

Getting to Know the NHETF Regulations

Part 2

NHETF Focused on Extremely Low Income Renters

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Part 2 Topics



- The need for the NHTF
- The formula for distributing the funds
- 90% of a state's NHTF must benefit renters
- 75% of renters benefitting must be ELI
- Tenant protections

Need for Affordable ELI Rental Housing



- National shortage of 7.1 million homes affordable and available to extremely low income (ELI) renter households.
 - ELI means income at or below 30% of area median income (AMI).
- There are only 31 rental homes affordable and available for every 100 ELI renter households.
- 75% of ELI renter households spent more than 50% of their income for rent and utilities.

Need for Affordable ELI Rental Housing

(continued)



- National shortage of 3.4 million homes affordable and available to deeply low income (DLI) renter households.
 - DLI means income at or below 15% of area median income (AMI).
- There are only 17 rental homes affordable and available for every 100 DLI renter households.
- 90% of ELI renter households spent more than 50% of their income for rent and utilities.

How Will NHTF Block Grant Be Distributed To States?



- NHTF law requires money to be distributed to states by formula.
- Formula based on:
 - Shortage of rental properties affordable *and* available to ELI and VLI households.
 - Number of ELI and VLI renter households paying more than 50% of their income for rent and utilities (severe cost burden).
 - Priority given to ELI households – 75% of formula weight.
- The amount of money your state gets depends on the shortage of affordable rental housing.

How Will NHTF Block Grant Be Distributed To States?

(continued)



- NHTF statute: Each state and DC is to receive a minimum of \$3 million.
- Rule: If NHTF does not have sufficient funds to provide \$3 million to each state and DC, HUD will publish notice in *Federal Register* describing alternative method and seek comments.

§93.52

Estimated State Allocations for every \$250 million*

Invested in the National Housing Trust Fund

January 2015

| | | | |
|----------------------|--------------|-------------------|--------------|
| Alabama | \$3,000,000 | Nevada | \$3,000,000 |
| Alaska | \$3,000,000 | New Hampshire | \$3,000,000 |
| Arizona | \$3,680,258 | New Jersey | \$6,522,613 |
| Arkansas | \$3,000,000 | New Mexico | \$3,000,000 |
| California | \$29,950,239 | New York | \$19,300,095 |
| Colorado | \$3,557,308 | North Carolina | \$4,736,463 |
| Connecticut | \$3,198,734 | North Dakota | \$3,000,000 |
| Delaware | \$3,000,000 | Ohio | \$6,840,656 |
| District of Columbia | \$3,000,000 | Oklahoma | \$3,000,000 |
| Florida | \$9,800,177 | Oregon | \$3,448,039 |
| Georgia | \$5,036,888 | Pennsylvania | \$7,232,536 |
| Hawaii | \$3,000,000 | Rhode Island | \$3,000,000 |
| Idaho | \$3,000,000 | South Carolina | \$3,000,000 |
| Illinois | \$8,871,449 | South Dakota | \$3,000,000 |
| Indiana | \$3,823,533 | Tennessee | \$3,481,047 |
| Iowa | \$3,000,000 | Texas | \$10,471,887 |
| Kansas | \$3,000,000 | Utah | \$3,000,000 |
| Kentucky | \$3,000,000 | Vermont | \$3,000,000 |
| Louisiana | \$3,000,000 | Virginia | \$4,317,093 |
| Maine | \$3,000,000 | Washington | \$4,801,727 |
| Maryland | \$3,366,457 | West Virginia | \$3,000,000 |
| Massachusetts | \$5,604,488 | Wisconsin | \$3,965,377 |
| Michigan | \$5,894,764 | Wyoming | \$3,000,000 |
| Minnesota | \$3,619,319 | Puerto Rico | \$3,000,000 |
| Mississippi | \$3,000,000 | American Samoa | \$31,696 |
| Missouri | \$3,773,234 | Guam | \$256,394 |
| Montana | \$3,000,000 | Northern Marianas | \$141,148 |
| Nebraska | \$3,000,000 | Virgin Islands | \$276,380 |

The Federal Housing Finance Agency directed Fannie Mae and Freddie Mac to begin setting aside funds for the National Housing Trust Fund (NHTF) beginning January 1, 2015 and to transfer funds 60 days after the end of 2015 and each year thereafter. NLIHC estimates that somewhere between \$250 million and \$500 million will become available early next year to be distributed to states as a result. The estimates of the per state amounts were calculated by NLIHC, based on HUD's Proposed Rule for the Housing Trust Fund Allocation Formula and the 2007-2011 Comprehensive Housing Affordability Strategy (CHAS) data. These estimates account for adjustments made to certain state allocations to ensure that each state receive at least \$3 million as required by law. Learn more at www.nhtf.org

NHTF Focus on Renters



- Law creating NHTF requires at least 90% of a state's NHTF money be used to produce, preserve, rehabilitate, or operate **rental housing**.
- Up to 10% may be for homeowner activities.

NHTF Focus on Extremely Low Income Renters



- Law also requires at least 75% of a state's NHTF used for rental housing benefit **extremely low income** (ELI) households, or households with income below poverty level (whichever is greater, according to regulations).
- Extremely low income (ELI) is less than 30% of area median income, AMI.

NHTF Focus on Extremely Low Income Renters

(continued)



- Law limits to 25%, the amount of a state's NHTF used for rental housing to benefit **very low income households**.
- Generally, very low income (VLI) is between 30% and 50% AMI.
- In rural areas NHTF law also considers households with income below poverty line as very low income.

NHTF Focus on Extremely Low Income



- Interim reg introduces \$1 billion threshold:
 - When there is less than \$1 billion,
 - 100% must benefit ELI.
 - When there is more than \$1 billion,
 - a minimum of 75% must benefit ELI;
 - may spend 25% for very low income.

§93.250

Tenant Protections and Selection



- Must be a written lease for at least one year. §93.303(a)
- Tenants can only lose tenancy for “good cause.” §93.303(c)
- Owner must:
 - Comply with grantee’s affirmative marketing requirements.
 - Not exclude applicant with voucher or HOME tenant-based rental assistance.
 - Select tenants from written waiting list in chronological order.

§93.303(d)

More NHTF Information



- NLIHC will be preparing additional materials about the National Housing Trust Fund over time.
- Periodically check www.nhtf.org
- HUD's NHTF webpage, <https://www.hudexchange.info/htf>

Contact Me



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Become an NLIHC Member



- Members are essential in helping NLIHC advocate on behalf of low income people in need of safe and affordable housing.
- Membership is open to individuals, organizations, corporations, and government agencies.
- Join NLIHC at <http://nlihc.org/membership>
- Questions?
- Contact outreach@nlihc.org or call 202-662-1530, ask to speak to your Housing Advocacy Organizer.