

# NHHTF

- The National Housing
- Trust Fund



## National Housing Trust Fund (HTF) Model Allocation Plan

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Ed Gramlich

National Low Income Housing Coalition

# HTF Is Block Grant to States

There are two conditions that each state must meet in order to receive its HTF allocation:

- State must designate entity to administer HTF and notify HUD Secretary of the administering entity.
- State must prepare and submit annual HTF Allocation Plan to HUD.

# Timeline



- June 14: HUD announced \$219 million for HTF for 2017.
- June 23: HUD published HTF allocations to states in *Federal Register*.
- May 31: HUD published HTF Allocation Plan guidance, Notice CPD-17-05.
- June 21: HUD posts 2017 HTF Allocation Plan Sample Form
- Allocation Plans due to HUD by August 16.
- HUD has 45 days to review; plans approved after 45 days if HUD does not comment.

# Statute, Regulation, or Suggestion?



Information in this presentation is based on:

- HTF statute is **ST**.
- HTF regulation is **REG**.
- NLIHC suggestion is **SUG**.

# HTF Allocation Plan and State ConPlan (part 1)



- HTF Allocation Plan is part of Annual Action Plan state submits as update to Consolidated Plan (ConPlan).
- State HTF agency might not be same agency that prepares state ConPlan and Annual Action Plan.
- Advocates need to be familiar with state ConPlan and state's public participation process.
- Some state ConPlans only cover non-entitlement areas – giving incomplete picture of housing needs.

# Definitions



- **Grantee (ST).**

State entity that prepares HTF Allocation Plan, receives HTF dollars, administers HTF.

- **Subgrantee (REG).**

State may choose to designate local jurisdiction(s) to administer HTF in a city or urban county.

- **Recipient (ST).** Organization or agency that applies to grantee for HTF money to carry out HTF project.

# NLIHC Suggestions (Part 1)

## ALL SUGGESTIONS

- Advocates should seek **deepest possible affordability** for rents in HTF-assisted units.
- Advocates should seek **longest possible affordability periods** for rents in HTF-assisted units.
- All funds in early years should be used for **rental housing**.
- All funds should be distributed by state to eligible recipients (no subgrantees).

# NLIHC Suggestions (Part 2)

## ALL SUGGESTIONS

- All funds in early years should be used to expand ELI housing.
  - Prevent substituting HTF for existing sources.
  - Minimize use for preservation of existing federally assisted housing.
- Maximize affordability,
  - Projects should have as little debt service as possible.
  - Grants or no-interest loans preferred (be careful if LIHTC).
- Given small amount of money in early years, focus on projects with most impact.
  - Don't give small amounts of money to many projects.

# 14 Elements of HTF Allocation Plan

(those in **bold** covered here) Part 1



- 1. Description of distribution of funds (ST)**
- 2. Application requirements (REG)**
- 3. Criteria for selecting applications submitted by recipients (ST)**
- 4. State's maximum per-unit development subsidy limit for HTF-assisted housing (REG)**
5. If funds used for first-time homebuyers, identify resale or recapture provisions (REG)
6. Whether state will distribute funds directly, and/or use subgrantees (REG)
- 7. Funding priority based on six factors in statute (ST)**

# 14 Elements of HTF Allocation Plan

(those in **bold** covered here) Part 2



8. **Description of eligible activities and recipient eligibility requirements (ST)**
9. Recipient certification, HTF-assisted units will comply with HTF requirements (ST)
10. **Performance goals and benchmarks consistent with state's proposed accomplishments (ST)**
11. Rehabilitation standards HTF-assisted projects must meet (REG)
12. HTF affordable homeownership limits (REG)
13. **Preferences or limitations to a particular segment of ELI population (REG)**
14. Refinancing requirements and conditions (REG)

# 1. Description, Distribution of Funds

## ALL SUGGESTIONS

- State will use **Request for Proposals (RFPs)** describing: eligible applicant, eligible activities, what must be included in an application, when and where applications are to be submitted, application evaluation criteria, who will review applications, and when grant awards are to be made.
- RFP will indicate the ConPlan **priority housing need(s)** state intends to address based on HTF public participation process.
- State will convene application review panel composed of:
  - state officials
  - at least two private housing and homeless advocates.

## 2. Application Requirements (Part 1)



NLIHC suggests RFP have 8 detailed application requirements. They include: (SUGGESTIONS)

- Detailed project information similar to LIHTC applications.
- How project responds to state's priority housing needs.
- How project responds to statute's six priority factors.
- Plan and methods for achieving affordability (rent at no more than 30% of household income) for households at 30% AMI, 20% AMI, and 10% AMI.
- How HTF-assisted units will be integrated with units having higher income targeting.

## 2. Application Requirements (Part 2)



NLIHC suggests RFP have 8 detailed application requirements. They include: (SUGGESTIONS)

- How project affirmatively furthers fair housing.
- Description of tenant recruitment and selection process.
- Evidence of applicant's successful completion and operation of similar projects.

# 3. Criteria for Selecting Applications

NLIHC suggests: (SUGGESTIONS)

a. Threshold criteria:

- Responsiveness to application requirements.
- Project reflects priority housing need(s) in ConPlan.

b. Final criteria, rating based on:

- Six priority factors in statute.
- Creativity and innovation.
- Feasibility.
- Applicant's credentials.

## 4. Maximum Per-Unit Subsidy Limit

State must set maximum limits on total amount of HTF funds that can be invested per-unit:

- Adjustments based on number of bedrooms and location.
- Limits must be reasonable and based on actual costs. (REG)

HUD issued guidance as an FAQ on May 12, 2016.

- These are not prescriptive, compared to HOME limits.
- HUD recognizes that deeper targeting for HTF units will require more subsidy.

Some state draft HTF Allocation Plan will use HOME maximums.

- Advocates should assess whether HOME maximum per-unit subsidy amounts are too restrictive. [www.nlihc.org/issues/nhtf](http://www.nlihc.org/issues/nhtf)

# 7. Six Priority Factors (Part 1)

State must give priority in awarding funds to applications based on six factors. (ST and REG)

Statute and regulation do not weigh factors.

NLIHC suggests awarding HTF to applicants based on applicant's total points, up to 100 points. (SUGGESTIONS)

a. Geographic diversity. **(Maximum points = 0)**

b. Applicant's ability to obligate funds and undertake activities in a timely manner.

**(Maximum points = 0)**

# 7. Six Priority Factors (Part 2)

c. For rental housing:

- “extent to which rents...are affordable, especially for ELI households”; (ST)
- “extent to which the project has federal, state, or local project-based rental assistance so that rents are affordable to extremely low income families. (REG)  
**(Maximum points = 50)**

d. For rental housing, duration of unit’s affordability period. **(Maximum points = 15)**

# 7. Six Priority Factors (Part 3)

- e. Merits of application in meeting state's priority housing needs. **(Maximum points = 30)**
- f. Extent application makes use of non-federal funding sources. **(Maximum points = 5)**

# Factor a: Geographic Diversity

*Geographic diversity.* (ST) **(Maximum points = 0)**

Given relatively small amount of money available in early years,

NLIHC suggests focusing on projects with most impact, rather than distributing small amounts of money to many projects. (SUGGESTION)

Will be important in future when HTF has more money.

# Factor b: Ability to Obligate Funds



*Applicant's ability to obligate funds and undertake activities in a timely manner. (ST) (Maximum points = 0)*

- Should be a threshold criteria.
- Regulation defines “commitment” for recipients as:
  - For new construction or rehabilitation, starting construction within 12 months of date of contract between recipient and state. (REG)
  - For acquisition of existing housing, receipt of title within 6 months of date of contract between recipient and state. (REG)

# Factor c: Rent Affordability (Part 1)



- *Extent to which rents are affordable, especially to extremely low income families. (ST) (Maximum points = 50)*
- *For states, rule is extent to which project has federal, state, or local project-based rental assistance so rents are affordable to extremely low income families. (REG)*

# Factor c: Rent Affordability (Part 2)



- There is no basis in statute for narrowing to “federal, state, local project-based assistance”.
- “Project-based rental assistance” should include, unit-based rental assistance, operating subsidies, or cross-subsidization of rents within project (SUGGESTION).

# Factor c: Rent Affordability (Part 3)



- Neither statute nor regulations define “affordable”.
- “Affordable” should be defined as not paying more than 30% of household income for rent and utilities.  
(SUGGESTION)
- If project depends on fixed rents, then project should include mix of units with fixed rents no greater than 30% of household income at 30% AMI, 20% AMI, and 10% AMI.  
(SUGGESTION)

# Factor c: Rent Affordability (Part 4)



- Rule sets maximum rent (+ utilities) that HTF-assisted household pays at a fixed amount equal to greater of 30% of 30% AMI, or 30% of federal poverty line. (REG)
- No basis in statute for using 30% of federal poverty line.
- Can cause HTF-assisted households to be cost burdened (pay more than 30% of income).
- NLIHC strongly suggests Allocation Plan use “lesser of” 30% of 30% AMI or 30% of federal poverty line. (SUGGESTION)

# Factor c: Rent Affordability (Part 5)



- 33% of state's HTF allocation may be used for operating cost assistance and/or operating cost assistance reserves for HTF-assisted units (REG).
  - HUD intends to issue guidance on operating costs.

# Factor d: Duration of Affordability



*For rental housing, duration of the units' affordability period. (ST) (Maximum points = 15)*

- Minimum affordability period is 30 years. (REG)
- Extent project exceeds 30 year minimum determines duration points, to maximum of 15 points for projects that commit to perpetual affordability. (SUGGESTION)

# Factor e: Merits of the Application

*Merits (ST) of application in meeting state's priority housing needs. (REG) (Maximum points = 30)*

- Extent project meets needs of lowest income households within state's priority housing needs (SUGGESTION).
- Examples (SUGGESTIONS):
  - Projects serving special needs populations, homeless, individuals leaving correctional institutions.
  - Projects affordable to households with income less than 15% of AMI.
  - Projects proposed by nonprofits.
  - Projects that do not cause displacement.

# Factor f: Use of Non-Federal Resources

*Extent application makes use of non-federal funding. (ST)*  
**(Maximum points = 5)**

- Extent application makes use of:
  - State and local publicly-controlled funds and/or land donated by state or local government to achieve deep affordability for ELI households. (SUG)
  - Private funds or in-kind commitments, including donation of land, for production, preservation, or operation to achieve deep affordability for ELI households. (SUG)

# 8a. Eligible Activities



NLIHC suggests eligible activities be limited to:

- Production and rehabilitation of rental housing affordable to extremely low income households. (SUGGESTION)
- Up to 33% may be used for operating cost assistance and/or operating cost assistance reserves. (SUG allowed by REG)

SUGGESTION:

“State does not intend to permit HTF funds to be used for homeownership activities or for new construction, rehabilitation, or preservation of federally assisted housing.”

## 8b. Eligible Recipients (Part 1)

Eligible recipient is organization or agency, including nonprofit or for-profit (ST), or public housing agency (REG).

Consider limiting recipients to nonprofits, or to for-profits that have a proven track record of providing and operating rental housing for ELI households (SUGGESTION).

## 8b. Eligible Recipients (Part 2)

Recipient must:

- Have demonstrated experience and capacity to conduct HTF activity, evidenced by ability to:
  - Own, construct, or rehabilitate, and manage and operate affordable multifamily rental housing; (ST) and
  - Serve extremely low income households and special needs populations, such as homeless families and people with disabilities. (SUGGESTION)

# 10. Performance Goals and Benchmarks (Part 1)



Refers to proposed accomplishments in affordable housing section of Strategic Plan part of ConPlan.

State must specify number of extremely low income, low income, and moderate income families, and homeless persons for whom state will provide affordable rental housing. (ConPlan REG)

Affordable rents defined as not exceeding greater of 30% of federal poverty line or 30% of 30% AMI. (REG)

- Use of 30% of poverty line will cause cost burden.
- No basis in statute for it.
- Convince state to not use it.

# 10. Performance Goals and Benchmarks (Part 2)



NLIHC suggests, to achieve maximum affordability, HTF Allocation Plan should set performance goals about:

- Number of extremely low income families will have affordable housing, with affordability defined as 30% of household income, (SUGGESTION), or
- How many households will have rents set at 30% of 20% AMI or 30% of 10% AMI. (SUGGESTION)

# 14. Preference or Limitation to Particular Segment of ELI Population (Part 1)



State can limit or give preference to particular segment of ELI population based on ConPlan priority housing needs. Preference or limitation must be in written agreement between state and recipient. (REG)

# 14. Preferences or Limitations to Particular Segment of ELI Population (Part 2)



Any limitation or preference must not violate nondiscrimination requirements.

Fair housing requirements, including affirmatively further fair housing, apply to HTF program.

Limitation does not violate nondiscrimination requirements if housing also receives funding from federal program that limits eligibility to particular segment of population (e.g. Housing Opportunity for Persons Living with AIDS, Section 202, and Section 811). (REG)

# For More Information



Ed Gramlich, [egramlich@nlihc.org](mailto:egramlich@nlihc.org), 202.662.1530 x 314

# Become an NLIHC Member

- Members are essential in helping NLIHC advocate on behalf of low income people in need of safe and affordable housing.
- Membership is open to individuals, organizations, corporations, and government agencies.
- Join NLIHC at <http://nlihc.org/membership>
- Questions?
- Contact [outreach@nlihc.org](mailto:outreach@nlihc.org) or call 202-662-1530