

# National Housing Trust Fund: An ELI Vision for the Future

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# Critical Shortage of Capital and Subsidies

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- Low Income Housing Tax Credits
- HOME and CDBG as “gap financing”
- 4% credits
- Decline in project-based subsidies:
  - HUD’s Homeless programs
  - Section 8 Project-Based Vouchers
- Only VASH and new Section 811 PRA providing some supply

# State Housing Agency Innovation: Integrated Permanent Supportive Housing

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- Permanent Supportive Housing (PSH): Evidence-based housing approach for people with most significant and long term disabilities
  - Deep subsidies
  - Voluntary long-term services
- PSH is ELI: Most PSH tenants have SSI = 19% of AMI
- State Housing Agency innovation/partnerships to create integrated PSH units through LIHTC
- TAC “testing” 3 State PSH financing models
  - Illustrate potential for replication with NHTF
  - Increase “buy in” from states
- DRAFT Findings only – Final Report later in 2014

# North Carolina Housing Finance Agency

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- Integrated PSH program using LIHTC since 2002
- Cost-based operating subsidy approach
- State appropriated Key program finances 10 year subsidy commitments (2,200+ units)
  - Payment standard approach based on actual operating costs
  - Tenants pay 30% of income
  - Current payment standard for 1 BR = \$490
  - Historical average subsidy payment of \$205 monthly (2006-2013). Recently raised to an average of \$270 for 1 BR
- Adds approximately 200 PSH units to state supply each year

# Pennsylvania Housing Finance Agency

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- Ten year initiative targeted primarily to people with disabilities
- Uses capitalized development funding from increased developers fee (generally from 15% to 20%) through QAP
- Fills gap between 50% of AMI unit and 20% of AMI through internal rent subsidy reserve
- Tenants pay the 20% AMI rent
- PHFA approves escrow agreement between developer and third party (typically a bank)
- Examples: 1 BR is \$297 in Philadelphia and \$244 in Pittsburgh

# Massachusetts Department of Housing and Community Development

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- Piloting a “Value Voucher” subsidy
- Non-FMR approach to close gap between 30% of SSI and 50% of AMI rent
- Uses MA Rental Voucher Program (MRVP) for subsidy
- Less expensive than FMR approach in high cost MA market

# Replication Using NHTF

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- See 2 page of handout for more detailed TAC analysis
- Models assume NHTF allocation of \$3 billion
- Assumes 20% of state allocation used for PSH
- Operating subsidy is capitalized for 15 years
- Capital subsidy of \$50,000 per unit
- National estimate of new PSH units based on average per unit operating cost capitalized over 15 years = 4,800

# Annual PSH Production

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- North Carolina: 126 new PSH units per year
- Pennsylvania: 332 new PSH units per year
- Massachusetts: 86 new PSH units per year
- National: 4,800 new PSH units per year



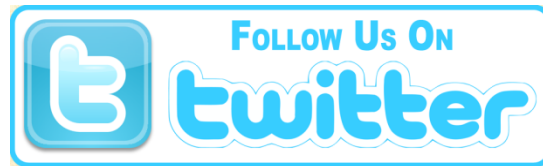
# QUESTIONS

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