THE NATIONAL AFFORDABLE HOUSING TRUST FUND BILL

The bill establishes a National Affordable Housing Trust Fund for the production of new housing and the preservation or rehabilitation of existing housing that is affordable for low income people. The goal of the Trust Fund is to construct, rehabilitate, and preserve 1, 500,000 units of housing over the next 10 years. The Trust Fund is funded with monies from the proposed GSE Affordable Housing Fund (H.R.1427), Federal Housing Administration savings that result from the enactment of the Expanding American Homeownership Act (H.R.1852), and any other sources of funds subsequently identified.

The bill allocates 60% of Trust Fund monies to participating local jurisdictions and 40% to States, Indian Tribes and insular areas. HUD is required to develop a formula for these allocations based on a number of factors, including population, housing affordability, percentage of very and extremely low income families, cost of construction and rehabilitation, and the extent of substandard and aging housing. The bill also requires that Trust Fund grantees provide matching funds.

Funds can be used for construction, rehabilitation, acquisition, preservation incentives (including for manufactured housing and community land trusts) and operating assistance to facilitate affordability. Funds may be used for both rental housing that is affordable and for down payment and closing cost assistance by first time homebuyers. All Trust Fund monies must be used for the benefit of low income families (below 80% of higher of state or local median income). At least 75% of funds must go to extremely low-income families (below higher of 30% of local area median income or national poverty level). At least 30% of fund must go to families whose incomes qualify them for SSI benefits.

States and participating local jurisdictions (grantees) are required to make Trust Fund grants to eligible recipients, which can be any organization, agency, or other entity, including for-profits, nonprofits, and faith-based organizations, that have demonstrated the experience and the capacity to carry out the proposed activity in the fund application. Each grantee will allocate funds under its own Allocation Plan, which is based on priority housing needs and geographic diversity, and includes selection criteria of the ability to leverage funds form other sources, and the extent to which rental housing projects are affordable, especially for extremely low income families. Funds are made available to alternative grantees if any grantee does not obligate funds within 2 years.

The Fund includes a number of provisions to ensure that the funds are used for housing and are not misused or used for other purposes, including: (a) a strict prohibition against any funds being used for a recipient’s administrative costs or expenses, political activities, advocacy, lobbying, counseling, travel expense, or preparation or advice on tax returns, (b) limits to be set by HUD on how much grantees can spend on administrative costs, (c) a requirement by HUD to establish program regulations, authority for HUD to audit each grantee’s compliance, a requirement that each grantee develop systems to ensure program compliance, and require annual state fund use reports, and (d) authority of HUD to impose penalties on grantees that do not comply with requirements, including requiring grantees to reimburse misused funds.