# NEW HAMPSHIRE HOUSING FINANCE AUTHORITY
## BIENNIAL HOUSING PLAN 2019 - 2020

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INTRODUCTION

Recognizing a serious shortage of decent, affordable housing for low-income families and elderly persons, the New Hampshire General Court in 1981 established the New Hampshire Housing Finance Authority (NHHFA), also known as New Hampshire Housing, as a self-supporting public corporation. Although established by statute, the Authority is not a state agency and receives no operating funds from the state government. However, acting as an instrumentality of the state, New Hampshire Housing generates, receives and administers federal and other affordable housing resources. The Authority administers a broad range of programs designed to assist low- and moderate-income persons and families with obtaining decent, safe and affordable housing.

New Hampshire Housing Finance Authority is charged by RSA 204-C:47 with biennially preparing or updating a housing plan to “address the housing needs of persons of low and middle income,” and to submit this Biennial Plan to the Governor and Council, the Speaker of the House and the President of the Senate for review and comment.

New Hampshire Housing Finance Authority serves as the primary administrator of housing assistance resources in the state. In addition to NHHFA, there are two state agencies and another public authority, established as an instrumentality of the state, that contribute either directly or indirectly to housing affordability and affordable housing development. These include the New Hampshire Office of Strategic Initiatives, the New Hampshire Department of Health and Human Services’ Bureau of Housing Supports, and the New Hampshire Community Development Finance Authority. Information contributed by these organizations is included in the Housing Market Update and Program Responses section of this Plan.

The 2019-2020 Biennial Housing Plan begins with an overview of Current Housing Market Conditions as of November 2018 followed by the summary of three extensive housing needs reports prepared for New Hampshire Housing Finance Authority by the New Hampshire Center for Public Policy Studies published in March 2014 along with an update for 2018 including analysis from Applied Economics Research. The Biennial Plan concludes with a summary of Program Responses to identified needs.

Those Program Responses fall within the following categories:

**HOMEOWNERSHIP PROGRAMS** – NHHFA operates a variety of single-family programs that assist low- to moderate-income households in purchasing a home or refinancing an existing mortgage. These programs serve an average of approximately 2,000 new households each year. New Hampshire Housing also supports homebuyer education and foreclosure counseling activities.

**RENTAL ASSISTANCE PROGRAMS** – NHHFA administers a statewide federally funded Housing Choice Voucher tenant-based rental assistance program with capacity to serve nearly 3,600 eligible households and project-based Section 8 contracts serving an additional 5,400 eligible households. Additionally, over 6,000 additional housing vouchers are administered by independent local housing authorities. Households receiving rental assistance through New Hampshire Housing are encouraged to participate in financial literacy education and counseling on how they can become more self-sufficient.

**MULTI-FAMILY DEVELOPMENT PROGRAMS** – On behalf of the state, NHHFA administers the federal Low Income Housing Tax Credit Program, HOME Investment Partnerships Program, national Housing Trust Fund, and the state’s own Affordable Housing Trust Fund. These programs add hundreds of units of new affordable housing to the state each year as well as rehabilitate existing housing to ensure those units are not lost to the state’s housing inventory. Some of these resources are used to address pressing supportive housing needs, most recently transitional housing for individuals leaving inpatient treatment for substance use disorder or mental illness.
HOUSING RESEARCH AND PLANNING – As the state’s primary housing research and planning entity, NHHFA researches and reports on the state’s housing needs, conducts an annual rent survey, publishes a Directory of Assisted Housing, and provides technical assistance and information to public officials, municipalities and the public.

COMMUNITY DEVELOPMENT – The Community Development Block Grant and the Community Development Investment Program, both administered by the Community Development Finance Authority, assist in the development of affordable housing by bringing federal and private investment into New Hampshire communities.

HOMELESS PROGRAMS – The New Hampshire Department of Health and Human Services, Bureau of Housing Supports is the state grantee of Homeless Emergency Solutions Grant and competitive Continuum of Care funding from the U.S. Department of Housing and Urban Development. These grants are used to prevent homelessness, re-house homeless individuals and families with short- and medium-term rental assistance, provide linkages to mainstream services, and support permanent supportive housing (with priority given to homeless veterans and the chronically homeless). State Grant-In-Aid, financed with state General Fund dollars, is primarily utilized to help support homeless shelter facilities.

ENERGY CONSERVATION AND FUEL ASSISTANCE – The Governor's Office of Strategic Initiatives administers federal fuel assistance and weatherization funds, both of which assist low-income renter and owner households by making their home utility costs more affordable. Utility companies provide substantial funding to supplement federal weatherization resources for low-income residential units.
CURRENT HOUSING MARKET CONDITIONS

Housing Market Overview as of December 2018

Recognition of the need for safe, affordable housing and its importance to New Hampshire’s economy and quality of life has grown in the past few years. The connection between the state’s healthy and growing economy and the need for a range of housing that can accommodate our workforce and all residents resonates in both the private and public sectors. New Hampshire shares many of the characteristics of the national housing picture. However, for the state to remain competitive on the economic front, New Hampshire needs more housing to retain its graduates, young workers, seasonal workers, and families, as well as suitable housing for seniors and individuals with special needs.

During the past two years, New Hampshire’s housing market continued a pattern seen over the past five years: there is a relatively low inventory of homes for sale, particularly in the entry-level range; prices of homes that are for sale have increased; and the rental market throughout the state reflects low vacancy rates and increasing rents.

Home sale volume in the 12 months prior to September 2018 decreased by 3% from the same period in 2017. The supply declined to a five-month statewide inventory in September 2018 with shortages reported in some markets, especially for housing costing $300,000 or less. Inventory varies widely from north and west to south and east, with southern counties reporting shortages in the most active markets. In 2018, median home prices have exceeded the market highs seen in 2005 – 2007. Existing homes predominate sales, as new homes represent only 6.7% of the market.

Rental costs continue to climb, with a 19% increase over the last five years. The highest rents are located in the southern counties near the state’s largest cities and close to major employment centers as well as the Boston job market. This is also where most of the state’s rental housing properties are located. In order to afford the statewide median cost of a typical two-bedroom apartment with utilities, a renter would have to earn 117% of the statewide median renter income, or over $47,100 a year.

In 2019 – 2020, we anticipate that the sales trend will soften somewhat with the projected increase in interest rates and lack of inventory of homes for sale. The number of building permits issued for single-family homes remains at less than half the level experienced during the pre-recession highs seen in 2002 and 2004, while permits issued for multi-family developments have increased somewhat in the highest cost markets.
Market Performance Indicators

Economic Activity
The New Hampshire economy has continued to grow. The pace of growth since the Great Recession, however, lags behind Massachusetts (currently the fastest growing state in New England) and ahead of the U.S. overall.

Employment and Labor Force
New Hampshire's labor force at about 762,000 is as large as it has ever been, with 743,000 employed individuals. Even with the high level of employment, however, the Labor Force Participation rate is below its peak of 71% in 2006.
Unemployment Rate (US, New England, New Hampshire) Seasonally Adjusted
With an unemployment rate below 3% for over two years, New Hampshire continues its streak of what is essentially “full employment.” The state’s seasonally adjusted unemployment rate for September 2018 was 2.7%. The state’s unemployment rate has been below 3% for 34 straight months.

Source: U.S. Bureau of Labor Statistics

Building Permit Activity
New Hampshire has experienced some increase in the number of housing permits issued in the last 5 years (through September 2018). Multi-family permits have increased in the highest cost markets (southern tier and Seacoast). The high cost of building new single- and multi-family units concentrates most of the new construction at the higher end of the market. The overall numbers of permits issued, and thus units constructed, remains well below pre-recession levels.

Source: U.S. Census Bureau
New Hampshire Home Prices (based on MLS Median Sales Price)
New Hampshire home prices continue to increase as 10.6% fewer homes were listed in September 2018 versus September 2017. With a strong economy demand for single-family homes continues. However, there is about 37% less inventory when compared to September 2015, and 25% less inventory when compared to 2016. As of September 2018, the state’s median sales price was $280,000.

Closed Sales
Sales may be leveling due to lack of supply. Low home starts and limited inventory have the potential to limit economic growth. In 2018, about 7% of home sales were new homes built on lots owned by the contractor. Prior to the Great Recession, new homes represented 15% of sales.
**FHFA Purchase Price Only Index (US, New England, New Hampshire)**

Home prices in New Hampshire increased just over 6% between the third quarter of 2017 and third quarter of 2018, recovering the 21% decline in prices from their most recent peak in 2005 to their trough in 2012. Purchase price recovery in New Hampshire has outperformed New England for the past few years but still lags behind the U.S. as a whole.

![Graph showing purchase price index](chart.png)

From the third quarter 2017 to the third quarter 2018, New Hampshire has led price growth for all New England states except Rhode Island and has been on par with the U.S.

**FHFA House Price Index for New England States**

(Seasonally Adjusted, Purchase Only Index, Q1-1991=100)

<table>
<thead>
<tr>
<th>States</th>
<th>Q3 2018</th>
<th>Q3 2017</th>
<th>Percent Change</th>
<th>National Rank</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rhode Island</td>
<td>237.89</td>
<td>218.98</td>
<td>8.6%</td>
<td>7</td>
</tr>
<tr>
<td>New Hampshire</td>
<td>251.64</td>
<td>236.94</td>
<td>6.2%</td>
<td>24</td>
</tr>
<tr>
<td>Maine</td>
<td>251.68</td>
<td>239.27</td>
<td>5.2%</td>
<td>32</td>
</tr>
<tr>
<td>Massachusetts</td>
<td>288.06</td>
<td>273.61</td>
<td>5.3%</td>
<td>31</td>
</tr>
<tr>
<td>Vermont</td>
<td>236.12</td>
<td>224.44</td>
<td>5.2%</td>
<td>30</td>
</tr>
<tr>
<td>Connecticut</td>
<td>174.59</td>
<td>170.83</td>
<td>2.2%</td>
<td>47</td>
</tr>
<tr>
<td>New England</td>
<td>242.65</td>
<td>231.37</td>
<td>4.9%</td>
<td>-</td>
</tr>
<tr>
<td>US</td>
<td>263.18</td>
<td>247.48</td>
<td>6.3%</td>
<td>-</td>
</tr>
</tbody>
</table>
**Housing Inventory**
The housing market in the state continues to favor sellers, not buyers. Homebuyers face an extremely competitive market due to low inventory at most pricing levels. Smaller homes of interest to first-time homebuyers and those who wish to downsize from a larger home sell particularly quickly.

*Based on information from the Northern New England Real Estate Network and compiled by NHHFA. Excludes land, interval ownership, seasonal camps/cottages, multi-family property, mobile/manufactured homes and commercial/industrial property.*

**Foreclosure Deeds in New Hampshire By quarter**
The rate of foreclosures continues to decline from the peak in 2010 during the Great Recession. It is anticipated that this decline will continue as cumulative foreclosures through the third quarter of 2018 were 37% lower than in 2017. The number of foreclosure deeds for 2018 annually are estimated to be around 880, which is 33% lower than 2017.

*Source: The Warren Group, compiled by NHHFA*
**Rental Housing Market**

A tight rental market with low vacancy rates and rising rents continues to be the trend in most of New Hampshire, as reported in NHHFA’s 2018 Residential Rental Cost Survey. This strong demand makes it challenging for households to find affordable places to live.

The statewide median gross rent for a two-bedroom unit in 2018 was $1,296; this is an increase of 2.94% from the prior year and an increase of 20% over the past five years.

![Graph showing median gross rental costs](image)

*Source: 2018 NHHFA Residential Rental Cost Survey*

Most of the rental units in the state (86%) are located in Hillsborough, Rockingham, Merrimack, and Strafford Counties. In the highest demand areas of Hillsborough, Rockingham and Strafford counties, rents reflected proximity to the Boston metropolitan area and drove the statewide increase. There has also been a significant rental cost increase in Coos County over the last five years (over 31%). Coos County had relatively low rents in comparison to the rest of the state for several years, so the increases have had a substantial impact. Grafton County shows a significant increase in rental costs (16% over the past five years), with most of the rental units and the highest market demand in Hanover and Lebanon.
### 2018 Median Monthly Gross Rent For 2-Bedroom Units

<table>
<thead>
<tr>
<th>County</th>
<th>2017</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Belknap</td>
<td>$1,028</td>
<td>$1,071</td>
</tr>
<tr>
<td>Carroll</td>
<td>$1,040</td>
<td>$1,077</td>
</tr>
<tr>
<td>Cheshire</td>
<td>$1,063</td>
<td>$1,068</td>
</tr>
<tr>
<td>Coos</td>
<td>$818</td>
<td>$861</td>
</tr>
<tr>
<td>Grafton</td>
<td>$1,147</td>
<td>$1,146</td>
</tr>
<tr>
<td>Hillsborough</td>
<td>$1,384</td>
<td>$1,368</td>
</tr>
<tr>
<td>Merrimack</td>
<td>$1,176</td>
<td>$1,160</td>
</tr>
<tr>
<td>Rockingham</td>
<td>$1,409</td>
<td>$1,456</td>
</tr>
<tr>
<td>Strafford</td>
<td>$1,156</td>
<td>$1,174</td>
</tr>
<tr>
<td>Sullivan</td>
<td>$968</td>
<td>$971</td>
</tr>
<tr>
<td><strong>Statewide</strong></td>
<td>$1,259</td>
<td>$1,296</td>
</tr>
</tbody>
</table>

*Source: 2018 NHHFA Residential Rental Cost Survey*
**Vacancies**
The statewide rental housing vacancy rate has increased slightly in 2018 to 2.1% for all units and 1.96% for 2-bedroom units. Nationally, there is a recognized shortage in affordable rental housing. However, New Hampshire’s vacancy rate is still below that of the U.S. (7%) and the Northeast region (5.1%). A balanced rental market has a vacancy rate between 4 - 5%.

**Rental Affordability**
Affordability for renter households remains a problem in most areas of the state. In New Hampshire, 43% of rental households are paying more than 30% or more of their household income on rent. Lower-income families are likely to be paying an even higher percentage of their household income towards rent. Rental housing affordability is limited to less than 10% of the housing units surveyed statewide and less than 10% of the units in five of New Hampshire’s 10 counties. Only in those counties with the highest median income are 20% or more of the surveyed units affordable to median income households.
Homelessness

According to statistics compiled by the New Hampshire Department of Health and Human Services, Bureau of Housing Supports, approximately 1,450 people were homeless in New Hampshire on January 24, 2018 as recorded in the annual Point in Time (PIT) Count.

Of the 1,450 counted, 31% (455) reported a substance use disorder, and 30% (434) reported a serious mental illness. Additional data from the count showed:

- 317 individuals were “doubled up,” or temporarily living with family or friends
- 614 were part of families
- 143 were veterans
- 161 were considered to be “chronically homeless” as defined by the US Department of Housing and Urban Development (HUD)

Although the total number has declined slightly since 2017, nearly two-thirds of the state’s homeless population report a substance use disorder or serious mental illness, according to the 2018 Point in Time Count. Focus on the supportive housing needs of both sub-populations has increased, as highlighted by the appropriation of State General Funds into the Affordable Housing Fund targeted specifically to the transitional housing needs of individuals discharged from in-patient psychiatric or substance use disorder treatment. New Hampshire’s Draft 10-Year Mental Health Plan also points to a need for more permanent supportive housing.

The Bureau of Housing Supports provided funding to over 40 emergency and specialty shelters that served approximately 4,496 homeless men, women and children in FY17. These shelter programs act as a safety net for individuals and families who have run out of options and would otherwise be without a place to sleep. They are a critical component of the local homeless care network.

Permanent housing solutions are the foundation to providing New Hampshire’s low-income and vulnerable residents with safe and affordable housing. More permanent housing with rental assistance is still urgently needed to combat housing instability, especially for those who are overcoming substance use and mental health disorders. The lack of sufficient rental assistance to provide permanent and stable housing for many of the lowest income households puts them at the greatest risk of homelessness.

Permanent Housing services provided by the Bureau of Housing Supports served approximately 1,059 persons in FY17. In addition to those served in Emergency Shelters and Permanent Housing, 757 persons were assisted with first month's rent and security deposits through the Housing Security Guarantee Program (HSGP) and Homeless Housing Access Revolving Loan Fund (HHARLF). As seen in the homeless count numbers from 2018, many New Hampshire residents continue to rely on housing supports, illustrating the ongoing struggle that low-income households experience to maintain housing.
HOUSING NEEDS IN NEW HAMPSHIRE THROUGH 2025

Based on the report prepared for New Hampshire Housing Finance Authority by the New Hampshire Center for Public Policy Studies, March 2014

In the decades before the Great Recession, New Hampshire's housing market was a major driver of the state's expanding economy. But with recent shifts in the state's demographic and economic trends, New Hampshire's current housing infrastructure could end up becoming a drag on future economic growth and stability.

The reasons are multiple: an aging population, shifts in housing preferences among younger generations, a misalignment between housing supply and future demand, and changes in traditional financing paths for homeownership. In the 1970s, 1980s, and 1990s, housing demand was driven by the Baby Boomers moving to New Hampshire. But as we have seen in many policy areas, much of New Hampshire's housing industry (builders, planners, public officials, etc) have yet to fully transition away from the mindset of the past, in which consistent rates of high population growth (especially among young families) was the norm. Instead, they need to prepare for a housing model defined by less growth overall, more senior households, fewer young households, financially strained first-time buyers, and changing lending standards.

The original Housing Needs in New Hampshire through 2025 report is available at NHHFA.org.

Updated Report Findings - Fall 2018

Overall homeownership demand in New Hampshire remains strong but...
There are significant differences in demand geographically. The more rural parts of the state experience lower demand as they are further from the larger labor markets and major transportation networks. Conversely, areas such as the more urban Seacoast, Upper Valley (Hanover and Lebanon) and Southern New Hampshire experience the best job growth and higher housing demand.

The continued improvement in the homeownership market is dependent on a steady supply of first-time buyers. Factors that reduce demand for younger generations include high levels of student debt, delayed household formation, and a shortage of starter homes.

New Hampshire's current housing supply is poorly aligned with evolving preferences among different age groups.
This mismatch exists both for aging Baby Boomers and younger workers. Older residents are likely to seek to “downsize” to smaller residences, yet housing units of 3+ bedrooms far outnumber one- and two-bedroom units in the state. In addition, the younger households are, the less likely they are, in general, to be homeowners compared to previous generations. In fact, each new group of young people is increasingly less likely to become homeowners. Moreover, financial pressures cause younger generations to gravitate toward more non-conventional housing solutions, including co-ownership and “doubling up,” and a preference for the flexibility associated with renting.

However, as millennials age, establish careers and build families, those 3+ bedroom properties may be of interest provided the careers can be pursued in the state. Baby Boomer owners are aging in place partly due to a lack of smaller quarters; move-up buyers are staying in place and investing in improvements due partly to their current low interest rate mortgages; and younger buyers are delaying purchases for careers, student debt, differing lifestyle preferences and later relationships. In other words, evolving preferences may not be so different from the previous generation, just acted on at a different time in the life of each population segment. This has contributed to a mismatch in housing needs and preferences versus the inventory available in the market.

The Accessory Dwelling Unit (ADU) law, which became effective in June 2017, may help to mitigate the timing mismatch. The potential benefit from this law is more efficient use of existing housing stock that may provide an
affordable housing option for many low- and moderate-income residents and older adults who wish to age in place and accommodate health care and income needs. In addition, many ADUs can easily convert to other more conventional uses (office space, extra bedrooms). This flexibility responds naturally to the dynamic demand of housing markets affected by demographic shifts. In 2018 NHHFA published two guides – one for municipalities, one for homeowners – to aid these two groups in implementing the new law and creating new ADUs.

**Affordability and availability in New Hampshire’s housing market.**

Affordable housing in New Hampshire has historically attracted labor to support new businesses. When there is an adequate supply of housing affordable to the state’s workforce, the economy can continue to grow.

The median price of homes has rebounded beyond pre-recession levels, leaving first-time buyers, who have traditionally provided important liquidity to the housing market, more challenged. Increasing interest rates further reduces affordability and the number of households that can enter the market. The home purchases of first-time buyers enable those who are selling their homes to “move-up.” The challenges faced by first-time buyers is compounded by the competition they can face from older homeowners who are downsizing, as they often compete for the same types of homes in a market where the supply of smaller homes is low.

In addition, the state’s rental market has grown less affordable in recent years. NHHFA’s 2018 Residential Rental Cost Survey indicated that the median monthly gross rent rose by over 20% in the last five years and vacancy rates have remained extremely low for much of the state. This means renters are paying more, with fewer options for moving within the state.

These trends reflect a national pattern for a growing percentage of households in both rental and for-sale housing. However, while some softening is beginning to occur nationally in the for-sale home market, New Hampshire continues to demonstrate a strong real estate market. This is due, in part, to the lack of housing inventory which keeps prices and demand high.

**Seniors will occupy a growing proportion of the state’s housing units.**

Between 2015 and 2025, the population over 60 is projected to increase by 36.7% to 427,669, while the population under 60 will decrease by 6.9% to 947,033. The population over age 60 will be 31.1% of the total population, notwithstanding an intensification of the recent modest shift in migration patterns of 20-somethings back to what was typical before the Great Recession. Seniors will occupy a growing proportion of the state’s housing units, filling one in three units by 2025.

While senior owners and renters generally want to age in place, this desire is complicated by several factors, including high rates of disability, lower median income and savings, declining caregiver population and other factors. According to the American Community Survey, the median income of the state’s seniors is $45,599 or 67% of the state median. However, 79% of seniors own their homes and 63% of the senior owners do not have a mortgage and may be able to tap home equity to offset their costs. Of great concern are the senior renters who lack equity and the more than 50% who are overpaying for their housing.

**New construction has been limited.**

Historically, the percentage of new home sales has ranged from 4.7% to 22.1% of all sales. The market high month for sales of both new and existing homes was June 2005. At that time, new home sales were 22.1% of all home sales. In contrast, in September 2018, new home sales were just 2.9% of all home sales. While overall single-family home sales volume and prices have rebounded from the recession, new home construction has not. Multi-family construction has increased in response to the high rental demand, but the number of units created are not enough to meet that demand and most are at the high-end of the market.

The Laconia-based firm Applied Economic Research estimates that the state would need to build between 4,500 - 6,000 new units of housing per year through 2025 for New Hampshire to meet its projected population growth, labor demands, and alleviate the housing shortage in the state. The U.S. Census Bureau’s American
Community Survey estimates that New Hampshire has been adding about 2,800 units per year since the beginning of the decade. This has not been enough to meet current demand.

To better align the existing housing stock with current needs of New Hampshire residents, the rehabilitation and reconfiguration of homes has become a sought-after solution. Some of New Hampshire’s housing regulations, including local planning and zoning ordinances, present challenges to such activities. The state’s new Accessory Dwelling Unit statute helps provide structure and consistency for local municipalities to address the issue.

**Supportive Housing needs.**

Service enriched or supportive housing is frequently cited as a critical element of the community-based care of individuals with severe mental illness. New Hampshire Housing has historically financed many projects around the state to address the housing portion of supportive housing projects serving diverse populations including the severely mentally ill. Proposals specific to the transitional housing needs of individuals discharged from inpatient psychiatric care or substance use disorder treatment are currently being solicited in response to the granting of $2.5 million in state funds to be dedicated to such purposes. The November 2018 draft of New Hampshire’s *Proposed 10-Year Mental Health Plan* calls for additional state investment in supportive housing, including supervised housing for transition age youth, peer respite, and transitional housing for adults, so New Hampshire Housing anticipates an ongoing and perhaps increasing role in supportive housing efforts.
PROGRAM RESPONSES TO NEEDS

In its role as the primary provider of housing assistance resources in the state, New Hampshire Housing Finance Authority collects and analyzes data to evaluate the housing needs of the state's low- and moderate-income households. Rental cost, purchase price, and foreclosure data are analyzed and published regularly, and other aspects of housing are examined by staff and consultants as needed. Although resources have never been sufficient to address all of the housing needs of low- and moderate-income households of the state, New Hampshire Housing has assisted tens of thousands of households through its various programs.

In order to determine how best to utilize the resources at its disposal, NHHFA conducts an annual strategic and program planning process which is informed by both performance data and business partner input solicited through surveys, interviews, and other means. New Hampshire Housing publishes its program plan each year and posts it at NHHFA.org.

HOMEOWNERSHIP

Market dynamics and the national housing financing system remain uncertain. Most experts are predicting slowly rising mortgage interest rates, which could adversely affect low- to moderate-income homebuyers in the state. In addition, there is a scarcity of quality homes priced under $300,000. Frequently, first-time homebuyers lose out on purchasing a reasonably priced home to buyers with stronger assets and credit.

Despite these market dynamics, New Hampshire Housing is committed to providing viable mortgage options to borrowers. NHHFA’s homeownerhip programs consist of the following:

HOME Flex (Ginnie Mae MBS Program)
New Hampshire Housing’s Home Flex mortgage program of government-backed single-family loans is originated by NHHFA’s network of participating lenders and pooled into taxable Ginnie Mae Mortgage Backed Securities (MBS). These securities are sold to generate funds to purchase mortgage loans and provide cash assistance to borrowers for downpayment assistance and closing costs.

Home Preferred (Fannie Mae Program)
Fannie Mae has recognized the value of partnering with state housing finance authorities and has provided special mortgage products that are only available in the state through New Hampshire Housing. The Fannie Mae HFA Preferred Mortgage Program, provided by NHHFA as the Home Preferred Program, is a no cash-assistance conventional product with private mortgage insurance that offers a low-interest rate and a high loan-to-value ratio. For certain borrowers the Home Preferred mortgage is also available without the requirement for mortgage insurance. Loans are purchased from participating lenders and then sold on a loan-by-loan basis to Fannie Mae with New Hampshire Housing retaining servicing.

Home Start Homebuyer Tax Credit
The Home Start Homebuyer Tax Credit Program makes homeownership more affordable for first-time homebuyers. An eligible homebuyer receives a Mortgage Credit Certificate from New Hampshire Housing for a federal income tax credit of up to $2,000 each year for the life of the original mortgage, as long as the homebuyer uses the home as their primary residence. The Home Start Program can decrease the income taxes owed by the homebuyer, increasing take-home pay that can be used to help pay the mortgage. This program serves approximately 900 households each year.

Special Homeownership Programs
NHHFA’s Homeownership Division is a trusted and productive source for programs that make successful homeownership a reality for New Hampshire residents. The core loan and MCC programs reach many potential homeowners. The Special Homeownership Programs complement the core programs by providing funds for eligible borrowers based on their needs and circumstances. Additionally, these programs provide flexibility to create special initiatives and to address new issues and opportunities that directly relate to the overall
homeownership mission. Two examples of these programs are the Emergency Home Repair Loan, which provides eligible New Hampshire Housing borrowers with loans to perform emergency repairs to their homes; and NHHFA’s long-term partnership with Habitat for Humanity affiliates around the state to provide non-amortizing, no-interest loans to low-income buyers to help reduce the cost of the home.

Homebuyer/Homeowner Education and Counseling
This initiative provides resources, through a HUD Comprehensive Housing Counseling Program grant and New Hampshire Housing funds, to nonprofits so they can provide homebuyers and homeowners with pre- and post-purchase education and counseling services. New Hampshire Housing acts as intermediary and coordinating agency for the HUD counseling funds. The education and counseling effort includes support of 211 NH as an intake and referral resource as well as an outreach campaign.

ASSISTED RENTAL HOUSING
NHHFA’s Assisted Housing Division serves low- to extremely low-income renter households by providing housing subsidies, as well as education and support to help them improve their overall financial status through increased earnings and greater financial literacy.

Housing Choice Voucher Program
This HUD-funded program enables very low-income households to obtain safe, decent, affordable housing. The qualified household pays a portion of their adjusted income toward rent and utilities, and New Hampshire Housing pays the rest directly to the landlord.

The greatest challenge to the Housing Choice Voucher Program continues to be how to maximize the number of households on the program while operating the program within the HUD-approved budget. The HUD funding can support approximately 3,600 voucher holders annually. Almost 75% of these participants are elderly or disabled. In addition, a total of about 6,100 HUD-funded vouchers are allocated to 19 independent local housing authorities to use in their communities. Federal funding for this program is expected to remain flat in the near future. Unmet need, measured in terms of eligible wait-listed applicants, generally runs two- or three-times program capacity.

Family Self-Sufficiency (FSS) Loan and Grant Program
The FSS Loan and Grant program effectively assists some Housing Choice Voucher clients to increase their earned income and move toward self-sufficiency. HUD funding for FSS Coordinators and program outcomes is expected to be level. Matching grants can be requested to assist Housing Choice Voucher Homeowners with necessary home repairs.

Emergency Housing Program
This program, funded directly by New Hampshire Housing, is designed to assist eligible households with short-term rent payments. Participants must be homeless or in imminent danger of eviction due to financial difficulty. The Community Action Agencies’ (CAPs) administration of the Emergency Housing program continues to effectively assist eligible households with rental assistance and case management. Their ability to rapidly rehouse homeless families or prevent families from becoming homeless provides a much-needed resource in keeping families housed.

MULTI-FAMILY DEVELOPMENT
NHHFA’s multi-family rental housing production efforts cover a wide variety of programs that provide financing for the development or preservation of affordable rental housing for low-income households. Included in these programs are initiatives to increase the supply of transitional housing for those individuals coming out of treatment for substance use disorder and addressing environmental health issues in low-income privately-owned homes and apartments where low-income households live.
Multi-Family Production Program
This program uses Low Income Housing Tax Credits (LIHTC), capital subsidies, and long-term debt to finance the new construction, rehabilitation, and preservation of affordable rental units. Projects must commit to long-term affordability restrictions. There are annual competitive financing rounds for LIHTC, HOME Investment Partnership Program, national Housing Trust Fund, and other subsidies.

In 2018 NHHFA received $2.5 million from the state Affordable Housing Fund to be used to support housing for those working toward recovery from substance use disorder or severe mental illness. NHHFA combined those new funds with funds generally targeted to the Special Needs Program in order to create a more substantive programmatic impact and to allow for staffing efficiencies. Under this initiative, NHHFA is currently seeking proposals for the development of transitional supportive housing.

Construction Lending Program
This program provides construction financing for NHHFA-financed multi-family projects. In addition, funds may be used for equity bridge loans to induce private investment in Low Income Housing Tax Credit projects.

Multi-Family Recapitalization and Preservation
While New Hampshire Housing’s focus is on production of new housing units, there continues to be a pipeline of preservation and recapitalization projects. Financing these helps prevent the loss of affordable housing inventory and retains the quality and desirability of that existing housing.

Lead Hazard Abatement Program
NHHFA was awarded another multi-year grant from HUD. The new grant cycle began in January 2018 and will lead to lead-based paint remediation in an anticipated 190 units across the state. Funding will also be used to address health and safety issues in those units. Priority for lead hazard control and healthy homes intervention is given to units with a documented case of a child having an elevated blood lead level.

ASSET MANAGEMENT
Following the development of multi-family rental projects, New Hampshire Housing continues to provide oversight to ensure that the targeted beneficiaries are being served, properties are being maintained, and projects will maintain fiscal viability.

In addition to oversight of the properties developed with NHHFA resources, New Hampshire Housing is the Contract Administrator for HUD-funded rental properties in the state. The Performance Based Contract Administration (PBCA) contract makes New Hampshire Housing directly responsible to HUD for all PBCA program functions and reporting requirements. New Hampshire Housing provides general program oversight and administration for a portfolio of 141 properties (5,000 units), and also performs a quality assurance function for all assigned tasks. Day-to-day functions involved in the program include conducting management and occupancy reviews, adjusting contract rents, processing monthly Housing Assistance Payment (HAP) vouchers for project owners, processing HAP renewals, terminations and/or opt-outs and responding to health and safety issues.
HOUSING RESEARCH, POLICY AND ADVOCACY

New Hampshire Housing continues to provide an array of critical education tools designed to improve public understanding of our state’s housing challenges and encourage actions at the local, regional, and state levels to help expand the supply of housing available to all of our state’s citizens.

Conferences provide a forum for our business partners and others to discuss housing policy issues and other topics of interest. They include topics pertaining to Fair Housing presented by New Hampshire Legal Assistance and other experts, as well as specific training such as Mental Health First Aid for Public Housing Authority and property management staff, and professional development training for Resident Service Coordinators. NHHFA also hosts conferences three times a year with national and local speakers who discuss ways to address the state’s affordable housing and economic development needs.

Small grant programs assist local leaders in the development of informational/educational materials, targeted advertising, limited local research, and other innovative methods of reducing community resistance to housing development; train local officials to increase knowledge on how and what to adjust in local ordinances and on how to implement the changes; and provide funding to organizations such as Plan NH which offers grants to municipalities to examine and develop regulatory mechanisms to make them more housing friendly.

NHHFA also conducts or contracts for various housing-related studies throughout the year. Recent studies include an assessment of the occupancy characteristics of LIHTC projects and an analysis of the fiscal impact of compact housing development on a municipality.

COMMUNITY DEVELOPMENT

Community Development Block Grant (CDBG)
The main emphasis of the New Hampshire CDBG program is to benefit low- and moderate-income households and to advance community economic development. The Community Development Finance Authority (CDFA) provides grants of up to $500,000 to local governments in New Hampshire for economic development, affordable housing, public facilities, planning, and certain emergencies. For calendar year 2019, eligible CDBG activities include housing, public facilities, and economic development. Allocations of funding may change during this biennium as the CDFA reviews program effectiveness and outcomes. CDBG funds are available to local government applicants through annual competitions. Federal allocations vary from year to year, but New Hampshire’s balance of state grant in recent years has totaled approximately $8 million, with planned splits among housing, public facilities, and economic development grants.

CDFA Tax Credit Program
The Community Development Finance Authority grants state tax credits on a competitive basis to qualified nonprofit organizations for specific projects or programs. CDFA is attracted to innovative projects that show a high degree of public benefit, public purpose, and economic benefit to target populations. CDFA tax credits may be awarded to support projects that provide permanent affordable housing opportunities to low- and moderate-income people.

Clean Energy Fund
CDFA’s Clean Energy Fund provides financing to multi-family housing properties. CDFA can provide clean energy loans to for-profit and nonprofit owners of multi-family housing complexes. This includes both market rate and subsidized properties. Eligible technologies include energy efficiency items such as thermal and lighting, along with renewable energy technologies such as solar and biomass heating systems.
HOMELESS PROGRAMS

Homeless Prevention and Rapid Re-Housing
The Bureau of Housing Supports (BHS) expects to assist approximately 5,000 households annually by either preventing or shortening homelessness with short- to medium-term rental assistance provided in tandem with essential services. Housing Relocation and Stabilization Services (HRS) are provided as supports to prevent and resolve homelessness. Services include but are not limited to housing search, moving costs, and case management to successfully re-house individuals and families. HRS services also include but are not limited to mediation, legal assistance and case management to provide and assist families and individuals to successfully remain in permanent housing and prevent homelessness.

BHS intends to prevent homelessness and divert households from shelter to stable housing whenever possible. The Continuums of Care value provision of assistance prior to shelter entry, recognizing that shelter stays can be destabilizing and traumatic. Prevention assistance provided by state funds can aid households in preserving their current housing situation; shelter diversion assists households in finding housing outside of shelter while they receive service to stabilize their housing or help them move into permanent housing. Each of these strategies can reduce the number of people entering the homeless assistance system and the demand for shelter and other programmatic housing beds.

ENERGY CONSERVATION AND FUEL ASSISTANCE

Low-income households in New Hampshire may draw on four publicly supported programs for help with their energy needs: the federal Low Income Home Energy Assistance Program or LIHEAP ($28 million in 2018), the state-funded Electric Assistance Program ($15 million), the federal Weatherization Assistance Program ($1.7 million), and the state-funded Home Energy Assistance Program ($5 million). The first two programs help households pay their fuel and electric bills; the second two help households reduce their energy use through insulation, air sealing, and energy-system improvements. These safety net programs for low-income households are delivered by the state’s five Community Action Agencies and administered by the New Hampshire Office of Strategic Initiatives.

Per the U.S. Census American Community Survey in 2017, there were approximately 50,211 families in New Hampshire at or below 200% of the federal poverty threshold who would be eligible for these programs.

Fuel Assistance
The U.S. Department of Health and Human Services allocates LIHEAP funds to every state for fuel assistance. The program provides payment directly to the eligible household’s home heating vendor. In 2018, New Hampshire’s Fuel Assistance Program served approximately 30,000 households; the average winter benefit was $852. The program is administered by the Office of Strategic Initiatives.

Electric Assistance
The New Hampshire Public Utilities Commission allocates a portion of the state’s System Benefits Charge to provide a monthly discount on the electric bill for eligible households. The Electric Assistance Program (EAP) served approximately 28,000 households in FY18. The average annual benefit received by an EAP household was $447.49. The EAP is overseen by the NH Public Utilities Commission and EAP Advisory Board.

Weatherization Assistance
The U.S. Department of Energy allocates Weatherization Assistance Program (WAP) funds every year for state weatherization programs. The program helps reduce energy costs through insulation, air sealing and energy system improvements for eligible households. In FY19, and in collaboration with the Home Energy Assistance Program and other funding sources, WAP expects to provide weatherization services in about 235 New Hampshire homes. The Weatherization Assistance Program is administered by the Office of Strategic Initiatives.
Home Energy Assistance
The rate-payer funded Home Energy Assistance Program (HEA) works in tandem with the WAP and other funding sources to help reduce energy costs through insulation, air sealing and energy system improvements for eligible households. The HEA program is administered by the four local utilities (Eversource, Liberty Utilities, NH Electric Co-op, and Unitil) under the direction of the state Public Utilities Commission. In calendar year 2017, the most recent year for which full data analysis is available, 984 homes were weatherized.

Federal rules limit the type of work that the weatherization crews can deliver, and the PUC’s incentive structure imposes a different set of constraints on the HEA work. Both programs focus on energy improvements, not home repairs. Even when combined, the funds cannot cover many of the basic repairs needed in substandard housing stock (e.g., fixing roofs, removing asbestos-laden vermiculite insulation) and at times crews are unable to weatherize such homes that urgently need repairs.
CONCLUSION

New Hampshire’s economy remains strong, but the state still faces the challenge of a very tight housing market. The data shows continued high sale prices for single-family homes, low inventories, and rising costs plus extremely low vacancy rates for rental housing – particularly in the southeastern part of the state. For New Hampshire to continue its economic growth and be competitive in the national and international economy, the housing challenge must be addressed. Private sector development is the principal driver of housing supply and impediments to that development must be identified and reduced at both the state and local level. Stimulating an increase in the supply of housing affordable to the state’s workforce could create new single-family and multi-family housing beyond the current production levels.

In a time when there are few resources and increasing housing needs, the activities in this Plan attempt to address the housing needs of persons of low- and moderate-income. The effectiveness of many of the program responses identified within this Plan is reliant on partnerships between the public sector and the private sector that multiply the economic benefit to all residents of the state. The public sector entities identified in this Plan (New Hampshire Housing Finance Authority, New Hampshire Office of Strategic Initiatives, New Hampshire Department of Health and Human Services Bureau of Housing Supports, and the New Hampshire Community Development Finance Authority) seek such partnerships in order to improve the quality of life for all New Hampshire citizens.
As a self-sustaining public corporation created by the state legislature, New Hampshire Housing Finance Authority promotes, finances, and supports affordable housing.