

THE HFA INSTITUTE 2020
Combining HOME, Housing Trust Fund, & the Housing Credit
 January 14, 2020

HOME and Housing Trust Fund
 JANUARY 12 - 14

MRBs and Other Federal Homeownership Programs
 JANUARY 15 - 17

Housing Credit
 JANUARY 14 - 16

Section 8 and Other Federally Assisted Multifamily Housing
 JANUARY 15 - 17

NCSHA
 National Council of
 State Housing Agencies

1

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Welcome & Introductions

- Sponsored by:
 - HUD's Office of Affordable Housing Programs
 - NCSHA
- Trainer:
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Slide 2

2

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Goals

- Recognize key programmatic differences
 - Which are given to us, which have we done to ourselves?
- Reconsider past practices
 - Which add value, which cause trouble?
- Realign our approach
 - Philosophically, strategically, tactically...

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3

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More Alike Than Different

- Step back and program goals are largely the same
 - Development of affordable rental housing
 - Customized to state/regional/local needs
 - Data-driven decision making
- Many detail differences are highly technical, often statutory, and (when understood) not a big deal
 - Income/rent limits
 - Student rules
 - Good costs/bad costs

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4

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Allocator vs. Direct Funder/Lender

Let's *overthink* this just a bit more



- Difference in risk and responsibility
 - Bad allocation = opportunity cost
 - Bad HOME/HTF = repay HUD
- Result (*I exaggerate, but not entirely*)
 - Allocations – overly deferential to the “private” sector
 - HOME/HTF – more caution in business terms, higher level of ongoing oversight

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5

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We Do It Too

- Resources often siloed
 - Among agencies at state level: HFA v. Commerce Dept
 - Within agencies: Distinct LIHTC vs. HOME/HTF divisions



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6



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Other Differences

- Applicability of various HUD and cross-cutting requirements
 - Davis Bacon, NEPA, URA, Sec. 3, etc.
- Time frames for reinvestment
 - LIHTC: 15 years
 - HOME: 15/20 years
 - HTF: 30 years
- Income targeting, esp. for HTF

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7

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The Result



- Developer preference for one resource over another
 - Not without some reason, but not always compelling
 - Sometimes of our own doing
- Some agencies still struggle to place "less desirable" resources
 - LIHTC v. HOME/HTF
 - 4% v. 9% LIHTC
- Or see demand primarily from "weaker" partners
- Or have to "recruit someone to take it"

Sometimes even state funds




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8

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The Cost



- If we fail to place resources
 - Fewer units, less production, unmet need
- If it's harder than it has to be
 - More time and effort
 - Less efficient deployment of resources
 - Fewer units, less production, unmet need

Slide 9

9

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Resolution for a New Year

- Reconsider and realign
 - Allocator vs. Direct Funder – a false dichotomy?
 - Does the public (or Congress) expect us to treat one resource with less care than another just because we don't "have skin in the game?"
- Broader view, not separate programs but a coordinated whole
 - How can we most effectively deploy **ALL** our resources to maximize public benefit?

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10

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Not Really So Radical

- Many NCSHA LIHTC best practices already align, for example requiring
 - Reserves stay with the deal (not get used for exit taxes)
 - Waivers of qualified contract (and disincentivizing those not previously waived)
 - Require ongoing operating revenue/expense data
 - VAWA & fair housing implementation and training

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11



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Other Opportunities

- More use of "one stop" application processes
 - Allow simultaneous application for LIHTC & gap funding
- Take more control over "best fit" resource decisions
 - Reserve the right to change funding mix, e.g. less credit, add-in gap financing


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12

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With Attention Comes Opportunity

- Not just the here and now
 - More efficient deployment, workflows, etc.
- Our industry is in the national conversation
 - Despite all the other noise
 - Multiple proposals
- Whatever happens, we'll be better prepared to respond quickly & thoughtfully



Slide 13

13



14