
THE HFA INSTITUTE

Planning for the HTF Final Rule

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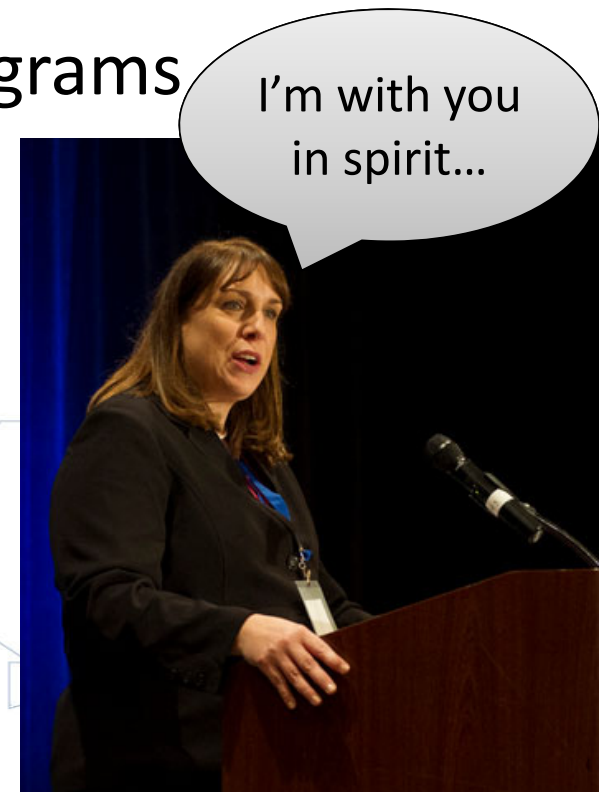


Welcome & Introductions

- Sponsored by:
 - HUD's Office of Affordable Housing Programs
 - NCSHA
- Trainer:
 - Steve Lathom, TDA Consulting

slathom@tdainc.org

517-203-4130



HTF History

- Title I of Housing & Economic Recovery Act of 2008
 - HERA also created NSP1; authorized LIHTC changes including 9% floor (now permanent) and state-designated basis boost
- But GSEs into conservatorship in Sept. 2008
 - Contributions to HTF suspended
- Dec. 2014 – FHFA lifted suspension and directed GSEs to make contributions based on 2015 new business

HTF History Continued...

- Jan. 2015 Interim Housing Trust Rule (24 CFR 93) published, effective March 31, 2015
- 2016 – initial allocations to states; total allocation ~\$174M
- 2017 – total allocation ~\$219M
- 2018 – total allocation ~267M
- 2019 – ???

Future of Housing Trust Fund

- In 2019, HUD will be soliciting input on HTF through:
 - Informal opportunities (such as this)
 - Solicitation of public comments via Federal Register Notice
- Goal for this session is obtaining feedback on:
 - What can be clarified?
 - What works, what is challenging, what might be changed?
 - Knowing what we know now, what might be done differently?

Topic Areas

- Income Targeting
- Rent Restrictions
- Period of Affordability
- Operating Subsidies
- Allocation Plans
- Environmental



Income Restrictions

- Statute
 - 75% of funding to extremely low income (30% AMI) housing
 - Balance to very low income (50% AMI) housing
- Regulation
 - 100% to ELI housing when national allocation below \$1B
- Questions
 - Challenges with 100% ELI targeting?
 - How might your state use opportunity to incorporate some VLI units?

Rent Limits

- Regulation
 - Establishes rent at 30% of greater of 30% AMI or Poverty
 - Inclusive of utility allowance
 - FYI - does not prohibit use of PHA area-wide UA
- Known issue: HUD has not specified rules for over-income in-place tenants
- Other issues/questions:
 - Does not establish rent floor, should it?
 - Other concerns, challenges, potential flexibility?

Period of Affordability

- Statute
 - Secretary to issue regulations, including establishing duration
 - Repayment by states for non-compliant projects required
- Regulation
 - 30 year period of affordability, no additional HTF within POA
- Challenge: 30 years exceeds financial life of most projects, recapitalization within POA practically required
- How to balance competing interests
 - Longest period possible
 - Coordination w/ other financing
 - Risk/flexibility for states

Operating Subsidies

- Statute – operating assistance an eligible activity/cost
- Regulation
 - Limits operating to one-third of annual allocation
 - Ties operating to units produced with HTF
- Known issue: Definition of operating costs does not include common “administrative” costs, e.g. property management
- Questions
 - Decouple operating from development funding?
 - Modify cap on operating assistance?
 - Other challenges?

Additional Topics

Allocation Plans

- Likely to streamline regulation
- Statute requires plan account for geographic diversity
 - How do you do that at “low” allocation levels

Environmental Reviews

- Statute does not authorize use of Part 58 process
 - Regulation largely adopts substance with alternative process
 - Absent statutory change, how could regulation be clarified, streamlined, improved?

What Else?

- Ways to better align with LIHTC
 - Other sources?

Questions, Concerns, Comments





t forget...

- HUD will [unclear] for additional [unclear]
- Coordinate [unclear]
- Highlight su [unclear] advocates [unclear]