



The National Housing Trust Fund Campaign

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Discharge Petition for H.R. 1102 (H. Res. 748) National Affordable Housing Trust Fund Act of 2003

- **Goals and Objectives.** A National Housing Trust Fund should be established to serve as a source of revenue for the production of new housing, and the preservation or rehabilitation of existing housing that is affordable for low income people.
- **Status of Legislation.** National Housing Trust Fund legislation (H.R. 1102) in the House of Representatives now has 214 cosponsors. But the leadership of the Financial Services Committee, which has jurisdiction over the bill, has not taken up the bill. So in late July, Representatives Barbara Lee (D-CA), Michael Capuano (D-MA) and Bernie Sanders (I-VT) filed a discharge petition in an effort to move the National Housing Trust Fund forward. The petition would “discharge” the committee of its responsibility in considering the bill. If a majority of the Members, 218, sign the petition, the bill could come directly to the House floor for debate and a vote.
- **Source of Funds.** In the discharge petition, H.R. 1102 is funded with such sums as necessary.
- **Match.** States or participating local jurisdictions must provide \$0.25 of non-federal money for every \$1 federal provided. 50% of the following are considered non-federal sources: funds allocable to tax credits; revenue from mortgage revenue bonds, proceeds of sale of tax-exempt bonds; HOME; CDBG; rural housing assistance; and project-based voucher assistance. TANF block grant funds and any general state or local revenue not derived from federal sources are considered non-federal. Match can be reduced or eliminated for fiscal distress.
- **Affordability.** Housing funded through the Trust Fund must remain affordable for 50 years.
- **Eligibility.** Eligible activities include construction of new housing, acquisition of real property, site preparation and improvement (including demolition), rehabilitation of existing housing, provision of project-based rental assistance for no more than 12 months, and incentives to maintain existing housing as affordable and establish or extend low income affordability restrictions for such housing. States may use up to 5% of grant amounts for operating costs of non-profits involved in developing affordable rental housing.
- **Income Targeting.** Not less than 45% of funds for development of rental housing (including limited equity cooperatives) affordable to families with incomes not greater than 30% of area or state median income, whichever is higher. 30% of funds for development of rental housing (including limited equity cooperatives) affordable to families with incomes equivalent to federal or state full time minimum wage. Not more than 25% for development, preservation or rehabilitation of existing affordable housing for rental or homeownership (including cooperatives) affordable to families with incomes above those

provided for by the other targeting goals but not exceeding 80% of area or state median income, whichever is higher.

- **Distribution.** 100% of funds will be distributed on a formula basis to states and localities, with 40% to states and 60% to localities. The formula will consider the following factors: percent of families in state in substandard housing; percent of families paying more than 50% of income for rent; percent of families below poverty line; cost of development and rehabilitation; percent of families residing in counties with vacancy rates of less than 2%; percent of housing stock that is over 45 years old; and other appropriate factors. There is a minimum of 1% of the total funding for each state. For states that fail to establish an allocation plan or have insufficient matching funds, the HUD Secretary will award funds to non-profits and public entities directly.
- **Operating Subsidy.** Trust Fund assistance may be used for up to one year for operating subsidy. Project-based Section 8 rental assistance is authorized for Trust Fund units.
- **Leveraging Private Funds.** Encouraged through the match requirement. Preferences include the amount of assistance leveraged from private and other non-federal sources and from local sources.
- **Mixed Income.** States and localities distribute funds to public or private nonprofit or for-profit entities, units of general local government, regional planning entities, and any other entities engaged in the development, rehabilitation, or preservation of affordable housing.
Each state and local allocation plan must include the following preferences:
 - the extent to which the applicant has worked to address issues of siting and exclusionary zoning or other policies that are barriers to affordable housing with the unit of general local government in which housing to be assisted will be located;
 - the degree to which the project will have residents of various incomes;
 - the extent of employment and economic opportunities;
 - the extent to which the housing will be located in proximity to public transportation, child care and community revitalization projects; and
 - the extent to which the funds will be used in census tracts where the number of families having incomes less than the poverty line is less than 20%.
 - Entities applying for funds must certify that not more than 50% of the units will be initially rented to extremely low income families, except in the case of small projects located in low poverty areas, rural areas or serving special populations.
- **Consistency with other Federal provisions.** Entities applying for funds must certify that they will uphold the obligation to affirmatively further fair housing and those receiving funds must ensure that contracts comply with the requirements of Davis-Bacon. States and localities should coordinate distribution of funds, to the maximum extent practicable, with other affordable housing assistance. States and localities may comply with requirement to submit allocation plans by including appropriate information in their Consolidated Plans.

For further information, please call the National Low Income Housing Coalition at (202) 662-1530.

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