

State Housing Finance Agencies:

AT THE CENTER OF AFFORDABLE HOUSING

High housing costs have become a painful reality for millions of Americans in recent years, imposing difficult financial hardships and fueling persistent inflation.

The challenges facing lower-income renters, aspiring first-time home buyers, and cash-strapped owners of older homes are different – but they all reflect the same underlying fact: Almost anywhere you look, America has a housing affordability crisis.

State housing finance agencies are at the center of the solutions.

HFAs have delivered more than \$800 billion in financing to make possible the purchase, development, and rehabilitation of more than 8.2 million affordable homes and rental apartments for low- and middle-income households.

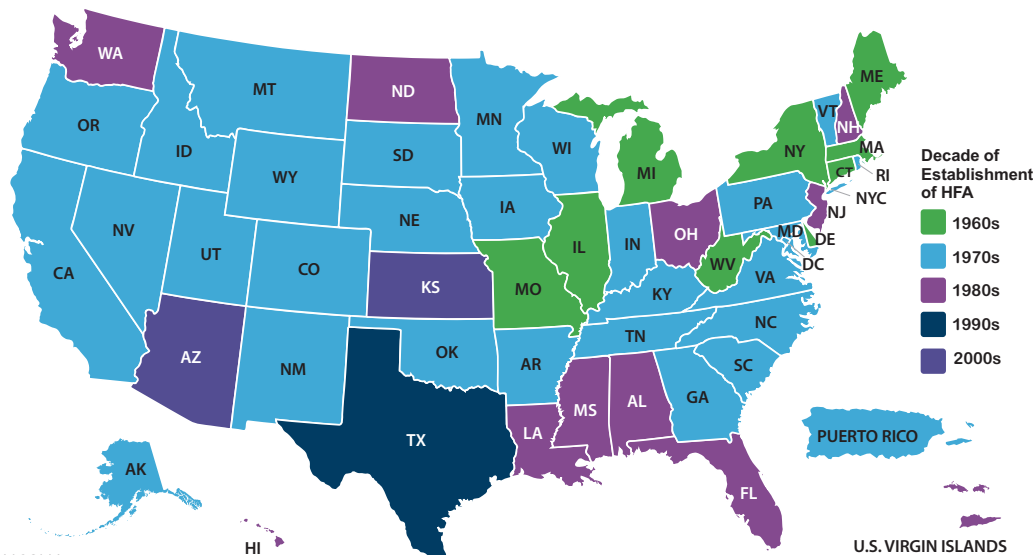
Every year, these agencies help 250,000 – 275,000 owners and renters all across the country.

HFAs combine the financial tools and business discipline of a large-scale lending institution with the planning and policy-making responsibilities of a mission-oriented, public-purpose agency. They are self-supporting – not reliant on taxpayers to operate.

Each HFA was created by its state to meet its own specific housing needs, so no two are exactly alike. They all share a common mission: to make housing affordable for those hit hardest by high housing costs.

This report describes how they do it.

FIGURE 1: State Housing Finance Agencies by Decade of Establishment



AFFORDABLE HOMEOWNERSHIP

The Challenges

Homeownership, the primary driver of household wealth and a foundation for family stability, is increasingly out of reach for millions of Americans.

Home prices have increased more than 50 percent since 2019ⁱ and doubled over the past decade.ⁱⁱ Roughly 75 percent of homes on the market at the end of last year were unattainable for the middle class.ⁱⁱⁱ The share of newly built homes serving entry-level buyers is less than 10 percent.^{iv} And lower-income homeowners earning \$55,000 or less have cumulative home repair needs of \$57 billion.^v

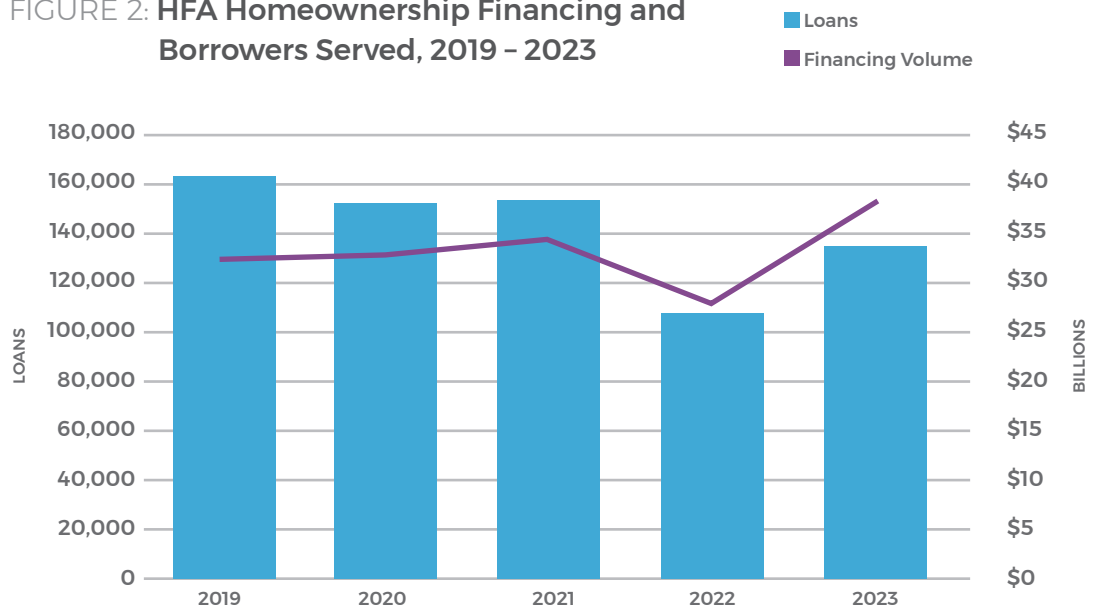
HFA Solutions

State HFAs have made homeownership more affordable for 4.4 million lower-income homeowners and home buyers. They do it by:

- financing affordable mortgages,
- providing down payment assistance,
- supporting affordable home construction, and
- funding necessary home improvements.

The Results

FIGURE 2: HFA Homeownership Financing and Borrowers Served, 2019 - 2023

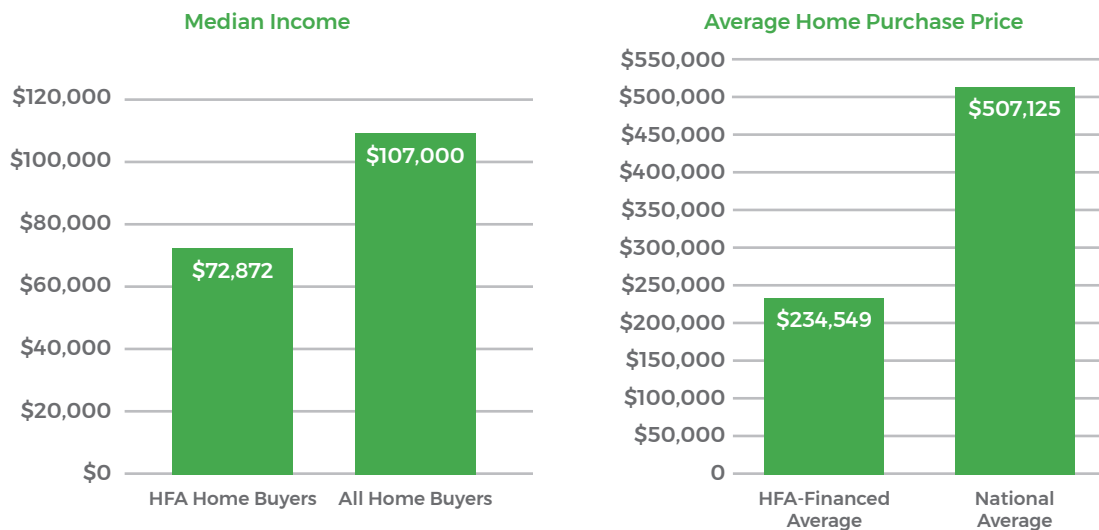


Source: NCSHA

The Impacts

The median income of an HFA-financed home buyer is less than \$75,000 – more than 30 percent below the national median for all home buyers. Their average home price is \$235,000 – less than half of the national average. Nine in 10 HFA-supported owners are first-time home buyers.

FIGURE 3: HFA Home Buyer Incomes and Home Purchase Prices, 2023



Sources: NCSHA; National Association of Realtors, "2023 Profile of Home Buyers and Sellers."

Sources: U.S. Census Bureau; U.S. Department of Housing and Urban Development, "Average Sales Price of Houses Sold for the United States," retrieved from FRED, Federal Reserve Bank of St. Louis, November 6, 2024.

AFFORDABLE RENTAL HOUSING

The Challenges

Record numbers of Americans are paying unsustainable rents, living in poor-quality apartments, and experiencing homelessness.

The average rent has increased 30 percent since 2019 – 50 percent more than average wages.^{vi} Twelve million renters pay more than half their income for rent, while four million live in substandard conditions.^{vii} Three out of every four households income-eligible for rental assistance don't receive any.^{viii} The supply of affordable apartments is millions short of demand,^{ix} and low-cost rentals are being lost faster than new ones can be built.^x

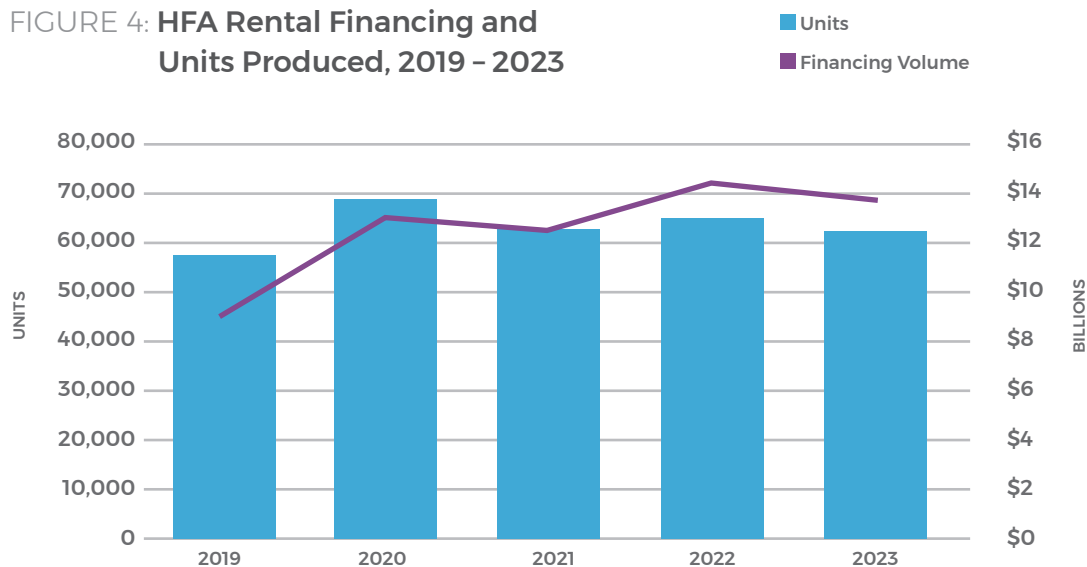
HFA Solutions

State HFAs have provided lower-cost homes and improved housing conditions by financing more than 3.8 million apartments for low-income renters. They do it by:

- financing apartment development,
- allocating construction incentives,
- delivering rental assistance, and
- ensuring quality property standards and timely rent collection.

The Results

FIGURE 4: HFA Rental Financing and Units Produced, 2019 - 2023

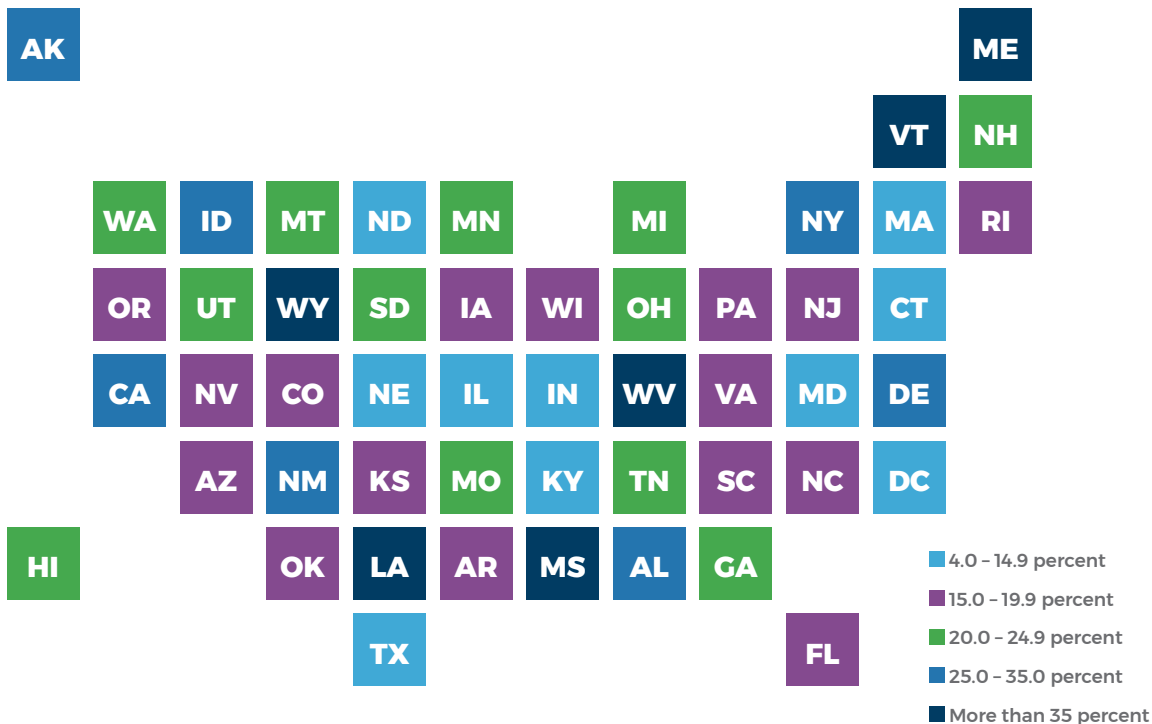


Source: NCSHA

The Impacts

Eighty-five percent of HFA-financed apartments serve households earning 60 percent of their area’s median income or less. The main HFA-administered rental assistance program supports renters with an average income of \$13,500. The federal Low-Income Housing Tax Credit (LIHTC) program, administered in 53 states and territories by the HFA, serves mostly extremely low-income people and drives apartment development across the country.

FIGURE 5: Low-Income Housing Tax Credits Finance at Least 15 Percent of New Multifamily Housing in 40 States



Notes: Defines multifamily housing as buildings with at least five units. Defines tax credit units as those with Low-Income Housing Tax Credit (LIHTC) subsidies. Compares the number of LIHTC units placed in service from 2000 - 2019 with the number of housing units recorded as built from 2000 - 2019 in 2017 - 2021 survey.

Source: National Housing Preservation Database (2023); American Community Survey 2017 - 2021 by year structure built.

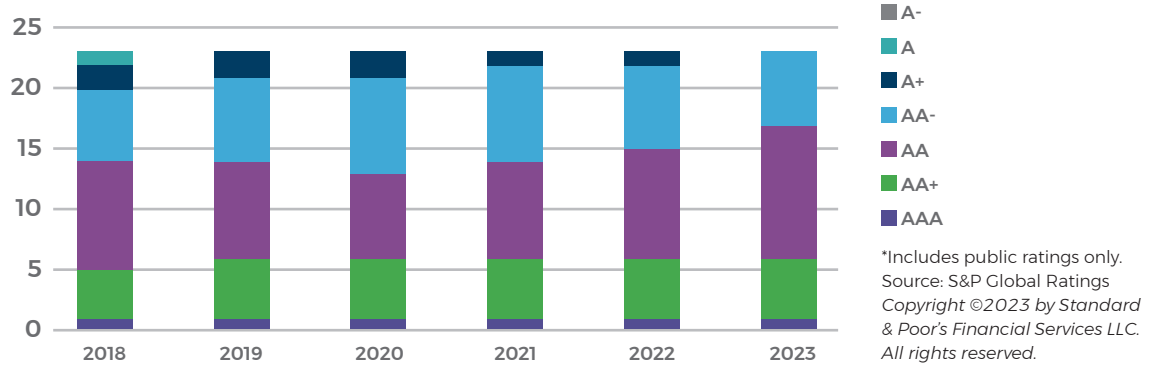
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THE FOUNDATIONS OF HFA EFFECTIVENESS

Strong Management

S&P Global Ratings has rated HFAs highly throughout the past five years.

FIGURE 6: State HFA Bond Ratings,* 2018 – 2023

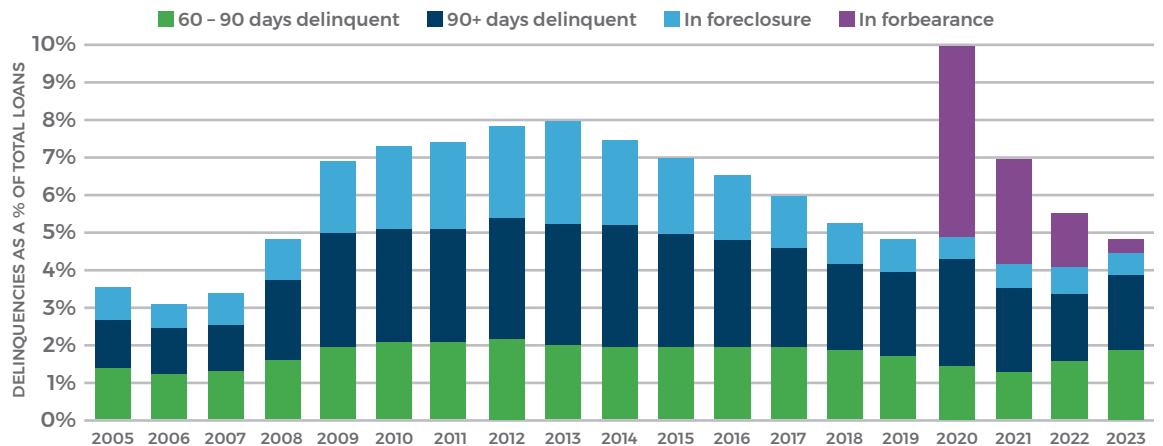


Superior Financial Performance

Analysis by Moody's Ratings attests to HFA loan quality.

FIGURE 7: State HFA Home Mortgage Loan Performance, Q4 2005 – 2023

High-quality loans lead to favorable portfolio outcomes, as indicated by low delinquency and foreclosure rates during economic challenges. (Single-family loan portfolio)



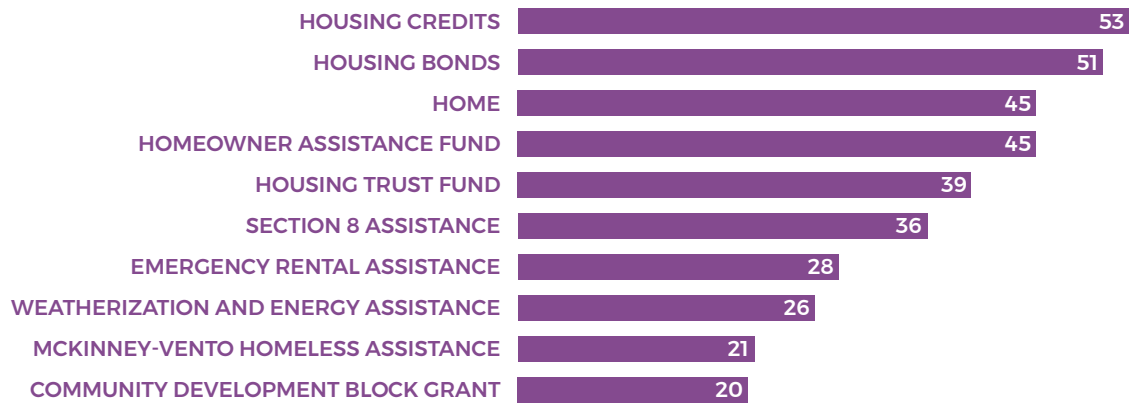
Notes: 1) Periods before 12/31/2020 do not have loans in forbearance. 2) For HFAs that did not include loans in forbearance in their 60 - 90 days or 90+ delinquency rates, we have added forbearance into their 90+ days category.

Source: Moody's Ratings single-family HFA surveys

Sound Stewardship of Federal Resources

HFAs are the primary administrators of most major federal housing programs, reflecting a long-running, bipartisan confidence that they are best positioned to serve both national housing objectives and specific state needs. Governors and state legislatures in every part of the country are also turning to state HFAs to solve their housing challenges as never before.

FIGURE 8: Number of State HFAs Administering Key Federal Programs*



*Totals include the HFAs of the 50 states, the District of Columbia, Guam, New York City, Northern Mariana Islands, Puerto Rico, and U.S. Virgin Islands.

Source: NCSHA

State HFAs

Alabama Housing Finance Authority	Nebraska Investment Finance Authority
Alaska Housing Finance Corporation	Nevada Housing Division
Arizona Department of Housing	New Hampshire Housing Finance Authority
Arkansas Development Finance Authority	New Jersey Housing and Mortgage Finance Agency
California Housing Finance Agency	New Mexico Mortgage Finance Authority
Colorado Housing and Finance Authority	New York City Housing Development Corporation
Connecticut Housing Finance Authority	New York State Homes and Community Renewal
Delaware State Housing Authority	North Carolina Housing Finance Agency
District of Columbia Housing Finance Agency	North Dakota Housing Finance Agency
Florida Housing Finance Corporation	Ohio Housing Finance Agency
Georgia Department of Community Affairs/ Georgia Housing and Finance Authority	Oklahoma Housing Finance Agency
Hawai'i Housing Finance and Development Corporation	Oregon Housing and Community Services
Idaho Housing and Finance Association	Pennsylvania Housing Finance Agency
Illinois Housing Development Authority	Puerto Rico Housing Finance Authority
Indiana Housing and Community Development Authority	Rhode Island Housing
Iowa Finance Authority	South Carolina State Housing Finance and Development Authority
Kansas Housing Resources Corporation	South Dakota Housing Development Authority
Kentucky Housing Corporation	Tennessee Housing Development Agency
Louisiana Housing Corporation	Texas Department of Housing and Community Affairs
MaineHousing	Utah Housing Corporation
Maryland Department of Housing and Community Development	Vermont Housing Finance Agency
MassHousing	Virgin Islands Housing Finance Authority
Michigan State Housing Development Authority	Virginia Housing
Minnesota Housing	Washington State Housing Finance Commission
Mississippi Home Corporation	West Virginia Housing Development Fund
Missouri Housing Development Commission	Wisconsin Housing and Economic Development Authority
Montana Housing	Wyoming Community Development Authority

About NCSHA

The National Council of State Housing Agencies is a nonprofit, nonpartisan organization created by the nation's state housing finance agencies (HFAs) more than 50 years ago. NCSHA advances the agencies' shared policy priorities with Congress and federal agencies; produces and disseminates educational, training, and best-practice information for agency staff; and promotes HFA leadership and innovation in meeting their states' housing needs. **Learn more at ncsha.org.**

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Sources

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