

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

Office of Community Planning and Development

Housing Trust Fund

SUMMARY OF RESOURCES

(Dollars in Thousands)

	Enacted/ Requested	Carryover	Supplemental/ Rescission	Total Resources	Obligations	Outlays
2020 Appropriation	326,502	70,615	(4,078) ^{a/}	393,039	284,856	169,118
2021 Appropriation	710,818	108,183	(21,253) ^{b/}	797,748	590,878	201,311
2022 President's Budget	371,000	206,870	19,370 ^{c/}	597,240	480,128	226,083
Change from 2021	(339,818)	98,687	(1,883)	(200,508)	(110,750)	24,772

a/ This number consists of sequestered funds (5.9% of budget authority \$19.263 million) made temporarily unavailable per the OMB Report to the Joint Congress on the Joint Reductions for Fiscal Year 2020, plus the \$15.185 million sequestered from FY 2019 that became available in FY 2020.

b/ This number consists of sequestered funds (5.7% of budget authority \$40.516 million) made temporarily unavailable per the OMB Report to the Joint Congress on the Joint Reductions for Fiscal Year 2021, plus the \$19.263 million sequestered from FY 2020 that became available in FY 2021.

c/ This number consists of the \$40.516 million previously sequestered in FY 2021 plus expected sequestered funds (5.7% of estimated FY 2021 budget authority \$21.147 million) pursuant to the Balanced Budget and Emergency Deficit Control Act of 1985, as amended (2 U.S.C. 901a), which requires the President to issue the 2022 direct spending sequestration order with the transmittal of the President's 2022 Budget. The FY 2022 sequestration reduction percentage is the same as the percentage calculated for FY 2021, 5.7 percent for non-defense.

PROGRAM PURPOSE

The Housing Trust Fund (HTF) is a mandatory program authorized by the Housing and Economic Recovery Act of 2008. This Act directed the account to be funded from assessments from the Federal National Mortgage Association (Fannie Mae) and the Federal Home Loan Mortgage Corporation (Freddie Mac). This account is a formula-based program for the States and U.S. Territories that finances the development, rehabilitation, and preservation of affordable housing for extremely low-income and very low-income families.

BUDGET OVERVIEW

The 2022 budget estimates that \$371 million will be provided to the Housing Trust Fund from assessments from Fannie Mae and Freddie Mac.

JUSTIFICATION

Housing Trust Fund program funding of \$371 million will leverage approximately \$3.27 billion of other private and public funds needed to pay for the production of an estimated 2,896 units of affordable rental housing for extremely low-income households over time.

The Housing Trust Fund program is critically needed funding for affordable housing, as documented by HUD's 2017 survey results in the *Worst Case Housing Needs: 2019 Report to Congress*.¹ The number of renter households with worst case needs decreased to 7.7 million in 2017 from 8.3 million in 2015. These are households that do not receive government housing assistance and pay more than

¹ Worst Case Housing Needs: 2019 Report to Congress, <https://www.huduser.gov/portal/sites/default/files/pdf/worst-case-housing-needs-2020.pdf>

one-half of their incomes toward rent, and/or those that live in severely inadequate conditions. In 2017, only 59 affordable units were available per 100 very low-income renter households, and only 40 units were available per 100 extremely low-income renter households.

The Housing Trust Fund program helps to strengthen and broaden the Federal housing safety net for people in need by increasing production of, and access to, affordable housing for the nation's most vulnerable populations. Key features of the Housing Trust Fund are:

- **Income Targeting:** At least 75 percent of funds must be used for extremely low-income families, or families with incomes at or below the poverty line (whichever is greater), unless the allocation is below \$1 billion, at which point 100 percent of the funds must be used for extremely low-income families.
- **Period of Affordability:** Housing Trust Fund projects have a 30-year period of affordability.
- **Eligible and Prohibited Activities:** Eligible Housing Trust Fund activities include: production, preservation, and rehabilitation of affordable rental housing and affordable housing for homeownership through the acquisition, operating cost assistance and operating cost assistance reserves, new construction, reconstruction, or rehabilitation of non-luxury housing with suitable amenities, including real property acquisition, site improvements, conversion, demolition, financing costs, relocation expenses, operating costs of HTF-assisted rental housing, and reasonable administrative and planning costs.

Evaluating the effectiveness of the program

Since the program started in 2016, the Housing Trust Fund has:

- Completed 850 units of affordable housing and
- Leveraged \$863 million of other funds for affordable housing with a leveraging ratio of \$8.81:1 (i.e., \$8.81 of private or other public dollars for each HTF dollar invested in rental projects).

The average HTF cost per HTF-assisted unit is \$115,315.

HUD has developed a range of tools to provide oversight and to assist grantees to better manage their programs. These tools help to track program funds, track program deadlines, and to identify and lower risk in the HTF program – most are publicly available on HTF's website. For example, the Open Activities Report identifies the development progress of individual HTF projects until the projects are completed.

SUMMARY OF RESOURCES BY PROGRAM

(Dollars in Thousands)

Budget Activity	2020 Budget Authority	2019 Carryover Into 2020	2020 Total Resources	2020 Obligations	2021 Appropriation	2020 Carryover Into 2021	2021 Total Resources	2022 President's Budget
Formula Grants	326,502	70,615 ^{a/}	393,039 ^{b/}	284,856	710,818	108,183	797,748 ^{c/}	371,000
Total	326,502	70,615	393,039	284,856	710,818	108,183	797,748	371,000

a/ The 2019 Carryover into 2020 column includes \$3.124 million in recaptured grant funds.

b/ The 2020 Total Resources column includes (\$4.078) million in net sequestered funds.

c/ The 2021 Total Resources column includes (\$21.253) million in net sequestered funds.

LEGISLATIVE PROPOSALS AND GENERAL PROVISIONS

None.

APPROPRIATIONS LANGUAGE

None.