

**NEW HAMPSHIRE HOUSING FINANCE AUTHORITY
SUPPORTIVE HOUSING PROGRAM RULES
HFA 112**

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**NEW HAMPSHIRE HOUSING FINANCE AUTHORITY
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HFA 112**

HFA 112 PART ONE: Overview, Purpose, Applicability

HFA 112.01 Overview and Purpose

- (a) The Supportive Housing Program provides financial assistance in the form of deferred and below market interest rate loans to Developers of supportive housing.
- (b) In order to be eligible for financing through the Supportive 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 Supportive 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 Supportive 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 or Notice of Funding Availability (NOFA).

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

HFA 112 PART THREE: Application and Commitment Process

HFA 112.04 Notice of Funding Availability (NOFA)

- (a) Each NOFA will be approved by the Executive Director prior to publication.
- (b) The Authority will accept financing applications through a competitive funding process. The application process for competitive funding shall be established in July of each year or as otherwise dictated by the needs of the program and will be posted on the Authority’s website.
- (c) The Authority shall establish deadlines for applications to be submitted in response to the NOFA, list any special criteria for the NOFA, conditions associated with the funding source, and submission requirements for a complete application.

HFA 112.05 Application Procedure

- (a) The following process shall be followed by the Developer and the Authority:
 - (1) All Applications for the Supportive 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 NOFA;
 - (2) The Developer submits an Application by the appropriate deadline per the submission requirements that will be outlined in the NOFA;
 - (3) The Authority may charge an application fee due at the time of submission; such requirement, if applicable, will be outlined in the NOFA; and
 - (3) Authority staff shall evaluate all Applications in accordance with the NOFA and the criteria set forth in these rules and either approve, conditionally approve, or deny 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 NOFA. Financing reservations will be made at the staff level for the highest scoring projects meeting all

threshold criteria.

- (c) Projects receiving a conditional reservation of financing will have to meet progress phase requirements in accordance with a schedule provided by the Authority. If these requirements are met, an extension of the reservation will be issued. If the requirements are not met, the reservation of financing will expire. At the sole discretion of the Authority, the Progress Phase Requirements may be extended if the developer can show a good faith effort to meet the requirements.

HFA 112.06 Threshold Criteria

- (a) All Applications will be reviewed under the General Threshold Criteria as listed in the NOFA. Failure to comply with any of the General Threshold Criteria may, at the Authority's sole discretion, result in the rejection of the Application. The General Threshold Criteria will be applicable to the funding made available under the specific NOFA and the Authority reserves the right to change the General Threshold Criteria under any subsequent NOFA.
- (b) The Authority will issue a conditional financing reservation to applicants that meet all requirements of the NOFA, subject to availability of funds, that will include progress phase requirements to be met within a defined period of time as determined by the Authority. Demonstrating compliance with the Progress Phase Requirements, in accordance with the schedule provided by the Authority, will be a requirement of maintaining the conditional financing reservation.

HFA 112.07 Commitments

Authority staff shall make conditional financing reservations of Supportive Housing Program funds as described in HFA 112.05. The Authority's Board of Directors shall make commitments of Supportive Housing Program funds. Commitments will be evidenced by a letter describing the conditions necessary to fulfill the financing requirements. The 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 conditional financing 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 Design and Construction Rules and the Authority's Technical Design and Construction 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 Supportive Housing Program:
 - (1) Non-profit corporations with an approved 501(c)(3) tax-exempt status;
 - (2) Public housing authorities;
 - (3) County, city, and town governments;
 - (4) For-profit corporations whose proposed housing program serves an eligible population and are determined, at the sole discretion of the Authority, to have the necessary capacity and experience to develop and operate the project.
- (c) The following are not eligible to receive financing under the Supportive Housing Program:
 - (1) Organizations that do not comply with HFA 601 “Financial Assistance and Religious Nondiscrimination”;
 - (2) For-profit corporations, unless otherwise approved in accordance with HFA 112.10(b)(4)
 - (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) Financing can be used to fund:
 - (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 Supportive 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 supportive housing projects must comply with the Authority's Underwriting Standards and Development Policies for Multi-Family Finance, Technical Design and Construction Standards, and Design and Construction Rules (HFA 111).

HFA 112.13 Income Targeting Requirements

- (a) A minimum of 50% of the units of the specific Supportive Housing Program funded project must be occupied by very low-income individuals or families, defined as households with incomes at or below 50% of Area Median Income (AMI) as published by the United States Department of Housing and Urban Development (HUD) and available on Authority Website.
- (b) In addition to the units occupied by very low-income households, at least of 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 Supportive Housing 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 plus utility costs charged to the resident households 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 5% 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, value of real 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 developer may earn a developer fee. The developer fee limits and related policies are contained in the Authority's Underwriting Standards and Development Policies for Multi-Family Finance. Fees paid for professional development consultants will be paid from the developer fee.

HFA 112.17 Predevelopment Review

- (a) For Applications that have received a conditional financing reservation, 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 Standards and Development 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) After the conditional financing reservation, and no later than time of final commitment, the Developer shall submit a Tenant Selection Plan and a Tenant Services 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.
- (d) After conditional financing reservation, 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, color, national origin, religion, sex, disability, familial status, age, marital status, sexual orientation, or gender identity 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 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 Land Use Restriction Agreement (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.