

# Getting to Know the NHETF Regulations

## Part 3

## How Will NHETF Be Distributed Within States?

Ed Gramlich

National Low Income Housing Coalition

May 2015

# Part 3 Topics



- Designation of state NHTF agency
- “Subgrantee” option
- NHTF Allocation Plan
  - Public participation
  - “Recipient” requirements
  - Priority criteria awarding NHTF to projects
  - Will the rent be affordable?
  - How long will rental homes be affordable?

# How Will NHTF Be Allocated Within States?

- States must choose a state agency, such as housing finance agency, or housing department, or tribally-designated housing entity to receive NHTF and administer its program.

## Tip for Advocates

- Learn whether your state has decided which agency will run the NHTF program.
- If an agency is not selected yet, advocate for the agency you think best for ELI households.

# State Agencies Selected to Receive and Administer NHTF Funding

As of March 10, 2015

- Alabama Housing Finance Authority
- Arizona Department of Housing
- Arkansas Development Finance Authority
- California Department of Housing and Community Development
- Colorado Division of Housing
- Delaware State Housing Authority
- District of Columbia Department of Housing and Community Development
- Idaho Housing Finance Agency
- Iowa Finance Authority
- Kansas Housing Resource Corporation
- Louisiana Housing Corporation
- Maine State Housing Authority
- Maryland Department of Housing and Community Development
- Massachusetts Department of Housing and Community Development
- Missouri Housing Development Commission
- Montana Department of Commerce, Housing Division
- Nebraska Department of Economic Development
- New Hampshire Housing Finance Authority
- New Mexico Mortgage Finance Authority
- New York State Homes and Community Renewal
- North Dakota Housing Finance Agency
- Ohio Development Services Agency (*will administer*) / Ohio Housing Finance Agency (*will develop allocation plan and allocate funds.*)
- Oklahoma Housing Finance Agency
- Pennsylvania Housing Finance Agency
- South Carolina Housing Finance & Development Authority
- South Dakota Housing Development Authority
- Tennessee Housing Development Agency
- Utah Department of Workforce Services, Housing and Community Development
- Vermont Housing and Conservation Board
- West Virginia Affordable Housing Trust Funding Community Development Authority

# How Will NHTF Be Allocated Within States?

(continued)

## Subgrants to Local Governments?



- NHTF formula does not distribute money directly to cities and counties.
- Rule allows states to allocate NHTF to “subgrantees,” which are local governments or other state entities.
- Subgrantees would administer part of or all of state’s NHTF program.

§93.101(c) & definition §93.2

# How Will NHTF Be Allocated Within States?

*(continued)*

## NHTF Allocation Plan



- NHTF law requires states to prepare an “Allocation Plan” every year.
- Allocation Plan must show how state will distribute NHTF it will receive in the upcoming year.
- Distribution of NHTF must be based on priority housing needs in state’s Consolidated Plan (ConPlan).

# How Will NHTF Be Allocated Within States?

(continued)

## NHTF Allocation Plan

(continued)



- Rule requires NHTF be distributed “throughout the state.”

§93.101(b)

- Rule requires state’s NHTF Allocation Plan be integrated into its Consolidated Plan.

ConPlan regs: §91.320(k)(5), States; §91.220(l)(5), localities

- For a subgrantee to get NHTF money from its state, subgrantee must have its own NHTF Allocation Plan in its local ConPlan.

§93.101(c)

# How Will NHTF Be Allocated Within States?

(continued)

## Allocation Plan and Public Participation



- When preparing Allocation Plan, law requires states to:
  - Notify the public that Allocation Plan will be drafted.
  - Provide for public comment.
  - Consider public comments.
  - Make final Allocation Plan available.
- NHTF law requires compliance with Consolidated Plan public participation requirements.
- Rule inserts NHTF Allocation Plan requirements into the ConPlan rule.

ConPlan regs: §91.320(k)(5), States; §91.220(l)(5), localities



# How Will NHTF Be Allocated Within States?

*(continued)*

## Allocation Plan and Public Participation

*(continued)*



### Tip for Advocates

- Action around Allocation Plan begins at state level and might flow to local level if state decides to allocate some or all NHTF to local subgrantees.
- Advocates used to ConPlan advocacy only at local level need to learn how to advocate at state ConPlan level.
- State ConPlan agency might be different than the NHTF agency.

# Allocation Plan

## “Recipients”



Allocation Plan must describe requirements “recipients” must meet when applying for money.

- Recipients may be nonprofit, for-profit, or public entity.
- States and/or subgrantees allocate NHTF to “recipients” to carry out specific projects.
- Recipient must have relevant experience and financial capacity.

§92.2 definition

# Allocation Plan

(continued)

## Selecting Applications for NHTF Dollars



- Allocation Plan must describe criteria for selecting applications.
- Allocation Plan must give priority to projects based on:
  1. Geographic diversity, as reflected in ConPlan.
  2. Extent rents are affordable, especially for ELI households.
  3. Length of time apartments will remain affordable.
  4. “Merit” of a project. HUD gives a few examples:
    - a) Serving people with special needs.
    - b) Accessible to transit or employment centers.
    - c) Energy saving and non-polluting features.
  5. Applicant’s ability to obligate money and carry out project in timely way.
  6. Extent project will use non-federal funds.

ConPlan regs: §91.320(k)(5)(i), States; §91.220(l)(5)(i)(A), localities

# Will Rent Be Affordable?



- A basic housing policy is the “Brooke rule” which considers housing “affordable” only if households use no more than 30% of their income for rent and utilities.
- Neither NHTF law nor HUD’s rule cap resident rent and utility payments at 30% of their income.

# Will Rent Be Affordable?

(continued)



- HUD's rule would set maximum rent (including utilities) a household pays at a **fixed amount** equal to 30% of 30% AMI, or 30% of poverty level, whichever is greater.  
§93.302(b)
- Preamble to proposed rule recognized some residents will pay more than 30% of their income (be rent burdened).
- HUD thinks fixed rent is necessary so owners and lenders can budget for future revenues from rents.

# Will Rent Be Affordable?

*(continued)*



## Tip for Advocates

Advocates should convince their state or local government to require “Brooke rule.”

### NHTF law:

The extent NHTF rental homes are affordable to ELI households is one factor a state or any local government must consider when awarding NHTF dollars to a proposed project.

ConPlan regs: §91.320(k)(5)(i), States; §91.220(l)(5)(i)(A), localities

# How Long Will Rental Homes Be Affordable?



- Regulation requires both rental and homeowner housing to be affordable for at least 30 years.
- States and any local governments may have longer affordability periods.

§93.302(d) rental, §93.304(e) homeowner

# How Long Will Rental Homes Be Affordable?

*(continued)*



## Tip for Advocates

Advocates should convince their state or local government to set an affordability period of at least 50 years.

### NHTF law:

How long NHTF rental homes will be affordable is one factor a state or any local government must consider when awarding NHTF dollars to a proposed project.

ConPlan regs: §91.320(k)(5)(i), States; §91.220(l)(5)(i)(A), localities



# More NHTF Information



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

# Contact Me



**Ed Gramlich**

National Low Income Housing Coalition

[ed@nlihc.org](mailto:ed@nlihc.org)

202.662.1530 x314

[www.nlihc.org](http://www.nlihc.org)

# 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](mailto:outreach@nlihc.org) or call 202-662-1530, ask to speak to your Housing Advocacy Organizer.