



NHTF • The National Housing Trust Fund

Operating Cost Assistance

§92.201(e)

National Housing Trust Fund (NHTF) money may be used in conjunction with NHTF-assisted rental units to provide operating cost assistance.

In addition, an operating cost assistance reserve fund may be funded upfront for NHTF-assisted rental units to help ensure a project's financial feasibility for the entire affordability period.

Operating cost assistance covers the gap in the amount a household pays in rent and the cost to run the housing.

Operating costs include maintenance, utilities, insurance, real property taxes, and scheduled payments to a reserve to replace major systems such as roofs and furnaces.

HUD's interim regulations place a cap of 33% on the amount of a state's NHTF annual grant that may be used for operating cost assistance and/or an operating cost assistance reserve.

- In the introduction to the interim rule, HUD views the NHTF as primarily a production program meant to add to the supply of affordable housing.
- HUD also anticipates that the NHTF will be used with other resources, mostly in mixed-income projects.

The interim rule allows states and any local subgrantees to commit funds from a single year's NHTF grant in order to provide funds for operating cost assistance over multiple years.

- That commitment may be renewed with future NHTF grants throughout the affordability period (which is a minimum of 30 years).
- Funds committed in a single year, however, must be spent within five years.

