



National Housing Trust Fund



COLORADO
Department of Local Affairs

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DIVISION OF HOUSING SPEAKERS

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National Housing Trust Fund

WEBINAR AGENDA

- NHTF History and Overview
- Colorado's Need
- The State's Proposal
- Participant Questions and Feedback



National Housing Trust Fund History

- Legislation was passed in late 2007 and became law on July 30, 2008 as part of the Housing and Economic Recovery Act.
- Established NHTF as program to collect and distribute non-appropriated funds dedicated for affordable housing, targeting rental housing for 30% AMI households



National Housing Trust Fund History

Source of Funds

- A portion of 0.042% of new business of Fannie Mae and Freddie Mac
- 2008 banking crisis delayed deposits

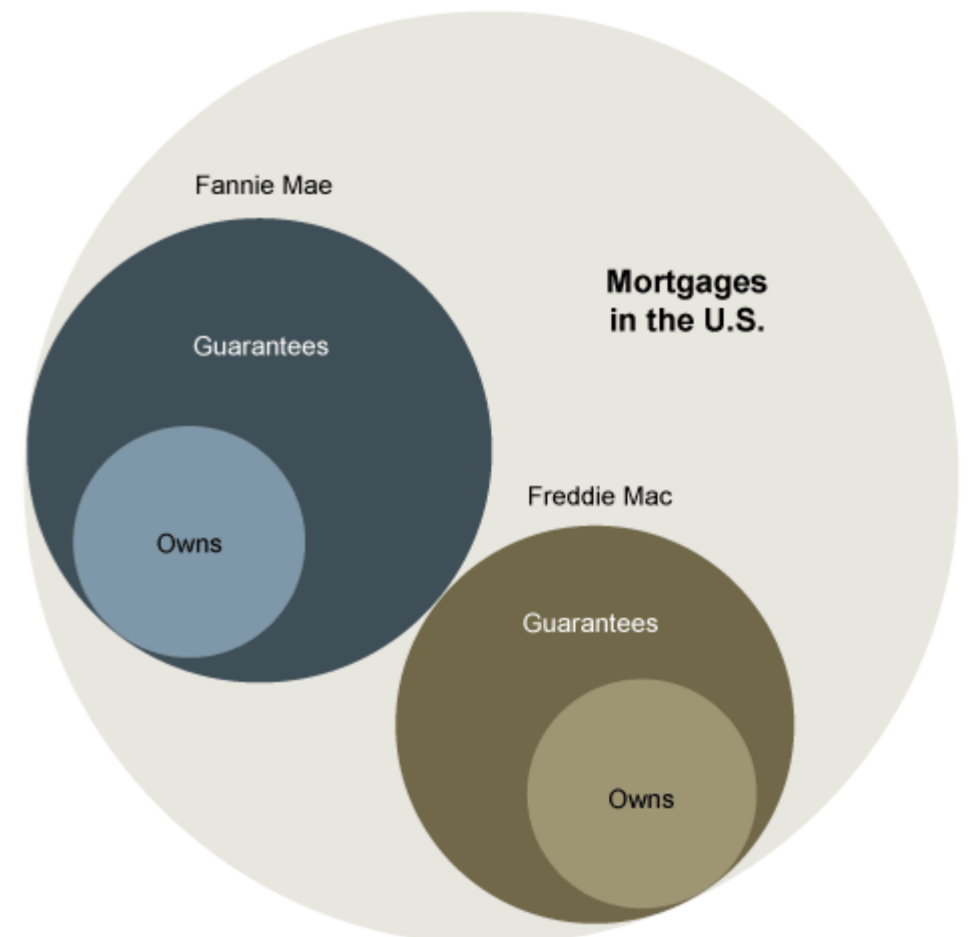


Image Source: New York Times

National Housing Trust Fund History

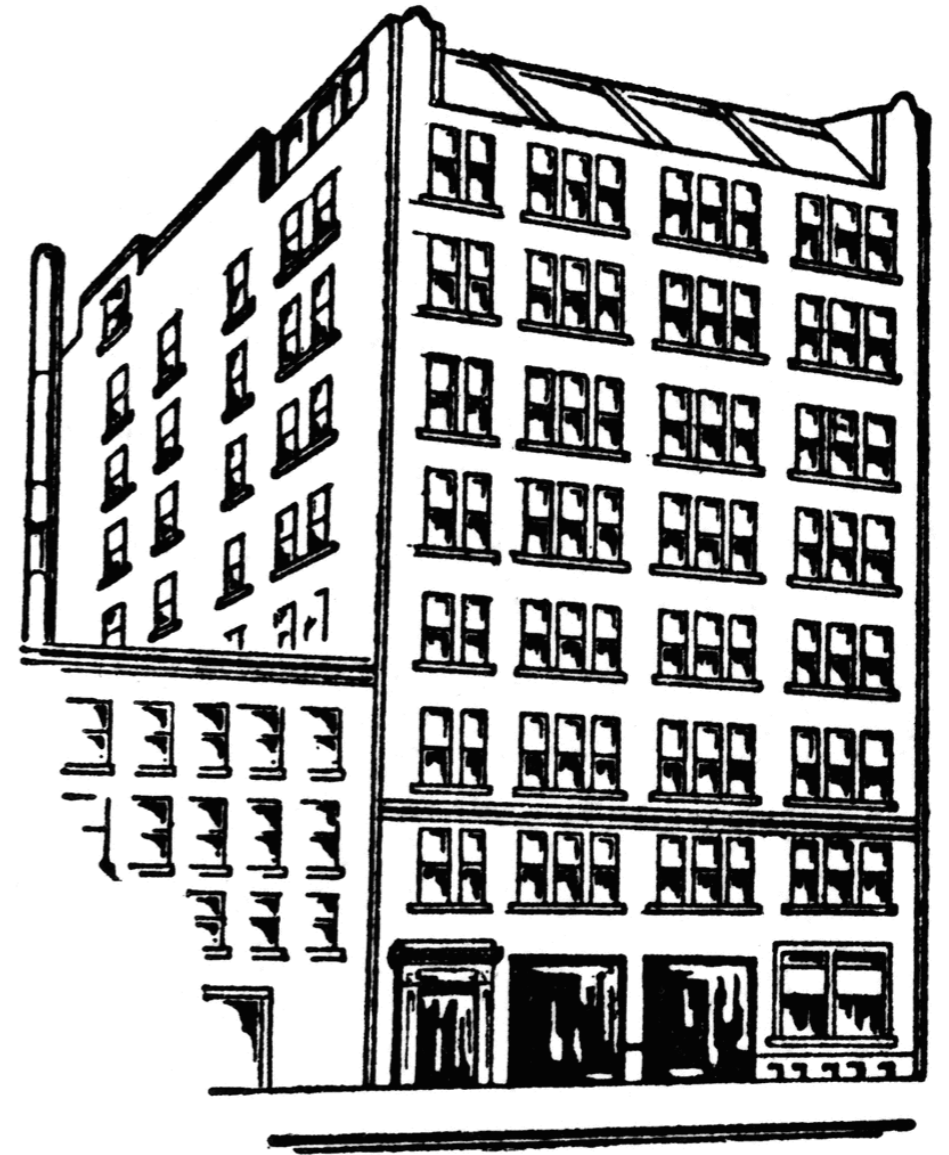
Source of Funds

- December 11, 2014, FHFA lifted the suspension and directed Fannie and Freddie to begin setting funds aside January 1, 2015
- April 4, 2016, HUD announced they will allocate \$174 million of NHTF in the first year of the Fund



National Housing Trust Fund Overview

- The NHTF Interim Rule was published January 30, 2015
- NHTF is modeled on the HOME Program, with a few key differences



National Housing Trust Fund Overview

Distribution of Funds

- Funds are allocated to the states, District of Columbia, and insular areas by formula based on:
 - ❖ Relative shortage of decent, affordable rental housing at 30% and 50% AMI
 - ❖ Relative severely rent burdened households at 30% and 50% AMI
 - ❖ Construction cost factor
- Minimum allocation is \$3 million



National Housing Trust Fund Overview

2016 Funding

- \$174 million will be allocated in the first year
- Colorado's allocation will likely be the minimum \$3 million
- We anticipate HUD will issue allocation plan guidance (already overdue), the formula run, and the announcement of our 2016 allocation sometime this spring... any day now



National Housing Trust Fund Overview

Eligible activities listed in the statute

Rental Housing

- Production
- Preservation
- Rehabilitation
- Operating costs

Housing for Homeownership

- Production
- Preservation
- Rehabilitation
- Acquisition assistance



National Housing Trust Fund Overview

Eligible activities listed in the regulations

- Acquisition
- Construction
- Demolition
- Soft costs
- Refinancing w/ rehab
- Bridge financing repayment
- Utility connections
- Site improvements
- Project delivery staff costs
- Operating assistance (capped)



National Housing Trust Fund Overview

NHTF vs. HOME

- Focus on rental housing at 30% AMI
- Eligible activities include operating assistance
- 30 year minimum affordability period for rental
- All funds are distributed to states, DC, and insular areas, no local entitlement awards
- Davis Bacon is not triggered by NHTF construction activities



National Housing Trust Fund Overview

NHTF

vs.

HOME

-
- 10% max for homeownership assistance, only 1st timers*
 - Maximum per-unit subsidy set by state based on local market conditions
 - 30 year min affordability period for all rental housing
 - 30 year min affordability period for resale, 10-30 year min for recapture, based on subsidy amount, for homeownership
- Grantee determines appropriate mix of activities
 - Maximum per-unit subsidies are set according to §221(d)(3)(ii) of National Housing Act
 - 20 year min affordability period for rental new construction
 - 5-15 year min affordability period based on subsidy amount for acquisition and rehabilitation for rental and homeownership



National Housing Trust Fund Overview

Notable NHTF Cross-cutting Requirements

- Fair Housing and Section 504
- Environmental Review
- Section 3 and MBE/WBE
- Procurement: Conflict of Interest at 2 CFR 200.318
- Affirmative Marketing
- Lead-Based Paint
- Uniform Relocation Act
- Funding Accountability and Transparency Act



Colorado's Need

- Colorado households need to earn \$19.89/hr to afford a 2-bedroom apartment at FMR
- Minimum wage = \$8.31/hr, \$17,280 annually
- 30% AMI = \$22,150 for 4-person household



Colorado's Need

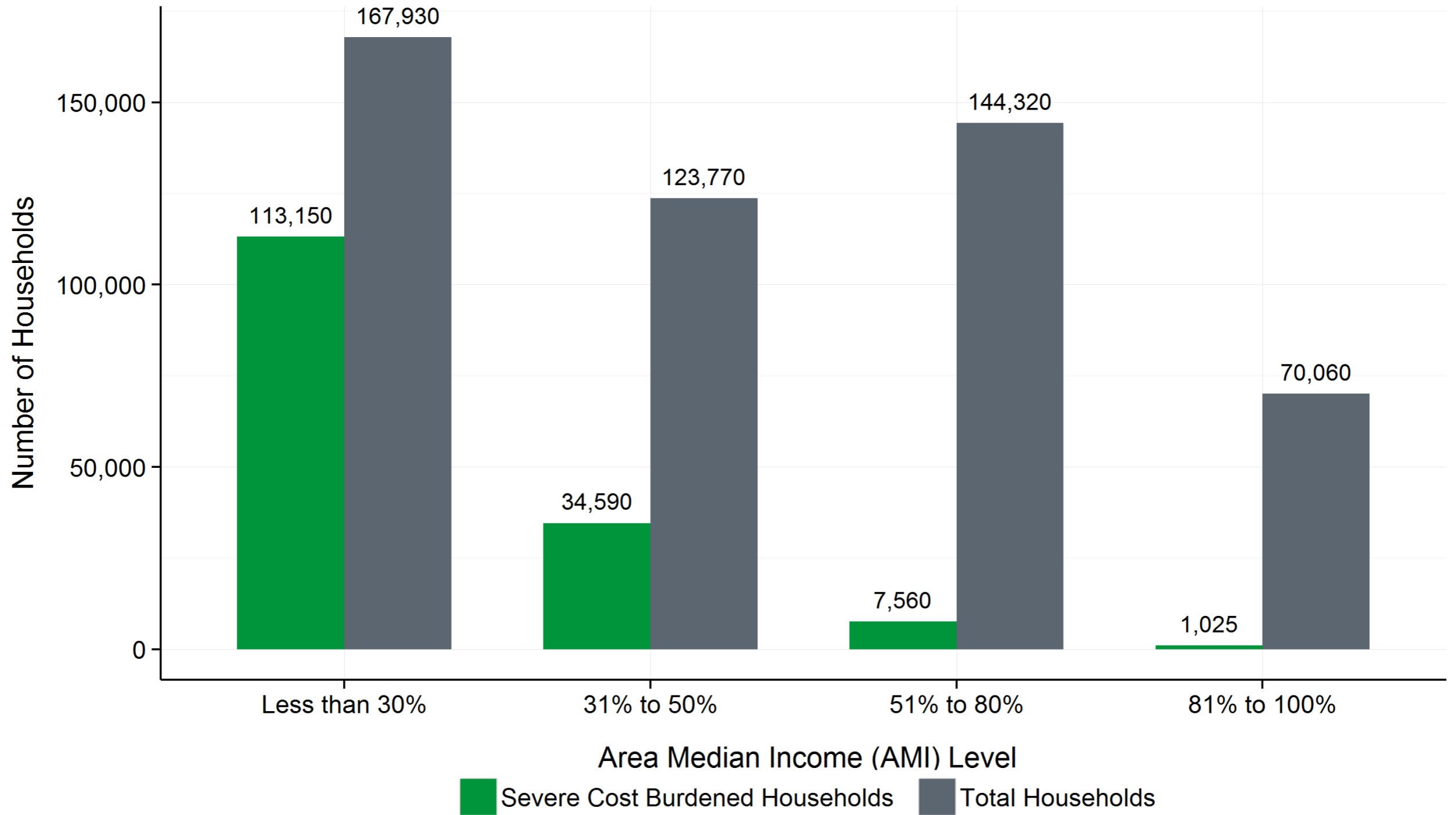
- Shortfall of over 100,000 rental units for households earning \leq \$20,000 per year
- Represents over 16% of the entire rental stock in Colorado
- Rate of affordable rental housing construction 2009-2013 = 823 units per year

Source- Driving a Vibrant Economy: Housing's Role in Colorado's Economic Success (Housing Colorado report)



Colorado Severe Cost Burdened Households

Renters Only



Colorado's Plan

Projects

- 30% AMI units
- Permanent rental housing

Activities

- Acquisition
- Construction/rehab
- Site improvements
- Soft costs, financing costs
 - ❖ Excluding developer fee and reserves
- Relocation



Colorado's Plan

Requirements for Colorado's allocation plan priorities:

- Geographic diversity
- Applicant's ability to obligate funds and undertake eligible activities in a timely manner
- Extent to which project has project-based rental assistance so rents are affordable to ELI families
- Duration of the units' affordability period
- Merits of the applications in meeting State's priority housing needs
- Extent to which applicant makes use of non-federal funding sources



Colorado's Plan

Forms of Assistance

- Loans (no/low interest, deferred, cash flow)
- Grants

Priorities

- Supportive Housing projects
- Units with 30% AMI rents that would not be financially feasible but for NHTF funding



Colorado's Plan - Priorities

1. Supportive Housing

- Definition: affordable, community-based housing that provides people with disabilities or special needs with links to supportive services
- Eligible projects: at least 25% of the units set-aside for supportive housing
- Standard subsidy per unit range
- Application deadline sometime in late 2016 for Supportive Housing priority



Colorado's Plan - Priorities

2. 30% AMI Units in Mixed-Income Developments

- Units with 30% AMI rents that would not be financially feasible but for NHTF funding
 - Units with project-based rental assistance not eligible
 - Services not necessarily required
- NHTF subsidy per unit based on cost of replacing 60% AMI units with 30% AMI units
- Funds available will depend on remaining NHTF \$ after Supportive Housing round awards
- RFA or applications accepted on a rolling basis - TBD [early 2017]



Participant Questions and Feedback



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