

# The State of Affordable Housing Finance and How States Can Support Municipalities

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THE COUNCIL OF STATE GOVERNMENTS



# James Carras

- **Professional Identity:**
    - Development Finance & Community Development Leader with 40+ years of experience
    - Passionate about CDFIs, equitable capital access, and urban redevelopment
    - Advisor to municipalities, nonprofits, and financial institutions
    - Teacher for over 40 years – housing, community and economic development and development finance.
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# Personal Narrative: Why Me?

- Grew up in a segregated public housing project
  - Institutional discrimination was not just a concept – it was a lived experience.
  - Channeled this understanding into research on mortgage lending discrimination – an analysis of how financial systems reinforced racial and economic inequities.
  - Reinforced my belief that access to capital is one of the most powerful levers for economic and social change.
  - My career has been about institution-building – creating and strengthening the financial, policy, and community development institutions that expand opportunity for all.
  - Worked to ensure that capital flows equitably, communities are empowered, and economic growth benefits those historically left behind.
  - **This is my purpose. I stand at the intersection of personal experience, policy expertise, and institutional leadership – committed to breaking down systemic barriers and building inclusive economies.**
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# Introduction: The Affordable Housing Challenge

- Across the Northeast, housing affordability is at a crisis point.
  - Home prices have outpaced incomes, rents have skyrocketed, and municipal budgets are stretched thin.
  - The consequences are far-reaching – workers struggling to live near their jobs, rising homelessness, slower economic growth, and increased displacement of long-time residents.
  - While housing policy is often implemented locally, states are critical in empowering municipalities with the right tools, policies, and financial resources to create and preserve affordable housing.
  - Today, I'll **focus on four key areas** where state support is essential:
    - 1. Comprehensive Housing Plans
    - 2. State and Local Housing Trust Funds
    - 3. Community Land Trusts & Land Banking
    - 4. Innovative Financial Tools for Housing Development
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# I. Comprehensive Housing Plans: A Roadmap for Action

- Many municipalities lack the resources to create long-term, data-driven housing plans – yet these plans are crucial for identifying needs, targeting resources, and securing public and private investment.
  - **How States Can Help:**
    - Provide technical assistance and funding for municipalities to develop Comprehensive Housing Plans, including affordability goals, zoning reforms, and preservation strategies.
    - Establish statewide housing data platforms to help cities analyze trends, track housing production, and project future needs.
    - Offer matching funds to municipalities that commit to zoning reforms that increase affordable housing production.
  - **Example:** Massachusetts' MBTA Communities Act encourages cities near transit hubs to adopt zoning changes that support housing growth.
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## II. Housing Trust Funds: A Permanent Source of State & Local Funding

- Municipalities struggle to fund affordable housing because they rely on inconsistent sources like federal grants and developer fees. State-supported Housing Trust Funds (HTFs) provide stable, long-term funding.
  - **How States Can Help:**
    - Create or expand State Housing Trust Funds, funded by real estate transfer taxes, document recording fees, or general appropriations.
    - Provide matching grants to municipalities that establish local housing trust funds, ensuring a dedicated revenue stream for affordable housing.
    - Leverage HTFs for gap financing, making LIHTC and mixed-income housing projects more feasible.
  - **Example:** New Jersey's Affordable Housing Trust Fund provides flexible, direct funding for municipal and nonprofit housing initiatives.
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# III. Community Land Trusts (CLTs) & Land Banking: Controlling Land for Affordable Housing

- The biggest challenge in affordable housing development is land cost and speculation. Community Land Trusts (CLTs) and public land banking programs can help municipalities preserve affordability and control land use.
  - **How States Can Help:**
    - Fund statewide or regional CLTs to acquire and maintain affordable housing stock.
    - Allow municipalities first right of refusal on tax-foreclosed and publicly owned properties to ensure affordable housing development.
    - Create state land banks to hold and manage surplus state-owned properties for affordable housing projects.
  - **Example:** Burlington, Vermont's Champlain Housing Trust has become a national model for permanently affordable homeownership through the CLT model.
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## IV. Financial Tools to Unlock Housing Development

- Beyond traditional federal funding (LIHTC, CDBG, HOME), states can provide municipalities with innovative financing mechanisms to spur development.
  - **How States Can Help:**
    - Expand tax-increment financing (TIF) & infrastructure financing districts to support affordable housing.
    - Provide state-backed loan guarantees or low-interest revolving loan funds to lower costs for nonprofit and small-scale developers.
    - Establish a state-level “Green Housing Fund” to support energy-efficient, affordable housing retrofits.
  - **Example:** Connecticut’s Housing Trust Fund for Growth and Opportunity provides below-market loans and grants for affordable housing projects.
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# Conclusion: The State-Municipal Partnership for Housing Solutions

- State governments are essential in ensuring that municipalities have the funding, tools, and policies to create and preserve affordable housing.
- Support comprehensive planning, permanent funding sources, land-use control, and innovative financing to build sustainable, equitable, and resilient housing ecosystems.
- Consider legislation, budget allocations, and policy changes that empower cities and towns to tackle this crisis.

**Be bold, proactive, and creative in establishing housing policies that work for everyone.**

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**Thank you. I look forward to your questions.**

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