



THE NATIONAL HOUSING TRUST FUND:

AN OVERVIEW OF 2017 STATE PROJECTS

ED GRAMLICH
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HERITAGE



NATIONAL LOW INCOME HOUSING COALITION

THE NATIONAL HOUSING TRUST FUND:

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**NATIONAL LOW INCOME
HOUSING COALITION**

ABOUT NLIHC

The National Low Income Housing Coalition is dedicated to achieving racially and socially equitable public policy that ensures people with the lowest incomes have quality homes that are accessible and affordable in communities of their choice.

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INTRODUCTION

This report describes how states awarded their 2017 national Housing Trust Fund (HTF) allocations to projects requesting HTF funds. For 2017, \$219 million in HTF was available nationally. The statute creating the HTF requires states to designate state entities to administer a state's HTF annual allocation; the U.S. Department of Housing and Urban Development (HUD) calls these entities HTF "state-designated entities" (SDEs). Most SDEs are state housing finance agencies, while some are state departments. After HTF funds became available to states in 2016, National Low Income Housing Coalition (NLIHC) staff established working relationships with SDE staff.

The information in this report was provided to NLIHC by SDEs. It is not meant to be "official" information of the kind ultimately presented by SDEs to HUD's Office of Community Planning and Development (CPD) through CPD's Integrated Disbursement and Information System (IDIS). Usually,

the information provided by an SDE to NLIHC is provided soon after an SDE announces awards. Some information – such as the number of HTF-assisted units or the amount of HTF awarded – might change over time. Likewise, some projects might be canceled and replaced with new projects. Because projects are sometimes only reported by SDEs to CPD after several years have elapsed due to the lengthy nature of the housing financing and construction processes, NLIHC's purpose in gathering this information is to obtain a preliminary understanding of the number, type, and nature of HTF-assisted projects and units so that our organization can better support the HTF. At the same time, NLIHC asks for more information than is required by CPD for publication in the office's [HTF National Production Reports](#).

Starting in 2000, NLIHC was instrumental in advocating for the creation of the HTF. Therefore, NLIHC has a strong interest in the success of the program, particularly in the initial period of

its implementation. To that end, NLIHC staff contacted SDEs to obtain information about projects awarded 2017 HTF funds and asked those SDEs to submit responses to a standard list of questions designed to obtain information about basic project characteristics. While most SDEs provided all or a significant portion of the requested information, some only provided rudimentary information. This report is based on that information provided by SDEs to NLIHC. In September 2018, NLIHC published a preliminary report examining the 2016 HTF awards, [Getting Started: First Homes Being Built with National Housing Trust Fund Awards](#), later supplementing the report with additional data as more states provided the necessary information ("[Supplemental Update to Getting Started](#)"). In addition to this 2017 report on how states proposed awarding their HTF allocations, a report providing an overview of 2018 projects is forthcoming and NLIHC will continue providing such reports in the future.

PHOTOS

HOUSING TRUST FUND PROJECTS ACROSS THE COUNTRY



*Forget Me Not Phase II, Juneau Housing First Collaborative
Juneau, Alaska*



*Heritage, Housing Authority of Maricopa County
Surprise, Arizona*



*Indy Street Flats, adaptive reuse of Masonic lodge and adjacent new construction, Metro Housing West Housing Solutions
Lakewood, Colorado*



*Holly Street Apartments
Quest Community Development Organization
Atlanta, Georgia*



*Benham Avenue Apartments, Lacasa
Elkhart, Indiana*

BACKGROUND

The national Housing Trust Fund (HTF) is a relatively new program that provides block grants to states to build, preserve, or rehabilitate housing affordable to extremely low-income households – those with income at or less than 30% of the area median income (AMI), or at or less than the federal poverty line (whichever is greater). The statute authorizing the HTF requires 90% of any funds awarded to a state to be used for rental housing. The amount of HTF resources awarded to a state is determined by a formula established in the statute. The formula is based principally on the shortage of rental homes affordable and available to extremely low-income renter households and the extent to which such households are spending more than half of their income on rent and utilities.

In 2017, there was a national shortage of 7.2 million rental homes affordable and available to extremely low-income households. Another way of expressing this national gap is that for every 100 extremely low-income renter households, there were only 35 affordable and available apartments.

The HTF was authorized by the “Housing and Economic Recovery Act of 2008” on July 30, 2008, but HTF resources did not become available to states until May 2016. The delay in implementation was due to the financial crisis that occurred in the fall of 2008, during which then-director of the Federal Housing Finance Agency (FHFA) Ed DeMarco suspended the 4.2 basis point assessments that Fannie Mae and Freddie Mac (“the Enterprises”) were to devote to provide funding for the HTF. In December 2014, however, the new FHFA Director, Mel Watt, concluded that Fannie Mae and Freddie

Mac were in stable financial condition and lifted the suspension of the 4.2 basis point assessments, directing the Enterprises to begin applying the assessments starting January 1, 2015. Therefore, 2016 was the inaugural year of the HTF.

At the end of every calendar year, the Enterprises are given 60 days to determine the amount of money collected for the HTF and forward that amount to HUD. HUD then applies the statutory formula to determine the amount of HTF funds that will be awarded to each state and publishes those amounts in the *Federal Register*, which occurred on June 23 in 2017. The statute also requires that states must be allocated a minimum of \$3 million in HTF funds. Given the relatively small amount of money collected for the HTF in 2017 – \$219 million – 28 states received the \$3 million minimum awards. (Since 2016, the amount of money collected for the HTF has grown every year: from \$173.6 million in 2016, \$219.2 million in 2017, and \$266.8 million in 2018, to \$247.7 million in 2019, \$322.6 million in 2020, \$689.7 million in 2021, and \$739.6 million in 2022.)

The authorizing statute requires each state to develop a draft annual HTF Allocation Plan and seek public input before submitting a final Allocation Plan to HUD for approval. During the first two years of HTF implementation, HUD headquarters staff were involved in reviewing and approving Allocation Plans in order to ensure that inaugural Allocation Plans complied with law and regulations and thereby established reliable standards for future plans. States cannot publish requests for proposals (RFPs) until their HTF Allocation Plans are approved by HUD.

Key actors always face difficulties learning about new programs and figuring out how best to use them. The HTF presented some states and some developers with a steep learning curve because of its goal of creating homes affordable to extremely low-income renters. Nonetheless, it appears that over the course of 2016 and 2017, the key actors involved in the HTF became more comfortable with the unique character of the program. In the future – and particularly if the HTF continues to grow – it is likely that some states will modify their HTF allocation processes in order to broaden the range of

project types for which HTF funds can be awarded. Developers are also likely to become more familiar and comfortable with this new resource. In fact, some states noted that developers sought access to more HTF resources in 2017 than were made available through HTF allocations. Oregon, for example, reported that HTF resources were greatly oversubscribed. California, meanwhile, received 29 HTF applications seeking \$134,321,671 but was only able to fund four projects with its 2017 HTF allocation of \$23,228,151.

SYNCHRONIZING HOUSING TRUST FUND WITH OTHER STATE RESOURCE ALLOCATION CYCLES

“A review of each state’s 2017 HTF Allocation Plan and application materials shows that 24 states tied the HTF application process to their existing LIHTC and/or HOME program application processes. Twelve states tied the HTF application process to their existing HOME program process.”

Although a valuable resource, to date the HTF is still a very modest one. At the same time, many states have long-standing processes for awarding resources from other programs to affordable housing projects. Because many of these programs – which include the Low Income Housing Tax Credit (LIHTC) program, the federal HOME Investment Partnerships program (HOME), state Housing Trust Funds, and other state-specific programs – have long-established application cycles, states often choose to synchronize the

process of awarding HTF money with existing application and award cycles (some as infrequent as annually), primarily the LIHTC cycle, but also specific HOME or state HTF cycles, as well as special award cycles targeted to special needs projects.

A review of each state’s 2017 HTF Allocation Plan and application materials shows that 24 states tied the HTF application process to their existing LIHTC and/or HOME program application processes. Twelve states tied the HTF application

process to their existing HOME program process. Among those states, three had hybrid application processes that used the LIHTC process for one portion of their HTF allocation and the HOME process for another portion of their HTF allocation. Another three states also had hybrid processes that provided one opportunity for applications tied to their existing LIHTC/HOME process and one or two opportunities for projects only requesting HTF. Among the states relying on their existing LIHTC and/or HOME program application processes, three states indicated that applicants need not apply for a specific funding source and instead funds would be awarded to a project from a variety of sources most appropriate to a project, given its characteristics.

Seven states used existing common applications for LIHTC, HOME, or other state funds but seemed to treat applications for HTF separately from applications for other resources. Nonetheless, most of the projects that received HTF funding relied on other resources such as LIHTC or HOME. Sixteen states appeared to use HTF-specific applications, though this was not always clear from the source material. Four states indicated that if not enough HTF applications were received, or if HTF applications did not meet a state's minimum requirements, the state would open the process up to applications seeking HTF funds as well as funds

from one of a state's other application processes.

Thirteen states indicated that they have annual application cycles. Four states have semi-annual cycles. Four have regularly scheduled board meetings three or four times each year. Five states accept applications on a rolling basis. Most state HTF Allocation Plans or application documents do not specify the frequency with which applications are sought.

Anticipating a future in which the HTF has more substantial resources, the interim HTF regulations allow states to designate a unit of local government as a "subgrantee" to administer all or a portion of a state's HTF allocation. Subgrantees must have their own HTF Allocation Plans. Given the modest amount of HTF allocated in early years, only two states chose to use subgrantees. Alaska provided \$545,085 of its \$3 million HTF allocation to Anchorage as a subgrantee. (Anchorage is also a HOME program Participating Jurisdiction.) Hawaii established four subgrantees, suballocating 50% of its \$3 million HTF allocation to the City and County of Honolulu and – in imitation of the allocation process for the state's HOME program – the other 50% of its HTF allocation to the County of either Hawaii, Kauai, or Maui on a rotating basis that changes annually.



*Heritage
Surprise, Arizona*

PHOTOS

HOUSING TRUST FUND PROJECTS ACROSS THE COUNTRY



*FORWARD at the Rock, Cape Associates
Dennis, Massachusetts*



*Former Boys' and Girls' Home converted to
Family Resource Center affordable housing for seniors,
Columbus Community Foundation and Mesner Development
Columbus, Nebraska*



*Family Resource Center
Columbus, Nebraska*



*Construction shot showing the shell of the conversion of an old
motel to housing for people experiencing chronic homelessness
Reno, Nevada*



*El Centro, Northern Nevada Community Housing
Reno, Nevada*

PHOTOS

HOUSING TRUST FUND PROJECTS ACROSS THE COUNTRY



*Dayspring Campus, Westhab
Yonkers, New York*



*Starting Line, DePaul Properties
Utica, New York*



*Merrimack Townhomes
NeighborWorks of Southern New Hampshire
Merrimack, New Hampshire*



*Creative Living for Life, Medina Creative Housing
PSH for developmentally disabled people
Middleburgh Heights, Ohio*



*Grace Gardens, YWCA of Cass Clay, Shultz+Associates
Housing for homeless women and children
transitioning from domestic violence
West Fargo, North Dakota*



*The Bloom/Carpenter Shelter
Alexandria Housing Development Corp
PSH for people experiencing homelessness
Alexandria, Virginia*

OVERVIEW OF FINDINGS

HOUSING TRUST FUND AWARDS BY STATE IN 2017

Out of the \$219 million available, 50 states and the District of Columbia awarded HTF assistance to 184 projects with 1,857 HTF-assisted units in 2017.

STATE	PROJECTS	UNITS	STATE	PROJECTS	UNITS
Alabama	3	15	Montana	2	23
Alaska	5	33	Nebraska	2	17
Arizona	1	30	Nevada	2	35
Arkansas	2	15	New Hampshire	4	22
California	4	117	New Jersey	9	28
Colorado	6	23	New Mexico	3	17
Connecticut	2	25	New York	5	97
Delaware	2	30	North Carolina	5	91
District of Columbia	1	13	North Dakota	3	38
Florida	8	42	Ohio	5	81
Georgia	1	16	Oklahoma	3	48
Hawaii	2	11	Oregon	4	21
Idaho	6	9	Pennsylvania	6	44
Illinois	2	36	Rhode Island	3	52
Indiana	6	67	South Carolina	4	16
Iowa	1	27	South Dakota	7	22
Kansas	7	24	Tennessee	4	47
Kentucky	2	25	Texas	4	57
Louisiana	3	17	Utah	7	38
Maine	2	17	Vermont	5	16
Maryland	2	26	Virginia	4	28
Massachusetts	8	56	Washington	1	25
Michigan	2	38	West Virginia	5	28
Minnesota	1	25	Wisconsin	2	47
Mississippi	4	144	Wyoming	3	23
Missouri	1	15			

TOTAL: 184 projects with 1,857 NHTF-assisted units

The information in this report was provided to NLIHC by State Designated Entities (SDEs). It is not meant to be "official" information of the kind ultimately presented by SDEs to HUD's Office of Community Planning and Development (CPD) through CPD's Integrated Disbursement and Information System (IDIS). Usually, the information provided by an SDE to NLIHC is provided soon after a SDE announces awards. Some information – such as the number of HTF-assisted units or the amount of HTF awarded – might change over time. Likewise, some projects might be canceled and replaced with new projects. NLIHC's purpose in gathering this information is to obtain a preliminary understanding of the number, type, and nature of HTF-assisted projects and units so that our organization can better support the HTF. At the same time, NLIHC asks for more information than is required by CPD for publication in the office's [HTF National Production Reports](#).

TARGETING TO SPECIAL NEEDS POPULATIONS

As in 2016, states in 2017 utilized most of their HTF resources to target projects that will serve people experiencing homelessness, people with disabilities, elderly people, veterans, or other special needs populations. For example, 26% was to be devoted to projects serving homeless households, 23% to projects serving people with disabilities, 19% to projects serving elderly people, 8% to projects serving veterans, and 2% to projects helping to house domestic violence survivors or previously incarcerated people. The remaining 22% of funds were devoted to projects in the category of “general occupancy” or “family.” Ninety-four percent of the projects in the “family” category included a meaningful percentage of three-bedroom units needed by larger families. Not surprisingly, the number of HTF-assisted units by category tracked the HTF amounts allocated by category: 650 HTF-assisted units were dedicated to serving homeless households, 562 HTF-assisted units were for people with disabilities, 441 HTF-assisted units were for elderly people, 167 HTF-assisted units were for veterans, 55 HTF-assisted units were for people with other special needs, and 506 HTF-assisted units were for families in general.

It is worth observing that the HTF-assisted unit numbers and HTF allocations sometimes reflect “double counting.” This is due to the fact that projects might serve dual populations, such as homeless veterans, homeless persons with serious mental illness, or elderly people with physical disabilities. (See “Targeted Populations” below.)

HOUSING TRUST FUND USED IN CONJUNCTION WITH OTHER RESOURCES

Though not essential, knowing how HTF is used in conjunction with other major sources of project financing is informative. NLIHC has not received complete information from all reporting states about the uses of HTF with other funding sources, in part because of the extra time it takes for busy SDE staff to compile this information and because components of the financing for many projects had yet to be fully determined when NLIHC requested the information.

It is known, however, that the Low Income Housing Tax Credit (LIHTC) was a key financing component of 123 HTF-assisted projects, while 58 other projects did not use LIHTC. The HOME program contributed gap financing in 62 projects, while the Federal Home Loan Banks’ Affordable Housing Program (AHP) provided gap financing for 26 projects. Resources from state or local Housing Trust Funds were used in 31 projects, while other state or local programs were used in 109 projects. (This topic is further discussed in “Other Resources in Housing Trust Fund-Assisted Projects” below.)

PHOTOS

HOUSING TRUST FUND PROJECTS ACROSS THE COUNTRY



*Altamont Apartments, Mental Health Association of Oklahoma
PSH for homeless and chronically homeless people with disabilities
Tulsa, Oklahoma*



*Canal Commons
Pacific Crest Affordable Housing LLC
Bend, Oregon*



*Prospect Heights, Omni and Winn
Pawtucket, Rhode Island*



*Garden View Apartments, Linn-Benton Housing Authority
Rural property for elderly veterans
Lebanon, Oregon*



*Waterloo Terrace, Foundation Communities
Austin, Texas*

TARGETED POPULATIONS

Note: Some projects will serve mixed populations of families without special needs, as well as homeless households, and/or households with a member who has a disability. In the lists below, some units are “double counted.” Such units include, for example, units in projects reported as “elderly disabled,” which appear in both the “Disabled” and “Elderly” categories.

HOMELESS

51 projects, 663 HTF-assisted units, in 28 states. These include:

- Chronic homeless: 7 projects, 93 HTF-assisted units, 7 states
- Homeless veterans: 10 projects, 81 HTF-assisted units, 9 states. One project specifically for women veterans
- Mental disability and homeless: 6 projects, 141 HTF-assisted units, 3 states
- Homeless or disabled (no distinction): 5 projects, 72 HTF-assisted units, 5 states
- Homeless elderly: 3 projects, 36 HTF-assisted units, 3 states
- Homeless domestic violence survivors: 4 projects, 21 HTF-assisted units, 4 states
- Homeless youth: 1 project, 2 HTF-assisted units
- Homeless families with children: 1 project, 4 HTF-assisted units
- No distinction indicated: 22 projects, 215 HTF-assisted units, 15 states

DISABLED

52 projects, 562 HTF-assisted units, in 28 states. These include:

- Disabled or homeless: 8 projects, 80 HTF-assisted units, 7 states
- Mental disability and homeless: 7 projects, 101 HTF-assisted units, 3 states
- Developmental disability: 8 projects, 34 HTF-assisted units, 6 states
- Disabled veteran: 5 projects, 23 HTF-assisted units, 4 states
- Disabled elderly: 9 projects, 83 HTF-assisted units, 6 states
- Substance abuse: 2 projects, 60 HTF-assisted units, 2 states
- No distinction indicated: 18 projects, 128 HTF-assisted units, 13 states

“Although NLIHC is not confident that all SDEs indicated whether a project entailed permanent supportive housing (PSH), 21 states did indicate PSH with 41 projects containing 1,971 units (633 of which were HTF-assisted).”

ELDERLY

43 projects, 441 HTF-assisted units, in 30 states. These include:

- Homeless elderly: 2 projects, 64 HTF-assisted units, 2 states
- Disabled elderly: 9 projects, 83 HTF-assisted units, 6 states
- Veteran: 2 projects, 4 HTF-assisted units, 2 states
- No distinction indicated: 30 projects, 296 HTF-assisted units, 25 states

PERMANENT SUPPORTIVE HOUSING

Although NLIHC is not confident that all SDEs indicated whether a project entailed permanent supportive housing (PSH), 21 states did indicate PSH with 41 projects containing 1,971 units (633 of which were HTF-assisted). A review of state HTF Allocation Plans and RFPs identified 14 states with various policies regarding permanent supportive housing, not counting those many other states that offer extra competitive points for applications dedicating HTF-assisted units for PSH.

- Four states had a policy of exclusively targeting HTF assistance for PSH: Arizona, Illinois, Indiana, and New Jersey.
- Two states established a percentage set-aside of their HTF allocation for PSH: Delaware (20%) and Nebraska (56%).
- Six states established a percentage set-aside of PSH units in HTF-assisted projects: the District of Columbia (5%); Vermont (15%; part of an Executive Order applying to any state-assisted project); Mississippi (10%) and North Carolina (10%) (in both cases, the set-asides explicitly refer to the state’s *Olmstead* settlement agreement); Nevada (including all HTF-assisted units in large LIHTC projects as part of the “Supportive Housing Set-Aside” in the state’s LIHTC Qualified Allocation Plan); and New Hampshire (including all HTF-assisted units in projects applying through one of two of the state’s multifamily production competitive application processes).
- Two states had strong priorities or preferences: Massachusetts (where 6 of 7 projects were exclusively for PSH) and Virginia (where priority was given to projects with 20% of units set aside for PSH, with additional preference points that target units to help address the state’s *Olmstead* settlement).

VETERANS

21 projects, 167 HTF-assisted units, in 16 states.
These include:

- Veterans exclusively: 4 projects, 51 HTF-assisted units, 4 states
- Homeless: 10 projects, 81 HTF-assisted units, 9 states
- Disabled: 4 projects, 28 HTF-assisted units, 4 states
- Disabled and homeless: 3 projects, 11 HTF-assisted units, 3 states
- Elderly: 3 projects, 5 HTF-assisted units, 3 states

DOMESTIC VIOLENCE

4 projects, 21 HTF-assisted units, in 4 states

PREVIOUSLY INCARCERATED

2 projects, 24 HTF-assisted units, in 2 states

FAMILY OR INDIVIDUAL

58 projects, 506 HTF-assisted units, in 29 states
(39 projects have units with 3 or 4 bedrooms)

NATIVE AMERICANS

South Dakota set aside \$600,000 and North Dakota set aside 10%, respectively, of their \$3 million HTF allocations for projects developed within Indian Reservations. However, unlike in 2016, no such projects either applied for or met the HTF threshold criteria; consequently, the set-asides were rolled over to the general HTF pools in both states.



*Canal Commons
Bend, Oregon*

TYPES OF PROJECTS

The statute creating the HTF states that “The purpose of the Housing Trust Fund...is to provide grants to States for use to increase and preserve the supply of rental housing for extremely low-income and very low-income families, including homeless families.” Regarding rental housing, the statute states that HTF assistance is to be used for “the production, preservation, and rehabilitation of rental housing...and for operating costs...”

SUMMARY

NEW CONSTRUCTION

Forty-three states allocated some or all their 2017 HTF funds, amounting to \$144,049,700, for 118 new construction projects estimated to have 1,154 HTF-assisted units among 6,525 total units.

In addition, two states awarded HTF funds amounting to \$1,900,000 for new construction at two public housing developments that will have 50 HTF-assisted units after undergoing Rental Assistance Demonstration (RAD) conversion to project-based rental assistance or project-based vouchers.

“Most of the 2017 HTF allocation – more than \$144 million – was used to construct new affordable housing units. Another \$7 million was used for adaptive re-use projects, creating more affordable housing in properties previously used for non-housing purposes.”

ADAPTIVE REUSE

Eight states reported allocating \$7,229,876 in HTF for “adaptive reuse” of nine non-housing structures to create 464 new housing units (63 HTF-assisted). Five of the projects involve properties on the National Register of Historic Places.

PRESERVATION

Twenty-five states allocated \$38,063,179 in HTF to preserve a total of 3,235 affordable units in 43 existing affordable housing projects. Two of the projects involve properties on the National Register of Historic Places.



*Merrimack Townhomes
Merrimack, New Hampshire*

REHABILITATION CREATING NEW HOUSING

As reported to NLIHC, seven states awarded \$7,835,285 in HTF to 16 projects that were indicated as falling under the categories of “rehabilitation” or “acquisition and rehabilitation” and that were determined upon further research not to be preservation or adaptive reuse projects. NLIHC concluded that 13 projects using \$6,128,640 in HTF were not merely acquisition and rehabilitation projects but in fact were projects that would create 38 new affordable housing units (38 HTF-assisted).

REHABILITATION ONLY

As best as could be determined, only three projects in three states were simple “acquisition and rehabilitation” projects. These projects were anticipated to use \$1,706,645 in HTF funds for 76 units (31 HTF-assisted, meaning that they must be affordable to extremely low-income households).

FURTHER DISCUSSION ABOUT TYPES OF PROJECTS

HUD’s Office of Community Planning and Development (CPD) has long used the Integrated Disbursement and Information System (IDIS) to manage information. The only entry options for users entering information about a project that might pertain to “preservation” or “adaptive reuse” are “rehabilitation” or “acquisition and rehabilitation.” Upon closer examination, most projects (50 out of 53) reported to NLIHC as “rehabilitation” or “acquisition and rehabilitation” projects were intended to preserve affordable homes, preventing them from leaving this scarce affordable home stock; create new homes through adaptive reuse;

or create new homes for extremely low-income or very low-income households by acquiring and rehabilitating unoccupied homes.

PRESERVATION

As reported to NLIHC, 25 states chose to award \$38,063,179 in HTF funds for various forms of “preservation” at 43 existing affordable housing projects, intending to preserve a total of 3,235 affordable units. By choosing to use available resources, including the HTF, these states decided to preserve projects in order to keep existing affordable units affordable and available to extremely low-income households, rather than allow those units to be lost, thereby adding to the shortage of such units.

PRESERVING HUD- AND USDA- ASSISTED HOUSING

Of that total, 11 states decided to use \$15,416,150 of their 2017 HTF allocations to preserve a total of 973 units (158 HTF-assisted) at 20 projects that previously received taxpayer investments through HUD’s Section 8 Project-Based Rental Assistance or the USDA Rural Development’s (RD) Section 515 or 514 rental assistance.

PRESERVING OTHER AFFORDABLE HOUSING UNITS

Another 11 projects in 10 states were also intended to preserve existing affordable housing that had not been subsidized with federal rental assistance. The 10 states combined state affordable housing funds or state historic tax credits with HTF funds to preserve existing affordable housing. The 11 projects would make available a total of 588 units (227 HTF-assisted). As reported to NLIHC, these projects were awarded \$13,461,651 in HTF funds.

RENTAL ASSISTANCE DEMONSTRATION

Seven states chose to use some of their 2017 HTF allocations at 10 public housing developments to

undergo conversion under the Rental Assistance Demonstration (RAD) from public housing units to Section 8 Project-Based Rental Assistance or Section 8 Project-Based Vouchers, thereby preserving all the units as affordable and available to extremely low-income households. A total of 1,538 units with 263 HTF-assisted units would be preserved, using \$7,841,116 of HTF.

POPULATION CHARACTERISTICS OF PRESERVED PROPERTIES

Of the units federally assisted (e.g., Section 8 and RD) and preserved, 481 units (91 HTF-assisted) would be for elderly people, and 208 units (20 HTF-assisted) would be for people with disabilities. Seven were indicated by their states as being located in rural areas.

Of the units that were preserved but not federally assisted, 133 units (26 HTF-assisted) would be for elderly people, 202 units (138 HTF-assisted) would be for people experiencing homelessness, and 46 units (12 HTF-assisted) would be for people with disabilities.

Of the RAD projects, one project with 105 units (30 HTF-assisted) would house elderly people, and one project with 100 units (8 HTF-assisted) would house people who are disabled or otherwise have special needs. One project with 430 units (86 HTF-assisted) would house 20 elderly people and 29 people with disabilities, while another project with 268 units (28 HTF-assisted) would house 100 elderly people and 44 disabled people. Both projects were designated as “rural.” Finally, one project with 76 units (20 HTF-assisted) would house homeless veterans and people who were previously incarcerated.

ADAPTIVE REUSE

Eight states reported to NLIHC that nine projects would fall in the categories of “rehabilitation” or “acquisition and rehabilitation.” However, these projects are in fact “adaptive reuse” projects –

that is, projects *creating* 490 new units (107 HTF-assisted) using \$7,718,867 in HTF.

- One project planned to transform a 68-year-old Masonic lodge into 19 micro units (3 HTF-assisted), convert the adjacent Belmont Manor into 12 two-bedroom units, and trigger the creation of 84 multi-bedroom units.
- One project planned to convert an existing office building into 18 new apartments (4 HTF-assisted).
- One project planned to convert a historic YMCA building into 44 units (9 HTF-assisted) for elderly people.
- One project planned to convert a Boys’ and Girls’ Home, provide 34 units (10 HTF-assisted) for elderly people, and provide space for 10 nonprofit service providers that will serve the residents as well as the community.
- One project planned to convert a vacant, three-story office building into 16 units (9 HTF-assisted) for elderly people with disabilities.
- One project planned to convert a six-story industrial facility on the National Register of Historic Places (one part built in the 1860s and another built in 1919) into 71 units (4 HTF-assisted).
- One project planned to convert an industrial facility on the National Register of Historic Places built in the 1800s into 45 units (5 HTF-assisted and 5 provided with Section 811 assistance for people with disabilities). The developer had to remove contaminated soil, adding to the cost.
- One project planned to convert a vacant commercial building on the National Register of Historic Places to 20 affordable housing units, including four single-room occupancy (SRO) units along with four storefront commercial spaces.
- One project planned to convert the historic National Soldier’s Home built in 1867 for soldiers

returning from the Civil War. The main building was to be converted to 70 one-bedroom and 10 two-bedroom units with various facilities. The former administration building was to be converted to 14 SROs along with various facilities.

NEW HOMES CREATED THROUGH ACQUISITION AND REHABILITATION

As reported to NLIHC, seven states awarded \$7,835,285 in HTF to 16 projects that were categorized as “rehabilitation” or “acquisition and rehabilitation” projects. Further research showed that these projects were not to be preservation or adaptive reuse projects. NLIHC concluded that 13 projects using \$6,128,640 in HTF were not mere acquisition and rehabilitation projects but in fact were projects that would *create* 38 new affordable housing units (38 HTF-assisted).

The projects that would *create new units* include:

- A project to acquire and fully rehabilitate four units, all of them HTF-assisted, to create permanent supportive housing for chronically homeless people.
- Five of one state’s six projects that would acquire and rehabilitate five unoccupied single-family homes, creating five HTF-assisted homes for extremely low-income households.
- Six of one state’s nine projects that would acquire and rehabilitate six unoccupied properties, creating 16 units, all of which would be HTF-assisted. Of these projects, one would serve domestic violence survivors who are homeless; one would serve large families experiencing homelessness; one would serve families in which the head of the household is mentally ill, a survivor of domestic violence, or a homeless veteran; one would serve a family that has a member with a developmental disability; and two would serve people experiencing homelessness (unspecified).

- A project that would convert one-room transitional housing units to 13 two-, three-, and four-bedroom permanent supportive housing units for homeless families.

REHABILITATION ONLY

As best as NLIHC could determine, only three projects in three states fell in the category of “acquisition and rehabilitation.” These projects were anticipated to use \$1,706,645 in HTF funds for 76 units (31 HTF-assisted, meaning they must be affordable to extremely low-income households).

The standard rehabilitation projects include:

- One project that would have seven units (all of them HTF-assisted) providing permanent supportive housing for people with disabilities.
- One project that would have nine units (3 HTF-assisted) in two buildings to provide housing for large families in a rural area where zoning in the nearby town precludes the development of multifamily housing. The 1993 property suffered from deferred maintenance, and rehabilitation would address energy efficiency and accessibility, as well as failing retaining walls.
- One project that would acquire and rehabilitate a property with 60 units (21 HTF-assisted). Twelve units would be set aside for veterans and six units would be set aside for people with disabilities.

OTHER RESOURCES IN HOUSING TRUST FUND-ASSISTED PROJECTS

Busy state staff who were not required to respond to queries from NLIHC tended to provide minimal information about other resources in HTF-assisted projects. Some simply replied with one-word answers (“yes,” for example) if appropriate. Others did not provide any additional information about other resources. Consequently, the following information offers an incomplete picture of the other resources used in HTF-assisted projects.

- Low Income Housing Tax Credits (LIHTCs): 123 projects, 1,368 HTF-assisted units, in 43 states
- Affordable Housing Program (AHP) of Federal Home Loan Banks: 26 projects in 18 states
- No LIHTC: 58 projects, 722 HTF-assisted units, in 24 states
- State/Local Housing Trust Fund: 33 projects in 17 states
- HOME: 62 projects in 27 states
- Other State or Local Programs: 111 projects in 33 states

Although NLIHC asked contacts in each state whether projects received private mortgages, contacts in most states did not offer this information. Of those that did, it was reported that, in 2017, 24 states had 63 projects with conventional private mortgages. In addition, 16 states reported 24 projects that received grants from private sources.

Another way to leverage private resources is through the deferred developer fee. Fourteen states reported 24 projects that used deferred developer fees as a resource (and on occasion reported using the terms “owner equity” and “seller financing”).

RURAL PROJECTS

Although NLIHC is not confident that all states reported which of their projects were in rural areas, 12 states reported 23 projects in rural areas receiving \$17,343,479 in HTF funds. These projects contained 1,402 units (265 HTF-assisted). Two of the rural projects were RAD projects in Mississippi that had 698 units (114 HTF-assisted), inflating the overall figures. Excluding those two projects, there are 713 units in rural areas (151 HTF-assisted). NLIHC notes the existence of projects in four states that were not indicated by the SDE as “rural” but that are planned for areas with populations ranging from 3,900 to 8,200.

NUMBER OF PROJECTS BY STATE

As the chart on page 8 shows, the number of 2017 HTF projects approved by states ranged from one to nine projects.

Notably, seven states devoted their entire 2017 HTF allocation to a single project: Arizona (30 HTF units), the District of Columbia (13 HTF units), Georgia (16 HTF units), Iowa (24 HTF units), Minnesota (25 HTF units), Missouri (15 HTF units), and Washington (25 HTF units). Arizona, Georgia, Iowa, and Minnesota also had only one project in 2016. The Arizona project included most of the

state's 2017 HTF allocation as well as all its 2016 HTF allocation.

At the other end of the range, 10 states invested their 2017 HTF allocations in more than five projects: Colorado, Florida, Idaho, Indiana, Kansas, Massachusetts, New Jersey, Pennsylvania, South Dakota, and Utah.

Among the other states, seven states made five awards, eight states made four awards, seven states made three awards, and 12 states made two awards.

AMOUNT OF 2017 HOUSING TRUST FUND AWARD PER PROJECT

The amount of HTF awarded per project in 2017 varied considerably:

- 50 projects across 24 states were awarded HTF amounts of \$500,000 or less. Massachusetts had the highest number of "small" awards with 7, followed by South Dakota and Utah with 5, Vermont with 4, and Alaska, Kansas, and West Virginia with 3.
- 72 projects across 29 states were awarded HTF amounts greater than \$500,000 but less than \$1 million. New Jersey had 8 "medium" awards, followed by Colorado, Idaho, and North Carolina with 5, Indiana and Mississippi with 4, and Ohio, Pennsylvania, South Carolina, Tennessee, and Virginia with 3.
- 38 projects across 26 states were awarded HTF amounts greater than \$1 million but less than \$2 million, with Florida making 4 "large" awards and Connecticut, Hawaii, Maryland, Nebraska, Nevada, New Mexico, North Dakota, Ohio, and Pennsylvania making 2.
- 24 projects across 16 states made "jumbo" awards greater than \$2 million per project. States with larger allocations were able to devote more funding per project; for example, California made 4 "jumbo" awards (the greatest at \$8.4 million), while New York and Texas each made 3. Overall, 6 projects involved amounts of around \$2 million, 4 of amounts around \$2.5 million, 7 of amounts around \$3 million, and 7 of amounts around \$4 million.

Projects in 14 states involved some combination of 2016 and 2017 HTF funds, while projects in another 15 states involved a combination of 2017 and 2018 HTF funds.

According to state HTF Allocation Plans or RFPs, 19 states established maximum amounts of HTF assistance per project. Many of those that did not indicate a specific figure noted that the maximum would be determined by the number of HTF-assisted units in a project and the state's maximum

per-unit subsidy amount. The maximum amount of HTF per project varied greatly: 2 states had maximums of \$500,000, 3 states had maximums of \$700,000, 2 states had maximums of \$750,000, 3 states had maximums of \$800,000, 2 states had maximums of \$900,000, 3 states had maximums of \$1 million, 2 states had maximums of \$1,350,000, 1 state had a maximum of \$2 million, and 1 state had a maximum of \$3 million.

NUMBER OF HOUSING TRUST FUND-ASSISTED UNITS BY STATE

The number of HTF-assisted units awarded by a state varies greatly. As noted earlier, seven states invested their entire 2017 HTF allocation in a single project, but due to the differences in additional financial resources used, the number of HTF-assisted units for each project varied from 13 to 30, with three projects clustering around 15 HTF-assisted units and three projects clustering around 25 HTF-assisted units. Meanwhile, as noted earlier, 10 states awarded their 2017 HTF allocation to more than five projects. Due to priorities established by states as well as the differing amounts of HTF awarded to a state, the number of HTF-assisted units in these states varied significantly. At the lower end, Idaho assisted six small projects containing nine HTF-assisted units. At the higher end, Indiana also assisted six projects, but they contained 67 HTF-assisted units. States with greater HTF allocations anticipated numbers of HTF-assisted units ranging from 28 in New Jersey, to 42 in Florida, 44 in Pennsylvania, and 56 in Massachusetts. Among the states awarding more than five projects, of those with only approximately \$3 million available, the number

of HTF-assisted units per state ranged from nine in Idaho to 22 in South Dakota, 23 in Colorado, and 38 in Utah.

The overall number of HTF-assisted units reported by some of the seven states with RAD projects received a boost due to the fact that six of the RAD projects reported 20, 23, 28, 30, 47, and 86 HTF-assisted units.

The range of total numbers of HTF-assisted units per state are as follows:

- 5-10 units per state: 1 state
- 11-20 units per state: 12 states
- 21-30 units per state: 18 states
- 31-40 units per state: 6 states
- 41-50 units per state: 5 states
- 51-60 units per state: 3 states
- More than 60 units: Indiana (67), Ohio (81), North Carolina (91), New York (97), California (117), and Mississippi (144)

SCALE OF PROJECTS

The overall sizes of projects based on the total number of units in a project (not just HTF-assisted units) vary greatly. To some extent, this might reflect individual state policies. At the lower end of the spectrum, for example, New Jersey instituted a policy that resulted in nine small-scale projects ranging in size from two to four units (all HTF-assisted) primarily intended to serve homeless individuals or families with varying supportive housing needs. Idaho seems to have a policy that resulted in five of its six projects acquiring and then rehabilitating single-family homes intended to house single extremely low-income households.

Toward the middle of the spectrum, Ohio offers two application options, one of which is targeted to projects that do not seek LIHTC funds and that will have fewer than 24 units. Nebraska sets aside 25% of its annual allocation for non-LIHTC, smaller-scale projects within areas of the state experiencing shortages of housing for populations with targeted needs. South Carolina's policy devotes HTF to its existing "Small Rental Development Program" (SRDP), which supports new construction of properties with at least eight units but not more than 24 units, 25% of which must be HTF-assisted. Wyoming has a "Small Rural Project Set-Aside" for projects with no more than 24 units in communities with populations of less than 15,000.

At the upper end of the spectrum, several states have one or more large-scale projects – those involving 100 or more units. Florida's policy is to infuse 4% LIHTC tax-exempt bond properties with four or six HTF-assisted units. This has resulted in a 190-unit project (with 6 HTF-assisted units and \$1,047,896 in HTF), a 180-unit project (with 6 HTF-assisted units and \$1,047,896 in HTF), and

a 167-unit project (with 6 HTF-assisted units and \$1,257,475 in HTF), among others.

Other large-scale projects do not seem to be guided by state policy but rather by the applications received during a given year. For example, Texas planned to construct 174 units and invest \$1.5 million in HTF dollars, yielding 16 HTF-assisted units. Several states planned to use HTF to assist large projects using only modest amounts of HTF. For example, Mississippi had two large RAD projects with relatively modest HTF financial infusions but with a fairly large number of HTF-assisted units: a 430-unit project (with 86 HTF-assisted units and \$750,000 in HTF) and a 268-unit project (with 28 HTF-assisted units and \$750,000 in HTF). Other states also planned to assist large projects using only modest amounts of HTF, though they projected proportionately low numbers of HTF-assisted units. For example, a Tennessee RAD project with 140 units (10 HTF-assisted) used \$750,000 of HTF. Colorado had two projects, one with 150 units (4 HTF-assisted) involving an infusion of \$730,000 of HTF, and another with 115 units (3 HTF-assisted) involving \$600,000 in HTF. Indiana had a 156-unit project (7 HTF-assisted) involving \$765,560 in HTF. Florida had a 139-unit project (4 HTF-assisted) using only \$438,341 in HTF.

The range of total units (not just HTF-assisted units) in projects are as follows:

- 10 or fewer units: 30 projects
- 11-20 units: 17 projects
- 21-30 units: 18 projects
- 31-40 units: 20 projects
- 41-50 units: 21 projects

51-60 units: 24 projects
 61-70 units: 10 projects
 71-80 units: 10 projects
 81-90 units: 4 projects
 91-100 units: 7 projects

101-110 units: 4 projects
 111-120 units: 3 projects
 121-140 units: 7 projects
 141-200 units: 5 projects
 More than 200 units: 5 projects

CONCLUSION

In 2017 – the second year of HTF implementation – states appear to have maintained the course set in 2016. States continued to synchronize the process of awarding HTF funds with their long-standing processes for awarding resources from other programs to affordable housing projects. States also continued to use most of their HTF resources to target projects that will serve people experiencing homelessness, people with disabilities, elderly people, or other special needs populations. Even in projects that did not target special needs populations, a surprising number of HTF-assisted units included three or more bedrooms to serve large households.

The HTF remains an essential source of gap financing, used in conjunction with the HOME Investment Partnerships Program (HOME), the Federal Home Loan Banks’ Affordable Housing Program (AHP), and other state affordable housing programs, including state or local Housing Trust Funds. The HTF was used as gap financing for 123 projects also using the Low Income Housing Tax Credit (LIHTC) program’s equity investments in

2017, meaning that some units in LIHTC projects will serve extremely low-income households. It is interesting to note that 58 projects in 24 states did not rely on LIHTC equity; in these cases, state policies tended to use HTF strategically in smaller projects not conducive to the LIHTC process.

Most of the 2017 HTF allocation – more than \$144 million – was used to construct new affordable housing units. Another \$7 million was used for adaptive reuse projects, creating more affordable housing in properties previously used for non-housing purposes. Although reported to HUD as “rehabilitation,” NLIHC research showed that these projects used nearly \$8 million to create new affordable housing. Meanwhile, \$38 million of HTF was used to preserve existing affordable housing, helping to ensure that this stock does not revert to market-rate housing. Of that \$38 million, more than \$15 million was used to help preserve earlier federal investment in affordable housing through HUD’s Project-Based Section 8 program and USDA’s RD Section 515 program.

“The HTF was used as gap financing for 123 projects also using the Low Income Housing Tax Credit (LIHTC) program’s equity investments in 2017, meaning that some units in LIHTC projects will serve extremely low-income households.”

PHOTOS

HOUSING TRUST FUND PROJECTS ACROSS THE COUNTRY



*Snow Block, Windham & Windsor Housing Trust
Brattleboro, Vermont*



*School Street Apartments, Concern for Independent Living
Yonkers, New York*



*Fifth East Apartments (Center City Apartments)
First Step House
Salt Lake City, Utah*



*Jevue Club Apartments
Buckeye Community Hope Foundation
New Martinsville, West Virginia*



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