



HFAs: THE CENTER OF THE **AFFORDABLE HOUSING SYSTEM**





STATE HFAs ARE THE CENTER OF THE AFFORDABLE HOUSING SYSTEM

For decades, state housing finance agencies (HFAs) have operated at the center of America's affordable housing system.

Each state created its HFA to meet its specific housing needs as they change over time and to do so in an efficient and accountable manner.

State HFAs don't rely on the taxpayers to fund their operations: They put their own balance sheets and financial tools to work to meet the housing needs of their states' rural, suburban, and urban communities.

State HFAs have delivered more than \$700 billion in financing to make possible the purchase, development, and rehabilitation of more than eight million affordable homes and rental apartments for low- and middle-income households.

State HFAs are also indispensable partners of the federal government in meeting national housing challenges — working with both parties and any administration with the same practical, results-based approach.

Federal policymakers have several important opportunities to make progress on the nation's worsening housing affordability challenges by leveraging the capacity and expertise of state HFAs.

This report describes how.



2021 STATE HFA IMPACT

NEARLY
\$34
BILLION
FINANCED

NEARLY
\$14
BILLION
FINANCED

MORE THAN
141,000
HOUSEHOLDS

NEARLY
167,000
HOUSEHOLDS

Homeownership

Rental Housing



STATE HFAs ARE MEETING THE NATION'S HOUSING AFFORDABILITY CHALLENGES

State HFAs make affordable housing a new reality for more than 300,000 households every year. Working in every state in the country, the agencies are:

Expanding Much-Needed Affordable Homeownership Opportunities

In 2021, state HFA programs provided more than \$33 billion to more than 141,000 home buyers, including affordable mortgages, down payment assistance, and education and counseling. More than 80 percent of beneficiaries are first-time home buyers, and one-third of HFA program loans serve borrowers of color.

The median borrower income for state HFA program loans in 2021 was \$48,772, nearly 40 percent below the national median income.¹ The average purchase price of an HFA-financed home was \$189,740 — well below the national median home price of \$346,900.²

Meeting the Growing Housing Needs of Vulnerable Renters

State HFAs provided nearly \$14 billion in financing to create and preserve more than 166,000 affordable rental apartments in 2021.

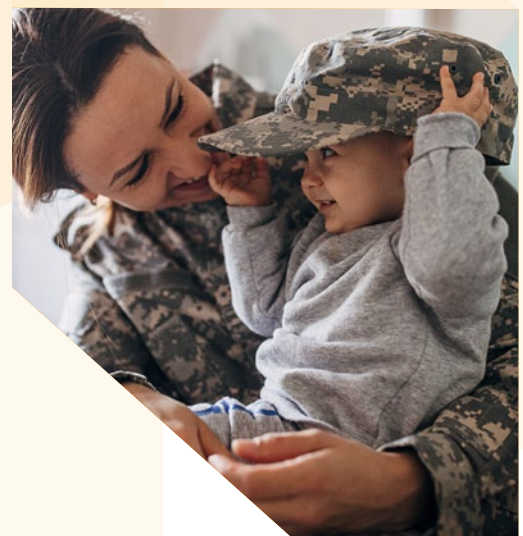
The state-run Housing Credit serves households with a median income of just \$18,200.³ More than 30 percent of the HOME funds administered by 45 state HFAs reach families HUD considers “extremely low income.”⁴ Project-Based Rental Assistance, administered by 36 state HFAs, supports residents with an average income of \$13,500.⁵

Stepping Up to Help Homeowners and Renters in Challenging Times

Congress, governors, and state legislatures around the country turned to state HFAs to meet many of the toughest housing challenges of Covid-19.

HFAs are administering more than \$36 billion in emergency programs, putting their states' fiscal recovery funds to work for low-income renters and homeowners.

Today, state HFAs are at the forefront of the affordable housing industry's efforts to deal with higher construction costs and interest rates.

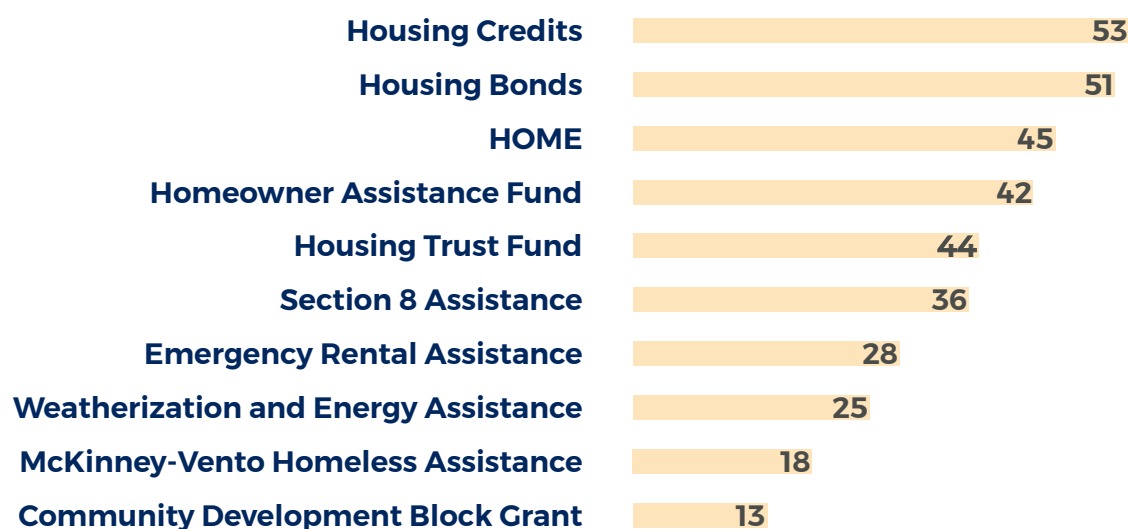


STATE HFAs DELIVER VALUE FOR THEIR STATES AND THE NATION

Delivering Key Federal Housing Resources to Meet State-Specific Needs

State HFAs' capacity and performance have earned the agencies the primary responsibility for delivering an array of federal housing programs in their respective states.

Number of State HFAs Administering Select Federal Programs*



**Totals include the HFAs of the District of Columbia, Guam, New York City, Northern Mariana Islands, Puerto Rico, and U.S. Virgin Islands.*

Operationally Strong and Ready to Do More

"State HFAs maintain high investment grade ratings, margins remain healthy, and asset-to-debt ratios are high. Single family delinquencies have returned to pre-pandemic levels and multifamily will continue to perform well despite supply chain/ labor cost issues."⁶

Moody's Investors Service

"U.S. housing finance agency (HFA) single- and multifamily programs exhibited rating stability through the volatility of the COVID-19 pandemic and are on track to do so in the face of the economic struggles expected through the next several years."⁷

S&P Global Ratings

STATE HFAs CAN DO EVEN MORE WITH SMART FEDERAL POLICIES

We call on Congress and the Administration to:

Produce and Preserve Affordable Apartments with Housing Credits and Housing Bonds

These two long-running programs are the primary drivers of affordable rental housing construction and rehabilitation. Congress should pass bipartisan legislation to expand and strengthen them through the enactment of the Affordable Housing Credit Improvement Act and other legislation.*

Expand Affordable Homeownership Opportunity for Lower-Income Households Through HFAs

Common-sense improvements to Housing Bonds, included in the Affordable Housing Bond Enhancement Act, would generate more sustainable mortgages for first-time home buyers. The Neighborhood Homes Tax Credit would stimulate new affordable for-sale construction and renovation.*

Fix Racial Disparities in the Housing Market

The Federal Housing Finance Agency, U.S. Department of Housing and Urban Development, U.S. Department of Agriculture, and federal bank regulators have wide-ranging authorities and incentives to ensure a fair playing field for households and communities of color. Congress should hold the agencies accountable to meaningful actions.

Invest in Proven Programs That Serve the Neediest

Congress should adequately fund and strengthen the highly successful HOME Investment Partnerships program and invest in Section 8 rental assistance and key rural housing programs so states can reach the most underserved households and communities.

Ensure Optimal Delivery of Rental Assistance

Congress and HUD should continue to rely primarily on state HFAs to administer Project-Based Rental Assistance (PBRA) contracts on behalf of the federal government and ensure continued state-by-state administration of HUD PBRA by state HFAs with the willingness and authorization under state law to deliver PBRA services.

For more information on NCSHA's requests of Congress, visit ncsha.org.

**Legislation pending reintroduction as of publication.*





ABOUT THE NATIONAL COUNCIL OF STATE HOUSING AGENCIES

For more than 50 years, state housing finance agencies (HFAs) have played a central role in the nation's affordable housing system, delivering financing to make possible the purchase, development, and rehabilitation of affordable homes and rental apartments for low- and middle-income households.

The National Council of State Housing Agencies (NCSHA) is a nonprofit, nonpartisan organization created to advance, through advocacy and education, the efforts of the nation's state HFAs and their partners to provide affordable housing to those who need it.

NCSHA's vision: An affordably housed nation.



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1 NCSHA State HFA Factbook: 2021 NCSHA Annual Survey Results (2022).

2 National Association of REALTORS®, "2021 Profile of Home Buyers and Sellers" (2021).

3 U.S. Department of Housing and Urban Development, Tenants in LIHTC Units as of December 31, 2019.

4 NCSHA State HFA Factbook: 2021 NCSHA Annual Survey Results (2022).

5 U.S. Department of Housing and Urban Development, Resident Characteristics Report, as of January 31, 2023.

6 Moody's Investors Service, "NCSHA - Bond and Securities Market Update" (2022 presentation).

7 S&P Global Ratings, "U.S. Housing Finance Agency Programs Have The Resilience To Navigate The Uncertain Economic Landscape" (October 20, 2022).