



FISCAL YEAR 2007

ANNUAL REPORT



A GENERAL OUTLOOK ON HOUSING ...

Year after year New Hampshire's citizens continue to face a significant housing affordability challenge. While rents and home purchase prices remained relatively stable during fiscal year 2007, utilities, property taxes and other costs associated with keeping a family housed, continued to increase. These rising expenses have had the effect of increasing the overall cost of housing for both renters and home owners, thus continuing the affordability problem of housing for most low- and moderate-income New Hampshire families.

By providing safe, low-interest mortgages to home buyers, stretching federal rental assistance dollars to help the greatest number of low-income renter households possible, and creatively packaging financing for multi-family rental housing production, New Hampshire Housing and its partners continue to work to address this affordability challenge and make a real difference in the lives of thousands of New Hampshire households.



MISSION

To creatively promote, finance and support affordable housing opportunities and related services for New Hampshire families and individuals through the efficient use of resources and the building of effective partnerships, thereby contributing to the economic and social development of the state and its communities.

THE CHALLENGES OF HOME OWNERSHIP

Despite a softening real estate market, first-time home buyers continue to have difficulty entering the market due to barriers that include limited down payment and closing cost resources, and a lack of knowledge about the home buying process.

New Hampshire Housing offers a broad range of home ownership programs to assist first-time buyers to achieve the American Dream. Our core product, the Single Family Mortgage Program, has provided low-interest mortgages to borrowers for more than 30 years. The Authority's range of mortgage products, both as part of the Single Family Mortgage Program as well as independent programs, allows us to target specific populations that normally would not qualify to purchase a home.

An essential part of our home ownership program efforts includes our pre- and post-purchase home buyer education. In addition to the First-time Home Buyer Seminars offered by New Hampshire Housing, we offer several educational publications to prospective and new borrowers to help guide them through the home buying process and to supply them with information they need to know as new home owners.

KEEPING OUR PRODUCTS SAFE FOR BORROWERS

With the nation's housing market reeling from rising mortgage foreclosures and delinquencies due, in part, to the prevalence of sub-prime and exotic mortgages in the first half of the decade, New Hampshire Housing is proud that it has always offered safe, fixed-rate products to its borrowers. The Authority's home ownership programs are designed to maximize the purchasing power of low- to moderate-income home buyers without creating undue financial risk for them. In addition, New Hampshire Housing has maintained a firm commitment to educating home buyers so their home ownership experience is a successful one.

In consideration of market needs while upholding the Authority's desire to provide safe products for first-time home buyers, in fiscal year 2007 New Hampshire Housing added a 40-year mortgage term to the Single Family Mortgage Program. This addition helps make buying a home more feasible as incomes continue to lag behind housing prices. This mortgage term gives borrowers a leg up by reducing monthly payments and helping the home owner continue to build equity.

The Authority also introduced the ChoicElect involuntary unemployment insurance coverage plan in conjunction with the mortgage insurance company AIG United Guaranty. Through this product, home buyers with a New Hampshire Housing mortgage are protected in the event that their income is interrupted by involuntary unemployment. In such an event, ChoicElect would pay up to six months of mortgage payments, with a maximum of \$2,000 per month, on behalf of the borrower.

In fiscal year 2007, New Hampshire Housing initiated the statewide Don't Borrow Trouble campaign in partnership with a coalition of New Hampshire organizations and Freddie Mac. The campaign is designed to raise public awareness about predatory lending practices in the state, reaching the most vulnerable consumers - the elderly, minorities and low- to moderate-income individuals. The goal of the program is to help consumers avoid abusive lending practices, such as exorbitant interest rates, excessive fees and pressuring tactics.

HOME OWNERSHIP ACHIEVEMENTS

- During fiscal year 2007 the Authority made 1,316 loans to borrowers under the Single Family Mortgage Program. The average borrower income was \$52,158, up 2% over last fiscal year, and the average purchase price was \$172,570, up 3.3% over last year. This information, presented in the charts to the right, shows that incomes have not kept up with rising housing prices but the margin is narrowing. Still prices rose in this price range, where the higher end of the market decreased.
- New Hampshire Housing partnered with Habitat for Humanity to aid the organization in its mission to create affordable homes for its lower income clients. Under the partnership, Habitat for Humanity offers first mortgages at 0% with the Authority providing silent second mortgages for \$15,000 at 0% with no payments, thus increasing housing affordability to Habitat's home buyers. The Authority closed four loans in fiscal year 2007, an impressive accomplishment considering the cost and scarcity of land available to the seven Habitats in New Hampshire. The Authority's loan is made to the home buyer once the house is built; this reduces the amount Habitat needs to lend the borrowers, thereby providing seed money for Habitat to build another home.
- In response to conditions within the lending market, many mortgage bankers were encouraged to become mortgage brokers. As some of these entities had consistently worked diligently with first-time home buyers, and because the Authority's rules did not allow us to work directly with them as brokers, New Hampshire Housing established the Mortgage Broker Initiative during fiscal year 2007. The initiative allows the Authority to foster relationships with brokers and continue to provide potential home buyers with access to our mortgage programs.

FY 2007 SINGLE FAMILY MORTGAGE PROGRAM PROFILE

Total number of loans: 1,316

Total loan amount: \$213,619,771

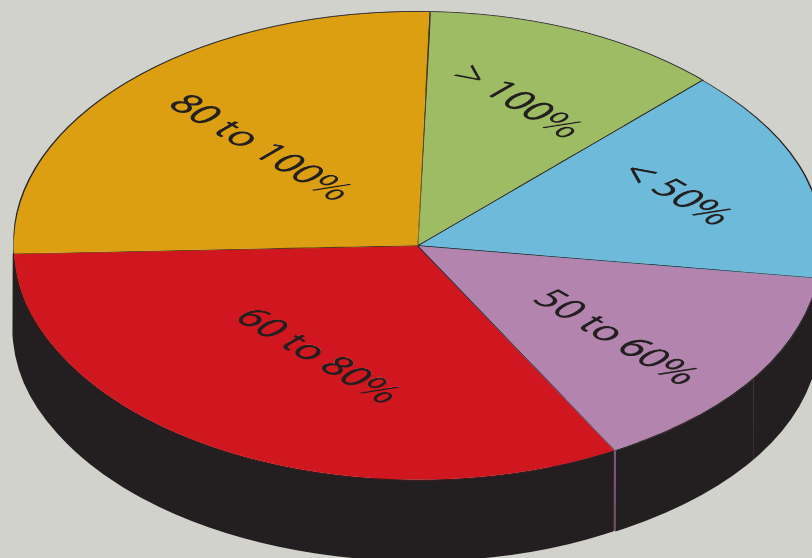
Average family income:
\$52,158

Average family size:
2.13 people

Average loan amount:
\$162,325

Average purchase price:
\$172,570

FY 2007 Single Family Mortgage Program Beneficiary Incomes



(as a percentage of statewide family median income)

MULTI-FAMILY HOUSING DEVELOPMENT

Increasing the supply of affordable rental housing throughout the state continues to be a priority in New Hampshire Housing's multi-family project funding. Despite the rising costs to develop multi-family housing and the limited subsidy dollars available to the Authority to help finance these projects, New Hampshire Housing is committed to maximizing the number of units created by working with developers to find creative and effective ways to bring projects to fruition.

A variety of capital and subsidy financing sources are used to accomplish the Authority's mission of bringing additional units to the market. Along with federal HOME, Low Income Housing Tax Credit and Tax Exempt Bond Financing program funds, New Hampshire Housing uses the Authority-administered Affordable Housing Trust Fund and other funding resources to provide financing for new multi-family project development.



HOUSING OUR STATE'S SENIORS

While New Hampshire Housing acknowledges the great need we have in the Granite State for affordable family rental housing, the Authority also realizes that our state's population is rapidly graying. In the last several years, New Hampshire Housing has reserved funds in its competitive Tax Credit program for the creation of new senior housing. Through fiscal year 2007, this program has helped finance more than 1,000 senior housing units in 35 projects

The three projects shown here, Wadleigh Falls in Newmarket, Friedman Court II in Concord and the Brown School in Manchester are examples of projects that were funded through Low Income Housing Tax Credits.

MULTI-FAMILY HOUSING ACHIEVEMENTS

- During fiscal year 2007, New Hampshire Housing Finance Authority's multi-family housing development programs provided nearly \$59 million in total funding for 11 new construction projects comprising 319 housing units. In all, Authority programs have financed the creation of nearly 14,000 rental housing units throughout the state.
- The Authority continued its efforts in multi-family housing preservation, working with the owners of five properties totaling 338 units of housing to extend the terms of affordability for an additional 40 years.
- New Hampshire Housing continued ongoing compliance and contract management services for nearly 400 affordable housing properties throughout the state involving almost 17,000 housing units. Project-based rental assistance programs associated with these properties involve more than \$17.7 million in rental assistance payments annually.

FY 2007 PROJECT-BASED RENTAL ASSISTANCE PROFILE

New construction/substantial rehabilitation -

Average family income:
\$13,566

Total households assisted:
2,489

Elderly households assisted:
2,171

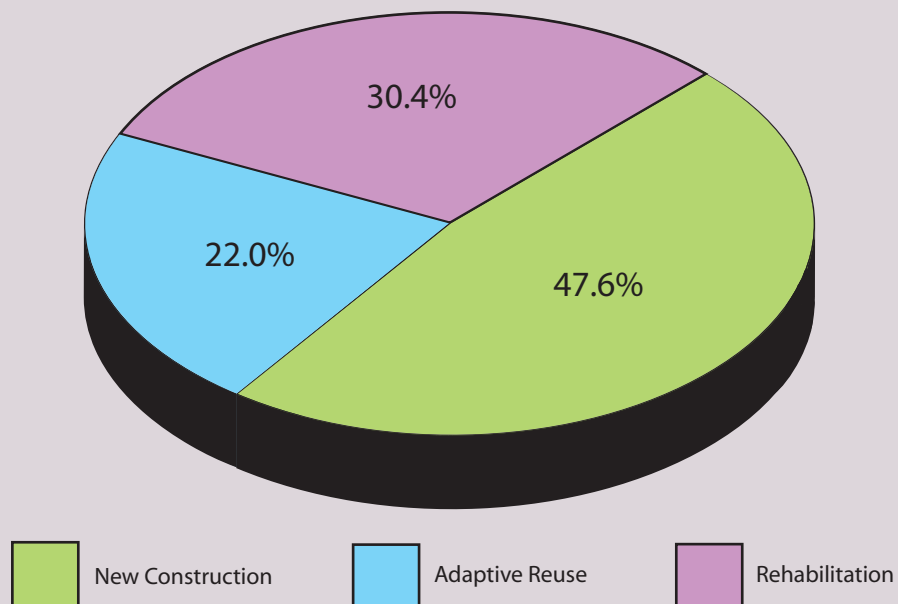
Contract administration -

Average family income:
\$13,454

Total households assisted:
4,291

Elderly households assisted:
2,696

FY 2007 Housing Development Financing Commitments



DIRECT TENANT ASSISTANCE

Every year New Hampshire Housing helps thousands of low-income families and seniors to obtain and retain housing in rental units across the state through administration of the U.S. Department of Housing and Urban Development's Housing Choice Voucher and Section 8 project-based rental assistance programs. Without these programs, many New Hampshire residents would face homelessness or the inability to afford life's basic necessities. HUD's programs include opportunities for families to become financially independent and provide a chance to achieve home ownership through the GOAL Family Self-Sufficiency Program and the Housing Choice Voucher Home Ownership Option.

In addition to direct rental assistance programs, the Authority's Housing Services Programs provide aid to housing managers and Resident Service Coordinators (RSC). Benefits of this assistance include decreased evictions, property damage and resident complaints, and increased resident self-sufficiency and independence. New Hampshire Housing provides technical assistance and training to owners and management companies in developing, implementing and maintaining quality supportive services programs for residents of elderly and family housing complexes, primarily Section 8 New Construction and other subsidized housing.

THE EMERGENCY HOUSING PROGRAM

The Emergency Housing Program is designed to help eligible households with short-term assistance for rental payments when municipalities are unable to offer a helping hand. The program is able to serve approximately 25 households at any one time with up to three months of housing payments. Due to limited funding, potential participants must be in imminent danger of eviction due to financial difficulty with all other potential sources of assistance explored and exhausted.

One recent participant in the Emergency Housing Program was "Karen," a single mother who lost her job while also dealing with custody issues. At the same time, her landlord increased the rent due to rising taxes and fuel costs. Relocation was a particular concern as her son was enrolled in a special education program in the local school. Being without employment for two months, she turned to the town but received only a small portion of the assistance she needed. Although she managed to secure new employment, she was still facing eviction due to unpaid rent. Through the Emergency Housing Program, New Hampshire Housing was able to negotiate with the owner and assist the client, helping her to avoid eviction.

Karen recently put her appreciation in a note saying, "I am very grateful the Emergency Housing Assistance was able to help me to stay in the apartment I have been in since 1994. Thanks so much for helping me avoid eviction. It was such a stressful time for me as a single parent without family. My caregiver job barely gets us by; but until I can find better employment, I've been managing to keep the rent paid."

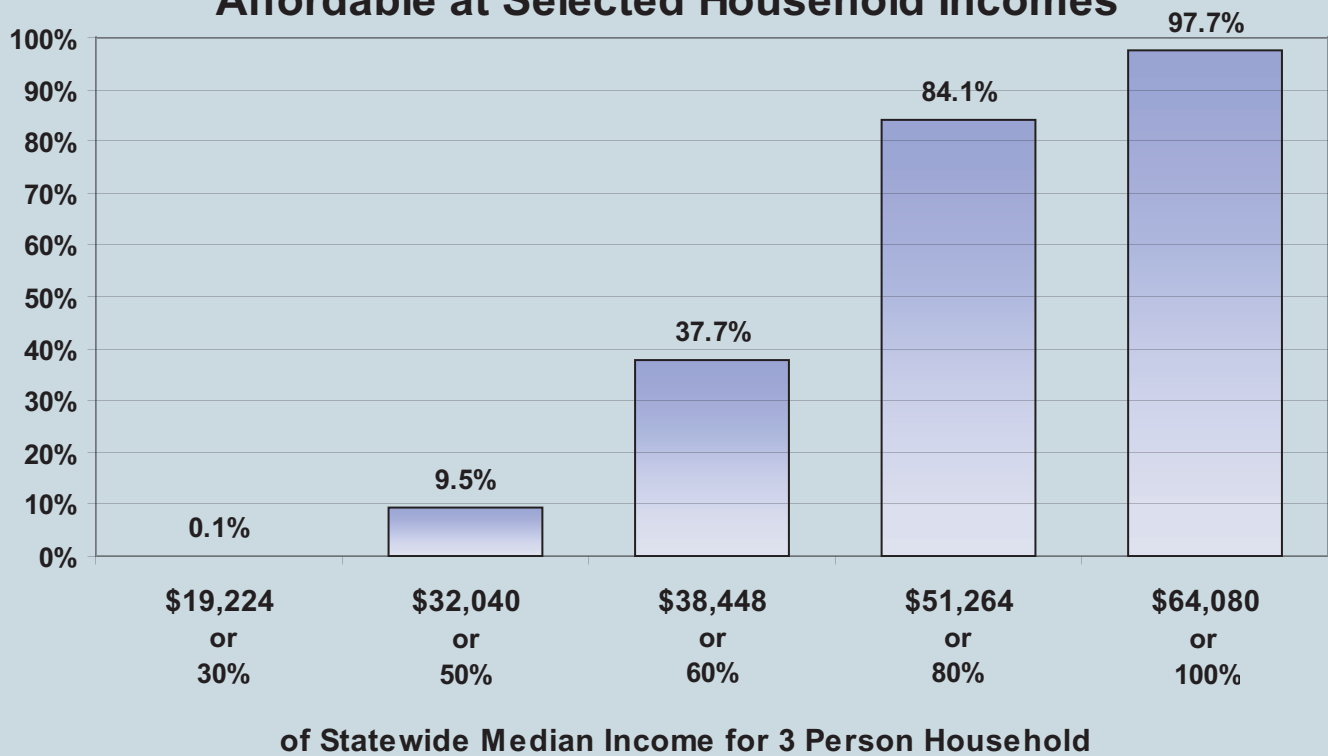
TENANT ASSISTANCE ACHIEVEMENTS

- The Housing Choice Voucher Program assisted 3,326 households with more than \$23 million in rent subsidies during fiscal year 2007. As the charts at the right demonstrate, without the assistance provided by the voucher program, these households would be unable to afford a typical two-bedroom apartment in New Hampshire.
- New Hampshire Housing continues to rank third in the nation for total loan closings by an individual housing agency within HUD's Housing Choice Voucher Home Ownership Program since the program's inception in 2002. Through the end of the fiscal year, 140 New Hampshire Housing clients became home owners under this program.
- The Authority was awarded \$69,685 from the USDA for Food Stamp nutrition outreach to Housing Choice Voucher applicants and participants. In the first six months there was a 15% increase in Housing Choice Voucher families participating in the Food Stamp Program.
- The Assisted Housing Division, in collaboration with New Hampshire Housing's Home Ownership Division, received a grant award from HUD specifically for Housing Choice Voucher Home Ownership Counseling.
- The Authority was awarded \$218,038 from HUD for the Family Self-Sufficiency program to assist families struggling to become economically independent. During fiscal year 2007, New Hampshire Housing had 51 participants graduate from the GOAL-FSS program, 48 households came into the program, and had 269 people participating throughout the year.

FY 2007 TENANT-BASED RENTAL ASSISTANCE PROFILE

	All	Elderly
Average family size:	2.20	1.72
Average family income:	\$12,880	\$11,863
Total households assisted:	3,160	2,048

Percent of 2-Bedroom Units in 2007 Rental Cost Survey Affordable at Selected Household Incomes



HOUSING RESEARCH AND ADVOCACY

An essential element of New Hampshire Housing's mission includes our housing research activities, as well as data collection and analysis, which are used by housing professionals, social service agencies and others throughout the state. These efforts enable the publication of our annual Residential Rental Cost Survey and the Directory of Assisted Housing, which serve as an important component in the state's Consolidated Planning process. In addition, our research and data collection support the Authority and others in housing advocacy efforts.

The Authority continues its efforts to educate the public about the serious lack of housing in the state and how that housing shortage impacts New Hampshire's economic vitality. Our Housing Awareness Project acts as the foundation for these efforts and the Authority's Office of Planning and Policy has become a primary resource to help housing advocates, planners, the media, and the general public better understand the link between housing and the economy, and identify ways in which the housing needs of the state may be addressed.

CHIPPING AT THE BARRIERS

For several years, New Hampshire Housing has dedicated resources to advocating for a more balanced supply of housing in the state as well as the need for more affordable and workforce housing. During that time our message has been evolving from one of “this is the problem” to “here are some solutions.” In fiscal year 2007, we made some advancement in the direction of providing potential ways for municipalities to provide more opportunities for the creation of workforce housing.

This year, the Authority’s Board approved a technical assistance program for municipalities (being rolled out in fiscal year 2008) wishing to adopt an inclusionary zoning ordinance to regulate land use and make housing more affordable. The program will provide direct grants of up to \$10,000 to municipalities to develop and adopt inclusionary zoning ordinances. Municipalities will apply for funding and grants will be awarded on a competitive basis. Professional planning consultants will work with municipalities to create inclusionary zoning ordinances ready for town vote.

In addition, the Authority has completed long-term affordability model ordinances for rental and ownership housing. Many municipalities in the state have no professional planning staff and these model ordinances can be used as templates for them to develop affordable housing solutions for their particular situation.

RESEARCH AND ADVOCACY ACHIEVEMENTS

- This year, the Authority's Board of Directors approved operating assistance grants for regional workforce housing coalitions. These organizations advocate for an adequate and balanced housing supply at the local and regional level and work to educate the general public and officials about the relationship between housing and the regional economy.

- In early fiscal year 2007, New Hampshire Housing Finance Authority conducted an Age Restricted Housing Survey within the state to determine which municipalities had age restricted housing ordinances and various characteristics of any age restricted housing units within their community.

New Hampshire Housing's analysis summarized each municipality's response to the survey. The data was then combined to provide regional data at the county level. A more detailed analysis of the data set will be released in the future.

In addition, the Authority plans to undertake a second component to this study, which would estimate the demand for elderly housing.

The outcomes of these combined projects will, it is hoped, provide New Hampshire Housing, as well as other entities, with a better understanding of the needs in the state for senior housing versus family housing.



NEW HAMPSHIRE'S MILL BUILDINGS

As New Hampshire's economy has shifted from a manufacturing base to a service base, many of the state's mill buildings have been under used or left vacant, often bringing urban blight to the neighborhoods they're in.

Over time for-profit and nonprofit developers have worked with financing provided through New Hampshire Housing to give these mill buildings new purpose. Serving the needs of both elderly and family housing, these architectural gems now revitalize the areas they're in and provide a unique living experience for the residents who live there.

GREENING UP THE BLOCK

New Hampshire Housing Finance Authority supports going green. That doesn't mean the staff is walking to work and buying only organic lettuce; it simply means using efficient building methods and energy-saving products in affordable housing projects while investigating alternative forms of energy to preserve the beauty of New Hampshire and, ultimately, New England. Three recent housing projects that exemplify "green building" include Gile Hill in Hanover, Squamscott Block in Exeter and Child and Family Service's transitional housing project in Manchester.

When complete, Gile Hill Community Housing will provide 120 new units of much needed workforce housing to the state's Upper Valley region. The project has been designed with energy efficiency and sustainability as important goals. Gile will qualify for a LEED rating of at least Gold, with Platinum rating still a possibility. The project design carefully manages storm water runoff, an important consideration for this rocky hilltop site. Building construction will make maximum use of on-site materials, such as the crushed stone from ledge blasting and vertical board siding milled from logs harvested from removed trees. An additional feature of the project will be the fully-accessible hiking trails connecting to downtown Hanover.

Squamscott Block will provide 30 units of workforce housing in downtown Exeter. The project demonstrates smart growth principles in its urban infill location, which takes advantage of its proximity to a regional bus route and rail station, and features multi-use parking. In keeping with the character of the town center, the new construction building recreates uses that were on site originally - first floor storefront with upper-level housing.

Manchester Transitional Living will house up to 12 individuals within four apartments. The project will provide homeless young adults with a place to live while working to bridge the gap between foster care and adult independence. This site also demonstrates smart growth principles in its urban infill location and is situated on a public transportation route. Featuring triple glazed windows and insulation exceeding Energy Star requirements and Energy Star indoor air quality construction, this project is expected to earn a Platinum LEED rating.



GILE COMMUNITY

Hanover

Number of units:

120

Architect:

Gossens Bachman
Architects

General contractor:

Trumbell-Nelson
Construction

SQUAMSCOTT BLOCK

Exeter

Number of units:

30

Architect:

David Lloyd

General Contractor:

North Branch
Construction

MANCHESTER TRANSITIONAL LIVING

Manchester

Number of units:

4

Architect:

George Hickey, Hickey
Architects

General Contractor:

Gary Chicoine Construction



FAREWELL ...



Clairia P. Monier, Executive Director of the New Hampshire Housing Finance Authority since 1988, retired on June 30, 2007. During her 20 years of service, she provided unparalleled leadership, making the Authority a nationally recognized leader in the field of housing finance.

During her tenure, Monier was a tireless advocate for New Hampshire Housing and for the programs that serve the housing needs of low- and moderate-income households in the state and throughout the nation. She came to personify the affordable housing industry in this state, and she expanded the perception of “housing” well beyond simple shelter. Clairia transformed the understanding of housing to include such diverse matters as community development and revitalization, historic preservation, service enriched shelter for frail elders and those with special needs, and economic development and growth. Her vision of the role of housing has been projected from local neighborhoods to the national scale.

Her principal contribution of lasting values has been to shape the perceptions of housing and its role in our communities and the importance of housing for all people, regardless of income or abilities. The staff and Board of the Authority thank her for her many years of dedicated service and friendship.



The staff and Board of New Hampshire Housing bid farewell to David M. Haney, Chair of the Authority. Chairman Haney served on the Board from 1995 until his retirement in September 2007. After 20 years of involvement in numerous New Hampshire organizations, Haney now serves as Executive Director for the Wyoming Community Development Authority. We wish him luck in his endeavors, though his leadership and dedicated service will be missed.

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Wachovia Bank, National Association

TRUSTEES/PAYING AGENTS:

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U.S. Bank National Association

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Baker Newman & Noyes, LLP

PHOTOGRAPHY:

Bill Fish Photography

New Hampshire Housing Staff

FINANCIAL STATEMENTS

The fiscal year 2007 financial statements and Independent Auditors' Report are available on the Authority's Web site as a single Adobe Acrobat (.pdf) file for you to view or print. You may request a hard copy of this document by contacting financeinfo@nhhfa.org at the Authority.



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