



HFAs **AT THE CENTER OF THE** **AFFORDABLE** **HOUSING** **SYSTEM**



STATE HFAs CAN DO EVEN MORE WITH SMART FEDERAL POLICIES

We call on Congress and the Administration to:

Expand and Strengthen the Housing Credit

Members of Congress should sponsor bipartisan Affordable Housing Credit Improvement Act bills soon to be introduced in the House and Senate to increase and improve the most effective federal incentive for affordable apartment development and preservation.

Strengthen Housing Bonds

Members of Congress should support legislation NCSHA is developing to make low-cost, common-sense changes that would generate more sustainable mortgages to first-time home buyers and more financing for affordable apartments.

Increase Access and Affordability in Housing Finance Reform

The Administration and Congress should work together to ensure the federal housing finance system – FHA, Ginnie Mae, and the Housing GSEs – is aligned to make affordable financing for homeownership and rental housing available to the households and communities that need it, including:

- › Improvements in FHA down payment assistance policies
- › New tools and resources for multifamily financing through FHA and Ginnie Mae
- › Enhanced commitment to the statutory affordable housing goals and responsibilities of Fannie Mae and Freddie Mac

Invest in Proven Programs That Serve the Neediest

Congress should adequately fund the HOME program, Section 8 rental assistance, and key rural housing programs so states can reach the most underserved households and communities.

Ensure the Optimal Management of Rental Housing Assistance

Congress and HUD should ensure the Performance-Based Contract Administration program maximizes the involvement of state HFAs, which have the mission, tools, and relationships necessary to properly oversee HUD contracts and get residents and communities the housing help owners and managers are obligated to provide.

For more information on NCSHA's requests of Congress, visit ncsha.org.





STATE HFAs ARE AT THE CENTER OF THE AFFORDABLE HOUSING SYSTEM

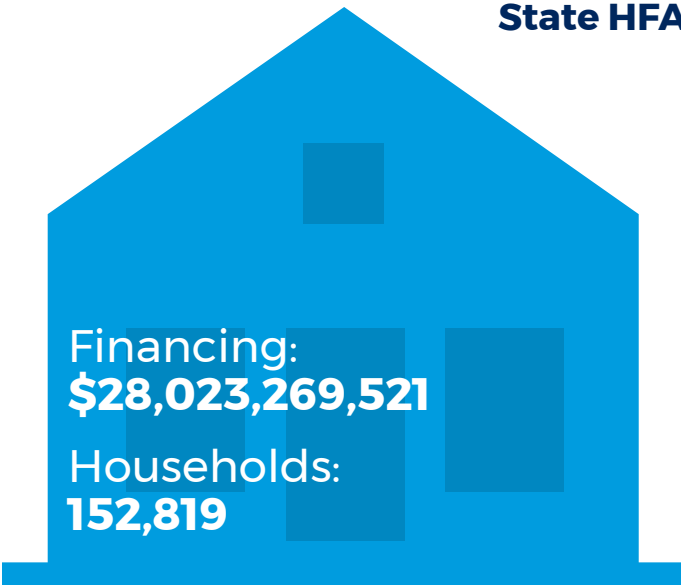
For decades, state housing finance agencies (HFAs) have operated at the center of America's affordable housing system.

Each state created its HFA to meet its specific housing needs as they change over time and to do so in an efficient and accountable manner.

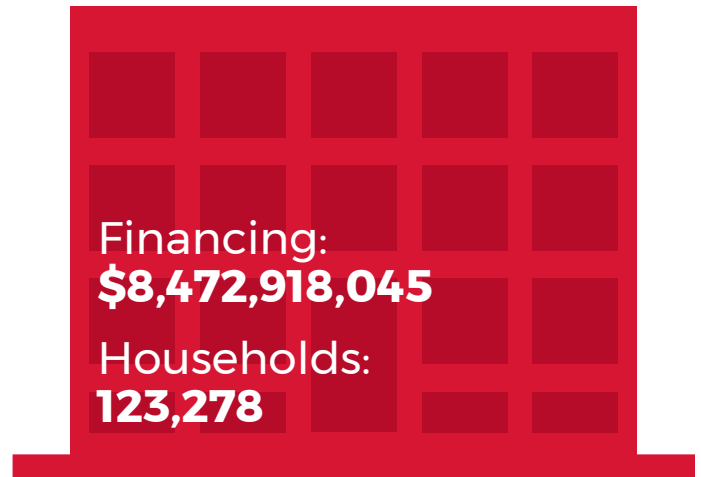
State HFAs don't rely on the taxpayers to fund their operations: They put their own balance sheets and financial tools to work to meet the housing needs of their states' rural, suburban, and urban communities.

State HFAs have delivered \$450 billion in financing to make possible the purchase, development, and rehabilitation of more than 7 million affordable homes and rental apartments for low- and middle-income households.

State HFA 2017 Impact



2017 Single-Family Homes



2017 Multifamily Apartments

State HFAs are also indispensable partners of the federal government in meeting national housing challenges — working with both parties and any administration with the same practical, results-based approach.

Federal policymakers have several important opportunities to make progress on the nation's worsening housing affordability challenges by leveraging the capacity and expertise of state HFAs.

This report describes how.

STATE HFAs ARE MEETING THE NATION'S HOUSING AFFORDABILITY CHALLENGES

State HFAs provide billions of dollars each year in financing for affordable homeownership and rental housing. Working in every state in the country, the agencies are:

Expanding Much-Needed Affordable Homeownership Opportunity

Even as the national homeownership rate has risen slightly after a long fall, the American Dream remains elusive for growing numbers of younger households, working families, and people of color.

State HFAs provided more than \$28 billion in loan financing to help more than 150,000 households become homeowners in 2017, with more than one quarter of these loans helping minority buyers. The median state HFA-assisted homeowner's income was \$52,115 and their average home price was \$166,525, well below the national median.

A 2018 study found that state HFA loans were much less likely to experience defaults or foreclosures than loans from other sources to similar borrowers.ⁱ

Meeting Urgent Rental Housing Needs

More than 11 million households pay more than half their income for rent, and for every 100 extremely low-income families looking for an available, affordable apartment, only 35 such rental homes exist nationwide.ⁱⁱ Four out of five eligible families can't even obtain rental assistance.ⁱⁱⁱ

State HFAs provided \$8.5 billion in financing to create and preserve more than 120,000 affordable rental apartments in 2017.

The median vacancy rate for state HFA-financed multifamily properties was 50 percent lower than the rate for all apartments, and less than one percent of state HFA multifamily loans were delinquent over 60 days, real estate-owned properties (REOs), or in workout.^{iv}

Innovating New Solutions to Meet New Housing Challenges

State HFA capacity and creativity have made them the "go-to" partners for solving some of the toughest, fastest-moving federal and state affordable housing challenges.

The agencies played a major role in stabilizing the housing market after the crash that led to the Great Recession a decade ago, helping to stabilize property values and restore troubled neighborhoods.

Today, these agencies are on the front lines of the states' responses to natural disasters, the opioid crisis, ending homelessness among veterans, housing persons with disabilities, and other housing-related challenges.



78.7% of renters in Housing Credit apartments earn less than 50% of AMI...



Source: HUD Housing Credit Tenant Study, released 2018

STATE HFAs DELIVER VALUE FOR THEIR STATES AND THE NATION



In addition to acting as their states' engines for affordable housing financing, state HFAs are:

Generating Fiscal and Economic Benefits for Their States

State HFA financing and programs are major drivers of economic activity in their states — generating jobs, wages, and local revenue.

The agencies' financing of new construction of affordable homes alone generated more than 220,000 jobs, nearly \$15.5 billion in wages, and \$3.9 billion in local revenues on a one-time and annually recurring basis combined in 2017.^v

State HFAs also attract new capital investment to their states by issuing billions of dollars in bonds and securities every year. And they invest their earnings in programs to support the neediest residents of their states.

Administering Key Federal Programs for the Neediest

State HFAs' capacity and performance have earned the agencies the primary responsibility for delivering an array of federal housing programs in their respective states.

HFAs in 48 states (plus the Virgin Islands and Puerto Rico) administer the federal Low Income Housing Tax Credit.

In addition:

- ▶ 38 state HFAs administer their state's annual allocation of federal HOME Investment Partnerships program funds
- ▶ 41 state HFAs administer various forms of federal rental assistance
- ▶ 39 state HFAs administer the federal Housing Trust Fund in their states

Delivering Value and Efficiency for Taxpayers

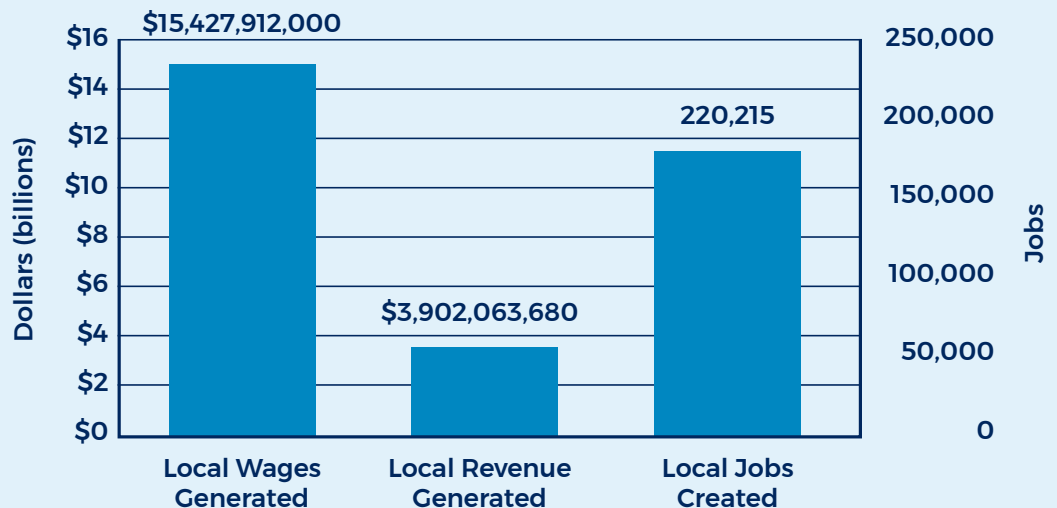
State HFAs have an established track record in administering public programs, often generating substantial savings for taxpayers.

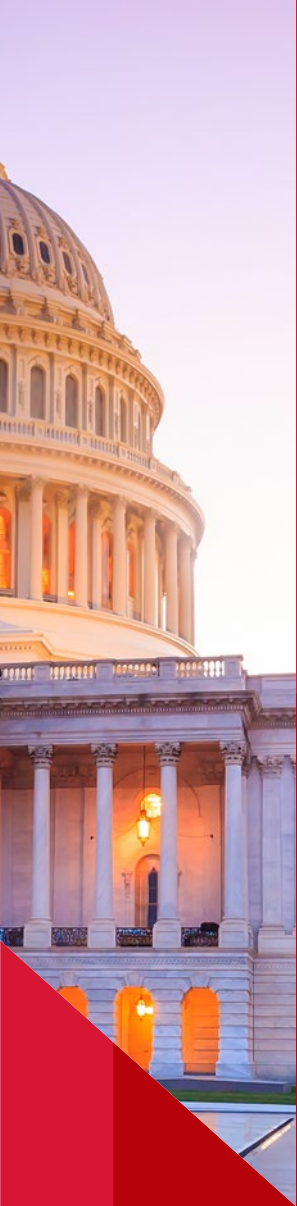
State HFAs' ability to share the risk with HUD on multifamily mortgage loans has reduced red tape, generated revenue for the department, and provided financing that would not otherwise be available.

State HFAs have also cut waste in the HUD Section 8 housing assistance program, ensured that properties remain in strong physical and financial condition, and promoted increased owner and manager compliance with HUD policies and procedures.

Impact of HFA-Financed Single-Family and Multifamily Construction

Note: Combines 2017 impact plus annually recurring impacts.





ABOUT THE NATIONAL COUNCIL OF STATE HOUSING AGENCIES

For more than 50 years, state housing finance agencies (HFAs) have played a central role in the nation's affordable housing system, delivering financing to make possible the purchase, development, and rehabilitation of affordable homes and rental apartments for low- and middle-income households.

The National Council of State Housing Agencies (NCSHA) is a nonprofit, nonpartisan organization created to advance, through advocacy and education, the efforts of the nation's state HFAs and their partners to provide affordable housing to those who need it.

NCSHA's vision: An affordably housed nation.



National Council of State Housing Agencies

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i Moulton, Record, and Hembre, "Low Income Homeownership and the Role of State Subsidies: A Comparative Analysis of Mortgage Outcomes," 2018.

ii National Low Income Housing Coalition, "The Gap: A Shortage of Affordable Homes," 2018.

iii Urban Institute, "The Case for More, Not Less: Shortfalls in Federal Housing Assistance and Gaps in Evidence for Proposed Policy Changes," 2018.

iv Moody's Investors Service, "Medians - Continued growth and stability from multifamily loan programs," 2018.

v Data from NCSHA and methodology from the National Association of Home Builders, "The Local Impact of Homebuilding."