



# NHTF • The National Housing Trust Fund

## **NATIONAL HOUSING TRUST FUND** ***How Can I Influence Where the Money Goes?***

The law that created the National Housing Trust Fund (NHTF) will use a formula to distribute NHTF dollars directly to states; it does not distribute money directly to cities and counties the way some other HUD money is distributed. To learn how the formula allocates NHTF among the states, see separate article “The Formula for Distributing NHTF to States.”

States must choose a state agency, such as a housing finance agency or a housing department, to receive NHTF money from HUD and to administer the state’s NHTF program.

### ***Tips for Advocates***

*After the NHTF was created in 2008, some state governors and legislatures selected a state entity to administer the NHTF.*

- *Learn whether your state has decided which agency will run the program. The latest list is at [http://nlihc.org/sites/default/files/State-Agencies\\_0115.pdf](http://nlihc.org/sites/default/files/State-Agencies_0115.pdf).*
- *If the governor or legislature has not selected an agency yet, advocate for the agency that you think is the best for making the NHTF work for extremely low income renters.*
- *If the governor chose an agency in 2008 or 2009 that is not the best, it might be possible to advocate with a new governor (because funds have not been available) to select a different agency, one that is most responsive to the needs of extremely low income renters.*

### **The NHTF Allocation Plan**

The law requires states to prepare a NHTF “Allocation Plan” every year. That Allocation Plan must show how the state will allot the NHTF dollars it will receive in the upcoming year. NHTF dollars must be distributed throughout the state based on the priority housing needs in the state’s Consolidated Plan (ConPlan). HUD’s proposed regulations require the NHTF Allocation Plan to be integrated into the ConPlan.

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· A Consolidated Plan is a five-year plan that states and most local governments must have in order to receive other federal funds distributed by formulas, such as Community Development Block Grants and HOME grants. Each year, an Annual Action Plan must be completed indicating how federal block grant monies, and any other funds expected to be available for housing activities, will be used in the upcoming year. A ConPlan presents the housing needs of renters and homeowners by income categories and population characteristics. Given the needs, the ConPlan indicates the priorities for addressing those needs. For more about the ConPlan, see NLIHC’s *Advocates’ Guide*.

**The NHTF Allocation Plan, *continued***

States may allocate NHTF money directly to “recipients” or indirectly through “subgrantees”.

- Recipients are public agencies, nonprofits, or for-profits that will carry out a NHTF-assisted housing project as an owner or developer.
- Subgrantees are state agencies or local governments.
  - Subgrantees in turn will award NHTF money they receive from the state to recipients to carry out projects.
  - To get NHTF money from its state, a subgrantee must also have its own NHTF Allocation Plan included in its local ConPlan’s Annual Action Plan.

**Public Participation**

When preparing an Allocation Plan, the law requires states to:

- Notify the public that an Allocation Plan will be drafted.
- Provide the public an opportunity to make comments about the plan.
- Consider public comments.
- Make the completed Allocation Plan available to the public.

The NHTF law also requires compliance with the Consolidated Plan public participation requirements. For more see the separate article, “Public Participation Requirements of the Consolidated Plan Process”.

## **Selecting Applications for NHTF Dollars**

The Allocation Plan must also describe:

- The requirements recipients must meet when applying for NHTF dollars.
- The criteria that will be used to select applications for funding.

The Allocation Plan must give priority to awarding NHTF money to projects based on:

1. Geographic diversity, as reflected in the ConPlan.
2. The extent to which rents are affordable, especially for extremely low income households.
3. The length of time the assisted rental housing will remain affordable.
4. The merit of the project. HUD's examples of "merit" are:
  - a. Housing that serves people with special needs.
  - b. Housing accessible to transit or employment centers.
  - c. Housing that includes green building and sustainable development features.
5. The ability of the applicant to obligate NHTF money (for example, get contracts for carpenters and electricians) and carry out the project in a timely manner.
6. The extent to which the project will make use of other non-federal funding sources.

## **Tips For Advocates – Advocates Must Monitor their State, and Probably Their Locality**

### **Action Begins at the State Level**

*The action around the NHTF Allocation Plan begins at the state level, and will probably then flow to the local level if your state decides to allocate most or all of the NHTF to local subgrantees. Remember, the state NHTF Allocation Plan will be tied to your state's ConPlan, and then probably to your locality's ConPlan.*

*For advocates only accustomed to ConPlan advocacy at the local level because your locality gets CDBG and HOME directly from HUD, the NHTF process will be a new experience for you.*

- *At the state level, to better ensure that NHTF gets to your locality in the appropriate amounts and for the best uses, it will be necessary for you to learn how to first influence your state Allocation Plan and ConPlan.*
  - *Find out which state agency is responsible for the ConPlan – it might not be the same agency that receives and administers the NHTF.*
  - *Let the state ConPlan agency know that your organization is interested in being informed about and in participating in the ConPlan process for determining housing needs and priorities in your state.*
  - *Let the state NHTF agency know that your organization is interested in being informed about and in participating in the process for planning where and how NHTF money will be used in your state.*

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• Generally, extremely low income is less than 30% of the area median income (AMI), but for NHTF it can also be income less than the federal poverty line if that amount is greater.

- *At the local level, monitor whether the state has chosen your locality as a subrecipient, and if so be sure to participate in both the local ConPlan process and the local NHTF Allocation Plan process.*

**Action Takes Place Every Year**

*For the first year that NHTF money is available, and for each year after, it will be important for advocates to work first at the state level, and then at the local level to ensure that:*

- *The geographic areas with the greatest rental housing needs of extremely low income people are fairly included.*
  - *At the state level, are rural areas included relative to their need when compared to urban areas?*
  - *At the state level, is there a fair distribution among localities throughout the state based on the shortage of affordable rental homes for extremely low income people?*
  - *At the local level, are the most appropriate neighborhoods part of the geographic mix?*
- *The agency responsible for drafting the NHTF Allocation Plan writes it to meet genuine, high-priority housing needs of extremely low income people.*
  - *Will the NHTF-assisted housing be truly affordable to extremely low income people, that they do not pay more than 30% of their income for rent and utilities?*  
(See separate article, “Focused on Extremely Low Income Renters.”)
  - *Will NHTF-assisted housing be affordable to extremely low income households for as long as possible – aiming for at least 50 years?* (See separate article, “Focused on Extremely Low Income Renters.”)
  - *Will developments be funded because they have features you think give them “merit”?*
  - *Will the types of projects (new construction, rehabilitation, or preservation) be those that you agree are most needed?*
  - *Will the bedroom size mix be the one you agree is most needed?*
  - *Will the populations to be served be the ones you think most need affordable homes (large families, special needs, elderly, etc)?*
- *The Allocation Plan complies with the regulations, particularly regarding affordability for extremely low income people.*
- *The public participation obligations are truly met, and that the state does not just “go through the motions”.*