

AGENDA ITEM #7 HOUSING TRUST FUND (NHTF) UPDATE

The National Housing Trust Fund (NHTF) established in July 2008 as part of the Housing and Economic Recovery Act of 2008 (HERA) required that Fannie Mae and Freddie Mac pay 4.2 basis points of their annual volume of business to two funds. This requirement was suspended when the companies were taken into conservatorship in September 2008 at the height of the housing crisis. The new director of the Federal Housing Finance Agency, has now lifted the suspension on Fannie Mae and Freddie Mac's obligation to fund the National Housing Trust Fund (NHTF).

The purpose of the NHTF is to increase and preserve the supply of housing, principally rental housing for extremely low and very low-income households. The U.S. Department of Housing and Urban Development (HUD) is the federal agency responsible for the NHTF. The NHTF is a block grant to the states and the law that created NHTF requires HUD to use a formula to distribute NHTF dollars directly to states.

Funding Amounts

On January 30, 2015, HUD published an interim Rule (FR-5246-I-03) which provides the guidelines for States to implement the NHTF. HUD does not anticipate announcing NHTF funding allocations to states until April, 2016 at the earliest. Per the statute, section 1338(c)(4)(C) of FHEFSSA, each State was to receive a minimum allocation of \$3 million. In the interim rule HUD added a provision which will allow an alternative methodology to determine minimum allocations if the total amount of NHTF funds is insufficient to provide the minimum award of \$3 million.

Distribution of Funds

The Nevada Housing Division (NHD) is the state's authorized agency to receive NHTF money from HUD. For the first year of funding NHD will administer the NHTF directly to one or more projects statewide.

Allocation Plan & Criteria

The Division will allocate funds based on the recommendations of the Nevada Interagency Council on Homelessness (Council) and data driven factors as considered by NHD, and other State leadership.

The Council was formed by Executive Order by former Nevada Governor Kenny Guinn in 2005. Its purpose is to coordinate and focus State efforts to effectively address the challenge of homelessness in the State of Nevada. The Council also works with the U.S. Interagency Council on Homelessness, local governments and the Nevada Homeless Policy Academy work group.

The Division will apply criteria based on the most current applicable Qualified Allocation Plan (QAP). Review will include project types of greatest need, target populations, the ability of proposed projects to meet those needs, comparative geographic demand, other sources of funding support, local government support and the prospective feasibility and viability of those projects.

NHD, on behalf of the State of Nevada, will prepare a NHTF "Allocation Plan" as part of the Annual Action Plan every year. The Allocation Plan will show how NHD will allot the NHTF dollars it will receive in the upcoming year. NHTF dollars will be distributed by NHD based on the priority housing needs in the Consolidated Plan (ConPlan). HUD proposes to codify the NHTF regulations in a new subpart N of 24 CFR part 92. Part 92 contains the regulations for HUD's HOME program. The HOME program is similar in most aspects to the proposed NHTF. The NHTF as a potential source of funds is being incorporated in the ConPlan. The ConPlan public participation process will provide advocates an opportunity to influence how the NHTF resources are allocated by NHD.