

National Housing Trust Fund FAQs

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Description:

This document contains the National Housing Trust Fund FAQs posted on the HUD Exchange website (<https://www.hudexchange.info/htf>). The FAQs are organized by topic.

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Annual Action Plan

Housing Trust Fund Allocation Plans

When can States submit HTF allocation plans to HUD?

Updated: June 19, 2015

As it has in prior years, HUD will publish a Community Planning and Development (CPD) Notice for FY 2016 to instruct CDBG, HOME, ESG, HOPWA and HTF grantees on the timing of the submission of consolidated and annual action plans. HTF grantees may not submit their HTF allocation plans to HUD for review and approval until the HTF formula allocations have been published. The earliest HUD expects to publish the HTF formula allocations is April, 2016.

It is possible that formula allocations for other CPD formula programs (CDBG, HOME, HOPWA and ESG) will be available before HTF formula allocations are published. A State or State-designated entity that submits its annual action plan for these formula grant programs before the HTF formula allocations are published must submit its HTF allocation plan as a substantial amendment to its annual action plan, after the HTF formula allocations have been published.

When can subgrantees submit HTF allocation plans to HUD?

Updated: June 19, 2015

Before a subgrantee can submit its HTF allocation plan to HUD, two conditions must be satisfied. First, pursuant to 24 CFR 91.320(k)(5), the State must submit and HUD must approve an HTF allocation plan that addresses its intent to award HTF funds to subgrantees. Second, pursuant to 24 CFR 93.404(b), the State must execute a written agreement awarding funds to a subgrantee for HTF activities. The subgrantee's HTF allocation plan must address all required elements of the written agreement with the State. Depending on the timing of the agreement between the State and the subgrantee, the subgrantee's HTF allocation plan will generally be a substantial amendment to an already approved annual action plan.

How will States and subgrantees submit HTF allocation plans to HUD?

Updated: June 19, 2015

In May 2012, HUD's Office of Community Planning and Development (CPD) introduced the eCon Planning Suite, including the Consolidated Plan template in IDIS On-Line and the CPD Maps website. HUD grantees are now required to submit their consolidated plan and annual action plan using the Consolidated Plan template in IDIS On-Line. Therefore, HTF grantees and subgrantees must use the eCon Planning Suite to submit their HTF allocation plans to HUD. However, for the first year of the program, the Suite may not include fields for the HTF allocation plan. If this is the case, grantees and subgrantees will be required to upload a Word or similar file containing their plans to the eCon Planning Suite. HUD will provide a sample format for HTF grantees and subgrantees to use when uploading the HTF allocation plan to the eCon Planning Suite. Grantees and subgrantees may still use the eCon Planning Suite data and tools to identify priority housing needs and make strategic investment decisions for their HTF programs.

Can a unit of general local government which is not a direct recipient of HUD formula grant funds be an HTF subgrantee?

Updated: June 19, 2015

No. 24 CFR 93.2 defines a “subgrantee” as a unit of general local government that has an approved consolidated plan submitted in accordance with 24 CFR 91. The regulations at 24 CFR Part 91 require units of general local government which receive CDBG, HOME, ESG or HOPWA formula funds to develop and submit a consolidated plan and/or annual action plan, outlining the use of the formula funds. Therefore, by definition, an eligible HTF subgrantee must be a direct formula grantee that submits a consolidated plan and annual action plans.

Can States or State-Designated Entities (SDEs) begin their planning and citizen participation process prior to the publication of the HTF formula allocations? *(UPDATED)*

Updated: August 14, 2015

HUD is aware that some States have Annual Action Plan submission dates in early 2016 and would like to include HTF Allocation Plans in citizen participation hearings that they will conduct for their Action Plans. Before deciding to include HTF in Annual Action Plan hearings that take place before HTF allocations are available, States should consider that there are no 2015 baseline figures upon which to estimate 2016 HTF allocations. This may make it difficult to achieve meaningful citizen participation and meet the Consolidated Plan citizen participation requirements established at 24 CFR 91.115. In addition, HUD intends to issue guidance on maximum subsidy limits and operating cost assistance later this year, which may prove useful to States as they develop their program design. Lastly, grantees are required to conduct citizen participation before submitting a substantial amendment to the Annual Action Plan, which may negate any time or cost savings that were achieved by including the HTF Allocation Plan in Annual Action Plan hearings.

HUD encourages States and SDEs to engage with their stakeholders (e.g. community organizations, general public, housing partners, etc.) through informal meetings or planning sessions that make information available, inform design of their HTF program, and otherwise contribute to a meaningful citizen participation process.

Administrative Requirements

When was the Housing Trust Fund (HTF) functionality implemented in IDIS and how do I gain access to this system?

Updated: August 3, 2016

The Housing Trust Fund (HTF) was implemented in HUD's *Integrated Disbursement and Information System (IDIS)* on Monday, July 25, 2016. HUD requires HTF grantees to use IDIS when committing funds to HTF-assisted projects, disbursing HTF funds for eligible costs, and reporting HTF accomplishments. HTF grantees must complete an [IDIS Online Access Form](#) in order to gain access to the system for HTF. The form must be signed by the grantee official approving the user request. This signature must be notarized. The completed, signed, and notarized [IDIS Online Access Form](#) should be submitted to the HTF grantee's local HUD field office for final signature and processing. Please note that current IDIS users that have user rights for other CPD programs (e.g., HOME, CDBG, ESG, HOPWA, etc.) are not required to complete a new IDIS Online Access Form for the HTF program. The HTF program can be added to an active user profile by the Local Grantee or Field Office Administrators.

Please submit any questions regarding IDIS access for HTF to your local HUD field office, or the [Ask a Question](#) portal located on the HUD Exchange. To submit a question to the IDIS AAQ portal, select "IDIS: Integrated Disbursement and Information System" from the "My question is related to" drop down list on Step 2 of the question submission process.

When must a State notify HUD which agency will administer its Housing Trust Funds (HTF) and how does a State designate the State agency or State-Designated Entity to administer the HTF program?

Updated: February 13, 2015

Per 24 CFR 93.100, each State is required to notify (the Secretary of) HUD of its intent to become a grantee for HTF funding within 30 days after HUD publishes the formula allocation amounts (these amounts are expected to be published by April 2016). The notification letter must also inform HUD of the contact information for the State department/agency or State-Designated Entity (SDE) that will administer its HTF funds. Only one State department/agency or SDE can be designated as the HTF grantee.

Please provide the following contact information:

- First Name
- Last Name
- Title
- Department
- Agency
- Phone
- Email
- Address

At the State level, selection of a State agency or designation of a SDE to administer its HTF funds will typically be made by the Governor or State Legislature in accordance with State law. The definition of a SDE for HTF can be found at 24 CFR 93.2. If a State designates a SDE to administer its HTF funds, a copy of the designation must be included in this transmittal.

States are encouraged to designate the State department/agency or SDE that will administer its HTF funds early in order to facilitate receipt of guidance and training from HUD timely. Therefore, States may submit the above referenced notification letter any time prior to the deadline.

The notification letter should be addressed/sent to:

The Honorable Julián Castro
Secretary
U.S. Department of Housing and Urban Development
451 7th Street S.W., Washington, DC 20410
Fax: (202) 619-8365

Will States be allowed to charge pre-award costs for HTF planning activities?

Updated: June 19, 2015

Yes. HUD has determined that pre-award costs for planning activities and preparation of the HTF allocation plan will be allowed. Preparation includes the cost of public hearings, consultations and publication of public notices. For the first year, pre-award costs may not exceed one half of the State's administrative funds (which is, 10% of the formula allocation).

Broadband Infrastructure

HUD continues its efforts to narrow the digital divide in low-income communities served by HUD by providing, where feasible and with HUD funding, broadband infrastructure to communities in need of such infrastructure.

Broadband is the common term used to refer to a very fast connection to the Internet. Such connections are also referred to as high-speed broadband or high-speed Internet.

Although HUD plans to issue regulations that will formalize its steps for narrowing the digital divide, Housing Trust Fund program funds can be used for broadband installation infrastructure and service delivery.

May Housing Trust Fund (HTF) grant funds be used when developing (constructing or rehabilitating) housing with these funds and what costs related to broadband internet access are eligible?

Yes. Under § 93.201(a) in the HTF rule, HTF funds may be used for the actual costs of constructing or rehabilitating (development hard costs) single family or multifamily housing, including the costs to wire the property for broadband internet. The costs to make utility connections, including off-site connections from the property line to the adjacent street are also eligible under HTF at § 93.201(a) (3) (ii). HUD includes internet connectivity in the regulatory definition of “utility connections.”

For both new construction and rehabilitation of multifamily rental projects, HTF funds may be used for costs to construct or rehabilitate community facilities that are located within the same building as the housing, and which are for the use of the project residents. However, HTF funds cannot pay for a computer room located in a separate building from the assisted housing.

HTF funds also may not pay for equipment or furniture in the computer room.

If a multi-unit project does not contain 100 percent HTF-assisted units, only a portion of the cost of providing broadband internet access in the project or the cost to construct a computer room may be charged to the HTF program because only the actual HTF eligible development costs of the assisted units may be charged to the program in accordance with the HTF rule at § 93.200(c) (1).

All HTF-assisted housing must meet the minimum property standards at § 93.301 upon completion, so efforts to provide broadband internet access in existing housing must be undertaken as part of rehabilitation that brings the housing up to the property standards.

May HTF funds be used to make broadband internet connections to housing?

Yes. As part of a new construction or rehabilitation activity, the HTF rule at § 93.201(a) (3) (ii) states that HTF may pay for the development costs to make utility connections, including connections from the property line to the adjacent street. This includes broadband internet connections.

However, HTF cannot be used for any off-site improvements, including running broadband internet cable or wires to the project site. Use of HTF funds is limited to the improvements on

the project site, i.e., the land, owned by the project owner, upon which the HTF-assisted project is located.

Further, the HTF rule at § 93.200(d)(1) specifies that only the actual HTF eligible development costs of the assisted units may be charged to the program. If a multi-unit project does not contain 100 percent HTF-assisted units, then only a portion of the cost of the utility connections may be charged to the HTF program.

May HTF funds be used to provide a computer room in a multifamily rental project?

Yes. As part of new construction and rehabilitation costs of multifamily rental projects, the HTF rule at § 93.201(a) (4) states that HTF funds may be used for costs to construct or rehabilitate community facilities that are located within the same building as the housing, and which are for the use of the project residents. HTF funds cannot be used to pay for a computer room located in a separate building from the assisted housing.

While HTF funds may be used to construct a multi-purpose room that could serve as a computer room, HTF funds may not be used for the purchase of furniture or equipment.

If a multi-unit project does not contain 100 percent HTF-assisted units, then only a portion of the cost of a computer room may be charged to the HTF program because only the actual HTF eligible development costs of the assisted units may be charged to the program in accordance with the HTF rule at § 93.200(c) (1).

May HTF funds be used to provide computer equipment in a multifamily rental project?

No. HTF funds may not be used to pay for furniture or equipment for a computer room, even as part of a multifamily assisted rental property.

Cross Cutting Requirements

Do Davis-Bacon Labor Standards apply to the HTF?

Updated: June 19, 2015

No. The HTF was established under Title I of the Housing and Economic Recovery Act of 2008, Section 1131 ([Public Law 110-289](#)). This statute did not make the labor standards of Davis-Bacon applicable to the HTF. Therefore, in order to be consistent with the statute, HUD did not require Davis-Bacon labor standards on the HTF in the interim rule.

Program Requirements

Maximum Per Unit Development Subsidy

How should States establish maximum per-unit development subsidy amounts for Housing Trust Fund (HTF) projects?

Pursuant to [24 CFR 93.300\(a\)](#), all HTF grantees must establish maximum limitations on the total amount of HTF funds that the grantee may invest per-unit for development of non-luxury housing. The limits must be “reasonable” and based on actual costs of developing non-luxury housing in any given geographical area. Each grantee must submit maximum per-unit development subsidy amounts and accompanying justification with its HTF Allocation Plan on an annual basis.

There are a number of factors grantees should consider when developing maximum per-unit development subsidy amounts.

First, maximum per-unit development subsidy amounts must be adjusted for number of bedrooms and for the geographic location of the project. Because actual construction and land costs vary by areas, Grantees will establish multiple limits for the State. If a Grantee determines that a single limit is appropriate for the entire State, it must submit documentation supporting its determination that there is not a significant variation in construction or land costs across the State.

Second, maximum per-unit development subsidy amounts must be based upon actual total development costs, including costs that are not eligible to be paid with HTF and costs funded from sources other than HTF. The subsidy limits should take into account the cost of meeting applicable codes and standards for rehabilitation or new construction in the area.

Finally, maximum per-unit development subsidy amounts must reflect the costs associated with meeting all applicable HTF program requirements and other federal requirements. Specifically, the limits should account for all costs associated with producing housing units for extremely low-income families and costs associated with meeting priority housing needs of the State (e.g., green building standards, accessibility for special needs populations, etc.).

If a grantee chooses to provide HTF funds as operating cost assistance or operating cost assistance reserves to an HTF-assisted rental project, that assistance does not count towards the maximum per-unit development subsidy amount. However, the operating cost subsidies are still capped at 30 percent of each annual grant.

Grantees may choose to establish new maximum per-unit development subsidy amounts for projects funded with HTF, or they may choose to use existing limits developed for other federal programs such as the Low Income Housing Tax Credit (LIHTC) per unit cost limits, HOME’s maximum per-unit subsidy amounts, and/or Public Housing Development Cost Limits (TDCs). As part of its HTF Allocation Plan, each grantee must submit a description of how the HTF maximum per-unit development subsidy amounts were established or a description of how existing limits developed for another program and being adopted for HTF meet the HTF requirements. Also, grantees must maintain program files for each annual HTF grant that include documentation of how the limits were established, and reflect actual costs that are reasonable for developing non-luxury housing.

Rehabilitation Standards

What are the required elements of rehabilitation standards established by States for rental or homebuyer housing being rehabilitated with HTF funds?

States must establish rehabilitation standards that all HTF-assisted housing undergoing rehabilitation must meet at the time of project completion, pursuant to the HTF implementing regulations at [24 CFR 93.301\(b\)](#). If a State intends to use its HTF funds for housing being rehabilitated, it must submit its standards to HUD as part of its HTF allocation plan. The standards submitted to HUD must contain sufficient detail to determine the rehabilitation work required in a project and the methods and materials to be used.

A State's standards may refer to applicable codes or may establish requirements that exceed the minimum requirements of the codes. At a minimum, a State's rehabilitation standards must address:

- 1) **Health and Safety** – Identify life-threatening deficiencies, which must be addressed immediately if the housing is occupied at the time of rehabilitation.
- 2) **Major Systems** – Including structural support, roofing; cladding and weatherproofing (e.g., windows, doors, siding, gutters); plumbing; electrical; and heating, ventilation, and air conditioning.
 - **Requirements for Rental Housing**
 - Standards must require an estimate (based on age and condition) of the remaining useful life of these systems, upon project completion of each major system.
 - For multifamily housing with 26 or more total units, the useful life of systems must be determined through a capital needs assessment that determines the work to be performed and identifies the long-term physical needs of the project.
 - If the remaining useful life of one or more major system is less than the applicable period of affordability, the standards must require the grantee to ensure a replacement reserve is established and adequate monthly payments are made to repair or replace the systems as needed.
 - **Requirements for Homebuyer Housing** – The standards must require that, upon completion, each of the major systems have a minimum useful life of 5 years (or a longer period, if established by the grantee) **or** the major systems must be rehabilitated or replaced as part of the rehabilitation work.
- 3) **Lead-Based Paint** – Standards must require housing to meet applicable provisions of [24 CFR part 35](#).
- 4) **Accessibility** – Standards must require housing to meet:

- Accessibility requirements at [24 CFR part 8](#) (implementing section 504 of the Rehabilitation Act of 1973) and Titles II and III of the Americans with Disabilities Act implemented at 28 CFR parts 35 and 36.
- For “covered multifamily dwellings,” as defined at [24 CFR 100.205](#), standards must require that the housing meets the design and construction requirements at 24 CFR 100.205. (Note that grantees may use HTF funds for other improvements that permit use by a person with disabilities, even if they are not required by statute or regulation.)

- 5) *Disaster Mitigation*** – Where relevant, the standards must require the housing to be improved to mitigate the potential impact of potential disasters (e.g., earthquakes, hurricanes, floods, and wildfires) in accordance with state or local codes, ordinances, and requirements, or such other requirements that HUD may establish.
- 6) *State and Local Codes, Ordinances, and Zoning Requirements*** – The standards must require the housing to meet all applicable State and local codes, ordinances, and requirements. In the absence of State or local building codes, the housing must meet the International Existing Building Code of the International Code Council.
- 7) *Uniform Physical Condition Standards (UPCS)*** – Standards must ensure that the housing will be decent, safe, sanitary, and in good repair as described in [24 CFR 5.703](#). While States are not required to adopt the standards of criticality or use the HUD’s Real Estate Assessment Center’s (REAC) scoring protocol, each State’s standards must include the UPCS inspectable items and observable deficiencies for the Site, Building Exterior, Building Systems (multifamily housing only), Common Areas (multifamily housing only), and Units identified on the following charts. The rehabilitation standards must identify the type and degree of deficiency that must be addressed. [View the HTF FAQ Appendices: Uniform Physical Condition Standards for Multifamily and Single Family Housing Rehabilitation](#). Appendix A applies to HTF-funded multifamily housing undergoing rehabilitation. Appendix B applies to HTF-funded single family housing undergoing rehabilitation.