NHTF: The National Housing Trust Fund

The Formula For Distributing NHTF To States

The law creating the National Housing Trust Fund (NHTF) requires HUD to create a formula, based on needs, for getting money to each state and the District of Columbia.

§1338(c)(3)(A) statute

There are five factors in the formula (each state is compared to the entire nation):

1. The shortage of standard rental units that are both affordable and available to extremely low income renter households. This factor must be given priority.

2. The shortage of standard rental units that are both affordable and available to very low income renter households.

3. The number of extremely low income renter households:

    a. Paying more than 50% of their income for rent and utilities; or,

    b. Living in overcrowded housing (more than one person per room); or,

    c. Living in a place without complete plumbing or kitchen facilities.

4. The number of very low income renter households paying more than 50% of their income for rent.

5. The cost of construction.

§1338(c)(3)(B) and (C)
§93.51 and 50(d)(2) regulations

Complying with the statute's requirement that priority be given to the first factor, HUD's interim regulation assigns 75% of the weight in the formulas to the two extremely low income renter household factors.

§93.50(d)(2)(ii)

In short, the amount of money a state receives depends on the shortage of rental housing for extremely low income households and on the extent that extremely low income renters pay more than half of their income for rent and utilities.

In addition to the states, the interim regulations make it clear that NHTF money will be distributed to: the District of Columbia, Puerto Rico, Northern Mariana Islands, Guam, the Virgin Islands, and American Samoa.

§93.50

Each state and the District of Columbia should receive at least $3 million.

§1338(c)(4)(C)
§93.52 (a)

If there is not enough in the NHTF in a given year to provide at least $3 million to each state and the District of Columbia, HUD will publish a notice in the *Federal Register* describing an alternative method for allocating funds and seek public comment.

§93.52(b)

Some Definitions

"Extremely low income" is less than 30% of the area median income (AMI).

§1338(f)(1)
93.2

"Very low income" is between 30% and 50% of AMI.

§1338(f)(6)
93.2

"Shortage" for extremely low income renters is the gap between:

- The number of extremely low income renter households, and
- The number of units that:
    - Have complete plumbing and kitchen facilities; and,
    - Have rent that is 30% or less of 30% of the area median income; and,
    - Are occupied by extremely low income households, or that are vacant.

§1338(f)(3)
93.2

"Shortage" for very low income renters is the same, except the definition uses:

- Rent that is 30% or less of 50% of the area median income; and
- Units that are occupied by very low income households, or that are vacant.

§1338(f)(4)

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