

**NEW HAMPSHIRE HOUSING FINANCE AUTHORITY**  
**SPECIAL NEEDS HOUSING PROGRAM RULES**  
**HFA 112**

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SPECIAL NEEDS HOUSING PROGRAM RULES  
HFA 112**

**HFA 112 PART ONE: Overview, Purpose, Applicability**

HFA 112.01 Overview and Purpose

- (a) The Special Needs Housing Program provides financial assistance in the form of deferred and below market interest rate loans to Developers of special needs housing.
- (b) In order to be eligible for financing through the Special Needs housing program, a proposed project must incorporate supportive services that provide for the needs of the residents.
- (c) Types of housing eligible for financing include the following,
  - (1) Permanent rental housing;
  - (2) Single room occupancy;
  - (3) Transitional or emergency housing; and
  - (4) Group homes
- (d) Projects may be eligible which serve populations such as:
  - (1) Individuals with a disability or families with a family member who has a disability;
  - (2) Individuals and/or families who are homeless or at risk of homelessness;
  - (3) Individuals with a substance use disorder; or
  - (4) Individuals diagnosed with severe mental illness.

HFA 112.02 Applicability

- (a) These rules only apply to the Special Needs Housing Program.
- (b) The provisions of HFA 101 are incorporated into these HFA 112 rules.
- (c) The Authority uses various sources of funds for the Special Needs Housing Program, which may impact the eligibility requirements and the other loan terms, depending on the funding source. Whenever there is a conflict between these rules and the rules for a specific funding source, the stricter requirement, as determined by the Authority, shall apply.

## **HFA 112 PART TWO: Definitions**

### **HFA 112.03 Definitions**

In addition to the terms defined in HFA 101, the following words or terms shall have the following meanings in these HFA 112 Rules:

“Application” means the application form and all Authority required supporting documents, as detailed in the Authority’s application and supporting document checklist.

“Developer” means any entity that is seeking the Authority’s approval to participate in the Special Needs Housing Program.

## **HFA 112 PART THREE: Application and Commitment Process**

### **HFA 112.04 Request for Proposals**

- (a) The Authority will accept financing applications in one or more competitive funding rounds each year. The deadlines for these rounds shall be established in July of each year.
- (b) A Request for Proposal (RFP) will be issued for each funding round no fewer than 60 days prior to the deadline for applications. The RFP will list any special criteria for the round, conditions associated with the funding source, and submissions required for a complete application.
- (c) Every RFP will be approved by the Executive Director prior to publication. If federal funds are to be used, input on the RFP will be solicited from the Housing and Community Development Planning Council.

### **HFA 112.05 Application Procedure**

- (a) The following process shall be followed by the Developer and the Authority:
  - (1) All applications for the Special Needs Housing Program shall be made on the application form provided by the Authority and this application will be made available on the Authority’s Website in conjunction with the release of the RFP;
  - (2) The Developer submits an Application by the appropriate deadline per the submission requirements that will be outlined in the RFP;
  - (3) The Authority may charge an application fee due at the time of submission; such requirement, if applicable, will be outlined in the RFP; and
  - (4) Authority staff shall evaluate all Applications in accordance with the RFP and the criteria set forth in these rules and either approves or denies the Application.
- (b) If more Applications meeting threshold criteria are received than can be financed with the available funds, projects will be scored according to scoring criteria set forth in the RFP.

Financing reservations will be made at the staff level for the highest scoring projects meeting all threshold criteria.

- (c) Projects receiving a reservation of financing will be placed in the predevelopment pipeline for Special Needs Housing projects. A project may retain predevelopment status for up to 12 months.
- (d) If at the end of the 12-month period a project is unable to receive a staff recommendation for a financing commitment, the Developer will be asked to withdraw the Application. Developers may submit a written request to the Managing Director of Management and Development for an extension to the 12-month predevelopment period; who in his/her sole discretion, may grant the extension if the Developer can provide evidence that the project is moving forward in a timely manner.
- (e) Staff recommendations for final funding commitments will be based upon evidence of a readiness to proceed to project development.

#### HFA 112.06 Threshold Criteria

- (a) All Applications will be reviewed under the General Threshold Criteria. Failure to comply with any of the General Threshold Criteria may, at the Authority's sole discretion, result in the rejection of the Application.
- (b) The General Threshold Criteria are as follows:
  - (1) Developer must have site control in the form of an executed purchase option, purchase and sales agreement, long-term lease, or deed to the property;
  - (2) Project location must be considered feasible and appropriate;
  - (3) Project must satisfy a market need as shown by a third-party market study and/or other analyses acceptable to the Authority that identify and quantify the need for projects like the one proposed (waiting lists at similar projects may also be considered);
  - (4) Developer and all members of the development team, including the service provider; must have capacity and experience necessary to successfully complete the project;
  - (5) Developer and all members of the development team must be compliant with and not in default of all Authority programs;
  - (6) Development costs including but not limited to, acquisition, construction, and intermediary expenses must not be excessive as determined by the Authority; and
  - (7) Project must not be financially infeasible due to high costs and/or lack of adequate financing sources as determined by the Authority.

#### HFA 112.07 Commitments

Authority staff shall make reservations of Special Needs Program funds as described in HFA 112.05. The Authority's Board of Directors shall make commitments of Special Needs Program funds. Commitments will be evidenced by a letter describing the conditions necessary to fulfill the financing requirements. The conditional commitment will become effective upon execution and return of the commitment letter within the time frame given.

#### HFA 112.08 Final Work Specifications and Plans

- (a) After receiving a reservation, but prior to closing, the Developer must provide final construction documents to the Authority for review. Documents should be submitted electronically, and also in hard copy if requested by the Authority. The Authority will review documents for compliance with HFA 111 and the Authority's Technical Standards.
- (b) For projects involving new construction and substantial rehabilitation complete plans and specifications must be provided. The Authority, in its sole discretion, shall determine if the rehabilitation is substantial. For non-substantial rehabilitation projects, a written scope description and specification must be provided. The Authority may also require plans and specifications depending on the type of rehabilitation proposed.
- (c) If the local building code or fire department requires review of plans and specifications, the Developer must obtain this prior to submitting final plans and specifications to the Authority.
- (d) The Authority may reject projects for incomplete plans and specifications.
- (e) The Developer must notify the State Historic Preservation Office (SHPO) of projects and request a ruling on whether their review is required. If required, the Developer must provide the SHPO with any and all plans and specifications requested for their review.

#### HFA 112.09 Final Authority Funding Determination

Based on the firm construction costs (competitive bids or a guaranteed maximum price contract), the Authority will re-examine the proposed development and operating budgets of the project to determine whether sufficient funding exists to make the project feasible.

### **HFA 112 PART FOUR: Housing Program Requirements**

#### HFA 112.10 Eligible Developers

- (a) Non-profit corporations and partnerships demonstrating a history of providing housing for their clients in combination with a service program designed to address their specific needs are eligible to apply.

- (b) The following are eligible to apply for project financing under the Special Needs Housing Program:
  - (1) Non-profit corporations with an approved 501(c)(3) tax-exempt status;
  - (2) Public housing authorities;
  - (3) Community Housing Development Organizations; and
  - (4) County, city, and town governments.
- (c) The following are not eligible to receive financing under the Special Needs Housing Program:
  - (1) Primarily religious organizations where residency would be limited to an exclusive denomination;
  - (2) For-profit corporations;
  - (3) Nursing homes, hospitals, and those of a predominantly medical nature.
- (d) Rehabilitation facilities will be evaluated on a case-by-case basis.

HFA 112.11 Eligible Uses of Funds

- (a) Funds can be used to assist:
  - (1) Acquisition;
  - (2) Rehabilitation;
  - (3) Substantial rehabilitation;
  - (4) New construction; and
  - (5) Conversion from non-residential use
- (b) The Authority will determine the eligibility of all costs funded through the Special Needs Housing Program. Eligible costs include:
  - (1) Development hard costs;
  - (2) Acquisition costs;
  - (3) Appraisals;
  - (4) Developer fees;

- (5) Environmental assessments;
- (6) Architect and Engineering fees;
- (7) Legal fees and closing costs; and
- (8) Other closing costs determined eligible in the Authority's sole discretion.

#### HFA 112.12 Authority Multi-Family Rental Production Requirements

All Special Needs Housing projects must comply with the Authority's Underwriting Policies for Multi-Family Finance, the Authority's Technical Standards, and the Authority's Design and Construction Policy Rules (HFA 111).

#### HFA 112.13 Income Targeting Requirements

- (a) A minimum of 50% of the units of the specific Special Needs Housing Program funded project shall be occupied by very-low income individuals or families, defined as households with incomes at or below 50% of AMI as published by HUD and available on Authority Website.
- (b) 40% of the units must be rented to low-income individuals or families, defined as households with incomes at or below 60% of AMI as published by HUD and available on Authority Website.
- (c) The remaining 10% of the units may be rented to individuals or families within the targeted special needs population with income levels above 60% of AMI. The Authority, at its sole discretion, may apply income and rent limits to these units.
- (d) In circumstances where the income-targeting requirement does not correlate with the potential income levels of the resident population, the Authority, in its sole discretion, may restructure the targeting requirement within the limitations of the program regulations for the funding sources.

#### HFA 112.14 Rent Levels

Rent levels plus utility costs charged to the resident household may not exceed 30% of the maximum income level in each Income Targeting Category described in HFA 112.13. Rent limits corresponding to these income limits and utility allowances are published by HUD and available on the Authority's Website.

#### HFA 112.15 Matching Resources

The Authority requires the generation/investment of matching resources in an amount equal to 10% of funds provided by the Authority. These matching resources may be from federal or non-federal sources in the form of capital contributions. Donations in the form of cash, property, materials, etc., are eligible sources of match. So-called "sweat equity" is not an eligible matching resource.

#### HFA 112.16 Developer Fee Policy

The allowable developer fee covered in the project development pro forma is 5% of the total development cost. The project Developer may claim an additional amount of up to 5% of the total development cost for the services of a professional development consultant and/or a clerk of the works.

#### HFA 112.17 Predevelopment Review

- (a) For Applications that have been recommended for a reservation of Special Needs funding, the Authority will review fire and building code inspectors' reports as well as initiate predevelopment studies such as market analysis, appraisals, environmental studies, etc., only after the Developer has submitted payment for such services. The Authority shall determine which studies are required and inform the Developer of the costs. The cost of any additional studies required by the Authority shall be paid by the Developer and the predevelopment review will be conducted in accordance with the Authority's Underwriting Policies for Multi-Family Finance.
- (b) The Authority may require a current credit report for the Developer. The cost of this report shall be borne by the Developer.
- (c) The preliminary plans will be required at application for review with regard to design requirements.
- (d) After the conditional approval, and no later than time of final commitment, the Developer shall submit a Tenant Selection Plan that meets the Authority's criteria for approval. The Developer shall also submit a sample lease for review by the Authority. The Authority will review the lease for compliance with federal and state requirements and Authority policies as applicable.
- (e) After conditional approval, and no later than time of final commitment, the Developer will submit for Authority approval, a plan that demonstrates compliance with the Affirmative Marketing Policy adopted by the Authority. Affirmative marketing is a strategy designed to attract renters of all majority and minority groups, regardless of race, ethnicity, gender, disability, familial status, etc. in the housing market to the available housing.

#### HFA 112.18 Loan Terms

- (a) Loan terms will reflect the Authority's underwriting standards. Additional loan terms will be established based on the financing requirements of a particular project, but in no event will the term of the permanent loan be less than 20 years.
- (b) Any balance remaining at the end of the loan term plus accrued interest, if any, shall be due and payable.
- (c) A request by the project Developer to extend the loan term may be submitted to the Authority between 180 and 360 days prior to the expiration of the original loan term. The Authority will consider, at a minimum, the financial capacity of the Developer, the financial condition of the project, the physical condition of the property, and the ability of the project to continue meeting



the restrictions of the LURA. After making these considerations, the Authority, in its sole discretion, may grant an extension.

HFA 112.19 Enforcement of Use Restrictions and Default

- (a) All assisted units will have restrictions on the maximum rent that may be charged and a limitation on the income of tenants. These restrictions will be outlined and enforced by the Regulatory Agreement and the LURA.
- (b) Use restrictions will be for a minimum of 30 years. In the event of sale or transfer of the property, the subsequent Developer(s) must comply with these restrictions for the remainder of the term.
- (c) The property Developer may apply to the Authority for modification of the Regulatory Agreement and the LURA. The Authority shall consider amending the Regulatory Agreement and/or the LURA only for good cause including but not limited to, financial hardship that is not as a result of mismanagement of the project. In no case, however, shall the Authority be under any obligation to amend the Regulatory Agreement and/or the LURA and a final decision on an amendment request shall be at the sole discretion of the Authority.