Bold Housing Solutions: Opportunities To Expand the National Housing Trust Fund

Congressional Briefing
October 29, 2018
FIGURE 3: AFFORDABLE AND AVAILABLE RENTAL HOMES PER 100 RENTER HOUSEHOLDS, 2016

- At Extremely Low Income: 35
- At 50% AMI: 56
- At 80% AMI: 93
- At 100% AMI: 101
Speakers:

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GETTING STARTED
First Homes Being Built with 2016 National Housing Trust Fund Awards

Interim Summary Report
September 2018
Ed Gramlich
• Primary purpose of the national Housing Trust Fund (HTF) is to increase and preserve the supply of rental housing for extremely low income (ELI) households, those with income less than 30% of the area median income or less than the federal poverty level.
• Statute requires at least 90% of state’s HTF be used to build, rehab, preserve, or operate rental housing.

• Up to 10% may be used for homeowner activities.

• HTF units must be occupied by ELI households.
• Became law on July 30, 2008 as part of HERA (Housing and Economic Recovery Act).
• First dedicated funds to come from 0.042% assessment on new business of Fannie Mae and Freddie Mac.
• 65% to HTF, 35% to Capital Magnet Fund.
• Due to banking crisis, assessment put on hold.
• December 2014, hold was removed.
• Fannie and Freddie began to set aside funds on January 1, 2015.
• $174 million available for 2016. ($267 Million for 2018)
• HTF is block grant to states, DC, Puerto Rico.
• State agency administers HTF allocation.
• State must prepare annual HTF Allocation Plan
• Public participation required following Consolidated Plan regulations.
• Allocation Plan must describe state’s criteria for selecting applications.
• Must give priority based on 6 factors, including
  • Extent rents are affordable to ELI households.
  • Length of time unit will remain affordable.
  • Merit of project.
It’s 2018, Why Is The Report About 2016?

- Recall, HUD announced state allocations on May 5, 2016.
- Then states had to draft HTF Allocation Plans for public review and comment.
- HUD HQ reviewed all Allocation Plans for the first year to ensure complied with law.
It’s 2018, Why Is The Report About 2016?

• Every state’s plan was returned:
  • Some minor revisions easy to cure.
  • Some states failed to adequately indicate priorities.

• States could not publish Requests for Proposals until plans approved.
It’s 2018, Why Is The Report About 2016?

- Because 2016 HTF allocations were modest, states decided to use existing processes for awarding Low Income Housing Tax Credits, HOME funds, or state Housing Trust Funds.
- States making 2017 awards more quickly now.
- Some states award 2016 & 2017 at same time.
OVERVIEW OF FINDINGS

• NLIHC has project information from 42 states that have made 2016 HTF awards.
  • 4 of these awarded some (not all) 2016 HTF.
  • South Carolina awarded the balance of its HTF, but NLIHC does not have project information yet.
  • 7 states making awards by end of the year.
OVERVIEW OF FINDINGS

• Of the 42 states, 129 projects have been awarded.
• Among 41 states, 1,468 HTF-assisted units. (Maryland has awarded projects but has yet to determine the number of HTF-assisted units.)
• Michigan and Oregon have made awards, but NLIHC does not have project information yet.
TARGETED POPULATIONS

Homeless

• 37 projects, 433 HTF-assisted units, 18 states
  • No specific subgroup: 21 projects, 198 units
  • Chronic homeless: 9 projects, 139 units
  • Homeless youth: 3 projects, 34 units
  • Other miscellaneous subcategories, women, veterans, mentally ill, elderly
TARGETED POPULATIONS

Disabled

• 39 projects, 347 HTF-assisted units, 22 states
  • No specific subgroup: 16 projects, 114 units
  • Developmental disability: 5 projects, 22 units
  • Chronic mental disability: 3 projects, 26 units
  • Various other subcategories
TARGETED POPULATIONS

Elderly

• 27 projects, 244+ HTF-assisted units, 21 states
  • No specific subgroup: 17 projects, 145+ units
  • Elderly or disabled: 4 projects, 51 units
  • Homeless elderly: 2 projects, 13 units
TARGETED POPULATIONS

Veterans

- 9 projects, 88 HTF-assisted units, 8 states
  - Veterans exclusively: 2 projects, 13 units
  - Disabled veterans: 1 project, 13 units
  - Homeless veterans: 1 project, 12 units
  - Veterans or disabled: 4 projects, 40 units
TARGETED POPULATIONS

Other

• DOMESTIC VIOLENCE: 1 project, 5 HTF units
• AT-RISK WOMEN WITH CHILDREN: 1 project, 20 HTF units
• RE-ENTRY: 7 projects, 46 HTF units (Oklahoma project exclusively for women)
• DIVERSION FROM INCARCERATION: 1 project, 13 HTF units (Oklahoma)
TARGETED POPULATIONS

Native American

• South Dakota: 2 projects, 11 HTF units

• North Dakota: 1 project, 5 HTF units
FAMILY OR INDIVUAL
Not Targeted

- 36 projects, 456 units, in 17 states
• New Construction: 71 projects, 686 HTF units, 32 states
• Demolition and New Construction: 3 projects, 9 HTF units, 2 states
• New Construction and Refinance: 1 project, 6 new HTF units, 8 refi HTF units
• New Construction plus Rental Assistance Demonstration (RAD): 30 new HTF units, 70 RAD PBRA units
TYPE OF PROJECT

REHABILITATION

• Rehabilitation with New Construction:
  2 projects, 14 HTF units, 2 states
• Rehabilitation:
  13 Projects, 146 HTF units, 4 states
• Acquisition and Rehabilitation:
  8 projects, 51 HTF units, 7 states
• Historic Rehabilitation:
  2 projects, 5 HTF units, 2 states
TYPE OF PROJECT
REHABILITATION

• Adaptive Reuse:
  • Former warehouse: 27 HTF units
  • Former junior high school: 12 HTF units

• Acquisition and Conversion: 2 projects
  • One converting commercial space to 20 SROs
  • One converting 4 market-rate units to one-bedroom units for chronically homeless

• Acquisition only, 1 project, 17 HTF units
TYPE OF PROJECT

PRESERVATION

• Preservation:
  18 projects, 212 HTF units, 10 states

• Preservation through Rental Assistance Demonstration (RAD):
  6 projects, 170 HTF units, 4 states
• Low-Income Housing Tax Credit (LIHTC): 85 projects, 974 HTF units, 30 states
• No LIHTC: 35 projects, 437 HTF units, 19 states
• HOME Program: 49 projects, 29 states
OTHER RESOURCES IN HTF-ASSISTED PROJECTS

• Affordable Housing Program (AHP) Federal Home Loan Banks:
  21 projects, 15 states

• State/Local Housing Trust Funds:
  26 projects, 16 states

• Other State Program:
  51 projects, 22 states

(Not all states provided details about other sources)
QUESTIONS??

• More HTF Information is at, http://nlihc.org/issues/nhtf

• State-specific information is at, http://nlihc.org/issues/nhtf/state-allocation-plans

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10/29/2018
Our Mission

Housing is the foundation for success, so we collaborate with individuals, communities and partners to create, preserve and finance affordable housing.
The Need for Housing Affordable to Extremely Low Income Households

• Minnesota has a **shortage of 113,000** units that are affordable and available to ELI Households.

• **Over 77%** of ELI Households in Minnesota are paying more than 30% of their income on housing (they are cost burdened).

• Rents would have to be **$600 per month or less** to be affordable to ELI households.
NHTF Meets Strategic Priorities

Prevent and End Homelessness

Address Specific and Critical Local Housing Needs
Solace Apartments, St Peter, Minnesota

Utilized Minnesota’s full 2016 NHTF allocation ($2.7 million) in a 30 unit supportive housing development in rural Minnesota.
• 30 Supportive housing units (16 NHTF/8 HOME)

• A Housing First model serving women exiting incarceration with a focus on family reintegration

• Serves a specific and critical local housing need: 3 year planning process including 4 key partners: drug courts, county services, non profit developer, and private services organizations

• Capital Structure includes NHTF, HOME, Private Activity Bonds/4% LIHTC, Neighborworks, City, County, and philanthropic resources
This place, this building, these people, this community... is where I’m going to make my home.

- Amanda Felix (future resident)
• Full 2017 allocation, closing soon

• New construction of 61 rental units, including 31 long term homeless units and 10 units for people with disabilities

• Located in gentrifying area in downtown Minneapolis, close to jobs, transit, and services
2018 Allocation | Dublin Heights & Region 5

Dublin Heights, Mankato
• 45 mixed income new construction, 14 Supportive Housing Units

Region V, Baxter
• 40 unit mixed income new construction, 20 Supportive Housing Units
Minnesota’s NHTF Allocations 2016-2018 $9.5 M
NHTF On the Horizon

- Final rulemaking for NHTF:
  - Clarify and confirm expanded uses for operating support
  - Allow alignment with other federal programs with regards to affordability periods, rehabilitation standards, and environmental requirements.
- Preserve and enhance NHTF in future housing finance reform efforts
Jennifer Hollar
Vermont Housing & Conservation Board
The Housing Trust Fund

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For 30 years, VHCB has overseen a state trust fund for the dual goals of affordable housing and land conservation.

Also federal programs that support those goals including HTF and HOME.

VHCB receives $3 million from the HTF and serves the entire state.

Awarded competitively.

Staff reviews applications, submits recommendations and Board makes funding decisions.
• Vermont uses HTF for multi-family development and rehabilitation
• Requires perpetual affordability via housing subsidy covenants
• Funding Preferences
  • Permanent supportive housing
  • Projects located in downtowns, village centers and other “smart growth” areas
  • New units or preservation of privately-owned subsidized units.
First year of funding (FY16) supported 7 developments and 182 homes. 17 designated as HTF units.

FY17 funding committed.

FY18 partially committed. More applications under review.
Great River Terrace, Brattleboro

HTF used to renovate a former Brattleboro roadside motel, creating 22 new micro-apartments affordable at 30% of median and serving the homeless with on-site services.
Cambrian Rise, Burlington

HTF is creating homes affordable to ELI and homeless households in a new mixed-income neighborhood on the shore of Lake Champlain. 76 permanently affordable apartments are under construction now. HTF application expected soon for 60 units of senior housing.
Putney Landing, Putney

The 18 mixed-income apartments in this new neighborhood were filled immediately. Affordable from 30% to 100% AMI. Residents work in retail, manufacturing, services, finance and health care. Sixteen children now call this home. Project also includes 7 units with supportive services in historic building nearby.
Clara Martin Center, Randolph

This vacant, historic building on Main Street will be renovated and become permanent supportive housing for homeless persons with mental illness. Each of the 4 apartments will have project-based rental assistance from the State Department of Mental Health.
Hollister Hill, Plainfield

16 new homes and community building will open soon. All affordable to those with incomes less than 30% of the area median. Services available on-site.
Hickory Street, Rutland

A new neighborhood of 78 affordable apartments replaces distressed public housing in the heart of the community. The third and final phase was made possible with HTF funding.
Keys to Early Success

- Long list of projects needing funding – strong pipeline
- Network of regional affordable housing developers with community-based projects and experience with federal funds
- Availability of additional project based vouchers – HOTMA
- Collaboration with housing authorities to place PBVs
- HTF flexibility to structure funding where most needed
- Availability of state funding – Housing Revenue Bond
- Recently completed Roadmap to End Homelessness
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Questions?
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