



NATIONAL HOUSING TRUST FUND

Ineligible Activities

Prohibited Uses of National Housing Trust Fund Resources

The National Housing Trust Fund (NHTF) law lists ways that NHTF money cannot be used, including: outreach, advocacy, counseling (except for housing counseling), or administrative or travel expenses (except as allowed as general administration of the NHTF program – see separate paper, “How Can the Money Be Used: General?” for details).

The NHTF law also prohibits this money from being used for any activity associated with property taken by eminent domain, unless for a public use. The law specifies that an economic development activity that primarily benefits a private entity is not considered a public use. Eminent domain is the power of government to take private property for public uses such as for highways, airports, etc.

HUD’s proposed rule adds additional ways in which NHTF dollars may not be used:

- Public housing may not receive NHTF assistance, including public housing developed under HOPE VI. (A project may have both NHTF-assisted units and public housing units.)
- NHTF-assisted housing may not receive public housing operating assistance.
- NHTF money may not be used for a project previously assisted with NHTF during the years the housing must be affordable to an income-eligible household (a minimum of 30 years). However, additional NHTF money may be used for a NHTF-assisted property during the first year after project completion.
- Pay delinquent taxes or fees.
- Pay to buy property owned by the state or any local subgrantee.

The National Housing Trust Fund (NHTF) law also lists some very obvious ways that NHTF money cannot be used, including: lobbying, preparing or providing advice on tax returns, and political activities such as influencing the selection, nomination, election, or appointment of candidates for elected office.

Charging Fees, *see next page*

Charging Fees

States or any local subgrantees may not charge fees for administering a NHTF program, such as servicing or origination fees (except for those allowed as eligible soft costs – see separate article “Eligible Project Costs” for details).

However, annual fees may be charged to owners of NHTF-assisted rental projects to cover the cost of monitoring compliance with income and rent restrictions during the affordability period (the years a unit must be affordable to an income-eligible household, which is a minimum of 30 years).

States and any local subgrantees must prohibit project owners from charging tenants fees such as origination fees, laundry room access fees, and parking fees (that are greater than is customary). Owners may charge households applying for housing a reasonable application fee.