



The National Housing Trust Fund Campaign
c/o National Low Income Housing Coalition
727 15th Street NW, 6th Floor
Washington, DC 20005

Ph: 202-662-1530 | Fx: 202-393-1973
www.nhtf.org

*A home is the
foundation.*

2007 PROPOSAL FOR LEGISLATION

- **Goals and Objectives.** A National Housing Trust Fund should be established to serve as a source of revenue for the production of new housing, and the preservation or rehabilitation of existing housing that is affordable for low income people. The goal of the National Housing Trust Fund should be to **produce, rehabilitate, and preserve 1,500,000 units of housing over the next 10 years.**
- **Dedicated sources of capital.** The Trust Fund should be capitalized with **ongoing, permanent, dedicated and sufficient sources of revenue** to meet the goal of 1,500,000 housing units over the next decade. The funds used to capitalize the National Housing Trust Fund shall not be those that are currently funding other federal housing programs. The establishment of a National Housing Trust Fund is intended to **generate new, additional dollars** for housing and all other housing and community development funding should be at least at maintenance of effort level.
- **Eligible activities.** The Trust Fund should be used for the production of new housing, preservation of existing federally assisted housing, and rehabilitation of existing private market affordable housing. **The Trust Fund should be primarily used for rental housing.** We support allowing up to 25% of funds to be used for homeownership activities, so long as low income people are served. Funds can be used for both grants and loans. Cooperatives are eligible uses of Trust Fund dollars in all cases as long as income targeting requirements are met.
- **Income targeting.** At least 75% of the **Trust Fund dollars should be used for housing that is affordable for extremely low income households**, that is, those with incomes under 30% of the higher of state or area median. Of the 75%, at least 30% of total Trust Fund dollars should be used for **housing that is affordable to households with incomes at the equivalent of the federal Supplemental Security Income payment level or less.** No more than 25% of Trust Fund dollars can be used for low income households with incomes of 31% to 80% of the higher of state or area median provided these funds are restricted to housing production, preservation, or rehabilitation in low income neighborhoods. In all cases, no one should pay more than 30% of their income for housing.
- **Term of affordability.** Housing funded through the Trust Fund should be required to **remain affordable for 50 years.**
- **Operating subsidy.** Projects funded through the Trust Fund should **assure that any operating subsidy needed to make the housing affordable for a range of extremely low income people is provided.** That could be by using Trust Fund assistance to underwrite the operating subsidy for new or rehabilitated units for one year, after which the operating subsidy funding should come from other sources.
- **Distribution.** Trust Fund assistance should be distributed by **formula allocation, based on** criteria that assure distribution in proportion to the need for eligible housing, with 60% of Trust Fund assistance allocated to localities and 40% of Trust Fund assistance allocated to states. The distribution of funds should ensure that every type of community – urban, rural and suburban – has access to funds and should encourage regional consortia. Grantees will distribute the funds to **eligible entities prepared to conduct activities** that are eligible for Trust Fund support. If an eligible grantee declines to apply for Trust Fund assistance, an alternative application process should be established so that other entities in the jurisdiction can receive and distribute the Trust Fund dollars. If eligible entities in the jurisdiction do not qualify to receive all the Trust Fund dollars allocated to the jurisdiction that are unclaimed, the unclaimed funds should be used to provide bonus payments to jurisdictions that succeed in expediting development of Trust Fund units or reducing development costs through state or local laws, policies or procedures.

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- **Rural access to funds.** To ensure rural and non-entitlement areas access to Trust Fund assistance, at least 50% of the 40% to states must be used in rural areas (as defined in Title V of the Housing Act of 1949, as amended). In states where the rural population is greater than 20%, a proportionate amount must go to rural areas. In addition, entitlement areas that include rural areas must use Trust Fund assistance in proportion to identified need in those rural areas.
- **Green housing.** Projects that keep costs lower by employing energy efficiency standards and other “green housing” principles will be preferred applicants for Trust Fund dollars.
- **Match (monetary).** States, localities, or non-profit organizations receiving Trust Fund assistance should **match the federal funds** in the following manner. If the entity uses state, local, or private resources for the match, it will receive two federal Trust Fund dollars for every dollar it provides. If an entity uses state or locally controlled federal dollars for the match, it will receive one Trust Fund dollar for every dollar of match it provides. This match requirement may be waived for jurisdictions that demonstrate **fiscal distress**. Revenue committed by a jurisdiction to a Trust Fund-assisted project to provide services to residents should qualify as matching funds in the same manner as revenue committed to meet the acquisition, development or operating costs of a property. Additional payments made by a jurisdiction to a locality that will incur additional local education costs as a result of the siting of Trust Fund-assisted units should be considered state or local revenue for the purposes of the match requirement.
- **Match (alternative.)** Jurisdictions that succeed in siting Trust Fund-assisted units in regions that are projected to have sharp rises in rental expenses and therefore gentrification with the potential for displacement, or where a zoning variance or other **waiver of regulatory barriers** was required to site Trust Fund-assisted units in existing communities should, in the following year, be eligible to receive Trust Fund assistance with a reduced match.
- **Economic opportunity and integration.** New housing production and financing in urban and suburban areas should be done in a way that assures that **extremely low income households are not isolated from economic opportunity**, and that units are located in proximity to public transportation, services, economic opportunities, or contribute to comprehensive community revitalization. Thus, Trust Fund dollars should be **utilized in conjunction with other funds** to complete the financing for a new multifamily housing development, with the Trust Fund dollars supporting the construction of housing for extremely low income households. Units for extremely low income households should comprise no more than a minority of the total units in a project. Trust Fund applicants that propose small projects in low-poverty neighborhoods, rural communities, or that serve special populations may be able to assure economic integration with Trust Fund dollars alone.
- **Compatibility with other housing programs.** The use of Trust Fund funds should be **flexible** to ensure its compatibility with all federal housing programs.
- **Applicability of and consistency with other federal provisions.** All Trust Fund dollars must be allocated and all housing funded with Trust Fund dollars must be built and operated in a manner that is **consistent with other federal provisions** including, but not limited to: tenant protections and tenant rights to participate in decision making about their homes; required public participation mechanisms such as the Consolidated Plan, the Qualified Allocation Plan and the Public Housing Agency Plan; Section 286 of the Cranston-Gonzalez National Affordable Housing Act (Davis-Bacon); and all fair housing laws and existing laws regarding accessibility in federally-assisted housing, including Section 504 of the 1973 Rehabilitation Act. All Trust Fund assistance shall be considered **federal financial assistance**. In addition, units not required to be accessible should meet basic visitability standards.
- **Other housing funds.** In addition to establishing a National Housing Trust Fund, we recommend additional investment in affordable housing with substantial increases in HOME, CDBG and USDA Rural Housing programs, as well as an examination of ways to reform the Low Income Housing Tax Credit program to improve access to the program by a wider range of non-profit, community-based housing developers. Substantial increases in the housing voucher program will also be necessary to assure affordability for the lowest income households. NHTF dollars **cannot be used to supplant existing federal, state, local, and private housing funds**.

For further information, please call the National Low Income Housing Coalition at (202) 662-1530.