

JUNE 2019

**PROGRAM PLAN
BRIEFING BOOK**

FY2020



NEW HAMPSHIRE
HOUSING

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MISSION AND VALUES

MISSION STATEMENT

To promote, finance and support affordable housing and related services for the people of New Hampshire.

VISION STATEMENT

A New Hampshire with decent, affordable housing for all.

VALUES

Commitment and Leadership

Achieve excellence by working together to proactively and effectively demonstrate leadership.

Responsiveness and Collaboration

Work with and be responsive to each other and our business partners in the pursuit of opportunities to achieve our goals.

Stewardship and Integrity

Exhibit prudent, ethical and transparent administration of limited public resources and be accountable and reliable in all matters.

Respect and Honesty

Treat everyone we encounter with dignity and mutual respect and be inclusive, candid and open in our communications and behavior.

Creativity and Innovation

Think objectively and listen with open minds, raise questions, challenge assumptions and promote an atmosphere that supports creativity and innovation.

Alertness and Agility

Be vigilant and prepared to adapt to changing conditions, opportunities, and challenges.

Trust and Teamwork

Establish, grow, extend, and embrace trust as an essential component of effective working relationships. Embrace teamwork as essential to achieving overall success.

ORGANIZATIONAL GOALS

ORGANIZATIONAL GOALS

1. Increase and preserve access to decent, safe, affordable housing for individuals and families.
2. Provide leadership in research, public education and advocacy activities that promote access to and understanding of the need for a balanced and adequate supply of housing and its relationship to the orderly economic development of the state and its communities.
3. Increase housing opportunities for individuals and families that are underserved by the private market.
4. Identify new resources and implement innovative approaches to increase affordable housing opportunities for eligible persons and families.
5. Ensure the long-term viability and stability of the Authority through prudent financial, nimble, human, modern, secure, and technological resource management policies and practices, creatively balancing risk mitigation with organizational and public policy goals.
6. Develop and maintain appropriate partnerships to further the public purposes of the Authority.
7. Contribute to the economic and social development of the state and its economy.

STRATEGIC POLICIES

GENERAL POLICIES

By law, New Hampshire Housing is responsible for promoting access to affordable housing for low- and moderate-income households. In support of this role, New Hampshire Housing will:

1. Maintain a high level of fiduciary oversight as expected of a responsible public financial institution.
2. Establish and cultivate effective partnerships with government agencies, nonprofit and for-profit organizations, lenders, real estate professionals, homebuilders and others with interests in housing.
3. Effectively communicate priorities and expectations while simultaneously considering and responding to partners' concerns and needs.
4. Design programs, whenever possible, as an integral element of broader community development activities undertaken by local governments and for- and nonprofit developers.
5. Engage in a comprehensive annual process of operations and program planning and budgeting.
6. Ensure that programs are conducted in an effective and efficient manner and in compliance with external requirements, and are designed to include measurable outcome indicators, performance goals and standards.
7. Recognize and actively implement human resource management and compensation strategies that encourage the recruitment, retention and professional development of high-performing employees.
8. Maximize the cost effective deployment of technology in support of strategic and operational goals, and to maintain or improve administrative and program efficiency.

FINANCIAL RESOURCE MANAGEMENT POLICIES

New Hampshire Housing is an independent public financial institution with access to and responsibility for a broad range of financial resources. As the steward of these public resources, the Authority will:

1. Generate and manage financial resources to ensure its ability to support ongoing operations and preserve the capacity to fund existing and new program initiatives.
2. Control costs and attempt to optimize the return on investment of financial resources while achieving a responsible balance between financial gain and public policy goals.
3. Make all unrestricted funds available through the Operating Fund and use such resources to support administrative operations, capitalize and maintain formal reserves established by the Board of Directors, and fund program activities. The appropriate capitalization level of the reserves will be reviewed annually as part of the planning process.
4. Allocate Operating Fund resources for program activities based on the following priorities:
 - Activities that will yield a financial return;
 - Activities that will result in the return of principal expended if a financial return or yield is not possible; and
 - Grant and other programmatic expenditures that contribute to achieving the mission of the Authority.
5. Seek the best execution for mortgage financing that balances current market conditions with the Authority's short- and long-term financial stability. Such executions may include retaining loans, selling loans, selling loan participations and issuing bonds or mortgage backed securities.
6. Work to identify and secure new funding sources to increase the Authority's (and partners') capacity to support affordable housing initiatives.

HOMEOWNERSHIP PROGRAM POLICIES

New Hampshire Housing will ensure there are responsible homeownership opportunities for eligible households because successful homeownership helps borrowers, lenders, real estate professionals and the State's overall economy. In this context, New Hampshire Housing will:

1. Provide a range of homeownership programs, adjusting programs in response to available resources and to changes in the housing finance market.
2. Follow underwriting guidelines that serve qualified borrowers, support prudent lending and ensure compliance with regulatory requirements.
3. Offer a unique mortgage product that provides borrowers with cash assistance for down payment and closing costs.
4. Provide participating lenders and originators with an array of mortgage options that also enables New Hampshire Housing to have varied and effective secondary-market executions.
5. Maintain a constant and viable presence in the mortgage market.
6. Provide special mortgage programs to underserved borrowers, when appropriate, through the targeted use of subsidies and through partnerships with suitable organizations.
7. Use federal tax-exempt bond capacity to help low- and moderate-income borrowers achieve successful homeownership, including through mortgage credit certificates and/or loans funded by tax-exempt bonds.
8. Support education and counseling activities that help homebuyers attain and retain successful homeownership. This includes supporting foreclosure intervention strategies for at-risk homeowners.
9. Provide residential mortgage products that support the State's economic development and the overall housing market.
10. Vigorously reach out to borrowers, lenders, real estate professionals and nonprofits about New Hampshire Housing's homeownership programs.
11. With other stakeholders, support the development of new moderately priced single-family homes.

HOMEOWNERSHIP SERVICING POLICIES

The single-family mortgage and servicing rights portfolios constitute the Authority's largest financial assets. Management and preservation of these portfolios is key to the agency's financial future and critical to the well-being of our borrowers. In administering these portfolios, the Authority will:

1. Service single family loans originated through Authority programs.
2. Manage the portfolios in a manner that minimizes the displacement of borrowers without jeopardizing the Authority's financial stability, bond rating or ability to meet obligations to creditors and investors.

MULTI-FAMILY DEVELOPMENT POLICIES

New Hampshire Housing is the principal source in the state for financing both new affordable rental housing and initiatives to preserve existing affordable housing. New Hampshire Housing will:

1. Finance housing that is constructed to provide high quality, environmentally safe living spaces that are energy efficient and designed to minimize maintenance and on-going replacement expenses.
2. Monitor short and long-term changes in housing market needs and demands and, in turn, implement and modify programs and practices in order to best allocate housing development finance resources.
3. Give priority to housing projects that:
 - Have strong community, economic and neighborhood development outcomes.
 - Are not age restricted.
 - Provide appropriate levels of tenant services.
 - Target scarce public resources to the lowest income households as is reasonably feasible.
 - Are located in municipalities that have historically been resistant to providing the opportunity for affordable housing.
 - Leverage non-Authority capital and operating subsidy funding sources.
 - Provide for long-term rent and tenant income restriction periods.
4. Allocate scarce housing development resources using the following criteria:
 - Use accepted subsidy layering practices to provide only the minimum amount of public subsidy necessary for the cost of development and long-term operating sustainability.
 - Use HOME and other federal capital subsidy sources to primarily support full utilization of Low Income Housing Tax Credits.
 - Use 9% Low Income Housing Tax Credits primarily to create new affordable housing units through new construction, adaptive re-use of non-residential buildings, and conversion of existing market rate residential buildings into affordable units and, to a limited degree, for the preservation of existing rent- and income-restricted housing.
 - Use tax-exempt construction and/or permanent debt financing in order to access 4% Low Income Housing Tax Credits for the preservation of existing rent- and income-restricted housing or new construction of mixed income projects.
5. Look for new financing tools and encourage the use of existing financing tools by doing the following:
 - Take a proactive approach to identifying opportunities for taxable lending opportunities, including loan participation models, for housing preservation and new housing development.

- Identify ways to simplify and reduce the cost of using tax-exempt bond construction financing (and the 4% Low Income Housing Tax Credit) in order to induce developers to seek permanent financing options from New Hampshire Housing.
- Provide technical assistance to housing development partners.

MULTI-FAMILY ASSET MANAGEMENT POLICIES

New Hampshire Housing has asset management oversight responsibility for hundreds of assisted housing projects throughout the state. In managing this critical resource, the Authority will:

1. Oversee management of the multi-family portfolio to ensure compliance with all applicable regulations and agreements, to mitigate financial risk, and to provide a safe and healthy environment for tenants.
2. Maintain fully funded reserves in all projects to support long-term sustainability and viability.
3. Support efforts to preserve the existing stock of assisted housing.
4. Strive to maintain the strength of the Authority-financed portfolio of multi-family properties as an asset of the Authority.
5. Take a proactive approach to resolving issues within the portfolio to assure that, to the degree feasible, investments and assets are retained for public benefit.

DIRECT TENANT ASSISTANCE POLICIES

New Hampshire Housing administers a range of programs designed to provide direct assistance and services to low-income households. In administrating those programs, the Authority will:

1. Manage the Housing Choice Voucher Program (HCV) to serve the maximum number of eligible clients possible within the available federal resources.
2. Maintain an open waiting list for at least those applicants eligible for special programs or with a ranked preference in the HCV program.
3. Support counseling, education and other programs designed to assist HCV clients to become economically self-sufficient.
4. Support programs designed to improve and sustain the quality of life of HCV clients and other residents of assisted housing.
5. Make limited commitments of project based vouchers to support housing opportunities for seniors and special needs populations.

PUBLIC LEADERSHIP POLICIES

New Hampshire Housing is the State's principal housing entity, carrying out its mission for the benefit of the people of New Hampshire. To support its mission and business goals, New Hampshire Housing will:

1. Educate the public and public officials about the State's housing conditions, including the housing needs of low- and moderate-income households, the needs of middle income households and the need to house the labor force to support a strong economy.
2. Provide the public with access to high quality, reliable data on the State's housing needs, trends and conditions.
3. Participate in and take a leadership role in public education, advocacy and technical assistance activities designed to promote improved understanding of housing needs in the State.
4. Provide technical assistance in support of, and advocate for, legislative and regulatory policies that positively affect affordable housing opportunities.
5. Provide the public and public officials with information on the economic and social impacts of the Authority's programs.

KEY ISSUES/ACTIONS FOR FY 2020

Multi-Family Management & Development

Workforce Housing Production:

With vacancy rates at historical lows, the availability of rental housing has emerged as a key factor constraining the state's economic growth. The state's chief economic development official recently stated, "One of the big threats to the economic growth of the state is the ability to provide affordable housing." With this economic backdrop, it is appropriate for Authority staff to continue to focus on supporting the creation of as many decent, safe, affordable homes as possible with the resources available in order to alleviate the shortage of housing for New Hampshire's working families.

Action:

Authority staff will seek opportunities to fully deploy all available resources for the creation of workforce housing. As in recent years, these efforts will focus on outreach to developers who are qualified to bring forward **larger, mixed-income projects**. If the approved state budget includes an appropriation to the Affordable Housing Fund, a substantial portion of that appropriation would be targeted toward new workforce housing projects. Staff will also continue to identify Authority policies or practices that may discourage developers from participating in Authority programs, and, where appropriate, will recommend changes to reduce impediments to the creation of additional housing.

Supportive Housing Capacity:

New Hampshire continues to struggle with an inadequate supply of affordable supportive housing for individuals and families with a wide range of needs, from severe mental illness and substance use disorders to developmental disabilities and the chronically homeless. The Authority has supported the development of projects that serve all of these populations in past years, but the resulting properties have not been enough to meet the needs of the state. It has become apparent that the shortage of supportive housing is due in part to organizational capacity to create these types of housing.

Action:

Staff will continue to work with qualified organizations to develop new supportive housing properties, and will simultaneously work with a national nonprofit partner to offer training and technical assistance to service providers and other partners who are interested in **building their capacity to develop supportive housing**. Should the state budget provide for an appropriation to the Affordable Housing Fund, staff would plan to set aside a portion of that allocation for the creation of new supportive housing. The Board will be consulted for appropriate policy discussions and potential amendments to the Program Plan.

Greener Homes II:

From 2011 to 2012, NHHFA administered the Greener Homes Program, a multi-source funding initiative aimed at energy modernization of the older affordable rental housing portfolio. This effort was viewed as a **portfolio stabilization and preservation initiative**, updating key energy systems to reduce energy consumption, lower operating costs, and better position properties to be a long term, sustainable part of the state's affordable portfolio. That effort posted impressive performance metrics before the key energy funding source was discontinued by the State legislature.

There remain a significant number of older affordable housing projects in need of such modernization. While the original Regional Green House Gas Initiative funds are no longer available, it might be possible to combine otherwise allocated NHHFA sources with funds available through New Hampshire's utility companies. Those funds are obligated to achieve low-income benefit, so use in existing affordable housing communities would be a good match.

Action:

Staff will develop a program, combining available NHHFA multi-family development subsidies with funds available through New Hampshire utility companies and potentially other sources. The funds would target projects identified through energy benchmarking studies completed and/or underway. The primary goal would be energy modernization and **efficiency upgrades**, with a secondary goal of **stimulating comprehensive project refinancing** with extended affordability agreements.

Capital Magnet Fund:

The Community Development Financial Institutions Fund, within the federal Department of the Treasury, offers an annual, competitive grant application for qualified financial institutions. Housing finance agencies are among the list of potentially eligible applicants for funding. Several HFAs were awarded funding in the past few years. Last year Rhode Island HFA was awarded funds, while Maine Housing submitted but was unsuccessful. Capital Magnet Funds focus on affordable housing and community development and are a key source for so called Community Development Finance Institutions (CDFIs), such as the New Hampshire Community Loan Fund and their Maine counterpart The Genesis Fund (now doing business in New Hampshire).

Action:

New Hampshire Housing Finance Authority would propose to seek **Capital Magnet Funds** in the 2019-20 program year. We would structure an application based on providing multi-family development subsidies in conjunction with tax exempt and/or taxable bond financing or funding special homeownership initiatives. The Capital Magnet Fund's emphasis on leveraging other funding resources would be achievable through the tax credit equity and bond proceeds that result from such structures and would provide NHHFA with a valuable tool to facilitate new developments.

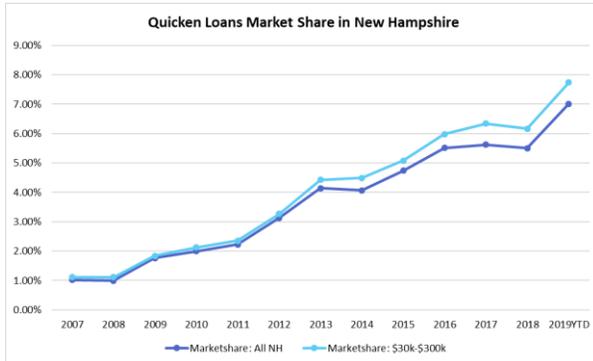
The grant application for Capital Magnet Funds is complex and time consuming and evidence suggests the success rate for applications is greatly enhanced if experienced consultant support is available (Rhode Island succeeded in conjunction with a consultant supported application; Maine Housing did not succeed relying wholly on internal staff). It is the Staff's recommendation that NHHFA engage some measure of consultant support for the initial application. Initially, the Authority will have to secure a certification of eligibility by the CDFI Fund. Certification requires demonstrating that the development or management of affordable housing are among its principal purposes and that at least 33.3% of its total assets are dedicated to the development or management of affordable housing. Thereafter, the formal application will be developed.

Homeownership Lending

Business Development:

New Hampshire Housing’s homeownership lending programs have been impacted by:

- a significant change in Fannie Mae income limits;
- a decrease in the number of homes available for sale (especially in entry-level price ranges), and subsequently; and
- a very competitive market.



These factors have led to a decrease in the volume of loan purchases. In response to these challenges, as well as market realities and competitive long-term threats (top lender changes and online lending), New Hampshire Housing will focus on a more structured approach to business development and marketing in an effort to maintain and, if possible, increase loan activity.

Action:

Staff will retain a consultant to review market factors and current strategies, map out options and the resources required to execute those options, make recommendations on the allocation of available resources (staff and funds) and assist in drafting a strategy to meet the business development goals. This initiative will include an **assessment of the allocation of marketing resources** targeting lenders, realtors, and/or borrowers. The more structured approach to business development will include a formal outreach plan for lender and real estate professionals, potential implementation of a comprehensive and integrated **Customer Relationship Management System (CRM)** and continued focus on expanding the Participating Originators program to generate increased loan volume. Staff will also explore other changes to the core business model, which could include **revising lender compensation and/or allowing lenders more flexibility to set rates** in a competitive market.

Staff will also implement programs to provide borrower assistance and incentives, including additional assistance for lower-income applicants. Further, in conjunction with the Finance Division, staff will continue to evaluate an increase in the range of products offered, to include a potential return to **mortgage revenue bonds** as a source of capital.

Manufactured Housing In-fill:

Manufactured housing is often an affordable homeownership option. However, increasing the supply of manufactured housing raises complex financial and policy issues. New Hampshire Housing has been involved in various aspects of this issue from providing mortgages to buyers on individual lots to financing the purchase of Resident Owned Communities and supporting homebuyers within such communities.

Placing homes on vacant pads within ROCs can serve a population whose income is lower than the typical homebuyer's income. However, the capital necessary to order a manufactured home, transport it to the site, and install it, is a barrier to the lower income buyer. The need to increase the supply of ownership housing and the possibility to do so with a financial tool that addresses this issue, provides the Authority with an opportunity to grow the supply while supporting our core mission.

Action:

Staff will develop, and recommend to the Board, a **bridge financing program** to stimulate in-fill in Resident Owned Communities by assisting homebuyers with initial purchase and installation costs.

Executive

Homeownership Development:

New Hampshire continues to suffer from a housing inventory challenge. The lack of new construction of moderately priced homes (costing less than \$300,000) has several effects: it limits a borrower's ability to buy a home, slows the movement of income qualified renters into homeownership (which in turn keeps vacancy rates low and rental costs high), impacts New Hampshire Housing's mortgage lending volume, and potentially inhibits economic growth in the state. In FY 2019, staff took steps to identify the causes of this lack of new home production and to determine what role the Authority could have in increasing production. Based on this work, staff believes that New Hampshire Housing could address several impediments to new housing production by making available predevelopment financing for small projects, encouraging improved education and training for local government officials, and advocating for the improvement of the regulatory environment.

Action:

Staff will develop and propose a **Predevelopment Financing Program** which may take the form of direct financing or a guarantee of third-party financing. The program would focus on smaller housing development opportunities that would not otherwise be able to proceed without some form of assistance at the predevelopment stage. Such a program would be open to for-profit and nonprofit developers that are proposing projects that include moderately priced homes for sale (detached, attached, duplex, etc.) with or without long-term resale restrictions. This effort may require that the Authority assume some financial risk to support development activity that might not otherwise occur. Some effort will also be directed to examining the feasibility of facilitating the formation of small investment groups to raise capital for predevelopment costs.

Education and Training of members of decision-making bodies on legal processes, development financing and the impact of local decisions are key factors in creating a predictable environment where development costs can be managed. Staff will work with the Office of Strategic Initiatives, the New Hampshire Municipal Association, the regional housing coalitions and regional planning commissions to enhance training opportunities, such as offering webinars, and recruiting and securing trainers and national speakers. The recent addition of the Saint Anselm College, Center for Ethics in Business and Governance as an advocate offers additional education and training opportunities.

To address the regulatory environment, staff will increase the focus of the **Municipal Technical Assistance Program** (MTAG) program on ordinance review and adoption that favors the development of moderately priced homes for sale. In order to **streamline the approvals process** for small subdivisions, staff will engage partners and hire a consultant to draft a state statute allowing streamlined municipal and state review and approval of small housing projects. The consultant will also draft a model local ordinance that supports such efforts.

FY 2020
PROGRAM PLAN

MULTI-FAMILY NEW PRODUCTION, RECAPITALIZATION, AND PRESERVATION PROGRAMS

This section includes all of NHHFA's multi-family development programs and funding sources. Within this section, resource allocation projections and program goals are broken down into three categories: new production, preservation and recapitalization of existing affordable housing, and supportive housing. The projections of loan activity, investment of subsidies, and bond utilization are based on two constraints: the availability of those resources and the pipeline of projects that are financially feasible and sufficiently ready for a commitment of Authority financing. Some movement of funding resources to accommodate actual project applications should be anticipated. Staff will review actual distribution of funding resources over the course of the program year and in connection with specific project recommendations.

Most of the units produced through the new production programs are the result of new construction, but some units are created through adaptive reuse (where a building that did not previously contain housing is turned into apartments) or the conversion of existing market-rate housing to income- and rent-restricted housing.

The recapitalization and preservation category within this section includes financing programs that the Authority uses to preserve existing affordable housing. Program tools that are used for this purpose include tax-exempt bond financing, 4% Low Income Housing Tax Credit (LIHTC), and a small percentage of the state's annual allocation of 9% LIHTCs.

**See table on next page for funding and measures plan.*

FY 2020 Program Plan Narratives

Resource allocation projections for FY 2020 are relatively stable and consistent with program activity over the past several years. State and federal resource allocations remain mostly flat, which presents a continual challenge to the Authority's new production efforts as the strong markets for land and construction services have caused costs to increase in recent years. Staff continue to explore ways to leverage state and federal resources in order to advance the mission more effectively.

Recapitalization and preservation activity has been historically strong in recent years because of the Authority's successful implementation of the Federal Financing Bank (FFB) permanent loan program that allowed for fully amortized low-interest loans. The FFB program was discontinued by HUD and the Treasury Department at the end of calendar year 2018, and as a result, forecasts for program activity in FY 2020 are lowered while staff continues to research alternative financing tools.

Multi-Family New Production and Preservation Program

		FY 2020			
		Tax Exempt Bonds	9% LIHTC Competitive	Supportive Housing	Totals
RESOURCES (\$ in Thousands)		Plan	Plan	Plan	Plan
<i>Long-Term Debt</i>					
	Private Activity Bonds	\$50,000	\$0	\$0	\$50,000
	Operating Fund	\$0	\$750	\$0	\$750
<i>Low Income Housing Tax Credit (LIHTC)</i>					
	4% Equity Raised	\$5,667	\$0	\$0	\$5,667
	9% Equity Raised	\$0	\$36,860	\$0	\$36,860
<i>Capital Subsidies</i>					
	HOME	\$3,780	\$2,520	\$0	\$6,300
	Operating Fund	\$1,000	\$0	\$1,000	\$2,000
	Affordable Housing Fund	\$5,000	\$1,800	\$2,250	\$9,050*
	Housing Trust Fund	\$0	\$700	\$1,290	\$1,990
PROGRAM MEASURES					
<i>Targeting</i>					
	New Production Units	150	200	40	390
	Preservation Units	150	50	0	200
	Projects	6	8	5	19
	Units at <60% AMI	70%	70%	70%	70%
	General Occupancy Units	70%	70%	70%	70%
<i>Occupancy</i>					
	% of Projects >95% Occupied	95%	95%	95%	95%
<i>Performance</i>					
	% of Projects on Watch List	<10%	<10%	<10%	<10%
	% of Projects on Critical Watch List	<2%	<2%	<2%	<2%

*Assumes new FY 2020 State appropriation

CONSTRUCTION/BRIDGE LENDING PROGRAM

This program provides construction financing for Authority-financed multi-family projects. In addition, funds may be used for equity bridge loans to encourage and maximize the impact of investment in Low Income Housing Tax Credit projects.

Construction / Bridge Lending

	FY 2020 Plan
RESOURCES (\$ In Thousands)	
Total	\$20,000
Operating Funds	\$5,000
Line of Credit	\$8,500
Federal Home Loan Bank of Boston	\$6,500
PROGRAM MEASURES	
Units Financed	200

FY 2020 Program Narrative

The Authority’s construction and bridge loan products have gained widespread acceptance among developers of affordable housing primarily because of the below-market interest rates made possible by the Federal Home Loan Bank of Boston’s Helping to House New England (HHNE) program and staff’s effort to streamline processes. Last year was characterized by a high level of loan activity and production efficiency, with lending volume coming in below projections when measured in dollars but exceeding projected unit goals substantially. Projections for FY 2020 are adjusted downward from last year based on an anticipated alternative use of the current allocation of HHNE funds, though staff’s continued focus on large bond-financed projects should keep overall performance of this important program consistent with the last several years. This plan anticipates that \$500,000 of HHNE funds will be applied in each FY 2021 and FY 2022 to reduce the effective interest rates on construction and/or bridge loans.

LEAD HAZARD ABATEMENT PROGRAM

On a statewide basis, this program provides lead hazard abatement funds and Healthy Homes intervention funds to single-family and multi-family owners through the Management and Development Division. Priority is given to units with a documented case of a child having elevated blood lead levels.

Lead Hazard Abatement Program

		FY 2020
		Plan
RESOURCES (\$ In Thousands)		
	Operating Fund	\$441
	Federal Funds	\$1,186
PROGRAM MEASURES		
	Inspections / Risk Assessments	85
	Units Completed	69
	Community Outreach Events	30
	Skills Training	49

FY 2020 Program Narrative

The fifth grant cycle began in FY 2018 and will continue through FY 2020, ending in FY 2021. We were successfully awarded \$2.5 million in funding to remediate lead-based paint in at least 190 units and an additional \$400,000 to provide Healthy Homes intervention to address health and safety issues in those same units. The resources and program measures above reflect an increase in production over the coming year.

PERFORMANCE BASED CONTRACT ADMINISTRATION (PBCA)

As the HUD-designated Contract Administrator for New Hampshire, the Authority is directly responsible to HUD for all PBCA program functions and reporting requirements, providing general program oversight and administration, and performing a quality assurance function for all assigned tasks. Day-to-day functions involved in this program include conducting management and occupancy reviews, adjusting contract rents, processing monthly Housing Assistance Payment (HAP) vouchers for project owners, processing HAP contract renewals, terminations and/or opt-outs, and responding to health and safety issues. There are currently 143 projects under the PBCA contract with a total of 5,431 units.

Performance Based Contract Administration (PBCA)

		FY 2020 Plan
<u>RESOURCES (\$ In Thousands)</u>		
	Federal Funds – Rent Assistance	\$51,900
<u>PROGRAM MEASURES</u>		
	Complete Management Occupancy Review	95%
	Review and Pay Monthly Vouchers	95%
	HAP Contract Renewals, Terminations, and Expirations	95%

FY 2020 Program Narrative

HUD continues to press forward with a plan for a PBCA procurement process which includes a contract amendment through December 31, 2020. The PBCA contract amendment will include an early termination clause that will allow HUD to either make new awards on an accelerated timeline or, extend the contract for an additional year beyond 2020.

SECTION 811 PROJECT RENTAL ASSISTANCE (PRA)

The Section 811 Supportive Housing for Persons with Disabilities Project Rental Assistance (PRA) Program is a partnership between New Hampshire Housing and the New Hampshire Department of Health and Human Services (DHHS). The program will provide project based rental assistance to property owners and developers that provide rental opportunities for persons with a disability who are transitioning from institutional settings into housing with community-based services.

Section 811 Project Rental Assistance (PRA)

		FY 2020
		Plan
RESOURCES (\$ In Thousands)		
Federal Funds – Rent Assistance		\$672
PROGRAM MEASURES		
Complete Management Occupancy Review		10
Number of Units Assisted		80

FY 2020 Program Narrative

The 811 PRA program is permanent rental assistance that is placed in units that are committed to the program by our developer partners. This program is administered through a partnership between New Hampshire Housing and DHHS to assist persons with severe mental illness in affordable, supportive housing. NHHFA works with developers and property owners to commit units to the program and administers the voucher payments on leased units; and DHHS refers eligible applicants to vacant units throughout the state. In FY 2020, the 811 PRA program will continue to expand. There are currently 97 existing units under contract for the program, and six more units in new construction projects for a total of at least 103 committed units. Staff project at least 80 additional households will benefit from the program in the coming year.

HOME FLEX (GINNIE MAE MBS) & HOME PREFERRED (FANNIE MAE) PROGRAMS

Home mortgages are purchased from participating lenders and originators and processed through one of two business channels. Ginnie Mae: Government-backed mortgages, with and without cash assistance, are purchased from participating lenders and pooled into taxable Ginnie Mae Mortgage Backed Securities (MBS). The MBS are sold to generate funds to buy loans and provide cash assistance to borrowers. Fannie Mae: Conventional loans, with and without mortgage insurance and cash assistance, under Fannie Mae's HFA Preferred Mortgage Program, are purchased from participating lenders and sold on a loan-by-loan basis to Fannie Mae.

Home Flex GNMA MBS Program

	FY 2020 Plan
RESOURCES (\$ In Thousands)	
Mortgage Purchases	\$158,000
PROGRAM MEASURES	
Loan Purchases	750
Average Beneficiary Income	80% SMI
Average Loan Amount	\$211

Home Preferred FNMA Program

	FY 2020 Plan
RESOURCES (\$ In Thousands)	
Mortgage Purchases	\$52,000
PROGRAM MEASURES	
Loan Purchases	300
Average Beneficiary Income	80% SMI
Average Loan Amount	\$174

FY 2020 Program Narrative

In setting the FY 2020 loan volume goals, staff looked at current market conditions, reviewed program criteria, analyzed financial options and interviewed business partners. In terms of the real estate market and the mortgage market, the challenges that were present in FY 2019 will probably persist in FY 2020, namely lack of affordable inventory, tightened credit underwriting and competitive investor market. On the positive

side, staff anticipates continued investor demand for New Hampshire Housing loans and mortgage backed securities.

New Hampshire Housing will continue to offer a suite of mortgage programs that are consistent with its mission and will continue to run two business channels (Participating Lender and Participating Originator). These homeownership programs leverage advantages that are provided to state housing finance agencies (HFA). For example, the Authority's cash assistance programs—Home *Flex* Plus and Home *Preferred* Plus—rely on program guidelines from the Federal Housing Administration (FHA) and Fannie Mae.

In setting loan volume goals, there are two upcoming changes that could impact New Hampshire Housing's homeownership programs.

1. ***FHA Requirements for Downpayment:*** In April 2019, FHA issued new guidelines for cash assistance programs run by governmental entities like the Authority. Those guidelines are now subject to litigation. The results of that litigation and FHA's potential new rulemaking could impact New Hampshire Housing's cash assistance program.
2. ***Fannie Mae's HFA Programs:*** In FY 2019, Fannie Mae significantly changed the requirements for their HFA Preferred Program, which reduced New Hampshire Housing loan reservations by approximately 50%. Fannie Mae has just announced that it will again be restructuring the HFA Preferred Program, including revising the pricing model. Without knowing that pricing model, staff estimated a continued lower loan volume for the Home *Preferred* programs.

Overall, staff will stay up to date on the housing market, the mortgage market and the regulatory requirements, and will take steps to respond to those factors with the goal of continuing to assist eligible borrowers while making financial returns for New Hampshire Housing's larger mission.

HOMEBUYER TAX CREDIT

The Home Start Homebuyer Tax Credit Program (HBTC) makes homeownership more affordable for first-time homebuyers. An eligible homebuyer receives a Mortgage Credit Certificate (MCC) from New Hampshire Housing for an annual 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 HBTC can decrease the income taxes owed by the homebuyer, increasing take-home pay that can be used to help pay the mortgage.

Homebuyer Tax Credit

	FY 2020 Plan
RESOURCES (\$ In Thousands)	
Tax-Exempt Bond Capacity	\$42,000
PROGRAM MEASURES	
MCCs Issued	725

FY 2020 Program Narrative

The Mortgage Credit Certificate program (MCC program) is a valuable resource for New Hampshire's homebuyers. It is one of New Hampshire Housing's key mission-based programs targeted to low- and moderate-income first-time homebuyers.

In FY 2019, the MCC program saw a slowdown in its use. This was a result of factors such as the low inventory of affordable homes to purchase, a housing market slow down, and competition and change within our Participating Lenders.

In response to these changes, staff conducted a survey of its business partners. Survey results indicated that most lenders were aware of the MCC program and referred borrowers to it. The survey also indicated that many of our other business partners did not fully understand the program and that more effort should be placed on outreach to explain how the program works and its benefits.

As a result of the MCC survey, staff will continue to actively market and educate the public and our business partners about this valuable program. Efforts will be placed on ensuring that our top Participating Lenders and the real estate community understands the program details and knows how to explain the program benefits to eligible borrowers.

Staff estimates approximately 725 MCCs will be issued in FY 2020.

SPECIAL HOMEOWNERSHIP PROGRAMS

The Homeownership Division intends to be a trusted and productive source for programs that make successful homeownership a reality for New Hampshire’s individuals and families. 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.

Special Homeownership Programs

	FY 2020 Plan
<u>RESOURCES (\$ In Thousands)</u>	
<i>Housing Loan Trust (HLT)</i>	
Habitat Loans	\$75
Housing Loan Trust Initiatives	\$75
<i>Operating Fund</i>	
Emergency Home Repair Loans (EHRL)	\$100
Special Initiatives	\$125
Program Marketing and Promotion	\$350
Accessibility Program	\$125
<u>PROGRAM MEASURES</u>	
Habitat Loans Closed	5
Average Beneficiary Income	60% SMI
EHRL Loans Closed	10
Average Beneficiary Income	80% SMI
Homeownership Fellowship - # of Fellows	8-9

FY 2020 Program Narrative

Habitat Loans

New Hampshire Housing works with local Habitat affiliates to help make homeownership affordable for low- and moderate-income borrowers. This program uses Housing Loan Trust (HLT) funds to provide eligible Habitat borrowers with a \$15,000, zero percent, non-amortizing loan, second mortgage, which is due on sale, refinance, or when the property is no longer owner-occupied. Habitat affiliates choose eligible applicants and then work with the applicants as they construct their new home. Once the home is completed, the Habitat affiliate contacts New Hampshire Housing to schedule a closing on the Habitat first mortgage and the Authority second mortgage. Volume for this program varies based on the activity of the local Habitat affiliates. In setting the FY 2020 Habitat HLT allocation, staff reviewed prior years of Habitat loan volume.

Emergency Home Repair Loans (EHRL)

The Emergency Home Repair Loan (EHRL) is a low interest loan available only to existing New Hampshire Housing borrowers. This easy to administer program provides homeowners access to funds when an emergency, not typically covered by homeowner's insurance, occurs in their home.

Borrowers who have utilized the program are grateful for it. Many times, for an EHRL borrower, it is the only option available. EHRL loans allows the homeowner to maintain the livability of their home with an affordable loan. Typical EHRL repairs are new roofs, heating system replacements and septic repairs. Staff set the FY 2020 EHRL amount based on prior years' experience. Staff estimates a minimum of ten homeowners will receive EHRL loans in FY 2020.

Special Initiatives – Homeownership Fellows

New Hampshire Housing will continue to offer the Homeownership Fellowship for FY 2020. The Fellowship program provides NHHFA with an opportunity to nurture the best housing professionals in New Hampshire. By engaging with our top lenders and other mortgage industry professionals, New Hampshire Housing provides these dedicated professionals with a chance to not only learn about the Authority's role within our state, but also an opportunity to learn about the broader housing finance system. The purpose of the Fellowship program is to nurture these professionals to look past the transaction of housing finance, to understand the value of homeownership with the goal of helping more low- and moderate-income households to become successful homeowners. Since the Fellowship's creation, 48 people have completed the program.

Special Initiatives – In-fill Grant

NHHFA will continue to research and implement ways in which it might assist low- and moderate-income households to access homeownership. Staff anticipates continuing to work with the New Hampshire Community Loan Fund on its in-fill of manufactured homes into existing Resident Owned Communities (ROCs) and for its work on Fannie Mae ROC approvals.

Accessibility Program

The Authority will continue to work with Granite State Independent Living (GSIL) to provide accessible home improvement grants to homeowners in need of accessibility modifications and repairs due to a family member's needs.

Granite State Independent Living then leverages these funds through their existing Access Modification Program (AMP).

To be eligible for AMP funds, a consumer must:

- Be a homeowner with accessibility needs or must own a home and live with a family member who has an accessibility need;
- Provide a physician's verification of disability;
- Live in a home that is their primary residence and located in New Hampshire; and
- Meet financial eligibility guidelines (target is 80% area median income or less).

Typical accessibility projects include ramps, stair glides, door widening, and bathroom and/or kitchen modifications that enhance accessibility. Vendors and contractors providing construction and repair services for this program must have approval to work on AMP.

It is estimated that between five to 12 households will be served through this program in FY 2020.

Program Marketing and Promotions

New Hampshire Housing runs various homeownership programs including mortgage loans, cash assistance, and Mortgage Credit Certificates (MCC). To help run these programs, NHHFA allocates resources to an existing business development strategy for the programs. This strategy includes managing lender relationships and advertising to borrowers. In FY 2020, staff will continue to reexamine and refresh how it allocates the Program Marketing and Promotions allocation. In FY 2020, Business Development staff plan to work to achieve the following three initiatives:

- Work with a consultant to review the current business development plan. Based on program analysis, staff will then develop a new comprehensive and more structured plan. The goal of the revised plan will be to provide a more structured approach to business development that will increase volume loan goals and provide measurable benchmarks.
- Investigate and review the implementation of a Customer Relationship Management (CRM) system designed to enhance the Business Development team in effectively engaging business partners. The goal of the CRM would be to bring a more structured and consistent approach to how the team markets and communicates with key partners.
- Lastly, staff seeks to increase the role the Participating Originator (PO) channel plays within the Homeownership Divisions volume loan goals. The unique lending component may provide New Hampshire Housing with opportunities to convert more in-house referrals into loans. By reviewing how borrower leads are currently generated and referred, seeking new opportunities for co-branding and other lender relationships, the PO channel may prove to be a better business model for the Authority in a competitive market. Staff will investigate ways to increase PO volume while respecting the unique role we play in financing low- and moderate-income homebuyers in the state.

HOMEBUYER/HOMEOWNER EDUCATION AND COUNSELING

This program provides resources to nonprofits so they can provide homebuyers and homeowners with pre- and post-purchase education and counseling services. This work is coordinated with New Hampshire Housing’s role as intermediary of the HUD counseling funds covered under the Assisted Housing section of this Program Plan.

Homebuyer/Homeowner Education and Counseling

		FY 2020 Plan
RESOURCES (\$ In Thousands)		
Operating Funds		\$300
PROGRAM MEASURES		
Number of Counseling Related Positions		5
Homebuyers/Homeowners Counseled*		1,400

**Estimated households represent all pre-purchase and post-purchase counseled households, including numbers reported to HUD. These numbers do not include households that receive rental or HECM (reverse mortgage) counseling.*

FY 2020 Program Narrative

The FY 2020 Homebuyer/Homeowner Education and Counseling (HBEC) plan facilitates the “closing of the loop” during the counseling cycle between borrowers and our lenders, real estate partners, employers and New Hampshire Housing’s homeownership programs and our servicing department.

The FY 2020 program counseling goals continue to:

- Provide statewide comprehensive homebuyer education and counseling, including foreclosure counseling;
- Encourage and enhance the counselors’ relationships with lenders, real estate partners, and employers to educate those partners about the value of counseling and about the value of New Hampshire Housing’s homeownership programs.
- Provide outreach to the public about the value of counseling and NHHFA’s homeownership programs by providing direct education to pre-purchase households, encouraging participation in regional homebuyer fairs, and being part of other targeted marketing efforts.

Funds through this priority also support 2-1-1 NH, which provides counseling intake and referral services and provides general support to Granite Staters who have housing challenges.

The HBEC efforts are coordinated with the Authority’s role as intermediary of the HUD counseling program grant funds.

MANUFACTURED HOUSING INFILL

This program provides resources to assist with the up-front costs of purchasing and placing new manufactured homes in existing Resident Owned Communities (ROCs).

Manufactured Housing In Fill

		FY 2020
		Plan
<u>RESOURCES (\$ In Thousands)</u>		
	Operating Funds	\$500
<u>PROGRAM MEASURES</u>		
	Homes Placed	10

FY 2020 Program Narrative

The up-front cost of purchasing and placing a manufactured home within a ROC is a significant impediment to filling vacant pads in existing cooperatively owned parks (currently over 200). The vacant pads represent an opportunity to increase the supply of affordable homes as well as a mortgage lending opportunity for New Hampshire Housing. However, without financial resources to purchase and place the units on the pads, mortgage lending is not an option.

The Authority will develop a program that capitalizes a bridge lending pool for the initial ordering, purchase, delivery and the siting of homes on vacant pads in existing cooperatively owned parks. After the homes are in place, buyers will be required to obtain permanent financing that will replace the bridge loan. The repayment will recapitalize the lending pool. Whenever possible, infill should be in ROCs with Fannie Mae approval to allow the Authority to offer mortgage financing options. Staff is still reviewing the structure in which funds will be disbursed, the program may be offered through a third-party intermediary, such as the Community Loan Fund. The Community Loan Fund is developing a workable model and has completed 42 transactions over several years. However, the average sale price of a new manufactured home is \$95,000, and to increase the scale of the program, additional capital is needed.

HOUSING CHOICE VOUCHER (HCV) PROGRAM

This 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 HCV program is operated on a calendar year basis.

Housing Choice Voucher Program

		CY 2019
		Plan
RESOURCES (\$ In Thousands)		
	HUD – Calendar Year Funding (CY)	\$32,385
PROGRAM MEASURES		
	Total Vouchers Administered*	3,636
	Administer Program within per unit Cost (PUC) (CY)	\$743
	% Leased within HUD Budget (CY)**	99%
	Section 8 Management Assessment Program (SEMAP) Score (FY)	90%
	HUD Electronic Submissions % submitted	95%

*CY monthly average

**CY Unit Months Leased/Unit Months Available

CY 2019 Program Narrative

The HUD CY 2019 budget is sufficient to serve existing participants and maintain a 99% lease up and utilization rate. Staff will continue to pursue the Moving to Work option, which allows more administrative flexibility and potential cost savings if HUD makes it available to the state. We will continue to make project-based vouchers available for homeless individuals and other targeted populations in coordination with efforts to deploy Housing Trust Funds.

The HUD administrative fee funding continues to be underfunded. As administrative costs increase, these fees may not cover the full cost of operating the program; however, there are administrative fee reserves to cover any shortfall for CY 2019. Staff will continue to evaluate additional streamlining steps as needed to close the gap with administrative fee revenue and costs.

EMERGENCY HOUSING PROGRAM (EHP)

This program 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.

Emergency Housing Program

		FY 2020 Plan
RESOURCES (\$ In Thousands)		
	Operating Funds	\$212
PROGRAM MEASURES		
	Households Assisted	125

FY 2020 Program Narrative

The Community Action Programs (CAPs) administration of the Emergency Housing Program continues to effectively assist eligible households with rental assistance and case management. Their ability to rapidly re-house homeless families or prevent families from becoming homeless provides a valuable resource in keeping families housed. The CAPs continue to report their appreciation for this program and its continued funding. The FY 2020 plan includes an increase of \$3,000 for administrative fees to Southwestern Community Services.

FSS LOAN AND GRANT PROGRAM

This program provides small loans and grants for transportation and/or other items or services which enhance employability and increase earned income of participants in the Family Self Sufficiency program.

FSS Loan and Grant Program

		FY 2020
		Plan
RESOURCES (\$ In Thousands)		
	Operating Funds	\$50
PROGRAM MEASURES		
	Number of grants awarded	29
	Number of loans	1
	Number of homeowners receiving home repair grants	6

FY 2020 Program Narrative

The FSS Loan and Grant program effectively assists HCV clients to increase their earned income and move toward self-sufficiency. Program resources will be used for auto purchases and repairs, computers, and education and employment related expenses.

Six HCV homeowners will receive home repair grant funds. The grants will be prioritized to: 1) alleviate health and safety hazards; 2) make necessary structural and system repairs; and 3) for repairs and upgrades for energy efficiency.

HUD funding for FSS Coordinators is anticipated to remain constant in FY 2020.

HUD HOUSING COUNSELING PROGRAM

New Hampshire Housing administers HUD’s Comprehensive Housing Counseling Program Grant for Local Housing Counseling Agencies. The grant supports pre- and post-purchase counseling activities for homeownership as well as targeted homeownership counseling for Housing Choice Voucher participants. The program is conducted through nonprofit housing counseling agencies and the Authority.

HUD Housing Counseling Program

		FY 2020
		Plan
RESOURCES (\$ In Thousands)		
HUD Housing Counseling Grant		\$200
PROGRAM MEASURES		
# Participating Housing Counseling Agencies and Branches		8
# Households Receiving Homeownership Education and/or Counseling		1,200
# Households Receiving Rental Counseling and/or Financial Education		1,000
# Households Receiving Post-Purchase and/or Foreclosure Counseling		200
% Households Below 50% of AMI		60%
% Households Purchasing Homes		10%

FY 2020 Program Narrative

Projected outcomes and funding for the HUD Comprehensive Housing Counseling Program is anticipated to remain constant in FY 2020. Changes in the federal budget or in the funding formula used for allocating these grant funds will affect this projection. The percent of program participants purchasing homes continues to decrease, possibly due to rising home prices and low inventory of lower priced homes. The number of homeowners seeking foreclosure counseling is anticipated to continue to decline due to the strong economy.

HOUSING AWARENESS RESEARCH AND ADVOCACY

This program supports 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 people.

Housing Research Awareness and Advocacy

		FY 2020 Plan
RESOURCES (\$ In Thousands)		
	Operating Funds	\$420
PROGRAM USES		
	Mini Conferences and Events	\$15
	Housing Related Studies	\$95
	Housing Partnership Grants	\$260
	Education for Local Governmental Bodies	\$25
	Streamlined Process for Small Subdivisions	\$25

FY 2020 Program Narrative

Mini Conferences

Mini Conferences (\$15,000) have become a very popular way to provide training and a forum for our business partners and others to hear about and react to housing policy issues and other topics of interest. They are intended to improve education and communications and will be offered as half-day events. Possible topics for FY 2020 include Fair Housing (i.e. reasonable accommodations, support/assistive animals, Limited English Proficiency) presented by NH Legal Assistance and the economics of housing construction.

Housing Related Studies

The opportunity to conduct various Housing Related Studies (\$95,000) throughout the year allows the Authority to be a leader in providing information on housing related issues. Topics that could be explored include: a study of the fiscal impact on municipalities of housing and other land uses (the Society for the Protection of New Hampshire Forests has expressed interest in updating the currently used model), a study of municipal ordinances that have been adopted pursuant to the Workforce Housing Law (10th anniversary), and study of the impact (benefits and issues) related to higher density development in smaller municipalities.

Housing Partnership Grants

The use of Housing Partnership Grants (\$260,000) will focus the advocacy activities that are carried out by our partners as well as to create opportunities for new partners. This program supports new or existing organizations, or programs within established nonprofit organizations, that wish to focus efforts on housing education and advocacy. The grants provide flexible funding that meets the needs of a potentially diverse mix of providers. For-profit organizations, housing development organizations, municipal government and regional planning commissions are not eligible for funding.

The Partnership Grant Program has three components of funding:

- **Mini Grants** up to \$5,000 available to support the efforts of local business groups, local economic development groups, regional economic development groups, local and regional ad hoc groups, business and community leaders, local governments, local service organizations, business owners and nonprofit organizations for housing education and advocacy efforts. Eligible activities include funding technical assistance to explore housing friendly land use regulations and may also be used for groups to research the feasibility of starting a local or regional housing advocacy initiative, which may include strategic planning efforts.
- **Housing Advocacy Incubator Grants** up to \$50,000, but limited to \$20,000 for start-up organizations available to nonprofit economic development or community development organizations that propose to establish a workforce housing education and advocacy program, or start-up organizations whose primary mission is workforce housing education and advocacy. These are one-time-only grants with no matching funds required. To be eligible for up to \$50,000, organizations must have been established for more than three years and must commit to maintaining the program for at least three additional years. They will be eligible for annual Education and Advocacy Impact Grants after the first year of operation. Grants of up to \$20,000 are available to help fund the start-up of new housing education and advocacy organizations. Primary activities must include efforts to promote an adequate and balanced housing supply at the local and/or regional level and educate the general public and public officials about the relationship between housing and the regional economy.
- **Advocacy Impact Grants** up to \$40,000 available to nonprofit economic development or community development organizations that have workforce housing education and advocacy programs, or nonprofit organizations whose primary mission is workforce housing education and advocacy. Organizations must be established for at least one year and 50% matching funds are required. These organizations will be eligible for additional funding based on annual reviews.

Funds would be distributed across the components as needed, allowing for some flexibility during the program year. Staff proposes to seek Finance and Administration Committee approvals for awards of \$20,000 and above, and full Board approval of awards of \$40,000 and above.

Education for Local Government

Staff will work with the Office of Strategic Initiatives, the New Hampshire Municipal Association, Saint Anselm College Center for Ethics in Business and Governance, and others to enhance training opportunities, such as offering webinars, and recruiting and securing trainers and national speakers.

Streamlined Process for Small Subdivisions

In order to streamline the approvals process for small subdivisions, staff will engage partners and hire a consultant to draft a proposed statute allowing streamlined municipal and state review and approval of small housing projects. The consultant will also draft a model local ordinance that supports such efforts.

OTHER GRANTS & SUBSIDIES

This allocation funds various small grants in support of general affordable housing activities that the Board of Directors may choose to approve during the fiscal year.

Other Grants /Subsidies

		FY 2020
		Plan
RESOURCES (\$ In Thousands)		
Operating Funds		\$368
PROGRAM USES		
Northern New England Housing Investment Fund		\$1
Resident Education and Assistance Program – Seacoast Mental Health		\$72
Municipal Technical Assistance Grants		\$150
Housing Action New Hampshire		\$20
Harvey Schwarz Housing Policy Education Fund		\$5
Supportive Services Technical Assistance		\$50
William H. Craig Fellowship		\$8
Center for Ethics in Business and Governance		\$40
Other		\$22

FY 2020 Program Narrative

Municipal Technical Assistance Grants (MTAG) will be provided through PlanNH, a nonprofit sub-recipient entity, to applicant municipalities to develop or adjust local regulatory mechanisms to make them more housing friendly. In addition to an increase in the allocation for this year, staff will increase the focus of the program on changes that include the promotion of new moderately priced homes for sale.

The **Supportive Services Technical Assistance Program** will fund a consulting agreement with the Corporation for Supportive Housing (CSH), a nonprofit organization that has conducted extensive training around the country to help prospective developers and service providers turn their ideas into real, feasible supportive housing projects. CSH’s work will help grow and support a developer/service provider/funding network for a supportive housing pipeline in New Hampshire.

The **Center for Ethics in Business and Governance** will be awarded the first installment of a three-year grant for an educational initiative titled “The Housing We Need” (HWN). The initiative will focus on educating community decision-makers and others about the ways in which affordable housing can enhance their communities.

HOMEOWNERSHIP DEVELOPMENT

This program provides resources to stimulate the construction of moderately-priced homes for sale.

Homeownership Development

		FY 2020 Plan
RESOURCES (\$ In Thousands)		
	Operating Funds	\$500
PROGRAM MEASURES		
	Predevelopment Financing	\$500

FY 2020 Program Narrative

Predevelopment Financing

Based on a Board approved predevelopment financing program for smaller housing developments that include moderately priced homes for sale, staff will offer the program to sponsors, lenders, developers or other intermediaries, depending upon the program design. The intent is to stimulate the development of small housing developments and to support incremental development activity that might not otherwise occur. (See Key Issues.)

FY 2020
RESOURCE ALLOCATION PLAN:
NEW COMMITMENTS ONLY

NEW HAMPSHIRE HOUSING FINANCE AUTHORITY
 FY 2020 Resource Allocation Plan
 New Commitments Only
 (\$ Thousands)

PROGRAM ACTIVITY	Operating Fund	Section 8 Funding	Bond Proceeds	GNMA/FNMA	HOME	AHF	HLT	FAF	HTF	Other	TOTAL
- Homeownership Division											
Ginnie Mae MBS Program				158,000							158,000
Fannie Mae Program				52,000							52,000
Homebuyer Tax Credit										42,000 ⁽¹⁾	42,000
Habitat for Humanity							75				75
Emergency Home Repair Loan	100										100
Special Initiatives	125						75				200
Program Outreach and Promotion	350										350
Accessibility Program	125										125
Homebuyer/Homeowner Education and Counseling	300										300
Manufactured Housing Infill	500										500
- Management and Development Division											
Tax-Exempt Bonds	1,000		50,000		3,780	5,000				5,667 ⁽²⁾	65,447
9% LIHTC Competitive	750				2,520	1,800			700	36,860 ⁽²⁾	42,630
Supportive Housing Program	1,000					2,250			1,290		4,540
Construction/Bridge Lending Program										20,000 ⁽³⁾	20,000
Performance Based Contract Administration Program		51,900 ⁽⁴⁾									51,900
Section 811 Project Rental Assistance (PRA)		672 ⁽⁴⁾									672
Lead Hazard Abatement Program	441									1,186 ⁽⁵⁾	1,627

- (1) Represents use of converted tax-exempt bond volume cap.
- (2) Represents equity raised from allocation of LIHTC.
- (3) Sourced from warehouse line-of-credit, Federal Home Loan Bank of Boston and Operating Revolving Construction Fund.
- (4) Represents funds passed through under HUD contracts.
- (5) Sourced from HUD.

NEW HAMPSHIRE HOUSING FINANCE AUTHORITY
 FY 2020 Resource Allocation Plan
 New Commitments Only
 (\$ Thousands)

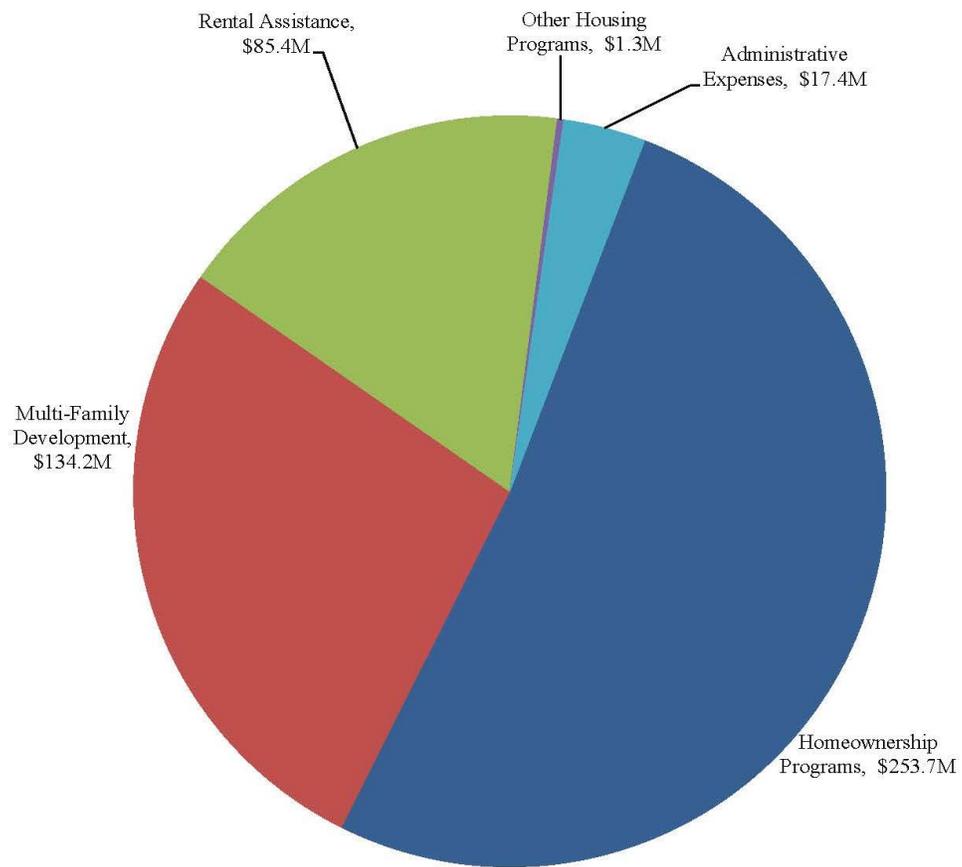
<u>PROGRAM ACTIVITY</u>	Operating Fund	Section 8 Funding	Bond Proceeds	GNMA/ FNMA	HOME	AHF	HLT	FAF	HTF	Other	TOTAL
- Assisted Housing Division											
Housing Choice Voucher Program		32,385 ⁽⁶⁾									32,385
Emergency Housing Program	212										212
FSS Grants / Loans	50										50
Housing Counseling Program										200 ⁽⁷⁾	200
- Executive Division											
Research / Advocacy	420										420
Other Grants / Subsidies	368										368
Homeownership Development	500										500
TOTAL ALLOCATED:	6,241	84,957	50,000	210,000	6,300	9,050	150	0	1,990	105,913	474,601

(6) Represents calendar year 2019.

(7) Sourced from HUD

RESOURCE ALLOCATION PLAN FISCAL YEAR 2020

Resource Allocations



Total Resource Allocations \$492.0M

AHF (Affordable Housing Fund)

This fund was created with an initial appropriation of \$4 million from the State of New Hampshire and has been incremented by mortgage loan receipts, fees charged on Authority bond issues, for a total of \$17.6 million in State contributions through FY 2019. These resources must be used to support housing in which at least 50% of the residents are at or below 80% of the area median income.

Bond Proceeds

Proceeds from the issuance of single-family and multi-family mortgage revenue bonds for the financing of affordable housing and associated mortgage reserves. A certain amount of bond allocation has been exchanged for Mortgage Credit Certificates (MCC) as part of the Homebuyer Tax Credit Program.

FAF (Financing Adjustment Factor) Funds

The Authority's 50% share of the additional spread between mortgage loan and bond interest rates created through the 1991 refunding of certain multi-family bonds. FAF resources must be used to benefit individuals with incomes at or below 50% of the area median income.

GNMA/FNMA (Ginnie Mae/Fannie Mae)

Funds made available from the sale of loans and/or mortgage backed securities.

HOME

The Authority receives an annual allocation through the HUD-sponsored HOME Investment Partnerships Program based on state demographics, including homelessness. The funds can be used for the acquisition or rehabilitation of housing for low- and very-low-income individuals.

HLT (Housing Loan Trust)

This fund was created with an initial appropriation of \$1 million from the State of New Hampshire for the purpose of supporting affordable homeownership programs. The resources are used primarily for down payment assistance and closing costs, and the beneficiaries must be at or below 100% of statewide median income.

HTF (Housing Trust Fund)

The HTF was established as part of the Housing and Economic Recovery Act of 2008 (HERA). Capitalized by Fannie Mae and Freddie Mac, the Fund will primarily provide rental housing for extremely low-income people (<30% AMI). The proceeds are distributed to states and are administered much like HOME, but with deeper targeting and a longer term of affordability (30 years).

Operating Fund

Unrestricted Authority financial resources available to support both the administrative operations and housing program initiatives of the Authority. Operating Fund resources are derived primarily from bond issue residuals, Federal program administrative fees, loan servicing fees, and income and principle receipts from prior investments in loans and securities.

Other

This category includes resources provided by other entities that may be provided on a short-term basis or for a specific program, for example: line-of-credit advances.

Section 8 Funding

Federal funds to support rental assistance programs. The principal programs are the Housing Choice Voucher (HCV) Program (tenant-based assistance), and project based assistance through the Performance Based Contract Administration (PBCA) Program.

