Social Housing: Federal Funding Landscape

August 25, 2023
Alliance for Housing Justice
On the agenda

1. Introduction
2. Housing Choice Vouchers (HCV)
3. Low Income Tax Credit (LIHTC) + HOME
4. Housing Trust Funds (HTF)
5. Community Development Block Grants (CDBG)
6. Q + A
7. Contact
Alliance for Housing Justice

is a coalition formed to address the nation's affordable housing and displacement crisis, advance the rights of tenants, respond to harmful public policy actions, and shift the narrative from housing as a commodity to a human right.

Our primary strategy to achieve these goals is building and supporting the infrastructure needed for a powerful, grassroots-led housing justice movement.
Today's Presenters

LIZ RYAN MURRAY
Director of Strategic Campaigns
Public Advocates

JASMINE RANGEL
Senior Policy Associate
PolicyLink

SOPHIA JAYANTY
Counsel, Fair Housing & Community Development
Lawyers’ Committee for Civil Rights Under Law

AUDREY LYNN MARTIN
Housing Policy Counsel
PRRAC

ANDREINA KNISS
Project Manager
Alliance for Housing Justice
Housing Choice Vouchers
Social Housing Opportunities

DIRECT
- Portion of HCV Budget can be used for Project Based Vouchers
  - Examples: Seattle and Austin
- Homeownership via Community Land Trust or Limited Equity Co-Op
  - Burlington and D.C.

INDIRECT
- Proof of Participation in HCV Program Acts as Security for Loans
  - Acquisition, rehabilitation, construction

INTERVENTION POINTS
- Prioritize multi-year contracts with nonprofit owners
- Exhaust PBV maximums
- Demand transparency of ownership
Housing Choice Vouchers (HCV) (Section 8)

SOPHIA JAYANTY
Counsel, Fair Housing and Community Development
Lawyers’ Committee for Civil Rights Under Law

Social Housing: Today’s Federal Landscape
Housing Choice Vouchers (Section 8)

OVERVIEW

- Scale
- Model
- Challenges
  - Source of Income Discrimination; Inadequate Rent Payment Standards; Voluntary Program

Data: hud.gov/program_offices/public_indian_housing/programs/hcv/dashboard
Housing Choice Vouchers (HCV) 
Compatibility with Social Housing Principles

- Social Ownership
- Permanently Affordable
- Decommodified
- Community Control
- Antidiscrimination
- High quality and accessible
Housing Choice Vouchers Distribution

HUD ➔ HCV $$$ ➔ PHA ➔ HCVs ➔ Social Housing: Today's Federal Landscape
Housing Choice Vouchers (HCV) 
Social Housing Scenarios

**SCENARIO A**

- HUD
- HCV $$$
- PHA
- HCVs
- PBV
- Non-Profit
- PHA

**SCENARIO B**

- HUD
- HCV $$$
- PHA
- HCVs
- Non-Profit
- PHA

Alliance for Housing Justice
Social Housing: Today's Federal Landscape
Low Income Housing Tax Credit (LIHTC)

AUDREY LYNN MARTIN
Housing Policy Counsel
Policy & Race Research Action Council (PRRAC)
Low Income Housing Tax Credit (LIHTC)

- Federal program that incentivizes investors and developers to create affordable rental housing through tax credits
  - Collect credit over a 10-year period
- Internal Revenue Service (IRS) provides funds to every state based on their population
- State housing financing agencies then administer the tax credits to projects based on state-made criteria in Qualified Allocation Plans (QAPs)
- Projects must contain a certain number of units for residents whose income is below the area’s median income
LIHTC And Social Housing

**EXISTING SOCIAL HOUSING PRINCIPLES**

- States are required to provide 10% of their allocated tax credits to non-profit organizations
- 30-year period of affordability
- Must have “good cause” to evict a tenant
- QAPs must prioritize projects that support the lowest income families and remain affordable for the longest time

**ADVOCATES CAN INFLUENCE STATE QAPS**

- Allocate more than 10% of credits to non-profits
- Support community ownership and residential oversight
- No rent increase
- Increase period of affordability beyond 30 years
- Promote projects in high opportunity or rural areas
What is HOME?

HOME funds are distributed by HUD to states and eligible localities who can pledge $750,000 to support affordable housing.

- Includes consortiums of localities.
- States may distribute when a locality is not eligible to receive from HUD.
HOME Funds can be used to...

- **Fund social housing organizations.**
  - Minimum of 15% must be distributed to Community Housing Development Organizations (CHDOs).
  - Additional 5% may be used to cover CHDO operations.

- **Purchase and/or construct social housing** which is community-controlled & decommodified.

- **Ensure affordability.**
  - HUD formula determines how long units must remain affordable for those who make less than 60% of the regional Average Median Income.
    - The higher the investment in a unit, the longer the affordability window.
  - Purchase by localities or social housing organizations can ensure longer voluntary affordability.
National Housing Trust Fund (NHTF)

JASMINE RANGEL
Senior Policy Associate
PolicyLink
The National Housing Trust Fund

Overview

Federal block grant program to states authorized by the Housing and Economic Recovery Act of 2008

- **Purpose:**
  - Primarily for the development of rental housing for extremely low-income and very low-income families, including households experiencing homelessness.

- **Funding:**
  - Variable and depends on annual assessments from Fannie Mae and Freddie Mac; frequent legislative proposals to increase funding

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Source: PRRAC
National Housing Trust Fund
Distributions

- HUD distributes block grants based on a formula based on population
  - Number of extremely low-income (ELI) and very low-income (VLI) households paying more than 50% of their income on rent and utilities (severely cost-burdened)

- No state or the District of Columbia can receive less than $3 million in funds

- States have to prepare an annual allocation plan showing how they will distribute funds based on the needs identified in the state’s Consolidated Plan (ConPlan)
National Housing Trust Fund
How do states distribute NHTF dollars?

- All but 14 US states have annual application cycles
  - 2 have semi-annual cycles, 2 have a quarterly cycle, 10 accept applications on a rolling basis

- Sub-grantees have to have their own local ConPlan with a NHTF allocation plan component

  States → $$ → Local governments
  Local governments → $$ → Recipients to carry out projects

- States have primarily utilized their NHTF resources to target projects to service specific groups of people
National Housing Trust Fund
How do states distribute NHTF dollars?

**IMPORTANT CONSIDERATIONS:** Overlap with other funds

- Many NHTF projects are also funded by the Low-Income Housing Tax Credit (LIHTC)
- HOME program & Federal Home Loan Banks’ Affordable Housing Program (AHP) contributes gap financing to projects
- Additional resources utilized from state and local programs
National Housing Trust Fund
How can it be used for Social Housing?

**PROGRAM REQUIREMENTS:**

- 90% = production, rehabilitation, preservation, and operation of rental housing
- 10% = for first-time homebuyers
- Funds need to be spent on projects that can be “reasonably expected” to begin within a year.
- HTF-assisted units to be occupied by ELI households for 30 years (or more in some states)

**Regulations require that, if a state receives less than $1 billion in a given year, 100% of the funds should support housing that is occupied by ELI households.**
National Housing Trust Fund
How can it be used for Social Housing?

PROGRAM REQUIREMENTS:

- **REHAB**: Rehab existing affordable housing for renters & first-time homebuyers (including manufactured homes)
- **MULTI-FAMILY PURCHASE**: Purchase/preserve multi-family units; can combine non-NHTF assisted with NHTF-assisted units
- **PLANNING GRANTS/LOANS**: Pay principal & interest of construction loans, bridge financing loans, guaranteed loans
- **OPERATIONS GRANTS/LOANS**: Up to $\frac{1}{3}$ of a state’s yearly NHTF budget can be used for operating NHTF-assisted rental housing.
- **CONSTRUCTION**: Can be used to construct new housing – but only NHTF-assisted units can be paid for with NHTF funds.
- **LAND ACQUISITION**: Can be used for land acquisition as long as it is associated to a specific affordable housing project. NHTF funds can be used to purchase land a manufactured home is on.
Advocacy Opportunities for Social Housing with NHTF

Organizers and advocates can push for:

- State and local agencies to add a preference for community or mission-driven nonprofit ownership in the statewide annual Allocation plans.
- States to modify their HTF allocation process to specify that social housing projects can be awarded by NHTF funds.
- States and local governments to modify their local HTF approved activities to support social housing efforts.
- States to modify their application process to encourage affordability in perpetuity (or longer than 30 years).
Community Development Block Grant (CDBG)

LIZ RYAN MURRAY
Director of Strategic Campaigns
Public Advocates
CDBG

What & Who it funds

What's CDBG?

• Largest funding mechanism out of HUD (outside of public & direct subsidy)
• Annual Congressional appropriation
• Direct funding from HUD
CDBG
How it's distributed by HUD

What's a Block Grant Entitlement Program?

- Not competitive from HUD
- State
- City
- County
- Tribe
CDBG

Basic Uses

Multi-Family Rental Housing:
- Rehab & Conversion
- Acquisition
- VERY limited construction

Homeownership
- Homeownership Assistance

Community Development
- Parks, community centers, programming, etc
- only 26% of funding went to housing last year
CDBG
Social Housing Potential

Restricted to non-profit and government
  - Limited Equity ownership
  - TOPA
At the state, tribal and local level
By HUD
Congressional Action
CDBG

Consolidated Plan process

Comprehensive plan that sets the priorities and process for CDBG, HOME, HTF

- Annual Plan
- Public Participation Requirements
Keep in touch!
Thank you.