



727 15th Street NW, 6th Floor
Washington, DC 20005
(202)662-1530 (202)393-1973 fax
www.nlihc.org

National Housing Trust Fund

Urge Congress to:

- Immediately pass legislation to provide \$1 billion to capitalize the NHTF and \$65 million for project-based vouchers to accompany NHTF grants.
- Identify dedicated sources of revenue for the NHTF sufficient to build or preserve 1,500,000 units of rental housing over 10 years.
- Provide \$65 million for project-based vouchers to be used in connection with units funded by the NHTF for every \$1 billion in funding for the NHTF.

Background:

Establishing the National Housing Trust Fund has been NLIHC's number-one priority for many years. NLIHC has led the National Housing Trust Fund campaign, endorsed by more than 5,700 organizations nationwide, since 2001. The goal for the National Housing Trust Fund, as established by the National Housing Trust Fund campaign, is to build or preserve 1.5 million rental homes affordable for extremely low income households over 10 years.

The National Housing Trust Fund became law with the passage of H.R. 3221, the Housing and Economic Recovery Act of 2008 (HERA) (P.L. 110-289). This is the first new federal housing production program specifically targeted to extremely low income households since 1974.

The original sources of funding for the NHTF were Freddie Mac and Fannie Mae. Unfortunately, the financial crisis in the fall of 2008 required that Fannie and Freddie be taken over by a conservator, and that conservator suspended contributions to the NHTF. During the presidential campaign of 2008, candidate Barack Obama advocated funding for the NHTF. In his first budget proposal, for FY10, President Obama requested \$1 billion as the initial capitalization of the NHTF and that request was repeated in his FY11 budget request. That funding has not yet materialized.

The NHTF Campaign is now focused on securing short- and long-term funding for the NHTF and on assuring that program regulations will reflect the legislative intent of providing affordable housing for extremely low income (ELI) households.

The most important features of the NHTF are:

- It is a permanent program with dedicated source(s) of funding not subject to the annual appropriations process. Funding sources under consideration will not compete with annual HUD appropriations.
- At least 90% of the funds must be used for the production, preservation, rehabilitation, or operation of rental housing. Up to 10% can be used for first-time home buyer assistance for down payments, closing costs, and interest rate buy-downs.

(over)



727 15th Street NW, 6th Floor
Washington, DC 20005
(202)662-1530 (202)393-1973 fax
www.nlihc.org

- At least 75% of the funds for rental housing must benefit extremely low income households and all funds must benefit very low income households.

Deep income targeting in the NHTF ensures that people most in need and most at risk of becoming homeless will have access to housing assistance. Project-based vouchers are needed to ensure that those with the lowest incomes do not have to pay more than 30% of their income toward rent.

NHTF dollars are distributed to states which then allocates the funds to particular projects consistent with a publically developed allocation plan that must prioritize worst case housing needs.

The need for the NHTF is urgent. There is an acute shortage of rental housing that extremely low income households can afford, which causes housing instability and homelessness, and the problem is getting worse. The absolute shortage of affordable rental homes for the lowest income households nationwide increased from 2.7 million in 2007 to 3.1 million homes in 2008 according to data from the 2008 American Community Survey. Investment in the NHTF will not only expand housing supply, but will create new jobs in the construction trades and in operation of the new housing developments.

April 2010