

# SAMPLE COMMENT LETTER ON INTERIM NATIONAL HOUSING TRUST FUND RULE

HUD Regulations Division  
Office of Community Planning and Development  
Department of Housing and Urban Development  
451 7<sup>th</sup> Street, SW, Washington, DC 20410-8000

RE: [Docket No. FR-5246-N-04], RIN 2506-AC30  
Housing Trust Fund: Request for Public Comment on Prior Interim Rule

Via regulations.gov

## **DATE**

*Brief paragraph describing your organization and indicating why the national Housing Trust Fund (HTF) is important to your organization.*

*Brief paragraph indicating that your organization is responding to the questions HUD posed in the Federal Register notice. Add any other suggested changes to the interim HTF rule you would like HUD to consider.*

## **Income Targeting**

*Your Organization* strongly supports the income targeting rule requiring 100% of HTF funds to be used to benefit households who have an income at or less than the federal poverty line or 30% of the area median income (AMI), whichever is greater), in years when there is less than \$1 billion made available for the HTF. We urge HUD to resist any efforts to loosen this requirement.

The purpose for creating the HTF was to address the gap in rental homes affordable and available to extremely low-income (ELI) households, which is currently at 6.8 million units. The gap in *Your State* is [look up here](#) Extremely low-income renters face a shortage in every state and major metropolitan area.

## **The minimum 30-year period of affordability**

The National Housing Trust Fund Campaign, a group of national nonprofits, met frequently for many years to suggest provisions to include in proposals for creating a national Housing Trust Fund introduced by various Members of Congress over the years. The Campaign stressed the importance of long-term affordability. They settled on a 50-year affordability term. *Your Organization* urges HUD to increase the affordability period to 50 years.

## **Operating Cost Assistance**

### Limit to One-Third of a State's Annual Grant

**Your Organization** supports the interim HTF rule's limitation on the use of HTF funds for operating cost assistance (including reserves) to one-third of each state's annual grant. The primary purpose of the HTF is to serve as a source of capital for the creation or preservation of housing affordable to ELI renters.

We understand the difficulty of operating rental units for ELI renters for many years after construction is completed and the potential value of allowing scarce HTF funds to be used to meet some operating costs, but not to the extent that it would greatly diminish new construction or preservation of rental housing affordable to ELI households. That is why we appreciate the interim rule limiting to one-third of a state's annual HTF grant to be used for operating cost assistance and for an operating cost reserve. Given the limited amount of HTF allocated each year since 2016, it is reasonable to maintain the one-third limit. If in the future the HTF grows significantly, HUD could revisit the one-third limit.

### Definition of Operating Costs

The interim HTF rule definition of operating costs is limited to costs for insurance, utilities, real property taxes, and maintenance and scheduled payments to a reserve for replacement of major systems of an HTF-assisted unit. **Your Organization** understands that the definition is too limited and does not match industry standards. We urge the final HTF rule to include other operating costs suggested by nonprofit developers and HTF state-designated entities.

## **Rent Limitations**

The interim rule established the maximum rent (including utilities) that an ELI household should pay at 30% of the federal poverty guideline or 30% of the income of a hypothetical household whose annual income equals 30% of AMI, **whichever is greater**.

The National Low Income Housing Coalition has long observed that wherever the federal poverty guideline is higher than 30% of AMI, renters with household income at 30% of AMI will be cost burdened by the maximum rent. The vast majority of metropolitan and non-metropolitan Fair Market Rent (FMR) areas have maximum rents based on the federal poverty guideline for apartments larger than one bedroom. Absent rental assistance, households at 30% AMI renting units with at least two bedrooms will be cost-burdened by maximum HTF rents in most FMR areas. Maximum rents based on the federal poverty guideline are more common in non-metro FMR areas than in metro FMR areas. In addition, the poorest areas, where the federal poverty guideline is much higher than 30% of AMI, have the highest potential cost burdens. All of this is particularly concerning given the 30% standard of affordability already overestimates the ability of poorer and larger households to afford housing costs.

Therefore, *Your Organization* strongly recommends that HUD amend the interim rule to read:

The HTF rent plus utilities of an extremely low-income tenant shall not exceed **the lesser of** 30 percent of the federal poverty line or 30 percent of the income of a family whose annual income equals 30 percent of the median income for the area, as determined by HUD, with adjustments for the number of bedrooms in the unit. HUD will publish the HTF rent limits on an annual basis.

If HUD would like clarification of any of *Your Organization's* suggestions, please contact *Name* and *Title*, at *email address*, and *telephone number*.

Thank you for considering the suggestions of *Your Organization*.

*Signature*

*Title*