



Housing Trust Fund Bill Approved Awaits Presidential Signature

After months of negotiations among Senate Democrats, Senate Republicans, House Democrats, House Republicans and the Bush Administration, the House of Representatives on July 23rd passed HR 3221, the American Housing Rescue and Foreclosure Prevention Act of 2008, by a vote of 272-152. The Senate approved the House-passed bill on July 26th by a vote of 72-13. President Bush has stated that he will sign the bill. Most important among the bill's numerous provisions is the establishment of a Housing Trust Fund. This is a major victory for low income housing advocates and the lowest income people in our country with the most serious needs.

The Housing Trust Fund's features are:

* It is a permanent program with a dedicated source of funding not subject to the annual appropriations process.

* At least 90% of the funds must be used for the production, preservation, rehabilitation, or operation of rental housing. Up to 10% can be used for the following homeownership activities for first-time homebuyers: production, preservation, and rehabilitation; down payment assistance, closing cost assistance,

and assistance for interest rate buy-downs.

* At least 75% of the funds for rental housing must benefit extremely low income households and all funds must benefit very low income households.

This is the first new federal housing production program since the HOME program was created in 1990 and the first new production program specifically targeted to extremely low income households since the Section 8 program was created in 1974.

Funds for the Housing Trust Fund will come from annual contributions made by Fannie Mae and Freddie Mac. The amount will be based on a percentage of each company's annual new business. Using the formula in the bill, the amount in 2007 would have been \$557 million. Because their new business is increasing, the amount in 2008 is expected to be higher. However, 25% of the funds each year must first go to a reserve fund at the Treasury to offset scoring problems. The remaining 75% of the funds will be divided between the Housing Trust Fund, which gets 65%, and a new Capital Magnet Fund that gets 35%.

Given the recent instability of Fannie Mae and Freddie Mac, concerns

funds will be available for new programs. The new regulator has the authority to suspend contributions under certain circumstances related to the fiscal distress of the GSEs. However, no money will be available for the Housing Trust Fund until FY10, by which time Freddie Mac's and Fannie Mae's fiscal conditions are expected to be much improved.

Now that it has achieved this important and long-sought milestone, the National Housing Trust Fund Campaign will turn its attention to the next two steps towards achieving its goal of 1.5 million homes in 10 years. The first is implementation of the program—working with HUD to create an effective and timely fund distribution system. The second is to identify and advocate for additional sources of dedicated revenue. The bill specifically provides that Congress may "transfer, appropriate, or credit" other funds to the Housing Trust Fund.

Members Urged To Complete Survey

Members of the Rural Housing Coalition are encouraged to complete a survey detailing the types of housing and community development work