Housing the Lowest Income People

AN ANALYSIS OF NATIONAL HOUSING TRUST FUND DRAFT ALLOCATION PLANS

Ed Gramlich

Senior Advisor

National Low Income Housing Coalition

NATIONAL HOUSING TRUST FUND

FEBRUARY 2017

TABLE OF CONTENTS

INTRODUCTION: A SUMMARY OF ALL 51 DRAFT NATIONAL HOUSING TRUST FUND ALLOCATION PLANS

This paper is a summary of key features identified in the 51 draft national Housing Trust Fund (HTF) Allocation Plans that states and the District of Columbia are required to submit to HUD. The drafts are not necessarily the versions ultimately sent to HUD for review and approval. For the most part, the Allocation Plans sent to HUD were not available on state webpages, nor were they available to the public or most advocates. Hence, the information in this report is based on first or second drafts of state HTF Allocation Plans, the versions available to the public for review and comment according to the HTF public participation requirements. The content of final HTF Allocation Plans submitted to HUD and of HTF Allocation Plans ultimately approved by HUD may be different. When HUD-approved Allocation Plans are available, NLIHC will revise this report to reflect significant changes.

Each year, states must prepare a HTF Allocation Plan that, among other requirements, shows how the state intends to distribute HTF funds in the coming year. The HTF Allocation Plan is to be woven into the Five-Year Consolidated Plan and each year's Annual Action Plan. The first year of the HTF began after most states had submitted their Annual Action Plans, so this first year HTF Allocation Plan was often presented as a stand-alone document. (Some states did not create a stand-alone HTF Allocation Plan; instead they incorporated some of the HTF details in amended Annual Action Plans).

The HTF statute requires states to describe the criteria they will use in deciding which applications for HTF funds ("recipients") will receive HTF money. The statute also requires the Allocation Plan to give priority in awarding HTF funds to proposals based on six factors:

1. The extent to which rents will be affordable, "especially" for extremely low income (ELI) households, those with income at or below 30% of the area median income (AMI) or the federal poverty line, whichever is higher.
2. The duration rents will remain affordable.
3. The merits of an applicant's proposed activity.
4. Geographic diversity.
5. The extent to which the application makes use of other funding sources.
6. The ability of an applicant to obligate HTF funds and undertake activities in a timely manner.

A BRIEF OVERVIEW OF THE NATIONAL HOUSING TRUST FUND

The HTF was established as a provision of the Housing and Economic Recovery Act of 2008, signed into law by President George W. Bush. The HTF is a housing production program designed principally to produce, rehabilitate, preserve, and operate rental housing for ELI households.

NLIHC interprets the statute as requiring at least 90% of a state's HTF be used for rental housing activities, because the statute limits the amount for homeowner activities to 10%. (HUD guidance sets the minimum use for renter activities at 80%, accounting for 10% that may be used for HTF administration in a manner that differs from that long-established by the Community Development Block Grant program). In addition, the statute requires at least 75% of each state's grant be used for rental housing to benefit ELI households. No more than 25% may be used to benefit very low income (VLI) renter households, generally those with income between 31% and 50% of AMI. (The HTF statute adds that for rural areas VLI may also be income less than the federal poverty line). The statue requires all assisted homeowners have income less than 50% of AMI. When there is less than $1 billion in the HTF, the interim rule requires 100% of a state's allocation benefit ELI households (renters and homeowners).

The HTF is funded with dedicated sources of revenue and does not compete with existing HUD programs funded by appropriations. The statute specifies an initial dedicated source of revenue, an assessment of 4.2 basis points (0.042%) on the new business of Fannie Mae and Freddie Mac. (This is unrelated to profits.) The HTF is to receive 65% of the assessment and the Capital Magnet Fund (CMF) is to receive 35%. Due to the financial crisis in September of 2008, Fannie Mae and Freddie Mac were placed into a conservatorship overseen by the Federal Housing Finance Agency, which placed a temporary suspension on assessments for the HTF and CMF. On December 11, 2014, that suspension was lifted and Fannie Mae and Freddie Mac began setting aside 4.2 basis points on January 1, 2015. On April 4, 2016, HUD announced that there was nearly $174 million for the HTF in calendar year 2016.

The HTF funds are distributed by formula as block grants to states based on four factors that consider only renter household needs: the number of ELI and VLI households with severe cost burden (paying more than half of their income for rent and utilities), as well as the shortage of rental properties affordable and available to ELI and VLI households. Seventy-five percent of the value of the formula goes to the two factors that reflect the needs of ELI renters because the statute requires the formula to give priority to them. The other two factors concern the renter needs of VLI households. No state or the District of Columbia are to receive less than $3 million.

States must designate an entity, such as a housing finance agency, housing or community development department, or tribally designated housing entity to receive HTF dollars and administer the HTF program.

The HTF statute requires states to prepare an Allocation Plan every year showing how the state will distribute its HTF allotment based on priority housing needs. The interim rule amends the Consolidated Plan regulations by adding HTF-specific Allocation Plan requirements to the Consolidated Plan's Annual Action Plan rule. The statute also requires public participation in the development of the HTF Allocation Plan following the Consolidated Plan public participation requirements.

A state's Allocation Plan must describe the application requirements for recipients and the criteria that the state will use to select applications for funding based on the six factors described on page 1.

NUMBER OF HTF-ASSISTED UNITS STATES ESTIMATED TO PRODUCE

HUD guidance in Notice CPD 2016-17 reminded states that the Five-Year Strategic Plan portion of their Consolidated Plans needed to be amended in the "affordable housing section" to specify the number of extremely low income (ELI) households that will be provided affordable housing. The Annual Action Plans must be consistent with the goals and benchmarks in the Strategic Plan. HUD's *Housing Trust Fund Allocation Plan Guide* reinforced this requirement and clarified that states must ensure that their five-year goals include expected HTF accomplishments, including the number of ELI households expected to benefit.

Thirty-two states indicated the number of housing units they anticipated assisting in the coming year, totaling 995 HTF-assisted units. HTF funds would be used along with Low Income Housing Tax Credit (LIHTC) equity, HOME Investment Partnerships (HOME) funds, state housing trust funds, and a variety of other state housing program resources. See Appendix 1 for a complete list.

TYPE OF HTF PROJECT

The statute allows states to use their HTF allocation to construct, rehabilitate, preserve, and operate rental and homeowner housing. The interim rule also allows states to use HTF for refinancing, but only if the major use of HTF is rehabilitation.

- Six states indicated that they would only be carrying out new construction projects with 2016 HTF resources.
- Two states mentioned only rehabilitation, but did not explicitly exclude new construction.
- Fifteen states indicated that new construction and/or rehabilitation would be considered.
- Twenty-seven states listed new construction, rehabilitation, and preservation as possible HTF project activities. Among the 27:
    - Connecticut and Minnesota indicated that preservation would be a priority.
    - Kentucky would focus on preservation.
    - Oklahoma would offer bonus points for preservation.
    - Tennessee would give preference for preserving existing project-base rental assistance properties.
- Six states indicated they would consider refinancing.
- Pennsylvania and Rhode Island were the only two states that indicated that they would consider homeowner activities.
- North Carolina did not indicate a type of project.

See Appendix 2 for a complete list.

States' plans for using HTF for operating cost assistance is discussed on page 12.

FORM OF ASSISTANCE

The interim HTF regulation allows states to decide whether the assistance provided to a project takes the form of a grant, interest subsidy, equity investment, or loan (including no-interest and deferred payment loans). Other forms of assistance are also possible if approved by HUD.

It is important for the HTF Allocation Plan to indicate the form of assistance so that stakeholders can assess a proposed project's potential to be meet the HTF program's requirement that an HTF-assisted unit be affordable to an ELI household. In order for a HTF-assisted unit to approach affordability for an ELI household, the unit should have little or no debt obligation.

Twenty states' draft HTF Allocation Plans were silent regarding the form of assistance. Four states mentioned grants as the only form of assistance. Two states indicated that zero-interest loans or grants would be the only forms of assistance. Four states mentioned only zero-interest loans, and another two referred only to zero-interest cash-flow loans. One state was planning to offer only deferred loans. Two states would provide low-interest loans as the only form of assistance. Two states referred only to "loans." One state would provide equity investments or loans. The balance of states offered some mix of low-interest loans, forgivable loans, deferred loans, and grants. See Appendix 3 for a complete list.

THE MERIT OF A PROJECT

One of the six statutory priority factors that states must consider when awarding funds to potential projects is the "merits of an applicant's proposed eligible activity." The statute does not define merit, but the interim rule offers examples, such as housing serving people with special needs, housing accessible to transit or employment opportunities, and housing that has energy conservation features. Appendix 4 has a complete presentation of items that states identified as meritorious.

Certain categories of meritorious features were mentioned frequently in the draft Allocation Plans.

Environmental Features

Seventeen states mentioned some sort of environmental features. For instance, Connecticut would give consideration to transit oriented development, environmental justice issues, and sustainable development standards. Connecticut also indicated it would support energy conservation/energy efficiency activities. Rhode Island would offer 10 points (out of 125 points) to projects using green or sustainable design. Nevada would require projects to have an overall energy efficiency rating equivalent to Energy Star. See Appendix 4 for a complete list of the 17 states mentioning environmental features.

Transit-Related Features

Eleven states mentioned transit-related features. For instance, Arizona mentioned proximity to transit, employment, services, and amenities as one of eight priorities. Montana included projects located close to transit as a priority. Missouri lists six categories of merit, one of which is transit-oriented development. Missouri lists seven factors it would consider to determine a project's ability to provide transit-oriented development. See Appendix 4 for the complete list of 11 states mentioning transit-related factors.

Neighborhood Impact Features

Ten states mentioned some sort of neighborhood impact features. For instance, Delaware would consider the extent a proposed project would assist in revitalizing a deteriorating neighborhood as one of 14 merit items. Kentucky would offer points for projects that redevelop vacant or foreclosed multifamily property, adaptively reuse buildings, or provide new construction as part of a community revitalization project. Minnesota included "furthering community recovery" as one of eight priorities. See Appendix 4 for the complete list of ten states mentioning neighborhood impact factors.

Projects Located Near Essential Services

Eight states mentioned project location near essential services such as grocery stores, schools, and community centers as important: Florida, Kansas, Kentucky, Massachusetts, Michigan, Montana, Oregon, and Tennessee. See Appendix 4 for specifics.

States assign "merit" to environmental features, transit-related aspects, neighborhood impacts, and proximity to essential services.

Addressing Minority Business Enterprises (MBEs) and Women Business Enterprises (WBEs)

Seven states mentioned MBEs and WBEs. For example, Indiana would require projects to meet seven goals, one of which is using state-certified MBEs, WBEs, and Veteran-Owned Small Businesses. Missouri discusses MBEs and WBEs at three separate sections of its HTF Allocation Plan: at one section the state encourages the use of MBEs and WBEs; in another section the state would offer preferences to projects using MBEs and WBEs; and in a third section the state would require developments of more than six units to use a minimum of 10% MBEs and 5% WBEs for both hard and soft costs. See Appendix 4 for the complete list of states mentioning MBEs and WBEs.

Addressing Barriers to Tenancy

Three states would offer this important meritorious consideration:

Florida would give preference to projects with tenant selection plans that recognize and accept that ELI households are likely to have credit, income, and rental histories that may be a barrier to tenancy.

Massachusetts would give preference to projects serving ELI households with multiple barriers such as poor credit, prior evictions, past criminal offenses, poor rental history, and multiple shelter placements.

Ohio would require projects to consider mitigating criteria in deciding whether to select tenants for occupancy of a HTF-assisted unit. Mitigating criteria might include an eviction history, lack of credit history, lack of proof of employment, or income that is less than three or more times the monthly cost of rent.

Addressing Public Housing Waiting Lists

Three states mentioned they would use public housing waiting lists as a consideration. Alaska would provide one point for projects that proposed to give preference to tenants on a public housing waiting list. South Dakota would require HTF-assisted properties to notify a public housing agency about the project and about vacancies after lease up. Wyoming would offer points to projects that would give preference to households on a public housing waiting list.

Miscellaneous Other Merit Factors

NLIHC observed eight other assorted meritorious factors. For instance, Alabama would deduct points for projects in neighborhoods with negative characteristics. Alaska would provide up to 15 points if a project is located in an area with a vacancy rate less than 4%. The District of Columbia would give preference to projects proposed by or in partnership with tenant groups. See Appendix 4 for the complete list of states mentioning various other meritorious factors.

DISCUSSION OF TARGET POPULATIONS

NLIHC considers “target populations” to be related to “merit.” The statute and interim rule require states to distribute HTF resources based on the priority housing needs identified in their Consolidated Plans. The vast majority of states do not rigorously assign priorities to the long list of population characteristics suggested in the Consolidated Plan regulations. Instead, most states list as “high” priority most if not all population characteristics.

The interim rule also allows states to give preference to or limit assistance to segments of the population.

Most draft HTF Allocation Plans simply indicated that they would target, give preference to, or award points to projects serving certain target populations. NLIHC identified a number of sometimes overlapping categories of target population characteristics in the draft HTF Allocation Plans.

Special Needs

Fifteen states targeted populations using the term “special needs,” which could include a variety of need characteristics, such as people who are homeless, have a disability, or are elderly. For example, Montana indicated a preference for projects serving homeless, disabled, or elderly people; the state also indicated as a “merit” projects serving homeless, disabled, or elderly people. Another example is Alaska, which had as one of ten priorities, serving special needs populations, which included people with mental or physical disabilities and homeless people. Out of the 14 states using the term “special needs,” 11 included homeless households, 9 included people with disabilities, and 3 included elderly. See Appendix 5 for a complete list.

Homelessness

Thirty-seven states target projects serving people who are homeless or have a disability.

Twenty-six states indicated that serving homeless people or those at risk of homelessness could benefit from their HTF program. Five of those states mentioned only homelessness or risk of homelessness, while the other states also mentioned people with disabilities, elderly people, or other special needs populations. The six states potentially focusing on homelessness were: Arizona, Iowa, Maine, Minnesota, and Wyoming. Iowa, for example, would require projects to dedicate the greater of four units or 10% of the HTF-assisted units in a project to homeless households. Among states aiming to assist a variety of special needs populations, Nebraska intended to devote 56% of its HTF for housing for homeless households and those at-risk of homelessness. California planned to use 50% of its HTF for the state's Veterans Housing and Homeless Program. Vermont's governor had previously issued an executive order applying to all uses of the state's housing resources that required at least 15% of the units in a project be targeted to homeless households. See Appendix 5 for a complete list.

People with Disabilities

Twenty-four states indicated that projects serving people with disabilities could benefit from their HTF program. Five of those states just mentioned people with disabilities, while the other states also mentioned people who are homelessness or at risk of homelessness, elderly people, or other special needs populations. The five states potentially focusing on people with disabilities were: North Carolina, Ohio, South Dakota, Tennessee, and Virginia. For instance, North Carolina would make HTF available to applicants in high-income counties, many of which have the highest demand for people transitioning out of adult care homes to achieve community integration pursuant to North Carolina's *Olmstead* settlement agreement. Virginia estimated that half of its HTF-assisted units would benefit people with disabilities because the state would give priority to projects that target at least 20% of the total units to such households. See Appendix 5 for a complete list.

Supportive Housing

Sixteen states used the term "supportive housing" or "permanent supportive housing." For instance, Colorado indicated that its top funding priority would be for community-based supportive housing with links to supportive services for people with disabilities or other special needs. Nevada would use its HTF to construct permanent supportive housing serving individuals who are homeless or chronically homeless and/or disabled and who require supportive services. Out of five priorities, Illinois listed two pertaining to supportive housing: permanent supportive housing and assistance to cover the Illinois Statewide Referral Network of LIHTC units targeted to persons with disabilities or who are homeless or at risk of homelessness. Illinois's LIHTC program gives developers incentives to set aside 10% to 15% of their LIHTC units for supportive housing populations under the Statewide Referral Network. See Appendix 5 for a complete list.

Veterans

Nine states indicated preference for serving veterans, among which Alabama and Arkansas mentioned veterans exclusively. The other seven states addressed other special needs populations along with veterans. Alabama and Arkansas would award 25 points (out of 100 or 90, respectively) to projects that serve veterans who are homeless or at risk of homelessness, or veterans with mental illness, primarily in rural areas. In addition, Alabama and Arkansas would offer 15 points for evidence of a project applicant's ability to serve veterans. In the event of a tie in the competition for HTF money, one tie breaker would be a project's closeness to a Veterans Administration facility. See Appendix 5 for a complete list.

Elderly

Addressing the needs of elderly people is always mentioned among the other basic categories. No state proposes to focus exclusively on elderly people. However, ten states do mention elderly among special needs populations, homeless populations, or in the context of supportive housing. See Appendix 5 for a complete list.

Other Unique Categories

- **Transitioning Out of Incarceration**: New Jersey (see "Special Needs"), Oklahoma (see "Special Needs")
- **Children Aging Out of Foster Care**: Missouri (see "Special Needs"), Nebraska (see "Homeless"), Oklahoma (see "Special Needs")
- **Domestic Violence/Sex Trafficking**: Missouri (see "Special Needs"), New Mexico (see "Special Needs")

Allocation Plan Not Definitive

Seven states were not definitive regarding target populations: Idaho, Kansas, Kentucky, Louisiana, Oregon, Pennsylvania, and Texas. See Appendix 5 for descriptions.

No Indication of Target Population

Seven states did not indicate any target populations: Georgia, Hawaii, Maryland, New York, South Carolina, Washington, and West Virginia.

GEOGRAPHIC DIVERSITY

Another statutory factor that states must consider when awarding funds to potential projects is geographic diversity. While this factor will be very important in the future when the amount of money in the HTF is more robust, with $174 million for the HTF in 2016 and 36 states receiving the $3 million minimum, the geographic diversity factor is necessarily limited. Most states did not delineate a geographic targeting preference. However, 16 states did offer some degree of geographic preference. See Appendix 6 for a list.

Focus on Rural Areas

- **Alabama** and **Arkansas** stressed rural areas and would give 5 points (out of a total of 100 points and 90 points, respectively) for projects in rural areas.
- **Colorado** would give priority to projects in rural areas.
- **Wyoming** had a $700,000 set-aside for projects with 24 or fewer units in towns with a population less than 12,000 that are not within 20 miles of another town with a population greater than 12,000.

Three states included rural areas with other priorities:

- **Louisiana** would give preference to projects in rural areas, in Mississippi Delta parishes, or in LIHTC Qualified Census Tracts or Difficult to Develop Areas.
- **Washington** had six, generic, unweighted criteria, one of which was geographic distribution, defined as "equitable distribution to rural and other underserved areas."
- **Wisconsin** would assign 5 points out of 85 to geographic diversity for three geographic categories:
  - Properties located in an area meeting the Rural Set-Aside definition for the Wisconsin LIHTC program.
  - Properties located in the Transform Milwaukee Area.
  - Properties located in an Opportunity Zone as defined in the LIHTC program Qualified Allocation Plan.

Three states had provisions for either small properties or small communities:

- **South Dakota** would offer 10 points (out of 1,020) for projects with eight units or less.
- **Nebraska** would set aside $700,000 for a pilot project to develop smaller-scale projects in areas of the state that have housing shortages.
- **Alaska** would prioritize projects located in "small communities" and would offer up to 21 points (out of 228) for such projects.

Three states specifically mentioned tribal areas:

- **South Dakota** had a $600,000 set-aside for housing on Indian reservations.
- **Minnesota** included tribal areas as one geographic priority, along with transit-oriented development areas, areas with strong job markets or job growth, and economic integration areas with higher incomes.
- **Wisconsin** included tribal lands among five geographic categories that fall into its LIHTC Opportunity Areas.

Other Geographic Diversity Features

Geographic Set-Asides or Bonus Points

- **Oklahoma** would offer bonus points for projects located in the Oklahoma City MSA and Tulsa MSA.
- **South Carolina** would limit up to one-third of the HTF allocation to each of the state's three geographic areas: Upstate, Midlands, Low Country.

Vacancy Rates

- **Alaska** would offer up to 15 points if a project would be located in an area with a vacancy rate less than 4%.
- **Vermont** included as one of 14 "merit" factors, projects that would be located in tight housing markets with very low vacancy rates or with a high incidence of distressed housing.
- **Virginia** would focus on areas with relatively low vacancy rates, limited available affordable units, accessibility needs, or existing affordable units that needed to be preserved.

LEVERAGING

Another statutory factor that states must consider when awarding funds to potential projects is the extent to which an application makes use of other funding sources. The interim HTF regulation refines this factor to mean non-federal funding. Many states simply quote the interim rule in their draft Allocation Plans.

Twenty-three states offered more information, discussing non-federal or other federal sources. See Appendix 7 for a complete list. A sample of some of the leveraging language in draft HTF Allocation Plans includes:

Alabama would offer additional points depending on the amount of non-federal funds loaned or granted. Out of a 100 point system, a proposal could receive: 25 points if a project would leverage $350,000 or more per unit, 15 points if it would leverage $175,000 - $350,000 per unit, and 10 points if it would leverage $100,000 - $175,000 per unit.

Louisiana noted that governmental support reduces project development costs by providing CDBG, HOME, or other governmental assistance/funding in the form of loans, grants, rental assistance, or a combination of these, or by waiving water and sewer tap fees, waiving building permit fees, foregoing real property taxes during construction, contributing land for project development, providing real estate tax abatement, and securing public housing agency contributions or other governmental contributions.

Maine would give the third highest priority to applications based on the extent to which an application would make use of non-federal funding. Applicants would be evaluated on the quantity, quality, and timeliness of leveraged non-federal funds (other than market rate loans and other MaineHousing resources) committed to the proposed project.

> **Twenty-three states discuss using HTF to leverage specific non-federal or other federal sources.**

Missouri would give a preference to applications proposing developments utilizing contributions or financial support from owners or general partners or other non-federal sources. Such financial support could be donated cash, real estate, labor, materials, local tax abatement, fee waivers, or other items that reduce development costs and reduce the need for federal funding.

North Dakota would award points to an application that would provide firm commitments for contributions or incentives from state or local government, private parties, and/or philanthropic, religious, or charitable organizations. The points would be based on the percentage of total development cost leveraged:

- 20 points (out of possible total of 179 points) if the project would leverage at least 50% of total development cost
- 15 points if at least 40% of total development cost leveraged
- 10 points if at least 30% of total development cost leveraged
- 5 points if at least 20% of total development cost leveraged

South Carolina would award points for non-federal, non-Authority funding sources. The appraised value of land owned by an applicant for less than one year could be used as leveraged funding. Points ranging from 1 to 10 would be awarded; leveraged funding equaling 1% of total development cost (TDC) would earn 1 point, leveraged funding equaling 2% of TDC would earn 2 points, etc.

LIHTC CONNECTION/PAIRING WITH OTHER STATE PROGRAMS

Related to the discussion of leveraging is the fact that the HTF was never intended to be a stand-alone source of funding to create, rehabilitate, or preserve rental homes for ELI households. In the preamble to the proposed and interim HTF regulation, HUD acknowledged that it had layering of HTF with LIHTC, HOME, and other resources in mind as it designed the regulations.

Thirty-two states intend to operate HTF programs in conjunction with their LIHTC, HOME, or state programs.

Thirty-two draft HTF Allocation Plans described how states intended to operate their HTF programs in relation to the LIHTC, HOME, or state programs. Most of these states intended to use their traditional applications and processes associated with existing LIHTC, HOME, or state programs. The variations on these states' practices are too diverse to categorize. See Appendix 8 for a complete list that includes all of the details provided in the draft HTF Allocation Plans. A sample of some of the approaches includes:

- **Kansas** would make applications available in conjunction with applications for LIHTC and HOME Rental Development funds, and the application for HTF would closely follow the application for HOME Rental Development.
- **Rhode Island** would conduct up to four competitive rounds per program year – one as part of the LIHTC application process and three additional rounds as part of a joint application with other programs such as HOME.
- **Kentucky** would fund only HTF projects that receive LIHTC and tax exempt bond financing.
- **Wisconsin** would issue a request for proposals (RFP) that would not allow recipients of 9% LIHTCs to request HTF resources until the state had determined that an insufficient number of non-9% LIHTC properties had applied for the available HTF resources. Because many applications would likely utilize 4% LIHTCs, the RFP response requirements might be constructed as an addendum to the 4% LIHTC application for those developments.
- **Pennsylvania** would distribute HTF following the process used with the state housing trust fund, PHARE. The state expected to provide funding to properties that would also be supported through LIHTC. The state would follow many of the priorities and preferences in its LIHTC Qualified Allocation Plan.
- **Georgia** would provide HTF funds outside of the LIHTC round through a notice of funding availability (NOFA). If there were not enough applicants through the NOFA, then HTF would be awarded in the subsequent LIHTC funding round.

DISCUSSION OF MIXED-INCOME PROPERTIES

Yet another aspect related to the concept of leveraging is HTF-assisted properties occupied by households with various income targeting. Twelve of the draft HTF Allocation Plans specifically refer to "mixed-income" projects. For example:

- **Colorado** would give secondary priority to projects that include HTF units in mixed-income developments that would be infeasible at 30% AMI rents without HTF funding.
- **Michigan** anticipated that units financed with HTF would be integrated into general occupancy affordable housing properties serving family and elderly households financed with state tax-exempt or taxable bond products, LIHTC, or federal historic tax credits.
- **Ohio** would have as one of many threshold requirements an application statement describing if or how HTF units would be integrated with higher income units. In addition, in order to qualify for HTF assistance, a project would have to have the greater of either 10% of affordable units rent-restricted at 30% of 30% of AMI, or 5 units rent restricted at 30% of 30% of AMI. (The interim rule requires the maximum rent charged to an HTF-assisted household be no greater than 30% of 30% of AMI or 30% of the poverty line, whichever is higher.)
- **South Dakota** would provide up to 50 points to projects based on the percentage of market-rate units in the property (a project would need 400 points out of 1,020 to be considered):
  - 20 points if 5%-10% of the units are market-rate
  - 30 points if 10.1%-20% of the units are market-rate

- 40 points if 20.1%-30% of the units are market-rate
- 50 points if 30.1%-40% of the units are market-rate

See Appendix 9 for a complete list.

AFFIRMATIVELY FURTHERING FAIR HOUSING

All jurisdictions must comply with the obligation to affirmatively further fair housing (AFFH) as required by the Fair Housing Act of 1968. The HTF regulations merely require states to certify compliance. HUD's guidance in Notice CPD 2016-7 reminds states of this obligation in the discussion of geographic diversity. A memorandum from the Principal Deputy Assistant Secretary also reminded states that, within the context of geographic diversity, their use of HTF resources must be consistent with their certification that they are affirmatively furthering fair housing.

Twenty-eight states make substantive references to affirmatively furthering fair housing (AFFH).

Twenty-eight states went beyond boiler plate references to affirmatively furthering fair housing. For example, eight states gave priority or preference to AFFH features. Delaware's geographic priorities encouraged new development and preservation of affordable housing in areas of opportunity; and one of 14 "merits" is evidence that the HTF-assisted housing would be in a neighborhood where there is little very low income housing available. The District of Columbia included among 12 scoring factors a preference for projects in high-opportunity neighborhoods; DC also targeted projects within ½ mile of transit and in neighborhoods that have lower concentrations of subsidized housing.

Seven states would offer points that address AFFH. Ohio would offer up to 30 points out of 100 for projects in areas with a "very high" opportunity index. Alaska would offer up to 12 points out of 228 for projects located in a census tract where 51% or more of the households have income greater than the area median income, and the state would offer up to 15 points for projects in an area with an unemployment rate 2.5% or more below the state average.

Other examples of AFFH include Idaho, which had as a threshold factor requiring the local government to have an adopted AFFH resolution. In Kentucky, if a project is proposed for the Louisville metro area, one of five requirements would be that "the development increases affordable housing choices for low and moderate income households in census tracts that are not predominantly low income, thereby promoting mixed-income neighborhoods."

Vermont had an extensive section in its draft HTF Allocation Plan dealing with affirmatively furthering fair housing. Among the provisions, the state would consider whether a project would be in close proximity to quality schools, job opportunities, recreational opportunities, and other services. The state would determine whether the project is located in an area of racial or ethnic minority concentration, which Vermont defined as an area where the presence of minority households is more than two times the presence in the state as a whole. Also, the state would assess whether a project would be located in an area of low income concentration (defined as one where 51% or more of the households had income at or below 80% of area median income).

Missouri also had an extensive AFFH section. Among the provisions were that new construction and conversion proposals could not be located where the total of publicly subsidized housing units equaled more than 20% of all units in the census tract.

Finally, there were provisions in the draft HTF Allocation Plans of Alaska, Georgia, Kansas, Louisiana, and Montana which might be contrary to affirmatively furthering fair housing. For example, Montana would require an HTF application to have a statement of support from the local government in whose jurisdiction the project will be located.

See Appendix 10 for a complete list of states' provisions that go beyond mere AFFH boiler plate language.

AFFORDABILITY

The primary purpose of the HTF is to increase the supply of rental housing affordable to extremely low income (ELI) households with income at or below 30% of the area median income (AMI) or the federal poverty line, whichever is higher. To be eligible to live in a HTF-assisted apartment, a household's income may not exceed these thresholds. Currently there is a shortage of 7.4 million rental homes affordable and available to ELI households, a gap that is far greater than for households with higher incomes.

The HTF statute lists as one of six factors that states must consider when awarding funds to potential projects "the extent to which rents for units in the project are affordable, ***especially*** for extremely low income families."

Standard practice in housing since the mid-1970s has considered housing affordable only if a household spends no more than 30% of their income for rent and utilities. (The standard was 25% for many years, but was increased in the early 1980s.) If a household spends more than 30%, it is considered "housing cost-burdened." If a household spends more than 50% of its income for rent and utilities, it is considered "severely housing cost-burdened."

Neither the HTF statute nor interim regulation addresses genuine affordability. In fact, the interim regulation is written in a manner that will not guarantee rents are affordable; it requires the maximum rent charged a HTF-assisted tenant to be no more than 30% of 30% of AMI, or 30% of the federal poverty line, whichever is greater, regardless of a household's actual income. Given this rule:

- Maximum rents for two-bedroom apartments would be set at the higher rent level of 30% of the federal poverty line in 92% of all counties and in 61% of all counties for one-bedroom apartments.
- Assisted households in the poorest counties, where the federal poverty line is much higher than 30% of AMI, would have the highest potential cost burdens.
- In counties where the maximum rent is based on the federal poverty guideline, a typical 3-person household with income at 30% of AMI living in a two-bedroom apartment would spend 38.3% of their income on rent and utilities. In the poorest counties, where the federal poverty guideline is much higher than 30% of AMI, such a household would spend 52.1% of their income on rent and utilities.
- Notably, **Ohio** removed rents fixed at 30% of the federal poverty level in a third draft of its HTF Allocation Plan, simply stating that "in no case shall rent plus utilities on any NHTF-assisted unit(s) exceed 30% of AMI." (also see discussion on the next page). **Rhode Island** is unique in that it requires the maximum fixed rent to be the *lesser* of 30% of 30% of AMI or 30% of the federal poverty line, helping to prevent ELI households from being cost burdened.

Draft HTF Allocation Plans did not have provisions (without relying on project-based rental assistance, PBRA) that could lead to true affordability – meaning rents based on actual incomes that would not lead to cost burden.

Three states did have provisions that approach true affordability (emphasis added):

- **Florida**:
  - Would give preference to projects that commit to serve special needs or homeless populations who have income near the Supplemental Security Income (SSI) level, which in Florida is 22% of AMI. SSI is provided to people with disabilities.
  - The terms of competitive solicitations *may specify deeper targeting and lower rents* for HTF units than set out in the interim regulations.
- **Louisiana** would give greater preference for larger increases in unit affordability, *especially through lower rents* (or use of PBRA).
- **Ohio** would encourage all attempts to reduce *rents below the 30% AMI minimum requirements*.

Two Other Approaches To Addressing Affordability For Households With Income Less Than The 30% AMI Threshold

Three states indicated preference for projects serving households with incomes less than 30% of AMI:

District of Columbia would give preference for projects serving households with income lower than the 30% AMI threshold.

Missouri would give preference for projects serving households with the lowest income.

Oregon would give preference for projects serving households with the lowest income, but that preference included projects with dedicated site-based rental assistance.

Three other states would offer points or preference for projects based on the number of ELI units that would be set aside in the project (without explicitly stating that the assisted household would pay rent that does not result in a cost burden).

Ohio:

- Ohio would require each HTF-assisted project to have 10% of its units (or five units for smaller projects) rent restricted at 30% of 30% AMI. Ohio would provide extra points for projects that would have 5% (20 points out of 100) or 10% (30 points) additional units "affordable at or below" 30% AMI.
- However, Ohio would also provide 20 points if a project proposed 100% of the HTF-assisted units to:

- Be new Section 811 units with rent subsidy; or
- Have Section 8 rental assistance or Rural Development Section 521 Rental Assistance.

Ohio would provide 15 points if 50% of the HTF-assisted units would have those rent subsidies or 10 points if 25% of the HTF-assisted units would have those rent subsidies.

Pennsylvania:

- Priority could be given to applications for developments that had received LIHTCs, had not been placed in service, and would increase the number of units set aside for ELI tenants in the proposal.
- Also, the state would encourage and give preference to developments that included the maximum amount of ELI units as financially feasible.

Utah:

- Would provide 10 points for each unit targeted for ELI households "at or below 30% AMI", up to 20 units. (The draft HTF Allocation Plan did not indicate total points possible.)
- For 9% Low Income Housing Tax Credit (LIHTC) projects, Utah would award:
  - 5 additional points for each unit targeted to a household with income less than 20% AMI
  - 10 additional points for each unit targeted to a household with income less than 15% AMI
- For non-9% LIHTC projects, Utah would award:
  - 5 additional points for each unit targeted to a household with income less than 30% AMI
  - 10 additional points for each unit targeted to a household with income less than 25% AMI
  - 15 additional points for each unit targeted to a household with income less than 20% AMI
  - 20 additional points for each unit targeted to a household with income less than 15% AMI

Over Reliance On Project-Based Rental Assistance (PBRA)

The HTF statute lists as one of six factors that states must consider when awarding funds to potential projects "the extent to which rents for units in the project are affordable, *especially* for extremely low income families." (*emphasis added*)

HUD's interim regulation narrows the statutory provision by stating this priority factor as "the extent to which the project has federal, state, or local project-based rental assistance so that rents are affordable to extremely low income families."

HUD generally refrains from modifying statutory language. NLIHC's comment letter regarding the proposed HTF regulation urged HUD not to include this narrowing of "affordability." NLIHC and some other advocates think that overemphasis on project-based rental assistance (PBRA) will not result in a net addition of units affordable to ELI households. To the extent states have PBRA, generally in the form of Project-Based Vouchers (PBVs), that scarce PBV resource should be used to foster affordability in the un-assisted, private market sector.

In addition, by giving points or preference to projects that have PBRA, innovative projects that do not rely on vouchers are put at a competitive disadvantage.

As a result of HUD's narrow definition in the interim rule and HUD's *National Housing Trust Fund Allocation Plan Guide*, 35 states rely heavily on the use of PBRA (see Appendix 11). Of these, 10 states offer extra points, 9 give priority, and 4 give preference. Kentucky requires PBRA and gives extra points if at least 75% of the units have PBRA. Louisiana, Maine, Massachusetts, New Hampshire, and New Jersey will provide PBVs. Certain LIHTC-assisted projects in North Carolina are eligible to receive PBVs. Maine and New Hampshire will give extra points or scoring preference for projects that also have commitments for more PBVs from a local public housing agency.

Massachusetts: The state is unique in that it has set aside 100 state-funded Massachusetts Rental Voucher Program (MRVP) vouchers, which also come with an additional $1,500 per unit per year for services, for each HTF-assisted unit serving someone with special needs. In addition, the state recognizes "cross subsidization" as "PBRA" – that is, use of higher rents from non-HTF units to make up the difference in the lower rents that ELI tenants can afford.

North Carolina: Although the state cites the interim regulation, it includes cross-subsidization as "PBRA." The state will consider a proposed project that does not rely on PBRA but has a financing plan that intends to "cross subsidize." In addition, all LIHTC-assisted projects are eligible for the state's Key Program, which provides PBRA for permanent supportive housing for homeless people or people with disabilities.

LENGTH OF AFFORDABILITY

Another one of the six statutory factors that states must consider when awarding funds to potential projects is "the extent of the duration for which rents will remain affordable." The interim rule sets a minimum affordability period of 30 years. NLIHC and the National Housing Trust Fund Campaign sought a minimum affordability period of 50 years, contending that the investment of HTF resources should not be lost after the relatively short period of 30 years.

Twenty-one states address longer affordability periods in their draft HTF Allocation Plans.

A Fixed Longer Period Is Required

Four states would require an affordability period longer than 30 years:

California: 55 years

District of Columbia: 40 years

Maine: 45 years (raised from 30 years in response to advocates)

Maryland: 40 years

Points Awarded For More Than 30 Years

Eight states would offer additional points for projects that exceed the required minimum of 30 years, primarily in the range of 35 to 40 years:

Alabama: 5 points (out of 100) if 35 years

Arkansas: 5 points (out of 90) if 35 years

Nevada: additional points for each 5-year increment up to 50 years

Oklahoma: points (unspecified number) up to 40 years

Rhode Island: out of 125 possible points, 3 points if 31-40 year, 4 points if 41-50 years, and 5 points if 51 or more years (2 points if 30 years, but 30 years is required by regulation).

South Dakota: out of 1,020 maximum points (400 point threshold) 50 points up to 40 years

Texas: "would have a scoring advantage"

Wyoming: out of 500 possible primary points, 5 points would be awarded for each 5 years of affordability beyond the minimum of 30 years, up to a maximum of 35 points at 55 years

Priority For Projects With Affordability Periods Longer Than 30 Years

Six states would offer priority to projects that exceed the required minimum of 30 years:

Colorado: priority if longer than 30 years

Connecticut: in one section of the draft Allocation Plan the state indicates that a project would receive "priority if longer than 30 years;" elsewhere the draft Allocation Plan indicates that a project would "receive additional consideration"

Hawaii: "priority if affordable for an extended period"

Kansas: projects would be "evaluated for going beyond 30 years;" elsewhere the draft Allocation Plan indicates "priority given beyond 30 years"

New Mexico: "low priority" if greater than 30 years [note: in context, it is positive that the period of affordability is recognized as a priority, even if a "low priority," because length of affordability is raised to a "priority status" and because most states do not go beyond the interim regulation minimum of 30 years.]

South Carolina: preference for 35 years

Other Considerations

Three other states indicate provisions regarding affordability periods beyond the 30-year minimum:

Delaware: "may impose a longer period"

Illinois: projects would be "encouraged to establish longer periods"

Vermont: consideration would be given to projects that are affordable to ELI households for more than 30 years; after 30 years, all projects must be permanently affordable, but at less restrictive income and rent levels than otherwise required by HTF

OPERATING COST ASSISTANCE

The HTF statue includes "operating" rental housing as an eligible use of the funds, along with the production, rehabilitation, and preservation of rental homes. The interim regulation allows states to devote up to one-third of their annual HTF allocation to operating cost assistance and/or the establishment of an operating cost assistance reserve.

Despite the need in most states for operating cost assistance to support deeply affordable rental housing for ELI households, most state housing policymakers did not choose to use their HTF for operating cost assistance. States were reluctant to "experiment" with this new authority for several reasons. First was timing: the amount of HTF money each state would receive was announced on May 5, 2016, and states had to submit HTF Allocation Plans by August 16, 2016. A second factor was the relatively small allocations each state received. Third, HUD indicated that it would provide detailed guidance on how to structure operating cost assistance or reserve funds, but such guidance was not available as Allocation Plans were being drafted. Finally, some state entities just didn't think it was feasible to use HTF funds for operating cost assistance or for a reserve fund over a 30-year affordability period.

Nevertheless, six states indicated their intent to use HTF for operating cost assistance in their draft HTF Plans. However, upon direct inquiry by NLIHC staff, it is clear that Georgia and Virginia would not be using HTF for operating assistance. NLIHC was not able to discern whether Iowa, Oklahoma, or West Virginia's stated intent was genuine:

Iowa: Expected to allocate funding for operating cost assistance or operating cost assistance reserve for all 11 HTF-assisted units.

Oklahoma: Indicated that all 20 HTF-assisted units would receive operating cost assistance.

West Virginia: Indicated that 10 of 50 units would receive operating cost assistance.

Illinois: Anticipated very limited use…and in the form of grants.

Minnesota's Allocation Plan merely indicated that 12 of 22 HTF-assisted units would receive operating assistance (average annual cost would be $2,700). However, as the months played out Minnesota made a genuine and determined attempt to use HTF for operating cost assistance. NLIHC learned of this attempt while participating on a workshop panel with Minnesota Housing staff and through interviews conducted by the Technical Assistance Collaborative on behalf of NLIHC as part of a project funded by the Kresge Foundation. A later version of Minnesota's HTF Allocation Plan indicted the state's intent to establish an operating assistance reserve funded with HTF, initially capitalized for a 15-year period. Minnesota Housing estimated that a $1 million allocation for operating assistance would support up to 12 ELI units.

The HTF interim rule lists as operating costs: maintenance, utilities, insurance, property taxes, and scheduled payments to a reserve for replacement of major systems. NLIHC and others assumed the interim rule's list to be examples of operating costs. However, when Minnesota Housing staff engaged HUD officials regarding structuring the operating assistance reserve model, they learned that HUD interpreted the interim rule to limit operating costs to the items in the rule. Some other costs are often considered operating costs by the development industry, costs such as property management and personnel costs associated with maintenance. HUD notified Minnesota Housing that this discrepancy would likely be resolved in the final HTF regulations. HUD also stated that it would consider addressing these discrepancies through a waiver request. Because it would have taken too long for Minnesota Housing to secure approval of a regulation waiver, Minnesota Housing decided to defer use of HTF for operating assistance until the 2017 HTF allocation.

Three states (**Indiana**, **New Hampshire**, and **Ohio**) explicitly declared in their draft HTF Allocation Plans that they would not use HTF for operating cost assistance. **Louisiana** and **Maryland** indicated "not this year," but Louisiana also wrote that if in the course of implementing its HTF program the need for operating assistance was necessary, it would transfer HTF from the construction line item.

Thirteen states mentioned operating cost assistance as an eligible activity, but only in the context of quoting other eligible activities listed in the interim regulation. None expressed an intent to actually use HTF for operating cost assistance. The 13 states were: Connecticut, Delaware, Florida, Hawaii, Kansas, Michigan, Mississippi, Missouri, Nebraska, New Mexico, New York, North Dakota, and Pennsylvania.

The remaining states and the District of Columbia did not mention operating cost assistance.

STATE-IMPOSED MAXIMUMS AND MINIMUMS

The interim regulation requires states to indicate the maximum per-unit subsidy that will be provided to a project. A May 2016 FAQ from HUD provided further guidance giving states broad discretion. Most states chose to use the HOME program maximum per-unit subsidy calculation.

A number of states went beyond the maximum per-unit subsidy requirement, establishing maximum amounts of HTF that they would award per project, per developer, or per geographic area. In addition, seven states established minimum amounts of HTF invested per unit to be considered.

Eight states would establish maximum HTF allocations per project ranging from $500,000 in Massachusetts to $1.5 million in Mississippi. Virginia would set a maximum amount of HTF per special needs project at $800,000, with a $700,000 cap for all other projects. South Dakota would limit the state's HTF award to any one project at 20% of the state's HTF allocation.

Five states would establish maximum HTF allocations per developer. For example, South Dakota would also limit the amount of HTF per developer to 25% of the state's HTF allocation. Wyoming would set a cap at 60% of its HTF allocation.

Three states would establish HTF allocations based on geography. Tennessee would reserve the right to limit funding to only one HTF award per county. Ohio would have limits of HTF assistance per county (and per developer), with amounts varying depending on the other type of funding in the project, such as $750,000 if a project also had Ohio Bond Gap Financing assistance but not HOME funds. California would give geographic priority based on criteria consistent with a companion state program (such as the Supportive Housing component of the state's Multifamily Housing Program), either by setting minimum funding levels for designated regions or by assigning no more than 45% of available points.

Regarding minimum amounts of HTF assistance per unit to qualify as rehabilitation, four would establish minimum amounts for rehabilitation at $30,000 per unit in Wyoming, $15,000 in Alaska and North Dakota, and $5,000 (with at least 50% attributed to interior unit costs) in South Carolina. Three states would establish minimum HTF investments of only $1,000 per unit for any project, rehabilitation or new construction.

See Appendix 12 for more details.

CONCLUSION

Draft HTF Allocation Plans for the initial year of this unique, new program indicate that states intend to use this resource to leverage existing federal and state housing resources to help address the acute housing needs of the nation's most vulnerable people. States will use HTF to complement their existing LIHTC, HOME, and state housing programs to provide homes for homeless families and individuals, people with disabilities, frail elderly, and veterans.

HUD is expected to indicate in early April, 2017 the amount of funds Fannie Mae and Freddie Mac transferred to HUD for the HTF for 2017. NLIHC estimates that approximately $220 million will be available for the HTF in 2017. Formula allocations to states and the District of Columbia are anticipated in early May. Because the HTF must be included in state Consolidated Plan Annual Action Plans, some states with program years starting in July are already conducting public hearings about proposed 2017 Annual Action Plans that include HTF.

The HTF faces significant threats in 2017. Congress could attempt to cut or eliminate the HTF as part of a budget reconciliation bill or use its funding to fill gaps in the HUD budget. Conservative opponents of the HTF in Congress could introduce legislation seeking to eliminate the HTF altogether.

At the same time, the affordable housing needs of ELI households require far more resources than are likely to be realized through the current assessments on Fannie Mae and Freddie Mac. The Housing and Economic Recovery Act of 2008 (HERA) expressly allows Congress to designate other "appropriations, transfers, or credits" to the HTF, in addition to the assessments on Fannie Mae and Freddie Mac. Securing permanent, dedicated sources of revenue for the HTF is one of NLIHC's top priorities, whether through an infrastructure spending bill, housing finance reform, or mortgage interest deduction reforms. NLIHC will continue to educate members of Congress about the need to preserve and expand the HTF, given the critical role it plays in serving households with the greatest housing needs.

APPENDIX 1: NUMBER OF UNITS STATES ESTIMATE TO PRODUCE FIRST YEAR

Notice CPD 2016-17 reminds states that the Five-Year Strategic Plan portion of their Consolidated Plans needed to be amended in the "affordable housing section" to specify the number of extremely low income households for which it will provide affordable housing. The Annual Action Plan increments of their Consolidated Plans must be consistent with the goals and benchmarks in the Strategic Plan.

HUD's *Housing Trust Fund Allocation Plan Guide* repeats this in three places. It separately adds that a state must also ensure its five-year goals include any accomplishments due to HTF funds and must also enter the number of extremely low income households the state will assist with its HTF funds.

Most states indicated the number of housing units they anticipated assisting in the coming year. The total number is 995 HTF-assisted units.

Alabama: 15
Arkansas: 15
California: 100
Connecticut: 20
Delaware: 35
District of Columbia: 19
Florida: 80
Georgia: 10
Iowa: 11
Kansas: 12
Louisiana: 16
Maine: 20
Minnesota: 22
Missouri: 15
Montana: 14
Wisconsin: 100
Nevada: 50
New Hampshire: 25
New Jersey: 12
New Mexico: 10
North Carolina: 16
Ohio: 30
Oklahoma: 20
Oregon: 60
Pennsylvania: 25
Rhode Island: 50
Texas: 75
Vermont: 18
Virginia: 30
Washington: 10
West Virginia: 50
Wyoming: 10

APPENDIX 2: TYPE OF HTF PROJECT

New Construction Only

- Alabama
- California
- Florida
- New York
- Nevada (also allows rehabilitation if tied to new construction)
- Washington (first year)

Only Mentions Rehabilitation, but Does Not Explicitly Exclude New Construction

- Colorado
- Maryland (mentions rehabilitation standards)

New Construction and/or Rehabilitation

- Alaska
- Arkansas
- Delaware
- Illinois
- Indiana
- Kansas
- Maine
- Michigan
- Missouri
- New Jersey
- New Mexico
- Oregon
- Utah
- West Virginia
- Wisconsin

New Construction, Rehabilitation, Preservation

- Arizona
- Connecticut: preservation is a priority
- District of Columbia
- Georgia
- Hawaii
- Idaho
- Iowa: also says QAP has set-aside for preservation
- Kentucky: Focus on preservation
- Louisiana
- Massachusetts
- Minnesota: preservation of rent-assisted projects is priority
- Mississippi
- Montana
- Nebraska
- New Hampshire
- North Dakota
- Ohio
- Oklahoma: bonus points for preservation
- Pennsylvania
- Rhode Island:
  - Preservation is one of three “medium priority items” (Medium priority is worth up to 25 points out of 125).
  - Use of HTF to create additional units to assure no net loss due to demolition, conversion to homeownership, or prepayment or voluntary termination of federally or state-assisted mortgages is one of three “low priority” items. (Low priority is worth up to 20 points out of 125).
- South Carolina
- South Dakota

- Tennessee:
  - Preference for preservation of housing with existing project-based rental assistance.
  - Does not mention new construction, but might be implied. Indicates will use for rehabilitation.
- Texas: anticipates constructing 50 units and rehabilitating 25 units.
- Vermont
- Virginia
- Wyoming: is confusing: Annual Action Plan table 55 indicates all 10 units will be new construction, but table 85 says scoring criteria is favorable to preservation.

Refinancing

- Colorado
- Illinois (draft states only if new investment is to create additional affordable units)
- Louisiana
- Mississippi
- Texas
- Wyoming

Homeowner Activities

- Pennsylvania: Reserving up to 10%, including for manufactured housing.
- Rhode Island: Among three "low priorities" is homeownership. (Low priority is worth up to 20 points out of 125.) Unless, there is housing development, direct homeownership assistance, down payment or closing cost assistance will not be provided.

No Indication

- North Carolina

APPENDIX 3: FORM OF ASSISTANCE

- **Alabama**: forgivable grants
- **Alaska**: silent
- **Arizona**: low- or no-interest loans with minimum payments or deferred, forgivable loans for terms of at least 30 years
- **Arkansas**: forgivable grants
- **California**: silent
- **Colorado**: silent
- **Connecticut**: non-interest-bearing loans or advances, deferred-payment loans, or grants
- **Delaware**: interest-bearing loans or advances, non-interest bearing loans or advances, deferred payment loans
- **District of Columbia**: zero-percent, 30-year forgivable loans
- **Florida**: zero-percent, 30-year forgivable loans
- **Georgia**: If used with LIHTC, a low-interest loan similar to the way the state structures its HOME loans
- **Hawaii**: silent
- **Idaho**: zero-interest, due-on-sale, or default loan, or a grant, depending on type of project and other programs, such as CoC programs, involved in a project
- **Illinois**: loans (low-interest, no-interest, balloon, forgivable, deferred payment), grants, interest rate subsidies, equity investments
- **Indiana**: The HTF award will be structured as a grant from IHCDA to the entity with the expectation that the entity will then loan the HTF funds to the Limited Partnership to allow the funds to remain in LIHTC-eligible basis (in accordance with Section 42 rules regarding the exclusion of federal grants from eligible basis).
- **Iowa**: silent
- **Kansas**: deferred loan
- **Kentucky**: silent

- **Louisiana**: State will offer low-interest cash flow loans in order to minimize debt and maximize ELI affordability. However, draft Allocation Plan also says the term of the loan will be set by state underwriting standards designed to ensure that use of HTF dollars are maximized…and that the state realizes the greatest possible return on its investment.
- **Maine**: silent
- **Maryland**: silent
- **Massachusetts**: subordinate debt
- **Michigan**: equity investments or loans
- **Minnesota**: silent
- **Mississippi**: loans
- **Missouri**: lists all of the examples in the regulations
- **Montana**: silent
- **Nebraska**: silent
- **Nevada**: silent
- **New Hampshire**: silent
- **New Jersey**: zero-interest, non-amortizing loan
- **New Mexico**: loans and/or grants to be specified in a NOFA
- **New York**: silent
- **North Carolina**: silent
- **North Dakota**: forgivable zero-interest loan, with repayment terms based on cash flow and determined on a project-specific basis
- **Ohio**: zero-interest deferred loan with payment due on sale
- **Oklahoma**: silent
- **Oregon**: grant
- **Pennsylvania**: silent
- **Rhode Island**: silent
- **South Carolina**: forgivable loan or deferred, repayable 0.5% loan for LIHTC projects
- **South Dakota**: lists all of the examples in the regulations
- **Tennessee**: silent
- **Texas**: zero-interest, deferred payment loan, or as a zero-interest cash flow loan to leverage LIHTC
- **Utah**: silent
- **Vermont**: grants or zero-interest deferred loans
- **Virginia**: low-interest loan pool, flexible below-market loans
- **Washington**: grants and loans
- **West Virginia**: loans
- **Wisconsin**: subordinate loans at below market-rate approximating the Applicable Federal Rate to be repaid from cash flow.
- **Wyoming**: low-interest rate financing (QAP indicates as 3%) and deferred and/or forgivable loans

APPENDIX 4: MERIT OF THE PROJECT

THE MERIT OF THE PROJECT

Alaska:

- 28 (out of 228) points for maximizing energy efficiency
- 1 point for public housing waiting list preference
- Up to 15 points if located in area with vacancy rate less than 4%

Arizona: Eight priorities, including:

- Proximity to transit, employment, services, and amenities
- Sustainable development (energy and water efficiency)

Connecticut:

- Priority consideration is given to transit-oriented development, environmental justice issues, sustainable development standards, and neighborhood impact.
- Support energy conservation/energy efficiency activities.

Delaware:

- Extent proposal assists in revitalizing deteriorating neighborhood is one of 14 merit items.
- Use of Minority Business Enterprises (MBEs) and Women Business Enterprises (WBEs) is a standard policy for Delaware.

District of Columbia: Among twelve priority scoring issues are:

- Projects within ½ mile of Metro stations
- Projects proposed by or in partnership with tenant groups
- Preference for Net Zero Energy features

Florida:

- Incentives for green features, proximity to transit and other amenities (eg grocery stores)
- Preferences for projects with tenant selection plans that recognize and accept that ELI households are likely to have credit, income, and rental histories that may be a barrier to tenancy

Indiana: Projects must meet seven goals, four of which:

- Are energy-efficient
- Are linked to revitalizing neighborhoods
- Use state certified MBE, WBE, and Veteran-Owned Small Businesses

Kansas: Among eight broad selection criteria, one is priority based on the extent a project is located near essential services, transportation, and supportive services.

Kentucky:

- Points for projects that:
  - Redevelop vacant or foreclosed multifamily property
  - Adaptively reuse buildings
  - Construct new housing as part of a community revitalization project
- Projects in the Louisville metro area have additional “requirements”:
  - Rehab historic structures
  - Build on existing or emerging neighborhood anchors within ¼ mile of schools, grocery stores, or access to public transportation.
  - Louisville will prioritize projects that contribute to permanent revitalization of the area, repurpose vacant land, and that are close to employment centers.

Massachusetts:

- Encourages projects located near major transit or retail, that support neighborhood revitalization, or conform to sustainable development
- Preference for projects serving ELI households with multiple barriers such as poor credit, prior evictions, past criminal offenses, poor rental history, and multiple shelter placements

Michigan: One of eight criteria of equal consideration is proximity to amenities and the availability of support services.

Minnesota: Transit-oriented development and furthering community recovery is among eight priorities.

Missouri:

- MBE/WBE was discussed at three separate places (and was a bit confusing):
  - Encourages MBE/WBE
  - For developments with more than six units, the developer must set a minimum of 10% MBEs and 5% WBEs for both hard and soft costs.
  - Gives preference
- New construction must use sustainable building techniques.
- Rehabilitation projects must conduct energy audits.
- Seven factors are listed to determine a project's ability to provide transit-oriented development.
- Two of seven important factors are:
  - Projects that contribute to a concerted revitalization plan in a QCT (QCT is a LIHTC term: a Qualified Census Tract has a poverty rate of 25%, or has 50% of its households with income less than 50% AMI).
  - Project will create infill housing in an existing stable neighborhood.
- Preference for applications that are part of a redevelopment plan that has been approved by or adopted by a local government.

Montana: priority for projects:

- Located close to transit
- Within walking distance of employment centers, community centers, and educational facilities
- Containing green building and sustainable development features
- That are smoke-free
- Have broadband connectivity

New Mexico: Low priority for green building features (green building is recognized as a priority; therefore low priority is not bad)

Nevada:

- Points if project is located in an area covered by a state or local revitalization plan
- Project must have an overall energy efficiency rating equivalent to Energy Star

North Dakota: Properties must notify public housing agencies (PHAs) about vacancies and give priority to households on the local PHA waiting list who apply for occupancy at the HTF-assisted property.

Ohio: Recipients must consider mitigating criteria in deciding whether to select tenants for occupancy of a HTF-assisted unit. Mitigating criteria might include eviction history, lack of credit history, lack of proof of employment, or income that is less than three or more times the monthly cost of rent.

Oregon:

- One of five selection criteria categories is "Impact," which in turn has seven items including "location efficiency" which considers walkability, food access, medical access, public transit, and education opportunities.
- A second selection criteria is "Preferences," which in turn has two items, one of which is energy efficiency.
- A third selection criteria is "Recipient Capacity," which in turn has three items, one of which is the use of MBEs and WBEs.

Pennsylvania: Priorities include proximity to transit, energy efficiency, and sustainable development.

Rhode Island:

- Using green or sustainable design is worth 10 points out of 125.
- One of three "medium priority" items is providing homes for one- or two-person households (medium priority is worth up to 25 points out of 125).
- Evidence of community and/or resident participation in project planning or execution is worth 5 points out of 125.
- To the maximum extent possible, all procurement will award HTF to MBEs/WBEs.

South Dakota:

- Properties must notify a PHA about the project and about vacancies after lease up.
- Projects are encouraged to include energy efficiency systems and second bathrooms for three- and four-bedroom units.
- 30 points (out of 1,020) for projects in QCTs that contribute to concerted revitalization.
- 10 points (out of 1,020) for participation by MBEs/WBEs.

Tennessee: Will evaluate projects based on access to community services such as education, transportation, recreation, and medical and support services.

Vermont: Thirteen items are listed under "Merit," including Energy Star level, close proximity to public transportation, and redevelopment of foreclosed multifamily properties and historic structures.

Virginia: Projects will receive points for green building, universal design, exceeding Section 504 disability accessibility requirements, and access to community-based services.

Wyoming: Points for giving preference to those on public housing waiting list

Merit Not Mentioned

California, Colorado, Delaware, Georgia, Hawaii, Idaho, Illinois, Louisiana, Maryland, Mississippi, Nebraska, New Hampshire, New Jersey, New York, North Carolina, Ohio, Oklahoma, South Carolina, Utah, Washington, West Virginia, Wisconsin

NLIHC-CREATED CATEGORIES OF MERITORIOUS FEATURES

Environmental Features

Alaska: 28 points (out of 228) for maximizing energy efficiency

Arizona: Sustainable development (energy and water efficiency) is one of eight priorities.

Connecticut: Projects with transit-oriented development, environmental issues, and sustainable development standards are priority considerations, as are projects that support energy conservation/energy efficiency activities.

District of Columbia: Net Zero Energy is one of twelve priority scoring issues.

Florida: Has incentives for green features.

Indiana: Energy-efficiency is one of seven goals a project must meet.

Massachusetts: Conforming to sustainable development is encouraged.

Missouri: Sustainable building techniques must be used for new construction, and energy audits must be conducted for rehabilitation.

Montana: Green building and sustainable development features are given priority.

Nevada: An overall energy efficiency rating equivalent to Energy Star is required.

New Mexico: Green building features give a project low priority (in context, "low" is good because green building features are recognized as a priority, even if the level of priority is low).

Oregon: Energy efficiency is among preferences in the list of selection criteria.

Pennsylvania: Energy efficiency and sustainable development are included in a list of priorities.

Rhode Island: Using green or sustainable design is worth 10 points out of 125.

South Dakota: Energy efficiency systems are encouraged.

Vermont: Energy Star level is one of 13 items listed under "Merit".

Virginia: Green building features are awarded points.

Transit-Related Features

Arizona: Proximity to transit, employment, services, and amenities is one of eight priorities.

Connecticut: Transit-oriented development is one of four priority considerations.

District of Columbia: Location within ½ mile of a Metro station is among twelve priority scoring issues.

Florida: Provides incentives for proximity to transit and other amenities (such as grocery stores).

Massachusetts: Projects located near major transit is encouraged.

Minnesota: Transit-oriented development is among eight priorities.

Missouri: The state lists six categories of merit, one of which is transit-oriented development. Missouri lists seven factors that it will consider to determine a project's ability to provide transit-oriented development.

Montana: Location close to transit is a priority.

Oregon: One of five selection criteria categories is "Impact," which in turn has seven items including "location efficiency" comprised of five elements, one of which is public transit.

Pennsylvania: Proximity to transit is one of several priorities.

Vermont: Close proximity to public transportation is one of 13 items listed under "Merit".

Neighborhood Impact Features

Connecticut: Projects located in a neighborhood identified in a neighborhood revitalization strategy is one of four priority considerations.

Delaware: Extent a proposal will assist in revitalizing a deteriorating neighborhood is one of 14 merit items.

Indiana: Projects must meet seven goals, one of which is being linked to revitalizing neighborhoods.

Kentucky:

- Points awarded for projects that:
  - Redevelop vacant or foreclosed multifamily property.
  - Adaptively reuse buildings.
  - Are new construction as part of a community revitalization project.
- Projects in the Louisville metro area have additional considerations:
  - Rehabilitation of historic structures.
  - Build near existing or emerging neighborhood anchors within ¼ mile of a school, grocery stores, or access to public transportation.
  - Louisville will prioritize projects that contribute to permanent revitalization of an area, repurpose vacant land, and are close to employment centers.

Massachusetts: Encourages projects that support neighborhood revitalization.

Minnesota: Furthering community recovery is among eight priorities.

Missouri:

- Two of seven important factors are:
  - Projects that contribute to a concerted revitalization plan in a QCT (QCT is a LIHTC term: a Qualified Census Tract has a poverty rate of 25%, or has 50% of its households with income less than 50% AMI).
  - Project will create infill housing in an existing stable neighborhood.
- There is a preference for applications that are part of a redevelopment plan that has been approved by/ adopted by a local government.

Nevada: Points awarded if project is located in an area covered by a state or local revitalization plan.

South Dakota: 30 points (out of 1,020) for projects in QCTs that contribute to a concerted revitalization effort.

Vermont: Redevelop foreclosed properties, and existing housing in historic structures, are two of 13 "merit" factors.

Located Near Essential Services

Florida: Provides incentives for projects close to amenities such as grocery stores.

Kansas: Extent a project is located near essential services is one of eight broad selection criteria.

Kentucky: One of several considerations specific to projects in Louisville is projects that are to be built near existing or emerging neighborhood anchors within ¼ mile of schools, grocery stores, and access to public transit.

Massachusetts: Encourages projects located near retail, among other features.

Michigan: One of eight criteria of equal consideration is proximity to amenities and the availability of support services.

Montana: Gives priority to projects within walking distance of employment centers, community centers, and education facilities – along with four other priority categories.

Oregon: One of five selection criteria categories is "Impact," which in turn has seven items including "location efficiency," which is comprised of five elements, including walkability, food access, medical access, and education opportunities.

Tennessee: Will evaluate projects based on access to community services such as education, recreation, transportation, and medical and support services.

Addressing Minority Business Enterprises (MBES) And Women Business Enterprises (WBES)

Delaware: Use of MBEs and WBEs is a standard policy for Delaware.

Indiana: Projects must meet seven goals, one of which is using state-certified MBEs, WBE, and Veteran-Owned Small Businesses.

Missouri: MBEs and WBEs are discussed at three separate places (and is a bit confusing)

- Encourages MBEs/WBEs.
- For developments with more than six units, the developer must set a minimum of 10% MBEs and 5% WBEs for both hard and soft costs.
- Gives preference.

Oregon: Use of MBEs and WBEs is one of 18 selection criteria.

Rhode Island: To the maximum extent possible, all procurement will award HTF to MBEs/WBEs.

South Dakota: 10 points (out of 1,020) for participation by MBEs and WBEs.

Wyoming: The state will encourage general contractors to solicit bids from MBEs/WBEs.

Addressing Barriers To Tenancy

Florida: Will give preferences for projects with tenant selection plans that recognize and accept that ELI households are likely to have credit, income, and rental histories that may be a barrier to tenancy.

Massachusetts: Will give preference for projects serving ELI households with multiple barriers such as poor credit, prior evictions, past criminal offenses, poor rental history, and multiple shelter placements.

Ohio: Recipients must consider mitigating criteria in deciding whether to select tenants for occupancy of a HTF-assisted unit. Mitigating criteria might include eviction history, lack of credit history, lack of proof of employment, or income that is less than three or more times the monthly cost of rent.

Public Housing Waiting Lists

Alaska: Will give 1 point for projects that will give preference to households on a public housing waiting list.

North Dakota: Properties must notify public housing agencies (PHAs) about vacancies and give priority to households on the local PHA waiting list who apply for occupancy at the HTF-assisted property.

South Dakota: Properties must notify the public housing agency about the project and about vacancies after lease up.

Wyoming: Gives points for projects giving preference to those on a public housing waiting list.

Miscellaneous Other Merit Factors

Alabama: Deducts points for projects that have negative neighborhood characteristics, such as being next to railroad tracks or junk yards.

Alaska: Up to 15 points could be awarded if a project is located in an area with a vacancy rate less than 4%.

Arkansas: Deducts points for projects that have negative neighborhood characteristics.

District of Columbia: Has a preference for projects proposed by or in partnership with tenant groups.

Montana: Gives priority to projects that are smoke-free or that have broadband connectivity.

Rhode Island:

- One of three "medium priority" items is providing homes for one- or two-person households (Medium priority is worth up to 25 points out of 125).
- Evidence of community and/or resident participation in project planning or execution is worth 5 points out of 125.

South Dakota: Projects are encouraged to include second bathrooms for three- and four-bedroom units.

States That Did Not Directly Articulate "Merit"

Twenty-one states did not explicitly use the term "merit" to indicate features that they would weigh when considering which projects to fund. However, most states indicated that they would give priority to or only fund projects that addressed populations that have special needs, such as households experiencing or threatened with homelessness and households with a disabled member. See the separate discussion about special needs in the summary and in Appendix 5.

The 21 states that did not explicitly use the term "merit" include: California, Colorado, Georgia, Hawaii, Idaho, Illinois, Louisiana, Maryland, Mississippi, Nebraska, New Hampshire, New Jersey, New York, North Carolina, Oklahoma, South Carolina, Utah, Washington, West Virginia, Wisconsin.

APPENDIX 5: TARGET POPULATIONS

TARGET POPULATION: SPECIAL NEEDS

Alaska:

- One of ten "priorities" is Special Needs Populations, which includes people with mental or physical disabilities and homeless people.
- A "threshold" requirement for all projects with 20 or more units is that 5% of the units must be set aside for special needs populations.
- Out of a maximum of 228 points:
  - 5 points for the number of units exceeding the threshold number of special needs units
  - 1 point for preference for homeless people
  - 8 points for seniors
  - 2 points for veterans preference

California: (also see "Homeless")

- Serving homeless or special needs populations is a "merit".
- Projects with units dedicated to homeless or special needs populations get a "preference".
- One-half of the units will be used in the state's existing Veterans Housing and Homeless Program (VHHP).
- One-half of the units will be used in the state's existing Supportive Housing component of the Multifamily Program (SHMHP).

Florida: (also see "Homeless")

- Homeless or special needs housing get a "preference".
- Projects must have a memorandum of agreement with a special needs referral agency.

Idaho: (also see "Supportive Housing")

Highest unmet need is for special needs housing, which is for elderly and disabled people (but it is not clear that this will be the target population). Therefore, owners could designate a preference for elderly or disabled.

Missouri: (also see "Disability")

- Developments providing housing opportunities for persons with special needs are strongly encouraged. Developments committing to a special needs set-aside of no less than 10% of total units will receive a preference in funding.
- A person with special needs is a person who is: (a) physically, emotionally or mentally impaired or suffers from mental illness; (b) developmentally disabled; (c) homeless, including survivors of domestic violence and sex trafficking; or (d) a youth aging out of foster care.
- Applicants must submit documentation demonstrating they have obtained commitments from a Lead Referral Agency which will refer special needs households qualified to lease targeted units, and from local service agencies which will provide a network of services capable of assisting each type of special needs population defined above. A Lead Referral Agency is a service provider agency that will provide services to tenants and the community through the end of the affordability period. The Lead Referral Agency should demonstrate the ability to serve the targeted special needs population.
- Service-enriched housing will be given preference.

Montana: (also see "Disability")

- Preference to homeless, disabled, and elderly
- Merit for serving homeless, disabled, and elderly

Nebraska:

- The state's Permanent Housing Set-Aside will receive 56% of the HTF for permanent housing projects for those who are homeless and those at risk of homelessness, and other special needs populations.
- The state's CRANE Set-Aside will receive 19% of the HTF, giving special preference for special needs populations that include those with physical or mental disabilities, substance abuse issues, or that are homeless. At least 25% of the units in a CRANE project must serve individuals with special needs.
- The state's Targeted Needs Set-Aside Pilot will receive 26% of the HTF to develop smaller projects in areas of the state with shortages of housing for those in the targeted needs population. The state does not give specifics about the targeted needs population other than "children aging out of foster care" and other ELI households with shortages of stock.

New Hampshire:

- Majority of HTF will be distributed through a specific request for proposals (RFP) within the state's Special Needs Housing Program. Projects must benefit those who need housing combined with services, including chronically homeless, homeless families, families with disabled members, veterans, and housing for persons with substance abuse disorder.
- 2017 QAP awards points for projects reserving 10% or more of their units for those who are homeless, at risk of homelessness, or veterans.
- One of two application tracks is Special Needs, which gives priority to projects serving chronically homeless. Other potential groups are: homeless families, families with disabled members, veterans, and housing for persons with substance abuse disorder. (Other track is LIHTC.)

New Jersey:

- Targets projects in which 100% of units will serve special needs populations and have a supportive services plan.
- For the first year, additional points given to projects in which 100% of units will serve the re-entry population.

New Mexico: "Medium priority" includes the extent to which a project meets one of the following priority housing needs identified in the Consolidated Plan:

- elderly and frail elderly
- persons with severe mental illness
- persons with disabilities
- persons with alcohol and other addictions
- persons with HIV/AIDS
- victims of domestic violence
- homeless persons

North Dakota: See "Supportive Housing"

Oklahoma:

- Points awarded to projects serving special populations, including people who: are homeless, have mental or physical disabilities, are veterans, are youth aging out of foster care, are transitioning out of incarceration.
- Points awarded for access to supportive services focusing on staying housed.

Rhode Island:

- One of three "high priority" categories is "homeless and special needs populations in conjunction with supportive services". (High priority is worth up to 30 points out of 125.)
- Access to resident services and supports is worth 5 points out of 125 points.
- Projects addressing market/community need (including serving populations with special needs) can get 5 points out of 125 points.
- Will give preference to projects serving families or individuals experiencing homelessness or with special needs requiring supportive services.

Utah:

- Two points (out of unknown potential total) awarded for each unit set aside for elderly, disabled, or homeless people.
- If a project is specifically applying for special needs, it must indicate at least one primary service provider and agree to keep those units continuously occupied by the intended population.

Virginia: (also see "Disability")

- Priority given to projects that target special needs populations. These are projects that specifically target at least 20% of the total units to households with disabilities.
- Scoring preference given to projects that exceed minimum accessibility requirements and that target units specifically to special needs households.
- About half of the assisted units are anticipated to be targeted to special needs populations.

TARGET POPULATION: HOMELESS

Alabama: See "Veterans"

Alaska: See "Special Needs"

Arizona:

- Under "Eligible Activities" the state would only assist projects "in which all or a portion of units are set aside as permanent supportive housing for chronically homeless".
- Supportive services must be provided.
- A priority is the "extent and quality of service to chronically homeless".

Arkansas: See "Veterans"

California: (also see "Special Needs")

- Serving homeless or special needs populations is a "merit".
- Projects with units dedicated to homeless or special needs populations get a "preference".
- One-half of the units will be used in the state's existing Veterans Housing and Homeless Program (VHHP).
- One-half of the units will be used in the state's existing Supportive Housing component of the Multifamily Program (SHMHP).

Delaware: See "Supportive Housing"

Florida: (also see "Special Needs")

- Homeless or special needs housing get a "preference".
- Projects must have a memorandum of agreement with a special needs referral agency.

Illinois: See "Supportive Housing"

Indiana:

- One of seven goals is to serve homeless households.
- HTF will be offered exclusively to developments under the state's Housing First set-aside or for the integrated supportive housing scoring category in the Qualified Allocation Plan (QAP) required when using Low Income Housing Tax Credits (LIHTCs).

Iowa: QAP requires projects to dedicate the greater of four units or 10% of the low income units to homeless households.

Maine:

- Under "Selection Criteria," the second most important criteria is the degree to which a project serves homeless people.
- Applicants will receive scoring points for serving homeless people.

Massachusetts: Half of the HTF-assisted units will be reserved for those making the transition from homelessness. (Also see "Supportive Services")

Minnesota:

- Applications will be scored emphasizing state's priorities. The fourth priority is "Prevent and end homelessness through permanent supportive housing".
- State may use HTF in units targeted to or limited to households experiencing long-term homelessness or at risk of long-term homelessness.
- At an anticipated average per unit capital cost of $98,000 for supportive housing, state anticipates completing 22 units of housing that is affordable to ELI.

Mississippi:

- All HTF projects must address four priorities, the most salient being emphasis on preventing, reducing, and expanding permanent supportive housing for persons experiencing homelessness and persons with serious mental illness. 20% of total development units will be reserved for prioritized populations.
- Point incentive will be given to developers who designate 20% of the total development units for persons experiencing homelessness and persons with serious mental illness.

Missouri: See "Special Needs"

Montana:

- Preference given to homeless, disabled, and elderly.
- Merit for serving homeless, disabled, and elderly.
- $1 million designated for reducing homelessness.
- 4 of 9 units to be developed will be for reducing homelessness.

Nebraska: (also see "Special Needs" and "Disabilities")

- The state's Permanent Housing Set-Aside will receive 56% of the HTF for permanent housing projects for those who are homeless and those at risk of homelessness, and other special needs populations.
- The state's CRANE Set-Aside will receive 19% of the HTF, giving special preference for special needs populations that include those with physical or mental disabilities, substance abuse issues, or that are homeless. At least 25% of the units in a CRANE project must serve individuals with special needs.
- The state's Targeted Needs Set-Aside Pilot will receive 26% of the HTF to develop smaller projects in areas of the state with shortages of housing for those in the targeted needs population. The state does not give specifics about the targeted needs population other than "children aging out of foster care" and other ELI households with shortages of stock.

Nevada: (also see "Disabilities" and "Supportive Housing")

- HTF will be used to construct permanent supportive housing serving individuals who are homeless or chronically homeless and/or disabled who require supportive services.
- 25% of all units in a project must only serve individuals who are homeless or chronically homeless and/or disabled who require supportive services.
- 100% of all HTF-assisted units must serve individuals who are homeless or chronically homeless and/or disabled who require supportive services.

Project must provide supportive services outlined within a supportive services plan.

New Hampshire:

- Majority of HTF will be distributed through a specific request for proposals (RFP) within the state's Special Needs Housing Program. Projects must benefit those who need housing combined with services, including chronically homeless, homeless families, families with disabled members, veterans, and housing for persons with substance abuse disorder.
- 2017 QAP awards points for projects reserving 10% or more of their units for those who are homeless, at risk of homelessness, or veterans.
- One of two application tracks is Special Needs, which gives priority to projects serving chronically homeless. Other potential groups are: homeless families, families with disabled members, veterans, and housing for persons with substance abuse disorder. (Other track is LIHTC.)

New Mexico: See "Special Needs"

North Dakota: See "Supportive Housing"

Rhode Island:

- One of three "high priority" categories is "homeless and special needs populations in conjunction with supportive services". (High priority is worth 30 points out of 125.)
- Access to resident services and supports is worth 5 points out of 125 points.
- Will give preference to projects serving families or individuals experiencing homelessness or with special needs requiring supportive services.

Oklahoma: See "Special Needs"

Vermont:

- All applicants must describe plans and tools in place to have at least 15% of the units for homeless.
- Preference for creating permanent supportive housing (PSH) with rental assistance and support services for those who are homeless or at risk of homelessness.

Wisconsin: Properties designed to serve homeless households and/or veteran households requiring supportive services get 20 points (out of 85).

Wyoming: Awards extra points for efforts to house homeless…but the state does not anticipate any applicants because of the difficulty of penciling out the underwriting.

TARGET POPULATION: PEOPLE WITH DISABILITIES

Alabama: See "Veterans"

Alaska: See "Special Needs"

Arkansas: See "Veterans"

Colorado: See "Supportive Housing"

Delaware: See "Supportive Housing"

Florida: Provides incentives for accessible features.

Idaho: See "Special Needs" and "Supportive Housing"

Illinois: See "Supportive Housing"

Maine: The third level of priority is the number of newly accessible or adaptable units.

Mississippi:

- All HTF projects must address four priorities, the most salient being emphasis on prevention, reduction, and expansion of permanent supportive housing for persons experiencing homelessness and persons with serious mental illness. 20% of the total development units will be reserved for prioritized populations.
- Point incentive will be given to developers who designate 20% of the total development units for persons experiencing homelessness and persons with serious mental illness.

Missouri: (also see "Special Needs")

- All new construction must adhere to universal design principles.
- Rehabilitation projects must incorporate universal design in more units than the percentage of units that must be provided according to Section 504 disability accessibility.

Montana: (also see "Special Needs")

- Preference is given to homeless, disabled, and elderly.
- Merit for serving homeless, disabled, and elderly.
- Among eight priorities, one is willingness to include minimum visitability features including one zero-step entrance, one first floor wheelchair accessible bathroom, and first floor doorways of 35 inches or more.

Nebraska: (also see "Special Needs" and "Homeless")

- The state's Permanent Housing Set-Aside will receive 56% of the HTF for permanent housing projects for homeless and those as risk of homelessness, and other special needs populations.
- The state's CRANE Set-Aside will receive 19% of the HTF, giving special preference for special needs populations that include those with physical or mental disabilities, substance abuse issues, or that are homeless. At least 25% of the units in a CRANE project must serve individuals with special needs.
- The state's Targeted Needs Set Aside Pilot will receive 26% of the HTF to develop smaller projects in areas of the state with shortages of housing for those in the targeted needs population. The state does not give specifics about the targeted needs population other than "children aging out of foster care" and other ELI households with shortages of stock.

Nevada: See "Homeless"

New Hampshire: See "Special Needs" and "Homeless"

New Mexico: See "Special Needs"

North Carolina: High priorities that HTF will address include non-homeless households with special needs. HTF funds will be made available to eligible applicants in high-income counties in North Carolina, many of which are also counties that have the highest demand for people transitioning out of adult care homes to achieve community integration pursuant to North Carolina's *Olmstead* settlement agreement.

North Dakota: See "Supportive Housing"

Ohio: 20 points (out of 100) awarded if 100% of HTF units have Section 811 rent subsidy; 15 points if 50% of the units have Section 811 rent subsidy; 10 points if 25% of the units have Section 811 rent subsidy.

Oklahoma: See "Special Needs"

South Dakota: (also see "Supportive Housing")

- Projects are encouraged to incorporate seven design features, one of which is additional handicapped-adapted units, and one of which is an accessible bathroom on the main floor of townhouse units.
- Out of possible 1,020 points:
  - Up to 40 points awarded if 20%-25% of units have Section 811 rental assistance.
  - Up to 20 points awarded for projects with additional fully accessible units beyond federal requirements.

Tennessee: Among a long list of competitive factors:

- Applications that propose to set aside more than 20% of the assisted units for people with disabilities.
- Inclusion of universal design features.

Vermont: Thirteen items are listed under "Merit," including providing accessible or adaptable housing, and providing enriched services for people with disabilities.

Virginia: (also see "Special Needs")

- Priority given to projects that target special needs populations. These are projects that specifically target at least 20% of the total units to households with disabilities.
- Scoring preferences given to projects that exceed minimum accessibility requirements and that target units specifically to special needs households.
- Projects receive points for universal design and exceeding Section 504 disabled accessibility requirements.
- About half of the assisted units are anticipated to be targeted to special needs.

TARGET POPULATION: SUPPORTIVE HOUSING

Arizona: See "Homeless"

Colorado: Top funding priority is community-based supportive housing for people with disabilities or other special needs, with links to supportive services.

Connecticut: One of four "priority needs" is permanent supportive housing (other priorities include preservation, neighborhood revitalization, and underserved needs).

Delaware: Reserves a minimum of 20% of the state's HTF allocation for permanent supportive housing for chronically homeless people with disabilities. State estimates producing 10 units of supportive housing and 5 units of special needs housing.

District of Columbia: Prior to the HTF, DC has a threshold requirement that 5% of the units in any project be permanent supportive housing. HTF projects may gain priority points by creating additional PSH units than required by the threshold.

Idaho: State may create a set-aside for permanent supportive housing as part of a Continuum of Care (CoC) project. (also see "Special Needs")

Illinois: Out of five priority bullets:

- Permanent Supportive Housing.
- Assistance to cover Illinois' Statewide Referral Network units in LIHTC projects targeted to disabled or homeless people.
- If LIHTC is used, there is an incentive to set aside 10%-15% of the units for supportive housing populations (people with disabilities or who are homeless or at risk of homelessness).

Indiana: See "Homeless"

Massachusetts:

- Will use all of its HTF following the blue print of the state's Housing Preservation and Stabilization Fund (HPSTF) pilot from 2014, a supportive housing effort.
- Sponsors of multifamily projects with support services that include ELI units can apply for HTF, as well as MRVPs (state vouchers) and state bonds.
- Half of the HTF-assisted units will be reserved for those making the transition from homelessness.
- The state intends to award funds to entities with extensive experience and a strong track record in developing and operating housing with supportive services.
- Preference will be given to projects creating supportive housing for individuals and families facing multiple barriers to securing permanent affordable housing. Barriers include poor credit, prior evictions, past criminal offenses, poor rental history, and multiple shelter placements.
- Projects should have effective stabilization and case management, individualized service plan.

Minnesota:

- Applications will be scored emphasizing state's priorities. The fourth priority is "Prevent and end homelessness through permanent supportive housing".
- At an anticipated average per unit capital cost of $98,000 for supportive housing, state anticipates completing 22 units of housing that is affordable to ELI.
- State may use HTF in units targeted to or limited to households experiencing long-term homelessness or at risk of long-term homelessness.

Mississippi:

- All HTF projects must address four priorities, the most salient being emphasis on prevention, reduction, and expansion of permanent supportive housing for persons experiencing homelessness and persons with serious mental illness. 20% of the total development units will be reserved for prioritized populations.
- Point incentive will be given to developers who designate 20% of the total development units for persons experiencing homelessness and persons with serious mental illness.

Nevada: (also see "Homeless" and "Disabilities")

- HTF will be used to construct permanent supportive housing serving individuals who are homeless or chronically homeless and/or disabled who require supportive services.
- 25% of all units in a project must only serve individuals who are homeless or chronically homeless and/or disabled who require supportive services.
- 100% of all HTF-assisted units must serve individuals who are homeless or chronically homeless and/or disabled who require supportive services.

Project must provide supportive services outlined within a supportive services plan.

North Dakota: Out of a maximum of 179 possible points:

- Between 5 and 31 points:
  - Up to 11 points are available to properties that set aside between 10% and 15+% of units as permanent supportive housing for people with special needs, which includes frail elderly and those with mental illness, chemical dependency, physical disabilities, long-term homelessness.
  - 20 bonus points if the project is staffed 24 hours per day with service personnel.
- Up to 12 points awarded for having universal design.

Oklahoma: See "Special Needs"

South Dakota: (also see "Disability")

Out of 1,020 points:

- 10 points for new construction with assisted living or congregate care.
- Up to 25 points for service-enriched housing.

Vermont:

- Preference for creating permanent supportive housing (PSH) with rental assistance and support services for those who are homeless or at risk of homelessness.
- All applicants must describe plans and tools in place to have at least 15% of the units for homeless.

TARGET POPULATION: VETERANS

Alabama:

- Preference for projects that serve veterans who are homeless or at risk of homelessness or veterans with mental illness.
- Preference for projects that serve homeless and/or transitioning veterans, primarily in rural areas.
- 25 points out of 100
- 15 points for evidence of applicant's ability to serve homeless veterans
- Tie breaker: project closest to nearest VA facility

Alaska: See "Special Needs"

Arkansas: The same as Alabama except the preference points are out of a potential total of 90 points.

California: See "Homeless"

Michigan: Preference given to projects that create units for veterans.

New Hampshire: See "Homeless"

Oklahoma: See "Special Needs"

Nevada: QAP has a priority of increasing the availability of housing with supportive services, including for veterans. (see also "Supportive Housing")

Wisconsin: Properties designed to serve homeless households and/or veteran households requiring supportive services awarded 20 points (out of 85).

TARGET POPULATION: ELDERLY

Alaska: See "Special Needs"

District of Columbia: Projects that include units reserved for seniors is one a very long list of priorities.

Idaho: See "Special Needs"

Montana: See "Homeless"

New Mexico: One of seven needs identified in the Consolidated Plan that could get "medium" priority.

North Dakota: See "Supportive Housing"

Oklahoma: See "Special Needs"

Rhode Island: Elderly is one of three medium priorities. Medium is worth 25 points out of 125.

Utah: See "Special Needs"

Vermont: Thirteen items are listed under "Merit," including senior housing where there is a shortage, and providing service enriched housing for seniors.

TARGET POPULATION: UNIQUE CATEGORIES

Transitioning Out of Incarceration

Oklahoma: See "Special Needs"

New Jersey: See "Special Needs"

Children Aging Out of Foster Care

Massachusetts: See "Supportive Housing"

Missouri: See "Special Needs"

Nebraska: See "Homeless"

Oklahoma: See "Special Needs"

Domestic Violence/Sex Trafficking

Missouri: See "Special Needs"

New Mexico: See "Special Needs"

TARGET POPULATION: NOT DEFINITIVE

Idaho: Highest unmet need is for special needs housing, which is for elderly and disabled (but it is not clear that this will be the target population).

Kansas: Among eight broad selection criteria, proposals "may" provide housing for subpopulations such as elderly, disabled, domestic violence victims, youth aging out of foster care, people transitioning from institutions, homeless, etc.

Kentucky: State will be focused on projects serving special needs and elderly as well as those that preserve existing housing.

Louisiana: The notice of fund availability "may" reference other plans, such as plans to end homelessness or plans to comply with *Olmstead*. Out of five criteria, one is "merit". There are five bullets under "merit", one of which is "homelessness".

Oregon: Selection Criteria include Target Population: percentage of units dedicated to families with children, and special needs populations such as veterans, elderly, persons with disabilities, previously incarcerated, survivors of domestic violence.

Pennsylvania: Priority based on 10 things, one of which is serving special needs populations.

Texas: Allocation Plan says the state will limit or give preference, but does not list any; instead refers to Action Plan form 25 — which is not attached. Action Plan 2016 not available; Action Plan 15 lists a very broad range of 15 population characteristics.

APPENDIX 6: GEOGRAPHIC DISTRIBUTION

Alabama: Stressed rural areas and would give 5 points (out of 100) for projects in rural areas.

Alaska:

- Priority for projects located in "small communities", provide up to 21 points (out of 228).
- Offered up to 15 points if a project is located in an area with a vacancy rate less than 4%.

Arkansas: Stressed rural areas and would give 5 points (out of 90) for projects in rural areas.

Colorado: Would give priority to projects in rural areas.

District of Columbia: Targeted projects within ½ mile of transit.

Louisiana: During first year, would give preference to projects located in rural areas, in Delta Parishes, and in QCTs and DDAs (For the Low Income Housing Tax Credit Program, areas recognized by HUD as having a high percentage of low income households or high cost areas, respectively).

Minnesota: Geographic priority areas would be Tribal areas, transit-oriented development areas, areas with strong job markets or job growth, and economic integration areas with higher incomes.

Nebraska:

- $700,000 was set aside for a pilot project to develop smaller-scale projects in areas of the state that have shortages.
- $1.5 million was set aside for permanent housing for homeless people, split equally among the Omaha Continuum of Care (CoC), Lincoln CoC, and Balance of State CoC.

Oklahoma: Would provide bonus points for projects located in the Oklahoma City MSA and Tulsa MSA.

Rhode Island: 1 scoring point (out of 125) would be awarded if a project is in a community that has not yet met the state's goal of at least 10% of the housing stock being "affordable".

South Carolina: No more than one-third of the HTF would be awarded in each of the state's three geographic areas: Upstate, Midlands, Low Country.

South Dakota:

- Set aside $600,000 for housing on Indian Reservations.
- 10 points (out of 1,020) could be awarded for projects that have eight units or less.

Vermont: One of 14 "merit" factors was projects in tight housing markets with very low vacancy rates or with a high incidence of distressed housing.

Virginia: Would focus on areas with relatively low vacancy rates, limited available affordable units, accessibility needs, and/or the need to preserve existing affordable units.

Washington: One of six, generic unweighted criteria was geographic distribution, defined as "equitable distribution to rural and other underserved areas".

Wisconsin: Geographic diversity to get 5 points (out of 85-point base):

- Properties located in the Transform Milwaukee Area.
- Properties located in a High Need Area as defined in the WHEDA Qualified Allocation Plan for LIHTC.
- (Properties located in an area meeting the Rural Set-Aside definition for LIHTC program.)

  Note: Proposed changes to the WHEDA 2017-2018 QAP indicates a change in the name "High Need Area" to "Opportunity Zone," which would be:

  – Census tract with median income at or greater than the county median, or at or greater than 120% of the county median.
  – Census tract with unemployment rate at or less than the national average, or at or less than 70% of the national average.
  – In a school district in the top 25% of the state's overall accountability score.
  – In Tribal lands.
  – Have access to services and amenities (list includes full service grocery stores, job-training facility, etc.)

Wyoming: State had a Small Rural Set-aside for a portion of the HTF ($700,000) to support housing projects with 24 or fewer units in towns with a population of less than 12,000 that are not within 20 miles of another town with a population greater than 12,000.

APPENDIX 7: LEVERAGING

The HTF statute requires Allocation Plans to give priority in awarding HTF dollars to proposals based on six factors, one of which is the extent to which an application makes us of other funding sources. The interim HTF regulation refines this factor to the extent to which an application makes use of non-federal funding. Many states simply quote the interim rule in their draft Allocation Plans.

States that offer more information are presented here, whether discussing non-federal or other federal sources.

Alabama: Offers additional points depending on the amount of non-federal funds loaned or granted. Out of a 100 point system, a proposal may receive:

- 25 points if it leverages $350,000 or more per unit
- 15 points if it leverages $175,000 - $350,000 per unit
- 10 points if it leverages $100,000 - $175,000 per unit

Alaska: Up to 28 points (out of 228) can be secured under the joint LIHTC/HOME/HTF GOAL process (see LIHTC appendix) for non-GOAL contributions to a proposed project:

- Up to 4 points for projects providing a written commitment for non-GOAL funding sources
- Up to 10 points based on the net percentage of GOAL program funds to appropriate Project Cost Standard (an Alaska provision that varies depending on housing costs in a given area)
- Up to 14 points based on the relationship between total project costs and the applicable Project Cost Standard

Arkansas: Offers additional points depending on the amount of non-federal funds loaned or granted. Out of a 100 point system, a proposal may receive:

- 25 points if it leverages $350,000 or more per unit
- 15 points if it leverages $175,000 - $350,000 per unit
- 10 points if it leverages $100,000 - $175,000 per unit

California: To leverage HTF with state funds in an administratively efficient manner, HTF will be paired with one or more state programs in a joint NOFA. The paired program(s) may be historically successful state programs such as the Veterans Housing and Homelessness Program (VHHP), the Supportive Housing component of the Multifamily Housing Program (SHMHP), or program funds that are approved through the state's current budget process. Under a joint NOFA, HTF requirements will be followed, and the application evaluation criteria of the companion program will be utilized, along with HTF evaluation criteria, to rate applications.

Proposals will receive extra points (not to exceed 20% of an unknown amount of available points) if the project already has federal funds, such as HOME.

Connecticut: Will use HTF in combination with state bond funds, federal HOME and Section 811 funds.

District of Columbia: HTF will be leveraged with the local Housing Production Trust Fund, Department of Behavioral Health Grant Fund, Local Rent Supplement Program, and Department of Human Services Supportive Services funds. The draft Allocation Plan also cites federal sources such as LIHTC, HOME, CDBG, and HOPWA.

Hawaii: Up to 10 points (out of 100) will be awarded based on the extent non-federal funds are tied to a proposed project.

Louisiana: Governmental support reduces project development costs by providing CDBG, HOME, or other governmental assistance/funding in the form of loans, grants, rental assistance, or a combination of these forms, or by:

- Waiving water and sewer tap fees
- Waiving building permit fees
- Foregoing real property taxes during construction
- Contributing land for project development
- Providing below market rate construction and/or permanent financing
- Providing an abatement of real estate taxes, PHA contributions, or other governmental contributions

Maine: The third highest priority for considering applications for HTF money is:

The extent to which the application makes use of non-federal funding sources. Applicants will be evaluated on the quantity, quality, and timeliness of leveraged non-federal funding (other than market rate loans and other MaineHousing resources) that will be committed to the proposed project.

Maryland: In allocating HTF Funds, the state will provide priority to projects that leverage non-federal funding sources, such as equity raised from the sale of LIHTCs as well as loans funded from the proceeds of tax-exempt bonds.

Missouri: Preference in funding will be extended to applicants proposing developments that utilize contributions or financial support from owners, general partners, or that or otherwise derived from non-federal sources. Such financial support may be donated cash, real estate, labor, materials, abatement of local taxes, fee waivers, or other items that result in the reduction of development costs and reduced need for federal subsidy or funding.

Nevada: Pursuant to Sub-section 14.4.6 – *Affordable Housing Incentive* under Section 14 *Project Scoring* (in the QAP), a maximum of 8 points will be awarded based on the level of additional resources and funding leveraged by LIHTCs or effective use of conventional financing. Additional contributions may include land donations and funding commitments made by local governments, nonprofit organizations, and private businesses.

New Mexico: Use of non-federal funding sources is one of only three "high priority" items

North Dakota: Points will be awarded to applicants who provide signed, firm commitments for contributions or incentives from state or local government, private parties, and/or philanthropic, religious, or charitable organizations. Points are not available to entities with an identity of interest or those with a significant role in the property (e.g. contractors, accountants, architects, engineers, consultants, etc.). Not eligible as sources of leverage are interest bearing loans to the project, LIHTCs, HOME, CDBG, NAHASDA, or any other federal source of funding.

- Leverage of at least 50% of total development cost – 20 points (out of possible total of 179 points)
- Leverage of at least 40% of total development cost – 15 points
- Leverage of at least 30% of total development cost – 10 points
- Leverage of at least 20% of total development cost – 5 points

Ohio: Out of a 100-point competitive ranking system:

- Affordability Leveraging:
  - 20 Points – Commitment of one of the following subsidies for 100% of HTF-assisted units:
    - Section 8 or Rural Development Rent Subsidy
    - New units with 811 Rent Subsidy
    - Other local, state, or federal subsidy as determined by OHFA that limits tenant rental contribution to 30% of gross household income
  - 15 Pts – Commitment of one of the above subsidies for at least 50% of total HTF units in the development
  - 10 Pts – Commitment of one of the above subsidies for at least 25% of total HTF units in the development

- Local Leveraging: 10 Points
  - 5 Pts – >50% financing is from non-federal sources
  - 5 Pts – Project does not request OHTF/HOME HDAP

Rhode Island: Gives 15 points (out of 125) for leverage: 10 points for diversified sources of investment (total investment of federal versus state and private funding), and 5 points for making use of property owned, held, or controlled by the state or federal agencies.

South Carolina: Leveraged funding sources are non-federal, non-Authority funding sources. The appraised value of land that has been owned by the applicant for less than one year can be used as a leveraged funding source. From 1 to 10 points will be awarded: leveraged funding sources equaling 1% of total development cost (TDC) earns 1 point, leveraged funding sources equaling 2% of TDC earns 2 points, etc.

South Dakota: 25 points (out of possible 1,020) awarded if proposal contains local government or private incentives including cash, in-kind services, tax abatements, or other private or foundation assistance.

Tennessee: Points will be awarded based on the percentage of non-federal funds in the project against total development costs of the project.

Texas: The proportion of leveraged, non-federal sources in relation to HTF funds will be part of the scoring criteria. Applications with the highest proportionate leverage will have an advantage in scoring.

Virginia: Applications are evaluated based on the degree to which the requested funds are needed in a project, the degree to which other funding commitments are in place, and the degree to which these funds will help to leverage other resources. Projects that leverage a diversity of resources will be given a scoring preference.

West Virginia: The state anticipates developers will leverage HTF funds with LIHTCs.

Wisconsin: Out of an 85-point scoring system, 25 points for the extent to which the application makes use of non-federal funding sources. One point awarded for each 2% of the total development budget to be paid by non-federal funding sources.

APPENDIX 8: USING HTF WITH LIHTC, HOME, OR OTHER STATE PROGRAMS

The following draft HTF Allocation Plans specifically discuss a state's intent to tie the HTF to its Low Income Housing Tax Credit (LIHTC) program and/or other state programs.

Alaska: HTF will be allocated through a single annual application for the LIHTC, HOME, and Alaska Senior Citizens Housing Development Fund through the state's GOAL program. The draft HTF Allocation Plan was the GOAL Rating and Award Criteria Plan dated May 25, 2016, essentially a 54-page set of instructions to potential applicants for LIHTC, HOME, SCHDF, and HTF funds (with only two minor references to HTF).

Arizona: HTF will be distributed through:

1. The LIHTC process in accordance with the criteria outlined in the most recent Qualified Allocation Plan (QAP); or
2. A Request for Proposals (RFP) process in general conformance with the point scoring, threshold, and underwriting criteria outlined in the most recent QAP.

Delaware: HTF will be distributed through the application, approval, draw, construction, and monitoring processes in place for the state's Housing Development Fund (HDF) and LIHTC programs. 80% of the state's HTF allocation will be awarded in coordination with the HDF and LIHTC programs.

Florida: HTF will be blended with other program financing such as LIHTCs to finance properties that include HTF units. HTF will be offered in tandem with other financing, such as LIHTCs.

Georgia: HTF funds will be provided outside of the LIHTC round through a compliance-based grant. If there are an insufficient number of eligible applicants through the NOFA, then the funds would be utilized in the subsequent LIHTC funding round. The HTF funds that are used in the LIHTC round will be deployed as a low-interest loan similar to DCA HOME funds.

Illinois: IHDA will use its Multi-Family "Common Application" as the major application format for HTF rental housing projects, the same one used for the LIHTC and HOME programs, along with supplemental information required by program rules.

Indiana:

- This program is designed to allocate HTF funds as gap financing in conjunction with LIHTCs (Indiana uses the name "Rental Housing Tax Credits" [RHTCs]) to be used for supportive housing.
- The HTF will be offered exclusively to developments that are eligible under the Housing First set-aside, or for the integrated supportive housing scoring category under the 2016/2017 QAP for the RHTC. To be eligible to submit an HTF supplemental application, a proposed project must meet all threshold requirements of the QAP, including the specific threshold requirements applicable to supportive housing developments. All HTF funds will be awarded as gap/supplemental financing for RHTC supportive housing developments.
- Per the QAP, 10% of available annual RHTCs will be set aside for supportive housing developments that further the creation of community-based housing that targets extremely low income (ELI) households with intensive service programs that have a direct impact on reducing homelessness through the Housing First model.

Iowa: HTF will be used in conjunction with LIHTCs or made available through a stand-alone HTF allocation round. HTF funds will be allocated on a competitive basis and may be paired with proposed LIHTC projects as applicable. Iowa believes that the components of the HTF program compliment Iowa's existing LIHTC priorities. Projects are eligible for a basis boost depending on the number of units elected to serve households with income less than 30% AMI.

Eligible applicants will be required to meet the LIHTC and HOME eligibility criteria. The needs of ELI renters are a high priority for IFA. The 2016 QAP included a provision that awarded a basis boost to projects that had a certain percentage of units that served households under 30% AMI. To ensure the units will continue to serve ELI households, IFA's Compliance team requires projects to recertify tenants' income annually. The 2016 QAP also included a Homelessness Set-Aside, requiring a project to dedicate the greater of four units or 10% of their low income units to persons experiencing homelessness. Both the basis boost and the Homelessness set-aside are also included in the 2017 draft QAP. Applications will be evaluated in accordance with need and scoring criteria that emphasizes other state priorities as outlined in IFA's 9% QAP.

Kansas: Applications will be made available in the fall of 2016, and must be received, complete, and with all supporting documents, by 4:30 PM on Friday, February 3, 2017, in conjunction with the applications for LIHTC and HOME Rental Development funds. The application for funding will closely follow the application for HOME Rental Development, except that when a project is proposed to include HOME and/or LIHTC, a shorter supplemental application will be acceptable for HTF funds.

Kentucky:

- HTF funds will be allocated in conjunction with LIHTCs and Tax Exempt Bonds.
- Projects funded under the HTF will be those that receive LIHTC and Tax Exempt Bond financing.
- Eligible recipients will be multifamily housing developers who meet a minimum score of 60 on KHC's capacity scorecard and who meet the criteria for successful applications for funding for new construction or rehabilitation of affordable multifamily projects in Kentucky. Application submissions will be in response to the 2016 Gap Financing and Tax Exempt Bond NOFA (and any successor notice in the event that HTF funds remain unallocated).
- KHC supports development teams that have experience with tax-exempt bonds. Because of the complicated nature of the 4% Bond programs, KHC is seeking experienced partners/teams. Points will be awarded to respondents demonstrating substantial experience utilizing tax exempt bond financing for the development or preservation of affordable rental housing within the past five years. Points will be awarded to respondents who provide a signed engagement letter with a placement agent or bond underwriter who: has participated in at least one tax-exempt bond issued by KHC within the previous five years; or acted as a lender in connection with any KHC multifamily project within the previous five years and is able to act as an underwriter or placement agent in connection with the tax-exempt bonds.

Louisiana:

- LHC will prepare a NOFA which may also include the QAP that will describe in detail eligible applicants and activities, what an application must include, when and where applications are to be submitted, and the criteria by which applications will be evaluated.

- HTF funds will be distributed statewide along with LIHTCs. HTF funds will be awarded on a competitive basis to projects that address the criteria outlined in the Allocation Plan, the priority housing needs identified in the state's ConPlan, and the priorities established in the QAP.
- LHC staff will recommend HTF awards to the LHC Board of Directors at one of its regularly scheduled monthly meetings following the process established in the QAP for awarding LIHTCs.
- Application Requirements and Selection Criteria:
    a. Funds allocated annually to the state shall be awarded to eligible applicants through a formal NOFA application process. Submission requirements for project applications will be developed annually by LHC for a joint application for both HTF and LIHTC funding.
    b. Funds will be awarded according to the Act, federal regulations and guidelines, and the final approved QAP.

Maine: The majority of HTF resources will be distributed through a specific RFP process; any remaining funds may be requested through MaineHousing's Rental Loan Program. The 2017 QAP for LIHTCs awards a point for applicants who agree to accept an HTF allocation.

Maryland: HTF funds will be used in conjunction with and to complement on-going DHCD housing programs to leverage other project funding, make projects financially feasible, and increase the number of ELI households served in state-funded projects. HTF funds may be used in projects utilizing Rental Housing Funds Program, (RHFP), LIHTC, Multifamily Bond Program (MBP), Shelter and Transitional Housing Grant Program (STHGP) and any other programs administered by DHCD. HTF may also be used with projects receiving non-DHCD housing program funds such as other state, federal, local/public or private sources. HTF funds may be requested by a sponsor as part of a project application, or DHCD staff may, in consultation with a sponsor, propose the use of HTF funds during project review and underwriting.

Massachusetts: The HTF offers DHCD the opportunity to award capital dollars to produce deeply affordable units in combination with other resources to help fund services for new HTF residents. DHCD has the ability to help fund these support services through the state's rental voucher program, known as MRVP (Massachusetts Rental Voucher Program). The DHCD plans to set aside 100 MRVP vouchers to support newly-funded HTF units. Each voucher will include up to $1,500 annually in service funding for these units.

In 2014, DHCD piloted a supportive housing initiative with funds provided by the Massachusetts Legislature through a program called the Housing Preservation and Stabilization Trust Fund (HPSTF). Since 2014, DHCD has awarded HPSTF monies on a competitive basis to qualified sponsors who are using the funds to develop 500 units of supportive housing. The HPSTF model has been highly successful, and it has provided DHCD with a useful blueprint to follow as the DHCD allocates HTF in its first year. In 2016, DHCD will allocate its HTF monies through a process similar in many ways to DHCD's HPSTF allocation process.

Given the cost of producing or preserving deeply affordable units in Massachusetts, HTF will not be sufficient as a standalone source for projects. To augment the HTF monies, the state will provide DHCD with at least $5 million per year in additional state bond funds over the next few years for the sole purpose of producing or preserving more supportive housing. This commitment from the state will greatly enhance the efficacy of the HTF monies in 2016. The additional state funds, coupled with HTF, will permit DHCD to hold a competition in 2016 for supportive housing projects.

Michigan: The state anticipates units financed with HTF will be integrated into general occupancy, affordable housing properties serving family and elderly households that are financed using MSHDA tax-exempt or taxable bond products, LIHTCs, or federal historic tax credits.

Mississippi: MHC will give higher preference to applicants who incorporate significant funding from other sources such as LIHTC and other federal and local housing programs. Competitive applications will be reviewed and underwritten based on the selection criteria of the QAP and HTF policies and procedures.

Missouri:

- A NOFA will describe application due dates and the types and amounts of funding available, which may include LIHTCs, HOME, MHDC Fund Balance, and HTF funds. MHDC will accept applications for its main NOFA once per allocation year, but may issue subsequent NOFAs if deemed appropriate.
- All submitted applications that make it to the competitive review stage will be evaluated by MHDC staff using selection criteria that incorporate both the federal preferences and selection criteria as described in the Internal Revenue code for the LIHTC program.

Nebraska: The state will reserve $600,000 of its annual HTF allocation for affordable rental, multifamily projects in coordination with the Nebraska Investment Finance Authority (NIFA) through the joint DED/NIFA application for LIHTC applications within the Collaborative Resource Allocation for Nebraska (CRANE) application cycle. Preference in CRANE is for properties serving special needs populations; at least 25% of the units must serve individuals with special needs.

Nevada:

- HTF will be awarded to recipients on a competitive basis in conjunctions with the NHD QAP.
- Selection of projects to be funded in part with HTF will mirror NHD's QAP Section 8 *Set-Aside Account Allocations*, specifically Sub-section 8.1.4 *Supportive Housing Set-Aside* and Appendix-A *Supportive Housing Set-Aside Criteria*, which govern conflicts arising within the QAP. The draft Allocation Plan has citations to the QAP for every aspect of the HTF Allocation Plan.
- Nevada's draft Allocation Plan continues for about one and a quarter page detailing "Additional Requirements as Outlined within the QAP" (citing eight QAP locations), "Pre-Scoring Threshold Requirements in Section 13 of the QAP (citing 14 QAP locations), and "Project Scoring in Section 14 of the QAP" (citing 16 QAP locations).

New Hampshire:

- The majority of HTF resources will be distributed through a specific RFP process within the Special Needs Housing Program. Applicants may request HTF and other subsidies for use in LIHTC projects through New Hampshire Housing's traditional Multifamily Rental Housing Financing Application process. The 2017 QAP for LIHTC awards points for projects that reserve at least 10% of the units for ELI households, as well as points for projects reserving 10% or more of their units for homeless, those at risk of homelessness, or veterans.
- Projects blending some HTF units into a LIHTC project will utilize New Hampshire Housing's Multifamily Rental Housing Financing Application used for all projects seeking LIHTCs and various forms of capital subsidy from New Hampshire Housing, including HOME, the State Affordable Housing Fund, and other subsidy as needed.

New York:

- HFA will restrict the use of HTF as a source of subsidy for new construction of eligible multifamily rental projects financed by HFA tax-exempt bonds.
- Projects are expected to meet, at a minimum, the normal tax-exempt bond and LIHTC low income set-aside requirements.

North Carolina:

- By linking HTF to the LIHTC program, the state will maximize leveraging from both public and private sources.
- HOME and HTF will help finance loans through NCHFA's Rental Production Program used in conjunction with LIHTC, state-appropriated funds, and other private and local funding.
- NCHFA will utilize the application process and eligibility requirements described in North Carolina's QAP.
  - The QAP will describe in detail, applicant eligibility, eligible activities, what an application is to include, when and where applications are to be submitted, the criteria by which applications will be evaluated, who will review the applications, and when awards are to be made.
  - The QAP will indicate what the state has determined to be the priority housing need(s) it intends to address based on the outcome of its HTF citizen participation process and priority needs indicated in its current ConPlan.
  - The QAP will require at least 25% of the qualified low income units in a proposed tax credit project be affordable to and occupied by households with income at or below 30% of county median income in order to be eligible to receive HTF funds.
- The State will distribute HTF funds by selecting applications submitted by eligible recipients according to the process described in the state's QAP.

North Dakota: Projects that have received, or are applying for federal LIHTCs in a pending application round, will receive 20 points (out of possible total of 179 points). Projects which applied for, but are not awarded LIHTCs in the current pending application round are ineligible for points under this category.

Ohio:

- All programmatic funds will be distributed through OHFA's existing Housing Development Assistance Program. OHFA anticipates the following subcategories of HTF assistance will be issued through HDAP:
  - $2,000,000 Bond Gap Financing (BGF).
  - $1,366,520 Housing Development Gap Financing (HDGF).
- Applicants must meet all eligibility criteria for an HDAP award through the Ohio Housing Trust Fund (OHTF) or HOME program; however, applicants are not required to obtain OHTF or HOME funding in order to qualify for a HTF award. OHTF/HOME HDAP sections of the application will be scored before HTF.
- If there are insufficient qualifying applications to commit the full HTF award through BGF or HDGF, any remaining funds will be distributed through the Housing Credit Gap Financing program.

Oregon:

- Due to the allocation schedule, the 2016 HTF allocation will be included in both the 2017 9% LIHTC NOFA and 2017 HOME NOFA anticipated to be issued in January 2017. HTF received in subsequent years will generally be allocated through the OHCS annual NOFA process.
- These new funds will be allocated through the established competitive NOFA process currently utilized by OHCS to allocate LIHTC and HOME funds.
- Projects are selected based on criteria published in the NOFA, as well as the QAP.

Pennsylvania:

- This Action Plan will be disseminated in accordance with the parameters of the state PHARE process [the state HTF].
- PHFA expects to provide funding to rental housing properties which are also supported through the federal LIHTC Program and/or other federal funding sources. PHFA will follow many of the priorities and preferences set forth in the LIHTC Allocation Plan for allocating HTF resources.
- Priority may be given to applications for developments which have received LIHTCs, have not been placed in service, and increase the number of units set aside for ELI tenants.
- PHFA has identified its priority housing needs and has developed the LIHTC Allocation Plan to specifically address those needs. Preferences will be given to projects which best meet the LIHTC Allocation Plan.
- Applicants must meet the LIHTC Allocation Plan, PHARE, and all requirements set forth in the HTF interim rule to be eligible for funding under the Action Plan. Developments must also meet the property standards set forth in the LIHTC Allocation Plan and in the HTF interim rule.
- PHFA will select applications submitted by eligible recipients as set forth in the LIHTC Allocation Plan and the HTF interim rule.

Rhode Island: Rhode Island Housing will conduct up to four competitive rounds per program year, one as part of the LIHTC application process and three additional rounds as part of a joint application with other ancillary funding programs (such as HOME, Thresholds, etc.). Additional rounds may be held if there are remaining project funds not yet committed. Applicants not funded in one round are encouraged to re-apply in subsequent rounds.

Texas:

- HTF Multifamily Development Funds can be layered with 4% and 9% LIHTCs, TDHCA Multifamily Direct Loan funds, including HOME and TCAP Loan Repayment funds.
- For HTF Multifamily Development applications layered with 9% LIHTCs, the highest scoring applications in the 9% cycle that also request HTF will take priority over lower-scoring HTF Multifamily Development applications.

Utah:

- 10 points for each ELI unit at or below 30% AMI up to 20 units (total points possible not indicated).
- For 9% LIHTC projects, Utah will award:
  - 5 additional points for each unit at or below 20% AMI
  - 10 additional points for each unit at or below 15% AMI
- For non-9% LIHTC projects, Utah will award:
  - 5 additional points for each unit at or below 30% AMI
  - 10 additional points for each unit at or below 25% AMI

- 15 additional points for each unit at or below 20% AMI
- 20 additional points for each unit at or below 15% AMI

Washington:

- National HTF will be awarded annually through a competitive application process simultaneous with the state's Housing Trust Fund (HTF).
- National HTF resources, combined with state HTF, LIHTCs, and other funding sources will create additional affordable rental housing throughout the state.

Wisconsin:

Process

- It is expected that the RFP will not allow recipients of 9% LIHTC awards to request HTF resources until the state has determined that an insufficient number of non-9% LIHTC properties have applied for the available HTF resources.
- Because many applications will likely utilize 4% LIHTCs, the RFP response requirements may be constructed as an addendum to the 4% LIHTC application for those developments.

Out of an 85-point scoring system: 5 points would be awarded based on an applicant's ability to obligate HTF funds.

- Applicants scoring a minimum of 6 of the 12 points in the Development Team scoring section of the LIHTC program will receive 5 points for 'Ability to Obligate HTF funds':
  - Successful completion of LIHTC properties (as lead developer):
    - Four or more properties in Wisconsin, or more than 10 properties in all states (2 points)
    - Two or more properties in Wisconsin, or more than 5 properties in all states (1 point)
  - Years of LIHTC and multifamily experience:
    - Six years of development experience and 4 years of affordable housing experience (2 points)
    - Four years of development experience and 3 years of affordable housing experience (1 point)
  - Performance of affordable housing properties (minimum of 3 properties or 100 units as lead developer)
    - Average physical occupancy above 96% during the past 3 years (3 points)
    - Average physical occupancy above 94% during the past 3 years (2 points)
    - Average physical occupancy above 92% during the past 3 years (1 point)
  - HEDA evaluation of capacity, completion of prior properties, and timely and accurate completion of prior applications and awards (3 points)
  - Development team members (maximum of 2 points)
    - Two points will be awarded for applications that include a nonprofit organization, acting as Developer and an Owner who meets the requirements for applicants in the LIHTC Nonprofit Set-Aside
    - One point will be awarded for applications that include an organization, acting as lead Developer and an Owner, who has participated in four or fewer multifamily properties as a lead developer or owner
- Other selection criteria:
  - 10 points — Properties utilizing the 4% LIHTC program to rehabilitate existing HUD Section 8 or Rural Development Section 515 properties

Wyoming:

- Most funding is used in connection with the LIHTC and HOME programs.

APPENDIX 9: DISCUSSION OF MIXED-INCOME PROPERTIES

Colorado: Second funding priority would be for projects that include 30% AMI units in mixed-income developments that would be infeasible at 30% AMI rents without HTF funding.

District of Columbia: Units financed through HTF would be integrated into other housing developments. HTF-financed units would comprise only a small portion of the total units in a property, but may be in addition to other ELI units at the property.

Florida: Units financed through HTF would be integrated into general occupancy affordable housing properties serving family and elderly households with a range of incomes up to 60% of AMI in most cases. HTF-financed units would comprise only a small portion of the total units in any property, but may be in addition to other Florida ELI units at the property.

Massachusetts: The state would encourage projects that provide units serving a mix of incomes, including market-rate units as well as affordable units. The draft HTF Allocation Plan encouraged eight other features.

Michigan: The state anticipated that units financed with HTF would be integrated into general occupancy affordable housing properties serving family and elderly households that are financed using state tax-exempt or taxable bond products, LIHTC, or federal historic tax credits.

Minnesota: In the interest of furthering economic integration, any units serving households that have experienced long-term homelessness or who are at risk of long-term homelessness would make up a small number of units in a development.

New York:

- The state expected that each HTF-assisted project would also contain units that serve a range of household incomes greater than 30% of AMI who are served by existing housing finance programs.
- The state expected to evaluate HTF applications based on six standing state priorities, one of which is a category termed "Community Renewal and Revitalization Projects." This category includes mixed-use and/or mixed-income projects in neighborhoods as part of a coordinated community redevelopment plan that involves infill new construction and/or demolition and replacement of buildings for which rehabilitation is impractical and that have a blighting impact.

Ohio:

- One of many threshold requirements is an application statement describing if or how HTF units will be integrated with higher income units.
- In order to qualify for HTF assistance, a project would have to have the greater of either 10% of affordable units rent restricted at 30% of 30% of AMI, or 5 units rent restricted at 30% of 30% of AMI. (The interim rule requires the maximum rent charged to an HTF-assisted household be no greater than 30% of 30% of AMI.)

Oregon: HTF units would most likely be incorporated into newly constructed or rehabilitated (including preservation) multifamily housing projects receiving other funding resources from the state.

South Dakota: Up to 50 points could be awarded to projects based on the percentage of market-rate units in the property (a project would need 400 points out of 1,020 to be considered):

- 20 points if 5%-10% of the units are market-rate
- 30 points if 10.1%-20% of the units are market-rate
- 40 points if 20.1%-30% of the units are market-rate
- 50 points if 30.1%-40% of the units are market-rate

Tennessee: Among ten project design characteristics that would be considered is "integration with mixed-income housing options."

Virginia: Although the state would give scoring preference for targeted special needs housing, applications identifying mixed or integrated affordable housing projects would be encouraged.

APPENDIX 10: AFFIRMATIVELY FURTHERING FAIR HOUSING (AFFH)

Alaska:

- Points (up to 12 out of 228) for projects located in census tracts where 51% or more of the households have income greater than the area median income (AMI).
- Points (up to 15 out of 228) for projects located in areas where unemployment is 2.5% or more less than the state average.

(See also QUESTIONABLE POLICIES WITH RESPECT TO AFFH)

Connecticut:

- Priority given to activities in higher opportunity areas.
- Performance indicators include: number of projects funded that promote fair housing; number of new multifamily housing units created in areas of high opportunity.

Delaware:

- Geographic priorities were developed to (among other considerations) encourage new development and preservation of affordable housing in areas of opportunity.
- New construction and rehabilitation of affordable rental housing in areas of opportunity is incentivized (but Allocation Plan does not say how).
- One of 14 "merits" is evidence that housing will be provided in neighborhoods where there is little very low income housing available.

District of Columbia:

- Among 12 priority scoring factors is: preference points for projects in high opportunity neighborhoods.
- Targets projects within ½ mile of transit and in neighborhoods that have lower concentrations of subsidized housing.

Florida: Typically, RFPs for general occupancy properties prioritize new developments that are further away from existing affordable rental properties serving the same demographic population.

Idaho:

- Projects will be located in communities committed to AFFH.
- Threshold requirement: local government must have adopted an AFFH resolution.

Illinois: Among five priorities, the state will review how the application affirmatively furthers fair housing.

Iowa:

- Anticipates projects will be in high opportunity areas, very high opportunity areas, or census tracts that do not contain a high density of LIHTC units.
- Geographic location of a project will be considered as it relates to opportunity areas and location near other affordable projects.

Kansas: Among eight priority considerations, one is whether a project integrates ELI households into more economically diverse neighborhoods or housing developments. However see QUESTIONABLE POLICIES WITH RESPECT TO AFFH.

Kentucky: For any projects to be located in the Louisville metro area, one of five requirements is, "the development increases affordable housing choices for low and moderate income households in census tracts that are not predominantly low income, thereby promoting mixed-income neighborhoods."

Louisiana: Among five "merit" considerations is:

- The extent to which the project affirmatively furthers fair housing:
  - Will the housing be located in an area of opportunity, with low concentrations of racial or ethnic minorities and low concentrations of poverty?
  - If the proposed project is located in an area with a concentration of racial or ethnic minorities and/or poverty, will the housing contribute to the revitalization of a disinvested community, or help prevent displacement of residents living in neighborhoods on the verge of or already undergoing gentrification?

However see QUESTIONABLE POLICIES WITH RESPECT TO AFFH

Maine: Out of eight selection criteria, the fifth priority will give additional screening points for projects that will be developed in census tracts designated as high opportunity areas as set forth in the QAP.

Minnesota:

- Among four geographic targets is "economic integration areas with higher incomes".
- Among eight priorities is projects located in high opportunity areas.

Mississippi: Projects receiving HTF funds must comply with AFFH by encouraging development in high opportunity areas, areas which will give ELI and VLI populations accessibility to services, jobs, transportation, better school systems, and amenities.

Missouri:

- MHDC will consider the extent to which a development affirmatively furthers fair housing when deciding which developments should be recommended for funding.
- Where a development is located affects almost all of the other selection criteria. Important considerations for location include, but are not limited to:
    - a. New construction and conversion proposals must not be located where the total of publicly subsidized housing units (as defined in the Market Study Guidelines) equal more than 20% of all units in the census tract where the development will be located.
        1. If a proposed development is located in the Kansas City or St. Louis Regions, it shall not be located within a one mile radius of any development that: (a) has been approved for state LIHTC, federal LIHTC, HOME, or Fund Balance funding through MHDC within the previous two fiscal-year funding cycles; and, (b) is less than 90 percent leased-up at the time of application submission.
        2. Exceptions to the previous two criteria may include applications proposing:
            - i. Mixed-income development;
            - ii. Development to replace existing public housing and/or subsidized housing;
            - iii. Development where at least 25% of the units are set aside as Special Needs housing units;
            - iv. Development that includes service-enriched housing features;
            - v. Development that preserves existing affordable housing;
            - vi. Development that is part of a municipal redevelopment plan; or
            - vii. Development for seniors.
    - b. Location in a qualified census tract (QCT) that will contribute to a concerted community revitalization plan;
    - c. Whether existing housing is used as part of a community revitalization plan;
    - d. Location in a community with demonstrated new employment opportunities and a proven need for workforce housing;
    - e. Infill housing in existing stable neighborhoods; and
    - f. MHDC staff designated targeted areas.
- Among seven "merit" considerations are:
    - – Opportunity Areas. MHDC encourages affordable housing developments in high-opportunity areas by targeting communities that meet the following criteria: access to high-performing school systems, transportation, and employment, as well as location in a census tract with 15% or lower poverty rate.
    - – Family developments that meet these criteria will receive a preference in funding. Family developments proposed in opportunity areas are required to include an affirmative marketing plan that proactively reaches out to families currently living in census tracts where the poverty rate exceeds 40%. The plan must include a Special Marketing Reserve to assist in initial relocation expenses for families with children.

Nevada: Gives points if a project is located in a non-CDBG eligible area.

New Jersey: Among four selection criteria is location in areas of high opportunity, with access to public transportation, employment opportunities, and other community amenities.

New York: HFA expects to evaluate HTF applications based on six standing state priorities, one of which is Community Renewal and Revitalization Projects: Mixed use and/or mixed-income projects in neighborhoods as part of a coordinated community redevelopment plan that involve infill new construction and/or the demolition and replacement of buildings having a blighting impact on a community, and for which rehabilitation is impracticable.

North Carolina: "HTF will be made available to eligible applicants in high-income counties in North Carolina as defined in the state's Qualified Allocation Plan (QAP). Many of North Carolina's high-income counties are also counties that have the highest demand for people transitioning out of adult care homes to achieve community integration pursuant to North Carolina's *Olmstead* settlement agreement with the U.S. Department of Justice."

Ohio: Out of 100 points, up to 30 points can be gained if a project is located in an area with a Very High Opportunity Index (20 points if "High" and 10 points if "Moderate").

Oregon: Among eighteen selection criteria are:

- Location Preferences: vulnerable gentrification areas and opportunity areas.
- Affirmative Fair Housing Marketing: proposed marketing plan achieves more than the elements required by HUD.

Pennsylvania: Among eight priorities is affirmatively furthering fair housing.

Rhode Island: One point each (out of 125) if a project is accessible to transit, employment centers, high performing schools, or community services.

South Dakota: Out of 1,020 possible points:

- 20 points can be gained if a project is in an area of opportunity (census tract with less than 10% poverty rate, ratio of jobs to population greater than the state average, unemployment less than the state rate, and above average school performance).
- 5 points each for a project within ½ mile of grocery/retail stores, hospitals/medical clinics, schools/senior centers, special service offices.

Texas: The state's HTF will prioritize the housing needs of extremely low income households in accordance with the Analysis of Impediments and the high opportunity measures of the Texas QAP.

Vermont: One of six criteria is:

The extent to which a project affirmatively furthers fair housing:

- Overall, how will this project comply with applicable fair housing rules and guidelines? Are there ways in which this project goes beyond the minimum fair housing requirements in order to help reverse patterns of economic and/or racial segregation and inequality and achieve full equal housing opportunity?
- Will the housing be located in an area of opportunity, with low concentrations of racial or ethnic minorities and low concentrations of poverty?
  - Is this project within close proximity to quality schools, job opportunities, recreational opportunities, and other services?
  - Is this project located in an area of racial or ethnic minority concentration (defined in the state's Analysis of Impediments of Fair Housing Choice (AI) as an area where the presence of a minority is more than 2 times the presence in the state as a whole)?
  - Is this project located in an area of low income concentration (defined in the AI as an area where 51% or more of the households have income that is at or less than 80% of area median income)?
- If a proposed project is located in an area with a concentration of racial or ethnic minorities and/or poverty, will the housing contribute to revitalization of a disinvested community, or help prevent displacement of residents living in neighborhoods on the verge of or already undergoing gentrification?
  - Is the project located in an area of blight and/or an area that has not seen investment of public funds for affordable housing in recent history?
  - Will the project improve the neighborhood's appearance, safety, reputation, etc?
  - If the property is occupied by low-income households and is at risk of being lost or converted to uses other than affordable housing, will the project enable the existing low income residents remain in the community by creating or maintaining affordable housing opportunities?

Virginia:

- "NHTF resources will support project development that furthers fair housing efforts in Virginia. All proposed projects are required to submit a site and neighborhood standards review which assesses the project location and how the project will contribute to deconcentrating poverty and minority populations. DHCD requires that the site and neighborhood standards review be signed by the local government official."
- Use of HTF will be influenced by market characteristics, such as markets with relatively low vacancy rates, limited available affordable units, accessibility needs, and/or the need to preserve existing affordable units.

Wisconsin: Geographic diversity to get 5 points (out of 85-point base):

- Properties located in the Transform Milwaukee Area.
- Properties located in a High Need Area as defined in the WHEDA Qualified Allocation Plan for LIHTC.
- (Properties located in an area meeting the Rural Set-Aside definition for LIHTC program.)
- Note: Proposed changes to the WHEDA 2017-2018 QAP indicates a change in the name "High Need Area" to "Opportunity Zone," which would be:
  - Census tract with median income at or greater than the county median, or at or greater than 120% of the county median.
  - Census tract with unemployment rate at or less than the national average, or at or less than 70% of the national average.
  - In a school district in the top 25% of the state's overall accountability score.
  - In Tribal lands.
  - Have access to services and amenities (list includes full service grocery stores, job-training facility, etc.)

QUESTIONABLE POLICIES WITH RESPECT TO AFFH

Alaska: Project must demonstrate acceptable community support, which must be evidenced by written letters of support from local government, community councils, etc.

Georgia: Upon receiving an HTF funding application, DCA will notify the controlling elected governing body of the local jurisdiction in which the property is located.

Kansas: Geographic priorities will be communities with significantly higher rates of poverty or a shortage of housing for ELI households compared to other locations.

Louisiana: During the first year of the program LHC will give preference to projects located in Qualified Census Tracts (as well as in rural areas and Delta Parishes).

Montana: To assure consistency with long-term community planning, the HTF application will require a statement of support from the local government in which the project will be located.

APPENDIX 11: AFFORDABILITY

Draft HTF Allocation Plans did not have provisions that could lead to true affordability – meaning rents based on actual income that will not lead to housing cost burden (without relying on project-based rental assistance, PBRA).

APPROACHING TRUE AFFORDABILTY

Three states did have provisions that approach true affordability (*emphasis added below*):

Florida:

- Would give preference to projects that commit to serve special needs or homeless populations with income near the Supplemental Security Income (SSI) level, which in Florida is 22% AMI. SSI is provided to people with disabilities.
- The terms of competitive solicitations *may specify deeper targeting and lower rents* for HTF units than set out in the interim regulations.

Louisiana would give greater preference for larger increases in unit affordability, *especially through lower rents* (or use of PBRA).

Ohio would encourage all attempts to reduce *rents below the 30% AMI minimum requirements*.

TWO OTHER APPROACHES TO ADDRESSING AFFORDABILITY FOR HOUSEHOLDS WITH INCOME LESS THAN THE 30% AMI THRESHOLD

Four states indicated preference for projects serving households with income less than 30% of AMI:

District of Columbia would give preference for projects serving households with income lower than the 30% AMI threshold.

Missouri would give preference for projects serving the lowest income.

Oregon would give preference for projects serving the lowest income, but that preference included projects with dedicated site-based rental assistance.

Three other states would offer points or preference for projects based on the number of ELI units that would be set aside in the project (without explicitly stating that the assisted household would pay rent that does not result in cost burden).

Ohio:

- Ohio would require each HTF-assisted project to have 10% of its units (or five units for smaller projects) rent restricted at 30% of 30% AMI. Ohio would provide extra points for projects that would have 5% (20 points out of 100) or 10% (30 points) additional units "affordable at or below" 30% AMI.
- However, Ohio would also provide 20 points if a project proposed 100% of the HTF-assisted units to:
  - Be new Section 811 units with rent subsidy; or
  - Have Section 8 rental assistance or Rural Development Section 521 Rental Assistance.

  Ohio would provide 15 points if 50% of the HTF-assisted units would have those rent subsidies or 10 points if 25% of the HTF-assisted units would have those rent subsidies.

Pennsylvania:

- Priority could be given to applications for developments which had received LIHTCs, had not been placed in service, and that would increase the number of units set aside for ELI tenants in the proposal.
- Also, the state would encourage and give preference to developments that included the maximum amount of ELI units as financially feasible.

North Dakota: Out of 179 points, state will give:

- 50 points if 35% of the units in a project are rent restricted for ELI households
- 40 points if 30% of the units in a project are rent restricted for ELI households
- 30 points if 25% of the units in a project are rent restricted for ELI households
- 20 points if 20% of the units in a project are rent restricted for ELI households.

Utah:

- Would provide 10 points for each unit targeted for ELI households "at or below 30% AMI", up to 20 units. (The draft HTF Allocation Plan did not indicate total points possible.)
- For 9% Low Income Housing Tax Credit (LIHTC) projects, Utah would award:
  - 5 additional points for each unit targeted to a household with income less than 20% AMI
  - 10 additional points for each unit targeted to a household with income less than 15% AMI
- For non-9% LIHTC projects, Utah would award:
  - 5 additional points for each unit targeted to a household with income less than 30% AMI
  - 10 additional points for each unit targeted to a household with income less than 25% AMI
  - 15 additional points for each unit targeted to a household with income less than 20% AMI
  - 20 additional points for each unit targeted to a household with income less than 15% AMI

OVER RELIANCE ON PROJECT-BASED RENTAL ASSISTANCE (PBRA)

The HTF statute lists as one of six factors that states must consider when awarding funds to potential projects "the extent to which rents for units in the project are affordable, *especially* for extremely low income families." (*emphasis added*)

HUD's interim regulation narrows the statutory provision by stating this priority factor as "the extent to which the project has federal, state, or local project-based rental assistance so that rents are affordable to extremely low income families."

HUD generally refrains from modifying statutory language. NLIHC's comment letter regarding the proposed HTF regulation urged HUD not to include this narrowing of "affordability." NLIHC and other advocates think that overemphasis on project-based rental assistance (PBRA) will not result in a net addition of units affordable to ELI households. To the extent states have PBRA, generally in the form of Project-Based Vouchers (PBVs), that scarce PBV resource should be used to foster affordability in the un-assisted, private market sector.

In addition, by giving points or preference to projects that have PBRA, innovative projects that do not rely on vouchers are put at a disadvantage.

As a result of HUD's narrow definition in the interim rule and HUD's *National Housing Trust Fund Allocation Plan Guide*, 35 states rely heavily on the use of PBRA. Of these, 10 states offer extra points, 9 give priority, and 4 give preference. Kentucky requires PBRA and gives extra points if at least 75% of the units have PBRA. Louisiana, Maine, Massachusetts, New Hampshire, and New Jersey will provide PBVs. Certain LIHTC-assisted projects in North Carolina are eligible to receive PBVs. Maine and New Hampshire will give extra points or scoring preference for projects that also have commitments for more PBVs from a local public housing agency.

Massachusetts: The state is unique in that it has set aside 100 state-funded Massachusetts Rental Voucher Program (MRVP) vouchers, which also come with an additional $1,500 per unit per year for services, for each HTF-assisted unit serving someone with special needs. In addition, the state recognizes "cross subsidization" as "PBRA" – that is, use of higher rents from non-HTF units to make up the difference in the lower rents that ELI tenants can afford.

North Carolina: Although the state cites the interim regulation, it includes cross-subsidization as "PBRA;" the state will consider a proposed project that does not rely on PBRA but has a financing plan that intends to "cross subsidize." In addition, all LIHTC-assisted projects are eligible for the state's Key Program, which provides PBRA for permanent supportive housing for homeless people or people with disabilities.

List of States Indicating Points, Preferences, and Other Provisions Regarding PBRA

Alabama: 25 points (out of 100) if a project has PBRA

Arkansas: 15 points (out of 90) if a project has PBRA

California: Points

Colorado: Projects "should" have PBRA

Connecticut: Priority (but is not specific)

Florida: Priority (but is also targeting units at 22% AMI)

Georgia: "Scored"

Hawaii: Part of a 25-point system

Illinois: Priority

Iowa: QAP provides up to 35 points (out of unknown total) if a project has PBRA.

Kansas: Priority

Kentucky: Would require projects to have PBRA and gives extra points if at least 75% of the units have PBRA.

Louisiana: Has PBV and Section 811 Project Rental Assistance Demonstration funds available.

Maine: Would provide PBV and give extra points for projects that have secured more PBV from local PHA.

Maryland: Priority

Massachusetts: Has set aside 100 Massachusetts Rental Voucher Program (MRVP) vouchers, which also come with an additional $1,500 per unit per year for services, for each HTF unit serving someone with special needs.

Michigan: Cites interim regulation.

Minnesota: Priority for projects with binding commitments for PBVs

Nebraska: Would evaluate projects based on the number of PBRA and tenant-based rental assistance provided.

Nevada: Points for projects that have at least 25% of the units with PBRA

New Hampshire: Would provide PBV and scoring preference if the project also has PBVs from local PHA.

New Jersey: Would provide PBV.

New Mexico: Would provide "moderate" priority (which in the scheme of the state's system is significant).

New York: Cites interim regulation.

North Carolina: Cites interim regulation, includes PBRA as cross-subsidization. In addition, all LIHTC-assisted projects are eligible for the state's Key Program, which offers PBRA for permanent supportive housing for homeless people or people with disabilities.

Ohio: [see also Approaching True Affordability] 20 points out of 100 if 100% of the units in a project have Section 8, RD Section 521 Rental Assistance, or Section 811 rent subsidy; 15 points if 50% of the units or 10 points if 25% of the units have those rent subsidies

Oklahoma: Bonus points for projects with binding commitments for PBVs

Oregon: Preference for projects with site-based rental assistance

Pennsylvania: Priority based on 10 factors, one of which is PBRA in the financing plan

Rhode Island: High priority

South Carolina: Preference for applications that include PBRA for a portion of the HTF units

Tennessee: Preference for proposals that have binding commitments of PBV

Vermont: Preference for permanent supportive housing with rental assistance

Virginia: Points

Wisconsin: 25 points (out of 85) if the project has a commitment of Housing Choice Vouchers or Rural Development Section 521 Rental Assistance

STATES THAT DID NOT ADDRESS AFFORDABILITY

Arizona, Delaware, Idaho, Mississippi, Montana, South Dakota, Texas, Washington, West Virginia, Wyoming

APPENDIX 12: STATE IMPOSED MAXIMUMS AND MINIMUMS

MAXIMUM HTF PER PROJECT, DEVELOPER, OR GEOGRAPHIC AREA

Alabama: No single applicant would receive more than $1,350,000.

Arkansas: No single applicant would receive more than $450,000.

California: Geographic priority would be based on criteria consistent with a companion program, either by setting minimum funding levels for designated regions or by assigning no more than 45% of available points. For example, the state's Supportive Housing component of the Multifamily Housing Program (SHMHP) requires a certain percentage of available funds be allocated to both northern and southern California.

Indiana: The maximum amount per application would be $900,000 per project.

Massachusetts: The maximum amount of HTF per project would be $500,000. In addition, the state would establish a per-unit cap of all state assistance (other than rental assistance) of $125,000 (inclusive of a $50,000 of HTF per unit cap).

Mississippi: The maximum HTF award per project would be $1.5 million.

New Jersey: The maximum HTF award per project would be $700,000.

North Dakota: Generally, net allocations from the HTF for a single project (comprised of one or more buildings) would be limited to the lesser of: the equity required to secure necessary project financing to make the project feasible, or up to 100% of the HTF-assisted units' share of actual development costs, subject to the maximum per unit cost limits (which are the HOME maximum per unit costs).

Ohio: State would limit HTF awards to one per developer and one per county in the first year. The maximum award would be $500,000 under the state's Bond Gap Financing (BGF) HTF set-aside, $750,000 under BGF if the project also sought HOME funds, and $750,000 under the state's Housing Development Gap Financing HTF set-aside.

South Carolina: The maximum HTF award per project would be $700,000.

South Dakota: No more than 25% of the state's HTF would be awarded to any one developer/sponsor/owner, and no more than 20% of the state's HTF would be awarded to any one project.

Tennessee: The state would reserve the right to limit funding to only one award per county based on the final scoring of each application.

Virginia: Maximum per project funding amounts would be $800,000 for special needs projects and $700,000 for all other projects.

Wyoming: The maximum amount of HTF that would be awarded to a developer is 60% of total HTF available.

MINIMUM HTF INVESTMENTS

Alaska: Minimum rehabilitation costs would have to be the greater of $15,000 per unit or 10% of the adjusted cost basis of the building, and must consist of work items that are more than just cosmetic in nature and include only physical items. Soft costs and financing costs could not be used to calculate the minimum rehabilitation cost. (This level of detail exists because it is part of state's regular LIHTC program.)

Indiana: The minimum amount of HTF funds to be used for rehabilitation or new construction would be $1,001 per unit.

North Dakota: Projects involving rehabilitation would have to perform a minimum of $15,000 of rehabilitation per unit.

Rhode Island: Proposed assistance amounts would have to be at least $1,000 per unit.

South Carolina: The state would require rehabilitation projects to have hard construction costs of at least $5,000 per unit, with at least 50% attributed to interior unit costs.

South Dakota: The minimum amount of HTF invested in a project involving rental housing would be $1,000 per each HTF-assisted unit in a project.

Wyoming: For rehabilitation projects, at least $30,000 of HTF per unit would be needed.

NATIONAL HOUSING TRUST FUND

C/O NATIONAL LOW INCOME HOUSING COALITION
1000 VERMONT AVENUE, NW
SUITE 500
WASHINGTON,DC 20005
202-662-1530 • NHTF.ORG