



About the National Housing Trust Fund

The National Housing Trust Fund (NHTF) is a federal program for collecting and distributing “dedicated” funds, money that is not at risk of cuts each year during the Congressional appropriations process.

The National Housing Trust Fund was created, and an initial dedicated source of money for it was established, on July 30, 2008 when the President signed into law, the Housing and Economic Recovery Act of 2008.

The NHTF is a block grant to the states, the District of Columbia, Puerto Rico, and the U. S. territories. The purpose of the NHTF is to increase and preserve the supply of housing, principally rental housing for extremely low income households, but also to a lesser extent homeowner housing, including for very low income households. (See separate article, “Focused on Extremely Low Income Renters” for more detail.)

- Extremely low income is less than 30% of the area median income (AMI).
- Generally, a very low income household has income between 30% and 50% of AMI. However, in rural areas the NHTF law also considers households with incomes below the federal poverty line as very low income.

The U.S. Department of Housing and Urban Development (HUD) will administer the NHTF. HUD published proposed regulations to carry out the NHTF program on October 29, 2010. Final regulations are expected in early 2015.

The NHTF will rely on dedicated sources of revenue; it will not compete with existing HUD programs that are funded through Congressional appropriations.

Still Seeking Dedicated Sources of Funds

Even though the NHTF was created in the summer of 2008, the program is not yet in operation. The first dedicated (not appropriated) sources of money the law intended for the NHTF were to come from a very small assessment on the volume of business of the Federal National Mortgage Association (Fannie Mae) and the Federal Home Loan Mortgage Corporation (Freddie Mac). However, these two government sponsored entities (GSEs) ran into deep financial trouble as the foreclosure crisis hit the nation that fall. (See separate article, “Where Will The Money Come From?”)

Still Seeking Dedicated Sources of Funds, *continues next page*

Still Seeking Dedicated Sources of Funds, *continued*

Think of the NHTF program as a car. We have the car, because Congress built it in the summer of 2008. However, the car has no gasoline – the first dedicated sources intended to put gasoline in the gas tank dried up.

Because Fannie and Freddie have been profitable since the first quarter of 2012, money will flow to the NHTF in early 2016. Therefore, advocates will want to make sure their states are ready for NHTF implementation.

(See separate article, “How Can I Influence Where the Money Goes?”)

- NLIHC will continue working to get money to the NHTF through any Congressional efforts to reform housing finance.
- NLIHC, through the United for Homes campaign, is also working on a long-term goal to secure funding for the NHTF through federal tax reform. In short, that reform would use the revenue generated by converting the mortgage interest deduction that some homeowners take on their federal income taxes into a non-refundable tax credit. (See separate article, “Housing Tax Reform To Generate Revenues for NHTF”.)