

The National Affordable Housing Trust Fund Bill - Specifics

Funding of the Trust Fund: The goal of the Trust Fund is to construct, rehabilitate, and preserve 1,500,000 units of housing over the next 10 years. The bill seeks to accomplish this with funding from the proposed GSE Affordable Housing Fund (H.R. 1427), FHA savings that result from the enactment of the Expanding American Homeownership Act (HR 1852), and any other sources of funds subsequently identified.

Formula under the Trust Fund: 60% of monies will go to participating local jurisdictions and 40% to states, Indian Tribes and insular areas. A 1% minimum amount floor is provided for each state. A proportionate amount of funds to States must go to rural areas in each State. If the total amount available in any year is less than \$2 billion, there is a \$1 million minimum funding threshold for local jurisdictions.

Targeting under the Trust Fund: All Trust Fund monies must be used for low income families (below 80% of state or local median income). At least 75% of funds must go to extremely low-income families (below 30% of median income or national poverty level). At least 30% of funds must go to families with incomes below the SSI income limit.

Eligible Recipients of Trust Fund Monies: States, participating local jurisdictions, and insular areas are required to make Trust Fund grants to eligible recipients, which can be any organization, agency, or other entity, including for-profits, nonprofits, and faith-based organizations, that have demonstrated the experience and the capacity to carry out the proposed Trust Fund activity. HUD allocates grants to Indian tribes by competition.

Eligible Uses of Trust Fund Monies: The bill would allow Trust Fund monies for construction, rehabilitation, acquisition, preservation incentives (including for manufactured housing and community land trusts) and operating assistance to facilitate affordability. Funds may be used for both rental housing that is affordable and for down payment and closing cost assistance by first time homebuyers.

Prohibited Uses: The bill includes prohibitions against any funds being used for administrative costs or expenses, political activities, advocacy, lobbying, counseling, travel expenses, and preparation of or advice on tax returns. In addition there is a requirement that grantee develop systems to ensure program compliance, and require annual state fund use reports, and authority for HUD to impose penalties on states that do not comply with requirements, including requiring states and grantees to reimburse misused funds.

Matching Requirements of the Trust Fund: For every \$2 of Trust Fund monies, the bill requires matching funds of \$1 of state, local and private resources or for every \$1 of Trust Fund monies, \$1 in matching funds from federal sources. It allows for binding commitments to provide services for residents to qualify towards the match, and also provides for a reduction or waiver of the match where a zoning variance or other waiver of regulatory barriers was required to site Trust Fund-assisted housing.