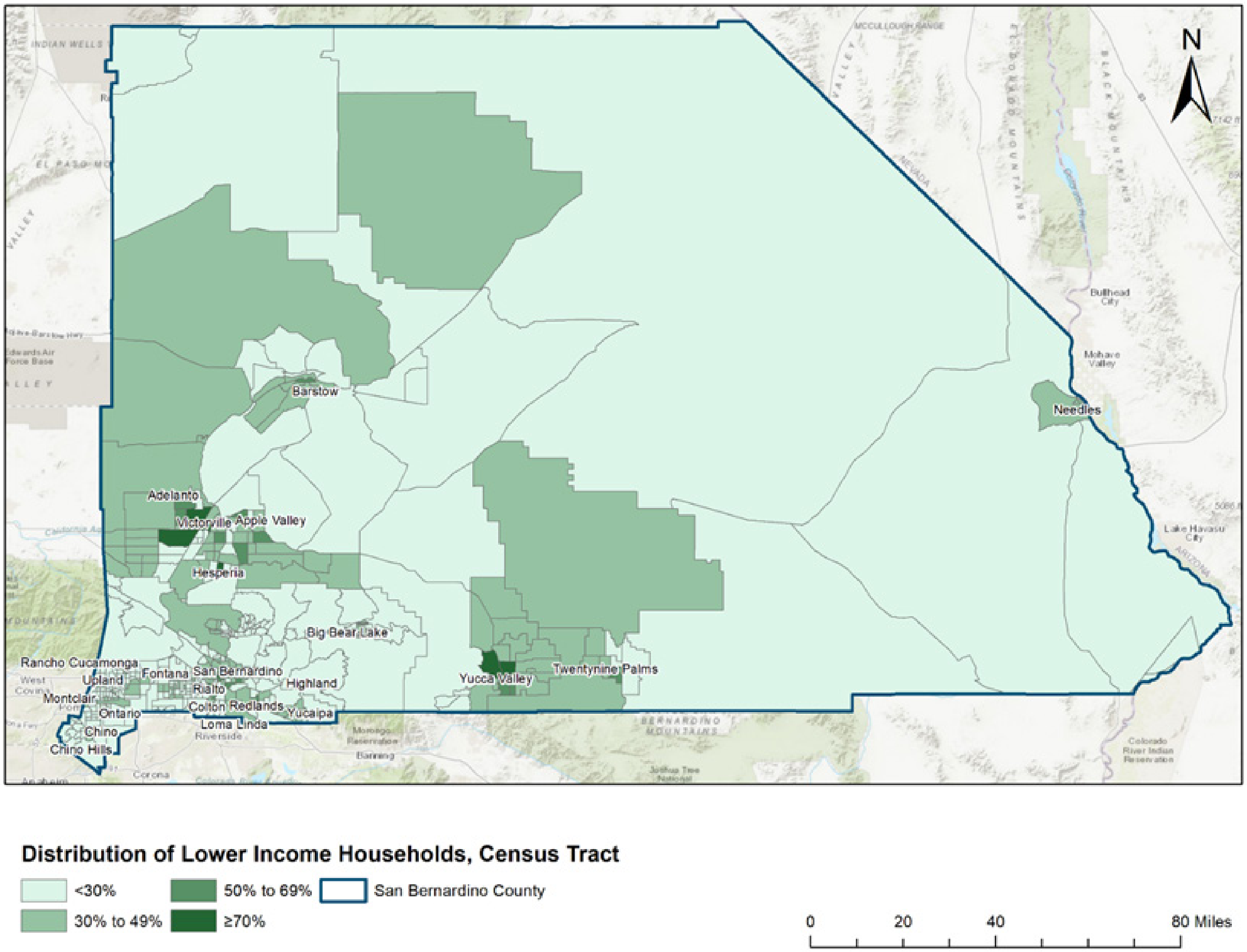
Figure 9. Income Category Distribution



Source: CHAS (Comprehensive Housing Affordability Strategy). 2014–2018 ACS, U.S. Department of Housing and Urban Development. https://www.huduser.gov/portal/datasets/cp.html#2006-2018.

Lower-income households are not evenly distributed throughout the County with Census tracts near or in Victorville, Hesperia and Yucca Valley indicating more than 70% of lower-income households as shown in **Figure 10, Distribution of Lower-Income Households**.

Figure 10. Distribution of Lower-income Households

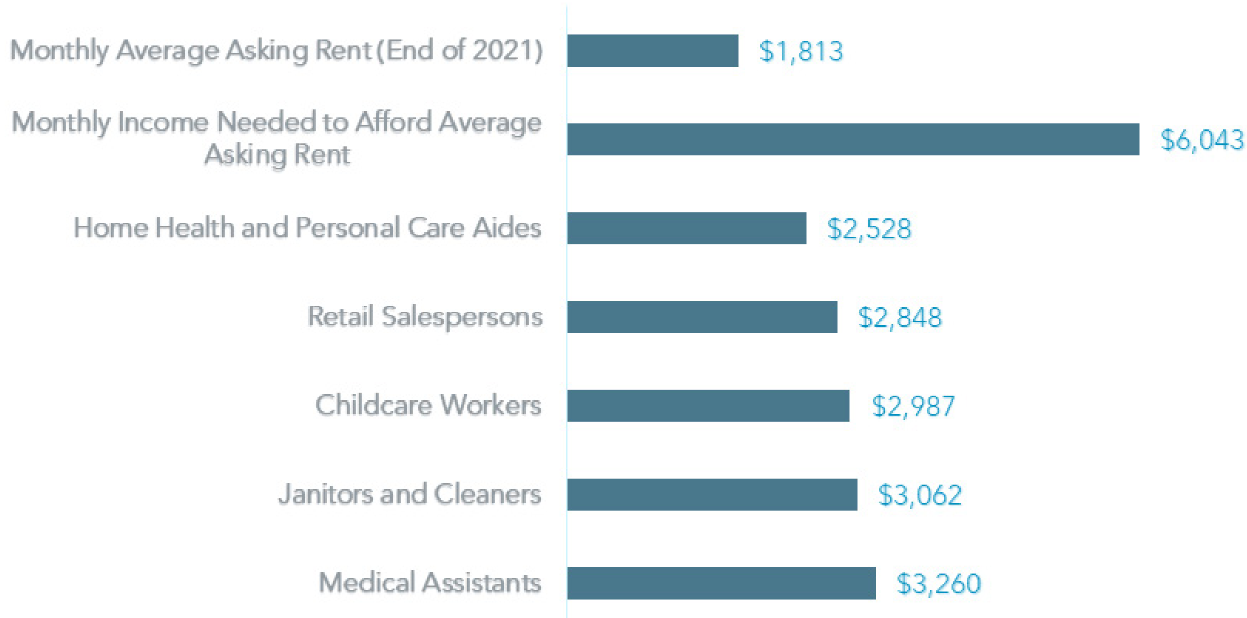


Source: U.S. Department of Housing and Urban Development, 2014-2018 Comprehensive Housing Affordability Strategy (CHAS) data; Dudek, 2022.

Figure 11, Income Compared to Rent Prices, provides the average monthly income across major job sectors in the County compared to the monthly income needed to afford average asking rent.

- A lower-income family (80% or less of AMI) of four would not be able to afford the monthly income needed to afford average asking rent for a two-bedroom unit.
- Average wages for the industries highlighted in Figure 11 would be considered severally cost burden as the average rent exceeds monthly income by more than 50%.

Figure 11. Incomes Compared to Rent Prices



Source: California Housing Partnership. Accessed June 2022. https://chpc.net/housingneeds/.

The challenge of housing costs and income for lower-households in the County is further reflected in **Figures 12a and 12b**, which show the percentage of total households (renter and ownership) that are considered to be burdened by their housing costs. Households that spend more than 30%, but less than or equal to 50%, of their gross incomes on housing costs are considered to be cost burdened and households that spend more than 50% of their gross incomes on housing costs are considered to be severely cost burdened. The figures highlight the following:

- There is a need for more affordable housing as nearly 50% of lower-income households (earning 80% or less of the AMI) experience moderate or severe cost burden.
- Lower-income renter households are disproportionately impacted by cost burden as 29% of all lower-income renters experience some level of cost burden, 11% of which are severely cost burdened.

Figure 12a. Low-Income Households Spending 30% - 50% of Income on Housing by Tenure

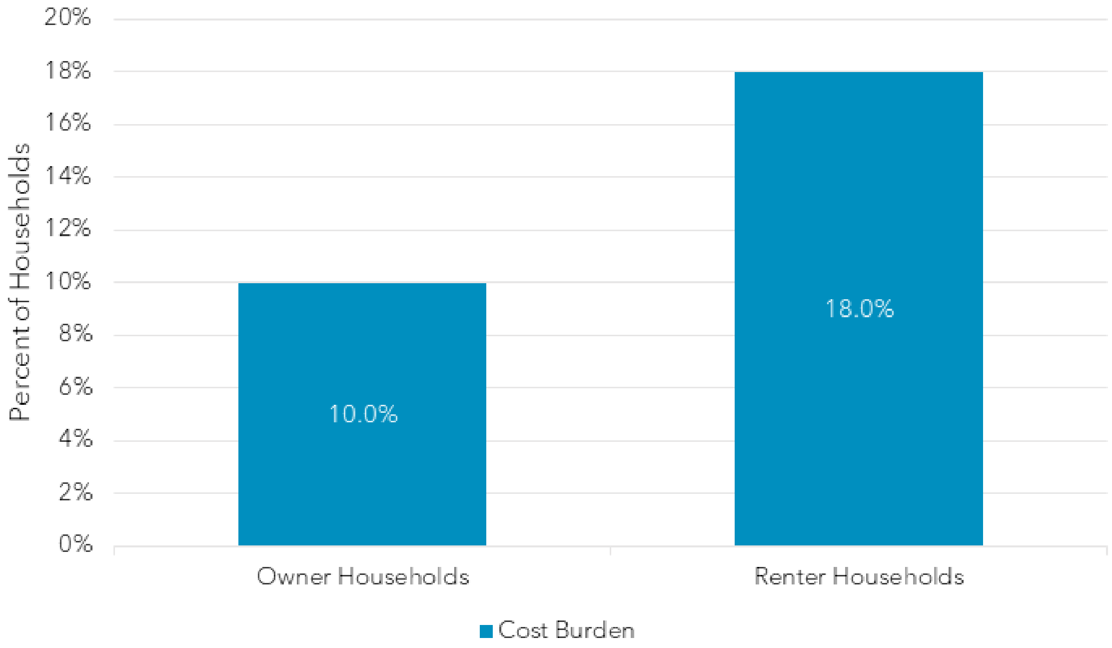
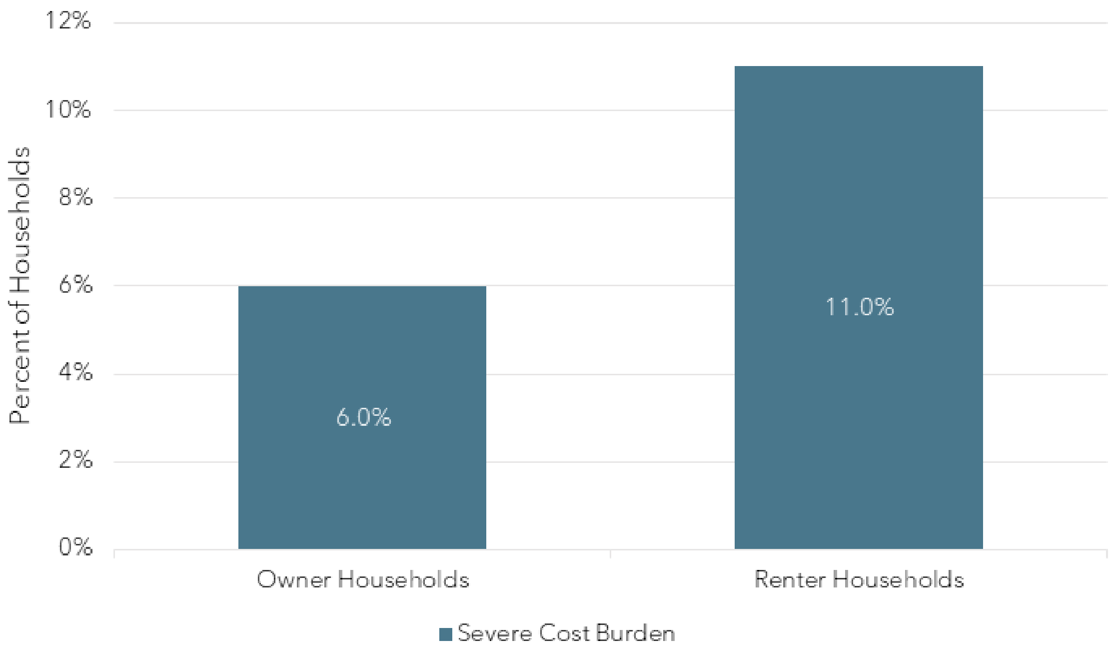


Figure 12b. Low-Income Households Spending More than 50% of Income on Housing by Tenure

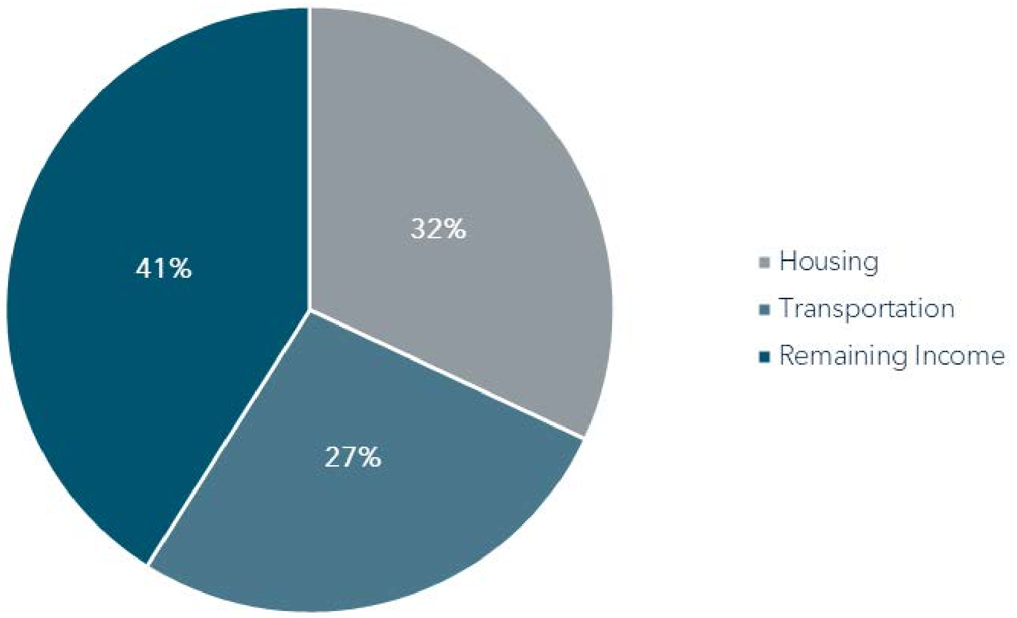


Source: U.S. Department of Housing and Urban Development, 2014-2018 Comprehensive Housing Affordability Strategy (CHAS) data.

In addition to housing costs, transportation is typically a household's second largest expenditure. Figure 13, Income Spent on Housing and Transportation Costs, factors both housing and transportation costs to provide a more comprehensive analysis of the true cost of housing. For example, people who move further from their job for more affordable housing prices, will often spend a greater amount of their income on transportation costs. In the San Bernardino region:

- The average combined housing and transportation costs are 59% of household income.
- Nearly half of the San Bernardino region households spend between 54% and 78% of their income on housing and transportation costs.

Figure 13. Average Percent of Income Spent on Housing and Transportation Costs



Source: Center for Neighborhood Technology. 2017. Housing and Transportation Index.

Regional Commute Patterns

In 2019, San Bernardino County employed 879,084 workers, including those who live in nearby counties. Further, 769,630 residents of the county were employed whether they worked within the county or elsewhere. Figure 14, Inflow/Outflow Job Counts, shows the commute patterns of both residents and those employed in San Bernardino County. Most workers employed in San Bernardino County live in the county, at 46.9%. San Bernardino County also employs 24.1% of workers who reside in Los Angeles County, and 11.4% of workers who reside in Riverside County.

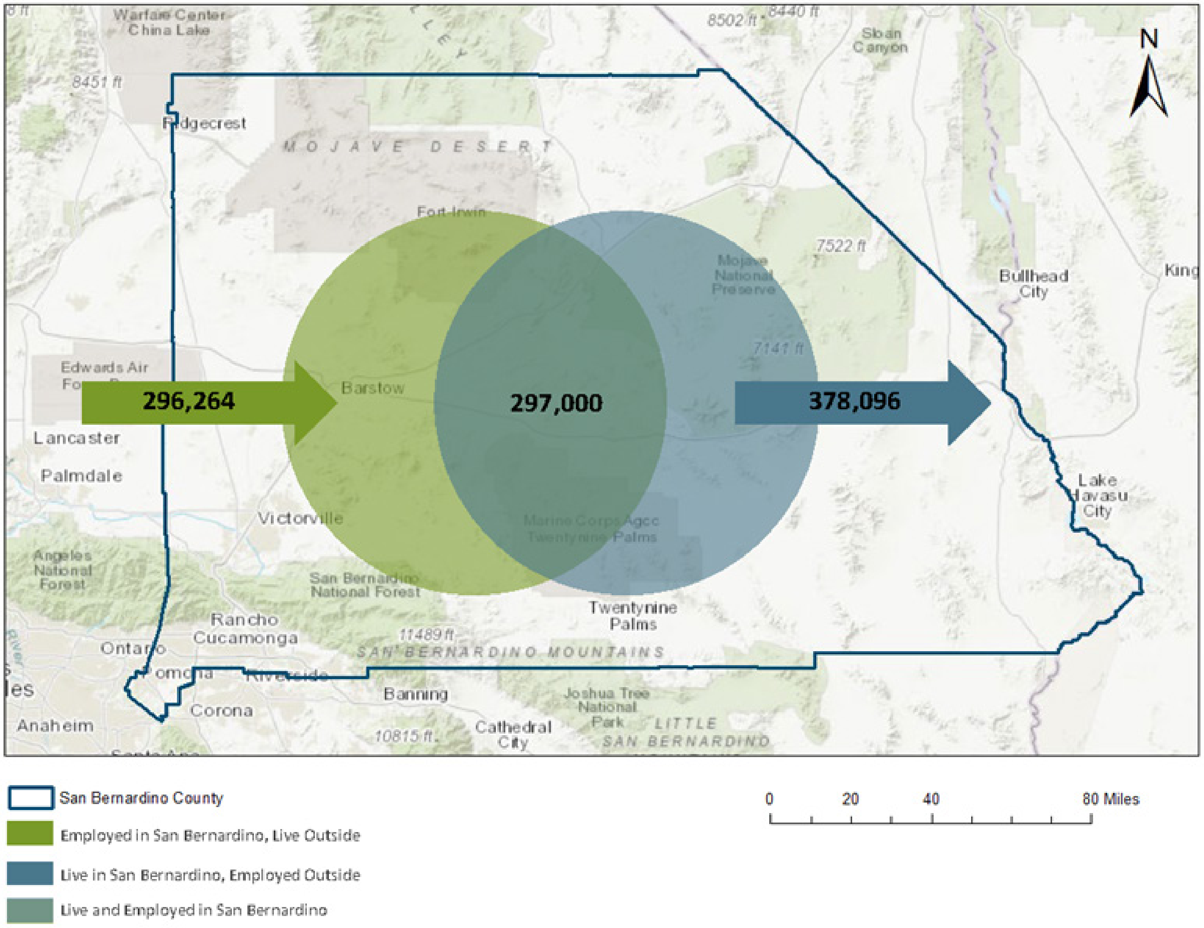
- Most workers employed in San Bernardino County work in the City of San Bernardino (16.2%), followed by Ontario (13.1%), and Rancho Cucamonga (9.9%).
- More than 53.6% of San Bernardino County residents work within the county, while 17.5% of residents work in nearby Riverside County, and 15.5% of residents work in

Los Angeles County.

- The City of San Bernardino employed the most residents in the county at 11.4%. This is followed by Fontana (9.9%), and Rancho Cucamonga (8.4%).

It should be noted, that total trips decreased from 73 million in 2019 to 45 million in 2021/2022, due to travel restrictions in response to the COVID-19 pandemic. This is a total reduction in travel activity of 39-percent. The majority of trips (85-percent) are local within San Bernardino County. Proportions of total trip purposes; whether from home to a non-workplace location, from home to the workplace and back, or trips that do not come or go from home; remained the same between 2019 to 2021/2022.[1]

Figure 14. Inflow/Outflow Job Counts (All Jobs)



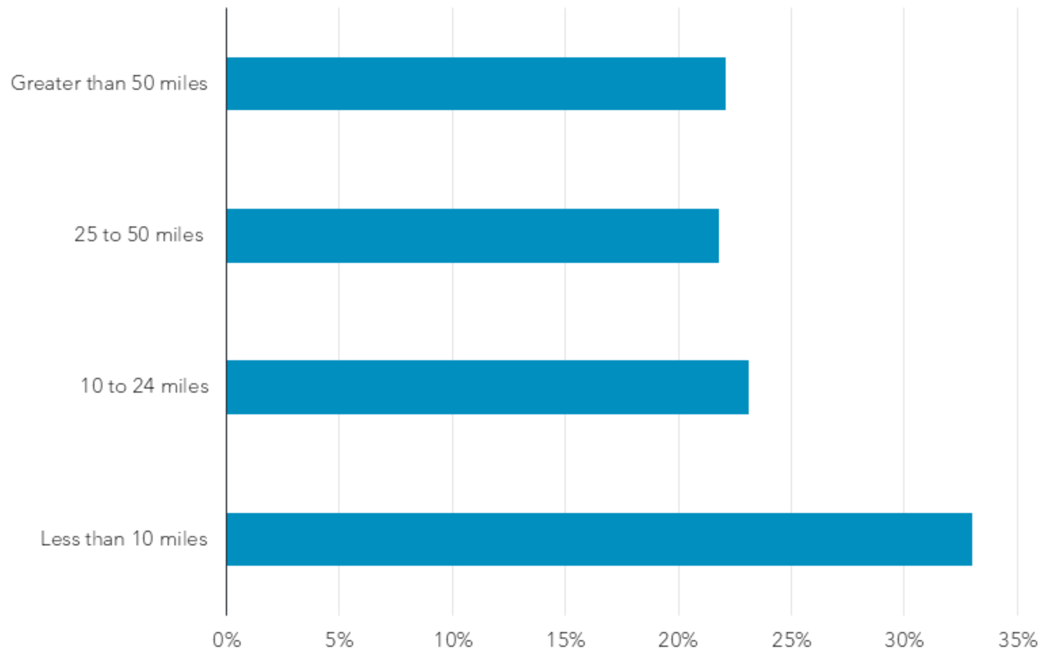
Source: United States Census Bureau. 2019. https://onthemap.ces.census.gov/.

[1]Fehr & Peers "Travel Patterns: San Bernadino County" and "Travel Patters: Unincorporated Area". Accessed September 7, 2022.

In dispersed areas, households need to own more vehicles than in urbanized areas and rely upon driving farther distances, which in turn drives up the cost of living. The annual household transportation cost in San Bernardino County is $14,814. Households own an average of 1.92 vehicles, and 27% of household income is spent on transportation. Figure 15, County Residents Distance to Work, summarizes the distance County residents drive from home to work.

- Commute distances are generally evenly dispersed across the four mileage categories.
- While the 33% of working residents fall within the shortest commute distance of less than 10 miles, 43% of working residents likely rely on a vehicle to commute as the commute varies from 25 to more than 50 miles.

Figure 15. County Residents Distance to Work



Source: United States Census Bureau. 2019. https://onthemap.ces.census.gov/.

HOUSING STOCK, PRODUCTION, AND NEEDS

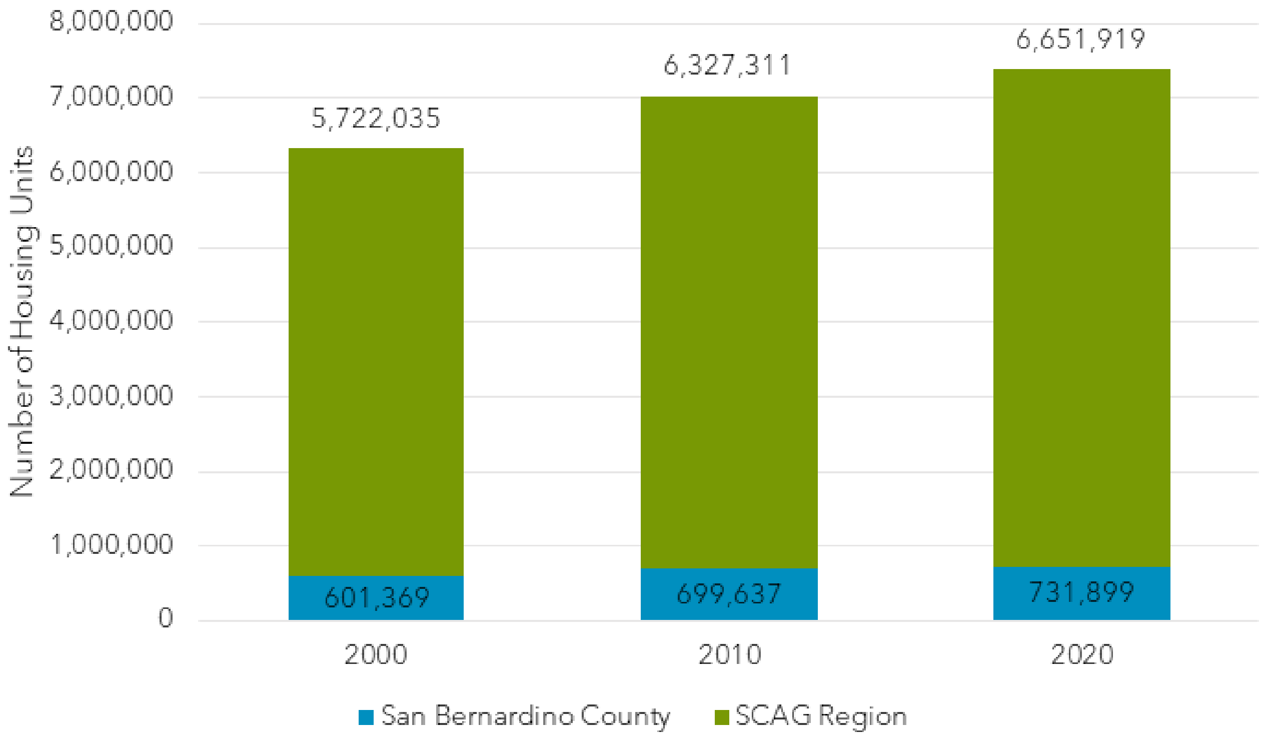
The following section highlights housing characteristic such as stock, tenure, and market trends, which is important to understanding the types of housing-related needs in San Bernardino County.

Housing Stock

In 2022, San Bernardino County was estimated to have 740,654 housing units. The total number of housing units in San Bernardino County and the SCAG region from 2000 to 2010 is illustrated in Figure 16, Number of Housing Units.

- In the County, the total number of housing units increased from 601,369 units in 2000 to 731,899 units in 2020. In the SCAG region, the total number of housing units increased from 5,722,035 units to 6,651,919 units in 2020.
- From 2020 to 2020, the County has produced housing a rate faster than the SCAG region, with a 21.7% increase in housing stock at the County level and 16.2% increase at a regional level for the SCAG region.
- Single family detached units accounted for the largest share (71.0%) of residential units in San Bernardino County. Multifamily units of five or more units were the second-most common type of housing (13.2%).

Figure 16. Number of Housing Units (2000–2020)



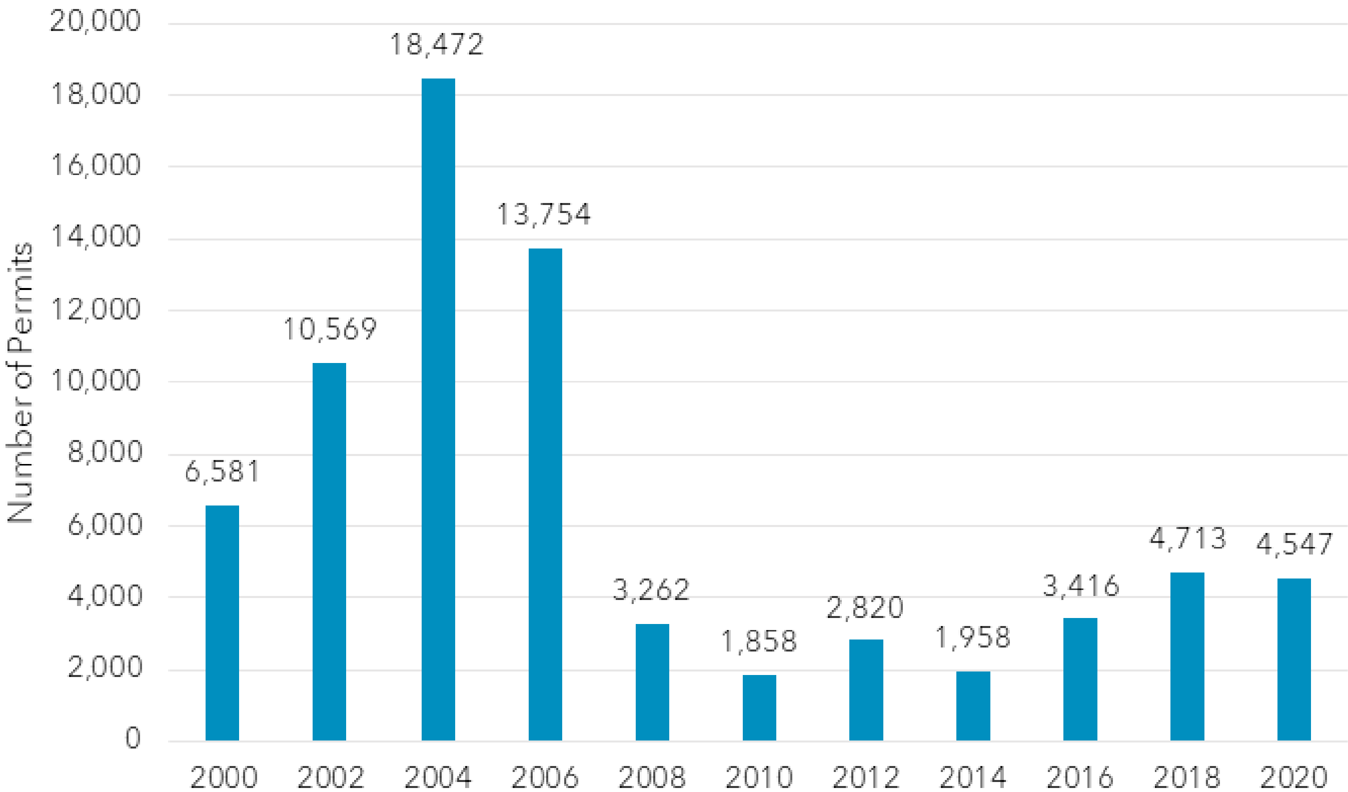
Source: California Department of Finance, E-8, 2000 and 2010; E-5, 2020.

Housing Production

The total number of residential permits issued in San Bernardino County are illustrated in Figure 17, Total Residential Units Permitted in San Bernardino County.

- In 2020, permits were issued for 4,547 residential units in San Bernardino County. The average number of permits issued in the County between 2000 and 2006 was considerably larger than the following years, due to the economic recession in the late 2000s.

Figure 17. Total Residential Units Permitted in San Bernardino County (2000–2020)



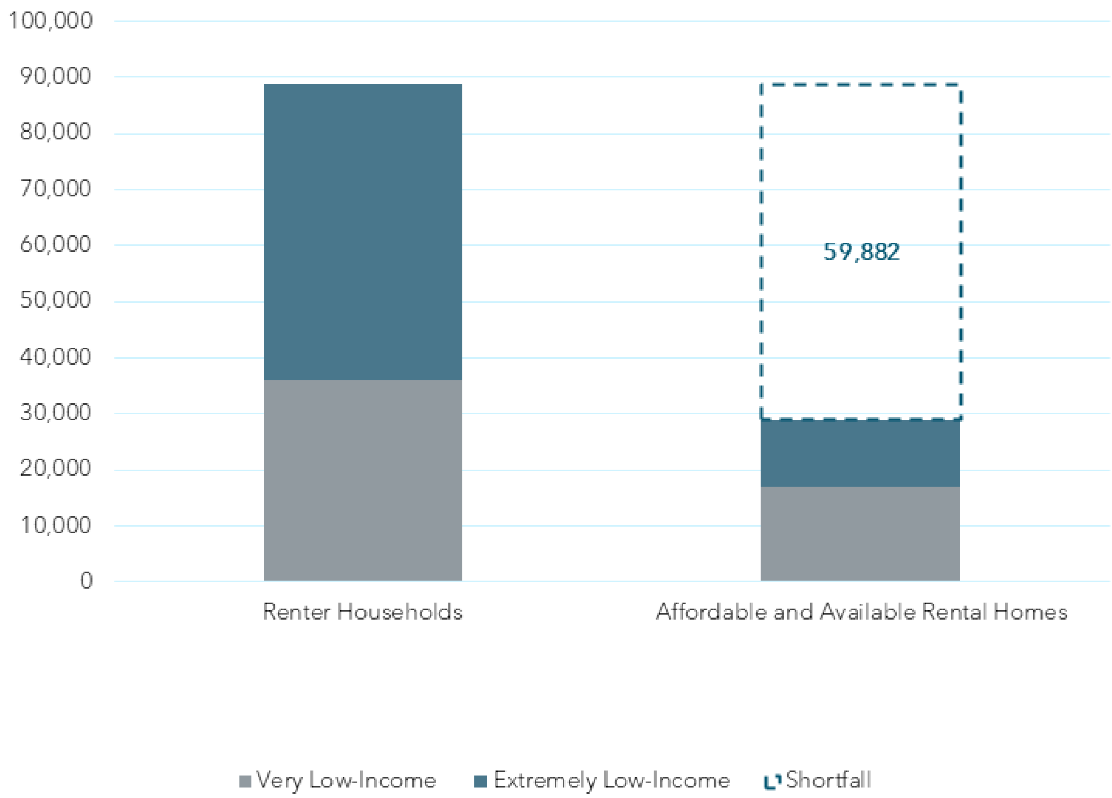
Source: Construction Industry Research Board. 2000–2020.

Housing Needs

Housing production rate in San Bernardino County is greater than the SCAG region as indicated by Figures 16 and 17 in the previous section. However, there is currently a shortage of affordable housing as highlighted through the cost burden and rental price data which impact renters the most. Figure 18, Affordable Homes Shortfall, indicates the number of very low- and extremely low-income renter households compared to the available number of affordable and available rental homes in the County.

- There is a shortfall of 59,882 housing units to accommodate low-income renters in the County.

Figure 18. Affordable Homes Shortfall

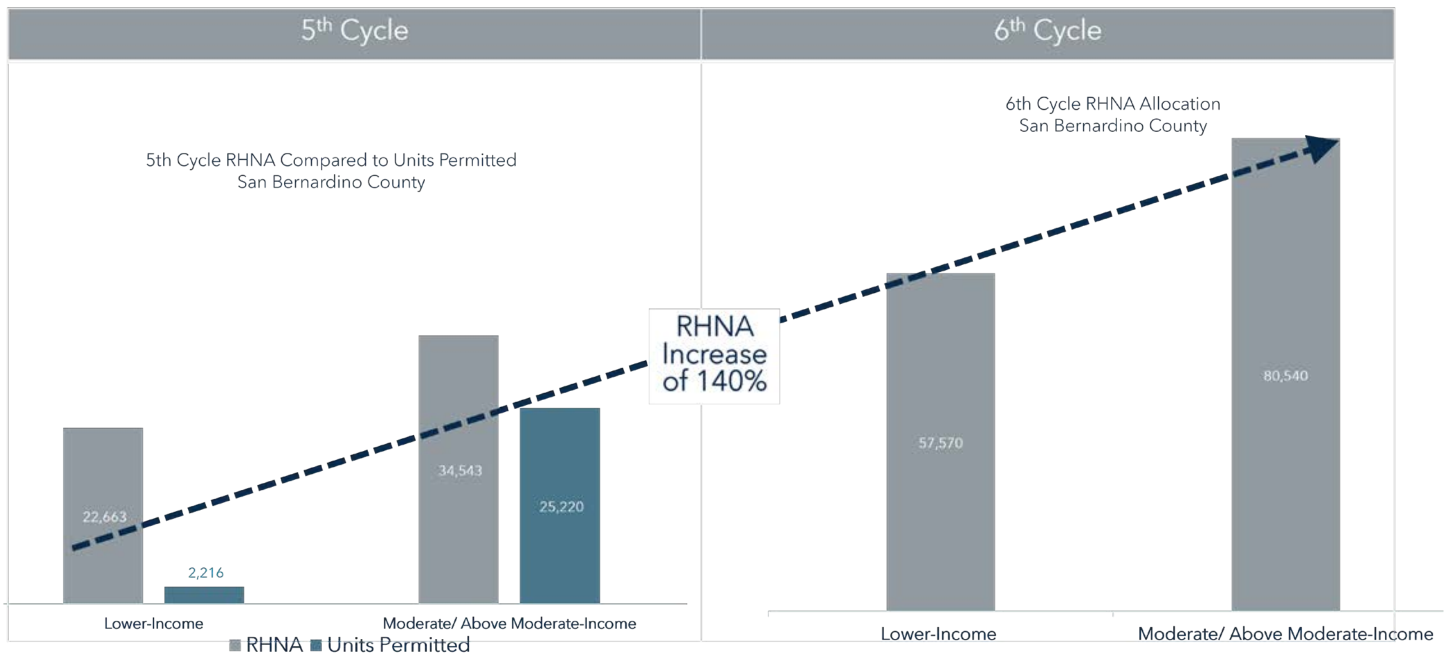


Source: California Housing Partnership. 2019. https://chpc.net/housingneeds.

San Bernardino County is planned to accommodate 138,110 residential units through 2029 per the Regional Housing Needs Allocation (RHNA) methodology. The SCAG region overall is planned to accommodate 1,341,827 residential units through 2029.

- The 5th Cycle RHNA Allocation for San Bernardino County was 22,663 for lower income and 34,543 for moderate- and above moderate-income.
- The County achieved 10% of its lower RHNA income unit and 73% of its moderate- and above moderate-income RHNA unit target for the 5th Cycle.
- The 6th Cycle RHNA Allocation for San Bernardino County for lower-income units increased by 154% from the 5th Cycle and increased by 133% from the 5th Cycle for moderate- and above moderate-income.

Figure 19. 5th Cycle RHNA and Production Compared to 6th Cycle RHNA



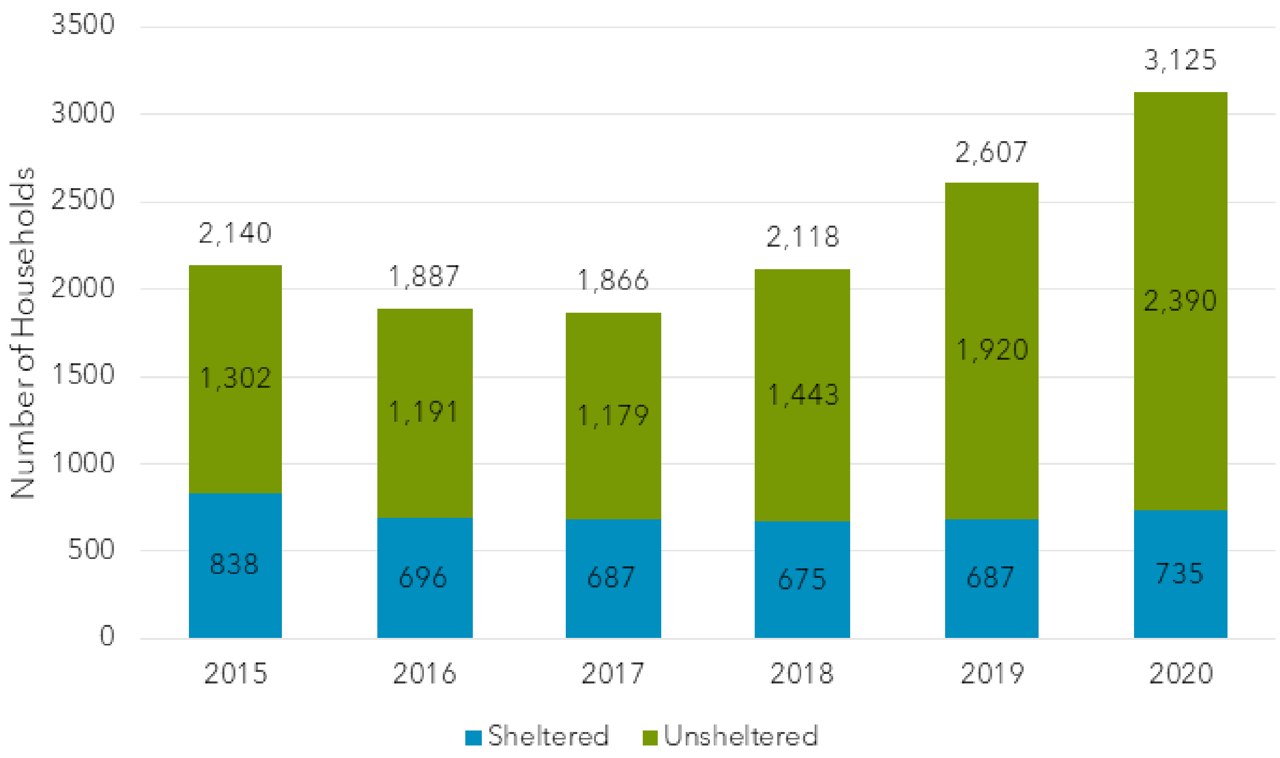
Source: California Department of Housing and Community Development, Accessed June 2022, https://www.hcd.ca.gov/community-development/housing-element/index.shtml

The shortfall of housing for lower-income households directly impacts the unsheltered population, as lower-income households struggle to compete for the low availability of affordable housing. An insufficient supply of affordable housing leaves vulnerable households with few options and exacerbates issues such as household overcrowding and homelessness.

As shown in Figure 20, Persons Experiencing Homelessness in San Bernardino County, there is an upward trend in the number of persons experiencing homeless in the region. The number of shelters and housing needed to serve those experiencing homelessness has not kept pace and this has led to a greater increase of those persons who are experiencing homelessness and are unsheltered.

- From 2019 to 2020, the number of persons experiencing homelessness increased by 19.8%
- From 2015 to 2020, the percentage of persons experiencing homelessness has increased by 46%.

Figure 20. Households Experiencing Homelessness in San Bernardino County (2015–2020)



Source: San Bernardino County Homeless Count and Subpopulation Survey. 2015–2020.

SAN BERNARDINO
REGIONAL HOUSING TRUST

FUNDING OPPORTUNITY ANALYSIS

Housing trusts use different forms of revenue to raise funds such as grants, loans, donations, taxes, and fees. Some housing trusts will receive a majority of their funding from one funding source, such as fees, but many seek out a variety of funding sources. Ensuring a variety of funding sources, is advantageous for trusts, as it can increase flexibility in how funds may be expended and can help to better leverage funds for additional revenues. The type of funding opportunities available to housing trusts is dependent on the formation of the trust (e.g., public, public/private, non-profit). Additionally, the type of funding pursued by a housing trust can determine how funding is allocated toward the specific goals and needs of the trust. None of the funding sources that would be pursued by the Housing Trust would compete against any existing funding pursuits across the region, but would instead increase overall funding opportunities for the region.

PRIORITY PROGRAMS

Housing trust programs are those steps that carry out the overarching goals of a housing trust to assist in the implementation of activities. Programs of a housing trust often act as an investment strategy, creating additional funding streams for the implementation of housing trust activities. The following programs should be prioritized by the Housing Trust.

- **Funding Pursuits.**
  There are many funding opportunities available to Housing Trusts. The Housing Trust should pursue funding opportunities through grant applications and private donations and should coordinate with participating member jurisdictions on local funding pursuits. Further detail on funding opportunities is provided within this chapter. None of the funding sources that would be pursued by the Housing Trust would compete against any existing funding pursuits across the region but would instead increase overall funding opportunities for the region.

- **Revolving Loan Fund.**
  Revolving loan funds can be structured as construction loans, loans for gap financing, or loans to fund other housing related activities and can provide revenue to the Housing Trust by replenishing the fund through interest gained. While revolving loan funds require seed funding, they can be a good mechanism for providing a continuous stream of revenues. Loans should be prioritized for construction and gap financing in early years of the Housing Trust, as this will ensure a quicker return on investment.

- **Nonprofit Component.**
  The Housing Trust should identify an existing nongovernmental nonprofit organization with an independent board of directors to activate 501(c)3 activities so that the Housing Trust may accept charitable contributions. Potential organizations include the Inland Empire Community Land Trust or Neighborhood Partnership Housing Services.

- **VMT Mitigation Bank.**
  As a response to recent state legislation (SB 743, 2013; effective July 2020) encouraging the overall reduction of greenhouse gas emissions through the monitoring of and mitigating for Vehicles Miles Traveled (VMT) incurred by future land use and transportation investments, SBCTA is actively pursuing the development of a Pilot VMT Mitigation Bank. Guided by Board action in July 2020, the pilot program would create a monetary value for VMT reduction such that a developer or an agency building a VMT-generating project could purchase VMT reduction credits. The money exchanged for credits could be applied to local, regional, or state level VMT reduction projects or actions. SBCTA has identified the Housing Trust as one such potential beneficiary of generated revenues; a certain percentage (identified by SBCTA) would fund the activities outlined by the Housing Trust's Bylaws.

While planning for the Pilot VMT Mitigation Bank is underway, additional work and funding are needed to move forward in this process. SBCTA anticipates applying for REAP 2.0 grant funding in late 2022/early 2023 to develop the needed program components (fee structure, VMT mobile application, participant verification process, etc.). Depending on the REAP 2.0 opportunity, SBCTA is anticipating that the pilot program could be implemented as soon as 2024, with revenues collected and distributed by 2025.

SECONDARY PROGRAMS

Community Development Financial Institution. If the Housing Trust develops a nonprofit component, the Housing Trust could operate as a Community Development Financial Institution (CDFI). CDFIs are private community-based non-governmental financial institutions that provide affordable lending to underserved populations or low-income people. Many private housing trusts are certified with the U.S. Department of Treasury as CDFIs. If the Housing Trust were established as a CDFI, it would gain access to competitive monetary awards through the Capital Magnet Fund, which awards grants to finance affordable housing solutions and community revitalization efforts that benefit low-income households and communities.

Grants and Loans

Current State and Federal Funding Opportunities

Table 2 provides a summary of funding programs that provide funds, either through grants or loans, for housing development activities. The California Department of Housing and Community Development (HCD) is the main agency that provides funding opportunities for new or existing housing trusts and housing activities. Programs specifically developed for the establishment of new housing trusts are described below. Other agencies that provide funding are the California Strategic Growth Council, which provides funding for housing activities under the Transformative Climate Communities Program and the Affordable Housing and Sustainable Communities Program, and the Governor's Office of Planning and Research and California Air Resources Board, which co-funds the Regional Early Action Planning 2.0 Grant with the HCD.

The Transformative Climate Communities and Affordable Housing and Sustainable Communities Programs are funded through the General Fund's Climate Budget. The Transformative Climate Communities Program funds projects including affordable and sustainable housing developments that reduce greenhouse gas emissions in disadvantaged communities that are ranked in the top 25% of California Communities Environmental Health Screening. The Transformative Climate Communities Program requires applicants to develop and implement projects that address three of Transformative Climate Communities' 11 strategies. Strategies that housing trusts established as a JPA or non-profits can select are: Equitable Housing and Neighborhood Development, Land Acquisition for Affordable Housing, and Solar Installation, Energy Efficiency, and Appliance Electrification or Water Efficiency. The Affordable Housing and Sustainable Communities Program provides funding for affordable housing development and transportation infrastructure for disadvantaged and low-income communities and households. The goal of this program is to reduce the need and use of personal vehicles by increasing the supply of affordable housing that allows residents to live near jobs, stores, transit stops, and other daily needs.

The Regional Early Action Planning (REAP) 2.0 Grant is a new program created from the 2021 California Comeback Plan. The program is funded through Federal COVID-19 Fiscal Recovery Fund and State General Funds. REAP 2.0 builds upon REAP 1.0 and "integrates housing and climate goals."[5] This program provides funding to housing development activities that reduces vehicle usage, increases housing affordability, and advances equity.

5 California Department of Housing and Community Development, Accessed June 2022, Regional Early Action Planning (REAP) Website, https://www.hcd.ca.gov/regional-early-action-planning

Table 2. Summary of Current State and Federal Funding Opportunities[a]

Program and Organization	Type of Funds	Maximum Funds Available	Match Requirement	Expenditure Deadline	Examples of Eligible Housing Activities—See Guidelines for Entire List
Local Housing Trust Fund— HCD[1]	Grant	$5 million	100%	3–5 years	•Loans for acquisition •Predevelopment expenses and development of affordable rental housing projects •Rehabilitation of homes owned by income-eligible homeowners •Down payment assistance to qualified first-time homebuyers
National Housing Trust Fund— HCD	Loan	$10 million per project	Not Required	5 years	•New construction of multifamily permanent housing for extremely low-income households
Permanent Local Housing Allocation— HCD	Grant	$20-30 million[2]	Not Required	5 years	•The predevelopment, development, acquisition, rehabilitation, and preservation of multifamily, residential live-work, and affordable rental and ownership housing. •Matching portion of funds placed in housing trusts and available through the Low- and Moderate-Income Housing Asset Fund •Efforts to acquire and rehabilitate foreclosed or vacant homes and apartments •Homeownership opportunities, including, but not limited to, down payment assistance

Table 2. Summary of Current State and Federal Funding Opportunities[a]

Program and Organization	Type of Funds	Maximum Funds Available	Match Requirement	Expenditure Deadline	Examples of Eligible Housing Activities—See Guidelines for Entire List
Regional Early Action Planning 2.0 Grant— HCD, CSCG[3], Governor's Office of Planning and Research, CA Air Resources Board	Grant	Based on County Population Projections as of July 1, 2021	Not Required	2–4 years	•Establishing and funding an affordable housing catalyst fund, trust fund, or revolving loan fund for location efficient project •Affordable housing development programs •Housing development soft costs, such as predevelopment costs •Accelerating infill development that facilitates housing supply, choice, and affordability through various planning programs, services, or capital expenditures
Multifamily Housing Program (AB[4] 434 Super NOFA[5])— HCD	Loan	$35 million per project; $80 million in Super NOFA fund awards	Not Required	3 years	•Property acquisition •On-site improvements related to the Rental Housing Development •Architectural, appraisal, engineering, legal and other consulting costs, and fees, which are directly related to the planning and execution of the Project Rent-Up Costs
Joe Serna, Jr. Farmworker Housing Grant (AB 434 Super NOFA)— HCD	Grant	$3 million; $80 million in Super NOFA fund awards	Not Required	3 years	•Projects must be intended for Agricultural Workers •Property acquisition •Onsite improvements related to the Rental Housing Development •Architectural, appraisal, engineering, legal, and other consulting costs, and fees, which are directly related to the planning and execution of the Project, and which are incurred through third-party contract

Table 2. Summary of Current State and Federal Funding Opportunities[a]

Program and Organization	Type of Funds	Maximum Funds Available	Match Requirement	Expenditure Deadline	Examples of Eligible Housing Activities—See Guidelines for Entire List
Veterans Housing and Homelessness Prevention Program (AB 434 Super NOFA)—HCD	Loan	$15 million per project; $80 million in Super NOFA fund awards	Not Required	5 years	• Projects must be intended for Veterans and their families • Property acquisition • On-site improvements related to the Rental Housing Development • Architectural, appraisal, engineering, legal and other consulting costs, and fees, which are directly related to the planning and execution of the Project, and which are incurred through third-party contract
Affordable Housing and Sustainable Communities—CSGC	Grant, Loan	$30 million per project area (Loan, Grant, or Combination)	90%	6 years	• New construction • Acquisition and Substantial Rehabilitation (including preservation of affordable housing at-risk of conversion to market rate) • Conversion of one or more nonresidential structures to residential dwelling units • Soft costs such as those incidentally but directly related to construction or other pre-development components
Transformative Climate Communities (Implementation) CSGC	Grant	$35 million	50%	6 years	• New construction • Acquisition and substantial rehabilitation including preservation of affordable housing at-risk • Conversion of one or more nonresidential structures to residential dwelling units • Affordable housing or mixed-use developments

Table 2. Summary of Current State and Federal Funding Opportunities[a]

Program and Organization	Type of Funds	Maximum Funds Available	Match Requirement	Expenditure Deadline	Examples of Eligible Housing Activities—See Guidelines for Entire List
HOME Investment Partnership Programs - US Department of HUD[6]	Grant, Loan	$150,00-200,000 (Grant); $7 million (Loan)	Not Required	3.3 years	• Rental new construction or rehabilitation project • Acquisition-only down payment assistance or with rehabilitation • Tenant based rental assistance • Infill new construction
CalHome Program - HCD	Grant	$300,000- 5 million	Not Required	3 years	• First-time homebuyer mortgage or Owner-occupied rehabilitation assistance • Technical assistance for self-help homeownership projects • Loans for ADU/JADU construction or repair or homeownership project development projects
Homekey - HCD	Grant	$200,000-300,000 per door (Capital); $50,400 per unit (Operating)	Not Required, but if provided additional funding is available	8 months or 4 years[7]	• Acquisition and/or rehabilitation of motels, hotels, hostels, or other sites and assets • Conversion of units from nonresidential to residential • New construction of dwelling units • Leasing of properties for non-congregate housing

Notes:
a Program guideline are subject to change each year. The table summarizes the most current guidelines for each program, accessed in May and June 2022.
1 California Department of Housing and Community Development
2 Funds are allocated based on a formula. Maximum funds available are based on 2021 allocations.
3 California Strategic Growth Council
4 Assembly Bill
5 Notice of Funding Availability
6 Housing and Urban Development
7 Capital funds must be expended by 8 months of the date of award and operating funds by June 30, 2026.

Key Funding Opportunities for Housing Trusts

Most of the funding opportunities listed in Table 2 allow housing trusts formed as a JPA to directly apply for program funds. Some funding programs are of particular importance for housing trusts, as the funding is offered in the form of a grant and housing trusts may be ideal applicants. The programs listed in Table 2 that should be prioritized by the Housing Trust are further detailed as follows.

- **Local Housing Trust Fund**
  The Local Housing Trust Fund program (LHTF) provides matching grant funds to housing trusts. Funds may be used for the development or rehabilitation of affordable housing (construction loans, predevelopment finance loans, acquisition costs, or similar costs); housing to serve those experiencing homelessness (emergency shelters, permanent supportive housing, transitional housing); affordable homebuyer or homeowner projects, or for the development of accessory dwelling units. Matching funds are provided on a dollar-for-dollar basis, up to $5 million annually. Housing trusts must have ongoing sources of revenues such as membership dues and a percentage of each NOFA is set aside for new housing trusts.

- **Affordable Housing and Sustainable Communities**
  The Affordable Housing and Sustainable Communities (AHSC) program awards funds to projects that integrate land use and transportation strategies to reduce vehicle miles traveled. This program requires a defined project area that includes a transit stop and supports affordable housing development. This program would best serve the Housing Trust for a specific development. This could be through a coordinated effort with an affordable housing developer or through a grant pursuit for the development of a publicly owned site.

- **Transformative Climate Communities**
  Similar to the AHSC program, the Transformative Climate Communities (TCC) funds projects that implement other state objectives such as greenhouse gas reduction. TCC provides implementation grants for projects that are shovel-ready, located near transit, and provide or are near a planned or existing community benefit. Community benefits can include multimodal improvements, community gardens, parks, or similar uses. This grant would best serve the Housing Trust for a specific development, ideally in a community with an adopted TCC plan.

Funding Opportunities for Outside Applicants

The majority of programs listed in Table 2 allow housing trusts and organizations formed as a JPA to directly apply for program funds. However, there are programs that require housing trusts to work or partner with their local government agency to receive or apply for funds. The following programs in Table 2 require collaboration.

- **Regional Early Action Planning 2.0**

  REAP 2.0 allocates most of program funds to Metropolitan Planning Organizations, including SCAG. A portion of funds go to rural, tribal, and other entities. SCAG represents the Counties of Imperial, Los Angeles, Orange, Riverside, San Bernardino, and Ventura and may partner with other forms of governments or entities or suballocate funds to a regional housing trust fund. Suballocations are based on housing, land use, transportation, climate change, equity, and planning priorities.

- **Permanent Local Housing Allocation**

  The Permanent Local Housing Allocation Program allocates its funds to entitlement and non-entitlement jurisdictions. Entitlement jurisdictions are defined as principal cities of Metropolitan Statistical Areas, other metropolitan cities with populations of at least 50,000, and qualified urban counties with populations of at least 200,00 (excluding the population of entitled cities). Allocated funds for entitlement jurisdictions, which includes San Bernardino County[6], are based on the Community Development Block Grant formula allocation. A local government receiving the entitlement or non-entitlement allocation may delegate a Local or Regional Housing Trust Fund to submit an application on its behalf and administer its allocation of program funds.

- **HOME Investment Partnership Program**

  Federal HOME Investment Partnership Program (HOME) funds are allocated to participating jurisdictions, often counties or cities, and are restricted for use within their jurisdictions. Funds can be used for affordable housing development, rehabilitation, and tenant assistance, but must serve low- to very low-income levels. A participating jurisdiction may be allowed to use a for-profit or nonprofit lender to administer its HOME homebuyer assistance program, such as a housing trust or partner to the trust, if it provides both the HOME financing and other mortgage financing to HOME-assisted homebuyers. To do so, a participating jurisdiction must implement safeguards such as specifying in a written agreement the forms, amounts, and any conditions of homeownership assistance the lender is authorized to provide.

[6] Needles, Big Bear Lake, Grand Terrace, Yucca Valley, Loma Linda, Barstow, Twentynine Palms, Montclair, Adelanto, Colton, Yucaipa, Highland, and Redlands

- **CalHome Program**
  Only local public agencies and nonprofit corporations are eligible to apply for the CalHome Program. A consortium with a single administrator can be established on behalf of all jurisdictions in a consortium to help less experienced localities to qualify for funding, provided there is a Memorandum of Understanding between the parties. A housing trust would benefit from this as a nonprofit, if funding is provided through its jurisdictions, or as an administrator of a consortium of local public agencies. The Housing Trust Fund of Santa Barbara County, a nonprofit, was awarded a $1.76 million grant which helped relaunch its Workforce Homebuyer program.

- **Homekey**
  Homekey provides funding to house those experiencing or at-risk of experiencing homelessness. This includes acquisition, rehabilitation, or preservation to provide housing such as emergency shelters, transitional housing, or permanent supportive housing. Applicants are required to be cities, counties, cities and counties, and all other state, regional, and local public entities (alone or acting jointly), including councils of government, metropolitan planning organizations, and regional transportation planning agencies. The Housing Trust could utilize Homekey funds to assist jurisdictions in providing housing for those experiencing homelessness.

Eligible Use of Funds

Table 2 provides examples of eligible projects and activities for each program. To view a comprehensive list of eligible uses of funds, refer to the most recent program guidelines. Most programs are specifically designed for housing activities. However, there are some programs with a broader focus, such as the reduction of greenhouse gas emissions, but incorporate affordable housing activities as a way to meet the program's overall goal (e.g., Transformative Climate Communities, Affordable Housing and Sustainable Communities Programs, and Regional Early Action Planning 2.0 Grant). There are other programs that require funds to be used for specific groups or targeted areas such as agricultural workers (Joe Serna, Jr. Farmworker Housing Grant), veterans (Veterans Housing and Homelessness Prevention Program), individuals eligible for health care assistance (Housing for a Healthy California), and disadvantaged communities (Transformative Climate Communities and Affordable Housing and Sustainable Communities).

Programs for New Housing Trusts

Certain state or federal programs designate specific funds for new housing trusts. The Local Housing Trust Fund Program administered by the California Department of Housing and Community Development typically reserves 15% of funds for new housing trusts. The minimum amount a new housing trust can request is $750,000 (maximum is $5 million) and sources of ongoing revenues must be sufficient to pay for the new trust fund's operating costs for a minimum of 5 years. Ongoing revenues include public or private sources of revenue. If there are insufficient applications from new housing trusts in a given funding year, then the remaining 15% of reserved funds for new housing trusts become available to existing housing trust funds.

The Local Housing Trust is one of the most well-known programs to secure funds for new and existing housing trusts, but there is another program that provide funds specifically for new housing trusts. The REAP 2.0 Grant was developed to provide coronavirus recovery through financial assistance of activities that meet housing goals and reduce vehicle usage. Approximately 80% of the funding available for REAP 2.0 comes from the Federal COVID-19 Relief funds and 20% comes from State General Fund dollars. Therefore, REAP 2.0 also uses the "United States Department of Treasury's Final Ruling on State and Local Fiscal Recovery Funds (SLFRF)" as guidance on eligible uses of funds, specifically for the 80% of funds sourced from the Federal COVID-19 Relief funds[7]. SLFRF allows REAP 2.0 program funds to be used to "establish and fund an affordable housing catalyst fund, trust fund, or revolving loan fund for location efficient projects as long as the fund is spent by the expenditure deadline (June 30, 2026)."[8]

Past Funding Availability for Housing Trusts

Funding availability for programs listed in Table 2 has varied over the years. Table 3 provides a summary of past funding opportunities and total funding amount available for each Notice of Funding Availability (NOFA) released. Not all programs provide past NOFA documents consecutively and some programs have been recently formed, so past NOFA documents only go back 1 or 2 years. Almost all funding for programs has increased over the years, with two programs receiving a slight decrease in funds in 1 year. The Local Housing Trust Fund has repeatedly had $57 million allocated to the program and the REAP 2.0 Grant had a high increase in funds due to the Federal COVID-19 Relief. Both programs have specific activities or funds allocated for new housing trusts.

7 United States Department of Treasury's Final Ruling on State and Local Fiscal Recovery Funds (SLFRF)
8 Regional Early Action Planning Grant Program 2.0 2022 Draft Guidelines

Table 3. Summary of Past Funding Opportunities for Housing Trusts

Program and Organization	Type of Funds	Year	Release of Notice of Funding Availability	Total Funding Available	More Information
Local Housing Trust Fund— HCD[1]	Grant	2022	April	$57 million	Not Available
		2021	May	$57 million	
		2020	April	$57 million	
National Housing Trust Fund— HCD	Loan	2021	December	$160 million	Funding for federal years 2018-2021 were used for the Housing for a Healthy California Program
		2019	May	$33 million	
		2018	June	$30 million	
Permanent Local Housing Allocation— HCD	Grant	2021	May	$304 million	Formula Component (Non-Entitlement and Entitlement)
		2020	February	$195 million	
Regional Early Action Planning 2.0 Grant— HCD, CSCG[2], Governor's Office of Planning and Research, CA Air Resources Board	Grant	2022	Summer	$600 million	REAP 2.0 Draft Guidelines are currently available and approximately $510 million will go towards Metropolitan Planning Organizations' Direct Allocation
		2020	February	$119 million	REAP 1.0
Multifamily Housing Program (AB[3] 434 Super NOFA[4])— HCD	Loan	2022	March	$275 million	Part of the Multifamily Finance Super NOFA (AB 434) providing $650 million in funding for all programs
		2021	July	$220 million	$20 million each year was set aside for project(s) selected pursuant to Executive Order N-06-19
		2020	August	$195 million	

Table 3. Summary of Past Funding Opportunities for Housing Trusts

Program and Organization	Type of Funds	Year	Release of Notice of Funding Availability	Total Funding Available	More Information
Joe Serna, Jr. Farmworker Housing Grant (AB 434 Super NOFA) - HCD	Grant	2022	March	$80 million	Part of the Multifamily Finance Super NOFA (AB 434) providing $650 million in funding for all programs
		2021	February	$86 million	Not Available
		2019	December	$74 million	
Veterans Housing and Homelessness Prevention Program (AB 434 Super NOFA)—HCD	Loan	2022	March	$95 million	Part of the Multifamily Finance Super NOFA (AB 434) providing $650 million in funding for all programs
		2021	May	$75 million	Not Available
		2020	January	$75 million	
Affordable Housing and Sustainable Communities—CSGC	Grant, Loan	2021	February	$405 million	Not Available
		2019	November	$550 million	
		2018	November	$395 million	
Transformative Climate Communities—CSGC	Grant	2022	March	$105 million	Three implementation grant awards of $35 million each
		2019	October	$56.4 million	Two implementation grant awards of $28.2 million each
Housing for a Healthy California— HCD	Grant, Loan	2021	December	$160 million	Uses $160 million in federal National Housing Trust Fund (NHTF) funding
		2020	June	$43.5 million	Combined $33 million from 2020 NHTF funds and $10.5 million from 2019 NHTF funds

Table 3. Summary of Past Funding Opportunities for Housing Trusts

Program and Organization	Type of Funds	Year	Release of Notice of Funding Availability	Total Funding Available	More Information
HOME Investment Partnership Programs - U.S. Department of HUD[5]	Grant	2021 and 2020	December	$72 million	NOFAs released for 2020 and 2017 cover two years of funding
		2019	October	$42 million	
		2018 and 2017	June	$72 million	
CalHome Program— HCD	Grant	2021	September	$57 million	Not available
		2020	August	$57 million	
		2019	November	$57 million	
Homekey— HCD	Grant	2021	September	$1.45 billion	• $1.2 billion is derived from the Coronavirus State Fiscal Recovery Fund (CSFRF) established by the federal American Rescue Plan Act of 2021
		2020	July	$600 million	• $550 million is derived from the state's direct allocation of the federal Coronavirus Relief Fund

Notes:
1 California Department of Housing and Community Development
2 California Strategic Growth Council
3 Assembly Bill
4 Notice of Funding Availability
5 Housing of Urban Development

PRIVATE DONATIONS

Table 4. Examples of Potential Donor or Partner Organizations

<table>
<tr><th>Donor Organization</th><th>Housing Trust Donation Recipients</th><th>More Information</th></tr>
<tr><td>Bank of America</td><td>Silicon Valley Housing Trust and Santa Barbara County Housing Trust</td><td rowspan="7">No information Available</td></tr>
<tr><td>Wells Fargo</td><td>Silicon Valley Housing Trust and Housing Endowment and Regional Trust of San Mateo County</td></tr>
<tr><td>Chase</td><td rowspan="2">Silicon Valley Housing Trust</td></tr>
<tr><td>Kaiser Permanente</td></tr>
<tr><td>1st Capital Bank</td><td rowspan="3">San Luis Obispo County Housing</td></tr>
<tr><td>Union Bank of California</td></tr>
<tr><td>California Association of Realtors</td></tr>
<tr><td>Stater Bros. Market</td><td>N/A</td><td>Stater Bros. Charities funds nonprofit organizations that support causes such as children's well-being and health</td></tr>
<tr><td>Cal State San Bernardino</td><td>N/A</td><td>Ventura County Housing Trust Fund received donations from Cal State Channel Islands University</td></tr>
<tr><td>Lowe's Home Improvement</td><td>City of Redding</td><td>Seed money for City of Redding (Note— Housing trust no longer exists)</td></tr>
<tr><td>Esri</td><td></td><td>Esri has been noted through outreach as a potential collaborator in the Housing Trust. This could be through charitable donation or through other coordination.</td></tr>
<tr><td>Amazon</td><td>Ventura County Housing Trust Fund

San Luis Obispo County Housing Trust Fund</td><td>The Ventura County Housing Trust Fund uses AmazonSmile, which allows a proportion of profits made through Amazon using a special link to be donated into the housing trust.</td></tr>
<tr><td>FedEx</td><td></td><td>Fedex has been noted through outreach for this effort as a potential collaborator in the Housing Trust. This could be through charitable donation or through other coordination.</td></tr>
<tr><td>UPS</td><td></td><td>UPS has been noted through outreach for this effort as a potential collaborator in the Housing Trust. This could be through charitable donation or through other coordination.</td></tr>
</table>

Previous and current housing trusts have been able to secure private donations to help fund their programs. The ability for a housing trust to receive donations is dependent on the filing status. The Silicon Valley Housing Trust files as a 501(c)(3) corporation and is one of the housing trusts that provides a comprehensive list of all their donors on their website[9]. It is acknowledged that the Silicon Valley Housing Trust is a unique case because of the numerous opportunities for private donations available in the area. However, some of the donors in the Silicon Valley region could be applicable to San Bernardino. Table 4 provides a list of potential organizations that could be of interest to SBCOG for either charitable donations or for potential partnerships to develop solutions to the regional housing needs that impact residents as well as the private sector. These organizations have a presence in the San Bernardino region, and some have previously donated to housing trusts. Additional organizations that have been identified through outreach as potential Housing Trust partners include Logistix, Habitat for Humanity, NEW Economics for Women, Heart 2 Serve Inc., and Pelican Communities. As stated above, the filing status of the housing trust would determine how San Bernardino Housing Trust can receive donations. The Orange County Housing Finance Trust, formed in 2019, is formed as a JPA and has formed a partnership with an existing non-profit so that it may receive tax-exempt donations to fund more affordable and supportive housing.

The San Luis Obispo County Housing Trust Fund which also files as a 501(c)(3) has also raised a lot of capital through donations and provides links on the trust's website for the public to make personal donations. An innovating mechanism San Luis Obispo County uses is partnering with AmazonSmile. AmazonSmile donates 0.5% of the price of eligible purchases to a user's charity of choice. To be eligible to receive donations from AmazonSmile, an organization must be listed in Candid's GuideStar, a repository of nonprofit organizations.

TAXES AND FEES

Taxes and fees can be implemented by local governments and can be utilized as another form of revenue for housing trusts. New or existing taxes and fees may be utilized by participating member jurisdictions to provide funds for annual Housing Trust membership dues. In the 2016, the Sonoma County Community Development Commission reviewed the revenue sources of 37 housing trusts in California in their "Prospects for a Sonoma County Housing Trust Fund [10]" report and found that in-lieu and mitigation fees were the most common type of fees for housing trusts in California. The Institute for Local Government also published a report, "Establishing a Local Housing Trust Fund: A Guide for California Officials,[11]" and listed the most commonly used taxes and fees for housing trust in California, which include the following:

9 Silicon Valley Housing Trust Website

10 Prospects for a Sonoma County Housing Trust Fund (2016) Report. https://sonomacounty.ca.gov/Microsites/Permit%20Sonoma/Documents/Pre-2022/_Documents/Documents/Building%20HOMES%20-%20Prospects%20for%20a%20Sonoma%20County%20Housing%20Trust%20Fund.pdf. Accessed June 2022.

11 Establishing a Local Housing Trust Fund: A Guide for California Officials (2007) Report

- **Developer Fees.**
  Developer fees include linkage/impact fees, and in-lieu/mitigation fees. These fees can be applied to commercial or residential development. Linkage/impact fees are applied developers with to commercial development projects and are used to meet the demand of affordable housing created by economic growth. In-lieu/mitigation fees are typically included in inclusionary housing programs and are fees that developers can pay to opt out of building affordable housing units. The Urban Institute published a report, "Determining In-Lieu Fees in Inclusionary Zoning Policies,[12]" to assist local governments in determine whether in-lieu fees should be established and how to structure them.

- **Local Sales Tax.**
  Local sales tax includes property taxes, real estate excise taxes, and hotel and motel taxes. Some local governments will directly contribute these tax funds to housing trust funds.

- **Redevelopment Tax Increment Set Asides.**
  Additional property taxes that come from increased value of an area due to improvements, also known as tax increments, are received by redevelopment agencies. These agencies must set aside a percent of the tax increment to fund affordable housing. Local housing authorities may administer these funds.

- **Loan Repayment Fees.**
  Loan repayment fees from private or nonprofit developers that construct affordable housing are typically used to create revolving funds. These funds are constantly replaced by the same funds used from the account, but also can grow due to interest paid.

Each state has requirements for using public revenues for specific activities. The fees listed above are used by housing trusts in California. Other fees commonly used by housing trusts in the state include real estate transfer tax, boomerang funds, business registration fee and operation tax, short-term rental tax, and "membership" fees. Housing trust funds, such as the Housing Endowment and Regional Trust of San Mateo County, have required jurisdictions that are members of the trust to commit a percent of their annual appropriations to the trust. Funds that are committed are considered "membership" fees and create a dedicated source of revenue for the trust during its first years of establishment. Local taxes and fees are only applicable at the local level but can be tapped into by localities to assist in housing trust membership dues.

12 Determining In-Lieu fees in Inclusionary Zoning Policies (2020) Report (Brief)

SAN BERNARDINO
REGIONAL HOUSING TRUST

HOUSING TRUST ACTIVITIES

Housing trust activities are those implementation actions which the housing trust fulfills through the expenditure of funds. Activities can include, but are not limited to, new construction of affordable housing, predevelopment activities for affordable housing development, down payment assistance for first-time homebuyers, gap financing for affordable housing developers, preservation or rehabilitation of existing affordable housing, land acquisition for development of affordable housing, and establishment of housing or services for those experiencing homelessness. Further, housing activities that a housing trust undertakes can serve a variety of housing needs. Those primary housing needs that have been identified for the Housing Trust include housing for middle income earners or workforce housing, housing for lower-income households, housing for first-time homebuyers, and housing for those experiencing homelessness. Priority activities of the Housing Trust have been identified through outreach conducted for this effort and are detailed in this section.

PRIORITY HOUSING TRUST ACTIVITIES

The following details those priority activities that have been identified through outreach and that have been determined to be feasible endeavors by the Housing Trust.

Gap Financing for Housing Development

Financing for housing developments can be complex, often requiring the ¬¬¬¬stacking of multiple funding sources, and funding is even more complex for affordable housing developments. Housing Trusts can provide grants for gap financing to assist developers in closing the gap between the market-rate rents or sales prices needed to make a project feasible, bringing the rent or sale of housing down to levels that low- and moderate-income households can afford. Further, gap financing can provide affordable housing developers with a competitive advantage, as they can leverage funds to acquire additional funding through state and federally administered programs. Gap financing would be provided on a competitive basis through the Housing Trust, where funds would be available based on geographic boundaries. The specific distribution of funds will be determined by a methodology agreed upon by the board of the Housing Trust.

Housing Preservation or Rehabilitation

Preservation or rehabilitation of existing structures is often a lower-cost alternative to new construction. Preservation of existing affordable housing units can reduce displacement of lower-income residents and even create new pathways for cooperative housing ownership models. Further, the rehabilitation or conversion of existing structures can expedite the development process and reduce the overall costs of development. Housing trusts can provide financing in the form of grants or low interest loans to support preservation, rehabilitation, and conversion for affordable housing.

Land Banking

Acquiring and holding land can strategically hold properties until they can be developed with affordable housing, without concern for an increasing cost of land. Housing trusts can acquire and assemble properties and even look within existing public land inventories to seek key opportunity sites suitable for housing development. Housing trusts can support affordable housing developments, housing rehabilitation or preservation, or even housing cooperatives such as community land trusts through land leases, land grants, or land loans.

Housing and Services for those Experiencing Homelessness

Funds from housing trusts can be used for the development and ongoing operation of emergency shelters, transitional, supportive, or permanent housing and accompanying supportive services for individuals experiencing or at-risk of experiencing homelessness. Housing trusts may offer funds to build the capacity of local nonprofits to help maintain or grow their in-house supportive services or may provide grants or low-interest loans to support the development of housing types for homelessness.

Local Program Support

Housing trusts can provide funds to support existing local programs such as first-time homebuyer programs, homelessness programs, fair housing programs, or other local programs that may need bolstering to support the local housing need.

Technical Support

Housing trusts can utilize resources to provide local technical support at the regional scale. This can include trainings, draft ordinances, and other guidance to help localities implement best practices for programs that can build housing funds, coordinate community benefits agreements, or other resources that can support housing related activities. Support for new funding streams can be prioritized for programs that will allocate a proportion of the funds toward the Housing Trust.

Table 5. Housing Activities breaks down each of the priority housing trust activities as well as some secondary housing trust activities that may be pursued in the future.

Table 5. Housing Trust Activities

Activity	Implementation	Recommendations	Priority
Gap Financing for Housing Development	Funds to support gap financing can be released through notices of funding availability (NOFA) that are awarded based on a competitive basis.	It is recommended that in the early stages of the housing trust, low-interest loans are issued for construction, as this can create an option for establishing a revolving loan fund, which can have quicker results due to shorter term limits compared to predevelopment loans.	High
Housing Preservation or Rehabilitation	Funds to support housing preservation or rehabilitation can be released through notices of funding availability (NOFA) that are awarded based on a competitive basis. Local jurisdictions would be eligible applicants that could tap into these funds to support existing preservation and rehabilitation efforts.	It is recommended that the Housing Trust prioritize efforts to preserve and rehabilitate structures for affordable housing, as this can be an effective way to get units on the ground, while ensuring efficient use of funds.	High
Land Banking	Many agencies in the region may have publicly-owned lands that are suitable for housing development. The Housing Trust can use its regional connections to conduct a county-wide inventory of lands and seek opportunities for holding properties for future housing development. Further, the Housing Trust could purchase available lands in areas most advantageous for future housing. Available lands can be noticed through requests for proposals (RFP).	It is recommended that the Housing Trust prioritize a county-wide inventory of publicly-owned lands to seek opportunities to bank lands prior to the disposal of sites. Seeking opportunities early can help prevent any missed opportunities and banking lands can ensure that the price does not continue to rise.	High
Housing and Services for those Experiencing Homelessness	Funds to support housing and services for those experiencing homelessness can be released through notices of funding availability (NOFA) that are awarded based on a competitive basis.	Funds should be prioritized for those projects that are already recipients of a dedicated source of funding either through Federal, State, County, Housing Commission, or local funds.	High

Table 5. Housing Trust Activities

Activity	Implementation	Recommendations	Priority
Local Program Support	Local program support can provide a range of funding opportunities to support local housing-related priorities. Through this activity, the Housing Trust can release funds on a competitive basis for participating member jurisdictions.	It is recommended that applications list eligible activities that will result in positive impacts for lower- and moderate-income households. Applications can be prioritized based on those local programs that best align with the overarching goals and objectives of the Housing Trust.	High
Technical Support	Technical support can be provided to create resources that can assist localities across the region.	It is recommended that technical support activities be aligned with the overarching goals and objectives of the Housing Trust and result in products that support localities across the region through technical expertise and minimal needed local staff resources.	High
First-Time Homebuyer Program	Housing trust funds can be used to issue low-interest loans for qualifying first-time homebuyers. Loans can provide down payment or closing cost assistance, as well as long-term loans.	It is recommended that the Housing Trust only implement such a program once the housing trust is fully established and determines that this is a priority, as the long terms on such loans can be draining and provide opportunities to only a select few.	Medium
Community Land Trusts (CLT)	CLTs are mechanisms for creating affordable homeownership units and maintaining the units as affordable by retaining ownership of the land and requiring the homebuyer to purchase only the home that is situated on the land. CLTs are generally managed by non-profit organizations to ensure they remain grounded in the needs of the community.	Many of the aforementioned housing trust activities can support existing CLTs or the establishment of new CLTs. It is recommended that CLTs be administered and owned by communities and that the Housing Trust provide technical or financial assistance for CLTs.	Medium

SAN BERNARDINO
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AFFORDABLE HOUSING INVENTORY

The affordable housing inventory provides an overview of federally and state-subsidized affordable rental properties, many of which also receive local subsidies, within the County of San Bernardino. The countywide affordable housing inventory currently includes a total of 14,010 units across 167 developments, as shown in **Figure 21, Affordable Housing Projects in San Bernardino County (2022)**.

The inventory includes affordable projects that were either completed or awarded funding during the last 50 years (1971–2021). Projects that have completed construction or rehabilitation are categorized in the inventory as existing affordable projects. Projects that have been awarded funding but have not yet completed construction or rehabilitation are categorized in the inventory as pipeline projects. As of June 2022, there are currently five pipeline projects in the region with a total of 321 new affordable units and an additional 237 existing affordable units undergoing rehabilitation.

Financing for the affordable housing projects in the inventory come from one or more of the following general funding sources:

- **LIHTC Program**
  The Low-Income Housing Tax Credits (LIHTC) program is the largest source of federal support for the creation and preservation of dedicated affordable housing is administered by state and local housing finance agencies. The LIHTC program is an indirect subsidy program that provides a dollar-for-dollar tax reduction against federal tax liability, provided to developers based on the criteria set out in the states' qualified allocations as 9% and 4% credits. In addition to Federal tax credits, California makes additional State tax credits available for the development of affordable housing in the state.

- **HUD Financing Program**
  The U.S. Department of Housing and Urban Development (HUD) is a federal agency that supports community development and homeownership, enforces the Fair Housing Act, and oversees programs to assist low-income and underserved households with their housing needs.

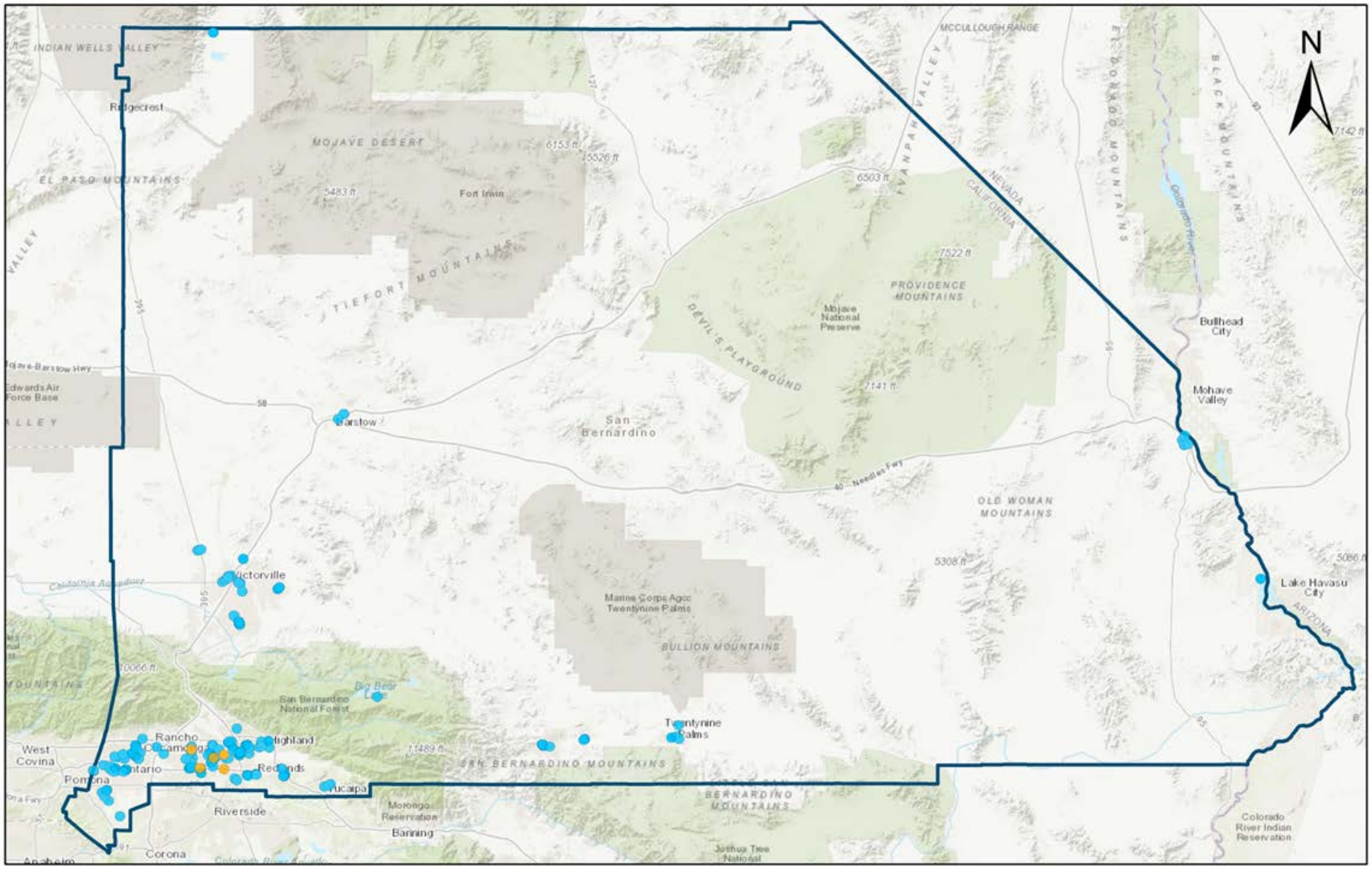
- **USDA Financing Program**
  The U.S. Department of Agriculture (USDA) is a federal agency that offers loans, grants, and loan guarantees to support economic development and housing in rural communities.

- **HCD Financing Program**
  The California Department of Housing and Community Development (HCD) is a state government agency that oversees a number of programs and allocates loans and grants to preserve and expand affordable housing opportunities and promote strong communities throughout California.

- **CalHFA Financing Program**
  The California Housing Finance Agency (CalHFA) is California's affordable housing bank that provides financing and programs that support affordable housing opportunities for low- to moderate-income households.

As shown in **Figure 23, Affordable Housing Projects in Western San Bernardino County (2022)**, the majority of affordable projects are located in the densely populated southwestern portion of the county, with the remainder located on the eastern side of the county as reflected in **Figure 22, Affordable Housing Projects in Eastern San Bernardino County (2022)**.

Figure 21. Affordable Housing Projects in San Bernardino County (2022)



Affordable Housing Inventory

Project Status

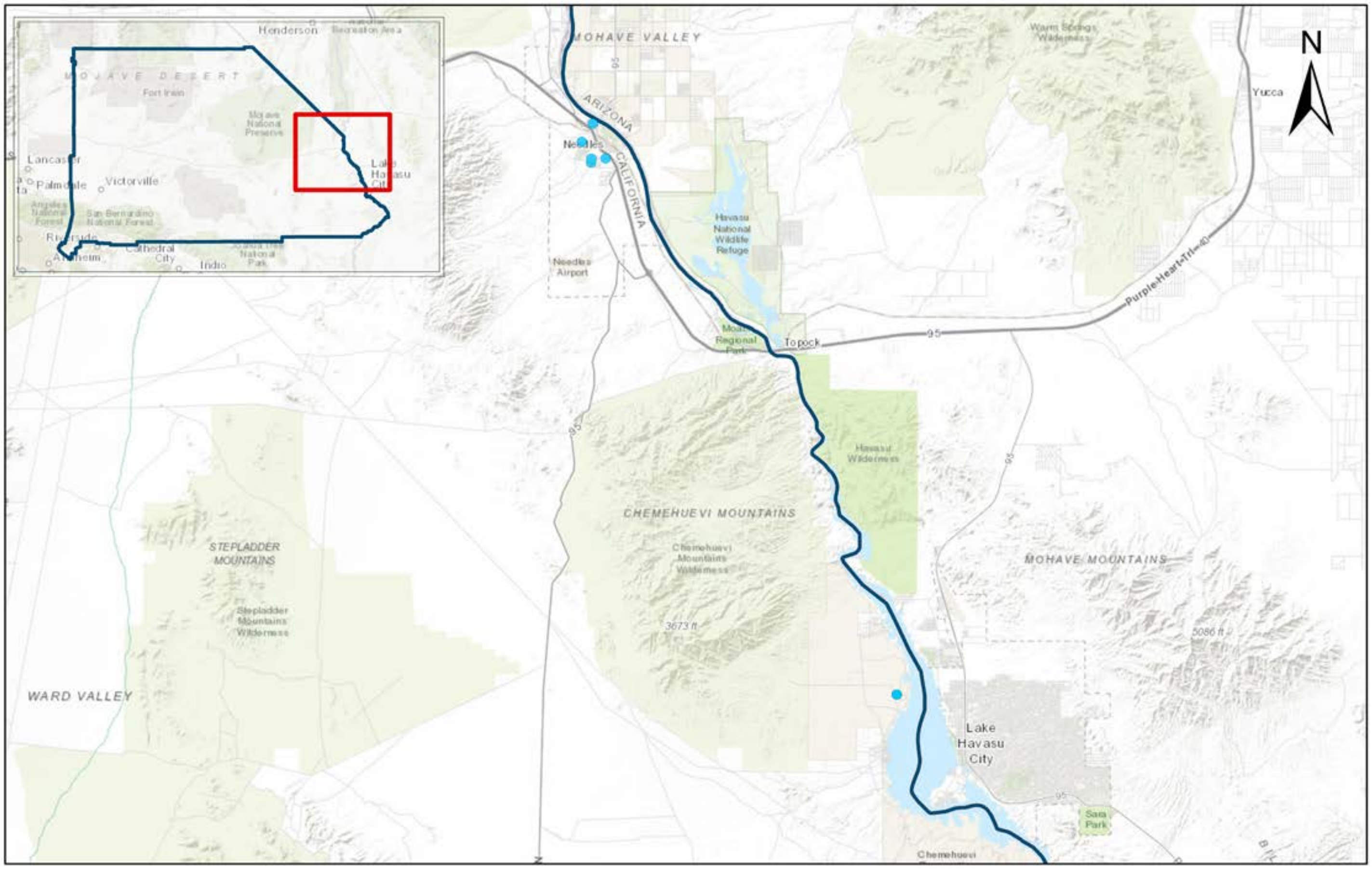
- Existing Affordable Housing
- Pipeline Affordable Housing Development

San Bernardino County

Source: California Tax Credit Allocation Committee, 2022
California Housing Partnership, 2022

0 20 40 80 Miles

Figure 22. Affordable Housing Projects in Eastern San Bernardino County (2022)



Affordable Housing Inventory - Eastern Area

Project Status

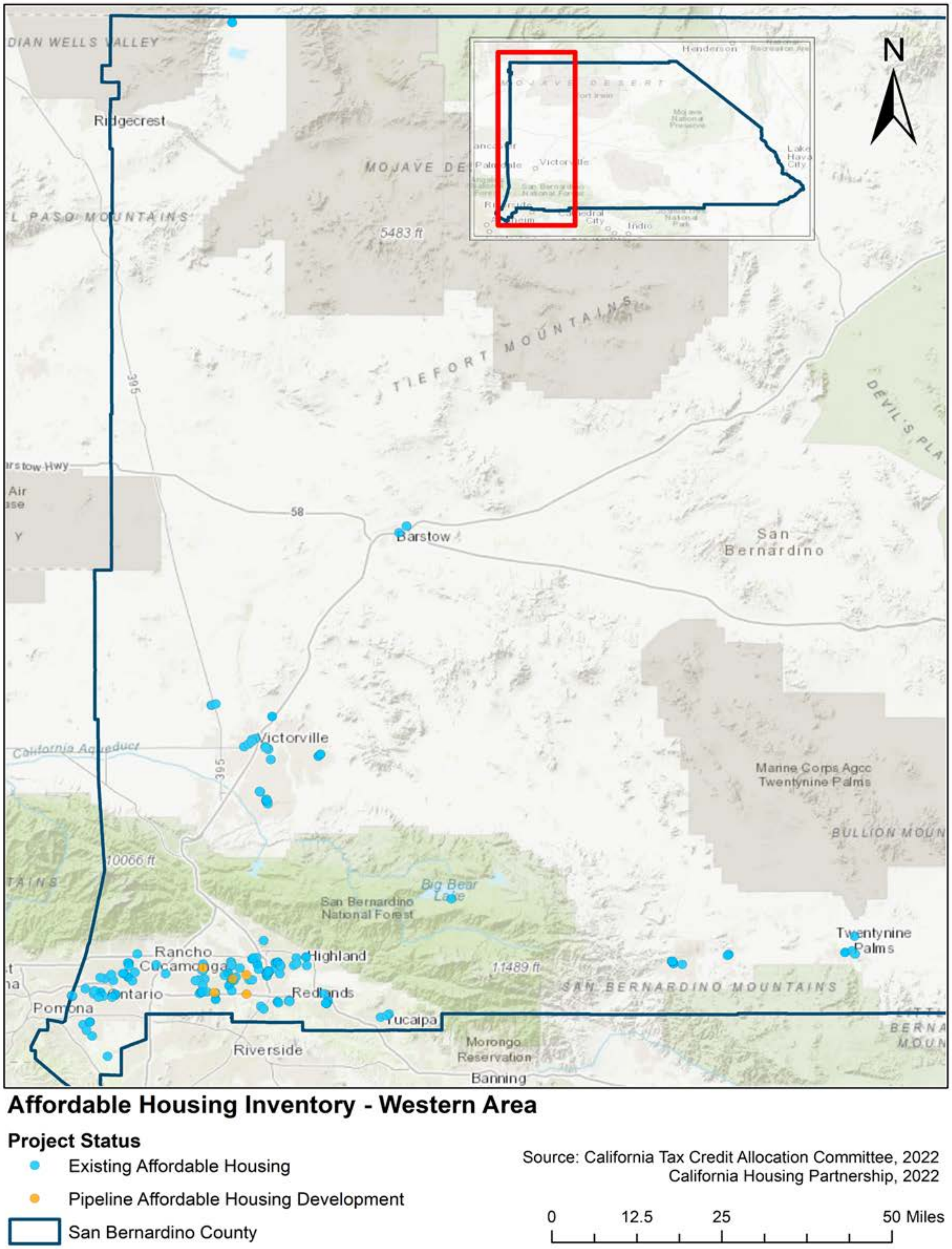
- Existing Affordable Housing
- Pipeline Affordable Housing Development

San Bernardino County

Source: California Tax Credit Allocation Committee, 2022
California Housing Partnership, 2022

0 5 10 20 Miles

Figure 23. Affordable Housing Projects in Western San Bernardino County (2022)



SAN BERNARDINO
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LOCAL FUNDING GAP ANALYSIS

OVERVIEW AND METHODOLOGY

As part of the analysis completed for the San Bernardino Regional Housing Trust Fund Administrative Plan, a comprehensive analysis was performed to evaluate local gap funding sources. The analysis provides an overview of the funding profile, or representation of the project funding over the life of the project, including an assessment of local funding sources used to close the funding gap between available funds and the project's cost, for affordable housing projects in San Bernardino County (County). The analysis provides information on funding sources from various local jurisdictions and entities to highlight gap funding mechanisms that the Regional Housing Trust Fund can employ to support future affordable housing development in the region.

The analysis primarily relied on applications to the California Tax Credit Allocation Committee (TCAC) for Low Income Housing Tax Credits (LIHTC(s)) to paint a picture of how LIHTC developments in the County assemble permanent financing. The TCAC applications for LIHTCs provide project specific information like the number of units, unit affordability (i.e., market rate or low-income units), housing type, location, and the total development costs and anticipated permanent financing sources to support construction. Based on the application details, each affordable housing project's capital stack (the funding or investment structure of a project) was analyzed and used to inform the assessment of local funding sources.

The analysis pulls from TCAC applications for LIHTCs for new construction projects in the County between 2018 through June of 2022. Applications for both recently completed TCAC projects (recently completed projects) (projects that have completed construction and are operating under a TCAC regulatory agreement) and projects in the TCAC pipeline (pipeline projects) (projects that have been awarded credits but have not yet completed construction) were included as part of the analysis. Although TCAC applications for LIHTCs also include acquisition and rehabilitation projects, only new construction projects that have been awarded credits were included in the analysis as they can be easily compared. In addition, new construction projects must leverage additional funding sources as part of their capital stack, typically relying the most on local funding sources. These recently completed and pipeline projects in the County, provide methods to filling the funding gaps for future affordable housing projects in the region and underscore the important role those local entities have in the funding process for affordable housing.

AFFORDABLE HOUSING

Recently Completed and Pipeline Projects

A total of nine new construction projects (including recently completed and pipeline projects) with 766 residential units in the County received funding through the LIHTC program between 2018 and 2022. Five of the projects, with a total of 445 residential units, recently completed construction. The remaining four projects are in the County's affordable housing pipeline. Once completed, the pipeline projects will produce a total of 321 new residential units. An overview of the total development costs and capital stack funding sources for the new construction projects are provided in the following sections. All nine projects, including recently completed and pipeline projects, were accounted for in the overview.

Total Development Cost

Based on recently completed and pipeline projects, the average cost for the development of an affordable multifamily rental unit in the County is $412,838 per unit, as detailed in Table 6, Development Cost by TCAC Project - Recently Completed and Pipeline Projects in San Bernardino County. Looking exclusively at development costs for projects in the pipeline, the average per unit cost is $452,805 per unit. The costs range from approximately $335,000 to $515,000 per unit.

When broken down by housing type, most of the affordable housing projects in the County are large family projects, which average $430,434 per unit. Based on the development costs of Day Creek Villas, the recently completed senior housing project, projects serving the senior population have a development cost of approximately $342,000 per unit, which is lower and may be attributed to the size of the units typically targeted towards smaller, older adult households.

Table 6. Development Cost by TCAC Project - Recently Completed and Pipeline Projects in San Bernardino County

TCAC Number	Project Name	City	Housing Type	Affordable Units	Development Cost	
					Total	Per Unit
Recently Completed Projects						
CA-18-001	Ontario Emporia Family Apartments	Ontario	Large Families	74	$32,167,639	$428,902
CA-18-130	Day Creek Villas[1]	Rancho Cucamonga	Seniors	78	$31,430,508	$334,367
CA-18-775	Day Creek Villas[1]	Rancho Cucamonga	Seniors	46	$16,124,848	$350,540
CA-18-634	Virginia Holt Apartments (Vista Verde)	Ontario	Large Families	100	$37,154,345	$367,865
CA-18-639	Crestview Terrace (of Arrowhead Grove)	San Bernardino	Large Families	147	$77,767,250	$422,648
Pipeline Projects						
CA-19-017	Sierra Avenue Family Apartments	Fontana	Large Family	59	$26,594,800	$434,939
CA-19-059	Bloomington Housing Phase III	Bloomington	Large Family	97	$48,000,414	$468,372
CA-20-580	Las Terrazas Apartments	Colton	Large Family	111	$43,915,962	$392,107
CA-21-128	Rialto Metrolink South	Rialto	Large Family	54	$28,368,975	$515,800
Total, Pipeline Projects				**321**	**$146,880,151**	**$452,805**
Total, All Projects				**766**	**$341,524,741**	**$412,838**
Large Family Projects				642	$293,969,385	$430,434
Senior Projects				124	$47,555,356	$342,454

1. The Day Creek Villas project application was submitted as a hybrid application comprised of a 9% LIHTC component (CA-18-130) and a 4% LIHTC component (CA-18-775).

Data Source: TCAC, 2022.

Funding Sources

A capital stack is the different layers of financing sources that go into funding the purchase and improvement of a project. In order to close the gap between development costs and the rents that would be affordable to lower- and moderate-income households, developers of affordable housing projects utilizing LIHTCs typically have to layer between four to eight sources of funding, while others have to layer more[13] (including equity).

Based on the nine TCAC applications for recently completed and pipeline projects in the County between 2018 and 2022, new affordable residential projects required an average of seven financing sources, ranging between four to 10 funding sources. Funding sources in the project's capital stack include federal, state, private, and local sources. (Refer to **Figure 24** for a breakdown of the capital stack composition specific to the pipeline projects).

As shown in **Table 7, Funding Type by TCAC Project - Recently Completed and Pipeline Projects in San Bernardino County**, all nine projects in the County relied on LIHTCs, permanent debt, and local funding sources, with LIHTCs accounting for the largest portion of funding. LIHTCs come in two varieties, 9% credits and 4% credits. Projects receiving 9% tax credits can expect that the credits will pay for approximately 65% of the development costs of the project, while projects receiving 4% tax credits can only expect that the credits will pay for approximately 30% of the project costs. However, projects receiving 4% tax credits can also be awarded tax-exempt bonds, which enable them to receive less expensive debt financing to help make up for the shortfall in funding. Across all of the affordable projects analyzed (shown in Table 7), state and federal LIHTCs make up approximately 50 percent of the project's required funds, ranging from a low of 29 percent to a high of 65 percent for individual projects. Private permanent debt accounts for 10 percent of the capital stack and ranged from two to 25 percent on an individual project basis.

Although variable across individual projects, local funds and contributions account for the second most significant funding source overall, with an average of approximately 34 percent across all projects. On a per project basis, the local funding sources portion of total development costs ranges from a low of 10 percent to a high of 49 percent. Additionally, LIHTC applications submitted to TCAC are scored on a number of factors, including the amount of local funds leveraged. This points to the important role that local funding sources play in addressing funding gaps and in competing for LIHTC required to achieve financial feasibility and in supporting the development of new affordable projects in the County.

The remaining layers of financing come from state and private sources. On average, state sources account for 13 percent of the capital stack; however, it should be noted that only four of the nine projects received funds from state programs, and while state funds make up 40 percent of one project's capital stack, the other three range from three to six percent of total funds. These allocations came from the Transformative Climate Communities Program, Affordable Housing and Sustainable Communities Program, Special Needs Housing Program and No Place like Home Program funds. An additional six percent of funds are provided by private sources, and only three projects relied on development funds from private sources.

13 https://ternercenter.berkeley.edu/wp-content/uploads/2021/04/LIHTC-Complexity-Final.pdf

Table 7. Funding Type by TCAC Project - Recently Completed and Pipeline Projects in San Bernardino County

TCAC Number	Project Name	City	Affordable Units	Funding Type by Percent				
				LIHTC	Debt	State	Private	Local
Recently Completed Projects								
CA-18-001	Ontario Emporia Family Apartments	Ontario	74	49%	2%	0%	0%	49%
CA-18-130	Day Creek Villas[1]	Rancho Cucamonga	78	65%	10%	0%	0%	25%
CA-18-775	Day Creek Villas[1]	Rancho Cucamonga	46	32%	14%	0%	9%	45%
CA-18-634	Virginia Holt Apartments (Vista Verde)	Ontario	100	36%	12%	40%	3%	10%
CA-18-639	Crestview Terrace (of Arrowhead Grove)	San Bernardino	147	29%	25%	5%	8%	35%
Pipeline Projects								
CA-19-017	Sierra Avenue Family Apartments	Fontana	59	56%	7%	0%	0%	37%
CA-19-059	Bloomington Housing Phase III	Bloomington	97	52%	4%	3%	0%	41%
CA-20-580	Las Terrazas Apartments	Colton	111	52%	13%	6%	0%	29%
CA-21-128	Rialto Metrolink South	Rialto	54	60%	6%	0%	0%	35%
Total, Pipeline Projects			**321**	**55%**	**7%**	**5%**	**0%**	**35%**
Total, All Projects			**766**	**48%**	**10%**	**13%**	**6%**	**34%**
Large Family Projects			642	48%	10%	13%	5%	34%
Senior Projects			124	49%	12%	0%	9%	35%
1. The Day Creek Villas project application was submitted as a hybrid application comprised of a 9% LIHTC component (CA-18-130) and a 4% LIHTC component (CA-18-775).								

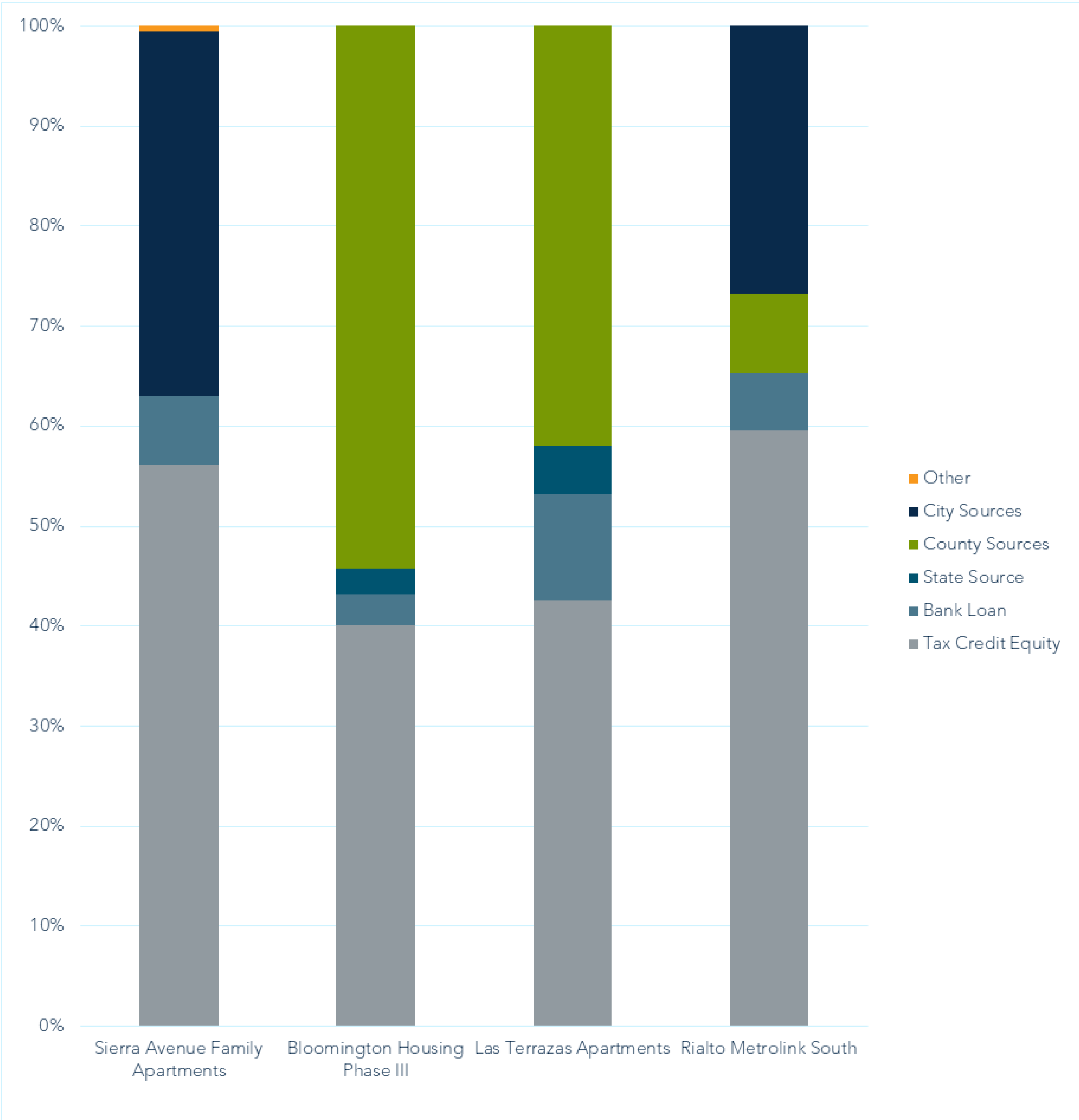
Data Source: TCAC, 2022.

Local Gap Funding Sources for the TCAC Pipeline

Local funding resources help to ensure that affordable housing projects are economically feasible, often providing an essential layer of financing that closes the gap between available funds and the project's cost. Local gap funding sources account for roughly 35 percent of the required funds to support construction of the four affordable housing developments in the County's TCAC pipeline. Local gap funding amounts range from $8,358,000 from San Bernardino County HOME funds in the Las Terrazas Apartments, to a low of $592,000 from the County's Inland Valley Development Agency funds. Across all pipeline projects, the local funds total $52.1 million, with an average of $162,322 per unit.

The composition of funding sources that make up the capital stack of each pipeline project is presented in **Figure 24, Capital Stack Composition for TCAC Pipeline Projects**. Refer to **Figure 24** for a visual representation of local sources relative to federal, debt, and state sources.

Figure 24. Capital Stack Composition for TCAC Pipeline Projects



Data Source: TCAC, 2022.

Local Funding Sources

The local gap fund contributions include a range of funding sources and vary between three to six local sources per project. The funding sources detailed below primarily focus on those used by the projects in the pipeline.

HOME Funds

The HOME Investment Partnerships Program (HOME) is the largest federal block grant to state and local governments designed exclusively to create affordable housing for low-income households. HOME funds are awarded annually as formula grants (noncompetitive awards based on a predetermined formula) to participating jurisdictions. The program's flexibility allows states and local governments to use HOME funds for grants, direct loans, loan guarantees or other forms of credit enhancements, or rental assistance or security deposits.

Only one of the recently completed projects received HOME funds, however, all four pipeline projects received local funding contributions through the allocation of local HOME dollars from the City of Fontana or the County. The City of Fontana and the County are entitlement jurisdictions eligible to receive HOME funds directly from the United States Department of Housing and Urban Development. Between 2019 and 2021 the County received approximately $22.9 million in HOME funds, and the City of Fontana received approximately $4.7 million in HOME funds[14].

The four pipeline projects received a total of $15.7 million in HOME funds. The Sierra Avenue Family Apartments in the City of Fontana received a $1.6 million allocation in HOME funds from the City of Fontana. The three other projects in the TCAC pipeline received a total of $14.1 million in HOME funds from the County, ranging from approximately $2.2 million to $8.4 million, or $36,000 to $75,000 per unit.

Land Donation or Land Loans

One of the challenges in building new affordable homes is acquiring land suitable for housing. High land costs can pose as an obstacle to developing affordable housing for lower-income families. However, local funding contributions in the form of public land can help reduce the cost of land, and therefore, the overall cost of the project. The assistance can provide affordable housing developers a way to compete with market rate developers for land.

All four pipeline projects received a local funding contribution in the form of a land lease, land grant, or land loan from public agencies, ranging from $2.45 million to $6.7 million and totaling approximately $15.8 million. In addition, all five recently completed projects also received a local contribution in the form of free or subsidized land from a public agency. This is a critical funding method for supporting affordable housing development in the region.

14 https://www.hudexchange.info/grantees/allocations-awards/

Impact Fee Waivers/ Deferrals

While impact fees and permitting fees can serve an important purpose, they can also increase the cost of development. Local jurisdictions can encourage the development of new affordable housing by reducing or waiving these fees for qualifying projects to reduce overall development cost. Rather than reducing or waiving fees, some local jurisdictions allow payment on a deferred basis. Deferred fee payments allow developers to make payments after securing long-term, lower-cost financing, while the community still collects the expected revenue and avoids budget shortfalls in other areas.

The Sierra Avenue Family Apartments is the only pipeline project that financed a portion of the development through deferred developer fees. The value of the deferred developer fee was approximately $151,000. Additionally, three of the recently completed projects received developer fee deferrals totaling approximately $208,00 across all three projects.

Housing Trust Fund/ Housing Authority

Two pipeline projects received direct loans from the local municipal housing trust fund or housing authority. The Sierra Avenue Family Apartments received funds from the City of Fontana Housing Trust in the amount of $1 million and the Rialto Metrolink South project received funds from the Rialto Housing Authority in the amount of $4.55 million. Additionally, two of the recently completed projects received approximately $3.8 million and $12.3 million funds from the San Bernardino Housing Authority and the Ontario Housing Authority, respectively.

Other Funding Sources

Additional local gap funding contribution sources for the TCAC pipeline projects include the following:

- **Grants**

  The Bloomington Housing Phase III project received $2 million in grants, including $500,000 from the County (tax exempt bond proceeds), and $1.5 million in grant funds from the Inland Empire Health Program.

- **Loans**

  Additional gap funding contributions included an approximately $3.5 million loan from the City of Fontana's Supplemental Educational Revenue Augmentation Fund for the Sierra Avenue Family Apartments, and a $5.35 million loan from the County for the Bloomington Housing Phase III project. In addition, Las Terrazas Apartments received an approximately $1.4 million loan from the County's Neighborhood Stabilization Program funds and an approximately $590,000 loan from the Inland Valley Development Agency, a Joint Powers Authority comprised of the County and the Cities of Colton, Loma Linda, and San Bernardino.

- **Reimbursements**

  The Bloomington Housing Phase III project received $2.1 million from the County through reimbursement for a public park and community center that will be located to the north of the development.

Housing Choice Vouchers

The Housing Choice Voucher program is federally funded by HUD and administered at the local level through public housing agencies. The program can help to offset the cost of housing for qualified households by providing tenant-based assistance to low-income families or individuals through vouchers to help pay for the rent of any rental unit that meets program guidelines. These tenant-based Housing Choice Vouchers are awarded to households and are used to pay the difference between what is affordable for the household to pay and the market rate rent. Tenant-based Housing Choice Vouchers ensure low-income households are free to choose their own housing on the open market, instead of only being able to find assistance through public housing or a deed-restricted affordable housing unit.

Project-Based Vouchers

As part of a public housing agency's Housing Choice Voucher program, a public housing agency may elect to administer up to 30 percent of their voucher to project-based vouchers. Unlike tenant-based vouchers, which are tied to a particular family, project-based vouchers are attached to units in a specific property. Because project-based vouchers are tied to the unit, the assistance remains with the unit when a family moves from the project-base voucher unit. Public housing agencies can use up to 20 percent of their Housing Choice Vouchers for project-based vouchers and an additional 10 percent for projects that assist veterans or people experiencing homelessness; are located in properties that provide supportive housing to older adults or people with disabilities; or are located in areas where the poverty rate is 20 percent or less. In addition, project-based vouchers can typically only be dedicated to a maximum of 25 percent of the project's units or to 25 total units, whichever is greater (exceptions exist for projects in low-poverty areas or if residents are eligible for supportive housing.) These restrictions aim to encourage mixed-income communities to give access to lower-incomes families to resource rich areas.

When project-based vouchers are used, the property owner agrees to reserve the specified units in a building for occupancy by eligible families through a Housing Assistance Payment contract and the public housing agencies refer families to the project owner to fill unit vacancies. The anticipated proceeds from the contract sometimes function as a form of gap funding in Low Income Housing Tax Credit (LIHTC) projects. Developers can use the contract as collateral and as a regular source of income that will be needed for the project to repay its debt service. The Housing Assistance Payment contract therefore provides a layer of certainty that helps makes these projects more attractive to investors and lenders.

The certainty of rental income provided by project-based vouchers affect the ability to leverage private debt and equity. Under a long-term, project-based subsidy contract, the rents are predictable and adjust annually for inflation. This influences debt capacity and provides invaluable predictability for securing financing. However, since rental assistance in the form of project-based vouchers is considered an operating subsidy, it is not often included as part of the permanent financing information on TCAC applications[15]. This is the case with several of the recently completed and pipeline TCAC project in Table 7. While not included as part of the project's capital stack funding sources, the Bloomington Housing Phase III, Las Terrazas Apartments, and Rialto Metrolink South pipeline projects received rental subsidies in the form of HUD project-based Housing Choice Vouchers, in addition to two of the recently completed projects (Day Creek Villas (CA-18-130) and Crestview Terrace (of Arrowhead Grove)).

Leveraging LIHTCs with project-based Housing Choice Vouchers can make projects more attractive to private lenders who underwrite loans to projects based on their income potential, and their ability to pay debt service on a loan. Project-based vouchers provide the difference between the fair market rent paid by the Housing Choice Voucher rent subsidy program and the affordable rent that could otherwise be charged to a low-income household under the LIHTC program. Higher rental income means a project can support higher debt service payments, which means the property can support a larger loan from a private lender. Leveraging project-based vouchers with LIHTCs combines the equity generated through LIHTCs with the long-term, comparatively higher income from the project-based Housing Choice Vouchers to maximize the benefits of both programs[16].

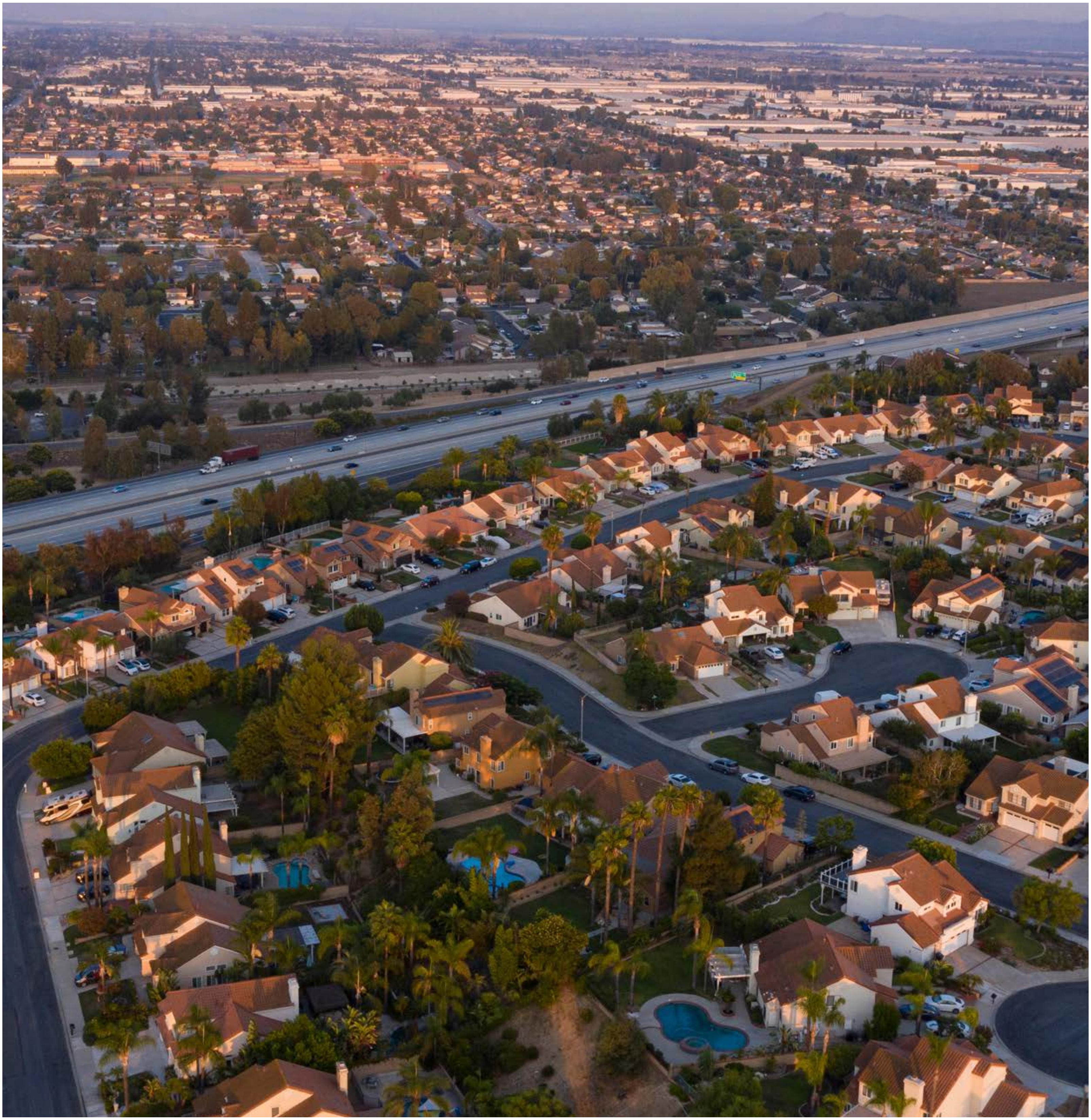
The stable source of future income for a development offered by project-based Housing Choice Vouchers can be integral to the financing package that makes constructing or rehabilitating affordable housing possible. The commitment of project-based rental subsidies is a vital part of affordable housing financing by providing ongoing funding that ensures that the housing development will remain financially viable while continuing to serve extremely low-income households for many years. When used with additional government subsidies, project-based vouchers can help to make development feasible.

While the Housing Choice Voucher program is a federal program, its effectiveness depends on local initiative and policy determinations. Leveraging project-based voucher can help local governments to maximize the impact of their limited gap financing budgets to serve more households, while helping developers offer rental apartments to households at lower incomes. By project-basing a share of their Housing Choice Vouchers, local public housing agencies within the region expand the potential for leveraging project-based vouchers, and thereby the opportunity for millions in additional funding for the development of affordable housing in the region. By working together, cities and public housing agencies can allocate project-based vouchers to units in new or rehabilitated developments funded or facilitated by the city with HOME, CDBG or local housing trust funds[17]. By layering local funds for development and rental subsidies administered by public housing agencies, these developments can serve households at a broader range of income levels than they would otherwise be able to and increase the supply of affordable units in the region.

15 https://ternercenter.berkeley.edu/wp-content/uploads/2021/04/LIHTC-Complexity-Final.pdf
16 https://1p08d91kd0c03rlxhmhtydpr-wpengine.netdna-ssl.com/wp-content/uploads/2015/11/25 MacArthurS8Rept 2008_11_09.pdf
17 https://localhousingsolutions.org/plan/pha-city-collaboration/

Findings on Per Unit Gap Funding Need

Based on the development costs and funding sources analyzed above, local funds provide a notable layer of financing that closes the gap between available funds and the project's cost, highlighting the important role that local resources can play in funding affordable housing in the County and underscoring the importance of supplementing federal or state funding with local resources. As previously noted, local gap funding sources account for roughly 34 percent of the required funds to support affordable projects in the County that were recently completed or in the project pipeline. In areas where the local jurisdiction is unable to provide local supporting funds, the above analysis suggests that the Housing Trust should aim to provide an average (either on its own or leveraged with another source) of nearly $160,000 per unit in gap financing to support the delivery of units throughout the San Bernardino region. Gap financing in this amount would result in approximately six (6) units for every $1 million in funds allocated to gap financing from the Housing Trust. However, this does not account for any other gap funding sources that are likely to be provided. This figure is based on the average local gap financing provided for recently completed and pipeline projects in the County.



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