

## Housing Trust Fund FAQs 2021

### 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 Fannie Mae and Freddie Mac (the GSEs) to transfer a modest percentage of their new business to finance the Housing Trust Fund, as well as the Capital Magnet Fund (CMF).

[Almost 800 rental homes have already been produced and placed into service](#) by state administrators — primarily state housing finance agencies (HFAs) — using HTF, including 149 units designated for individuals experiencing homelessness, 62 units designated for families experiencing homelessness, and seven units for youth aging out of foster care. Almost \$1 billion has been allocated to states for the HTF to date. The Federal Housing Finance Agency (FHFA), the conservator of the GSEs, recently announced the transfer of another \$711 million to HTF this year.

### 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). According to regulations, however, if HTF receives less than \$1 billion in a single year (as has been the case thus far), all HTF resources must be used to benefit extremely low-income families. State HTF spending on homeownership activities is limited to not more than 10 percent of total assistance provided.

Many grantees are targeting their first HTF funds to develop supportive housing in their states, including for persons experiencing homelessness, veterans, and formerly incarcerated persons.

### Who administers HTF?

HTF statute requires states to select a state agency, such as an HFA, to receive and administer HTF resources. A state may choose to be the HTF grantee 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 to be considered.

[Thirty-nine state HFAs](#), as well as NCSHA member HFAs in Puerto Rico and the Virgin Islands, administer HTF. NCSHA Associate Members in the District of Columbia, Guam, and Northern Marianas also administer HTF.

### **How is money allocated to the Housing Trust Fund?**

On January 1, 2015, the GSEs started setting aside an amount equal to 4.2 basis points of each dollar of the unpaid balance of their total new business purchases. Sixty-five percent of this is allocated to HUD to fund HTF while 35 percent will be transferred to CMF operated by Treasury.

The FHFA in March 2021 authorized Fannie Mae and Freddie Mac to disburse \$711 million to HUD for HTF this year.

### **What should Congress do to improve HTF?**

Congress should support designated and sustainable funding for the state-administered HTF and prevent legislative efforts to transfer HTF funds to another program or prevent GSE contributions to HTF. Congress should also work to provide maximum flexibility for program administrators and limit federal regulations.