



# NHTF • The National Housing Trust Fund

## 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.)

§1338(a)(1) statute

- 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.

The U.S. Department of Housing and Urban Development (HUD) administers the NHTF. On January 30, 2015, HUD published interim regulations at 24 CFR part 93 to carry out the NHTF program. Where the NHTF statute does not have specific requirements, the NHTF regulations mirror the HOME program regulations. After states and the public have experience with this new program, HUD will seek comments and issue final regulations.

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

### First Dedicated Funds Will Go to States Early in 2016

Even though the NHTF was created in the summer of 2008, the program did not begin operation right away. The first dedicated (not appropriated) sources of money the law intended for the NHTF are to come from a very small assessment (0.042%) on the volume of business of the Federal National Mortgage Association (Fannie Mae) and the Federal Home Loan Mortgage Corporation (Freddie Mac). Of the funds generated by the assessment, 65% is to go to the NHTF and 35% is to go to the Capital Magnet Fund. However, Fannie Mae and Freddie Mac ran into deep financial trouble as the foreclosure crisis hit the nation in fall 2008. Therefore, the assessments for the NHTF were put on hold.

(See separate article, “Where Will The Money Come From?”.)

§1337(a) statute

**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 had the car, because Congress built it in the summer of 2008. However, the car has had no gasoline – the first dedicated sources intended to put gasoline in the gas tank dried up.

Because of the banking crisis, the Federal Housing Finance Agency (FHFA) is the “conservator” of Fannie and Freddie. Even though Fannie and Freddie have been profitable since the first quarter of 2012, the previous FHFA Director would not release the hold on the assessments for the NHTF.

However, on December 11, 2014 the new FHFA Director, Mel Watt, released the hold. Fannie and Freddie began to set aside funds for the NHTF, based on the 4.2 basis point assessment, starting on January 1, 2015. Sixty days after the close of calendar year 2015, Fannie and Freddie must transfer to HUD for the NHTF, the amount of money set aside from the assessment. HUD estimates that NHTF money will be allocated to the states early in the summer of 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?”)