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Connecting Constituents to Information on Federal Funding for Affordable Rental Housing Development

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This report is intended to provide Members of Congress and their staffs with information and resources to respond to constituent questions regarding potential federal funding sources for affordable rental housing development. This report provides a brief overview of select grant programs, tax credits, and mortgage programs, including information on program eligibility, target populations, eligible uses, and, where applicable, maximum rents and mortgage limits. It also contains links to program websites, relevant CRS reports, authorizing statutes, and federal regulations.

SUMMARY

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Introduction

This report is intended to provide Members of Congress and their staffs with information and resources to respond to constituent questions regarding potential federal funding sources for affordable rental housing development. This report provides a brief overview of select grant programs, tax credits, and mortgage programs, including information on program eligibility, target populations, eligible uses, and, where applicable, maximum rents and mortgage limits. It also contains links to program websites, relevant CRS reports, authorizing statutes, and federal regulations.

This report focuses on federal programs for which affordable rental housing development is an eligible use of funds. However, many of the programs listed have other eligible uses for funds, including housing for homeownership and economic development. Federal housing policy generally considers housing to be affordable when it costs no more than 30% of a tenant's income, but definitions of *affordable* vary across these programs in terms of income limits and maximum rents.

For many of these programs, both tenant income eligibility and maximum rent levels are based on percentages of Area Median Income (AMI), which is the median income of households in a given metropolitan area or nonmetropolitan county. The U.S. Department of Housing and Urban Development's (HUD's) Office of Policy Development and Research (PD&R) publishes income limits annually on the HUD User website (https://www.huduser.gov/portal/datasets/il.html).

This report aims to capture most of the federal programs that can be used to fund affordable rental housing development; however, it may not be fully exhaustive in scope. Further, this report does not address military housing, funding from state and local government programs, private or philanthropic funding sources, or federal disaster assistance.[1] Rental assistance subsidies are briefly discussed in the "Rental Assistance Subsidies" section, but only as they relate to rental housing development.

Federal Funding Overview

Federal funding and support for affordable housing development takes various forms, including but not limited to formula grants, competitive grants, direct loans, loan guarantees, and tax credits. Many of these federal funding sources can be used in conjunction with one another, and multiple federal funding sources are often used to finance affordable housing projects.

Some federal grant funding goes to states and local governments in the form of *formula* or *block grants*. States and local governments may then award housing funding to housing developers directly or may award funding through public or private intermediaries. Eligible applicants can contact the state or local government agency that received the prime federal grant for information on eligibility and application.

Federal grant funding may also be available on a *competitive* basis; these grants are generally awarded directly by the federal government to eligible grantees. Eligible applicants can monitor Grants.gov for open grant competitions under these programs.

[1] For information on federal disaster assistance response and recovery programs, see CRS Report RL31734, *Federal Disaster Assistance Response and Recovery Programs: Brief Summaries*.

Competitive grants identified in this report include assistance listing numbers (formerly called Catalog of Federal Domestic Assistance [CFDA] numbers), which are a useful way to search Grants.gov for competitive funding opportunities.

For additional information on the federal grantmaking process, see

- CRS Report RL34035, *Grants Work in a Congressional Office*;
- CRS Report RL34012, *Resources for Grantseekers*; and
- CRS Report R42769, *Federal Grants-in-Aid Administration: A Primer*.

Public-access versions of CRS reports are available at https://crsreports.congress.gov/.

Direct loans are loans issued by U.S. federal agencies, whereas *loan guarantees* are private loans backed by the U.S. government, such that a federal agency agrees to assume some or all of the risk should the borrower default on the loan. *Mortgage insurance* similarly mitigates some or all of the lender's risk of loss in the event of a loan default. Federal direct loans are typically accessed through federal agencies, whereas federally guaranteed or insured loans are typically accessed through private lenders.

Federal *tax credits* are awarded to housing developers and investors who agree to produce housing that meets certain conditions. These tax credits can then be used to reduce the federal income tax liability of housing developers and investors.

Grant Programs

Flexible-Use Grants

Flexible-use grants are federal grants that are not required to be used for specific populations (other than income-eligible households) or geographies, in contrast with the targeted-population grants (as discussed in the "Targeted-Population Grants" section). However, flexible-use grants are limited in terms of eligible activities, income limits, and other requirements. These grant programs are listed in alphabetical order.

Capital Magnet Fund

The Capital Magnet Fund (CMF), administered by the Community Development Financial Institutions (CDFI) Fund within the Department of the Treasury, is a competitive grant to CDFIs and qualified nonprofit housing organizations to create various financing tools for the purpose of developing, rehabilitating, preserving, and purchasing affordable housing. In addition to using the funds for affordable housing activities, recipients may use up to 30% of CMF awards for economic development activities linked to affordable housing. CMF is funded through required contributions from Fannie Mae and Freddie Mac, based on a percentage of the annual dollar volume of mortgages they purchase.

Assistance Type: Federal funding is awarded as competitive grants to CDFIs and eligible nonprofits that may use it to provide various types of financing assistance.

Eligibility: Treasury-certified CDFIs or nonprofit organizations have as one of their principal purposes the development or management of affordable housing. Other entities may be able to access financing for affordable housing development through CMF recipients.

For more information on how to become certified as a CDFI, see the CDFI Fund website (https://www.cdfifund.gov/programs-training/certification/cdfi).

Target Populations: All CMF funds must be used to serve households with incomes at or below 120% of the area median income. No more than 50% of total CMF funds (across all grants) may be used to serve households with incomes between 80% and 120% of the area median income.

Additionally, at least 20% of units in any individual CMF-assisted rental multifamily housing project must be reserved for households with incomes at or below 80% of the area median income.

Eligible Uses: CMF grants can be used to create financing tools such as loan loss reserves, revolving loan fund capitalization, affordable housing or economic development activity fund capitalization, and risk-sharing loans. Eligible projects include developing, preserving, or purchasing affordable rental or homeownership housing.

Maximum Rent: Rents cannot exceed 30% of the income limit for the unit (see the "Target Populations" above).

Matching Requirements: Total eligible project costs must equal or exceed 10 times the CMF grant amount.

How to Apply: Certified CDFIs and qualified nonprofits can apply for CMF funding directly through the CDFI Fund's website, following a Notice of Funding Availability (NOFA). Application rounds tend to take place once per year in the spring.

- To view current NOFAs and access application materials, see https://www.cdfifund.gov/programs-training/programs/cmf/apply-step.
- To identify CDFIs or nonprofit organizations that have received CMF funding, see https://www.cdfifund.gov/awards/state-awards. Use the "Program" dropdown menu to limit searches to CMF awards.

For additional information on the Capital Magnet Fund, see

- CRS Report R42770, *Community Development Financial Institutions (CDFI) Fund: Programs and Policy Issues*;
- the CDFI Fund program website (https://www.cdfifund.gov/programs-training/programs/cmf);
- program statutes at 12 U.S.C. §4569 (https://uscode.house.gov/); and
- program regulations at 12 C.F.R. Part 1807 (https://www.ecfr.gov/current/title-12/chapter-XVIII/part-1807).

Community Development Block Grant Program

The Community Development Block Grant (CDBG) is a formula grant provided to states and certain localities administered by the U.S. Department of Housing and Urban Development. CDBG funds can be used for a variety of community development activities, including some affordable housing activities, such as rehabilitation and lead-based paint abatement. In general, use of CDBG funds for new rental housing construction is prohibited, unless carried out by qualified Community-Based Development Organizations (CBDOs) as part of larger projects, or unless statutory requirements are waived for disaster recovery. HUD allocates CDBG funds to states (30%) and localities (70%) by formula (see the "Economic Development Initiative (EDI) Grants" section).

Assistance Type: Federal funding is awarded as formula grants; recipient states and localities may allocate funds to eligible recipients as subgrants or loans.

Eligibility: Only nonprofits qualified as CBDOs are eligible to use CDBG funds for new housing construction. Other eligible CDBG activities do not have this restriction. See 24 C.F.R. 570.204(c) for details on qualifications to become a CBDO.

Target Populations: Generally, at least 51% of units in an assisted housing project must be occupied by households with incomes at or below 80% of area median income.

For new construction of multifamily, non-elderly rental housing projects, at least 20% of units must be occupied by households with incomes at or below 80% of area median income. The CDBG proportion of total development funds may not exceed the proportion of units in the project occupied by households with incomes at or below 80% of area median income.

Eligible Uses: CDBG can be used for many eligible activities at the discretion of state and local governments.

Nonprofits that are qualified as CBDOs may use CDBG funds to acquire property and construct housing as part of a larger project related to neighborhood revitalization, community economic development, or energy conservation. Under certain conditions, CDBG funds may be used to construct housing of last resort for households that would be displaced by a CDBG-assisted activity.

Although new housing construction is an eligible activity only under limited circumstances, CDBG funds can be used for other costs to support of affordable housing development, such as rehabilitation, conversion, code enforcement, lead-based paint abatement, planning/administrative activities, clearance, site improvements, street improvements, public works, public facilities, public services, and economic development.

Additionally, conversions of a portion of an existing housing unit to an independent accessory dwelling unit (ADU) can be eligible for CDBG funding.

HUD may elect to waive certain CDBG statutory requirements, including prohibitions on new housing construction, for supplemental Community Development Block Grant Disaster Recovery (CDBG-DR).

Maximum Rent: See state or local government definitions of "affordable rents" for income-eligible households.

Matching Requirements: None at the federal level, but states and local grantees may require or encourage matching funds.

How to Apply: CDBG funding is allocated according to a statutory formula, with eligible states and localities being the recipient of grant funds. Grantees may then use the funds or distribute them to beneficiaries. Housing developers seeking funding should contact the relevant CDBG grantee for information on subgrantee funding. If a project site is not in the jurisdiction of a local entitlement community receiving CDBG funds, the relevant grantee is the appropriate state government. If a project site is in the jurisdiction of a local entitlement community receiving CDBG funds, the relevant grantee is the appropriate local government. Grantees may have additional eligibility requirements for beneficiaries.

- For CDBG grantee contact information, see https://www.hudexchange.info/grantees/contacts/ (on the left sidebar, select state, then check the box for CDBG).

For additional information on the Community Development Block Grant, see

- CRS Report R43520, *Community Development Block Grants and Related Programs: A Primer*;

- the CDBG program website (https://www.hud.gov/program_offices/comm_planning/cdbg);
- CDBG program resources for community partners (https://www.hudexchange.info/programs/cdbg/);
- HUD Notice CPD-2023-10, *Use of Community Development Block Grant (CDBG) Funds in Support of Housing*, October 26, 2023 (https://www.hud.gov/sites/dfiles/OCHCO/documents/2023-10cpdn.pdf);
- CDBG formula grant allocations by fiscal year (https://www.hud.gov/program_offices/comm_planning/budget);
- program statutes at 42 U.S.C. §5301 (https://uscode.house.gov/); and
- program regulations at 24 C.F.R. Part 570 (https://www.ecfr.gov/current/title-24/subtitle-B/chapter-V/subchapter-C/part-570).

Federal Home Loan Banks (FHLGs) Affordable Housing Program

Each of the 11 regional Federal Home Loan Banks is required by statute to have an Affordable Housing Program (AHP). AHPs make competitive grants to developers and grants to individual homeowners and homebuyers. At least 65% of each FHLB's available AHP funding must go to the AHP competitive program that supports the financing, acquisition, construction, and rehabilitation of affordable rental and ownership housing.[2] AHP is funded through a minimum 10% set-aside of FHLB earnings. AHP funding may not be used for cancellation fees, processing fees, reserves, operating expenses, supportive services expenses, or certain prepayment fees.

Assistance Type: Competitive grant.

Eligibility: Project sponsors must partner with an FHLB member financial institution to access AHP funding.

Target Populations: At least 20% of the units in AHP-assisted rental housing must be occupied by households with incomes at or below 50% of area median income. The scoring criteria for competitive AHP grants, as established in regulation, prioritizes projects that reserve a greater share of units for low-income households or underserved populations.

Eligible Uses: Financing, acquisition, construction, and rehabilitation of single-family and multifamily housing, both for rent and for homeownership. AHP funding can also be used to establish or contribute to a revolving loan fund.

Maximum Rent: For income-restricted units, rents cannot exceed 30% of 50% of area median income.

Matching Requirements: Matching funds may be required by individual FHLBs in their AHP Implementation Plans.

How to Apply: Interested project sponsors should submit an application to their regional FHLB in partnership with an FHLB member institution. Potential applicants should contact their regional FHLB or visit its website for more details on application windows and additional requirements.

- For FHLB contact information, see https://www.fhfa.gov/supervision/federal-home-loan-bank-system/districts.

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[2] Remaining funding may be used for homeownership set-aside programs that assist low- and moderate-income households in the purchase or rehabilitation of a home.

For additional information on the FHLB Affordable Housing Program, see

- CRS Report R46499, *The Federal Home Loan Bank (FHLB) System and Selected Policy Issues*;
- the FHLB AHP program website (https://fhlbanks.com/affordable-housing-2020-awards/);
- program statutes at 12 U.S.C. §1430(j) (https://uscode.house.gov/); and
- program regulations at 12 C.F.R. Part 1291 (https://www.ecfr.gov/current/title-12/chapter-XII/subchapter-E/part-1291).

HOME Investment Partnerships Program (HOME)

The HOME Investment Partnerships Program, administered by HUD, is a flexible formula grant program that states and localities can use for a range of affordable housing activities, including but not limited to affordable rental housing development. HUD allocates HOME funding annually to states (40%) and localities (60%) using a statutory formula. States and localities must reserve at least 15% of their HOME allocations for Community Housing Development Organizations (CHDOs), which are private nonprofit organizations that meet certain legal and organizational requirements. States and local governments may award HOME funds as various types of assistance, such as grants or loans. The American Rescue Plan Act provided additional HOME funds, referred to as HOME-ARP, which must be used primarily to serve qualifying populations who are homeless or at risk of homelessness.

Assistance Type: Federal funding is allocated as formula grants; recipient states and localities may award HOME funds as various types of assistance, such as grants or loans.

Eligibility: For-profit and nonprofit organizations are eligible to receive HOME funding through states and local governments.

Target Populations: At least 90% of HOME-assisted rental dwelling unit occupants must be households with incomes at or below 60% of area median income. The remaining funds can be used to serve households with incomes up to 80% of area median income.

Eligible Uses: Eligible rental housing development projects include new construction, rehabilitation, and acquisition.

Eligible rental housing development costs include development hard costs, acquisition costs, refinancing, soft costs (e.g., planning services and fees), and relocation costs.

Maximum Rent: Rents may not exceed the lesser of (1) the *fair market rent* for comparable units in the jurisdiction or (2) 30% of 65% of the area median income.

At least 20% of HOME-assisted units in projects with five or more HOME-assisted units must have rents that do not exceed 30% of 50% of the area median income.

Matching Requirements: Participating jurisdictions must match at least 25 cents for every dollar of HOME funding spent in a fiscal year with their own permanent contribution to affordable housing activities. Matching funds must be devoted to HOME-eligible activities but do not have to support HOME projects.

Individual project sponsors are not required to match the HOME funds they receive.

How to Apply: HOME funding is allocated according to a statutory formula through the Consolidated Plan process,[3] with eligible states and localities being the recipients of grant funds. Grantees may then distribute funds themselves or delegate administration to subrecipients, such as Housing Finance Agencies. Housing developers seeking funding should contact the relevant state or local HOME grantee for information on funding.

- For HOME grantee contact information, see https://www.hudexchange.info/grantees/contacts/ (on the left sidebar, select state, then check the box for HOME).

For additional information on the HOME Investment Partnerships Program, see

- CRS Report R40118, *An Overview of the HOME Investment Partnerships Program*;
- the HOME program website (https://www.hud.gov/program_offices/comm_planning/home);
- HOME program resources for community partners (https://www.hudexchange.info/programs/home/);
- *fair market rents* for HOME (https://www.huduser.gov/portal/datasets/fmr.html);
- HOME formula grant allocations by fiscal year (https://www.hud.gov/program_offices/comm_planning/budget);
- program statutes at 42 U.S.C. §12741 et seq. (https://uscode.house.gov/); and
- program regulations at 24 C.F.R. Part 92 (https://www.ecfr.gov/current/title-24/subtitle-A/part-92).

Housing Trust Fund (HTF)

The Housing Trust Fund, administered by HUD, is a formula grant program allocated to states annually for affordable housing activities. The HTF predominantly funds rental housing projects affordable to extremely low-income households with incomes at or below 30% of the area median income. HTF funding can be provided to developers as a grant or as a loan. The HTF is funded through required contributions from Fannie Mae and Freddie Mac, based on a percentage of the annual dollar volume of mortgages they purchase.

Assistance Type: Federal funding is awarded as formula grants; recipient states may award HTF funds as various types of assistance, such as grants or as loans.

Eligibility: For-profit or nonprofit entities that are owners or developers of affordable housing with relevant experience are eligible to receive HTF funding.

Target Populations: All HTF funds must benefit households with incomes at or below 50% of area median income. By statute, at least 75% of a state's grant amount must benefit households with incomes at or below 30% of area median income or with incomes at or below the poverty line. However, HUD regulations require that in years when the total amount of HTF funds available for allocation is less than $1 billion, all HTF funds must benefit households with incomes at or below 30% of area median income or with incomes at or below the poverty line.

Eligible Uses: Eligible rental housing development projects include new construction, preservation, rehabilitation, and operation of rental housing. HTF funds can be used for hard development costs related to housing construction or rehabilitation, soft housing development

[3] For additional information, see CRS Report R48073, *HUD's Consolidated Planning Process: An Overview*.

costs (e.g., planning services and fees), refinancing, acquisition of real property, relocation costs, and operating assistance. No more than 30% of a state's total HTF grant may be used for operating assistance, such as paying for utilities, maintenance, or insurance.

Maximum Rent: The maximum rent for an HTF-assisted rental unit is 30% of the maximum eligible income for a tenant.

Matching Requirements: None.

How to Apply: HTF funding is allocated according to a statutory formula, with states being the recipient of grant funds. States may then distribute funds themselves or delegate administration to subgrantees, such as local governments or state agencies. States may have additional eligibility requirements for subgrantees. Housing developers seeking funding should contact their HTF state agency for information on funding.

- For HTF grantee contact information, see https://www.hudexchange.info/grantees/contacts/ (on the left sidebar, select state, then check the box for HTF).

For additional information on the Housing Trust Fund, see

- CRS Report R40781, *The Housing Trust Fund: An Overview*;
- the HTF program website (https://www.hud.gov/program_offices/comm_planning/htf);
- HTF program resources for community partners (https://www.hudexchange.info/programs/htf/);
- HTF formula grant allocations by fiscal year (https://www.hud.gov/program_offices/comm_planning/budget);
- program statutes at 12 U.S.C. §4568 (https://uscode.house.gov/); and
- program regulations at 24 C.F.R. Part 93 (https://www.ecfr.gov/current/title-24/subtitle-A/part-93).

Targeted-Population Grants

Targeted-population grants are federal grants that are required to be used for specific populations, in addition to meeting certain income eligibility requirements. Like flexible-use grants, these grants may also have additional requirements regarding how they can be used. These programs are listed in alphabetical order.

Continuum of Care Program (CoC)

The Continuum of Care Program, administered by HUD, provides funding for permanent housing, transitional housing, and supportive services for people experiencing homelessness, among other activities. States and local communities establish CoC advisory boards made up of stakeholder representatives. These CoC boards develop CoC plans and coordinate the application process for CoC funds on behalf of housing and service providers within the CoC's geographic area.

Assistance Type: Competitive grant.

Eligibility: Private nonprofit organizations, state or local governments, instrumentalities of state or local governments, tribes or tribally designated housing entities (TDHEs), or public housing agencies (PHAs).

Target Populations: Individuals and families experiencing homelessness according to the definition at 42 U.S.C. §11302.

Eligible Uses: Eligible uses of funding include constructing permanent or transitional housing; acquiring, rehabilitating, or leasing property for permanent housing, transitional housing, or supportive services; providing rental assistance; providing supportive services; and paying operating costs for transitional and permanent housing.

Maximum Rent: The higher of 30% of a family's monthly adjusted income or 10% of a family's monthly gross income.

Matching Requirements: Grant recipients or subrecipients must match at least 25% of funds from other sources or in kind. The match does not apply to leasing.

How To Apply: Only applicants designated by the CoC may apply directly to HUD for funding. Typically, there is one *Collaborative Applicant*, which is often the CoC itself. Potential grantees seeking subrecipient funding should contact their local CoC and review the Notice of Funding Opportunity (NOFO) to confirm eligibility.

- CoC grantee contact information: https://www.hudexchange.info/grantees/contacts. (On the left sidebar, select state, then check the box for CoC Program. Check the box for "View CoCs Only" right below it.)
- To view NOFOs, search Grants.gov for Assistance Listing/CFDA Number 14.267: https://www.grants.gov/search-grants.

For additional information on the CoC program, see

- CRS Report RL33764, *The HUD Homeless Assistance Grants: Programs Authorized by the HEARTH Act*;
- the CoC program website (https://www.hud.gov/program_offices/comm_planning/coc);
- CoC program resources for community partners (https://www.hudexchange.info/programs/coc/);
- program statutes at 42 U.S.C. §§11301-11304 and 42 U.S.C. §11360 et seq. (https://uscode.house.gov/); and
- program regulations at 24 C.F.R. Part 578 (https://www.ecfr.gov/current/title-24/subtitle-B/chapter-V/subchapter-C/part-578).

Housing Opportunities for Persons with AIDS (HOPWA) Program

The Housing Opportunities for Persons with AIDS Program, administered by HUD, provides funding for housing and supportive services for people living with HIV/AIDS. Formula grants are made available to states and eligible metropolitan statistical areas (MSAs). Competitive grants are available for states and local governments to provide short-term, transitional, or permanent supportive housing in areas that do not qualify for formula grants or for state and local governments or nonprofit organizations to undertake special projects using innovative service delivery models.

Assistance Type: 90% formula grant, 10% competitive grant.

Eligibility: State and local governments and nonprofit organizations.

Target Populations: Individuals living with HIV/AIDS, and their families, who have incomes at or below 80% area median income (AMI).

Eligible Uses: Construction, acquisition, and rehabilitation of facilities for multi-unit community residences and single-occupancy dwellings; project- or tenant-based rental assistance; short-term rental assistance, mortgage assistance, or utility assistance; supportive services; housing counseling and referral services.

Maximum Rent: The higher of 30% of a family's monthly adjusted income or 10% of a family's monthly gross income.

Matching Requirements: None.

How to Apply: Formula grants are allocated at the state or MSA-level according to a statutory formula through the Consolidated Plan process, with the largest city in an eligible MSA being the recipient of grant funds; it then coordinates with other cities within the MSA to address the housing needs of eligible populations. HOPWA-funded jurisdictions may use funds or distribute them to private nonprofit organization subgrantees. Potential grantees seeking funding should contact their local HOPWA grantee or consult Grants.gov to apply for competitive grants.

- For HOPWA formula grantee contact information, see https://www.hudexchange.info/grantees/contacts (on the left sidebar, select state, then check the box for HOPWA).
- To view NOFOs and apply for competitive grant funding, search Grants.gov for Assistance Listing/CFDA Number 14.241 (https://www.grants.gov/search-grants).

For additional information on HOPWA, see

- CRS Report RL34318, *Housing for Persons Living with HIV/AIDS*;
- the HOPWA program website (https://www.hud.gov/program_offices/comm_planning/hopwa);
- HOPWA program resources for community partners (https://www.hudexchange.info/programs/hopwa/);
- HOPWA formula grant allocations by fiscal year (https://www.hud.gov/program_offices/comm_planning/budget);
- program statutes at 42 U.S.C. §12901 et seq. (https://uscode.house.gov/); and
- program regulations at 24 C.F.R. Part 574 (https://www.ecfr.gov/current/title-24/subtitle-B/chapter-V/subchapter-C/part-574).

Section 202 Supportive Housing for the Elderly Program

The Section 202 Supportive Housing for the Elderly Program, administered by HUD, provides capital funding and Project Rental Assistance Contracts (PRACs) to nonprofit organizations to develop and operate supportive housing for very low-income older adults. Section 202 capital funding is made available through a competitive process, and funding cycles vary. Capital funding does not need to be repaid, provided the housing project continues to serve very low-income older adults for at least 40 years.

Assistance Type: Competitive grant.

Eligibility: Nonprofit organizations.

Target Populations: Adults aged 62+ (those defined as "elderly" by HUD), with incomes at or below 50% AMI.

Eligible Uses: Section 202 capital funding can be used for acquisition, construction, reconstruction, or rehabilitation of structures for use as supportive housing for older adults.

Maximum Rent: The higher of 30% of a family's monthly adjusted income or 10% of a family's monthly gross income.

Matching Requirements: None.

How to Apply: Nonprofit organizations seeking funding should monitor the HUD funding opportunities website or search Grants.gov.

- For information on open and upcoming HUD discretionary funding opportunities, see the HUD website: https://www.hud.gov/program_offices/cfo/gmomgmt/grantsinfo/fundingopps.
- To view NOFOs and apply for grant funding, search Grants.gov for Assistance Listing/CFDA Number 14.157: https://www.grants.gov/search-grants.

For additional information on the Section 202 program, see

- CRS Report RL33508, *Section 202 and Other HUD Rental Housing Programs for Low-Income Elderly Residents*;
- the Section 202 program website (https://www.hud.gov/program_offices/housing/mfh/mfinfo/section202ptl);
- program statutes at 12 U.S.C. §1701q (https://uscode.house.gov/); and
- program regulations at 24 CFR Part 891 (https://www.ecfr.gov/current/title-24/subtitle-B/chapter-VIII/part-891).

Section 811 Supportive Housing for Persons with Disabilities Program

The Section 811 Supportive Housing for Persons with Disabilities Program, administered by HUD, provides capital funding and PRACs to nonprofit organizations to develop housing for very low-income persons with disabilities. Section 811 capital funding is made available through a competitive process, and funding cycles vary. Capital funding does not need to be repaid, provided the housing project continues to serve very low-income adults with disabilities for at least 40 years.

Assistance Type: Competitive grant.

Eligibility: Nonprofit organizations.

Target Populations: Adults with disabilities, aged 18-62, with incomes at or below 50% AMI.

Eligible Uses: Section 811 capital funding can be used for the acquisition, construction, or rehabilitation of supportive housing units. Housing may be units in multifamily rental or condominium developments, but units dedicated to persons with disabilities may not exceed 25% of the total. Funds may also be used for group homes.

Maximum Rent: The higher of 30% of a family's monthly adjusted income or 10% of a family's monthly gross income.

Matching Requirements: None.

How to Apply: Nonprofit organizations seeking funding should monitor the HUD funding opportunities website or search Grants.gov.

- For information on open and upcoming HUD competitive funding opportunities, see the HUD website: https://www.hud.gov/program_offices/cfo/gmomgmt/grantsinfo/fundingopps.
- To view NOFOs and apply for grant funding, search Grants.gov for Assistance Listing/CFDA Number 14.181: https://www.grants.gov/search-grants.

For additional information on the Section 811 program, see

- CRS Report RL34728, *Section 811 and Other HUD Housing Programs for Persons with Disabilities*;
- the Section 811 program website (https://www.hud.gov/program_offices/housing/mfh/grants/section811ptl);
- program statutes at 42 U.S.C. §8013 (https://uscode.house.gov/); and
- program regulations at 24 C.F.R. Part 891 (https://www.ecfr.gov/current/title-24/subtitle-B/chapter-VIII/part-891).

Indian Housing Block Grant Program (IHBG)

The Indian Housing Block Grant program, administered by HUD, provides funding to eligible Indian tribes or their tribally designated housing entities (TDHEs) for affordable housing activities that benefit tribal members. The IHBG program, authorized through the Native American Housing Assistance and Self-Determination Act of 1996 (NAHASDA), is the primary source of federal funding for Indian housing. In addition to the main IHBG formula grant program, an additional source of IHBG funding is available on a competitive basis. Annual formula grant funding requires the submission of an Indian Housing Plan (IHP) to HUD, whereas competitive grants utilize Grants.gov to apply.

Assistance Type: Formula grant, competitive grant.

Eligibility: Federally recognized tribes, Tribally Designated Housing Entities (TDHEs).[4]

Target Populations: In general, members of federally recognized American Indian tribes and Alaska Native villages, with incomes at or below 80% AMI.

Eligible Uses: Operation or modernization of certain existing housing; acquisition, construction, reconstruction, or rehabilitation of affordable housing; provision of housing services; housing management services; crime prevention and safety; and model housing activities.

Maximum Rent: 30% of a family's monthly adjusted income.

Matching Requirements: None.

How to Apply: Formula grants are made annually to eligible tribes and TDHEs based on a statutory formula. Eligible IHBG formula grant recipients must submit an Indian Housing Plan (IHP) through the Office of Native American Programs Grants Evaluation and Management System (GEMS) to receive funding. Eligible tribes and TDHEs can apply for competitive grants through Grants.gov during periods of open application.

- To access GEMS and view GEMS user resources, see the HUD website: https://www.hud.gov/program_offices/public_indian_housing/ih/grants/GEMS.

[4] A small number of state-recognized Tribes are also eligible to receive IHBG funding. These are tribes that had contracts with HUD and were receiving funding under the United States Housing Act of 1937 prior to the enactment of NAHASDA.

- For information on open and upcoming HUD competitive funding opportunities, see the HUD website: https://www.hud.gov/program_offices/cfo/gmomgmt/grantsinfo/fundingopps.
- To view NOFOs and apply for competitive grants, search Grants.gov for Assistance Listing/CFDA Number 14.867: https://www.grants.gov/search-grants.

For additional information on the IHBG program, see

- CRS Report R43307, *The Native American Housing Assistance and Self-Determination Act of 1996 (NAHASDA): Background and Funding*;
- the IHBG formula grant program website (https://www.hud.gov/program_offices/public_indian_housing/ih/grants/ihbg);
- the IHBG competitive grant program website (https://www.hud.gov/program_offices/public_indian_housing/ih/grants/ihbg_cgp);
- the IHBG formula allocations website (https://www.hud.gov/program_offices/public_indian_housing/ih/codetalk/onap/ihbgformula);
- programs statutes at 25 U.S.C. §4101 et seq. (https://uscode.house.gov/); and
- program regulations at 24 C.F.R. Part 1000 (https://www.ecfr.gov/current/title-24/subtitle-B/chapter-IX/part-1000).

Tax Credit Programs

Low-Income Housing Tax Credit (LIHTC) Program

The Low-Income Housing Tax Credit is a federal tax-credit allocated to and awarded by states to for-profit and nonprofit developers to produce and rehabilitate affordable housing. It is a credit against federal income tax liability in the amount of a percentage of eligible development costs each year for 10 years. It is available in two forms: a so-called 9% tax credit, which is awarded via a competitive process, and a so-called 4% tax credit, which is available to projects using federal tax-exempt bonds and meeting certain financing thresholds. Because the credit is claimed over 10 years, and because developers require funding to break ground, the tax credits are sold to investors in exchange for an equity contribution toward a development project. The sale occurs via a legally binding partnership between the LIHTC developer and credit purchasing entity, which is typically a large financial institution with a predictable 10-year tax liability.

States are limited by a statutorily specified formula based on population that determines the amount of credits they may award in a year.

Each state is provided some flexibility (within federal law) in prioritizing which proposed developments receive an award of tax credits. For more information, refer to the Qualified Allocation Plan (QAP) made available by the state agency that administers LIHTC.

Assistance Type: Tax credit.

Eligibility: For-profit and nonprofit developers of rental housing projects are eligible for the LIHTC.

Target Populations: Properties must satisfy at least one of three tests to be eligible for a LIHTC allocation:

1. At least 20% of the units are occupied by households with incomes at or below 50% of the area median income.
2. At least 40% of the units are occupied by households with incomes at or below 60% of the area median income.
3. At least 40% of the units are occupied by households with an average income at or below 60% of the area median income, of which no individual household has an income greater than 80% of the area median income.

Eligible Uses: New construction or rehabilitation of rental housing in multifamily and single-family buildings, including projects with multiple structures.

Maximum Rent: The maximum rent for a LIHTC-assisted rental unit may not exceed 30% of either 50% or 60% of the area median income, depending on which income test option the project elected.

Matching Requirements: To receive a 4% tax credit, a developer must finance at least 50% of the project with qualified private activity bonds.

How to Apply: The contact information for state LIHTC-administering agencies is available on the HUD User website (https://lihtc.huduser.gov/agency_list.htm).

For additional information on the Low-Income Housing Tax Credit, see

- CRS Report RS22389, *An Introduction to the Low-Income Housing Tax Credit*;
- program statutes at 26 U.S.C. §42 (https://uscode.house.gov/);
- program regulations at 26 C.F.R. Part 1.42-0 et seq. (https://www.ecfr.gov/current/title-26/chapter-I/subchapter-A/part-1/subject-group-ECFRcb39f040b41b74b/section-1.42-0).

New Markets Tax Credit (NMTC) Program

New Markets Tax Credits are nonrefundable federal tax credits that reduce federal income tax liability by 39% of the investment made in a Community Development Entity (CDE) spread out over a seven-year period. The Community Development Financial Institutions (CDFI) Fund, a bureau within the Department of the Treasury, awards allocations of NMTCs to certified CDEs through a competitive allocation process. CDEs do not benefit from the tax credits directly, but rather offer them to attract private equity investors. The CDE then uses these private investments to fund projects in qualified Low-Income Communities (LICs).

Assistance Type: Tax credit.

Eligibility: Only certified CDEs are eligible to receive an NMTC allocation (https://www.cdfifund.gov/programs-training/certification/cde). All Community Development Financial Institutions (CDFIs) and Specialized Small Business Investment Companies automatically qualify as CDEs, but they must register with the CDFI Fund.

Any taxable investor may benefit from an NMTC by investing in a CDE authorized to offer tax credits.

Target Populations: Investments must be made in census tracts that qualify as LICs based on poverty rates, median income, and other factors. The CDFI Fund provides a map of eligible census tracts (https://www.cdfifund.gov/mapping-system).

Eligible Uses: CDEs can make NMTC-enhanced investments in Qualified Active Low-Income Community Businesses (QALICBs) that develop or rehabilitate mixed-use real estate projects located in LICs.

To be eligible for NMTC-enhanced investments, buildings and structures must receive less than 80% of their gross rental income from rental income from dwelling units and there must be new construction or substantial rehabilitation located on the real property.

At least 20% of NMTC-enhanced rental units must be occupied by individuals with incomes at or below 80% of area median income.

Maximum Rent: At least 20% of NMTC-enhanced rental units must have monthly rents that do not exceed 30% of 80% of area median income.

Matching Requirements: None.

How to Apply: CDEs can apply for an allocation of NMTCs through the CDFI Fund when an allocation round is open. Private investors interested in receiving an NMTC can reach out to CDEs directly.

- For information on applying for an allocation of NMTCs, see https://www.cdfifund.gov/programs-training/programs/new-markets-tax-credit/apply-step.
- To find NMTC recipients by state, see https://www.cdfifund.gov/awards/nmtc.

For additional information on the New Markets Tax Credit Program, see

- CRS Report RL34402, *New Markets Tax Credit: An Introduction*;
- the NMTC program website (https://www.cdfifund.gov/programs-training/programs/new-markets-tax-credit);
- NMTC Allocation Agreement Template (https://www.cdfifund.gov/programs-training/programs/new-markets-tax-credit/allocation-step);
- NMTC Program Compliance Monitoring Frequently Asked Questions: (https://www.cdfifund.gov/sites/cdfi/files/2024-10/NMTC_Compliance_Monitoring_FAQ_July_2024_Final.pdf);
- program statutes at 26 U.S.C. §45D (https://uscode.house.gov/); and
- program regulations at 26 CFR 1.45D-1 (https://www.ecfr.gov/current/title-26/chapter-I/subchapter-A/part-1/subject-group-ECFRe427f958a26c8f4/section-1.45D-1).

Mortgage Programs

Federal Housing Administration Multifamily Mortgage Programs

The Federal Housing Administration (FHA), a HUD subagency, insures mortgages originated by FHA-approved lenders in order to support the purchase, construction, rehabilitation, repair, or refinancing of multifamily rental properties. Only some FHA multifamily mortgage programs can be used for new construction of rental housing.[5] The Section 221(d)(4) and Section 542(c)

[5] For information on other FHA multifamily programs, see https://www.hud.gov/program_offices/housing/mfh/progdesc.

programs are the two largest multifamily mortgage programs that support the construction of affordable rental housing.

The Section 221(d)(4) program insures mortgages financing new construction or substantial rehabilitation of multifamily rental housing.

The Section 542(c) program provides risk-sharing arrangements between HUD and state and local housing finance agencies (HFAs) by insuring mortgages for multifamily housing projects whose loans are underwritten, processed, serviced, and disposed of by HFAs. HFAs agree to share between 10%-90% of the loss of a loan with HUD in the event of a loan default. The HFA will then reimburse HUD in accordance with the terms of the risk-sharing agreement.[6]

Assistance Type: Mortgage insurance.

Eligibility: Eligible Section 221(d)(4) borrowers include public, profit-motivated sponsors; limited distribution, nonprofit cooperatives; and builder-seller, investor-sponsor, and general mortgagors.

Eligible Section 542(c) borrowers include investors, builders, developers, public entities, and private nonprofit organizations, which may apply to qualified HFAs.

Target Populations: Anyone may reside in properties constructed using Section 221(d)(4) or Section 542(c) loans, though projects may be designated for certain populations, such as elderly persons or persons with disabilities.

Section 542(c) loans must be used for affordable housing, which is defined as meeting the LITHC occupancy and rent requirements.

Eligible Uses: Section 221(d)(4)-insured mortgages may be used for the construction or rehabilitation of multifamily rental or cooperative housing of five units or more.

Section 542(c) mortgage insurance allows qualified HFAs to finance affordable housing loans for new construction, substantial rehabilitation, refinancing, and housing for the elderly.

Maximum Loan Amount: Loan limits for Section 221(d)(4) are laid out in statute at 12 U.S.C. §1715l. These dollar amounts are statutorily required to be adjusted annually and published in the *Federal Register* (see 12 U.S.C. §1712a).

Section 542(c) statutes and regulations do not set a maximum loan amount.

Matching Requirements: None.

How to Apply: Section 221(d)(4) eligible borrowers should apply directly to approved lenders.

- For a list of HUD approved lenders, see https://www.hud.gov/program_offices/housing/sfh/lender/lenderlist. Use available search filters to identify multifamily lenders.

Section 542(c) eligible borrowers should apply directly to qualified HFAs.

- To identify participating HFAs, see the HUD list of approved HFAs: https://www.hud.gov/sites/dfiles/Housing/documents/HFAlenderlist.doc.

For additional information on FHA multifamily mortgages, see

[6] A similar but smaller program, Section 542(b), provides risk-sharing arrangements between HUD and other Qualified Participating Entities (QPEs) for affordable housing loans. In the event of a loan default, QPEs pay all costs associated with disposition and then may request reimbursement from HUD for 50% of the loss of a loan. For additional information, see https://www.hud.gov/program_offices/housing/mfh/progdesc/progsec542b.

- the HUD Office of Multifamily Housing website (https://www.hud.gov/program_offices/housing/mfh);
- the Section 221(d)(4) program website (https://www.hud.gov/program_offices/housing/mfh/progdesc/rentcoophsg221d3n4);
- the Section 542(c) program website (https://www.hud.gov/program_offices/housing/mfh/progdesc/riskshare542c);
- program statutes at 12 U.S.C. §1715l(d)(4) for Section 221(d)(4) and 12 U.S.C. §1715z–22 for 542(c) (https://uscode.house.gov/);
- Section 221(d)(4) program regulations at 24 C.F.R. Part 221 (https://www.ecfr.gov/current/title-24/subtitle-B/chapter-II/subchapter-B/part-221); and
- Section 542(c) program regulations at 24 C.F.R. Part 266 (https://www.ecfr.gov/current/title-24/subtitle-B/chapter-II/subchapter-B/part-266).

Rural Housing Service (RHS) Multifamily Mortgage Programs

The Rural Housing Service, a subagency within the Department of Agriculture (USDA), makes direct loans and grants and guarantees loans to support the production of affordable housing in rural areas. RHS programs are typically referred to by the section number under which they are authorized in the Housing Act of 1949, as amended.

The Section 514 program provides direct loans to develop housing for low-income domestic farm laborers, including permanent, year-round, migrant, or seasonal farm laborers. Section 516 provides competitive grants to be awarded in conjunction with Section 514 financing to fund affordable, off-farm rental housing to low-income farm laborers. Section 514 and 516 funding is unique in that, unlike other RHS multifamily housing programs, it may be used for housing development in nonrural areas, provided it benefits laborers who work on nearby farms in agriculture and aquaculture industries.

The Section 515 program makes direct loans for the development of new rental and cooperative housing for very low-income individuals and families in rural areas. Since FY2012, Section 515 loan authority has been used primarily to refinance existing Section 515 properties rather than to make loans to develop new properties.

The Section 521 program provides rental assistance to owners of rental properties financed through the Section 515 program and off-site housing financed through the Section 514 program. Section 521 rental assistance subsidizes the difference between renter contributions (30% of income) and the rent amount.

The Section 538 program guarantees loans for the construction, acquisition, and rehabilitation of rental housing for low- to moderate-income residents, with household incomes not exceeding 115% AMI at the time of initial occupancy.

Assistance Type: Direct loan, loan guarantee, competitive grants.

Eligibility: For Section 514 loans, eligible applicants include farm owners, Indian tribes, farmer associations, public bodies, and nonprofit organizations. Section 516 grants may be made to governments, Indian tribes, or nonprofit organizations that have received Section 514 loans.

Section 515 loans may be made to for-profit and nonprofit organizations, as well as state and local government entities and Indian tribes.

Eligibility for Section 521 rental assistance is limited to owners of properties with Section 515 or Section 514 off-farm loans.

Section 538 loan guarantees are available for loans made to for-profit or nonprofit entities, public bodies, or Indian tribes.

Target Populations: Generally, RHS multifamily housing loans and grants are intended to finance affordable housing for very-low to moderate-income families in rural areas. Section 514 loans and 516 grants support the development of housing for domestic farm laborers.

RHS defines very low-income households as those with adjusted incomes not exceeding HUD limits, typically 50% AMI. Low-income households are defined as those with adjusted incomes not exceeding HUD limits, typically 80% AMI. Moderate-income households are defined as those with adjusted incomes greater than HUD established low-income limits by no more than $5,500.

Eligible Uses: RHS multifamily housing loans and grants may be used to finance the construction of multifamily housing, purchase and rehabilitate buildings, purchase and improve land on which multifamily housing will be situated, and additional uses as laid out in 7 C.F.R. 3560.53 (§§514/516 and 515) and 7 C.F.R. 3565.205 (§538).

Maximum Rent: For Section 514/516, 515, and 521 housing, rent cannot exceed the higher of the following: 30% of a family's monthly adjusted income, 10% of a family's monthly gross income, the amount of household assistance received from a public agency for housing costs, or basic rent when RHS rental assistance is not being provided. For Section 538 housing, rent cannot exceed 30% of 115% of AMI. Additionally, on an annual basis, the average rent for a Section 538 project cannot exceed 30% of 100% AMI, adjusted for family size.

Matching Requirements: None.

How to Apply: USDA lists NOFAs for RHS multifamily grants and loans and identifies whether programs are currently accepting applications. This list is not limited to RHS multifamily housing programs, so potential applicants should look for relevant program titles. Information on the application process for RHS multifamily loans and grants is also typically posted to each RHS multifamily housing program website during periods of open application.

- To view RHS multifamily housing NOFAs and access program websites, see https://www.rd.usda.gov/newsroom/federal-funding-opportunities.
- To access individual program websites directly, see https://www.rd.usda.gov/programs-services/all-programs/multi-family-housing-programs.
- To determine if a particular geographic location is eligible for RHS multifamily housing programs, see https://eligibility.sc.egov.usda.gov/eligibility/welcomeAction.do?pageAction=mfhc.

For additional information on RHS multifamily housing programs, see

- CRS Report R47044, *USDA Rural Housing Programs: An Overview*;
- CRS Report R47510, *Rural Definitions Used for Eligibility Requirements in USDA Rural Development Programs*;
- RHS multifamily housing program statutes at 42 U.S.C. §1484 (Section 514), 42 U.S.C. §1485 (Section 515), 42 U.S.C. §1486 (Section 516), 42 U.S.C. §1490a (Section 521), and 42 U.S.C. §1485 (Section 538): https://uscode.house.gov/; and
- RHS multifamily housing program regulations at 7 C.F.R. Part 3560 (Sections 514, 515, 516, and 521) and 7 C.F.R. Part 3565 (Section 538):

https://www.ecfr.gov/current/title-7/subtitle-B/chapter-XXXV/part-3560 and https://www.ecfr.gov/current/title-7/subtitle-B/chapter-XXXV/part-3565

Title VI Loan Guarantee Program

The Title VI Loan Guarantee Program, administered by HUD, guarantees loans made by private lenders to IHBG grantees to fund affordable housing activities. Title VI loans must be repaid by tribes or TDHEs. Tribes or TDHEs pledge their future IHBG funds as collateral for Title VI loans, and HUD assumes the risk. Should a tribe or TDHE default on a Title VI loan, HUD repays the lender up to 95% of any remaining principal balance and interest. The tribe or TDHE may then repay HUD from future IHBG formula allocations.

Assistance Type: Loan guarantee.

Eligibility: Tribes, Alaska Native Villages, or TDHEs that are recipients of IHBG formula grants.

Target Populations: Members of federally recognized American Indian tribes or Alaska Native villages with incomes at or below 80% AMI.

Eligible Uses: Creation or rehabilitation of affordable housing; building infrastructure; construction of community facilities; acquisition of land for housing use; preparation of architectural and engineering plans; and financing costs.

Maximum Purchase Price: HUD guarantees loans up to five times the amount of the need portion of a tribe or TDHE's annual IHBG allocation.

Matching Requirements: None.

How to Apply: Title VI has a two-step application process**.** To apply, tribes or TDHEs must first request a preliminary letter of acceptance (PLA) from HUD and then the selected lender must request a firm commitment for a guarantee from HUD. Eligible lenders are lenders that are supervised, approved, regulated, or insured by any agency of the U.S. government, or a lender that has otherwise been approved by the Secretary of HUD. HUD provides technical assistance to tribes and TDHEs who are applying for Title VI loans.

- For additional information on the Title VI loan application process, see the HUD website at https://www.hud.gov/program_offices/public_indian_housing/ih/homeownership/titlevi/app.
- To view local contacts for the Title VI Office of Loan Guarantee (OLG), see https://www.hud.gov/program_offices/public_indian_housing/ih/homeownership/titlevi/contacts.
- To view local contacts for the Office of Native American Programs (ONAP), see https://www.hud.gov/sites/dfiles/PIH/documents/ONAP_and_Tribe_Contacts.pdf.

For additional information on the Title VI loan guarantee program, see

- CRS Report R43307, *The Native American Housing Assistance and Self-Determination Act of 1996 (NAHASDA): Background and Funding*;
- the Title VI Loan Guarantee program website (https://www.hud.gov/program_offices/public_indian_housing/ih/homeownership/titlevi);
- National Directory of Tribes and TDHEs (https://www.hud.gov/program_offices/public_indian_housing/ih/codetalk/onap/map/nationalmap);
- programs statutes at 25 U.S.C. §4101 et seq. (https://uscode.house.gov/); and

- program regulations at 24 C.F.R. Part 1000: https://www.ecfr.gov/current/title-24/subtitle-B/chapter-IX/part-1000.

Other Federal Initiatives

Economic Development Initiative (EDI) Grants

Economic Development Initiative grants are a type of community project funding or congressionally directed spending, also known as "earmarks," that may be made at the discretion of Congress through the annual appropriations process. EDI funding is made available from the Community Development Fund account, alongside funding for the Community Development Block Grant program discussed above. Rules about eligible applicants and uses of EDI grants may vary by year. EDI grants, when awarded, are administered by the HUD Office of Community Planning and Development.

For additional information on EDI grants, see

- CRS In Focus IF12703, *Considerations for Implementing Congressionally Directed Spending: How Federal Agencies Administer Earmarks*;
- the EDI-Community Project Funding grant website (https://www.hud.gov/program_offices/comm_planning/edi-grants); and
- Community Project Funding resources for community partners (https://www.hudexchange.info/programs/cpf/).

Public Housing Revitalization and Conversion

Public housing is low-rent housing owned by local Public Housing Agencies (PHAs) that is subsidized by the federal government. Net new development of public housing has been prohibited since the early 1990s, but an inventory of over 800,000 units remains. The Rental Assistance Demonstration (RAD) allows PHAs to convert public housing properties (as well as housing funded under several other HUD programs) into private housing owned by the PHA or a separate public or nonprofit entity. The converted property continues to receive federal rental subsidies through the Section 8 project-based rental assistance or Housing Choice Voucher program. Based on the capital needs of the public housing property, a RAD project may involve new construction or substantial rehabilitation. In addition to standard public housing funding sources, RAD projects may draw on funding from the Home Investment Partnerships Program, the Community Development Block Grant, the Federal Home Loan Bank Affordable Housing Program, and the Low-Income Housing Tax Credit.

The Choice Neighborhoods program provides competitive grants to PHAs to revitalize distressed public housing developments and their surrounding communities. Eligible costs for Choice Neighborhoods Implementation Grants include those associated with site acquisition, new housing construction, and housing rehabilitation.

For additional information on the Rental Assistance Demonstration and Choice Neighborhoods, see

- CRS In Focus IF12547, *The Public Housing Program*;
- the RAD Resource Desk (https://www.radresource.net/); and
- the Choice Neighborhoods program website (https://www.hud.gov/cn).

Government-Sponsored Enterprises (GSEs) and Affordable Housing

In addition to contributions to the Housing Trust Fund and Capital Magnet Fund, the government-sponsored enterprises Fannie Mae and Freddie Mac must meet statutorily defined affordable housing goals. Generally, the affordable housing goals direct Fannie Mae and Freddie Mac to ensure that a certain amount or share of units in multifamily properties financed with mortgages purchased by the GSEs are affordable to families with incomes at or below 80% or 50% of area median income.

These goals are established and monitored by the Federal Housing Finance Agency (FHFA) and published on the FHFA website (https://www.fhfa.gov/programs/affordable-housing/enterprise-housing-goals) and in the *Federal Register*.

For additional information on Fannie Mae and Freddie Mac, see

- CRS Report R46480, *Multifamily Housing Finance and Selected Policy Issues*.

Rental Assistance Subsidies

Most of the rental housing development programs listed above do not set rents based on tenants' actual income. Further, most programs do not provide operating assistance to property owners to cover potential gaps between the rental income they are permitted to collect under the terms of the program through which they received assistance and the operating costs of their properties (such as maintenance and debt servicing).[7] As a result, the rents charged for these properties may be higher than what is considered affordable (30% of income) for the lowest-income renters or may not be sufficient to meet the operating needs of the property.

Rental assistance programs are designed to subsidize the difference between the rents charged for a unit and an income-based rent contribution required of tenants (generally 30% of tenant income). Rental assistance programs are sometimes used in conjunction with affordable housing development programs in order to make rents in those properties affordable to very- and extremely-low-income households. Section 202 and Section 811 are two examples of programs that combine capital grants for new construction with rental assistance contracts. Additionally, some PHAs "project-base" a portion of the Housing Choice Vouchers they administer, which can provide rental subsidies to affordable housing development.

For additional information on rental assistance subsidies, see

- CRS Report RL34591, *Overview of Federal Housing Assistance Programs and Policy*;
- CRS Report R42734, *Income Eligibility and Rent in HUD Rental Assistance Programs: Frequently Asked Questions*; and
- CRS In Focus IF12546, *The Section 8 Housing Choice Voucher Program*.

[7] A state may use up to 30% of its Housing Trust Fund grant for operating assistance.

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