National Housing Trust Fund

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Purpose

The National Housing Trust Fund (NHTF) is an affordable housing production program that will complement existing federal, state, and local efforts to increase and preserve the supply of decent, safe, and sanitary affordable housing for Extremely Low-Income (ELI) households including homeless families.

*Established under Title I of the Housing and Economic Recovery Act of 2008*
Missouri’s Allocation

$6.5 Million

For New Construction or Rehabilitation Projects
Sources

• To request National Housing Trust Funds –
  ▫ Reflect on the sources tab on your FIN-100
  ▫ Include on the Request for MHDC Construction or Permeant Funds form
• Funds will be 0% soft, cash flow loan

NOTE: Do not confuse with Missouri Housing Trust Fund request on the General Information tab!
Eligible Costs

- Development Hard Costs
- Site Improvements
- Acquisition Costs
- Related Soft Costs
- Relocation Costs
- Operating Cost Assistance and Reserves
  - MHDC can provide up to 1/3 of each annual grant for operating cost assistance and operating cost assistance reserves
Operating Cost Assistance and Reserves

- Eligible Costs Include:
  - Insurance
  - Utilities
  - Real Property Taxes
  - Maintenance
  - Scheduled Payments to a Reserve for Replacement of Major Systems
Operating Cost Assistance and Reserves (cont.)

- Can only be provided if the NHTF-assisted units do not have project-based assistance
- Must be based on the underwriting of the project
- Must be specified in agency’s written agreement
Operating Cost Assistance and Reserves (cont.)

- As the NHTF is currently funded through Fannie Mae and Freddie Mac,
  - The reserve may be funded for the amount estimated to be necessary through the affordability period
  - Must be funded at the time of executing the written agreement
Guidelines - Unit Designation

• **NHTF Designated Units** – must designate which units will be NHTF
  ▫ HUD determines the rent and number of NHTF designated units
  ▫ Use the same analysis as HOME to determine the number of NHTF units
  ▫ Units must be ELI
Rental Subsidies

• Since NHTF targets Extremely Low Income families, the funding works best if the applications have some form of reliable rental assistance
Guidelines - Rent Limits

• **NHTF Rent + Utilities** shall not exceed 30% of the total income for a family whose annual income equals 30% of the median income for that geographic area (as determined by HUD with adjustments for the unit’s bedroom number).

• If NHTF Unit receives federal or state project-based rental subsidy, the maximum allowable rent is the allowable rent under the subsidy program as long as tenant does not pay more than 30% of their adjusted income.
Guidelines - Cost Limits

• Development Cost Limits = same cost limits as LIHTC
Guidelines - Affordability Period

Affordability Period:

- HTF Units must have at least a **30-year** period of affordability
- If affordability restrictions are terminated before 30 years, total HTF allocation must be repaid to HUD
Environmental Review

- NHTF will require an Environmental Review
  - Per 24 CFR Part 93.301(f))

- Similar to HOME with a few exceptions
  - Make sure your Environmental Analyst is aware you have requested NHTF

- Publishing, Public Comment and ROF from HUD is **not** required for NHTF

- Any additional federal funding that would normally require issuance will still apply
Prevailing Wage with NHTF

- NHTF is not subject to Davis-Bacon Labor Standards
- However, if NHTF funding is combined with other federal sources, requirements may apply

- NHTF is subject to Workforce Eligibility Policy
NHTF Recommendation Process

• NHTF Proposals will be Grouped and Evaluated with Other Qualifying NHTF Application Before Final Recommendations

• Additional Factors to be Considered Include:
  1. Merits of the Development
  2. Rent Levels
  3. Geographic Distribution
  4. Ability to Deploy Funds Quickly
  5. Affordability Period
  6. Ability to Leverage Funds
Priority Factors - NHTF

1. Merits of the Project
   • Set-Aside Preferences and Service Enriched Priorities are prioritized over others listed in the QAP
   • Priorities described in the QAP

2. Rent Levels
   • Committed Project Base Rental Assistance Preferred
   • ELI Units – maximum rents determined by HUD
Priority Factors (cont.)

3. Geographic Distribution
   • MHDC seeks to award NHTF throughout the state

4. Ability to Deploy Funds Quickly
   • Development Team’s experience and standing with MHDC will be evaluated

5. Affordability Period
   • Minimum period of affordability is 30 years

6. Ability to Leverage Funds
   • Reduction of development costs and/or rents is given priority over the type of leverage
Additional Resources

- HUD Exchange
  - www.hudexchange.info/programs/htf
- National Low Income Housing Coalition
  - www.nlihc.org/issues/nhtf
- Novogradac
  - www.novoco.com
- MHDC
  - www.mhdc.com
The End