

NEW HAMPSHIRE HOUSING FINANCE AUTHORITY
AFFORDABLE HOUSING FUND PROGRAM RULES

HFA 113

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HFA 113**

HFA 113 PART ONE: Overview, Purpose, Availability

HFA 113.01 Overview and Purpose

- (a) The Affordable Housing Fund Program is operated by the Authority for the purpose of providing loans and grants for the construction, rehabilitation, and/or acquisition of housing affordable to households of low and moderate income. Funds in the Affordable Housing Fund will generally be combined with other Authority managed funds including, without limitation, federal HOME Investment Partnerships Program funds as part of the Authority’s capital subsidy resource.
- (b) The Affordable Housing Fund provides flexible financing for use in the pre-development and/or development of affordable housing. The primary uses of the Affordable Housing Fund are:
 - (1) Predevelopment loans for certain non-profit developers seeking funding for project specific pre-development expenses in accordance with HFA 108.
 - (2) Permanent financing provided in the form of first mortgage loans, subordinate mortgage loans, and grants. The rates and terms of this financing source are determined by the ability of the project to support debt.

HFA 113.02 Applicability

- (a) These rules only apply to the Affordable Housing Fund Program.
- (b) The provisions of HFA 101 are incorporated into these HFA 113 rules.
- (c) The Authority may combine Affordable Housing Fund Program funds with other Authority funding sources, 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 113 PART TWO: Definitions

HFA 113.03 Definitions

The words or terms defined in HFA 101 are incorporated into these HFA 113 Rules.

HFA 113 PART THREE: General Rules

HFA 113.04 Developer Eligibility

The following organizations are eligible to apply:

- (1) Non-profit corporations;
- (2) Consumer cooperatives created pursuant to RSA 301-A;
- (3) Public housing authorities created pursuant to RSA 203;
- (4) Regional planning commissions created pursuant to RSA 36;
- (5) Units of local government;
- (6) The Authority; and
- (7) Limited partnerships, general partnerships, corporations, proprietorships, and other business organizations.

HFA 113.05 Project Eligibility

- (a) Affordable housing projects financed by the Affordable Housing Fund Program may be purchase and rehabilitation or construction. For projects that include property purchase and new construction, Affordable Housing Fund dollars may be used to pay for construction but not for property acquisition.
- (b) All projects must meet one of the following minimum income targeting restrictions for occupying households for the length of the mortgage but in no case less than 30 years. Although, projects may target a higher percentage of the units than the minimum.
 - (1) 20% of the units must be rented to households with incomes at or below 50% of the area median income (AMI) as adjusted for household size and published from time to time by HUD.
 - (2) 40% of the units must be rented to households with incomes at or below 60% of the area median income as adjusted for household size and published from time to time by HUD.
 - (3) 50% of the units must be rented to households with incomes at or below 80% of the area median income as adjusted for household size, published from time to time by HUD, and found on the Authority's Website. In no case may more than 50% of the units of a project be occupied by households with incomes above 80% AMI.

- (c) Household eligibility is determined at the time of initial occupancy. If a qualifying household becomes over-income during occupancy at the project, then the unit will continue to be considered eligible provided the next available unit at the project is occupied by another eligible household.
- (d) In order to ensure affordability, the rent and utility cost for a unit in one of the above targeting categories may not exceed 30% of the maximum income for that category. For limited equity cooperatives, the household's monthly occupancy cost may instead be limited to 1/12 of the household's pro rata share of the annual operating expense of the project.
- (e) All projects must be constructed or rehabilitated in accordance with HFA 111 and the Authority's Technical Standards.

HFA 113.06 Application Process

- (a) Applications may be accepted in conjunction with other Authority program applications.
- (b) Applications must be submitted on a form provided by the Authority. All requested documentation must accompany the Application. The Authority, in its sole discretion, may reject any Application it deems incomplete.

HFA 113.07 Application Review

- (a) Each Application will be reviewed under the following general criteria. Failure to comply with any of the general criteria may, at the sole discretion of the Authority, result in the rejection of the Application.
 - (1) Project location must be considered feasible and appropriate;
 - (2) Project and design characteristics must be appropriate for the neighborhood and satisfy a market need;
 - (3) Developer, and the development team, must have the appropriate ability or experience to successfully complete the project;
 - (4) Developer, and every member of the development team, must be compliant with, and not in default of, any Authority program;
 - (5) Development costs, including, but not limited to, acquisition, construction, and intermediary expenses are not excessive as determined by the Authority; and,

- (6) Project must be determined financially feasible due to reasonable costs and adequate financing sources as determined by the Authority.
- (b) Upon review of the Application, site visit, and review of other material available, the Authority may require the preparation of other third party reports. These reports may include, but are not limited to:
 - (1) Market studies;
 - (2) Environmental reviews;
 - (3) Appraisals; and
 - (4) Engineering reports.

Such reports will be commissioned by the Authority but the cost will be borne by the Developer. Before the Authority authorizes any third party contracts, the Developer will have deposited with the Authority adequate funds to cover the costs of said reports.

- (c) All Applications meeting the general criteria will be underwritten, in accordance with the Authority's underwriting policy, to ensure that no more than the minimum amount of subsidy that is necessary is included in the project.
- (d) The interest rate and other loan terms shall be flexible based on the ability of the project to support debt. Loans with interest rates as low as 0%, deferred payment loans, loans payable only as cash flow allows, and grants are permitted. No Application shall be rejected solely or primarily because of the level of assistance requested to make the proposal feasible.
- (e) Prior to any Application for new construction being recommended for approval, the Authority shall hold a public hearing in the community in which the proposed project is to be located.

HFA 113.08 Financing Recommendation and Approval

- (a) Projects that have failed to meet the criteria for the Affordable Housing Fund Program may be rejected by Authority staff or the Developer may be asked to modify the Application.
- (b) Any recommendation to fund an Application is subject to the availability of funds in the Affordable Housing Fund Program.
- (c) Financing commitment will be made by the Authority's Board of Directors.

HFA 113.09 Anti-Displacement and Relocation Policy

Involuntary permanent displacement of tenants is strongly discouraged. The Authority may reject an Application that fails to minimize permanent displacement of tenants. A formal relocation plan must be submitted with the Application if any temporary or permanent relocation is anticipated.

HFA 113.10 Compliance

- (a) All projects receiving Affordable Housing Fund Program funds must maintain income and rent targeting for the longer of the financing term or thirty years. The income and rent targeting will be enforced by the recording of a LURA, which will continue in effect even if the loan is prepaid and will include the extended use requirements of HFA 113.11. A regulatory agreement will be recorded and run with the mortgage.
- (b) These agreements may also contain other conditions which the Authority may impose on the project including, but not limited to, the following requirements:
 - (1) To fund and maintain tax and insurance escrows;
 - (2) To fund and maintain a replacement reserve account;
 - (3) To execute a management agreement in a form acceptable to the Authority;
 - (4) To provide tenant leases or occupancy agreements acceptable to the Authority;
 - (5) To provide regular financial data on the project;
 - (6) To provide regular reporting on tenant income and eligibility compliance;
 - (7) To obtain and keep in force such insurance coverage as the Authority may from time to time require; and
 - (8) To maintain the housing in a safe, decent, and sanitary condition and in good repair.