



Arkansas Housing Trust Fund / National Housing Trust Fund:

How Both Programs Serve Arkansas Housing Needs

In **2009**, the Arkansas 87th General Assembly passed **Act 661**, establishing the **Arkansas Housing Trust Fund (AHTF)**. Arkansas is one of **forty-seven (47)** states that has created a housing trust fund. . . and is one of **seven (7)** state housing trust funds that is currently **unfunded**. Provided with permanent, adequate, annual State funding, the AHTF will serve as a **flexible** source of funds, **designed by Arkansas Legislators**, to address a wide range of Arkansas citizen’s unmet housing needs. Arkansas communities will also experience increased economic development, job creation, higher property values, and increased tax revenue, thereby benefiting **ALL** Arkansas citizens. **Based upon the proven success of the AHTF, now is the time to dedicate permanent State revenue to the AHTF. For the AHTF to realize its full potential, the Legislature needs to dedicate annual funding of at least \$7 million.**

The **National Housing Trust Fund (NHTF)** was established by **Congress in 2008**. Since 2016, the state of Arkansas has received \$3 million from the NHTF. This program exclusively targets affordable housing for people with the lowest incomes, resulting in very **restrictive** uses of NHTF resources.

	Arkansas Housing Trust Fund (FLEXIBLE)	National Housing Trust Fund (RESTRICTIVE)
Revenue allocated	Funded one time in 2013 - \$500K. Used for hsg. rehab., homeless hsg. & hsg. depts.	Arkansas approved to receive \$3 million in each FY 2016-2018 - \$-0- allocated to date
Income levels served	Households earning no more than 80% Area Median Income (AMI) , with a possible set aside for populations under 30% of area median household income, including persons with disabilities, homeless, victims of domestic violence, and elderly.	At least 75% of NHTF funds used for rental housing must serve extremely low income (ELI) households earning no more than 30% of the AMI or the federal poverty limit. 100% of NHTF funds must benefit households with very low incomes (VLI) earning no more than 50% of AMI.
Eligible Uses	A variety of loans, loan guarantees, grants, and loan subsidies to eligible applicants to fund eligible activities including new construction or rehabilitation of rental or homeownership housing, rental assistance, land acquisition, predevelopment costs, infrastructure, transitional housing, down payment assistance, housing and foreclosure counseling, and technical assistance.	90% of NHTF funds must be used for the production, preservation, rehabilitation, or operation of affordable rental housing. Up to 10% may be used to support homeownership activities for first-time homebuyers, such as producing, rehabilitating, or preserving owner-occupied housing, as well as providing down payment assistance, closing costs, and interest rate buy-downs.

The need for and benefit of the AHTF:

- Renters must work **66 hours per week or have 1.7 full-time jobs at minimum wage** to afford a 2-Bedroom unit (at Fair Market Rent of \$689).
- One of the most positive economic impacts of housing construction is **job creation**. National Homebuilders Association estimates for 2014 include the following:
 - Building an average single-family home: **2.97 jobs, \$110,957 in taxes**
 - Building an average rental apartment: **1.13 jobs, \$42,383 in taxes**
 - \$100,000 spent on remodeling: **0.89 jobs, \$29,779 in taxes.**
- In a typical U.S. metropolitan area, **building 100 units generates up to \$28.7 million in local income and 394 local jobs in the first year alone.**
- **Employers face difficulty attracting and retaining employees** when the housing market does not offer enough affordable, safe homes, negatively impacting local economies.
- Studies reveal when **children** don't have a stable, safe place to call home, they **struggle in school, and often experience poor educational and health outcomes.**
- **Existing Federal housing resources**, which Arkansas currently relies upon to fund affordable housing initiatives, **continue to decline.**
- The AHTF will leverage additional investment in Arkansas communities. **A single dollar of AHTF money, on average, attracts seven dollars (\$7) of additional investment.**
- **The impact of AHTF investments is economically broad-based:**
 - **Jobs are generated** in all industries associated with rental and homeownership housing production.
 - **Jobs are generated** in the industries associated with transporting, storing and selling products required by housing construction activities.
 - **Other jobs are generated** for professionals such as developers, architects, engineers, both large and small contactors, real estate agents, lawyers, and accountants who provide services to home builders, home buyers, and remodelers.
 - **Local jurisdictions benefit from the economic investment** associated with affordable housing development including increased tax revenue, fee and permit income, and increased property values.