HOME and the NHTF support complementary housing solutions

The HOME Investment Partnerships Program and the National Housing Trust Fund (NHTF) can help states and localities meet a wide spectrum of housing need for low income individuals and families across the country in both rural and urban areas. Together these programs address homelessness, the need for affordable rental housing and home ownership, disaster recovery, and the distinct housing needs of elderly people, veterans, and persons with disabilities.

The need for affordable housing

- Almost eight million renter households have worst case housing needs (paying more than 50% of income on housing and/or substandard housing conditions) based on the HUD's 2015 Worse Case Housing Needs report to Congress, which is 9 percent higher than 2009 and 49 percent higher than 2003.
- There is a shortage of 7.1 million rental units affordable and available to extremely low income households, those with incomes at or below 30% of the area median income (AMI). Nationwide, only 31 rental homes are affordable and available for every 100 extremely low income renters.
- Only about one in four people eligible for federal rental assistance actually receive assistance.

HOME and NHTF serve people at different levels of need

- HOME can assist homebuyers with incomes up to 80% AMI. It can also serve renter households primarily at the 50-60% level.
- The National Housing Trust Fund is targeted to extremely low income renter households, households earning 30% of AMI or less.

HOME and NHTF support different housing activities

- The National Housing Trust Fund is primarily a rental housing production program; 75% of which must benefit extremely low income renters. No more than 10 percent of the funds can be used for homeownership activities.
- The HOME program does not have a cap on homeownership activities; states and localities decide on the mix of homeowner and renter activities. It provides resources to assist homebuyers of low and moderate incomes. Almost fifty percent of HOME funds support homeownership related activities.

The Michigan State Housing Development Authority used its HOME funds in combination with other funding sources to finance Silver Star Apartments, 76 units of permanent supportive housing for homeless veterans on the campus of a VA medical center. This $8 million deal with multiple funding sources needed HOME loan funds to close the gap.

The state of Pennsylvania used HOME funds to help finance a 63-unit affordable housing development for seniors. It used $800,000 of HOME funds as gap financing for a $12.2 million project.

NHTF and HOME each leverage public and private resources

- Both programs provide the early funding necessary to get developments started or act as the critical gap source to complete a development.
- Each HOME dollar leverages more than $4 in other public and private resources, on average. HOME funds provided essential gap financing in more than a quarter of the Low Income Housing Tax Credit developments targeted to addressing homelessness from 2003 to 2010.

States and localities need HOME and NHTF combined to address the need for affordable housing

HOME allocations have been reduced several times since 2010, limiting states and localities' ability to create affordable housing. The Bipartisan Policy Center recommended increasing HOME annual funding by $2 billion to provide the level of gap financing needed to expand the supply of affordable housing. With the addition of the National Housing Trust Fund and with sufficient levels of HOME funding, jurisdictions could expand their affordable housing production to more effectively meet the housing needs in their communities. Jurisdictions can target NHTF and HOME dollars to the particular needs of their communities– new production where units are scarce, rehabilitation where housing quality is a challenge, and rental housing for the extremely low income. Reducing either of these resources would hamper states and localities in their response to the severe need for affordable housing.