

Housing Trust Fund Frequently Asked Questions

What is the Housing Trust Fund?

The Housing Trust Fund (HTF) is a unique federal program authorized by the Housing and Economic Recovery Act of 2008 (HERA) to increase and preserve the supply of housing for people with the lowest incomes, including families experiencing homelessness. HTF is not subject to appropriations; instead, HERA requires the government-sponsored enterprises (GSEs) Fannie Mae and Freddie Mac to transfer a modest percentage of their new business revenue to finance the Housing Trust Fund, as well as the Capital Magnet Fund (CMF).

More than 7,500 rental homes already have been produced and placed into service¹ by state administrators — primarily state housing finance agencies (HFAs) — using HTF.

Whom does HTF serve?

By statute, all HTF assistance must be used to benefit very low-income families — families with incomes not greater than 50 percent of area median income (AMI), and at least 75 percent must be used to benefit extremely low-income families (with incomes not greater than 30 percent of AMI or the federal poverty line, whichever is higher). According to regulations, if HTF receives less than \$1 billion in a single year (as has been the case to date), all HTF resources must be used to benefit extremely low-income families.

While states may technically use HTF to support homeownership for eligible households, the target population for HTF is often best served by provision of affordable rental housing, and HTF spending on homeownership activities is limited to not more than 10 percent of annual allocations.

HTF already is succeeding in reaching the hardest-to-serve populations, having been a critical financing source of homes for families and individuals experiencing homelessness, veterans, youth, people with disabilities, victims of domestic violence, and youth who have aged out of foster care.

Who administers HTF?

The HTF statute requires states to select a state agency, such as an HFA, to receive and administer HTF resources. A state may choose to receive and administer its grant or it may choose a qualified state-designated entity to be the HTF grantee. Each grantee must submit a Consolidated Plan assessing their affordable housing and community development needs and

¹ U.S. Department of Housing and Urban Development, "[HTF National Production Report – All States – December 31, 2024](#)," January 2, 2025.

market conditions. Nearly all states have chosen the state HFA to administer HTF as either the primary grantee or a subgrantee.

How much funding is provided through HTF annually?

The amount of funding provided through HTF to states depends on the amount of new business Fannie Mae and Freddie Mac conduct each year. The GSEs set aside an amount equal to 4.2 basis points of each dollar of the unpaid balance of their total new business purchases each year. Sixty-five percent of this amount is allocated to the Department of Housing and Urban Development to fund HTF, and 35 percent is transferred to the Treasury Department for CMF.

While HTF was authorized in 2008, the Federal Housing Finance Agency (FHFA), which oversees the GSEs, initially suspended GSE contributions to both HTF and CMF in response to concerns about the financial status of Fannie Mae and Freddie Mac at that time. As the GSEs became more financially stable, FHFA required them to begin contributing to HTF and CMF, and states received their first HTF grants in 2016. That year, \$174 million went into HTF.

As the GSEs' new business has grown and ebbed, so has HTF. In 2025, HUD allocated \$223 million for HTF, a slight increase from the \$214 million allocated in 2024 but a significant decrease from the \$382 million awarded in 2023 and the peak allocation of \$740 million in 2022.

What should Congress do to improve HTF?

Congress should support designated and sustainable funding for the state-administered HTF. Congress also should prevent any effort to transfer HTF funds to another program or stop GSE contributions to HTF. In addition, Congress should work to provide maximum flexibility for program administrators by limiting federal regulations and streamlining program requirements, especially related to environmental reviews, to align more closely with other housing resources such as the HOME Investment Partnerships Program and the Low-Income Housing Tax Credit.