Getting to Know the NHTF Regulations

Part 1

Introduction and Background

Ed Gramlich
National Low Income Housing Coalition
May 2015
Part 1 Topics

• The need for the NHTF
• NHTF is a “dedicated” source of funds
• Initial source of dedicated funds
• Regulations
Need for Affordable ELI Rental Housing

• National shortage of 7.1 million homes affordable and available to extremely low income (ELI) renter households.
  • ELI means income at or below 30% of area median income (AMI).
• There are only 31 rental homes affordable and available for every 100 ELI renter households.
• 75% of ELI renter households spent more than 50% of their income for rent and utilities.
Need for Affordable ELI Rental Housing

(continued)

• National shortage of 3.4 million homes affordable and available to deeply low income (DLI) renter households.
  • DLI means income at or below 15% of area median income (AMI).

• There are only 17 rental homes affordable and available for every 100 DLI renter households.

• 90% of ELI renter households spent more than 50% of their income for rent and utilities.
Introduction
National Housing Trust Fund (NHTF)

• Became law on July 30, 2008 as part of HERA (Housing and Economic Recovery Act).
• Program for collecting and distributing “dedicated” funds – money not at risk of Congressional appropriations cuts.
• Will not compete with existing HUD programs funded by Congressional appropriations.
• Block grant to states.
• No money in NHTF at first.
  • First dedicated funds were to come from 4.2 “basis points” (0.042%) on new business of Fannie Mae and Freddie Mac.
  • 65% to NHTF, 35% to Capital Magnet Fund.
  • But before funds could get to NHTF, Fannie and Freddie hit by 2008 banking crisis; this source of dedicated money put on hold.
• December 11, 2014, FHFA Director Mel Watt lifts suspension.
  • Directs Fannie and Freddie to set aside funds starting January 1, 2015.
  • 60 days after close of 2015, set-aside funds to transfer to HUD.
  • HUD estimates money allocated to states summer of 2016.
How much NHTF money will there be in 2016?

- Administration’s FY16 estimate is $120 million.
- NLIHC and others have higher estimate – $188 million in 2016.
- Fannie and Freddie volume of business expected to be higher in 2015.
• HUD published proposed allocation formula on December 4, 2009.
• HUD published proposed regulations to carry out the NHTF on October 29, 2010.
• Interim regulations published, January 30, 2015,
  • HUD will solicit comments after states gain experience.
• NHTF rule is at 24 CFR part 93.
• Modeled on HOME regulations.
More NHTF Information

- NLIHC will be preparing additional materials about the National Housing Trust Fund over time.
- Periodically check [www.nhtf.org](http://www.nhtf.org)
- HUD’s NHTF webpage, [https://www.hudexchange.info/htf](https://www.hudexchange.info/htf)
Contact Me

Ed Gramlich
National Low Income Housing Coalition
ed@nlihc.org
202.662.1530 x314
www.nlihc.org
Become an NLIHC Member

• Members are essential in helping NLIHC advocate on behalf of low income people in need of safe and affordable housing.

• Membership is open to individuals, organizations, corporations, and government agencies.

• Join NLIHC at http://nlihc.org/membership

• Questions?

• Contact outreach@nlihc.org or call 202-662-1530, ask to speak to your Housing Advocacy Organizer.