



## Funding the Arkansas Housing Trust Fund

### Revenue Source

The Housing Trust Fund will be permanently supported by a redistribution of part of the existing Real Estate Transfer Tax proceeds the State of Arkansas now receives. The amount generated depends on the level of real estate activity in the state. It is estimated that approximately \$4.6 million dollars annually will be dedicated to permanently fund the Arkansas Housing Trust Fund.

### The redistribution of existing Real Estate Transfer Tax funds is the Right Choice; NO TAX INCREASES

- Meets housing challenges with housing money; tax resources generated by work of the real estate industry.
- Other States also use the R.E.T.T. to help finance their Housing Trust Funds – including: Illinois, Maine, Nevada, South Carolina, Vermont, and West Virginia
- This redistribution is NOT a tax increase. The tax has not been increased since 1987; that increase added \$2.20/\$1,000 transfer tax. HOUSING ARKANSAS is not requesting any increase in the real estate transfer tax and does not anticipate requesting any real estate transfer tax increase.
- This redistribution has no direct impact on the current state budget.

### What investing \$4.6 million in the Housing Trust Fund would mean for Arkansas Communities:

- Leverage additional investment in Arkansas communities. Based on reported leverage from other state housing trust funds, every dollar of housing trust fund money attracts \$7 of additional investment, meaning that a \$4.6 million investment can bring approximately \$32.2 million in additional funds to help meet our states' housing needs. (Housing Trust Fund Survey, 2016, Center for Community Change)
- Contribute to economic growth through increased housing production, employment, and tax revenues. In a typical Metropolitan Statistical Area, building 100 single family homes generates up to \$28.7 million in local income and 394 local jobs in the first year alone. (National Association of Home Builders, 2014)
- Provide flexibility for communities to address their affordable housing needs. The legislature created the Housing Trust Fund so that it was flexible enough to be responsive to the variety of housing challenges we have in our state, from the Delta in eastern Arkansas, to Lake Village, to Fort Smith, to Springdale, to Jonesboro – in each of Arkansas' four Congressional Districts.
- The creation and rehabilitation of rental and ownership housing; units that would be affordable to families relying on lower-wage jobs, seniors with limited incomes, veterans and their families, and persons unable to work because of disability. Local lenders and real estate professionals would directly benefit from this investment in their local communities.
- We can all agree that children deserve a safe place to call home, and these housing trust fund programs would provide that stability to families with young children across our state.

### What is the Arkansas Housing Trust Fund?

The Housing Trust Fund was created in 2009 as ACT 661 of the 87<sup>th</sup> General Assembly. Arkansas is one of forty-seven states with a housing trust fund. Arkansas is one of seven states with a housing trust fund that is currently unfunded. Having established the Arkansas Housing Trust Fund, we now need to dedicate permanent revenues to the Fund.