

NATIONAL HOUSING TRUST FUND FACT SHEET

Urge Congress to:

- Endorse funding the NHTF through reform of the Mortgage Interest Deduction (MID) and support Representative Keith Ellison's (D-MN) bill to provide permanent funding for the NHTF through reform of the MID. H.R. 6677 was introduced in the 112th Congress and reintroduction is expected shortly.
- Fund President Obama's housing plan, which includes \$1 billion for the NHTF.
- Support the President's FY13 budget request of \$1 billion for the NHTF.
- Support dedicated funding for the NHTF in any new framework for U.S. housing finance included in the Obama administration's white paper.
- Oppose any legislation that would eliminate the NHTF.

Background

The National Housing Trust Fund is a permanent federal program with dedicated sources of funding not subject to the annual appropriations process.

The purposes of the NHTF are to:

- Increase and preserve the supply of rental housing for extremely low income households (ELI; households with incomes of 30% of area median or less) and very low income households (VLI; households with incomes of 50% of area median or less), including homeless households, and
- Increase homeownership for ELI and VLI households.

By statute, the NHTF is to be funded with dedicated sources of revenue. Initial funding sources identified were contributions from the government sponsored enterprises (GSEs), Freddie Mac and Fannie Mae. When Fannie and Freddie were taken over by the Federal Housing Finance Administration in September 2008 because of financial trouble due to the foreclosure crisis, their contributions to the NHTF were suspended and remain so.

The statute also provides that the NHTF can be funded by other dedicated sources of revenue, such as any appropriations, transfers or credits that Congress may designate in the future. The NHTF Campaign, a group of national advocates that worked to enact the NHTF, expects the NHTF to be funded with dedicated revenues generated outside of the current appropriations process so as not to compete with existing HUD programs.

The campaign's long-term goal is to identify sources of dedicated funding that will result in an annual distribution of \$30 billion for 10 years totaling \$300 billion. This funding will increase the supply of rental housing that is affordable to ELI households by 3.5 million homes.

The President includes \$1 billion for the NHTF in his housing priorities for 2012; the President included \$1 billion for NHTF in his FY13, FY12, FY11 and FY10 Congressional budget requests.

HUD released proposed regulations for the NHTF in December of 2011 and is expected to release final NHTF rules in late 2012, after it releases the new HOME program regulations.

Current vehicles for dedicated funding for the NHTF include:

Reform of the Mortgage Interest Deduction (MID). Representative Keith Ellison (D-MN) introduced, H.R. 6677, The Common Sense Housing Investment Act, at the end of the 112th Congress. The bill would provide dedicated funding for the National Housing Trust Fund with savings generated by reform of the mortgage interest deduction.

Mr. Ellison's bill closely follows the reform proposal developed by NLIHC, which would lower the cap on the amount of mortgage for which interest can be deducted from \$1 million to \$500,000. It would also convert the deduction to a non-refundable tax credit, making it available to all homeowners with mortgages, not just those with enough income to itemize. The bill would phase these changes in over a five-year period.

Mr. Ellison is expected to reintroduce this bill with minor modifications in the early weeks of the 113th Congress.

Housing Finance Reform. The Obama administration released its proposal for the future of housing finance in 2011. The proposal calls for a dedicated funding source to address housing needs that the market cannot meet, including rental housing for the lowest income families. The proposal named the National Housing Trust Fund as an example of how to do that. Congress is expected to continue consideration of housing finance reform proposals this year. NLIHC urges members of the House Committee on Financial Services and the Senate Committee on Banking, Housing and Urban Affairs to include funding for NHTF in any housing finance reform proposals.

President's Budget Request. The President requested \$1 billion for the NHTF in his FY13 budget. This expenditure would be on the mandatory side of the federal budget; thus, the expenditure is not HUD appropriations. This request is for immediate funding for the NHTF and is distinct from the potential long-term funding to come from housing finance reform. The budget proposal does not identify a specific funding source for the NHTF. Finding a funding source ("pay-for" or "offset," in federal budget speak) that can gain bipartisan support in the Congress will be difficult. However, there are several "must-pass" tax items facing the 112th Congress before it ends in December. Senior administration officials have made public statements about its intention to assure funding for the NHTF in 2012. The NHTF campaign is working to get \$1 billion for the NHTF included in whatever tax package moves in the lame duck session.