

THE HFA INSTITUTE 2021

HTF Essentials

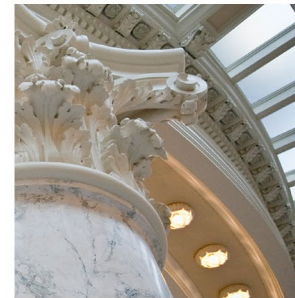
February 11, 2021



National Council of
State Housing Agencies



**MRBs and
Other Federal
Homeownership
Programs**
FEBRUARY 1 – 3



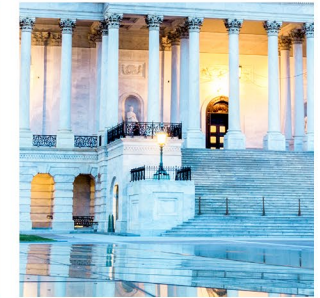
Housing Credit
FEBRUARY 3 – 5



**Section 8 and
Other Federally
Assisted
Multifamily
Housing**
FEBRUARY 8 – 10



**HOME and
Housing Trust
Fund**
FEBRUARY 10 – 12



Welcome

- Sponsored by:
 - HUD, Office of Affordable Housing Programs
 - NCSHA
- Presenter:
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Background

- HTF is a formula block grant that:
 - Provides annual allocations to States
 - Increases and preserves rental and homeownership housing for extremely low-income and very low-income families
 - Is funded outside the congressional appropriations process (known as a mandatory program)
- **Grantees:** 50 States, District of Columbia, Commonwealth of Puerto Rico, 4 insular areas
 - May authorize State-Designated Entity (e.g., state housing finance agency) act as grantee

Allocations

- Statutory minimum to States and the District of Columbia is \$3 million.
 - Less than \$3 million – adjustments by an equal amount
 - Pro rata among States receiving more than minimum
- Federal Register Notification of allocations 60 days after formula determination
- Reallocations – failure to commit, expend or comply
 - Added to formula allocations for succeeding year

HTF Allocation Plan

- Develop annually and submit to HUD
 - Part of annual action plan
- Contains HTF application requirements and selection criteria
 - Distribution of funds
 - Eligible activities to address needs
 - Recipient and project selection criteria
- eCon Planning Suite can be used for some HTF allocation plan requirements

HTF Specific Requirements

- Set maximum purchase price and after rehab values for Homeownership projects
- Set any limits for preferences for beneficiaries of its ELI population
- If HTF to refinance existing debt for rental housing units in combination with rehab – must include refinancing guidelines

HTF Overview

- HTF beneficiaries must have incomes less than the greater of ELI limit or (below 30% of AMI) or Federal poverty line
- Up to 10% of each annual grant may be spent on administrative and planning costs
- At least 80% of each annual grant must be spent on rental housing
- Up to 10% of each annual grant may be spent for homeownership (direct assistance or rehab/construction).

Eligible Activities 92.200

Rental Housing

Production, preservation, and rehabilitation and operating costs of rental housing

Homebuyer

Production, preservation, and rehabilitation of affordable housing for first-time homebuyers

Operating Assistance

Up to 1/3 of each annual grant can be used for operating assistance and Operating Assistance Reserves

Eligible Costs \$93.201

HTF funds may be used to pay:

- Development hard costs
- Refinancing costs
- Acquisition costs
- Project-related soft costs
- Relocation costs
- Operating cost assistance and operating cost reserves

Eligible Costs (cont'd)

- New Construction – eligible costs to meet new construction property standards (§93.301)
- Rehabilitation – eligible costs to meet the property standards for rehabilitation projects (§93.301(b))
- Demolition of existing structures
- Utility connections
- Project site improvements
 - Includes laundry facilities and community facilities located within the same building as the housing

Forms of Assistance

- Equity investments
- Interest-bearing loans or advances
- Non-interest-bearing loans or advances
- Interest subsidies consistent with the purposes of the HTF program
- Deferred payment loans, or grants
- Other forms of assistance that HUD determines to be consistent with the purposes of the HTF program
- Grantee establishes the terms of assistance, subject to HTF requirements

Rental Housing Requirements §93.302

- **Income targeting** – Currently households at or below greater of:
ELI Limit ($\leq 30\%$ of AMI) or Federal Poverty Line
- **Affordability** – HUD posts maximum rent limits annually; HTF
rent limitations apply for 30-year period
- **Property standards** – at completion & ongoing

Rental Housing Requirements

- Tenant selection requirements
 - Waiting lists
 - Can be targeted to specific populations
 - Must be included in written agreement and HTF Allocation Plan/Con Plan
 - Preferences cannot violate nondiscrimination requirements
- Must have written lease between tenant and owner
- Prohibited lease terms

Operating Assistance §93.201

- Up to 1/3 of HTF grant may be used for operating cost assistance or reserve
- Only to HTF units in a project
- Operating Costs include insurance, utilities, real property taxes, and maintenance and scheduled payments to replacement reserves for major systems (based on useful life)
- Does not include debt service and property management costs
- Only for HTF projects that do not receive project-based rental subsidy
- Can be in addition to initial operating deficit reserve

Operating Cost Assistance (cont'd)

The eligible amount of HTF funds per unit for operating cost assistance is determined based on the deficit remaining after the monthly rent payment for the HTF-assisted unit is applied to the HTF-assisted unit's share of monthly operating costs.

Homebuyer Assistance §93.304-305

- Projects include new construction, acquisition/rehab, or direct assistance to homebuyers
- Limited to first-time homebuyers
- Must use as principal residence
- Housing counseling is required before purchase
- Resale/recapture requirements apply
- No grantees are currently undertaking homebuyer activities with HTF

Program Wide Requirements

Affordability

- 30-year period of affordability for all projects irrespective of HTF investment
 - Projects must meet affordability for required period or funds must be repaid
- HUD posts maximum rent and income limits annually
- Homebuyer projects require resale or recapture

Site and Neighborhood Standards §93.150

- Applies to new rental housing – Determine that proposed sites for new construction meet site and neighborhood standards at 24 CFR 983.57(e)(2)
- Site and Neighborhood standard will need to be used to evaluate potential sites prior to commitment of HTF for new construction of rental housing

Income Determinations §93.151

- Annual Income Definition
 - Annual income as defined at 24 CFR 5.609; or
 - Adjusted gross income as defined for purposes of reporting under the IRS Form 1040
- One Definition per program and rental housing project
- Subsequent Annual Income Determinations:
 - Source Documents; or
 - Written Statement and Certification from family; or
 - Written Statement from government program administrator

Income Targeting §93.250


- Depends on amount of HTF funds made available by GSEs
- HTF Funds < \$1 billion:
 - 100% for households at or below greater of:
 - ELI Income Limit ($\leq 30\%$ of AMI)
 - Federal Poverty Line
- HTF Funds > \$1 billion:
 - At least 75% for households at or below greater of ELI income limit or Federal Poverty Line
 - Up to 25% of grant for VLI households (< 50% of AMI)

Maximum per-unit Subsidy \$93,300

- Grantee must establish per-unit limits for the development of units
- Subsidy limit adjusted based on number of bedrooms and geographic location
- Limits must be reasonable and based on actual costs
- Subsidy limits are updated annually

Property Standards

§93.301



All HTF-assisted properties must meet established property standards at project completion and must be maintained for the period of affordability.

Manufactured Housing §93.301

- Manufactured Housing Unit eligible for purchase or rehabilitation
- Land acquisition is eligible
- At project completion
 - Must be connected to permanent utility hook-ups
 - Located on land owned by the manufactured housing unit owner; or
 - Manufactured housing unit owner must have a lease for a period at least equal to the applicable period of affordability.

Other Federal Requirements §93.350

- Title VI of the Civil Rights Act of 1964, the Fair Housing Act
- Affirmative Marketing
- Lead Based Paint - Lead Safe Housing Rule (LSHR)
- URA – applies for displacement, relocation, and acquisition
- Conflict of Interest
- Different Environmental Requirements
 - No Part 58 requirement for HTF
 - Environmental laws included in property standards
- Fewer Federal cross-cutting requirements for HTF
 - No Davis-Bacon labor rates or Section 104(d)

Deadlines

- Statutory 24-month commitment requirement
- Regulatory 5-year expenditure requirement
 - These are grant-specific requirements
 - Non-compliance results in deobligation and reallocation by formula
- No grant expiration - non-appropriated funds
- IDIS deadline tracking reports

HOME/HTF Differences

- Deeper income targeting
- No TBRA
- No Homeowner Rehabilitation
- Homebuyer limited to first time only
- No CHDOs or CHDO set aside
- No Match requirement
- Operating subsidy costs allowed
- Commitment and expenditure deadlines apply

Eligible Administrative and Planning Costs

Administrative and Planning Costs

- Maximum - 10 percent of the sum of each fiscal year HTF grant and of program income deposited into its local account or received and reported by its subgrantees during the program year
- Funds can be expended directly or may authorize for subgrantees; total expenditures for planning and administrative costs can not exceed the maximum allowable amount

Administrative and Planning Costs

Reasonable Costs

- Costs must be reasonable for overall program management, coordination, monitoring, and evaluation
- Includes costs for goods and services required for administration of the program
- Indirect costs may be charged to the HTF program in accordance with 2 CFR part 200, subpart E

Resources

Resources

HUD EXCHANGE

Programs Resources Trainings Program Support

Housing Trust Fund
 The Housing Trust Fund (HTF) provides grants to states to produce and preserve affordable housing for extremely low- and very low-income households.

[Learn about HTF](#)

Home > Programs > HTF: Housing Trust Fund

<p>Policy Guidance</p> <ul style="list-style-type: none"> HTF COVID-19 Guidance HTF Laws and Regulations HTF CPD Notices HTF FAQs 	<p>Limits & Allocations</p> <ul style="list-style-type: none"> Homeownership Value Limits Income Limits Rent Limits HTF Formula Allocations 	<p>Reports</p> <ul style="list-style-type: none"> HTF Deadline Compliance Status Reports HTF Open Activities Reports HTF Vacant Units Reports 	<p>Reporting Systems</p> <ul style="list-style-type: none"> IDIS: Integrated Disbursement and Information System eCon Planning Suite (Consolidated Plan)
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<https://www.hudexchange.info/programs/htf/>